Deutsche Bank (Malaysia) Berhad
Company Registration No. 199401026871 (312552-W)
(Incorporated in Malaysia)
and its subsidiaries

Financial statements for the year ended 31 December 2023

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Statement of Corporate Governance 2023

Chief Executive Officer's ("CEO") Statement

Global financial conditions remained resilient in 2023 despite the elevated inflation since the previous year 2022 due to supply chain issues, geopolitical tensions and strong post-pandemic demand. US Federal Reserve and other major central banks responded by aggressive hikes rate between February 2023 to July 2023. Federal Reserve held its rate steady in the rest of Q3 and Q4 of 2023 suggesting that the inflation easing and the economy holding in.

On the local front, the Monetary Policy Committee ("MPC") has increased the OPR in Q2 of 2023 by 25 basis points to 3.00%, in an effort to recalibrate the monetary policy settings to balance the risks to domestic inflation and sustainable growth. The stance of the monetary policy remains conducive to sustainable economic growth amid price stability.

Despite challenging domestic and external environment, Deutsche Bank (Malaysia) Berhad ("the Bank") remained resilient and recorded income before taxes of RM279.3 million and net profit of RM191.2 million for the financial year ended 31 December 2023. This translates to earnings per share of 110.1 sen in 2023.

The Bank reported return on equity of 10.1% whilst liquidity profile continues to be strong with total deposits at RM7.4 billion. The Bank's Internal Capital Adequacy Assessment ("ICAAP") and the capitalisation level remains healthy and robust with total capital ratio and Tier 1 capital ratio reported at 22.78% and 22.21%, respectively, as at 31 December 2023.

CEO's Statement (continued)

Notable deals and Awards

Below are the awards won by the Bank in the year 2023:

- The Asset Triple A Treasurise (Treasury, Trade, Supply Chain, Risk, ESG) awards
  – Best in Treasury and Working Capital (MNCs/LLCs)
  – Best Payments and Collections Solution (DB Schenker)

Bank Ratings

In September 2023, RAM Rating Services Berhad ("RAM") has reaffirmed the Bank's long and short term ratings of AA1 and P1, respectively, with outlook revised from stable to positive.

Business plan and strategy

Our objectives remain as a client focused organisation and building a global network of balanced businesses underpinned by strong capital and liquidity. We target to focus our business around core strengths, especially in foreign exchange, fixed income, interest rate derivatives, credit derivatives, structured transactions, money markets, repo, capital market instruments, cash management, securities services, trade finance and Islamic banking. We are committed to support our clients through highly challenging conditions, demonstrating our resilience with strong risk discipline and sound capital management.

The Bank stands firmly committed to Corporate Responsibility ("CR"). Over the course of the year, we continued to work with the Deutsche Bank Asia Foundation ("DBAF") to support local projects relating to education, corporate volunteering, sustainability and community development. We regard these CR initiatives as sustainable growth and investments in our own future.

CEO's Statement (continued)

Outlook

Moving into 2024, the economic outlook is expected to be moderated by downside risk from the global slowdown and the risk of changes in domestic policy on subsidies and price control. Nevertheless, the upside risk to the Malaysian economy can driven by favourable employment growth in support of household spending, the uptick in tourism activity, and the recovery of the semiconductor and electronics sector from its Nadir. It is forecasted that inflation and interest rates remain modest.

The Bank remains competitive with the solid frameworks around capital and liquidity management, risk controls and enhanced internal processes. We strive to deliver innovative and positive impacts towards the communities, including clients, investors, employees and society.

Dato' Yusof Annuar bin Yaacob
Chief Executive Officer

Board of Directors

Composition of the Board

As at 31 December 2023, the Board of the Bank comprised five Directors of which three were Independent Non-Executive Directors. The Board members were as follows:

Tunku Kecil Muda Tunku Mahmood Fawzy bin Tunku Muhiyiddin
Chairman - Independent Non-Executive Director

Dato' Yusof Annuar bin Yaacob
Chief Executive Officer ("CEO") - Non-Independent Executive Director

Madam Koid Swee Lian
Independent Non-Executive Director

Mr. Chong Kin Leong
Independent Non-Executive Director

Mr. Seamus Toal
Non-Independent Executive Director

Board of Directors (continued)

Key information and background of Directors

Tunku Kecil Muda Tunku Mahmood Fawzy bin Tunku Muhiyiddin

Tunku Kecil Muda Tunku Mahmood Fawzy bin Tunku Muhiyiddin was appointed to the Board of the Bank on 28 April 2016 and succeeded the role as non-executive Chairman of the Bank on 1 January 2017. He is also the Tunku Kecil Muda of Negeri Sembilan.

Tunku Kecil Muda Tunku Mahmood Fawzy received the Bachelor of Arts (Honours) Business Studies from the Polytechnic of Central London (now known as Westminster University), Masters in Business Administration from the University of Warwick, and the Diploma in Marketing from the Chartered Institute of Marketing. He is a chartered management accountant and a Chartered Institute of Management Accountants Fellow ("FCMA"). In addition, he is also a Fellow of the Institute of Corporate Directors Malaysia, Member of the Institute of Public Accountants (MIPA) and Life Member of the Malaysian Institute of Corporate Governance.

Tunku Kecil Muda Tunku Mahmood Fawzy currently serves as the chairman of EdgePoint Malaysia Holdings Sdn Bhd, in addition to serving as a board member of AIA General Berhad and Hong Leong Asset Management Berhad.

Tunku Kecil Muda Tunku Mahmood Fawzy was previously the chairman of Air Asia X Bhd, a board member of Hong Leong Assurance Berhad and Hong Leong MSIG Takaful Berhad, chairman of the Financial Services Professional Board, Senior Independent Director of Telekom Malaysia Berhad, a member of the board of Malaysia Airports Holdings Berhad, Hong Leong Islamic Bank Berhad, Pos Malaysia Berhad, SapuraKencana Petroleum Berhad / Kencana Petroleum Berhad, Ethos Capital One Sdn Berhad, Federation of Investment Managers Malaysia, Energy Africa Limited, and Engen Limited in South Africa.

Tunku Kecil Muda Tunku Mahmood Fawzy was formally an executive director (Investments) with Khazanah Nasional Berhad and chief executive officer / managing director of Engen Petroleum Limited in South Africa, in between the two previous roles he was CEO of MMM Bhd for a very short period. Prior to that, an executive director at PricewaterhouseCoopers ("PwC") and held a variety of senior, middle and junior executive positions at Tajo Bhd, Shell Malaysia Trading Sdn Bhd (with a cross posting to Shell New Zealand Limited).

Tunku Kecil Muda Tunku Mahmood Fawzy draws on a wealth of experience around strategy, governance, risk management, and cross border activity in banking and financial services, telecommunications, investment management and private equity activity, oil and gas, marine and aviation logistics, corporate advisory, across several international locations including the United Kingdom, New Zealand, South Africa and Malaysia.

Board of Directors (continued)

Key information and background of Directors (continued)

Dato' Yusof Annuar bin Yaacob

Dato' Yusof Annuar bin Yaacob ("Dato' Yusof") was appointed as Executive Director and Chief Executive Officer of the Bank on 20 February 2014. Dato' Yusof qualified from the Chartered Institute of Management Accountants.

Dato' Yusof has distinguished experience in the telecommunication industry and over 18 years of experiences in investment banking, financial management, accounting and corporate management of international firms.

Prior to joining the Bank, Dato' Yusof was the Managing Director and Chairman of the Investment Banking Division, Goldman Sachs Malaysia Sdn Bhd. Dato' Yusof held positions as Executive Director/Chief Financial Officer of Axiata Group Berhad and served as a Board Member of several public listed companies, both local and international.

Madam Koid Swee Lian

Madam Koid Swee Lian was appointed to the Board of the Bank on 7 December 2016. Madam Koid was a scholar of Bank Negara Malaysia ("BNM") to read law in the Law Faculty of the University of Malaya. She graduated with a Bachelor of Laws Degree in 1981 and was admitted to the Malaysia Bar in 1983. Madam Koid has been with BNM for more than 32.5 years until her retirement and she has served in various capacities including as Board member and CEO of BNM's Credit Counselling and Debt Exposure Management Agency ("AKPK"). She was previously a board member of Hong Leong Capital Berhad.

Madam Koid was appointed by the Securities Commission Malaysia as a Public Interest Director on the Board of The Federation of Investment Managers Malaysia and chaired one of its Board Committees until 5 August 2023. Her directorships in other companies include HLA Holdings Sdn Bhd, Genting Berhad and Hong Leong Assurance Berhad.

She was appointed as an advisor for the Consumer Financial Education Initiative of the Financial Planning Association of Malaysia from 1 August 2015 to 30 June 2019. She entered into a Service Agreement with the ICLIF Leadership and Governance Centre ("ICLIF") as a coach and facilitator for ICLIF's Programmes from 27 October 2017 to 31 December 2019.

Board of Directors (continued)

Key information and background of Directors (continued)

Mr. Chong Kin Leong

Mr. Chong Kin Leong was appointed to the Board of the Bank on 22 November 2021. Mr. Chong graduated with a Bachelor of Accounting (Hons) from University of Malaya, he is also a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants.

Mr. Chong has more than 40 years of experience in all aspects of financial and business management in the corporate sector, financial institutions and auditing. He started work with Peat Marwick Mitchell & Co. (now known as KPMG) in 1981. He joined Sime Darby Berhad in 1985 where he held various roles in the corporate head office and subsidiaries involved in manufacturing and marketing and plantations. Thereafter, he joined Rashid Hussain Berhad in 1993 and was promoted to Finance Director in 1995. In May 2003, he joined Genting Berhad as Executive Vice President - Finance/Chief Financial Officer until his retirement in December 2018.

Mr Chong currently sits on the board of AIA Public Takaful Bhd, AIA General Berhad, Press Metal Aluminium Holdings Berhad, Cagamas Holdings Berhad and The Community Chest.

Mr. Seamus Toal

Mr. Seamus Toal was appointed to the Board of the Bank on 27 July 2017. Mr. Toal is a graduate of the Columbia Senior Executive Program, a Fellow of the Institute of Bankers and Finance Singapore and a Fellow of the Association of Corporate Treasurers.

Mr. Toal started his career with National Westminster Bank in 1986 and moved on to various senior positions in Deutsche Bank Aktiengesellschaft, together with all its subsidiaries (hereafter collectively referred to as “Deutsche Bank Group”) across various regions. Mr. Toal has more than 30 years of experience in the banking industry. He is currently the Managing Director/ Chief Risk Officer Asia Pacific of Deutsche Bank Group with oversight across all risk categories, credit, market, liquidity, operational and information and resilience and is responsible for implementation of risk strategies, vision, policies and direction.

Board of Directors (continued)

Key information and background of Directors (continued)

Role and Responsibilities of the Board

The Board's role is to effectively supervise the affairs of the Bank, to deliberate and approve significant policies and strategies that are proposed by management and to ensure its compliance with all regulatory and statutory obligations.

The Board reviews the Bank's business plans, strategies and financial performance periodically to ensure that it achieves its objectives and provides regular oversight of the Bank's business operations and performance. The Board also reviews and approves proposals to hire new key Senior Management officers, to ensure that the affairs of the Bank are administered by qualified and competent officers.

The roles of the Chairman and CEO are separate and distinct to ensure an appropriate balance of role, responsibility, authority and accountability. These two positions are held by different individuals and the division in the roles of the Chairman and the CEO is clearly defined in the terms of reference. The Independent Non-Executive Chairman assumes an important role in encouraging a healthy debate on critical issues and brings to the Board the required level of independence and professional skepticism.

Board Training

To keep abreast of current market developments, the Board is encouraged to attend public programmes, seminars, training or talks on areas related to their roles and responsibilities. Training programmes on specific subjects or areas can be requested and arranged internally.

Directors received training by attending external seminars, training sessions, talks and through reading materials. They had also attended talks, dialogue sessions and focus group sessions organised by FIDE Forum, an initiative of the alumni members of the Financial Institutions Directors' Education Programme, set out to enhance corporate governance practices in the boards of financial institutions and to develop world class Directors who are advocates of best practices and excellence in corporate governance.

During the year, the Directors had attended the following training programmes, seminars and workshops:

Board of Directors (continued)

Key information and background of Directors (continued)

Board Training (continued)

Training Programmes/ Seminars/ Workshops
A Dialogue with Bursa Malaysia Berhad, FTSE4GOOD ESG Rating for All PLCs
Asia School of Business: Board's Role in Value Creation
BNM - FIDE Forum: • Can America Stop China's Rise? Will ASEAN Be Damaged? • Roundtable on Licensing and Regulatory Framework for Digital Insurers and Takaful Operators ("DITOs") Exposure Draft
Deutsche Bank (Malaysia) Berhad Internal Training: • Board of Directors' Training on Climate Change and Environmental Risk Management ESG Training to Board • Tax Training on Budget 2024 and E-Invoicing
Discovering Value Through Sustainable Practices
Federation of Investment Managers Malaysia ("FIMM"): Briefing on Revised 2023 Federal Budget
FIDE Forum: Board Oversight of Climate Risks and Opportunities.
FIDE Forum and The International Compliance Association: Understanding the Impact of Digital Transformation in the Financial Industry: What Board Members Need to Know
FTSE4Good ESG Rating – The Why, The What & The How
FTSE4Good Bursa Malaysia ESG Assessment as a Catalyst to Your Sustainability Journey
Genting Berhad Internal Training: • 2023 Budget Seminar by Tax Practitioners • Metaverse Immersion Session • 2024 Budget Seminar
Hong Leong Assurance Berhad Internal Training: • AML/CFT & TFS: Evolving Challenges & Expectations in Regulatory Compliance Training • ESG Sharing on Overview of ESG, Task Force on Climate-related Financial Disclosure, Carbon Emissions and Key Challenges and Considerations
ICDM: Generative AI – An Opportunity or Risk? ICDM PowerTalk Series: Navigating ESG Data into Decisions Programme
KPMG: • Working with Multi-Central Bank Digital Currencies ("CBDCs"): International and cross-border settlements • Navigating through the Evolution of Corporate Governance with the introduction of Tax Corporate Governance Framework ("TCGF"). • Navigating AI Governance and ESG Reporting for the future
Malaysian Institute of Corporate Governance ("MICG"): • Bribery and Corruption: Fortifying a 'China-Wall' to thwart corruption prosecution - 'reasonable & proportionate" approach for adequacy & efficiency • Duties & Responsibilities of Company Directors – Demystifying the stewardship and fiduciary roles of Directors

Board of Directors (continued)

Key information and background of Directors (continued)

Board Training (continued)

Training Programmes/ Seminars/ Workshops
SIDC - Cyber Security and Data Privacy: The Fight Against Financial Crime
AIA Public Takaful Bhd ("APTB") & AIA General Berhad Internal Training: • Cyber and Technology Risk Training • Elements of ESG and Focus Session • Investment Seminar
Cagamas Holdings Berhad Internal Training: EY - How Can Financial Institutions Shape a More Sustainable Future?
Climate Governance Malaysia Chairperson Masterclass Series: • Scaling Up the Circular Economy • The New Era of Board Duties
DBS Bank: Building and Managing Crypto Portfolios - Considerations and Risks
EY: Ignite Your Sustainability Journey with the New ISSB Standards
Joint Committee on Climate Change (JC3): Journey to Zero Conference 2023
Maybank & Ogier Global Sustainable Investment Consulting: Growth of ESG Regulation in Asia - Trends, Opportunities and Implications for Sustainable Investing in 2023
MICPA-PwC: From Numbers to Impact: A Decarbonisation Remit for Finance Function
OCBC Bank: Capitalising on Windows of Opportunity
Press Metal Aluminum Holdings Berhad Internal Training: • KPMG - Business Considerations for Human Rights • KPMG - Oversight of ESG Risks Within Operations and Across the Value Chain
TCFD 101: Getting Started with Climate Related Financial Reporting
TCFD 102: Building Experience and Expertise in Climate Related Financial Reporting
The Edge-UOB Wealth Forum 2023 – Navigating Economic Shifts to Capture Investment Opportunities

Board of Directors (continued)

Key information and background of Directors (continued)

Board Training (continued)

Training Programmes/ Seminars/ Workshops
In-house Training: Deutsche Bank Connect2 Learn • 12 Malaysian Plan - Challenges and Opportunities • AFC - Accountable Client Owner Training • AFC - Anti-Fraud, Bribery and Corruption • AFC-Anti-Money Laundering ("AML"), Counter Terrorist and Proliferation Financing • AFC - Preventing the Facilitation of Tax Evasion • AFC - Sanctions Targeted • Compliance - Code of Conduct • Compliance - The Essentials of Managing our Conflicts of Interest • Compliance - The Essentials of Market Abuse and Antitrust • Compliance - The Essentials of our Duties to Customers • Compliance - Your Supervisory Duties as a Manager • Creating Value with AI & Data for Banking & Finance Leaders • Crisis Management Event Book 2023 • Crisis Management Fundamentals Curriculum - 2023 • Crisis Management Fundamentals Training – 2023 • Chief Security Office - Global Information Security Awareness • ESG and Sustainability: Impact of Environmental and Climate Change on Financial Sector • Financial Crime Risk Management & Culture Programme • Hiring Practices at Deutsche Bank • Legal - The Essentials of Data Protection & Privacy and Records Management • Sustainable Finance Fundamentals • The US Affiliate Risk Management Training

Board of Directors (continued)

Key information and background of Directors (continued)

Frequency and Conduct of Board Meetings

The Board meets on a regular basis to review the Bank's financial performance, risk positions and minutes of meetings of the Bank's various internal governance committees. Special Board meetings are convened for purposes such as to assess business proposals or address issues that require the immediate decision of the Board.

The agenda and board papers are furnished to Directors for their perusal in advance prior to the Board meeting to enable them to have sufficient time to review the agenda papers and provide informed views and comments during the deliberations at Board meetings. The relevant management staff are invited to the Board meetings to provide additional input and clarification to the issues or business proposals.

The attendance of each director at the Board meetings during the financial year is set out below:

Name of Directors	Attendance at Meetings
Tunku Kecil Muda Tunku Mahmood Fawzy bin Tunku Muhiyiddin	8/8 (100%)
Dato' Yusof Annuar bin Yaacob	8/8 (100%)
Madam Koid Swee Lian	8/8 (100%)
Mr. Seamus Toal	8/8 (100%)
Mr. Chong Kin Leong	8/8 (100%)

Directors' Independence

To ensure transparency in corporate governance as well as to promote independent oversight by the Board, the Bank has put in place its internal guidelines that the maximum tenure of a new Independent Director who is appointed from January 2017 onwards, shall be capped at 9 years, subject to the approval by the Board and BNM for such tenure to extend beyond 9 years whilst existing Independent Directors may continue to serve on the Board until the expiry of their terms as approved by BNM.

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Board of Directors (continued)

Key information and background of Directors (continued)

Directors' remuneration

	RM'000
Non-Executive Directors	
Tunku Kecil Muda Tunku Mahmood Fawzy bin Tunku Muhiyiddin	331
Madam Koid Swee Lian	202
Mr. Chong Kin Leong	200
Executive Director	
Mr. Seamus Toal	-

Executive Director (CEO)

	Fixed remuneration			Variable remuneration		
	Fixed Pay	Other	Benefits-in-kind	Non deferred	Deferred	
				Cash	Cash	Shares
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Dato' Yusof Annuar bin Yaacob	1,962	460	26	485	259	673

Board Committees

The following Board Committees assist the Board in the discharge of its role and responsibilities. The terms of reference and the composition of these Committees are set out below. In line with the requirements of BNM's Corporate Governance policy document, the Board Committees comprise three independent non-executive directors and is chaired by an independent director. The Directors have the necessary skills, knowledge and experience relevant to the responsibilities of the Board Committee.

(a) Nominating and Remuneration Committee

Membership and composition

In 2023, the Nominating and Remuneration Committee ("NRC") comprises the following independent non-executive directors of the Board:

Madam Koid Swee Lian - Chairperson
Mr. Chong Kin Leong - Vice Chairman
Tunku Kecil Muda Tunku Mahmood Fawzy bin Tunku Muhiyiddin - Member

The NRC comprises three independent non-executive directors. There were 6 meetings held by the NRC during the financial year.

Terms of Reference

Its responsibilities are as follows:

- To establish minimum requirements for the Board, i.e. required mix of skills, experience, qualification and other core competencies required of a director. The committee is also responsible for establishing minimum requirements for the CEO's post. The requirements and criteria must be approved by the full Board.
- To assess and recommend to the Board the nominees for directorship, Board committee membership as well as nominees for the CEO's post and Shariah Committee membership. This includes assessing directors, Shariah Committee members and CEO for appointment and re-appointment, before an application for approval is submitted to BNM. In considering the appointment of a CEO or nominees for directorship and Shariah Committee membership, the Board shall take into consideration the requirements of the regulator and the recommendation of the representatives of the Shareholder, whether at a regional or global level.

Board Committees (continued)

(a) Nominating and Remuneration Committee (continued)

Terms of Reference (continued)

- To oversee the overall composition of the Board, in terms of the appropriate size and skills and the balance between executive directors, non-executive directors and independent directors through annual review. Such composition of the Board shall always include two representatives of the Group's Regional Management.
- To recommend to the Board the removal of a director/CEO from the Board/Management team if the director/CEO is found to be ineffective, errant and negligent in discharging their responsibilities.
- To establish a mechanism for the formal assessment on the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board, the contribution of the Board's various committees, determine whether a director is independent and the performance of the CEO and other key Senior Management officers.
- To recommend the remuneration of the Shariah Committee members for the full Board's approval and that the remuneration shall commensurate and reflect the roles and responsibilities of the Shariah Committee.
- To ensure that all directors receive an appropriate continuous training programme in order to keep abreast with latest developments in the industry;
- To oversee the appointment, Management Succession Planning and performance evaluation of key Senior Management officers and Shariah Committee members.
- To recommend to the Board the removal of key Senior Management officers if they are ineffective, errant and negligent in discharging their responsibilities.
- To assess on an annual basis, that the directors and key Senior Management officers continue to be "Fit and Proper" persons and are not disqualified under Sections 59 & 60 of the Financial Services Act 2013 ("FSA") and Sections 69 & 70 of the Islamic Financial Services Act 2013 ("IFSA").

Board Committees (continued)

(a) Nominating and Remuneration Committee (continued)

Terms of Reference (continued)

- To recommend a framework of remuneration for Directors, Shariah Committee members, CEO and Senior Management officers for the full Board's approval. The remuneration framework should support the Bank's risk culture, objectives and strategy and should reflect the responsibility and commitment, which goes with Board membership and responsibilities of the CEO and Senior Management officers. There should be a balance in determining the remuneration package, which should be sufficient to attract and retain directors of calibre, and yet not excessive to the extent the Bank's funds are used to subsidise the excessive remuneration packages. The framework should cover all aspects of remuneration including director's fees, salaries, allowances, bonuses, options and benefits-in-kind.
- To review and recommend the preliminary performance of the Bank and provide feedback/ recommendations on the compensation level of the Bank to the Deutsche Bank Group's APAC Regional Office to ensure rewards are aligned with the Bank's performance and local industry benchmarks.
- To recommend specific remuneration packages for executive Directors and the CEO. The remuneration package should be structured such that it is competitive and consistent with the Bank's culture, objectives and strategy. Salary scales drawn up should be within the scope of the general business policy and not be dependent on short term performance to avoid incentives for excessive risk raking. As for non-executive Directors and independent Directors, the level of remuneration should be linked to their level of responsibilities undertaken and contribution to the effective functioning of the Board. In addition, the remuneration of each board member may differ based on their level of expertise, knowledge and experience.
- To recommend the appointment, remuneration and termination of the Head of Compliance for the full Board's approval.
- Periodically review the remuneration of Directors on the Board, particularly on whether remuneration remains appropriate to each director's contribution, taking into account the level of expertise, commitment and responsibilities undertaken.

Board Committees (continued)

(a) Nominating and Remuneration Committee (continued)

Frequency and Conduct of Meetings

Meeting shall be held at least once a year with a view to discussing the above issues or such other times as the NRC deems appropriate. The attendance of each director at NRC meetings during the financial year is set out below:

Name of Directors	Attendance at Meetings
Madam Koid Swee Lian - Chairperson	6/6 (100%)
Mr. Chong Kin Leong - Vice Chairman	6/6 (100%)
Tunku Kecil Muda Tunku Mahmood Fawzy bin Tunku Muhiyiddin - Member	6/6 (100%)

(b) Audit and Examination Committee

Membership and composition

In 2023 the Audit and Examination Committee ("AEC") comprises the following Independent Non-Executive Directors of the Board:

Mr. Chong Kin Leong - Chairman
Madam Koid Swee Lian - Vice Chairperson
Tunku Kecil Muda Tunku Mahmood Fawzy bin Tunku Muhiyiddin – Member

Terms of Reference

Its responsibilities are as follows:

- To support the Board in ensuring there is a reliable and transparent financial reporting process.
- To oversee the effectiveness of the internal audit function.
- To foster a quality audit by exercising oversight over the external auditor, in accordance with the expectations set out in the policy document on External Auditor.
- Review and update the Board on all related party transactions.
- Review the accuracy and adequacy of the Chairman's statement in the directors' report, corporate governance disclosures, interim financial reports and preliminary announcements in relation to the preparation of financial statements.
- Monitor compliance with the Board's conflicts of interest policy.
- Review third-party opinions on the design and effectiveness of the Bank's internal control framework (where available).

Board Committees (continued)

(b) Audit and Examination Committee (continued)

Frequency and Conduct of Meetings

The AEC shall hold regular meeting, at least once every quarter and should report regularly to the Board. The attendance of each Director at AEC meetings during the financial year is set out below:

Name of Directors	Attendance at Meetings
Mr. Chong Kin Leong - Chairman	6/6(100%)
Madam Koid Swee Lian - Vice Chairperson	6/6 (100%)
Tunku Kecil Muda Tunku Mahmood Fawzy bin Tunku Muhiyiddin - Member	6/6 (100%)

(c) Board Risk Management Committee

Membership and composition

In 2023, the Board Risk Management Committee ("BRMC") comprises the following Independent Non-Executive Directors of the Board:

Madam Koid Swee Lian - Chairperson
Mr. Chong Kin Leong - Vice Chairman
Tunku Kecil Muda Tunku Mahmood Fawzy bin Tunku Muhiyiddin - Member

Board Committees (continued)

(c) Board Risk Management Committee (continued)

Terms of Reference

Its responsibilities are as follows:

- To review and recommend the overall risk management strategies, policies and risk appetite framework for Board's approval.
- To review and assess adequacy of risk management policies and frameworks including but not limited to technology-related matters, in identifying, measuring, monitoring and controlling risk and the extent to which these policies are operating effectively.
- To ensure infrastructure, resources and systems are in place for risk management i.e. ensuring that the staff responsible for implementing risk management systems perform those duties independently of the licensed institution's risk-taking activities.
- To review management's periodic reports on market risk exposure, specific risk portfolio composition and risk management activities is supported by overall adequacy of capital and liquidity buffers of the Bank.
- To review minutes of Management Committee ("MANCO"), Operations Council ("OPCO") and Asset and Liability Committee ("ALCO") meetings to be made aware of the business activities of the Bank and that the organisation units are operating within the parameters of the Bank's risk appetite framework for specific types of risks.
- To review Malaysia Risk Council ("MYRC") minutes and credit and new product/product variation recommendations including compliance with legal and regulatory requirements.
- Review minutes of Shariah Committee meetings to be made aware of the Islamic Banking business operations and provide oversight on the overall compliance with Shariah.
- To ensure Senior Management monitors and control the Bank's risk and is consistent with approved strategies and policies as approved by the Board.
- To provide oversight and advice to the Board on the current market risk exposures of the Bank and future risk strategy.
- To review information on the key exposures and the associated risk tolerance of the Bank and provide high level information on the scope and outcome of any stress-testing programme to the Board.
- In assisting the implementation of a sound remuneration system, examine whether incentives provided by the remuneration system take into consideration risks, capital, liquidity and the likelihood and timing of earnings, without prejudice to the tasks of the NRC.

Board Committees (continued)

(c) Board Risk Management Committee (continued)

Frequency and Conduct of Meetings

The BRMC shall hold regular meeting, at least once every quarter and should report regularly to the Board. The attendance of each director at BRMC meetings during the financial year is set out below:

Name of Directors	Attendance at Meetings
Madam Koid Swee Lian - Chairperson	4/4 (100%)
Mr. Chong Kin Leong - Vice Chairman	4/4 (100%)
Tunku Kecil Muda Tunku Mahmood Fawzy bin Tunku Muhiyiddin - Member	4/4 (100%)

Shariah Committee ("SC")

Key information and background of SC members

Dr Uzaimah binti Ibrahim

Dr Uzaimah binti Ibrahim ("Dr Uzaimah") obtained her Bachelor of Law with Honours in 1993 and Bachelor of Law (Shariah) with Honours in 1994. She obtained Master in Comparative Laws in 1996 from International Islamic University Malaysia ("IIUM") and Ph.D from University of Wales, Lampeter, United Kingdom in 2001. At present, Dr Uzaimah is the Head of Islamic Law Department and Assistant Professor in IIUM. Prior to her current position, Dr Uzaimah served as the SC member at Bank Islam Malaysia Berhad, Hong Leong MISG Takaful Berhad, Hong Leong Bank Berhad (Islamic Window) and Hong Leong Islamic Bank Berhad.

Dr Uzaimah's area of expertise is in the field of Islamic banking law, Islamic commercial law, Islamic capital market, takaful and Islamic Jurisprudence. Dr Uzaimah is a Certified Shariah Advisor ("CSA") holder and qualified Syar´ie Lawyer of Shariah High Court in Kuala Lumpur. Until now, Dr Uzaimah has authored twenty-nine (29) research, writing and paperwork since 2001.

Shariah Committee ("SC") (continued)

Key information and background of SC members (continued)

Encik Ahmad Firdaus bin Kadir

Encik Ahmad Firdaus bin Kadir ("Encik Ahmad Firdaus") obtained his Bachelor of Fiqh wa Usuluhu in 2012 from Yarmouk University, Jordan. At present, Encik Ahmad Firdaus is in charge of Shariah advisory services at Guidance Investment Sdn Bhd. Encik Ahmad Firdaus accumulated vast experiences in local banks and research institutions.

Encik Ahmad Firdaus's area of expertise is in the field of Islamic banking, Shariah research, zakat, treasury, waqaf and capital market. Encik Ahmad Firdaus has co-authored two (2) conference paperworks and two (2) academic publication related to Islamic finance.

Puan Zarinah binti Mohd Yusoff

Puan Zarinah binti Mohd Yusoff ("Puan Zarinah") obtained her Bachelor of Accounting with Honours in 1992 from Universiti Utara Malaysia and MBA (Islamic Banking and Finance) in 2005 from IIUM. At present, Puan Zarinah is an Academic Fellow at IIUM Institute of Islamic Banking and Finance ("IIiBF"). Puan Zarinah also currently serves as SC member at Hong Leong MSIG Takaful Berhad. She was also the Head of Islamic Wealth Advisory at FA Advisory Sdn Bhd.

Puan Zarinah holds multiple professional qualifications such as Certified Qualification in Islamic Finance (Wealth Management), Shariah Registered Financial Planner ("Sh RFP"), Certified Financial Planner ("CFP") and Islamic Financial Planner ("IFP"). Puan Zarinah has been actively involved as speaker at conferences, workshops and television programmes since 2008.

Puan Zarinah is currently pursuing her PhD in Islamic Finance.

Shariah Committee ("SC") (continued)

The Bank's SC was established to ensure that the Bank's Islamic banking objectives and operations, business, affairs and activities are in compliance with Shariah rules and principles. The roles and responsibilities of the Bank's SC are as prescribed in the Shariah Governance Policy Document issued by BNM.

Terms of Reference

Its responsibilities are as follows:

- To advise the Bank on Shariah matters in its Islamic business operations.
- To ensure the Bank complies with BNM's Policy Document on Shariah Governance.
- To review and endorse new and existing Islamic products and services offered by the Bank for Shariah compliant requirements. This will include endorsing the following:
  a) The terms and conditions contained in the proposal form, contact, agreement or other legal documentation used in executing the transactions; and
  b) The product manual, marketing advertisements, sales illustrations and brochures used to describe the products or services.
- To prepare written Shariah opinions where the Bank submits applications to BNM for new product approval in accordance with the guidelines on product approval issued by BNM or where the Bank makes reference to the Shariah Advisory Council ("SAC") for advice.
- To review, endorse and adopt Shariah policies and procedures relating to the various business processes of the Bank such as funding, financing, investment, treasury and relevant processes that require Shariah compliance.
- To review and endorse the Shariah Compliance and Audit Manual of the Bank from time to time.
- To convene and submit regular reports to the AEC for review, assessment and appraisal of Shariah compliant activities and where necessary, to recommend to the Board such changes to the processes and procedures as may be required to ensure Shariah compliance.
- To advise related parties to the Bank such as its professional advisers on Shariah matters to ensure compliance with Shariah principles upon request.
- To advise the Bank to consult the SAC of BNM on any Shariah matters which have not been resolved or endorsed by the SAC and assist the SAC on such matters referred to them by the Bank. When required by the SAC, it must explain the Shariah issues involved; prepare written Shariah opinions and its recommendations for a decision. This must be supported by relevant Shariah jurisprudential literature from established sources. Upon obtaining any advice of the SAC, the SC shall ensure that all SAC's decisions are properly implemented by the Bank.

Shariah Committee ("SC") (continued)

Frequency and Conduct of Meetings

During the financial year ended 31 December 2023, a total of 3 meetings were held. The Shariah Committee comprises the following members and the details of attendance of each member was as follows:

Members	Attendance at Shariah Meetings
Dr Uzaimah binti Ibrahim	3/3 (100%)
En Ahmad Firdaus bin Kadir	3/3 (100%)
Pn Zarinah binti Mohd Yusoff	3/3 (100%)

Internal Audit and Internal Control Activities

The Bank has a local Group Audit function led by the Chief Internal Auditor – Malaysia. The local audit team in the Bank represents Group Audit in Malaysia and is also supported by resources from the Group Audit Asia Pacific regional team in Singapore.

Chief Internal Auditor – Malaysia has a functional reporting line to the Bank's AEC and the Group Audit Country Head - Malaysia and Thailand. Group Audit provides updates on the Audit plan to the AEC on a quarterly basis. Audits are primarily coordinated by the Chief Internal Auditor – Malaysia with oversight from the Group Audit Country Head - Malaysia and Thailand. Additional 'subject matter expertise' is also provided by Principal Audit Managers mainly based in Singapore.

Group Audit provides a risk-based approach to examine, evaluate and report objectively on the adequacy of both the design and operating effectiveness of the systems of internal control and the effectiveness of risk management and governance processes. The AEC reviews the Bank audit plan, progress and reports issued.

Remuneration

Deutsche Bank Group is a truly global organisation with compensation principles and policies established at a global level. Compensation plays an integral role in the successful delivery of our strategic objectives. Attracting, developing and retaining talent on a global basis is central to our compensation strategy. The cornerstone of this is the concept of pay for performance, within a sound risk management and governance framework, and with due consideration of market factors and societal values.

It is the full intention of the Bank to ensure that the Compensation Policy is applicable on a global basis in order to foster a fair and transparent approach to compensation across all jurisdictions. Notwithstanding this, the Bank is mindful that the specific nature of local operations should be considered and respected when making decisions and the input of local management sought to ensure this. In view of this and in accordance with Bank Negara Malaysia's Policy Document on Corporate Governance, the Bank's NRC is in place to ensure corporate governance and oversight by the Board.

Compensation of the Employees

The content of the 2023 Employee Compensation Report is based on the qualitative and quantitative remuneration disclosure requirements outlined in Article 450 No. 1 (a) to (j) Capital Requirements Regulation ("CRR") in conjunction with Section 16 of the Remuneration Ordinance for Institutions (Institutsvergütungsverordnung – InstVV).

This Compensation Report takes a group-wide view and covers all consolidated entities of the Deutsche Bank Group. In accordance with regulatory requirements, equivalent reports for 2023 are prepared for the following Significant Institutions within Deutsche Bank Group: BHW Bausparkasse AG, Germany; Deutsche Bank Luxembourg S.A., Luxembourg; Deutsche Bank S.p.A., Italy; Deutsche Bank Mutui S.p.A., Italy; Deutsche Bank S.A.E., Spain.

Remuneration (continued)

Regulatory Environment

Ensuring compliance with regulatory requirements is an overarching consideration in the Bank's Group Compensation Strategy. The Bank strives to be at the forefront of implementing regulatory requirements with respect to compensation and will continue to maintain a close exchange with its prudential supervisor, the European Central Bank (ECB), to be in compliance with all existing and new requirements.

As an EU-headquartered institution, Deutsche Bank AG is subject to the Capital Requirements Regulation / Directive ("CRR / CRD") globally, as transposed into German national law in the German Banking Act and InstVV. These rules are applied to all of Deutsche Bank AG's subsidiaries and branches world-wide to the extent required in accordance with Section 27 InstVV. As a Significant Institution within the meaning of InstVV, Deutsche Bank Group identifies all employees whose work is deemed to have a material impact on the overall risk profile (Material Risk Takers or MRTs) in accordance with the updated criteria stipulated in the German Baking Act and in the Commission Delegated Regulation 2021/923. Deutsche Bank AG identifies MRTs at a Group level, at the level of Significant Institutions and, in accordance with the German Banking Act, for all CRR institutions at a solo level.

Taking into account more specific sectorial legislation and in accordance with InstVV, some of Deutsche Bank AG's subsidiaries (in particular within the DWS Group) fall under sector specific remuneration rules, such as the Alternative Investments Fund Managers Directive ("AIFMD"), the Undertakings for Collective Investments in Transferable Securities Directive ("UCITS") and the Investment Firm Directive ("IFD") including the applicable local transpositions. MRTs are also identified in these subsidiaries. Identified employees are subject to the remuneration provisions outlined in the applicable Guidelines on sound remuneration policies published by the European Securities and Markets Authority ("ESMA") and the European Banking Authority ("EBA").

Deutsche Bank Group takes into account the regulations targeted at employees who engage directly or indirectly with the Bank's clients, for instance as per the local transpositions of the Markets in Financial Instruments Directive II – MiFID II. Accordingly, specific provisions for employees deemed to be Relevant Persons are implemented with a view to ensure that they act in the best interest of the Bank's clients.

Where applicable, Deutsche Bank Group is also subject to specific rules and regulations implemented by local regulators. Many of these requirements are aligned with the InstVV. However, where variations are apparent, proactive and open discussions with regulators have enabled the Bank to follow the local regulations whilst ensuring that any impacted employees or locations remain within the Bank's overall Group Compensation Framework. This includes, for example, the compensation structures applied to Covered Employees in the United States under the requirements of the Federal Reserve Board. In any case, the InstVV requirements are applied as minimum standards globally.

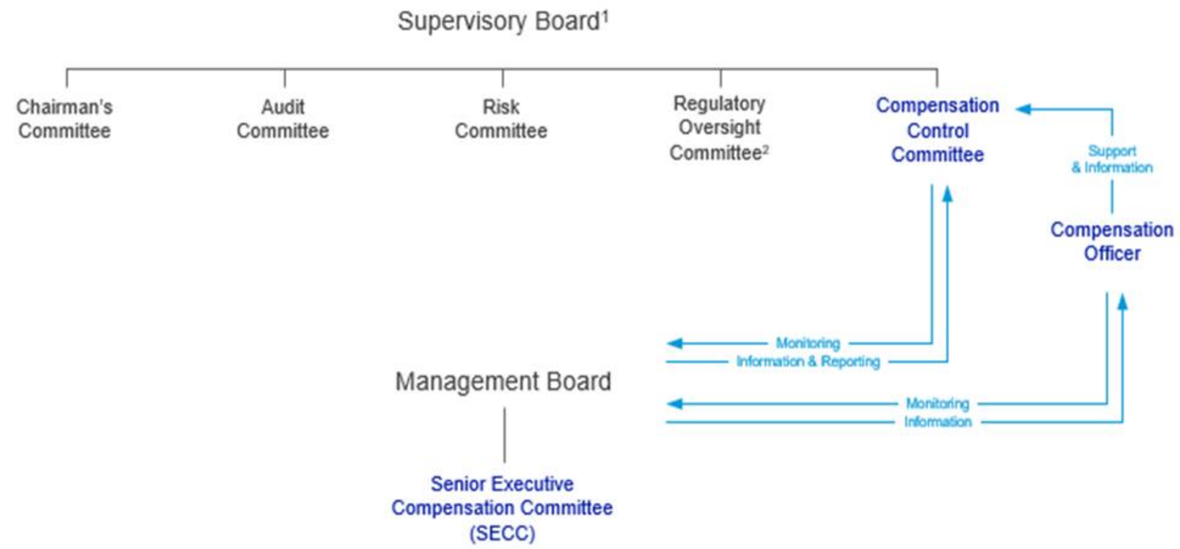
Remuneration (continued)

Compensation Governance

Deutsche Bank Group has a robust governance structure enabling it to operate within the clear parameters of its Compensation Strategy and Policy. In accordance with the German two-tier board structure, the Supervisory Board governs the compensation of the Management Board members while the Management Board oversees compensation matters for all other employees in the Group. Both the Supervisory Board and the Management Board are supported by specific committees and functions, in particular the Compensation Control Committee ("CCC"), the Compensation Officer, and the Senior Executive Compensation Committee ("SECC").

In line with their responsibilities, the Bank's control functions are involved in the design and application of the Bank's remuneration systems, in the identification of MRTs and in determining the total amount of VC. This includes assessing the impact of employees' behavior and the business-related risks, performance criteria, granting of remuneration and severances as well as ex-post risk adjustments.

Reward Governance structure



[1] Does not comprise a complete list of Supervisory Board Committees.
[2] The Integrity Committee was replaced by the Regulatory Oversight Committee

Remuneration (continued)

Compensation Governance (continued)

Compensation Control Committee ("CCC")

The Supervisory Board has set up the CCC to support in establishing and monitoring the structure of the compensation system for the Management Board Members of Deutsche Bank AG. Furthermore, the CCC monitors the appropriateness of the compensation systems for the employees of Deutsche Bank Group, as established by the Management Board and the SECC. The CCC reviews whether the total amount of variable compensation is affordable and set in accordance with the risk, capital and liquidity situation as well as in alignment with the business and risk strategies. Furthermore, the CCC supports the Supervisory Board in monitoring the MRT identification process.

The CCC consists of the Supervisory Board Chairperson as well as two other Supervisory Board Members representing shareholders and three Supervisory Board Members representing employees. The Committee held six meetings in the calendar year 2023. The members of the Risk Committee attended two meetings as guests, the Chairperson of the Risk Committee attended four meetings as guest. Further details can be found in the Report of the Supervisory Board within the Annual Report.

Compensation Officer

The Management Board, in cooperation with the CCC, has appointed a Group Compensation Officer to support the Supervisory Boards of Deutsche Bank AG and of the Bank's Significant Institutions in Germany in performing their compensation related duties. The Compensation Officer is involved in the conceptual review, development, monitoring and application of the employees' compensation systems, the MRT identification and remuneration disclosures on an ongoing basis. The Compensation Officer performs all relevant monitoring obligations independently, provides an assessment on the appropriateness of the design and strategy of the compensation systems for employees at least annually and regularly supports and advises the CCC.

Remuneration (continued)

Compensation Governance (continued)

Senior Executive Compensation Committee ("SECC")

The SECC is a delegated committee established by the Management Board which has the mandate to develop sustainable compensation principles, to prepare recommendations on Total Compensation levels and to ensure appropriate compensation governance and oversight. The SECC establishes the Compensation and Benefits Strategy and Policy. Moreover, using quantitative and qualitative factors, the SECC assesses Group and divisional performance as a basis for compensation decisions and makes recommendations to the Management Board regarding the total amount of annual variable compensation and its allocation across business divisions and infrastructure functions.

In order to maintain its independence, only representatives from infrastructure and control functions who are not aligned to any of the business divisions are members of the SECC. In 2023, the SECC's membership comprised of the Global Head of Human Resources and the Chief Financial Officer as Co-Chairpersons, the Global Head of Compliance, the Global Head of Performance & Reward as well as an additional representative from both Finance and Risk as voting members. The Compensation Officer, the Deputy Compensation Officer and an additional representative from Finance participated as non-voting members. The SECC generally meets on a monthly basis but with more frequent meetings during the compensation process. It held twenty meetings in total with regard to the compensation process for the performance year 2023.

Remuneration (continued)

Compensation and Benefits Strategy

Deutsche Bank Group recognizes that its compensation framework plays a vital role in supporting its strategic objectives. It allows to attract and retain the individuals required to achieve the Bank's objectives. The Compensation and Benefits Strategy is aligned to Deutsche Bank Group's business strategy, risk strategy, and to its corporate values and beliefs as outlined below.

Five key objectives of our compensation strategy

- To support the delivery of the bank's client-focused, global bank strategy by attracting and retaining talent across its full range of diverse business models and country locations
- To support the long-term, sustainable performance and development of the bank and a corresponding risk strategy
- To promote and support long-term performance based on cost discipline and efficiency
- To ensure that the bank's compensation practices are safe, by way of risk-adjusting performance outcomes, preventing inappropriate risk taking, ensuring sustained compatibility with capital and liquidity planning, and complying with regulation
- To apply and promote the bank's corporate values of integrity, sustainable performance, client centricity, innovation, discipline and partnership

Core remuneration principles

- Align compensation to shareholder interests and sustained bank-wide profitability, taking account of risk, including environmental, social and governance (ESG) risk
- Apply a gender-neutral, simple and transparent compensation design
- Maximize sustainable performance, both at the employee and the bank-wide level
- Attract and retain the best talent
- Calibrate compensation to reflect different divisions and levels of responsibility
- Ensure compliance with regulatory requirements

Remuneration (continued)

Group Compensation Framework

The compensation framework, generally applicable globally across all regions and business lines, emphasizes an appropriate balance between Fixed Pay ("FP") and Variable Compensation ("VC") – together forming Total Compensation ("TC"). It aligns incentives for sustainable performance at all levels of Deutsche Bank Group whilst ensuring the transparency of compensation decisions and their impact on shareholders and employees. The underlying principles of the compensation framework are applied to all employees equally, irrespective of differences in seniority, tenure, gender or ethnicity.

Pursuant to CRD and the requirements subsequently adopted in the German Banking Act, Deutsche Bank Group is subject to a maximum ratio of 1:1 with regard to fixed-to-variable remuneration components, which was increased to 1:2 with shareholder approval on May 22, 2014 with an approval rate of 95.27%, based on valid votes by 27.68% of the share capital represented at the Annual General Meeting. Nonetheless, the Bank has determined that employees in specific infrastructure functions (such as Legal, Group Tax and Human Resources) should continue to be subject to a maximum ratio of 1:1 while Control Functions as defined by InstVV are subject to a maximum ratio of 2:1. These Control Functions comprise Risk, Compliance, Anti-Financial Crime, Group Audit and the Compensation Officer and his Deputy.

The Bank has assigned a Reference Total Compensation ("RTC") to eligible employees that describes a reference value for their role. This value provides employees orientation on their FP and VC. Actual individual TC can be at, above or below the Reference Total Compensation, depending on VC decisions.

Fixed Pay is used to compensate employees for their skills, experience and competencies, commensurate with the requirements, size and scope of their role. The appropriate level of FP is determined with reference to the prevailing market rates for each role, internal comparisons and applicable regulatory requirements. FP plays a key role in order to attract and retain the right talent. For the majority of employees, FP is the primary compensation component.

Variable Compensation reflects affordability and performance at Deutsche Bank Group, divisional, and individual level. It allows to differentiate individual performance and to drive behavior through appropriate incentives that can positively influence culture. It also allows for flexibility in the cost base. VC generally consists of two elements – the Deutsche Bank Group VC Component and the Individual VC Component.

Remuneration (continued)

Group Compensation Framework (continued)

The Group VC Component is based on one of the overarching goals of the compensation framework – to ensure an explicit link between VC and the performance of the Group. To assess the Bank's annual achievements in reaching its strategic targets, the four Key Performance Indicators ("KPIs") utilised as the basis for determining the 2023 Group VC Component were: Common Equity Tier 1 ("CET 1") Capital Ratio, Cost/Income Ratio ("CIR"), Post-Tax Return on Tangible Equity ("RoTE") and ESG – Sustainable Finance Volume. These four KPIs represent the Bank's capital, cost, profitability and sustainability targets.

The Individual VC Component is delivered either in the form of Individual VC or as Recognition Award. An employee's eligibility to receive either of these VC elements depends on division, region, profession, and Corporate Title. In case of negative performance contributions or misconduct, an employee's VC can be reduced accordingly and can go down to zero. VC is granted and paid out subject to Group affordability. Under the compensation framework, there continues to be no guarantee of VC in an existing employment relationship. Such arrangements are utilised only on a very limited basis for new hires in the first year of employment and are subject to the Bank's standard deferral requirements.

Key components of the compensation framework

Remuneration (continued)

Group Compensation Framework (continued)

Individual VC takes into consideration a number of financial and non-financial factors, including the applicable divisional performance, the employee's individual performance, conduct, and adherence to values and beliefs, as well as additional factors such as the Bank's strategic decisions and retention considerations.

Recognition Awards provide the opportunity to acknowledge and reward outstanding contributions made by the employees of lower seniority levels in a timely and transparent manner. Generally, the overall size of the Recognition Award budget is directly linked to a set percentage of FP for the eligible population and it can be paid out up to four times a year, following a review of nominations and contributions in a process managed at the divisional level.

In the context of InstVV, severance payments are considered variable compensation. The Bank's severance framework ensures full alignment with the respective InstVV requirements.

Employee benefits complement Total Compensation and are considered FP from a regulatory perspective, as they have no direct link to performance or discretion. They are granted in accordance with applicable local market practices and requirements. Pension expenses represent the main element of the Bank's benefits portfolio globally.

Remuneration (continued)

Determination of performance-based Variable Compensation

The Bank puts a strong focus on its governance related to compensation decision-making processes. A robust set of rule-based principles for compensation decisions with close links to the performance of both business and individual were applied.

The total amount of VC for any given performance year is derived from an assessment of the Bank's profitability, solvency, and liquidity position, and the determination of VC pools for divisions and infrastructure functions based on their performance in support of achieving the Bank's strategic objectives.

In a first step, Deutsche Bank Group assesses the Bank's profitability, solvency and liquidity position in line with its Risk Appetite Framework, including a holistic review against the Bank's multi-year strategic plan to determine what the Bank "can" award in line with regulatory requirements (i.e. Group affordability). In the next step, the Bank assesses divisional risk-adjusted performance, i.e. what the Bank "should" award in order to provide an appropriate compensation for contributions to the Bank's success.

When assessing divisional performance, a range of considerations are referenced. Performance is assessed in the context of financial and – based on Balanced Scorecards – non-financial targets. The financial targets for front-office divisions are subject to appropriate risk-adjustment, in particular by referencing the degree of future potential risks to which Deutsche Bank Group may be exposed, and the amount of capital required to absorb severe unexpected losses arising from these risks. For the infrastructure functions, the financial performance assessment is mainly based on the achievement of cost targets. While the allocation of VC to infrastructure functions, and in particular to control functions, depends on both Deutsche Bank Group's overall and their own performance, it is not dependent on the performance of the division(s) that these functions oversee.

At the level of the individual employee, the Variable Compensation Guiding Principles are established, which detail the factors and metrics that have to be taken into account when making Individual VC decisions. Managers must fully appreciate the risk-taking activities of individuals to ensure that VC allocations are balanced and risk-taking is not inappropriately incentivised. The factors and metrics to be considered include, but are not limited to, (i) business delivery ("What"), i.e. quantitative and qualitative financial, risk-adjusted and non-financial performance metrics, and (ii) behavior ("How"), i.e. culture, conduct and control considerations such as qualitative inputs from control functions or disciplinary sanctions. Generally, performance is assessed based on a one year period. However, for Management Board members of Significant Institutions, the performance across three years is taken into account.

Remuneration (continued)

Variable Compensation Structure

The compensation structures are designed to provide a mechanism that promotes and supports long-term performance of the employees and the Bank. Whilst a portion of VC is paid upfront, these structures require that an appropriate portion is deferred to ensure alignment to the sustainable performance of the Group. For both parts of VC, Deutsche Bank AG shares are used as instruments and as an effective way to align compensation with Deutsche Bank Group's sustainable performance and the interests of shareholders.

The Bank continues to go beyond regulatory requirements with the scope as well as the amount of VC that is deferred and the minimum deferral periods for certain employee groups. The deferral rate and period are determined based on the risk categorisation of the employee, the division and the business unit. Where applicable, the Bank starts to defer parts of variable compensation for MRTs where VC is set at or above € 50,000 or where VC exceeds 1/3 of TC. For non-MRTs, deferrals start at higher levels of VC. MRTs are on average subject to deferral rates in excess of the minimum 40% (60% for Senior Management) as required by InstVV. For MRTs in Material Business Units ("MBU") the Bank applies a deferral rate of at least 50%. The VC threshold for MRTs requiring at least 60% deferral is set at € 500,000.

Furthermore, Directors and Managing Directors in Corporate Bank ("CB"), Investment Bank ("IB") or Capital Release Unit ("CRU") are subject to a VC deferral rate of 100% with respect to any VC in excess of € 500,000. Moreover, if Fixed Pay for these employees exceeds an amount of € 500,000, the full VC is deferred.

Remuneration (continued)

Variable Compensation Structure (continued)

As detailed in the table below, deferral periods range from three to five years, dependent on employee groups.

Overview on 2023 Award Types (excluding DWS Group)

Award Type	Description	Beneficiaries	Deferral Period	Retention Period	Proportion
Upfront: Cash VC	Upfront cash portion	All eligible employees	N/A	N/A	MRTs with VC ≥ € 50,000 or where VC exceeds 1/3 of TC: 50 % of upfront VC Non-MRTs with 2022 TC ≤ € 500,000: 100 % of upfront VC
Upfront: Equity Upfront Award (“EUA”)	Upfront equity portion (linked to Deutsche Bank AG’s share price over the retention period)	All MRTs with VC ≥ € 50,000 or where VC exceeds 1/3 of TC All employees with 2022 TC > € 500,000	N/A	12 months	50% of upfront VC
Deferred: Restricted Incentive Award (“RIA”)	Deferred cash portion	All employees with deferred VC	Equal tranche vesting: MRTs: 4 years Sen. Mgmt.[1]: 5 years Non-MRTs in IB/CB/CRU: 4 years Other non-MRTs: 3 years	N/A	50% of deferred VC
Deferred: Restricted Equity Award (“REA”)	Deferred equity portion (linked to Deutsche Bank AG’s share price over the vesting and retention period)	All employees with deferred VC	Equal tranche vesting: MRTs: 4 years Sen. Mgmt.[1]: 5 years Non-MRTs in IB/CB/CRU: 4 years Other non-MRTs: 3 years	12 months for MRTs	50% of deferred VC

N/A – Not applicable
[1] For the purpose of Performance Year 2022 annual awards, Senior Management is defined as DB AG MB-1 positions; voting members of Business Division Top Executive Committees; MB members of Significant Institutions; respective MB-1 positions with managerial responsibility. For the specific deferral rules for the Management Board of Deutsche Bank AG refer to the Compensation Report for the Management Board.

Employees are not allowed to sell, pledge, transfer or assign a deferred award or any rights in respect to the award. They may not enter into any transaction having an economic effect of hedging any variable compensation, for example offsetting the risk of price movement with respect to the equity-based award. The Human Resources and Compliance functions, overseen by the Compensation Officer, work together to monitor employee trading activity and to ensure that all employees comply with this requirement.

Remuneration (continued)

Ex-post Risk Adjustment of Variable Compensation

In line with regulatory requirements relating to ex-post risk adjustment of variable compensation, the Bank believes that a long-term view on conduct and performance of its employees is a key element of deferred VC. As a result, under the Management Board's oversight, all deferred awards are subject to performance conditions and forfeiture provisions as detailed below.

Overview on Deutsche Bank Group performance conditions and forfeiture provisions of Variable Compensation granted for Performance Year 2022

Provision	Description	Forfeiture
Solvency and Liquidity	If at the quarter end preceding vesting and release, any one of the following falls below a defined Risk Appetite threshold: CET1 Capital Ratio; Leverage Ratio; Economic Capital Adequacy Ratio; Liquidity Coverage Ratio; Liquidity Reserves	Between 10% and 100% of the next tranche of deferred award due for del / of the Equity Upfront Award, depend on the Risk Appetite threshold and th extent the Group / Divisional PBT condition(s) is/ are met
Group PBT	If for the financial year end preceding the vesting date adjusted Group PBT is negative[1]	Between 10% and 100% of the next tranche of deferred award due for del depending on the extent Solvency an Liquidity condition is met and whethe Divisional PBT condition is met (if applicable)
Divisional PBT	If for the financial year end preceding the vesting date adjusted Divisional PBT is negative[1]	Between 10% and 100% of the next tranche of deferred award due for del depending on the extent Solvency an Liquidity condition is met and whethe Group PBT condition is met
Forfeiture Provisions[2]	– In the event of an internal policy or procedure breach, breach of any applicable laws or regulations, or a Control Failure – If any award was based on performance measures or assumptions that are later deemed to be materially inaccurate – Where a Significant Adverse Event occurs, and the Participant is considered sufficiently proximate – If forfeiture is required to comply with prevailing regulatory requirements	Up to 100% of undelivered awards
Clawback	In the event an InstVV MRT participated in conduct that resulted in significant loss or regulatory sanction/supervisory measures; or failed to comply with relevant external or internal rules regarding appropriate standards of conduct	100% of award which has been deliv before the second anniversary of the vesting date for the award

[1] Considering clearly defined and governed adjustments for relevant Profit and Loss items (e.g., business restructurings; impairments of goodwill or intangibles).
[2] Other provisions may apply as outlined in the respective plan rules.

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Remuneration (continued)

Senior Managements & Material Risk Takers' Remuneration for 2023

		Senior Management**		Material Risk Takers[1]		Total
		RM'000	No	RM'000	No	RM'000
Fixed Remuneration						
Cash		3,496	6	3,554	4	7,050
Other		1	1	-	-	1
Variable						
- Non Deferred	Cash	788	6	1,577	4	2,365
- Deferred	Cash	1	1	575	1	576
Guaranteed bonus		-	-	-	-	-
Sign On bonus		-	-	-	-	-
Severance Payments		-	-	-	-	-
Others		727	6	969	4	1,696
		5,013		6,675		11,688
Variable						
- Deferred	Shares	24	2	1,333	2	1,357
		5,037		8,008		13,045
Outstanding deferred remuneration						
- Non Deferred	Cash	-	-	-	-	-
- Deferred	Cash	-	-	2,129	1	2,129
	Shares	-	-	3,717	1	3,717
Exposure to implicit & explicit adjustments		-	-	-	-	-
- Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and implicit adjustments		-	-	-	-	-
- Total amount of reductions during the financial year due to ex-post explicit adjustments		-	-	-	-	-
- Total amount of reductions during the financial year due to ex-post implicit adjustment		-	-	-	-	-

1 Refers to locally identified risk takers who can materially commit or control significant amounts of the Bank's resources or whose actions are likely to have a significant impact on the bank's risk profile.

** Excluding CEO

Management Report

Board meetings are structured around a pre-set agenda and regular reports from the management on risk management, key operating, financial, legal, compliance and regulatory matters and minutes of committee meetings are circulated to keep Directors abreast with the performance of the Bank.

Corporate Social Responsibility

Our corporate social responsibility ("CSR") initiatives contribute to the Bank's stated purpose of enabling economic growth and societal progress. They are how we makes a positive impact for people and communities. The strategic focus of our social engagement is on education, enterprise, environment, and community. We encourages our employees to contribute their professional expertise and life skills. We aims to maximise the impact of our CSR activities by engaging our stakeholders, forging long-term partnerships with charities, supporting advocacy initiatives, and working with other companies and organisations to promote impact monitoring. All of our CSR activities help build trust, deepen employee commitment and client loyalty, and enhance our reputation as a socially minded enabler, reliable partner, and catalyst for societal change.

Born to Be, the Bank´s youth engagement program, helps empower the next generation by increasing motivation, developing skills and improving access to education and employment opportunities. Our Made for Good enterprise program empowers startups, non-profits and commercial businesses that create wider social good by providing access to advice, support and networks to scale up. Our CSR environmental impact program How We Live helps protect and restore nature and, through education, aims to build a deeper understanding of why we must care for the natural world and change how we live. In the community, we do business we work to build stronger and more inclusive communities. We focus our efforts on the most disadvantaged through projects that deliver basic welfare, promote affordable housing and provide relief in emergencies. For more than 25 years, our PlusYou volunteering and giving community has enabled employees to volunteer at, and donate to, charitable causes. Corporate Volunteering gives our CSR programs greater impact and also enhances our employees' personal development, motivation and commitment.

Corporate Social Responsibility (continued)

Key topics and impact in 2023

In line with Deutsche Bank Group´s Born to Be program, we supported the Global Peace Foundation in serving the Orang Asli youths in three areas namely, Social Emotional Awareness and Development, Digital Access and Vocational Skills Development, and Youth Engagement through Sports and Recreation. The goal is to improve the youths' self-esteem and sense of identity as Orang Asli and improve access to new opportunities and employability.

Soroptimist International Damansara ("SID"), chartered in 1993 comes under the global volunteer movement Soroptimist International, which has 70,000 club members stretched over 123 countries. Members work together and reach out to transform the lives of women and children through education, empowerment and by creating/ linking them with opportunities for education/ employment/ skills training especially for those who come from the B40 Groups and financially disadvantaged communities. Whilst SID´s primary focus has been to provide education assistance and support for children and youths from the financially disadvantaged communities, SID also ventures into a variety of other projects and activities targeting the underprivileged communities, i.e. Education Assistance Program (¨SEAP¨) and Support/Empowerment for Single Mothers/B40 Women. We participated in SID´s 21st Charity Movie Fundraiser Event in support of these programs.

The Bank adopted Nan Kai Chinese Primary School under the School Adoption Programme, to create awareness of financial management for school children. There was workshop conducted for the students where they participated in an interactive learning and lively in-class activities, while sharing with them important money concepts and help them to build essential life skills. These activities were designed to help students immerse themselves in the lessons and help them develop learning experiences that will enable them to better relate to the concepts taught in the workshop.

Badan Amal Nur Zaharah Welfare Home at Bukit Janda Baik, is formed to give new hope, education, and better standard of living to the underprivileged children. In 2023, we organised an excursion to the discovery centre for these less fortunate children in support learning in a fun and interactive manner. The main objective is to ignite the children interest in Science & Technology. At the discovery center, the children learned about Geotime Diorama, Oil & Gas exploration, Molecule Nano World and even how astronauts live & work in space.

The Financial Industry Collective Outreach ("FINCO") is a collaborative initiative pioneered by all financial institutions in Malaysia with the support of BNM. The collaboration was established in 2017 with the big goal to provide underprivileged children and youth with the guidance and educational tools they need to achieve their life goals. FINCO is the largest collective impact initiative in Malaysia and by coming together, the financial institutions can have a greater impact on society.

Corporate Social Responsibility (continued)

Governance and impact tracking

The Communications & CSR team reports directly to the CEO. The "Donations, Memberships, Sponsorships ("DMS") Policy & Corporate Social Responsibility ("CSR") Cornerstones – Deutsche Bank Group", and other applicable policies and procedures define the mandatory operating framework for the Bank and external partners acting on its behalf. Our CSR initiatives are implemented by our regional units and endowed foundations. Depending on the amount of the investment, proposals for new initiatives require the approval of local CSR teams, regional CSR councils, and/or Board members of Deutsche Bank Group. To ensure that resources are deployed efficiently and that projects are fully aligned with our CSR agenda's strategic objectives, we use the Global Impact Tracking ("GIT") tool to monitor our investments' direct impact and systematically gather feedback from our community partners on an annual basis. The insights from these analyses have enabled us to improve our CSR strategy and portfolio over time.

Deutsche Bank (Malaysia) Berhad
Company Registration No. 199401026871 (312552-W)
(Incorporated in Malaysia)
and its subsidiaries

Directors' report for the year ended 31 December 2023

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

Principal activities

The principal activities of the Bank are banking and related financial services that also include Islamic Banking business. The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements. There has been no significant change in the nature of the activities of the Bank and its subsidiaries during the financial year.

Results

	Group and Bank RM'000
Profit before tax	279,280
Tax expense	(88,085)
Profit for the year attributable to owner of the Bank	191,195

Dividends

Since the end of the previous financial year, the amount of dividends paid by the Bank was as follows:-

In respect of the financial year ended 31 December 2022 as reported in the Director's Report of that year, a final ordinary dividend of 123.2 sen per ordinary share totalling RM213,841,000 paid on 31 July 2023.

The final dividend recommended by the Directors in respect of the financial year ended 31 December 2023 is 110.1 sen per ordinary share totalling RM191,195,000.

The financial statements for the current financial year do not reflect this final dividend in respect of the financial year ended 31 December 2023. Upon declaration, this dividend payment will be accounted for in equity as an appropriation of retained earnings during the financial year ending 31 December 2024.

Reserves, provisions and allowances

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

Directors of the Bank

The Directors of the Bank who served on the board since the beginning of the current financial year to the date of this report are:

Tunku Kecil Muda Tunku Mahmood Fawzy bin Tunku Muhiyiddin
Dato' Yusof Annuar bin Yaacob
Madam Koid Swee Lian
Mr Seamus Toal
Mr Chong Kin Leong

Directors of the subsidiaries

Pursuant to Section 253 of the Companies Act 2016, the Directors of the subsidiaries in office since the beginning of the current financial year to the date of this report are:

Richard Lim Hock Seng
Liew Yeh Yin

Bad and doubtful debts and financing

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

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

Current assets

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

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

Valuation methods

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

Contingent and other liabilities

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

(a) any charge on the assets of the Group or of the Bank which has arisen since the end of the financial year and which secures the liabilities of any other person, or

(b) any contingent liability in respect of the Group or of the Bank that has arisen since the end of the financial year other than those incurred in the ordinary course of business.

No contingent or other liability of the Group and of the Bank has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Bank to meet their obligations as and when they fall due.

Change of circumstances

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

Items of an unusual nature

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Bank for the current financial year in which this report is made.

Compliance with BNM's expectations on financial reporting

In the preparation of the financial statements, the Directors have taken reasonable steps to ensure that BNM's expectations on financial reporting have been complied with, including those set out in the Policy Document on Financial Reporting.

Directors' interests in shares

According to the Register of Directors' Shareholdings maintained by the Bank in accordance with the Companies Act 2016, the Directors holding office at year end who have beneficial interests in the shares of the Bank and its related corporations are as follows:

	Number of ordinary shares			
	Balance at 1.1.2023	Bought	Sold	Balance at 31.12.2023
Holding company				
Deutsche Bank Aktiengesellschaft				
Dato' Yusof Annuar bin Yaacob	28,314	12,383	(3,717)	36,980
Seamus Toal	76,890	16,223	(2)	93,111

	Number of DB Restricted Equity Units Plan			
	Balance at 1.1.2023	Awarded/ Granted	Exercised/ Vested	Balance at 31.12.2023
Holding company				
Deutsche Bank Aktiengesellschaft				
- DB Restricted Equity Units Plan				
Dato' Yusof Annuar bin Yaacob	24,244	11,457	(12,383)	23,318
Seamus Toal	33,491	12,395	(16,223)	29,663

None of the other Directors held or dealt in the shares of the Bank or its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Bank has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as below) by reason of a contract made by the Bank or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Directors' benefits (continued)

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

	From the Bank RM'000
Directors of the Bank:	
Salary and other remuneration	2,575
Fee	580
Bonuses	1,417
Benefits-in-kind	26
	4,598

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangements to which the Bank is a party whereby Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate other than the share and options compensation plans operated by Deutsche Bank Aktiengesellschaft as disclosed in Note 35.

Issue of shares and debentures

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

There were no debentures issued during the year.

Options granted over unissued shares

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

Rating by external rating agencies

In September 2023, RAM Rating Services Berhad ("RAM") has reaffirmed the Bank's long and short term ratings of AA1 and P1 respectively, with outlook revised from stable to positive.

Indemnity and insurance costs

During the financial year, the total amount of insurance cost incurred for the Directors of the Bank net of Directors' contribution is RM240,239.

There were no indemnity and insurance cost effected for auditors of the Bank during the financial year.

Company Registration No. 199401026871 (312552-W)

Ultimate holding company

The Directors regard Deutsche Bank AG, a bank incorporated in Germany, as the immediate and ultimate holding company of the Bank during the financial year and until the date of this report.

Subsidiaries

The details of the Bank's subsidiaries are disclosed in Note 8 to the financial statements.

Auditors

The auditors, Ernst & Young PLT, have expressed their willingness to accept re-appointment.

The auditors' remuneration of the Group and of the Bank for the year amounted to RM205,000. The auditors' remuneration are disclosed in Note 21 to the financial statements.

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

……………………………………………………………………………

Tunku Kecil Muda Tunku Mahmood Fawzy bin Tunku Muhiyiddin
Director

……………………………………………………………………………

Dato' Yusof Annuar bin Yaacob
Director

Kuala Lumpur, Malaysia

Date: 31 May 2024

Deutsche Bank (Malaysia) Berhad
Company Registration No. 199401026871 (312552-W)
(Incorporated in Malaysia)
and its subsidiaries

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

We, Tunku Kecil Muda Tunku Mahmood Fawzy bin Tunku Muhiyiddin and Dato' Yusof Annuar bin Yaacob, being two of the Directors of Deutsche Bank (Malaysia) Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 55 to 165 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Bank as of 31 December 2023 and of their financial performance and of their cash flows for the financial year then ended.

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

....
Tunku Kecil Muda Tunku Mahmood Fawzy bin Tunku Muhiyiddin
Director

....
Dato' Yusof Annuar bin Yaacob
Director

Kuala Lumpur, Malaysia

Date: 31 May 2024

Deutsche Bank (Malaysia) Berhad
Company Registration No. 199401026871 (312552-W)
(Incorporated in Malaysia)
and its subsidiaries

Statutory declaration
Pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Liew Yeh Yin**, being the Officer primarily responsible for the financial management of Deutsche Bank (Malaysia) Berhad, do solemnly and sincerely declare that the financial statements set out on pages 55 to 165 are, in my opnion correct, and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named Liew Yeh Yin , MIA CA 8677 , at Kuala Lumpur in Federal Territory on 31 May 2024.

……………………………………………
Liew Yeh Yin

Before me:

PESURUHJAYA SUMPAH
NO: W 681
RAJEEV SAIGAL A/L
RAMLABAYA SAIGAL
BC/R/548
1 JAN 2022 - 31 DIS 2024
MALAYSIA

NO. A-31-11, LEVEL 31,
TOWER A, MENARA UOA BANGSAR,
NO. 5, JALAN BANGSAR UTAMA 1,
BANGSAR, 59000 KUALA LUMPUR

Shariah Committee's Report

In the Name of Allah, The Most Compassionate, The Most Merciful,

In compliance with the letter of appointment, we are required to submit the following report:

We have reviewed the principles and the contracts relating to the transactions and applications introduced by the Bank's Islamic Banking Division ("Division") during the year ended 31 December 2023. We have also conducted our review to form an opinion as to whether the Division has complied with the Shariah principles and with the Shariah rulings issued by the Shariah Advisory Council of Bank Negara Malaysia, as well as Shariah decisions made by us.

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

We have assessed the Shariah review work carried out by the Shariah Compliance Officer and Shariah audit work carried out by internal Shariah audit. Based on the risk-based Shariah Audit coverage cycle of 3 years of the Division, a Shariah Audit was carried out during 2023.

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

Company Registration No. 199401026871 (312552-W)

In our opinion:

The contracts, transactions and dealings entered into by the Division during the year ended 31 December 2023 that we have reviewed are in compliance with the Shariah principles.

Nothing has come to our attention that causes us to believe that the operations, business affairs and activities of the the Division involve any material Shariah non-compliances.

The Division did not pay zakat for the financial year ended 31 December 2023.

We, the members of the Shariah Committee of the Division, do hereby confirm, to the best of our knowledge and belief, that the operations of the Division for the year ended 31 December 2023 have been conducted in conformity with the Shariah principles.

On behalf of the Shariah Committee:

……………………………………………

Dr Uzaimah binti Ibrahim
(Chairperson of Shariah Committee)

……………………………………………

En Ahmad Firdaus bin Kadir
(Member)

Kuala Lumpur, Malaysia

Date: 31 May 2024

Building a better
working world

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
SST ID: W10-2002-32000062
Chartered Accountants
Level 23A Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur, Malaysia

Tel: +603 7495 8000
Fax: +603 2095 5332 (General line)
+603 2095 9076
+603 2095 9078
ey.com

Company No. 199401026871 (312552-W)

Independent auditors' report to the member of
Deutsche Bank (Malaysia) Berhad
(Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Deutsche Bank (Malaysia) Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Bank, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 55 to 165.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

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

Building a better working world

Company No. 199401026871 (312552-W)

Independent auditors' report to the member of Deutsche Bank (Malaysia) Berhad (cont'd.)
(Incorporated in Malaysia)

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the directors for the financial statements

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

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

Company No. 199401026871 (312552-W)

Independent auditors' report to the member of
Deutsche Bank (Malaysia) Berhad (cont'd.)
(Incorporated in Malaysia)

Auditors' responsibilities for the audit of the financial statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Bank.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Bank or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.

Building a better working world

Company No. 199401026871 (312552-W)

Independent auditors' report to the member of Deutsche Bank (Malaysia) Berhad (cont'd.) (Incorporated in Malaysia)

Auditors' responsibilities for the audit of the financial statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Bank, including the disclosures, and whether the financial statements of the Group and of the Bank represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Other matters

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

Ernst & Young PLT

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

Yeo Beng Yean
No. 03013/10/2024 J
Chartered Accountant

Kuala Lumpur, Malaysia
31 May 2024

Deutsche Bank (Malaysia) Berhad

Company Registration No. 199401026871 (312552-W)
(Incorporated in Malaysia)

and its subsidiaries

Statements of financial position as at 31 December 2023

	Note	Group 31.12.2023 RM'000	Group 31.12.2022 RM'000	Bank 31.12.2023 RM'000	Bank 31.12.2022 RM'000
Assets					
Cash and short-term funds	3	3,333,275	2,396,612	3,333,275	2,396,612
Reverse repurchase agreements		320,131	111,763	320,131	111,763
Financial securities	4	3,986,376	2,985,241	3,986,376	2,985,241
Loans, advances and financing	5	2,026,863	2,141,896	2,026,863	2,141,896
Derivative assets	34.3	2,930,813	1,410,526	2,930,813	1,410,526
Other assets	6	408,221	412,264	408,221	412,264
Tax recoverable		-	13,058	-	13,058
Statutory deposit with Bank Negara Malaysia	7	10,000	20,000	10,000	20,000
Investments in subsidiary companies	8	-	-	20	20
Property and equipment	9	8,193	11,461	8,193	11,461
Right-of-use assets	10	3,950	4,868	3,950	4,868
Deferred tax assets	11	5,388	23,986	5,388	23,986
Total assets		13,033,210	9,531,675	13,033,230	9,531,695

Company Registration No. 199401026871 (312552-W)

Statements of financial position as at 31 December 2023 (continued)

	Note	Group 31.12.2023 RM'000	Group 31.12.2022 RM'000	Bank 31.12.2023 RM'000	Bank 31.12.2022 RM'000
Liabilities and equity					
Deposits from customers	12	6,121,494	5,125,270	6,121,514	5,125,290
Deposits and placements of banks and other financial institutions	13	1,261,534	237,058	1,261,534	237,058
Lease liabilities	14	4,497	5,389	4,497	5,389
Derivative liabilities	34.3	2,878,227	1,352,400	2,878,227	1,352,400
Other liabilities	15	857,444	910,831	857,444	910,831
Tax payable		14,386	-	14,386	-
Total liabilities		11,137,582	7,630,948	11,137,602	7,630,968
Equity					
Share capital	16	531,362	531,362	531,362	531,362
Reserves	17	1,364,266	1,369,365	1,364,266	1,369,365
Total equity attributable to owner of the Bank		1,895,628	1,900,727	1,895,628	1,900,727
Total liabilities and equity		13,033,210	9,531,675	13,033,230	9,531,695

	Note	Group and Bank 31.12.2023 RM'000	Group and Bank 31.12.2022 RM'000
Commitments and contingencies	31	132,893,883	111,833,000

The notes on pages 62 to 165 are an integral part of these financial statements.

Deutsche Bank (Malaysia) Berhad

Company Registration No. 199401026871 (312552-W)
(Incorporated in Malaysia)

and its subsidiaries

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

	Note	Group and Bank 2023 RM'000	Group and Bank 2022 RM'000
Interest income	18	323,348	229,915
Interest expense	19	(106,524)	(39,706)
Net interest income		216,824	190,209
Net income from Islamic Banking Operations	36	4,875	3,069
Non-interest income	20	235,050	221,840
Operating income		456,749	415,118
Other operating expenses	21	(178,497)	(146,413)
Operating profit		278,252	268,705
Write-back of expected credit losses	22	1,028	1,286
Profit before tax		279,280	269,991
Tax expense	27	(88,085)	(56,150)
Profit for the year		191,195	213,841
Other comprehensive income/(loss):			
Items that are or may be reclassified subsequently to profit or loss			
Net changes in ECL reserves		(138)	109
Net change in fair value and amount transferred to income statement on disposal of debt securities at FVOCI		16,635	1,320
Income tax effect	11/27	(3,959)	(343)
Items that will not be reclassified subsequently to profit or loss			
Net change in fair value of equity investments at FVOCI		6,591	(503)
Net amount transferred to retained earnings on disposal of equity instruments at FVOCI		-	(2,200)
Income tax effect	11/27	(1,582)	649
Total other comprehensive income/(loss) for the year		17,547	(968)
Total comprehensive income for the year		208,742	212,873
Earnings per share (sen)	28	110.1	123.2

The notes on pages 62 to 165 are an integral part of these financial statements.

Deutsche Bank (Malaysia) Berhad

Company Registration No. 199401026871 (312552-W)
(Incorporated in Malaysia)

and its subsidiaries

Statements of changes in equity for the year ended 31 December 2023

Group and Bank	Note	Share capital RM'000	Other reserves RM'000	ECL Reserve RM'000	Retained earnings RM'000	Total reserves RM'000	Total RM'000
		←	Attributable to owner of the Bank			→	
			Non-distributable		Distributable		
At 1 January 2022		531,362	41,102	451	1,222,653	1,264,206	1,795,568
Total comprehensive (loss)/income for the year		-	(1,051)	83	213,841	212,873	212,873
Transfer from other reserves to retained earnings		-	-	-	1,672	1,672	1,672
Dividends paid	29	-	-	-	(109,386)	(109,386)	(109,386)
At 31 December 2022		531,362	40,051	534	1,328,780	1,369,365	1,900,727
		Note 16	Note 17	Note 17	Note 17		

Company Registration No. 199401026871 (312552-W)

Statements of changes in equity for the year ended 31 December 2023 (continued)

Group and Bank	Note	Share capital RM'000	Non-distributable Other reserves RM'000	Non-distributable ECL Reserve RM'000	Distributable Retained earnings RM'000	Total reserves RM'000	Total RM'000
		← Attributable to owner of the Bank →					
At 1 January 2023		531,362	40,051	534	1,328,780	1,369,365	1,900,727
Total comprehensive income/(loss) for the year		-	17,652	(105)	191,195	208,742	208,742
Dividends paid	29	-	-	-	(213,841)	(213,841)	(213,841)
At 31 December 2023		531,362	57,703	429	1,306,134	1,364,266	1,895,628
		Note 16	Note 17	Note 17	Note 17		

The notes on pages 62 to 165 are an integral part of these financial statements.

Deutsche Bank (Malaysia) Berhad

Company Registration No. 199401026871 (312552-W)
(Incorporated in Malaysia)

and its subsidiaries

Statements of cash flows for the year ended 31 December 2023

	Group and Bank	
	2023	2022
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	279,280	269,991
Adjustments for:		
Dividend income from equity instruments	(60)	(116)
Depreciation of property and equipment (Note 9)	3,352	2,829
Right-of-use assets (Note 10)	1,181	1,184
Lease liabilities (Note 14)	-	(56)
- Interest expense	201	242
- Adjustment	-	(648)
Write-back of expected credit losses (Note 22)	(1,028)	(1,286)
Net unrealised loss on revaluation of trading portfolio (including financial securities and trading derivatives) (Note 20)	9,619	25,465
Operating profit before changes in operating assets and liabilities	292,545	297,605
(Increase)/Decrease in operating assets:		
Reverse repurchase agreements	(208,368)	(61,040)
Financial securities	(981,811)	(656,090)
Loans, advances and financing	115,906	288,970
Derivative financial assets	1,684,840	(506,865)
Other assets	4,043	(197,671)
Statutory deposit with Bank Negara Malaysia	10,000	-
Increase/(Decrease) in operating liabilities:		
Deposits from customers	996,224	(909,043)
Deposits and placements of banks and other financial institutions	1,024,476	(288,375)
Derivative financial liabilities	(1,685,017)	504,583
Other liabilities	(53,387)	368,674
Cash generated from/(used in) operations	1,199,451	(1,159,252)
Income taxes paid	(67,944)	(46,621)
Tax refunds received	20,360	-
Net generated from/(used in) in operating activities	1,151,867	(1,205,873)

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Statements of cash flows for the year ended 31 December 2023 (continued)

		Group and Bank	
		2023	2022
		RM'000	RM'000
Cash flows from investing activities			
Dividend income received		60	116
Purchase of property and equipment (Note 9)		(84)	(11,607)
Proceed from redemption of shares		-	2,280
Net cash used in investing activities		(24)	(9,211)
Cash flows from financing activities			
Payment of lease liabilities (Note 14)		(1,356)	(1,359)
Dividends paid (Note 29)		(213,841)	(109,386)
Net cash used in financing activities		(215,197)	(110,745)
Net increase/(decrease) in cash and cash equivalents		936,646	(1,325,829)
Cash and cash equivalents at 1 January		2,396,653	3,722,482
Cash and cash equivalents at 31 December (Note 3)	(i)	3,333,299	2,396,653

(i) Cash and cash equivalents comprise:

Cash and short-term funds	3.1	3,333,299	2,396,653

Notes to the financial statements

Deutsche Bank (Malaysia) Berhad ("the Bank") is a public limited liability company incorporated and domiciled in Malaysia. The address of both its registered office and principal place of business is located at Level 19, Menara IMC, 8, Jalan Sultan Ismail, 50250 Kuala Lumpur. The consolidated financial statements of the Bank as at and for the year ended 31 December 2023 comprise the Bank and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities").

The Bank is principally engaged in banking and related financial services that also include Islamic Banking business, whilst the principal activities of the subsidiaries are stated in Note 8.

The immediate and ultimate holding company of the Bank is Deutsche Bank Aktiengesellschaft ("Deutsche Bank AG"), a bank incorporated in Germany.

The financial statements were approved and authorised for issue by the Board of Directors on 31 May 2024.

1. Basis of preparation

(a) Statement of compliance

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

Pursuant to paragraph 10.5 of the Policy Document on Financial Reporting issued by Bank Negara Malaysia, a banking institution is required to maintain in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserves of no less than 1.0% of the total credit exposures, net of loss allowance for credit-impaired exposures. The Bank has complied with this minimum requirement as at the reporting date.

The accounting policies adopted by the Group and the Bank are consistent with those adopted in the most recent annual financial statements for the year ended 31 December 2022, except for the adoption of the following MFRS and Amendments to MFRSs which are effective beginning on or after 1 January 2023, during the current financial period:

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17 *Insurance Contracts*
- Amendments to MFRS 17 *Insurance Contracts*
- Amendments to MFRS 17 *Insurance Contracts – Initial Application of MFRS 17* and *MFRS 9 – Comparative Information*
- Amendments to MFRS 4 *Insurance Contracts – Extension of the Temporary Exemption from Applying MFRS 9*
- Amendments to MFRS 101 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 101 *Presentation of Financial Statements – Disclosure of Accounting Policies*
- Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112 Income Taxes – *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The adoption of the abovementioned accounting standards and amendments did not have any material impact on the financial statements of the Group and the Bank. MFRS 17 and amendments to MFRS 17 are not relevant to the Group and the Bank.

The following are financial reporting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Bank:

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

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

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

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

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

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

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

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

- from the annual period beginning on 1 January 2024 for the amendments that is effective for annual periods beginning on or after 1 January 2024; and
- from the annual period beginning on 1 January 2025 for the amendments, that is effective for annual periods beginning on or after 1 January 2025.

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

(b) Basis of measurement

The financial statements of the Group and the Bank have been prepared on a historical cost basis unless otherwise indicated in the financial statements.

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

(c) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia (“RM”) which is also the functional currency of the Bank. All values are rounded to the nearest thousand (“RM’000”) except when otherwise indicated.

1. Basis of preparation (continued)

(d) Use of estimates and judgements

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

Judgments, estimates and assumptions are continually evaluated and are based on past experience, reasonable expectations of future events and other factors. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Significant areas of estimation, uncertainty and critical judgements used in applying accounting policies that have significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 2(c)(vi) and 34.2 – Fair value of financial instruments
- Note 2(d)(i), Note 3, Note 4 and Note 5 – Impairment of financial assets
- Note 2(h), Note 11 and Note 27 – Deferred tax assets and Income taxes

2. Accounting policy information

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

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Bank. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

2. Accounting policy information (continued)

(a) Basis of consolidation (continued)

(i) Subsidiaries (continued)

The Bank controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Bank also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Bank's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Loss of control

Upon the loss of control of a subsidiary, the Bank derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Bank retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset depending on the level of influence retained.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

2. Accounting policy information (continued)

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash and balances with banks and other financial institutions, and short-term deposits maturing within three months.

(c) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statements of financial position when, and only when, the Group or the Bank becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

(ii) Financial instrument categories and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") – debt securities; FVOCI – equity investments; or fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

2. Accounting policy information (continued)

(c) Financial instruments (continued)

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

Financial assets (continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

–it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
–its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

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

–it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
–its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

On initial recognition of an equity investment that is not held for trading, the Group and the Bank may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income ("OCI"). This election is made on an investment-by-investment basis.

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

2. Accounting policy information (continued)

(c) Financial instruments (continued)

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

Financial assets (continued)

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt securities at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

2. Accounting policy information (continued)

(c) Financial instruments (continued)

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

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

(a) Fair value through profit or loss

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

On initial recognition, the Group or the Bank may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

(a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;

(b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or

(c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

2. Accounting policy information (continued)

(c) Financial instruments (continued)

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

Financial liabilities (continued)

(a) Fair value through profit or loss (continued)

Financial liabilities categorised as FVTPL are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Bank recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) Amortised cost

Other financial liabilities not categorised as FVTPL are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in profit or loss.

2. Accounting policy information (continued)

(c) Financial instruments (continued)

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

(iv) Regular way purchase or sale of financial assets

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

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

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

2. Accounting policy information (continued)

(c) Financial instruments (continued)

(v) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss.

(vi) Determination of fair value

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or, in the absence of a principal market, in the most advantageous market.

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

2. Accounting policy information (continued)

(c) Financial instruments (continued)

(vi) Determination of fair value (continued)

When measuring the fair value of an asset or a liability, the Group and the Bank use observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

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

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

For financial instruments measured at fair value, where available, quoted and observable market prices in an active market or dealer price quotations are used to measure fair value. These include listed equity securities and broker quotes on Bloomberg and Reuters.

Where such quoted and observable market prices are not available, fair values are determined using appropriate valuation techniques, which include the use of mathematical models, such as discounted cash flow models and option pricing models, comparison to similar instruments for which market observable prices exist and other valuation techniques. Valuation techniques used incorporate assumptions regarding discount rates, interest/profit rate yield curves, estimates of future cash flows and other factors, as applicable. The Group and the Bank generally use widely recognised valuation techniques with market observable inputs, if available, for the determination of fair value.

2. Accounting policy information (continued)

(c) Financial instruments (continued)

(vi) Determination of fair value (continued)

If prices and parameter inputs or assumptions are not observable, the appropriateness of fair value is subject to additional procedures to assess its reasonableness. Such procedures include performing revaluations using independently generated models, assessing the valuations against appropriate proxy instruments, performing sensitivity analysis and extrapolation techniques, and considering other benchmarks. Assessment is made as to whether the valuation techniques yield fair value estimates that are reflective of the way the market operates by calibrating the results of the valuation models. These procedures require the application of management judgement.

(vii) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and to settle the liability simultaneously. This is not generally the case with master netting agreements and therefore, the related assets and liabilities are presented on a gross basis in the statements of financial position.

2. Accounting policy information (continued)

(d) Impairment

(i) Financial assets

The 'expected credit loss' model applies to all financial assets measured at amortised cost and debt instruments at FVOCI, and to off-balance sheet credit exposures such as loan commitments and financial guarantees (hereafter collectively referred to as "Financial Assets").

Staged Approach to the Determination of Expected Credit Losses ("ECL")

The Group and the Bank follow a three stage approach to impairment for Financial Assets at the date of origination or purchase. This approach is summarised as follows:

- Stage 1: The Group and the Bank recognise a loss allowance at an amount equal to 12-month ECL. This represents the portion of lifetime ECL from default events that are expected within 12 months of the reporting date, assuming that credit risk has not increased significantly after initial recognition.

- Stage 2: The Group and the Bank recognise a loss allowance at an amount equal to lifetime ECL for those Financial Assets which are considered to have experienced a significant increase in credit risk since initial recognition. This requires the computation of ECL based on lifetime probability of default ("LTPD") that represents the probability of default occurring over the remaining lifetime of the Financial Asset. Allowance for credit losses are higher in this stage because of an increase in credit risk and the impact of a longer time horizon being considered compared to 12 months in Stage 1.

- Stage 3: The Group and the Bank recognise a loss allowance at an amount equal to lifetime ECL, reflecting a Probability of Default ("PD") of 100%, via the recoverable cash flows for the asset, for those Financial Assets that are credit-impaired. The Group's definition of default is aligned with the regulatory definition.

Financial Assets that are credit-impaired upon initial recognition, if any, are categorised within Stage 3 with a carrying value already reflecting the lifetime ECL.

2. Accounting policy information (continued)

(d) Impairment (continued)

(i) Financial assets (continued)

Significant increase in credit risk

When determining whether the credit risk (i.e., risk of default) of a Financial Asset has increased significantly since initial recognition, the Group and the Bank consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes quantitative and qualitative information based on historical experience, credit risk assessment and forward-looking information (including macro-economic factors). The assessment of significant credit deterioration is key in determining when to move from measuring an allowance based on 12-month ECLs to one that is based on lifetime ECLs.

Credit-impaired financial assets

The determination of whether a Financial Asset is credit-impaired focusses exclusively on default risk, without taking into consideration the effects of credit risk mitigants such as collateral or guarantees. Specifically, a Financial Asset is credit-impaired and in Stage 3 when:

- The Group and the Bank consider the obligor is unlikely to pay its credit obligations to the Bank. Determination may include forbearance actions, where a concession has been granted to the borrower or economic or legal reasons that are qualitative indicators of credit impairment; or

- Contractual payments of either principal or interest by the obligor are past due by more than 90 days.

For Financial Assets considered to be credit-impaired, the ECL allowance covers the amount of loss the Group and the Bank is expected to suffer. Forecasts of future economic conditions when calculating ECLs are considered. The lifetime expected losses are estimated based on the probability-weighted present value of the difference between 1) the contractual cash flows that are due to the Group and the Bank under the contract; and 2) the cash flows that the Group and the Bank expect to receive.

2. Accounting policy information (continued)

(d) Impairment (continued)

(ii) Other assets

The carrying amounts of other assets (except for deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit”).

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of the assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2. Accounting policy information (continued)

(e) Repurchase agreements

Reverse repurchase agreements are securities which the Group and the Bank commit to resell at future dates and are reflected as an asset.

Repurchase agreements are obligations which the Group and the Bank commit to repurchase at future dates and are reflected as a liability.

(f) Property and equipment

(i) Recognition and measurement

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

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour.

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

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognised net within “other operating income” and “other operating expenses” respectively in profit or loss.

2. Accounting policy information (continued)

(f) Property and equipment (continued)

(ii) Subsequent costs

The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group or the Bank, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised to profit or loss. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group or the Bank will obtain ownership by the end of the lease term. The estimated useful lives for the current and comparative periods are as follows:

Renovations	5 – 10 years
Office equipment	4 – 10 years
Computer equipment and software	3 – 5 years
Furniture and fittings	5 – 10 years
Motor vehicles	4 – 5 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate at the end of the reporting period.

2. Accounting policy information (continued)

(g) Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Bank assess whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

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

2. Accounting policy information (continued)

(g) Leases (continued)

(i) Recognition and initial measurement

The Group and the Bank recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measure at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's and the Bank's incremental borrowing rate. Generally, the Group and the Bank use the incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise of the following:

- fixed payments, including in-substance fixed payments less any incentives receivables;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group and the Bank is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group and the Bank is reasonable certain not to terminate early.

2. Accounting policy information (continued)

(g) Leases (continued)

(ii) Recognition and initial measurement (continued)

The Group and the Bank exclude variable lease payments that are linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

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

(iii) Subsequent measurement

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's and the Bank's estimate of the amount expected to be payble under a residual value guarantee, or if the Group and the Bank change its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

2. Accounting policy information (continued)

(h) Income tax and deferred tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2. Accounting policy information (continued)

(i) Recognition of interest and financing income and expense

Interest and financing income and expense for all interest-bearing financial instruments are recognised in the statements of profit or loss and other comprehensive income using the effective interest rates of the financial assets or financial liabilities to which they relate.

The effective interest rate or effective profit rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability, or where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate or effective profit rate, the Group and the Bank estimate cash flows considering all contractual terms of the financial instrument but not future credit losses. The calculation includes all amounts paid or received by the Bank that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

(j) Recognition of fees and other income

Loan arrangement fees and commissions are recognised as income when all conditions precedent are fulfilled.

Commitment fees and guarantee fees are recognised as income based on time apportionment over the contractual period.

Dividends from securities are recognised when the right to receive payment is established.

2. Accounting policy information (continued)

(k) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group and the Bank at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

(l) Employee benefits

(i) Short-term employee benefits

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

(ii) Defined contribution plan

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees' Provident Fund ("EPF"). Such contributions are recognised as expense in profit or loss as incurred.

2. Accounting policy information (continued)

(l) Employee benefits (continued)

(iii) Share-based compensation

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

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

(m) Earnings per ordinary share

The Group and the Bank present basic earnings per share ("EPS") data for their ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholder of the Bank by the weighted average number of ordinary shares outstanding during the year.

(n) Provisions

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

3. Cash and cash equivalents

Cash and short-term funds

	Group and Bank 2023 RM'000	Group and Bank 2022 RM'000
Cash and balances with banks and other financial institutions	228,309	195,036
Money at call and deposit placements maturing within one month	3,104,990	2,201,617
Cash and cash equivalents	3,333,299	2,396,653
Impairment allowances on cash and short-term funds		
• Stage 1 – 12-month ECL	(24)	(41)
	3,333,275	2,396,612

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3. Cash and cash equivalents (continued)

The following table shows reconciliations from the opening to the closing balance of the loss allowance for cash and cash equivalents.

Group and Bank	2023 12-month ECL RM'000	2023 Lifetime ECL not credit-impaired RM'000	2023 Lifetime ECL credit-impaired RM'000	2023 Total RM'000	2022 12-month ECL RM'000	2022 Lifetime ECL not credit-impaired RM'000	2022 Lifetime ECL credit-impaired RM'000	2022 Total RM'000
Cash and cash equivalents								
Balance at 1 January	41	-	-	41	32	-	-	32
Net remeasurement of loss allowance	(14)	-	-	(14)	12	-	-	12
New financial assets originated or purchased	6	-	-	6	9	-	-	9
Financial assets that have been derecognised	(9)	-	-	(9)	(12)	-	-	(12)
Balance at 31 December	24	-	-	24	41	-	-	41

4. Financial securities

	Group and Bank	
	2023	2022
	RM'000	RM'000
Debt securities at FVTPL		
Malaysian Government Securities	1,297,613	1,032,783
Malaysian Investment Issue	231,057	438,810
Negotiable instruments of deposits	-	200,000
Cagamas bonds	270,158	-
Bank Negara Malaysia Bills	600,617	-
	2,399,445	1,671,593
Debt securities at FVOCI		
Malaysian Government Securities	872,726	638,123
Malaysian Investment Issue	694,601	657,495
Unquoted bonds	-	5,017
	1,567,327	1,300,635
Equity investments at FVOCI		
Unquoted shares in Malaysia	19,604	13,013
	3,986,376	2,985,241

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4. Financial securities (continued)

The following table show reconciliations from the opening to the closing balance of the loss allowance for debt securities at FVOCI.

	2023				2022			
Group and Bank	12-month ECL RM'000	Lifetime ECL not credit-impaired RM'000	Lifetime ECL credit-impaired RM'000	Total RM'000	12-month ECL RM'000	Lifetime ECL not credit-impaired RM'000	Lifetime ECL credit-impaired RM'000	Total RM'000
Debt securities at FVOCI								
Balance at 1 January	703	-	-	703	594	-	-	594
Net remeasurement of loss allowance	(159)	-	-	(159)	25	-	-	25
New financial assets originated or purchased	26	-	-	26	242	-	-	242
Financial assets that have been derecognised	(5)	-	-	(5)	(158)	-	-	(158)
Balance at 31 December	565	-	-	565	703	-	-	703

5. Loans, advances and financing

	Group and Bank 2023 RM'000	Group and Bank 2022 RM'000
At amortised cost		
Overdrafts	110,422	172,300
Term loans - housing loans	3,553	4,797
- other term loans	1,026,155	1,049,715
Bills receivable	8,214	62,416
Trust receipts	134,629	155,595
Claims on customers under acceptance credits	752,973	704,441
	2,035,946	2,149,264
Unearned interest	(5,875)	(3,287)
Gross loans, advances and financing	2,030,071	2,145,977
Allowance for impaired loans and financing		
- Expected credit losses	(3,208)	(4,081)
Net loans, advances and financing	2,026,863	2,141,896

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5. Loans, advances and financing (continued)

The following table shows reconciliations from the opening to the closing balance of the loss allowance for loans, advances and financing.

Group and Bank	2023 12-month ECL RM'000	2023 Lifetime ECL not credit-impaired RM'000	2023 Lifetime ECL credit-impaired RM'000	2023 Total RM'000	2022 12-month ECL RM'000	2022 Lifetime ECL not credit-impaired RM'000	2022 Lifetime ECL credit-impaired RM'000	2022 Total RM'000
Loans, advances and financing at amortised cost								
Balance at 1 January	2,450	110	1,521	4,081	2,573	1,026	1,886	5,485
Transfer to 12-month ECL	116	(27)	(89)	-	311	(33)	(278)	-
Transfer to lifetime ECL not credit-impaired	(124)	124	-	-	-	-	-	-
Transfer to lifetime ECL credit-impaired	(75)	-	75	-	(97)	-	97	-
Net remeasurement of loss allowance	(95)	(23)	(313)	(431)	20	(484)	(184)	(648)
New financial assets originated or purchased	517	81	-	598	823	80	-	903
Financial assets that have been derecognised	(967)	(73)	-	(1,040)	(1,180)	(479)	-	(1,659)
Balance at 31 December*	1,822	192	1,194	3,208	2,450	110	1,521	4,081

* The loss allowance in this table includes ECL on loan commitment and financial guarantees of RM1,912,000 (2022: RM2,173,000) as at the reporting date.

5. Loans, advances and financing (continued)

5.1 The maturity structure of gross loans, advances and financing are as follows:

	Group and Bank 2023 RM'000	Group and Bank 2022 RM'000
Maturing within one year	1,946,737	2,046,804
More than one year to three years	43,481	95,697
More than three years to five years	38,921	2,030
Over five years	932	1,446
	2,030,071	2,145,977

5.2 Gross loans, advances and financing analysed by type of customer are as follows:

	Group and Bank 2023 RM'000	Group and Bank 2022 RM'000
Domestic banking institutions	5,239	5,664
Domestic non-bank financial institutions	361,192	224,318
Domestic business enterprises	1,441,133	1,657,144
Individuals	3,553	4,797
Government and statutory bodies	216,102	197,310
Foreign entities	2,852	56,744
	2,030,071	2,145,977

5. Loans, advances and financing (continued)

5.3 Gross loans, advances and financing analysed by interest/profit rate sensitivity are as follows:

	Group and Bank	
	2023	2022
	RM'000	RM'000
Fixed rate		
- Other fixed rate loans/financing	98,548	102,921
Variable rate		
- Base lending rate plus	26,353	355,578
- Cost plus	1,744,004	1,529,987
- Other variable rates	161,166	157,491
	2,030,071	2,145,977

5.4 Gross loans, advances and financing analysed by their economic sectors are as follows:

	Group and Bank	
	2023	2022
	RM'000	RM'000
Mining and Quarrying	152,237	150,212
Manufacturing	564,053	444,849
Construction	148,674	169,391
Wholesale & retail trade and restaurants & hotels	370,097	415,019
Transport, storage and communication	162,670	428,878
Finance, insurance and business services	412,685	335,521
Education, health and others	216,102	197,310
Household	3,553	4,797
	2,030,071	2,145,977

5. Loans, advances and financing (continued)

5.5 Gross loans, advances and financing analysed by geographical distribution are as follows:

	Group and Bank	
	2023	2022
	RM'000	RM'000
Malaysia	2,027,219	2,089,233
India	2,852	22,027
Turkey	-	34,042
Others	-	675
	2,030,071	2,145,977

5.6 Movements in impaired loans, advances and financing are as follows:

	Group and Bank	
	2023	2022
	RM'000	RM'000
At 1 January	2,519	3,258
Classified as impaired during the year	390	513
Reclassified as non-impaired during the year	(487)	(767)
Amounts recovered	(443)	(485)
At 31 December	1,979	2,519
Gross impaired loans as a percentage of gross loans, advances and financing	0.10%	0.12%

5.6.1 Impaired loans, advances and financing analysed by economic sector and geographical distribution are as follows:

	Group and Bank	
	2023	2022
	RM'000	RM'000
Household (Malaysia)	1,979	2,519

6. Other assets

	Group and Bank 2023 RM'000	Group and Bank 2022 RM'000
Interest/Income receivable	34,579	31,222
Margin placed with futures exchange	33,043	26,912
Collateral deposits placed with counterparty financial institutions	130,146	124,206
Securities receivable	128,446	96,407
Other debtors, deposits and prepayments	82,007	133,517
	408,221	412,264

7. Statutory deposit with Bank Negara Malaysia

The non-interest bearing statutory deposit is maintained with Bank Negara Malaysia in compliance with Section 26(2)(c) and Section 26(3) of the Central Bank of Malaysia Act, 2009, the amount of which is determined as a set percentage of total eligible liabilities.

8. Investments in subsidiary companies

	Bank 2023 RM'000	Bank 2022 RM'000
Unquoted shares, at cost	20	20

Details of the subsidiary companies which are incorporated in Malaysia are as follows:

Name	Principal activities	Effective ownership interest 2023	Effective ownership interest 2022
DB (Malaysia) Nominee (Tempatan) Sendirian Berhad	Nominee services	100%	100%
DB (Malaysia) Nominee (Asing) Sdn. Bhd.	Nominee services	100%	100%

All income and expenditure in respect of the subsidiary companies operations are taken up by the Bank.

The subsidiary companies are audited by Ernst & Young PLT.

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9. Property and equipment

Group and Bank	Renovations RM'000	Office equipment RM'000	Computer equipment and software RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
Cost						
At 1 January 2022	11,235	5,805	18,831	3,704	547	40,122
Additions	7,531	940	2,060	1,076	-	11,607
Write-offs	-	-	(3)	-	-	(3)
At 31 December 2022/ 1 January 2023	18,766	6,745	20,888	4,780	547	51,726
Additions	-	75	9	-	-	84
At 31 December 2023	18,766	6,820	20,897	4,780	547	51,810
Accumulated depreciation						
At 1 January 2022	11,231	5,326	16,687	3,648	547	37,439
Charge for the year (Note 21)	1,114	224	1,317	174	-	2,829
Write-offs	-	-	(3)	-	-	(3)
At 31 December 2022/ 1 January 2023	12,345	5,550	18,001	3,822	547	40,265
Charge for the year (Note 21)	1,485	258	1,384	225	-	3,352
At 31 December 2023	13,830	5,808	19,385	4,047	547	43,617
Carrying amounts						
At 1 January 2022	4	479	2,144	56	-	2,683
At 31 December 2022/ 1 January 2023	6,421	1,195	2,887	958	-	11,461
At 31 December 2023	4,936	1,012	1,512	733	-	8,193

10. Right-of-use assets

	Buildings	
	2023	2022
Group and Bank	RM'000	RM'000
At 1 January	4,868	5,996
Adjustment (Note 21)	-	56
Addition	263	-
Depreciation (Note 21)	(1,181)	(1,184)
At 31 December	3,950	4,868

The Group and the Bank lease its building and store on a 3-year tenancy contract.

Lease of the office building contains extension options exercisable by the Group and the Bank up to six years before the end of the non-cancellable contract period. Where practicable, the Group and the Bank seek to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and the Bank and not by the lessors. The Group and the Bank have assessed and concluded that it is reasonably certain to exercise the extension options.

Significant judgements and assumptions in relation to leases

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

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

11. Deferred tax assets

	Group and Bank	
	2023 RM'000	2022 RM'000
At 1 January	23,986	25,283
Recognised in profit or loss (Note 27)	(13,057)	(1,603)
Recognised in other comprehensive income (Note 17)	(5,541)	306
At 31 December	5,388	23,986

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and they relate to income taxes levied by the same fiscal tax authority on the same taxable entity.

The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	Group and Bank					
	Assets		Liabilities		Net tax assets/(liabilities)	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
ECL reserve	-	-	(136)	(169)	(136)	(169)
Fair value reserve	-	1,563	(4,011)	-	(4,011)	1,563
Property and equipment	-	-	(252)	(465)	(252)	(465)
Right-of-use assets, net of lease liabilities	1,079	1,293	(948)	(1,168)	131	125
Other temporary differences	9,656	22,932	-	-	9,656	22,932
Deferred tax assets/ (liabilities)	10,735	25,788	(5,347)	(1,802)	5,388	23,986
Net off	(5,347)	(1,802)	5,347	1,802	-	-
Net deferred tax assets	5,388	23,986	-	-	5,388	23,986

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11. Deferred tax assets (continued)

Movement in temporary differences during the year:

	Group and Bank						
	At 1 January 2022	Recognised in profit or loss	Recognised in other comprehensive income	At 31 December 2022/1 January 2023	Recognised in profit or loss	Recognised in other comprehensive income	At 31 December 2023
ECL reserve	(143)	-	(26)	(169)	-	33	(136)
Fair value reserve	1,231	-	332	1,563	-	(5,574)	(4,011)
Property and equipment	(88)	(377)	-	(465)	213	-	(252)
Right-of-use assets, net of lease liabilities	278	(153)	-	125	6	-	131
Other temporary differences	24,005	(1,073)	-	22,932	(13,276)	-	9,656
	25,283	(1,603)	306	23,986	(13,057)	(5,541)	5,388

12. Deposits from customers

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Demand deposits	4,716,787	4,659,594	4,716,807	4,659,614
Savings deposits	-	1	-	1
Fixed deposits	685,111	138,297	685,111	138,297
Other deposits	719,596	327,378	719,596	327,378
	6,121,494	5,125,270	6,121,514	5,125,290

12.1 The maturity structure of fixed deposits and other deposits are as follows:

	Group and Bank	
	2023 RM'000	2022 RM'000
Due within six months	1,196,807	274,407
More than one year to three years	207,900	191,268
	1,404,707	465,675

12.2 The deposits are sourced from the following types of customers:

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Business enterprises	5,302,063	4,075,278	5,302,083	4,075,298
Individuals	-	1	-	1
Foreign customers	58,853	43,121	58,853	43,121
Domestic non-bank financial institutions	760,578	1,006,870	760,578	1,006,870
	6,121,494	5,125,270	6,121,514	5,125,290

13. Deposits and placements of banks and other financial institutions

	Group and Bank	
	2023 RM'000	2022 RM'000
Other financial institutions	1,261,534	237,058

14. Lease liabilities

Lease liabilities are payable as follows:

	Group and Bank		
Leases as lessee	Future minimum lease payment RM'000	Interest RM'000	Present Value of minimum lease payment RM'000
2023			
Less than 1 year	1,350	(160)	1,190
1 – 2 years	1,463	(106)	1,357
2 – 5 years	2,003	(53)	1,950
	4,816	(319)	4,497
2022			
Less than 1 year	1,325	(197)	1,128
1 – 2 years	1,256	(152)	1,104
2 – 5 years	3,311	(154)	3,157
	5,892	(503)	5,389

Reconciliation of movements in lease liabilities to cash flows arising from financing activities:

	Group and Bank	
	2023 RM'000	2022 RM'000
At 1 January	5,389	7,154
Addition	263	-
Adjustment	-	(648)
Interest expense on lease liabilities	201	242
Lease payment	(1,356)	(1,359)
At 31 December	4,497	5,389

15. Other liabilities

	Group and Bank	
	2023 RM'000	2022 RM'000
Interest payable	5,155	2,556
Bills payable	6,147	44,003
Employee benefits	23,595	22,769
Collateral deposits received from counterparties	614,569	670,637
Regulated short-selling activities	25,670	31,946
Other liabilities	182,308	138,920
	857,444	910,831

16. Share capital

	Group and Bank			
	Number of shares 2023 '000	Amount 2023 RM'000	Number of shares 2022 '000	Amount 2022 RM'000
Ordinary shares:				
Issued and fully paid	173,599	531,362	173,599	531,362

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at shareholder's meetings of the Bank.

17. Reserves

	Group and Bank	
	2023 RM'000	2022 RM'000
Non-distributable:		
Regulatory reserve	45,000	45,000
Fair value reserve	12,703	(4,949)
ECL reserve	429	534
	58,132	40,585
Distributable:		
Retained earnings	1,306,134	1,328,780
	1,364,266	1,369,365

17. Reserves (continued)

The regulatory reserve is maintained to comply with Bank Negara Malaysia's Policy Document on Financial Reporting which requires the Bank to maintain in aggregate, loss allowance for non-credit impaired exposures and regulatory reserve of no less than 1.0% of all credit exposures, net of loss allowance for credit impaired exposures. The current regulatory reserve is maintained in excess of BNM's requirement of 1% for year ended 31 December 2023 and 31 December 2022.

Fair value reserve comprises fair value of both debt and equity financial investments at FVOCI. The cumulative fair value adjustments for debt instruments at FVOCI will be reversed to profit or loss upon disposal or derecognition of the financial instruments. The cumulative fair value adjustments for equity instruments at FVOCI will be reversed from this reserve to retained earnings upon disposal or derecognition of the financial instruments.

ECL reserve comprises ECL allowance for financial investments at FVOCI. The ECL allowance will be reversed to profit or loss upon disposal or derecognition of the financial instruments.

Movements in reserves as per table below:

	Group and Bank					
	2023			2022		
	Before tax RM'000	Deferred tax (expense) / income RM'000	After tax RM'000	Before tax RM'000	Deferred tax (expense) /income RM'000	After tax RM'000
Change in fair value reserve						
- Other comprehensive income/(loss)	23,226	(5,574)	17,652	617	(196)	617
- Retained earnings	-	-	-	(2,200)	528	(1,672)
	23,226	(5,574)	17,652	(1,383)	332	(1,051)
Change in ECL reserve	(138)	33	(105)	109	(26)	83
	23,088	(5,541)	17,547	(1,274)	306	(968)
		(Note 11)			(Note 11)	

18. Interest income

	Group and Bank	
	2023	2022
	RM'000	RM'000
Loans, advances and financing	119,436	80,508
Money at call and deposit placements with financial institutions	75,196	77,547
Reverse repurchase agreements	16,190	4,189
Financial securities	111,644	67,487
Other interest income	882	184
	323,348	229,915

Included in interest income of loans, advances and financing was interest on credit-impaired assets of RM143,000 (2022: RM160,000) for the Group and the Bank.

19. Interest expense

	Group and Bank	
	2023	2022
	RM'000	RM'000
Deposits and placements of banks and other financial institutions	38,842	5,280
Repurchase agreement	52	10
Deposits from customers	67,423	34,171
Other interest expense	207	245
	106,524	39,706

20. Non-interest income

	Group and Bank	
	2023	2022
	RM'000	RM'000
Fee income:		
Commissions	6,814	8,781
Service charges and fees	14,446	16,872
Guarantee fees	5,778	2,950
	27,038	28,603
Fee expense:		
Commissions	(3,734)	(3,528)
Service charges and fees	(3,896)	(4,016)
	(7,630)	(7,544)
Net fee income	19,408	21,059
Net gains from financial instruments:		
Net gain/(loss) arising on financial securities:		
Realised gain/(loss)	13,082	(27,194)
Unrealised (loss)/gain	(3,902)	1,373
Net gain/(loss) arising on trading derivatives:		
Realised gain/(loss)	29,215	(52,561)
Unrealised loss	(5,717)	(26,838)
Foreign exchange gain	170,512	290,886
Gross dividend income from equity instruments	60	116
Other operating income, net	12,392	14,999
	215,642	200,781
	235,050	221,840

21. Other operating expenses

	Group and Bank 2023 RM'000	Group and Bank 2022 RM'000
Personnel costs		
- Salaries, allowances and bonuses	49,271	39,340
- Contributions to Employees' Provident Fund	9,598	7,287
- Others	(402)	6,249
Establishment costs		
- Rental	345	440
- Depreciation of property and equipment (Note 9)	3,352	2,829
- Right-of-use assets (Note 10)		
- depreciation	1,181	1,184
- adjustment	-	(56)
- Others	7,628	4,435
Marketing expenses	1,393	1,130
Administration and general expenses		
- Intercompany charges (Note 25)	96,665	75,255
- Communication	513	591
- Auditors' remuneration		
- statutory audit fee	190	134
- agreed-upon procedures	15	250
- Professional fees		
- current year professional fees	2,351	1,996
- reversal of prior years' provision	-	(14)
- Others	6,397	5,363
	178,497	146,413

The number of employees of the Group and the Bank at the end of the year was 192 (2022: 187).

22. Write-back of expected credit losses

	Group and Bank	
	2023 RM'000	2022 RM'000
Reversal of/(Allowance for) expected credit losses (Note 5):		
- Loans, advances and financing		
Stage 1 – 12-month ECL, net	628	123
Stage 2 – Lifetime ECL not credit-impaired, net	(82)	916
Stage 3 – Lifetime ECL credit-impaired, net	327	365
	873	1,404
- Cash and cash equivalents (Note 3)		
Stage 1 – 12-month ECL, net	17	(9)
- Debt securities at FVOCI (Note 4)		
Stage 1 – 12-month ECL, net	138	(109)
	1,028	1,286

23. Related parties

Identity of related parties

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

The Group and the Bank also have related party relationships with its holding company, other related companies, Directors and key management personnel.

Transactions with key management personnel

Key management personnel compensation

Key management personnel compensation is disclosed in Note 26.

23. Related parties (continued)

Other significant related party transactions and balances of the Group and the Bank are as follows:

2023	Holding company RM'000	Subsidiary companies RM'000	Other related companies RM'000
Income			
Interest on advances and deposits	6,138	-	26
Fee income	1,120	-	546
Other operating income	2,580	-	5,355
	9,838	-	5,927
Expenditure			
Interest on deposits	27,921	-	-
Fee expenses	2,891	-	-
Other operating expenses	91,164	-	5,501
	121,976	-	5,501
Amount due from			
Cash and short-term funds	182,304	-	74
Derivatives	2,175,825	-	109
Other assets			
- Others	14,674	-	-
- Interest income receivable	22	-	-
	2,372,825	-	183
Amount due to			
Deposits and placements of banks and other financial institutions	1,141,246	20	456
Derivatives	2,086,224	-	186
Other liabilities			
- Others	44,078	-	5,523
- Interest payable	1,239	-	8
	3,272,787	20	6,173

23. Related parties (continued)

2022	Holding company RM'000	Subsidiary companies RM'000	Other related companies RM'000
Income			
Interest on advances and deposits	2,836	-	28
Fee income	3,766	-	704
Other operating income	413	-	10,717
	7,015	-	11,449
Expenditure			
Interest on deposits	2,166	-	-
Fee expenses	3,021	-	-
Other operating expenses	71,473	-	3,610
	76,660	-	3,610
Amount due from			
Cash and short-term funds	103,286	-	71
Derivatives	506,282	-	1,128
Other assets			
- Others	11,295	-	6,740
- Interest income receivable	17	-	-
	620,880	-	7,939
Amount due to			
Deposits and placements of banks and other financial institutions	201,357	20	466
Derivatives	436,916	-	6,186
Other liabilities			
- Others	44,784	-	7,159
- Interest payable	60	-	8
	683,117	20	13,819

24. Credit transactions and exposures with connected parties

	Group and Bank	
	2023	2022
	RM'000	RM'000
Outstanding credit exposures with connected parties	167,684	163,781
Of which:		
Total credit exposures which is non-performing	-	-
Total credit exposures	10,439,251	9,309,705
Percentage of outstanding credit exposures to connected parties		
- as a proportion of total credit exposures	1.61%	1.76%
- as a proportion of capital base	8.90%	8.72%
- which is non-performing	0%	0%

The above disclosure is presented in accordance with the requirements of Paragraph 9.1 of Bank Negara Malaysia's Revised Guidelines on Credit Transactions and Exposures with Connected Parties.

Credit transactions and exposures to connected parties as disclosed above includes the extension of credit facilities and/or off-balance sheet credit exposures such as guarantees, trade-related facilities and loan commitments. It also includes holdings of equities and corporate bonds issued by the connected parties.

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

25. Intercompany charges

The following disclosure on intercompany charges is presented in accordance with the requirements of Paragraph 11.4(q) of Bank Negara Malaysia's Guidelines on Financial Reporting.

25.1 Intercompany charges analysed by type of services received are as follows:

	Group and Bank	
	2023 RM'000	2022 RM'000
Asia Pacific Head Office (Singapore) Charges	6,021	476
Divisional Functions Transfer Pricing	-	(18)
Driver-based Cost Management	24,434	18,840
Global Corporate Bank	7,894	12,164
Group Technology & Operations Charges	47,370	36,384
Global Overheads	9,717	5,464
Others	1,229	1,945
	96,665	75,255

25.2 Intercompany charges analysed by geographical distribution are as follows:

	Group and Bank	
	2023 RM'000	2022 RM'000
Singapore	44,023	26,532
Germany	26,051	22,586
United Kingdom	16,367	16,711
United States of America	5,113	3,174
Philippines	2,647	1,604
Others	2,464	4,648
	96,665	75,255

26. Key management personnel compensation

The key management personnel compensation are as follows:

	Group and Bank 2023 RM'000	Group and Bank 2022 RM'000
Executive Director		
Dato' Yusof Annuar bin Yaacob (Chief Executive Officer)		
- Salary and other remuneration	2,422	2,461
- Bonuses	1,417	1,588
- Benefits-in-kind	26	26
Non-Executive Directors		
Fees		
- Tunku Kecil Muda Tunku Mahmood Fawzy bin Tunku Muhiyiddin	280	280
- Madam Koid Swee Lian	150	150
- Mr Chong Kin Leong	150	150
Other remuneration		
- Tunku Kecil Muda Tunku Mahmood Fawzy bin Tunku Muhiyiddin	51	41
- Madam Koid Swee Lian	52	42
- Mr Chong Kin Leong	50	39
	4,598	4,777

	Group and Bank 2023 RM'000	Group and Bank 2022 RM'000
Other key management personnel		
- Short-term employee benefits	11,688	10,672
- Share-based payments	1,357	895
	13,045	11,567

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

27. Tax expense

	Group and Bank 2023 RM'000	Group and Bank 2022 RM'000
Recognised in profit or loss		
Current tax expense		
Current year	70,000	81,000
Under/(Over) provision in prior years	5,028	(26,453)
	75,028	54,547
Deferred tax expense (Note 11)		
Origination and reversal of temporary differences	(1,050)	637
Under provision in prior years	14,107	966
	13,057	1,603
	88,085	56,150
Recognised in other comprehensive income		
Deferred tax (income)/expense (Note 11)		
ECL reserve	(33)	26
Fair value reserve	5,574	(332)
	5,541	(306)
Reconciliation of tax expense		
Profit before tax	279,280	269,991
Tax at Malaysian tax rate of 24%	67,027	64,798
Effect of changes in tax rate	-	16,202
Dividend income not subject to tax	-	(28)
Non-deductible expenses	1,923	665
	68,950	81,637
Under/(Over) provision in prior years, net	19,135	(25,487)
	88,085	56,150

Income tax is calculated at the Malaysian statutory rate of 24% of the estimated chargeable profit for the financial year. Included in tax expense of prior financial year was prosperity tax (also known as "Cukai Makmur") as announced in the Budget 2022, a one-off tax measure whereby companies with chargeable income above RM100 million was taxed at a rate of 33% and the income below and equal RM100 million was taxed at the current statutory tax rate of 24% for year of assessment ("YA") 2022.

28. Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the year was based on the profit attributable to ordinary shareholder and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group and Bank	
	2023 RM'000	2022 RM'000
Profits attributable to ordinary shareholder	191,195	213,841
Weighted average number of ordinary shares - Issued ordinary shares during the year	173,599	173,599

	Group and Bank	
	2023 (sen)	2022 (sen)
Basic earnings per share	110.1	123.2

Diluted earnings per share

The Group and the Bank have no dilution in their earnings per ordinary share in the current financial year as the Group and the Bank do not have dilutive instruments.

29. Dividends

Dividends recognised by the Bank:

	Sen per share	Group and Bank Total amount RM'000	Date of Payment
2023			
Final 2022 ordinary	123.2	213,841	31 July 2023
2022			
Final 2021 ordinary	63.0	109,386	29 July 2022

After the end of the reporting period, the Directors recommended final dividend of 110.1 sen per ordinary share totalling RM191,195,000 in respect of the financial year ended 31 December 2023. This dividend will be recognised in the subsequent financial year upon approval by the shareholder of the Bank.

30. Capital adequacy

	Group and Bank 2023 RM'000	Group and Bank 2022 RM'000
Components of Tier 1 and Tier 2 capital are as follows:		
Tier 1 capital		
Paid-up share capital	531,362	531,362
Fair value reserves	12,703	(4,949)
Retained earnings #	1,306,134	1,328,780
Less: Deferred tax assets	(5,388)	(23,986)
Less: Cumulative gains of FVOCI	(6,987)	-
Total common equity tier 1/Total tier 1 capital	1,837,824	1,831,207
Tier 2 capital		
Expected credit losses ("ECL")*	2,014	2,560
Regulatory reserve	45,000	45,000
Total capital base	1,884,838	1,878,767
Common equity tier 1/Tier 1 capital ratio	22.210%	24.102%
Total capital ratio	22.778%	24.728%

Retained profits before the final dividend declared.

* Refers to ECL for Stage 1 and Stage 2

30. Capital adequacy (continued)

The capital adequacy ratios of the Group and of the Bank are computed in accordance with Bank Negara Malaysia's Policy Document on Capital Adequacy Framework (Capital Components and Basel II – Risk-Weighted Assets) reissued on 2 February 2018. 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 and countercyclical capital buffer ("CCyB") are 4.5% for CET1 Capital Ratio, 6.0% for Tier 1 Capital Ratio and 8.0% for Total Capital Ratio.

The capital conservation buffer required to be maintained in the form of CET1 Capital above the minimum regulatory capital adequacy ratios requirement is at 2.5%.

The CCyB which is in a range of between 0% and 2.5% is not a requirement for exposure in Malaysia yet but may be applied by regulators in the future.

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

	RISK TYPE	Risk-Weighted Assets	
		2023 RM'000	2022 RM'000
1	Credit risk	5,095,297	4,868,323
2	Market risk	2,455,189	1,970,009
3	Operational risk	724,398	759,436
Total		8,274,884	7,597,768

31. Commitments and contingencies

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

2023 Group and Bank	Principal Amount	Credit Equivalent Amount	Risk-Weighted Assets
	RM'000	RM'000	RM'000
Contingent liabilities			
Direct credit substitutes	-	-	-
Transaction related contingent items	801,214	400,607	337,970
Short-term self liquidating trade related contingencies	55,702	11,140	10,724
Commitments			
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	826,911	413,455	413,455
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	4,186,370	837,274	837,274
Any commitments that are unconditionally cancelled at any time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	-	-	-
Derivative financial instruments			
Foreign exchange related contracts			
One year or less	21,716,466	456,914	410,917
Over one year to five years	613,871	33,891	26,129
Over five years	-	-	-
Interest/profit rate related contracts			
One year or less	50,000	90	58
Over one year to five years	363,663	9,269	8,042
Over five years	-	-	-
OTC Derivative transactions and credit derivative contracts subject to valid bilateral netting agreements			
- Foreign exchange related contracts	47,892,318	659,920	146,721
- Interest/profit rate related contracts	56,387,368	821,356	228,722
Total	132,893,883	3,643,916	2,420,012

31. Commitments and contingencies (continued)

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

2022 Group and Bank	Principal Amount	Credit Equivalent Amount	Risk-Weighted Assets
	RM'000	RM'000	RM'000
Contingent liabilities			
Direct credit substitutes	25	25	25
Transaction related contingent items	765,377	382,689	327,340
Short-term self liquidating trade related contingencies	94,684	18,937	18,937
Commitments			
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	954,401	477,200	477,200
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	4,280,731	856,146	856,146
Any commitments that are unconditionally cancelled at any time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	-	-	-
Derivative financial instruments			
Foreign exchange related contracts			
One year or less	16,532,569	333,287	302,634
Over one year to five years	1,328,986	106,595	83,497
Over five years	-	-	-
Interest/profit rate related contracts			
One year or less	98,110	245	135
Over one year to five years	518,856	15,596	10,478
Over five years	-	-	-
OTC Derivative transactions and credit derivative contracts subject to valid bilateral netting agreements			
- Foreign exchange related contracts	41,848,796	797,283	150,657
- Interest/profit rate related contracts	45,410,465	633,029	169,880
Total	111,833,000	3,621,032	2,396,929

32. Capital management

The wide variety of the Group's businesses requires the Group to identify, measure, aggregate and allocate capital among the businesses appropriately. The Group manages capital through a framework of principles, organisational structures as well as measurement and monitoring processes that are closely aligned with the activities of group divisions. While the Group capital management continuously evolves and improves, there can be no assurance that all market developments, in particular those of extreme nature, can be fully anticipated at all times.

The Group manages capital in a coordinated manner at all relevant levels within the organisation. This also holds true for complex products which the Group typically manages within the framework established for trading exposures. The structure of capital function is closely aligned with the structure of group divisions.

The Bank's regulatory capital is determined under Bank Negara Malaysia's Policy Document on Capital Adequacy Framework. The Bank's capital ratios complied with the minimum requirements set under this guideline. Information on the Group's and the Bank's capital adequacy ratios, regulatory minimum capital requirements and the components of capital base are disclosed in Note 30.

33. Risk management

The Deutsche Bank Group has extensive risk management procedures and policies in place. The identification, monitoring and management of all risks within Deutsche Bank Group are integrated into the Deutsche Bank Group-wide risk management processes in order to optimise the risk mitigating effort. Risk management policies and procedures are the responsibility of the Deutsche Bank Group Risk Committee and encompass all types of risk which includes market risk, credit risk and liquidity risk, as well as non-financial risks (including operational risk and reputational risks). These risk types are actively managed by dedicated functions such as the Market & Valuation Risk Management functions, Credit Risk Management functions, Liquidity Risk Management functions and Non-Financial Risk Management functions.

33. Risk management (continued)

Treasury is responsible for overall liquidity management of the Bank including managing day-to-day liquidity risk positions and ensuring they remain in line with the tolerance/risk appetite applied by Liquidity Risk Management Division. The Board regularly reviews reports from the respective divisions and is made aware of the risk exposure of the Bank and its ongoing management at each board meeting.

Risk management

The Group and the Bank have exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk
- Climate risk
- Recovery planning

Credit risk

Credit risk is the risk of any transactions giving rise to actual, contingent or potential claims against any counterparty, obligor or borrower, where the Group and the Bank bear the risk of loss if the counterparty, obligor or borrower defaults.

Risk management objectives, policies and processes for managing the risk

Policies for managing credit risk are determined by the Deutsche Bank Group Risk Committee, which also delegates credit authorities to independent Risk Officers. Divisional credit portfolio guidelines, credit strategies for the major industries, and product specific policies are the principal instruments to determine the Bank's risk appetite, as well as the framework for the measurement and management of credit risk. Approval of credit limits and management of exposure takes place within the framework of portfolio guidelines and credit strategies.

33. Risk management (continued)

Credit risk (continued)

Exposure to credit risk, credit quality and collateral

Principal exposures to credit risk in this regard are primarily represented by the carrying amounts of financial instruments and loans, advances and financing portfolios in the statements of financial position. The credit exposures arising from off-balance sheet activities have been disclosed in Note 31.

(a) Credit quality of gross loans, advances and financing

	Group and Bank	
	2023 RM'000	2022 RM'000
Stage 1 : 12-month ECL	1,929,092	2,065,475
Stage 2 : Lifetime ECL not credit-impaired	99,000	77,983
Stage 3 : Lifetime ECL credit-impaired	1,979	2,519
Total	2,030,071	2,145,977

ECL Stage determination

(i) Stage 2: Lifetime ECL not credit-impaired

At initial recognition, loans which are not purchase or originated credit impaired ("POCI") are reflected in Stage 1. If there is a significant increase in credit risk the loans are transferred to Stage 2. Significant increase in credit risk is determined by using rating related and process related indicators as discussed below:

Rating-related indicators:

Based on dynamic change in counterparty probability of default ("PD") that is linked to all transactions with the counterparty, the lifetime PD at reporting date are compared to the expectations at the date of initial recognition. The loans would be considered as significantly deteriorated if for the remaining lifetime of the PD of a transaction given current expectations exceeds the PD of the relevant threshold rating.

33. Risk management (continued)

Credit risk (continued)

(a) Credit quality of gross loans, advances and financing (continued)

ECL Stage determination (continued)

(i) Stage 2: Lifetime ECL not credit-impaired (continued)

Process-related indicators are derived using existing risk management indicators, which allow the Group and the Bank to identify whether the credit risk of the loans has significantly increased. Such indicators are:

a) Obligors being added to a credit watch list;
b) Obligors being transferred to workout status;
c) Payments being 30 days or more overdue; or
d) In forbearance

On an ongoing basis, as long as the condition for one or more of the indicators is fulfilled and the loan is not recognised as defaulted, the loan will remain in Stage 2. If none of the indicator conditions is any longer fulfilled and the loan is not defaulted, the loan is transferred back to Stage 1. In case of default, the loan is allocated to Stage 3.

(ii) Stage 3: Lifetime ECL credit-impaired

Deemed credit-impaired and in Stage 3 when:

- The Group and the Bank consider the obligor is unlikely to pay its credit obligations to the Group and the Bank. Determination may include forbearance actions, where a concession has been granted to the borrower for economic or legal reasons that are qualitative indicators of credit impairment; or
- Contractual payments of either principal or interest by the obligor are past due by more than 90 days.

33. Risk management (continued)

Credit risk (continued)

(b) Fair value of collateral held against loans, advances and financing to customers and banks

The Group and the Bank hold collateral against loans, advances and financing to customers in the form of mortgage interests over property and guarantees.

Fair value of housing loans collaterals are assessed on yearly basis based on independent valuation.

The fair value of property collateral held against outstanding loans, advances and financing to customers is as per below.

	Group and Bank 2023 RM'000	2022 RM'000
Against non credit-impaired loans, advances and financing	7,681	10,137
Against past due but not credit-impaired loans, advances and financing	3,392	4,523
Against credit-impaired loans, advances and financing	8,560	9,367
	19,633	24,027

33. Risk management (continued)

Credit risk (continued)

(c) Credit quality of financial instruments

Set out below is the credit quality of assets analysed by external rating of the counterparties.

	Group and Bank		
	Debt securities at FVTPL RM'000	Debt securities at FVOCI RM'000	Equity investments at FVOCI RM'000
2023			
Domestic Rating			
AAA+ to AA-	270,158	-	19,601
A+ to A-	2,129,287	1,567,327	-
Unrated	-	-	3
	2,399,445	1,567,327	19,604
2022			
Domestic Rating			
AAA+ to AA-	-	-	9,317
A+ to A-	1,671,593	1,295,618	-
Unrated	-	5,017	3,696
	1,671,593	1,300,635	13,013

(d) Fair value of collateral held against derivative assets

The Group and the Bank hold collateral against derivative assets to banks and financial institutions counterparties in the form of cash of RM614,412,448 (2022: RM663,750,752) as at the reporting date.

Market risk

Market risk arises from the uncertainty concerning changes in market prices and rates (including interest rates, foreign exchange rates and equity prices, commodity rates and other market risks), the correlations among them and their levels of volatility.

33. Risk management (continued)

Market risk (continued)

Risk management objectives, policies and processes for managing the risk

Deutsche Bank Group, including the Group and the Bank, use a combination of risk sensitivities, Value-at-Risk ("VaR"), sensitivities and stress testing metrics to manage market risks and establish limits. Steered by the Deutsche Bank Group Risk Committee, the Market & Valuation Risk Management team ("MVRM"), which is part of the Deutsche Bank Group's independent risk management function, is responsible for managing the market risk of the Bank. Limits, set commensurate with the risk appetite in terms of VaR, are communicated to the appropriate personnel along with the limit structure for each business division. The majority of the interest rate risk arising from non-trading asset and liability positions is transferred through internal hedges to Treasury and is thus managed on the basis of Banking Book Value-at-Risk.

A summary of the VaR position of the Bank's portfolios is as follows:

	Group and Bank			
	At 31 December RM'000	Average RM'000	Maximum RM'000	Minimum RM'000
2023				
Interest Rate Risk	5,589	5,152	10,518	2,788
Credit Risk	4,575	4,335	8,690	474
Foreign Exchange Risk	2,059	1,843	4,646	95
Commodity Risk	-	-	1	-
Equity Risk	203	2	206	-
Residual Risk	93	168	377	53
Total VaR	4,083	6,907	12,121	3,702
2022				
Interest Rate Risk	4,838	5,955	11,479	3,309
Credit Risk	5,529	2,844	7,000	191
Foreign Exchange Risk	3,715	1,395	6,442	102
Equity Risk	882	1,129	2,189	482
Residual Risk	381	216	555	21
Total VaR	9,948	8,568	14,266	5,018

33. Risk management (continued)

Market risk (continued)

Value-at-Risk ("VaR")

VaR is a quantitative measure of the potential loss due to market movements, that will not be exceeded in a defined period of time, and with a defined confidence level. The Bank adopts the Deutsche Bank Group's internal VaR model, which is based on Historical Simulation technique. VaR is calculated using a 99% confidence level and a one day holding period. One year of historical market data is used as input to calculate VaR. Risks not in value-at-risk are monitored and assessed on a regular basis through our Risk Not In VaR ("RNIV") framework.

Stressed Value-at-Risk ("SVaR") calculates a VaR based on a historical one year period of significant market stress.

Deutsche Bank Group's internal VaR model:

	VaR	SVaR
Methodology	Historical Simulation	Historical Simulation
Holding Period	1-day	10-day
Confidence Level	99%	99%
Trade Window	Most recent one year period	One year period of significant market stress (high levels of volatility in the top value-at-risk contributors)

Deutsche Bank Group regularly reviews and validates its VaR model.

The main limitations of the VaR framework are as follows:

(a) Not all risks can be incorporated into the main VaR model. This limitation is remediated by the RNIV framework.

(b) Where idiosyncratic and general market risk components of risk factors are modelled separately, the revaluation for the idiosyncratic component is always Sensitivity – based, but the general component may be either Sensitivity or Full reval – based.

(c) Aggregation of general and (modelled) specific risk is based on VaR aggregation.

(d) Risk-P&Ls are based on sensitivities for some books and Full revaluation for others depending on Full revaluation onboarding status.

(e) Hist sim VaR is based on 1 year of daily P&L estimates. The VaR 99% quantile does not correspond directly to a P&L observation but has to be interpolated.

(f) In case historical data does not exist, proxies may be used.

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33. Risk management (continued)

Market risk (continued)

Foreign currency risk

The Bank's exposure to foreign currencies (a currency which is other than the functional currency of the Bank), based on carrying amount as at the end of the financial year was:

	Denominated in						
Group and Bank 2023	United States Dollar RM'000	Euro RM'000	Great Britain Pound RM'000	Australian Dollar RM'000	Singapore Dollar RM'000	Hong Kong Dollar RM'000	Others RM'000
Financial assets							
Cash and short-term funds	287,171	3,642	41,672	41,214	36,469	6,322	48,797
Loans, advances and financing	380,589	34,740	-	-	-	-	-
Other assets (excluding prepayments)	272,846	29,016	10	-	5,420	410	88
	940,606	67,398	41,682	41,214	41,889	6,732	48,885
Financial liabilities							
Deposits from customers	1,741,088	718,307	-	5,646	-	-	15,326
Deposits and placements of banks and other financial institutions	356,076	171,548	42,266	48,397	245,482	134,858	118,018
Other liabilities (excluding provisions and accruals)	516,684	59,112	-	17,581	96	230	-
	2,613,848	948,967	42,266	71,624	245,578	135,088	133,344
Net financial liabilities exposure	(1,673,242)	(881,568)	(584)	(30,410)	(203,689)	(128,356)	(84,459)

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33. Risk management (continued)

Market risk (continued)

Foreign currency risk (continued)

The Bank's exposure to foreign currencies (a currency which is other than the functional currency of the Bank), based on carrying amount as at the end of the financial year was:

Group and Bank 2022	Denominated in United States Dollar RM'000	Euro RM'000	Great Britain Pound RM'000	Australian Dollar RM'000	Singapore Dollar RM'000	Hong Kong Dollar RM'000	Others RM'000
Financial assets							
Cash and short-term funds	65,930	24,014	273	4,687	12,501	2,293	46,351
Loans, advances and financing	418,207	14,104	-	1,680	-		-
Other assets (excluding prepayments)	284,161	23,932	-	-	22	316	-
	768,298	62,050	273	6,367	12,523	2,609	46,351
Financial liabilities							
Deposits from customers	1,317,777	125,330	20,867	109,407	250,506	75,757	116,934
Deposits and placements of banks and other financial institutions	76,548	7,467	6	1	55,753	171	1,561
Other liabilities (excluding provisions and accruals)	545,461	38,946	-	836	5	-	96
	1,939,786	171,743	20,873	110,244	306,264	75,928	118,591
Net financial liabilities exposure	(1,171,488)	(109,693)	(20,600)	(103,877)	(293,741)	(73,319)	(72,240)

33. Risk management (continued)

Liquidity risk

Liquidity risk is the risk to a bank's earnings and capital arising from the inability to timely meet obligations when they come due without incurring unacceptable losses.

Risk management objectives, policies and processes for managing the risk

The objective of the Liquidity Management ("LM") function is to ensure that the Bank can fulfil its payment obligations at all times at reasonable cost, without affecting daily operations of the Bank. All relevant and significant drivers of liquidity risk, on-balance sheet as well as off-balance sheet, are taken into account. Prices of all asset and liability types reflect their liquidity risk characteristics and the Bank's cost of funding. Liquidity Risk Management ("LRM") is a governance function which does not report to any business division and which jointly with Treasury ensure adherences to the rules and regulations issued by BNM, in addition to the Basel Committee on Banking Supervision Principles for Sound Liquidity Risk Management and Supervision, the German Minimum Requirements for Risk Management ("MaRisk") as well as the regulatory requirements on liquidity risk under Basel III and Capital Requirements Regulation ("CRR").

Liquidity risk is managed through the Asset and Liability Committee ("ALCO"). This committee, chaired by the Treasurer, is responsible for both statutory and prudential liquidity management of the Bank including the approval of liquidity risk limits and thresholds which are in line with the tolerance/risk appetite applied by LRM. Decisions made by the ALCO for the Bank are submitted to the Board Risk Management Committee and Board of Directors for notification and for approval where necessary.

Liquidity risk is monitored through local liquidity regulations issued by Bank Negara Malaysia, such as Liquidity Coverage Ratio, Net Stable Funding Ratio, and an array of internal liquidity risk limits including Stressed Net Liquidity Position, Customer Concentration Ratio, Funding Matrix, etc. The Bank's stress testing process is established to reflect the Bank's business-specific and market systemic liquidity risk, of which the stress assumptions are prudently formulated and embedded in the daily risk reporting. Stress testing result is monitored on a daily basis, reported to the ALCO via weekly liquidity dashboard and at its regular meetings.

33. Risk management (continued)

Liquidity risk (continued)

(a) Maturity analysis of total assets and liabilities based on remaining contractual maturity

The following tables present the maturity analysis for total assets and liabilities in accordance with the requirements of Bank Negara Malaysia's Policy document on Financial Reporting issued by BNM:

Group 2023	Up to 30 days RM'000	> 30 days – 6 Months RM'000	> 6-12 Months RM'000	> 1 Year RM'000	No specific maturity RM'000	Total RM'000
Assets						
Cash and short-term funds	3,104,984	-	-	-	228,291	3,333,275
Reverse repurchase agreements	72,733	-	100,377	147,021	-	320,131
Financial securities	650,620	441,579	781,534	2,093,039	19,604	3,986,376
Loans, advances and financing	627,067	1,033,899	173,148	82,327	110,422	2,026,863
Derivative assets	407,400	1,667,106	292,944	563,363	-	2,930,813
Other assets	291,635	-	-	-	116,586	408,221
Statutory deposit with Bank Negara Malaysia	-	-	-	-	10,000	10,000
Property and equipment	-	-	-	-	8,193	8,193
Right-of-use assets	-	-	-	-	3,950	3,950
Deferred tax assets	-	-	-	-	5,388	5,388
Total assets	5,154,439	3,142,584	1,348,003	2,885,750	502,434	13,033,210

33. Risk management (continued)

Liquidity risk (continued)

(a) Maturity analysis of total assets and liabilities based on remaining contractual maturity (continued)

Group 2023	Up to 30 days RM'000	> 30 days – 6 Months RM'000	> 6-12 Months RM'000	> 1 Year RM'000	No specific maturity RM'000	Total RM'000
Liabilities						
Deposits from customers	1,042,029	154,758	-	207,900	4,716,807	6,121,494
Deposits and placements of banks and other financial institutions	868,169	330,203	-	-	63,162	1,261,534
Lease liabilities	106	425	659	3,307	-	4,497
Derivative liabilities	387,658	1,700,180	269,953	520,436	-	2,878,227
Other liabilities	700,174	-	-	-	157,270	857,444
Tax payable	9,386	-	5,000	-	-	14,386
Total liabilities	3,007,522	2,185,566	275,611	731,643	4,937,239	11,137,582
Net liquidity gap	2,146,917	957,018	1,072,391	2,154,107	(4,434,805)	1,895,628

33. Risk management (continued)

Liquidity risk (continued)

(a) Maturity analysis of financial assets and financial liabilities based on remaining contractual maturity (continued)

Group 2022	Up to 30 days RM'000	> 30 days – 6 Months RM'000	> 6-12 Months RM'000	> 1 Year RM'000	No specific maturity RM'000	Total RM'000
Assets						
Cash and short-term funds	2,201,576	-	-	-	195,036	2,396,612
Reverse repurchase agreements	111,763	-	-	-	-	111,763
Financial securities	-	674,489	254,811	2,042,928	13,013	2,985,241
Loans, advances and financing	1,019,448	774,606	77,532	98,010	172,300	2,141,896
Derivative assets	914,058	306,159	63,569	126,740	-	1,410,526
Other assets	247,525	-	-	-	164,739	412,264
Tax recoverable	(4,037)	-	(33,078)	-	50,173	13,058
Statutory deposit with Bank Negara Malaysia	-	-	-	-	20,000	20,000
Property and equipment	-	-	-	-	11,461	11,461
Right-of-use assets	-	-	-	-	4,868	4,868
Deferred tax assets	-	-	-	-	23,986	23,986
Total assets	4,490,333	1,755,254	362,834	2,267,678	655,576	9,531,675

33. Risk management (continued)

Liquidity risk (continued)

(a) Maturity analysis of financial assets and financial liabilities based on remaining contractual maturity (continued)

Group 2022	Up to 30 days RM'000	> 30 days – 6 Months RM'000	> 6-12 Months RM'000	> 1 Year RM'000	No specific maturity RM'000	Total RM'000
Liabilities						
Deposits from customers	195,174	79,213	-	191,268	4,659,615	5,125,270
Deposits and placements of banks and other financial institutions	56,440	-	-	-	180,618	237,058
Lease liabilities	105	414	609	4,261	-	5,389
Derivative liabilities	382,721	275,524	117,942	576,213	-	1,352,400
Other liabilities	787,602	-	-	-	123,229	910,831
Total liabilities	1,422,042	355,151	118,551	771,742	4,963,462	7,630,948
Net liquidity gap	3,068,291	1,400,103	244,283	1,495,936	(4,307,886)	1,900,727

The above disclosure also applies for the Bank level except that included in the deposits from customers is RM20,000 (2022: RM20,000) cash consolidated from the subsidiaries with remaining contractual maturity of up to 30 days.

33. Risk management (continued)

Liquidity risk (continued)

(b) Maturity analysis of financial liabilities on an undiscounted basis

The following tables show the contractual undiscounted cash flows payable for financial liabilities by remaining contractual maturity. The financial liabilities in the tables below will not agree to the carrying amounts reported in the statements of financial position as the tables incorporate all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments.

Group 2023	Up to 30 days RM'000	> 30 days - 6 Months RM'000	> 6-12 Months RM'000	> 1 Year RM'000	Total RM'000
Non-derivative financial liabilities					
Deposits from customers	5,760,421	92,023	29,689	255,566	6,137,699
Deposits and placements of banks and other financial institutions	932,690	333,559	-	-	1,266,249
Other financial liabilities (excluding provisions and accruals)	763,113	-	-	-	763,113
	7,456,224	425,582	29,689	255,566	8,167,061
Derivative financial liabilities (gross settled)					
Outflow	9,699,693	37,252,912	6,322,546	14,666,915	67,942,066
Inflow	(9,242,045)	(35,456,995)	(5,996,432)	(14,240,153)	(64,935,625)
	457,648	1,795,917	326,114	426,762	3,006,441
Total liablities	7,913,872	2,221,499	355,803	682,328	11,173,502

33. Risk management (continued)

Liquidity risk (continued)

(b) Maturity analysis of financial liabilities on an undiscounted basis (continued)

Group 2023	Up to 30 days RM'000	> 30 days - 6 Months RM'000	> 6-12 Months RM'000	> 1 Year RM'000	Total RM'000
Commitment and contingencies					
Transaction related contingent items	39,074	258,011	118,972	385,157	801,214
Short-term self liquidating trade related contingencies	52,614	3,088	-	-	55,702
Total commitment and contingencies	91,688	261,099	118,972	385,157	856,916
2022					
Non-derivative liabilities					
Deposits from customers	4,854,956	79,509	-	211,576	5,146,041
Deposits and placements of banks and other financial institutions	237,066	-	-	-	237,066
Other liabilities (excluding provisions and accruals)	828,139	-	-	-	828,139
	5,920,161	79,509	-	211,576	6,211,246

33. Risk management (continued)

Liquidity risk (continued)

(b) Maturity analysis of financial liabilities on an undiscounted basis (continued)

Group 2022	Up to 30 days RM'000	> 30 days - 6 Months RM'000	> 6-12 Months RM'000	> 1 Year RM'000	Total RM'000
Derivative financial liabilities (gross settled)					
Outflow	10,756,636	19,606,749	4,310,077	15,413,090	50,086,552
Inflow	(10,398,698)	(19,281,101)	(4,171,227)	(15,026,774)	(48,877,800)
	357,938	325,648	138,850	386,316	1,208,752
Total liablities	6,278,099	405,157	138,850	597,892	7,419,998
Commitment and contingencies					
Transaction related contingent items	67,155	136,185	137,312	424,725	765,377
Short-term self liquidating trade related contingencies	27,633	67,051	25	-	94,709
Total commitment and contingencies	94,788	203,236	137,337	424,725	860,086

The above disclosure also applies for the Bank level except that included in the deposits from customers is RM20,000 (2022: RM20,000) of cash consolidated from the subsidiaries with remaining contractual maturity of up to 30 days.

Other commitments of RM5,013,281,000 (2022: RM5,235,132,000) consist of formal standby facilities and credit lines granted to customers by the Group and the Bank which remain undrawn as at the end of the reporting period, and are subject to drawdown on demand by customers.

33. Risk management (continued)

Operational Risk

Operational risk management framework

Operational Risk means the risk of losses stemming from inadequate or failed internal processes, people and systems or from external events. Operational risk includes legal risks, but excludes business and reputational risk and is embedded in all banking products and activities. Operational risk forms a subset of the Bank's non-financial risks ("NFR").

The Bank's operational risk appetite sets out the amount of operational risk we are willing to accept as a consequence of doing business. We take on operational risks consciously, both strategically as well as in day-to-day business. While the Bank may have no appetite for certain types of operational risk events (such as serious violations of laws or regulations and misconduct), in other cases a certain amount of operational risk must be accepted if the Bank is to achieve its business objectives. In case a residual risk is assessed to be outside our risk appetite, risk reducing actions must be undertaken, including remediating the risks, insuring risks or ceasing business.

The Operational risk management framework ("ORMF") is a set of interrelated tools and processes that are used to identify, assess, measure, monitor and mitigate the Bank's operational risks. Its components have been designed to operate together to provide a comprehensive risk-based approach to managing the Bank's most material operational risks. ORMF components include Deutsche Bank Group's approach to setting and adhering to operational risk appetite, the operational risk type and control taxonomies, the policies and procedures for operational risk management processes including the respective tools, and the Bank's operational risk capital model.

The governance of operational risk follows Deutsche Bank Group's Three Lines of Defence ("3LoD") approach to managing all of its financial and non-financial risks. The ORMF establishes the operational risk governance standards including the core first line of defence ("1st LoD") and second line of defence ("2nd LoD") roles and responsibilities, to ensure effective risk management and appropriate independent challenge:

Operational risk requirements for the 1st LoD: Risk owners as the 1st LoD have full accountability for their operational risks and manage these against a defined risk appetite.

Risk owners are those roles in the bank whose activities generate - or who are exposed to - operational risks. As heads of business divisions and infrastructure functions, they must determine the appropriate organisational structure to identify their operational risk profile, actively manage these risks within their organisation, take business decisions on the mitigation or acceptance of operational risks to ensure they remain within risk appetite, and establish and maintain 1st LoD controls.

33. Risk management (continued)

Operational Risk (continued)

Operational Risk Management Framework (continued)

Operational risk requirements for the 2nd LoD: Risk Type Controllers ("RTCs") act as the 2nd LoD control functions for all sub-risk types under the overarching risk type "operational risk".

RTCs establish the framework and define risk appetite statements for the specific operational risk type they oversee. RTCs define the fundamental risk management and control standards and independently monitor and challenge risk owners' implementation of these standards in their day-to-day processes, as well as their risk-taking and management activities. RTCs provide independent operational risk oversight and prepare aggregated risk type profile reporting. RTCs monitor the risk type's profile against risk appetite and have a right to veto risk decisions leading to foreseeable risk appetite breaches. As risk type experts, RTCs define the risk type and its taxonomy and support and facilitate the implementation of the risk type framework in the 1st LoD. To maintain their independence, RTC roles are located only in infrastructure functions.

Operational risk requirements for NFRM as the RTC for the overarching risk type operational risk: As the RTC/ risk control function for operational risk, NFRM establishes and maintain the overarching ORMF and determines the appropriate level of capital to underpin the Group's and Bank's operational risk.

- As the 2nd LoD risk control function, NFRM defines the Bank's approach to operational risk appetite and monitors its adherence, breaches and consequences. NFRM is the independent reviewer and challenger of the 1st LoD's risk and control assessments and risk management activities relating to the holistic operational risk profile of a unit (while RTCs monitor and challenge activities related to their specific risk types). NFRM provides the oversight of risk and control mitigation plans to return the Bank's operational risk to its risk appetite where required. It also establishes and regularly reports the Bank's operational risk profile and operational top risks, i.e. the Bank's material operational risks which are outside of risk appetite.
- As the subject matter expert for operational risk, NFRM provides independent risk views to facilitate forward-looking management of operational risks, actively engages with risk owners (1st LoD) and facilitates the implementation of risk management and control standards across the Bank.
- NFRM is accountable for the design, implementation and maintenance of the approach to determine the adequate level of capital required for operational risk, for recommendation to the Management Board. This includes the calculation and allocation of operational risk capital demand and expected loss under the Advanced Measurement Approach ("AMA"). Locally, the Bank has adopted the Basic Indicator Approach for operational risk in calculating the capital requirements.

33. Risk management (continued)

Climate risk

Managing emerging transition and physical climate risks to the Bank's balance sheet and operations is a key component of the Group's sustainability strategy. The Bank continues to embed climate risks into its business-as-usual risk management frameworks, processes and appetite – prioritising areas with the highest potential impact based on comprehensive materiality assessment and integration into the risk identification process.

Deutsche Bank Group utilises a range of metrics to measure net zero alignment and the broader climate footprint of its portfolios and in October 2022 announced net zero aligned decarbonization targets for four priority carbon intensive sectors: Oil and Gas (upstream), Power Generation, Automotive (light duty vehicles) and Steel. These targets and metrics, which were approved by the bank's Group Risk Committee, are fully integrated into the Group-wide risk management framework and appetite.

In October 2023, Deutsche Bank Group published its Initial Transition Plan which documents the strategy that the bank has developed to decarbonize its operations, its upstream supply chain and its financing portfolio. In the plan the Group also disclosed net-zero aligned decarbonization pathways for three additional carbon intensive sectors compared to 2022, Coal mining, Cement and Shipping, bringing the total number of sectors covered by portfolio targets to seven. Targets and metrics disclosed in the bank's Transition Plan are now integrated into the Group-wide risk management framework and appetite.

The Bank remains actively involved in a range of industry initiatives on climate and environmental risks including participation in Net-Zero Banking Alliance working groups to develop consistent approaches to target setting and involvement in United Nations Environment Programme-Finance Initiative projects and pilots around nature-related risks.

Deutsche Bank (Malaysia) Berhad leverages on Deutsche Bank Group's climate risk management framework and implementation, with local oversight by the Board. The Bank is focused on implementing climate risk related regulations and requirements as published by Bank Negara Malaysia.

33. Risk management (continued)

Recovery planning

Deutsche Bank Group believes that effective recovery and resolution planning can only be conducted at Deutsche Bank Group level and thus maintains a centralised approach to recovery planning through the Group recovery plan. However, Deutsche Bank Group has also developed an approach to address recovery planning requirements by local regulators outside of EU through the preparation of specific document supplementary to the Group recovery plan ("the Supplement").

The Supplement aims at providing all recovery planning information relevant from a local entity and regulation perspective and is prepared on the basis of the Group recovery plan, which is in line with Section 8.4 of Bank Negara Malaysia's Policy Document on Recovery Planning where the Deutsche Bank Group's recovery plan developed by its parent entity is taken into account to ensure coherence and alignment of recovery plans across jurisdictions.

34. Financial assets and liabilities

34.1 Categories of financial instruments

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

(a) Fair value through profit or loss ("FVTPL");
(b) Amortised cost ("AC"); and
(c) Fair value through other comprehensive income ("FVOCI")
- Debt securities
- Equity investments

Group 2023	Carrying amount RM'000	AC RM'000	FVTPL RM'000	FVOCI- Debt securities RM'000	FVOCI- Equity investments RM'000
Financial assets					
Cash and short-term funds	3,333,275	3,333,275	-	-	-
Reverse repurchase agreements	320,131	-	320,131	-	-
Financial securities	3,986,376	-	2,399,445	1,567,327	19,604
Loans, advances and financing	2,026,863	2,026,863	-	-	-
Derivative assets	2,930,813	-	2,930,813	-	-
Statutory deposit with Bank Negara Malaysia	10,000	10,000	-	-	-
Other assets (excluding prepayments)	343,183	343,183	-	-	-
	12,950,641	5,713,321	5,650,389	1,567,327	19,604
Financial liabilities					
Deposits from customers	6,121,494	6,121,494	-	-	-
Deposits and placements of banks and other financial institutions	1,261,534	1,261,534	-	-	-
Derivative liabilities	2,878,227	-	2,878,227	-	-
Other liabilities (excluding provisions and accruals)	758,617	758,617	-	-	-
	11,019,872	8,141,645	2,878,227	-	-

34. Financial assets and liabilities (continued)

34.1 Categories of financial instruments (continued)

Group 2022	Carrying amount RM'000	AC RM'000	FVTPL RM'000	FVOCI- Debt securities RM'000	FVOCI- Equity investments RM'000
Financial assets					
Cash and short-term funds	2,396,612	2,396,612	-	-	-
Reverse repurchase agreements	111,763	-	111,763	-	-
Financial securities	2,985,241	-	1,671,593	1,300,635	13,013
Loans, advances and financing	2,141,896	2,141,896	-	-	-
Derivative assets	1,410,526	-	1,410,526	-	-
Statutory deposit with Bank Negara Malaysia	20,000	20,000	-	-	-
Other assets (excluding prepayments)	297,515	297,515	-	-	-
	9,363,553	4,856,023	3,193,882	1,300,635	13,013
Financial liabilities					
Deposits from customers	5,125,270	5,125,270	-	-	-
Deposits and placements of banks and other financial institutions	237,058	237,058	-	-	-
Derivative liabilities	1,352,400	-	1,352,400	-	-
Other liabilities (excluding provisions and accruals)	828,139	828,139	-	-	-
	7,542,867	6,190,467	1,352,400	-	-

The above disclosure is also applicable for the Bank level except that included in the deposits from customers is RM20,000 (2022: RM20,000) cash consolidated from the subsidiaries.

34. Financial assets and liabilities (continued)

34.2 Determination of fair value and the fair value hierarchy

MFRS 13 *Fair Value Measurement* requires each class of assets and liabilities measured at fair value in the statements of financial position after initial recognition to be categorised according to hierarchy that reflects the significance of inputs used in making the measurements, in particular, whether the inputs used are observable or unobservable as discussed in Note 2(c)(vi).

34.2.1 Financial instruments carried at fair value

The following table shows the Group's and the Bank's financial instruments which are measured at fair value at the reporting date analysed by the various level within the fair value hierarchy:

Group and Bank	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
2023			
Financial assets			
Reverse repurchase agreements	-	320,131	-
Financial securities	-	3,966,772	19,604
Derivative assets	-	2,793,893	136,920
	-	7,080,796	156,524
Financial liabilities			
Derivative liabilities	-	(2,868,675)	(9,552)
2022			
Financial assets			
Reverse repurchase agreements	-	111,763	-
Financial securities	-	2,972,228	13,013
Derivative assets	-	1,248,636	161,890
	-	4,332,627	174,903
Financial liabilities			
Derivative liabilities	-	(1,316,089)	(36,311)

34. Financial assets and liabilities (continued)

34.2 Determination of fair value and the fair value hierarchy (continued)

34.2.1 Financial instruments carried at fair value (continued)

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

	Group and Bank	
	2023 RM'000	2022 RM'000
Financial assets		
Balance at 1 January	174,903	107,339
Total gain recognised in profit or loss:		
- *Settlements*	(3,261)	(12,482)
- *Attributable to (losses)/gains recognised relating to financial assets that have not been realised*	(15,118)	80,046
Balance at 31 December	156,524	174,903
Financial liabilities		
Balance at 1 January	(36,311)	(29,351)
Total gain recognised in profit or loss:		
- *Settlements*	5,151	14,273
- *Attributable to gains/(losses) recognised relating to financial liabilities that have not been realised*	21,608	(21,233)
Balance at 31 December	(9,552)	(36,311)

The unrealised gains/(losses) have been recognised net within non-interest income in profit or loss as shown in Note 20.

34. Financial assets and liabilities (continued)

34.2 Determination of fair value and the fair value hierarchy (continued)

34.2.1 Financial instruments carried at fair value (continued)

Where the value of financial instruments is dependent on unobservable parameter inputs, the precise level for these parameters at the balance sheet date might be drawn from a range of reasonably possible alternatives.

The level of the fair value hierarchy are valued based on one or more significant unobservable parameters. The unobservable parameters may include certain correlations, certain longer-term volatilities, certain prepayment rates, credit spreads and other transaction-specific parameters.

Level 3 derivatives include certain options where the volatility is unobservable; certain basket options in which the correlations between the referenced underlying assets are unobservable; longer-term interest rate option derivatives; multi-currency foreign exchange derivatives; and certain credit default swaps for which the credit spread is not observable.

Changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets and financial liabilities in Level 3 of the fair value hierarchy.

34. Financial assets and liabilities (continued)

34.2 Determination of fair value and the fair value hierarchy (continued)

34.2.2 Financial instruments not carried at fair value

In respect of cash and short-term funds, other assets, statutory deposit with Bank Negara Malaysia, deposit with banks and other financial institutions, deposits and placements of banks and other financial institutions and other liabilities, the carrying amounts in the statements of financial position approximate their fair values due to the relatively short-term/on demand nature of these financial instruments.

The fair values of other financial assets/liabilities not carried at fair value, together with the carrying amounts shown in the statements of financial position, are as follows:

Group	Carrying value RM'000	Fair value RM'000
2023		
Financial assets		
Loans, advances and financing	2,026,863	2,026,142
Financial liabilities		
Deposits from customers	6,121,494	6,124,771
2022		
Financial assets		
Loans, advances and financing	2,141,896	2,140,888
Financial liabilities		
Deposits from customers	5,125,270	5,131,007

34. Financial assets and liabilities (continued)

34.2 Determination of fair value and the fair value hierarchy (continued)

34.2.2 Financial instruments not carried at fair value (continued)

The disclosure also applies for the Bank except that included in the deposits from customers is RM20,000 (2022: RM20,000) of cash consolidated from the subsidiaries.

(a) Loans, advances and financing

The fair values of fixed rate loans with remaining maturity of less than one year and variable rate loans are estimated to approximate their carrying values. For fixed rate loans with maturities of more than one year, the fair values are estimated based on expected future cash flows of contractual instalment payments and discounted at prevailing rates at reporting date offered for similar loans. In respect of impaired loans, the fair values are deemed to approximate the carrying values, net of individual assessment allowance for impaired debts and financing.

(b) Deposits from customers

The fair values for deposit liabilities payable on demand (demand and savings deposits) or with remaining maturities of less than one year are estimated to approximate their carrying values at reporting date. The fair values of fixed deposits with remaining maturities of more than one year are estimated based on discounted cash flows using rates currently offered for deposits of similar remaining maturities.

The fair value of loans, advances and financing and deposits from customers shown above are considered to be Level 3 within the fair value hierarchy disclosure in accordance to MFRS 13.

34. Financial assets and liabilities (continued)

34.3 Derivative financial instruments

The following table shows the notional and market values of the derivatives financial instruments as at 31 December 2023 and 31 December 2022:

		Group and Bank	
	Notional RM'000	Positive market value RM'000	Negative market value RM'000
2023			
Foreign exchange related contracts			
Forward exchange trades	63,122,759	425,596	(514,991)
Cross currency swaps	7,090,328	411,429	(369,772)
Foreign exchange options	9,567	-	(23)
Interest/Profit rate related contracts			
Swaptions	2,318,586	21,992	(745)
Interest rate swaps	54,482,446	2,071,796	(1,992,696)
	127,023,686	2,930,813	(2,878,227)
2022			
Foreign exchange related contracts			
Forward exchange trades	50,065,732	584,867	(650,708)
Cross currency swaps	8,724,539	403,156	(348,509)
Foreign exchange options	920,080	14,853	-
Interest/Profit rate related contracts			
Swaptions	2,003,333	50,596	-
Interest rate swaps	44,024,098	357,054	(353,183)
	105,737,782	1,410,526	(1,352,400)

34. Financial assets and liabilities (continued)

34.4 Offsetting of financial assets and financial liabilities

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

Group and Bank 2023	Gross amount recognised in the statements of financial position RM'000	Gross amount offset in the statements of financial position RM'000	Amount presented in the statements of financial position RM'000	Amount not offset in the statements of financial position: Value of financial instruments subject to netting arrangement RM'000	Amount not offset in the statements of financial position: Collateral received/ pledged* RM'000	Net amount RM'000
Financial assets						
Derivative financial assets						
- Foreign exchange related contracts	837,025	-	837,025	(412,671)	(402,189)	22,165
- Interest/Profit rate related contracts	2,093,788	-	2,093,788	(1,913,472)	(197,676)	(17,360)
	2,930,813	-	2,930,813	(2,326,143)	(599,865)	4,805
Reverse repurchase agreements	320,131	-	320,131	-	(326,713)	(6,582)
	3,250,944	-	3,250,944	(2,326,143)	(926,578)	(1,777)
Financial liabilities						
Derivative financial liabilities						
- Foreign exchange related contracts	884,786	-	884,786	(412,671)	(95,957)	376,158
- Interest/Profit rate related contracts	1,993,441	-	1,993,441	(1,913,472)	635	80,604
	2,878,227	-	2,878,227	(2,326,143)	(95,322)	456,762

*Include securities accepted as collateral

34. Financial assets and liabilities (continued)

34.4 Offsetting of financial assets and financial liabilities (continued)

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

Group and Bank 2022	Gross amount recognised in the statements of financial position RM'000	Gross amount offset in the statements of financial position RM'000	Amount presented in the statements of financial position RM'000	Amount not offset in the statements of financial position: Value of financial instruments subject to netting arrangement RM'000	Amount not offset in the statements of financial position: Collateral received/ pledged* RM'000	Net amount RM'000
Financial assets						
Derivative financial assets						
- Foreign exchange related contracts	983,099	-	983,099	(391,899)	(365,016)	226,184
- Interest/Profit rate related contracts	427,427	-	427,427	(177,528)	(297,576)	(47,677)
	1,410,526	-	1,410,526	(569,427)	(662,592)	178,507
Reverse repurchase agreements	111,763	-	111,763	-	(105,247)	6,516
	1,522,289	-	1,522,289	(569,427)	(767,839)	185,023
Financial liabilities						
Derivative financial liabilities						
- Foreign exchange related contracts	999,217	-	999,217	(391,899)	(119,772)	487,546
- Interest/Profit rate related contracts	353,183	-	353,183	(177,528)	(3,097)	172,558
	1,352,400	-	1,352,400	(569,427)	(122,869)	660,104

* Include securities accepted as collateral

34. Financial assets and liabilities (continued)

34.4 Offsetting of financial assets and financial liabilities (continued)

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Derivatives and reverse repurchase agreements included in the amount not set-off in the statements of financial position relate to transactions where:

(i) the counterparty has an offsetting exposure with the Group and the Bank and a master netting or similar arrangements is in place with a right to set-off only in the event of default, insolvency or bankruptcy; and

(ii) cash and securities are received or cash pledged in respect of the transaction described above.

35. Share-Based Compensation Plans

The Deutsche Bank Group made grants of share-based compensation under the Deutsche Bank Equity Plan. This plan represents a contingent right to receive Deutsche Bank AG common shares after a specified period of time. The award recipient is not entitled to receive dividends during the vesting period of the award.

The share awards granted under the terms and conditions of the Deutsche Bank Equity Plan may be forfeited fully or partly if the recipient voluntarily terminates employment before the end of the relevant vesting period (or release period for Upfront Awards). Vesting usually continues after termination of employment in cases such as redundancy or retirement. Deferred share awards are subject to forfeiture provisions and performance conditions until release.

In countries where legal or other restrictions hinder the delivery of shares, a cash plan variant of the Deutsche Bank Equity Plan was used for granting awards, and for employees of certain legal entities, deferred equity is replaced with restricted shares due to local regulatory requirements.

Please note that this table does not cover awards granted to the Management Board. For awards granted under the Die Wertpapier Spezialisten ("DWS") Equity Plan, please refer to the DWS Share-Based Compensation Plans section.

The following table sets forth the basic terms of these share plans:

Grant year(s)	Deutsche Bank Equity Plan	Vesting schedule	Eligibility
2022-2023 [4]	Annual Award	1/4: 12 months[1] 1/4: 24 months[1] 1/4: 36 months[1] 1/4: 48 months[1]	Select employees as annual performance-based compensation (CB/IB/CRU and InstVV MRTs)
	Annual Award	1/3: 12 months[1] 1/3: 24 months[1] 1/3: 36 months[1]	Select employees as annual performance-based compensation (non-CB/IB/CRU)
	Annual Award	1/5: 12 months[1] 1/5: 24 months[1] 1/5: 36 months[1] 1/5: 48 months[1] 1/5: 60 months[1]	Select employees as annual performance-based compensation (Senior Management)
	Retention/New Hire	Individual specification	Select employees to attract and retain the best talent
	Severance	Individual specification	Regulatory requirement for certain employees to defer severance payments
	Annual Award – Upfront	Vesting immediately at grant[3]	Selected employees

35. Share-Based Compensation Plans (continued)

The following table sets forth the basic terms of these share plans:

Grant year(s)	Deutsche Bank Equity Plan	Vesting schedule	Eligibility
2019-2021 [4]	Annual Award	1/4: 12 months[1] 1/4: 24 months[1] 1/4: 36 months[1] 1/4: 48 months[1]	Select employees as annual performance-based compensation (CB/IB/CRU and InstVV MRTs in an Material Business Unit)[2]
	Annual Award	1/3: 12 months[1] 1/3: 24 months[1] 1/3: 36 months[1]	Select employees as annual performance-based compensation (non-CB/IB/CRU)[2]
	Annual Award	1/5: 12 months[1] 1/5: 24 months[1] 1/5: 36 months[1] 1/5: 48 months[1] 1/5: 60 months[1]	Select employees as annual performance-based compensation (Senior Management)
	Retention/New Hire/Off-Cycle [5]	Individual specification	Select employees to attract and retain the best talent
	Severance	Individual specification	Regulatory requirement for certain employees to defer severance payments
	Annual Award – Upfront	Vesting immediately at grant[3]	Regulated employees
2017 -2018 [4]	Annual Award	1/4: 12 months[1] 1/4: 24 months[1] 1/4: 36 months[1] 1/4: 48 months[1]	Select employees as annual performance-based compensation
		Or cliff vesting after 54 months[1]	Members of Senior Leadership Cadre
	Severance	Individual specification	Regulatory requirement for certain employees to defer severance payments
	Retention/New Hire/Off-Cycle	Individual specification	Select employees to attract and retain the best talent

1For InstVV-regulated employees (and Senior Management) a further retention period of twelve months applies (six months for awards granted from 2017-2018).
2For grant year 2019 divisions were called CIB, for grant years 2020 and 2021 CIB is split into CB/IB/CRU.
3Share delivery takes place after a further retention period of twelve months.
4Annual and Retention/New Hire awards include grants made under the Restricted Share Plan from 2018-2023.
5Off-Cycle awards granted up to 2020.

35. Share-Based Compensation Plans (continued)

Furthermore, the Deutsche Bank Group offers a broad-based employee share ownership plan entitled Global Share Purchase Plan. The Global Share Purchase Plan offers employees in specific countries the opportunity to purchase Deutsche Bank AG shares in monthly installments over one year. At the end of the purchase cycle, the Deutsche Bank Group matches the acquired stock in a ratio of one to one up to a maximum of ten free shares, provided that the employee remains at Deutsche Bank Group for another year. In total, about 12 staff enrolled in the cycle that began in November 2023.

The Deutsche Bank Group has other local share-based compensation plans, none of which, individually or in the aggregate, are material to the consolidated financial statements.

The following table sets out the movements in share award units, including grants under the cash plan variant of the Deutsche Bank Equity Plan.

Share units (in thousands)	2023	2022
Balance outstanding as of January 01	**93**	108
Granted	42	29
Released	(43)	(45)
Forfeited	(0)	(0)
Other movements	(0)	(0)
Balance outstanding as of December 31	**92**	93

The following table sets out key information regarding awards granted, released and remaining in the year.

	2023			2022		
	Weighted average fair value per award granted in year	Weighted average share price at release in year	Weighted average remaining contractual life in years	Weighted average fair value per award granted in the year	Weighted average share price at release in year	Weighted average remaining contractual life in years
DB Equity Plan	€ 9.97	€11.62	1	€ 10.16	€ 10.30	1

The grant volume of outstanding share awards was approximately RM3.97 million and RM3.54 million as of 31 December 2023 and 31 December 2022, respectively. Thereof, approximately RM3.04 million and RM3.10 million had been recognised as compensation expense in the reporting year or prior to that. Hence, compensation expense for deferred share-based compensation not yet recognised amounted to approximately RM0.93 million and RM0.44 million as of 31 December 2023 and 31 December 2022, respectively.

35. Share-Based Compensation Plans (continued)

The following table presents a breakdown of specific expenses according to the requirements of IAS 19/MFRS119 and IFRS 2/MFRS 2.

in RM m.	2023	2022
Expenses for share-based payments:	3.5	1.8
Expenses for share-based payments, equity settled[1]	0.0	0.0
Expenses for share-based payments, cash settled[1]	(0.4)	1.2
Expenses for cash retention plans[1]		

[1] Including expenses for new hire awards and the acceleration of expenses not yet amortised due to the discontinuation of employment including those amounts which are recognised as part of the Group's restructuring expenses.

Compensation expense for awards classified as equity instruments is measured at the grant date based on the fair value of the share-based award. For share awards, the fair value is the quoted market price of the share reduced by the present value of the expected dividends that will not be received by the employee and adjusted for the effect, if any, of restrictions beyond the vesting date. In case an award is modified such that its fair value immediately after modification exceeds its fair value immediately prior to modification, a remeasurement takes place and the resulting increase in fair value is recognised as additional compensation expense.

The Deutsche Bank Group records the offsetting amount to the recognized compensation expense in additional paid-in capital ("APIC"). Compensation expense is recorded on a straight-line basis over the period in which employees perform services to which the awards relate or over the period of the tranches for those awards delivered in tranches. Estimates of expected forfeitures are periodically adjusted in the event of actual forfeitures or for changes in expectations. The timing of expense recognition relating to grants which, due to early retirement provisions, include a nominal but non-substantive service period are accelerated by shortening the amortisation period of the expense from the grant date to the date when the employee meets the eligibility criteria for the award, and not the vesting date. For awards that are delivered in tranches, each tranche is considered a separate award and amortised separately.

Compensation expense for share-based awards payable in cash is remeasured to fair value at each balance sheet date and recognised over the vesting period in which the related employee services are rendered. The related obligations are included in other liabilities until paid.

36. The operations of Islamic Banking

Statement of financial position as at 31 December 2023

	Note	2023 RM'000	2022 RM'000
Assets			
Cash and short-term funds	(a)	216,147	179,099
Financial securities	(b)	-	20,005
Other assets		48	109
Total assets		216,195	199,213
Liabilities and Islamic Banking funds			
Deposits from customers	(c)	178,421	162,945
Other liabilities	(d)	32	236
Tax payable		1,110	698
Total liabilities		179,563	163,879
Capital funds		25,000	25,000
Reserves		11,632	10,334
Islamic Banking funds		36,632	35,334
Total liabilities and Islamic Banking funds		216,195	199,213
Commitments and contingencies		-	-

The notes on pages 163 to 165 are an integral part of these financial statements.

36. The operations of Islamic Banking (continued)

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

	Note	2023 RM'000	2022 RM'000
Income derived from investment of Islamic funds	(e)	4,875	3,069
Total net income		4,875	3,069
Other operating expenses		(253)	(165)
Operating profit		4,622	2,904
Allowance written back for impairment		4	5
Profit before tax		4,626	2,909
Tax expense		(1,110)	(698)
Profit for the year		3,516	2,211
Other comprehensive (loss)/income:			
Items that are or may be reclassified subsequently to profit or loss			
Movement in fair value reserve (debt securities):			
Net change in fair value		(9)	(216)
Net amount transferred to profit or loss		-	(5)
Income tax effect relating to component of other comprehensive income		2	53
Other comprehensive loss for the year		(7)	(168)
Total comprehensive income for the year		3,509	2,043

The notes on pages 163 to 165 are an integral part of these financial statements.

36 . The operations of Islamic Banking (continued)

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

	Capital funds RM'000	Other reserve RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2022	25,000	175	9,463	34,638
Profit for the year	-	-	2,211	2,211
Other comprehensive loss for the year	-	(168)	-	(168)
Total comprehensive (loss)/income for the year	-	(168)	2,211	2,043
Repayment of Islamic Banking funds	-	-	(1,347)	(1,347)
At 31 December 2022/1 January 2023	25,000	7	10,327	35,334
Profit for the year	-	-	3,516	3,516
Other comprehensive loss for the year	-	(7)	-	(7)
Total comprehensive (loss)/income for the year	-	(7)	3,516	3,509
Repayment of Islamic Banking funds	-	-	(2,211)	(2,211)
At 31 December 2023	25,000	-	11,632	36,632

The Bank transferred RM25,000,000 paid-up capital funds to the Islamic Banking window on 20 April 2009.

36. The operations of Islamic Banking (continued)

Statement of cash flows for the year ended 31 December 2023

	2023 RM'000	2022 RM'000
Cash flows from operating activities		
Profit before tax	4,626	2,909
Allowance written back for impairment	(4)	(5)
Operating profit before working capital changes	4,622	2,904
Decrease in operating assets	20,063	36
Increase/(Decrease) in operating liabilities	15,272	(63,068)
Cash generated from/(used in) operations	39,957	(60,128)
Income taxes paid	(698)	(425)
Net cash generated from/(used in) operations	39,259	(60,553)
Cash flows from financing activity		
Repayment of Islamic Banking funds	(2,211)	(1,347)
Net cash used in financing activity	(2,211)	(1,347)
Net increase/(decrease) in cash and cash equivalents	37,048	(61,900)
Cash and cash equivalents at 1 January	179,099	240,999
Cash and cash equivalents at 31 December (Note 36(a))	216,147	179,099

36. The operations of Islamic Banking (continued)

BNM had given its approval on 22 August 2007 for the Bank to conduct Islamic Banking business under Section 124 of the Banking and Financial Institutions Act, 1989 (Now repealed and replaced by the Financial Services Act, 2013).

The Board of Directors oversee the Shariah governance implementation and the Islamic business operations' overall compliance with Shariah principles.

Shariah Committee

The Shariah Committee was established under BNM's "Policy Document on the Governance of Shariah Committee for the Islamic Financial Institutions" (BNM/GPS1) to advise the Board of Directors on Shariah matters in its Islamic business operations and to provide technical assistance in ensuring the Islamic Banking products and services offered by the Bank and the relevant documentation are in compliance with Shariah principles.

Basis of measurement

The financial statements of the Islamic Banking business have been prepared on the basis consistent with that of the Group and of the Bank as disclosed in Notes 1 and 2 to the financial statements of the Group and of the Bank and have been prepared on the historical cost basis, except as mentioned in the respective accounting policy notes.

36. The operations of Islamic Banking (continued)

(a) Cash and short-term funds

	2023 RM'000	2022 RM'000
Cash and balances with banks and other financial institutions	216,147	179,099

(b) Financial securities

	2023 RM'000	2022 RM'000
Debt securities at FVOCI		
Malaysian Investment Issue	-	20,005

(c) Deposits from customers

	2023 RM'000	2022 RM'000
Demand deposits		
Qard	178,421	162,945

(d) Other liabilities

	2023 RM'000	2022 RM'000
Bills payable	32	8
Other liabilities	-	228
	32	236

(e) Income/ (Loss) derived from investment of Islamic banking funds

	2023 RM'000	2022 RM'000
Deposits or placement with BNM	6,027	3,094
Financial securities (Sukuk)	234	631
Hibah on Qard Islamic Current Account	(1,465)	(722)
Other Income	79	66
	4,875	3,069

36. The operations of Islamic Banking (continued)

(f) Shariah Committee's Remuneration

Members

	2023 RM'000	2022 RM'000
Dr Mohd Hilmi bin Ramli	-	26
Dr Uzaimah binti Ibrahim	92	25
En Ahmad Firdaus bin Kadir	66	18
Pn Zarinah binti Mohd Yusoff	66	29
	224	98

(g) Capital adequacy

The capital adequacy ratios of the Islamic Banking business of the Group and the Bank are computed in accordance with the Capital Adequacy Framework for Islamic Banks ("CAFIB"). The Group's Islamic Banking business has adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk.

Components of Tier I and Tier II capital:

	2023 RM'000	2022 RM'000
Tier 1 capital		
Capital funds	25,000	25,000
Other disclosed reserves	-	3
Retained earnings	11,632	10,327
Total common equity tier 1/Total tier 1 capital	36,632	35,330
Total Tier 2 capital	-	-
Capital base	36,632	35,330
Common equity tier 1/Tier 1 capital ratio	592.272%	783.023%
Total capital ratio	592.272%	783.023%

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

	Risk Type	Risk-Weighted Assets 2023 RM'000	Risk-Weighted Assets 2022 RM'000
1	Credit risk	-	-
2	Market risk	-	-
3	Operational risk	6,185	4,512
Total		6,185	4,512