Citibank Berhad

2022 Pillar 3 Disclosure

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Pillar 3 Disclosure

Attestation by CEO on Basel II – Pillar 3 Disclosure as of 31 December 2022

To the best of my knowledge, I confirm that the Basel II – Pillar 3 Disclosure for the financial period ended 31 December 2022 has been prepared and submitted to Bank Negara Malaysia in accordance with the *Guideline on Risk Weighted Capital Adequacy Framework (Basel II) – Disclosure Requirements (Pillar 3).*

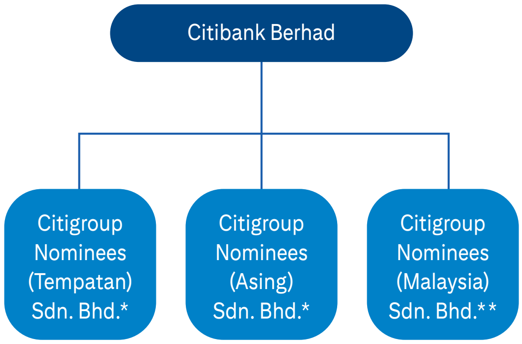
Vikram Singh
Chief Executive Officer
Citibank Berhad
Date: 19 June 2023

Pillar 3 Disclosure

1. Introduction

Citibank Berhad was incorporated in Malaysia on 22 April 1994 and has its registered office at 165 Jalan Ampang, 50450 Kuala Lumpur, Malaysia. The Bank is licensed under the Financial Services Act 2013 ("FSA"). The Bank also operates an Islamic window under the Islamic Banking Scheme licensed under the Islamic Financial Services Act 2013 ("IFSA").

The group organisation structure of Citibank Berhad is detailed below:-



** Principal activity is as a nominee company*

*** On 2 February 2021, the Bank, being the holding company of Citigroup Nominee (Malaysia) Sdn. Bhd. ("the Company") had resolved that the Company be wound up by way of Members' Voluntary Winding-Up, pursuant to Section 432(2)(a) of the Companies Act, 2016.*

On 21 September 2021, the Bank has entered into an agreement to receive the surplus assets of the Company, the entire shareholding in its two wholly-owned subsidiaries, namely Citigroup Nominees (Tempatan) Sdn. Bhd. and Citigroup Nominees (Asing) Sdn. Bhd., and the Bank has now become the immediate holding company of these two subsidiaries upon the completion of the agreement.

The joint and several liquidator of the Company, Khoo Siew Kiat, had on 30 December 2022 lodged the return with the Registrar of Companies and the Official Receiver after the Final Meeting of the Company was held on 30 December 2022. The Company will be dissolved on 30 March 2023 in accordance with Section 459(5) of the Companies Act 2016. The dissolution of the Company will not have any operational or financial impact on Citibank Berhad.

The Group is comprised of the Bank (Citibank Berhad) and its subsidiary companies. The subsidiaries of Citibank Berhad are consolidated using the purchase method of accounting. The basis of consolidation for financial accounting purposes is the same as that used for regulatory purposes.

On 1 November 2022, the Bank completed the sale of its Consumer Banking business in Malaysia. The sale included the Bank's retail banking and consumer credit card businesses, including the transfer of related staff. The sale excludes the Bank's institutional businesses.

The Capital Requirements Directive ("CRD"), often referred to as Basel II, introduced the need for banks operating under this new legislative framework to publish certain information relating to their risk management and capital adequacy. The disclosure of this information is known as Pillar 3 and is designed to complement the other two pillars of the Basel II, namely the Minimum Capital Requirements (Pillar 1) and the Supervisory Review Process (Pillar 2). The disclosure has been prepared in accordance with the guidelines for Risk Weighted Capital Adequacy Framework (Basel II) – Disclosure Requirements (Pillar 3) (BNM/RH/GL 001-32) and Capital Adequacy Framework for Islamic Banks (CAFIB) – Disclosure Requirements (Pillar 3) (BNM/RH/GL 007-18) issued by Bank Negara Malaysia ("BNM").

The capital adequacy ratios of the Group and of the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components and Basel II - Risk-Weighted Assets) reissued on dated 9 June 2021 and 3 May 2019 respectively, which became effective immediately. The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy ratios before including capital conservation buffer ("CCB") and countercyclical capital buffer ("CCyB") for CET 1 Capital ratio, Tier 1 Capital ratio and Total Capital ratio are 4.5%, 6.0% and 8.0% respectively.

Banking institutions are also required to maintain a CCB of 2.5% and a CCyB above the minimum regulatory capital adequacy ratios above. A CCyB is required to be maintained if this buffer is applied by regulators in countries which the Group and the Bank have exposures to, determined based on the weighted average of prevailing CCyB rates applied in those jurisdictions.

1. Introduction (continued)

There are no significant restrictions or major impediments on transfer of funds or regulatory capital within the Group. There were no capital deficiencies in any of the subsidiaries of the Group as of the financial period.

This Pillar 3 disclosure should be read in conjunction with Citibank Berhad's Financial Statements for the corresponding financial period.

2. Capital Adequacy

Capital Management & Internal Capital Adequacy Assessment Process

BNM's Risk-Weighted Capital Adequacy Framework (Basel II) – ICAAP (Pillar 2) requires a banking institution to have an Internal Capital Adequacy Assessment Process ("ICAAP"). ICAAP is the Bank's internal assessment of capital adequacy with due attention to material risks. The Bank has designed an ICAAP procedure, which is an essential risk management tool to assess the Bank's potential vulnerabilities during stressed conditions. The procedure describes procedures of risk assessment, mitigation and capital required under base and stressed scenarios.

The Bank's capital management is designed to ensure that it maintains sufficient capital consistent with the Bank's risk profile and all applicable regulatory standards and guidelines. The Bank adopts a balanced approach in risk taking, balancing senior management and Board of Directors oversight with well-defined independent risk management functions. The Board engages senior management regularly in key activities that may impact capital assessment and adequacy.

As part of the internal capital management process, the Bank has put in place the following:

(i) 3-year capital plan, where the Bank's capital requirements are determined by taking into account its business strategic plans and financial budget

(ii) Internal Capital Targets ("ICT") that factor in the following:

- Minimum capital required to meet regulatory requirements and the Bank's business plans;
- Buffer for material Pillar 2 risks where capital has not been set aside under Pillar 1, as well as buffer for other unquantifiable risks; and

(iii) Identified sources of internal capital available to meet the Bank's capital requirements.

Corporate Governance Structure for ICAAP

The Board of Directors and senior management of the Bank are responsible for understanding the nature and level of risks being taken by the Bank, ensuring that the Bank maintains adequate capital beyond the regulatory minimum to support such risk. ICAAP is driven by the ICAAP Working Group and overseen by the ICAAP Steering Committee. The working group would initiate the annual ICAAP process by applying the stress test scenarios developed to assess the impact towards capital adequacy. The ICAAP Steering Committee comprises of seniors from risk managers, finance, treasury and compliance. The ICAAP Steering Committee approves key decisions, reviews results, monitors progress on issue resolution, and participates in the discussion of contingent plans if the capital is found to be insufficient.

In addition, The Bank's capital levels are monitored against the trigger limits for ICT and are reported to the Asset and Liability Committee ("ALCO") and Board. A capital contingency plan is also put in place to set out the actions required in the event ICT is triggered.

Risk Identification

Risk identification is a mechanism to identify, assess and aggregate the firm's most important risks. The primary goal is to systematically identify, measure, monitor, and document risks faced by the bank in an Enterprise-wide risk inventory, assess their potential impacts, and facilitate conversation around mitigation/ management efforts. The identification of risks is primarily performed by the first line, with additional input and challenge from Independent Risk Management/Independent Compliance Risk Management. This collaboration is critical to ensure that there is a transparent and consistent understanding of the comprehensive set of risks the Bank faces. The Bank strives to maintain an agile approach to identifying risk, which considers both internal and external

2. Capital Adequacy (continued)

Risk identification (continued)

factors and environments in determining the risks the Bank is exposed to through its business activities.

The Bank has reviewed the latest quarterly Citi Material Risk Inventory and considered the local regulatory requirements, in identifying the risks relevant to its risk profile.

The Bank adopts the Citigroup Inc. ("Citigroup") ICAAP standards Risk Identification Assessment ("RIA") process as part of which senior management assesses all the Level 0 Risk Category (primary risk category) Risks from Citigroup's risk taxonomy and determines those risks which are material to the Bank and therefore have or can have a significant impact to the bank's capital. The material risks will address the Pillar 1 (Credit Risk, Market Risk and Operational Risk) and all the quantifiable and non-quantifiable Pillar 2 risks. Senior Management from first line of defense uses both quantitative and qualitative measures to perform the RIA which is then subject to review and challenge by the independent risk managers/second line of defense.

Senior management and the Board of Directors continue to identify and assess risks on an ongoing basis to ensure that new material risks that evolve are being evaluated and covered within the appropriate risk management framework. The process of risk identification is reviewed on an annual basis or more frequently if any new material risk emerges.

The Bank's ICAAP is expected to be dynamic and forward-looking in relation to the Bank's risk profile. Therefore, the Bank must ensure its capital levels remain above the total minimum regulatory capital requirements as well as the capital required to support its overall risk profile. A rigorous and forward-looking stress testing is included in the Bank's ICAAP, enabling it to assess the impact to its capital adequacy arising from adverse events or changes in market conditions.

Stress Tests

The stress tests performed by the Bank cover both financial statements as well as the material risks. Stress tests cover wholesale portfolio through the application of downside scenarios to the base case established. The stress scenarios are developed by the Regional Enterprise Scenario Group. The scenarios assume a set of economic and geopolitical pressures, which have significant impact on Malaysia's macro-economic performance. The Bank then assesses the stress impact on the financial, capital and liquidity position.

Integration of Risk Management and Capital Management Procedures

The results of the stress testing on balance sheets and material risks will then be considered to determine if the Bank will continue to have sufficient capital under the stress scenarios and if the Bank's capital should be further strengthened under tail-end adverse scenarios under reverse stress test.

Based on the current internal capital adequacy assessment, the Bank has adequate capital to support its current and future activities for the next three years. Other than paid up capital of the Bank, the bank's capital is historically generated via retained profits from the business.

2. Capital Adequacy (continued)

The Risk-Weighted Assets and Capital Adequacy Ratios of Citibank Berhad are as follows:-

	Dec 2022 RM'000	Dec 2021 RM'000
Computation of Total Risk-Weighted Assets ("RWA")		
Credit Risk RWA	13,050,866	20,338,462
Credit Risk RWA Absorbed by PSIA[1]	-	-
Market Risk RWA	1,417,781	783,271
Market Risk RWA Absorbed by PSIA[1]	-	-
Operational Risk RWA	3,315,567	3,407,147
Total Risk-Weighted Assets	**17,784,214**	**24,528,880**
Computation of Capital Ratios		
Common Equity Tier 1 ("CET 1") Capital	4,756,182	5,074,177
Tier 1 Capital	4,756,182	5,074,177
Total Capital	4,873,313	5,328,407
Before deducting proposed dividends		
Common Equity Tier 1 ("CET 1") Capital ratio	26.744%	20.687%
Tier 1 Capital Ratio	26.744%	20.687%
Total Capital Ratio	27.402%	21.723%
After deducting proposed dividends / dividend payment		
Common Equity Tier 1 ("CET 1") Capital Ratio	**20.840%**	**15.591%**
Tier 1 Capital Ratio	**20.840%**	**15.591%**
Total Capital Ratio	**21.498%**	**16.627%**

The Risk-Weighted Assets and Capital Adequacy Ratios for the Islamic Banking window are as follows:-

	Dec 2022 RM'000	Dec 2021 RM'000
Computation of Total Risk-Weighted Assets ("RWA")		
Credit Risk RWA	730	41,976
Credit Risk RWA Absorbed by PSIA[1]	-	-
Market Risk RWA	-	-
Market Risk RWA Absorbed by PSIA[1]	-	-
Operational Risk RWA	89,432	140,166
Total Risk-Weighted Assets	**90,162**	**182,142**
Computation of Capital Ratios		
Common Equity Tier 1 ("CET 1") Capital	657,851	634,760
Tier 1 Capital	657,851	634,760
Total Capital	657,857	635,285
Common Equity Tier 1 ("CET 1") Capital Ratio	**729.629%**	**348.497%**
Tier 1 Capital Ratio	**729.629%**	**348.497%**
Total Capital Ratio	**729.636%**	**348.786%**

No dividend is proposed under the Islamic Banking window.
The above ratios are well above the regulatory requirements for total capital adequacy ratio of 8%.

[1] Profit Sharing Investment Account

2. Capital Adequacy (continued)

The following table details the classes of RWA and the types of exposure of the Group and the Bank as of 31 December 2022:-

Item	Exposure Class		Gross Exposures RM'000	Net Exposures RM'000	Risk-Weighted Assets RM'000	Risk-Weighted Assets Absorbed by PSIA RM'000	Total Risk-Weighted Assets after effects of PSIA RM'000	Minimum Capital Requirement at 8% RM'000
1.0	**Credit Risk (Standardised Approach)**							
	On-Balance Sheet Exposures							
	Sovereigns/Central Banks		24,958,791	24,958,791	2,846,230	-	2,846,230	227,698
	Public Service Entities		-	-	-	-	-	-
	Banks, Development Financial Institutions and MDBs		1,499,454	1,499,454	559,109	-	559,109	44,729
	Corporates, insurance cos and securities firms		5,486,036	5,413,084	5,412,758	-	5,412,758	433,021
	Regulatory Retail		-	-	-	-	-	-
	Residential Mortgages		-	-	-	-	-	-
	Higher Risk Assets		-	-	-	-	-	-
	Other Assets		335,828	335,828	256,424	-	256,424	20,514
	Defaulted Exposures		-	-	-	-	-	-
	Total for On-Balance Sheet Exposures		**32,280,109**	**32,207,157**	**9,074,521**	**-**	**9,074,521**	**725,962**
	Off-Balance Sheet Exposures							
	OTC Derivatives		3,352,043	3,352,043	1,936,814	-	1,936,814	154,945
	Credit Derivatives		-	-	-	-	-	-
	Off-balance sheet exposures other than OTC derivatives or credit derivatives		2,095,767	2,095,767	2,039,531	-	2,039,531	163,162
	Defaulted Exposures		-	-	-	-	-	-
	Total for Off-Balance Sheet Exposures		**5,447,810**	**5,447,810**	**3,976,345**	**-**	**3,976,345**	**318,107**
	Total On and Off-Balance Sheet Exposures		**37,727,919**	**37,654,967**	**13,050,866**	**-**	**13,050,866**	**1,044,069**
2.0	**Large Exposure Risk Requirement**		-	-	-	-	-	-
3.0	**Market Risk (Standardised Approach)**	Long position	Short position	Net position				
	Interest rate risk	716,033	679,636	36,397	1,211,746	-	1,211,746	96,940
	Foreign currency risk	33,867	127,863	(93,996)	127,863	-	127,863	10,229
	Equity risk	-	-	-	-	-	-	-
	Commodity risk	-	-	-	-	-	-	-
	Options risk	3,253	3,762	(509)	78,172	-	78,172	6,254
	Inventory risk	-	-	-	-	-	-	-
4.0	**Operational Risk (Basic Indicator Approach)**				**3,315,567**	**-**	**3,315,567**	**265,245**
	Total RWA and Capital Requirements				**17,784,214**	**-**	**17,784,214**	**1,422,737**

2. Capital Adequacy (continued)

The following table details the classes of RWA and the types of exposure of the Islamic Banking window as of 31 December 2022:-

Item	Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk-Weighted Assets RM'000	Risk-Weighted Assets Absorbed by PSIA RM'000	Total Risk-Weighted Assets after effects of PSIA RM'000	Minimum Capital Requirement at 8% RM'000
1.0	**Credit Risk (Standardised Approach)**						
	On-Balance Sheet Exposures						
	Sovereigns/Central Banks	1,943,302	1,943,302	-	-	-	-
	Banks, Development Financial Institutions and MDBs	16	16	8	-	8	1
	Corporates, insurance cos and securities firms	-	-	-	-	-	-
	Residential Mortgages	-	-	-	-	-	-
	Other Assets	722	722	722	-	722	58
	Defaulted Exposures	-	-	-	-	-	-
	Total for On-Balance Sheet Exposures	**1,944,040**	**1,944,040**	**730**	**-**	**730**	**59**
	Off-Balance Sheet Exposures						
	OTC Derivatives	-	-	-	-	-	-
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	-	-	-	-	-	-
	Defaulted Exposures	-	-	-	-	-	-
	Total for Off-Balance Sheet Exposures	**-**	**-**	**-**	**-**	**-**	**-**
	Total On and Off-Balance Sheet Exposures	**1,944,040**	**1,944,040**	**730**	**-**	**730**	**59**
2.0	**Large Exposure Risk Requirement**	-	-	-	-	-	-

Item	Exposure Class	Long position	Short position	Net position	Risk-Weighted Assets RM'000	Risk-Weighted Assets Absorbed by PSIA RM'000	Total Risk-Weighted Assets after effects of PSIA RM'000	Minimum Capital Requirement at 8% RM'000
3.0	**Market Risk (Standardised Approach)**							
	Benchmark rate risk	-	-	-	-	-	-	-
	Foreign currency risk	-	-	-	-	-	-	-
	Equity risk	-	-	-	-	-	-	-
	Commodity risk	-	-	-	-	-	-	-
	Options risk	-	-	-	-	-	-	-
	Inventory risk	-	-	-	-	-	-	-
4.0	**Operational Risk (Basic Indicator Approach)**				**89,432**	**-**	**89,432**	**7,155**
	Total RWA and Capital Requirements				**90,162**	**-**	**90,162**	**7,214**

2. Capital Adequacy (continued)

The following table details the classes of RWA and the types of exposure of the Group and the Bank as of 31 December 2021:-

Item	Exposure Class		Gross Exposures RM'000	Net Exposures RM'000	Risk-Weighted Assets RM'000	Risk-Weighted Assets Absorbed by PSIA RM'000	Total Risk-Weighted Assets after effects of PSIA RM'000	Minimum Capital Requirement at 8% RM'000
1.0	**Credit Risk (Standardised Approach)**							
	On-Balance Sheet Exposures							
	Sovereigns/Central Banks		17,221,596	17,221,596	75,566	-	75,566	6,045
	Public Service Entities		-	-	-	-	-	-
	Banks, Development Financial Institutions and MDBs		1,338,502	1,338,502	732,861	-	732,861	58,629
	Corporates, insurance cos and securities firms		4,504,048	4,414,408	4,408,464	-	4,408,464	352,677
	Regulatory Retail		6,085,144	6,085,144	4,489,631	-	4,489,631	359,171
	Residential Mortgages		7,435,261	7,435,261	2,747,297	-	2,747,297	219,784
	Higher Risk Assets		2,652	2,652	3,977	-	3,977	318
	Other Assets		903,615	903,615	767,732	-	767,732	61,419
	Defaulted Exposures		336,974	336,974	350,454	-	350,454	28,036
	Total for On-Balance Sheet Exposures		**37,827,792**	**37,738,152**	**13,575,982**	**-**	**13,575,982**	**1,086,079**
	Off-Balance Sheet Exposures							
	OTC Derivatives		3,203,419	3,203,419	1,636,552	-	1,636,552	130,924
	Credit Derivatives		-	-	-	-	-	-
	Off-balance sheet exposures other than OTC derivatives or credit derivatives		6,170,472	6,170,472	5,116,331	-	5,116,331	409,306
	Defaulted Exposures		8,709	8,709	9,597	-	9,597	768
	Total for Off-Balance Sheet Exposures		**9,382,600**	**9,382,600**	**6,762,480**	**-**	**6,762,480**	**540,998**
	Total On and Off-Balance Sheet Exposures		**47,210,392**	**47,120,752**	**20,338,462**	**-**	**20,338,462**	**1,627,077**
2.0	**Large Exposure Risk Requirement**		-	-	-	-	-	-
3.0	**Market Risk (Standardised Approach)**	Long position	Short position	Net position				
	Interest rate risk	315,842	285,845	29,997	697,768	-	697,768	55,821
	Foreign currency risk	37,739	49,767	(12,028)	49,767	-	49,767	3,981
	Equity risk	-	-	-	-	-	-	-
	Commodity risk	-	-	-	-	-	-	-
	Options risk	13,527	5,940	7,587	35,736	-	35,736	2,859
	Inventory risk	-	-	-	-	-	-	-
4.0	**Operational Risk (Basic Indicator Approach)**				**3,407,147**	**-**	**3,407,147**	**272,572**
	Total RWA and Capital Requirements				**24,528,880**	**-**	**24,528,880**	**1,962,310**

2. Capital Adequacy (continued)

The following table details the classes of RWA and the types of exposure of the Islamic Banking window as of 31 December 2021:-

Item	Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk-Weighted Assets RM'000	Risk-Weighted Assets Absorbed by PSIA RM'000	Total Risk-Weighted Assets after effects of PSIA RM'000	Minimum Capital Requirement at 8% RM'000
1.0	**Credit Risk (Standardised Approach)**						
	On-Balance Sheet Exposures						
	Sovereigns/Central Banks	2,924,039	2,924,039	-	-	-	-
	Banks, Development Financial Institutions and MDBs	-	-	-	-	-	-
	Corporates, insurance cos and securities firms	-	-	-	-	-	-
	Residential Mortgages	106,940	106,940	37,440	-	37,440	2,995
	Other Assets	3,632	3,632	916	-	916	73
	Defaulted Exposures	3,619	3,619	3,619	-	3,619	289
	Total for On-Balance Sheet Exposures	**3,038,230**	**3,038,230**	**41,975**	**-**	**41,975**	**3,358**
	Off-Balance Sheet Exposures						
	OTC Derivatives	-	-	-	-	-	-
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	3	3	1	-	1	-
	Defaulted Exposures	-	-	-	-	-	-
	Total for Off-Balance Sheet Exposures	**3**	**3**	**1**	**-**	**1**	**-**
	Total On and Off-Balance Sheet Exposures	**3,038,233**	**3,038,233**	**41,976**	**-**	**41,976**	**3,358**
2.0	**Large Exposure Risk Requirement**	-	-	-	-	-	-

Item	Exposure Class	Long position	Short position	Net position	Risk-Weighted Assets RM'000	Risk-Weighted Assets Absorbed by PSIA RM'000	Total Risk-Weighted Assets after effects of PSIA RM'000	Minimum Capital Requirement at 8% RM'000
3.0	**Market Risk (Standardised Approach)**							
	Benchmark rate risk	-	-	-	-	-	-	-
	Foreign currency risk	-	-	-	-	-	-	-
	Equity risk	-	-	-	-	-	-	-
	Commodity risk	-	-	-	-	-	-	-
	Options risk	-	-	-	-	-	-	-
	Inventory risk	-	-	-	-	-	-	-
4.0	**Operational Risk (Basic Indicator Approach)**				**140,166**	**-**	**140,166**	**11,213**
	Total RWA and Capital Requirements				**182,142**	**-**	**182,142**	**14,571**

3. Capital Structure

The following details the capital structure for the Group and Bank:

	Group and Bank	
	Dec 2022 RM'000	Dec 2021 RM'000
CET 1 Capital		
Paid up ordinary share capital	502,000	502,000
Retained profits	4,364,574	4,728,990
Other reserves	38,987	(43,645)
Less: Regulatory reserve	(105,000)	-
Less: Deferred tax assets	(44,379)	(113,168)
Less: 55% of cumulative gains of financial assets measured at FVOCI	-	-
Total CET 1 Capital / Total Tier 1 Capital	**4,756,182**	**5,074,177**
Tier 2 Capital		
Loss allowance and regulatory reserves	117,131	254,230
Total Tier 2 Capital	**117,131**	**254,230**
Total Capital	**4,873,313**	**5,328,407**

The following details the capital structure for the Islamic Banking window:

	Dec 2022 RM'000	Dec 2021 RM'000
CET 1 Capital		
Capital funds	20,000	20,000
Retained profits	641,987	617,784
Other reserves	(3,142)	(1,688)
Less: Deferred tax assets	(994)	(1,336)
Less: 55% of cumulative gains of financial assets measured at FVOCI	-	-
Total CET 1 Capital / Total Tier 1 Capital	**657,851**	**634,760**
Tier 2 Capital		
Loss allowance and regulatory reserves	6	525
Total Tier 2 Capital	**6**	**525**
Total Capital	**657,857**	**635,285**

The capital structure of the Group and the Bank as disclosed above does not have any specific terms and conditions attached to them.

4. Risk Management

A sound risk management process, strong internal controls and well documented policies and procedures are the foundation for ensuring the safety and soundness of the Bank. The Board and Senior Management ensure that capital levels are adequate for the Bank's risk profile. They also ensure that the risk management and control processes are appropriate in the light of the Bank's risk profile and business plans.

The Bank has put in place a risk management system, which leverages in part the risk management framework developed by Citigroup, to oversee and monitor material risks faced by the Bank, including credit, market and operational risks. The Audit Committee assists the Board in overseeing legal, compliance and operational risks and is supported by the Bank's audit and compliance functions. The Audit Committee will review the audit findings of the compliance and internal audit functions at its quarterly meetings, including management's response to the audit findings and progress of the related corrective action plans. The Bank's management, Audit Committee and relevant bank personnel will update the Board during its quarterly meetings about pertinent operational, legal and compliance risk management issues which have arisen during the quarter such as reporting risk positions and performance, capital requirements, risk and control limits.

The Bank has a Risk Management Committee, which together with the Audit Committee and management team assists the Board in fulfilling its oversight responsibility relating to the establishment and operation of a risk management system. The Risk Management Committee has particular oversight of credit, market and liquidity risk; reviews acquisition and disposal of large securities positions of the Bank; and monitors the progress of the Basel II implementation.

The compositions of the Audit Committee and Risk Management Committee are disclosed in the Statement of Corporate Governance in Citibank Berhad's Annual Report.

Strategies & Policies

The Bank's risk management framework recognizes the diversity of the organisation's activities by balancing the Board's strong supervision with well-defined independent risk management functions within each business area.

The risk management framework is firmly based on the following six principles, applicable across the board for all businesses and risk types:

- Risk management policies are integrated with business plans and strategies;
- All risks and returns resulting from this are owned and managed by an accountable business unit;
- All risks are managed within a limited framework while the risk limits are endorsed by the business management and approved by an independent risk management organisation;
- All risk management policies are clearly and formally documented;
- All risks are measured using well defined methodologies, including stress testing; and
- All risks are comprehensively reported across the organisation.

Risks are regularly reviewed by independent risk managers, senior business managers and whenever appropriate, by the Board of Directors themselves.

The independent risk managers are responsible for establishing risk management policies and practices within their business units while ensuring consistency with Citi's corporate standards. In addition, independent risk managers are responsible for overseeing the risk-taking activities of the first line of defense and challenging the first line of defense in their execution of their risk management responsibilities. The independent risk managers are ultimately accountable to the Board.

The Bank maintains an approved hedging program, which aims to hedge its foreign exchange risks arising from its available-for-sale assets by designating a portfolio of eligible foreign exchange contracts as the hedging instruments. On a monthly basis, retrospective and prospective assessments are performed to monitor the hedging effectiveness.

To assess adequacy of the bank's capital to support its current and future activities, the bank has identified material risks applicable to the Citibank Berhad's lines of business, in accordance with the BNM Guidelines for Risk

4. Risk Management (continued)

Weighted Capital Adequacy Framework (Basel II) – Internal Capital Adequacy Assessment Process (Pillar 2) (BNM/RH/GL 001-33) and Stress Testing Guidelines (BNM/RH/PD 029-15). Material risks are regularly reviewed by senior management and presented to the Board of Directors. For the purpose of Pillar 3, the following material risks are discussed in this document: Credit Risk, Market Risk (comprising Price Risk, Interest Rate Risk in the Banking Book ("IRRBB")), Liquidity Risk and Operational Risk.

5. Credit Risk

5.1 Credit Risk Management

Effective risk management is of primary importance to the Bank's overall operations. Accordingly, risk management processes are designed to evaluate, monitor and manage the Bank's principal risks in conducting its activities. While business managers and independent risk management are jointly responsible for managing the risk/return trade-offs as well as establishing limits and risk management practices, the origination and approval roles are clearly defined and segregated.

In addition to conforming to established corporate standards, independent credit risk management is responsible for establishing local policies that comply with local regulations and any other relevant legal requirements.

These standards will cover credit origination, measurement and documentation as well as problem recognition, classification and remedial actions. In addition, specific write-off criterion is set according to Citigroup's corporate requirements.

Independent credit risk management is also responsible for implementing portfolio limits, including obligor limits through risk rating, maturity and business segments to ensure diversification of portfolio. The risk management team also evaluates the immediate to long term risks for all products and segments thus providing for profitability on a long term sustainable basis.

Continuous monitoring of credit behaviour aided by sophisticated debt rating modules and portfolio delinquency performance allows independent credit risk management to constantly assess the health of the credit portfolio.

5.2 Definition of Past Due and Impaired Loans

A loan is impaired when there is objective evidence that demonstrates that a loss event has occurred after the initial recognition of the loan, and that the loss event has an impact on the future cash flows of the loan.

Objective evidence that a loan or a loan portfolio is impaired includes observable data that could include the following loss events:-

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- observable data relating to a portfolio of financial assets such as:
  - i) adverse changes in the payment status of borrowers in the portfolio; and
  - ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

Under the revised policy issued by BNM on Financial Reporting (BNM/RH/PD 032-13), 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 Bank applies this policy in addition to the above when determining if a loan is impaired.

5.3 Impairment

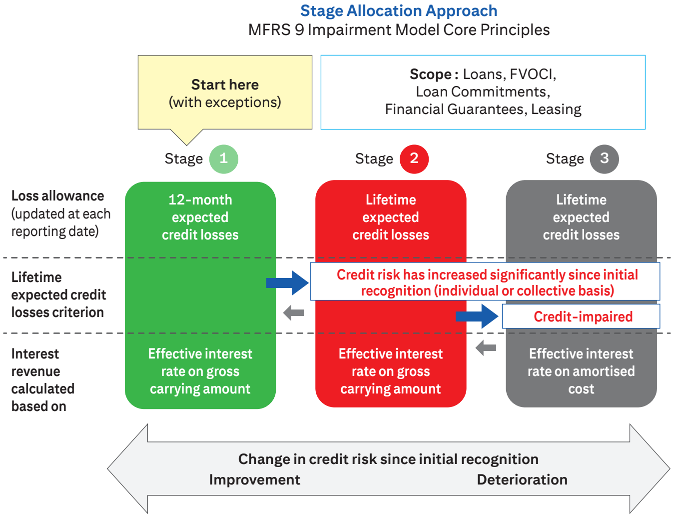
The Group and the Bank have adopted MFRS 9 Financial Instruments with effective 1 January 2018. The requirements of MFRS 9 represent a change from MFRS 139 Financial Instruments: Recognition and Measurement. The new standard includes a new model for classification and measurement of financial assets and a

5. Credit Risk (continued)

5.3 Impairment (continued)

forward-looking 'expected loss' impairment model. The standard replaces the existing guidance in MFRS 139.

MFRS 9 replaces the 'incurred loss' model in MFRS 139 with an 'expected credit loss' ("ECL") model. The new impairment model applies to financial assets measured at amortised cost, investment securities measured at fair value through other comprehensive income ("FVOCI") and to certain loan commitments and financial guarantee contracts. 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:



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.

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.

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.

5.4 Distribution of Loans, Advances and Financing

The following information on loans, advances and financing are disclosed in Note 6 in the financial statement as of 31 December 2022:-

1) Geographical distribution
2) Sector
3) Residual contractual maturity

5.5 Impaired Loans, Past Due Loans, Lifetime ECL Credit Impaired, 12-Months ECL And Lifetime ECL Not Credit Impaired, Charges for Lifetime ECL Credit Impaired and Write Offs by Sector

The following tables detail past due loans, lifetime ECL credit impaired, 12-months ECL and lifetime ECL not credit impaired, charges and write offs for lifetime ECL credit impaired by sector as of 31 December 2022.

The information on impaired loans by sector and by geographic area and reconciliation of changes in loan allowance are disclosed in Note 7 in the financial statements as of 31 December 2022.

5. Credit Risk (continued)

5.5 Impaired Loans, Past Due Loans, Lifetime ECL Credit Impaired, 12-Months ECL And Lifetime ECL Not Credit Impaired, Charges for Lifetime ECL Credit Impaired and Write Offs by Sector (continued)

5.5.1 Past Due Loans but Not Impaired

The following table details past due loans but not impaired by sector of the Group and the Bank as of 31 December 2022:

	RM'000
Primary agriculture	-
Mining and quarrying	182
Manufacturing	23,210
Electricity, gas, water	-
Construction	-
Wholesale, retail trade, restaurant and hotels	43,176
Transport, storage and communication	2,505
Finance, insurance, real estate, and business services	6,998
Education, health, household & others	84
Total	**76,155**

The following table details past due loans but not impaired by sector of the Islamic Banking window as of 31 December 2022:

	RM'000
Primary agriculture	-
Mining and quarrying	-
Manufacturing	-
Electricity, gas, water	-
Construction	-
Wholesale, retail trade, restaurant and hotels	-
Transport, storage and communication	-
Finance, insurance, real estate, and business services	-
Education, health, household & others	-
Total	**-**

The following table details past due loans but not impaired by sector of the Group and the Bank as of 31 December 2021:

	RM'000
Primary agriculture	15
Mining and quarrying	-
Manufacturing	26,940
Electricity, gas, water	6,913
Construction	3,130
Wholesale, retail trade, restaurant and hotels	26,037
Transport, storage and communication	645
Finance, insurance, real estate, and business services	3,582
Education, health, household & others	743,909
Total	**811,171**

The following table details past due loans but not impaired by sector of the Islamic Banking window as of 31 December 2021:

	RM'000
Primary agriculture	-
Mining and quarrying	-
Manufacturing	-
Electricity, gas, water	-
Construction	-
Wholesale, retail trade, restaurant and hotels	-
Transport, storage and communication	-
Finance, insurance, real estate, and business services	-
Education, health, household & others	15,049
Total	**15,049**

5. Credit Risk (continued)

5.5 Impaired Loans, Past Due Loans, Lifetime ECL Credit Impaired, 12-Months ECL And Lifetime ECL Not Credit Impaired, Charges for Lifetime ECL Credit Impaired and Write Offs by Sector (continued)

5.5.2 Lifetime ECL Credit Impaired

The following table details past due loans but not impaired by sector of the Group and the Bank as of 31 December 2022:

	RM'000
Primary agriculture	-
Mining and quarrying	-
Manufacturing	2,168
Electricity, gas, water	-
Construction	-
Wholesale, retail trade, restaurant and hotels	7,001
Transport, storage and communication	82
Finance, insurance, real estate, and business services	1,661
Education, health, household & others	-
Community, social and personal services	-
Total	**10,912**

The following table details lifetime ECL credit impaired by sector of the Islamic Banking window as of 31 December 2022:

	RM'000
Primary agriculture	-
Mining and quarrying	-
Manufacturing	-
Electricity, gas, water	-
Construction	-
Wholesale, retail trade, restaurant and hotels	-
Transport, storage and communication	-
Finance, insurance, real estate, and business services	-
Education, health, household & others	-
Community, social and personal services	-
Total	**-**

The following table details lifetime ECL credit impaired by sector of the Group and the Bank as of 31 December 2021:

	RM'000
Primary agriculture	-
Mining and quarrying	-
Manufacturing	6,128
Electricity, gas, water	-
Construction	16
Wholesale, retail trade, restaurant and hotels	7,120
Transport, storage and communication	6,380
Finance, insurance, real estate, and business services	107
Education, health, household & others	91,747
Community, social and personal services	-
Total	**111,498**

The following table details lifetime ECL credit impaired by sector of the Islamic Banking window as of 31 December 2021:

	RM'000
Primary agriculture	-
Mining and quarrying	-
Manufacturing	-
Electricity, gas, water	-
Construction	-
Wholesale, retail trade, restaurant and hotels	-
Transport, storage and communication	-
Finance, insurance, real estate, and business services	-
Education, health, household & others	905
Community, social and personal services	-
Total	**905**

5. Credit Risk (continued)

5.5 Impaired Loans, Past Due Loans, Lifetime ECL Credit Impaired, 12-Months ECL And Lifetime ECL Not Credit Impaired, Charges for Lifetime ECL Credit Impaired and Write Offs by Sector (continued)

5.5.3 12-Months ECL and Lifetime ECL Not Credit Impaired

The following table details 12-months ECL and lifetime ECL not credit impaired (including ECL restricted from Tier 2 Capital by BNM of RM Nil million) by sector of the Group and the Bank as of 31 December 2022:

	RM'000
Primary agriculture	68
Mining and quarrying	76
Manufacturing	2,756
Electricity, gas, water	4
Construction	13
Wholesale, retail trade, restaurant and hotels	6,403
Transport, storage and communication	298
Finance, insurance, real estate, and business services	1,254
Education, health, household & others	73
Community, social and personal services	32
Total	**10,977**

The following table details 12-months ECL and lifetime ECL not credit impaired (including ECL restricted from Tier 2 Capital by BNM of RM Nil million) by sector of the Islamic Banking window as of 31 December 2022:

	RM'000
Primary agriculture	-
Mining and quarrying	-
Manufacturing	-
Electricity, gas, water	-
Construction	-
Wholesale, retail trade, restaurant and hotels	-
Transport, storage and communication	-
Finance, insurance, real estate, and business services	-
Education, health, household & others	-
Community, social and personal services	-
Total	**-**

The following table details collective impairment provision (including ECL restricted from Tier 2 Capital by BNM of RM25.2 million) by sector of the Group and the Bank as of 31 December 2021:

	RM'000
Primary agriculture	46
Mining and quarrying	8
Manufacturing	1,532
Electricity, gas, water	125
Construction	138
Wholesale, retail trade, restaurant and hotels	2,581
Transport, storage and communication	49
Finance, insurance, real estate, and business services	690
Education, health, household & others	233,634
Community, social and personal services	21
Total	**238,824**

The following table details collective impairment provision (including ECL restricted from Tier 2 Capital by BNM of RM0.3 million) by sector of the Islamic Banking window as of 31 December 2021:

	RM'000
Primary agriculture	-
Mining and quarrying	-
Manufacturing	-
Electricity, gas, water	-
Construction	-
Wholesale, retail trade, restaurant and hotels	-
Transport, storage and communication	-
Finance, insurance, real estate, and business services	-
Education, health, household & others	770
Community, social and personal services	-
Total	**770**

5. Credit Risk (continued)

5.5 Impaired Loans, Past Due Loans, Lifetime ECL Credit Impaired, 12-Months ECL And Lifetime ECL Not Credit Impaired, Charges for Lifetime ECL Credit Impaired and Write Offs by Sector (continued)

5.5.4 Charges for Lifetime ECL Credit Impaired

The following table details charges for lifetime ECL credit impaired by sector of the Group and the Bank as of 31 December 2022:

	RM'000
Primary agriculture	-
Mining and quarrying	-
Manufacturing	-
Electricity, gas, water	-
Construction	-
Wholesale, retail trade, restaurant and hotels	-
Transport, storage and communication	-
Finance, insurance, real estate, and business services	-
Education, health, household & others	-
Community, social and personal services	-
Total	**-**

The following table details charges for individual impairment provision by sector of the Islamic Banking window as of 31 December 2022:

	RM'000
Primary agriculture	-
Mining and quarrying	-
Manufacturing	-
Electricity, gas, water	-
Construction	-
Wholesale, retail trade, restaurant and hotels	-
Transport, storage and communication	-
Finance, insurance, real estate, and business services	-
Education, health, household & others	-
Community, social and personal services	-
Total	**-**

The following table details charges for individual impairment provision by sector of the Group and the Bank as of 31 December 2021:

	RM'000
Primary agriculture	-
Mining and quarrying	-
Manufacturing	-
Electricity, gas, water	-
Construction	25
Wholesale, retail trade, restaurant and hotels	4
Transport, storage and communication	6,380
Finance, insurance, real estate, and business services	59
Education, health, household & others	33,046
Community, social and personal services	-
Total	**39,514**

The following table details charges for individual impairment provision by sector of the Islamic Banking window as of 31 December 2021:

	RM'000
Primary agriculture	-
Mining and quarrying	-
Manufacturing	-
Electricity, gas, water	-
Construction	-
Wholesale, retail trade, restaurant and hotels	-
Transport, storage and communication	-
Finance, insurance, real estate, and business services	-
Education, health, household & others	322
Community, social and personal services	-
Total	**322**

5. Credit Risk (continued)

5.5 Impaired Loans, Past Due Loans, Lifetime ECL Credit Impaired, 12-Months ECL And Lifetime ECL Not Credit Impaired, Charges for Lifetime ECL Credit Impaired and Write Offs by Sector (continued)

5.5.5 Write Off

The following table details write offs by sector of the Group and the Bank as of 31 December 2022:

	RM'000
Primary agriculture	-
Mining and quarrying	-
Manufacturing	-
Electricity, gas, water	-
Construction	-
Wholesale, retail trade, restaurant and hotels	-
Transport, storage and communication	-
Finance, insurance, real estate, and business services	-
Education, health, household & others	90,437
Community, social and personal services	-
Total	**90,437**

The following table details write offs by sector of the Islamic Banking window as of 31 December 2022:

	RM'000
Primary agriculture	-
Mining and quarrying	-
Manufacturing	-
Electricity, gas, water	-
Construction	-
Wholesale, retail trade, restaurant and hotels	-
Transport, storage and communication	-
Finance, insurance, real estate, and business services	-
Education, health, household & others	-
Community, social and personal services	-
Total	**-**

The following table details write offs by sector of the Group and the Bank as of 31 December 2021:

	RM'000
Primary agriculture	-
Mining and quarrying	-
Manufacturing	-
Electricity, gas, water	-
Construction	-
Wholesale, retail trade, restaurant and hotels	-
Transport, storage and communication	-
Finance, insurance, real estate, and business services	-
Education, health, household & others	155,978
Community, social and personal services	-
Total	**155,978**

The following table details write offs by sector of the Islamic Banking window as of 31 December 2021:

	RM'000
Primary agriculture	-
Mining and quarrying	-
Manufacturing	-
Electricity, gas, water	-
Construction	-
Wholesale, retail trade, restaurant and hotels	-
Transport, storage and communication	-
Finance, insurance, real estate, and business services	-
Education, health, household & others	-
Community, social and personal services	-
Total	**-**

5. Credit Risk (continued)

5.6 External Credit Assessment Institutions ("ECAIs")

In terms of assessing counterparty credit risk, the Bank uses ratings by global agencies i.e. Fitch Ratings, Moody's Investor Services, and Standard & Poor's. The Bank also uses ratings from local agencies Rating Agency Malaysia ("RAM") Berhad and Malaysian Rating Corporation ("MARC") Berhad. These ECAIs are used to rate Corporates, Banking Institutions, Sovereigns and Central Banks.

The Bank uses a regional system called Optima to calculate its risk-weighted assets and this system receives its external ratings from a credit system that has a feed for external ratings from approved ECAIs. The mapping of external ratings to the respective counterparties and exposures is automated in the system.

The Bank uses issue-specific ratings for securities. In general, where no issue-specific rating exists, the credit rating assigned to the counterparty of a particular credit exposure is used. Where an exposure has neither an issue-specific rating nor counterparty rating, it is deemed as unrated.

The alignment of the alphanumerical scale of each recognised ECAIs used by Citibank Berhad is detailed in the table below:

CREDIT QUALITY GRADES AND ELIGIBLE ECAIs

Credit Quality Grade		1	2	3	4	5	6	Unrated
Optima (Basel Credit Ratings)								
Rating Source	**Rating Agencies**	**AAA**	**A+**	**BBB+**	**BB+**	**B+**	**CCC+**	**Unrated**
Central	Fitch Ratings	AAA AA+ AA AA-	A+ A A-	BBB+ BBB BBB-	BB+ BB BB-	B+ B B-	CCC+ CCC CCC- CC C D	
Central	Moody's Investor Services	Aaa Aa1 Aa2 Aa3	A1 A2 A3	Baa1 Baa2 Baa3	Ba1 Ba2 Ba3	B1 B2 B3	Caa1 Caa2 Caa3 Ca C	
Central	Standard & Poor's	AAA AA+ AA AA-	A+ A A-	BBB+ BBB BBB-	BB+ BB BB-	B+ B B-	CCC+ CCC CCC- CC C D	
Local	Rating Agency Malaysia Berhad (RAM)	AAA Aa1 Aa2 Aa3	A1 A2 A3	BBB1 BBB2 BBB3	BB1 BB2 BB3	B1 B2 B3	C1 C2 C3 D	
Local	Malaysian Rating Corporation Berhad (MARC)	AAA AA+ AA AA-	A+ A A-	BBB+ BBB BBB-	BB+ BB BB-	B+ B B-	C D	

5. Credit Risk (continued)

5.6 External Credit Assessment Institutions ("ECAIs") (continued)

The following tables show Citibank Berhad's rated and unrated exposures, by class, according to ratings by ECAIs:-

5.6.1 Ratings of Corporates by Approved ECAIs

31 December 2022
Group and Bank

Ratings of Corporate by Approved ECAIs (amounts in RM'000)

	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated	
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B1 to C	Unrated	
Exposure Class	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	Total
Public Sector Entities (applicable for entities Risk-Weighted based on their external ratings as corporates)		-	-	-	-	86,974	86,974
Insurance Cos, Securities Firms and Fund Managers		24,120	470,432	-	-	43,436	537,988
Corporates		-	-	1,382,832	-	6,775,006	8,157,838

Islamic Banking Window

Ratings of Corporate by Approved ECAIs (amounts in RM'000)

	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated	
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B1 to C	Unrated	
Exposure Class	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	Total
Public Sector Entities (applicable for entities Risk-Weighted based on their external ratings as corporates)		-	-	-	-	-	-
Insurance Cos, Securities Firms and Fund Managers		-	-	-	-	-	-
Corporates		-	-	-	-	-	-

5. Credit Risk (continued)

5.6 External Credit Assessment Institutions ("ECAIs") (continued)

5.6.1 Ratings of Corporates by Approved ECAIs (continued)

31 December 2021
Group and Bank

Ratings of Corporate by Approved ECAIs (amounts in RM'000)

	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated	
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B1 to C	Unrated	
Exposure Class	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	Total
Public Sector Entities (applicable for entities Risk-Weighted based on their external ratings as corporates)		-	-	-	-	32,543	32,543
Insurance Cos, Securities Firms and Fund Managers		448	719,450	-	-	2,549	722,447
Corporates		20,115	333,858	776,185	-	6,706,128	7,836,286

Islamic Banking Window

Ratings of Corporate by Approved ECAIs (amounts in RM'000)

	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated	
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B1 to C	Unrated	
Exposure Class	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	Total
Public Sector Entities (applicable for entities Risk-Weighted based on their external ratings as corporates)		-	-	-	-	-	-
Insurance Cos, Securities Firms and Fund Managers		-	-	-	-	-	-
Corporates		-	-	-	-	-	-

5. Credit Risk (continued)

5.6 External Credit Assessment Institutions ("ECAIs") (continued)

5.6.2 Short Term Ratings of Banking Institutions and Corporates by Approved ECAIs

This disclosure does not apply to Citibank Berhad as it uses long term ratings for all exposures.

5.6.3 Ratings of Sovereigns and Central Banks by Approved ECAIs

31 December 2022
Group and Bank

Ratings of sovereigns/central banks by approved ECAIs (amounts in RM'000)

	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	Ba1 to B3	Caa1 to C	Unrated	
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	
Exposure Class	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	Total
Sovereigns/ Central Banks		-	1,268,049	23,713,802	-	-	-	24,981,851

Islamic Banking Window

Ratings of sovereigns/central banks by approved ECAIs (amounts in RM'000)

	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	Ba1 to B3	Caa1 to C	Unrated	
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	
Exposure Class	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	Total
Sovereigns/ Central Banks		-	-	1,943,302	-	-	-	1,943,302

5. Credit Risk (continued)

5.6 External Credit Assessment Institutions ("ECAIs") (continued)

5.6.3 Ratings of Sovereigns and Central Banks by Approved ECAIs (continued)

31 December 2021
Group and Bank

Ratings of sovereigns/central banks by approved ECAIs (amounts in RM'000)

	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	Ba1 to B3	Caa1 to C	Unrated	
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	
Exposure Class	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	Total
Sovereigns/ Central Banks		32	377,829	16,932,551	-	-	-	17,310,412

Islamic Banking Window

Ratings of sovereigns/central banks by approved ECAIs (amounts in RM'000)

	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	Ba1 to B3	Caa1 to C	Unrated	
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	
Exposure Class	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	Total
Sovereigns/ Central Banks		-	-	2,924,039	-	-	-	2,924,039

5. Credit Risk (continued)

5.6 External Credit Assessment Institutions ("ECAIs") (continued)

5.6.4 Rating of Banking Institutions by Approved ECAIs

31 December 2022
Group and Bank

Ratings of banks, Development Financial Institutions and MDBs by approved ECAIs (amounts in RM'000)

	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	Ba1 to B3	Caa1 to C	Unrated	
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	
	RAM	AAA to AA3	A to A3	BBB1 to BB3	BB1 to B3	C1 to D	Unrated	
Exposure Class	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	C+ to D	Unrated	Total
Banks, Development Financial Institutions and MDBs		539,867	1,183,071	1,306,436	9,288	15	588,763	3,627,440

Islamic Banking Window

Ratings of banks, Development Financial Institutions and MDBs by approved ECAIs (amounts in RM'000)

	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	Ba1 to B3	Caa1 to C	Unrated	
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	
	RAM	AAA to AA3	A to A3	BBB1 to BB3	BB1 to B3	C1 to D	Unrated	
Exposure Class	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	C+ to D	Unrated	Total
Banks, Development Financial Institutions and MDBs		-	-	-	-	-	16	16

5. Credit Risk (continued)

5.6 External Credit Assessment Institutions ("ECAIs") (continued)

5.6.4 Rating of Banking Institutions by Approved ECAIs (continued)

31 December 2021
Group and Bank

Ratings of banks, Development Financial Institutions and MDBs by approved ECAIs (amounts in RM'000)

	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	Ba1 to B3	Caa1 to C	Unrated	
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	
	RAM	AAA to AA3	A to A3	BBB1 to BB3	BB1 to B3	C1 to D	Unrated	
Exposure Class	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	C+ to D	Unrated	Total
Banks, Development Financial Institutions and MDBs		385,734	918,759	505,378	-	-	1,080,711	2,890,582

Islamic Banking Window

Ratings of banks, Development Financial Institutions and MDBs by approved ECAIs (amounts in RM'000)

	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	Ba1 to B3	Caa1 to C	Unrated	
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	
	RAM	AAA to AA3	A to A3	BBB1 to BB3	BB1 to B3	C1 to D	Unrated	
Exposure Class	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	C+ to D	Unrated	Total
Banks, Development Financial Institutions and MDBs		-	-	-	-	-	-	-

5. Credit Risk (continued)

5.7 Credit Risk Mitigation ("CRM")

The Bank uses credit risk mitigation within the Corporate exposure class.

The Bank uses eligible guarantees and financial collaterals (primarily cash) for credit risk mitigation. At present, the Bank does not make use of credit derivatives and on and off-balance sheet netting in its credit risk mitigation process.

For calculating and assessing Net Credit RWA, the Bank takes into account eligible collaterals pledged by the customers with the bank, that are primarily cash deposits.

The Bank's credit risk department is guided by its credit policy and procedures for collateral valuation and management. It marks to market the CRM eligible financial collateral value on a daily/weekly/monthly (whichever is applicable) basis. Collateral valuations and re-valuations must be completed daily for SFTs, OTC and margin lending by the various operations units and collateral/margin departments. Collateral haircuts are applied in a number of circumstances such as where there is a material positive correlation between the credit quality of the counterparty and the value of the collateral, or where there are currency or maturity mismatches. The Bank has appropriately sound and well-managed systems and procedures for requesting and promptly receiving additional collateral for transactions whose terms require maintenance of collateral values at specified thresholds as documented in the respective legal agreements.

The Bank has procedures to ensure that appropriate information is available to support the collateral process and to make timely and accurate margin calls feed correctly into the margin applications from upstream systems. These also provide a daily credit exposure report. There is also a process in place to highlight counterparties that have not met their requirement for additional collateral to satisfy specified initial margin amount and variation margin thresholds. In addition, there is risk reporting of counterparty exposures at an individual and an aggregated level.

As of December 2022, the Bank's gross credit exposure is RM37,728 million, of which RM73 million was offset by CRM. After applying required risk weights, the Bank's Credit RWA is RM13,051 million. Given the immateriality of CRM, which is 0.2% of total credit exposure, asset class breakdowns are not provided and for the same reason, there is no CRM risk concentration exposure to the Bank.

5. Credit Risk (continued)

5.7 Credit Risk Mitigation ("CRM") (contnued)

The following table shows the total exposure amounts after credit risk mitigation as of 31 December 2022:

	Exposures after Netting and Credit Risk Mitigation											
Risk Weights	Sovereigns & Central Banks RM'000	PSEs RM'000	Banks, MDBs and FDIs RM'000	Insurance Cos, Securities Firms & Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residental Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Equity RM'000	Total exposures after netting and Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
0%	18,518,412	-	102	-	-	-	-	-	79,634	-	18,598,148	-
10%	-	-	-	-	-	-	-	-	-	-	-	-
20%	1,269,593	86,974	1,341,180	24,120	-	-	-	-	-	-	2,721,867	544,374
35%	-	-	-	-	-	-	-	-	-	-	-	-
50%	5,193,846	-	1,993,271	470,432	-	-	-	-	-	-	7,657,549	3,828,775
75%	-	-	-	-	-	-	-	-	-	-	-	-
90%	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	292,720	43,436	8,084,886	-	-	-	256,174	-	8,677,216	8,677,216
110%	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	167	-	-	-	-	-	-	-	167	251
270%	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-
937.5%	-	-	-	-	-	-	-	-	-	-	-	-
1250.0%	-	-	-	-	-	-	-	-	20	-	20	250
Total Exposures	24,981,851	86,974	3,627,440	537,988	8,084,886	-	-	-	335,828	-	37,654,967	13,050,866
Risk-Weighted Assets by Exposures	2,850,842	17,395	1,557,842	283,477	8,084,886	-	-	-	256,424	-		13,050,866
Average Risk Weight	11%	20%	43%	53%	100%	0%	0%	0%	76%	0%	35%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-		

5. Credit Risk (continued)

5.7 Credit Risk Mitigation ("CRM") (contnued)

The following table details the total exposure amounts of the Islamic Banking window after credit risk mitigation as of 31 December 2022:

Risk Weights	Exposures after Netting and Credit Risk Mitigation											
	Sovereigns & Central Banks RM'000	PSEs RM'000	Banks, MDBs and FDIs RM'000	Insurance Cos, Securities Firms & Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residental Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Equity RM'000	Total exposures after netting and Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
0%	1,943,302	-	-	-	-	-	-	-	-	-	1,943,302	-
10%	-	-	-	-	-	-	-	-	-	-	-	-
20%	-	-	-	-	-	-	-	-	-	-	-	-
35%	-	-	-	-	-	-	-	-	-	-	-	-
50%	-	-	16	-	-	-	-	-	-	-	16	8
75%	-	-	-	-	-	-	-	-	-	-	-	-
90%	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	-	-	-	-	-	722	-	722	722
110%	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	-	-	-	-	-	-	-	-
270%	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-
937.5%	-	-	-	-	-	-	-	-	-	-	-	-
1250.0%	-	-	-	-	-	-	-	-	-	-	-	-
Total Exposures	1,943,302	-	16	-	-	-	-	-	722	-	1,944,040	730
Risk-Weighted Assets by Exposures	-	-	8	-	-	-	-	-	722	-		730
Average Risk Weight	0%	0%	50%	0%	100%	0%	0%	0%	100%	0%	0%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-		

5. Credit Risk (continued)

5.7 Credit Risk Mitigation ("CRM") (contnued)

The following table details the total exposure amounts of the Group and the Bank after credit risk mitigation as of 31 December 2021:

	Exposures after Netting and Credit Risk Mitigation											
Risk Weights	Sovereigns & Central Banks RM'000	PSEs RM'000	Banks, MDBs and FDIs RM'000	Insurance Cos, Securities Firms & Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residental Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Equity RM'000	Total exposures after netting and Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
0%	16,932,583	-	-	-	-	-	-	-	130,097	-	17,062,680	-
10%	-	-	-	-	-	-	-	-	-	-	-	-
20%	377,829	32,543	1,023,414	448	20,115	-	-	-	7,520	-	1,461,869	292,374
35%	-	-	-	-	-	-	7,007,062	-	-	-	7,007,062	2,452,471
50%	-	-	1,679,021	719,450	333,858	-	455,275	-	-	-	3,187,604	1,593,801
75%	-	-	-	-	-	9,673,101	13,646	-	-	-	9,686,747	7,265,060
90%	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	188,148	2,549	7,392,673	52,205	273,747	-	765,978	-	8,675,300	8,675,300
110%	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	-	26,804	1,138	11,528	-	-	39,470	59,206
270%	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-
937.5%	-	-	-	-	-	-	-	-	-	-	-	-
1250.0%	-	-	-	-	-	-	-	-	20	-	20	250
Total Exposures	17,310,412	32,543	2,890,583	722,447	7,746,646	9,752,110	7,750,868	11,528	903,615	-	47,120,752	20,338,462
Risk-Weighted Assets by Exposures	75,566	6,509	1,232,340	362,364	7,563,624	7,347,237	2,965,798	17,293	767,731	-		20,338,462
Average Risk Weight	0%	20%	43%	50%	98%	75%	38%	150%	85%	0%	43%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-		

5. Credit Risk (continued)

5.7 Credit Risk Mitigation ("CRM") (contnued)

The following table details the total exposure amounts of the Islamic Banking window after credit risk mitigation as of 31 December 2021:

	Exposures after Netting and Credit Risk Mitigation											
Risk Weights	Sovereigns & Central Banks RM'000	PSEs RM'000	Banks, MDBs and FDIs RM'000	Insurance Cos, Securities Firms & Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residental Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Equity RM'000	Total exposures after netting and Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
0%	2,924,039	-	-	-	-	-	-	-	2,699	-	2,926,738	-
10%	-	-	-	-	-	-	-	-	-	-	-	-
20%	-	-	-	-	-	-	-	-	21	-	21	4
35%	-	-	-	-	-	-	106,870	-	-	-	106,870	37,405
50%	-	-	-	-	-	-	73	-	-	-	73	36
75%	-	-	-	-	-	-	-	-	-	-	-	-
90%	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	-	-	-	3,619	-	912	-	4,531	4,531
110%	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	-	-	-	-	-	-	-	-
270%	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-
937.5%	-	-	-	-	-	-	-	-	-	-	-	-
1250.0%	-	-	-	-	-	-	-	-	-	-	-	-
Total Exposures	2,924,039	-	-	-	-	-	110,562	-	3,632	-	3,038,233	41,976
Risk-Weighted Assets by Exposures	-	-	-	-	-	-	41,060	-	916	-		41,976
Average Risk Weight	0%	0%	0%	0%	100%	0%	37%	0%	25%	0%	1%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-		

5. Credit Risk (continued)

5.7 Credit Risk Mitigation ("CRM") (contnued)

The following table details the total exposures which is covered by eligible guarantees and financial collaterals as of 31 December 2022:

Exposure Class	Exposures before CRM RM'000	Exposures covered by guarantees RM'000	Exposures covered by eligible financial collateral RM'000	Exposures covered by other eligible collateral RM'000
Credit Risk				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	24,958,791	-	-	-
Public Service Entities	-	-	-	-
Banks, Development Financial Institutions and MDBs	1,499,454	-	-	-
Corporates, insurance cos and securities firms	5,486,036	-	72,952	-
Regulatory Retail	-	-	-	-
Residential Mortgages	-	-	-	-
Higher Risk Assets	-	-	-	-
Other Assets	335,828	-	-	-
Defaulted Exposures	-	-	-	-
Total for On-Balance Sheet Exposures	**32,280,109**	**-**	**72,952**	-
Off-Balance Sheet Exposures				
OTC Derivatives	3,352,043	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	2,095,767	-	-	-
Defaulted Exposures	-	-	-	-
Total for Off-Balance Sheet Exposures	**5,447,810**	**-**	**-**	-
Total On and Off-Balance Sheet Exposures	**37,727,919**	**-**	**72,952**	-

5. Credit Risk (continued)

5.7 Credit Risk Mitigation ("CRM") (contnued)

The following table details the total exposures which is covered by eligible guarantees and financial collaterals of the Islamic Banking window as of 31 December 2022:

Exposure Class	Exposures before CRM RM'000	Exposures covered by guarantees RM'000	Exposures covered by eligible financial collateral RM'000	Exposures covered by other eligible collateral RM'000
Credit Risk				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	1,943,302	-	-	-
Banks, Development Financial Institutions and MDBs	16	-	-	-
Corporates, insurance cos and securities firms	-	-	-	-
Residential Mortgages	-	-	-	-
Other Assets	722	-	-	-
Defaulted Exposures	-	-	-	-
Total for On-Balance Sheet Exposures	**1,944,040**	-	-	-
Off-Balance Sheet Exposures				
OTC Derivatives	-	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	-	-	-	-
Defaulted Exposures	-	-	-	-
Total for Off-Balance Sheet Exposures	**-**	-	-	-
Total On and Off-Balance Sheet Exposures	**1,944,040**	-	-	-

5. Credit Risk (continued)

5.7 Credit Risk Mitigation ("CRM") (contnued)

The following table details the total exposures which is covered by eligible guarantees and financial collaterals as of 31 December 2021:

Exposure Class	Exposures before CRM RM'000	Exposures covered by guarantees RM'000	Exposures covered by eligible financial collateral RM'000	Exposures covered by other eligible collateral RM'000
Credit Risk				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	17,221,596	-	-	-
Public Service Entities	-	-	-	-
Banks, Development Financial Institutions and MDBs	1,338,502	-	-	-
Corporates, insurance cos and securities firms	4,504,048	63	114,150	-
Regulatory Retail	6,085,144	-	-	-
Residential Mortgages	7,435,261	-	-	-
Higher Risk Assets	2,652	-	-	-
Other Assets	903,615	-	-	-
Defaulted Exposures	336,974	-	-	-
Total for On-Balance Sheet Exposures	**37,827,792**	**63**	**114,150**	-
Off-Balance Sheet Exposures				
OTC Derivatives	3,203,419	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	6,170,472	-	-	-
Defaulted Exposures	8,709	-	-	-
Total for Off-Balance Sheet Exposures	**9,382,600**	**-**	**-**	-
Total On and Off-Balance Sheet Exposures	**47,210,392**	**63**	**114,150**	-

5. Credit Risk (continued)

5.7 Credit Risk Mitigation ("CRM") (contnued)

The following table details the total exposures which is covered by eligible guarantees and financial collaterals for the Islamic Banking window as of 31 December 2021:

Exposure Class	Exposures before CRM RM'000	Exposures covered by guarantees RM'000	Exposures covered by eligible financial collateral RM'000	Exposures covered by other eligible collateral RM'000
Credit Risk				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	2,924,039	-	-	-
Banks, Development Financial Institutions and MDBs	-	-	-	-
Corporates, insurance cos and securities firms	-	-	-	-
Residential Mortgages	106,940	-	-	-
Other Assets	3,632	-	-	-
Defaulted Exposures	3,619	-	-	-
Total for On-Balance Sheet Exposures	**3,038,230**	-	-	-
Off-Balance Sheet Exposures				
OTC Derivatives	-	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	3	-	-	-
Defaulted Exposures	-	-	-	-
Total for Off-Balance Sheet Exposures	**3**	-	-	-
Total On and Off-Balance Sheet Exposures	**3,038,233**	-	-	-

5. Credit Risk (continued)

5.8 Off-Balance Sheet Exposures and Counterparty Credit Risk ("CCR")

The following table shows the Group and Bank's off-balance sheet exposures and Risk-Weighted Assets as of 31 December 2022:

Item	Description	Principal amount RM'000	Positive fair value of derivative contracts RM'000	Credit equivalent amount RM'000	Risk Weighted Assets RM'000
1	Direct Credit Substitutes	1,403,436	-	1,403,436	1,358,573
2	Transaction related contingent Items	767,808	-	383,904	372,997
3	Short Term Self Liquidating trade related contingencies	499,250	-	99,850	99,496
4	Assets sold with recourse	-	-	-	-
5	Forward Asset Purchases	21,258	-	21,258	21,258
6	Obligations under an on-going underwriting agreement	-	-	-	-
7	Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions. (i.e. repurchase / reverse repurchase and securities lending / borrowing transactions)	-	-	-	-
8	Foreign exchange related contracts	-	-	-	-
	One year or less	40,811,217	370,417	856,418	466,112
	Over one year to five years	2,637,248	48,210	231,544	132,103
	Over five years	69,901	2,722	9,440	4,022
9	Interest/Profit rate related contracts	-	-	-	-
	One year or less	19,368,501	39,032	64,654	47,629
	Over one year to five years	33,451,909	317,342	1,039,387	503,578
	Over five years	2,508,409	28,339	197,413	95,982
10	Equity related contracts	-	-	-	-
	One year or less	42,805	1,387	3,872	3,872
	Over one year to five years	-	-	-	-
	Over five years	-	-	-	-
11	Gold and other precious metal contracts	-	-	-	-
	One year or less	-	-	-	-
	Over one year to five years	-	-	-	-
	Over five years	-	-	-	-
12	Other commodity contracts	-	-	-	-
	One year or less	8,681,985	77,389	937,248	675,501
	Over one year to five years	73,580	3,681	12,069	8,014
	Over five years	-	-	-	-
13	Credit Derivative Contracts	-	-	-	-
	One year or less	-	-	-	-
	Over one year to five years	-	-	-	-
	Over five years	-	-	-	-
14	OTC Derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	-	-	-	-
15	Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	107,616	-	53,808	53,808
16	Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	-	-	-	-
17	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 borrowers creditworthiness	13,720,545	-	-	-
18	Unutilised credit card lines	667,555	-	133,511	133,399
19	Off-balance sheet items for securitisation exposures	-	-	-	-
20	Total	**124,833,023**	**888,519**	**5,447,812**	**3,976,344**

5. Credit Risk (continued)

5.8 Off-Balance Sheet Exposures and Counterparty Credit Risk ("CCR") (continued)

The following table shows the Islamic Banking window's off-balance sheet exposures and Risk-Weighted Assets as of 31 December 2022:

Item	Description	Principal amount RM'000	Positive fair value of derivative contracts RM'000	Credit equivalent amount RM'000	Risk Weighted Assets RM'000
1	Direct credit substitutes	-	-	-	-
2	Transaction related contingent Items	-	-	-	-
3	Short Term Self Liquidating trade related contingencies	-	-	-	-
4	Assets sold with recourse	-	-	-	-
5	Forward asset purchases	-	-	-	-
6	Obligations under an on-going underwriting agreement	-	-	-	-
7	Commitment to buy back Islamic securities under sales and buy back agreement transactions	-	-	-	-
8	Foreign exchange related contracts				
	One year or less	-	-	-	-
	Over one year to five years	-	-	-	-
	Over five years	-	-	-	-
9	Benchmark rate related contracts				
	One year or less	-	-	-	-
	Over one year to five years	-	-	-	-
	Over five years	-	-	-	-
10	Equity related contracts				
	One year or less	-	-	-	-
	Over one year to five years	-	-	-	-
	Over five years	-	-	-	-
11	Gold and other precious metal contracts				
	One year or less	-	-	-	-
	Over one year to five years	-	-	-	-
	Over five years	-	-	-	-
12	Other commodity contracts				
	One year or less	-	-	-	-
	Over one year to five years	-	-	-	-
	Over five years	-	-	-	-
13	OTC Derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	-	-	-	-
14	Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	-	-	-	-
15	Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	-	-	-	-
16	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 borrowers creditworthiness	-	-	-	-
17	Unutilised credit card lines	-	-	-	-
18	Off-balance sheet items for securitisation exposures	-	-	-	-
	Total	-	-	-	-

5. Credit Risk (continued)

5.8 Off-Balance Sheet Exposures and Counterparty Credit Risk ("CCR") (continued)

The following table shows the Group and Bank's off-balance sheet exposures and Risk-Weighted Assets as of 31 December 2021:

Item	Description	Principal amount RM'000	Positive fair value of derivative contracts RM'000	Credit equivalent amount RM'000	Risk Weighted Assets RM'000
1	Direct Credit Substitutes	1,607,292	-	1,607,292	1,585,674
2	Transaction related contingent Items	674,407	-	337,204	329,175
3	Short Term Self Liquidating trade related contingencies	604,565	-	120,913	111,419
4	Assets sold with recourse	-		-	-
5	Forward Asset Purchases	110,927	-	110,927	22,110
6	Obligations under an on-going underwriting agreement	-		-	-
7	Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions. (i.e. repurchase / reverse repurchase and securities lending / borrowing transactions)	-		-	-
8	Foreign exchange related contracts				
	One year or less	39,956,563	171,155	673,413	358,376
	Over one year to five years	789,574	6,392	59,613	32,864
	Over five years	359,541	-	36,847	16,200
9	Interest/Profit rate related contracts				
	One year or less	22,788,091	4,438	36,431	14,984
	Over one year to five years	27,100,808	73,498	661,760	211,774
	Over five years	1,266,725	29,847	130,227	38,947
10	Equity related contracts				
	One year or less	-	-	-	-
	Over one year to five years	-	-	-	-
	Over five years	-	-	-	-
11	Gold and other precious metal contracts				
	One year or less	-	-	-	-
	Over one year to five years	-	-	-	-
	Over five years	-	-	-	-
12	Other commodity contracts				
	One year or less	12,536,124	390,570	1,605,126	963,406
	Over one year to five years	-	-	-	-
	Over five years	-	-	-	-
13	Credit Derivative Contracts				
	One year or less	-	-	-	-
	Over one year to five years	-	-	-	-
	Over five years	-	-	-	-
14	OTC Derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	-	-	-	-
15	Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	397,449	-	198,725	199,266
16	Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	483,700	-	96,740	72,650
17	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 borrowers creditworthiness	12,928,920	-	-	-
18	Unutilised credit card lines	18,536,909	-	3,707,382	2,805,635
19	Off-balance sheet items for securitisation exposures	-	-	-	-
20	Total	**140,141,595**	**675,900**	**9,382,600**	**6,762,480**

5. Credit Risk (continued)

5.8 Off-Balance Sheet Exposures and Counterparty Credit Risk ("CCR") (continued)

The following table shows the Islamic Banking window's off-balance sheet exposures and Risk-Weighted Assets as of 31 December 2021:

Item	Description	Principal amount RM'000	Positive fair value of derivative contracts RM'000	Credit equivalent amount RM'000	Risk Weighted Assets RM'000
1	Direct credit substitutes	-	-	-	-
2	Transaction related contingent Items	-	-	-	-
3	Short Term Self Liquidating trade related contingencies	-	-	-	-
4	Assets sold with recourse	-	-	-	-
5	Forward asset purchases	-	-	-	-
6	Obligations under an on-going underwriting agreement	-	-	-	-
7	Commitment to buy back Islamic securities under sales and buy back agreement transactions	-	-	-	-
8	Foreign exchange related contracts				
	One year or less	-	-	-	-
	Over one year to five years	-	-	-	-
	Over five years	-	-	-	-
9	Benchmark rate related contracts				
	One year or less	-	-	-	-
	Over one year to five years	-	-	-	-
	Over five years	-	-	-	-
10	Equity related contracts				
	One year or less	-	-	-	-
	Over one year to five years	-	-	-	-
	Over five years	-	-	-	-
11	Gold and other precious metal contracts				
	One year or less	-	-	-	-
	Over one year to five years	-	-	-	-
	Over five years	-	-	-	-
12	Other commodity contracts				
	One year or less	-	-	-	-
	Over one year to five years	-	-	-	-
	Over five years	-	-	-	-
13	OTC Derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	-	-	-	-
14	Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	6	-	3	1
15	Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	-	-	-	-
16	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 borrowers creditworthiness	-	-	-	-
17	Unutilised credit card lines	-	-	-	-
18	Off-balance sheet items for securitisation exposures	-	-	-	-
	Total	**6**	**-**	**3**	**1**

6. Securitisation

At present, Citibank Berhad does not have any exposures to securitisation transactions. Hence, this disclosure is not applicable.

7. 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.

7.1 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 on the firm's capital. This impact can be measured using stress test, EVS and/or DV01 risk metrics to capture the impact of interest rate changes on the economic value of assets and liabilities.

8. 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.

The Bank complies with both Citi'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. The Bank has established a robust control framework which ensures that liquidity risk is effectively managed within predefined and agreed risk tolerances. The control framework being integrated into the

8. Liquidity Risk (continued)

overall Citi 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 a Horizontal Liquidity Review Process (LRP) which incorporates the following annual review requirements:

- Funding and Liquidity Metrics Forecasting
- Limits and Triggers
- Contingency Funding Plan
- Policy and Standard Exceptions
- Term Liquidity Stress Testing (TLST) FX Capacity
- Internal Liquidity Stress Test (ILST) Highly Liquid Asset (HLA) Capacity
- U.S. Liquidity Coverage Ratio (LCR) Highly Qualified Liquid Asset (HQLA) Test – Liquid & Readily Marketable Testing, HQLA Sample Monetization and HQLA Monetization Plan
- Local Liquidity Requirements
- Intraday Monitoring, Management and Reserving Document (IMMRD)
- Cash-Flow Projection
- Higher Risk Assessment Questionnaire (HRAQ)
- Central Bank Facility Inventory

The above LRP requirements are prepared jointly by Citi Treasury and Local Markets Treasury, owned by the Country Treasurer, approved by the Treasury Risk Management and the Country ALCO. Liquidity limits would also need to be approved by the local Board of Director prior to implementation in fulfillment of BNM's expectations.

The liquidity control framework also consists of the following monitoring:

- Daily Management and Monitoring of Limits – carried out by Country Treasury team, Local Markets Treasury team and Independent Market Risk Manager
- Management Oversight - from the Country Asset and Liabilities Committees (ALCO), local Board of Directors (Board) and Regional Corporate Treasury
- Liquidity Stress Testing (daily) - Intended to quantify the likely impact of an event on the balance sheet and liquidity position and to identify viable alternatives that can be utilized in a liquidity event. The base objective and goal of Citi's liquidity risk management is that each entity be stress tested in tandem with Citi's Liquidity Risk Appetite which is defined as the availability of adequate liquidity buffers to withstand stress conditions and is managed using key firm-wide metrics in Regulatory Liquidity Stress Tests (RLSTs) and ILSTs.
- Liquidity Ratios and Concentration Exposures (monthly) - Used to measure and monitor the structural liquidity of the balance sheet and concentration of funding.
- Liquidity Market Triggers (as & when) - Liquidity market triggers are internal or external indicators that may imply a change to market liquidity or Citi's access to the markets
- Regulatory Requirements - It is the Bank's policy to comply with all regulatory requirements in relation to funding and liquidity risk.

9. Operational Risk

Operational risk is defined 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 bank's business—but excludes strategic and reputation risks. Citi also recognizes the impact of Operational Risk on the reputation risk associated with Citi's business activities.

Based on the Policy Document on Operational Risk for Financial Institutions issued by Bank Negara, Operational risk refers to the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Operational risk is inherent in all activities, products and services of financial institutions and can transverse multiple activities and business lines within the financial institutions. It includes a wide spectrum of heterogeneous risks such as fraud, physical

9. Operational Risk (continued)

damage, business disruption, transaction failures, legal and regulatory breaches (including fiduciary breaches and Shariah non-compliance) as well as employee health and safety hazards. Operational risk may result in direct financial losses as well as indirect financial losses (e.g. loss of business and market share) due to reputational damage.

Based on the Policy Document on Shariah Governance for Financial Institutions approved to carry on Islamic financial business, Shariah non-compliance risk refer to the risk of legal or regulatory sanctions, financial loss or non-financial implications including reputational damage, which an Islamic Financial Institution may suffer arising from failure to comply with the rulings of the Shariah Advisory Council of Bank Negara Malaysia (SAC), standards on Shariah matters issued by the Bank pursuant to section 29(1) of the Islamic Financial Services Act and section 33E(1) of the Development Financial Institutions Act, or decisions or advice of the Shariah committee.

There is an Operational Risk Management Policy in place which applies to Citigroup and its consolidated subsidiaries including Citibank, N.A. ("CBNA") (collectively "Citi"). Any business-level policies on this subject must be consistent with the requirements of this Policy. The objective of the Operational Risk Management Policy is to ensure effective management of operational risk across Citi. Effective management of operational risk means bringing or maintaining operational risk exposures within operational risk appetite, and adhering to regulatory requirements.

The Operational Risk Management Framework collectively enables effective operational risk management, and consists of:

- The Operational Risk Management Policy Framework, which codifies the principles, the minimum requirements, and prescribes the "how-to" for operational risk management that Businesses and Functions must comply with.
  a) The ORM Policy Framework consists of the Operational Risk Management Policy and the underlying Standards and Central Procedures, following the construct prescribed by the Citi Policy Governance Policy
- Operational Risk Definitions, Appetite and Governance.
- Prescribed activities in the management of Operational Risk. This includes:
  a) The operational risk management cycle, which includes the identification, measurement, monitoring, management and reporting of operational risks; and
  b) The operational risk events cycle, which includes the escalation, capture, management, and analysis of operational risk events.
- Requirements for Operational Risk Capital Measurement.

Citi's Risk Governance Framework defines the concept of the Lines of Defense. The high-level roles and responsibilities for operational risk management are as follows:

- The Businesses and Functions (1st line of defense and Enterprise Support) are responsible for implementing and maintaining effective controls to reduce the operational risks they are exposed to within operational risk appetite in accordance with the requirements of the Operational Risk Management Framework.
- Independent Risk Management and Risk (2nd Line of Defense) are responsible for setting requirements around operational risk management, challenging the implementation of the overall ORM Framework, and challenging the quality and outcomes of Businesses and Functions operational risk management activities.
- Internal Audit (3rd Line of Defense) is responsible for providing senior management with independent opinions on the effectiveness of the Operational Risk Management Framework as a whole.

In addition to the aforesaid mentioned Global Operational Risk Policy there is also a BNM issued Operational Risk Policy which is effective 9 May 2017. The BNM issued Policy covers following sections in detail:

- Board Oversight
- Senior Management Responsibilities
- Responsibilities of Enterprise Operational Risk Management Function
- Internal Audit Review
- Sound Internal Control Environment
- Identification and Assessment of Operational Risks

9. Operational Risk (continued)

- Operational Risk Response and Mitigation Strategies
- Operational Risk Indicators, Metrics and Loss Events
- Operational Risk Reporting

Bank management places a very high value on maintaining an effective control environment to mitigate operational risk through strong governance and proactive risk management.

10. Equity Exposures in the Banking Book

Investments in equity instruments are categorised as investments securities in the financial statements. These equity instruments are measured at fair value through profit or loss ("FVTPL") with effective 1 January 2018.

Realised gains arising from sales and liquidations of equities in the reporting period is as follows:

	Dec 2022 RM'000	Dec 2021 RM'000
Realised gain / (loss)	-	9

The following table shows an analysis of equity investments by appropriate equity groupings and Risk-Weighted Assets as of the period end:

	31 December 2022		31 December 2021	
	Credit Risk Exposures RM'000	RWA RM'000	Credit Risk Exposures RM'000	RWA RM'000
Privately held				
- For socio-economic purposes	8,311	8,311	7,388	7,388

11. Interest Rate Risk / Rate of Return Risk in the Banking Book ("IRR" / "RORBB")

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.

11. Interest Rate Risk / Rate of Return Risk in the Banking Book ("IRR" / "RORBB") (continued)

Potential interest rate risk in banking book is monitored through interest rate exposure from movement in interest rates as tabled below.

	Impact on Positions as at 31 December 2022 ± 150 bps (Parallel Shift)		Impact on Positions as at 31 December 2021 ± 150 bps (Parallel Shift)	
Currency	**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	142,997	(9,295)	135,026	(60,009)
USD	(12,912)	75,371	(12,854)	73,564
Others	1,679	(18,494)	1,752	(22,286)

12. Profit Sharing Investment Accounts and Shariah Governance

12.1 Profit Sharing Investment Accounts

This disclosure is not applicable, as Citibank Berhad's Islamic Banking Window does not have any Profit Sharing Investment Accounts.

12.2 Shariah Governance

Shariah Governance

The Bank's Shariah Committee is responsible for the provision of Shariah oversight in relation to The Bank'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 Bank Negara Malaysia ("BNM"). Additionally, individual Shariah Committee member participates in various business discussions to ensure a Shariah advice is provided prior to submission to the full Shariah Committee. The Bank's Islamic Banking business operations is subjected to a Shariah audit conducted jointly by the Bank's Internal Audit team together with our Global Islamic Control Unit. The Shariah Committee will review the findings of the Shariah audit, if any, and ensure the corrective action plans to be in place to address such concern.

Rectification Process of Shariah Non-Compliance Income Quantitative Disclosure

In the event of any potential Shariah Non-Compliant income triggers, the issue will be presented to the Shariah Committee for deliberation. If the income derived from the event resolved by the Shariah Committee as impure income, the appropriate process would take place for distribution to the charity.

For the year 2022, the total of Shariah Non-Compliance income was RM6,109 (as of November) and there were no Shariah Non-Compliance events reported during the financial year.

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