ALLIANCE BANK

REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

ALLIANCE BANK MALAYSIA BERHAD
198201008390 (88103-W)
(Incorporated in Malaysia)

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ALLIANCE BANK MALAYSIA BERHAD
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DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Bank is principally engaged in all aspects of banking business and the provision of related financial services.

The principal activities of the subsidiaries, as set out in Note 13 to the financial statements, consist of Islamic banking, and investment banking including nominees services, investment advisory services and related financial services.

There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	GROUP RM'000	BANK RM'000
Profit before taxation	886,611	740,230
Taxation	(208,765)	(152,537)
Net profit for the financial year	677,846	587,693

RESERVES AND PROVISIONS

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

DIVIDENDS

The amounts of dividends declared and paid by the Group and the Bank since 31 March 2022 were as follows:

		RM'000
(i)	A single tier second interim dividend of 10.20 sen per share, on 1,548,105,929 ordinary shares in respect of the financial year ended 31 March 2022, was paid on 30 June 2022.	157,907
(ii)	A single tier first interim dividend of 12.00 sen per share, on 1,548,105,929 ordinary shares in respect of the financial year ending 31 March 2023, was paid on 28 December 2022.	185,773
		343,680

Subsequent to the financial year end, the Directors declared a single tier second interim dividend of 10.00 sen per share, on 1,548,105,929 ordinary shares amounting to approximately RM154,811,000 in respect of the current financial year. The accompanying financial statements do not reflect this dividend. The dividend will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 March 2024.

The Directors do not propose any final dividend in respect of the financial year ended 31 March 2023.

ISSUE OF SHARES AND DEBENTURES

There was no issuance of new shares during the financial year. The Group and the Bank made various issuance and redemption of debt securities during the financial year. The details are set out in Note 26 to the financial statements.

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

Before the financial statements of the Group and of the Bank were prepared, the Directors took reasonable steps to ascertain that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business, had been written down to an amount which the current assets might be expected so to realise.

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

VALUATION METHOD

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

CONTINGENT AND OTHER LIABILITIES

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

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

(ii) any contingent liability in respect of the Group or of the Bank which has arisen since the end of the financial year other than in the ordinary course of banking business.

No contingent or other liability of the Group or 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 affect the ability of the Group or 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

In the opinion of the Directors:

(i) the results of the operations of the Group and of the Bank during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

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

DIRECTORS

The Directors of the Bank in office during the financial year and during the period from the end of the financial year to the date of this report are:

Tan Sri Dato' Ahmad Bin Mohd Don (Chairman)
Lee Boon Huat
Wong Yuen Weng Ernest
Lee Ah Boon
Datuk Wan Azhar Bin Wan Ahmad
Tan Chian Khong
Susan Yuen Su Min
Lum Piew
Cheryl Khor Hui Peng

DIRECTORS' REMUNERATION

The Directors' remuneration for the Group and the Bank for the financial year amounted to RM4,861,000 and RM3,431,000 respectively. Details of Directors' Remuneration are set out in Note 42 to the financial statements.

DIRECTORS' BENEFITS

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 the Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate.

Since the end of the previous financial year, no Director of the Bank has received or become entitled to receive any benefit (other than benefits shown under Directors' Remuneration in Note 42 to the financial statements) by reason of a contract made by the Bank or its subsidiary 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' INTERESTS

According to the Register of Directors’ Shareholdings that is required to be kept under Section 59 of the Companies Act 2016, none of the Directors in office at the end of the financial year had any interest in shares of the Bank or its subsidiaries or its related corporations during the financial year.

BUSINESS REVIEW FOR FINANCIAL YEAR ENDED ("FYE") 31 MARCH 2023

Profitability

The Group's net profit after taxation was RM677.8 million for the financial year ended 31 March 2023, an increase of RM105.0 million or 18.3% year-on-year ("YOY"). The higher profits were largely due to higher net interest income and lower allowance for expected credit losses.

Net interest income improved by RM172.4 million or 11.6% YOY mainly due to higher loan growth and the increase in the Overnight Policy Rate ("OPR"). Net interest margin ("NIM") came in higher at 2.64% (FY2022: 2.53%).

Loan Growth

The Group's loans, advances and financing grew by 6.2% YOY to RM49.1 billion. The growth was mainly driven by the Commercial, Small and Medium Enterprises ("SME") and Consumer Banking, which grew by 14.8%, 13.1% and 5.2%, respectively.

Other Operating Income

The Group recorded other operating income of RM267.1 million, lower by RM120.3 million or 31.1% YOY. The decrease was due to lower treasury and investment income arising from the challenging investment environment, and lower brokerage income, offsetted by higher trade fees and wealth management income.

Operating Expenses

Operating expenses increased by RM58.4 million or 7.1% YOY, mainly from the continued investments in the sales force, marketing cost and establishment costs. The cost-to-income ratio ("CIR") stood at 45.9% (FY2022: 44.1%).

The Group will continue to be vigilant in managing the cost in the coming financial year.

Asset Quality

The Group's allowance for expected credit losses on loans, advances, financing and other financial assets recorded a net charge of RM151.9 million, a decrease of RM65.5 million or 30.1% YOY. The net credit cost was at 31.9bps (FY2022: 48.1bps). Loan loss coverage (including regulatory reserves) was at 123.7% (FY2022: 141.5%).

Healthy Funding and Liquidity Position

The Group maintained a high current account/savings account ("CASA") ratio of 41.9%. Its customer-based funding stood at RM52.5 billion. Through our funding strategy, the Group's liquidity coverage and loans-to-funds ratios stood at 161.9% and 87.4%, respectively.

The Group will continue to maintain ample liquidity ratios and ensure sufficient liquidity buffers.

BUSINESS REVIEW FOR FINANCIAL YEAR ENDED ("FYE") 31 MARCH 2023 (CONTD.)

Proactive Capital Management

We continued to maintain one of the strongest capital levels in the industry, with Common Equity Tier-1 (“CET 1”) ratio at 14.5%, Tier-1 Capital Ratio at 15.3% and Total Capital Ratio at 19.4%.

The Group declared a second interim dividend of 10.0 sen per share in respect of the financial year ended 31 March 2023.

Performance by business segment and subsidiary

The Group’s business segments comprise Consumer Banking, Business Banking, Financial Markets and Stockbroking and Corporate Advisory.

The Consumer Banking segment recorded a profit before tax of RM156.6 million, an increase of RM141.8 million YOY. Net income was higher by RM76.7 million or 13.3% to RM653.3 million mainly due to the increase in net interest income by RM89.8 million, offset by lower other operating income by RM13.1 million. Operating expenses were higher by RM53.7 million or 14.2%. Allowance for expected credit losses was lower by RM118.8 million. The segment assets recorded at RM24.7 billion.

The Business Banking segment, comprising corporate, commercial and SME banking, recorded a profit before tax of RM477.8 million, an increase of RM56.5 million or 13.4% YOY. Net income increased by RM134.4 million or 17.4% to RM905.4 million due to higher net interest income by RM125.4 million and higher other operating income by RM9.0 million. Operating expenses increased by RM24.9 million or 7.9%. Allowance for expected credit losses was higher by RM53.1 million. Segment assets recorded at RM25.0 billion.

The Financial Markets segment recorded a profit before tax of RM282.2 million, a decrease of RM143.1 million or 33.6% YOY. Net income was lower by RM143.7 million or 30.6% due to lower net interest income and other operating income. Operating expenses increased by RM0.1 million or 0.2%. Segment assets recorded at RM17.3 billion.

The Stockbroking and Corporate Advisory segment recorded a loss before tax of RM1.0 million mainly due to lower brokerage fees resulting from the disposal of the stockbroking business.

The Islamic Banking segment, which consists of consumer banking, business banking and financial markets, recorded a net profit after taxation of RM162.2 million, representing an increase of RM37.2 million or 29.8% YOY due to higher revenue from net profit income. Net income was higher by RM51.8 million or 13.4%. Net profit income was higher by RM65.4 million while other operating income was lower by RM13.6 million. Operating expenses increased by RM21.2 million or 15.7%. Allowance for expected credit losses stood at RM68.7 million. Total assets stood at RM16.3 billion.

ECONOMIC AND BUSINESS OUTLOOK FOR NEXT FINANCIAL YEAR

For 2023, Bank Negara Malaysia (“BNM") forecasts Malaysia’s gross domestic product (“GDP”) growth to range between 4% and 5%, compared to a growth of 8.7% in the preceding year.

We expect Malaysia’s economic growth trajectory to be supported by sustained domestic demand due to the continued improvement of the labour market conditions. We believe that further normalisation to the OPR will continue this year as the existing OPR of 2.75% remains below the pre-pandemic level.

Nevertheless, we remain cautious and mindful of downside risks to growth stemming from external uncertainties especially escalating geopolitical tensions and tightening financial conditions.

Notwithstanding the above, the Group expects to continue a positive financial performance going into FY2024 and remains on track in fulfilling the growth ambitions under ACCELER8. The Group will broaden its focus and expand into new areas beyond SME to accelerate its growth and pay more attention to consumer banking, wealth management and Islamic Banking. The Group will also continue to build strategic partnerships to widen its product offering and distribution, create more value for its customers and expand its business presence in fast-growing states and secondary cities to capture the growth opportunities of these economic corridors.

With prudent loans growth above the industry average, strong credit risk management, controlled loan loss provisions, strengthening the deposit/CASA proposition and cost management, the Group aims to launch itself into the top quartile in the industry for Return on Equity.

RATING BY EXTERNAL RATING AGENCY

The Bank is rated by RAM Rating Services Berhad ("RAM"). Based on RAM's rating in November 2022, the Bank's short-term and long-term ratings are reaffirmed at P1 and A1 respectively. RAM has classified these rating categories as follows:

P1 - Financial institutions in this category have superior capacities for timely payments of obligations.

A1 - Financial institutions rated in this category are adjudged to offer adequate safety for timely payments of financial obligations. This level of rating indicates financial institutions with adequate credit profiles, but possess one or more problem areas, giving rise to the possibility of future riskiness. Financial institutions rated in this category have generally performed at industry average and are considered to be more vulnerable to changes in economic conditions than those rated in the higher categories.

SUBSIDIARIES

Details of subsidiaries are set out in Note 13 to the financial statements.

AUDITORS' REMUNERATION

Total auditors' remuneration for the Group and the Bank for the financial year ended 31 March 2023 are RM3,029,000 and RM2,241,000 respectively. Details of auditors' remuneration are set out in Note 33 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 51 to the financial statements.

SUBSEQUENT EVENTS

The events subsequent to the end of the financial reporting period are disclosed in Note 52 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to continue in office.

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

Ahmad Bin Mohd Don　　　　**Tan Chian Khong**

Kuala Lumpur, Malaysia
31 May 2023

ALLIANCE BANK MALAYSIA BERHAD
198201008390 (88103-W)
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Ahmad Bin Mohd Don and Tan Chian Khong, being two of the Directors of Alliance Bank Malaysia Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 15 to 173 are drawn up so as to give a true and fair view of the financial position of the Group and of the Bank as at 31 March 2023 and the financial performance of the Group and of the Bank for the financial year ended 31 March 2023 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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

Ahmad Bin Mohd Don

Tan Chian Khong

Kuala Lumpur, Malaysia
31 May 2023

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, Ronnie Royston Fernandiz, being the officer primarily responsible for the financial management of Alliance Bank Malaysia Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 15 to 173 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the
abovenamed Ronnie Royston Fernandiz
at Kuala Lumpur in the Federal Territory on
31 May 2023

Ronnie Royston Fernandiz
MIA Membership No. (CA 13837)

Before me,

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ALLIANCE BANK MALAYSIA BERHAD
(Incorporated in Malaysia)
(Company No: 198201008390 (88103-W))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

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

What we have audited

We have audited the financial statements of the Group and of the Bank, which comprise the statements of financial position as at 31 March 2023 of the Group and of the Bank, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 15 to 173.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

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

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and the Bank. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Bank, the accounting processes and controls, and the industry in which the Group and the Bank operate.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ALLIANCE BANK MALAYSIA BERHAD (CONTD.)
(Incorporated in Malaysia)
(Company No: 198201008390 (88103-W))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTD.)

<u>Key audit matters</u>

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Bank for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Bank as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Allowance for impairment on loans, advances and financing	
Refer to accounting policy 2(a)(ii), 2(k)(i) and Notes 10 of the Financial Statements of the Group and of the Bank. MFRS 9 introduces an expected credit loss ("ECL") impairment model, which requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. This is a complex accounting standard which has required considerable judgement and estimates in its implementation. In particular, the significant judgements in applying the accounting requirements for measuring ECL include the following: • The models are inherently complex and judgement is applied in determining the appropriate construct of the model; • Identification of loans, advances and financing that have experienced a significant increase in credit risk; and • Assumptions used in the ECL models such as expected future cash flows, forward-looking macroeconomic factors and data sets to be used as inputs to the models.	We obtained an understanding and tested management's controls over identification of loans, advances and financing that have experienced significant increase in credit risk or objective evidence of impairment in accordance with the Group's policy and procedures, and the calculation of ECL provisions. We tested a sample of loans, advances and financing and assessed the reasonableness of management's judgement that there was no significant increase in credit risk or objective evidence of impairment for these loans. Where objective evidence of impairment was identified by the Group and impairment loss was individually calculated, we examined both the quantum and timing of future cash flows used by the Group in the impairment loss calculation, challenged the assumptions and compared the assumptions to external evidence where available. Calculations of the discounted cash flows were also re-performed. For staging and identification of exposures with significant increase in credit risk, we assessed and tested the reasonableness of the transfer criteria applied by the Group for different types of credit exposures. We evaluated if the transfer criteria are consistent with the Group's policy and credit risk management practices. To determine the appropriateness of models implemented by the Group, we have: • Assessed the methodologies inherent within the ECL models applied against the requirements of MFRS 9; • Tested the design and operating effectiveness of the controls relating to: - Governance over ECL model and methodology; - Data used to determine the allowances for credit losses; and - Calculation, review and approval of the ECL calculation. • Assessed and tested the significant modelling assumptions; • Assessed and considered reasonableness of forward-looking forecasts assumptions. In assessing the appropriateness of management's forecast economic conditions, we have checked to independent sources to determine whether the macro-economic information is supportable and reasonable at the reporting date of the Group's financial statements. We have also checked the reasonableness of the probability weightage accorded to the economic scenarios; • Checked the accuracy of data and calculation of the ECL amount, on a sample basis and assessed the reasonableness of the overlay adjustment to the ECL; and • Assessed whether the disclosures in the financial statements appropriately reflect the Group's credit risk exposures. Based on the procedures performed, we did not find any material exceptions to the Group's assessment on impairment of loans, advances and financing.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ALLIANCE BANK MALAYSIA BERHAD (CONTD.)
(Incorporated in Malaysia)
(Company No: 198201008390 (88103-W))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTD.)

Key audit matters (contd.)

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matters</th></tr>
<tr><td colspan="2">Impairment testing of goodwill</td></tr>
<tr><td>Refer to accounting policy 2(a)(i), 2(k)(ii)(a) and Note 18 of the Financial Statements of the Group and of the Bank.

Management performed annual impairment assessment on goodwill.

The recoverable amount of each cash generating units (“CGU”) of which goodwill has been allocated was determined based on the value-in-use method. The value-in-use was determined using cash flow projections based on the financial budget and business plans approved by the Board of Directors, each of which is dependent on significant management judgement and can be influenced by management bias.

In particular, we focused on the following key assumptions that requires significant judgement, for each CGU:

• The annual growth rates in the cash flow projections;
• The terminal growth rate; and
• The discount rate.</td><td>We tested management’s impairment assessment of goodwill as follows:

• Compared the cash flow projection of each CGU to approved budgets and business plans for each CGU.

• Compared historical cash flow projections to actual results of each CGU to assess the reasonableness of forecasting.

• Assessed the reasonableness of the annual growth rates used in the cash flow projections of each CGU.

• Assessed the reasonableness of the applied discount rates by comparing to external and industry information. The applied discount rates reflect the specific riks relating to each CGU where the risk associated to each CGU is determined based on the CGU's business and operating model.

• Assessed the reasonableness of the multiple probability weighted scenarios applied to the cash flow assumptions.

• Evaluated reasonableness of terminal growth rates used by comparing to Malaysia’s forecasted GDP rate.

• Independently performed sensitivity analysis to assess the potential impact of a reasonable possible change of the key assumptions on the recoverable amount of each CGUs.

• Reviewed the adequacy of the Group’s and of the Bank’s disclosures within the financial statements about these assumptions to which the outcome of the impairment test is most sensitive.

Based on the evidence obtained, we found that the assumptions used by management in the value-in-use calculation were within a reasonable range.</td></tr>
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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ALLIANCE BANK MALAYSIA BERHAD (CONTD.)
(Incorporated in Malaysia)
(Company No: 198201008390 (88103-W))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTD.)

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:

(i) Financial Highlights
(ii) Statement by Chairman of Alliance Bank Group
(iii) Management Discussion and Analysis
(iv) Statement on Corporate Governance
(v) Sustainability Statement
(vi) Audit Committee Report
(vii) Statement on Risk Management and Internal Control
(viii) Risk Management
(ix) Directors' Report
(x) Basel II Pillar 3 Report Disclosure

but does not include the financial statements of the Group and of the Bank and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the financial statements

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTD.)

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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

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

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ALLIANCE BANK MALAYSIA BERHAD (CONTD.)
(Incorporated in Malaysia)
(Company No: 198201008390 (88103-W))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTD.)

Auditors' responsibilities for the audit of the financial statements (Contd.)

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Bank for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
(No. LLP0014401-LCA & AF 1146)
Chartered Accountants

ONG CHING CHUAN
02907/11/2023 J
Chartered Accountant

Kuala Lumpur
31 May 2023

ALLIANCE BANK MALAYSIA BERHAD
198201008390 (88103-W)
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023

		GROUP		BANK	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds	3	3,570,656	3,228,574	2,425,584	1,805,402
Deposits and placements with banks and other financial institutions	4	88,553	168,184	88,553	168,184
Amounts due from clients and brokers	5	-	55,040	-	-
Financial assets at fair value through profit or loss	6	265,198	541,615	265,198	467,261
Financial investments at fair value through other comprehensive income	7	8,484,398	9,119,699	6,182,516	6,739,619
Financial investments at amortised cost	8	3,398,514	2,129,608	3,136,889	2,244,436
Derivative financial assets	9	221,141	86,294	223,637	86,294
Loans, advances and financing	10	47,926,003	45,123,745	35,790,763	33,608,197
Other assets	11	548,647	470,102	689,276	526,064
Tax recoverable		20,712	11,554	1,574	-
Statutory deposits	12	979,601	99,536	728,111	68,999
Investments in subsidiaries	13	-	-	883,013	1,109,102
Investment in joint venture	14	1,094	1,048	-	-
Right-of-use assets	15	108,980	121,931	108,980	121,701
Property, plant and equipment	16	57,653	55,433	57,344	54,846
Deferred tax assets	17	198,920	203,285	141,327	143,544
Intangible assets	18	440,438	432,205	338,321	330,151
TOTAL ASSETS		66,310,508	61,847,853	51,061,086	47,473,800
LIABILITIES AND EQUITY					
Deposits from customers	19	50,849,030	48,186,371	36,896,353	35,531,268
Deposits and placements of banks and other financial institutions	20	1,719,284	1,688,994	1,536,202	1,337,749
Amounts due to clients and brokers	21	-	28,404	-	-
Financial liabilities designated at fair value through profit or loss	22	1,785,157	1,025,196	1,785,157	1,025,196
Obligations on securities sold under repurchase agreements		675,640	-	675,640	-
Derivative financial liabilities	9	366,140	212,588	366,165	212,588
Recourse obligations on loans and financing sold to Cagamas	23	321,484	650,564	221,352	300,115
Lease liabilities	24	113,251	125,475	113,251	125,249
Other liabilities	25	2,161,441	1,895,183	2,011,672	1,689,341
Provision for taxation		-	44,029	-	42,500
Provision for zakat		930	1,162	-	-
Deferred tax liabilities	17	-	426	-	-
Subordinated obligations	26	1,571,502	1,572,785	1,471,252	1,472,454
TOTAL LIABILITIES		59,563,859	55,431,177	45,077,044	41,736,460
Share capital	27	1,548,106	1,548,106	1,548,106	1,548,106
Reserves	28	5,198,543	4,868,570	4,435,936	4,189,234
TOTAL EQUITY		6,746,649	6,416,676	5,984,042	5,737,340
TOTAL LIABILITIES AND EQUITY		66,310,508	61,847,853	51,061,086	47,473,800
COMMITMENTS AND CONTINGENCIES	45	46,224,471	33,911,195	43,325,562	31,158,471
Net assets per share attributable to equity holders of the Bank (RM)		4.36	4.14		

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

STATEMENTS OF INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

		GROUP		BANK	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
Interest income	29	1,975,782	1,684,496	1,944,850	1,645,843
Interest expense	30	(745,683)	(562,855)	(740,581)	(552,906)
Net interest income		1,230,099	1,121,641	1,204,269	1,092,937
Net income from Islamic banking business	31	452,806	397,515	-	-
		1,682,905	1,519,156	1,204,269	1,092,937
Fee and commission income		215,829	264,739	209,468	219,847
Fee and commission expense		(104,986)	(103,265)	(102,503)	(89,405)
Investment income		90,403	157,942	175,710	184,010
Other income		35,651	29,084	32,538	29,410
Other operating income	32	236,897	348,500	315,213	343,862
Net income		1,919,802	1,867,656	1,519,482	1,436,799
Other operating expenses	33	(881,353)	(822,940)	(696,667)	(635,408)
Operating profit before allowances		1,038,449	1,044,716	822,815	801,391
Allowance for expected credit losses on loans, advances and financing and other financial assets	34	(152,344)	(217,235)	(82,530)	(144,525)
Write-back of/(allowance for) expected credit losses on financial investments	35	460	(174)	(55)	(357)
Operating profit after allowances		886,565	827,307	740,230	656,509
Share of results of joint venture	14	46	54	-	-
Profit before taxation		886,611	827,361	740,230	656,509
Taxation	36	(208,765)	(254,544)	(152,537)	(192,293)
Net profit for the financial year		677,846	572,817	587,693	464,216
Net profit for the financial year attributable to:					
Equity holders of the Bank		677,846	572,817	587,693	464,216
Earnings per share attributable to:	37				
Equity holders of the Bank					
- Basic (sen)		43.8	37.0		
- Diluted (sen)		43.8	37.0		

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

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STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	GROUP		BANK	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Net profit for the financial year	677,846	572,817	587,693	464,216
Other comprehensive (expense)/income:				
Items that may be reclassified subsequently to profit or loss:				
Revaluation reserve on financial investments at fair value through other comprehensive income ("FVOCI")	(4,446)	(195,547)	2,436	(133,181)
- Net (loss)/gain from change in fair values	(1,733)	(201,026)	5,746	(151,975)
- Realised gain transferred to statements of income on disposal	(3,690)	(57,056)	(2,324)	(23,785)
- Transfer from/(to) deferred tax	1,302	61,939	(821)	42,182
- Changes in expected credit losses	(325)	596	(165)	397
Net change in cash flow hedges	253	(253)	253	(253)
- Change in cash flow hedges	333	(333)	333	(333)
- Transfer from deferred tax	(80)	80	(80)	80
Other comprehensive (expense)/income, net of tax	(4,193)	(195,800)	2,689	(133,434)
Total comprehensive income for the financial year	673,653	377,017	590,382	330,782
Total comprehensive income for the financial year attributable to:				
Equity holders of the Bank	673,653	377,017	590,382	330,782

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

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STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	<-----Attributable to equity holders of the Bank						---->
	Share capital	Regulatory reserves	Capital reserves	FVOCI reserves	Hedging reserves	Retained profits	Total equity
GROUP	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2022	1,548,106	47,686	100,150	(144,227)	(253)	4,865,214	6,416,676
Net profit for the financial year	-	-	-	-	-	677,846	677,846
Other comprehensive (expense)/income	-	-	-	(4,446)	253	-	(4,193)
Total comprehensive (expense)/income	-	-	-	(4,446)	253	677,846	673,653
Transfer to regulatory reserves	-	209,555	-	-	-	(209,555)	-
Dividends paid to shareholders (Note 38)	-	-	-	-	-	(343,680)	(343,680)
At 31 March 2023	1,548,106	257,241	100,150	(148,673)	-	4,989,825	6,746,649
At 1 April 2021	1,548,106	86,440	100,150	51,320	-	4,471,771	6,257,787
Net profit for the financial year	-	-	-	-	-	572,817	572,817
Other comprehensive expense	-	-	-	(195,547)	(253)	-	(195,800)
Total comprehensive (expense)/income	-	-	-	(195,547)	(253)	572,817	377,017
Transfer from regulatory reserves	-	(38,754)	-	-	-	38,754	-
Dividends paid to shareholders (Note 38)	-	-	-	-	-	(218,128)	(218,128)
At 31 March 2022	1,548,106	47,686	100,150	(144,227)	(253)	4,865,214	6,416,676

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

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STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (CONTD.)

	← Non-distributable reserves				→	Distributable reserves	
BANK	Share capital RM'000	Regulatory reserves RM'000	Capital reserves RM'000	FVOCI reserves RM'000	Hedging reserves RM'000	Retained profits RM'000	Total equity RM'000
At 1 April 2022	1,548,106	41,641	15,515	(138,088)	(253)	4,270,419	5,737,340
Net profit for the financial year	-	-	-	-	-	587,693	587,693
Other comprehensive income	-	-	-	2,436	253	-	2,689
Total comprehensive income	-	-	-	2,436	253	587,693	590,382
Transfer to regulatory reserves	-	190,216	-	-	-	(190,216)	-
Dividends paid to shareholders (Note 38)	-	-	-	-	-	(343,680)	(343,680)
At 31 March 2023	1,548,106	231,857	15,515	(135,652)	-	4,324,216	5,984,042
At 1 April 2021	1,548,106	80,006	15,515	(4,907)	-	3,985,966	5,624,686
Net profit for the financial year	-	-	-	-	-	464,216	464,216
Other comprehensive expense	-	-	-	(133,181)	(253)	-	(133,434)
Total comprehensive (expense)/income	-	-	-	(133,181)	(253)	464,216	330,782
Transfer from regulatory reserves	-	(38,365)	-	-	-	38,365	-
Dividends paid to shareholders (Note 38)	-	-	-	-	-	(218,128)	(218,128)
At 31 March 2022	1,548,106	41,641	15,515	(138,088)	(253)	4,270,419	5,737,340

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

ALLIANCE BANK MALAYSIA BERHAD
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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	GROUP		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	886,611	827,361	740,230	656,509
Adjustments for:				
Accretion of discount less amortisation of premium of financial investments	(25,112)	604	(26,393)	(34)
Allowance for expected credit losses on loans, advances and financing	164,685	233,995	94,623	139,937
Allowance for/(write-back of) expected credit losses on commitments and contingencies	4,499	(24,827)	4,780	(5,041)
(Write-back of)/allowance for expected credit losses on financial investments	(460)	174	55	357
Allowance for expected credit losses on amounts due from clients and brokers	-	3	-	-
Allowance for expected credit losses on other receivables	4,276	2,800	3,153	3,364
Allowance for/(write-back of) expected credit losses on short-term funds	-	(12)	-	(12)
(Write-back of)/allowance for expected credit losses on deposits and placements with banks	(8)	4	(8)	4
Amortisation of computer software	47,900	45,063	46,939	43,987
Depreciation of property, plant and equipment	20,138	19,844	19,848	18,923
Depreciation of right-of-use assets	25,910	25,520	25,882	25,448
Dividends from financial assets at fair value through profit or loss	(2,301)	(1,377)	(1,940)	(796)
Dividends from subsidiaries	-	-	(84,507)	(48,253)
Interest expense on lease liabilities	5,534	6,301	5,539	6,292
Interest expense on securities sold under repurchase agreement	7,024	-	7,024	-
Interest expense on subordinated obligations	64,004	61,496	64,184	61,701
Interest expense on recourse obligation on loans and financing sold to Cagamas	13,675	13,591	13,675	13,591
Interest income from financial investments at amortised cost	(85,280)	(72,494)	(91,170)	(79,644)
Interest income from financial investments at fair value through other comprehensive income	(267,572)	(284,163)	(247,885)	(261,421)
Computer software written-off	6	368	1	368
Gain on disposal of property, plant and equipment	(80)	-	(80)	-
Property, plant and equipment written-off	112	3	77	3
Net gain from sale of financial assets at fair value through profit or loss	(9,580)	(4,529)	(5,977)	(4,149)
Cash flows from operating activities carried forward	853,981	849,725	568,050	571,134

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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (CONTD.)

	GROUP		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONTD.)				
Cash flow from operating activities brought forward	853,981	849,725	568,050	571,134
Net gain from sale of financial investments at fair value through other comprehensive income	(2,213)	(40,850)	(2,324)	(23,785)
Net gain from sale of other investments	(1,482)	-	(1,482)	-
Unrealised loss arising from derivative instruments	38,583	128,934	33,930	128,934
Unrealised loss/(gain) arising from hedging activities	333	(333)	333	(333)
Unrealised gain arising from financial assets at fair value through profit or loss	(17,889)	(26,987)	(17,889)	(22,828)
Unrealised loss/(gain) arising from financial liabilities designated at fair value through profit or loss	22,989	(110,171)	22,989	(110,171)
Share of results of joint venture	(46)	(54)	-	-
Zakat	885	503	-	-
Cash flows from operating activities before working capital changes	895,141	800,767	603,607	542,951
Changes in working capital:				
Amounts due from clients and brokers	26,639	14,986	-	-
Deposits from customers	2,662,659	(302,142)	1,365,085	(619,048)
Deposits and placements of banks and other financial institutions	30,290	296,342	198,453	678,372
Deposits and placements with banks and other financial institutions	79,639	(126,711)	79,639	(126,711)
Financial assets at fair value through profit or loss	299,726	(278,670)	221,769	(279,051)
Financial liabilities designated at fair value through profit or loss	736,972	662,672	736,972	662,672
Loans, advances and financing	(2,966,943)	(2,124,235)	(2,277,189)	(1,353,007)
Other assets	(85,387)	(179,045)	(93,095)	(179,804)
Other liabilities	261,624	373,640	317,411	371,913
Obligations on securities sold under repurchase agreements	675,242	-	675,242	-
Statutory deposits	(880,065)	(11,524)	(659,112)	575
Cash generated from/(used in) operating activities	1,735,537	(873,920)	1,168,782	(301,138)
Taxation paid	(254,242)	(191,545)	(192,487)	(146,277)
Zakat paid	(1,117)	(188)	-	-
Net cash generated from/(used in) operating activities	1,480,178	(1,065,653)	976,295	(447,415)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (CONTD.)

	GROUP		BANK	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividends from subsidiaries	-	-	84,507	48,253
Dividends from financial assets at fair value through profit or loss	2,301	1,377	1,940	796
Interest received from financial assets at fair value through profit or loss	4,160	6,494	4,160	6,494
Interest received from financial investments at fair value through other comprehensive income	275,175	295,582	253,402	266,892
Interest received from financial investments at amortised cost	72,456	73,722	79,690	80,099
Interest (paid)/received for derivative instruments	(19,878)	1,685	(17,696)	1,685
Purchase of computer software	(56,160)	(46,377)	(55,110)	(45,502)
Purchase of property, plant and equipment	(22,929)	(18,016)	(22,770)	(17,842)
Proceeds from disposal of property, plant and equipment	539	-	427	-
Proceeds from disposal of computer software	21	-	-	-
Proceeds from subsidiary capital repatriation	-	-	150,000	-
Purchase of:				
- financial investments at fair value through other comprehensive income	(570,139)	(1,043,704)	(1,295,139)	(776,850)
- financial investments at amortised cost	(1,405,723)	-	(1,041,745)	-
Redemption/disposal of:				
- financial investments at fair value through other comprehensive income	1,180,875	2,101,467	1,840,001	1,165,733
- financial investments at amortised cost	190,122	158,042	200,899	67,866
Net cash (used in)/generated from investing activities	(349,180)	1,530,272	182,566	797,624
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid to shareholders of the company	(343,680)	(218,128)	(343,680)	(218,128)
Interest paid on obligation on securities sold under repurchase agreement	(6,626)	-	(6,626)	-
Interest paid on subordinated obligations	(65,287)	(61,429)	(65,386)	(61,225)
Interest paid on recourse obligation on loans and financing sold to Cagamas	(12,694)	(13,526)	(12,402)	(13,576)
Repayment of lease liabilities	(30,568)	(31,207)	(30,549)	(31,121)
Repayment of recourse obligations on loans and financing sold to Cagamas	(330,061)	-	(80,036)	-
Net cash used in financing activities	(788,916)	(324,290)	(538,679)	(324,050)

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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (CONTD.)

	GROUP		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES (CONTD.)				
Net change in cash and cash equivalents	342,082	140,329	620,182	26,159
Cash and cash equivalents at beginning of financial year	3,228,574	3,088,245	1,805,402	1,779,243
Cash and cash equivalents at end of financial year	3,570,656	3,228,574	2,425,584	1,805,402
Cash and cash equivalents comprise the following:				
Cash and short-term funds (Note 3)	3,570,656	3,228,574	2,425,584	1,805,402

A reconciliation of liabilities from financing activities to the statements of financial position and statements of cash flows as follows:

	Recourse obligations on loans and financing sold to Cagamas	Lease liabilities	Subordinated obligations	Obligations on securities sold under repurchase agreement	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
GROUP					
At 1 April 2022	650,564	125,475	1,572,785	-	2,348,824
Cash flow					
- Redemption	(330,061)	-	-	675,242	345,181
- Interest payment	(12,694)	-	(65,287)	(6,626)	(84,607)
- Repayment of lease liabilities	-	(30,568)	-	-	(30,568)
Non-cash changes					
- Interest accrued	13,675	5,534	64,004	7,024	90,237
- Additions, remeasurement and termination of contracts	-	12,810	-	-	12,810
At 31 March 2023	321,484	113,251	1,571,502	675,640	2,681,877

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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (CONTD.)

A reconciliation of liabilities from financing activities to the statements of financial position and statements of cash flows as follows: (contd.)

	Recourse obligations on loans and financing sold to Cagamas	Lease liabilities	Subordinated obligations	Total
	RM'000	RM'000	RM'000	RM'000
GROUP				
At 1 April 2021	650,499	123,494	1,572,718	2,346,711
Cash flow				
- Interest payment	(13,526)	-	(61,429)	(74,955)
- Repayment of lease liabilities	-	(31,207)	-	(31,207)
Non-cash changes				
- Interest accrued	13,591	6,301	61,496	81,388
- Additions, remeasurement and termination of contracts	-	26,887	-	26,887
At 31 March 2022	650,564	125,475	1,572,785	2,348,824

	Recourse obligations on loans and financing sold to Cagamas	Lease liabilities	Subordinated obligations	Obligations on securities sold under repurchase agreement	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
BANK					
At 1 April 2022	300,115	125,249	1,472,454	-	1,897,818
Cash flow					
- Redemption	(80,036)	-	-	675,242	595,206
- Interest payment	(12,402)	-	(65,386)	(6,626)	(84,414)
- Repayment of lease liabilities	-	(30,549)	-	-	(30,549)
Non-cash changes					
- Interest accrued	13,675	5,539	64,184	7,024	90,422
- Additions, remeasurement and termination of contracts	-	13,012	-	-	13,012
At 31 March 2023	221,352	113,251	1,471,252	675,640	2,481,495

	Recourse obligations on loans and financing sold to Cagamas	Lease liabilities	Subordinated obligations	Total
	RM'000	RM'000	RM'000	RM'000
BANK				
At 1 April 2021	300,100	123,475	1,471,978	1,895,553
Cash flow				
- Interest payment	(13,576)	-	(61,225)	(74,801)
- Repayment of lease liabilities	-	(31,121)	-	(31,121)
Non-cash changes				
- Interest accrued	13,591	6,292	61,701	81,584
- Additions, remeasurement and termination of contracts	-	26,603	-	26,603
At 31 March 2022	300,115	125,249	1,472,454	1,897,818

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The Bank is principally engaged in all aspects of banking business and the provision of related financial services.

The principal activities of the subsidiaries are Islamic banking, and investment banking including nominees services, investment advisory services and related financial services.

The Bank is a public limited liability company, incorporated and domiciled in Malaysia. The registered office is located at 3rd Floor, Menara Multi-Purpose, Capital Square, No 8 Jalan Munshi Abdullah, 50100 Kuala Lumpur, Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 31 May 2023.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

Malaysian Financial Reporting Standards ("MFRS") Framework

The financial statements of the Group and the Bank have been prepared in accordance with MFRS, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and the Bank have been prepared under the historical cost convention, as modified by the financial investments at fair value through other comprehensive income and financial assets/liabilities (including derivative instruments) at fair value through profit or loss.

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

The financial statements are presented in Ringgit Malaysia ("RM") and all numbers are rounded to the nearest thousand (RM'000), unless otherwise stated.

The preparation of the financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires the Directors to exercise their judgement in the process of applying the Group's and the Bank's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(a) Basis of Preparation (contd.)

Malaysian Financial Reporting Standards ("MFRS") Framework (contd.)

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are described in the following notes:

(i) Annual testing for impairment of goodwill (Note 18) - the measurement of the recoverable amount of cash-generating units is determined based on the value-in-use method, which requires the use of estimates for cash flow projections approved by the Board of Directors covering a 4-year period, estimated growth rates for cash flows beyond the fourth year are extrapolated in perpetuity and discount rates are applied to the cash flow projections. A sensitivity assessment has been performed by stressing of the estimated growth rates and discount rates by a certain percentage.

(ii) The measurement of allowance for expected credit losses ("ECL") for financial assets measured at amortised cost and at fair value through other comprehensive income. These are the areas that require the use of significant assumptions about future economic conditions and credit behaviour.

The allowance for ECL is recognised using forward-looking information including macroeconomic factors. Using forward-looking information will increase the level of judgement as to how changes in these macroeconomic factors will affect the allowance for ECL. The methodology and assumptions including any forecasts of future economic conditions will continue to be monitored and reviewed.

The sensitivity effect on the macroeconomic factor is further disclosed in Note 43(a)(vi).

Some of the areas of significant judgements involved in the measurement of ECL are detailed as follows:

- Significant increase in credit risk and further disclosure in Note 43(a)(iv)(a);
- Development of ECL models and assumption for the measurement of ECL;
- Determining the number and relative weightings of forward-looking scenarios; and
- Establishing groups of similar financial assets for the purpose of measuring ECL on a collective basis.

The Group and the Bank have also applied overlays and post model adjustments to determine a sufficient overall level of allowance for ECL as at 31 March 2023. The basis is further disclosed in Note 43(a)(vii).

Standards, amendments to published standards and interpretations that are effective and applicable to the Group and the Bank

The new accounting standards, amendments and improvements to published standards and interpretations that are effective for the Group and the Bank for the financial year beginning on 1 April 2022 are as follows:

- Amendment to MFRS 16 "COVID-19-Related Rent Concessions beyond 30 June 2021"
- Amendments to MFRS 3 "Reference to the Conceptual Framework"
- Amendments to MFRS 116 "Proceeds before Intended Use"
- Amendments to MFRS 137 "Onerous Contracts - Cost of Fulfilling a Contract"
- Annual Improvements to MFRS 9 "Fees in the 10% Test for Derecognition of Financial Liabilities"
- Annual Improvements to MFRS 1 "Subsidiary as First-time Adopter"
- Annual Improvements to Illustrative Example accompanying MFRS 16 Leases: Lease Incentives

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(a) Basis of Preparation (contd.)

Standards, amendments to published standards and interpretations that are effective and applicable to the Group and the Bank (contd.)

The adoption of the above standards, amendments to published standards and interpretations to existing standards did not have any significant impact on the financial statements of the Group and the Bank.

Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective

The Group and the Bank will apply the new standards, amendments to standards and interpretations in the following period:

Financial year beginning after 1 April 2023

(i) Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108 on "Disclosure of Accounting Policies" and "Definition of Accounting Estimates"

- Amendments to MFRS 101, MFRS Practice Statement 2 "Disclosure of Accounting Policies"

  The amendments require entities to disclose their material rather than their significant accounting policies. The amendments define what is "material accounting policy information" and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

  To support this amendment, the Malaysian Accounting Standards Board ("MASB") also amended MFRS Practice Statement 2 "Making Materiality Judgements" to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

- Amendments to MFRS 108 "Definition of Accounting Estimates"

  The amendments redefined accounting estimates as "monetary amount in financial statements that are subject to measurement uncertainty". These amendments provide clarity on how to distinguish changes in accounting policies from changes in accounting estimates. The amendments clarify that effects of a change in an input or measurement technique used to develop an accounting estimate is a change in accounting estimate if the changes do not arise from prior period errors.

  The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(a) Basis of Preparation (contd.)

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

The Group and the Bank will apply the new standards, amendments to standards and interpretations in the following period: (contd.)

Financial year beginning after 1 April 2023 (contd.)

(ii) Amendments to MFRS 112 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The amendments clarify that the initial exemption rule does not apply to transactions where both an asset and a liability are recognised at the same time such as leases and decommissioning obligations. Accordingly, entities are required to recognise both deferred tax assets and liabilities for all deductible and taxable temporary differences arising from such transactions.

Financial year beginning after 1 April 2024

(i) Amendments to MFRS 101 "Classification of Liabilities as Current or Non-current"

The amendments clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date. A loan is classified as non-current if a covenant is breached after the reporting date.

In addition, the amendments clarify that when a liability could be settled by the transfer of an entity’s own equity instruments (e.g. a conversion option in a convertible bond), the conversion option that is not an equity instrument as defined in MFRS 132 "Financial Instruments: Presentation" is considered in the current or non-current classification of the convertible instrument.

The amendments shall be applied retrospectively.

(ii) Amendments to MFRS 16 "Lease Liability in a Sale and Leaseback"

The amendments specify the measurement of the lease liability arising in a sale and leaseback transaction that satisfies the requirements in MFRS 15 “Revenue from Contracts with Customers” is to be accounted for as a sale. In accordance with the amendments, the seller-lessee shall determine the “lease payments” or “revised lease payments” in a way that it does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use it retains.

The amendments shall be applied retrospectively to sale and leaseback transactions entered into after the date when the seller-lessee initially applied MFRS 16.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(b) Economic Entities in the Group

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries are prepared for the same reporting date as the Bank.

Subsidiaries are consolidated using the acquisition method of accounting. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill [Note 2(d)(i)]. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statements of income.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, any gains or losses arising from such remeasurement are recognised in statements of income.

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

In a group reorganisation, the assets and liabilities of the acquired entity are included in the consolidated financial statements of the Group at their existing carrying amounts without fair value uplift. The difference between the consideration given and the aggregate carrying amounts of the assets and liabilities (as of the date of the transaction) is recognised in equity. No goodwill is recognised. The acquired entity's assets and liabilities are incorporated in the consolidated financial statements of the Group as if the entity had always been, prior to the group reorganisation.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transfer assets. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(b) Economic Entities in the Group (contd.)

(ii) Changes in Ownership Interests in Subsidiaries Without Change of Control

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

(iii) Disposal of Subsidiaries

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

Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

(iv) Associates

Associates are all entities over which the Group has significant influence, but not control or joint control, generally accompanying a shareholding of between 20% and 50% of voting rights. Significant influence is the power to participate in financial and operating policy decisions of associates but not power to exercise control over those policies.

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

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. An impairment loss is recognised for the amount by which the carrying amount of the associate exceeds its recoverable amount.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(b) Economic Entities in the Group (contd.)

(iv) Associates (contd.)

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates, unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with those of the Group.

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

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

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

(v) Joint Arrangements

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statements of financial position. Under the equity method, the investment in a joint venture is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the joint venture in statements of income, and the Group's share of movements in other comprehensive income of the joint venture in other comprehensive income. Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture, including any long-term interests that, in substance, form part of the Group's net investment in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(b) Economic Entities in the Group (contd.)

(v) Joint Arrangements (contd.)

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. An impairment loss is recognised for the amount by which the carrying amount of the joint venture exceeds its recoverable amount.

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

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

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

(c) Investments in Subsidiaries, Joint Ventures and Associates in Separate Financial Statements

In the Bank's separate financial statements, investments in subsidiaries, joint ventures and associates are carried at cost less accumulated impairment losses. The policy for the recognition and measurement of impairment is in accordance with Note 2(k)(ii)(b). On disposal of investments in subsidiaries, joint ventures and associates, the difference between disposal proceeds and the carrying amounts of the investments is recognised in the statements of income.

(d) Intangible Assets

(i) Goodwill

Goodwill arises from a business combination and represents the excess of the aggregate of fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed on the acquisition date. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of previously held interest in the acquiree are less than the fair value of the net identifiable assets of the acquiree, the resulting gain is recognised in statements of income.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(d) Intangible Assets (contd.)

(i) Goodwill (contd.)

Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at operating segments level. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(ii) Computer Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring the specific software to use. The costs are amortised over their useful lives of five years and are stated at cost less accumulated amortisation and accumulated impairment, if any. Computer software is assessed for impairment whenever there is an indication that it may be impaired. The amortisation period and amortisation method are reviewed at least at the end of each reporting period.

The policy for the recognition and measurement of impairment is in accordance with Note 2(k)(ii)(b).

Costs associated with maintaining computer software programmes are recognised as expenses as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. These costs include software development employee costs and appropriate portion of relevant overheads.

(e) Property, Plant and Equipment and Depreciation

Property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Management.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in the statements of income during the financial year in which they are incurred.

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

Subsequent to initial recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The policy for the recognition and measurement of impairment is in accordance with Note 2(k)(ii)(b).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(e) Property, Plant and Equipment and Depreciation (contd.)

Freehold land has an unlimited useful life and therefore is not depreciated. Other property, plant and equipment are depreciated on the straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, summarised as follows:

Buildings	2%
Office equipment, furniture and fixtures	10% - 20%
Motor vehicles	20%
Renovations	20%
Computer equipment	20% - 33.3%

Depreciation on assets under construction commences when the assets are ready for their intended use.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the statements of income.

(f) Financial Assets

(i) Classification

The Group and the Bank classify the financial assets in the following measurement categories:

- Fair value through other comprehensive income ("FVOCI");
- Fair value through profit or loss ("FVTPL"); and
- Amortised cost.

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

(i) Financial assets at FVOCI comprise:

Debt securities where the contractual cash flows are solely principal and interest, and the objective of the Group's and the Bank's business model is achieved both by collecting contractual cash flows and selling financial assets.

(ii) The Group and the Bank classify the following financial assets at FVTPL:

- Debt investments that do not qualify for measurement at either amortised cost or fair value through comprehensive income; and

- Equity investments for which the entity has not elected to recognise at fair value through other comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(f) Financial Assets (contd.)

(i) Classification (contd.)

(iii) The Group and the Bank classify their financial assets at amortised cost only if both of the following criteria are met:

- The asset is held within a business model with the objective of collecting the contractual cash flows; and
- The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

The policy of the recognition of impairment is in accordance with Note 2(k)(i).

(ii) Recognition and Initial Measurement

Regular way purchases and sales of financial assets are recognised on settlement date, the date on which the Group and the Bank settle to purchase or sell the asset.

At initial recognition, the Group and the Bank measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in statements of income.

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

(iii) Subsequent Measurement

Debt instruments

There are three measurement categories into which the Group and the Bank classify its debt instruments:

(i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest/profit income from these financial assets is included in gross interest/profit income using the effective interest/profit method. Any gain or loss arising on derecognition is recognised directly in statements of income and presented in other operating income. Impairment losses are presented as a separate line item in the statements of income.

(ii) FVOCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest/profit income and foreign exchange gains and losses which are recognised in statements of income.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(f) Financial Assets (contd.)

(iii) Subsequent Measurement (contd.)

Debt instruments (contd.)

(ii) FVOCI (contd.)

When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to statements of income and recognised in other operating income. Interest/profit income from these financial assets is included in gross interest income using the effective interest. Foreign exchange gains and losses are presented in other operating income and impairment expenses are presented as a separate line item in the statements of income and statements of comprehensive income.

(iii) FVTPL

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Group and the Bank may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes is recognised in statements of income and presented net within other operating income in the period which it arises.

Equity instruments

The Group and the Bank subsequently measure all equity investments at fair value where the Group's and the Bank's management has elected to present fair value gains and losses on equity investments through statements of income. Changes in the fair value of financial assets at FVTPL are recognised in other operating income in the statements of income. Dividends from such investments continue to be recognised in statements of income as other operating income when the Group's and the Bank's right to receive payments is established.

(iv) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group and the Bank have transferred substantially all risks and rewards of ownership.

Receivables that are factored out to banks and other financial institutions with recourse to the Group and the Bank are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as amount due to Cagamas Berhad.

When financial investments at FVOCI are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to statements of income.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(g) Derivative Financial Instrument and Hedge Accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives that do not qualify for hedge accounting are classified as held for trading and accounted for at fair value through profit or loss. Changes in the fair value are recognised immediately in statements of income.

Derivatives that qualify for hedge accounting are designated as either:

(a) Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);

(b) Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or

(c) Hedges of a net investment in a foreign operation (net investment hedge).

The Group and the Bank document at the inception of the hedge relationship, the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group and the Bank document its risk management objective and strategy for undertaking its hedge transactions.

Hedges that meet the strict criteria for hedge accounting are accounted for as described below:

(i) Fair Value Hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in statements of income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The Group applies fair value hedge accounting for hedging fixed interest risk on securities. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate securities is recognised in statements of income. The gain or loss relating to the ineffective portion is recognised in statements of income within the other operating income. Changes in the fair value of the hedge fixed rate securities attributable to interest rate risk are recognised in equity.

If the hedge no longer meets the criteria for hedge accounting, the carrying amount of a hedged item is adjusted using the effective interest method to amortise to statements of income over the period to maturity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(g) Derivative Financial Instrument and Hedge Accounting (contd.)

(ii) Cash Flow Hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves within equity. The gain or loss relating to the ineffective portion is recognised immediately in statements of income.

Amounts accumulated in equity are reclassified to statements of income in the periods when the hedged item affect the statements of income.

When the forecast transaction that is hedged results in the recognition of a non-financial asset (for example property, plant and equipment), the gains or losses previously deferred in equity are reclassified from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in depreciation of property, plant and equipment.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in statements of changes in equity and is recognised in the periods when the hedged item affect the statements of income. When hedged future cash flows or forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred cost of hedging that were reported in equity are immediately reclassified to statements of income.

(iii) Net Investment Hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in reserves within equity. The gain or loss relating to the ineffective portion is recognised immediately in statements of income.

Gains and losses accumulated in equity are recycled to the statements of income when the foreign operation is disposed or partially disposed.

Interest Rate Benchmark Reform

The London Interbank Offered Rate ("LIBOR"), a key USD-based benchmark rate used for setting interest rate for derivatives is expected to cease by 23 June 2023 and to be replaced by the Secured Overnight Financing Rate ("SOFR"). This applies to tenures of Overnight, 1-month, 3-month, 6-month and 12-month.

In Malaysia, Bank Negara Malaysia ("BNM") announced the launch of the Malaysia Overnight Rate ("MYOR") as the new alternative reference rate ("ARR") for Malaysia on 24 September 2021. The industry is still pending finalisation from BNM on the ARR.

The Group and the Bank have completed system upgrade to manage the transition.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(h) Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

(i) Amounts Due from Clients and Brokers

Amounts due from clients and brokers are recognised at amortised cost less impairment allowances. Impairment allowances are made based on simplified approach for balances overdue from clients and brokers, after taking into consideration collateral held by the Group and deposits of and amounts due to dealer representative in accordance with the Rules of Bursa Malaysia Securities. Bad debts are written off when all recovery actions have been fully exhausted.

(j) Other Assets

Other receivables, deposits, trade receivables, amount due from subsidiaries and related party included in other assets are carried at amortised cost using the effective yield method, less impairment allowance. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the end of the reporting period.

(k) Impairment of Assets

(i) Impairment of Financial Assets

The Group and the Bank assess on a forward-looking basis the expected credit loss (“ECL”) associated with its financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group's and the Bank's financial assets that are subjected to the ECL model include financial assets classified at amortised cost, debt instruments measured at FVOCI, loans commitments, financial guarantee contracts and other commitments.

(a) General 3-stage approach

At each reporting date, the Group and the Bank measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

Impairment will be measured on each reporting date according to a three-stage ECL impairment model:

(i) Stage 1 - from initial recognition of a financial asset to the date on which the credit risk of the asset has increased significantly relative to its initial recognition, a loss allowance is recognised equal to the credit losses expected to result from defaults occurring over the next 12 months (12-month ECL);

(ii) Stage 2 - following a significant increase in credit risk relative to the initial recognition of the financial assets, a loss allowance is recognised equal to the credit losses expected over the remaining life of the asset (Lifetime ECL); and

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(k) Impairment of Assets (contd.)

(i) Impairment of Financial Assets (contd.)

(a) General 3-stage approach (contd.)

Impairment will be measured on each reporting date according to a three-stage ECL impairment model: (contd.)

(iii) Stage 3 - when a financial asset is considered to be credit-impaired, a loss allowance equal to full lifetime expected credit losses is to be recognised (Lifetime ECL). This includes exposures which have triggered obligatory impairment criterion or are judgmentally impaired.

Measurement of ECL is set out in Note 43.

(b) Simplified approach for other receivables

The Group and the Bank apply the MFRS 9 simplified approach to measure ECL which uses probability default ratio ("PD") and loss given default ("LGD") for the due amount.

The PD methodology is derived based on net flow rate model as a simplified approach in view of its low credit risk and non-maturity profile on due amount. LGD is deemed to be in full at any point in time as accounts are short term repayment and forward-looking element will not be considered.

(c) Write-off

The Group and the Bank write-off financial assets, in whole or in part, when all practical recovery efforts have been exhausted and it is concluded that there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of borrower’s sources of income or assets to generate sufficient future cash flows to repay the amount. The Group and the Bank may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written-off will result in bad debts recoveries.

(ii) Impairment of Non-Financial Assets

(a) Goodwill/Intangible assets

Goodwill and intangible assets that have an indefinite useful life are tested annually for impairment, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill from business combinations or intangible assets is allocated to CGUs which are expected to benefit from the synergies of the business combination or the intangible asset.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(k) Impairment of Assets (contd.)

(ii) Impairment of Non-Financial Assets (contd.)

(a) Goodwill/Intangible assets (contd.)

An impairment on goodwill is not reversed in subsequent periods. An impairment for other intangible assets is reversed if, and only if, there has been a change in the estimates used to determine the intangible asset's recoverable amount since the last impairment was recognised and such reversal is through the statements of income to the extent that the intangible asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortisation, if no impairment had been recognised.

(b) Other non-financial assets

Other non-financial assets such as property, plant and equipment, computer software, foreclosed properties and investments in subsidiaries and associates are reviewed for objective indications of impairment at the end of each reporting period or whenever there is any indication that these assets may be impaired. Where such indications exist, impairment is determined as the excess of the asset's carrying value over its recoverable amount (greater of value in use or fair value less costs to sell) and is recognised in the statements of income. An impairment for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised.

The carrying amount is increased to its revised recoverable amount, provided that the amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment been recognised for the asset in prior years. A reversal of impairment for an asset is recognised in the statements of income.

(l) Financial Liabilities

Financial liabilities are initially recognised at the fair value of consideration received less directly attributable transaction costs. Subsequent to initial recognition, financial liabilities are measured at amortised cost.

Certain financial liabilities are designated at initial recognition at fair value through profit or loss when one of the designation criteria is met:

(i) Designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
(ii) Its performance is evaluated on a fair value basis, in accordance with a documented management or investment strategy.

A financial liability which does not meet any of these criteria may still be designated as measured at FVTPL when it contains one or more embedded derivatives that sufficiently modify the cash flows of the liability and are not clearly closely related.

The component of fair value changes relating to the Group's and the Bank's own credit risk is recognised in other comprehensive income. Amounts recorded in other comprehensive income related to credit risk are not subject to recycling in statements of income, but are transferred to retained earnings when realised.

Interest payables are now classified into the respective class of financial liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(m) Repurchase Agreements

Financial instruments purchased under resale agreements are instruments which the Group and the Bank have purchased with a commitment to resell at future dates. The commitment to resell the instruments is reflected as an asset in the statements of financial position and measured at amortised cost.

Conversely, obligations on financial instruments sold under repurchase agreements are instruments which the Group and the Bank have sold from their portfolio, with a commitment to repurchase at future dates are measured at amortised cost. Such financing transactions and the obligations to repurchase the instruments are reflected as a liability in the statements of financial position.

(n) Bills and Acceptances Payable

Bills and acceptances payable represent the Group's and the Bank's own bills and acceptances rediscounted and outstanding in the market. Refer to Note 2(l).

(o) Subordinated Obligations and Other Borrowings

The interest-bearing instruments are classified as liabilities in the statements of financial position as there is a contractual obligation by the Group and the Bank to make cash payments of either principal or interest or both to holders of the debt securities, and the Group and the Bank are contractually obliged to settle the financial instrument in cash or another financial instrument.

Subsequent to initial recognition, debt securities issued are recognised at amortised cost, with any difference between proceeds net of transaction costs and the redemption value being recognised in the statements of income over the period of the borrowings on an effective interest/profit method.

(p) Provisions

Provisions are recognised when the Group and the Bank have a present legal or constructive obligation as a result of past events. It is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the Group and the Bank expect a provision to be reimbursed by another party (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(q) Leases

Lease in which the Group and the Bank are a Lessee

Leases are recognised as right-of-use ("ROU") assets and a corresponding liability at the date on which the leased asset is available for use by the Group and the Bank (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group and the Bank allocate the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group and the Bank are a lessee, it has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

(i) Lease Term

In determining the lease term, the Group and the Bank consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group and the Bank reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and the Bank and affects whether the Group and the Bank are reasonably certain to exercise an option not previously included in the determination of the lease term, or not to exercise an option previously included in the determination of the lease term. A revision in lease term results in remeasurement of the lease liabilities.

(ii) ROU Assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss, if any. ROU assets are generally depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis. If the Group and the Bank are reasonably certain to exercise a purchase option, the ROU assets are depreciated on the underlying asset's useful life. In addition, ROU assets are adjusted for certain remeasurement of the lease liabilities.

ROU assets are presented as a separate line item in the statements of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(q) Leases (contd.)

Lease in which the Group and the Bank are a Lessee (contd.)

(iii) Lease Liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group and the Bank under residual value guarantees;
- The exercise price of a purchase and extension options if the Group and the Bank are reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group and the Bank exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group and the Bank, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to statements of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group and the Bank present the lease liabilities as a separate line item in the statements of financial position. Interest expense on the lease liability is presented within the net interest income in statements of income.

(iv) Short-Term Leases and Leases of Low Value Assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise computer equipment and small items of office equipment. Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an operating expense in statements of income.

Lease in which the Bank is a Lessor

As a lessor, the Bank determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Bank makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Bank considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(q) Leases (contd.)

Lease in which the Bank is a Lessor (contd.)

(i) Finance Leases

The Bank classifies a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Bank derecognises the underlying asset and recognises a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from the lessee and the unguaranteed residual value of the underlying asset.

Initial direct costs are also included in the initial measurement of the net investment. The net investment is subject to MFRS 9 impairment. In addition, the Bank reviews regularly the estimated unguaranteed residual value.

Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return. The Bank revises the lease income allocation if there is a reduction in the estimated unguaranteed residual value.

(ii) Operating Leases

The Bank classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee. The Bank recognises lease payments received under operating lease as lease income on a straight-line basis over the lease term.

(iii) Sublease Classification

When the Bank is an intermediate lessor, it assesses the lease classification of a sublease with reference to the ROU assets arising from the head lease, not with reference to the underlying assets. If a head lease is short-term lease to which the Bank applies the exemption described above, then it classifies the sublease as an operating lease.

(iv) Separating Lease and Non-Lease Components

If an arrangement contains lease and non-lease components, the Bank allocates the consideration in the contract to the lease and non-lease components based on the stand-alone selling prices in accordance with the principles in MFRS 15.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(r) Share Capital and Dividends Declared

(i) Classification

Ordinary shares with discretionary dividends are classified as equity.

(ii) Share Issue Costs

Incremental costs directly attributable to the issue of new shares or options are deducted against equity.

(iii) Dividends Declared

Dividends declared on ordinary shares are deducted from equity in the period in which all relevant approvals have been obtained.

(iv) Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owner of the Group and the Bank, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(s) Revenue Recognition

(i) Recognition of Interest and Financing Income

Interest income and financing income are recognised using effective interest/profit rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the loans/financing or, where appropriate, a shorter period to the net carrying amount of the loan/financing. When calculating the effective interest/profit rate, the Group and the Bank estimate cash flows considering all contractual terms of the loans/financing but do not consider future credit losses. The calculation includes significant fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(s) Revenue Recognition (contd.)

(i) Recognition of Interest and Financing Income (contd.)

Interest income and financing income are recognised in the statements of income for all interest/profit-bearing assets on an accrual basis. Interest income and financing income include the amortisation of premium or accretion of discount. Income from the Islamic banking business is recognised on an accrual basis in accordance with the Shariah principles.

For impaired loans/financing where the value has been reduced as a result of impairment loss, interest/financing income continues to be accrued using the rate of interest/profit used to discount the future cash flows for the purpose of measuring the impairment.

(ii) Recognition of Fees and Other Income

Fee and commission income of the Group and the Bank is from a wide range of products and services provided to the customers. The income is recognised based on the contractual rates or amount, netted off against fee and commission expense directly attributable to the income. When the performance obligation is fulfilled, where the products and services are delivered to the customer, fee and commission income will be recognised in statements of income.

For transaction-based fee and commission income, it is recognised on the completion of the transaction. Such fees include fees related to the completion of corporate advisory fees, brokerage income, loan arrangement fees and commissions, management and participation fees, underwriting commissions, service charges on credit cards and sale of unit trust funds. These fees constitute a single performance obligation.

For services that are provided over a period of time, fee and commission income is recognised on equal proportion basis over the period during which the related service is provided. This basis of recognition will reflect the nature of these services to the customers over time. Fees for these services can be billed periodically over time. Such fees include commitment, guarantee and portfolio management fees and bancassurance agreements.

Net gain or loss from disposal of financial assets at fair value through profit or loss and financial investments at fair value through other comprehensive income are recognised in statements of income upon disposal of securities, as the difference between net disposal proceeds and carrying amount of the securities.

Dividends are recognised when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence. Dividend that clearly represents a recovery of part of the cost of an investment is recognised in other comprehensive income if it relates to an investment in equity investment measured at financial investments at fair value through other comprehensive income.

(t) Recognition of Interest and Financing Expenses

Interest expense and attributable profit (on activities relating to Islamic banking business) on deposits and borrowings of the Group and of the Bank are recognised on an accrual basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(u) Foreign Currencies

(i) Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Bank's functional and presentation currency.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statements of income.

Changes in the fair value of monetary securities denominated in foreign currency classified as debt instruments classified as FVOCI are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in statements of income, and other changes in carrying amount are recognised in other comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as FVOCI, are included in other comprehensive income.

(v) Current and Deferred Income Tax

Income tax on the statements of income for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the end of the reporting date. In the event of uncertain tax position, the tax is measured using the single best estimate of the most likely outcome.

Tax is recognised in the statements of income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax is provided in full, using the liability method, on temporary differences at the end of the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(v) Current and Deferred Income Tax (contd.)

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of the reporting period. Deferred tax is recognised as income or an expense in the statements of comprehensive income for the period, except when it arises from a transaction which is recognised directly in other comprehensive income or directly in equity, in which case the deferred tax is also charged or credited to other comprehensive income or to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred income tax assets and liabilities relate to taxes levied by the same tax authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(w) Foreclosed Properties

Foreclosed properties are stated at the lower of carrying amount and fair value less costs to sell.

(x) Cash and Cash Equivalents

Cash and cash equivalents as stated in the statements of cash flows comprise cash and bank balances and short-term deposits maturity within one month that are readily convertible into cash with insignificant risk of changes in value.

(y) 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 leave 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 Plans

Defined contribution plans are post-employment benefit plans under which the Group and the Bank pay fixed contributions into separate entities or funds and will have no legal or constructive obligations to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the statements of comprehensive income as incurred. As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF").

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(z) Contingent Assets and Contingent Liabilities

The Group and the Bank do not recognise contingent assets and liabilities other than those from business combination, but disclose its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or the Bank or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Bank. The Group and the Bank do not recognise contingent assets but disclose its existence where inflows of economic benefits are probable, but not virtually certain.

(aa) Financial Guarantee Contract

Financial guarantee contracts are contracts that require the Group and the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the expected credit loss model under MFRS 9 "Financial Instruments" and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15 "Revenue from Contracts with Customers", where appropriate.

(ab) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing the performance of the operating segments. The Management Committee of the Group is identified as the chief operating decision-maker.

3. CASH AND SHORT-TERM FUNDS

	GROUP		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	645,996	675,074	605,955	611,777
Money at call and deposit placements maturing within one month	2,924,771	2,553,508	1,819,740	1,193,633
	3,570,767	3,228,582	2,425,695	1,805,410
Less: Allowance for expected credit losses	(111)	(8)	(111)	(8)
	3,570,656	3,228,574	2,425,584	1,805,402

Included in the cash and short-term funds of the Group are accounts held-in-trust for remisiers amounting to RM Nil (2022: RM8,001,000).

Movements in allowance for expected credit losses are as follows:

	12-Month ECL (Stage 1)	Lifetime ECL not-credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
GROUP/BANK				
At 1 April 2022	8	-	-	8
New financial assets originated or purchased	917	-	-	917
Financial assets derecognised other than write-off	(813)	-	-	(813)
Changes due to change in credit risk	(3)	-	-	(3)
Other adjustments	2	-	-	2
Total charge to income statement	103	-	-	103
At 31 March 2023	111	-	-	111
At 1 April 2021	20	-	-	20
New financial assets originated or purchased	117	-	-	117
Financial assets derecognised other than write-off	(136)	-	-	(136)
Other adjustments	7	-	-	7
Total write-back from income statement	(12)	-	-	(12)
At 31 March 2022	8	-	-	8

4. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	GROUP		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Licensed banks	88,553	168,192	88,553	168,192
Less: Allowance for expected credit losses	-	(8)	-	(8)
	88,553	168,184	88,553	168,184

4. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS (CONTD.)

	12-Month ECL (Stage 1) RM'000	Lifetime ECL not-credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
GROUP/BANK				
At 1 April 2022	8	-	-	8
Total charge to income statement due to financial assets derecognised other than write-off	(8)	-	-	(8)
At 31 March 2023	-	-	-	-
At 1 April 2021	4	-	-	4
New financial assets originated or purchased	8	-	-	8
Financial assets derecognised other than write-off	(4)	-	-	(4)
Total charge to income statement	4	-	-	4
At 31 March 2022	8	-	-	8

5. AMOUNTS DUE FROM CLIENTS AND BROKERS

	GROUP 2023 RM'000	GROUP 2022 RM'000
Due from brokers	-	7,913
Due from clients	-	47,130
Less: Allowance for expected credit losses	-	(3)
	-	55,040

These balances represent amounts receivable by Alliance Investment Bank Berhad ("AIBB") from non-margin clients and outstanding contracts entered into on behalf of clients where settlement via the Bursa Malaysia Securities Clearing Sdn. Bhd. has yet to be made.

AIBB's normal trade credit terms for non-margin clients is two (2) market days in accordance with Bursa Malaysia Securities Berhad's Fixed Delivery and Settlement System ("FDSS") trading rules.

The movements in allowance for expected credit losses are as follows:

GROUP	Lifetime ECL 2023 RM'000	Lifetime ECL 2022 RM'000
At 1 April	3	-
Effect of business disposal	(3)	-
Allowance made during the financial year	-	3
At 31 March	-	3

As at 31 March 2023, the Group's gross exposure of amounts due from clients and brokers that are credit impaired was at RM Nil (2022: RM3,000).

ALLIANCE BANK MALAYSIA BERHAD
198201008390 (88103-W)
(Incorporated in Malaysia)

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

	GROUP		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At fair value				
Money market instrument:				
Malaysian Government securities	-	286,173	-	286,173
Malaysian Government investment issues	5,177	4,643	5,177	4,643
	5,177	290,816	5,177	290,816
Unquoted securities:				
Shares	257,206	245,842	257,206	171,488
Corporate bonds and sukuk	2,815	4,957	2,815	4,957
	260,021	250,799	260,021	176,445
Total financial assets at FVTPL	265,198	541,615	265,198	467,261

7. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

	GROUP		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At fair value - debt instruments				
Money market instruments:				
Malaysian Government securities	2,229,181	2,239,673	2,076,584	2,076,500
Malaysian Government investment issues	2,037,058	2,128,842	1,400,081	1,439,125
Negotiable instruments of deposits	-	-	-	60,048
Commercial papers	19,935	19,966	19,935	19,966
	4,286,174	4,388,481	3,496,600	3,595,639
Quoted securities:				
Shares	14	13	14	13
Unquoted securities:				
Corporate bonds and sukuk	4,198,210	4,731,205	2,685,902	3,143,967
Total financial investments at FVOCI	8,484,398	9,119,699	6,182,516	6,739,619

7. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI") (CONTD.)

Movements in allowance for expected credit losses are as follows:

	12-Month ECL (Stage 1) RM'000	Lifetime ECL not-credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
GROUP				
At 1 April 2022	642	281	-	923
Transfer to Stage 1	19	(261)	-	(242)
New financial investments originated or purchased	134	-	-	134
Financial investments derecognised other than write-off	(14)	-	-	(14)
Changes due to change in credit risk	(183)	(20)	-	(203)
Total write-back from income statement	(44)	(281)	-	(325)
At 31 March 2023	598	-	-	598
At 1 April 2021	96	231	-	327
New financial investments originated or purchased	62	-	-	62
Financial investments derecognised other than write-off	(3)	(29)	-	(32)
Changes due to change in credit risk	487	79	-	566
Total charge to income statement	546	50	-	596
At 31 March 2022	642	281	-	923

7. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI") (CONTD.)

Movements in allowance for expected credit losses are as follows: (contd.)

	12-Month ECL (Stage 1) RM'000	Lifetime ECL not-credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
BANK				
At 1 April 2022	451	121	-	572
Transfer to Stage 1	8	(111)	-	(103)
New financial investments originated or purchased	95	-	-	95
Financial investments derecognised other than write-off	(10)	-	-	(10)
Changes due to change in credit risk	(137)	(10)	-	(147)
Total write-back from income statement	(44)	(121)	-	(165)
At 31 March 2023	407	-	-	407
At 1 April 2021	61	114	-	175
New financial investments originated or purchased	52	-	-	52
Financial investments derecognised other than write-off	(1)	(16)	-	(17)
Changes due to change in credit risk	339	23	-	362
Total charge to income statement	390	7	-	397
At 31 March 2022	451	121	-	572

Note:
(a) The transfers between stages are inclusive of net remeasurement of allowances.

(b) There were no credit impaired exposure of financial investments at FVOCI.

8. FINANCIAL INVESTMENTS AT AMORTISED COST

	GROUP		BANK	
	2023	2022	2023	2022
At amortised cost	RM'000	RM'000	RM'000	RM'000
Money market instruments:				
Malaysian Government securities	639,267	285,299	639,267	285,299
Malaysian Government investment issues	2,225,049	1,834,031	1,784,802	1,623,917
Negotiable instruments of deposits	-	-	203,374	195,226
Commercial papers	24,626	-	24,626	-
	2,888,942	2,119,330	2,652,069	2,104,442
Unquoted securities:				
Corporate bonds and sukuk	510,268	11,109	485,922	140,876
Allowance for expected credit losses	(696)	(831)	(1,102)	(882)
	509,572	10,278	484,820	139,994
Total financial investments at amortised cost	3,398,514	2,129,608	3,136,889	2,244,436

Movements in allowance for expected credit losses are as follows:

	12-Month ECL (Stage 1)	Lifetime ECL not-credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
GROUP				
At 1 April 2022	1	-	830	831
New financial investments originated or purchased	636	-	-	636
Financial investments derecognised other than write-off	(1)	-	-	(1)
Changes due to change in credit risk	(589)	-	(181)	(770)
Total charge to/(write-back from) income statement	46	-	(181)	(135)
At 31 March 2023	47	-	649	696
At 1 April 2021	423	-	830	1,253
Financial investments derecognised other than write-off	(139)	-	-	(139)
Changes due to change in credit risk	(283)	-	-	(283)
Total write-back from income statement	(422)	-	-	(422)
At 31 March 2022	1	-	830	831

8. FINANCIAL INVESTMENTS AT AMORTISED COST (CONTD.)

Movements in allowance for expected credit losses are as follows: (contd.)

	12-Month ECL (Stage 1) RM'000	Lifetime ECL not-credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
BANK				
At 1 April 2022	326	-	556	882
New financial investments originated or purchased	868	-	-	868
Financial investments derecognised other than write-off	(327)	-	-	(327)
Changes due to change in credit risk	(191)	-	(130)	(321)
Total charge to/(write-back from) income statement	350	-	(130)	220
At 31 March 2023	676	-	426	1,102
At 1 April 2021	366	-	556	922
Financial investments derecognised other than write-off	(34)	-	-	(34)
Changes due to change in credit risk	(6)	-	-	(6)
Total write-back from income statement	(40)	-	-	(40)
At 31 March 2022	326	-	556	882

Note:
The transfers between stages are inclusive of net remeasurement of allowances.

The Group's and the Bank's movement on gross exposure of financial investments at amortised cost that are credit impaired are as follows:

	GROUP 2023 RM'000	GROUP 2022 RM'000	BANK 2023 RM'000	BANK 2022 RM'000
At 1 April	846	846	556	556
Write-back during the financial year	(197)	-	(130)	-
At 31 March	649	846	426	556

9. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

Derivative financial instruments are financial instruments whose values change in response to changes in prices or rates (such as foreign exchange rates, interest rates and equity prices) of the underlying instruments. These instruments allow the Group and the Bank and the banking customers to transfer, modify or reduce their foreign exchange and interest rate risk via hedge relationships. The Group and the Bank also transact in these instruments for proprietary trading purposes. The risks associated with the use of derivative financial instruments, as well as the Management's policy for controlling these risks are set out in Note 43.

The table below shows the Group's and the Bank's derivative financial instruments as at the end of the financial year. The contractual or underlying notional amounts of these derivative financial instruments and their corresponding gross positive (derivative financial asset) and gross negative (derivative financial liability) fair values as at the end of the financial year are analysed below.

	2023			2022		
	Contract/ notional amount	Fair value Assets	Fair value Liabilities	Contract/ notional amount	Fair value Assets	Fair value Liabilities
GROUP	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trading derivatives						
Foreign exchange contracts:						
- Currency forwards	4,217,222	35,688	(28,884)	3,444,406	5,026	(33,608)
- Currency swaps	11,811,185	88,267	(130,163)	7,058,429	14,681	(8,455)
- Currency spots	408,652	572	(588)	427,461	439	(632)
- Currency options	606,114	1,022	(247)	363,205	422	(77)
Interest rate related contracts:						
- Interest rate swaps	8,972,895	94,962	(120,208)	7,414,911	65,122	(89,554)
Equity related contracts:						
- Options	458,916	605	(59,346)	548,572	435	(79,528)
Hedging derivatives						
Interest rate related contracts:						
- Interest rate swaps	2,721,000	25	(26,704)	-	-	-
Foreign exchange contracts:						
- Currency swaps	-	-	-	252,270	169	(734)
Total derivative assets/(liabilities)	29,195,984	221,141	(366,140)	19,509,254	86,294	(212,588)
BANK						
Trading derivatives						
Foreign exchange contracts:						
- Currency forwards	4,217,222	35,688	(28,884)	3,444,406	5,026	(33,608)
- Currency swaps	11,811,185	88,267	(130,163)	7,058,429	14,681	(8,455)
- Currency spots	408,652	572	(588)	427,461	439	(632)
- Currency options	606,114	1,022	(247)	363,205	422	(77)
Interest rate related contracts:						
- Interest rate swaps	9,568,895	97,483	(122,729)	7,414,911	65,122	(89,554)
Equity related contracts:						
- Options	458,916	605	(59,346)	548,572	435	(79,528)
Hedging derivatives						
Interest rate related contracts:						
- Interest rate swaps	2,423,000	-	(24,208)	-	-	-
Foreign exchange contracts:						
- Currency swaps	-	-	-	252,270	169	(734)
Total derivative assets/(liabilities)	29,493,984	223,637	(366,165)	19,509,254	86,294	(212,588)

9. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONTD.)

(a) Fair value hedge

The Group and the Bank use interest rate swaps to hedge its exposure to changes in the fair value of bonds in respect of benchmark interest rate.

The Group's and the Bank's hedge accounting policy requires effective hedge relationships to be established. Hedge effectiveness is determined at the inception of the hedge relationship prospectively, and through periodic retrospective effectiveness assessment to ensure that an economic relationship exists between the hedged item and hedging instrument. The hedge effectiveness is assessed by comparing changes in the fair value of the hedged items attributable to interest rate change with changes in the fair value of the hedging instrument.

The Group and the Bank establish the hedge ratio based on the notional and the tenure of the hedged item and hedging instrument. Hedged ineffectiveness is recognised into income statements when the fair value change in the designated component value of the hedged item exceeds the change in value of the hedging instrument attributable to the hedged risk.

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

GROUP	Nominal amount RM'000	Fair value Assets RM'000	Fair value Liabilities RM'000	Changes in fair value used for calculating hedge ineffectiveness RM'000	Hedge ineffectiveness recognised in profit or loss RM'000	Maturity	Average fixed interest rate %
31 March 2023							
Interest rate risk							
Interest rate swaps	2,721,000	25	(26,704)	(25,286)	-	Three years to five years	3.90%

BANK	Nominal amount RM'000	Fair value Assets RM'000	Fair value Liabilities RM'000	Changes in fair value used for calculating hedge ineffectiveness RM'000	Hedge ineffectiveness recognised in profit or loss RM'000	Maturity	Average fixed interest rate %
31 March 2023							
Interest rate risk							
Interest rate swaps	2,423,000	-	(24,208)	(22,718)	-	Three years to five years	3.90%

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

GROUP	Hedged item category in statements of financial position RM'000	Carrying amount of hedged item RM'000	Accumulated amount of fair value hedge adjustment RM'000	Changes in fair value used for calculating hedge ineffectiveness RM'000	Balance of fair value hedge adjustments remaining in the Statements of Financial Position ("SOFP") for any hedged items that have ceased to be adjusted for hedging gains and losses RM'000
31 March 2023					
Hedged items					
Debt instruments	Financial investments at fair value through other comprehensive income	2,695,050	25,286	25,286	2,539

9. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONTD.)

(a) Fair value hedge (contd.)

(ii) The amounts relating to items designated as hedged items were as follows: (contd.)

BANK	Hedged item category in statements of financial position RM'000	Carrying amount of hedged item RM'000	Accumulated amount of fair value hedge adjustment RM'000	Changes in fair value used for calculating hedge ineffectiveness RM'000	Balance of fair value hedge adjustments remaining in the SOFP for any hedged items that have ceased to be adjusted for hedging gains and losses RM'000
31 March 2023					
Hedged items					
Debt instruments	Financial investments at fair value through other comprehensive income	2,400,892	22,718	22,718	2,539

(b) Cash flow hedge

The Group and the Bank use foreign currency swaps (hedging instrument) to hedge the foreign exchange risks (USD) arising from the foreign currency interbank borrowing (hedged item) denominated in USD. The foreign exchange risk component from the foreign currency interbank borrowing is managed and mitigated by the use of foreign currency swaps.

The Group and the Bank establish the hedge ratio by matching the notional of the derivatives with the principal of the hedged item. The effectiveness is assessed by comparing the changes in fair value of the hedging instrument and the underlying hedged item and it is fully offset.

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

GROUP/BANK	Nominal amount RM'000	Fair value Assets RM'000	Fair value Liabilities RM'000	Changes in fair value used for calculating hedge ineffectiveness RM'000	Changes in fair value recognised in OCI RM'000	Amount reclassified from hedge reserve to profit and loss RM'000
31 March 2023						
Foreign exchange risk						
Currency swap	-	-	-	-	-	-
31 March 2022						
Foreign exchange risk						
Currency swap	252,270	169	(733)	(1,460)	1,725	(1,460)

9. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONTD.)

(b) Cash flow hedge (contd.)

(ii) The amounts relating to items designated as hedging items were as follows:

GROUP/BANK	Hedged item category in statements of financial position	Carrying amount of hedged item RM'000	Hedging instrument Changes in fair value used for calculating hedge ineffectiveness RM'000	Cash flow hedge reserve RM'000	Balances remaining in cash flow hedge reserve which hedge accounting is no longer applied RM'000
31 March 2023					
Foreign exchange risk					
Interbank borrowing	-	-	-	-	-
31 March 2022					
Foreign exchange risk					
Interbank borrowing	Deposit and placement of banks and other financial institutions	252,270	1,460	(253)	-

(iii) The following table provides a reconciliation of cash flow hedge:

	GROUP/BANK 2023 RM'000	2022 RM'000
At 1 April	(253)	-
Changes in fair value on foreign currency risk	15,069	1,725
Amount reclassified to profit or loss	(15,275)	(1,460)
Cost of hedging	539	(598)
Income tax effect	(80)	80
At 31 March	-	(253)

(iv) The Group and the Bank use the following items as hedging instruments in cash flow hedges:

	> 3-6 months GROUP/BANK 2023 RM'000	2022 RM'000
Currency swap		
Cash inflows (assets)	-	252,270
Cash outflows (liabilities)	-	(253,100)
Net cash outflows	-	(830)

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10. LOANS, ADVANCES AND FINANCING

	GROUP		BANK	
	2023	2022	2023	2022
At amortised cost	RM'000	RM'000	RM'000	RM'000
Overdrafts	3,153,486	3,211,650	1,864,344	1,867,543
Term loans/financing				
- Housing loans/financing	14,609,486	13,854,317	11,173,594	10,433,646
- Syndicated term loans/financing	350,000	450,932	350,000	450,932
- Hire purchase receivables	443,256	503,545	367,336	396,032
- Other term loans/financing	22,413,373	20,478,471	16,135,251	15,156,490
Bills receivables	499,143	401,713	482,096	390,972
Trust receipts	260,996	337,871	207,617	275,330
Claims on customers under acceptance credits	3,625,667	3,287,105	2,658,268	2,370,612
Staff loans (Loans to Directors: RM Nil)	14,296	15,816	2,674	2,988
Credit/charge card receivables	551,399	496,564	551,399	496,564
Revolving credits	1,659,565	1,633,184	1,241,240	1,069,069
Share margin financing	1,486,840	1,517,944	1,486,840	1,345,384
Gross loans, advances and financing	49,067,507	46,189,112	36,520,659	34,255,562
Add: Sales commissions and handling fees	125,970	94,475	119,732	103,075
Less: Allowance for expected credit losses on loans, advances and financing	(1,267,474)	(1,159,842)	(849,628)	(750,440)
Total net loans, advances and financing	47,926,003	45,123,745	35,790,763	33,608,197

(i) By maturity structure:

	GROUP		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Within one year	11,550,557	11,107,483	8,711,167	7,948,690
One year to three years	1,839,195	1,718,863	1,478,327	1,342,705
Three years to five years	3,794,827	4,110,728	2,796,798	3,236,199
Over five years	31,882,928	29,252,038	23,534,367	21,727,968
Gross loans, advances and financing	49,067,507	46,189,112	36,520,659	34,255,562

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10. LOANS, ADVANCES AND FINANCING (CONTD.)

(ii) By type of customer:

	GROUP 2023 RM'000	GROUP 2022 RM'000	BANK 2023 RM'000	BANK 2022 RM'000
Domestic banking institutions	14	-	14	-
Domestic non-bank financial institutions	803,415	723,452	684,893	558,736
Domestic business enterprises				
- Small and medium enterprises	17,161,865	15,409,759	12,631,805	11,663,713
- Others	6,935,303	6,914,111	5,467,748	5,346,250
Government and statutory bodies	57,413	81,213	57,413	81,213
Individuals	23,489,829	22,432,555	17,141,960	16,077,012
Other domestic entities	13,371	26,253	2,568	3,268
Foreign entities	606,297	601,769	534,258	525,370
Gross loans, advances and financing	49,067,507	46,189,112	36,520,659	34,255,562

(iii) By interest/profit rate sensitivity:

	GROUP 2023 RM'000	GROUP 2022 RM'000	BANK 2023 RM'000	BANK 2022 RM'000
Fixed rate				
- Housing loans/financing	19,894	23,052	3,850	4,243
- Hire purchase receivables	439,355	495,932	363,435	388,420
- Other fixed rate loans/financing	8,266,809	7,595,903	5,656,836	5,207,562
Variable rate				
- Base lending rate plus	24,497,037	24,064,380	18,991,124	19,146,732
- Base rate plus	11,174,509	9,359,437	7,730,271	5,900,313
- Cost plus	4,669,903	4,650,408	3,775,143	3,608,292
Gross loans, advances and financing	49,067,507	46,189,112	36,520,659	34,255,562

(iv) By economic purposes:

	GROUP 2023 RM'000	GROUP 2022 RM'000	BANK 2023 RM'000	BANK 2022 RM'000
Purchase of securities	1,613,192	1,675,368	1,613,192	1,502,809
Purchase of transport vehicles	296,349	332,321	208,321	242,773
Purchase of landed property	23,763,899	22,164,919	18,329,293	17,143,071
of which: - Residential	*15,278,815*	*14,603,585*	*11,789,395*	*11,129,634*
- Non-residential	*8,485,084*	*7,561,334*	*6,539,898*	*6,013,437*
Purchase of fixed assets excluding land and buildings	357,304	341,425	292,587	289,263
Personal use	6,021,184	5,715,439	3,097,090	2,946,028
Credit card	551,399	496,564	551,399	496,564
Construction	1,116,977	1,056,091	950,416	933,211
Working capital	11,696,040	10,779,300	8,787,061	7,997,558
Others	3,651,163	3,627,685	2,691,300	2,704,285
Gross loans, advances and financing	49,067,507	46,189,112	36,520,659	34,255,562

10. LOANS, ADVANCES AND FINANCING (CONTD.)

(v) By economic sectors:

	GROUP		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Primary agriculture	1,176,855	1,108,508	752,668	718,092
Mining and quarrying	288,773	267,776	265,401	236,517
Manufacturing	4,893,124	5,007,037	3,554,490	3,608,137
Electricity, gas and water	91,415	47,504	78,699	42,889
Construction	1,890,776	1,668,412	1,411,008	1,250,033
Wholesale, retail trade, restaurants and hotels	8,869,244	7,868,406	6,655,675	6,110,370
Transport, storage and communication	851,868	810,542	641,696	642,483
Financing, insurance, real estate and business services	6,400,336	6,004,445	5,088,981	4,760,363
Community, social and personal services	508,307	373,764	395,140	287,613
Household	24,096,125	23,029,625	17,676,217	16,597,683
Others	684	3,093	684	1,382
Gross loans, advances and financing	49,067,507	46,189,112	36,520,659	34,255,562

(vi) By geographical distribution:

	GROUP		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Northern region	3,924,088	3,455,628	2,457,661	2,238,828
Central region	35,001,737	32,675,559	26,674,930	24,751,854
Southern region	5,529,522	5,451,964	4,185,073	4,137,984
Sabah region	3,344,047	3,327,317	2,251,279	2,243,381
Sarawak region	1,268,113	1,278,644	951,716	883,515
Gross loans, advances and financing	49,067,507	46,189,112	36,520,659	34,255,562

10. LOANS, ADVANCES AND FINANCING (CONTD.)

(vii) Movements in credit impaired loans, advances and financing ("impaired loans") in Stage 3:

	GROUP		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At 1 April	853,266	1,032,436	574,757	735,568
Impaired during the financial year	1,289,124	850,259	875,777	509,912
Recovered during the financial year	(75,156)	(56,902)	(53,987)	(45,741)
Reclassified as unimpaired during the financial year	(532,102)	(750,792)	(345,465)	(486,330)
Financial assets derecognised other than write-off during the financial year	(97,179)	(94,466)	(70,122)	(50,727)
Amount written-off	(205,180)	(127,269)	(101,243)	(87,925)
At 31 March	1,232,773	853,266	879,717	574,757
Gross impaired loans ratio	2.51%	1.85%	2.41%	1.68%
Net impaired loans ratio	1.36%	1.14%	1.22%	1.08%

The Group and the Bank may write-off financial assets when relevant recovery actions have been exhausted or further recovery is not economically feasible or justifiable. The outstanding contractual amounts of such assets written off during the year amounted to RM205,180,000 and RM101,243,000 (2022: RM127,269,000 and RM87,925,000) for the Group and the Bank respectively. The Group and the Bank still seek to recover amounts that are legally owed in full, but which have been partially or fully written off and are still subject to enforcement activity.

(viii) Credit impaired loans analysed by economic purposes:

	GROUP		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Purchase of securities	512	17,143	512	17,143
Purchase of transport vehicles	16,939	15,599	14,408	10,900
Purchase of landed property	531,033	429,830	365,362	309,616
of which: - Residential	*420,074*	*328,994*	*273,577*	*223,770*
- Non-residential	*110,959*	*100,836*	*91,785*	*85,846*
Purchase of fixed assets excluding land and buildings	7,504	5,586	6,815	4,994
Personal use	271,710	172,179	128,180	94,214
Credit card	8,343	4,708	8,343	4,708
Construction	14,617	8,102	14,617	8,102
Working capital	302,733	140,053	267,507	82,759
Others	79,382	60,066	73,973	42,321
Gross impaired loans	1,232,773	853,266	879,717	574,757

10. LOANS, ADVANCES AND FINANCING (CONTD.)

(ix) Credit impaired loans analysed by economic sectors:

	GROUP 2023 RM'000	GROUP 2022 RM'000	BANK 2023 RM'000	BANK 2022 RM'000
Primary agriculture	1,253	1,089	10	6
Mining and quarrying	1,690	1,246	1,690	1,246
Manufacturing	109,719	61,041	100,143	52,158
Construction	154,119	69,603	140,891	17,912
Wholesale, retail trade, restaurants and hotels	150,988	98,856	122,543	75,825
Transport, storage and communication	5,749	3,798	4,610	3,244
Financing, insurance, real estate and business services	79,605	67,538	78,776	66,983
Community, social and personal services	5,644	7,170	1,052	3,286
Household	724,006	542,925	430,002	354,097
Gross impaired loans	1,232,773	853,266	879,717	574,757

(x) Credit impaired loans by geographical distribution:

	GROUP 2023 RM'000	GROUP 2022 RM'000	BANK 2023 RM'000	BANK 2022 RM'000
Northern region	94,117	66,114	59,742	39,156
Central region	913,411	616,851	663,572	427,522
Southern region	172,504	134,400	121,736	88,780
Sabah region	45,698	28,823	28,216	13,574
Sarawak region	7,043	7,078	6,451	5,725
Gross impaired loans	1,232,773	853,266	879,717	574,757

10. LOANS, ADVANCES AND FINANCING (CONTD.)

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

	12-Month ECL (Stage 1) RM'000	Lifetime ECL not-credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
GROUP				
At 1 April 2022	270,674	557,650	331,518	1,159,842
Transfer to Stage 1	174,114	(305,106)	(19,728)	(150,720)
Transfer to Stage 2	(201,111)	498,496	(120,772)	176,613
Transfer to Stage 3	(1,896)	(366,161)	425,096	57,039
New financial assets originated or purchased	75,545	179,430	9,938	264,913
Financial assets derecognised other than write-off	(52,387)	(196,042)	(17,372)	(265,801)
Changes due to change in credit risk	(93,136)	158,320	17,373	82,557
Other adjustment	29	55	-	84
	(98,842)	(31,008)	294,535	164,685
Unwinding of discount	-	-	(4,490)	(4,490)
Total charge to income statement	(98,842)	(31,008)	290,045	160,195
Other movements	-	-	100,512	100,512
Write-off	-	(2,790)	(150,285)	(153,075)
At 31 March 2023	171,832	523,852	571,790	1,267,474
At 1 April 2021	231,025	498,776	277,405	1,007,206
Transfer to Stage 1	139,012	(500,239)	(1,598)	(362,825)
Transfer to Stage 2	(85,699)	730,176	(206,437)	438,040
Transfer to Stage 3	(627)	(308,235)	288,619	(20,243)
New financial assets originated or purchased	93,426	228,198	14,727	336,351
Financial assets derecognised other than write-off	(69,683)	(250,735)	(23,389)	(343,807)
Changes due to change in credit risk	(36,790)	161,540	61,713	186,463
Other adjustment	11	5	-	16
	39,650	60,710	133,635	233,995
Unwinding of discount	-	-	2,178	2,178
Total charge to income statement	39,650	60,710	135,813	236,173
Write-off	(1)	(1,836)	(81,700)	(83,537)
At 31 March 2022	270,674	557,650	331,518	1,159,842

10. LOANS, ADVANCES AND FINANCING (CONTD.)

(xi) Movements in the allowance for expected credit losses on loans, advances and financing are as follows: (contd.)

	12-Month ECL (Stage 1) RM'000	Lifetime ECL not-credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
BANK				
At 1 April 2022	174,486	368,542	207,412	750,440
Transfer to Stage 1	103,292	(191,727)	(19,584)	(108,019)
Transfer to Stage 2	(110,870)	286,433	(73,557)	102,006
Transfer to Stage 3	(686)	(258,945)	305,969	46,338
New financial assets originated or purchased	52,352	155,973	5,126	213,451
Financial assets derecognised other than write-off	(36,206)	(169,757)	(10,068)	(216,031)
Changes due to change in credit risk	(76,615)	113,432	19,977	56,794
Other adjustment	29	55	-	84
	(68,704)	(64,536)	227,863	94,623
Unwinding of discount	-	-	(3,106)	(3,106)
Total charge to income statement	(68,704)	(64,536)	224,757	91,517
Other movements	-	-	76,997	76,997
Write-off	-	(1,147)	(68,179)	(69,326)
At 31 March 2023	105,782	302,859	440,987	849,628
At 1 April 2021	154,241	314,669	197,689	666,599
Transfer to Stage 1	86,573	(314,557)	(1,581)	(229,565)
Transfer to Stage 2	(52,603)	442,526	(124,959)	264,964
Transfer to Stage 3	(446)	(157,496)	156,394	(1,548)
New financial assets originated or purchased	61,935	165,809	9,067	236,811
Financial assets derecognised other than write-off	(46,658)	(190,470)	(13,382)	(250,510)
Changes due to change in credit risk	(28,566)	108,957	39,378	119,769
Other adjustment	11	5	-	16
	20,246	54,774	64,917	139,937
Unwinding of discount	-	-	2,287	2,287
Total charge to income statement	20,246	54,774	67,204	142,224
Write-off	(1)	(901)	(57,481)	(58,383)
At 31 March 2022	174,486	368,542	207,412	750,440

Note:
The transfers between stages are inclusive of net remeasurement of allowances.

10. LOANS, ADVANCES AND FINANCING (CONTD.)

(xi) Movements in the allowance for expected credit losses on loans, advances and financing are as follows: (contd.)

Impact of movements in gross carrying amount on expected credit losses

GROUP
2023

Stage 1 ECL for the Group decreased by RM98.8 million as a result of loans, advances and financing that were fully repaid, having movement in the existing account balances during the financial year, accounts closed or migrated to Stage 2 or Stage 3 due to deterioration in credit quality. The decrease was partly offset by newly originated loans, advances and financing, and the migration to Stage 1 from Stage 2 or Stage 3 due to the improvement in credit quality.

Stage 2 ECL decreased by RM33.8 million, as a result of loans, advances and financing repayment, accounts migrated to Stage 3 due to deterioration in credit quality, and migrated to Stage 1 as a result of improved credit quality. The decrease was partly offset by accounts migrated from Stage 1 into Stage 2, which were mainly due to the increase in credit risk observed on certain segments such as personal loans/financing and mortgages.

Stage 3 ECL for the Group increased by RM240.3 million, as a result of loans, advances and financing migrated to Stage 3 from Stage 1 and Stage 2 due to deterioration in credit quality. The increase was partly offset by the accounts written off mainly from personal loans/financing segment, and migration of Stage 3 to Stage 1 or Stage 2 due to improvement in credit quality or account fully repaid.

Total ECL movements in 2023 is also affected by the changes in forward-looking economic inputs and the reversal of the pre-emptive overlay provisions from the estimated impacts of the COVID-19 pandemic. The overlays have been applied to determine a sufficient overall level of ECL. These overlays were taken to reflect the potential impact to delinquencies and defaults arising from escalation of credit risk.

2022

Stage 1 ECL for the Group increased by RM39.6 million as a result of newly originated loans, advances and financing, and the migration to Stage 1 from Stage 2 or Stage 3 due to the improvement in credit quality. The increase was partly offset by loans, advances and financing that were fully repaid, having movement in the existing account balances during the financial year, and accounts closed or migrated to Stage 2 or Stage 3 due to deterioration in credit quality.

Stage 2 ECL increased by RM58.9 million, as a result of loans, advances and financing migrated from Stage 1 into Stage 2, which were mainly due to the increase in credit risk observed on certain segments of payment relief assistance (“PRA”) such as personal loans/financing and mortgages. The increase was partly offset by repayment, and accounts migrated to Stage 3 due to deterioration in credit quality and migrated to Stage 1 as a result of improved credit quality.

Stage 3 ECL for the Group increased by RM54.1 million, as a result of loans, advances and financing migrated to Stage 3 from Stage 1 and Stage 2 as a result of deterioration in credit quality. The increase was partly offset by the accounts written off mainly from personal loans/financing segment, and migration of Stage 3 to Stage 1 or Stage 2 due to improvement in credit quality or account fully repaid.

Total ECL movements in 2022 is also affected by the changes in forward-looking economic inputs and increased pre-emptive overlay provisions from the estimated impacts of the COVID-19 pandemic. The overlays have been applied to determine a sufficient overall level of ECL. These overlays were taken to reflect the potential impact to delinquencies and defaults arising from escalation of credit risk on certain segments of the targeted repayment assistance loans.

11. OTHER ASSETS

	GROUP		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Other receivables	96,962	109,021	126,176	125,907
Collateral pledged for derivative transactions	158,626	118,485	158,626	118,485
Settlement account	285,085	234,689	285,085	234,689
Deposits	8,519	8,961	8,231	8,357
Prepayment	42,922	40,939	35,651	35,034
Amounts due from subsidiaries [Note (a)]	-	-	114,232	41,630
Amount due from joint venture [Note (a)]	-	-	-	109
	592,114	512,095	728,001	564,211
Allowance for expected credit losses on other receivables [Note (b)]	(43,467)	(41,993)	(38,725)	(38,147)
	548,647	470,102	689,276	526,064

Note:

(a) Amounts due from subsidiaries and joint venture

	GROUP		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Non-interest bearing	-	-	114,232	41,739

The amounts due from subsidiaries and joint venture are unsecured, interest-free and repayable upon demand.

Included in amount due from subsidiaries is the dividend receivable from a subsidiary amounting to RM76,089,000.

Note:

(b) Movements for allowance for expected credit losses on other receivables are as follows:

	GROUP		BANK	
	2023	2022	2023	2022
Lifetime ECL	RM'000	RM'000	RM'000	RM'000
At 1 April	41,993	40,281	38,147	34,941
New financial assets originated or purchased	1,826	390	170	-
Financial assets derecognised other than write-off	(2,378)	(669)	(338)	-
Changes due to change in credit risk	4,828	3,079	3,321	3,364
Total charge to income statement	4,276	2,800	3,153	3,364
Write-off	(2,802)	(1,088)	(2,575)	(158)
At 31 March	43,467	41,993	38,725	38,147

As at 31 March 2023, the Group's and the Bank's gross exposure of other receivables that are under lifetime expected credit losses were at RM43,467,000 and RM38,725,000 (2022: RM41,993,000 and RM38,147,000) respectively.

12. STATUTORY DEPOSITS

(a) Non-interest bearing statutory deposits for the Group and the Bank of RM979,501,000 and RM728,111,000 (2022: RM99,436,000 and RM68,999,000) respectively are maintained with BNM in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act 2009, the amounts of which are determined as a set percentage of total eligible liabilities.

(b) Interest bearing statutory deposits of RM100,000 (2022: RM100,000) relating to a subsidiary, Alliance Trustee Berhad are maintained with the Accountant-General in compliance with Section 3(f) of the Trust Companies Act 1949.

13. INVESTMENTS IN SUBSIDIARIES

	BANK	
	2023	2022
	RM'000	RM'000
Unquoted shares, at cost		
At 1 April	1,109,102	1,109,102
Capital reduction of ordinary shares in subsidiaries	(150,000)	-
Return of capital via dividend from subsidiary	(76,089)	-
At 31 March	883,013	1,109,102

The Bank's subsidiaries, all of which incorporated in Malaysia, are:

Name	Principal activities	Effective equity interest 2023 %	Effective equity interest 2022 %
Alliance Investment Bank Berhad ("AIBB")	Investment banking business and the provision of related financial services	100	100
Alliance Islamic Bank Berhad ("AISB")	Islamic banking, finance business and the provision of related financial services	100	100
Alliance Direct Marketing Sdn. Bhd.	Dealing in sales and distribution of consumer and commercial banking products	100	100
AllianceGroup Nominees (Asing) Sdn. Bhd.	Nominee services	100	100
AllianceGroup Nominees (Tempatan) Sdn. Bhd.	Nominee services	100	100
Alliance Trustee Berhad [Note (a)]	Trustee services	100	100
Alliance Financial Group Berhad (under members' voluntary winding up)	Dormant	100	100
Subsidiaries of Alliance Financial Group Berhad			
Kota Indrapura Development (under members' voluntary winding up)	Dormant	100	100

13. INVESTMENTS IN SUBSIDIARIES (CONTD.)

Note:
(a) Alliance Trustee Berhad is jointly held by the Bank and the following subsidiaries:

Name	Effective equity interest 2023 %	2022 %
Alliance Bank Malaysia Berhad	20	20
Alliance Investment Bank Berhad	20	20
Alliance Direct Marketing Sdn. Bhd.	20	20
AllianceGroup Nominees (Asing) Sdn. Bhd.	20	20
AllianceGroup Nominees (Tempatan) Sdn. Bhd.	20	20

14. INVESTMENT IN JOINT VENTURE

	GROUP 2023 RM'000	2022 RM'000
Unquoted shares		
At 1 April	1,048	994
Share of results	46	54
At 31 March	1,094	1,048
Represented by:		
Share of net tangible assets	1,094	1,048

Details of the joint venture, which is incorporated in Malaysia, are as follows:

Name	Principal activities	Effective equity interest 2023 %	2022 %
AllianceDBS Research Sdn. Bhd.	Research and stock analysis	51	51

Investment in AllianceDBS Research Sdn. Bhd. ("ADBS") is accounted for as an investment in joint venture in accordance with MFRS 128 "Investment in Associates and Joint Ventures" because both the Group and the other joint venturer have joint control over the decision making of the entity and rights to net assets of the entity.

The summarised financial information of the joint venture is as follows:

	GROUP 2023 RM'000	2022 RM'000
Assets and liabilities		
Current assets		
Cash and short-term funds	2,244	2,358
Other current assets	82	296
Total current assets	2,326	2,654
Non-current assets	307	308
Total assets	2,633	2,962
Current liabilities		
Other liabilities (non-trade)	447	783
Total current liabilities	447	783
Non-current liabilities	41	125
Total liabilities	488	908
Net assets	2,145	2,054

14. INVESTMENTS IN JOINT VENTURE (CONTD.)

The summarised statement of comprehensive income is as follows:

	GROUP 2023 RM'000	GROUP 2022 RM'000
Revenue	2,623	4,002
Profit before tax for the financial year	123	154
Profit after tax for the financial year	91	105
The above profit includes the following:		
Depreciation and amortisation	(1)	(7)
Taxation	(32)	(49)

Reconciliation of summarised financial information:

	GROUP 2023 RM'000	GROUP 2022 RM'000
Net assets		
At 1 April	2,054	1,949
Profit for the financial year	91	105
At 31 March	2,145	2,054
Carrying value at 51% share of the equity interest of a joint venture	1,094	1,048

15. RIGHT-OF-USE ASSETS

GROUP	Premises RM'000	Leasehold land RM'000	Office equipment and furniture RM'000	Computer equipment RM'000	Motor vehicles RM'000	Total RM'000
2023						
Cost						
At 1 April 2022	232,994	13,523	2,957	6,617	796	256,887
Additions	5,359	-	-	-	-	5,359
Remeasurement	4,932	-	4,051	-	-	8,983
Termination	(5,077)	-	-	-	-	(5,077)
At 31 March 2023	238,208	13,523	7,008	6,617	796	266,152
Accumulated depreciation						
At 1 April 2022	122,306	4,649	2,957	4,485	522	134,919
Charge for the financial year	23,393	137	1,106	1,081	193	25,910
Termination	(3,694)	-	-	-	-	(3,694)
At 31 March 2023	142,005	4,786	4,063	5,566	715	157,135
Accumulated impairment losses						
At 1 April 2022/31 March 2023	-	37	-	-	-	37
Net carrying amount	96,203	8,700	2,945	1,051	81	108,980

15. RIGHT-OF-USE ASSETS (CONTD.)

GROUP	Premises RM'000	Leasehold land RM'000	Office equipment and furniture RM'000	Computer equipment RM'000	Motor vehicles RM'000	Total RM'000
2022						
Cost						
At 1 April 2021	207,289	13,523	2,957	7,135	796	231,700
Additions	2,774	-	-	-	-	2,774
Remeasurement	25,089	-	-	(518)	-	24,571
Termination	(2,158)	-	-	-	-	(2,158)
At 31 March 2022	232,994	13,523	2,957	6,617	796	256,887
Accumulated depreciation						
At 1 April 2021	101,112	4,512	1,972	3,281	329	111,206
Charge for the financial year	23,001	137	985	1,204	193	25,520
Termination	(1,807)	-	-	-	-	(1,807)
At 31 March 2022	122,306	4,649	2,957	4,485	522	134,919
Accumulated impairment losses						
At 1 April 2021/31 March 2022	-	37	-	-	-	37
Net carrying amount	110,688	8,837	-	2,132	274	121,931

BANK	Premises RM'000	Leasehold land RM'000	Office equipment and furniture RM'000	Computer equipment RM'000	Motor vehicles RM'000	Total RM'000
2023						
Cost						
At 1 April 2022	232,506	13,523	2,957	6,617	796	256,399
Additions	5,359	-	-	-	-	5,359
Remeasurement	4,932	-	4,051	-	-	8,983
Termination	(4,589)	-	-	-	-	(4,589)
At 31 March 2023	238,208	13,523	7,008	6,617	796	266,152
Accumulated depreciation						
At 1 April 2022	122,048	4,649	2,957	4,485	522	134,661
Charge for the financial year	23,365	137	1,106	1,081	193	25,882
Termination	(3,408)	-	-	-	-	(3,408)
At 31 March 2023	142,005	4,786	4,063	5,566	715	157,135
Accumulated impairment losses						
At 1 April 2022/31 March 2023	-	37	-	-	-	37
Net carrying amount	96,203	8,700	2,945	1,051	81	108,980

15. RIGHT-OF-USE ASSETS (CONTD.)

	Premises	Leasehold land	Office equipment and furniture	Computer equipment	Motor vehicles	Total
BANK	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2022						
Cost						
At 1 April 2021	207,085	13,523	2,957	7,135	796	231,496
Additions	2,774	-	-	-	-	2,774
Remeasurement	24,805	-	-	(518)	-	24,287
Termination	(2,158)	-	-	-	-	(2,158)
At 31 March 2022	232,506	13,523	2,957	6,617	796	256,399
Accumulated depreciation						
At 1 April 2021	100,926	4,512	1,972	3,281	329	111,020
Charge for the financial year	22,929	137	985	1,204	193	25,448
Termination	(1,807)	-	-	-	-	(1,807)
At 31 March 2022	122,048	4,649	2,957	4,485	522	134,661
Accumulated impairment losses						
At 1 April 2021/31 March 2022	-	37	-	-	-	37
Net carrying amount	110,458	8,837	-	2,132	274	121,701

16. PROPERTY, PLANT AND EQUIPMENT

GROUP	Freehold land RM'000	Buildings RM'000	Renovations RM'000	Office equipment and furniture RM'000	Computer equipment RM'000	Motor vehicles RM'000	Total RM'000
2023							
Cost							
At 1 April 2022	1,953	27,826	103,768	59,500	63,116	854	257,017
Additions	-	-	13,193	2,749	5,985	1,002	22,929
Disposals	-	-	(826)	(356)	(411)	(1,035)	(2,628)
Written-off	-	-	(4,708)	(2,246)	(554)	-	(7,508)
At 31 March 2023	1,953	27,826	111,427	59,647	68,136	821	269,810
Accumulated depreciation							
At 1 April 2022	-	12,864	94,505	49,554	44,090	546	201,559
Charge for the financial year	-	563	4,252	4,302	10,877	144	20,138
Disposals	-	-	(819)	(307)	(355)	(688)	(2,169)
Written-off	-	-	(4,689)	(2,158)	(549)	-	(7,396)
At 31 March 2023	-	13,427	93,249	51,391	54,063	2	212,132
Accumulated impairment losses							
At 1 April 2022/31 March 2023	-	25	-	-	-	-	25
Net carrying amount	1,953	14,374	18,178	8,256	14,073	819	57,653

16. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

GROUP	Freehold land	Buildings	Renovations	Office equipment and furniture	Computer equipment	Motor vehicles	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2022							
Cost							
At 1 April 2021	1,953	27,826	128,456	62,001	66,631	854	287,721
Additions	-	-	3,918	965	13,133	-	18,016
Written-off	-	-	(28,606)	(3,466)	(16,648)	-	(48,720)
At 31 March 2022	1,953	27,826	103,768	59,500	63,116	854	257,017
Accumulated depreciation							
At 1 April 2021	-	12,307	120,536	47,592	49,529	468	230,432
Charge for the financial year	-	557	2,574	5,427	11,208	78	19,844
Written-off	-	-	(28,605)	(3,465)	(16,647)	-	(48,717)
At 31 March 2022	-	12,864	94,505	49,554	44,090	546	201,559
Accumulated impairment losses							
At 1 April 2021/31 March 2022	-	25	-	-	-	-	25
Net carrying amount	1,953	14,937	9,263	9,946	19,026	308	55,433

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16. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

BANK	Freehold land RM'000	Buildings RM'000	Renovations RM'000	Office equipment and furniture RM'000	Computer equipment RM'000	Motor vehicles RM'000	Total RM'000
2023							
Cost							
At 1 April 2022	1,953	27,826	101,793	60,984	68,884	933	262,373
Additions	-	-	13,160	2,686	5,922	1,002	22,770
Disposals	-	-	-	-	-	(1,035)	(1,035)
Written-off	-	-	(3,517)	(548)	(70)	-	(4,135)
At 31 March 2023	1,953	27,826	111,436	63,122	74,736	900	279,973
Accumulated depreciation							
At 1 April 2022	-	12,864	92,767	51,278	50,007	586	207,502
Charge for the financial year	-	563	4,110	4,284	10,747	144	19,848
Disposals	-	-	-	-	-	(688)	(688)
Written-off	-	-	(3,510)	(482)	(66)	-	(4,058)
At 31 March 2023	-	13,427	93,367	55,080	60,688	42	222,604
Accumulated impairment losses							
At 1 April 2022/31 March 2023	-	25	-	-	-	-	25
Net carrying amount	1,953	14,374	18,069	8,042	14,048	858	57,344

16. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

BANK	Freehold land RM'000	Buildings RM'000	Renovations RM'000	Office equipment and furniture RM'000	Computer equipment RM'000	Motor vehicles RM'000	Total RM'000
2022							
Cost							
At 1 April 2021	1,953	27,826	126,111	63,482	72,515	933	292,820
Additions	-	-	3,910	965	12,967	-	17,842
Written-off	-	-	(28,228)	(3,463)	(16,598)	-	(48,289)
At 31 March 2022	1,953	27,826	101,793	60,984	68,884	933	262,373
Accumulated depreciation							
At 1 April 2021	-	12,308	118,590	49,407	56,052	508	236,865
Charge for the financial year	-	556	2,404	5,333	10,552	78	18,923
Written-off	-	-	(28,227)	(3,462)	(16,597)	-	(48,286)
At 31 March 2022	-	12,864	92,767	51,278	50,007	586	207,502
Accumulated impairment losses							
At 1 April 2021/31 March 2022	-	25	-	-	-	-	25
Net carrying amount	1,953	14,937	9,026	9,706	18,877	347	54,846

17. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The net deferred tax assets and liabilities shown in the statements of financial position after appropriate offsetting are as follows:

	GROUP		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets, net	198,920	203,285	141,327	143,544
Deferred tax liabilities, net	-	(426)	-	-
	198,920	202,859	141,327	143,544

Movements on deferred tax:

	GROUP		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At 1 April	202,859	127,767	143,544	95,200
Recognised in statements of income	(5,161)	13,073	(1,316)	6,082
Recognised in equity	1,222	62,019	(901)	42,262
At 31 March	198,920	202,859	141,327	143,544

Deferred tax assets and liabilities prior to offsetting are summarised as follows:

	GROUP		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets	213,385	217,571	155,366	157,901
Deferred tax liabilities	(14,465)	(14,712)	(14,039)	(14,357)
	198,920	202,859	141,327	143,544

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17. DEFERRED TAX (CONTD.)

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

Deferred tax assets/(liabilities)	Unabsorbed tax losses and capital allowances RM'000	Allowance for expected credit losses RM'000	Other liabilities RM'000	Leases RM'000	Financial investments at fair value through other comprehensive income RM'000	Cash flow hedge RM'000	Property, plant and equipment RM'000	Total RM'000
GROUP								
At 1 April 2022	268	93,984	74,051	3,352	45,836	80	(14,712)	202,859
Recognised in statements of income	(120)	(3,079)	(2,393)	184	-	-	247	(5,161)
Recognised in equity	-	-	-	-	1,302	(80)	-	1,222
At 31 March 2023	148	90,905	71,658	3,536	47,138	-	(14,465)	198,920
At 1 April 2021	4	79,011	72,460	3,231	(16,103)	-	(10,836)	127,767
Reclassification	267	-	(267)	-	-	-	-	-
Recognised in statements of income	(3)	14,973	1,858	121	-	-	(3,876)	13,073
Recognised in equity	-	-	-	-	61,939	80	-	62,019
At 31 March 2022	268	93,984	74,051	3,352	45,836	80	(14,712)	202,859
BANK								
At 1 April 2022	-	60,716	50,007	3,312	43,786	80	(14,357)	143,544
Recognised in statements of income	-	(5,134)	3,323	177	-	-	318	(1,316)
Recognised in equity	-	-	-	-	(821)	(80)	-	(901)
At 31 March 2023	-	55,582	53,330	3,489	42,965	-	(14,039)	141,327
At 1 April 2021	-	49,192	51,697	3,197	1,604	-	(10,490)	95,200
Recognised in statements of income	-	11,524	(1,690)	115	-	-	(3,867)	6,082
Recognised in equity	-	-	-	-	42,182	80	-	42,262
At 31 March 2022	-	60,716	50,007	3,312	43,786	80	(14,357)	143,544

Note:
Other liabilities include provisions and deferred income.

18. INTANGIBLE ASSETS

	GROUP 2023 RM'000	GROUP 2022 RM'000	BANK 2023 RM'000	BANK 2022 RM'000
Goodwill				
Cost:				
At 1 April/31 March	301,997	301,997	186,272	186,272
Impairment:				
At 1 April/31 March	16,349	16,349	351	351
Net carrying amount	285,648	285,648	185,921	185,921
Computer software				
Cost:				
At 1 April	418,705	384,366	408,565	375,101
Additions	56,160	46,377	55,110	45,502
Disposals	(36)	-	-	-
Written-off	(2,640)	(12,038)	(3)	(12,038)
At 31 March	472,189	418,705	463,672	408,565
Accumulated amortisation:				
At 1 April	272,148	238,755	264,335	232,018
Charge for the financial year	47,900	45,063	46,939	43,987
Disposals	(15)	-	-	-
Written-off	(2,634)	(11,670)	(2)	(11,670)
At 31 March	317,399	272,148	311,272	264,335
Net carrying amount	154,790	146,557	152,400	144,230
Total carrying amount	440,438	432,205	338,321	330,151

Note:
Computer software of the Group and the Bank include work in progress of RM39,999,000 and RM39,696,000 (2022: RM35,363,000 and RM35,242,000) respectively which are not amortised until ready for use.

18. INTANGIBLE ASSETS (CONTD.)

(a) Impairment test on goodwill

Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. Goodwill has been allocated to the Group's cash-generating units ("CGUs") that are expected to benefit from the synergies of the acquisitions, identified according to the business segments as follows:

	GROUP		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Consumer banking	101,565	101,565	67,513	67,513
Business banking	100,822	100,822	81,448	81,448
Financial markets	83,261	83,261	36,960	36,960
	285,648	285,648	185,921	185,921

For annual impairment testing purposes, the recoverable amounts of the CGUs, which are reportable business segments, are determined based on their value-in-use. The value-in-use calculation uses pre-tax cash flow projections based on financial budget and business plans approved by the Board of Directors. The key assumptions for the computation of value-in-use include the discount rates, cash flow projection and growth rates applied are as follows:

(i) Discount rate

The discount rates used are pre-tax and reflect specific risks relating to the CGUs. The discount rates used in determining the recoverable amount are as follows:

	GROUP	
	2023	2022
	%	%
Consumer banking	8.07	8.09
Business banking	8.05	8.09
Financial markets	7.22	6.44

(ii) Cash flow projections and growth rate

Cash flow projections are based on four-year financial budget and business plans approved by the Board of Directors. The cash flow projections are derived based on multiple probability weighted scenarios considering a number of key factors including past performance and the Management's expectation of market developments.

Cash flows beyond the fourth year are extrapolated in perpetuity using terminal growth rate at 4.1% (2022: 4.2%), representing the forecasted Gross Domestic Product ("GDP") growth rate of the country for the CGUs.

(b) Sensitivity to changes in assumptions

The Management is of the view that any reasonable possible changes in the key assumptions would not cause the carrying amount of the goodwill to exceed the recoverable amount of the CGUs.

Sensitivity analysis was performed by stressing the terminal growth rates ranging at -10.5% to -17.8% or the discount rates ranging between 20.6% and 24.0% which resulted in a break-even point between the carrying amount and recoverable amount for the CGUs.

19. DEPOSITS FROM CUSTOMERS

	GROUP		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Demand deposits	19,267,883	21,323,706	14,988,337	16,091,465
Savings deposits	2,026,815	2,253,040	1,618,996	1,803,826
Fixed/investment deposits	25,161,869	21,224,606	17,604,556	15,202,615
Money market deposits	3,991,002	3,121,454	2,283,003	2,169,797
Negotiable instruments of deposits	401,461	263,565	401,461	263,565
	50,849,030	48,186,371	36,896,353	35,531,268

(i) The maturity structure of fixed deposits, money market deposits and negotiable instruments of deposits are as follows:

	GROUP		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Due within six months	22,477,236	19,804,835	15,781,534	14,077,434
Six months to one year	6,770,360	4,640,627	4,458,201	3,501,660
One year to three years	303,643	160,250	46,192	53,373
Three years to five years	3,093	3,913	3,093	3,510
	29,554,332	24,609,625	20,289,020	17,635,977

(ii) The deposits are sourced from the following types of customers:

	GROUP		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Domestic financial institutions	439,786	253,444	440,471	285,206
Domestic non-bank financial institutions	5,701,678	4,501,331	3,732,973	2,985,038
Government and statutory bodies	3,628,356	3,318,166	1,935,807	1,853,610
Business enterprises	17,292,460	16,250,835	12,885,486	12,314,918
Individuals	21,792,889	21,947,570	16,218,586	16,464,080
Foreign entities	795,224	836,669	693,188	728,208
Others	1,198,637	1,078,356	989,842	900,208
	50,849,030	48,186,371	36,896,353	35,531,268

20. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	GROUP		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Licensed banks	403,166	365,146	403,166	285,139
Licensed investment banks	-	23,441	787	-
Bank Negara Malaysia	1,316,118	1,260,405	1,132,249	1,052,610
Other financial institutions	-	40,002	-	-
	1,719,284	1,688,994	1,536,202	1,337,749

Note:

(a) The Group and the Bank have undertaken a cash flow hedge on the foreign exchange risk of the deposit amounting to RM Nil (2022: RM252,270,000).

(b) Included in deposit and placement by BNM is the government financing scheme received by the Group and the Bank as part of the government support measures in response to the COVID-19 pandemic for the purpose of SME lending at a below market rate.

21. AMOUNTS DUE TO CLIENTS AND BROKERS

	GROUP	
	2023	2022
	RM'000	RM'000
Due to clients	-	28,404
	-	28,404

These mainly relate to amounts payable to non-margin clients and outstanding contracts entered into on behalf of clients where settlement via Bursa Malaysia Securities Clearing Sdn. Bhd. has yet to be made.

The Group's normal trade credit terms for non-margin clients is two (2) market days according to Bursa Malaysia Securities Berhad's FDSS trading rules.

Following the issuance of Financial Reporting Standards Implementation Committee ("FRSIC") Consensus 18, the Group no longer recognises trust monies balances in the statements of financial position, as the Group does not have any control over the trust monies to obtain the future economic benefits embodied in the trust monies. The trust monies maintained by the Group amounting to RM Nil (2022: RM99,843,000) have been excluded accordingly.

22. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

Structured investments designated at fair value for the Group and the Bank include investments with embedded equity linked options, interest rate index linked options and foreign currency options.

The Group and the Bank designated certain structured investments at fair value through profit or loss. The structured investments are recorded at fair value.

The fair value changes of the structured investments that are attributable to the changes in own credit risk are not significant.

	GROUP/BANK	
	2023	2022
	RM'000	RM'000
Structured investments	1,904,295	1,167,323
Fair value changes arising from designation at fair value through profit or loss	(119,138)	(142,127)
	1,785,157	1,025,196

The carrying amount of financial liabilities designated at fair value of the Group and the Bank as at 31 March 2023 was lower than the contractual amount at maturity for the structured investments by RM119,138,000 (2022: RM142,127,000).

23. RECOURSE OBLIGATIONS ON LOANS AND FINANCING SOLD TO CAGAMAS

This relates to proceeds received from housing loans/financing and hire purchase loans/financing sold directly to Cagamas Berhad with recourse to the Group and the Bank. Under the agreement, the Group and the Bank undertake to administer the loans/financing on behalf of Cagamas Berhad and to buy back any loans/financing which are regarded as defective based on pre-determined and agreed upon prudential criteria set by Cagamas Berhad.

24. LEASE LIABILITIES

	GROUP		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At 1 April	125,475	123,494	125,249	123,475
Additions	5,210	2,667	5,210	2,667
Termination of contracts	(1,383)	(351)	(1,181)	(351)
Interest expense	5,534	6,301	5,539	6,292
Lease payment	(30,568)	(31,207)	(30,549)	(31,121)
Remeasurement	8,983	24,571	8,983	24,287
At 31 March	113,251	125,475	113,251	125,249

Note:
Short-term leases expenses and low value leases expenses that are not included in lease liabilities for the Group and the Bank are as follows:

	GROUP		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Short-term leases expenses (included in establishment expense)	384	604	384	604
Income from subleasing ROU assets	86	154	1,411	1,996

The Group and the Bank lease premises, office equipment and furniture, computer equipment and motor vehicles. Rental contracts are typically made for the periods ranging from 3 to 5 years but may have extension options.

Extension and termination options are included in a number of leases across the Group and the Bank. The Group and the Bank manage the leases and, accordingly, lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Extension and termination options are included, when possible, to provide a greater flexibility after the end of the agreement. The individual terms and conditions used vary across the Group and the Bank. The majority of extension and termination options held are exercisable only by the Group and the Bank and not by the respective lessors.

In cases in which the Group and the Bank are not reasonably certain to exercise an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

Potential future cash outflows of RM19,595,000 (2022: RM41,291,000) has not been included in the lease liabilities because it is not reasonably certain that the leases will be extended or not terminated.

25. OTHER LIABILITIES

	GROUP 2023 RM'000	GROUP 2022 RM'000	BANK 2023 RM'000	BANK 2022 RM'000
Other payables	1,226,209	1,087,970	1,137,952	1,003,188
Bills payable	134,968	128,601	127,692	120,850
Collateral pledged for derivative transactions	26,334	12,370	26,334	12,370
Settlement account	39,507	22,761	39,507	22,761
Clearing account	229,586	187,918	197,503	130,994
Sundry deposits	59,812	54,843	50,998	49,682
Provision and accruals	167,097	197,782	156,844	157,761
Remisiers accounts	-	8,002	-	-
Structured investments	248,611	170,114	248,611	170,114
Amounts due to subsidiaries	-	-	-	177
Amount due to joint venture	16	6	16	-
Allowance for expected credit losses on commitments and contingencies [Note (a)]	29,301	24,816	26,215	21,444
	2,161,441	1,895,183	2,011,672	1,689,341

Note:

(a) Movements for allowance for expected credit losses on commitments and contingencies are as follows:

	12-Month ECL (Stage 1) RM'000	Lifetime ECL not-credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
GROUP				
At 1 April 2022	6,894	16,504	1,418	24,816
Transfer to Stage 1	613	(7,059)	(50)	(6,496)
Transfer to Stage 2	(661)	13,049	(393)	11,995
Transfer to Stage 3	-	(608)	1,509	901
New financial assets originated or purchased	4,477	5,320	16	9,813
Financial assets derecognised other than write-off	(2,433)	(8,228)	(2,342)	(13,003)
Changes due to change in credit risk	(3,893)	3,448	1,705	1,260
Other adjustments	8	21	-	29
	(1,889)	5,943	445	4,499
Unwinding of discount	-	-	(14)	(14)
Total (write-back from)/charge to income statement	(1,889)	5,943	431	4,485
At 31 March 2023	5,005	22,447	1,849	29,301

25. OTHER LIABILITIES (CONTD.)

(a) Movements for allowance for expected credit losses on commitments and contingencies are as follows: (contd.)

	12-Month ECL (Stage 1) RM'000	Lifetime ECL not-credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
GROUP				
At 1 April 2021	9,722	36,512	3,109	49,343
Transfer to Stage 1	626	(4,508)	-	(3,882)
Transfer to Stage 2	(690)	6,809	(564)	5,555
Transfer to Stage 3	-	(1,348)	1,119	(229)
New financial assets originated or purchased	5,188	3,118	-	8,306
Financial assets derecognised other than write-off	(4,109)	(25,703)	(3,325)	(33,137)
Changes due to change in credit risk	(3,843)	1,624	779	(1,440)
	(2,828)	(20,008)	(1,991)	(24,827)
Unwinding of discount	-	-	300	300
Total write-back from income statement	(2,828)	(20,008)	(1,691)	(24,527)
At 31 March 2022	6,894	16,504	1,418	24,816
BANK				
At 1 April 2022	5,698	14,331	1,415	21,444
Transfer to Stage 1	553	(5,978)	(50)	(5,475)
Transfer to Stage 2	(601)	11,317	(288)	10,428
Transfer to Stage 3	-	(548)	1,081	533
New financial assets originated or purchased	3,690	4,777	16	8,483
Financial assets derecognised other than write-off	(1,900)	(7,117)	(927)	(9,944)
Changes due to change in credit risk	(3,151)	3,489	391	729
Other adjustments	7	19	-	26
	(1,402)	5,959	223	4,780
Unwinding of discount	-	-	(9)	(9)
Total (write-back from)/charge to income statement	(1,402)	5,959	214	4,771
At 31 March 2023	4,296	20,290	1,629	26,215
At 1 April 2021	8,056	15,020	3,109	26,185
Transfer to Stage 1	558	(3,839)	-	(3,281)
Transfer to Stage 2	(592)	6,010	(556)	4,862
Transfer to Stage 3	-	(1,237)	1,113	(124)
New financial assets originated or purchased	4,441	2,733	-	7,174
Financial assets derecognised other than write-off	(3,716)	(6,032)	(3,325)	(13,073)
Changes due to change in credit risk	(3,049)	1,676	774	(599)
	(2,358)	(689)	(1,994)	(5,041)
Unwinding of discount	-	-	300	300
Total write-back from income statement	(2,358)	(689)	(1,694)	(4,741)
At 31 March 2022	5,698	14,331	1,415	21,444

Note:

(a) The transfers between stages are inclusive of net remeasurement of allowances.

(b) As at 31 March 2023, the Group's and the Bank's gross exposure of commitments and contingencies that are credit impaired were at RM38,680,000 and RM38,096,000 (2022: RM5,760,000 and RM5,562,000) respectively.

26. SUBORDINATED OBLIGATIONS

	Note	GROUP 2023 RM'000	GROUP 2022 RM'000	BANK 2023 RM'000	BANK 2022 RM'000
Subordinated Medium Term Notes ("Sub-MTNs")/ Additional Tier 1 ("AT1") Capital Securities/ AT1 Sukuk Wakalah					
RM400 million Sub-MTNs	(a)	405,614	405,419	405,308	405,003
RM350 million Sub-MTNs	(b)	355,684	355,684	355,684	355,684
RM450 million Sub-MTNs	(c)	457,789	457,789	457,789	457,789
RM150 million AT1 Capital Securities	(d)	-	153,656	-	153,587
RM150 million AT1 Capital Securities	(e)	152,080	-	152,080	-
RM100 million AT1 Capital Securities	(f)	100,391	100,391	100,391	100,391
RM100 million AT1 Sukuk Wakalah	(g)	99,944	99,846	-	-
		1,571,502	1,572,785	1,471,252	1,472,454

(a) RM400 million Sub-MTNs

On 27 October 2020, the Bank issued RM400 million Sub-MTNs under the RM2.0 billion Sub-MTN Programme.

	GROUP 2023 RM'000	GROUP 2022 RM'000	BANK 2023 RM'000	BANK 2022 RM'000
At cost	400,000	400,000	400,000	400,000
Accumulated unaccreted discount	(541)	(736)	(847)	(1,152)
Interest accrued	6,155	6,155	6,155	6,155
	405,614	405,419	405,308	405,003

The Sub-MTNs have been assigned a long term rating of A2 by RAM.

The coupon rate for the Sub-MTNs is fixed at 3.60% per annum, payable semi-annually throughout the entire tenure.

The main features of the Sub-MTNs are as follows:

(i) Issue date: 27 October 2020

(ii) Tenure of the facility/issue: 10 years from the issue date and callable five (5) years after issue date

(iii) Maturity date: 25 October 2030

(iv) Interest rate/coupon: 3.60% per annum, payable semi-annually in arrears

(v) Call date: 27 October 2025 and thereafter on every coupon payment date

(vi) The Sub-MTNs constitute direct and unsecured obligations of the issuer, subordinated in right and priority of payment, to the extent and in the manner provided in the Sub-MTNs, ranking pari passu among themselves.

(vii) In the event of winding up or liquidation of the issuer, be subordinated in right of payment to all deposit liabilities and other liabilities of the issuer, except in each case to those liabilities which by their terms rank equally in right of payment or which are subordinated to the Sub-MTNs.

26. SUBORDINATED OBLIGATIONS (CONTD.)

(b) RM350 million Sub-MTNs

On 27 October 2020, the Bank issued RM350 million Sub-MTNs under the RM2.0 billion Sub-MTN Programme.

	GROUP		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At cost	350,000	350,000	350,000	350,000
Interest accrued	5,684	5,684	5,684	5,684
	355,684	355,684	355,684	355,684

The Sub-MTNs have been assigned a long term rating of A2 by RAM.

The coupon rate for the Sub-MTNs is fixed at 3.80% per annum, payable semi-annually throughout the entire tenure.

The main features of the Sub-MTNs are as follows:

(i) Issue date: 27 October 2020

(ii) Tenure of the facility/issue: 12 years from the issue date and callable seven (7) years after issue date

(iii) Maturity date: 27 October 2032

(iv) Interest rate/coupon: 3.80% per annum, payable semi-annually in arrears

(v) Call date: 27 October 2027 and thereafter on every coupon payment date

(vi) The Sub-MTNs constitute direct and unsecured obligations of the issuer, subordinated in right and priority of payment, to the extent and in the manner provided in the Sub-MTNs, ranking pari passu among themselves.

(vii) In the event of winding up or liquidation of the issuer, be subordinated in right of payment to all deposit liabilities and other liabilities of the issuer, except in each case to those liabilities which by their terms rank equally in right of payment or which are subordinated to the Sub-MTNs.

26. SUBORDINATED OBLIGATIONS (CONTD.)

(c) RM450 million Sub-MTNs

On 27 October 2020, the Bank issued RM450 million Sub-MTNs under the RM2.0 billion Sub-MTN Programme.

	GROUP		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At cost	450,000	450,000	450,000	450,000
Interest accrued	7,789	7,789	7,789	7,789
	457,789	457,789	457,789	457,789

The Sub-MTNs have been assigned a long term rating of A2 by RAM.

The coupon rate for the Sub-MTNs is fixed at 4.05% per annum, payable semi-annually throughout the entire tenure.

The main features of the Sub-MTNs are as follows:

(i) Issue date: 27 October 2020

(ii) Tenure of the facility/issue: 15 years from the issue date and callable ten (10) years after issue date

(iii) Maturity date: 26 October 2035

(iv) Interest rate/coupon: 4.05% per annum, payable semi-annually in arrears

(v) Call date: 28 October 2030 and thereafter on every coupon payment date

(vi) The Sub-MTNs constitute direct and unsecured obligations of the issuer, subordinated in right and priority of payment, to the extent and in the manner provided in the Sub-MTNs, ranking pari passu among themselves.

(vii) In the event of winding up or liquidation of the issuer, be subordinated in right of payment to all deposit liabilities and other liabilities of the issuer, except in each case to those liabilities which by their terms rank equally in right of payment or which are subordinated to the Sub-MTNs.

26. SUBORDINATED OBLIGATIONS (CONTD.)

(d) RM150 million AT1 Capital Securities

On 8 November 2017, the Bank issued RM150 million AT1 Capital Securities under the RM1.0 billion AT1 Capital Securities Programme.

	GROUP		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At cost	-	150,000	-	150,000
Accumulated unaccreted discount	-	(43)	-	(112)
Interest accrued	-	3,699	-	3,699
	-	153,656	-	153,587

The Capital Securities have been assigned a long term rating of BBB1 by RAM.

The coupon rate for the capital securities is fixed at 6.25% per annum, payable semi-annually throughout the entire tenure.

The main features of the capital securities are as follows:

(i)	Issue date:	8 November 2017
(ii)	Tenure of the facility/issue:	Perpetual non-callable five (5) years
(iii)	Interest rate/coupon:	6.25% per annum, payable semi-annually in arrears
(iv)	Call date:	8 November 2022 and thereafter on every coupon payment date

(v) The Capital Securities constitute direct and unsecured obligations of the issuer and are subordinated in right and priority of payment, to the extent and in the manner provided in the Capital Securities and the Transaction Documents, ranking pari passu among themselves.

(vi) Upon the occurrence of any winding up proceeding, the amount payable on the Capital Securities will be subordinated in right of payment to all deposit liabilities and other liabilities of the issuer, except in each case to those liabilities which by their terms rank equally with or junior to the Capital Securities.

The Bank has fully redeemed its RM150 million AT1 Capital Securities on 8 November 2022.

26. SUBORDINATED OBLIGATIONS (CONTD.)

(e) RM150 million AT1 Capital Securities

On 30 June 2022, the Bank issued RM150 million AT1 Capital Securities under the RM1.0 billion AT1 Capital Securities Programme.

	GROUP		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At cost	150,000	-	150,000	-
Interest accrued	2,080	-	2,080	-
	152,080	-	152,080	-

The Capital Securities have been assigned a long term rating of BBB1 by RAM.

The coupon rate for the capital securities is fixed at 5.50% per annum, payable semi-annually throughout the entire tenure.

The main features of the capital securities are as follows:

(i) Issue date: 30 June 2022

(ii) Tenure of the facility/issue: Perpetual non-callable five (5) years

(iii) Interest rate/coupon: 5.50% per annum

(iv) Call date: 30 June 2027 and thereafter on every distribution payment date

(v) The Capital Securities constitute direct and unsecured obligations of the issuer and are subordinated in right and priority of payment, to the extent and in the manner provided in the Capital Securities and the Transaction Documents, ranking pari passu among themselves.

(vi) Upon the occurrence of any winding up proceeding, the amount payable on the Capital Securities will be subordinated in right of payment to all deposit liabilities and other liabilities of the issuer, except in each case to those liabilities which by their terms rank equally with or junior to the Capital Securities.

26. SUBORDINATED OBLIGATIONS (CONTD.)

(f) RM100 million AT1 Capital Securities

On 8 March 2019, the Bank issued RM100 million AT1 Capital Securities under the RM1.0 billion AT1 Capital Securities Programme.

	GROUP		BANK	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At cost	100,000	100,000	100,000	100,000
Interest accrued	391	391	391	391
	100,391	100,391	100,391	100,391

The Capital Securities have been assigned a long term rating of BBB1 by RAM.

The coupon rate for the capital securities is fixed at 5.95% per annum, payable semi-annually throughout the entire tenure.

The main features of the capital securities are as follows:

(i) Issue date: 8 March 2019

(ii) Tenure of the facility/issue: Perpetual non-callable five (5) years

(iii) Interest rate/coupon: 5.95% per annum, payable semi-annually

(iv) Call date: 8 March 2024 and thereafter on every distribution payment date

(v) The Capital Securities constitute direct and unsecured obligations of the issuer and are subordinated in right and priority of payment, to the extent and in the manner provided in the Capital Securities and the Transaction Documents, ranking pari passu among themselves.

(vi) Upon the occurrence of any winding up proceeding, the amount payable on the Capital Securities will be subordinated in right of payment to all deposit liabilities and other liabilities of the issuer, except in each case to those liabilities which by their terms rank equally with or junior to the Capital Securities.

26. SUBORDINATED OBLIGATIONS (CONTD.)

(g) RM100 million Additional Tier 1 Sukuk Wakalah

On 29 March 2019, AISB, a wholly-owned subsidiary of the Bank issued RM100.0 million Islamic Additional Tier 1 Sukuk Wakalah ("AT1 Sukuk") of RM100.0 million in nominal value ("AT1 Sukuk Issuance") pursuant to AISB's Sukuk Programme.

	GROUP		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At cost	100,000	100,000	-	-
Accumulated unaccreted discount	(105)	(204)	-	-
Interest accrued	49	50	-	-
	99,944	99,846	-	-

The AT1 Sukuk has been assigned a long term rating of BBB1 by RAM.

The main features of the capital securities are as follows:

(i) Issue date: 29 March 2019

(ii) Tenure of the facility/issue: Perpetual non-callable five (5) years

(iii) Coupon rate: 5.95% per annum, payable semi-annually

(iv) Call date: 29 March 2024 and thereafter on every distribution payment date

(v) The AT1 Sukuk constitutes direct and unsecured obligations of the issuer and is subordinated to depositors, general creditors and other holders of subordinated debt of the issuer.

(vi) Upon the occurence of any winding up proceeding, the amount payable on the AT1 Sukuk will be subordinated in right of payment to the prior payment in full of all deposit liabilities and other liabilities of the issuer, except in each case to those liabilities which their terms rank equally with or junior to the AT1 Sukuk.

27. SHARE CAPITAL

GROUP/BANK	2023 Number of ordinary shares '000	2023 RM'000	2022 Number of ordinary shares '000	2022 RM'000
Ordinary shares issued and fully paid:				
At 1 April/31 March	1,548,106	1,548,106	1,548,106	1,548,106

28. RESERVES

	Note	GROUP 2023 RM'000	GROUP 2022 RM'000	BANK 2023 RM'000	BANK 2022 RM'000
Non-distributable:					
Regulatory reserves	(a)	257,241	47,686	231,857	41,641
Capital reserves	(b)	100,150	100,150	15,515	15,515
FVOCI reserves	(c)	(148,673)	(144,227)	(135,652)	(138,088)
Hedging reserves	(d)	-	(253)	-	(253)
		208,718	3,356	111,720	(81,185)
Distributable:					
Retained profits		4,989,825	4,865,214	4,324,216	4,270,419
		5,198,543	4,868,570	4,435,936	4,189,234

Note:

(a) Regulatory reserves represent the Group's and the Bank's compliance with BNM Revised Policy Documents in Financial Reporting and Financial Reporting for Islamic Banking Institutions effective 1 April 2018 whereby the Bank and its banking subsidiaries must maintain in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserves of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures.

(b) Capital reserves are in respect of retained profits capitalised for a bonus issue by a subsidiary.

(c) FVOCI reserves are the cumulative gains and losses arising on the revaluation of debt instruments measured at FVOCI, net off cumulative gains and losses transferred to statements of income upon disposal and the cumulative allowance for expected credit losses on these investments.

(d) Hedging reserve arises from the cash flow hedge activities undertaken by the Group and the Bank on deposits and placements of banks and financial institutions.

The reserve is non-distributable and is reversed to the statements of income when the hedged items affect the statement of income or termination of the cash flow hedge.

29. INTEREST INCOME

	GROUP 2023 RM'000	GROUP 2022 RM'000	BANK 2023 RM'000	BANK 2022 RM'000
Loans, advances and financing	1,537,409	1,315,843	1,515,886	1,291,955
Money at call and deposit placements with financial institutions	55,061	11,510	58,168	11,699
Financial investments at fair value through other comprehensive income	267,572	284,163	247,885	261,421
Financial investments at amortised cost	85,280	72,494	91,170	79,644
Others	5,348	1,090	5,348	1,090
	1,950,670	1,685,100	1,918,457	1,645,809
Accretion of discount less amortisation of premium (net)	25,112	(604)	26,393	34
	1,975,782	1,684,496	1,944,850	1,645,843

Note:

Included in interest income on loans, advances and financing is interest/profit on impaired loans/financing of the Group and the Bank of RM4,921,000 (2022: RM2,837,000).

30. INTEREST EXPENSE

	GROUP 2023 RM'000	GROUP 2022 RM'000	BANK 2023 RM'000	BANK 2022 RM'000
Deposits and placements of banks and other financial institutions	16,713	15,247	13,982	11,207
Deposits from customers	612,178	458,360	609,622	452,255
Recourse obligations on loans and financing sold to Cagamas	13,675	13,591	13,675	13,591
Subordinated obligations	64,004	61,496	64,184	61,701
Lease liabilities	5,534	6,301	5,539	6,292
Others	33,579	7,860	33,579	7,860
	745,683	562,855	740,581	552,906

31. NET INCOME FROM ISLAMIC BANKING BUSINESS

	GROUP 2023 RM'000	GROUP 2022 RM'000
Income derived from investment of depositors' funds and others	702,714	572,332
Income derived from investment of Islamic Banking funds	68,465	60,439
Income attributable to the depositors and financial institutions	(318,373)	(235,256)
	452,806	397,515

Note:

(a) Net income from Islamic banking business comprises income generated from AISB, and Islamic banking business of AIBB. Both AISB and AIBB are wholly-owned subsidiaries of the Bank.

32. OTHER OPERATING INCOME

	GROUP 2023 RM'000	GROUP 2022 RM'000	BANK 2023 RM'000	BANK 2022 RM'000
(a) Fee and commission income:				
Commissions	83,077	90,688	83,077	90,688
Service charges and fees	25,761	23,189	25,369	22,308
Corporate advisory fees	-	3,943	-	-
Underwriting commissions	-	1,121	-	-
Brokerage fees	5,483	33,971	-	-
Guarantee fees	13,978	13,425	13,952	13,398
Processing fees	5,177	11,650	4,717	6,701
Commitment fees	17,478	19,044	17,478	19,044
Cards related income	58,875	60,708	58,875	60,708
Other fee income	6,000	7,000	6,000	7,000
	215,829	264,739	209,468	219,847
(b) Fee and commission expense:				
Commissions expense	(1,831)	(2,212)	(1,831)	(2,212)
Service charges and fees expense	(2,029)	(1,820)	(2,029)	(1,820)
Brokerage fees expense	(2,555)	(13,921)	(72)	(61)
Guarantee fees expense	(15,722)	(17,244)	(15,722)	(17,244)
Cards related expense	(82,849)	(68,068)	(82,849)	(68,068)
	(104,986)	(103,265)	(102,503)	(89,405)
(c) Investment income:				
Realised gain arising from sale/redemption of:				
- Financial assets at fair value through profit or loss	9,580	4,529	5,977	4,149
- Financial investments at fair value through other comprehensive income	2,213	40,850	2,324	23,785
- Financial investments at amortised cost	1,482	-	1,482	-
- Derivative instruments	118,843	102,629	118,843	102,629
Marked-to-market revaluation gain/(loss):				
- Financial assets at fair value through profit or loss	17,889	26,987	17,889	22,828
- Derivative instruments	(38,583)	(128,934)	(33,930)	(128,934)
- Financial liabilities designated at fair value through profit or loss	(22,989)	110,171	(22,989)	110,171
Net (loss)/gain arising from hedging activities	(333)	333	(333)	333
Gross dividend income from:				
- Financial assets at fair value through profit or loss	2,301	1,377	1,940	796
- Subsidiaries	-	-	84,507	48,253
	90,403	157,942	175,710	184,010
(d) Other income:				
Foreign exchange gain	8,715	3,436	8,535	2,463
Rental income	86	154	1,411	1,996
Gain on disposal of property, plant and equipment	80	-	80	-
Others	26,770	25,494	22,512	24,951
	35,651	29,084	32,538	29,410
Total other operating income	236,897	348,500	315,213	343,862

33. OTHER OPERATING EXPENSES

	GROUP 2023 RM'000	GROUP 2022 RM'000	BANK 2023 RM'000	BANK 2022 RM'000
Personnel costs				
- Salaries, allowances and bonuses	448,206	416,611	349,524	310,904
- Contribution to EPF	71,470	65,716	55,931	49,312
- Others	52,925	47,298	44,131	35,463
	572,601	529,625	449,586	395,679
Establishment costs				
- Depreciation of property, plant and equipment	20,138	19,844	19,848	18,923
- Depreciation of right-of-use assets	25,910	25,520	25,882	25,448
- Amortisation of computer software	47,900	45,063	46,939	43,987
- Rental of premises	1,902	2,159	1,601	1,797
- Water and electricity	6,758	6,201	5,288	4,684
- Repairs and maintenance	8,944	8,590	7,401	6,615
- Information technology expenses	75,925	71,051	46,906	42,755
- Others	10,906	10,121	8,844	7,214
	198,383	188,549	162,709	151,423
Marketing expenses				
- Promotion and advertisement	18,142	11,219	15,666	10,803
- Branding and publicity	2,437	6,653	1,843	5,995
- Others	9,152	4,622	5,196	3,038
	29,731	22,494	22,705	19,836
Administration and general expenses				
- Communication expenses	11,505	11,909	9,039	8,953
- Printing and stationery	1,618	1,449	1,205	1,100
- Insurance	14,079	9,479	10,508	7,303
- Professional fees	32,738	37,408	22,612	31,204
- Others	20,698	22,027	18,303	19,910
	80,638	82,272	61,667	68,470
Total other operating expenses	881,353	822,940	696,667	635,408

Included in the other operating expenses are the following:

	GROUP 2023 RM'000	GROUP 2022 RM'000	BANK 2023 RM'000	BANK 2022 RM'000
Auditors' remuneration				
- Statutory audit fees	1,728	1,973	1,432	1,552
- Audit related fees	1,163	362	739	230
- Tax compliance fees	110	106	58	56
- Tax related services	28	23	12	10
- Other services	-	330	-	330
Hire of equipment	1,823	1,494	1,823	1,494
Property, plant and equipment written-off	112	3	77	3
Computer software written-off	6	368	1	368

34. ALLOWANCE FOR EXPECTED CREDIT LOSSES ON LOANS, ADVANCES AND FINANCING AND OTHER FINANCIAL ASSETS

	GROUP		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Allowance for expected credit losses on:				
(a) Loans, advances and financing				
- Allowance made during the financial year	164,685	233,995	94,623	139,937
(b) Credit impaired loans, advances and financing				
- Recovered	(72,120)	(39,976)	(47,678)	(26,426)
- Written-off	50,909	45,248	27,557	32,699
(c) Commitments and contingencies on loans, advances and financing				
- Allowance made/(write-back) during the financial year	4,499	(24,827)	4,780	(5,041)
	147,973	214,440	79,282	141,169
Allowance for/(write-back of) expected credit losses on:				
- Amounts due from clients and brokers	-	3	-	-
- Other receivables	4,276	2,800	3,153	3,364
- Cash and short-term funds	103	(12)	103	(12)
- Deposits and placements with banks and other financial institutions	(8)	4	(8)	4
	152,344	217,235	82,530	144,525

35. (WRITE-BACK OF)/ALLOWANCE FOR EXPECTED CREDIT LOSSES ON FINANCIAL INVESTMENTS

	GROUP		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
(a) Financial investments at fair value through other comprehensive income				
- (Write-back)/allowance made during the financial year	(325)	596	(165)	397
(b) Financial investments at amortised cost				
- (Write-back)/allowance made during the financial year	(135)	(422)	220	(40)
	(460)	174	55	357

36. TAXATION

	GROUP		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Income tax:				
Current financial year	216,647	274,418	159,569	203,721
Real property gains tax	-	(141)	-	(141)
Over provision in prior years	(13,043)	(6,660)	(8,348)	(5,205)
	203,604	267,617	151,221	198,375
Deferred tax (Note 17)				
Current financial year	6,075	(12,818)	5,516	(5,199)
Over provision in prior years	(914)	(255)	(4,200)	(883)
	5,161	(13,073)	1,316	(6,082)
	208,765	254,544	152,537	192,293

Income tax for the current financial year is calculated at the Malaysian statutory tax rate of 24% on the estimated assessable profit for the financial year. For Year of Assessment ("YA") 2023, income tax rate is at 24% (2022: 24% on first RM100 million, 33% on excess of RM100 million).

As per the Finance Act 2021 gazetted on 31 December 2021, effective for YA 2022, a special one-off tax called “Cukai Makmur” was imposed on companies that generated chargeable income more than RM100 million as follows:

- Chargeable income for the first RM100 million will be taxed at a rate of 24%; and
- Chargeable income in excess of RM100 million will be taxed at a rate of 33%.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Bank are as follows:

	GROUP		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	886,611	827,361	740,230	656,509
Taxation at Malaysian Statutory Tax Rate of 24% (2022: 24%)	212,787	198,567	177,655	157,562
Additional Tax Rate of 9% in excess of RM100 million	-	57,222	-	50,086
Income not subject to tax	(6,469)	(11,394)	(24,992)	(21,824)
Expenses not deductible for tax purposes	16,404	13,259	12,422	11,217
Real property gains tax	-	(141)	-	(141)
Effect of Cukai Makmur	-	3,946	-	1,481
Over provision of tax expense in prior years	(13,957)	(6,915)	(12,548)	(6,088)
Tax expense for the financial year	208,765	254,544	152,537	192,293

37. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue during the financial year.

	GROUP		BANK	
	2023	2022	2023	2022
Profit for the year attributable to equity holders of the Bank (RM'000)	677,846	572,817	587,693	464,216
Weighted average numbers of ordinary shares in issue ('000)	1,548,106	1,548,106	1,548,106	1,548,106
Basic earnings per share (sen)	43.8	37.0	38.0	30.0

(b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the year attributable to equity holders of the Bank and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares (non-cumulative).

There were no dilutive potential ordinary shares outstanding as at 31 March 2023 and 31 March 2022 respectively. As a result, the dilutive earnings per share was equal to basic earnings per share for the financial year ended 31 March 2023 and 31 March 2022.

38. DIVIDENDS

	Dividend recognised during the financial year			
	GROUP		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
First interim dividend				
8.30 sen per share, on 1,548,105,929 ordinary shares, declared in financial year ended 31 March 2022, was paid on 30 December 2021 to the shareholders.	-	128,493	-	128,493
12.00 sen per share, on 1,548,105,929 ordinary shares, declared in financial year ended 31 March 2023, was paid on 28 December 2022 to the shareholders.	185,773	-	185,773	-
Second interim dividend				
5.79 sen per share, on 1,548,105,929 ordinary shares, declared in financial year ended 31 March 2021, was paid on 30 June 2021 to the shareholders.	-	89,635	-	89,635
10.20 sen per share, on 1,548,105,929 ordinary shares, declared in financial year ended 31 March 2022, was paid on 30 June 2022 to the shareholders.	157,907	-	157,907	-
	343,680	218,128	343,680	218,128

Subsequent to the financial year end, the Directors declared a single tier second interim dividend of 10.00 sen per share, on 1,548,105,929 ordinary shares amounting to approximately RM154,811,000 in respect of the current financial year. The accompanying financial statements do not reflect this dividend. The dividend will be accounted for in shareholders’ equity as an appropriation of retained profits in the financial year ending 31 March 2024.

39. INTEREST RATE BENCHMARK REFORM

Financial instruments affected by Interest Rate Benchmark Reform

The table below shows the total amounts of non-derivative financial assets and derivatives financial contracts that are not subject to transition to the alternative benchmark rate that the Group and the Bank have been exposed to as at the financial year end.

GROUP 2023	FCY LIBOR RM'000	KLIBOR RM'000	Total RM'000
Notional amount			
Loans, advances and financing	134,541	-	134,541
Derivative financial instruments	1,200,336	11,093,336	12,293,672

BANK 2023	FCY LIBOR RM'000	KLIBOR RM'000	Total RM'000
Notional amount			
Loans, advances and financing	134,541	-	134,541
Derivative financial instruments	1,200,336	11,391,336	12,591,672

GROUP/BANK 2022	FCY LIBOR RM'000	KLIBOR RM'000	Total RM'000
Notional amount			
Loans, advances and financing	164,838	-	164,838
Derivative financial instruments	1,422,173	6,694,890	8,117,063

40. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are the Group's and the Bank's other significant related party transactions and balances:

The related parties of, and their relationship with, the Group and the Bank are as follows:

Relationship	**Related parties**
- Key management personnel	Key management personnel refer to those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Bank, directly or indirectly, including Executive Directors and Non-Executive Directors of the Group and the Bank (including close members of their families). Other members of key management personnel of the Group and the Bank are the Business Support Heads who report directly to Group Chief Executive Officer or to the Board Committees (including close members of their families).
- Substantial shareholders	Substantial shareholders refer to those entities or persons having significant voting power in the Group and/or the Bank, directly or indirectly. It resides with certain Directors of the Group and/or the Bank.
- Subsidiaries	Subsidiaries of the Bank as disclosed in Note 13.
- Joint venture	Joint venture of the Bank as disclosed in Note 14.

40. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTD.)

Significant related party transactions and balances as follows:

	GROUP		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
(a) Transactions				
Interest income				
- subsidiaries	-	-	9,303	7,520
- key management personnel	37	13	37	13
Dividend income				
- subsidiaries	-	-	84,507	48,253
Management fees				
- subsidiaries	-	-	256	282
Rental income				
- subsidiaries	-	-	1,483	1,842
- joint venture	86	151	86	151
Other income				
- subsidiaries	-	-	2,446	-
Other operating expenses recharged				
- subsidiaries	-	-	134,020	129,897
- joint venture	117	149	117	149
Interest expenses				
- subsidiaries	-	-	(96)	(19)
- joint venture	(49)	(37)	(31)	-
- key management personnel	(333)	(478)	(263)	(232)
- substantial shareholders	-	(1)	-	(1)
Other operating expenses				
- subsidiaries	-	-	(4,635)	(3,062)
- joint venture/other related company [Note (i)]	(2,554)	(2,374)	(2,117)	(1,305)
Commission paid				
- subsidiaries	-	-	(29,210)	(19,676)

40. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTD.)

Significant related party transactions and balances as follows: (contd.)

	GROUP		BANK	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
(b) Balances				
Financial investments at fair value through other comprehensive income				
- subsidiaries	-	-	-	292,534
Financial investments at amortised cost				
- subsidiaries	-	-	335,154	130,002
Loans, advances and financing				
- key management personnel	1,761	1,487	755	332
Money at call and deposit placements with financial institutions				
- subsidiaries	-	-	329,859	-
Other assets				
- subsidiaries	-	-	114,231	41,630
- joint venture	-	-	-	109
Deposits from customers				
- subsidiaries	-	-	(29,515)	(143,052)
- joint venture	(2,240)	(2,358)	(2,240)	(157)
- key management personnel	(16,661)	(18,092)	(13,603)	(11,739)
- substantial shareholders	(527)	(522)	(527)	(522)
Financial liabilities designated at fair value through profit or loss				
- key management personnel	(1,300)	(50)	(1,300)	(50)
Other liabilities				
- subsidiaries	-	-	-	(177)
- joint venture	(16)	(6)	(16)	-

Note:

(i) The Group and the Bank have paid RM3,692,000 and RM2,145,000 (2022: RM2,452,000 and RM1,324,000) respectively to the joint venture/other related company for the research services provided, where the joint venture/other related company was jointly held by AIBB and DBS Vickers Securities Pte. Ltd., a company incorporated in Singapore.

(ii) Other than transactions with joint venture company, all intercompany transactions are conducted in Malaysia.

40. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTD.)

(c) Compensation of key management personnel

Remuneration of Chief Executive Officers ("CEOs"), Non-Executive Directors and other members of key management excluding past CEO and Non-Executive Directors for the financial year are as follows:

	GROUP		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
CEOs and other Key Management:				
- Salary and other remuneration	23,469	27,517	21,057	25,466
- Contribution to EPF	3,386	3,910	3,042	3,612
- Benefits-in-kind	57	116	55	113
	26,912	31,543	24,154	29,191
Non-Executive Directors:				
- Fees payable	3,241	2,657	2,269	1,751
- Allowances	1,534	756	1,131	514
- Benefits-in-kind	31	29	31	29
	4,806	3,442	3,431	2,294
Included in the total key management personnel are:				
CEOs and Non-Executive Directors' remuneration, excluding past CEO and Non-Executive Directors (Note 42)	10,983	13,529	6,848	10,030

40. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTD.)

Significant related party transactions and balances as follows: (contd.)

(c) Compensation of key management personnel (contd.)

Total value of remuneration and numbers of officers with variable remuneration for the financial year are as follow:

Group	2023 Number	2023 Unrestricted RM'000	2023 Number	2023 Deferred RM'000	2022 Number	2022 Unrestricted RM'000	2022 Number	2022 Deferred RM'000
Fixed remuneration								
Cash		23,402		-		23,870		-
Variable remuneration								
Cash	16	6,254	16	2,062	17	8,024	17	3,091
		29,656		2,062		31,894		3,091

Bank	2023 Number	2023 Unrestricted RM'000	2023 Number	2023 Deferred RM'000	2022 Number	2022 Unrestricted RM'000	2022 Number	2022 Deferred RM'000
Fixed remuneration								
Cash		20,214		-		21,083		-
Variable remuneration								
Cash	14	5,467	14	1,904	15	7,457	15	2,945
		25,681		1,904		28,540		2,945

41. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

	BANK 2023 RM'000	BANK 2022 RM'000
Outstanding credit exposures with connected parties	308,974	323,772
of which: Total credit exposure which is impaired or in default	141	132
Total credit exposures	54,822,012	49,560,984
Percentage of outstanding credit exposures to connected parties		
- as a proportion of total credit exposures	0.56%	0.65%
- which is impaired or in default	0.00%	0.00%

The disclosure on Credit Transactions and Exposures with Connected Parties above is presented in accordance with paragraph 9.1 of BNM's Guidelines on Credit Transactions and Exposures with Connected Parties, which became effective on 1 January 2008.

41. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES (CONTD.)

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

(i) Directors of the Bank and their close relatives;

(ii) Controlling shareholder and his or her close relatives;

(iii) Executive officer, being a member of management having authority and responsibility for planning, directing and/or controlling the activities of the Bank, and his or her close relatives;

(iv) Officers who are responsible for or have the authority to appraise and/or approve credit transactions or review the status of existing credit transactions, either as a member of a committee or individually, and their close relatives;

(v) Firms, partnerships, companies or any legal entities which control, or are controlled by any person listed in (i) to (iv) above, or in which they have an interest, as a director, partner, executive officer, agent or guarantor, and their subsidiaries or entities controlled by them;

(vi) Any person for whom the persons listed in (i) to (iv) above is a guarantor; and

(vii) Subsidiary of or an entity controlled by the Bank and its connected parties.

Credit transactions and exposures to connected parties as disclosed above 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 private debt securities issued by the connected parties.

42. CEOs AND DIRECTORS' REMUNERATION

Remuneration in aggregate for CEOs/Directors charged to the statements of income for the year are as follows:

	GROUP		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Chief Executive Officers:				
- Salary and other remuneration	3,376	5,797	1,750	4,313
- Bonuses	1,987	2,967	1,200	2,400
- Contribution to EPF	769	1,224	425	926
- Benefits-in-kind	45	99	42	97
	6,177	10,087	3,417	7,736
Non-Executive Directors:				
- Fees payable	3,241	2,657	2,269	1,751
- Allowances	1,534	756	1,131	514
- Benefits-in-kind	31	29	31	29
	4,806	3,442	3,431	2,294
	10,983	13,529	6,848	10,030
Past Chief Executive Officer:				
- Salary and other remuneration	4,953	-	4,953	-
- Bonuses	2,000	-	2,000	-
- Contribution to EPF	925	-	925	-
- Benefits-in-kind	76	-	76	-
	7,954	-	7,954	-
Past Non-Executive Director:				
- Fees payable	36	79	-	79
- Allowances	19	36	-	36
	55	115	-	115
	8,009	115	7,954	115
	18,992	13,644	14,802	10,145
Total CEOs and Directors' remuneration excluding benefits-in-kind	18,840	13,516	14,653	10,019

Note:

(a) Other than Directors' fees and allowances, there were no amount paid or payable for services rendered by any Directors of the Group and the Bank during the financial year.

(b) The Directors of the Group and the Bank are covered under the Directors’ & Officers’ Liability Insurance in respect of liabilities arising from acts committed in their capacity as Directors of the Group and the Bank, provided that such Director has not acted negligently, fraudulently or dishonestly, or is in breach of his or her duty of trust. The total apportioned amounts of insurance effected for the Group and the Bank were at RM117,000 and RM111,000 (2022: RM109,000 and RM104,000) respectively.

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198201008390 (88103-W)
(Incorporated in Malaysia)

42. CEOs AND DIRECTORS' REMUNERATION (CONTD.)

The total remuneration (including benefits-in-kind) of the CEOs and Directors of the Group and the Bank are as follows:

GROUP 2023	Salary and other remuneration RM'000	Bonuses RM'000	Contribution to EPF RM'000	Fees payable RM'000	Allowances RM'000	Benefits-in-kind RM'000	Total RM'000
Chief Executive Officers:							
Kellee Kam Chee Khiong	1,750	1,200	425	-	-	42	3,417
Ng Chow Hon	642	336	141	-	-	3	1,122
Rizal IL-Ehzan Bin Fadil Azim	984	451	203	-	-	-	1,638
	3,376	1,987	769	-	-	45	6,177
Non-Executive Directors:							
Tan Sri Dato' Ahmad Bin Mohd Don	-	-	-	355	96	31	482
Lee Boon Huat	-	-	-	235	142	-	377
Wong Yuen Weng Ernest	-	-	-	235	123	-	358
Lee Ah Boon	-	-	-	453	188	-	641
Datuk Wan Azhar Bin Wan Ahmad	-	-	-	455	191	-	646
Tan Chian Khong	-	-	-	235	109	-	344
Susan Yuen Su Min	-	-	-	250	109	-	359
Lum Piew	-	-	-	208	130	-	338
Cheryl Khor Hui Peng	-	-	-	243	112	-	355
Mazidah Binti Abdul Malik	-	-	-	135	100	-	235
Dato' Ahmad Hisham Bin Kamaruddin	-	-	-	135	61	-	196
Ibrahim Bin Hassan	-	-	-	135	109	-	244
Rustam bin Mohd Idris	-	-	-	167	64	-	231
	-	-	-	3,241	1,534	31	4,806
Past Chief Executive Officer:							
Joel Kornreich	4,953	2,000	925	-	-	76	7,954
	4,953	2,000	925	-	-	76	7,954
Past Director:							
Datin Ooi Swee Lian	-	-	-	36	19	-	55
	-	-	-	36	19	-	55
Total CEOs and Directors' remuneration	8,329	3,987	1,694	3,277	1,553	152	18,992

42. CEOs AND DIRECTORS' REMUNERATION (CONTD.)

The total remuneration (including benefits-in-kind) of the CEOs and Directors of the Group and the Bank are as follows: (contd.)

GROUP 2022	Salary and other remuneration RM'000	Bonuses RM'000	Contribution to EPF RM'000	Fees payable RM'000	Allowances RM'000	Benefits-in-kind RM'000	Total RM'000
Chief Executive Officers:							
Joel Kornreich	4,313	2,400	926	-	-	97	7,736
Ng Chow Hon	635	190	123	-	-	2	950
Rizal IL-Ehzan Bin Fadil Azim	849	377	175	-	-	-	1,401
	5,797	2,967	1,224	-	-	99	10,087
Non-Executive Directors:							
Tan Sri Dato' Ahmad Bin Mohd Don	-	-	-	285	50	29	364
Lee Boon Huat	-	-	-	205	72	-	277
Wong Yuen Weng Ernest	-	-	-	113	26	-	139
Lee Ah Boon	-	-	-	380	95	-	475
Datuk Wan Azhar Bin Wan Ahmad	-	-	-	405	109	-	514
Tan Chian Khong	-	-	-	205	62	-	267
Susan Yuen Su Min	-	-	-	208	57	-	265
Lum Piew	-	-	-	155	54	-	209
Cheryl Khor Hui Peng	-	-	-	155	33	-	188
Datin Ooi Swee Lian	-	-	-	90	27	-	117
Mazidah Binti Abdul Malik	-	-	-	125	54	-	179
Dato' Ahmad Hisham Bin Kamaruddin	-	-	-	116	35	-	151
Ibrahim Bin Hassan	-	-	-	125	56	-	181
Rustam bin Mohd Idris	-	-	-	90	26	-	116
	-	-	-	2,657	756	29	3,442
Past Non-Executive Directors:							
Ho Hon Cheong	-	-	-	79	36	-	115
	-	-	-	79	36	-	115
Total CEOs and Directors' remuneration	5,797	2,967	1,224	2,736	792	128	13,644

42. CEOs AND DIRECTORS' REMUNERATION (CONTD.)

The total remuneration (including benefits-in-kind) of the CEO and Directors of the Group and the Bank are as follows: (contd.)

BANK 2023	Salary and other remuneration RM'000	Bonuses RM'000	Contribution to EPF RM'000	Fees payable RM'000	Allowances RM'000	Benefits-in-kind RM'000	Total RM'000
Chief Executive Officer:							
Kellee Kam Chee Khiong	1,750	1,200	425	-	-	42	3,417
	1,750	1,200	425	-	-	42	3,417
Non-Executive Directors:							
Tan Sri Dato' Ahmad Bin Mohd Don	-	-	-	355	96	31	482
Lee Boon Huat	-	-	-	235	142	-	377
Wong Yuen Weng Ernest	-	-	-	235	123	-	358
Lee Ah Boon	-	-	-	253	157	-	410
Datuk Wan Azhar Bin Wan Ahmad	-	-	-	255	153	-	408
Tan Chian Khong	-	-	-	235	109	-	344
Susan Yuen Su Min	-	-	-	250	109	-	359
Lum Piew	-	-	-	208	130	-	338
Cheryl Khor Hui Peng	-	-	-	243	112	-	355
	-	-	-	2,269	1,131	31	3,431
Past Chief Executive Officer:							
Joel Kornreich	4,953	2,000	925	-	-	76	7,954
	4,953	2,000	925	-	-	76	7,954
Total CEO and Directors' remuneration	6,703	3,200	1,350	2,269	1,131	149	14,802

42. CEOs AND DIRECTORS' REMUNERATION (CONTD.)

The total remuneration (including benefits-in-kind) of the CEO and Directors of the Group and the Bank are as follows: (contd.)

BANK 2022	Salary and other remuneration RM'000	Bonuses RM'000	Contribution to EPF RM'000	Fees payable RM'000	Allowances RM'000	Benefits-in-kind RM'000	Total RM'000
Chief Executive Officer:							
Joel Kornreich	4,313	2,400	926	-	-	97	7,736
	4,313	2,400	926	-	-	97	7,736
Non-Executive Directors:							
Tan Sri Dato' Ahmad Bin Mohd Don	-	-	-	285	50	29	364
Lee Boon Huat	-	-	-	205	72	-	277
Wong Yuen Weng Ernest	-	-	-	113	26	-	139
Lee Ah Boon	-	-	-	200	74	-	274
Datuk Wan Azhar Bin Wan Ahmad	-	-	-	225	86	-	311
Tan Chian Khong	-	-	-	205	62	-	267
Susan Yuen Su Min	-	-	-	208	57	-	265
Lum Piew	-	-	-	155	54	-	209
Cheryl Khor Hui Peng	-	-	-	155	33	-	188
	-	-	-	1,751	514	29	2,294
Past Non-Executive Director:							
Ho Hon Cheong	-	-	-	79	36	-	115
	-	-	-	79	36	-	115
Total CEO and Directors' remuneration	4,313	2,400	926	1,830	550	126	10,145

43. FINANCIAL RISK MANAGEMENT POLICIES

The Group engages in business activities which entail risk taking and the major types of risk involved include credit risk, liquidity risk, market risk, operational risk, technology risk and Shariah non-compliance risk.

The Group's risk management is governed by the various risk management frameworks which cover governance, appetite, strategy, policies and processes to manage risks. The objective of risk management is to ensure that the Group conducts business in a responsible manner and to achieve sustainable growth for the Group’s balance sheet and capital.

The Group manages risk within clearly defined guidelines that are approved by the Board of Directors. In addition, the Board of Directors of the Group provides independent oversight to ensure that risk management policies are complied with, through a framework of established controls and reporting processes.

The guidelines and policies adopted by the Group to manage the main risks that arise in the conduct of its business activities are as follows:

(a) Credit Risk

Credit risk is the risk of financial loss resulting from the failure of the Group’s borrowers or counterparties to fulfil their contractual obligations to repay their loans or settle commitments.

This arises from loans/financing, advances, investment in securities, amongst others. The amount of credit exposure is represented by the carrying amount of loans/financing, advances and investment securities in the statements of financial position. The lending/financing activities in the Group are guided by the Group’s Credit Risk Management Framework, in line with regulatory guidelines and best practices.

Also, credit risk arises from financial transactions with counterparties (including interbank money market activities, derivative instruments used for hedging and debt instruments), of which the amount of credit exposure in respect of these instruments is equal to the carrying amount of these assets in the statements of financial position. This exposure is monitored on an ongoing basis against predetermined counterparty limits.

The credit exposure arising from off-balance sheet activities, i.e. commitments and contingencies is set out in Note 45 to the financial statements.

43. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(a) Credit Risk (contd.)

(i) Maximum exposure to credit risk

The following table presents the Group's and the Bank's maximum exposure to credit risk of on-balance sheet and off-balance sheet financial instruments, before taking into account any collateral held or other credit enhancements and after allowance for expected credit losses, where appropriate.

For on-balance sheet financial assets, the maximum exposure to credit risk equals their carrying amount. For financial guarantees and similar contracts granted, the maximum exposure to credit risk is the maximum amount that would have to be paid if the guarantees were to be called upon. For credit-related commitments and contingencies that are irrevocable over the life of the respective facilities, the maximum exposure to credit risk is the full amount of the credit facilities granted to customers.

	GROUP		BANK	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Credit risk exposure: on-balance sheet				
Cash and short-term funds (exclude cash in hand)	3,271,064	2,955,764	2,125,992	1,532,592
Deposits and placements with banks and other financial institutions	88,553	168,184	88,553	168,184
Amounts due from clients and brokers	-	55,040	-	-
Financial assets at fair value through profit or loss (exclude equity securities)	7,992	295,773	7,992	295,773
Financial investments at fair value through other comprehensive income (exclude equity securities)	8,484,384	9,119,686	6,182,502	6,739,606
Financial investments at amortised cost	3,398,514	2,129,608	3,136,889	2,244,436
Derivative financial assets	221,141	86,294	223,637	86,294
Loans, advances and financing (exclude sales commissions and handling fees)	47,800,033	45,029,270	35,671,031	33,505,122
Statutory deposits	979,601	99,536	728,111	68,999
Other assets (exclude prepayment)	505,725	429,163	653,625	491,030
	64,757,007	60,368,318	48,818,332	45,132,036
Credit risk exposure: off-balance sheet				
Financial guarantees	488,390	498,532	406,706	428,401
Credit related commitments and contingencies	16,540,097	13,903,409	13,424,872	11,220,816
	17,028,487	14,401,941	13,831,578	11,649,217
Total maximum exposure	81,785,494	74,770,259	62,649,910	56,781,253

43. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(a) Credit Risk (contd.)

(ii) Credit risk concentrations

A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic and other conditions. The analysis of credit risk concentration presented below relates only to financial assets subject to credit risk and are based on the industry in which the counterparty is engaged.

GROUP 2023	Government and Central Bank RM'000	Financial, Insurance, Business Services and Real Estate RM'000	Transport, Storage and Communication Services RM'000	Agriculture, Manufacturing, Wholesale and Retail Trade RM'000	Construction RM'000	Household RM'000	Others RM'000	Total RM'000
Cash and short-term funds (exclude cash in hand)	1,743,469	1,527,595	-	-	-	-	-	3,271,064
Deposits and placements with banks and other financial institutions	-	88,553	-	-	-	-	-	88,553
Financial assets at fair value through profit or loss (exclude equity securities)	5,177	2,519	-	296	-	-	-	7,992
Financial investments at fair value through other comprehensive income (exclude equity securities)	4,276,893	2,834,595	1,073,681	208,484	90,731	-	-	8,484,384
Financial investments at amortised cost	2,864,315	343,471	190,728	-	-	-	-	3,398,514
Derivative financial assets	29,126	165,790	-	-	-	-	26,225	221,141
Loans, advances and financing (exclude sales commissions and handling fees)	-	6,342,193	841,308	15,070,469	1,715,425	23,330,110	500,528	47,800,033
Statutory deposits	979,601	-	-	-	-	-	-	979,601
Other assets (exclude prepayment)	-	-	-	-	-	-	505,725	505,725
	9,898,581	11,304,716	2,105,717	15,279,249	1,806,156	23,330,110	1,032,478	64,757,007
Financial guarantees	-	95,258	13,826	303,216	63,550	4,268	8,272	488,390
Credit related commitments and contingencies	-	2,321,476	274,345	6,269,658	1,818,034	5,573,712	282,872	16,540,097
	-	2,416,734	288,171	6,572,874	1,881,584	5,577,980	291,144	17,028,487
Total credit risk	9,898,581	13,721,450	2,393,888	21,852,123	3,687,740	28,908,090	1,323,622	81,785,494

43. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(a) Credit Risk (contd.)

(ii) Credit risk concentrations (contd.)

A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic and other conditions. The analysis of credit risk concentration presented below relates only to financial assets subject to credit risk and are based on the industry in which the counterparty is engaged. (contd.)

GROUP 2022	Government and Central Bank RM'000	Financial, Insurance, Business Services and Real Estate RM'000	Transport, Storage and Communication Services RM'000	Agriculture, Manufacturing, Wholesale and Retail Trade RM'000	Construction RM'000	Household RM'000	Others RM'000	Total RM'000
Cash and short-term funds (exclude cash in hand)	2,472,855	482,909	-	-	-	-	-	2,955,764
Deposits and placements with banks and other financial institutions	-	168,184	-	-	-	-	-	168,184
Amounts due from clients and brokers	-	-	-	-	-	-	55,040	55,040
Financial assets at fair value through profit or loss (exclude equity securities)	290,816	1,408	-	3,549	-	-	-	295,773
Financial investments at fair value through other comprehensive income (exclude equity securities)	4,368,515	2,742,439	1,475,841	276,960	255,931	-	-	9,119,686
Financial investments at amortised cost	2,119,330	10,278	-	-	-	-	-	2,129,608
Derivative financial assets	2,612	78,223	-	-	-	-	5,459	86,294
Loans, advances and financing (exclude sales commissions and handling fees)	-	5,954,892	800,851	14,061,964	1,538,644	22,302,972	369,947	45,029,270
Statutory deposits	99,536	-	-	-	-	-	-	99,536
Other assets (exclude prepayment)	-	-	-	-	-	-	429,163	429,163
	9,353,664	9,438,333	2,276,692	14,342,473	1,794,575	22,302,972	859,609	60,368,318
Financial guarantees	-	76,734	12,938	353,932	46,613	4,324	3,991	498,532
Credit related commitments and contingencies	-	1,313,850	95,826	5,388,066	1,707,393	5,314,134	84,140	13,903,409
	-	1,390,584	108,764	5,741,998	1,754,006	5,318,458	88,131	14,401,941
Total credit risk	9,353,664	10,828,917	2,385,456	20,084,471	3,548,581	27,621,430	947,740	74,770,259

43. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(a) Credit Risk (contd.)

(ii) Credit risk concentrations (contd.)

A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic and other conditions. The analysis of credit risk concentration presented below relates only to financial assets subject to credit risk and are based on the industry in which the counterparty is engaged. (contd.)

BANK 2023	Government and Central Bank RM'000	Financial, Insurance, Business Services and Real Estate RM'000	Transport, Storage and Communication Services RM'000	Agriculture, Manufacturing, Wholesale and Retail Trade RM'000	Construction RM'000	Household RM'000	Others RM'000	Total RM'000
Cash and short-term funds (exclude cash in hand)	268,722	1,857,270	-	-	-	-	-	2,125,992
Deposits and placements with banks and other financial institutions	-	88,553	-	-	-	-	-	88,553
Financial assets at fair value through profit or loss (exclude equity securities)	5,177	2,519	-	296	-	-	-	7,992
Financial investments at fair value through other comprehensive income (exclude equity securities)	3,487,317	1,837,253	698,360	124,378	35,194	-	-	6,182,502
Financial investments at amortised cost	2,424,069	577,282	135,538	-	-	-	-	3,136,889
Derivative financial assets	29,126	168,286	-	-	-	-	26,225	223,637
Loans, advances and financing (exclude sales commissions and handling fees)	-	5,036,202	632,387	11,102,719	1,262,807	17,244,865	392,051	35,671,031
Statutory deposits	728,111	-	-	-	-	-	-	728,111
Other assets (exclude prepayment)	-	-	-	-	-	-	653,625	653,625
	6,942,522	9,567,365	1,466,285	11,227,393	1,298,001	17,244,865	1,071,901	48,818,332
Financial guarantees	-	88,736	8,567	239,097	57,834	4,246	8,226	406,706
Credit related commitments and contingencies	-	1,854,983	215,949	4,442,278	1,539,924	5,115,356	256,382	13,424,872
	-	1,943,719	224,516	4,681,375	1,597,758	5,119,602	264,608	13,831,578
Total credit risk	6,942,522	11,511,084	1,690,801	15,908,768	2,895,759	22,364,467	1,336,509	62,649,910

43. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(a) Credit Risk (contd.)

(ii) Credit risk concentrations (contd.)

A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic and other conditions. The analysis of credit risk concentration presented below relates only to financial assets subject to credit risk and are based on the industry in which the counterparty is engaged. (contd.)

BANK 2022	Government and Central Bank RM'000	Financial, Insurance, Business Services and Real Estate RM'000	Transport, Storage and Communication Services RM'000	Agriculture, Manufacturing, Wholesale and Retail Trade RM'000	Construction RM'000	Household RM'000	Others RM'000	Total RM'000
Cash and short-term funds (exclude cash in hand)	1,055,016	477,576	-	-	-	-	-	1,532,592
Deposits and placements with banks and other financial institutions	-	168,184	-	-	-	-	-	168,184
Financial assets at fair value through profit or loss (exclude equity securities)	290,816	1,408	-	3,549	-	-	-	295,773
Financial investments at fair value through other comprehensive income (exclude equity securities)	3,515,625	1,887,782	1,026,315	167,753	142,131	-	-	6,739,606
Financial investments at amortised cost	1,909,216	335,220	-	-	-	-	-	2,244,436
Derivative financial assets	2,612	78,223	-	-	-	-	5,459	86,294
Loans, advances and financing (exclude sales commissions and handling fees)	-	4,719,973	633,795	10,519,177	1,175,928	16,170,600	285,649	33,505,122
Statutory deposits	68,999	-	-	-	-	-	-	68,999
Other assets (exclude prepayment)	-	109	-	-	-	-	490,921	491,030
	6,842,284	7,668,475	1,660,110	10,690,479	1,318,059	16,170,600	782,029	45,132,036
Financial guarantees	-	73,417	7,678	294,594	44,487	4,302	3,923	428,401
Credit related commitments and contingencies	-	1,019,539	80,727	3,901,488	1,489,339	4,657,329	72,394	11,220,816
	-	1,092,956	88,405	4,196,082	1,533,826	4,661,631	76,317	11,649,217
Total credit risk	6,842,284	8,761,431	1,748,515	14,886,561	2,851,885	20,832,231	858,346	56,781,253

43. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(a) Credit Risk (contd.)

(iii) Collateral

The main types of collateral obtained by the Group and the Bank are as follows:
- Where property is provided as collateral, legal charge over the title;
- For hire purchase, ownership rights over the vehicles or equipment financed; and
- For other loans/financing, charges over business assets such as premises, financial/trade receivables, quoted shares, other financial instruments, or deposits.

	GROUP		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Gross loans, advances and financing	49,067,507	46,189,112	36,520,659	34,255,562
Less: Allowance for expected credit losses	(1,267,474)	(1,159,842)	(849,628)	(750,440)
Net loans, advances and financing	47,800,033	45,029,270	35,671,031	33,505,122
Percentage of collateral held for loans, advances and financing	73.7%	71.4%	75.1%	75.0%

(iv) Credit risk measurement

The Group and the Bank adopt the following judgements and assumptions on measurement of ECL:

(a) Definition of significant increase in credit risk

The Group and the Bank consider the probability of default upon initial recognition of financial asset and whether there has been a significant increase in credit risk on an ongoing basis. To assess whether there is a significant increase in credit risk, the Group and the Bank compare the risk of a default occurring on the financial asset as at the reporting date with the risk of default as at the date of initial recognition. The Group and the Bank consider reasonable and supportable forward-looking information that is available.

The following events are taken into consideration during the assessment:

- Contractual payment is in arrears for 30 days or more;
- Significant downgrade of credit rating or internal rating;
- Modified exposure placed under Agensi Kaunseling dan Pengurusan Kredit ("AKPK") status;
- Exposure being monitored under watchlist; or
- Restructured and rescheduled exposure with increase in credit risk.

43. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(a) Credit Risk (contd.)

(iv) Credit risk measurement (contd.)

(b) Definition of credit impaired financial assets

An exposure is classified as credit impaired when one or more events that have a detrimental impact to the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

Quantitative criteria:
A financial asset is classified as credit impaired when the counterparty fails to make contractual payment.

Qualitative criteria:

- Significant financial difficulty of the issuer or the borrower;
- Breach of contract, such as a default of past due event;
- Concessions have been made by the lender relating to the borrower's financial difficulty;
- Indications that the borrower will enter into bankruptcy/winding up or other financial restructuring;
- Disappearance of an active market for that financial asset; or
- Purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

(c) Measurement of ECL

ECL is measured by three components, i.e. exposure at default, probability of default and loss given default.

Exposure at default ("EAD")

EAD for non-retail portfolio is calculated based upon the contractual amortisation amount up to the point prior to the default event. Repayments are then assumed to cease, with only interest accrued on the outstanding balance from this point. Since the non-retail portfolio contains a variety of products with different interest accrual methods, amortisation types and repayment methods, the approaches employed to calculate EAD vary accordingly.

EAD for retail portfolio is calculated based upon either:

(i) Simple equation based calculation approach - where the outstanding balance follows a predictable trend across the amount and tenure;
(ii) Utilisation curve model - these curves provide a view of percent drawn down at the point of default, expressed as a percentage of the customer credit limit at observation; or
(iii) Mechanical equation based approach - which is utilised to forecast monthly default balances as per an amortisation profile and adjusted for different paths to default using an adjustment factor.

43. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(a) Credit Risk (contd.)

(iv) Credit risk measurement (contd.)

(c) Measurement of ECL (contd.)

Probability at default ("PD")

A PD is assigned to each risk measure and represents a percentage of the likelihood of default.

For non-retail portfolio, the PD is measured from the internal or external rating of the borrower or issuer to determine the level of default risk.

For retail portfolio, a signature curve approach forecasted the lifetime PD and PD at any given time within the lifetime horizon. This is based upon historic default data using a chain ladder methodology to construct a lifetime default emergence curve.

Loss given default ("LGD")

This is on a time series of probability weighted loss rate relative to the monthly exposure at default where the probabilities and loss rates are estimated by key risk driver segments such as exposure migration status (e.g. loss given cure and loss given charge off), collateral type, and defaulted exposure relative to original exposure amount and months in default.

(d) Forward-looking information

Three economic scenarios using different probability weightage are applied to the ECL:

- Base Case - based upon current economic outlook or forecast;
- Positive Case - based upon a projected optimistic or positive economic outlook or forecast; and
- Negative Case - based upon a projected pessimistic or negative economic outlook or forecast.

The negative case has been assigned with a higher weightage for the ECL as compared to the positive case.

Projection of economic scenario and the probability of each scenario happening in future shall be carried out and shall contain all macroeconomic variables ("MEV") which are applied in the ECL models as they are found to have significant correlation to increase of credit risk via the modelling exercise.

For forward-looking estimates, analysis was carried out to determine how the estimates were affected by macroeconomic trends. Factors such as unemployment rate, consumer price index, house price index, consumption credit, producer price index and GDP growth rate were analysed to identify the level of correlation with the observed trends. Given the statistically strong correlation, the estimates were adjusted to reflect the macroeconomic trends.

43. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(a) Credit Risk (contd.)

(iv) Credit risk measurement (contd.)

(d) Forward-looking information (contd.)

The forward-looking estimates were adjusted as below:

	Weighted Average Forecast		
MEV	2025	2024	2023
(% Year on Year)	%	%	%
GDP Growth Rate	4.3	4.3	4.1
Producer Price Index	0.2	1.6	2.4
Consumer Price Index	2.2	2.1	3.2
Industrial Production Index	4.2	4.2	3.8
Unemployment Rate	3.6	3.6	3.6
Credit Consumption	2.5	2.6	3.0
House Price Index	2.5	2.5	2.4

(e) Grouping of exposure for ECL measured on collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

The appropriateness of groupings is monitored and reviewed on a periodic basis.

(f) Modification of financial assets

The Group and the Bank sometimes renegotiate or otherwise modify the contractual cash flows of loans/financing to customers. When this happens, the Group and the Bank assess whether or not the new terms are substantially different to the original terms.

When the modification is not substantial and so does not result in derecognition of the original loans, the Group and the Bank recalculate the gross carrying amount based on the revised cash flow of the financial asset and recognise a modification gain or loss in the statements of income. The new gross carrying amount is recalculated by discounting the modified cash flow at the original effective interest/profit rate. The Group and the Bank monitor the subsequent performance of modified assets. The risk of default of such loans after modification is assessed and compared with the risk under the original terms at initial recognition.

The Group and the Bank may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for six consecutive months or more.

If the terms are substantially different from the original terms, the Group and the Bank derecognise the original financial asset, recognise a new asset and recalculate a new effective interest/profit rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including the purpose of determining whether a significant increase in credit risk has occurred. However, the Group and the Bank also assess whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are recognised in statements of income as gain or loss on derecognition.

43. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(a) Credit Risk (contd.)

(v) Credit quality

The Group and the Bank assess the credit quality for loans, advances and financing and credit related commitment and contingencies according to the categories below.

Credit quality	Credit grading: Scorecard	Credit grading: Customer rating	Definition
Low	Low risk score	1 - 12 (AAA to BB)	Borrower with good capacity to meet financial commitments.
Medium	Medium risk score	13 - 16 (BB- to B-)	Borrower which is in a fairly acceptable capacity to meet financial commitments.
High	High risk score	17 - 19 (CCC+ to CCC-)	Borrower which is in an uncertain capacity to meet financial commitments but has not been impaired.
Unrated	Unrated	Unrated	Borrower which is unrated.
Credit Impaired	Credit Impaired	Credit Impaired	Defaulted, or judgmentally impaired due to lack of capacity to fulfil financial commitments.

Other financial assets are categorised in the following manner:

Credit quality	Credit rating	Definition
Investment graded	AAA to BBB-	Issuer with low risk of defaulting principal or interest payment.
Non-investment graded	Lower than BBB-	Issuer with medium or high risk of defaulting principal or interest payment.
Sovereign/Government-backed	-	Issued or guaranteed by Malaysian government.
Unrated	Unrated	Issuer where rating is unavailable.
Credit impaired	Credit impaired	Defaulted.

Amounts due from clients and brokers and other assets are classified based on days-past-due ("DPD") under the simplified model approach.

43. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(a) Credit Risk (contd.)

(v) Credit quality (contd.)

The following table shows an analysis of the credit quality by stages and the allowance for expected credit losses of the financial assets:

GROUP 2023	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Cash and short-term funds (exclude cash in hand)				
Investment graded	1,347,484	-	-	1,347,484
Non-investment graded	25	-	-	25
Sovereign/Government-backed	1,923,482	-	-	1,923,482
Unrated	184	-	-	184
Gross carrying amount	3,271,175	-	-	3,271,175
Expected credit losses	(111)	-	-	(111)
Net carrying amount	3,271,064	-	-	3,271,064
Deposits and placements with banks and other financial institutions				
Investment graded	88,553	-	-	88,553
Gross carrying amount	88,553	-	-	88,553
Expected credit losses	-	-	-	-
Net carrying amount	88,553	-	-	88,553
Financial investments at fair value through other comprehensive income (exclude equity securities)				
Investment graded	2,393,421	-	-	2,393,421
Sovereign/Government-backed	6,090,963	-	-	6,090,963
Gross carrying amount	8,484,384	-	-	8,484,384
Expected credit losses [Note]	(598)	-	-	(598)
Financial investments at amortised cost				
Sovereign/Government-backed	3,317,387	-	-	3,317,387
Unrated	81,174	-	-	81,174
Credit impaired	-	-	649	649
Gross carrying amount	3,398,561	-	649	3,399,210
Expected credit losses	(47)	-	(649)	(696)
Net carrying amount	3,398,514	-	-	3,398,514
Loans, advances and financing				
Low	28,847,865	1,552,831	-	30,400,696
Medium	10,667,673	1,450,105	-	12,117,778
High	1,344,856	1,475,728	-	2,820,584
Unrated	2,015,955	479,721	-	2,495,676
Credit impaired	-	-	1,232,773	1,232,773
Gross carrying amount	42,876,349	4,958,385	1,232,773	49,067,507
Expected credit losses	(171,832)	(523,852)	(571,790)	(1,267,474)
Net carrying amount	42,704,517	4,434,533	660,983	47,800,033

Note: The ECL is recognised in reserves in other comprehensive income instead of in the statements of financial position as the carrying amount of debt instruments at FVOCI is equivalent to fair value.

43. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(a) Credit Risk (contd.)

(v) Credit quality (contd.)

The following table shows an analysis of the credit quality by stages and the allowance for expected credit losses of the financial assets: (contd.)

GROUP 2023	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Statutory deposit				
Sovereign/Government-backed	979,601	-	-	979,601
Gross carrying amount	979,601	-	-	979,601
Expected credit losses	-	-	-	-
Net carrying amount	979,601	-	-	979,601
Credit related commitments and contingencies				
Low	11,958,679	477,741	-	12,436,420
Medium	2,610,264	521,880	-	3,132,144
High	247,989	35,802	-	283,791
Unrated	1,134,144	3,308	-	1,137,452
Credit impaired	-	-	38,680	38,680
Gross carrying amount	15,951,076	1,038,731	38,680	17,028,487
Expected credit losses	(5,005)	(22,447)	(1,849)	(29,301)

Simplified Approach	Current RM'000	More than 90 days past due RM'000	Total RM'000
Other assets (exclude prepayment)			
Gross carrying amount	505,725	43,467	549,192
Expected credit losses	-	(43,467)	(43,467)
Net carrying amount	505,725	-	505,725

43. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(a) Credit Risk (contd.)

(v) Credit quality (contd.)

GROUP 2022	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Cash and short-term funds (exclude cash in hand)				
Investment graded	477,553	-	-	477,553
Non-investment graded	31	-	-	31
Sovereign/Government-backed	2,472,855	-	-	2,472,855
Unrated	5,333	-	-	5,333
Gross carrying amount	2,955,772	-	-	2,955,772
Expected credit losses	(8)	-	-	(8)
Net carrying amount	2,955,764	-	-	2,955,764
Deposits and placements with banks and other financial institutions				
Investment graded	168,192	-	-	168,192
Gross carrying amount	168,192	-	-	168,192
Expected credit losses	(8)	-	-	(8)
Net carrying amount	168,184	-	-	168,184
Financial investments at fair value through other comprehensive income (exclude equity securities)				
Investment graded	2,822,407	44,213	-	2,866,620
Sovereign/Government-backed	6,253,066	-	-	6,253,066
Gross carrying amount	9,075,473	44,213	-	9,119,686
Expected credit losses [Note]	(642)	(281)	-	(923)
Financial investments at amortised cost				
Sovereign/Government-backed	2,119,330	-	-	2,119,330
Unrated	10,263	-	-	10,263
Credit impaired	-	-	846	846
Gross carrying amount	2,129,593	-	846	2,130,439
Expected credit losses	(1)	-	(830)	(831)
Net carrying amount	2,129,592	-	16	2,129,608
Loans, advances and financing				
Low	28,285,830	691,763	-	28,977,593
Medium	9,958,588	2,356,553	-	12,315,141
High	1,495,346	1,317,345	-	2,812,691
Unrated	813,941	416,480	-	1,230,421
Credit impaired	-	-	853,266	853,266
Gross carrying amount	40,553,705	4,782,141	853,266	46,189,112
Expected credit losses	(270,674)	(557,650)	(331,518)	(1,159,842)
Net carrying amount	40,283,031	4,224,491	521,748	45,029,270

Note: The ECL is recognised in reserves in other comprehensive income instead of in the statements of financial position as the carrying amount of debt instruments at FVOCI is equivalent to fair value.

43. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(a) Credit Risk (contd.)

(v) Credit quality (contd.)

GROUP 2022	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Statutory deposit				
Sovereign/Government-backed	99,536	-	-	99,536
Gross carrying amount	99,536	-	-	99,536
Expected credit losses	-	-	-	-
Net carrying amount	99,536	-	-	99,536
Credit related commitments and contingencies				
Low	10,317,683	471,497	-	10,789,180
Medium	2,189,733	757,208	-	2,946,941
High	162,722	28,871	-	191,593
Unrated	466,538	1,929	-	468,467
Credit impaired	-	-	5,760	5,760
Gross carrying amount	13,136,676	1,259,505	5,760	14,401,941
Expected credit losses	(6,894)	(16,504)	(1,418)	(24,816)

Simplified Approach	Current to less than 16 days past due RM'000	16 days to 30 days past due RM'000	More than 30 days past due RM'000	Total RM'000
Amounts due from clients and brokers				
Gross carrying amount	54,980	60	3	55,043
Expected credit losses	-	-	(3)	(3)
Net carrying amount	54,980	60	-	55,040

	Current RM'000	More than 90 days past due RM'000	Total RM'000
Other assets (exclude prepayment)			
Gross carrying amount	429,163	41,993	471,156
Expected credit losses	-	(41,993)	(41,993)
Net carrying amount	429,163	-	429,163

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43. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(a) Credit Risk (contd.)

(v) Credit quality (contd.)

BANK 2023	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Cash and short-term funds (exclude cash in hand)				
Investment graded	1,677,342	-	-	1,677,342
Non-investment graded	25	-	-	25
Sovereign/Government-backed	448,736	-	-	448,736
Gross carrying amount	2,126,103	-	-	2,126,103
Expected credit losses	(111)	-	-	(111)
Net carrying amount	2,125,992	-	-	2,125,992
Deposits and placements with banks and other financial institutions				
Investment graded	88,553	-	-	88,553
Gross carrying amount	88,553	-	-	88,553
Expected credit losses	-	-	-	-
Net carrying amount	88,553	-	-	88,553
Financial investments at fair value through other comprehensive income (exclude equity securities)				
Investment graded	1,545,098	-	-	1,545,098
Sovereign/Government-backed	4,637,404	-	-	4,637,404
Gross carrying amount	6,182,502	-	-	6,182,502
Expected credit losses [Note]	(407)	-	-	(407)
Financial investments at amortised cost				
Investment graded	335,783	-	-	335,783
Sovereign/Government-backed	2,720,608	-	-	2,720,608
Unrated	81,174	-	-	81,174
Credit impaired	-	-	426	426
Gross carrying amount	3,137,565	-	426	3,137,991
Expected credit losses	(676)	-	(426)	(1,102)
Net carrying amount	3,136,889	-	-	3,136,889
Loans, advances and financing				
Low	22,196,048	1,058,096	-	23,254,144
Medium	7,544,210	1,140,187	-	8,684,397
High	877,367	995,077	-	1,872,444
Unrated	1,586,097	243,860	-	1,829,957
Credit impaired	-	-	879,717	879,717
Gross carrying amount	32,203,722	3,437,220	879,717	36,520,659
Expected credit losses	(105,782)	(302,859)	(440,987)	(849,628)
Net carrying amount	32,097,940	3,134,361	438,730	35,671,031

Note: The ECL is recognised in reserves in other comprehensive income instead of in the statements of financial position as the carrying amount of debt instruments at FVOCI is equivalent to fair value.

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43. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(a) Credit Risk (contd.)

(v) Credit quality (contd.)

BANK 2023	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Statutory deposit				
Sovereign/Government-backed	728,111	-	-	728,111
Gross carrying amount	728,111	-	-	728,111
Expected credit losses	-	-	-	-
Net carrying amount	728,111	-	-	728,111
Credit related commitments and contingencies				
Low	9,819,650	416,958	-	10,236,608
Medium	1,900,239	417,750	-	2,317,989
High	195,067	31,026	-	226,093
Unrated	1,009,484	3,308	-	1,012,792
Credit impaired	-	-	38,096	38,096
Gross carrying amount	12,924,440	869,042	38,096	13,831,578
Expected credit losses	(4,296)	(20,290)	(1,629)	(26,215)

Simplified Approach	Current RM'000	More than 90 days past due RM'000	Total RM'000
Other assets (exclude prepayment)			
Gross carrying amount	653,625	38,725	692,350
Expected credit losses	-	(38,725)	(38,725)
Net carrying amount	653,625	-	653,625

BANK 2022	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Cash and short-term funds (exclude cash in hand)				
Investment graded	477,553	-	-	477,553
Non-investment graded	31	-	-	31
Sovereign/Government-backed	1,055,016	-	-	1,055,016
Gross carrying amount	1,532,600	-	-	1,532,600
Expected credit losses	(8)	-	-	(8)
Net carrying amount	1,532,592	-	-	1,532,592
Deposits and placements with banks and other financial institutions				
Investment graded	168,192	-	-	168,192
Gross carrying amount	168,192	-	-	168,192
Expected credit losses	(8)	-	-	(8)
Net carrying amount	168,184	-	-	168,184

43. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(a) Credit Risk (contd.)

(v) Credit quality (contd.)

BANK 2022	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Financial investments at fair value through other comprehensive income (exclude equity securities)				
Investment graded	2,012,729	18,949	-	2,031,678
Sovereign/Government-backed	4,707,928	-	-	4,707,928
Gross carrying amount	6,720,657	18,949	-	6,739,606
Expected credit losses [Note]	(451)	(121)	-	(572)
Financial investments at amortised cost				
Investment graded	325,284	-	-	325,284
Sovereign/Government-backed	1,909,215	-	-	1,909,215
Unrated	10,263	-	-	10,263
Credit impaired	-	-	556	556
Gross carrying amount	2,244,762	-	556	2,245,318
Expected credit losses	(326)	-	(556)	(882)
Net carrying amount	2,244,436	-	-	2,244,436
Loans, advances and financing				
Low	21,729,591	536,170	-	22,265,761
Medium	6,834,682	1,909,219	-	8,743,901
High	975,704	949,439	-	1,925,143
Unrated	515,575	230,425	-	746,000
Credit impaired	-	-	574,757	574,757
Gross carrying amount	30,055,552	3,625,253	574,757	34,255,562
Expected credit losses	(174,486)	(368,542)	(207,412)	(750,440)
Net carrying amount	29,881,066	3,256,711	367,345	33,505,122
Statutory deposit				
Sovereign/Government-backed	68,999	-	-	68,999
Gross carrying amount	68,999	-	-	68,999
Expected credit losses	-	-	-	-
Net carrying amount	68,999	-	-	68,999
Credit related commitments and contingencies				
Low	8,404,128	438,468	-	8,842,596
Medium	1,577,894	621,322	-	2,199,216
High	124,503	25,616	-	150,119
Unrated	449,795	1,929	-	451,724
Credit impaired	-	-	5,562	5,562
Gross carrying amount	10,556,320	1,087,335	5,562	11,649,217
Expected credit losses	(5,698)	(14,331)	(1,415)	(21,444)

Note: The ECL is recognised in reserves in other comprehensive income instead of in the statements of financial position as the carrying amount of debt instruments at FVOCI is equivalent to fair value.

43. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(a) Credit Risk (contd.)

(v) Credit quality (contd.)

BANK 2022 Simplified Approach	Current RM'000	More than 90 days past due RM'000	Total RM'000
Other assets (exclude prepayment)			
Gross carrying amount	491,030	38,147	529,177
Expected credit losses	-	(38,147)	(38,147)
Net carrying amount	491,030	-	491,030

(vi) Sensitivity test

The Group and the Bank have performed expected credit losses sensitivity assessment on financial assets based on the changes in key variables as below while all other variables remain unchanged. The sensitivity factors used are assumptions based on parallel shifts in the key variables to project the impact on the expected credit losses of the Group and the Bank.

The table below outlines the effect of the changes in major key variables used on expected credit losses while other variables remain constant:

2023 Measurement variables	MEV Change (%)/ Percentage Point Change (p.p)	GROUP + RM'000	GROUP - RM'000	BANK + RM'000	BANK - RM'000
House price index	9.6%	(32,080)	42,953	(18,729)	25,867
Consumption credit	3.7 p.p	18,616	(18,281)	13,307	(12,593)
Unemployment rate	0.6 p.p	13,490	(11,491)	8,798	(7,112)
GDP growth	6.4%	(4,117)	3,313	(2,323)	1,850
Producer price index	3.8%	3,381	(2,776)	2,917	(2,395)
Industrial production index	5.7%	(6,229)	5,933	(4,598)	4,417

2022 Measurement variables	MEV Change (%)/ Percentage Point Change (p.p)	GROUP + RM'000	GROUP - RM'000	BANK + RM'000	BANK - RM'000
House price index	9.4%	(18,009)	26,625	(10,508)	15,830
Consumption credit	3.8 p.p	14,583	(15,013)	10,854	(11,171)
Unemployment rate	0.6 p.p	7,845	(6,858)	5,288	(4,508)
GDP growth	6.2%	(3,293)	2,903	(1,892)	1,657
Producer price index	3.1%	6,996	(6,183)	5,915	(5,231)
Industrial production index	5.3%	(4,075)	3,919	(3,344)	3,210

43. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(a) Credit Risk (contd.)

(vii) Overlays and adjustments for ECL amid COVID-19 environment

As the current MFRS 9 models are not expected to generate levels of ECL with sufficient reliability in view of the unprecedented and ongoing COVID-19 pandemic, overlays and post-model adjustments have been applied to determine a sufficient overall level of ECL for the year ended and as at 31 March 2023.

These overlays and post-model adjustments were taken to reflect the latest macroeconomic outlook not captured in the modelled outcome and the potential impact to delinquencies and defaults of the various relief and support measures.

The overlays and post-model adjustments involved significant level of judgement and reflect the Management's views of possible severities of the pandemic and paths of recovery in the forward-looking assessment for ECL estimation purposes. The adjustments remain outside the core MFRS 9 process.

As at 31 March 2023, the balances of these overlays and post-model adjustments amounted to RM256,632,000 and RM147,182,000 for the Group and the Bank respectively (2022: RM511,517,000 and RM324,019,000). During the year, the Group and the Bank have partially reversed the overlays and post-model adjustments after observing the satisfactory repayment trend of the borrowers and customers over a reasonable observation period.

43. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(b) Market Risk

Market risk is the risk of loss of earnings arising from changes in interest rates, foreign exchange rates, equity prices, commodity prices and their implied volatilities.

The Group has established a framework of risk policies, measurement methodologies and risk limits as approved by the Group Risk Management Committee ("GRMC") to manage market risk. Market risk arising from the trading activities is controlled via position limits, loss limits, sensitivity limits and valuation via daily mark-to-market, where available.

The Group is also susceptible to exposure to market risk arising from changes in prices of the shares quoted on Bursa Malaysia, which will impact the Group's amount due from clients and brokers. The risk is controlled by application of credit approvals, limits and monitoring procedures.

Market Risk Factors

(i) Interest rate/profit rate risk

As a subset of market risk, interest/profit rate risk refers to the volatility in net interest/profit income as a result of changes in interest/profit rate of return and shifts in the composition of the assets and liabilities. Interest rate/rate of return risk is managed through interest/profit rate sensitivity analysis. The sensitivity in net interest/profit income from interest/profit rate movement is monitored and reported to the Management. In addition to pre-scheduled meetings, the Group Assets and Liabilities Management Committee ("GALCO") will also deliberate on revising the Group's and the Bank's lending/financing and deposit rates in response to changes in the benchmark rates set by the central bank.

The effects of changes in the levels of interest rates/rates of return on the market value of securities are monitored closely and mark-to-market valuations are regularly reported to the Management.

The Group and the Bank are exposed to various risks associated with the effects of fluctuations in the prevailing levels of interest/profit rates on its financial position and cash flows. The effects of changes in the levels of interest rates/rates of return on the market value of securities are monitored regularly and the outcomes of mark-to-market valuations are escalated to the Management regularly. The following table summarises the effective interest/profit rates at the end of the reporting period and the periods in which the financial instruments will re-price or mature, whichever is the earlier.

43. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(b) Market Risk (contd.)

Market Risk Factors (contd.)

(i) Interest rate/profit rate risk (contd.)

	← Non-trading book						→		
GROUP	Up to 1 month	>1-3 months	>3-6 months	>6-12 months	>1-5 years	Over 5 years	Non-interest/ profit sensitive*	Trading book	Total
2023	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets									
Cash and short-term funds	2,962,412	-	-	-	-	-	608,244	-	3,570,656
Deposits and placements with banks and other financial institutions	-	88,553	-	-	-	-	-	-	88,553
Financial assets at fair value through profit or loss	-	-	-	-	-	-	257,206	7,992	265,198
Financial investments at fair value through other comprehensive income	96,691	182,254	222,507	223,484	3,734,582	4,024,866	14	-	8,484,398
Financial investments at amortised cost	-	30,383	105,800	338,601	1,860,842	1,062,935	(47)	-	3,398,514
Derivative financial assets	-	-	-	-	-	-	-	221,141	221,141
Loans, advances and financing	40,685,476	1,761,717	699,326	109,175	2,606,481	1,993,018	70,810	-	47,926,003
Other financial assets**	-	-	-	-	22,385	15,338	1,447,603	-	1,485,326
Total financial assets	43,744,579	2,062,907	1,027,633	671,260	8,224,290	7,096,157	2,383,830	229,133	65,439,789
Liabilities									
Deposits from customers	16,879,527	6,876,487	5,810,120	6,770,360	14,512,536	-	-	-	50,849,030
Deposits and placements of banks and other financial institutions	305,123	104,188	5,704	11,705	598,222	694,342	-	-	1,719,284
Financial liabilities designated at fair value through profit or loss	527,564	1,012,804	127,867	144,169	101,276	-	-	(128,523)	1,785,157
Obligation on securities sold under repurchase agreements	290,947	384,693	-	-	-	-	-	-	675,640
Derivative financial liabilities	-	-	-	-	-	-	-	366,140	366,140
Recourse obligations on loans and financing sold to Cagamas	-	-	-	221,351	100,133	-	-	-	321,484
Lease liabilties	2,632	4,865	6,180	6,552	41,564	51,458	-	-	113,251
Subordinated obligations	-	-	-	200,335	913,378	457,789	-	-	1,571,502
Other financial liabilities	248,061	571	107	-	21,392	243,828	1,480,385	-	1,994,344
Total financial liabilities	18,253,854	8,383,608	5,949,978	7,354,472	16,288,501	1,447,417	1,480,385	237,617	59,395,832
On-balance sheet interest sensitivity gap	25,490,725	(6,320,701)	(4,922,345)	(6,683,212)	(8,064,211)	5,648,740	903,445	(8,484)	6,043,957

Note:
* Included impaired loans/financing and ECL.
** Included statutory deposit and other assets.

43. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(b) Market Risk (contd.)

Market Risk Factors (contd.)

(i) Interest rate/profit rate risk (contd.)

GROUP 2022	Non-trading book: Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest/ profit sensitive* RM'000	Trading book RM'000	Total RM'000
Assets									
Cash and short-term funds	2,615,273	-	-	-	-	-	613,301	-	3,228,574
Deposits and placements with banks and other financial institutions	-	168,180	-	-	-	-	4	-	168,184
Amounts due from clients and brokers	4,205	-	-	-	-	-	50,835	-	55,040
Financial assets at fair value through profit or loss	-	-	-	-	-	-	245,842	295,773	541,615
Financial investments at fair value through other comprehensive income	45,030	255,887	25,095	627,925	2,998,408	5,075,584	91,770	-	9,119,699
Financial investments at amortised cost	10,000	-	-	-	1,940,815	159,717	19,076	-	2,129,608
Derivative financial assets	-	-	-	-	-	-	-	86,294	86,294
Loans, advances and financing	38,789,006	1,552,143	650,329	100,274	2,591,799	1,671,453	(231,259)	-	45,123,745
Other financial assets***	-	-	-	-	-	46,430	482,269	-	528,699
Total financial assets	41,463,514	1,976,210	675,424	728,199	7,531,022	6,953,184	1,271,838	382,067	60,981,458
Liabilities									
Deposits from customers	17,511,366	5,692,505	4,733,742	4,621,981	15,309,911	-	316,866	-	48,186,371
Deposits and placements of banks and other financial institutions	355,596	15,907	101,155	21,438	590,134	604,240	524	-	1,688,994
Financial liabilities designated at fair value through profit or loss	12,023	9,247	51,480	184,806	353,503	409,617	4,520	-	1,025,196
Amounts due to clients and brokers	-	-	-	-	-	-	28,404	-	28,404
Derivative financial liabilities	-	-	-	-	-	-	-	212,588	212,588
Recourse obligations on loans and financing sold to Cagamas	-	350,031	-	300,039	-	-	494	-	650,564
Lease liabilties	2,639	4,856	6,260	12,447	47,689	51,584	-	-	125,475
Subordinated obligations	-	-	-	149,958	599,060	800,000	23,767	-	1,572,785
Other financial liabilities	170,021	-	-	-	27,583	253,595	1,246,202	-	1,697,401
Total financial liabilities	18,051,645	6,072,546	4,892,637	5,290,669	16,927,880	2,119,036	1,620,777	212,588	55,187,778
On-balance sheet interest sensitivity gap	23,411,869	(4,096,336)	(4,217,213)	(4,562,470)	(9,396,858)	4,834,148	(348,939)	169,479	5,793,680

Note:
* ECL for deposits and placements with banks and other financial institutions are classified under the non-interest/profit sensitive column.
** Impaired loans/financing and ECL are classified under the non-interest/profit sensitive column.
*** Included statutory deposit and other assets.

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43. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(b) Market Risk (contd.)

Market Risk Factors (contd.)

(i) Interest rate/profit rate risk (contd.)

BANK 2023	Non-trading book: Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest/ profit sensitive* RM'000	Trading book RM'000	Total RM'000
Assets									
Cash and short-term funds	1,857,381	-	-	-	-	-	568,203	-	2,425,584
Deposits and placements with banks and other financial institutions	-	88,553	-	-	-	-	-	-	88,553
Financial assets at fair value through profit or loss	-	-	-	-	-	-	257,206	7,992	265,198
Financial investments at fair value through other comprehensive income	96,691	141,566	75,515	197,959	2,430,796	3,239,975	14	-	6,182,516
Financial investments at amortised cost	-	-	105,800	318,185	2,009,624	703,956	(676)	-	3,136,889
Derivative financial assets	-	-	-	-	-	-	-	223,637	223,637
Loans, advances and financing	30,827,338	1,300,426	495,974	84,058	1,929,327	1,023,472	130,168	-	35,790,763
Other financial assets**	-	-	-	-	48,616	14,766	1,318,354	-	1,381,736
Total financial assets	32,781,410	1,530,545	677,289	600,202	6,418,363	4,982,169	2,273,269	231,629	49,494,876
Liabilities									
Deposits from customers	12,396,981	5,065,745	3,860,862	4,458,201	11,114,564	-	-	-	36,896,353
Deposits and placements of banks and other financial institutions	304,314	100,141	1,307	6,353	576,404	547,683	-	-	1,536,202
Financial liabilities designated at fair value through profit or loss	527,564	1,012,805	127,867	144,169	101,276	-	-	(128,524)	1,785,157
Obligation on securities sold under repurchase agreements	290,947	384,693	-	-	-	-	-	-	675,640
Derivative financial liabilities	-	-	-	-	-	-	-	366,165	366,165
Recourse obligations on loans and financing sold to Cagamas	-	-	-	221,352	-	-	-	-	221,352
Lease liabilities	2,632	4,865	6,180	6,552	41,564	51,458	-	-	113,251
Subordinated obligations	-	-	-	100,391	913,072	457,789	-	-	1,471,252
Other financial liabilities	248,061	564	80	-	49,648	204,488	1,351,987	-	1,854,828
Total financial liabilities	13,770,499	6,568,813	3,996,296	4,937,018	12,796,528	1,261,418	1,351,987	237,641	44,920,200
On-balance sheet interest sensitivity gap	19,010,911	(5,038,268)	(3,319,007)	(4,336,816)	(6,378,165)	3,720,751	921,282	(6,012)	4,574,676

Note:
* Included impaired loans/financing and ECL.
** Included statutory deposit and other assets.

43. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(b) Market Risk (contd.)

Market Risk Factors (contd.)

(i) Interest rate/profit rate risk (contd.)

	← Non-trading book						→		
BANK	Up to 1 month	>1-3 months	>3-6 months	>6-12 months	>1-5 years	Over 5 years	Non-interest/ profit sensitive*	Trading book	Total
2022	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets									
Cash and short-term funds	1,246,463	-	-	-	-	-	558,939	-	1,805,402
Deposits and placements with banks and other financial institutions	-	168,180	-	-	-	-	4*	-	168,184
Financial assets at fair value through profit or loss	-	-	-	-	-	-	171,488	295,773	467,261
Financial investments at fair value through other comprehensive income	25,021	175,576	70,018	501,512	1,854,991	4,044,750	67,751	-	6,739,619
Financial investments at amortised cost	10,000	-	130,000	-	1,928,215	159,716	16,505	-	2,244,436
Derivative financial assets	-	-	-	-	-	-	-	86,294	86,294
Loans, advances and financing	29,271,073	1,149,400	455,494	73,738	1,982,105	846,214	(169,827)**	-	33,608,197
Other financial assets***	-	-	-	-	54,832	23,724	481,473	-	560,029
Total financial assets	30,552,557	1,493,156	655,512	575,250	5,820,143	5,074,404	1,126,333	382,067	45,679,422
Liabilities									
Deposits from customers	13,225,059	3,832,236	3,363,993	3,488,658	11,499,834	-	121,488	-	35,531,268
Deposits and placements of banks and other financial institutions	203,556	10,234	90,852	8,053	553,622	471,160	272	-	1,337,749
Financial liabilities designated at fair value through profit or loss	12,023	9,247	51,480	184,806	353,503	409,617	4,520	-	1,025,196
Derivative financial liabilities	-	-	-	-	-	-	-	212,588	212,588
Recourse obligations on loans and financing sold to Cagamas	-	-	-	300,039	-	-	76	-	300,115
Lease liabilities	2,633	4,844	6,242	12,411	47,532	51,587	-	-	125,249
Subordinated obligations	-	-	-	149,888	498,848	800,000	23,718	-	1,472,454
Other financial liabilities	170,021	-	-	-	64,018	208,834	1,088,707	-	1,531,580
Total financial liabilities	13,613,292	3,856,561	3,512,567	4,143,855	13,017,357	1,941,198	1,238,781	212,588	41,536,199
On-balance sheet interest sensitivity gap	16,939,265	(2,363,405)	(2,857,055)	(3,568,605)	(7,197,214)	3,133,206	(112,448)	169,479	4,143,223

Note:
* ECL for deposits and placements with banks and other financial institutions are classified under the non-interest/profit sensitive column.
** Impaired loans/financing and ECL are classified under the non-interest/profit sensitive column.
*** Included statutory deposit and other assets.

43. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(b) Market Risk (contd.)

Market Risk Factors (contd.)

(ii) Foreign exchange risk

Foreign exchange risk refers to the risk that fair value or future cash flows of financial instruments will fluctuate because of the movements in the exchange rates for foreign exchange positions taken by the Group and the Bank from time to time.

Foreign currency exchange risk is managed via approved risk limits and open positions are regularly revalued against current exchange rates and reported to the Management and the Board.

The following table summarises the assets, liabilities and net open position by currency as at the end of the financial reporting date, which are mainly in US Dollars, Pound Sterling, Euro Dollars, Australian Dollars and Singapore Dollars. Other foreign exchange exposures include exposure to Japanese Yen, Chinese Yuan and New Zealand Dollars. The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the Group and the Bank.

GROUP	US Dollars	Pound Sterling	Euro Dollars	Australian Dollars	Singapore Dollars	Others	Total
2023	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets							
Cash and short-term funds	1,325,310	2,267	2,602	-	5,540	11,790	1,347,509
Deposits and placements with banks and other financial institutions	88,553	-	-	-	-	-	88,553
Loans, advances and financing	328,837	-	1,165	527	579	1,395	332,503
Other financial assets	66,791	243	10	241	51	10	67,346
Total financial assets	1,809,491	2,510	3,777	768	6,170	13,195	1,835,911
Liabilities							
Deposits from customers	831,694	64,168	38,760	441,277	325,659	60,492	1,762,050
Deposits and placements of banks and other financial institutions	1,754	-	-	1,154	-	7	2,915
Financial liabilities designated at fair value through profit or loss	4,860	-	-	-	-	-	4,860
Other financial liabilities	15,405	9,049	4,731	153,292	2,384	8,648	193,509
Total financial liabilities	853,713	73,217	43,491	595,723	328,043	69,147	1,963,334
On-balance sheet open position	955,778	(70,707)	(39,714)	(594,955)	(321,873)	(55,952)	(127,423)
Off-balance sheet open position	(950,527)	70,356	50,953	583,735	284,639	76,011	115,167
Net open position	5,251	(351)	11,239	(11,220)	(37,234)	20,059	(12,256)

43. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(b) Market Risk (contd.)

Market Risk Factors (contd.)

(ii) Foreign exchange risk (contd.)

The following table summarises the assets, liabilities and net open position by currency as at the end of the financial reporting date, which are mainly in US Dollars, Pound Sterling, Euro Dollars, Australian Dollars and Singapore Dollars. Other foreign exchange exposures include exposure to Japanese Yen, Chinese Yuan and New Zealand Dollars. The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the Group and the Bank. (contd.)

GROUP 2022	US Dollars RM'000	Pound Sterling RM'000	Euro Dollars RM'000	Australian Dollars RM'000	Singapore Dollars RM'000	Others RM'000	Total RM'000
Assets							
Cash and short-term funds	467,927	976	542	2,190	737	5,610	477,982
Deposits and placements with banks and other financial institutions	168,192	-	-	-	-	-	168,192
Amounts due from clients and brokers	475	-	-	4	-	212	691
Loans, advances and financing	404,677	-	842	461	2,517	416	408,913
Other financial assets	73,122	19	3	1	54	-	73,199
Total financial assets	1,114,393	995	1,387	2,656	3,308	6,238	1,128,977
Liabilities							
Deposits from customers	571,271	61,650	38,504	120,778	138,267	42,773	973,243
Deposits and placements of banks and other financial institutions	275,903	-	-	-	1,942	7,294	285,139
Financial liabilities designated at fair value through profit or loss	5,006	-	-	-	-	548	5,554
Amounts due to clients and brokers	567	-	-	-	17	277	861
Other financial liabilities	69,784	18,777	9,326	5,646	4,135	2,383	110,051
Total financial liabilities	922,531	80,427	47,830	126,424	144,361	53,275	1,374,848
On-balance sheet open position	191,862	(79,432)	(46,443)	(123,768)	(141,053)	(47,037)	(245,871)
Off-balance sheet open position	(162,542)	79,684	58,076	96,945	107,510	57,072	236,745
Net open position	29,320	252	11,633	(26,823)	(33,543)	10,035	(9,126)

43. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(b) Market Risk (contd.)

Market Risk Factors (contd.)

(ii) Foreign exchange risk (contd.)

The following table summarises the assets, liabilities and net open position by currency as at the end of the financial reporting date, which are mainly in US Dollars, Pound Sterling, Euro Dollars, Australian Dollars and Singapore Dollars. Other foreign exchange exposures include exposure to Japanese Yen, Chinese Yuan and New Zealand Dollars. The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the Group and the Bank. (contd.)

BANK 2023	US Dollars RM'000	Pound Sterling RM'000	Euro Dollars RM'000	Australian Dollars RM'000	Singapore Dollars RM'000	Others RM'000	Total RM'000
Assets							
Cash and short-term funds	1,325,310	2,267	2,602	-	5,540	11,790	1,347,509
Deposits and placements with banks and other financial institutions	88,553	-	-	-	-	-	88,553
Loans, advances and financing	328,837	-	1,165	527	579	1,395	332,503
Other financial assets	66,791	243	10	241	51	10	67,346
Total financial assets	1,809,491	2,510	3,777	768	6,170	13,195	1,835,911
Liabilities							
Deposits from customers	831,694	64,168	38,760	441,277	325,659	60,492	1,762,050
Deposits and placements of banks and other financial institutions	1,754	-	-	1,154	-	7	2,915
Financial liabilities designated at fair value through profit or loss	4,860	-	-	-	-	-	4,860
Other financial liabilities	15,232	9,016	4,731	153,292	2,384	8,648	193,303
Total financial liabilities	853,540	73,184	43,491	595,723	328,043	69,147	1,963,128
On-balance sheet open position	955,951	(70,674)	(39,714)	(594,955)	(321,873)	(55,952)	(127,217)
Off-balance sheet open position	(950,527)	70,356	50,953	583,735	284,639	76,011	115,167
Net open position	5,424	(318)	11,239	(11,220)	(37,234)	20,059	(12,050)

43. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(b) Market Risk (contd.)

Market Risk Factors (contd.)

(ii) Foreign exchange risk (contd.)

The following table summarises the assets, liabilities and net open position by currency as at the end of the financial reporting date, which are mainly in US Dollars, Pound Sterling, Euro Dollars, Australian Dollars and Singapore Dollars. Other foreign exchange exposures include exposure to Japanese Yen, Chinese Yuan and New Zealand Dollars. The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the Group and the Bank. (contd.)

BANK 2022	US Dollars RM'000	Pound Sterling RM'000	Euro Dollars RM'000	Australian Dollars RM'000	Singapore Dollars RM'000	Others RM'000	Total RM'000
Assets							
Cash and short-term funds	467,723	976	542	2,172	712	5,460	477,585
Deposits and placements with banks and other financial institutions	168,192	-	-	-	-	-	168,192
Loans, advances and financing	404,677	-	842	461	2,517	416	408,913
Other financial assets	73,122	19	3	1	54	-	73,199
Total financial assets	1,113,714	995	1,387	2,634	3,283	5,876	1,127,889
Liabilities							
Deposits from customers	571,271	61,650	38,504	120,778	138,267	42,773	973,243
Deposits and placements of banks and other financial institutions	275,903	-	-	-	1,942	7,294	285,139
Financial liabilities designated at fair value through profit or loss	5,006	-	-	-	-	548	5,554
Other financial liabilities	69,491	18,720	9,326	5,643	4,135	2,377	109,692
Total financial liabilities	921,671	80,370	47,830	126,421	144,344	52,992	1,373,628
On-balance sheet open position	192,043	(79,375)	(46,443)	(123,787)	(141,061)	(47,116)	(245,739)
Off-balance sheet open position	(162,542)	79,684	58,076	96,945	107,510	57,072	236,745
Net open position	29,501	309	11,633	(26,842)	(33,551)	9,956	(8,994)

43. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(b) Market Risk (contd.)

Market Risk Measures

(i) Value at risk ("VaR")

VaR reflects the maximum potential loss of value of a portfolio resulting from market movements within a specified probability of occurrence (level of confidence) for a specific period of time (holding period). For the Group and the Bank, VaR is computed based on the historical simulation approach with parameters in accordance with BNM and Basel requirements. Backtesting is performed daily to validate and reassess the accuracy of the VaR model. This involves the comparison of the daily VaR values against the hypothetical profit and loss over the corresponding period.

The table below sets out a summary of the Group's and the Bank's VaR profile by financial instrument types for the Trading Portfolio:

GROUP	Balance	Average for the year	Minimum	Maximum
2023	RM'000	RM'000	RM'000	RM'000
Foreign exchange ("FX") related derivatives	(391)	(637)	(180)	(1,710)
Government securities	(32,260)	(33,777)	(32,177)	(35,927)
Private debt securities	(7,884)	(7,109)	(6,592)	(7,884)
2022				
FX related derivatives	(350)	(482)	(238)	(1,041)
Government securities	(24,308)	(38,119)	(24,308)	(42,797)
Private debt securities	(4,674)	(6,011)	(4,674)	(6,612)
BANK				
2023				
FX related derivatives	(391)	(637)	(180)	(1,710)
Government securities	(26,156)	(27,171)	(25,869)	(29,101)
Private debt securities	(5,190)	(4,658)	(4,321)	(5,190)
2022				
FX related derivatives	(350)	(482)	(238)	(1,041)
Government securities	(19,618)	(31,478)	(19,618)	(35,776)
Private debt securities	(3,122)	(3,990)	(3,122)	(4,393)

43. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(b) Market Risk (contd.)

Market Risk Measures (contd.)

(ii) Interest/profit rate risk sensitivity

The following tables present the Group's and the Bank's sensitivity result for the impact on net profit after tax and reserves of financial assets and financial liabilities bearing fixed and floating interest/profit rates.

Impact on the net profit after tax is measured using Earning-at-Risk ("EAR") methodology. The treatments are based on a set of sensitivity rate shocks on the interest rate gap profile from the financial position of the Group and the Bank by taking into consideration the repricing or remaining maturity of the product.

Impact on equity represents the changes in fair value of financial investment at fair value through other comprehensive income portfolio arising from shifts in interest/profit rate.

	2023 GROUP		2023 BANK	
	- 200 bps	+ 200 bps	- 200 bps	+ 200 bps
	Increase/(Decrease)		Increase/(Decrease)	
	RM'000	RM'000	RM'000	RM'000
Impact on net profit after tax	(217,376)	217,376	(173,681)	173,681
Impact on equity	497,035	(421,648)	356,429	(283,930)

	2022 GROUP		2022 BANK	
	- 200 bps	+ 200 bps	- 200 bps	+ 200 bps
	Increase/(Decrease)		Increase/(Decrease)	
	RM'000	RM'000	RM'000	RM'000
Impact on net profit after tax	(169,950)	169,950	(137,749)	137,749
Impact on equity	710,507	(607,630)	553,110	(470,372)

(iii) Other risk measures

(i) Stress test

Stress testing is normally used by banks to gauge their potential vulnerability to exceptional but plausible events. The Group performs stress testing regularly to measure and alert the Board and the Management on the effects of potential political, economic or other disruptive events on our exposures. The Group's stress testing process is governed by the Stress Testing Policy as approved by the Board. Stress testing is conducted on a bank-wide basis as well as on specific portfolios. The Group's bank-wide stress testing exercise uses a variety of broad macroeconomic indicators that are then translated into stress impacts on the various business units. The results are then consolidated to provide an overall impact on the Group's financial results and capital requirements. Stress testing results are reported to the Board and the Management to provide them with an assessment of the financial impact that such events would have on the Group's profitability and capital levels.

43. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(b) Market Risk (contd.)

Market Risk Measures (contd.)

(iii) Other risk measures (contd.)

(ii) Sensitivity analysis

Sensitivity analysis is used to measure the impact of changes in individual stress factors such as interest/profit rates or foreign exchange rates. It is normally designed to isolate and quantify exposure to the underlying risk. The Group and the Bank perform sensitivity analysis such as parallel shifts of interest/profit rates on its exposures, primarily on the banking and trading book positions.

(c) Liquidity Risk

Liquidity risk is the inability of the Group and the Bank to meet financial commitments when due.

The Group's and the Bank's liquidity risk profile is managed using liquidity risk management strategies set in the Liquidity Risk Management Policy. Liquidity Risk Measures are monitored against approved thresholds by GALCO and Group Risk Management Committee ("GRMC"). A contingency funding plan is also established by the Group and the Bank as a forward-looking measure to ensure that liquidity risk can be addressed according to the degrees of key risk indicators, and which incorporates alternative funding strategies which are ready to be implemented on a timely basis to mitigate the impact of unforeseen adverse changes in liquidity in the market place.

43. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(c) Liquidity Risk (contd.)

Liquidity Risk Measures

(i) Liquidity risk for assets and liabilities based on remaining contractual maturities

The maturities of the on-balance sheet assets and liabilities are important factors in assessing the liquidity of the Group and the Bank. The table below provides an analysis of assets and liabilities into relevant maturity terms based on remaining contractual maturities:

GROUP 2023	Up to 1 month RM'000	>1-3 months RM'000	>3-6 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	3,570,656	-	-	-	-	-	3,570,656
Deposits and placements with banks and other financial institutions	-	88,553	-	-	-	-	88,553
Financial assets at fair value through profit or loss	-	83	-	1,404	6,505	257,206	265,198
Financial investments at fair value through other comprehensive income	120,174	221,264	239,478	220,814	7,682,654	14	8,484,398
Financial investments at amortised cost	14,441	39,465	31,384	334,127	2,979,097	-	3,398,514
Loans, advances and financing	7,911,689	2,212,905	931,944	260,986	36,608,479	-	47,926,003
Other financial and non-financial assets	581,355	29,728	34,625	38,423	100,505	1,792,550	2,577,186
Total assets	12,198,315	2,591,998	1,237,431	855,754	47,377,240	2,049,770	66,310,508
Liabilities							
Deposits from customers	31,085,328	6,876,487	5,810,119	6,770,360	306,736	-	50,849,030
Deposits and placements of banks and other financial institutions	305,123	104,188	5,704	11,705	1,292,564	-	1,719,284
Financial liabilities designated at fair value through profit or loss	7,206	40,366	109,073	129,365	1,499,147	-	1,785,157
Obligation on securities sold under repurchase agreements	290,947	384,693	-	-	-	-	675,640
Recourse obligations on loans and financing sold to Cagamas	-	1,476	-	220,003	100,005	-	321,484
Lease liabilities	2,632	4,865	6,180	6,552	93,022	-	113,251
Subordinated obligations	19,628	2,079	440	199,801	1,349,554	-	1,571,502
Other financial and non-financial liabilities	1,437,444	50,721	185,935	29,886	824,525	-	2,528,511
Total liabilities	33,148,308	7,464,875	6,117,451	7,367,672	5,465,553	-	59,563,859
Net maturity mismatch	(20,949,993)	(4,872,877)	(4,880,020)	(6,511,918)	41,911,687	2,049,770	6,746,649

43. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(c) Liquidity Risk (contd.)

Liquidity Risk Measures (contd.)

(i) Liquidity risk for assets and liabilities based on remaining contractual maturities (contd.)

The maturities of the on-balance sheet assets and liabilities are important factors in assessing the liquidity of the Group and the Bank. The table below provides an analysis of assets and liabilities into relevant maturity terms based on remaining contractual maturities: (contd.)

GROUP 2022	Up to 1 month RM'000	>1-3 months RM'000	>3-6 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	3,228,574	-	-	-	-	-	3,228,574
Deposits and placements with banks and other financial institutions	-	168,184	-	-	-	-	168,184
Amounts due from clients and brokers	55,040	-	-	-	-	-	55,040
Financial assets at fair value through profit or loss	-	79	546	-	295,148	245,842	541,615
Financial investments at fair value through other comprehensive income	68,482	305,380	43,906	627,925	8,073,993	13	9,119,699
Financial investments at amortised cost	20,862	5,813	2,384	16	2,100,533	-	2,129,608
Loans, advances and financing	7,800,129	2,048,740	848,011	203,510	34,223,355	-	45,123,745
Other financial and non-financial assets	428,448	13,289	14,262	14,667	85,410	925,312	1,481,388
Total assets	11,601,535	2,541,485	909,109	846,118	44,778,439	1,171,167	61,847,853
Liabilities							
Deposits from customers	32,848,845	5,772,699	4,760,037	4,640,627	164,163	-	48,186,371
Deposits and placements of banks and other financial institutions	355,656	15,967	101,315	21,517	1,194,539	-	1,688,994
Financial liabilities designated at fair value through profit or loss	12,092	9,264	54,003	195,692	754,145	-	1,025,196
Amounts due to clients and brokers	28,404	-	-	-	-	-	28,404
Recourse obligations on loans and financing sold to Cagamas	-	350,525	-	300,039	-	-	650,564
Lease liabilities	2,639	4,856	6,259	12,448	99,273	-	125,475
Subordinated obligations	19,628	3,699	383	149,888	1,399,187	-	1,572,785
Other financial and non-financial liabilities	1,137,560	13,059	201,137	88,238	706,027	7,367	2,153,388
Total liabilities	34,404,824	6,170,069	5,123,134	5,408,449	4,317,334	7,367	55,431,177
Net maturity mismatch	(22,803,289)	(3,628,584)	(4,214,025)	(4,562,331)	40,461,105	1,163,800	6,416,676

43. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(c) Liquidity Risk (contd.)

Liquidity Risk Measures (contd.)

(i) Liquidity risk for assets and liabilities based on remaining contractual maturities (contd.)

The maturities of the on-balance sheet assets and liabilities are important factors in assessing the liquidity of the Group and the Bank. The table below provides an analysis of assets and liabilities into relevant maturity terms based on remaining contractual maturities: (contd.)

BANK 2023	Up to 1 month RM'000	>1-3 months RM'000	>3-6 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	2,425,584	-	-	-	-	-	2,425,584
Deposits and placements of banks and other financial institutions	-	88,553	-	-	-	-	88,553
Financial assets at fair value through profit or loss	-	83	-	1,404	6,505	257,206	265,198
Financial investments at fair value through other comprehensive income	113,462	171,484	87,488	195,654	5,614,414	14	6,182,516
Financial investments at amortised cost	13,856	7,962	29,885	313,993	2,771,193	-	3,136,889
Loans, advances and financing	5,895,265	1,709,825	703,621	227,261	27,254,791	-	35,790,763
Other financial and non-financial assets	699,480	28,327	32,949	17,137	128,849	2,264,841	3,171,583
Total assets	9,147,647	2,006,234	853,943	755,449	35,775,752	2,522,061	51,061,086
Liabilities							
Deposits from customers	23,462,259	5,065,745	3,860,862	4,458,201	49,286	-	36,896,353
Deposits and placements of banks and other financial institutions	304,314	100,141	1,307	6,353	1,124,087	-	1,536,202
Financial liabilities designated at fair value through profit or loss	7,206	40,366	109,073	129,365	1,499,147	-	1,785,157
Obligation on securities sold under repurchase agreements	290,947	384,693	-	-	-	-	675,640
Recourse obligations on loans and financing sold to Cagamas	-	1,348	-	220,004	-	-	221,352
Lease liabilities	2,632	4,865	6,181	6,552	93,021	-	113,251
Subordinated obligations	19,628	2,079	391	100,000	1,349,154	-	1,471,252
Other financial and non-financial liabilities	1,374,130	50,467	167,720	26,938	758,582	-	2,377,837
Total liabilities	25,461,116	5,649,704	4,145,534	4,947,413	4,873,277	-	45,077,044
Net maturity mismatch	(16,313,469)	(3,643,470)	(3,291,591)	(4,191,964)	30,902,475	2,522,061	5,984,042

43. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(c) Liquidity Risk (contd.)

Liquidity Risk Measures (contd.)

(i) Liquidity risk for assets and liabilities based on remaining contractual maturities (contd.)

The maturities of the on-balance sheet assets and liabilities are important factors in assessing the liquidity of the Group and the Bank. The table below provides an analysis of assets and liabilities into relevant maturity terms based on remaining contractual maturities: (contd.)

BANK 2022	Up to 1 month RM'000	>1-3 months RM'000	>3-6 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	1,805,402	-	-	-	-	-	1,805,402
Deposits and placements of banks and other financial institutions	-	168,184	-	-	-	-	168,184
Financial assets at fair value through profit or loss	-	79	546	-	295,148	171,488	467,261
Financial investments at fair value through other comprehensive income	41,668	213,779	82,905	501,512	5,899,742	13	6,739,619
Financial investments at amortised cost	19,282	5,162	132,060	-	2,087,932	-	2,244,436
Loans, advances and financing	5,515,188	1,522,015	622,922	172,551	25,775,521	-	33,608,197
Other financial and non-financial assets	454,988	12,750	13,489	14,063	108,711	1,836,700	2,440,701
Total assets	7,836,528	1,921,969	851,922	688,126	34,167,054	2,008,201	47,473,800
Liabilities							
Deposits from customers	24,689,510	3,899,855	3,383,360	3,501,660	56,883	-	35,531,268
Deposits and placements of banks and other financial institutions	203,574	10,273	90,973	8,083	1,024,846	-	1,337,749
Financial liabilities designated at fair value through profit or loss	12,092	9,264	54,003	195,692	754,145	-	1,025,196
Recourse obligations on loans and financing sold to Cagamas	-	76	-	300,039	-	-	300,115
Lease liabilities	2,633	4,844	6,242	12,411	99,119	-	125,249
Subordinated obligations	19,628	3,699	391	149,888	1,298,848	-	1,472,454
Other financial and non-financial liabilities	1,033,478	12,623	164,722	83,043	650,563	-	1,944,429
Total liabilities	25,960,915	3,940,634	3,699,691	4,250,816	3,884,404	-	41,736,460
Net maturity mismatch	(18,124,387)	(2,018,665)	(2,847,769)	(3,562,690)	30,282,650	2,008,201	5,737,340

43. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(c) Liquidity Risk (contd.)

Liquidity Risk Measures (contd.)

(ii) Contractual maturity of financial liabilities on an undiscounted basis

The table below presents the cash flows payable by the Group and the Bank under financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flows of all financial liabilities.

GROUP 2023	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
Non derivative financial liabilities								
Deposits from customers	31,100,210	6,924,043	5,894,846	6,946,189	261,025	-	-	51,126,313
Deposits and placements of banks and other financial institutions	647,700	104,606	5,683	11,662	598,150	694,343	-	2,062,144
Financial liabilities designated at fair value through profit or loss	12,765	65,843	149,095	195,015	1,663,192	44,641	-	2,130,551
Obligation on securities sold under repurchase agreements	-	675,640	-	-	-	-	-	675,640
Recourse obligations on loans and financing sold to Cagamas	-	3,139	3,210	224,260	105,240	-	-	335,849
Lease liabilities	3,071	5,709	7,363	8,727	53,494	54,850	-	133,214
Subordinated obligations	22,900	4,114	5,999	232,874	1,083,088	504,775	-	1,853,750
Other financial liabilities	1,292,714	1,073	143,684	-	37,365	-	-	1,474,836
	33,079,360	7,784,167	6,209,880	7,618,727	3,801,554	1,298,609	-	59,792,297
Items not recognised in the statements of financial position								
Financial guarantees	25,676	89,452	98,159	178,821	95,761	521	-	488,390
Credit related commitments and contingencies	12,464,987	96,538	81,409	122,831	3,522,171	252,161	-	16,540,097
	12,490,663	185,990	179,568	301,652	3,617,932	252,682	-	17,028,487
Derivatives financial liabilities								
Derivatives settled on a net basis								
Interest rate derivatives and equity option	16	59	11,951	23,794	41,616	1,649	-	79,085
Net (inflow)/outflow	16	59	11,951	23,794	41,616	1,649	-	79,085
Derivatives settled on a gross basis								
Outflow	65,958	35,550	24,585	7,787	21,073	3,772	-	158,725
Inflow	(73,362)	(20,437)	(2,578)	(6,113)	(21,974)	(1,166)	-	(125,630)
	(7,404)	15,113	22,007	1,674	(901)	2,606	-	33,095

43. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(c) Liquidity Risk (contd.)

Liquidity Risk Measures (contd.)

(ii) Contractual maturity of financial liabilities on an undiscounted basis (contd.)

The table below presents the cash flows payable by the Group and the Bank under financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flows of all financial liabilities. (contd.)

GROUP 2022	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
Non derivative financial liabilities								
Deposits from customers	32,817,141	5,797,533	4,863,162	4,707,139	168,276	-	-	48,353,251
Deposits and placements of banks and other financial institutions	364,585	15,907	101,570	21,438	84,304	1,110,071	-	1,697,875
Amounts due to clients and brokers	28,404	-	-	-	-	-	-	28,404
Financial liabilities designated at fair value through profit or loss	16,951	16,036	77,421	247,940	458,130	467,348	-	1,283,826
Recourse obligations on loans and financing sold to Cagamas	-	357,180	3,426	303,428	-	-	-	664,034
Lease liabilities	3,168	5,880	7,717	15,104	61,614	62,866	-	156,349
Subordinated obligations	22,900	4,675	5,999	183,515	779,820	886,300	-	1,883,209
Other financial liabilities	1,031,114	438	169,756	-	23,830	-	6,941	1,232,079
	34,284,263	6,197,649	5,229,051	5,478,564	1,575,974	2,526,585	6,941	55,299,027
Items not recognised in the statements of financial position								
Financial guarantees	23,956	85,510	103,455	219,131	65,959	521	-	498,532
Credit related commitments and contingencies	11,582,290	97,049	60,523	95,900	2,058,234	9,413	-	13,903,409
	11,606,246	182,559	163,978	315,031	2,124,193	9,934	-	14,401,941
Derivatives financial liabilities								
Derivatives settled on a net basis								
Interest rate derivatives and equity option	-	(1)	(13,540)	(26,121)	(50,189)	299	-	(89,552)
Net (inflow)/outflow	-	(1)	(13,540)	(26,121)	(50,189)	299	-	(89,552)
Derivatives settled on a gross basis								
Outflow	4,567	5,853	21,943	5,033	3,540	3,047	-	43,983
Inflow	(8,018)	(4,958)	(2,767)	(899)	(3,429)	(463)	-	(20,534)
	(3,451)	895	19,176	4,134	111	2,584	-	23,449

43. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(c) Liquidity Risk (contd.)

Liquidity Risk Measures (contd.)

(ii) Contractual maturity of financial liabilities on an undiscounted basis (contd.)

The table below presents the cash flows payable by the Group and the Bank under financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flows of all financial liabilities. (contd.)

BANK	Up to 1 month	>1-3 months	>3-6 months	>6-12 months	>1-5 years	Over 5 years	No specific maturity	Total
2023	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non derivative financial liabilities								
Deposits from customers	23,472,720	5,097,547	3,916,331	4,564,462	49,997	-	-	37,101,057
Deposits and placements of banks and other financial institutions	304,537	100,573	1,303	6,330	576,375	547,683	-	1,536,801
Financial liabilities designated at fair value through profit or loss	12,765	65,843	149,095	195,015	1,663,192	44,641	-	2,130,551
Obligation on securities sold under repurchase agreements	-	-	675,640	-	-	-	-	675,640
Recourse obligations on loans and financing sold to Cagamas	-	2,092	2,163	222,166	-	-	-	226,421
Lease liabilities	3,071	5,709	7,363	8,727	53,494	54,850	-	133,214
Subordinated obligations	22,900	4,114	2,999	130,106	1,083,088	504,775	-	1,747,982
Other financial liabilities	1,242,044	1,023	126,066	-	37,340	-	-	1,406,473
	25,058,037	5,276,901	4,880,960	5,126,806	3,463,486	1,151,949	-	44,958,139
Items not recognised in the statements of financial position								
Financial guarantees	19,102	75,479	84,401	145,292	81,911	521	-	406,706
Credit related commitments and contingencies	9,942,912	73,587	78,081	115,118	2,978,552	236,622	-	13,424,872
	9,962,014	149,066	162,482	260,410	3,060,463	237,143	-	13,831,578
Derivatives financial liabilities								
Derivatives settled on a net basis								
Interest rate derivatives and equity option	16	59	11,951	23,794	41,616	1,649	-	79,085
Net (inflow)/outflow	16	59	11,951	23,794	41,616	1,649	-	79,085
Derivatives settled on a gross basis								
Outflow	65,958	35,550	24,585	7,787	21,073	3,772	-	158,725
Inflow	(73,362)	(20,437)	(2,578)	(6,113)	(21,974)	(1,166)	-	(125,630)
	(7,404)	15,113	22,007	1,674	(901)	2,606	-	33,095

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43. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(c) Liquidity Risk (contd.)

Liquidity Risk Measures (contd.)

(ii) Contractual maturity of financial liabilities on an undiscounted basis (contd.)

The table below presents the cash flows payable by the Group and the Bank under financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flows of all financial liabilities. (contd.)

BANK 2022	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
Non derivative financial liabilities								
Deposits from customers	24,696,048	3,916,750	3,410,708	3,546,171	57,586	-	-	35,627,263
Deposits and placements of banks and other financial institutions	203,821	10,235	91,266	8,053	47,791	976,990	-	1,338,156
Financial liabilities designated at fair value through profit or loss	16,951	16,036	77,421	247,940	458,130	467,348	-	1,283,826
Recourse obligations on loans and financing sold to Cagamas	-	3,426	3,426	303,428	-	-	-	310,280
Lease liabilities	3,161	5,867	7,696	15,062	61,447	62,866	-	156,099
Subordinated obligations	22,900	4,675	2,999	180,564	674,240	886,300	-	1,771,678
Other financial liabilities	941,569	404	139,964	-	23,817	-	-	1,105,754
	25,884,450	3,957,393	3,733,480	4,301,218	1,323,011	2,393,504	-	41,593,056
Items not recognised in the statements of financial position								
Financial guarantees	22,101	74,434	87,264	182,144	61,937	521	-	428,401
Credit related commitments and contingencies	9,251,014	82,567	53,354	87,796	1,737,585	8,500	-	11,220,816
	9,273,115	157,001	140,618	269,940	1,799,522	9,021	-	11,649,217
Derivatives financial liabilities								
Derivatives settled on a net basis								
Interest rate derivatives and equity option	-	(1)	(13,540)	(26,121)	(50,189)	299	-	(89,552)
Net (inflow)/outflow	-	(1)	(13,540)	(26,121)	(50,189)	299	-	(89,552)
Derivatives settled on a gross basis								
Outflow	4,567	5,853	21,943	5,033	3,540	3,047	-	43,983
Inflow	(8,018)	(4,958)	(2,767)	(899)	(3,429)	(463)	-	(20,534)
	(3,451)	895	19,176	4,134	111	2,584	-	23,449

43. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(d) Operational and Shariah Non-Compliance Risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. The definition of operational risk includes legal risk, but excludes strategic and reputational risk. Operational risk includes Shariah non-compliance risk which arises from the Group’s failure to comply with the Shariah rules and principles determined by the relevant Shariah advisory councils.

Group Operational Risk of Group Risk Management formulates and implements operational risk framework within the Group while the line of businesses in conjunction with the Risk and Compliance Officers are responsible for the management of their day-to-day operational and Shariah non-compliance risks.

Operational and Shariah non-compliance risk management is a continual cyclic process which includes risk identification, assessment, control, mitigation and monitoring. This includes analysing the risk profile of the Group, determining control gaps, assessing potential loss and enhancing controls to mitigate the risks.

The main activities undertaken by the Group and the Bank in managing operational and Shariah non-compliance risks include the identification of risks and controls, monitoring of key risk indicators, reviews of policies and procedures, operational risk and Shariah non-compliance risk awareness training, and business continuity management.

The Group and the Bank apply the Basic Indicator Approach for operational risk capital charge computation.

44. CAPITAL COMMITMENTS

	GROUP		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Capital expenditure:				
Authorised and contracted for	22,499	14,281	22,032	13,789
Authorised but not contracted for	94,120	34,392	94,046	33,294
	116,619	48,673	116,078	47,083

The capital commitments mainly consist of computer software and property, plant and equipment.

45. COMMITMENTS AND CONTINGENCIES

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

The off-balance sheet notional exposures of the Group and the Bank are as follows:

	GROUP		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Credit-related exposures				
Direct credit substitutes [Note (a)]	488,308	498,689	406,699	428,454
Transaction-related contingent items [Note (a)]	666,236	561,778	592,687	499,745
Short-term self-liquidating trade-related contingencies	138,542	211,549	120,783	192,299
Forward assets purchase	241,988	-	226,988	-
Irrevocable commitments to extend credit:				
- maturity exceeding one year	3,162,549	1,747,771	2,665,690	1,462,876
- maturity not exceeding one year	10,812,148	10,049,097	8,300,015	7,732,786
Unutilised credit card lines	1,518,716	1,333,057	1,518,716	1,333,057
	17,028,487	14,401,941	13,831,578	11,649,217
Derivative financial instruments [Note (b)]				
Foreign exchange related contracts:				
- one year or less	15,710,254	10,370,880	15,710,254	10,370,880
- over one year to three years	951,319	917,134	951,319	917,134
- over three years	381,600	257,757	381,600	257,757
Interest rate related contracts:				
- one year or less	2,312,715	2,158,436	2,312,715	2,158,436
- over one year to three years	2,532,107	3,307,815	2,532,107	3,307,815
- over three years	6,849,073	1,948,660	7,147,073	1,948,660
Equity related contracts:				
- one year or less	340,226	332,492	340,226	332,492
- over one year to three years	118,690	216,080	118,690	216,080
	29,195,984	19,509,254	29,493,984	19,509,254
	46,224,471	33,911,195	43,325,562	31,158,471

Note:

(a) Included in direct credit substitutes and transaction-related contingent items are financial guarantee contracts of RM488,390,000 and RM406,706,000 (2022: RM498,532,000 and RM428,401,000) for the Group and the Bank respectively, of which the fair value at the time of issuance is RM Nil.

(b) These derivatives are valued on gross position basis and the unrealised gains or losses have been reflected in the statements of income and statements of financial position as derivatives financial assets and derivatives financial liabilities. The fair value of derivatives are disclosed under Note 9.

46. CAPITAL ADEQUACY

BNM's Transitional Arrangements for Regulatory Capital Treatment of Accounting Provisions took effect on 9 December 2020. This allows the Group and the Bank to add back a portion of Stage 1 ("S1") and Stage 2 ("S2") provisions with an “add-back factor” to the Common Equity Tier I ("CET I") capital from Financial Year 2021 to Financial Year 2024. The Group and the Bank have sufficient capital under both conditions with or without the Transitional Arrangement.

The capital adequacy ratios with and without transitional arrangements for the Group and the Bank are as follows:

	GROUP		BANK	
	2023	2022	2023	2022
(i) With transitional arrangements				
Before deducting proposed dividends				
CET I capital ratio	14.868%	16.372%	14.608%	15.614%
Tier I capital ratio	15.714%	17.287%	15.410%	16.489%
Total capital ratio	19.748%	21.401%	19.970%	21.134%
After deducting proposed dividends				
CET I capital ratio	14.494%	15.959%	14.111%	15.061%
Tier I capital ratio	15.340%	16.874%	14.913%	15.936%
Total capital ratio	19.374%	20.988%	19.473%	20.581%
(ii) Without transitional arrangements				
Before deducting proposed dividends				
CET I capital ratio	14.145%	14.993%	14.082%	14.397%
Tier I capital ratio	14.991%	15.908%	14.885%	15.272%
Total capital ratio	19.025%	20.173%	19.445%	20.137%
After deducting proposed dividends				
CET I capital ratio	13.771%	14.580%	13.586%	13.844%
Tier I capital ratio	14.617%	15.495%	14.388%	14.719%
Total capital ratio	18.651%	19.760%	18.948%	19.584%

46. CAPITAL ADEQUACY (CONTD.)

(a) Components of Common Equity Tier I ("CET I"), Tier I and Tier II capital under the revised Capital Adequacy Framework are as follows:

	GROUP		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
CET I Capital				
Paid-up share capital	1,548,106	1,548,106	1,548,106	1,548,106
Retained profits	4,989,825	4,865,214	4,324,216	4,270,419
Regulatory reserves	257,241	47,686	231,857	41,641
Hedging reserves	-	(253)	-	(253)
FVOCI reserves	(149,271)	(145,150)	(136,059)	(138,660)
Capital reserves	100,150	100,150	15,515	15,515
	6,746,051	6,415,753	5,983,635	5,736,768
(Less)/add: Regulatory adjustments				
- Goodwill and other intangibles	(440,438)	(432,205)	(338,321)	(330,151)
- Deferred tax assets	(198,920)	(203,285)	(141,327)	(143,544)
- 55% of FVOCI reserves	-	-	-	-
- Regulatory reserves	(257,241)	(47,686)	(231,857)	(41,641)
- Investment in subsidiaries, associate and joint venture	(1,094)	(1,048)	(883,013)	(1,109,102)
- Transitional arrangements	298,945	527,033	163,695	347,580
Total CET I Capital	6,147,303	6,258,562	4,552,812	4,459,910
Additional Tier I Capital Securities	349,895	349,753	250,000	249,888
Total Additional Tier I Capital	349,895	349,753	250,000	249,888
Total Tier I Capital	6,497,198	6,608,315	4,802,812	4,709,798
Tier II Capital				
Subordinated obligations	1,199,459	1,199,264	1,199,153	1,198,848
Expected credit losses and regulatory reserves	468,411	373,502	352,172	258,031
Less: Regulatory adjustments				
- Investment in Tier II capital instruments	-	-	(130,000)	(130,000)
Total Tier II Capital	1,667,870	1,572,766	1,421,325	1,326,879
Total Capital	8,165,068	8,181,081	6,224,137	6,036,677

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

	GROUP		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Credit risk	37,472,854	34,492,797	28,173,763	25,662,376
Market risk	316,648	353,608	316,525	353,574
Operational risk	3,556,380	3,381,129	2,677,121	2,547,781
Total RWA and capital requirements	41,345,882	38,227,534	31,167,409	28,563,731

Detailed information on the risk exposures above is presented in the Bank's Pillar 3 Report.

46. CAPITAL ADEQUACY (CONTD.)

(c) The capital adequacy ratios of the banking subsidiaries are as follows:

	ALLIANCE ISLAMIC BANK BERHAD		ALLIANCE INVESTMENT BANK BERHAD	
	2023	2022	2023	2022
(i) With transitional arrangements				
Before deducting proposed dividends				
CET I capital ratio	13.717%	14.904%	99.686%	87.301%
Tier I capital ratio	14.694%	15.966%	99.686%	87.301%
Total capital ratio	17.122%	18.510%	100.257%	88.174%
After deducting proposed dividends				
CET I capital ratio	13.715%	14.463%	99.686%	87.301%
Tier I capital ratio	14.692%	15.525%	99.686%	87.301%
Total capital ratio	17.120%	18.069%	100.257%	88.174%
(ii) Without transitional arrangements				
Before deducting proposed dividends				
CET I capital ratio	12.401%	12.995%	99.300%	87.240%
Tier I capital ratio	13.377%	14.057%	99.300%	87.240%
Total capital ratio	15.806%	16.601%	99.871%	88.113%
After deducting proposed dividends				
CET I capital ratio	12.399%	12.554%	99.300%	87.240%
Tier I capital ratio	13.375%	13.616%	99.300%	87.240%
Total capital ratio	15.804%	16.160%	99.871%	88.113%

47. CAPITAL

In managing its capital, the Group's objectives are:

(a) to maintain sufficient capital resources to meet the regulatory capital requirements as set forth by BNM;

(b) to maintain sufficient capital resources to support the Group's risk appetite and to enable future business growth; and

(c) to meet the expectations of key stakeholders, including shareholders, investors, regulators and rating agencies.

In line with this, the Group aims to maintain capital adequacy ratios that are comfortably above the regulatory requirement, while balancing shareholders' desire for sustainable returns and high standards of prudence.

The Group carries out stress testing to estimate the potential impact of extreme, but plausible, events on the Group's earnings, balance sheet and capital. The results of the stress test are to facilitate the formation of action plan(s) in advance if the stress test reveals that the Group's capital will be adversely affected. The results of the stress test are tabled to the Group Risk Management Committee for approval.

The Group's and the Bank's regulatory capital are determined under BNM's Capital Adequacy Framework and their capital ratios complied with the prescribed capital adequacy ratios.

48. FAIR VALUE MEASUREMENTS

(a) Determination of fair value and the fair value hierarchy

MFRS 13 "Fair Value Measurement" requires disclosure of financial instruments measured at fair value to be categorised according to a hierarchy of valuation techniques, whether the inputs used are observable or unobservable. The following levels of hierarchy are used for determining and disclosing the fair value of the financial instruments:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group and the Bank recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

(i) Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis. This includes listed equities and corporate debt securities which are actively traded.

(ii) Financial instruments in Level 2

Where fair value is determined using quoted prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group and the Bank then determine fair value based upon valuation techniques that use market parameters, including but not limited to yield curves, volatilities and foreign exchange rates, as inputs. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high. These would include government securities, corporate private debt securities, corporate notes and most of the Group's and the Bank's derivatives.

(iii) Financial instruments in Level 3

The Group and the Bank classify financial instruments as Level 3 when there is reliance on unobservable inputs to the valuation model attributing to a significant contribution to the instrument value. Valuation reserves or pricing adjustments where applicable will be used to converge to fair value.

The valuation techniques and inputs used generally depend on the contractual terms and the risks inherent in the instrument as well as the availability of pricing information in the market. Principal techniques used include net tangible assets, net asset value, discounted cash flows, and other appropriate valuation models. These include private equity investments.

48. FAIR VALUE MEASUREMENTS (CONTD.)

(b) Financial instruments measured at fair value and the fair value hierarchy

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

GROUP 2023	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets				
Financial assets at FVTPL				
- Money market instruments	-	5,177	-	5,177
- Unquoted securities	-	2,815	257,206	260,021
Financial investments at FVOCI				
- Money market instruments	-	4,286,174	-	4,286,174
- Quoted securities in Malaysia	14	-	-	14
- Unquoted securities	-	4,198,210	-	4,198,210
Derivative financial assets	-	221,141	-	221,141
Liabilities				
Financial liabilities designated at fair value through profit or loss	-	1,785,157	-	1,785,157
Derivative financial liabilities	-	366,140	-	366,140

GROUP 2022	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets				
Financial assets at FVTPL				
- Money market instruments	-	290,816	-	290,816
- Unquoted securities	-	4,957	245,842	250,799
Financial investments at FVOCI				
- Money market instruments	-	4,388,481	-	4,388,481
- Quoted securities in Malaysia	13	-	-	13
- Unquoted securities	-	4,731,205	-	4,731,205
Derivative financial assets	-	86,294	-	86,294
Liabilities				
Financial liabilities designated at fair value through profit or loss	-	1,025,196	-	1,025,196
Derivative financial liabilities	-	212,588	-	212,588

48. FAIR VALUE MEASUREMENTS (CONTD.)

(b) Financial instruments measured at fair value and the fair value hierarchy (contd.)

The following tables show the Group's and the Bank's financial instruments which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy: (contd.)

BANK 2023	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets				
Financial assets at FVTPL				
- Money market instruments	-	5,177	-	5,177
- Unquoted securities	-	2,815	257,206	260,021
Financial investments at FVOCI				
- Money market instruments	-	3,496,600	-	3,496,600
- Quoted securities in Malaysia	14	-	-	14
- Unquoted securities	-	2,685,902	-	2,685,902
Derivative financial assets	-	223,637	-	223,637
Liabilities				
Financial liabilities designated at fair value through profit or loss	-	1,785,157	-	1,785,157
Derivative financial liabilities	-	366,165	-	366,165

BANK 2022	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets				
Financial assets at FVTPL				
- Money market instruments	-	290,816	-	290,816
- Unquoted securities	-	4,957	171,488	176,445
Financial investments at FVOCI				
- Money market instruments	-	3,595,639	-	3,595,639
- Quoted securities in Malaysia	13	-	-	13
- Unquoted securities	-	3,143,967	-	3,143,967
Derivative financial assets	-	86,294	-	86,294
Liabilities				
Financial liabilities designated at fair value through profit or loss	-	1,025,196	-	1,025,196
Derivative financial liabilities	-	212,588	-	212,588

There were no transfers between levels of the fair value hierarchy for the Group and the Bank during the financial years ended 31 March 2023 and 31 March 2022.

48. FAIR VALUE MEASUREMENTS (CONTD.)

(b) Financial instruments measured at fair value and the fair value hierarchy (contd.)

The table below outlines the reconciliation of movements in Level 3 financial instruments:

	GROUP		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At 1 April	245,842	224,676	171,488	154,482
Acquisition during the year	-	-	71,035	-
Disposal during the year	(3,319)	-	-	-
Total gains recognised in statements of income				
(i) Revaluation gain from financial assets at FVTPL	14,686	21,166	14,686	17,006
(ii) Write-off	(3)	-	(3)	-
At 31 March	257,206	245,842	257,206	171,488

The Group's and the Bank's exposure to financial instruments measured using unobservable inputs (Level 3) constitutes a small component of the Group's and the Bank's portfolio of financial instruments. Changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the Level 3 financial instruments.

Qualitative information about the fair value measurements using significant unobservable inputs (Level 3):

Description	Fair value assets 2023 RM'000	Fair value assets 2022 RM'000	Valuation techniques	Unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
GROUP					
Financial assets at FVTPL					
Unquoted securities	257,206	245,842	Net tangible assets	Net tangible assets	Higher net tangible assets results in higher fair value
BANK					
Financial assets at FVTPL					
Unquoted securities	257,206	171,488	Net tangible assets	Net tangible assets	Higher net tangible assets results in higher fair value

48. FAIR VALUE MEASUREMENTS (CONTD.)

(c) Fair values of financial instruments not carried at fair value

The following table summarises the carrying amounts and the fair values of financial instruments of the Group and the Bank which are not carried at fair value in the statements of financial position. It does not include those short term/on demand financial assets and liabilities where the carrying amounts are reasonable approximate to their fair values.

	Fair value				Carrying
GROUP	Level 1	Level 2	Level 3	Total	amount
2023	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets					
Financial investments at amortised cost	-	3,402,261	-	3,402,261	3,398,514
Loans, advances and financing	-	-	48,404,953	48,404,953	47,926,003
Financial liabilities					
Deposits from customers	-	50,851,474	-	50,851,474	50,849,030
Deposits and placements of banks and other financial institutions	-	1,705,993	-	1,705,993	1,719,284
Obligations on securities sold under repurchase agreements	-	675,242	-	675,242	675,640
Recourse obligations on loans and financing sold to Cagamas	-	320,020	-	320,020	321,484
Subordinated obligations	-	1,546,945	-	1,546,945	1,571,502

	Fair value				Carrying
GROUP	Level 1	Level 2	Level 3	Total	amount
2022	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets					
Financial investments at amortised cost	-	2,103,803	-	2,103,803	2,129,608
Loans, advances and financing	-	-	45,494,485	45,494,485	45,123,745
Financial liabilities					
Deposits from customers	-	48,187,042	-	48,187,042	48,186,371
Deposits and placements of banks and other financial institutions	-	1,677,607	-	1,677,607	1,688,994
Recourse obligations on loans and financing sold to Cagamas	-	654,701	-	654,701	650,564
Subordinated obligations	-	1,548,959	-	1,548,959	1,572,785

48. FAIR VALUE MEASUREMENTS (CONTD.)

(c) Fair values of financial instruments not carried at fair value (contd.)

The following table summarises the carrying amounts and the fair values of financial instruments of the Group and the Bank which are not carried at fair value in the statements of financial position. It does not include those short term/on demand financial assets and liabilities where the carrying amounts are reasonable approximate to their fair values. (contd.)

	Fair value				Carrying
BANK	Level 1	Level 2	Level 3	Total	amount
2023	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets					
Financial investments at amortised cost	-	3,130,757	-	3,130,757	3,136,889
Loans, advances and financing	-	-	36,109,817	36,109,817	35,790,763
Financial liabilities					
Deposits from customers	-	36,896,560	-	36,896,560	36,896,353
Deposits and placements of banks and other financial institutions	-	1,534,141	-	1,534,141	1,536,202
Obligations on securities sold under repurchase agreements	-	675,242	-	675,242	675,640
Recourse obligations on loans and financing sold to Cagamas	-	220,018	-	220,018	221,352
Subordinated obligations	-	1,449,153	-	1,449,153	1,471,252

	Fair value				Carrying
BANK	Level 1	Level 2	Level 3	Total	amount
2022	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets					
Financial investments at amortised cost	-	2,219,783	-	2,219,783	2,244,436
Loans, advances and financing	-	-	33,837,792	33,837,792	33,608,197
Financial liabilities					
Deposits from customers	-	35,531,362	-	35,531,362	35,531,268
Deposits and placements of banks and other financial institutions	-	1,332,258	-	1,332,258	1,337,749
Recourse obligations on loans and financing sold to Cagamas	-	304,886	-	304,886	300,115
Subordinated obligations	-	1,448,736	-	1,448,736	1,472,454

48. FAIR VALUE MEASUREMENTS (CONTD.)

(c) Fair values of financial instruments not carried at fair value (contd.)

The methods and assumptions used in estimating the fair values of financial instruments are as follows:

(i) Financial investments at amortised cost

The fair values are estimated based on quoted or observable market prices at the end of the reporting period. Where such quoted or observable market prices are not available, the fair values are estimated using pricing models or discounted cash flow techniques. Where discounted cash flow technique is used, the expected future cash flows are discounted using prevailing market rates for a similar instrument at the end of the reporting period.

(ii) 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 and Islamic financing with remaining maturity of more than one year, the fair values are estimated based on expected future cash flows of contractual instalment payments and discounted at applicable prevailing rates at the end of the reporting period offered to new borrowers with similar credit profiles. In respect of impaired loans, the fair values represented by their carrying values, net of impairment allowances, will be the expected recoverable amount.

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

The fair values of deposit liabilities payable on demand (demand and savings deposits), or deposits with maturity of less than one year are estimated to approximate their carrying amounts. The fair values of fixed deposits with remaining maturities of more than one year are estimated based on expected future cash flows discounted at applicable prevailing rates offered for deposits of similar remaining maturities. For negotiable instruments of deposits, the fair values are estimated based on quoted or observable market prices as at the end of the reporting period. Where such quoted or observable market prices are not available, the fair values of negotiable instruments of deposits are estimated using the discounted cash flow technique.

(iv) Recourse obligations on loans and financing sold to Cagamas

The fair values of recourse obligations on loans and financing sold to Cagamas are determined based on the discounted cash flows of future instalment payments at applicable prevailing Cagamas rates as at the end of the reporting period.

(v) Other borrowings and subordinated obligations

The fair value of the other borrowings and subordinated bonds/notes is estimated based on the discounted cash flows techniques using the current yield curve appropriate for the remaining term to maturity.

49. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

In accordance with MFRS 132 "Financial Instruments: Presentation", the Group and the Bank report financial assets and financial liabilities on a net basis on the statements of financial position, only if there is a legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The following table shows the impact of netting arrangements on:

(i) all financial assets and liabilities that are reported net on the statements of financial position; and

(ii) all financial assets and liabilities that are subject to enforceable master netting arrangements or similar agreements, but do not qualify for statements of financial position netting.

(a) Financial assets

	Gross amounts of recognised financial assets RM'000	Gross amounts of recognised financial liabilities set off in the statements of financial position RM'000	Net amounts of financial assets presented in the statements of financial position RM'000	Related amounts not set off in the statements of financial position: Financial instruments RM'000	Related amounts not set off in the statements of financial position: Cash collateral received RM'000	Net amount RM'000
GROUP						
2023						
Derivative financial assets	221,141	-	221,141	(166,688)	(26,015)	28,438
GROUP						
2022						
Derivative financial assets	86,294	-	86,294	(59,617)	(12,370)	14,307
Amounts due from clients and brokers	84,883	(29,843)	55,040	-	-	55,040
Total	171,177	(29,843)	141,334	(59,617)	(12,370)	69,347
BANK						
2023						
Derivative financial assets	223,637	-	223,637	(166,688)	(26,015)	30,934
BANK						
2022						
Derivative financial assets	86,294	-	86,294	(59,617)	(12,370)	14,307

49. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTD.)

(b) Financial liabilities

	Gross amounts of recognised financial liabilities RM'000	Gross amounts of recognised financial assets set off in the statements of financial position RM'000	Net amounts of financial liabilities presented in the statements of financial position RM'000	Related amounts not set off in the statements of financial position: Financial instruments RM'000	Related amounts not set off in the statements of financial position: Cash collateral pledged RM'000	Net amount RM'000
GROUP						
2023						
Derivative financial liabilities	366,140	-	366,140	(166,688)	(158,626)	40,826
GROUP						
2022						
Derivative financial liabilities	212,588	-	212,588	(59,617)	(118,485)	34,486
Amounts due to clients and brokers	58,247	(29,843)	28,404	-	-	28,404
Total	270,835	(29,843)	240,992	(59,617)	(118,485)	62,890
BANK						
2023						
Derivative financial liabilities	366,165	-	366,165	(166,688)	(158,626)	40,851
BANK						
2022						
Derivative financial liabilities	212,588	-	212,588	(59,617)	(118,485)	34,486

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements, each agreement between the Group and the Bank and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

50. SEGMENT INFORMATION

The following segment information has been prepared in accordance with MFRS 8 "Operating Segments", which defines the requirements for the disclosure of financial information of an entity's operating segments. The operating segments results are prepared and provided to the chief operating decision-maker based on the Group's internal management reporting reflective of the organisation's management reporting structure.

Based on the results presented to the chief operating decision-maker, funds are allocated between segments and inter-segment funding cost transfers are reflected in net interest income. In addition to the operating segments, the segment information disclosed also includes inter-segment eliminations. Transactions between reportable segments are eliminated based on principles of consolidation as described in accounting policy. Intercompany transactions, balances and unrealised gains and losses on transactions between the Group's companies are eliminated in inter-segment eliminations.

The Group is organised into the following key operating segments:

(i) Consumer Banking

Consumer Banking provides a wide range of personal banking solutions covering mortgages, term loans, personal loans, hire purchase facilities, credit cards and wealth management (cash management, investment services, share trading, bancassurance and will writing). Consumer Banking customers are serviced via branch network, call centre, electronic/internet banking channels, and direct sales channels.

(ii) Business Banking

Business Banking segment covers SME, and Corporate and Commercial Banking. SME Banking customers comprise the self-employed, and small and medium scale enterprises. Corporate and Commercial Banking serves the public-listed and large corporate business customers including family-owned businesses. Business Banking provides a wide range of products and services including loans, trade finance, cash management, treasury and structured solutions.

(iii) Financial Markets

Financial Markets provides foreign exchange, money market, hedging and investment (capital market instruments) solutions for banking customers. It also manages the assets and liabilities, liquidity and statutory reserve requirements of the banking entities in the Group.

(iv) Stockbroking and Corporate Advisory

Stockbroking and Corporate Advisory covers stockbroking activities and corporate advisory which includes initial public offering, equity fund raising, debt fund raising, mergers and acquisitions and corporate restructuring.

(v) Others

Others refers to mainly other business operations such as alternative distribution channels, trustee services and head office.

50. SEGMENT INFORMATION (CONTD.)

Group **As at 31 March 2023**	Consumer Banking RM'000	Business Banking RM'000	Financial Markets RM'000	Stockbroking and Corporate Advisory RM'000	Others RM'000	Total Operations RM'000	Inter-segment Elimination RM'000	Total RM'000
Net interest income								
- External income	433,282	532,664	252,052	1,834	59	1,219,891	10,208	1,230,099
- Inter-segment	(69,122)	70,245	(178)	(945)	-	-	-	-
	364,160	602,909	251,874	889	59	1,219,891	10,208	1,230,099
Net income from Islamic banking business	185,761	157,338	89,643	9,699	(433)	442,008	10,798	452,806
Other operating income	103,389	145,170	(15,878)	9,130	22,865	264,676	(27,779)	236,897
Net income	653,310	905,417	325,639	19,718	22,491	1,926,575	(6,773)	1,919,802
Other operating expenses	(386,217)	(301,259)	(37,204)	(18,215)	(49,385)	(792,280)	4,875	(787,405)
Depreciation and amortisation	(45,562)	(40,626)	(6,368)	(1,205)	(1,368)	(95,129)	1,181	(93,948)
Operating profit/(loss) before allowance	221,531	563,532	282,067	298	(28,262)	1,039,166	(717)	1,038,449
Allowance for expected credit losses on loans, advances and financing and other financial assets	(64,976)	(85,681)	(85)	(1,272)	(329)	(152,343)	(1)	(152,344)
(Allowance for)/write-back of expected credit losses on financial assets	-	(62)	219	-	-	157	303	460
Segment results	156,555	477,789	282,201	(974)	(28,591)	886,980	(415)	886,565
Share of results of joint venture								46
Taxation								(208,765)
Net profit for the financial year								677,846
Segment assets	24,718,131	24,994,115	17,274,116	10,627	432,474	67,429,463	(1,837,772)	65,591,691
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								1,094
Property, plant and equipment								57,653
Tax recoverable and deferred tax assets								219,632
Intangible assets								440,438
Total assets								66,310,508

50. SEGMENT INFORMATION (CONTD.)

Group **As at 31 March 2022**	Consumer Banking RM'000	Business Banking RM'000	Financial Markets RM'000	Stockbroking and Corporate Advisory RM'000	Others RM'000	Total Operations RM'000	Inter-segment Elimination RM'000	Total RM'000
Net interest income								
- External income	376,811	494,371	236,900	7,259	54	1,115,395	6,246	1,121,641
- Inter-segment	(57,987)	8,162	53,434	(3,609)	-	-	-	-
	318,824	502,533	290,334	3,650	54	1,115,395	6,246	1,121,641
Net income from Islamic banking business	143,241	134,054	112,627	-	143	390,065	7,450	397,515
Other operating income	114,535	134,420	66,421	32,858	20,656	368,890	(20,390)	348,500
Net income	576,600	771,007	469,382	36,508	20,853	1,874,350	(6,694)	1,867,656
Other operating expenses	(336,889)	(275,731)	(36,894)	(36,479)	(51,108)	(737,101)	4,588	(732,513)
Depreciation and amortisation	(41,191)	(41,262)	(6,594)	(2,490)	(401)	(91,938)	1,511	(90,427)
Operating profit/(loss) before allowance	198,520	454,014	425,894	(2,461)	(30,656)	1,045,311	(595)	1,044,716
(Allowance for)/write-back of expected credit losses on loans, advances and financing and other financial assets	(183,777)	(32,977)	31	(508)	(3)	(217,234)	(1)	(217,235)
Write-back of/(allowance for) expected credit losses on financial assets	-	292	(655)	130	-	(233)	59	(174)
Segment results	14,743	421,329	425,270	(2,839)	(30,659)	827,844	(537)	827,307
Share of results of joint venture								54
Taxation								(254,544)
Net profit for the financial year								572,817
Segment assets	22,532,057	22,286,050	17,371,984	200,890	478,185	62,869,166	(1,724,838)	61,144,328
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								1,048
Property, plant and equipment								55,433
Tax recoverable and deferred tax assets								214,839
Intangible assets								432,205
Total assets								61,847,853

51. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(i) Alliance Investment Bank Berhad ("AIBB"), a wholly-owned subsidiary of the Bank, has completed the transfer of its stockbroking business to Phillip Capital Sdn. Bhd. (formerly known as Phillip Futures Sdn. Bhd.) on 31 July 2022.

(ii) On 29 September 2022, AIBB completed its share capital reduction exercise where the share capital and issued number of shares of AIBB was reduced from RM365,962,500 comprising 365,000,000 ordinary shares to RM215,962,500 comprising 215,000,000 ordinary shares via cancellation of 150,000,000 ordinary shares held by the Bank, and the amount of RM150,000,000 arising from the shares cancellation was returned to the Bank.

52. SUBSEQUENT EVENTS

(i) The Bank had on 2 March 2023 entered into an assets transfer agreement with AIBB to transfer the remaining assets and liabilities of AIBB (excluding certain excluded assets and liabilities) to the Bank for a consideration based on an amount equal to the net asset value of the assets and liabilities as at the completion date.

In this respect, AIBB had on 22 March 2023 obtained a vesting order from the High Court of Malaya for the transfer of the assets and liabilities to the Bank. The effective transfer date is on 1 April 2023.

(ii) On 23 May 2023, AIBB obtained an Order from the High Court of Malaya confirming AIBB's proposed share capital reduction under Sections 115(a) and 116 of the Companies Act 2016 where the share capital and issued number of shares of AIBB shall be reduced from RM215,962,500 comprising 215,000,000 ordinary shares to RM4,962,500 comprising 4,000,000 ordinary shares via cancellation of 211,000,000 ordinary shares held by the Bank. The amount of RM211,000,000 arising from the said shares cancellation was returned to the Bank on 29 May 2023.

(iii) The Bank and its wholly-owned subsidiaries namely, Alliance Investment Bank Berhad, Alliance Direct Marketing Sdn. Bhd., AllianceGroup Nominees (Tempatan) Sdn. Bhd. and AllianceGroup Nominees (Asing) Sdn. Bhd. had on 26 May 2023, entered into a share sale and purchase agreement for the disposal of their entire equity shareholding (each holding 20% respectively) in Alliance Trustee Berhad, a wholly-owned subsidiary of the Bank, to Areca Capital Sdn. Bhd. and its related corporations, namely Areca Capital International Limited, Areca Private Equity Sdn. Bhd., Areca Frontier Sdn. Bhd. and Areca Eco Sdn. Bhd.. The consideration is based on an amount equal to the net asset value of Alliance Trustee Berhad as the completion date.