



THE BANK FOR LIFE™

**ANNUAL  
REPORT  
2024**



# THE BANK FOR LIFE



## Cover Design Story

At Alliance Bank, we endeavour to serve businesses and consumers every day in a positive and meaningful way. To fulfil our vision as the preferred banking partner, we aim to improve lives by prioritising the interests of our customers, stakeholders, employees, as well as the local community, and meet their diverse needs so that they may achieve their goals in life. In line with the “Acceler8” strategy, which guides the Bank towards achieving its ambitious FY2027 financial and non-financial goals, we launched our refreshed purpose – “The Bank For Life”, encapsulating Alliance Bank’s goals, mission, and ambition in positioning itself as a market differentiator.

As a community-centric institution, we believe that banking should be beyond just a transactional experience or an account number. We believe that every vision, every dream and every purpose deserves its chance to shine. With that in mind, we strive to be a true partner to our customers for their entire lifetime, inspiring them to pursue their dreams with our support through tailored solutions and personalised services that they will need at every stage in achieving their goals in life.

This year, our refreshed brand purpose is reflected through the 2024 Annual Report cover design, which embodies our renewed commitment to meeting our customers’ diverse needs.

The cover page design is a visual representation that conveys our unwavering dedication in helping people from all walks of life live their best and pursue their dreams in life. It is set against the backdrop of the Bank’s corporate blue which symbolises stability and trustworthiness as well as the new brand paragon that centres around people as the main focus. Behind every picture is a story that we can resonate with, whether it is helping individuals or businesses, supporting aspiring youths, or their families and local communities, people are our main focus, and they are the true heroes in our refreshed brand story.

*With that, we would also like to share with you our brand video which you can view by scanning the QR code here, which captures touching stories of our heroes in their everyday lives.*



# ALLIANCE BANK MALAYSIA BERHAD

## ANNUAL REPORT 2024

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# ABOUT THIS REPORT

This Integrated Annual Report (“Report”) aims to provide comprehensive yet concise information covering Alliance Bank Malaysia Berhad’s (“Alliance Bank” or “ABMB” or “the Bank”) key developments, challenges, solutions and overall value creation efforts for the financial year ended 31 March 2024 (“FY2024”).

It also aims to inform our stakeholders regarding our outlook and prospects as well as the key strategies and risk mitigation techniques we are leveraging to deliver ongoing and sustainable value.

Through this Report, we aim to demonstrate our commitment to accountability and transparency in order to strengthen the trust of our stakeholders.

Guided by:

- The International Integrated Reporting <IR> Framework under the responsibility of the IFRS Foundation as of August 2022
- Bursa Malaysia Securities Berhad’s (“Bursa Malaysia”) Main Market Listing Requirements
- Bursa Malaysia Corporate Governance Guide
- Malaysian Code on Corporate Governance 2021
- Companies Act 2016
- Malaysian Financial Reporting Standards
- International Financial Reporting Standards
- Bank Negara Malaysia Policy Documents and Guidelines
- Third edition of Bursa Malaysia’s Sustainability Reporting Guide
- Task Force on Climate-related Financial Disclosures (“TCFD”)
- Global Reporting Initiative (“GRI”) Standards 2021
- United Nations Sustainable Development Goals (“UN SDGs”)
- FTSE4Good Bursa Malaysia Index

## SCOPE AND BOUNDARY

- This Report extends beyond financial reporting to include non-financial performance and achievements. We present information pertaining to how we create value for investors and other key stakeholders, including our employees, customers, government agencies, and regulatory authorities, as well as our suppliers and the communities in which we operate.
- This Report covers the primary activities of the ABMB Group, our business segments, subsidiaries, as well as joint venture operations (where relevant) in Malaysia.
- It covers the period from 1 April 2023 to 31 March 2024 (“FY2024”) unless stated otherwise and builds on our previous publications.

## STAKEHOLDER RELATIONSHIPS AND MATERIALITY

- We apply the principles of Stakeholder Relationships and the concept of Materiality to define and substantiate what creates value for the Bank.
- This means understanding and responding to the needs of our stakeholders and material matters that impact our ability to create value.
- Accordingly, we have identified seven key stakeholders (refer to “Key Stakeholder Engagement” on page 48), and 14 material matters (refer to “Material Matters” on page 50).

## FORWARD-LOOKING STATEMENTS

- This Report contains certain forward-looking statements, relating to information on future directions, strategies, potential risks, risk mitigation techniques and performance.
- The statements and forecasts in this Report are based on current assumptions and circumstances, which could change, hence they necessarily involve uncertainty. Readers are advised not to place undue reliance on such forward-looking statements as actual implementation and results may differ depending on various risk factors and market uncertainties, which may be unforeseeable.

## OUR CAPITALS

We utilise our resources available in the form of five capitals (inputs) to support the value creation process, through value-adding activities, and deliver value (outputs and outcomes) to our stakeholders.



### Financial Capital

- Represents our financial position to support the value creation process.



### Manufactured Capital

- Represents our digital channels and platforms to support the value creation process.



### Intellectual Capital

- Represents our brand value, experience, and knowledge to support the value creation process.



### Human Capital

- Represents our skillful workforce to carry out business activities and to support the value creation process.



### Social and Relationship Capital

- Represents our relationship with stakeholders to enhance individual and collective well-being.

\* Read more in our Value Creation Business Model section

Our Annual Report, Financial Statement and other information about Alliance Bank Malaysia Berhad can be found at [www.alliancebank.com.my](http://www.alliancebank.com.my)



# CORPORATE PROFILE



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Alliance Bank Malaysia Berhad was incorporated in Malaysia on 3 August 1982 under the name of Malaysian French Bank Berhad. In 1996, it assumed the name of Multi-Purpose Bank Berhad. Following the successful merger of seven financial institutions in January 2001, the Bank assumed its present name.

On 26 September 2017, the Bank was listed on the Official List of the Main Market of Bursa Malaysia Securities Berhad by assuming the listing status of its then holding company, Alliance Financial Group Berhad upon the completion of a corporate reorganisation exercise.

Today, Alliance Bank and its subsidiary Alliance Islamic Bank Berhad, is a dynamic, integrated financial services group offering banking and financial solutions through its consumer banking, SME banking, corporate and commercial banking, and Islamic banking businesses.

The Bank provides fast, simple and responsive services that meet the needs of its customers via multi-pronged delivery channels which include retail branches, Privilege Banking Centres and Business Centres at branches located nationwide, as well as mobile and internet banking.

# CORPORATE INFORMATION

AS AT 5 JUNE 2024



## CORPORATE INFORMATION

AS AT 5 JUNE 2024

## DIRECTORS

**Tan Sri Dato' Ahmad bin Mohd Don**

Chairman, Independent Director

**Wong Yuen Weng Ernest**Deputy Chairman, Non-Independent  
Non-Executive Director**Tan Chian Khong**

Independent Director

**Susan Yuen Su Min**

Independent Director

**Lum Piew**

Independent Director

**Cheryl Khor Hui Peng**

Independent Director

**Mazidah binti Abdul Malik**

Independent Director

**Chia Yew Hock Wilson**

Non-Independent Non-Executive Director

**Dr John Lee Hin Hock**

Independent Director

## EXECUTIVE COMMITTEE

**Wong Yuen Weng Ernest** (Chairman)

Non-Independent Non-Executive Director

**Tan Chian Khong**

Independent Director

**Chia Yew Hock Wilson**

Non-Independent Non-Executive Director

## GROUP NOMINATION &amp; REMUNERATION COMMITTEE\*

**Susan Yuen Su Min** (Chairman)

Independent Director

**Wong Yuen Weng Ernest**

Non-Independent Non-Executive Director

**Dr John Lee Hin Hock**

Independent Director

## GROUP AUDIT COMMITTEE\*

**Tan Chian Khong** (Chairman)

Independent Director

**Cheryl Khor Hui Peng**

Independent Director

**Mazidah binti Abdul Malik**

Independent Director

## GROUP RISK MANAGEMENT COMMITTEE\*

**Dr John Lee Hin Hock** (Chairman)

Independent Director

**Mazidah binti Abdul Malik**

Independent Director

**Lum Piew**

Independent Director

**Chia Yew Hock Wilson**

Non-Independent Non-Executive Director

**Ibrahim bin Hassan**

Independent Director of Alliance Islamic Bank Berhad

## Notes:

\* Operates on a Group basis, covering the Bank and its principal subsidiary, Alliance Islamic Bank Berhad.

^ Resides in Alliance Islamic Bank Berhad.

## CORPORATE INFORMATION

AS AT 5 JUNE 2024

### GROUP SUSTAINABILITY COMMITTEE\*

**Susan Yuen Su Min** (Chairman)  
Independent Director

**Cheryl Khor Hui Peng**  
Independent Director

**Chia Yew Hock Wilson**  
Non-Independent Non-Executive Director

**Dato' Ahmad Hisham bin Kamaruddin**  
Independent Director of Alliance Islamic Bank Berhad

### GROUP INFORMATION TECHNOLOGY COMMITTEE\*

**Lum Piew** (Chairman)  
Independent Director

**Cheryl Khor Hui Peng**  
Independent Director

**Chia Yew Hock Wilson**  
Non-Independent Non-Executive Director

### SHARIAH COMMITTEE ^

**Dr Tuan Badrul Hisyam bin Tuan Soh** (Chairman)

**Rustam bin Mohd Idris**

**Professor Dr Muhamad Rahimi bin Osman**

**Assistant Professor Dr Muhammad Naim bin Omar**

**Ustaz Ahmad Fauwaz bin Ali @ Fadzil**

### GROUP CHIEF EXECUTIVE OFFICER

**Kellee Kam Chee Khiong**

### GROUP COMPANY SECRETARY

**Lee Wei Yen**  
(MAICSA 7001798)  
(SSM PC No. 202008002080)

### REGISTERED OFFICE

3<sup>rd</sup> Floor, Menara Multi-Purpose  
Capital Square  
No. 8, Jalan Munshi Abdullah  
50100 Kuala Lumpur, Malaysia

Tel : 03-2604 3333  
Fax : 03-2694 6200  
Website : [www.alliancebank.com.my](http://www.alliancebank.com.my)  
Email : [enquiry@alliancecfg.com](mailto:enquiry@alliancecfg.com)

### INVESTOR RELATIONS

**Tan Hong Ian**  
Head of Investor Relations

Tel : 03-2604 3370  
Email : [investor\\_relations@alliancecfg.com](mailto:investor_relations@alliancecfg.com)

### REGISTRAR

ShareWorks Sdn Bhd  
No. 2-1, Jalan Sri Hartamas 8  
Sri Hartamas  
50480 Kuala Lumpur, Malaysia

Tel : 03-6201 1120  
Fax : 03-6201 3121  
Email : [ir@shareworks.com.my](mailto:ir@shareworks.com.my)

### AUDITORS

PricewaterhouseCoopers PLT  
Level 10, Menara TH 1 Sentral  
Jalan Rakyat  
Kuala Lumpur Sentral  
50706 Kuala Lumpur, Malaysia

### PRINCIPAL BANKER

Alliance Bank Malaysia Berhad

### BURSA MALAYSIA STOCK NAME/CODE

ABMB/2488



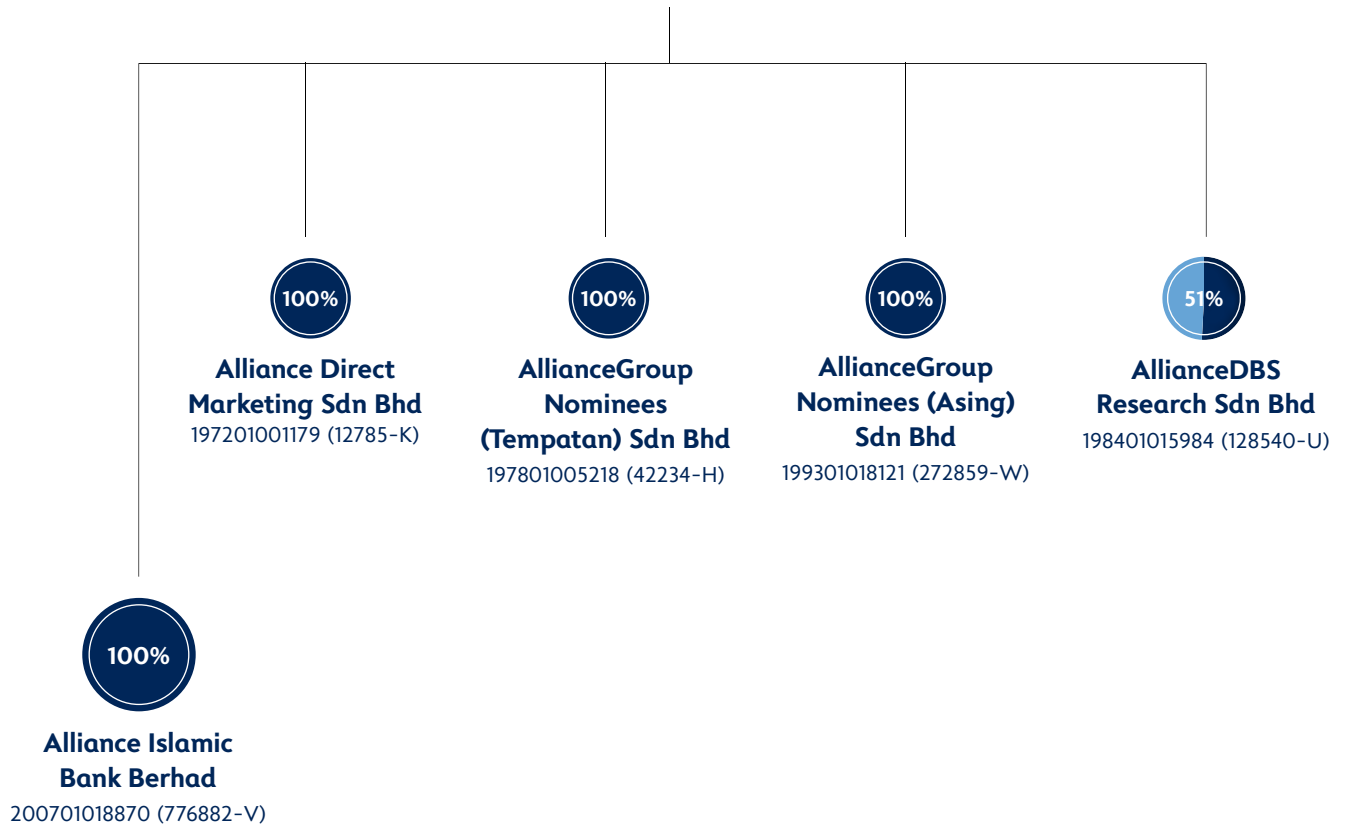
# CORPORATE STRUCTURE

AS AT 5 JUNE 2024



**Alliance Bank Malaysia Berhad**

198201008390 (88103-W)



**Note:**

This chart features the main operating companies and does not include companies that are under members' voluntary winding up. The following wholly-owned subsidiaries of Alliance Bank are under members' voluntary winding up:

- AIBB Berhad (formerly known as Alliance Investment Bank Berhad) (197401004393 (21605-D)).
- Alliance Financial Group Berhad (196601000162 (6627-X)).
- Kota Indrapura Development Corporation Berhad (196301000435 (5275-A))

## PRODUCTS AND SERVICES



## ALLIANCE BANK MALAYSIA BERHAD

### DIGITAL BANKING

#### allianceonline Internet Banking (24x7 service availability)

- Account Overview
- Alliance SavePlus Account Opening
- Alliance XChange Account Opening
- Alliance XChange Fixed Deposit
- e-Fixed Deposit
- e-Fixed Deposit Gold
- e-Foreign Telegraphic Transfer/Foreign Remittance
- e-Statement
- FPX Payment
- Bill Payment (JomPAY)
- Credit Card Balance Transfer & Fast Cash
- Credit Card Payment  
(Pay to Alliance Bank/Interbank/DuitNow/GIRO)
- Fund Transfer  
(Pay to Alliance Bank/Interbank/DuitNow/GIRO)
- Loan Payment  
(Pay to Alliance Bank/Interbank/ DuitNow/GIRO)
- Prepaid Reload
- EPF Transfer
- e-IPO
- Transaction History
- Cheque Services (Inquiry/Stop/Cheque Book Request)
- View Direct Debit Mandate
- View Foreign Exchange Rates/e-Rates/Interest Rates
- Cybercrime Insurance Application
- Personal Loan/Financing Application
- Update Mailing Address
- Update Email Address
- Update House Phone Number
- Update Office Phone Number
- Live Chat
- DuitNow ID Maintenance
- Manage Favourite Account
- Stock Trading Sign On
- Link/Unlink Account
- Lock Payment
- Terminate Mobile Access
- Retrieval of Transaction Receipt

## PRODUCTS AND SERVICES

### allianceonline Mobile Banking (24x7 service availability)

- Account Overview
- Alliance SavePlus Account Opening
- e-Fixed Deposit
- e-Fixed Deposit Gold
- Bill Payment (JomPAY)
- Credit Card Balance Transfer & Fast Cash
- Credit Card Payment  
(Pay to Alliance Bank/Interbank/DuitNow/GIRO)
- Fund Transfer  
(Pay to Alliance Bank/Interbank/DuitNow/GIRO)
- Loan Payment (Pay to Alliance Bank/Interbank/  
DuitNow/GIRO)
- DuitNow QR
- Prepaid Reload
- EPF Transfer
- Mobile Secure Approval (MSA) & Mobile Security  
Code (MSC) Transaction Authorisation
- Smart Reminder
- Transaction History
- Transaction Push Notification
- Share Payment Receipt
- Live Chat
- DuitNow ID Maintenance
- DuitNow QR Limit Maintenance
- Manage Favourite Account
- JomPAY QR Payment
- Cybercrime Insurance Application
- Personal Loan/Financing Application
- Travel Insurance Application
- Home Insurance Application
- Personal Insurance Application
- Lock Payment
- Terminate Mobile Access
- Debit Card Activation
- e-KYC Debit Card Limit Maintenance
- e-KYC SavePlus Account Opening
- e-KYC Credit Card Application
- e-KYC Personal Loan/Financing Application
- Account Opening for Local Workers
- Remote Wealth: Wealth Management
- Virtual Credit Card with Dynamic Card Number
- e-Statement
- Sole Credit Card Customer Mobile Banking Activation
- Login via Face ID or Fingerprint

### Alliance Cash2Home (24x7 service availability)

- Account Overview
- Foreign Remittance
- Prepaid Reload
- Transaction History
- Terminate Mobile Access

### Virtual Credit Card

- Alliance Bank Visa Platinum Virtual Credit Card  
Application

### Virtual Credit Card

- Virtual Credit Card Account Overview
- DuitNow QR
- JomPAY QR Payment
- Bill Payment JomPAY
- Credit Card Fast Cash
- Transaction History
- Create One-time Card Number
- Create Subscription Card Number
- View All Created Cards
- Show Subscription Card Information
- Edit Subscription Card Number
- Customise Subscription Card Appearance
- Freeze Subscription Card
- Delete Subscription Card
- Change PIN
- Forgot PIN
- Change QR Payment Limit
- Flexi Payment Plan Application

## PERSONAL BANKING



### Deposits

- Alliance SavePlus Account
- Alliance Hybrid Account
- Alliance Premium Hybrid Account
- Current Account/Basic Current Account
- Foreign Currency Current Account
- Alliance XChange Account  
(via allianceonline Internet Banking)
- Basic Savings Account
- Alliance My eSaving Account
- Alliance Buddy Account
- Fixed Deposit
- Alliance Fixed Deposit Gold
- Foreign Currency Fixed Deposit
- eFixed Deposit (via allianceonline Internet Banking)
- eFixed Deposit Gold (via allianceonline Internet Banking)
- Alliance XChange Fixed Deposit (via allianceonline  
Internet Banking)
- Safe Deposit Box

### Bancassurance

- EliteLife Signature Legacy
- EliteLife Signature Saver
- Elite Life Guard 2
- Elite Life Guard Plus 2
- Elite Smart Invest
- Elite Income 88
- Elite Max 88
- Mortgage Level Term Assurance
- Mortgage Level Term Takaful
- Mortgage Reducing Term Assurance
- Mortgage Reducing Term Takaful
- Personal Loan - Group Credit Family Takaful
- Personal Loan Reducing Term Assurance

## PRODUCTS AND SERVICES

- Z-Alliance MediWise
- Z-Alliance Cyber Protect (Conventional & Takaful)
- Z-Alliance Youngstar Protect (Conventional & Takaful)
- Z-Alliance Comprehensive Home Safe (Conventional & Takaful)
- Z-Alliance Secure (Conventional & Takaful)
- Z-Alliance Safe Deposit Box
- Z-Alliance Travel (Conventional & Takaful)
- Z-Driver Motor Insurance
- Z-Drive Assist
- Z-Alliance Homeowner Premier (Conventional & Takaful)
- Z-HomeProtect

### Unit Trust

- Balanced Funds
- Bond Funds
- Equity Funds
- Money Market Funds

### Retail Securities

- Foreign Currency Retail Securities
- MYR-denominated Retail Securities

### Structured Investment

- KLIBOR Inverse Floater Structured Investment
- KLIBOR Range Accrual Structured Investment
- Basket Equity-Linked Knock-In Knock-Out Structured Investment
- Bonus Enhanced Equity-Linked Structured Investment
- CMS Spread Linked Structured Investment
- CMS Spread Range Accrual Structured Investment
- Dual Currency Investment
- Equity-Linked Convertible Structured Investment
- Equity-Linked Structured Investment
- ETF-Linked Structured Investment
- Fund-Linked Structured Investment
- Interest-rate Linked Structured Investment
- Power Dual Currency Investment
- Principal Protected Twinwin Equity Linked Structured Investment
- Principal Protected Sharkfin Call Equity Linked Structured Investment

## RETAIL BROKING & INVESTMENT LENDING

- Alliance One Invest stock trading platform for retail clients (available on web and mobile app)
- Dedicated Omni-Channels to serve our customers
  - Call and Trade through Alliance Bank's Share Trading Centres (STC), relationship managed and serviced by Equity Specialists
  - Daily research reports and stock trading ideas
  - Online share trading via Internet & Mobile

### Share Margin Financing

- ESOS/IPO/Placement Financing Account
- External Margin Account
- Foreign Share Margin
- Portfolio Financing Account
- Share Margin + Trading 2-in-1 Account

### Share Trading Account

- Cash Upfront Trading Account
- Collateralised Trading Account
- Flexi 7 Account
- Foreign Share Trading

## CONVENTIONAL LOANS

- Alliance CashFirst Personal Loan
- Alliance Conventional Commercial Property Loan
- Alliance Conventional Home Loan
- Alliance ONE Account
- Overdraft against Property
- Overdraft against Fixed Deposit

## CARDS

### Credit Card

- Alliance Bank Visa Basic Credit Card
- Alliance Bank Visa and MasterCard Classic Credit Cards
- Alliance Bank Visa and MasterCard Gold Credit Cards
- Alliance Bank Visa Platinum Credit Card
- Alliance Bank Visa Platinum Virtual Credit Card
- Alliance Bank MasterCard Platinum Credit Card
- Alliance Bank Visa Signature Credit Card
- Alliance Bank Visa Signature Alliance Privilege Credit Card
- Alliance Bank Visa Infinite Credit Card
- Alliance Bank You:nique Rates Credit Card
- Alliance Bank You:nique Rebates Credit Card
- Alliance Bank You:nique Rewards Credit Card

### Debit Card

- Alliance Hybrid Standard Debit Card
- Alliance Hybrid PB Platinum Debit Card
- Alliance Hybrid AP Platinum Debit Card
- Alliance My eSaving Debit Card
- Alliance Hybrid EcoWorld Debit Card

## PRODUCTS AND SERVICES

### BUSINESS BANKING

#### DIGITAL SME

- Digital Business Current Account
- Digital SME Express Financing
- Digital SME Cash Flow Financing
- Digital SME Startup Financing

#### SME

##### Bancassurance

- Business Loan Level Term Assurance
- Business Loan Reducing Term Assurance
- Refund of Premium Rider/Critical Illness Rider
- Business Reducing Term Takaful
- Business Level Term Takaful
- Fire Zurich Essential Fire Insurance
- Homeowner Premier Insurance
- Marine - Moc Declaration
- Marine Cargo Liability
- Erection All Risks
- Workmen's Compensation
- Public Liability
- General Accident - Burglary
- General Accident - Plate Glass
- General Accident - Equipment All Risks
- General Accident - Money
- Enhanced Group Hospital and Surgical (EGHS)
- Z-Alliance Motor
- Commercial Vehicle Insurance
- Fire Consequential Loss
- Employer's Liability
- Contractors' All Risks
- Foreign Workers (Immigration Bond - IG)
- Z Property Plus Insurance
- Z-Alliance Biz Protect
- Z-Homeprotect Insurance
- Fire Zurich Essential Fire Takaful
- Homeowner Premier Takaful
- Houseowner Takaful

##### Business Credit Card

- Alliance Bank MasterCard Business Platinum Credit Card
- Alliance Bank Visa Infinite Business Credit Card

##### Cash Management

- Business Deposit Account
  - Business Current Account
  - Business Fixed Deposit (FD)
  - Business eFD (via Alliance BizSmart®)
  - Business Foreign Currency Current Account
  - Business Foreign Currency Fixed Deposit
- Biz-Xpress Card

- Liquidity Management
  - Business Reward Service (BRS)
  - Sweep Facilities
- Alliance BizSmart® Online Banking & BizSmart® Mobile
  - Account Management
    - ▶ Consolidated Account Inquiry
    - ▶ Transaction History
    - ▶ Online Statement
    - ▶ Merchant Payment Advice
    - ▶ Tax Invoice Download
  - Payment Services
    - ▶ Fund Transfer (DuitNow Transfer/GIRO/Pay to Alliance Bank)
    - ▶ Remittance (RENTAS/Foreign Telegraphic Transfer)
    - ▶ Bill Payment (JomPAY/Direct Bills/MyGST/Prepaid Reload)
    - ▶ FPX Payment
    - ▶ Bulk Payment
    - ▶ Salary and Statutory Contribution (LHDN, EPF, SOCSO)
    - ▶ E-Dividend Payment
    - ▶ Auto Debit
    - ▶ DuitNow Request & DuitNow AutoDebit
    - ▶ DuitNow Online Banking
  - Collection Services
    - ▶ JomPAY Collection
    - ▶ FPX Collection
    - ▶ DuitNow Request & DuitNow AutoDebit
    - ▶ DuitNow Online Banking
    - ▶ Direct Debit
    - ▶ Auto Debit
  - eFD Inquiry/Placement/Withdrawal
  - BizSmart® eTrade Inquiry/Application/Approval
    - ▶ e-Bankers Acceptance (eBA)
    - ▶ e-Trust Receipt (eTR)
    - ▶ e-Promissory Note (ePN)
    - ▶ e-Letter of Credit (eLC)
    - ▶ e-Bank Guarantee (eBG)
  - e-KYC Business Current Account Opening
  - Login & transaction approval with biometric
  - Smart Reminder
  - Quick Payment
  - Self-terminate mobile access
  - BOB, BizSmart® Chatbot
  - Account Balance Notification via BizSmart® Mobile

##### Credit Facilities

- Business Premises Financing
- Equipment Financing
- Foreign Exchange
- Oil Palm Plantation Financing
- Schemes promoted by CGC/BNM/Government
- SME ESG Financing
- SME Express Loan/Financing
- Working Capital Financing

## PRODUCTS AND SERVICES

### Employee Account Opening

- Employee Account Opening for Foreign Workers (via Alliance Cash2Home)
- Employee Account Opening for Local and Foreign Workers (via Alliance BizSmart®)
- Employee Account Opening for Local Workers (via allianceonline Mobile Banking)

### Trade Financing

- Bank Guarantee
- Bankers Acceptance
- Export Bills for Collection
- Export Bills Purchased/Discounted
- Export Credit Refinancing
- Export LC Negotiation
- Foreign Currency Trade Loan
- Import Bills of Collection
- Letter of Credit
- Promissory Note
- Shipping Guarantee
- Trust Receipt
- Vendor Financing

## CORPORATE & COMMERCIAL

### Bancassurance

- Business Loan Level Term Assurance
- Business Loan Reducing Term Assurance
- Refund of Premium Rider/Critical Illness Rider
- Business Reducing Term Takaful
- Business Level Term Takaful
- Fire Zurich Essential Fire Insurance
- Homeowner Premier Insurance
- Marine - Moc Declaration
- Marine Cargo Liability
- Erection All Risks
- Workmen's Compensation
- Public Liability
- General Accident - Burglary
- General Accident - Plate Glass
- General Accident - Equipment All Risks
- General Accident - Money
- Enhanced Group Hospital and Surgical (EGHS)
- Z-Alliance Motor
- Commercial Vehicle Insurance
- Fire Consequential Loss
- Employer's Liability
- Contractors' All Risks
- Foreign Workers (Immigration Bond - IG)
- Z-Property Plus Insurance
- Z-Alliance Biz Protect
- Z-Homeprotect Insurance
- Fire Zurich Essential Fire Takaful
- Homeowner Premier Takaful
- Houseowner Takaful

- ▶ Bill Payment (JomPAY/Direct Bills/MyGST/ Prepaid Reload)
- ▶ FPX Payment
- ▶ Bulk Payment
- ▶ Salary and Statutory Contribution (LHDN, EPF, SOCSO)
- ▶ E-Dividend Payment
- ▶ Auto Debit
- ▶ DuitNow Request & DuitNow AutoDebit
- ▶ DuitNow Online Banking
- Collection Services
  - ▶ JomPAY Collection
  - ▶ FPX Collection
  - ▶ DuitNow Request & DuitNow AutoDebit
  - ▶ DuitNow Online Banking
  - ▶ Direct Debit
  - ▶ Auto Debit
- eFD Inquiry/Placement/Withdrawal
- BizSmart® eTrade Inquiry/Application/Approval
  - ▶ e-Bankers Acceptance (eBA)
  - ▶ e-Trust Receipt (eTR)
  - ▶ e-Promissory Note (ePN)
  - ▶ e-Letter of Credit (eLC)
  - ▶ e-Bank Guarantee (eBG)
- e-KYC Business Current Account Opening
- Login & transaction approval with biometric
- Smart Reminder
- Quick Payment
- Self-terminate mobile access
- BOB, BizSmart® Chatbot
- Account Balance Notification via BizSmart® Mobile

### Credit Facilities

- Bridging Loan
- Business Premises Financing
- Foreign Currency Loan
- Syndicated Loan
- Term Loan
- Working Capital Financing
- Schemes promoted by CGC/BNM/Government

### Foreign Exchange

### Interest Rate Swap

### Trade Financing

- Bank Guarantee
- Bankers Acceptance
- Export Bills for Collection
- Export Bills Purchased/Discounted
- Export Credit Refinancing
- Export LC Negotiation
- Foreign Currency Trade Loan

## PRODUCTS AND SERVICES

- Import Bills of Collection
- Letter of Credit
- Promissory Note
- Shipping Guarantee
- Trust Receipt
- Vendor Financing

### FINANCIAL MARKETS

- Bankers Acceptance
- Equity-Linked Investments
- Foreign Exchange Transactions
- Hedging Solution
  - Cross-currency Swap
  - Currency Options
  - Interest Rate Swap
- Money Market Deposit
- Negotiable Instrument of Deposit
- Structured Investments
  - FX Privileged Single/Double Par Forward Structured Investment
  - FX Bull/Bear Structured Investment
  - Bonus Enhanced Equity-Linked Structured Investment
  - CMS Spread Linked Structured Investment
  - CMS Spread Range Accrual Structured Investment
  - CMS Linked Inverse Floater Structured Investment
  - Non Principal Protected Interest Rate Structured Investment
  - Equity-Linked Structured Investment
  - Equity-Linked Convertible Structured Investment
  - Basket Equity-Linked Knock-In Knock-Out Structured Investment
  - Fund-Linked Structured Investment
  - ETF-Linked KIKO Structured Investment
  - Dual Currency Investment
  - Power Dual Currency Investment
  - MYR KLIBOR Inverse Floaters Structured Investment
  - Range Accrual Structured Investment
  - Credit-Linked Structured Investment
  - Principal Protected Sharkfin Structured Investment
  - Principal Protected TwinWin Structured Investment
  - Principal Protected Digital Basket Equity Structured Investment

## ALLIANCE ISLAMIC BANK BERHAD

### Alliance Cash2Home (24x7 service availability)

- Account Overview
- Foreign Remittance
- Prepaid Reload
- Transaction History

### Halal in One Programme

#### Deposits

- Alliance Hybrid Account-i
- Alliance My eSavings Account-i
- Alliance SavePlus Account-i
- Alliance Term Deposit-i
- allianceonline Banking
- Basic Current Account-i
- Basic Savings Account-i
- Current Account-i
- e-Alliance Term Deposit-i (via allianceonline)
- Alliance Junior Smart Saver-i
- Junior Smart Term Deposit-i
- Savings Account-i

#### Debit Card

- Alliance Hybrid AP Platinum Debit Card\*
- Alliance Hybrid PB Platinum Debit Card\*
- Alliance Hybrid Standard Debit Card\*
- Alliance Junior Debit Card\*
- Alliance My eSavings Debit Card\*

Note:

\* Universal debit card

#### Bancatakaful

- Z-Alliance Secure PA Takaful
- Z-Alliance Travel Takaful
- Z-Alliance Home Safe Takaful
- Z-Alliance Home Owner Premier
- FWD Big 3
- FWD Kasih
- Mortgage Reducing Term Takaful
- Mortgage Level Term Takaful
- Business Reducing Term Takaful
- Business Level Term Takaful
- Business Level Term Takaful Plus
- General Takaful Products

#### Unit Trust

- ASNB Fixed Price Funds
- ASNB Variable Price Funds
- Islamic Balanced Funds
- Islamic Equity Funds
- ASNB Sukuk Fund
- BIMB Equity Fund
- BIMB Sukuk Fund
- UOB Equity Fund
- TA Investment Equity Fund

#### Sukuk

- Retail Sukuk

## PRODUCTS AND SERVICES

### Consumer Financing

- Alliance ONE Account
- Cashline Facility-i
- CashVantage Financing-i
- Commodity Murabahah Term Financing-i (Home Financing and Term Financing programmes)

### Business Financing

- Cashline Facility-i
- Commodity Murabahah Revolving Credit-i
- Commodity Murabahah Term Financing-i
- Industrial Hire Purchase-i
- Revolving Credit-i
- Schemes promoted by CGC/BNM/SME Corp/Government

### Trade Financing and Services

- Accepted Bills-i
- Bank Guarantee-i
- Export Bills for Collection-i
- Export Bills Purchased-i/Discounted-i
- Export Credit Refinancing-i (Pre-shipment/Post-shipment)
- Export Letter of Credit-i (Advising/Confirmation/Transferring)
- Import Bills for Collection-i
- Letter of Credit-i
- Murabahah Trust Receipt-i
- Murabahah Working Capital Financing-i
- Shipping Guarantee-i
- Invoice Financing-i

### Financial Markets

- IPRS Murabahah-i
- Islamic Acceptance of Bills
- Money Market Deposit-i
- Negotiable Islamic Deposits Certificate

### Corporate Finance

- Initial Public Offering (IPO)
  - A public offering of new securities or the sale of existing securities for companies seeking listing and quotation on Bursa Malaysia Securities Berhad
- Secondary Equity Offering
  - Fund raising for listed companies, including rights issues, restricted issues, private placements, special issues of securities and/or equity-linked securities
- Mergers, Takeovers and Acquisitions
- Corporate Rationalisation and Restructuring
  - Corporate restructuring and rationalisation, including but not limited to reorganisations and changes in core businesses

- Independent Advice
  - Independent view and recommendation on related-party transactions, general offers, general offer exemptions, and major disposals
- Transfer of Listing to the MAIN and ACE Market of Bursa Malaysia Securities Berhad
- Other Services
  - Employee share option and incentive plans, dividend reinvestment plans, bonus issues, and share splits

### Corporate Bonds and Sukuk

- Advisory and arrangement of Corporate Bonds and Sukuk involving:
  - Commercial Papers
  - Medium Term Notes
  - Unrated Bonds/Sukuk
  - Green, Social, Sustainability and Sustainability-linked Bonds/Sukuk (including SRI Sukuk)
  - Project Finance
  - Debt restructuring and refinancing
  - Perpetual Bonds/Sukuk
  - Convertible or Exchangeable Bonds/Sukuk
  - Asset Securitisation and Structured Finance

### Equity Syndication

- Book-Building/Accelerated Book-Building of Equity and Equity-Linked Instruments
- Primary and Secondary Private Placements of Equity and Equity-Linked Instruments
- Underwriting and Private Placements of Initial Public Offerings
- Underwriting and Private Placements of Real Estate Investment Trusts (REITs)
- Underwritings of Rights Issues

## ALLIANCEDBS RESEARCH SDN BHD

- Economic Research
- Investment Research
- Industry Research
- Investment Advisory Services

## ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD

## ALLIANCEGROUP NOMINEES (ASING) SDN BHD



## Our Vision

### The Preferred Banking Partner

We are a community-centric institution that strives to serve businesses and consumers every day in a positive and meaningful way.



We partner with our customers across all their banking needs to help them achieve their life aspirations.



We partner with our business associates to build innovative solutions with deep domain expertise for our customers.



We partner with our employees to create an engaged and inclusive workplace that fosters a strong sense of belonging.



We partner with our community to improve their well-being by promoting environmentally responsible actions, empowering financial aspirations and supporting entrepreneurship.

## Our Mission

### Building Alliances to Improve Lives

In line with the Bank's strategy to build lifetime relationships with our local communities, we believe that we play an important role in improving lives. Trust and community-centricity have always been the hallmark of our Bank and we strive to create meaningful engagements with our customers, shareholders, investors, employees and the community every day. We aim to do this by building alliances with partners who share our values, so that we can succeed together.



## Our Brand Purpose

### The Bank For Life

We believe that banking should be more than just a transactional experience. Beyond just a bank, we strive to be a true partner that supports our customers through every stage of their financial journey. We offer a wide range of solutions for any of life's events, and aspire to be the bank for the entire lifetime of our customers.

▶ We want our customers to recognise that we are committed to providing personalised, high-quality service that exceeds their expectations

▶ We want people (customers and employees) to recognise that we will always put their interests first

▶ We want our customers to see us as a trusted partner they can turn to in times of need

▶ We want to inspire our local community to join us in building a more sustainable and greener world to improve lives.

## Our Values: AGILE

### We strive to be fast and responsive, while embracing a challenger mindset

**A** **Accountability:**  
we are responsible and take ownership

**G** **Growth-driven:**  
we work together to grow sustainably

**I** **Integrity:**  
we are fair, transparent and inclusive

**L** **Leadership:**  
we take charge with respect and empathy

**E** **Excellence:**  
we deliver superior outcomes

## KEY HIGHLIGHTS OF FY2024

### FINANCIAL HIGHLIGHTS



In FY2024, we achieved another new record high, where our annual revenues crossed the RM2 billion mark for the first time

**REVENUE**  
(RM billion)

**2.02**

**NET PROFIT  
AFTER TAX**  
(RM million)

**690.5**

**DEPOSITS FROM  
CUSTOMERS**  
(RM billion)

**57.4**

**RETURN  
ON EQUITY**  
(%)

**10.2**

**DIVIDEND  
PER SHARE**  
(Sen)

**22.3**

**COST-TO-  
INCOME RATIO**  
(%)

**48.2**

**CASA RATIO**  
(%)

**41.6**

**EARNINGS  
PER SHARE**  
(Sen)

**44.6**

**NET INTEREST  
MARGIN**  
(%)

**2.48**

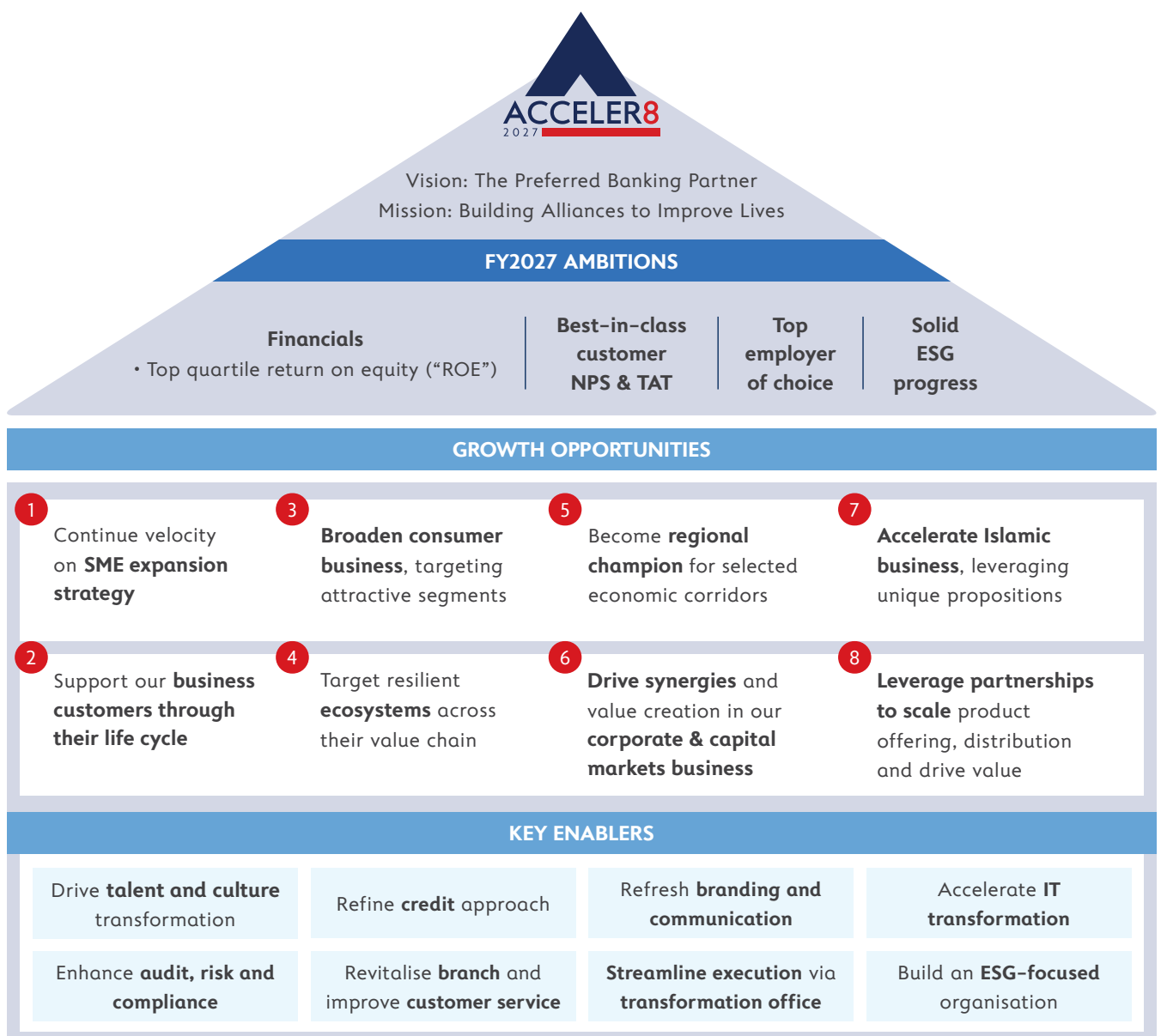
**COMMON EQUITY  
TIER I (CET I)  
CAPITAL RATIO**  
(%)

**12.9**

## KEY HIGHLIGHTS OF FY2024

### ABOUT ACCELER8 2027

The Acceler8 strategy, launched in January 2023, runs over four years until the end of the financial year ending 31 March 2027 (“FY2027”). It has been a year since we embarked on our transformation strategy, and we have made commendable strides despite numerous challenges in the industry and macroeconomic headwinds globally. Over the year, we have expanded our focus beyond SME and intensified our growth engines in eight identified pillars to accelerate business growth. We are pleased to report positive growth across key financial and non-financial metrics, which is a testament to the alignment of Team Alliance behind the strategy and executing the growth plans effectively.



## KEY HIGHLIGHTS OF FY2024

### BUSINESS PERFORMANCE HIGHLIGHTS



Key Indicators	Achievements								
Market Share	<p>Overall bank loan market share grew from 2.41% in FY2023 to 2.58% in FY2024</p> <table border="1"> <caption>Market Share Data</caption> <thead> <tr> <th>Year</th> <th>Market Share (%)</th> </tr> </thead> <tbody> <tr> <td>FY22</td> <td>2.38%</td> </tr> <tr> <td>FY23</td> <td>2.41%</td> </tr> <tr> <td>FY24</td> <td>2.58%</td> </tr> </tbody> </table>	Year	Market Share (%)	FY22	2.38%	FY23	2.41%	FY24	2.58%
Year	Market Share (%)								
FY22	2.38%								
FY23	2.41%								
FY24	2.58%								
Loan Growth	Outpacing the industry by > 2 times								
New-to-Bank Customers	Successfully scaled New-to-Bank (“NTB”) to highest ever with more than 119,000 new consumer and business banking customers								

## KEY HIGHLIGHTS OF FY2024

Key Indicators	Achievements																
Regional	<p>Continued strong growth in both loans and deposit across Penang &amp; Sarawak</p> <div style="display: flex; justify-content: space-around;"> <div data-bbox="470 510 853 974"> <p><b>Total Regional Deposit</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>FY22</td> <td>5%</td> </tr> <tr> <td>FY23</td> <td>6%</td> </tr> <tr> <td>FY24</td> <td>48%</td> </tr> </tbody> </table> </div> <div data-bbox="981 510 1364 974"> <p><b>Total Regional Loan</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>FY22</td> <td>12%</td> </tr> <tr> <td>FY23</td> <td>20%</td> </tr> <tr> <td>FY24</td> <td>18%</td> </tr> </tbody> </table> </div> </div>	Year	Percentage	FY22	5%	FY23	6%	FY24	48%	Year	Percentage	FY22	12%	FY23	20%	FY24	18%
Year	Percentage																
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FY24	48%																
Year	Percentage																
FY22	12%																
FY23	20%																
FY24	18%																
Customer Net Promoter Score (NPS)	<p>Maintained the highest NPS since FY2022</p> <table border="1"> <thead> <tr> <th>Year</th> <th>NPS Score</th> </tr> </thead> <tbody> <tr> <td>FY22</td> <td>28</td> </tr> <tr> <td>FY23</td> <td>33</td> </tr> <tr> <td>FY24</td> <td>33</td> </tr> </tbody> </table>	Year	NPS Score	FY22	28	FY23	33	FY24	33								
Year	NPS Score																
FY22	28																
FY23	33																
FY24	33																
Voice of Employee	<p>Employee satisfaction feedback recorded higher than industry and global high-performing norms:</p> <ul style="list-style-type: none"> <li>- Sustainable Engagement index at 90%</li> <li>- Well-being index at 89%</li> <li>- Career development index at 89%</li> </ul>																
CASA	<p>Maintained the highest CASA ratio in industry at 41.6%</p>																
New Sustainable Banking Business	<p>Secured more than RM12.6 billion from FY2022 to FY2024</p>																

## KEY HIGHLIGHTS OF FY2024

## SUSTAINABILITY HIGHLIGHTS



We continued to offer sustainable financing solutions and achieved RM12.6 billion in cumulative new sustainable banking business since FY2022.

### Strengthening Our Sustainability Strategy and Commitments

- We have continued progress in the execution of our sustainability strategy, which includes a focus on improving the sustainability performance of our internal operations and our customers whilst empowering our employees and communities.
- We have made strides to improve our sustainability and climate-related risk management practices in accordance with relevant regulatory requirements, including Bank Negara Malaysia's ("BNM") Climate Risk Management and Scenario Analysis ("CRMSA") Policy Document.
- Our sustainability goals were reinforced through our continued commitment to The Association of Banks in Malaysia's ("ABM") Seven ESG Principles for the banking industry and the Ten Principles of the United Nations Global Compact ("UNGC") relating to environment, labour, human rights, and anti-corruption.

### Growing Our Sustainable Banking Business

- We continued to offer sustainable financing solutions and achieved RM12.6 billion in cumulative new sustainable banking business since FY2022.
- We strengthened our internal infrastructure to enhance our development approach towards sustainable financing solutions with the roll out of the Bank's Sustainable Product Framework ("SPF"), which enables a more robust recognition of our sustainable businesses and to guide product development for sustainable financing offerings to advance our sustainable financing growth.
- We have baselined the Bank's Scope 3 financed emissions for eight (8) high-emitting sectors and have developed a high-level Net Zero Roadmap to guide the Bank towards its Net Zero 2050 ambitions.
- Our Sustainability Impact Programme ("SIP") achieved over RM420 million in approved financing in FY2024.
- We have advanced efforts to help our customers' transition to more sustainable practices by developing new tools and solutions, including the roll out of a Climate Assessment Tool (PROGRESS) to more than 440 companies in partnership with UN Global Compact Malaysia & Brunei ("UNGCMYB").
- We have built robust partnerships across Malaysia to accelerate our customers' transition to more sustainable practices, including partnerships with Bursa Malaysia, UNGCMYB, SME Corp Malaysia, Malaysian Green Technology and Climate Change Corporation ("MGTC"), Monash University, INCIEF University, GreenRE, Kinergy Advancement Berhad ("KAB"), InvestSarawak and Sedania Innovator.
- We developed our Green Supply Chain programme in partnership with Bursa Malaysia and worked with key corporates to champion ESG practices among Malaysian businesses. The programme revolves around Bursa's Centralised Sustainability Intelligence ("CSI") Platform and is designed to assist public listed companies in reducing their supply chain carbon footprint.
- Launched "Climate Inclusive Financing & Development Programme" in collaboration with InvestSarawak (under the Sarawak Ministry of International Trade and Entrepreneur Development – MINTRED) and UNGCMYB to accelerate the climate transition of Sarawakian SMEs via workshops across major cities.

## KEY HIGHLIGHTS OF FY2024



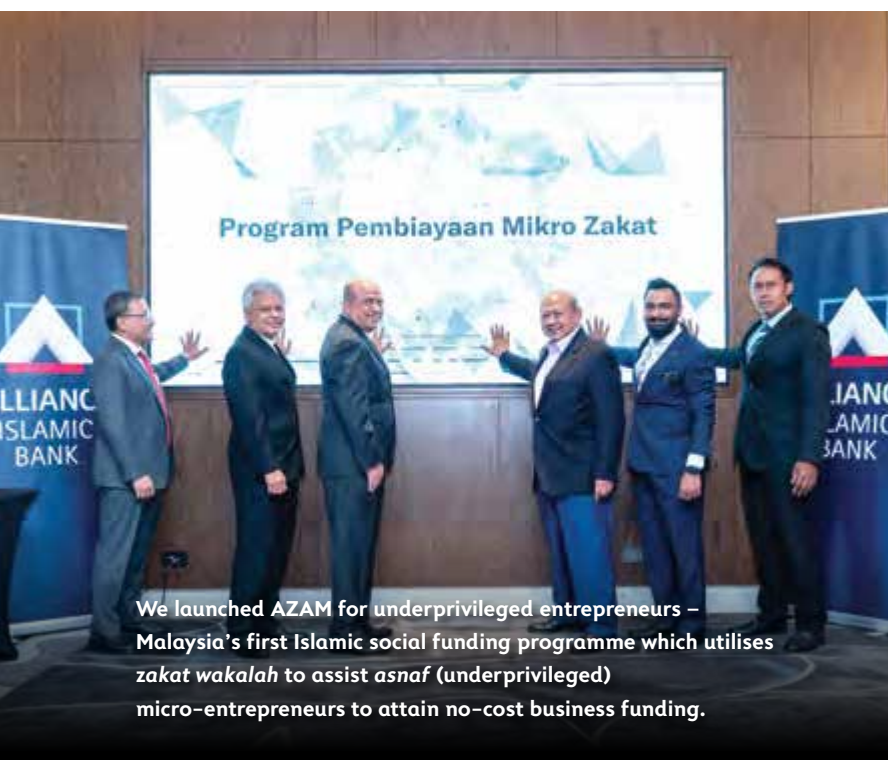
We continue to support our communities through regular engagements and events, such as the Alliance Bank's inaugural Heritage Run 2023 and the Zero Waste Chef Programme.

### Helping Customers and Community Become a More Sustainable Society

- We continue to support our communities through regular engagements and events, such as the Alliance Bank's inaugural Heritage Run 2023 and the Zero Waste Chef Programme.
- We launched Alliance Islamic Bank Zakat Microfinancing ("AZAM") for underprivileged entrepreneurs – Malaysia's first Islamic social funding programme, which utilises *zakat wakalah* to assist *asnaf* (underprivileged) micro-entrepreneurs to attain no-cost business funding.

### Strengthening Our Internal Practices as a Sustainable Workplace

- We continued to execute the Bank's GHG emissions reduction strategy and achieved a 18.3% reduction in our Scope 1 and Scope 2 GHG emissions against our FY2020 baseline.
- We developed a methodology to improve the Bank's waste management practices as part of our sustainability strategy.
- We empowered our people to expand their sustainability knowledge and awareness through a refreshed sustainability e-learning programme, a dedicated sustainability training programme for key employee segments and the roll out of a sustainability immersion programme, averaging around 80% divisional participation in sustainability-related employee engagement programmes.
- We are currently reviewing a Long-Term Incentive Plan framework with ESG elements to ensure sustainability aspects are embedded in our incentive structures.



We launched AZAM for underprivileged entrepreneurs – Malaysia's first Islamic social funding programme which utilises *zakat wakalah* to assist *asnaf* (underprivileged) micro-entrepreneurs to attain no-cost business funding.

### Empowering Our People and Communities

- We focused on capacity building and strengthening the sustainability culture among our employees and communities through awareness and engagement programmes, upskilling our employees on sustainability capabilities, as well as embedding sustainability Key Performance Indicators ("KPI").



# OUR ACHIEVEMENTS: AWARDS



**ASIAN BANKING & FINANCE**

**ABF Retail Banking Awards 2023**  
Financial Inclusion Initiative of the Year (Digital SME)  
**WINNER**

**ABF Retail Banking Awards 2023**  
New Consumer Lending Product of the Year (Virtual Credit Card)  
**WINNER**

**THE STAR MEDIA GROUP**

**ESG Positive Impact Awards 2022 - 2023**  
Relations with Local Communities (Social) – Large Company  
**WINNER**

**ESG Positive Impact Awards 2022 - 2023**  
Innovative Partnership (Other) – Large Company (Sustainability Impact Programme)  
**WINNER**

**THE DIGITAL BANKER**

**Global SME Banking Innovation Awards 2024**  
Best SME Bank in Malaysia  
**WINNER**

**Global Transaction Banking Innovation Awards 2023**  
Outstanding Use of Technology in Trade Finance (BizSmart® eTrade)  
**WINNER**

**Global Retail Banking Innovation Awards 2023**  
Best eKYC - Frictionless & Omni Channel Award (Virtual Credit Card)  
**WINNER**

**WITSA**

**Global Innovation and Tech Excellence Awards 2023**  
Digital Transformation of the Year – Private Sector (Virtual Credit Card)  
**WINNER**

**UNITED NATIONS GLOBAL COMPACT MALAYSIAN & BRUNEI (UNGCMYB)**

**UNGCMYB Forward Faster Sustainability Awards 2023**  
Partnership for the Goals Recognition (Sustainability Impact Programme)  
**WINNER**

**THE ASIAN BANKER**

**Global Excellence in Retail Financial Services Awards 2024**  
Best SME Bank in Malaysia  
**WINNER**

**Excellence in Retail Financial Services Awards (Malaysia Awards 2023)**  
Best Credit Card in Malaysia (Virtual Credit Card)  
**WINNER**

**ASIAMONEY**

**Best Bank Awards 2023**  
Bank to Watch in Malaysia

**THE BANKER**

**Transaction Banking Awards 2023**  
Trade Finance  
**WINNER**

**THE WORLD BRANDS FOUNDATION**

**The BrandLaureate BestBrands Awards 2022 - 2023**  
Most Innovative Brand (Alliance BizSmart® eTrade – Malaysia's First Mobile Trade Financing Platform)  
**WINNER**

**The BrandLaureate BestBrands Awards 2022 - 2023**  
Most Innovative Brand (Best Digital Innovation – Virtual Credit Card with Dynamic Card Number)  
**WINNER**

**IQPC WORLDWIDE PTE LTD CX Asia Excellence Awards 2023**  
Best Use of CX Technology (Digital SME)  
**HONORARY MENTION**

**CX Asia Excellence Awards 2023**  
Best Digital Experience (The Bank In Your Pocket)  
**HONORARY MENTION**

**CX Asia Excellence Awards 2023**  
Best Omni-Channel Experience (The Bank In Your Pocket)  
**BRONZE**

**ALPHA SOUTHEAST ASIA**

**Best FI Awards 2023**  
Best Digital SME Bank in Malaysia  
**WINNER**

**RETAIL BANKER INTERNATIONAL**

**Asia Trailblazer Awards 2024**  
Third Party Partnership: Best Open Banking Initiative (Virtual Credit Card)  
**WINNER**

**Asia Trailblazer Awards 2024**  
Third Party Partnership: Most Dynamic Third-Party Collaboration (Virtual Credit Card)  
**WINNER**

**GORUS**

**SME Banking Awards 2024**  
SME Partnership of the Year (Sustainability Impact Programme)  
**GOLD**

**Qorus Reinvention Awards APAC 2023**  
ESG (Sustainability Impact Programme)  
**GOLD**

**IBS INTELLIGENCE**

**IBSi Global FinTech Innovation Awards 2023**  
Most Innovative API/ Open Banking Model: Most Innovative Project (Virtual Credit Card)  
**WINNER**

**INFORMA CONNECT Banking Tech Awards 2023**  
Best Mobile Initiative for Consumer (Virtual Credit Card)  
**WINNER**

**RED HAT Innovation Awards 2023**  
Continuous Innovation Award (Virtual Credit Card)  
**WINNER**

**HALAL DEVELOPMENT CORPORATION World Halal Excellence Awards 2022**  
Halal Financing Excellence Award  
**WINNER**

**ESGBUSINESS MAGAZINE ESGBusiness Awards 2024**  
Initiative Award – Malaysia for Environmental Sustainability (Virtual Credit Card)  
**WINNER**

**MARKETING INTERACTIVE**

**PR Awards 2024**  
Best PR Campaign: Banking/ Financial Services  
**GOLD**

**PR Awards 2024**  
Best Crisis Management Strategy  
**GOLD**

**PR Awards 2024**  
PR Team of the Year (Brand)  
**BRONZE**

**Marketing Excellence Awards 2023**  
Excellence in Marketing Transformation (Outcome and Performance-based Marketing Campaigns)  
**GOLD**

**Marketing Excellence Awards 2023**  
Excellence in Mobile Marketing (Alliance SavePlus Account/-i)  
**GOLD**

**Marketing Excellence Awards 2023**  
Excellence in Mobile Marketing (The Bank In Your Pocket)  
**BRONZE**

**Marketing Excellence Awards 2023**  
Excellence in B2B Marketing (Digital SME)  
**GOLD**

**Marketing Excellence Awards 2023**  
Excellence in B2B Marketing (BizSmart® eTrade)  
**BRONZE**

**Marketing Excellence Awards 2023**  
Excellence in Digital Marketing (Digital SME)  
**SILVER**

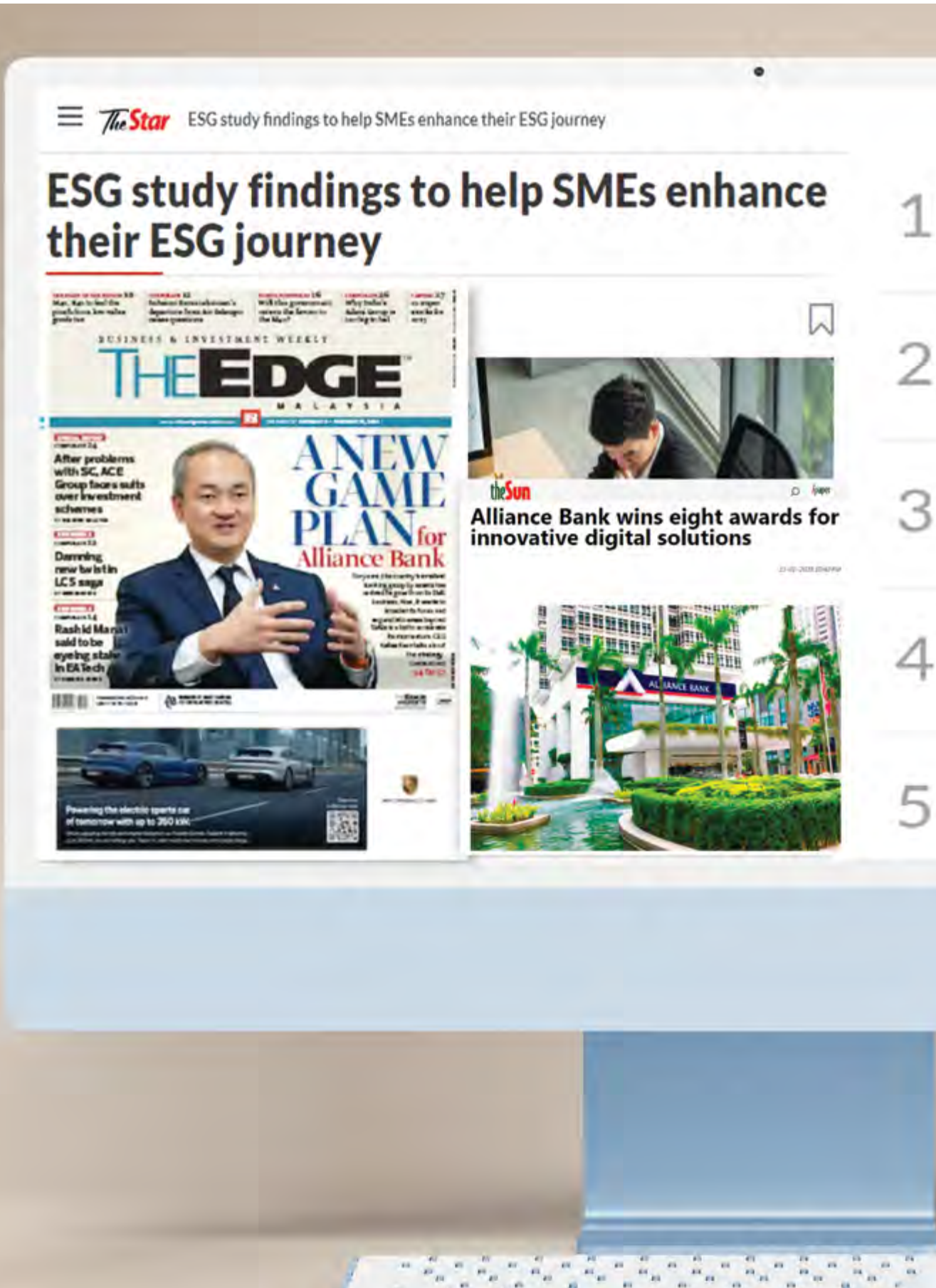
**Marketing Excellence Awards 2023**  
Excellence in CSR/Cause Marketing (#SupportLokal Initiative)  
**BRONZE**

**Asia e-Commerce Awards 2023**  
Best Brand - Banking or Financial Services (Virtual Credit Card)  
**SILVER**

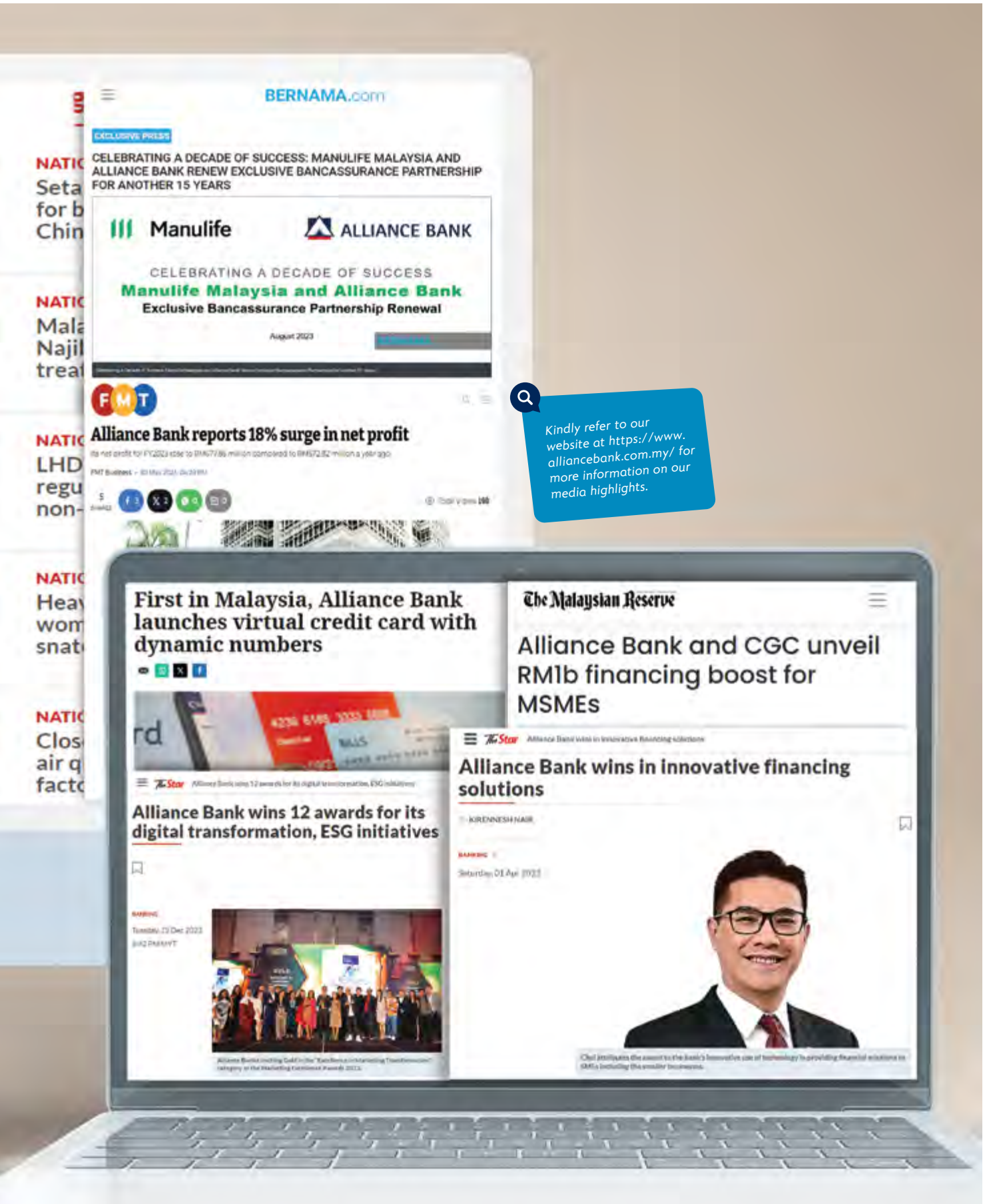
**HUMAN RESOURCES ONLINE HR Excellence Awards 2023**  
Best HR Innovation  
**GOLD**

**Employee Experience Awards 2023**  
Best Recruitment Referral System  
**BRONZE**

# OUR ACHIEVEMENTS: MEDIA HIGHLIGHTS



# OUR ACHIEVEMENTS: MEDIA HIGHLIGHTS



BERNAMA.com

EXCLUSIVE PRESS

CELEBRATING A DECADE OF SUCCESS: MANULIFE MALAYSIA AND ALLIANCE BANK RENEW EXCLUSIVE BANCASSURANCE PARTNERSHIP FOR ANOTHER 15 YEARS

**Manulife** **ALLIANCE BANK**

CELEBRATING A DECADE OF SUCCESS  
**Manulife Malaysia and Alliance Bank**  
Exclusive Bancassurance Partnership Renewal

August 2023

FMT

**Alliance Bank reports 18% surge in net profit**

Its net profit for FY2023 rose to RM677.86 million compared to RM572.82 million a year ago

FMT Business - 03 May 2024 (09:39PM)

Facebook, X, WhatsApp, Telegram, Email icons

Total Views 166

Kindly refer to our website at <https://www.alliancebank.com.my/> for more information on our media highlights.

**First in Malaysia, Alliance Bank launches virtual credit card with dynamic numbers**

rd

4236 6185 3035 8888

Star

Alliance Bank wins 12 awards for its digital transformation, ESG initiatives

The Malaysian Reserve

**Alliance Bank and CGC unveil RM1b financing boost for MSMEs**

Star

Alliance Bank wins 12 awards for its digital transformation, ESG initiatives

KORENESH HAIR

BARING

Tuesday, 12 Dec 2023 04:02 PM MYT

Alliance Bank (winning Gold Circle) "Best Bank in Sustainable Transformation" category at the Marketing Excellence Awards 2023.

Star

Alliance Bank wins in innovative financing solutions

BARING

Saturday, 01 Apr 2023

Chief celebrates the award as the bank's innovative use of technology in providing financial solutions to SMEs including the smaller businesses.

## JOINT STATEMENT BY CHAIRMAN AND GROUP CHIEF EXECUTIVE OFFICER

WE ARE  
COMMITTED TO  
BE THE BANK  
FOR THE ENTIRE  
LIFETIME OF OUR  
CUSTOMERS

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**TAN SRI DATO' AHMAD  
BIN MOHD DON**  
CHAIRMAN, ALLIANCE BANK



## JOINT STATEMENT BY CHAIRMAN AND GROUP CHIEF EXECUTIVE OFFICER

### DEAR VALUED SHAREHOLDERS,

We are pleased to present to you the Annual Report of Alliance Bank Malaysia Berhad (“Alliance Bank” or “the Bank”) for the financial year ended 31 March 2024 (“FY2024”). The report details insights into our FY2024 journey and reflects the accomplishments for the year in review.

### A FOUNDATION FOR THE FUTURE – TRANSFORMING FOR GROWTH

During a year marked by challenges in the local and global economies, Alliance Bank made remarkable progress through its dedicated focus on the ACCELER8 2027 (“Acceler8”) transformation strategy. Building upon the successes the Bank has achieved in growing its small and medium enterprise (“SME”) business, the new strategy is anchored in a challenger mindset with the goal of broadening our growth engines to the other key segments. In FY2024, the Bank made significant strides in advancing our strategic initiatives across the eight (8) pillars of growth to deliver strong performance across key financial and non-financial metrics.

#### POSITIVE PROGRESS ON OUR STRATEGIC PRIORITIES



Revenue  
**RM2.02 billion**



Return On Equity  
**10.2%**



Net Interest Margin  
**2.48%**



**RM12.6 billion**  
achieved in new sustainable  
banking business since FY2022



Earnings Per Share  
**44.6 sen**

Our robust performance in FY2024 is a testament to our Acceler8 strategy bearing fruit as we continue to shape ourselves to be the preferred banking partner for the entire lifetime of our customers. We focused our efforts on tapping into new market segments and business verticals, regional expansion, championing sustainability, as well as driving synergies and value creation through digital innovations and partnerships.

#### Improved Market Share

Through the Acceler8 strategy, we diversified our portfolio, gaining access to new markets and consumer segments. In FY2024, we successfully grew the overall bank loan market share from 2.41% in FY2023 to 2.58% in FY2024, driven by higher loan volumes in the SME, Consumer and Corporate segments. At a time when banks faced margin compression owing to stiff competition for deposits, our net interest margin (“NIM”) of 2.48% remained one of the best in the industry despite upward pressure of funding costs.

#### Higher New-to-Bank Acquisition and Profitability

We constantly provide our customers with innovative products and services to meet their financial needs. By providing fast, convenient and personalised solutions, we achieved our best-ever new-to-bank (“NTB”) customer acquisition results with 119,000 NTB customers, comprising both the business and consumer banking segments. Moreover, we attained a return on equity (“ROE”) of 10.2%, which is ahead of the industry average. In FY2024, we achieved another new record high, where our annual revenues crossed the RM2 billion mark for the first time. Net profit after tax improved by 1.9% YOY to RM690.5 million, which is also our highest achievement on record.

#### Continued Velocity on SME Expansion

Amid challenges in the year, the Bank was agile in effectively adapting to the changing operating environment. We expanded our core business in the SME sector, driving our SME sales productivity upwards by 25% year-on-year (“YOY”) leading to continued gains in our SME loans market share. Our NTB acquisition accelerated by more than 18% YOY from digital acquisition through technologically driven innovations and solutions such as our electronic Know-Your-Customer (“eKYC”) account opening and digital loans. Additionally, with the new automated Bank Statement Analyser capability, we have transformed our SME credit underwriting processes to deliver superior turnaround time. In FY2024, Alliance Bank won the “Best SME Bank in Malaysia” Award at The Asian Banker - Global Excellence in Retail Finance Awards 2024 for its outstanding service and innovations in this segment.

**JOINT STATEMENT BY CHAIRMAN  
AND GROUP CHIEF EXECUTIVE OFFICER**

**IT'S ALL ABOUT  
BUILDING  
RELATIONSHIPS  
AND DELIVERING  
ACTUAL  
VALUE TO OUR  
CUSTOMERS AND  
THE COMMUNITY**

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**KELLEE KAM**  
*GROUP CEO, ALLIANCE BANK*



## JOINT STATEMENT BY CHAIRMAN AND GROUP CHIEF EXECUTIVE OFFICER



### Support Our Business Customers Through Their Lifecycle

Through the year, we continued empowering our customers at various business lifecycles and provided tailored solutions to help them succeed and further grow their businesses. With that, our Business Banking FX revenues recorded positive advancements with more than 20% YOY growth from better margins and structured customer engagement initiatives. We also enhanced our value proposition by enabling businesses to effectively manage their cashflow through our vendor financing programme.

### Broaden Our Consumer Business

In Consumer Banking, NTB customer acquisition surged by 37% YOY and our consumer loans portfolio recorded significant growth of 13% YOY. This was driven by strong acceleration in the emerging affluent segment. For the year in review, we also introduced the Alliance Bank Visa Virtual Credit Card (“VCC”), which was a first-of-its-kind card product in ASEAN that has a Dynamic Card Number feature. It generates a 16-digit randomised and one-time-use only card number for every digital transaction a customer makes. This innovative and highly popular card product won 14 awards both regionally and internationally in FY2024.

Additionally, we are further digitising our credit processes by collaborating with CTOS Malaysia to launch the next-generation Retail Loan Origination System (“RLOS”), which will deliver superior experience and turnaround time for our customers.

### Target Resilient Ecosystems Across the Value Chain

Over the past year, the Bank successfully built a dynamic Economic, Social and Governance (“ESG”) ecosystem and collaborated with government agencies, subject matter experts such as the United Nations Global Compact Malaysia and Brunei (“UNGCMYB”), widely renown academic institutions, corporate partners and green solution providers, to provide relevant financial and non-financial solutions to businesses and the wider community. Through these purposeful alliances, we have been championing the adoption of sustainability practices among our customers, and solidifying our position as a trusted banking partner and ESG thought leader in Malaysia. Since FY2022, the Bank has successfully grown its new sustainable banking business to RM12.6 billion to-date, which moves us much closer to our goal of RM15 billion by FY2027. In addition, our Sustainability Impact Programme (“SIP”), provided RM420 million in sustainable financing to SMEs and companies across Malaysia.

### Become a Regional Champion

In FY2024, the Bank focused on strengthening its market presence and reach across the country, particularly in key economic growth corridors such as Penang and Sarawak. By becoming the preferred Bank for Life to consumers, businesses and local communities that we serve, we recorded strong growth of 48% YOY in deposits and 18% YOY in loans across these states. We will continue reinforcing our core business segments in these geographies, with Johor being added as one of our key focus areas in FY2025. Our regional expansion plans have been progressing successfully with the opening of new branches in Saradise, Kuching, Sarawak and soon at Jalan Kelawai, Penang. In FY25, we will continue to outfit and energise our branch network with the Bank’s refreshed brand outlook to fortify the Bank’s positioning.

## JOINT STATEMENT BY CHAIRMAN AND GROUP CHIEF EXECUTIVE OFFICER

### Drive Synergy & Value Creation in the Corporate & Capital Markets

For FY2024, we are pleased to report positive growth of 13% YOY in our corporate loans portfolio. As part of the Acceler8 transformation, we increased our sales capacity, further improved our processes in both client targeting and account planning as well as equipped our Relationship Managers with digital tools to help them better serve our clients' needs. As a result of these efforts, our productivity in this segment rose by 27% YOY.

### Accelerate the Islamic Business

In Islamic Banking, we sustained our momentum at 11% YOY financing growth by intensifying our efforts in expanding our distinctive value propositions such as the Halal in One ("HiO") Programme, our new bancatakaful and shariah-compliant investment offerings plus the recently launched Zakat Microfinancing. This new Zakat Microfinancing programme, Malaysia's first Islamic social funding initiative utilising *zakat wakalah*, aims to help uplift the livelihoods of underserved *asnaf* micro-entrepreneurs.

### Leverage on Partnerships to Scale Offering, Distribution & Drive Value

In FY2024, we diversified our offerings to create more financial opportunities and long-term value for our customers, as we continued fostering meaningful connections and strategic alliances with like-minded partners. By leveraging on our strengths as well as those of our strategic partners, we effectively scaled our product offerings and distribution channels and expanded our services to our partners' vendors and supply chains. Over the past year, we provided financing to SMEs, public listed companies ("PLCs") and their vendors via the Bursa Centralised Sustainability Intelligence Platform, as well as through joint initiatives with the UNGCMYB.

### REFRESHED BRANDING TO STRENGTHEN MARKET POSITION

As we embarked on the first year of our transformation journey, we reviewed the key drivers that contributed to the Bank's success and refined them for the years ahead. This resulted in a refreshed Vision, Mission, Core Values and Brand Purpose for the Bank in FY2024.

As the brand is one of the key assets for the Bank, we focused on refreshing our Bank's image, new brand tagline and narrative in FY2024. Our refreshed brand purpose "The Bank For Life" embodies our strong commitment in meeting our customers' diverse needs and best interests, serving as their trusted partner at every step of their financial path in life.

We believe that banking should go beyond just a transactional experience or an account number. We aim to be the lifelong banking partner for all our customers, supporting them at every phase of their lives and helping to bring their aspirations to life. "The Bank For Life" encapsulates Alliance Bank's goals, mission and purpose, guiding the Bank's multistakeholder approach in creating value for our customers, businesses, employees, shareholders and the community. In tandem with this, we promoted our refreshed branding through Above-the-Line advertising, mainly billboards in high-traffic areas within Klang Valley, Below-the-Line collaterals at all our nationwide branches, on-ground advertising at our events and roadshows as well as digitally via a new sleek design and enhanced user experience on our corporate website and social media platforms.

### MAKING GREAT STRIDES IN OUR SUSTAINABILITY JOURNEY

The firm commitment from our Board, Management and employees forms the foundation of our stakeholders' trust in us. We continued upholding high standards of governance, and responsible operational and business practices; as well as focused on advancing ESG efforts within the communities we serve.

On our journey towards becoming a sustainability-driven organisation, we have implemented strategies and key initiatives to help drive the ESG agenda forward. We raised awareness in the market and inspired the local community to take meaningful action through a variety of sustainability-themed events, programmes and green solutions. Our ESG survey report and holistic 3As approach (Advocacy, Advice and Answers) have now been referenced by many industry players in their efforts to promote ESG to their stakeholders.



## JOINT STATEMENT BY CHAIRMAN AND GROUP CHIEF EXECUTIVE OFFICER

### ADVOCACY

We drive advocacy by creating awareness through relevant and impactful activities such as research, partnerships and events to encourage adoption among our customers, partners, employees and the community.

*Our collaboration on the inaugural survey report “ESG Insights from Malaysian SMEs: Building a Better Future Together” provided findings on awareness, adoption and challenges of SMEs striving to integrate ESG factors into their businesses.*



### ADVICE

We provide advice, aided by the tools and programmes developed alongside our strategic partners, to help businesses at different lifecycle stages to enable their ESG journey.

*Together with UNGCMYB, we launched a digital climate assessment tool “Promoting Green Resilient & Sustainable SMEs (“PROGRESS”) plus the “Climate Inclusive Financing & Development Programme” involving InvestSarawak to accelerate ESG transition among SMEs.*



### ANSWERS

We offer financial and non-financial solutions to support SMEs on their ESG journey through our tailored financing, a list of green solution partners as well as information on Bank Negara Malaysia’s (“BNM”) green funds such as the Low Carbon Transition Facility (“LCTF”).

*We also worked with Bursa Malaysia to help eligible PLCs access sustainable financing via the #financing4ESG programme. In addition, we provide collateral-free financing in partnership with CGC and SJPP. Plus, collaborated with Sedania to launch the ESG4SME Programme offering support on energy-saving solutions for offices and buildings.*



## JOINT STATEMENT BY CHAIRMAN AND GROUP CHIEF EXECUTIVE OFFICER



**Ranked 10<sup>th</sup>**  
in Malaysia's  
**Top 100 Leading Graduate Employers 2023.**

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**Invested over RM6.9 million**  
in staff upskilling initiatives



### FOSTERING HIGH PERFORMANCE WORKFORCE IN TEAM ALLIANCE

At Alliance Bank, we strive to be the best organisation for the best talent with the right values as stewards of responsible and meaningful growth. On this front, we are committed to recruiting high calibre professionals to join Team Alliance and continuously upskilled our people to be future-ready for the next phase of growth. In FY2024, we invested RM6.9 million on future-proofing our workforce through internal and external training as well as Human Resources (“HR”) system enhancements.

Last year, in tandem with our refreshed branding exercise, we introduced our new Core Values (A.G.I.L.E.) to reflect a progressive work culture with a winning mindset. We also launched the Alliance Customer Promise (“GREAT”) which is representative of the five key principles that we prioritise at the Bank; namely Good Advice, Relevant Solutions, Easy, Accurate and Timely, focusing on us being efficient and effective in serving our customers.

Additionally, we rolled out our new Human Experience Management System “Connexion”; marking a significant milestone in our ongoing efforts to simplify processes and enhance overall employee experience.

**Team Alliance Values (A.G.I.L.E.)**

A

**Accountability**  
We are responsible and take ownership

G

**Growth-driven**  
We work together to grow sustainably

I

**Integrity**  
We are fair, transparent and inclusive

L

**Leadership**  
We take charge with respect and empathy

E

**Excellence**  
We deliver superior outcomes

## JOINT STATEMENT BY CHAIRMAN AND GROUP CHIEF EXECUTIVE OFFICER

### LOOKING AHEAD: BUILDING ALLIANCES FOR FUTURE PROSPECTS

For 2024, BNM projects that the Malaysian economy is expected to grow between 4% and 5%, underpinned by continued expansion in demand from the domestic front that will be further fuelled by uplifts in external demand. This growth will be driven largely by resilient domestic expenditure, with some support from recoveries in the electrical & electronic (“E&E”) exports. Continued employment and wage growth remain supportive of household spending whilst tourism is expected to further increase. With our steady domestic fundamentals, the outlook remains conducive to sustainable economic growth, and we are optimistic that the banking industry is well positioned to progress and navigate the potential headwinds.

To fulfil our growth ambitions under Acceler8, we will continue delivering on our commitments in putting our customers first with greater value propositions and innovative digital transformation whilst remaining adaptable to the changes within our operating environment.

### ACKNOWLEDGEMENT

On behalf of the Board of Directors, we express our sincere gratitude to our valued shareholders whose confidence in the Bank continues to inspire us to do better. Additionally, we wish to thank our community and all our customers and business partners for placing their faith and trust in us.

We would also like to convey our deep appreciation to the regulators, policymakers, and corporate governance custodians, in particular BNM, the Securities Commission Malaysia, Bursa Malaysia Securities Berhad, as well as other regulatory authorities for their continued support and guidance.

Our heartfelt gratitude to Team Alliance – our Management Team and employees – for their dedication, diligence and commitment to excellence which continues to help the Bank grow from strength to strength.

Last but not least, to our esteemed Board of Directors, we are indeed grateful for your astute counsel and continued support in making Alliance Bank, “The Bank For Life”.

### **AHMAD BIN MOHD DON**

*CHAIRMAN*

*ALLIANCE BANK MALAYSIA BERHAD*

### **KELLEE KAM**

*GROUP CHIEF EXECUTIVE OFFICER*

*ALLIANCE BANK MALAYSIA BERHAD*

## 5-YEAR FINANCIAL SUMMARY

FINANCIAL YEAR ENDED 31 MARCH	2024	2023	2022	2021	2020
<b>Operating Results (RM Million)</b>					
Net income	2,020	1,920	1,868	1,818	1,689
Profit before taxation	911	887	827	484	568
Net profit after taxation	690	678	573	359	424
<b>Key Balance Sheet Data (RM Million)</b>					
Total assets	76,946	66,311	61,848	60,721	60,975
Gross loans, advances and financing	55,740	49,068	46,189	44,147	43,668
Total liabilities	69,771	59,564	55,431	54,463	54,986
Deposits from customers	57,397	50,849	48,186	48,489	48,426
Paid-up capital	1,548	1,548	1,548	1,548	1,548
Shareholders' equity	7,175	6,747	6,417	6,258	5,989
Commitments and contingencies	58,360	46,224	33,911	30,367	36,972
<b>Share Information And Valuations</b>					
<b>Share Information</b>					
Earnings per share (sen)	44.6	43.8	37.0	23.2	27.4
Diluted earnings per share (sen)	44.6	43.8	37.0	23.2	27.4
Dividend per share (sen)	22.3	22.0	18.5	5.8	6.0
Net assets per share (RM)	4.6	4.4	4.1	4.0	3.9
Share price as at 31 March (RM)	3.69	3.40	3.76	2.65	1.90
Market capitalisation (RM million)	5,712	5,264	5,821	4,102	2,941
<b>Share Valuations</b>					
Dividend yield (%)	6.0	6.5	4.9	2.2	3.2
Dividend payout ratio (%)	50.0	50.2	50.0	25.0	21.9
Price to earnings multiple (times)	8.3	7.8	10.2	11.4	6.9
Price to book multiple (times)	0.8	0.8	0.9	0.7	0.5
<b>Financial Ratios (%)</b>					
<b>Profitability Ratios</b>					
Net interest margin on average interest-earning assets	2.5	2.6	2.5	2.3	2.4
Net return on average equity	10.2	10.5	9.2	5.9	7.3
Net return on average assets	1.0	1.1	0.9	0.6	0.7
Net return on average risk-weighted assets	1.5	1.7	1.5	1.0	1.1
Cost to income ratio	48.2	45.9	44.1	44.1	47.8
<b>Asset Quality Ratios</b>					
Loan loss coverage <sup>1</sup>	113.8	123.7	141.5	105.9	101.4
Gross impaired loans ratio	2.1	2.5	1.9	2.3	2.0
Net impaired loans ratio	1.2	1.4	1.1	1.7	1.3
<b>Liquidity ratios</b>					
CASA ratio	41.6	41.9	48.9	47.0	37.4
Loan to Deposit ratio	97.1	96.5	95.9	91.0	90.2
Loan to Funds ratio	87.0	87.4	87.2	84.3	83.6
<b>Capital Adequacy Ratios</b>					
Common Equity Tier I ("CET I") capital ratio	12.91	14.49	15.96	16.22	13.83
Tier I capital ratio	13.62	15.34	16.87	17.17	14.59
Total capital ratio	17.20	19.37	20.99	21.57	18.90

<sup>1</sup> Including Regulatory Reserve provision

# 5-YEAR FINANCIAL HIGHLIGHTS



# PERFORMANCE REVIEW

## FINANCIAL REVIEW

### Performance Highlights in FY2024

In FY2024, Alliance Bank delivered its highest ever revenues and net profit after tax, while maintaining solid capital and liquidity positions; as our Acceler8 2027 initiatives gain traction.

The Group registered revenues of RM2.02 billion or a 5.2% increase YOY, driven by 4.1% growth in net interest income. Accordingly, our net interest margin was at 2.48%. Client-based fee income (excluding brokerage income) grew by RM60 million, driven by higher wealth management, foreign exchange sales and trade fees.

Our cost-to-income ratio stood at 48.2% as we continued our investments in IT and digital innovation to drive future growth.

Our pre-provision operating profit remained above RM1 billion for the third year running, while net profit after tax improved by 1.9% YOY to RM690.5 million. Meanwhile the Group's return on equity improved to 10.2%.

In FY2024, our loans growth surged by 13.6% YOY, more than twice the pace of the industry, driven by:

- ▶ SME loans growth of 15.8% YOY, mainly from the wholesale, manufacturing and business services sectors;
- ▶ Commercial loans growth of 13.8% YOY, due to higher loan utilisation;
- ▶ Consumer banking loans growth of 12.5% YOY, led by 21.7% growth in personal financing and 8.4% growth in mortgages; and
- ▶ Corporate banking loans growth of 13.0% YOY, due to focus on acquiring new corporate relationships.

Overall, the Bank's CASA ratio stood at 41.6% and remains one of the highest in the industry.

### Credit Management

In FY2024, the Bank's net credit cost improved YOY to 25.8 bps from 31.9 bps in the preceding year.

### Capital Retention

For the financial year in review, we maintained our robust capital and liquidity positions:

- ▶ Our liquidity coverage ratio stood at 156.8%;
- ▶ Our Common Equity Tier I ("CET I") ratio stood at 12.9%; and
- ▶ Our total capital ratio stood at 17.2%.

Summarised Income Statement	FY2024 RM million	FY2023 RM million	Growth RM million	Growth %
<b>Net Interest Income</b>	<b>1,309.6</b>	1,230.1	79.5	6.5%
<b>Islamic Banking Income</b>	<b>440.1</b>	452.8	(12.7)	-2.8%
Of which:				
<i>Net Profit Income</i>	410.5	422.6	(12.1)	-2.9%
<i>Other Operating Income</i>	29.6	30.2	(0.6)	-2.0%
<b>Other Operating Income</b>	<b>270.7</b>	236.9	33.8	14.3%
<b>Revenue</b>	<b>2,020.4</b>	1,919.8	100.6	5.2%
<b>Other Operating Expenses</b>	<b>(973.7)</b>	(881.4)	(92.3)	10.5%
<b>Pre-Provision Operating Profit</b>	<b>1,046.7</b>	1,038.4	8.3	0.8%
<b>Allowance for Loans &amp; Impairment</b>	<b>(135.4)</b>	(151.9)	16.5	-10.9%
<b>Share of Results of Joint Venture</b>	<b>-</b>	0.1	(0.1)	-100.0%
<b>Profit before Taxation</b>	<b>911.3</b>	886.6	24.7	2.8%
<b>Taxation</b>	<b>(220.8)</b>	(208.8)	(12.0)	5.8%
<b>Net Profit after Taxation</b>	<b>690.5</b>	677.8	12.7	1.9%

Summarised Balance Sheet	FY2024 RM million	FY2023 RM million	Growth RM million	Growth %
<b>Net Loans, Advances and Financing</b>	<b>54,720.8</b>	47,926.0	6,794.8	14.2%
<b>Investment and Dealing Securities</b>	<b>14,253.0</b>	12,148.1	2,104.9	17.3%
<b>Total Assets</b>	<b>76,946.1</b>	66,310.5	10,635.6	16.0%
<b>Deposits from Customers</b>	<b>57,397.5</b>	50,849.0	6,548.5	12.9%
of which: CASA	<b>23,864.4</b>	21,294.7	2,569.7	12.1%
<b>Shareholders' Funds</b>	<b>7,175.1</b>	6,746.6	428.5	6.4%

## PERFORMANCE REVIEW

## OPERATIONAL REVIEW: PERFORMANCE BY BUSINESS SEGMENTS

## CONSUMER BANKING

The Bank's consumer banking segment provides an extensive range of personal banking solutions to individual customers. Catering to our customers' diverse financial needs, we offer an array of products and services including deposits, loans, personal finance, credit cards, wealth management, structured investments, and retail bonds.



## FY2024 Performance Highlights

In FY2024, the consumer banking segment recorded total revenues of RM658 million, primarily due to higher net interest earnings. The gross loans and financing portfolio recorded strong growth of 12.5% YOY, reaching RM27 billion in FY2024. Consumer CASA ratio stood at 39.3%, continuing to surpass the industry average.

Our strategy to focus on acquiring clients in new segments such as the High Earners Not Rich Yet ("HENRYs") and the emerging affluent yielded positive results, with a 1.4-fold increase in new client acquisitions – accelerating from about 78,000 in FY2023 to 107,000 in FY2024. Notably, over 40% of these clients were acquired through digital channels.

Significant growth was seen in our digital acquisition this year:

- ▶ Approved over 56,000 new Virtual Credit Cards (with dynamic card number) since the launch in April 2023.
- ▶ Digital Personal Loans disbursement of almost RM300 million in FY2024, contributing about 20% of total new Personal Loans disbursed.
- ▶ New Digital SavePlus accounts growing by 1.7 times YOY, with over 30,000 new accounts in FY2024.
- ▶ Remote Wealth Investment product sales achieving YOY growth of 21% to RM93 million in FY2024 from RM77 million in FY2023.

Our Acceler8 transformation journey will enable the Bank to continue offering our customers faster, better, and more personalised solutions that meet their needs.

In line with our commitment to be a bank for the community, we intensified our customer engagement activities this financial year, particularly in the Northern and Southern regions, as well as East Malaysia. During FY2024, we opened two new branches: one located in Desa ParkCity, Kuala Lumpur, and another in Saradise, Kuching, with another scheduled to open in Jalan Kelawai, Penang.



## FY2025 Outlook

While we have prioritised digitalisation as part of our efforts to better serve our customers, we have also focused on building upon meaningful and relevant in-person interactions and relationships with the communities we serve. In view of this, we have been strengthening our omni-channel experience through our nationwide branches, relationship managers and self-service touchpoints.

The expansion of our branch network will help to further grow our on-ground presence in the market. With our brand refresh exercise, our branches are being progressively outfitted and energised to provide better personalised experiences to our customers as well as to reflect the Bank's refreshed image and new brand purpose.

Additionally, we are also on track in enhancing our IT infrastructure, current processes and overall capabilities in tailoring and delivering relevant products to meet our customers' needs.

## PERFORMANCE REVIEW

### BUSINESS BANKING

#### DIGITAL SME

Our Digital SME (“DSME”) segment embodies the Bank’s ambition to remain at the forefront of the industry by adopting an advanced digital strategy. It provides relevant and convenient digital solutions for small SMEs—a sector typically overlooked.

In a bid to boost growth and provide better service, DSME significantly expanded its cadre of digital relationship managers in FY2024. With surging demand for digital services, the expanded team seeks to refine customer support, enhance client connections, and drive business development.

**Why worry about queuing when everything can be done online?**

**Alliance Digital SME**

Collateral free financing up to **RM1,000,000**

- Rate as low as BLR+3.50% p.a.\*
- Only 1 document to apply\*
- No bank visits required\*
- No lock in period\*

**ALLIANCE BANK**

#### FY2024 Performance Highlights

In FY2024, DSME demonstrated robust growth in loans, alongside enhanced revenue and improved profitability. Since its inception over two years ago, the business has achieved more than RM389 million loan balances.

The expansion of DSME’s MSME portfolio was driven by leads generated through digital marketing efforts and strategic partnerships. To streamline the approval process and ensure efficiency, virtual site visits are arranged for shortlisted applications seeking financing up to RM500,000. We understand the distinct challenges faced by smaller businesses, such as restricted access to operational resources and skilled personnel. To address this, our BizSmart® Solution portal effectively offers our clients access to essential products and services, digital marketing tools and relevant logistics services.

#### Notable achievements in FY2024:

- ▶ Marking a first-of-its-kind collaboration, DSME joined forces with SOLV Malaysia to extend its outreach, aiding MSMEs in expediting their growth through a B2B supply chain financing programme that enables invoice financing up to RM200,000 via SOLV’s platform. This facilitates smoother cash flow and enables digital financing without necessitating a visit to a traditional bank branch.
- ▶ We partnered with CGC Digital to introduce the Alliance Digital SME Startup Financing programme. This initiative is designed to empower MSMEs which have a minimum of six months’ trading history and minimum revenue of RM5,000 per month to secure financing digitally. Echoing the simplicity of the existing digital loan processes, prospective borrowers are merely required to upload one document - the most recent six months’ bank statement - on the website to apply.
- ▶ We also introduced the Bank Statement Analyser (“BSA”), a tool aimed at improving our credit underwriting process. It features adaptive algorithms and analytics to increase operational efficiency, enabling quicker and more effective processing. The BSA is part of a strategic Proof-of-Concept project undertaken by the Bank, with the goal of continually refining our credit processes to make banking solutions quicker, more effective, and more tailored, ultimately expanding financial access for a wider range of MSMEs.
- ▶ In addition, we launched the eKYC solution for Business Current Accounts (“BCA”), enabling remote onboarding for sole proprietors and Sdn Bhd companies. This solution uses digital verification to make the account opening process more straightforward, providing our customers with convenience and efficiency.





## PERFORMANCE REVIEW

DSME's efforts and achievements have been widely recognised, leading to the receipt of 19 industry awards in the year under review.

### FY2025 Outlook

For FY2025, DSME will launch a fully integrated straight-through process (STP) lending platform. This innovation aims to significantly speed up business loan approvals, offering enhanced convenience to our customers. By removing manual steps and shortening processing times, the STP programme will give SMEs faster access to the funds they need to grow and achieve their goals. Furthermore, we are committed to promoting broader financial inclusion by extending our reach to more underserved MSMEs, employing alternative data in our underwriting process.

DSME is poised to maintain its growth trajectory, targeting a loan portfolio exceeding RM500 million by FY2025. In terms of new customers, DSME aims to contribute to approximately 30% of new business current account openings for the overall business banking segment by FY2027.

### SME & COMMERCIAL BANKING

The SME & Commercial Banking segment is a crucial component of the Bank's Acceler8 strategy. Through an array of financial solutions and services, we support businesses at every stage of their lifecycle. Our offerings span credit facilities, trade finance, foreign exchange, bancassurance, and transaction-related products, along with services extending beyond traditional banking such as financial education for SMEs, delivered in partnership with others.

### FY2024 Performance Highlights

In FY2024, Group SME and Commercial Banking delivered robust performance, growth and resilience amidst challenging market conditions.

The SME and Commercial Banking segment registered strong loans growth of 16% and 14% YOY, respectively, outpacing industry growth rates. This brought the total loans outstanding to RM14.7 billion and RM7.5 billion, respectively.

SME deposit balances grew 25% YOY to RM14.3 billion as we intensified our acquisition efforts, leveraging on digital marketing and our partner-in-sales programme on top of our existing sales channels. Our SME CASA ratio remained strong at 55.7%. Meanwhile, Commercial Banking deposit balances grew 29% YOY to RM5.1 billion, bringing our CASA ratio to 48.9%. More than 13,000 new-to-bank customers were on boarded in FY2024.

The results were also complemented by the strong collaborations with key notable partners including Credit Guarantee Corporation ("CGC"), Syarikat Jaminan Pembiayaan Perniagaan ("SJPP"), Sarawak Business Federation ("SBF"), Malaysia Association of Sustainable Supply Chain & Innovation ("MASSCI"), Machinery & Engineering Industries Federation ("MIEF"), and Small & Medium Enterprises Association ("SAMENTA") among others.

Alliance Bank's commitment to the SME segment has been acknowledged with several prestigious awards, including being named The Best SME Bank in Malaysia by The Digital Banker and The Asian Banker. We were also recognised as The Best Digital SME Bank in Malaysia by Alpha Southeast Asia for the fiscal year 2024.



## PERFORMANCE REVIEW

### FY2025 Outlook

Heading into FY2025, we will focus on accelerating our SME growth initiatives, boosting our fee-based income, and further improving our digital infrastructure to maximise revenue and enhance cost-efficiency and productivity.

- ▶ **Accelerating SME Growth:** Our focus remains on increasing customer acquisition through a variety of channels. We aim to boost sales effectiveness and efficiency while targeting specific sectors and regions. We will continue to refine our products, to better serve the dynamic needs of our SME and Commercial banking clients, including their sustainability endeavours.
- ▶ **Boosting Fee-based Income:** We continue to offer competitive FX, trade, and bancassurance products. Additionally, we will enhance our portfolio management strategies to drive fee income generation, for example through the Months-On-Book (MOB) initiative.
- ▶ **Advancing Digital Excellence:** The upgrade of our digital and technological platforms remains a key priority. This involves making the customer onboarding process more efficient, equipping Relationship Managers (RMs) with state-of-the-art tools for comprehensive customer support throughout their journey, and building trust and loyalty through customised engagement strategies. Furthermore, we will be re-engineering our business processes to quicken turnaround times (TAT) and deliver enhanced services.

By focusing on these key areas, we strive to become the preferred and trusted banking partner for businesses - helping them achieve their aspirations for success and growth.

### CORPORATE & TRANSACTION BANKING

The Corporate & Transaction Banking segment offers corporate and business clients a wide range of products and services including credit facilities, liquidity management, cash management and trade financing. We actively encourage the use of digital solutions among our business clients for greater convenience and to ensure that their business banking needs are met in a seamless manner.

### FY2024 Performance Highlights

#### Corporate Banking Performance

In FY2024, Group Corporate Banking registered total revenue growth of 14% YOY to RM203.7 million. Net interest income grew 4%, contributed to higher profit before tax of RM142.1 million.

Similarly, we recorded strong gross loans growth of 13% YOY to RM6.26 billion from RM5.54 billion in FY2023. Total deposits grew 17% YOY to RM10.0 billion primarily contributed by CASA. Our non-interest income rose by 72% to RM46.7 million on higher FX income, and loan processing fees as a result of enhancement to the Bank's structured finance capabilities.

Our focus on new client acquisition in the larger corporate segment resulted in increased loans booked for the year. We also focused on maximising the utilisation of working capital lines that the Bank had approved to our clients.

#### Transaction Banking Highlights

In FY2024, our new BizSmart® customers acquisition increased from about 11,500 in FY2023 to over 14,800, while the BizSmart® Mobile penetration among the customers increased significantly from 65% to 77%. Altogether, 52% of our trade finance submissions were completed digitally through BizSmart® eTrade, our online trade financing submission platform.

New business banking customers of Alliance Bank can now complete their electronic Know-Your-Customer ("eKYC") verification on BizSmart® Mobile after applying for their business account online. Meanwhile, existing sole proprietor clients can effortlessly download the BizSmart® Mobile app and sign up for Alliance BizSmart® within the app. Then, once approved by the bank, these clients will receive their unique User ID for immediate activation and use. This process eliminates the need for exhaustive document submission.

In addition, BizSmart® Mobile users can now log in and approve transactions on their mobile using Face ID or fingerprint technology. This not only provides a faster and more convenient user experience but also enables a secure alternative to prevent unauthorised access.

We have also introduced new mobile notifications to assist our users to keep abreast of their account activities and transaction status. Users can opt to receive notifications about their account balance at selected frequencies (daily, weekly, monthly).

## PERFORMANCE REVIEW

Our efforts to enhance customer experience and deploy continuous system enhancements have been recognised by the industry, with the acclamation of four awards in FY2024, namely Winner of Trade Finance Category at The Banker Transaction Banking Awards 2023, Winner of Most Innovative Brand at the BrandLaureate BestBrand Awards 2022 - 2023, Winner of Outstanding Use of Technology in Trade Finance at the Global Transaction Banking Innovation Awards 2023 and Highly Commended in Excellence in SME Banking at the Retail Banker International Asia Trailblazer Awards 2023.



### FY2025 Outlook

Moving forward, in line with our Acceler8 strategy, we shall drive greater synergies between our corporate and capital markets' teams. We will implement tighter joint account planning to serve our customers more holistically. Focus will also be placed on attracting new-to-bank corporate clients, leveraging our strategic alliances and offering unique value propositions, such as our ESG supply chain solutions. Additionally, we will intensify our focus in regions with strong market potential such as the Northern corridor of the Peninsular and in East Malaysia.

With Malaysian businesses relying more on mobile platforms for daily banking, our BizSmart® Mobile platform is poised to provide bank clients with swift and smooth experience. Our goal is for BizSmart® Mobile to become the one-stop 'Bank-In-Your-Pocket' for businesses in Malaysia.

### GROUP FINANCIAL MARKETS

Group Financial Markets operates under four main pillars: Funding and Investments, Trading, Client Based Servicing and Middle Office, and Asset Liability Management Support. The segment focuses on providing customers with foreign exchange, money market, hedging and investment solutions.

#### FY2024 Performance Highlights

In FY2024, global financial markets remained volatile due to inflationary concerns, interest rate hikes, and geopolitical conflicts and tensions. These conditions created opportunities as customers became more aware of the need to manage financial market risk such as foreign exchange and interest rates. Additionally, on the investments front, fluctuations in rates and volatilities opened up prospects for enhanced yield products, allowing sophisticated investors to achieve better returns. These factors contributed to the Bank's growth in client-based revenues.

For FY2024, Group Financial Markets recorded revenues of RM390 million.

#### Liquidity and Funding

During FY2024, we continued to see competition for deposits. Local deposit rates are closely aligned to the rates movement in the United States. The Klibor inched higher in anticipation of further hikes even as domestic inflation rates remained benign. Despite this, the Bank successfully preserved a healthy liquidity position. Throughout the year, our Liquidity Coverage Ratio and Net Stable Funding ratio consistently exceeded the regulatory minimum of 100%. Additionally, our loan-to-fund ratio remained below 90%.

### FY2025 Outlook

We anticipate FY2025 will continue to be a volatile year. Although global interest rates are expected to have reached an inflection point, predicting when global interest rates will start to fall is highly uncertain.

A potential improvement in China's economy is likely to bolster the strength of the Ringgit. However, with geo-political tensions showing no signs of tapering out, a risk-averse posture is expected to prevail in the market.

While we expect the year to be volatile, this environment should present opportunities for both the Bank and our customers. We anticipate the cost of funding to be more manageable as we aim to optimise and balance growth of assets to match liabilities.

## PERFORMANCE REVIEW

### ISLAMIC BANKING

Alliance Islamic Bank (“AIS”) offers a wide range of shariah-compliant financing, deposits and transaction services to individuals and businesses. AIS is also one of the few domestic Islamic banks with a full suite of in-house capabilities, including comprehensive corporate and capital markets solutions, to serve business clients.

#### FY2024 Performance Highlights

In FY2024, AIS posted net profit after tax of RM161.8 million, 0.3% lower YOY. AIS also recorded total revenues of RM436.1 million or 0.7% lower YOY, caused by lower net financing income which was attributed by higher Cost of Funds driven by intense competition for deposits. Accordingly, the net profit margin was at 2.46%. AIS’ Other Operating Income grew by RM6.5 million representing growth of 25.7% YOY, driven mainly by corporate advisory fees, trade fees and takaful. Meanwhile, AIS’ credit cost improved by 27.6 bps to 29.2 bps, aligning closer to the Group’s credit cost position.

AIS posted a return on equity of 11.8% compared to 12.9% in the last financial year. Financing and advances grew by 10.7% YOY to RM13.8 billion, primarily driven by Personal (+24.5%) and SME (+24.4%) financing. CASA balance stood at RM4.973 billion, an increase of 5.6% YOY, as we continue to maintain a higher than industry CASA ratio of 32.9%.

#### Halal in One

The Halal in One (“HiO”) programme, AIS’ flagship programme that assists business owners venturing into the halal industry, remains a strong contributor for financing growth, revenue and new-to-bank customers. HiO provided more than RM900 million in financing to more than 180 SMEs in the year under review, exceeding the target of RM650 million.

In FY2024, we reached more than 3,500 businesses in multiple industries via on-ground events, trade shows, partner referrals and sales campaigns. More than 100 SMEs were engaged via our partner, Halal Development Corporation. Going forward, we will continue to explore opportunities to better serve our customers and onboard new partners to strengthen our offerings further.

#### Capital Markets

The transfer of the capital markets business from Alliance Investment Bank Berhad to AIS on 31 March 2022 made AIS one of the few local Islamic banks with in-house capability to serve business clients with comprehensive corporate and capital markets solutions. To date, AIS has listed four companies on Bursa Malaysia, raising funds of RM144.5 million of which two companies saw an over-subscription of above 63 times on their respective debuts. In FY2024, Islamic Capital Markets contributed 29% of AIS’ Other Operating Income.

#### Zakat Microfinancing Programme (“AZAM”)

The Alliance Islamic Bank Zakat Microfinancing Programme (“AZAM”), launched in December 2023, is Malaysia’s first Islamic social funding programme that utilises *zakat wakalah* to uplift *asnaf* (underprivileged) micro-entrepreneurs. The programme promotes financial inclusion and equitable development through the provision of accessible and affordable financing opportunities.

AZAM adopts an innovative approach in the distribution of *zakat* and targets eligible *asnaf* micro-entrepreneurs. *Zakat* funds are disbursed as small-ticket financing in accordance with the Qard concept (loan without interest or profit). Repayments are then channelled into the pool, simultaneously expanding the programme’s impact by supporting more qualified *asnaf* entrepreneurs and ensuring the sustainability of *zakat* funds.

To ensure the smooth running of the programme, AIS partnered with Amanah Ikhtiar Malaysia (“AIM”) to oversee several aspects of AZAM, including screening of beneficiaries and providing the infrastructure for fund disbursement and collection, while Lembaga Zakat Selangor verifies the *asnaf* beneficiaries. A total of RM225,000 *zakat wakalah* was allocated through a revolving fund to benefit an initial 45 *asnaf* micro-entrepreneurs. Eligible *asnaf* micro-entrepreneurs who require working capital or capital expenditure support can access up to RM5,000 in *zakat* microfinancing funds.

The Bank is targeting to disburse another RM225,000 *zakat wakalah* for 45 new recipients by Q1 FY2025.



## PERFORMANCE REVIEW

### FY2025 Outlook

We project overall banking industry financing to continue to expand in FY2025, with Islamic banks expected to outpace the growth of conventional banks.

With the advent of digital Islamic banks and the strong presence of Islamic FinTech companies in Malaysia, we expect to see intensified competition in certain product segments such as deposits and personal financing. As such, we will continue to expand our distinctive value propositions, such as the flagship HiO programme, to accelerate our growth.

In addition, we will continue to pursue growth from the capital markets business. Advisory deal activity is anticipated to pick up as companies seek to capture growth and increase investments, particularly in infrastructure development and refinancing. AIS will continue to focus on building healthy deal pipelines and align with the ESG efforts of the Banking Group, whilst ensuring operational and cost efficiency.

### RISK AND COMPLIANCE

The Bank has established a comprehensive and robust system of risk management and internal controls that ensure risks are managed within an acceptable tolerance limit. We also have in place an ongoing process to identify, evaluate, and manage current and emerging risks.

Our Risk Management Framework facilitates the identification, evaluation and management of risks affecting the Bank. These includes credit risk, sustainability risk, liquidity risk, market risk, operational risk, technology risk and Shariah non-compliance risk, amongst others.



*The finer details of the Bank's risk and risk mitigation strategies can be found in the Statement on Risk Management and Internal Control on pages 186 to 187 and the Risk Management report on pages 188 to 195 of this Annual Report.*



*For the details of the developments on the corporate governance front, please refer to the Corporate Governance Overview Statement on pages 147 to 185 of this Annual Report.*

### OUTLOOK AND STRATEGIC PRIORITIES

Malaysia's economy remains on a healthy growth trajectory as domestic demand is likely to stay resilient with sustained consumer spending and stronger investment activities. Its sound fundamentals and diversified economic structure, coupled with renewed government focus to spur higher economic growth will help ensure Malaysia's economic trajectory stays intact. The Ministry of Finance projects that economic growth will come in between 4% and 5% YOY in 2024.

Nevertheless, we are mindful that the overall recovery has been uneven and there remain pockets of stress in selected sectors. In addition, we remain cautious of downside risks to growth stemming from external uncertainties such as escalating geopolitical tensions.

### Alliance Bank's Acceler8 Goals

**Profitability and performance  
(Top quartile ROE in industry)**

**Becoming the prominent employer of choice**

**Superior customer service**

**Differentiated ESG solutions provider**

**Next-generation innovative and personalised customer offerings**

The Group expects to continue its strong financial performance going into FY2025 and remains on track in fulfilling its growth ambitions under Acceler8 to drive higher performance and broad-based growth.

## PERFORMANCE REVIEW

### Key initiatives by the Bank in FY2025

<p>Continuing Momentum in Customer Acquisition</p>	<p>We will continue to drive our new-to-bank acquisition momentum by scaling our digital channels, tapping into partnerships, driving higher productivity, and enhancing our branch network.</p>
<p>Deepening of Client Wallet Share</p>	<p>We will also focus on deepening our client wallet share through structured customer engagement and the introduction of new products and services. For example, in Consumer Banking, we will be launching new propositions such as the Virtual Debit Card, multi-currency accounts and other high-net-worth propositions. For SME, we will be focusing on key sectors such as manufacturing and wholesale with key solutions for trade, foreign exchange and insurance. In addition, we will continue to maximise the linkages and collaboration across business units to serve our customers more holistically.</p>
<p>Strengthening Islamic Banking Propositions to Drive Incremental Growth for The Franchise</p>	<p>In FY2025, we aim to scale up differentiated Islamic banking solutions such as Halal in One and other similar programmes to accelerate growth.</p>

With prudent loans growth above the industry average, robust credit risk management, strong deposit/CASA propositions and increased investments in technology, the Group aims to continue its market share expansion in FY2025.

# FINANCIAL CALENDAR

## FOR FINANCIAL YEAR ENDED 31 MARCH 2024

### Announcement of Financial Results

**First Financial Quarter  
ended 30 June 2023**

▼  
29 August 2023

**Second Financial Quarter  
ended 30 September 2023**

▼  
30 November 2023

**Third Financial Quarter  
ended 31 December 2023**

▼  
27 February 2024

**Fourth Financial Quarter  
ended 31 March 2024**

▼  
30 May 2024

### Dividends

#### First interim single tier dividend of 10.85 sen per share

Ex-Dividend Date

▼  
14 December 2023

Entitlement Date

▼  
15 December 2023

Payment Date

▼  
28 December 2023

#### Second interim single tier dividend of 11.45 sen per share

Ex-Dividend Date

▼  
14 June 2024

Entitlement Date

▼  
18 June 2024

Payment Date

▼  
28 June 2024

Notice of 42<sup>nd</sup> Annual General Meeting

▼  
1 July 2024

42<sup>nd</sup> Annual General Meeting

▼  
31 July 2024

# OUR VALUE CREATION BUSINESS MODEL

## VISION | The Preferred Banking Partner

### OUR CAPITALS

**Financial Capital**

- RM57.4 billion deposits from customers.
- RM7.2 billion Shareholders' Equity.
- Healthy funding position with liquidity coverage ratio at 156.8%.
- Common Equity Tier I Ratio of 12.9%, Tier-1 Capital Ratio of 13.6%, and Total Capital Ratio of 17.2%.

**Manufactured Capital**

- 80 branches across Malaysia.
- Practices a customer-first, agile approach to digital innovation, transformation, and marketing.
- Offers a broad range of innovative digital solutions to deliver fast, simple, and convenient banking services.

**Intellectual Capital**

- Demonstrate positive growth and strive to be a community-centric organisation.
- Deliver fast best in class service, convenient and personalised solutions to meet our customers' need.

**Human Capital**

- An equal opportunity employer with a diverse workforce of close to 4,000 employees; over half of the workforce are women.
- Invested over RM7 million in employee development initiatives; average learning hours per employee is 37 hours during the year.
- We encourage a culture of continuous learning, and we are committed to equipping our employees and providing them with opportunities for growth and career progression in support of their professional goals.

**Social and Relationship Capital**

- Collaborated with strategic partners to help businesses transform to be more sustainable.
- Empowered SMEs and communities through various initiatives such as:
  - Sustainability Impact Programme ("SIP"), earlier run as Sustainability Assistance Programme, to support businesses in their transition towards more sustainable practices.
  - #SupportLokal initiative to help local businesses widen their customer reach by taking their businesses online.
  - Halal in One Programme to help businesses to acquire Halal certification affordably and efficiently whilst expanding their customer reach within the halal segment.
  - Economic Empowerment Programme ("EEP") 3.0, a focused programme aimed at helping existing entrepreneurs amongst the *asnaf* community scale their businesses in terms of revenue, reach and operations, thus putting them on a trajectory to become sustainable and resilient entrepreneurs of tomorrow.
  - SocioBiz, a social crowdfunding platform to raise funds for disadvantaged individuals and social enterprises.
  - Alliance Islamic Bank's Zakat Microfinancing Programme ("AZAM") in partnership with Amanah Ikhtiar Malaysia, Malaysia's pioneering Islamic social finance programme that utilises *zakat wakalah* to help fund eligible *asnaf* micro-entrepreneurs in the country.

### Our Business Activities

- Consumer Banking
- SME & Commercial Banking
- Digital SME Banking
- Corporate & Transaction Banking
- Financial Markets
- Islamic Banking

### Our Material Matters

#### Economic/Governance

- Customer Data Privacy
- Customer Experience
- Digitalisation
- Economic Performance
- Ethics and Compliance
- Sustainable and Responsible Financing
- Sustainable Procurement

#### Environmental

- Conserving the Environment
- Climate Change

#### Social

- Corporate Social Responsibility
- Diversity, Equity, and Inclusion
- Employee Engagement, Health, Safety, and Well-being
- Financial Inclusion
- Talent Management

### Our Stakeholders

- Government, Policymakers, Regulators, Shareholders, Investors
- Customers
- Communities
- Employees
- Suppliers, Vendors
- Business Partners

### Our Risk Management

- Credit Risk
- Market Risk
- Funding & Liquidity Risk
- Model Risk
- Operational Risk
- Technology Risk
- Sustainability Risk
- Reputational Risk
- Regulatory
- Non-Compliance Risk
- Shariah
- Non-Compliance Risk
- Strategic Risk
- Pandemic Risk
- Emerging/Evolving Risk

## OUR BRAND PURPOSE | The Bank For Life



# OUR VALUE CREATION BUSINESS MODEL

**MISSION** | Building Alliances to Improve Lives



Top Quartile Return on Equity

Superior Customer Service

Prominent Employer of Choice

Solid ESG Progress

### Our Growth Opportunities

- Continue velocity on **SME expansion strategy**
- Support our **business customers through their life cycle**
- **Broaden consumer business**, targeting attractive segments
- Target resilient **ecosystems** across their value chain
- Become **regional champion** for selected economic corridors
- **Drive synergies** and value creation in our **corporate & capital markets business**
- **Accelerate Islamic business**, leveraging unique propositions
- **Leverage partnerships to scale** product offering, distribution and drive value

### Our Key Enablers

- Drive **talent & culture** transformation
- Refine **credit** approach
- Refresh **branding & communication**
- Accelerate **IT transformation**
- Enhance **audit, risk & compliance**
- Revitalise **branch & improve customer service**
- **Streamline execution** via **transformation office**
- Build an **ESG-focused** organisation

### Our Key Differentiators

Speed

Service

Personalisation

### OUTPUTS AND OUTCOMES

#### Financial Capital

- Revenue grew 5.2% to RM2.02 billion.
- Net interest income improved 4.1% YOY.
- Loans grew 13.6% YOY.
- CASA ratio at 41.6%, remains one of the highest in the industry.
- Net profit after tax improved 1.9% YOY to RM690.5 million.
- Return on equity at 10.2%.
- Earnings per share of 44.6 sen.
- Net asset value per share at RM4.63.

#### Manufactured Capital

- Acquired 119,000 NTB customers, an increase of 34% YOY.
- Acquired an additional 9,400 new business owners with dual personal and business relationships.
- Enhanced our suite of innovative digital solutions:
  - Introduced Bank Statement Analyser (“BSA”) to improve our SME credit and underwriting.
  - Launched eKYC solution for Business Current Account (“BCA”) to enable remote onboarding of sole proprietors and Sdn. Bhd. entities.
  - Introduced first in ASEAN Virtual Credit Card with a Dynamic Card Number feature which generates a randomised one-time-use only 16-digit number for every digital transaction.
- High penetration of digital transaction platforms:
  - Digital channels contributed close to 41% of our consumer banking NTB acquisitions.
  - Digital Personal Loans disbursement of RM294 million in FY2024, contributed 20% of total new personal loans business.
  - New Digital SavePlus accounts grew by 1.7 times YOY with over 30,900 new accounts in FY2024.
  - Digital transactions made up 81% of total customer transactions.

#### Intellectual Capital

- High customer Net Promoter Score (“NPS”).
- Launched Alliance Customer Promise and strive to deliver high quality products, services and experiences to our customers.
- Won over 40 awards for digitalisation efforts and innovative propositions in supporting consumers and businesses.

#### Human Capital

- High retention rate of high performers.
- Employee satisfaction feedback recorded higher than industry and global high-performing norms in the following areas:
  - Sustainable Engagement index at 90%.
  - Well-being index at 89%.
  - Communication index at 89%.
  - Career Development at 89%.
  - Diversity, Equity, and Inclusion at 91%.
- Won the Gold award for “Excellence in HR Innovation” by the Human Resources Excellence Award 2023.
- Won the Bronze award for “Best Recruitment Referral System” by the Employee Experience Awards 2023.
- Ranked 10th in Malaysia’s Top 100 Leading Graduates Employers 2023.

#### Social & Relationship Capital

- Achieved RM12.6 billion in cumulative new sustainable banking business since FY2022.
- Provided business support via BizSmart® Solution, #SupportLokal and Halal in One Programme.
- Sustainability Impact Programme (“SIP”) provided more than RM420 million in financing for businesses and green solutions.
- SIP won four awards, including achieving the global Gold Award in the SME Partnership of the Year category at the Gorus SME Banking Awards 2024.
- 3-year exclusive partnership with UNGCMYB on climate action selected as an early adopter in Bursa’s Centralised Sustainability Intelligence (“CSI”) platform and sole bank that signed a MOU with InvestSarawak to enhance sustainability levels of SMEs in the State.
- The Halal in One Programme provided close to RM900 million in financing to SMEs.
- EEP 3.0 onboarded another 50 participants for entrepreneurship upskilling, with a total of 173 participants inducted into the Programme since its inception in December 2020.
- SocioBiz garnered RM235,000 through four crowdfunding campaigns, consequently benefiting 535 underserved and B40 recipients.
- AZAM allocated RM225,000 zakat wakalah funds to support 45 asnaf micro entrepreneurs.

















Accountability | Growth-driven | Integrity | Leadership | Excellence | Our Values

# KEY STAKEHOLDER ENGAGEMENT

Open and transparent communication with stakeholders is a fundamental component of Alliance Bank’s value creation strategy. As our business landscape evolves, so does the importance of understanding and addressing the needs of those impacted by our activities. We define our stakeholders broadly, encompassing individuals or interest groups who influence or are influenced by Alliance Bank’s presence and operations. We highly value their perspectives, recognising them as critical resources in determining the most material environmental, social, and governance (ESG) issues, alongside economic considerations.

To foster an inclusive and responsive environment, we actively engage our stakeholders through diverse channels to keep them informed about our corporate developments, business direction, and sustainability initiatives. Additionally, we actively seek their feedback to continuously improve our efforts.

The following outlines our key stakeholders, prioritised based on relative importance, their interests, and concerns linked to our approach in addressing their expectations, including the mode and frequency of our engagement efforts. This commitment to transparent communication strengthens our relationships and builds trust, ultimately contributing to long-term value creation for Alliance Bank and our stakeholders.

 Ongoing  As and when needed  Annually  Quarterly  Biannually  Monthly			
Interests and Concerns	Addressing Stakeholder Expectations	Mode of Engagement (Frequency of Engagement)	Relevant Material Matters
<b>Government, Policymakers, Regulators</b>			
<ul style="list-style-type: none"> <li>Compliance with regulatory requirements</li> <li>Adherence to applicable laws</li> <li>Regulatory reporting</li> <li>Engagement programme</li> </ul>	<ul style="list-style-type: none"> <li>Establishing a robust compliance system that is continuously reviewed and enhanced to ensure compliance with regulatory requirements.</li> <li>Staying updated on changes in rules and regulations.</li> <li>Providing necessary reports and information on a timely manner.</li> <li>Actively participating and contributing to programmes initiated by the government, policymakers, and regulators, such as the Joint Committee on Climate Change (“JC3”), Association of Banks in Malaysia (“ABM”) ESG Committee.</li> </ul>	<ul style="list-style-type: none"> <li>Dialogues </li> <li>Conferences </li> <li>Periodic regulatory reporting </li> <li>Participation in industry and regulatory initiatives </li> </ul>	<ul style="list-style-type: none"> <li>Ethics and Compliance</li> <li>Economic Performance</li> <li>Climate Change</li> </ul>
<b>Shareholders, Investors</b>			
<ul style="list-style-type: none"> <li>Governance</li> <li>Growth strategy</li> <li>Risk management</li> <li>Accurate and comprehensive disclosures</li> <li>Regular communication</li> </ul>	<ul style="list-style-type: none"> <li>Pursuing balanced, sustainable growth through strategic plans to ensure the Bank remains competitive and safe.</li> <li>Focusing on strong risk management to maintain a healthy capital position and actively manage liquidity to sustain financial viability.</li> <li>Providing timely and comprehensive updates and disclosures on performance, strategic progress, and significant corporate milestones</li> <li>Maintaining active engagement with shareholders and investors.</li> </ul>	<ul style="list-style-type: none"> <li>Annual General Meeting </li> <li>Analyst briefings </li> <li>Special briefings </li> <li>One-on-one and group investor meetings with the management and investor relations team </li> <li>The Bank’s corporate website </li> </ul>	<ul style="list-style-type: none"> <li>Economic Performance</li> <li>Sustainable and Responsible Financing</li> <li>Ethics and Compliance</li> <li>Climate Change</li> </ul>
<b>Employees</b>			
<ul style="list-style-type: none"> <li>Corporate developments, business direction, and sustainability initiatives</li> <li>Talent development</li> <li>Career development</li> <li>Employee health, safety, and well-being</li> <li>Talent attraction and retention</li> </ul>	<ul style="list-style-type: none"> <li>Advocating open and transparent communication through ongoing conversations, discussions or meetings.</li> <li>Promoting a culture of appreciation through half-yearly Voice of Employee surveys, Alliance Heroes, and ManCo Appreciates You initiatives.</li> <li>Nurturing talent pipelines through offering various career development programmes for professional growth.</li> <li>Organising employee engagement and well-being initiatives through the Sports Club, Employee Engagement Committees, and Fit@Alliance.</li> <li>Attracting and retaining talent by cultivating a committed workforce through refreshed Employee Value Proposition and Employer Branding.</li> </ul>	<ul style="list-style-type: none"> <li>inAlliance intranet portal </li> <li>Employee surveys </li> <li>Department meetings </li> <li>Townhalls </li> <li>Training sessions </li> <li>Mentoring programmes </li> <li>Rewards and recognition programmes </li> <li>Social activities </li> </ul>	<ul style="list-style-type: none"> <li>Ethics and Compliance</li> <li>Talent Management</li> <li>Employee Engagement, Health, Safety, and Well-being</li> <li>Diversity, Equity, and Inclusion</li> </ul>

## KEY STAKEHOLDER ENGAGEMENT

Interests and Concerns	Addressing Stakeholder Expectations	Mode of Engagement (Frequency of Engagement)	Relevant Material Matters
<div style="display: flex; align-items: center;"> <b>Customers</b> </div>			
<ul style="list-style-type: none"> <li>Fairness and transparency</li> <li>Ability to support and meet financial needs</li> <li>Progressive advancement in products and solutions relevant to needs</li> <li>Superior customer service</li> </ul>	<ul style="list-style-type: none"> <li>Leveraging the new transformation strategy, Acceler8, focusing on good advice and relevant solutions to meet customers' evolving needs.</li> <li>Ensuring continuous focus on introducing and enhancing the Bank's products and solutions to deliver innovative solutions that are simple and timely.</li> </ul>	<ul style="list-style-type: none"> <li>Physical branches</li> <li>Market research</li> <li>Networking events</li> <li>The Bank's corporate website </li> <li>The Bank's social media channels</li> <li>Net Promoter Score ("NPS") Surveys</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable and Responsible Financing</li> <li>Customer Experience</li> <li>Customer Data Privacy</li> <li>Digitalisation</li> </ul>
<div style="display: flex; align-items: center;"> <b>Business Partners</b> </div>			
<ul style="list-style-type: none"> <li>SME sustainability adoption</li> <li>Preferential green financing offerings to drive adoption and uptake of sustainability solutions</li> <li>Joint advocacy initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Developing the Sustainability Impact Programme ("SIP") to provide thought leadership, advisory and beyond banking solutions to the business community.</li> <li>Sponsoring the development of a SME climate assessment tool and SME climate action plan launched as "PROGRESS" (PROmoting Green REsilient &amp; Sustainable SMEs).</li> <li>Offering preferential financing and green solutions.</li> <li>Supporting and providing resources to partners for their awareness programmes and client engagements.</li> </ul>	<ul style="list-style-type: none"> <li>Physical meetings </li> <li>Events (webinars, panel discussions, green exhibitions) </li> <li>Social media channels </li> <li>The Bank's corporate website </li> <li>Speaking engagements </li> </ul>	<ul style="list-style-type: none"> <li>Economic Performance</li> <li>Sustainable and Responsible Financing</li> <li>Climate Change</li> </ul>
<div style="display: flex; align-items: center;"> <b>Suppliers, Vendors</b> </div>			
<ul style="list-style-type: none"> <li>Fair and transparent procurement practices</li> <li>Sustainable supply chain</li> <li>Environmental and social responsibility</li> </ul>	<ul style="list-style-type: none"> <li>Ensuring fair treatment of vendors and suppliers by enforcing the Bank's Procurement Policy and Standard Operating Procedures while making purchasing decisions.</li> <li>Adoption of best governance (including risk management and compliance), environmental, and social practices in our supply chain via the ESG Procurement Sustainable Assessment Questionnaire ("SAQ").</li> </ul>	<ul style="list-style-type: none"> <li>The Bank's e-Procurement System </li> <li>The Bank's corporate website </li> <li>Suppliers briefings </li> </ul>	<ul style="list-style-type: none"> <li>Sustainable Procurement</li> <li>Climate Change</li> <li>Conserving the Environment</li> </ul>
<div style="display: flex; align-items: center;"> <b>Communities</b> </div>			
<ul style="list-style-type: none"> <li>Community development</li> <li>Platforms for young environmental and social entrepreneurs</li> <li>Gender equity</li> <li>Economic empowerment</li> </ul>	<ul style="list-style-type: none"> <li>Collaborating with strategic partners to advocate economic empowerment .</li> <li>Promoting environmental preservation and social businesses, especially to the young generation and university students.</li> <li>Promoting women empowerment, diversity and equity.</li> <li>Promoting volunteerism for the Bank's employees through community engagements.</li> <li>Conducting initiatives to reduce hunger.</li> <li>Providing financial assistance through SocioBiz crowdfunding platform and zakat.</li> </ul>	<ul style="list-style-type: none"> <li>Community programmes</li> <li>The Bank's corporate website</li> <li>The Bank's social media channel </li> <li>Collaboration with NGO partners</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Social Responsibility</li> <li>Financial Inclusion</li> </ul>




# MATERIAL MATTERS

As Alliance Bank endeavours to fulfill its Brand Purpose as “The Bank For Life”, we conduct our business in a manner that aligns our long-term aspirations with the best interest of our stakeholders. Central to this approach is the management and reporting of our material matters, which encompasses the essential topics and aspects that significantly influence our value creation process.

In determining our material matters, we undertake a comprehensive materiality assessment that takes into account our sustainability impacts, market trends, and insights from various stakeholders. In FY2024, Alliance Bank underwent a materiality assessment involving both internal and external stakeholders through online surveys and focus group discussions. This was to obtain pertinent insights on the importance of each material matter to our stakeholders, as well as understand the current and potential impacts of these material matters to the economy, environment, and society.

The materiality assessment for FY2024 followed the methodology outlined below:

## Materiality Assessment Methodology

 <b>Identification</b>	 <b>Prioritisation</b>	 <b>Validation</b>
<ul style="list-style-type: none"> <li>Conducted benchmarking against peers’ material matters considering GRI Standards 2021, Bursa Malaysia’s Sustainability Reporting Guide 3<sup>rd</sup> Edition and the current landscape of the banking industry</li> <li>Facilitated focus group discussions with external stakeholders to understand their interests and concerns</li> <li>Created an inventory of material matters based on severity and likelihood through online surveys for internal and external stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Prioritised material matters according to their impact on the Bank and their importance to each key stakeholder group</li> </ul>	<ul style="list-style-type: none"> <li>Validated the outcome of the materiality assessment with the Group Management Committee (“GMC”) and Group Sustainability Committee (“GSC”)</li> <li>We will review and refresh the material topics periodically</li> </ul>

As a result of our comprehensive materiality assessment, we have identified 14 material matters that are crucial to be managed and reported.








OUR IDENTIFIED MATERIAL MATTERS		
Economic/Governance	Environmental	Social
<ul style="list-style-type: none"> <li>Customer Data Privacy</li> <li>Customer Experience</li> <li>Digitalisation</li> <li>Economic Performance</li> <li>Ethics and Compliance</li> <li>Sustainable and Responsible Financing</li> <li>Sustainable Procurement</li> </ul>	<ul style="list-style-type: none"> <li>Climate Change</li> <li>Conserving the Environment</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Social Responsibility</li> <li>Diversity, Equity, and Inclusion</li> <li>Employee Engagement, Health, Safety, and Well-being</li> <li>Financial Inclusion</li> <li>Talent Management</li> </ul>

# MATERIAL MATTERS

## The Bank’s Material Sustainability Matters

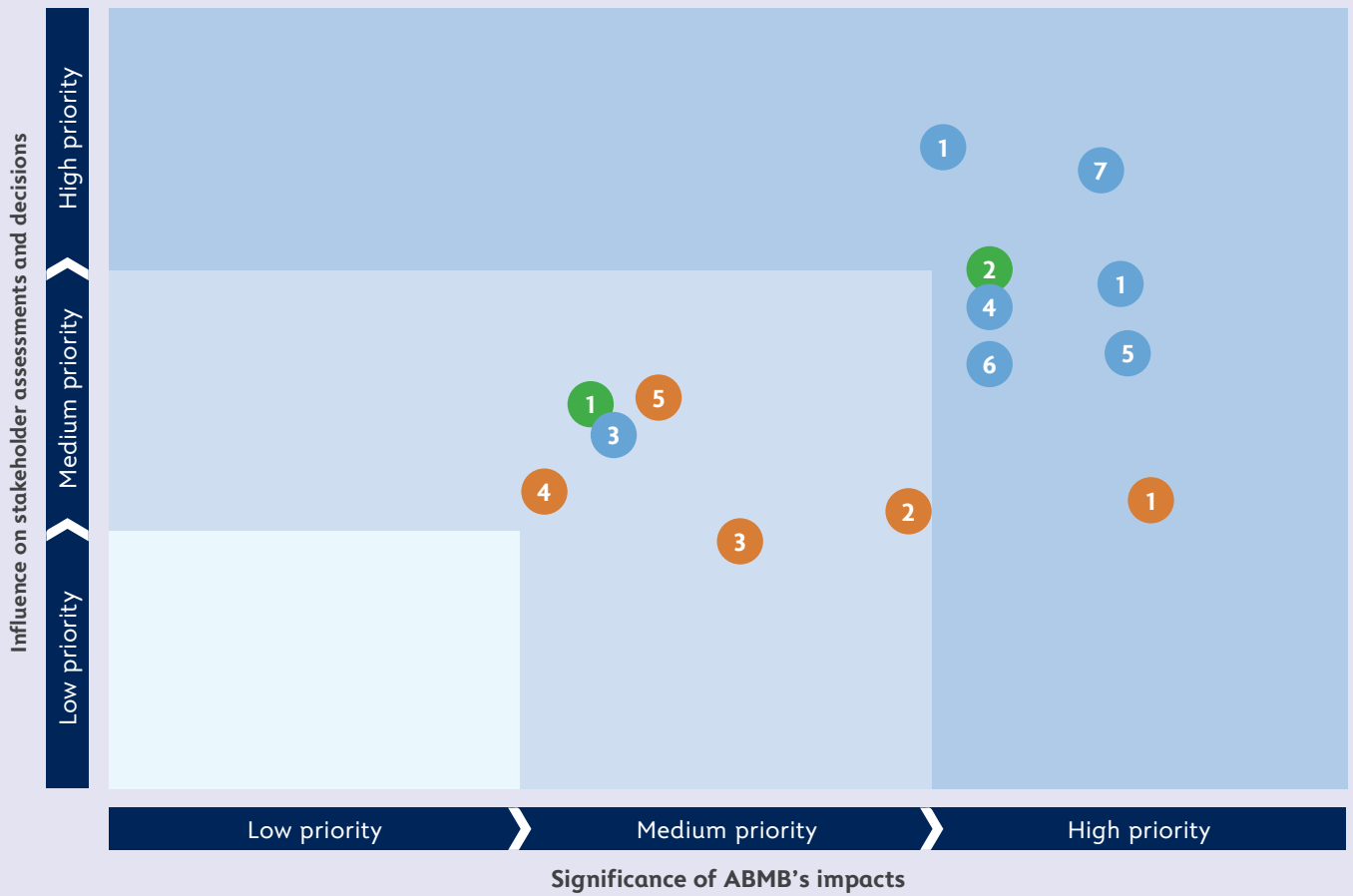
Material Matters	Definitions	Related UNSDGs
<b>Economic/Governance</b>		
<b>Customer Data Privacy</b>	<ul style="list-style-type: none"> <li>Protecting personal and confidential customer data from unauthorised access or attacks that aim to exploit the information</li> </ul>	 
<b>Customer Experience</b>	<ul style="list-style-type: none"> <li>Improving customer relationships to meet or exceed their demands and preferences while building trust with customers</li> </ul>	
<b>Digitalisation</b>	<ul style="list-style-type: none"> <li>Offering new mediums to improve efficiency and productivity of business processes as well as product offerings</li> </ul>	
<b>Economic Performance</b>	<ul style="list-style-type: none"> <li>Generating sustainable economic value and creating wealth for stakeholders to ensure the Bank’s long-term sustainability</li> </ul>	
<b>Ethics and Compliance</b>	<ul style="list-style-type: none"> <li>Conducting business ethically (for example anti-corruption, anti-money laundering, code of conduct, code of ethics) while complying with legal and operational core regulations</li> </ul>	
<b>Sustainable and Responsible Financing</b>	<ul style="list-style-type: none"> <li>Identifying and incorporating sustainability considerations into our business strategy, financing products, and services to generate long-term value for stakeholders and contribute towards a just, inclusive, and environmentally sustainable economy; and</li> <li>Delivering tailored solutions to customers to facilitate the effective adoption and adaptation towards sustainable business practices and lifestyles</li> </ul>	     
<b>Sustainable Procurement</b>	<ul style="list-style-type: none"> <li>Ensuring our procurement practices are fair, transparent and ethical;</li> <li>Strengthening our support of local suppliers; and</li> <li>Ensuring a sustainable supply chain through inclusion of environmental and human rights considerations</li> </ul>	 

# MATERIAL MATTERS

Material Matters	Definitions	Related UNSDGs
<b>Environmental</b>		
<b>Climate Change</b>	<ul style="list-style-type: none"> <li>Managing the Bank’s climate-related risks and opportunities;</li> <li>Supporting the Bank’s clients as they transition towards a low-carbon economy; and</li> <li>Ensuring effective energy and emissions management within our business operations</li> </ul>	
<b>Conserving the Environment</b>	<ul style="list-style-type: none"> <li>Implementing measures to minimise environmental impact through water, waste, and biodiversity management and other initiatives in order to manage the Bank’s environmental footprint. This includes the Bank’s practices for environmental risk assessments for business transactions and financing activities</li> </ul>	
<b>Social</b>		
<b>Corporate Social Responsibility</b>	<ul style="list-style-type: none"> <li>Enriching lives through corporate social responsibility (“CSR”) activities and community engagement efforts to influence positive societal change</li> </ul>	
<b>Diversity, Equity and Inclusion</b>	<ul style="list-style-type: none"> <li>Providing equitable treatment to all employees while maintaining a diverse and inclusive workforce to improve productivity</li> </ul>	
<b>Employee Engagement, Health, Safety and Well-being</b>	<ul style="list-style-type: none"> <li>Creating a conducive working environment through continuous employee engagement, communication of employee welfare and benefits, as well as protection of human rights, health and safety</li> </ul>	
<b>Financial Inclusion</b>	<ul style="list-style-type: none"> <li>Ensuring access to financial services and fostering economic empowerment among underserved communities</li> </ul>	
<b>Talent Management</b>	<ul style="list-style-type: none"> <li>Equipping our employees and providing them with opportunities for growth and career progression in support of their professional goals, which includes learning, training and personal development</li> </ul>	

# MATERIAL MATTERS

Our materiality assessment results are presented in the following Materiality Matrix:



Legend: ● Economic/Governance ● Environmental ● Social

Economic/Governance	
1	Economic Performance
2	Ethics and Compliance
3	Sustainable Procurement
4	Sustainable and Responsible Financing
5	Digitalisation
6	Customer Experience
7	Customer Data Privacy

Environmental	
1	Conserving the Environment
2	Climate Change
Social	
1	Talent Management
2	Employee Engagement, Health, Safety and Well-being
3	Diversity, Equity and Inclusion
4	Corporate Social Responsibility
5	Financial Inclusion

## MATERIAL MATTERS

### Key Observations

The materiality matrix reflects the prioritisation of the 14 material matters according to their impact on the Bank and their importance to each key stakeholder group. To further reflect our commitment to becoming an ESG-driven organisation, strategic updates, and enhancements have been made to our list of material matters. Key updates are as follows:

Sustainable and Responsible Financing	Financial Inclusion
<p>Merged “Product Stewardship” and “Responsible Lending” into a single material matter to emphasise our aim to transition to more sustainable business practices and lifestyles in line with moving towards a just and low carbon economy, and to provide financing opportunities to support customers’ transition</p>	<p>This is a new material matter included to highlight our prominent initiatives in ensuring access to financial services and fostering economic empowerment among underserved communities</p>

Notable changes in our material matters, as compared to the FY2023 materiality assessment also include shifts in priority for 3 key material matters which are summarised as below:

Talent Management	Employee Engagement, Health, Safety & Well-being	Sustainable Procurement
<p><b>Shifted from medium to high priority</b> to highlight the Bank’s enhanced focus on building talent pipelines and capability</p>	<p><b>Shifted from high to medium priority</b> as the activities are treated as ‘business as usual’ since there have been ongoing initiatives with foundations being set, allowing further focus on talent management related activities</p>	<p><b>Shifted from low to medium priority</b> due to the increasing external influences advocating for a sustainable supply chain</p>

### Outlook

As Alliance Bank continues to grow, we maintain our commitment to regularly review our material matters. This ensures they accurately reflect the evolving business landscape, regulatory environment, and our ongoing sustainability goals.

Our 14 identified material matters are actively monitored and managed through the implementation of our Sustainability Strategy Framework. This framework is seamlessly integrated with Acceler8, the Bank’s new growth transformation strategy. This integrated approach guarantees that sustainability remains at the core of our growth strategy, fostering long-term success for both Alliance Bank and our stakeholders.

 For more details, please refer to “Our Sustainability Approach” in the Sustainability Statement.



# SCOPE AND BOUNDARY

## SCOPE AND BOUNDARY

The Sustainability Statement (“Statement”) covers the key material Economic, Environmental, Social and Governance (“ESG”) activities conducted by Alliance Bank Malaysia Berhad (“Alliance Bank” or “the Bank”), including our business segments, subsidiaries and joint venture operations (where relevant), throughout the financial year 2024 (“FY2024”), unless otherwise stated. This engagement with both internal and external stakeholders is anchored by the Bank’s operations throughout Malaysia.

This Statement should be read in conjunction with our other ESG-related disclosures in the Alliance Bank 2024 Annual Report and Corporate Governance Report to provide a holistic view of our sustainability strategy, initiatives, and performance.

This Statement has been reviewed and approved by Alliance Bank’s senior management and the Board of Directors.

## REPORTING PERIOD

All information disclosed in this Statement covers the financial year from 1 April 2023 to 31 March 2024 (“FY2024”), unless otherwise indicated. Any significant restatements of data compared to previous years are duly highlighted within the respective sections.

## REPORTING STANDARDS AND FRAMEWORK

This Statement aims to align with the following international and local sustainability standards, frameworks and guidelines:

- Bursa Malaysia Securities Berhad’s (“Bursa Malaysia”) Main Market Listing Requirements
- Bursa Malaysia’s Sustainability Reporting Guide (3<sup>rd</sup> Edition)
- Task Force on Climate-related Financial Disclosures (“TCFD”)

Additionally, this Statement has been prepared with reference to the Global Reporting Initiative (“GRI”) Standards 2021.



Further details on the above can be found in the tables and indices on pages 124 to 132.

## STATEMENT OF ASSURANCE

We regularly review and assess the level of transparency and disclosure included in our Sustainability Statement. The credibility of selected material topics included in this Statement have been validated through an internal review conducted by Alliance Bank’s internal auditors. Moreover, selected indicators underwent a limited independent assurance by SIRIM QAS International Sdn. Bhd.



For more information on the subject matter and scope of assurance, please refer to the Statement of Assurance on page 143.

## FEEDBACK

We are committed to continually enhance our sustainability initiatives and disclosures. We welcome all feedback on this statement.

For further enquiries and feedback, please contact:

### Mok Fan Wai

Head of Sustainability  
mokfanwai@alliancefg.com

# FY2024 KEY SUSTAINABILITY HIGHLIGHTS



<b>RM2.02</b> billion in total economic value generated <sup>1</sup>	<b>RM12.6</b> billion in total sustainable banking business
Reduced C5% <sup>2</sup> of portfolio to <b>31%</b>	Launched the Bank's first <b>Sustainable Product Framework ("SPF")</b>
<b>Over RM420</b> million approved under our Sustainability Impact Programme ("SIP")	Launched our <b>SME Express Loan ("SXL") ESG Portfolio Guarantee Programme</b>
<b>Over 440</b> companies benefitted from our Climate assessment tool and action plan (PROGRESS)	Signed Memoranda of Understanding ("MoU")s with key partners for our <b>Green Supply Chain Programme</b>
<b>94%</b> of our procurement spent on local suppliers	<b>Improved our FTSE4Good ESG Rating to 4-star to be among the top quartile PLCs</b> in the FTSE Bursa Malaysia EMAS Index

<b>18.3% reduction</b> in Scope 1 and Scope 2 greenhouse gas ("GHG") emissions against FY2020 baseline <sup>3</sup>
Unveiled the Bank's <b>Net Zero Roadmap</b>
Established the Bank's <b>Scope 3 financed emissions<sup>3</sup> baselines</b> for 8 high-emitting sectors <sup>4</sup>
Established a <b>3-year ESG research partnership</b> with Monash University Malaysia and the International Center for Education in Islamic Finance (INCEIF)

Developed our internal <b>waste management methodology</b>
<b>100%</b> of the Board of Directors and Senior Management trained on climate-related risks
<b>14%</b> decrease in energy consumption against FY2020 baseline <sup>3</sup>
Enforced the <b>Climate Risk Management Framework ("CLMF")</b>



<sup>1</sup> Economic value generated from revenue.  
<sup>2</sup> C5 refers to Bank Negara Malaysia's Climate Change and Principle-based Taxonomy ("CCPT") classification of businesses and transactions that do not demonstrate a commitment to remediate any environmental harm caused nor any initiative to transition to more sustainable practice.  
<sup>3</sup> The Bank's revised FY2020 baseline is as follows: 11,982.0 tCO<sub>2</sub>e, with Scope 1 emissions at 29.5 tCO<sub>2</sub>e and Scope 2 emissions at 11,952.5 tCO<sub>2</sub>e. Please refer to the "Managing Our Environmental Footprint" section page 109 for further information on our FY2020 baseline and FY2022 financed emissions baseline.  
<sup>4</sup> High-emitting sectors include palm oil, construction, real estate, iron & steel, forestry & logging, power generation, oil & gas and coal.

## FY2024 KEY SUSTAINABILITY HIGHLIGHTS

 <p><b>Social</b></p>	<p><b>53%</b> of women holding managerial roles</p>	<p><b>Zero</b> reported cases of non-compliance with labour standards</p>
	<p>Average of <b>80%</b> divisional participation in sustainability-related employee engagement programmes</p>	<p>Organised the inaugural <b>Alliance Bank Heritage Run</b></p>
	<p><b>147,377</b> total training hours for employees</p>	<p>Invested <b>RM1.3 million</b> in communities impacting over <b>2,900</b> lives</p>
	<p><b>Zero</b> reported substantiated complaints concerning human rights violations</p>	<p><b>90%</b> score in the Sustainable Engagement Index</p>
	<p><b>Zero</b> work-related fatalities</p>	<p>Launched our enhanced <b>Sustainability e-Learning 2.0 Programme</b></p>
	<p>Progress to <b>improve the financial well-being of SMEs</b> through our Digital SME efforts</p>	<p>Partnered with IPC Shopping Centre to launch the <b>IPC Little Eco-Heroes Awards</b></p>

<p><b>Zero</b> reported incidents of corruption</p>	<p><b>100%</b> of the Board of Directors trained on climate-related risks and opportunities</p>
<p><b>Long Term Incentive Plan</b> framework with ESG elements currently under review</p>	<p><b>Zero</b> reported cases of employee non-compliance with our AB&amp;C policy</p>
<p><b>Enhanced our Sustainability Framework</b> to better define our approach to sustainability</p>	<p><b>Over 7,500</b> hours of training on anti-bribery and corruption for our employees</p>

<p><b>Governance</b></p> 
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## OUR SUSTAINABILITY JOURNEY

# EMBEDDING ESG AT THE HEART OF

FY2020 and prior

FY2021

FY2022

### Exploratory and Initial Efforts

- We initiated community initiatives aimed at enhancing financial resilience and well-being
- In response to the mounting pressure of climate change on businesses to mitigate their environmental impact, we have integrated ESG principles into our customer support frameworks
- We formalised our sustainability journey by defining our sustainability purpose, governance, and strategy

### Foundation Building and

- We prioritised strengthening sustainability capabilities, enhancing risk management and infrastructure, and improving sustainability disclosures

- Constituent of the FTSE4Good Bursa Malaysia (F4GBM) Index since 2015
- Launched “SocioBiz”<sup>1</sup>
- Supported green business initiatives through the Eco-Biz Dream Project

- Established the Sustainability Steering Committee (“SSC”)
- Developed the Sustainability Framework
- Performed BNM Climate Change and Principle-based Taxonomy (“CCPT”) portfolio baselining

- Established our Sustainability Strategy Framework (FY2022-FY2025)
- Established the Group Sustainability Committee (“GSC”)
- Developed new sustainable business targets and sector exclusions
- Achieved RM2.1 billion in new sustainable business
- Established our GHG emissions baseline
- Rolled out an ESG Screener and ESG Risk Acceptance Criteria

OUR SUSTAINABILITY JOURNEY

# OUR BUSINESS AND OPERATIONS

**FY2023**

**FY2024**

**FY2025 onwards**

## Helping Customers with Sustainability Goals

- We continued to help our customers in embracing sustainable practices, facilitating their transition to a low-carbon economy
- In FY23, we set sustainability goals, established thought leadership, and supported our customers in navigating the evolving ESG landscape

## Securing Impact of Sustainability

- This year, we focused on enhancing our risk management, strengthening the competency of our workforce, while developing tailored products and solutions for our customers

## To be the Bank For Life

- We are committed to further integrating sustainability into our business strategies, procedures, processes, and operations, fostering a robust sustainability culture within our Bank, and encouraging our customers to embrace ESG best practices

- Introduced Acceler8 2027 strategy
- Doubled our FY2025 sustainable business targets to RM10 billion
- Reduced the C5<sup>2</sup> proportion of our portfolio to 35%
- Announced a 20% GHG emissions reduction target by FY2027 against the FY2020 baseline in Scope 1 and Scope 2 GHG emissions<sup>3</sup>
- Strengthened our ESG thought leadership and sustainable financing propositions for businesses
- Developed an internal sustainability skills and competency framework
- Developed a ESG due diligence checklist for our suppliers

- Increased our sustainable business targets to RM15 billion by FY2027
- Rolled out of the Bank's Sustainable Product Framework ("SPF") to enable sustainable finance offerings
- Enhanced GHG management of climate-related risks
- Reduced the C5 proportion of our portfolio to 31%
- Developed and rolled out our Net Zero Roadmap
- Advanced emissions profiling and reduction efforts
- Improved our FTSE4Good ESG Rating
- Established key ESG partnerships and affiliations

- Embedding the sustainability agenda in greater measure into our business through financing and solutions offerings, as well as operations
- Propelling our customers towards adopting their own ESG practices
- Inculcating a stronger sustainability-driven culture within our Bank
- Strengthening our climate and environmental risk management practices
- Increasing our advocacy with stakeholders, disclosures and communication

<sup>1</sup> A digital social crowdfunding platform to help disadvantaged individuals start or expand a business or learn skills to earn sustainable livelihoods and positively impact the community.

<sup>2</sup> C5 refers to BNM's CCPT classification of businesses and transactions that do not demonstrate a commitment to remediate any harm caused nor any initiative to transition to more sustainable practices.

<sup>3</sup> Please refer to the "Managing Our Environmental Footprint" section on page 109 for our FY2020 baseline.

# OUR SUSTAINABILITY APPROACH

## Sustainability Strategy Framework

### Alliance Bank Group's AMBITIONS

**Purpose: The Bank For Life**

#### Sustainability Purpose:

1. We will help business owners adopt ESG practices in a way that creates value for the business, the community, and the environment in which they operate
2. We aim to create a meaningful impact on sustainability in collaboration with our people and our community

### TOPLINE GOALS

Grow RM15 billion in sustainable banking business by FY2027

Help customers adopt sustainable lifestyles and business practices

Reduce the Bank's greenhouse gas (GHG) emissions footprint

### ESG GOVERNANCE

### STRATEGY




FY2022	FY2023/FY2024	FY2024/FY2025	FY2026/FY2027
<b>Establish Foundation for Sustainability Management</b> Improve ESG Profile of Portfolio Enhance Risk Management Infrastructure Improve Bank's ESG Practices Enhance Disclosures and Communications Improve Capability and Engagement	<b>Help Our Customers with Sustainability Goals</b> Roll out Sustainability Solutions <ul style="list-style-type: none"> <li>• Green/Social Funding</li> <li>• Advisory Propositions</li> </ul> Engagement/Advocacy with Customers/ Stakeholders Enhance Risk Mitigation/ Management/Reporting	<b>Advancing Sustainability Impact and Improvement</b> Extend Sustainability Solutions and Green/Social Funding Offerings Strengthen Climate/ Environmental Risk Management Increased Advocacy with Stakeholders, Disclosures and Communications	<b>Secure Impact of Sustainability</b> Monitoring of Customers' ESG Impact <ul style="list-style-type: none"> <li>• Introduction of Incentives/ Disincentives for ESG Propositions</li> </ul>

### Talent and Resources

## OUR SUSTAINABILITY APPROACH

### Fulfilling our Sustainability Purpose

As we strive to make a positive impact on the environment, the well-being of our employees, and the communities we serve by enhancing our sustainability management practices, we are also assisting our customers in adopting more sustainable business approaches. Through the implementation of our Acceler8 strategy, we are reinforcing our commitment to sustainability by actively engaging with key stakeholders.

 <p><b>Consumers</b></p>	<p>We encourage our consumers to adopt sustainable lifestyles through our various sustainable financing proposition products and services, giving them the opportunity to do their part in creating a more sustainable future.</p>
 <p><b>Employees</b></p>	<p>Our people are the cornerstone of our Bank’s sustainability journey. We are committed to cultivating a deeply engaged workforce that understands the significance of sustainability and its profound impact on our business, the communities we serve, and the health of our planet. Through education, empowerment and collaborative initiatives, we aim to instil a shared sense of responsibility and inspire meaningful action towards a more sustainable future.</p>
 <p><b>Business Customers/Partner</b></p>	<p>We believe that being ESG-proficient can be a competitive advantage for our business customers. As such, we aim to help businesses create profitable propositions through our unique 3As Approach – “Advocacy”, “Advice” and “Answers”. By doing so, we are enabling our customers to be resilient in the future economy and have a sustainable business model.</p>



### ABMB Unveils Net Zero Roadmap

This financial year, Alliance Bank took a significant stride in its sustainability journey to develop and formalise a bankwide Net Zero Roadmap. This strategy outlines our commitment to transitioning ourselves and our customers towards a lower carbon footprint and a more sustainable future.

The roadmap involves two broad phases. Phase 1 focuses on increasing customer engagement to maximise the number of customers with decarbonisation plans and targets in order to assist customers to transition and build up data availability. Phase 2 focuses on establishing our longer-term strategy towards Net Zero Emissions by 2050.

We have undertaken several steps:

- 1

Financed Emissions baseline: We identified 8 high-emitting sectors within our portfolio namely palm oil, construction, real estate, iron & steel, forestry & logging, power generation, oil & gas and coal. This baseline data provides a crucial foundation for setting our goals and measuring progress. More information on our financed emissions baseline coverage including our retail and financial markets segments can be found in the “Managing Our Environmental Footprint” section on pages 109 to 110.
- 2

Subsequently, we shortlisted the top 100 high-emitting customers across three pilot sectors. These customers will be supported for decarbonisation plans and target setting. This targeted approach is a stepping-stone to developing conversations with our customers with regard to decarbonisation plans.
- 3

We identified key enablers to equip our front-liners to effectively engage with customers and will be embarking on developing these tools and infrastructure, such as handbooks and dedicated training programmes to support our relationship managers, with the aim to build capacity for effective customer engagement and support them with their decarbonisation efforts.

The Bank’s Net Zero Roadmap represents our commitment and fiduciary duty towards the broader environment and our customers to achieve our overall Net Zero 2050 commitment.

## OUR SUSTAINABILITY APPROACH

### Executing Our Sustainability Strategy

Our sustainability purpose is anchored against our three topline goals, towards which we have made significant progress:

 <b>Grow our sustainable banking business</b>	 <b>Help our customers adopt sustainable lifestyles and business practices</b>	 <b>Reduce the Bank's greenhouse gas ("GHG") emissions footprint</b>
<b>Target</b>		
Achieve RM15 billion in new sustainable banking business by FY2027	Ensure C5% <sup>1</sup> of portfolio is <20% by FY2030 <sup>2</sup>	Reduce emissions by 20% by FY2027 against our FY2020 baseline
<b>Achievement as of FY2024</b>		
Achieved RM12.6 billion in new sustainable banking business	Reduced C5% <sup>1</sup> of portfolio to 31%	Reduced emissions by 18.3% against our FY2020 baseline
<b>Our key efforts</b>		
<ul style="list-style-type: none"> <li>Developed new sustainable financing propositions for businesses</li> <li>Developed and rolled out the Bank's Sustainable Product Framework ("SPF")</li> <li>Rolled out SME Express Loan ("SXL") ESG Portfolio Guarantee Programme</li> <li>Achieved RM420 mil approval under the Sustainability Impact Programme ("SIP")</li> <li>Rolled out the ESG Diagnostic tool (PROGRESS) to over 440 companies</li> <li>Signed Memorandum of Understanding ("MOU")s with key partners for Green Supply Chain Programme</li> <li>Enhanced the Bank's Climate Change and Principle-based Taxonomy ("CCPT") assessment methodology</li> <li>Enhanced internal systems for CCPT requirements</li> </ul>	<ul style="list-style-type: none"> <li>We partnered with various organisations to help our customers understand and adopt sustainable business practices</li> <li>Performed Bank Negara Malaysia's ("BNM") Climate Risk Management and Scenario Analysis ("CRMSA") BNM gap analysis and implementation plan including a transition plan</li> <li>Climate-related risk quantified in the ICAAP Material Risk Assessment</li> <li>Enforced the Climate Risk Management Framework</li> <li>Enhanced the Bank's CCPT Screener</li> <li>Refreshed the Sustainability Framework</li> </ul>	<ul style="list-style-type: none"> <li>We upskilled our people and improved internal processes for our operations to be more sustainable</li> <li>Continued execution of the GHG emissions reduction strategy</li> <li>Baselined the Bank's Scope 3 financed emissions for 8 high-emitting sectors</li> <li>Developed and rolled out our Net Zero Roadmap</li> <li>Made progress in baselining of the Bank's water consumption</li> <li>Developed a methodology for the Bank's waste management</li> <li>Rolled out sustainability e-Learning 2.0</li> <li>Average 80% divisional participation in sustainability-related employee engagement programmes</li> <li>Conducted a sustainability immersion programme for employees with World Wildlife Fund ("WWF") Malaysia</li> </ul>

<sup>1</sup> C5 refers to BNM's CCPT classification of businesses and transactions that do not demonstrate a commitment to remediate any environmental harm caused nor initiative to transition to more sustainable practices.

<sup>2</sup> Due to BNM CCPT regulatory methodology changes, we are reviewing and considering a more suitable metric. In the interim, we have stretched our target to FY2030.



## OUR SUSTAINABILITY APPROACH

Through the integration of our Sustainability Strategy Framework into our Acceler8 strategy, we currently have established nine sustainability commitments to be progressively implemented and amended as and when required. These commitments, which also address the Bank's material matters as indicated in the Materiality Matrix on page 53, serve as guiding principles in our pursuit of our sustainability goals. We are committed to maintaining continuous engagement with our key stakeholders, as outlined in the "Key Stakeholder Engagement" section on pages 48 to 49, to ensure comprehensive understanding of diverse perspectives. Furthermore, these nine commitments will bolster our efforts to maximise contributions towards achieving the United Nations Sustainable Development Goals ("UN SDGs").

The SDGs represent interconnected targets outlined by the UN, designed to accelerate global action towards ending poverty, protecting the planet, and promoting universal peace and prosperity by 2030. Among the 17 SDGs, the Bank has expanded its support to upholding 15 SDGs most relevant to our business operations. The additional SDGs we support in FY2024 are SDG 6, SDG 15 and SDG 16.



For further information, please refer to <https://sdgs.un.org/goals>.








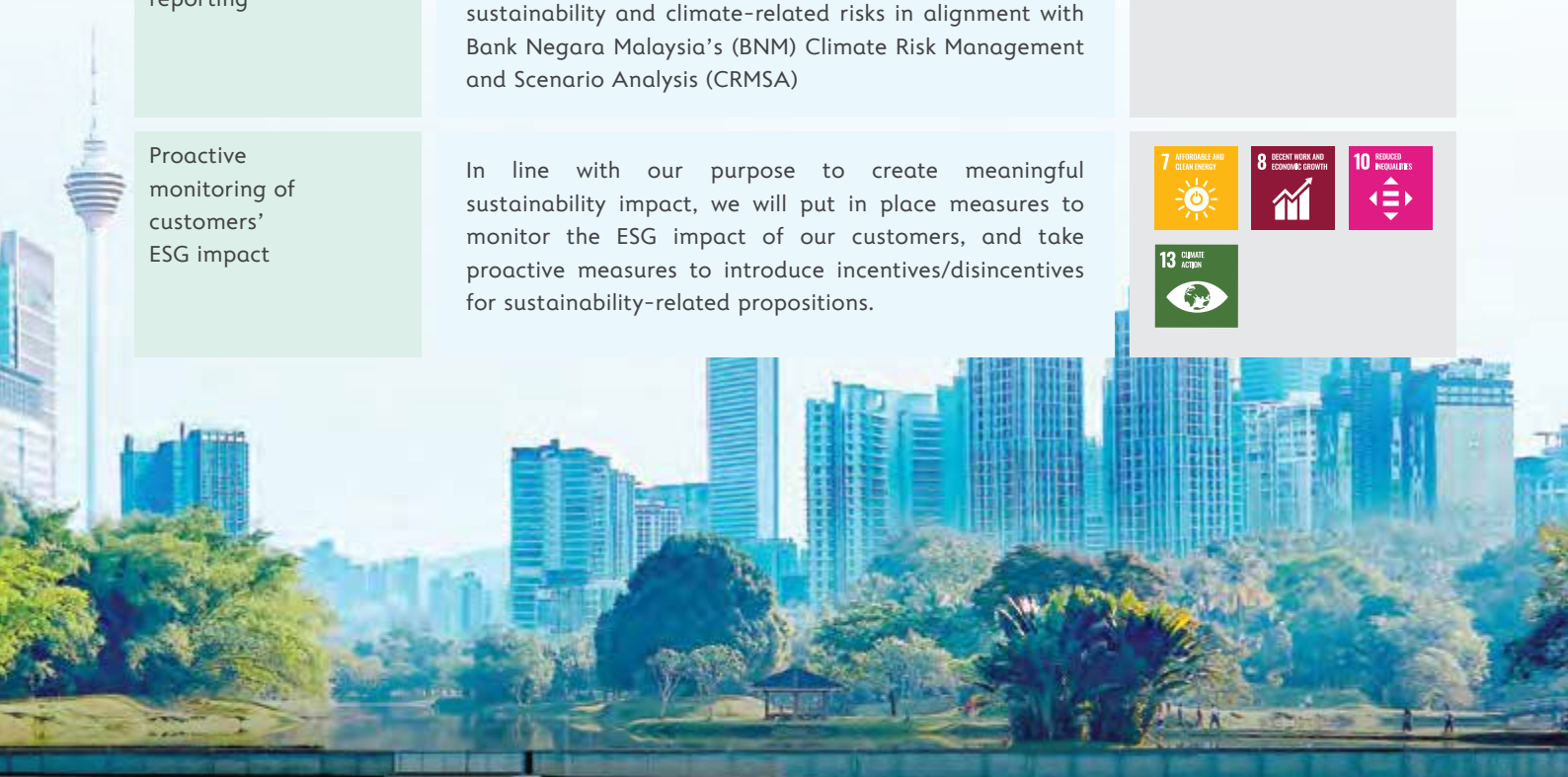
## OUR SUSTAINABILITY APPROACH

The table below outlines the Bank’s nine sustainability commitments and their correlation with the UN SDGs. This alignment with the SDGs will help us better coordinate our support for the global sustainability agenda.

Our Commitment	Description	UN SDGs Supported
<p>Improve the ESG profile of our portfolio</p>	<p>We are deeply committed to enhancing our ESG profile by incorporating sustainable practices into our operations. Specifically, we are focused on increasing our sustainable financing and investments, which will allow us to support environmentally and socially responsible initiatives to enable a just transition to a low carbon economy. Additionally, we are actively working with our customers to encourage the adoption of more sustainable practices.</p>	
<p>Enhance our risk management infrastructure</p>	<p>We are committed to incorporating sustainability and climate-related risks into our overall risk management framework to ensure we are equipped to address these emerging risks. Our approach is aligned with the guidelines set by BNM’s CCPT and CRMSA policy documents.</p>	
<p>Improve the Bank’s ESG practices</p>	<p>We are committed to the ongoing enhancement of our internal processes and procedures to ensure that we operate sustainably and responsibly. To this end, we are incorporating ESG best practices into our business operations and actively reducing our carbon footprint through a range of initiatives.</p>	
<p>Improve our capability and engagement efforts</p>	<p>We are focused on improving our people’s capability and engagement efforts related to sustainability at all levels, beginning with our Board and Senior Management, whom regularly attend training on sustainability matters. We also provide sustainability training to employees and train our Sustainability Champions within each division. In addition, we promote employee engagement through sustainability-related initiatives and activities to inculcate ESG awareness and a sustainability-centric culture within the Bank.</p>	

## OUR SUSTAINABILITY APPROACH

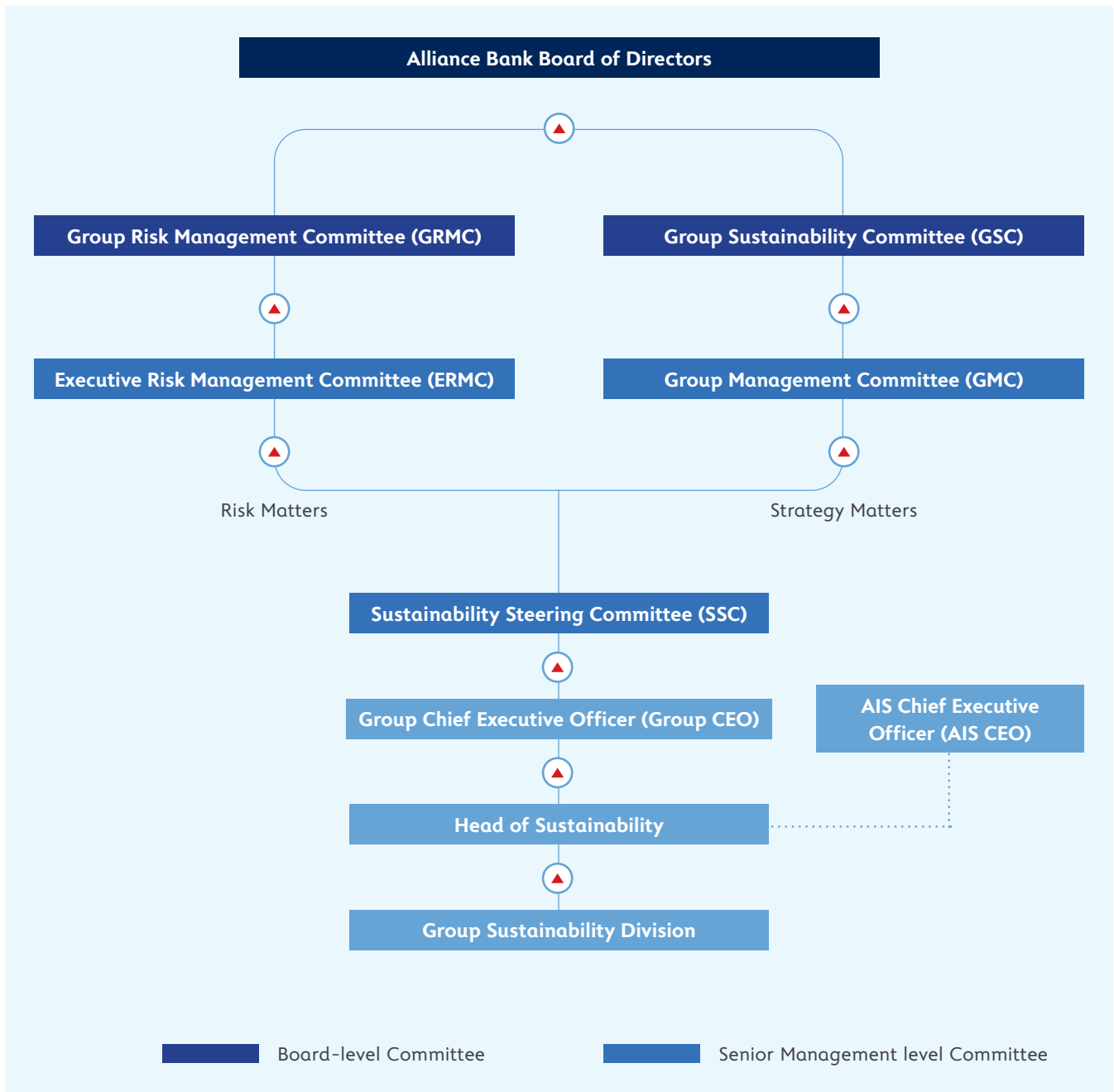
Our Commitment	Description	UN SDGs Supported
Enhance disclosures and communication	We are committed to helping our stakeholders understand our sustainability goals and initiatives through on-going communication efforts. We strive to achieve this by adopting internationally recognised sustainability reporting frameworks.	
Rollout sustainability solutions	We will continuously develop and offer sustainability solutions for our customers through various types of sustainable/green/social financing, investment and advisory propositions.	
Strengthen engagement and advocacy	We will advocate for sustainability through the continuous enhancement of our internal capabilities our sustainability communications and brand presence.	
Enhance risk mitigation/management/reporting	We are committed to going beyond preparing the foundation of our ESG risk infrastructure, to enhancing the identification, management, mitigation, and reporting of sustainability and climate-related risks in alignment with Bank Negara Malaysia’s (BNM) Climate Risk Management and Scenario Analysis (CRMSA)	
Proactive monitoring of customers’ ESG impact	In line with our purpose to create meaningful sustainability impact, we will put in place measures to monitor the ESG impact of our customers, and take proactive measures to introduce incentives/disincentives for sustainability-related propositions.	



# UPHOLDING STRONG GOVERNANCE PRACTICES FOR SUSTAINABLE GROWTH

## Sustainability Governance

As a part of our comprehensive sustainability management approach, we have established a sustainability governance structure since FY2021. This structure has facilitated the progressive achievement of our sustainability goals and ensured the integration of sustainability considerations into our decision-making processes. This governance structure enables us to effectively manage and mitigate sustainability and climate-related risks as well as prudently evaluate opportunities.



## UPHOLDING STRONG GOVERNANCE PRACTICES FOR SUSTAINABLE GROWTH

### Board-level Oversight

#### Alliance Bank Board of Directors

The Board of Directors, as the Bank’s highest governing body, sets the tone from the top, oversees and approves sustainability strategies, priorities and targets through incorporating appropriate ESG considerations in the Bank’s business strategies. The Board discusses sustainability matters including climate-related topics at least twice a year.

#### Group Sustainability Committee (“GSC”)

The GSC is the dedicated Board-level sustainability committee to support the Board in the governance of sustainability of the Group, and ensure the Group’s strategies, goals and principles pertaining to sustainability are aligned with the Group’s sustainability commitment.

Consists of four Non-Executive Directors, three of whom are Independent Directors, the GSC meets at least quarterly to deliberate and endorse/ approve sustainability-related matters and initiatives including progress against our topline goals, sustainability capability building, and enhanced sustainability disclosures.

#### Group Risk Management Committee (“GRMC”)

The GRMC is a Board-level risk committee that oversees management of enterprise risks which include sustainability. The GRMC deliberates sustainability and climate-related risks as and when required and includes considerations of the broader sustainability strategy.

### Other Board Committees

To ensure effective governance, specific sustainability aspects are embedded within the oversight of the following two Board committees:

1. The Group Nomination & Remuneration Committee (“GNRC”), which oversees the design and operation of the Group’s remuneration systems, ensures the linkage of Senior Management remuneration to performance against specific sustainability and climate-related targets; and
2. The Group Audit Committee (“GAC”), which provides independent oversight of the Group’s financial reporting and internal control system, ensures checks and balances within the Group, reviews audit reports which include observations pertaining to the Bank’s ESG practices.

### Management of Sustainability

#### Group Management Committee (“GMC”)

At the management level, the Group Management Committee (“GMC”) deliberates and endorses the Bank’s sustainability strategy and initiatives before escalation to the GSC as and when required.

#### Executive Risk Management Committee (“ERMC”)

The ERMC monitors material climate-related risks and ensures such risks are considered within the Group’s risk management and control framework and across the 3 Lines of Defence to safeguard the Bank’s resilience against adverse impacts of climate change.

### Sustainability Steering Committee (“SSC”)


The SSC is responsible for steering, coordinating, and implementing the Bank’s sustainability strategies, policies and procedures. The SSC is also responsible for managing and monitoring the Bank’s material sustainability matters including climate-related matters.

The SSC recommends sustainability-related frameworks, policies, goals, metrics and initiatives to the GSC for review and endorsement/approval.

The SSC is chaired by the Group Chief Executive Officer (“Group CEO”) and comprises Senior Management with key leads from the relevant divisions involved in the sustainability workstreams. It meets at least quarterly, or as and when required, and provides regular reports on the Bank’s sustainability initiatives to the GSC and Board.

## UPHOLDING STRONG GOVERNANCE PRACTICES FOR SUSTAINABLE GROWTH

Sustainability Execution	
<p><b>Group Chief Executive Officer (“Group CEO”)</b></p> <p>The Group CEO, supported by the AIS CEO and Head of Sustainability provides oversight on the integration of sustainability and climate-related matters across the Bank’s strategy, frameworks, policies, and processes.</p>	<p><b>Alliance Islamic Bank Chief Executive Officer (“AIS CEO”)</b></p> <p>As Alternate Chairman of the SSC, the AIS CEO spearheads the coordination of the Bank’s sustainability strategies across the Bank’s operations. The AIS CEO also integrates Value-based Intermediation elements from the Islamic Banking space into the Group’s sustainability strategy to create positive community and environmental impact.</p>
<p><b>Head of Sustainability</b></p> <p>The Head of Sustainability drives the coordination, implementation and execution of the sustainability strategy framework through various sustainability initiatives to achieve the Bank’s topline goals. Supported by the Group Sustainability Division, sustainability initiatives are implemented in collaboration with various divisions which have been organised into five sustainability workstreams.</p>	<p><b>Sustainability Workstreams</b></p> <p>Five sustainability workstreams driven by business units and relevant support functions (such as our Lines of Business, Group Risk Management, Group Credit, Group Finance, Group Human Resource, Group Strategy, Business Development and Performance Management, Group Corporate Services) are coordinated by the Group Sustainability Division and collaborate to implement initiatives that contribute to the Bank’s overall sustainability strategy and topline goals.</p>

 Further details on Alliance Bank’s governance structure, including credentials, experience and trainings programmes undertaken can be found in the Corporate Governance section on pages 147 to 185, and on our Corporate Governance website (<https://www.alliancebank.com.my/About-Us/Governance-Investor-Relations/Corporate-Governance>).

### Integrating Climate-related Risks into the Three Lines of Defence

The Bank has taken proactive measures to manage our exposures to climate-related risks across our business operations. We have embedded these risks into our internal control frameworks across the three lines of defence to ensure the robust management of material climate-related risks.



## UPHOLDING STRONG GOVERNANCE PRACTICES FOR SUSTAINABLE GROWTH

Board of Directors		
Board-level Committees – GSC, GRMC		
Management-level Committees – SSC, GMC, ERMC		
1st Line of Defence	2nd Line of Defence	3rd Line of Defence
<ul style="list-style-type: none"> <li>• Lines of Business</li> <li>• Support Units</li> </ul>	<ul style="list-style-type: none"> <li>• Group Risk Management</li> <li>• Group Compliance</li> <li>• Shariah Review</li> </ul>	<ul style="list-style-type: none"> <li>• Group Internal Audit</li> </ul>
<ul style="list-style-type: none"> <li>• Compliance with all regulations and policies</li> <li>• Develop relevant policies and procedures</li> <li>• Identify, assess, measure, report and monitor risks</li> </ul>	<ul style="list-style-type: none"> <li>• Benchmark, develop and maintain standards, policies and risk management framework</li> <li>• Review adequacy of controls and mitigation</li> <li>• Perform compliance reviews</li> </ul>	<ul style="list-style-type: none"> <li>• Provide independent review and objective assurance to Senior Management/Management/Board Committees and Board</li> </ul>

### Embedding ESG-linked Remuneration to Senior Management Performance

The Bank’s overall performance is measured using the balanced scorecard approach which encompasses several metrics, including the fulfilment of our sustainability agenda. The climate change sustainability key performance indicators (“KPIs”) covering sustainable banking business, reducing the Group’s greenhouse gas emission footprint, proportion of C5 portfolio and scaling up green financing are included in our Group’s corporate scorecard.

This scorecard impacts the performance and remuneration of the Group CEO, all Senior Management and key sustainability champions. The Board sets the tone from the top by reviewing and approving the Group’s balanced scorecard. The GSC provides oversight on the sustainability goals, measures, strategic plans and implementation to ensure we uphold our commitment and deliverables of the sustainability KPIs. The executive remuneration structure takes into consideration the Bank’s performance of its sustainability and climate-related goals through short-term incentive bonus funding at the group, division and individual levels. The long-term incentive plan incorporating the Bank’s key sustainability and climate-related goals is under review.



For more information, please refer to Our Commitment/Performance Management section on our corporate website at <https://www.alliancebank.com.my/About-Us/Career-Centre/Our-Commitment>.

# SUSTAINABLE BUSINESS

## Relevant stakeholders<sup>1</sup>



## Relevant material matters:

- Sustainable and Responsible Financing
- Climate Change
- Customer Experience
- Digitalisation
- Customer Data Privacy
- Economic Performance



As one of our key priorities under Acceler8, we place a strong emphasis on building an ESG-focused organisation. By integrating sustainability into our business strategy through a top-down approach and embedding sustainable practices into our daily operations, we remain dedicated to generating ongoing value creation for the Bank and our stakeholders.

As a leader in the financial services industry, we recognise the pivotal role we play in developing sustainable financing solutions and delivering sustainable economic value for all our stakeholders. In line with our goal to grow RM15 billion in sustainable banking business by FY2027, we provide various avenues to support our customers in transitioning their businesses against the challenges from climate change while ensuring they receive high-quality customer experience by crafting tailored solutions for their every need.

## Driving Sustainable Finance



**FY2024:**  
**RM12.6 billion**  
 FY2023: RM 8.1 billion

Grow **RM15 billion** in **sustainable banking business** by FY2027.

<sup>1</sup> For stakeholder icon definitions, see “Key Stakeholder Engagement” on page 48.



## SUSTAINABLE BUSINESS

Material Matters	FY2024 Achievements
<b>Sustainable and Responsible Financing</b>	<ul style="list-style-type: none"> <li>• Launched the Bank’s inaugural Sustainable Product Framework (“SPF”)</li> <li>• Awards recognition for Sustainability Impact Programme (“SIP”)                             <ul style="list-style-type: none"> <li>- The Star ESG Positive Impact Awards 2022: Others – Innovative Partnerships Category – Silver</li> <li>- Gold in Asia Pacific Qorus Reinvention Awards: ESG Category</li> <li>- Gold in Global Qorus SME Banking Awards: SME Partnership of the Year</li> <li>- UNGCMYB Forward Faster Sustainability Awards 2023: Partnership For the Goals Recognition</li> </ul> </li> </ul>
<b>Climate Change</b>	<ul style="list-style-type: none"> <li>• Rolled out the Climate Diagnostic tool (“PROGRESS”) to assist clients’ transition</li> </ul>
<b>Customer Experience</b>	<ul style="list-style-type: none"> <li>• Launched the Bank’s Customer Promise (G.R.E.A.T Principles) in November 2023</li> <li>• Improved complaints resolution turnaround time with 87% resolved within three working days</li> </ul>
<b>Digitalisation</b>	<ul style="list-style-type: none"> <li>• Secured over 40 awards for our digital transformation and ESG-centric initiatives</li> <li>• Implemented the cloud-based solution for human resource needs, Connexion, to improve bankwide internal digital experience</li> <li>• Ongoing digitalisation efforts to improve working processes within the Bank, including updates to productivity software</li> <li>• Launch of Virtual Credit Card (“VCC”)</li> </ul>
<b>Economic Performance</b>	<ul style="list-style-type: none"> <li>• Increase in revenue to RM2,020.4 million</li> <li>• Increase in total economic value distributed to RM1,555.0 million</li> <li>• Increase in total economic value retained to RM465.4 million</li> </ul>



## SUSTAINABLE BUSINESS

### TRANSITIONING OUR CUSTOMERS

We help new and existing customers address the increasing threats of climate change through financing.

#### Integrating Sustainable and Responsible Financing

**Relevant material matters:**

- Sustainable and Responsible Financing
- Climate Change

The focus on our sustainability agenda underscores our long-term direction to ensure our products and services deliver positive impacts to the environment and across all stakeholder groups, including customers and communities. Working hand in hand with our customers, we facilitate their transition towards a low-carbon future while managing the sustainability risks arising from their business operations. This includes the launch of ESG-themed financing schemes tailored to support our customers’ low-carbon transitions, which is also supported by robust internal action to assess and proactively manage our customers’ sustainability risks. For example, our approach to customer assessments extends its scope to encompass environmental risks. The financing provided by the Bank is also aimed at funding projects and businesses which do no harm to the environment. By integrating these sustainable and responsible financing practices, we aim to capture new opportunities presented by the growing market interest in sustainability financing while mitigating the financial, physical and transition risk for both our stakeholders and the Bank itself.

#### The Sustainable Product Framework

In FY2024, Alliance Bank launched its inaugural Sustainable Product Framework (“SPF”) which defines the scope of sustainable banking business in relation to financing activities and deposit products for the Bank. The SPF will enable us to achieve our Sustainability Strategy and Topline Goal 1: Grow RM15 billion in sustainable banking business by FY2027.

Developed internally with reference to international and national standards and frameworks, the SPF seeks to evaluate and classify the Bank’s financing across selected environmental, social and transition parameters. It will guide our internal processes for sustainable financing offerings and product development, advancing our sustainable financing growth in support of the nation’s agenda of facilitating capital flows for a just transition to a low carbon economy.

The SPF is a crucial stepping stone in integrating sustainable financing considerations as a Business-As-Usual (“BAU”) process, including during critical processes of client onboarding, credit applications and reviews.

With the SPF in place, Relationship Managers (“RMs”) and Credit Underwriters will begin conducting more robust reviews to determine if a particular facility contributes to the Bank’s overall New Sustainable Banking Business. Moreover, the SPF also positions us to capitalise on innovative opportunities and emerging green sectors.

Through the SPF, we have garnered important momentum in the development of sustainability-related products and programmes. This includes the launch of SME Express Loan (“SXL”) ESG Portfolio Guarantee Programme which is guided by the SPF.

Moving forward, we will continue to integrate the SPF across the Bank and improve capability amongst key stakeholders to effectively implement the SPF. This will be achieved through awareness initiatives and training. Further, we will continue to monitor the latest market and regulatory developments to ensure that the SPF remains relevant and fit for purpose.

#### Our Three-Step Approach to ESG Adoption for Customers

Alliance Bank’s SIP via the 3As Approach will support our customers in developing their respective sustainability strategies:



#### ADVOCACY

Promote awareness through thought leadership, research, impactful events and initiatives to foster ESG practices among our customers, partners, employees and the community.



#### ADVICE

Partnerships with industry experts to deliver capacity building, advisory and practical tools that will ensure our customers are ESG ready.



#### ANSWERS

Delivering green banking and beyond banking solutions that are tailored to support our customers in their transition to a low-carbon economy.

## SUSTAINABLE BUSINESS

### Driving Sustainable Financing Propositions

In our efforts to accelerate the adoption of sustainable practices among Malaysian businesses and expand our sustainable banking portfolio, we have developed and launched innovative sustainable financing products and propositions. Our efforts here have garnered recognition and awards, which helps to reinforce our commitment to driving sustainability initiatives within the industry.

Our commitment to sustainability is ingrained in our long-term direction, ensuring that our products and services generate positive impact for all stakeholders, including our customers, communities, and the environment. At the heart of this vision is our dedication to financing projects and businesses that prioritise environmental responsibility and bring no harm to the environment.

For example, since FY23, we have actively utilised the Low Carbon Transition Facility (“LCTF”) by Bank Negara Malaysia to support SMEs. We introduced a scheme that enables SMEs to finance their solar panel installations without the need for collateral, offering financing of up to RM10 million at preferential interest rates and a loan tenure of up to 10 years. Additionally, we extended financing options to customers who installed solar panels on their rooftops, providing a zero-cost option by supporting Registered Solar Photovoltaic Investors (“RPVI”). These initiatives, along with financing support for biogas and wastewater projects, have contributed to sustainability adoption among local businesses.

Through our Sustainability Impact Programme (“SIP”), we approved RM420 million in financing in FY24 to assist our business clients in their sustainability transition, of which about RM 100 million was facilitated through our Green Supply Chain Programme with key corporates.

### Transitioning Customers

In our journey towards Net Zero, Alliance Bank plays a crucial role in supporting our customers’ transition. Over time, we hope to assist our customers in improving their CCPT classification and with their transition financing needs.

#### SME Express Loan (“SXL”)

This innovative financing solution offers SMEs high financing limits of up to RM2,000,000, flexible financing tenures of up to 7 years, and a hassle-free application process with simplified documentation requirements. Furthermore, borrowers have the flexibility to opt for the government-guaranteed scheme, LCTF, of up to RM 1,000,000 with a financing tenure of 10 years. Hence, enhancing the accessibility and affordability of financing for SMEs looking to embark on sustainable initiatives.

#### Green Loan

Corporate Banking has achieved a significant milestone in our commitment to sustainability with the successful grant of a green loan facility to a reputable property developer. The green loan, which adheres to the four core principles of green loan classification, will be utilized to support the development of an environmentally friendly property, incorporating energy-efficient designs and sustainable materials. Upon completion of the development, the customer aims to be certified with GreenRE’s Gold rating.

By financing projects that prioritise sustainability, we are not only mitigating environmental impact but also promoting responsible business practices within the real estate sector.

#### Green Mortgage

To date, Alliance Bank has forged strategic partnerships with industry leaders such as UEM Sunrise Berhad, Sunway Property, Malton Berhad, IJM Land Berhad, Eastern & Oriental Berhad, Avaland Berhad and Gamuda Land Berhad. These partnerships mark a significant step towards fostering sustainable communities through the adoption of green-certified properties. Our collaborative effort aims to empower homebuyers by offering Alliance Bank’s specialised sustainable mortgage financing packages for green-certified projects. By leveraging these innovative financing options, homebuyers stand to benefit from lower interest rates and expedited end-financing approvals.

## SUSTAINABLE BUSINESS

### Sustainability Impact Programme (“SIP”)

SIP is designed to aid clients in adopting ESG practices and make it their competitive advantage. The programme follows a 3As approach: Advocacy, Advice, and Answers.

Advocacy involves raising awareness about the importance of sustainability and its impact towards their business, while Advice provides capacity building and practical tools like PROGRESS which provides complimentary climate assessments and a transition roadmap. Answers encompass both banking and beyond banking solutions including financing and green technology offerings at preferential rates. The programme aims to enhance profitability, cost efficiency, and global competitiveness for Malaysian businesses and is augmented via the strategic partnerships with organisations like United Nations Global Compact Network Malaysia & Brunei, Bursa Malaysia, Malaysia Green Technology and Climate Change Corporation, Green RE and others.

Through our Sustainability Impact Programme (“SIP”) we work with clients on improvements in sustainable business practices. Our relationship managers and strategic partnerships team have regular engagements with clients to discuss adoption challenges faced and identify targeted and meaningful solutions; including those involving their supply chain. During these engagements, we help them with a range of areas including climate actions, waste and pollution management, supply chain decarbonisation and social impact. Going forward, we will expand solutions into relevant additional areas such as ecosystem preservation and biodiversity. SIP is a reflection of the Bank’s dedication to provide a differentiating value add to the customers we finance in the area of sustainability improvements.

### Virtual Credit Card

Alliance Bank Malaysia Berhad has launched a Visa Virtual Credit Card (“VCC”) with the country’s first “Dynamic Card Number” (“DCN”) feature, offering a safer and more secure alternative for digital transactions. Since its launch in April 2023, the VCC with DCN has witnessed a 57% increase in credit card users. Through allianceonline Mobile, users can now easily apply for and access the Alliance Bank Visa Virtual Credit Card (“VCC”). The VCC’s will let users generate an unlimited number of unique, one-time-use 16-digit numbers for each online transaction, including on e-commerce websites and online services that require subscriptions. The VCC will let users transact online without exposing their primary account number, adding an extra layer of security when dealing with dubious websites or data theft when legitimate websites are compromised. This initiative reflects Alliance Bank’s commitment to digital innovation and sustainability, offering customers a convenient and environmentally friendly banking solution.

### PROGRESS Tool

PROGRESS tool (PROmoting Green RESilient & Sustainable SMEs) launched in collaboration with UN Global Compact Network Malaysia & Brunei (“UNGCMYB”) is to facilitate climate action by SMEs. It provides a peer benchmark, and generates a tailored climate transition action plan for business owners. The generated report serves as a practical guide for SMEs on their sustainability journey. Based on their climate maturity, SMEs can enjoy preferential financing rates from the Bank for green loans and other working capital needs.

## SUSTAINABLE BUSINESS



**Feature Story: Empowering Businesses Transition towards Sustainable Practices Source:  
Bursa Malaysia, Mah Sing and Alliance Bank Collaborate to Drive ESG Adoption**



We have collaborated with Bursa Malaysia and worked with Mah Sing Group Berhad and other public listed companies (“PLCs”) to champion Environmental, Social, and Governance (“ESG”) practices among Malaysian businesses. This collaboration revolves around Bursa’s Centralised Sustainability Intelligence (“CSI”) Platform, designed to assist companies in measuring their carbon footprint and advancing their ESG journey.

Through this collaboration, the PLCs enhances disclosure transparency in Scope 1, 2 and 3 emissions and gain operational excellence while reducing its carbon footprint. Their suppliers benefit from capacity building and sustainability tools like PROGRESS, a climate assessment tool co-developed in partnership with UNGCMYB. They gain access to green solutions from our network of partners in areas such as renewable energy, green mobility, waste management and others. Additionally, they can take advantage of the bank’s competitive green financing offerings and enjoy preferential banking rates that incentivise their climate action and transition.



**Customer Success Story of Kinergy Advancement Berhad (KAB)  
Recognised Engineering Excellence: Now Leading as Malaysia’s Unique Sustainable Energy Player**

Kinergy Advancement Berhad (“KAB”), formerly known as Kejuruteraan Asastera Berhad, has been a stalwart in the engineering industry, providing electrical engineering services for commercial, residential and industrial construction projects over the last 26 years. In June 2023, KAB redefined its identity and emerged as a premier One-Stop Sustainable Energy Solutions (SES) Provider, following its official business diversification on 17 November 2022. Alliance Bank has collaborated with KAB on its transformation journey through the Bank’s Sustainability Impact Programme (“SIP”), recognising not only its transformation endeavors but also its strategic emphasis on enhancing ESG and sustainability advantages for end-users, to achieve a common vision and mission.

The recognition is particularly notable given KAB’s recent inclusion in both the FTSE4Good Bursa Malaysia (“F4GGM”) Index and FTSE4Good Bursa Malaysia Shariah (“F4GBMS”) Index in December 2023. For 3 consecutive years, KAB maintained a 3-star rating for its efforts in ESG and Sustainability, showing outstanding practices in their governance oversight and environmental and social initiatives. This includes a recent accolade from Energy Business Review, earning recognition as a Top 10 Sustainability Solution Provider in APAC 2024. This acknowledgment places KAB at the forefront of delivering energy sustainability solutions and making a significant impact in the marketplace.

## SUSTAINABLE BUSINESS

### Unlocking Green Potential with Alliance Banks Sustainability Impact Programme (“SIP”)

- Alliance Bank and KAB have collaborated in delivering various green initiatives within the Bank’s Sustainability Impact Programme (“SIP”), enhancing strategic cooperation and involvement in multiple ESG and Sustainability initiatives, namely: **Bursa Malaysia’s Centralised Sustainability Intelligence (“CSI”) Platform.**
- KAB reaffirmed its sustainability pledge by being an early participant in Mah Sing’s supplier sustainability programme, piloted with Alliance Bank on Bursa’s CSI platform. The initiative demonstrates the strategic partnership between KAB and Alliance Bank, aimed at promoting the adoption of ESG best practices. It enables the estimation of carbon emissions, utilisation of assessment tools for improvement, and access to preferential financing rates.
- **Climate action via PROGRESS:** One of the tools utilised by KAB was PROGRESS. This tool furnishes KAB with valuable insights to develop a climate readiness report and identify key climate actions for prioritisation.
- **Green financing KAB’s Pioneering Waste Heat to Energy Project: Malaysia’s First and only Organic Rankine Cycle Plant.** SIP also facilitated access to green financing, enabling KAB to secure financing for innovative clean energy generation projects, including waste heat to energy and renewable solar projects. The waste heat to energy plant, which is Malaysia’s first and only Organic Rankine Cycle system, positions KAB as the exclusive entity to build, own, and operate such a plant in Malaysia. The plant is projected to reduce over 98,000 tons of carbon emissions over the next decade.

### Financials Flourishing

KAB’s transformation is rooted in its 26-year engineering legacy, now augmented by tangible financial gains and a steadfast commitment to sustainability. This dedication has led to both financial and business achievements. Their year-end financial performance demonstrates a notable 6.6% increase in revenue and a multiple-fold increase in profit year-on-year. This growth is largely credited to the expansion of their sustainable project portfolio secured over the past year.

Alliance Bank’s SIP is proud to have a partner in KAB, a business that has undergone significant transformation, exemplifying the power of collaboration. Beyond driving sustainable competitive advantage for business resilience, KAB has established itself as a reputable industry player and earning significant recognition in the ESG space.

**Green Supply Chain Programme in collaboration with Bursa Malaysia, UNGCMYB and Green technology partners reached more than 600 SMEs and contributed to the RM420 million in financing achieved via the Sustainability Impact Programme (“SIP”)**

Alliance Bank’s Green Supply Chain Programme, launched in FY2023, is a pioneering initiative designed to drive sustainability improvements within corporate supply chains. By offering a comprehensive suite of services including training, advisory, tools, green solutions and banking incentives that enable climate action and transition.

With the programme, we aim to empower SMEs to enhance their sustainability practices, ultimately leading to increased competitiveness, profitability, and long-term business value.

The Bank works with a wide range of strategic partnerships with key organisations such as Bursa Malaysia, UNGCMYB, Malaysian Green Technology and Climate Change Corporation (“MGTC”), SMECorp Malaysia, and various Greentech solution providers, which enables us to provide climate solutions that aligns closely with the country’s National Energy Transition Roadmap.

The green supply chain programme focuses on engaging corporates in addressing their Scope 3 emissions by leveraging Bursa’s Centralised Sustainability Intelligence (“CSI”) platform and working on climate actions with public listed companies and their suppliers. It can help companies calculate and reduce their carbon footprint across their supply chains, thus contributing to a more sustainable business ecosystem.

Within the programme, suppliers benefit from capacity building through ESG training and sustainability tools such as our PROGRESS tool. They also gain access to green solutions from our network of partners in areas such as renewable energy, green mobility, waste & water management, and others. Additionally, they can take advantage of the Bank’s competitive green financing offerings and enjoy preferential banking rates that incentivise their climate action and transition.

To execute the programme effectively, we organise workshops to educate suppliers on ESG concepts, GHG emissions, and climate transition strategies. We provide tools and resources to assist suppliers in developing their climate roadmap and action plan, complemented by sustainable financing solutions.

The results achieved so far demonstrate the impact of our programme, with over 600 SMEs reached, approximately RM100 million in financing support provided, and more than 440 climate assessments completed with actionable climate improvement plans.

Moving forward, we remain dedicated to providing the most comprehensive green supply chain programme in Malaysia. Our ongoing partnerships with leading ESG organisations underscore our commitment to sustainability and innovation in driving positive change within the business community.

SUSTAINABLE BUSINESS

**ADVANCING THE CUSTOMER EXPERIENCE**

We ensure a high-quality customer experience through innovation and robust governance.

**Enhanced Customer Experience through Digitalisation**

**Relevant material matters:**

- Customer Experience
- Digitalisation

At Alliance Bank, we place a strong emphasis on providing exceptional customer experiences. This commitment is reflected in our recently launched Alliance Customer Promise, which is built on five core principles known as G.R.E.A.T. These principles focus on delivering Good Advice, Relevant Solutions, Ease, Accuracy, and Timeliness to our customers. Through this initiative, we empower our employees to consistently deliver on our brand promise, ensuring that every interaction, whether through product adoption, digital channels, or employee engagement, demonstrates our commitment to delivering a superior customer experience.

Our management approach towards handling customer complaints is grounded in data-driven methodologies, with a strong focus on swift resolutions. This approach allows us to continuously improve our processes, ensuring that our customers receive timely and satisfactory resolutions within 3 working days in FY24.

Additionally, we have a closed loop feedback system to collaborate with various stakeholders in promptly addressing issues and to monitor and prevent the recurrence of incidents. Complaint trends are also presented to the Management Committee monthly and to the Board biannually, ensuring a strong oversight on the Bank’s effort to addressing customer concerns and maintaining a high standard of service quality.

We remain steadfast in our digitalisation efforts, aiming to future-proof the Bank by harnessing technology to promote sustainable practices internally and externally. Our focus on initiatives such as Virtual Credit Card (“VCC”), Branch-in-a-Tablet, customer onboarding via eKYC, and other digital solutions is geared towards fostering a paperless, automated environment. This digital transformation not only improves internal processes but also enables us to consistently enhance our customer experience by offering convenience and seamless access to banking services through digital channels.

Moreover, the recent implementation of Connexion has greatly enhanced our Bank’s internal digital experience, aligning with our broader goal of delivering efficient and innovative solutions. Connexion, a cloud-based solution, offers increased autonomy, convenience, and flexibility to meet employees’ needs. It enables mobile access anytime and anywhere, facilitates hiring and resource planning for enhanced empowerment, integrates technology advancements like simplified e-Forms and Optical Character Recognition, and grants access to bite-sized learning for personal development.

We also continue to promote the usage of our mobile and online banking platforms, both of which have steadily increased over time. In FY2024 we achieved more than 16% YOY increase in overall digital banking users, and over 21% YOY increase in number of online transactions, across our consumer and business segments.

TOTAL NUMBER OF DIGITAL USERS (ONLINE & MOBILE)			
FY	SME	GCB	Total
<b>FY2024</b>	<b>58,609</b>	<b>468,889</b>	<b>527,498</b>
FY2023	50,745	404,746	455,491
FY2022	43,525	353,462	396,987



## SUSTAINABLE BUSINESS

### FY2024 Initiatives

#### e-KYC solution

The fully digital e-KYC or Know Your Customer onboarding solution allows customers to open a digital savings account or apply for a personal loan or credit card via our allianceonline mobile app, thus eliminating the need to visit a branch physically. This is in line with our goal of delivering fast, simple, and responsive banking services to our customers anytime, anywhere. In FY2024, the average number of new digital CASA accounts opened each month increased by 67% YOY from 1,500 new consumer CASA accounts to 2,500 new consumer CASA accounts per month, representing 33% of total consumer CASA opened.

#### Branch-in-a-Tablet

The Bank's Branch-in-a-Tablet initiative enables straight through account opening and reduces account opening times by more than 50%. Customers can open a new consumer CASA account within the same day. In FY2024, the average monthly number of CASA opened via the Branch-in-a-Tablet initiative grew by 18% YOY from 2,500 to 3,000 accounts, representing 61% of total consumer CASA opened at the branches

#### Digital Loans & Virtual Credit Card ("VCC")

Our Digital Personal Loans provides approval-in-principle within 10 minutes while funds are disbursed within 24 hours upon approval. Almost RM300 million was disbursed in Digital Personal Loans in FY2024, representing around 20% of total new Personal Loans disbursed. In terms of VCC, we recorded over 56,000 VCCs approved in FY2024 and won several accolades for the VCC's innovative proposition, including 17 awards across domestic, regional and global spheres.

#### Revolutionise SME Operational Processes

Our Digital SME team ("DSME") introduced the Bank Statement Analyser ("BSA"), an advanced tool with analytics algorithms to optimise operational efficiencies, ensuring robust and dynamic processing capabilities. The BSA is part of a strategic Proof-of-Concept project undertaken by the Bank to continuously refine and enhance its credit approach to make banking solutions faster and broaden financial access for MSMEs. The BSA will play a key role in an upcoming ambitious project slated for launch in FY2025: a Straight Through Processing ("STP") business loan initiative, to digitalise the loan application and approval process from start to finish with same day approval.

#### BizSmart® Mobile

Our BizSmart® Mobile App enables business owners to manage their business account, submit and approve transactions via a mobile phone anytime, anywhere. To protect our customers from potential financial scams and fraud, the app is leveraged as users' personalised security token to validate web logins and to generate the transaction authorisation codes required for transaction approvals.

In FY2024, the app was enhanced making it possible for business owners to make employee salary payments and statutory contributions conveniently via employee pre-registration. At the same time, fixed deposit online placements and withdrawals were enabled. We also introduced BOB, our BizSmart® Chatbot that offers instant self-help through WhatsApp messaging. Customers will not encounter any delays or call waiting as they can reach out to BOB 24 hours every day, including the weekends and public holidays.

#### BizSmart® eTrade

Alliance Bank was the first bank in Malaysia to offer a one-stop mobile trade financing platform. Our award-winning BizSmart® eTrade facilitates paperless document submissions, fast approval and fast disbursement of funds, monitoring of trade finance utilisation, and managing of payments and collections 24/7 remotely with just a few taps on the mobile phone. Upon the Bank's approval, customers will receive their funds within 24 hours.

In FY2024, we added more trade finance products and services, such as Letters of Credit and Bank Guarantees, to the platform. Our customers can now perform eTrade transactions in both Malaysia Ringgit and foreign currencies to over 190 countries, benefiting customers involved in both domestic and international trade. To date, 50% of our trade transactions have successfully been migrated into eTrade submissions.



## SUSTAINABLE BUSINESS

### Enhancing Customer Satisfaction through Trust and Fair Treatment

Alliance Bank is guided by BNM’s policy document in the issuance of our Product Disclosure Sheet. This is to ensure pertinent information regarding our products and services is clearly communicated to our customers to ensure transparency and improve overall customer satisfaction. The objective of the Product Disclosure Sheet is to:

- Promote customer’s awareness and understanding of the financial products and services;
- Facilitate consistency in the disclosure of essential information on the financial products and services;
- Minimise mis-selling of the financial products and services;
- Ensure that financial products and services sold are appropriate to the needs and resources of the customer; and
- Promote informed decision-making by the customer.

We are also guided by BNM’s Fair Treatment of Financial Consumers policy document to ensure that our interactions with customers are conducted with fair treatment and consideration for their best interests.

Through our transparency and fair treatment towards our customers, we effectively measure customer loyalty and their propensity to recommend our products or services. We rely on the Net Promoter Score (“NPS”) as a key metric. This strategic tool plays a vital role in evaluating the success of our relationship-focused strategy, ensuring that we consistently meet and exceed customer expectations across key touch points. By analysing the NPS results, we pinpoint areas for improvement and implement targeted measures to address any customer concerns, ultimately enhancing overall customer satisfaction levels.

In FY2024, our Bank maintained its composite NPS score to date of 33. Our success was a result of our proactive efforts, including our relationship managers reaching out to all clients to gain a deeper understanding of their financial needs in order to serve them more effectively.



### Feature Story: Driving Digital Transformation to Become the Preferred Banking Partner for Customers

In FY2024, we proudly secured over 40 prestigious awards, highlighting our digital transformation and commitment to ESG initiatives. Notable wins include achieving three gold, one silver, and three bronze medals in the Marketing Excellence Awards 2023. These accolades recognise our strength and achievement in developing innovative digital marketing strategies and executing impactful brand-building campaigns. On a regional scale, we emerged as a gold winner in the Qorus Reinvention Awards – APAC 2023 for our Sustainability Impact Programme (“SIP”).

From pioneering digital SME loan solutions to championing marketing transformation through “outcomes and performance-based approaches”, we demonstrate our leadership in banking innovation and responsible banking practices. Further, ESG is kept closely in mind in the development of new products, as demonstrated in the launch of the Bank’s Virtual Credit Card (“VCC”). These achievements reaffirm the Bank’s commitment to delivering exceptional solutions while driving our Brand Purpose to be “The Bank For Life”.



## SUSTAINABLE BUSINESS

### Safeguarding Customer Data

**Relevant material matters:**

- Customer Data Privacy

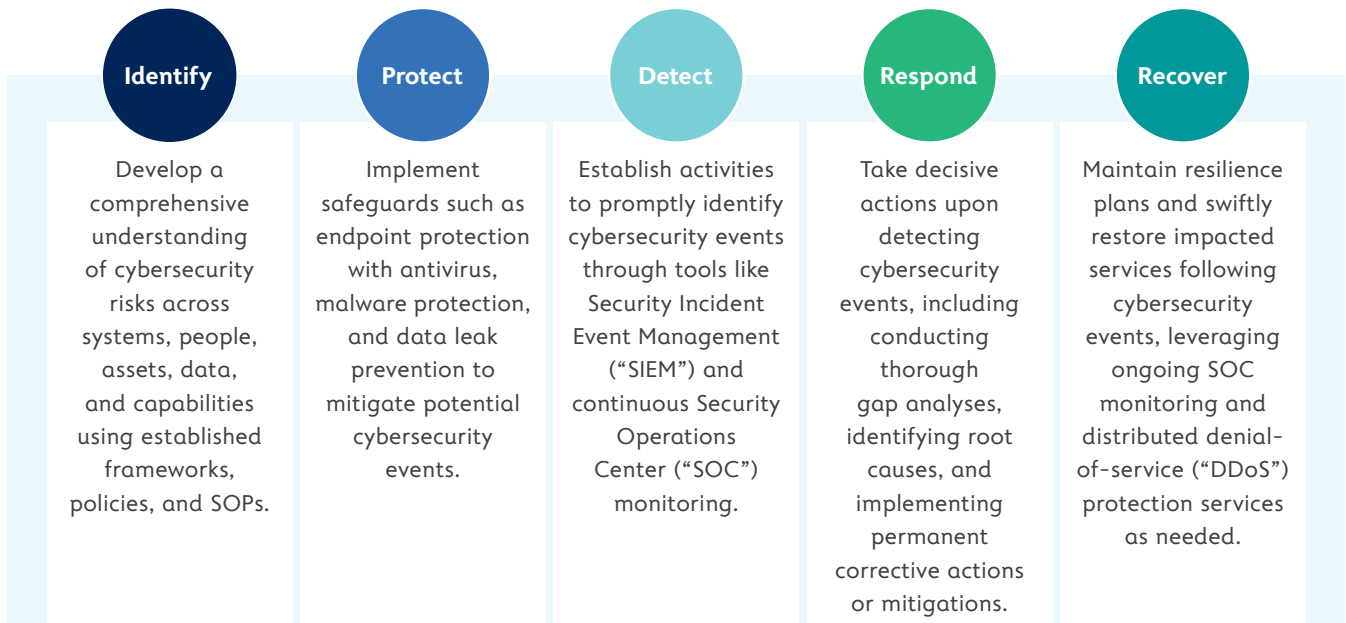
We are strongly committed to protecting our customers’ data and privacy, especially as we accelerate the digitalisation of our systems and processes. Robust controls are integrated and ensured as crucial aspects to obtaining and maintaining trust from our customers and stakeholders. In addition to strict adherence to the Personal Data Protection Act 2010, Financial Services Act 2013, Islamic Financial Services Act 2013, and other relevant laws, we have implemented a robust internal Personal Data Protection Policy. These policies govern how we collect, use and safeguard our customers’ personal data. Access to data is restricted to authorised personnel, and it is securely stored within our Bank. Hardcopy materials are securely stored in locked cabinets at a designated secure location, with any obsolete printed materials securely disposed of.

To fortify our cybersecurity framework, we routinely assess and enhance our cybersecurity infrastructure to prevent unauthorised access, security breaches, and data leaks.

Our employees receive regular reminders to stay vigilant against cyber-attacks through mandatory e-Learning modules and employee announcements. We have also implemented several control measures for protecting our customers from scams and fraud through spreading customer awareness, embedding multifactor authentications, and removing hyperlinks from the Bank’s SMS, among other measures. As an initiative to cultivate a compliance culture among our employees, we have launched our Compliance Culture Campaign 2 which focuses on three of our AGILE values: Accountability, Growth Driven and Leadership.

We manage cybersecurity risks by leveraging the National Institute of Standards and Technology (“NIST”) five core functions. These functions are executed concurrently and continuously through our tech layers to cultivate an operational culture that adeptly addresses dynamic cybersecurity risks.

### Five Core Functions



### Tech Layers

System Management	Content Security	Network Security
Application Security	End-point Security	Security Operation
Governance & Compliance		

## SUSTAINABLE BUSINESS

### DELIVERING ECONOMIC VALUE

We deliver consistent and sustainable economic value to our stakeholders.

#### Delivering Strong Economic Value

Relevant material matters:

- Economic Performance

To ensure the continued strength of our lending capabilities and to support our ongoing expansion initiatives, we are dedicated to maintaining a strong capital foundation and ensuring robust liquidity levels. For further information on this topic, please refer to the "Performance Review" section on page 36 within this Annual Report.

Throughout the reporting period, the Bank has consistently conducted comprehensive risk management and capital adequacy assessments to equip our businesses for macroeconomic challenges, including potential slowdowns, negative gross domestic product ("GDP") growth, increasing unemployment rates, and rising interest rates. These assessments include the regular implementation of stress tests across all facets of our business operations.

Despite encountering numerous challenges during the review period, our proactive risk management practices and prudent capital allocation strategies have enabled us to deliver significant economic value to our stakeholders.

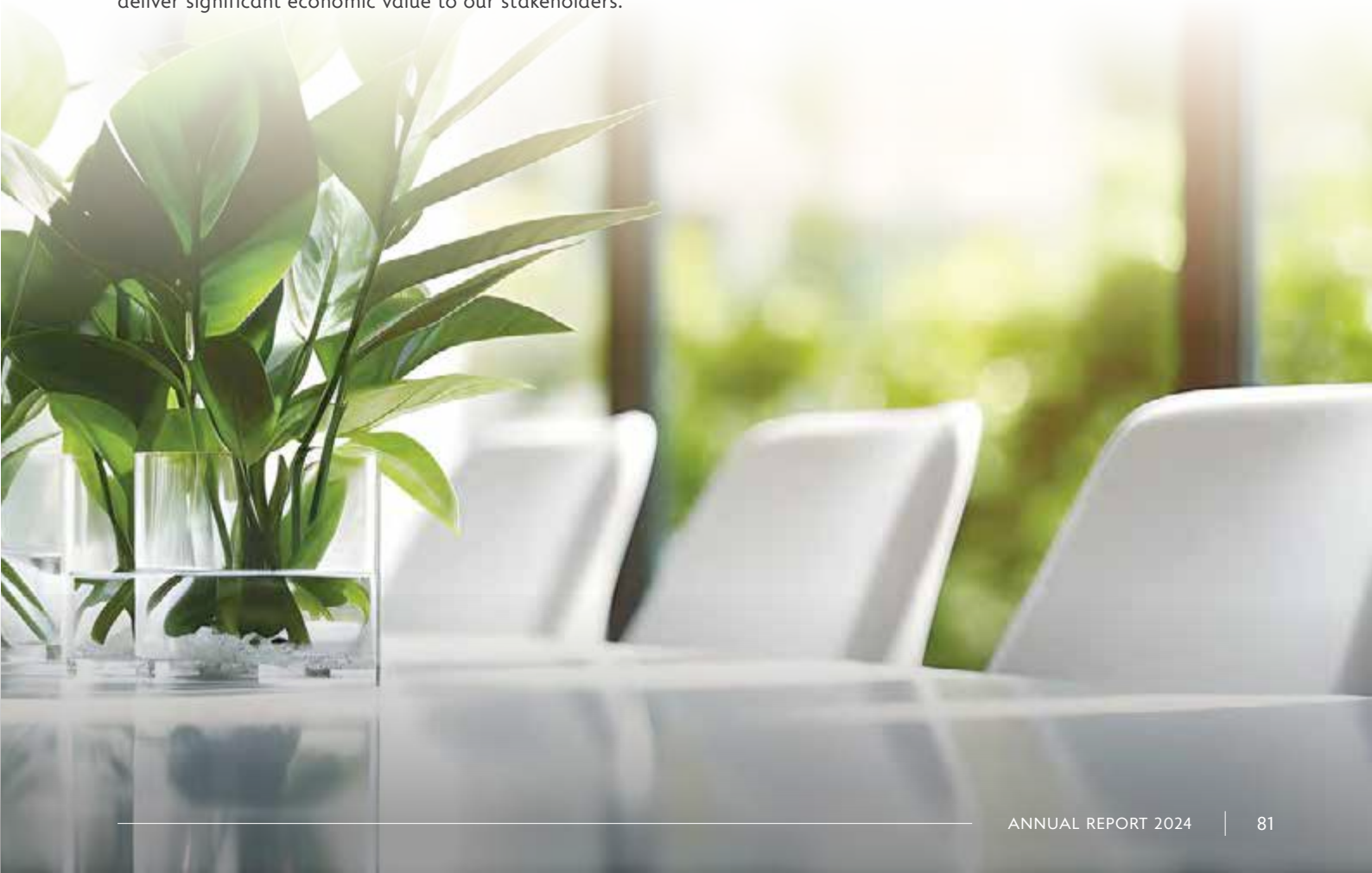
#### Direct Economic Value Generated

**TOTAL ECONOMIC VALUE GENERATED**

**FY2024**  
**RM2,020.4** million  
 FY2023 – RM 1,919.9 million  
 FY2022 – RM 1,867.7 million

#### REVENUE

**FY2024**  
**RM2,020.4** million  
 FY2023 – RM 1,919.8 million  
 FY2022 – RM 1,867.6 million



## SUSTAINABLE BUSINESS

### Economic Value Distributed

#### TOTAL ECONOMIC VALUE DISTRIBUTED

FY2024  
**RM1,555.0** million  
 FY2023 – RM 1,491.9 million  
 FY2022 – RM 1,422.6 million

#### EMPLOYEE WAGES AND BENEFITS

FY2024  
**RM629.8** million  
 FY2023 – RM 572.6 million  
 FY2022 – RM 529.6 million



#### COMMUNITY INVESTMENTS (administration expenses – donation)

FY2024  
**RM1.3** million  
 FY2023 – RM 1.2 million  
 FY2022 – RM 1.4 million



#### OPERATING COSTS (excluding personnel expenses and community investments)

FY2024  
**RM244.9** million  
 FY2023 – RM 213.7 million  
 FY2022 – RM 201.5 million



#### PAYMENT TO GOVERNMENT – TAXATION AND ZAKAT

FY2024  
**RM220.8** million  
 FY2023 – RM 208.8 million  
 FY2022 – RM 254.6 million



#### PAYMENTS TO PROVIDERS OF CAPITAL – CASH DIVIDENDS PAID TO SHAREHOLDERS

FY2024  
**RM322.8** million  
 FY2023 – RM 343.7 million  
 FY2022 – RM 218.1 million



#### NET BAD DEBTS

FY2024  
**RM135.4** million  
 FY2023 – RM 151.9 million  
 FY2022 – RM 217.4 million



### Direct Economic Value Generated

#### TOTAL ECONOMIC VALUE RETAINED

FY2024  
**RM465.4** million  
 FY2023 – RM 428.0 million  
 FY2022 – RM 445.1 million

#### DEPRECIATION AND AMORTISATION

FY2024  
**RM97.7** million  
 FY2023 – RM 93.9 million  
 FY2022 – RM 90.4 million



#### PROFITS AFTER DIVIDEND

FY2024  
**RM367.7** million  
 FY2023 – RM 334.1 million  
 FY2022 – RM 354.7 million



### Alliance Bank to relocate headquarters to Menara Alliance Bank

Alliance Bank is set to make a significant move to its new headquarters located at the iconic Menara Alliance Bank in Kuala Lumpur. Earmarked as a green-certified building, this strategic relocation to a prime commercial centre reflects the Bank’s steadfast commitment to enhancing its presence in the heart of Kuala Lumpur’s commercial district and is part of the Bank’s journey to be a more sustainable and resilient organisation. It signifies a strategic endeavour to elevate brand visibility, promoting an enhanced working environment, and signifying a bold step towards deepening our environmental and social commitments for our internal organisation.

# SUSTAINABLE SOCIETY

**Relevant stakeholders<sup>1</sup>**







**Relevant material matters:**

- Climate Change
- Financial Inclusion
- Sustainable Procurement
- Corporate Social Responsibility



Beyond banking, we wish to help our communities and wider society be more sustainable in alignment with our Topline Goal 2 – to help customers adopt sustainable lifestyles and business practices. At Alliance Bank, we are a community-centric institution that endeavours to serve businesses and consumers every day in a positive and meaningful way. Embracing a holistic approach to enabling a sustainable society, we partner with our stakeholders to drive sustainable outcomes across the business ecosystem and society at large while also investing to meet the diverse needs of our communities, including those who are underserved, such as small businesses or communities.

**Empowering Sustainable Living**



**FY2024:**  
 Reduced to **31%**  
*FY2023: Reduced to 35%*

**Ensure C5% of portfolio is <20% by FY2030**

<sup>1</sup> For stakeholder icon definitions, see “Key Stakeholder Engagement” on page 48.

## SUSTAINABLE SOCIETY

Material Matters	FY2024 Achievements
<b>Climate Change</b>	<ul style="list-style-type: none"> <li>• Signed a tripartite partnership with InvestSarawak Sdn Bhd and the UN Global Compact Network Malaysia &amp; Brunei (“UNGCMYB”) to accelerate an inclusive climate transition for SMEs through the “Climate Inclusive Financing &amp; Development Programme”</li> <li>• Co-hosted and signed an MoU with SME Corp. Malaysia during the SME ESG Roundtable held in Penang</li> <li>• Co-organised the SME ESG Symposium with UNGCMYB and signed MoUs with Monash University Malaysia and the International Centre for Education in Islamic Finance (“INCEIF”) University to collaborate on thought leadership and sectoral playbook initiatives</li> </ul>
<b>Financial Inclusion</b>	<ul style="list-style-type: none"> <li>• The Economic Empowerment Programme (“EEP”) 3.0 onboarded another 50 participants for entrepreneurship upskilling, with a total of 173 participants inducted into the Programme since its inception in December 2020</li> <li>• SocioBiz garnered more than RM235k through 4 crowdfunding campaigns, consequently benefitting 535 underserved and B40 recipients</li> <li>• RM225,000 disbursed to Amanah Ikhtiar Malaysia under Alliance Islamic Bank’s Zakat Microfinancing Programme (“AZAM”), benefitting 45 <i>asnaf</i> micro entrepreneurs</li> </ul>
<b>Sustainable Procurement</b>	<ul style="list-style-type: none"> <li>• Increased local procurement spend to 94% to support the local economy</li> </ul>
<b>Corporate Social Responsibility</b>	<ul style="list-style-type: none"> <li>• Organised the inaugural Alliance Bank Heritage Run 2023 with a turnout of close to 3,500 participants</li> <li>• Collaborated with IPC Shopping Centre to launch the IPC Little Eco-Heroes Awards programme wherein 151 prototypes were received from primary and secondary schools nationwide</li> </ul>



## SUSTAINABLE SOCIETY

## DRIVING CHANGE BEYOND BUSINESS

We partner with our stakeholders to effect sustainable outcomes across the business ecosystem and society at large.

### Enabling Financial Well-being for SMEs

#### Relevant material matters:

- Financial Inclusion
- Climate Change

#### Partnership with SME Corp and UNGCMYB for the SME ESG Roundtable and ESG Symposium

In a move to empower SMEs in their journey towards adopting ESG practices, Alliance Bank signed a Memorandum of Understanding (“MoU”) with SME Corp. The partnership kicked off with a roundtable discussion jointly organised by Alliance Bank and SME Corp in Penang where representatives from 19 business and industry associations, federations as well as government agencies came together to share their views on the ESG landscape in Malaysia and how it is affecting businesses locally. The insights from the roundtable formed valuable input to the ESG Symposium.

Alliance Bank Malaysia has joined forces with Monash University Malaysia and the International Centre for Education in Islamic Finance (“INCEIF”) University. This collaboration aims to conduct research and thought-leadership events to extract industry-based insights for the development of sectoral playbooks based on best practices of industry leaders. By partnering with these leading academic institutions, the Bank seeks to develop a comprehensive understanding of the challenges and opportunities faced by SMEs across various sectors as they integrate ESG practices into their operations.

This initiative highlights the university partners’ dedication to promoting sustainable business practices among SMEs. Monash University Malaysia emphasises its aim to fill the knowledge gap and provide tailored solutions that address industry-specific needs through knowledge sharing, research, and collaboration with key industry players. As an Islamic finance education leader, INCEIF University underscores the need for financial inclusion which is the key thrust of Value-Based Intermediation, particularly for micro-SMEs. Hence, the university is committed to building capacity for the industry to move towards meaningful financial well-being.

The collaborations were formalised through the signing of MoUs during the SME ESG Symposium 2023. The symposium, themed “Enabling Collaborative Ecosystems for SME ESG Transition” was co-organised with UNGCMYB and served as a platform for businesses to share best practices and gain insights from ESG adoption pioneers within their respective industries. The findings gleaned from the symposium, along with the participation of over 50 businesses, will be instrumental in guiding the next phase of Alliance Bank’s and its partners’ journey in enabling businesses navigate their ESG adoption roadmap. Sectoral playbooks will be developed in a thematic series that helps Malaysian businesses accelerate adoption of ESG.

#### Participating in Associations

By forging strong partnerships, our goals and strategies align with the commitments we have made with leading ESG-focused associations. Alliance Bank has been actively leading and participating in various industry associations and regulator-industry committees, such as the Joint Committee on Climate Change (“JC3”) committees and working groups, The Association of Banks in Malaysia (“ABM”) ESG Committee, and various focus groups organised by Securities Commission (“SC”) and Capital Markets Malaysia (“CMM”). The Bank strongly believes that working closely with the regulators and other industry peers forges strong collaborative efforts, greater capacity building through knowledge sharing, and plays a significant role in having a voice towards sustainability-related public policy development that will shape the nation’s future. Together, we can contribute to accelerating the nation’s progress towards a more sustainable and low carbon future.

## SUSTAINABLE SOCIETY

### The Association of Banks in Malaysia (“ABM”) ESG Committee

Alliance Bank, as an active member of the ABM ESG Committee, has maintained our unwavering commitment to industry collaboration by embracing the broad seven ESG Principles launched by the ABM ESG Committee at the inaugural Malaysian Banking Conference held in 2022. The principles represent a commitment to foster sustainable practices within the financial sector and support the Government of Malaysia’s Intended Nationally Determined Contribution (“NDC”) in accordance with the United Nations Framework Convention on Climate Change (“UNFCCC”). We have been actively engaging in the committee’s initiatives, including the recent Glasgow Financial Alliance for Net Zero (“GFANZ”) Roundtable Session with Chief Sustainability Officers to engage in dialogues on net zero transition planning to support a just transition to a low carbon economy.



### Joint Committee on Climate Change (“JC3”)



Established in 2019 to pursue collaborative action between regulators and the industry for building climate resilience within the Malaysian financial sector, Alliance Bank has been actively participating in JC3 events. In the latest JC3 Journey to Zero Conference held from 23<sup>rd</sup> to 25<sup>th</sup> October 2023, Alliance Bank participated in the development of one out of the five key national initiatives announced by JC3 to support an inclusive transition to a greener economy, namely the ESG Jump-Start Portal. Our Chief Executive Officer of Alliance Islamic Bank Berhad was also a key panelist speaker in the “Value-based Intermediation (“VBI”) Fireside Chat to Support Climate Transition” to discuss how VBI and embracing its values supports the move towards more sustainable practices and lifestyles.





## SUSTAINABLE SOCIETY

**Joint Committee on Climate Change SME Focus Group (“JC3 SFG”)**

JC3 SFG is a dedicated regulator–industry platform formed in 2023 with the aim to accelerate the transition and adoption of sustainable business practices by SMEs. This objective is achieved by raising SME awareness on climate change, climate-related risk and sustainable practices, as well as facilitating adoption of green certifications and disclosures by SMEs to help them in their transition journey. Alliance Bank is the lead for the Awareness Subgroup of the JC3 SFG. Represented by the Head of Sustainability, the Bank has been driving significant progress towards the development and execution of a strategic roadmap and awareness programme to support SMEs in their climate awareness and resilience journey. The Bank has also been playing a pivotal role in the development of the recently launched ESG Jump-Start Portal, a one-stop online portal via the JC3 website for SMEs to access foundational information to jump start their sustainability journey. The portal includes a repository of information on publications, capacity building programs, certification schemes, and financial and incentive schemes that SMEs can tap into.

**Joint Committee on Climate Change (“JC3”) BNM Climate Change and Principle-based Taxonomy (“CCPT”) Implementation Group (“CCPT IG”)**

An industry collaboration platform mandated by the JC3, CCPT IG focuses on sharing progress on CCPT implementation and facilitates technical experiences and discussions related to the application of CCPT Guidance document. The CCPT IG facilitates the identification and remediation of implementation issues with the aim of promoting consistent application of CCPT across the industry.

**Capital Markets Malaysia for Simplified ESG Disclosure Guide (“SEDG”)**

Alliance Bank was among the participants in Capital Markets Malaysia’s (“CMM”) financial services industry consultation, contributing feedback and engaging in discussions about the SEDG prior to its publication. The aim of the guide is to provide practical and structured guidance on disclosures expected of SMEs in relation to ESG matters. The Bank has also signed up with CMM as an SEDG adopter and has begun promoting the Guide to our SME clients.

**UN Global Compact Network Malaysia & Brunei (“UNGCMYB”)**

**Global Compact  
Network  
Malaysia & Brunei**

Alliance Bank has remained proud to be one of the participating companies of UN Global Compact, pledging our support to uphold its Ten Principles, concerning human rights, labour standards, environmental protection, and anti-corruption. In FY2024, we continued to collaborate with UNGCMYB to support SMEs in adopting sustainable practices through the following activities:

- Hosted the SME ESG Symposium 2023 with the theme “Enabling Collaborative Ecosystems for SME ESG Transition” with Monash University and INCEIF, with the aim of promoting ESG adoption and implementing sustainable business practices amongst SMEs.
- Tri-party MOU signed by InvestSarawak x UNGCMYB x ABMB to improve the sustainability of Sarawak SMEs and to provide Climate Inclusive Financing.
- Roll out of climate assessment tool (PROGRESS) to help SMEs identify and improve sustainable practices. PROGRESS has been rolled out to several corporate supply chains such as Mah Sing Group Berhad, and several others.
- Announced a 3-year MoU at the GO ESG Sustainable Finance Symposium held in Parliament to extend our partnership across ESG capacity building, advisory and financing for SMEs in the country.

## SUSTAINABLE SOCIETY

### Third Value-based Intermediation Financing and Investment Impact Assessment Framework (“VBIAF”) Sectoral Guide Town Hall

The event represented a significant milestone in Association of Islamic Banking and Financial Institutions Malaysia’s (“AIBIM”) commitment to promoting sustainable practices in key sectors such as Agriculture, Mining and Quarrying, Road Transportation, and Waste Management. At the town hall session, industry stakeholders and technical experts provided valuable suggestions and insights to support the upcoming public consultation phase leading to the publication of the Sectoral Guides. En Rizal Il-Ehzan Fadil Azim, Chief Executive Officer of Alliance Islamic Bank Berhad (“AIS”), serves as the Chairman of the 3<sup>rd</sup> Cohort Sectoral Guide Working Group.

### National Climate Governance Summit 2023



Climate Governance Malaysia (“CGM”) is the national chapter for the World Economic Forum’s (“WEF”) climate governance initiative, focusing on raising awareness about climate-related financial risks among non-executive directors. The National Climate Governance Summit, jointly organised by Suruhanjaya Syarikat Malaysia (“SSM”), FIDE FORUM, and SME Corporation Malaysia provides SMEs a platform to understand climate action and build resilient businesses.

En Rizal Il-Ehzan Fadil Azim, Chief Executive Officer of Alliance Islamic Bank Berhad (“AIS”), represented Alliance Bank at the summit. His presentation, titled “ESG Insights from Malaysian SMEs: Building a Better Future Together,” delved into the unique challenges and opportunities faced by SMEs in response to the climate crisis and the greening of global supply chains. Leveraging our expertise in financing SMEs in Malaysia, the presentation proposed potential solutions to accelerate ESG adoption, including active engagement with SMEs, targeted practical solutions and fostering multistakeholder collaboration.

## SUSTAINABLE SOCIETY

### Accelerate to Net Zero ASEAN (“AtoZero”)

The AtoZero ASEAN initiative, presented by Malaysian Green Technology and Climate Change Corporation (“MGTC”) and Constellar at the International Greentech & Eco Products Exhibition & Conference Malaysia (“IGEM”) 2023, aims to accelerate ASEAN’s transition to a net-zero end game. It provides a platform for Energy Ministers, industry CEOs, and think tank leaders to share world-class content and derive actionable insights. Additionally, it serves as a gateway to multi-billion-dollar net zero transition projects in ASEAN, facilitating connections between the industry and major upcoming projects.

At the event, En Rizal Il-Ehzan Fadil Azim, Chief Executive Officer of Alliance Islamic Bank Berhad (“AIS”), represented the Bank in a panel discussion. The panel focused on exploring the impact, challenges, and opportunities related to green energy ambitions and net zero goals, with a particular emphasis on how these factors affect SMEs. Our contribution during the panel discussion delved into the role of green financing in the energy transition and ASEAN’s involvement, the challenges faced by financiers and industry players in green financing, and the long-term evolution of green financing and its accessibility to SMEs.



### Alliance Bank’s Micro, Small and Medium Enterprise (“MSME”) Business Outlook Report

In March 2024, we unveiled our MSME Business Outlook Report 2024 for Malaysia, offering insights into the resilient nature of Malaysian Micro, Small, and Medium Enterprises (“MSMEs”) as they make strides toward pre-pandemic revenue levels.

A significant trend noted in the report is MSMEs’ increasing reliance on digital tools for growth, with 19.7% planning to implement cash flow management systems, 15.9% aiming to utilise social media management platforms, and 14.6% looking to adopt accounting-related tools.

Central to this growth trajectory is the support provided by banks, notably Alliance Bank, in empowering MSMEs through financial solutions and digitalisation initiatives. The report reveals that MSMEs are primarily seeking bank loans, investor funding and peer-to-peer (P2P) financing

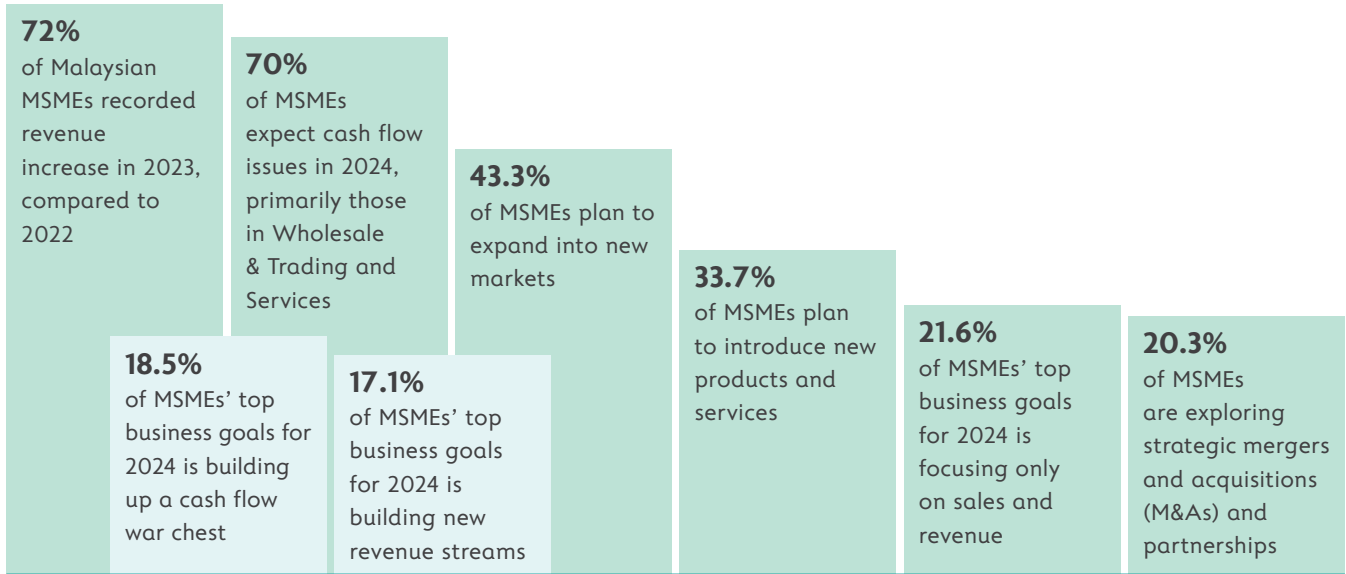
solutions to bridge cash flow gaps, with expectations of faster loan application processing and simpler documentation requirements.

Furthermore, our commitment to Environmental, Social, and Governance (“ESG”) practices is highlighted in our dedication to offering personalised solutions for MSMEs’ sustainability journey. In collaboration with regulatory bodies and subject-matter experts, it reflects our strategic focus on holistic business support.

We have also recently launched our Digital SME Startup Financing, in partnership with CGC Digital, which provides new companies as young as six months old with easy access to working capital from RM20,000 to RM100,000. The process is entirely online, removing the need for collateral or branch visits, ensuring accessibility from anywhere, anytime.

## SUSTAINABLE SOCIETY

Key findings of the study are:



### Feature Stories: Accelerating SME financing through collaborations Driving Green Transition for Sarawakian SMEs

In November 2023, we signed a tripartite partnership with InvestSarawak Sdn Bhd and the UN Global Compact Network Malaysia & Brunei (“UNGCMYB”) to accelerate an inclusive climate transition for SMEs through the “Climate Inclusive Financing & Development Programme.” With our initial commitment of extending RM1 billion in green financing, Sarawakian SMEs will be empowered to embark on sustainability-linked transition projects and bolster their business resilience.

This significant event also marked the official launch of our PROGRESS tool, signifying a crucial milestone in supporting SMEs. The tool measures the maturity level of climate action, provides peer benchmarking, and generates a climate transition action plan. This partnership reflects a shared commitment to driving innovation, fostering resilience, and creating value for stakeholders, thereby positioning Sarawak as a leader in sustainable economic growth.



## SUSTAINABLE SOCIETY

### Empowering MSME Growth through Portfolio Guarantee Schemes



In June 2023, we extended our collaboration with Credit Guarantee Corporation Malaysia Berhad (“CGC”) by introducing a new series of Portfolio Guarantee schemes, offering RM1 billion in financing to support micro, small, and medium enterprises (“MSMEs”).

By embarking on this partnership, eligible businesses, including those lacking collateral, will gain access to financing of up to RM1 million to expand their business operations. To streamline the process, we have simplified the application procedure, requiring minimal documentation and offering



approval within one day upon the submission of all necessary documentation.

Aligned with our Acceler8 strategy, this strategic alliance highlights our commitment to supporting MSMEs by accelerating their access to financing for capital expenditure and working capital. With the MSME Business Outlook 2023 survey revealing a strong preference for bank loans among businesses, this partnership addressed critical financing needs and reinforced our dedication to empowering MSMEs.

### Bolstering SME Growth with an Additional RM1 Billion Financing Partnership



We have strengthened our partnership with Syarikat Jaminan Pembiayaan Perniagaan Berhad (“SJPP”) to provide an additional RM1 billion in financing through guarantee schemes, aiming to accelerate the growth of small and medium enterprises (“SMEs”).

This strategic collaboration features schemes such as the PEMULIH Government Guarantee Scheme (“PGGS”), offering financing of up to RM20 million to businesses without collateral. Moreover, our offering extends to other schemes such as the Working Capital Guarantee Scheme (“WCGS”) and Working Capital Guarantee Scheme – Start Up (“WCGS-



SU”), which were developed to support SMEs across all sectors in meeting their diverse business needs.

Additionally, we facilitate access to Bank Negara Malaysia’s Low Carbon Transition Facility (“LCTF”), encouraging SMEs to embrace sustainable practices. With our unwavering commitment to innovation and customer-centricity, we aim to serve a diverse range of business segments, including medium-sized enterprises, micro-enterprises, and ESG-focused SMEs, by providing tailored and efficient solutions.

## SUSTAINABLE SOCIETY

### Embedding a Sustainable Supply Chain

**Relevant material matters:**

- Sustainable Procurement

The Bank recognises that achieving a sustainable future requires a holistic approach. Beyond our own operations, we are committed to fostering sustainability throughout our supply chain. We achieve this by ensuring fairness, transparency, and accountability in all our procurement practices. Each purchasing decision aligns with the Bank’s comprehensive Procurement Policy and Standard Operating Procedures, ensuring ethical treatment of our suppliers and business partners and fostering long-term, mutually beneficial relationships.

Our suppliers are required to uphold our Code of Conduct and Procurement Integrity terms, clearly incorporated into our Purchase Order terms and conditions. To streamline the process and ensure transparency, we require suppliers to use our user-friendly e-Procurement system for submitting cost quotations and tender submissions for various projects. This system promotes fair competition and facilitates efficient evaluation.

For purchases exceeding RM300,000, our dedicated Tender Committee will oversee the award process. This committee adheres to rigorous selection criteria, ensuring we partner with qualified and responsible suppliers. Furthermore, both potential and current suppliers undergo due diligence procedures where we assess their background to ensure alignment with our standards and expectations. In cases where deemed necessary, we conduct on-site visits to gain deeper insights into their operations and practices.

We base our supply chain management objectives not only on cost and speed, but also on upholding social and environmental responsibility to support our overall ESG efforts. We acknowledge the multifaceted potential issues within the supply chain, spanning from climate change and deforestation to carbon emissions and social standards such as human rights and fair labour practices. Since FY2023, we have taken significant steps to embed ESG considerations into our Procurement Policy and Procedures. This notably includes embedding of the Sustainable Procurement Assessment Questionnaire (“SAQ”) embedded within our e-Procurement System. The SAQ proactively screens all suppliers against various ESG criteria, including critical aspects like anti-bribery and corruption practices. In FY2024, a total of 545 vendors completed the ESG Procurement SAQ for screening. We will continue to review and enhance the ESG Procurement SAQ to further facilitate sustainable practices within our supply chain over time.

In FY2024, further progress was made in the development of a transition plan and exit strategy to facilitate vendors’ compliance to our standards. We also increased our local procurement spend to 94%, ranging from large multinationals to SMEs. Our efforts in supporting local suppliers are in line with our overarching commitment to improve our ESG practices, as well as reflect our dedication to fostering economic development and create job opportunities for the local communities.



**PROPORTION OF SPENDING ON LOCAL PROCUREMENT**

FY2024	94%
FY2023	92%
FY2022	87%

## SUSTAINABLE SOCIETY

### IMPROVING COMMUNITY WELL-BEING

We invest to meet the needs of our communities, including the underserved.

<b>Corporate Social Responsibility</b>	<b>Relevant material matters:</b> • Corporate Social Responsibility
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At Alliance Bank, we firmly believe that our success is deeply tied to the well-being of the communities we serve. This conviction drives us to forge strong partnerships and actively engage with local communities as well as non-profit organisations that work closely with these local communities. Through these collaborations, we gain a deeper understanding of their needs, enabling us to better serve them in alignment with our mission: “Building Alliances to Improve Lives”. Our commitment to community welfare is reflected in our actions. In the past year alone, we have invested RM1.3 million in community initiatives, positively impacting over 2,900 beneficiaries.

However, our impact goes beyond financial resources. We foster a culture of giving back by encouraging our employees to volunteer their time and talents. In FY2024, we launched our Employee Volunteerism Programme to further encourage the spirit and culture of volunteerism among employees. The programme not only recognises and celebrates employee contributions but also strengthens our community engagement and employee morale. The initiatives under the Employee Volunteerism Programme umbrella are also aligned to the Bank’s CSR focus on community empowerment, environmental preservation and providing accessible financial literacy education particularly for the underserved and underprivileged communities.

Our current principles of community investments are based on four focus areas which support the Bank’s business strategy:

SUPPORTING ABMB’S RESPONSIBLE AND SUSTAINABLE GROWTH				
<b>CSR PURPOSE</b>	<b>Financial Literacy</b> To champion financial literacy among primary schoolchildren	<b>Social Business</b> To mobilise communities to help empower B40s via entrepreneurship	<b>Eco Business</b> To support eco-conversation efforts via young entrepreneurs	<b>Employee Engagement</b> To nurture a conscious and conscientious workforce
<b>PRIORITIES (FOCUS AREAS)</b>	Financial Literacy and Awareness	Community and Small Business Empowerment	Ecological Awareness & Preservation	Employee Activism and Volunteerism
<b>FLAGSHIP CSR PROGRAMMES</b>				Various Community Outreach and Assistance Programmes

## SUSTAINABLE SOCIETY

### IPC Little Eco-Heroes Awards



The IPC Shopping Centre collaborated with Alliance Bank to launch the inaugural IPC Little Eco-Heroes Awards programme, which is supported by the Ministry of Education Malaysia. This initiative received 151 submissions from primary and secondary schools nation-wide to showcase their innovative, eco-friendly ideas to solve environmental challenges. The 40 finalists brought their ideas to life made of recycled or recyclable materials and were showcased at a gallery open to public votes at the IPC Shopping Centre. Beyond the competition, visitors of all ages participated in engaging activities to learn about waste repurposing and recycling in a fun and educational way.

The awards programme recognised outstanding eco-innovation across five categories. Winners received personalised certificates, unique trophies crafted from recycled materials, and financial rewards, including redeemable Tack Points and cash prizes deposited directly into their Alliance Bank Buddy™ Accounts or Alliance Junior Smart Saver-i Accounts. The prize award ceremony culminated in an announcement of the 20 winners, spanning both individual and group categories for primary and secondary schools. These young environmental champions were lauded for their outstanding creativity, practicality, innovation, aesthetics and unwavering commitment towards sustainability.

### Flood Relief Assistance

With climate change's impact on the rise, we continued our initiative to offer financial relief through loan moratoriums up to six months, loan repayment modifications, and fee waivers for affected individuals and businesses. The Bank acknowledges the financial strain caused by the floods and aims to alleviate some of those burdens. The program is available for application after flood events, covering conventional loans, Islamic financing facilities, and replacement fees for flood-damaged bank cards and documents. Additionally, the Bank extended support to its own employees affected by the floods.



## SUSTAINABLE SOCIETY

### Our Zakat Contribution

In FY2024, Alliance Islamic Bank (“AIS”) allocated RM1 million in *zakat* (Islamic tithes) to various *asnaf* (underprivileged) beneficiaries, some of whom were identified by our partners: Lembaga Zakat Selangor (“LZS”), Amanah Ikhtiar Malaysia (“AIM”), Lembaga Zakat Negeri Kedah (“LZNK”), Yayasan Kebajikan Negara (“YKN”), Rumah Pengasih Warga Prihatin (“RPWP”), Association of Islamic Banking and Financial Institutions Malaysia (“AIBIM”), Angkatan Belia Islam Malaysia (“ABIM”) and others.

We continued to help *asnaf* communities through the following initiatives:

- ▶ Alliance Islamic Bank Zakat Microfinancing (“AZAM”), to provide no-cost microfinancing to 45 *asnaf* entrepreneurs by partnering with LZS and AIM;
- ▶ Collaborated with LZNK to financially support *asnaf* paddy farmers to purchase harvest equipment;

- ▶ Partnered with RPWP to distribute Raya clothing to *asnaf* in orphanage homes;
- ▶ Helped underprivileged students at International Islamic University Malaysia to pay for their outstanding tuition fees;
- ▶ Distributed food items to *asnaf* families in Sarawak in partnership with YKN; and
- ▶ Contributed essential items to *asnaf* living in Klang Valley under Kempen Seorang Sekampit Beras organised by AIBIM and ABIM for the seventh consecutive year.

Alliance Bank and Alliance Islamic Bank employees have also contributed to helping the community with returned *zakat* (*zakat wakalah*) amounting to RM85,000 from individual *zakat* paid by employees to Pusat Pungutan Zakat – Majlis Agama Islam Wilayah Persekutuan. These proceeds were utilised to provide aid and essential items to *asnaf* families affected by natural disasters. We also supplied nutritious food items to *asnaf* children.



### Feature Stories: Fostering Sustainability with Local Communities Inaugural Heritage Run 2023

In our unwavering commitment to fostering sustainability and community engagement, we proudly organised the inaugural Alliance Bank Heritage Run 2023. Anchored within our Bank For Life initiative, the run attracted 3,500 participants from diverse backgrounds, fostering community engagement while promoting sustainable practices.

Taking place in George Town, the run was more than just a race; it was a vibrant celebration of culture and sustainability. We provided participants with complimentary trishaw rides, offering them a unique glimpse into the city’s rich heritage. Furthermore, we curated the #SupportLokal Festival Area to showcase local vendors, highlighting Penang’s unique offerings.

Aligned with our sustainability commitment, every aspect of the Heritage Run was designed with eco-friendliness in mind. From lanyards made of recycled plastic to medals crafted from recyclable wood, and T-shirts fashioned from recycled plastic bottles, sustainability permeated every facet of the event.



## SUSTAINABLE SOCIETY

### “Zero Waste Chef” Programme



In February 2024, we collaborated with Selayang Community College to launch the innovative “Zero Waste Chef” programme, educating 20 dedicated #TeamAlliance volunteers on the importance of reducing food waste. Guided by culinary experts, we learnt innovative methods to maximise the use of locally sourced ingredients and repurpose edible scraps into creating nutritious meals or for composting.

In just 7 hours, we crafted 250 meal packs which were joyfully shared with five welfare homes, serving the elderly, orphans, and individuals with disabilities. This initiative not only reflects our commitment to sustainable banking but also embodies our Brand Purpose to being “The Bank For Life”, dedicated to fostering positive community impact through volunteerism and outreach efforts.

## SUSTAINABLE SOCIETY

### Fostering Financial Well-being Among Communities

**Relevant material matters:**

- Financial Inclusion

At Alliance Bank, fostering community financial well-being is done through various initiatives, including SocioBiz, Economic Empowerment Programme (“EEP”), Zakat Microfinancing and #SupportLokal.

These initiatives are anchored on and driven by Alliance Islamic Bank’s mission to mobilise communities to promote economic inclusivity and assists successful businesses that positively impact on society and the environment.

#### SocioBiz

SocioBiz stands as a beacon of social empowerment, operating as a Shariah-compliant social funding platform dedicated to uplifting disadvantaged individuals and communities through entrepreneurial endeavors. At its core, SocioBiz enables the public to contribute back to society by channeling donations that help recipients to be economically independent, learn new skills and earn a sustainable livelihood. For FY2024, the four campaigns successfully listed on the SocioBiz platform are:

- YKN Wanita Dinamik Niaga
- Empowering Youth Through Nutrition
- MAH-SURI Project: Empower Underprivileged Single Mothers
- Johor Flood Victims campaign

In collaboration with SURI Lifestyle, the MAH-SURI Project: Empowering Underprivileged Single Mothers uplifted 94 *asnaf* and B40 women in Langkawi through a sewing skills programme. The programme under the MAH-SURI project focused on single mothers, equipping them with creative sewing skills and repurposing used hotel bed linens. The campaign raised over RM63k, facilitating the acquisition of equipment such as sewing machines and a Flexslik printing machine, enabling custom designs and enhancing economic opportunities for its beneficiaries.

The participants underwent comprehensive training over six months, equipping them with skills for personal and professional growth. As a result, participants experienced tangible improvements in their employment status, marked by increased opportunities for gainful employment or the ability to sustain their income streams.

Through the MAH-SURI Project, we were able to provide assistance to 94 individuals. Thus far, MAH-SURI Project post-programmes has recorded the following income generation:

#### MAH SURI PROJECT EVENTS AND IMPACT

SURI Fashion Show	Pasar Kitar Cashless Event	The Berjaya Hotel
<b>Average income post-event: RM1,700</b>	<b>Average income post-event: RM1,062</b>	<b>Average income post-event: RM1,600</b>

Cumulatively, SocioBiz has emerged as a force for positive change, having raised close to RM1.8 million over four impactful years.

## SUSTAINABLE SOCIETY

### Alliance Islamic Economic Empowerment Programme (“EEP”) 3.0

Alliance Islamic Bank Economic Empowerment Programme (“EEP”) launched in December 2020, aims to enhance the economic status of micro-entrepreneurs in the *asnaf* and B40 segments by offering comprehensive training in entrepreneurial, financial and digital skills. A total of 173 participants have been onboarded into the Programme since its inception in 2020.

Building on the achievements of EEP 1.0 in 2021 and EEP 2.0 in 2022, our latest programme, EEP 3.0, commenced in January 2024 in collaboration with Accelerate Global Sdn Bhd with the successful onboarding of 50 *asnaf* micro-entrepreneurs. EEP 3.0 entails a three-month structured training, as well as coaching and mentoring sessions. In April 2024, some of our EEP 3.0 participants were engaged in the AIS EEP Raya Cookies Sale at our headquarters. This initiative successfully generated RM12,700 in sales and approximately RM7,000 in profits within 2 days.

### Zakat Microfinancing

Social finance initiatives championed by Alliance Islamic Bank are guided by a robust Social Funding Strategy that ensures effective and targeted assistance to those in need. Leveraging partnerships with reputable entities such as social enterprises and State Religious Authorities, we employ stringent due diligence processes to verify the eligibility of recipients, particularly focusing on *asnaf* qualification. Additionally, our Zakat Policy and Procedures document defines our zakat calculation methodology, recipient eligibility, partner onboarding, and zakat governance within the Bank.

In September 2022, Alliance Islamic Bank (“AIS”) introduced “Zakat and Microfinance,” Malaysia’s pioneering book on zakat microfinancing. This initiative marks a significant milestone in promoting equitable development and financial well-being by utilising zakat funds to support underprivileged micro-entrepreneurs (*asnaf*). AIS collaborated with experts and researchers from Universiti Kebangsaan Malaysia and Pusat Pungutan Zakat, Majlis Agama Islam Wilayah Persekutuan to ensure the viability and permissibility of distributing zakat as microfinancing. Following extensive research and consultation, we were able to roll out our flagship initiative: the Zakat Microfinancing Programme (“AZAM”).

This programme exemplifies our innovative approach to zakat distribution. Through this programme, zakat funds are channeled into a revolving fund, which is then disbursed to eligible *asnaf* micro-entrepreneurs based on the *Qard* concept, emphasising repayment without interest or profit. Not only does this approach empower micro-entrepreneurs by providing them with essential financial support, but it also ensures the sustainability of zakat funds by recycling repayments back into the programme. This alignment with the principles of Value-Based Intermediation (“VBI”) underscores our commitment to financial inclusion of communities. In FY2024, Alliance Islamic Bank disbursed RM225,000 through this programme, positively impacting 45 *asnaf* micro-entrepreneurs. We are proud to report that we are on track to maintain this momentum, with plans to disburse another RM225,000 to support an additional 45 recipients by the first quarter of FY2025.

Furthermore, we will be participating in Bank Negara Malaysia’s iTEKAD Social Finance Programme. This initiative aims to empower low-income micro-entrepreneurs by enhancing their financial management skills and business acumen, ultimately fostering sustainable income generation. We are committed to diligently measuring and reporting the impact of our efforts, with plans to release our inaugural impact report after the first year of implementation.



## SUSTAINABLE SOCIETY

### Halal in One Programme

Alliance Islamic Bank's ("AIS") Halal in One programme continues to lead the charge for businesses seeking to expand their presence in the halal market segment. This programme provides businesses with holistic support, including end-to-end halal certification assistance, advisory services, Shariah-compliant funding options, and access to global markets. In FY2024, we facilitated businesses in harnessing digitalisation tools, offering training and entry into online marketplaces through strategic partnerships with key players like the Halal Development Corporation ("HDC"), HQC Commerce Sdn Bhd and the International Institute for Halal Research. Through these collaborations, we facilitated over RM900 million in financing to SMEs, surpassing our target of RM650 million. Additionally, we assisted more than 120 SMEs in accessing market opportunities and aided five SMEs in successfully obtaining their Halal certification, thanks to our partnerships with HDC and HQC Commerce Sdn Bhd.



### #SupportLokal

The #SupportLokal campaign aids local businesses in expanding their online presence to reach a broader customer base. Concurrently, we regularly showcase the products and services of these businesses on our social media and corporate website platforms. Additionally, we have developed the BeBizSmart content series, offering business-related insights through articles and podcasts to support budding enterprises. In FY2024, we continued to extend our #SupportLokal efforts to include on-site events, collaborating with local businesses near our branches through joint partnerships with the Bank to promote their ventures.

# SUSTAINABLE WORKPLACE

## Relevant stakeholders<sup>1</sup>



## Relevant material matters:

- Ethics and Compliance
- Climate Change
- Conserving the Environment
- Talent Management
- Employee Engagement, Health, Safety and Well-being
- Diversity, Equity and Inclusion



With a steadfast commitment to action and accountability, we embark on a journey towards sustainability, embodying the principle of “We walk the talk”. At Alliance Bank, we recognise the importance of harmonising our operations with the needs of our planet and society whilst remaining fully committed to playing our part in promoting sustainability and mitigating our environmental impact.

To ensure that our operations are aligned with global sustainability goals, we strengthened our policies and procedures to prioritise ESG considerations and continued to incorporate climate-related considerations when assessing risk and opportunities in our daily operations.

Driven by our commitment to improving the Bank’s ESG practices, we are dedicated to fostering a sustainable work environment that not only aligns with our ethical values, but also actively focuses on reducing our carbon footprint.

## Moving Towards Carbon Neutrality



**FY2024:**

**18.3%** total reduction

*FY2023: 17.8% total reduction*

Reduce emissions **by 20% by FY2027** against our FY2020 baseline.

<sup>1</sup> For stakeholder icon definitions, see “Key Stakeholder Engagement” on page 48.

## SUSTAINABLE WORKPLACE

Material Matters	FY2024 Achievements
<b>Ethics and Compliance</b>	<ul style="list-style-type: none"> <li>Improved our FTSE4Good ESG Rating to be among the top quartile PLCs in the FTSE Bursa Malaysia EMAS Index</li> <li>Strengthened ESG disclosures via the implementation of our disclosure adoption plan</li> <li>Enhanced our CCPT Screener</li> <li>Enhanced our Sustainability Framework</li> </ul>
<b>Climate Change</b>	<ul style="list-style-type: none"> <li>Achieved accumulated reduction in Scope 1 and Scope 2 GHG emissions by 18.3% against our FY2020 baseline<sup>1</sup></li> <li>Baselined Scope 3 financed emissions for 8-high emitting sectors</li> <li>Enforced the Climate Risk Management Framework</li> </ul>
<b>Conserving the Environment</b>	<ul style="list-style-type: none"> <li>Developed a methodology for our waste management</li> </ul>
<b>Talent Management</b>	<ul style="list-style-type: none"> <li>The Long Term Incentive Plan framework is under review</li> <li>Zero reported cases of non-compliance with labour standards</li> <li>Launched our refreshed Sustainability e-Learning 2.0 Programme</li> </ul>
<b>Employee Engagement, Health, Safety and Well-being</b>	<ul style="list-style-type: none"> <li>Achieved a score of 90% in the Sustainable Engagement Index (“SEI”)</li> </ul>
<b>Diversity, Equity and Inclusion</b>	<ul style="list-style-type: none"> <li>The female representation in our workforce is 62%</li> <li>Zero incidents of discrimination reported</li> </ul>

<sup>1</sup> Please refer to the “Managing Our Environmental Footprint” sub-sections on page 109 for our FY2020 baseline



## SUSTAINABLE WORKPLACE

### ENSURING ETHICAL AND RESPONSIBLE BUSINESS


We uphold the utmost adherence to responsible business practices and compliance requirements.

#### Ethical Business Practices

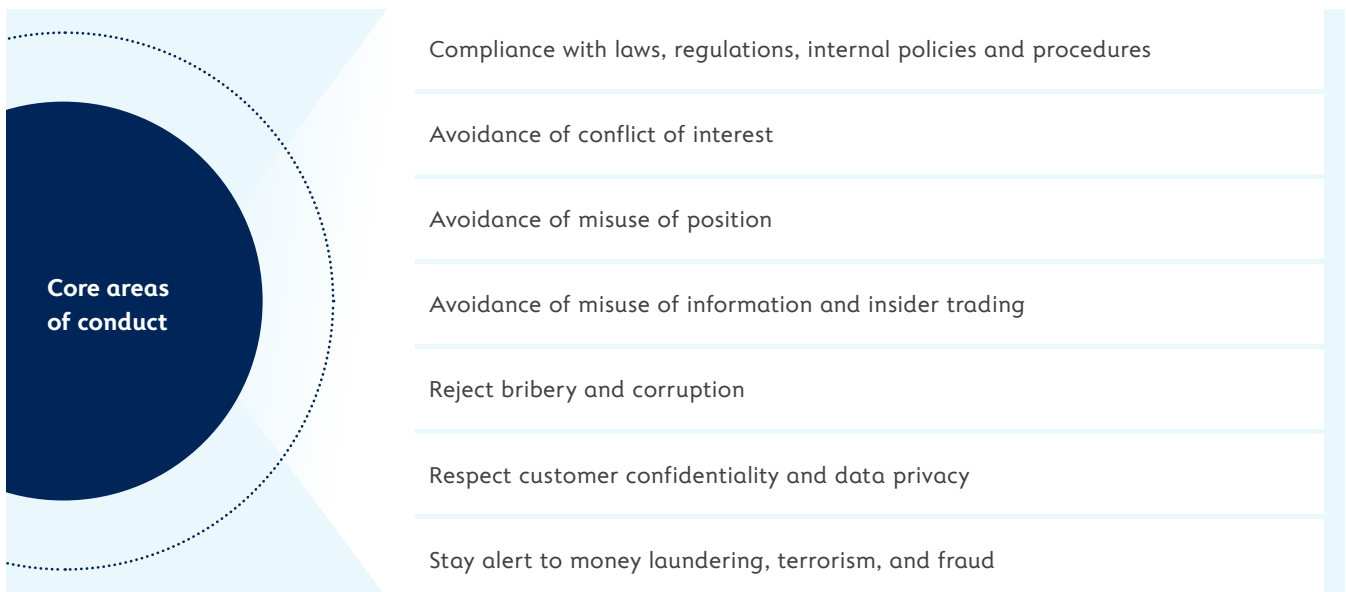
#### Relevant material matters:

- Ethics and Compliance
- Climate Change

We are dedicated to conducting all our business operations with transparency, ethics, and compliance. In order to ensure that every employee upholds these standards and safeguards the well-being and reputation of both individuals and the organisation, we have implemented the following policies:

Policy	Scope	How we embed and promote ethics and compliance in our day-to-day operations
<b>Alliance Bank Code of Conduct</b>	The Bank has a Code of Conduct that sets out the principles and standards of business and ethical conduct required to be observed by the Directors and the employees individually in order to promote and uphold the highest standard of professionalism and exemplary code of conduct at all times	<ul style="list-style-type: none"> <li>• Employee orientation programmes</li> <li>• Internal employee bulletins</li> <li>• Compliance culture within the Bank</li> <li>  <i>Please refer to the "Risk Management" section on pages 188 to 195 for more details</i> </li> <li>• Annual e-learning for employees</li> </ul>
<b>Whistleblowing Policy</b>	The Bank's Whistleblowing Policy guides and facilitates the reporting of any misconduct related to the Code of Conduct, including bullying, harassment, corruption, and bribery without the fear of reprisals	<ul style="list-style-type: none"> <li>• Designated channels for reporting</li> <li>• Whistleblowing reporting clause in all third-party contracts</li> <li>• Whistleblowing Policy on inAlliance intranet portal for employees</li> <li>• Whistleblowing Statement on corporate website for external stakeholders (<a href="https://www.alliancebank.com.my/Anti-Bribery-and-Corruption-Policy">https://www.alliancebank.com.my/Anti-Bribery-and-Corruption-Policy</a>)</li> </ul>

Core areas set out in our Code of Conduct include, among others:





## SUSTAINABLE WORKPLACE

The Alliance Bank Code of Conduct is reviewed every two years and relevant changes are incorporated to suit changing requirements and situations. Both our Code of Conduct and Whistleblowing Policy are readily accessible to all our employees through our inAlliance intranet portal in English. Additionally, we maintain a Whistleblowing Statement on our corporate website, providing external parties such as vendors, contractors, and customers with a platform to submit whistleblowing complaints, all of which are managed in accordance with the Bank's Whistleblowing Policy. We prioritise transparency and accountability by allowing complaints to be submitted anonymously, and when necessary, we ensure the confidentiality of the complainant's identity. Furthermore, the Group Nomination and Remuneration Committee (GNRC) Chairman, as a Non-Executive Independent Director, oversees the Whistleblower Policy implementation and provides regular oversight of complaints and investigations. Additionally, key executives including the Board Chairman, Group NRC Chairman, Group Audit Committee Chairman, and Group CEO are actively engaged in whistleblower processes to ensure relevant findings are communicated to the Bank Board and principal subsidiary boards.

The Bank has a robust Consequence Management Framework in place to address misconduct, negligence, breaches, and lapses across regulatory, operational, and risk-related areas. This framework is designed to assess the severity of breaches and ensure appropriate disciplinary actions are taken to mitigate risks and promote compliance with internal and external policies and regulations. In addition to this framework, the Bank follows procedures and policies on disciplinary action and management. Issues related to regulatory, operational, and risk matters are escalated to Group Compliance and/or Group Risk Management as per the Code of Conduct/Compliance Guide: Reporting of Regulatory Breaches or relevant guidelines issued by Group Human Resources/Group Compliance/Group Risk Management. All complaints and cases are communicated to the relevant heads unless special circumstances warrant otherwise.



### Anti-Bribery and Corruption

We uphold a stringent zero-tolerance stance against all forms of bribery and corruption and are committed to acting professionally, fairly and with integrity in all business dealings and relationships. Our stance is clearly outlined in our Code of Conduct, Anti-Bribery and Corruption ("AB&C") Policy, and Gifts & Entertainment Policy, all of which set out the minimum standards of conduct and guiding principles to address and manage in respect of bribery and corruption risk which may arise in the business activities of the Bank. Employees can access these policies on our inAlliance intranet portal, while our AB&C Policy is available to external stakeholders on our corporate website at <https://www.alliancebank.com.my/Anti-Bribery-and-Corruption-Policy>.

## SUSTAINABLE WORKPLACE

### Objectives of the AB&C Policy

To set out the minimum standards of conduct in respect of bribery and corruption for directors and employees, and complements the core principles of the Code of Conduct

To provide high level guiding principles on how to address bribery and corruption risks and issues which may arise in the business activities of the Bank

To protect the reputation of the Bank by preventing and/or detecting bribery and corruption risks

To ensure the Directors and employees understand:

- their responsibilities in ensuring compliance with the Policy;
- the consequences of non-compliance with the Policy; and
- the relevant laws and regulations relating to bribery and corruption in Malaysia

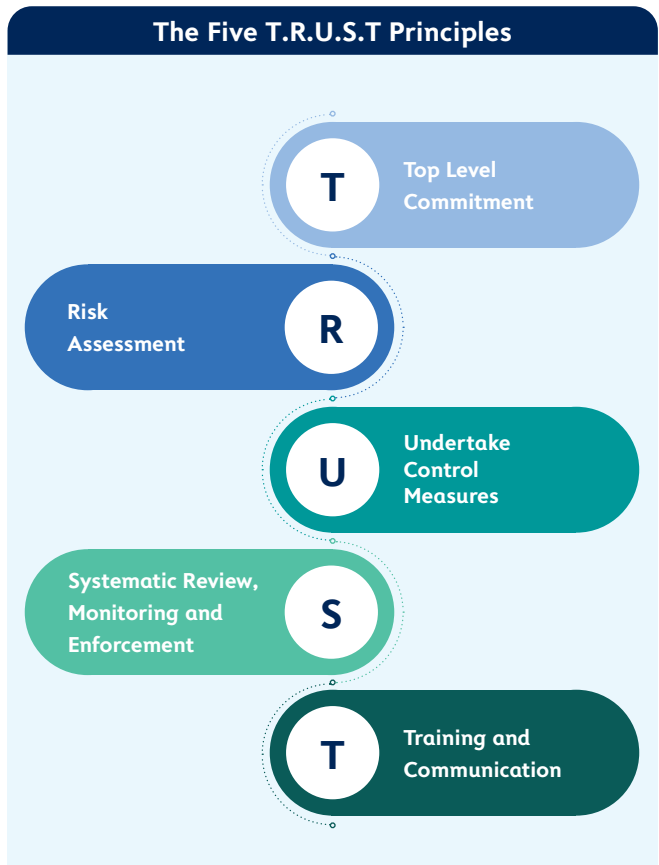
The Bank’s AB&C Policy addresses due diligence requirements and dealing with third parties, associated persons and customers, which include the gifts and entertainment pre-approval and declaration process, donations and corporate sponsorship assessment. Any instances regarding actual or suspected violations of the AB&C Policy can be reported through our whistleblowing channel, as outlined in our Whistleblowing Policy.

The Group Risk Management Committee is a Board-level committee which oversees all issues relating to the Bank’s regulatory compliance, including ensuring the effectiveness of our AB&C policies and procedures. We adopt a bribery and corruption risk assessment approach to identify, analyse and assess internal and external bribery and corruption risks related to the Bank. The respective Risk and Compliance Officers identify and assess the bribery and corruption risks and controls and perform the control self-assessment in line with the Bank’s Risk & Control Self-Assessment (“RCSA”) process. Group Risk Management is responsible for reviewing and validating bribery and corruption risk in line with the existing RCSA monitoring process. The Bribery and Corruption Risk Assessment Factors are also included in the AB&C Procedures which outline detailed description of risks of bribery and corruption arising from key activities in the Bank.

To promote awareness of our AB&C Policy to all employees, we have embedded AB&C-related topics into our employee induction programmes and regularly communicate our policy to all employees through various engagement initiatives, including training sessions and policy updates. Directors and employees are required to complete AB&C training sessions tailored to their roles, operational context, and legal jurisdictions in a timely manner. This includes the annual AB&C e-Learning module, where individuals must achieve a minimum passing score of 70%.

The AB&C e-Learning Programme covers the following topics:

- Definition and elements of bribery and corruption;
- The five principles of T.R.U.S.T;
- Key anti-bribery and corruption principles, gifts, and entertainment;
- Roles and responsibilities of the Board, Senior Management, and employees; and
- Scenarios and case studies



## SUSTAINABLE WORKPLACE

## FY2024 Performance



**24%**  
of our operations underwent  
assessment for corruption-related risks



**Zero**  
reported incidents of corruption



**Zero**  
reported cases of employee  
non-compliance with our  
AB&C policy



**3,788**  
employees received anti-bribery  
and corruption training, totaling  
**7,576** training hours



Suppliers and vendors are  
informed of **AB&C Policy**  
during the contract signing stage

To date, we report that none of our employees have been disciplined or dismissed due to non-compliance with anti-corruption policies.

### Anti-Money Laundering and Counter Financing Terrorism

Money laundering, terrorism financing, and proliferation financing remain significant threats in the global financial services industry, propelled by technological advancements and globalisation. The Bank acknowledges these risks and remains vigilant by staying updated with the latest regulatory developments to improve its control measures.

All employees, including Directors and Senior Management, undergo regular training sessions on the Bank's Anti-Money Laundering and Counter Financing Terrorism

("AML/CFT") requirements and remain informed on the latest developments. This training equips them to fulfill their roles effectively within the organisation, including completing a compulsory annual AML/CFT e-Learning module with a minimum passing score of 70%.

In FY2023, the Bank introduced the AML/CFT system to enhance its surveillance capabilities through advanced transaction monitoring and screening. This system also improved the customer onboarding solutions, resulting in a streamlined process and better understanding of customers. These comprehensive systems empower the Bank to detect and mitigate money laundering, terrorism financing activities, and sanction risks efficiently.

## FY2024 Performance

**3,790**  
employees underwent training on AML/CFT,  
totaling **9,477** training hours

### Functioning as a Sustainability-Driven Organisation

As a sustainability-driven organisation, we go beyond ethics and compliance in our business practices. During the year, we enhanced our Sustainability Framework, which details our stance on our sustainability governance, guiding principles, strategy, and disclosures, and hence acts as a guide to our overall management of sustainability-related matters across our business and operations. As we continue our sustainability journey, the framework will act as a foundational reference point to enable the operationalisation of our sustainability strategy, including mobilising action to embed sustainability across the organisation via policies, processes, products and practices.

Our strong sustainability performance was supported by an improvement in our FTSE4Good ESG Rating, placing Alliance Bank in the top quartile PLCs in the FTSE Bursa Malaysia EMAS Index. Additionally, we enhanced our overall disclosure practices through the implementation of a robust disclosure adoption plan, which identifies our disclosure gaps against applicable mandatory and voluntary disclosure standards. These efforts will be complemented by our Corporate Disclosure Policy, which is also being reviewed to improve our disclosure practices and to specifically incorporate sustainability and climate-related considerations. Based on the gaps identified, the Bank has devised an action plan to improve our sustainability-related disclosures. These strategic initiatives reflect the Bank's unwavering commitment to sustainable practices, ESG integration in the way we conduct business, and transparent reporting.

## SUSTAINABLE WORKPLACE

### Risk Appetite

The Bank has a risk appetite framework that ensures relevant risk appetite statements, key risk indicators and metrics are used to control and monitor performance to ensure business is conducted within the risk appetite of the Board. This include the risk appetite for environmental, social and governance matters. With regard to the Bank’s management of our CCPT profile, Lines of Business (“LOBs”) are given a risk appetite statement relating to a target reduction of their C5 portfolio.

### ESG Risk Assessment Tools

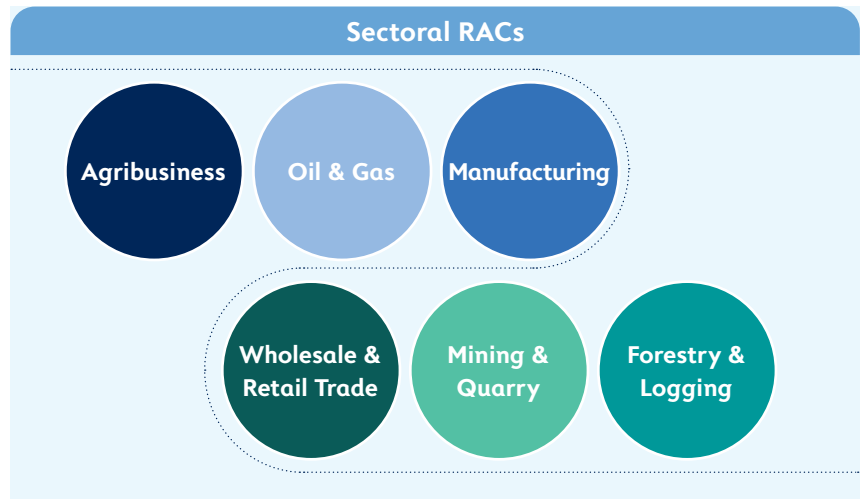
Our sustainable lending and investment practices are guided by in-house risk assessment tools, namely our CCPT Screener, which is based on the BNM CCPT requirements, ESG Risk Acceptance Criteria or RAC, and Prohibited Lending List.

### Climate Change and Principle-based Taxonomy (“CCPT”) Screener Tool

The CCPT Screener Tool helps our relationship managers to identify customers who require help in adopting sustainable practices using our business solutions. This tool is also used to assess our business customers’ ESG risks and commitments. In doing so, we are able to categorise our business customers based on BNM’s CCPT guidelines. We aim to reduce the Bank’s exposure to businesses with “little to no inclination to embed ESG measures into their business strategies” to not more than 20% of our portfolio by FY2030. In FY2024, we enhanced our CCPT Screener Tool to allow us to make more informed lending and investment decisions.

### ESG Risk Acceptance Criteria (“RAC”)

The ESG RAC framework assists us in evaluating a company’s inclination to practice sustainability in its business operations. In addition to our general RAC, we also apply additional industry-specific RACs to ESG-sensitive sectors, in alignment with ABM’s seven ESG Principles.

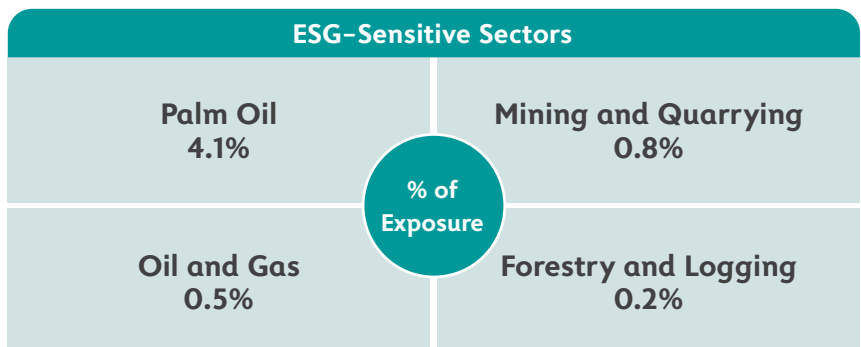


### Prohibited Lending

The Bank’s credit policy prohibits the funding of projects or activities that cause severe environmental and social harm or are illegal. We have taken a firm stance against financing coal-fired power plants, coal mines and oil and extraction using unconventional methods such as hydraulic fracturing. Our stringent credit policy also excludes lending to arms trading businesses, for the purpose of a hostile takeover of a company and logging activities.

### Exposure to ESG-Sensitive Sectors

We track our involvement in ESG-sensitive sectors and our participation in these sectors is informed by the evolution of our exposure. As of 31 March 2024, ABMB’s exposure to ESG-sensitive sectors is at a low 5.6% (RM2.2 billion) of the Bank’s total non-retail exposure. The breakdown is as follows:



## SUSTAINABLE WORKPLACE

## MANAGING OUR ENVIRONMENTAL FOOTPRINT

We implement initiatives to minimise our impact on the environment.

## Addressing the Challenge of Climate Change

## Relevant material matters:

- Climate Change

Recognising the urgency of climate change as a critical global challenge, we are steadfast in our commitment to proactively reduce its impact and integrate climate-related opportunities into our strategic planning. As part of this commitment, we have introduced green financing options that prioritises on climate mitigation, such as financing for solar panels and green mortgages.

Over the past year, the Bank has enhanced its management of climate-related risks and increased disclosures in alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”). This includes conducting scenario analysis using scenarios developed by the Network for Greening the Financial System (“NGFS”). The scenario analysis includes potential impact of physical risks and transition risks on our operations and our customers.

## Managing Our Climate-related Risks

In FY2024, we have made significant strides in terms of managing our climate-related risks in line with BNM’s CRMSA policy document. We submitted our comprehensive gap analysis and implementation plan to BNM to assess our current climate risk management practices and enhance them accordingly. We also developed a robust Climate Risk Management Framework that incorporates climate and sustainability risk considerations, into our internal governance, processes, policies and business strategies. In our ongoing climate risk management journey, we quantified climate-related risks in our Internal Capital Adequacy Assessment Process (“ICAAP”) Material Risk Assessment, ensuring these risks are appropriately recognised and addressed in other common risk types within our risk management framework.



Kindly refer to the “Risk Management” section on pages 188 to 195 for further details.

**100%**  
of the Board of Directors trained  
on climate-related risks and  
opportunities

The findings from this assessment are discussed at our Board of Directors, GSC, and SSC meetings, where we also address broader climate-related topics, including:

1. Integration of BNM’s CCPT into our business activities and operations – including tightening of the CCPT Screener
2. Climate risk identification and management
3. Implementation of the GHG emissions reduction strategy
4. Developments in the carbon marketplace

The Bank has also developed a transition plan that has been incorporated as part of our Sustainability Strategy. The transition plan reinforces timeline and sustained actions to address climate change and environmental concerns, while adequately supporting affected communities to make necessary adjustments and ameliorate short-term impacts. We will conduct periodic reviews and update the transition plan in line with new initiatives and latest developments, both internal and external.

## Managing the Transmission of Climate-Related Risks to Our Financial Risks

- **Credit Risk:** We include the assessment of physical and transition risk onto our customers’ probability of default and loss given default in our credit underwriting and periodic review process.
- **Operational Risk:** We include physical risk incidents in our business continuity management and vendor management.
- **Market Risk:** We manage our market risk by including the potential impact of physical risk and transition risk on our market securities.
- **Liquidity Risk:** We manage our liquidity risk by including regular simulation to identify among other factors, whether physical risks events have any impact on market liquidity.

## SUSTAINABLE WORKPLACE

### Addressing Physical Risks

- **Credit Risk:** Credit risk management will involve aggregation of risks and commensurate limit assignment, pricing and collateralisation for physical risks.
- **Operating Risk:** Our operating premises in flood prone locations are fixed with flood barriers while our business continuity plans include flood considerations. Our vendors are required to provide physical risk assessment and mitigation plans where necessary. These plans are reviewed periodically to ensure mitigating actions are up to date.

Climate adaptation measures aimed at mitigating physical risks, particularly in flood-prone areas, have been implemented across the Bank. In FY2023, floodgates were installed at three branches located in Shah Alam, Kajang, and Jalan Ipoh. Additionally, our records management processes now mandate flood prevention measures, including storing records above ground level, installing flood barriers and early warning alarm systems by our vendors. Flood risk has been assessed as part of credit risk assessment for credit underwriting and annual reviews, including potential impact on the customers' operations and collateral. This risk management approach has resulted in minimal exposures to flood risk within our loan portfolio. Nevertheless, we continue to monitor severity and area of coverage of flood events to remain vigilant against development of impact from flood and other physical risks on our portfolio.

Nevertheless, the Bank monitors flood warnings and occurrences across the country as indicators of potential risk, and business units are prepared to assist customers affected by flood occurrence, with loan moratoriums and other types of assistance being extended as needed. Flood assistance extended is monitored by lines-of-business ("LOBs") as part of risk management for the LOB credit portfolio, with the aggregated position and loan quality reported in the risk report to Senior Management and the Board.

### Minimising Our Own Emissions

Taking a significant step to reduce our environmental impact, the Bank established its baseline for operational GHG emissions in FY2020 and has diligently tracked our progress against this benchmark. The Bank utilises the GHG Protocol to measure Scope 1, 2 and 3 emissions. As part of our commitment to reducing our environmental footprint, we have set a target of a 20% reduction in Scopes 1 and 2 emissions by FY2027, against our FY2020 baseline. We aim to achieve this through our GHG emissions reduction strategy, which primarily focuses on addressing our primary source of emissions (Scope 2). This strategy includes initiatives such as implementing energy efficiency measures at our offices and branches and exploring the potential of carbon offsets to address residual emissions.

Our total emissions have shown a steady decline since FY2020. Despite COVID-19 restrictions significantly reducing operational emissions in FY2021-2022, this downward trend persisted as we adapted to the 'new normal' in FY2023. Our success in emissions reduction can be attributed to our GHG emissions reduction strategy for which we have replaced 16,016 light fittings to LED and replaced 55 split unit air conditioners with energy-efficient models throughout the Bank's premises.

We have revised our FY2020 Scope 2 emissions baseline to 11,952.5 tCO<sub>2</sub>e. This is to reflect the latest grid emissions factor established by Suruhanjaya Tenaga Malaysia ("ST" or "Energy Commission of Malaysia") and included additional parameters for a more holistic view on our emissions. These changes have resulted in the Bank achieving an accumulated GHG reduction of 18.3% compared to our FY2020 baseline. This achievement aligns with our "Topline Goal 3: Reduce the Bank's greenhouse gas (GHG) emission footprint". Moving forward, we remain committed to continue executing our GHG emissions reduction strategy to further mitigate our environmental impact.

## SUSTAINABLE WORKPLACE


**Scope of GHG Inventory**

### SCOPE 1: STATIONARY AND MOBILE COMBUSTIONS

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**FY2024**  
25.53 tCO<sub>2</sub>e

FY2023 – 32.05 tCO<sub>2</sub>e  
 FY2022 – 24.21 tCO<sub>2</sub>e  
 FY2021 – 16.24 tCO<sub>2</sub>e  
 FY2020 – 29.53 tCO<sub>2</sub>e




### SCOPE 2: PURCHASED ELECTRICITY (restated)

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**FY2024**  
9,766.06 tCO<sub>2</sub>e

FY2023 – 9,822.20 tCO<sub>2</sub>e  
 FY2022 – 10,405.58 tCO<sub>2</sub>e  
 FY2021 – 12,388.60 tCO<sub>2</sub>e  
 FY2020 – 11,952.53 tCO<sub>2</sub>e




### SCOPE 3: BUSINESS TRAVEL BY LAND

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**FY2024**  
680.70 tCO<sub>2</sub>e

FY2023 – 686.37 tCO<sub>2</sub>e  
 FY2022 – 577.25 tCO<sub>2</sub>e  
 FY2021 – 565.41 tCO<sub>2</sub>e  
 FY2020 – 794.07 tCO<sub>2</sub>e



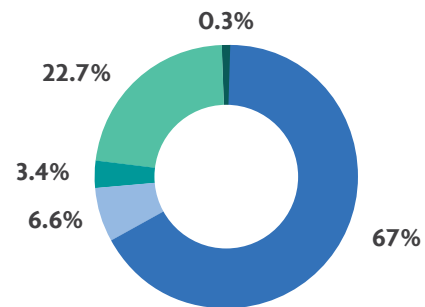
tCO<sub>2</sub>e = tonnes of carbon dioxide equivalent

### Managing Our Financed Emissions

To accelerate our progress towards achieving our Net Zero commitment by 2050, we have baselined our Scope 3 financed emissions against our portfolio. Subsequently, we have developed a Net Zero Roadmap to facilitate the transition of our customers towards a lower carbon footprint, in line with Bank Negara Malaysia’s Climate Risk Management and Scenario Analysis (“CRMSA”) requirements. The Roadmap includes two phases for us to begin our net zero journey: a medium-term plan towards 2030 (Phase 1) and a longer-term strategy towards 2050 (Phase 2). In Phase 1, we will increase customer engagement to increase the number of customers with decarbonisation plans and targets whilst increasing data availability. In Phase 2, we will leverage on our increased customer engagement and data availability to enhance our Scope 3 financed emissions computation and improve our target setting in relation to our net zero ambitions.

In computing our Scope 3 Financed Emissions, we have adopted the Partnership for Carbon Accounting Financials (“PCAF”) Standard, which builds upon the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. This methodology involves setting the scope and boundaries, collecting data inputs, and performing the computations. Our Scope 3 Financed Emissions are based on lending and investment portfolios across various asset classes and the eight high-emitting sectors, as of 31 December 2022<sup>1</sup>. In terms of sector coverage, we have prioritised eight high-emitting sectors that we have exposures to, namely construction, real estate, iron and steel, forestry and logging, palm oil, oil and gas, power generation, and coal. We strive to capture customers’ self-reported emissions performance annually and estimating financed emissions by leveraging proxies such as physical activity and financial data, while acknowledging any limitations in data availability or quality. Through these proactive measures and methodologies, we are poised to drive meaningful progress towards our Net Zero commitment, while also enhancing transparency and accountability in our sustainability efforts. As we aim to reduce our financed emissions, we have been having regular customer engagement that includes climate change and sustainability matters.

Financed Emissions by PCAF Asset Class as of 31 December 2022<sup>1</sup>



- Business Loans
- Mortgages
- Corporate Bonds
- Project Finance
- Commercial Real Estate

### Total Financed Emissions

As at 31 December 2022<sup>1</sup>:  
**1.04** million tCO<sub>2</sub>e

### Total Emissions Intensity

As at 31 December 2022<sup>1</sup>:  
**41.04** tCO<sub>2</sub>e/RM’mil

## SUSTAINABLE WORKPLACE

Financed Emissions by PCAF Asset Class as of 31 December 2022 <sup>1</sup>			
Asset Class	Financed Emissions (tCO <sub>2</sub> e)	Emissions Intensity (tCO <sub>2</sub> e/RM mil)	Data Quality Score
AC1: Corporate Bonds	69,264.7	15.0	3.3
AC2: Business Loans	699,032.8	189.3	3.8
AC3: Project Finance	2,796.3	38.8	3.7
AC4: Commercial Real Estate	35,463.3	30.5	3.6
AC5: Mortgages	236,025.3	14.9	4.0
<b>Total</b>	<b>1,042,582.4</b>	<b>41.0</b>	<b>3.68</b>

Financed Emissions by Selected Economic Sector as of 31 December 2022 <sup>1</sup>		
Sector	Financed Emissions (tCO <sub>2</sub> e)	Emissions Intensity (tCO <sub>2</sub> e/RM mil)
AC2: Business Loans & AC3: Project Finance		
Construction	54,042.7	41.7
Forestry and Logging	74,161.3	134.3
Iron and Steel	16,538.0	61.5
Palm Oil	412,339.3	338.7
Power Generation	65,165.3	1,360.4
Oil and Gas	75,313.4	423.8
Coal	353.9	160.9
Real Estate	3,915.2	19.2
AC1: Corporate Bonds, AC4: Commercial Real Estate and AC5: Mortgages		
Others	340,753.3	15.7
<b>Total</b>	<b>1,042,582.4</b>	<b>41.0</b>

<sup>1</sup> Calculation of Alliance Bank's Scope 3 financed emissions is based on the latest availability of data (data as of 31 December 2022). 2023 financed emissions will be calculated and reported in the next financial year. Moving forward, we will continuously refine our financed emissions as we enhance our calculation methodologies and data availability and will measure our progress against our 2022 baseline.

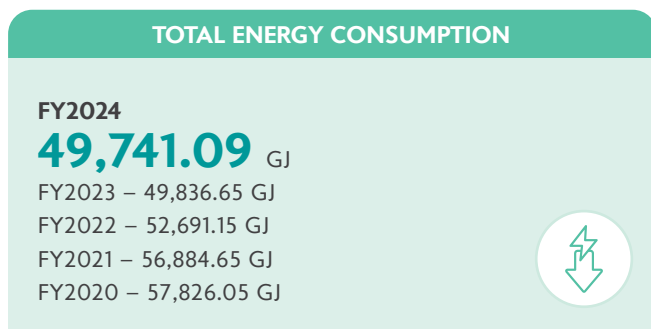
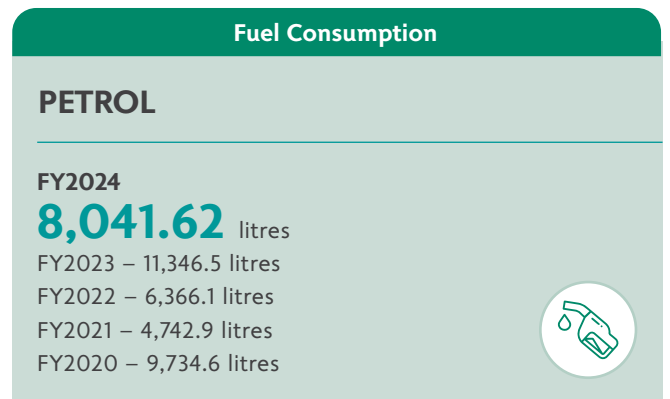
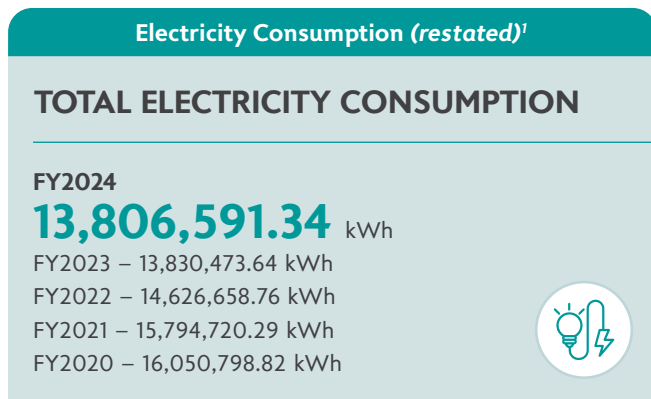


## SUSTAINABLE WORKPLACE

### Energy Management

The Bank is taking a proactive action on environmental responsibility by continuously seeking ways to minimise energy use within our business operations. Furthermore, aligning with our GHG emissions reduction strategy, we have embarked on a programme to progressively replace outdated, low-efficiency split unit air conditioners with energy-efficient models throughout the Bank’s premises. Additionally, all light fittings are in the process of being upgraded to energy-saving LED lights.

These collective efforts have yielded positive results, with the Bank achieving a 14% reduction in overall energy consumption compared to our FY2020 baseline.



kWh = kilowatt hour  
GJ = gigajoule

<sup>1</sup> Restated due to the addition of a parameter tracked under electricity consumption.

<sup>2</sup> Due to electricity interruptions at certain branches, usage of diesel-fueled generators increased in FY24 compared to FY23.

## SUSTAINABLE WORKPLACE

### Conserving the Environment

As we strive to enhance our sustainability action, we have started measuring our water consumption and established an FY2024 baseline. Looking ahead to the next financial year, we are committed to improve our recyclable waste management practices, beginning with establishing a baseline for our recyclable waste generation. To achieve this, we have developed a methodology for the Bank's waste management and launched a comprehensive waste management data collection roadmap in FY2024. As at the time of writing, we initiated a recycling programme at our headquarters whereby recycling bins have been placed on selected floors for convenience. The recyclable waste is collected on a weekly basis while the shredded paper waste is collected on a need basis. We will be generating monthly reports on our recyclables through our appointed vendor in FY2025.

The Bank is actively enhancing its data related to water and waste management. As we deepen our understanding of consumption patterns and continuously improve our data collection methods, we are exploring the implementation of strategic sustainability initiatives. Our goal is to align these efforts with our overall sustainability priorities. Additionally, we actively promote sustainable practices in our daily operations, including awareness programmes on minimising water wastage and encouraging recycling while reducing plastic usage.

#### Relevant material matters:

- Conserving the Environment

### Incorporating Environmentally Friendly Materials in Operations

In our ongoing efforts to minimise the environmental footprint of our operations, the Bank uses environmentally friendly materials that meet green certification standards wherever feasible. This effort extends across various aspects including paints, floor finishes, ceiling boards, partitions, workstations, and office furniture in all renovation and refurbishment of our branches. Moreover, to further align with sustainable practices, all newly installed air conditioning units at our branches and offices utilise eco-friendly refrigerants whereas all light fittings were replaced with energy-efficient LED lights.

### Total Water Consumption

**FY2024**  
**25,199.50 m<sup>3</sup>**

### Recycling Drive

We collaborated with IPC Shopping Centre for a Recycling Drive at their Recycling and Buy Back Centre ("RBBC") to encourage our employees to reduce and recycle their waste. We have contributed to a total of 400kg of recyclable waste in this initiative.

## SUSTAINABLE WORKPLACE

## FOSTERING A SAFE AND INCLUSIVE WORK ENVIRONMENT

We continually strive to cultivate a healthy, engaged and inclusive workforce.

## Building an Agile Workforce

## Relevant material matters:

- Talent Management

## Labour Standards

The Group adheres to and complies fully with the standards and rights mandated by all relevant labour and industrial relations laws. We have established employment policies and practices that govern both individual and collective employment relations while also providing growth opportunities for our employees.

The Bank is committed to ensuring that our employees are well taken care of and that their total annual wages remain competitive and aligned with the cost of living. Currently, all employees within the Bank receive salaries that exceed the minimum wage in Malaysia. Furthermore, we are currently reviewing the Long-Term Incentive Plan framework with ESG elements further emphasising our commitment to rewarding our employees while promoting Environmental, Social, and Governance principles.

The Bank reported zero cases of non-compliance with labour standards during the year in review.

## Recruitment and Performance Management

We promote mutual respect for our employees and applicants alike. We hire and promote based on merit and assess all candidates fairly. Employees are evaluated based on behavioural and professional criteria for career progression. A diverse committee of Senior Management decides on promotions and monetary compensation. We adopt the stance of Equal Opportunity Employer, and recruitment is conducted in a fair and just manner regardless of nationality, race, religion, gender, age, sexual orientation, and disability. These measures are in line with our commitment to upholding all local laws and guidelines pertaining to equal pay for equal work.

## Capability Development

Alliance Bank is committed to empowering our employees by offering opportunities for growth and career progression aligned with their professional aspirations. We foster a culture of continuous learning and development, committed to equipping our team with the tools and opportunities needed to thrive in their careers. Internal candidates are prioritised for job openings and promotions, supported by comprehensive training and personal development programmes. Our goal is to cultivate a talented and motivated workforce in a safe, inclusive, and positive work environment.

Our annual learning calendar serves as a guide for employees to plan their learning for the year to acquire valuable knowledge. In crafting this calendar, we meticulously consider emerging trends and industry best practices to ensure our relevance and competitiveness in today's dynamic landscape. Our comprehensive approach prioritises compliance, leadership development, technical skills, and ESG-related topics, driving both individual growth and organisational success.

To uphold the Bank's safety standards, mandatory e-Learning modules cover crucial areas such as compliance, information risk management, cyber security, operational risk management, and data management. We maintain a steadfast commitment to regulatory adherence, safeguarding the Bank's integrity at all times.

Furthermore, Alliance Bank is dedicated to professionalising our workforce through the pursuit of professional certifications. We firmly believe that certification not only demonstrates expertise but also facilitates staying abreast of the latest trends, technologies, and best practices in respective fields. It enhances credibility and reputation within the industry, while also fostering valuable opportunities for collaboration, mentorship, and career progression.

In FY2024, we introduced the Digital and Analytics (D&A) Academy, with the aim to upskill and nurture our digital talents to be the driving force of digital and analytics transformation, innovation and competitive resilience. The D&A Academy employs a blended learning approach that includes self-paced e-learning, technical bootcamps, classroom training, and professional certifications across a range of topics such as:

- Data Analytics and Visualisation
- Data Science and Machine Learning
- Digital Marketing
- Emerging Technologies
- UI and UX
- Agile/Scrum

To provide opportunities for young people, we continued to operate our internship programme in FY2024. In FY2024, the Bank facilitated 41 internship opportunities for tertiary students.

## SUSTAINABLE WORKPLACE

### Sustainability Learning

At Alliance Bank, our dedication to sustainability extends beyond mere compliance with regulations. We are committed to nurturing a purpose-driven organisation and fostering a deep sense of ownership among our employees regarding our sustainability goals. To achieve this, we have implemented a comprehensive sustainability training programme tailored to various employee groups, ensuring relevance to their specific roles and responsibilities within the organisation.



This year, we introduced a diverse array of sustainability training programmes focusing on key areas such as Climate Change Strategy and Management, ESG Risk Management, and Sustainable Finance. For our Board and Senior Management, organisation thematic training sessions were conducted, delving into topics like sustainability strategies and carbon net-zero initiatives, as well as the latest reporting standards. Additionally, we provided targeted role-based training and certifications for our Divisional Sustainability Champions, Key Sustainability Employees, and Frontliners. Our bank-wide employees and new joiners also have participated Sustainability Awareness 101 as part of mandatory e-Learning programme.

At the Board level, the GSC collectively provides a mixture of competencies in supporting the Board in overseeing sustainability and climate-related matters. In FY2024, as part of the Board Development Plan, the Board members attended sustainability and climate-related trainings to keep abreast with the latest developments. All Directors have attended at least one of the training courses. We also actively enhance the skills of our employees to improve their ability to monitor and evaluate sustainability and climate-related risks.

### Board Sustainability and Climate-Related Trainings in FY2024

- Board Sustainability and Climate-Related Trainings in FY2024
- Training on Sustainability Strategy & Culture
- Training on Development of Carbon Net-Zero Roadmap
- Training on ESG Banking – A call to action
- Training on International Sustainability Standards Board Reporting Readiness
- Carbon Credits: A win-win for Sustainability and Business
- TCFD Awareness/Capacity Building Workshop
- Sustainability in the Digital Age

In line with our Acceler8 strategy, we also introduced our refreshed Sustainability e-Learning 2.0 Programme, which focuses on driving sustainability competencies within the Bank and is made available to all employees via Connexion. In FY2024 we enhanced the programme to help our employees achieve the following objectives:

- Understand climate change imperative and why it matters to financial institutions;
- Understand Bank Negara Malaysia’s Climate Change and Principle-based Taxonomy (“CCPT”);
- Understand Bank Negara Malaysia’s Policy Document on Climate Risk Management and Scenario Analysis (“CRMSA”);
- Describe the role of various departments in Alliance Bank in meeting the relevant climate-related requirements; and
- Describe upcoming sustainability/climate-related regulatory requirements.

Our training initiatives are delivered through various mediums, including physical classrooms, virtual instructor-led sessions, and self-paced e-learning modules, enriched with case studies and group discussions to enhance engagement and understanding. Furthermore, we actively collaborate with leading sustainable organisations like World Wildlife Fund (“WWF”) to organise learning visits and employee engagement talks, fostering a broader understanding of sustainability issues. In line with our commitment to sustainability, we are also focused on upskilling our employees to enhance their capability in monitoring and assessing sustainability and climate-related risks, ensuring that we remain at the forefront of sustainable practices in the banking industry.

## SUSTAINABLE WORKPLACE

### Caring for our Employee's Well-being

**Relevant material matters:**

- Employee Engagement
- Health, Safety and Well-being

### Employee Engagement

Our goal is to cultivate a committed and engaged workforce through the implementation of employee engagement initiatives and wellness programmes. This is accomplished through the implementation of employee engagement initiatives and wellness programmes. Our efforts focus on encouraging transparent communication, enhancing employee contentment, and driving greater productivity in the workplace.

In FY2024, emphasis was placed to increase employee awareness and participation in advancing the Bank's ESG agenda, strategy, initiatives, and objectives.

**Our initiatives centered on the following themes:**

Achieving Net Zero

Reducing Waste

Conserving Nature

Promoting Well-being

**Notable initiatives undertaken during the year include:**

Recycling Drives

Tree planting

Paper reduction contest within HQ

Book Donation Drive

### FY2024 Employee Engagement Initiatives

#### Voice of Employee Survey

Our bi-annual Voice of Employee survey provides insight into our employees' needs at the workplace, measures participation, and helps us improve our employee engagement initiatives.

In FY2024, the Bank achieved a score of 90% in the Sustainable Engagement Index ("SEI"), higher than the Malaysian Financial Services Norm and the Global High Performing Norm. This score reflected employees' sentiments.

Our Well-being score of 89% reflects our employees' trust and satisfaction in the Bank's efforts to prioritise their health and wellness. Additionally, 88% of employees responded that they were able to balance their work and personal commitments. Other key insights include:

- The communication index remains 89%;
- 88% of employees responded that they were able to balance their work and personal commitments;
- Sustainability Index with a score of 92%, reflecting employee awareness of the Bank's ESG goals & their roles in contributing towards the Bank's Sustainability agenda and their interest in participating in the Bank's initiatives; and
- Diversity, Equity & Inclusion ("DEI") questions, where 91% of employees feel the workplace is inclusive, free of discrimination, appreciative of diverse professional backgrounds and that they can advance regardless of personal identity (for example, race, gender, beliefs).



## SUSTAINABLE WORKPLACE

### ManCo Appreciates You & Alliance Heroes

We foster a culture of appreciation at the Bank through our “ManCo Appreciates You” page on our inAlliance intranet portal. Our Management Committee uses this platform to recognise employees who exemplify our core values.

The Alliance Heroes initiative, launched in 2019, is a bank-wide peer recognition initiative that allows employees to award a digital badge to their colleagues for actions that best demonstrate the Bank’s core values. The Alliance Heroes platform was refreshed in FY2024 to reflect our updated Values (AGILE) and our Alliance Customer Promise (GREAT).

### Employee Engagement Committee

To encourage engagement within the various segments of our organisation, the Bank allocates an annual budget for divisional engagement initiatives. These activities are organised by the Employee Engagement Committee, which comprises of employees selected by the Senior Management. The committee also addresses any disparities identified through the Bank’s Voice of Employee surveys.

### Alliance DNA

In our ongoing commitment to reinforce our identity, we place emphasis on internal communication strategy to instill Alliance DNA (Vision, Mission, Values, and Customer Promise) in every employee. These included a range of initiatives such as a nationwide refresh of all physical and digital collaterals, revamped story-telling microsite, leadership video messages and townhalls, employee engagement contest, as well as embedding our Alliance DNA within all systems and processes. Through these strategies, we sought to inculcate a culture where our Alliance DNA is deeply ingrained in the fabric of our organisation.

### Sustainability Initiatives

At Alliance Bank, we are passionate about sustainability and making a positive impact on our community and environment. We believe that everyone has a role to play in preserving our planet. In FY2024, the Bank organised various activities to raise awareness and engage employees in driving our ESG agenda. These initiatives included Recycling Drives, nationwide Totebag upcycling workshops, biodiversity webinars, a paper reduction contest at HQ, and a book donation drive. Through the Bank’s Sports Club, employees also took part in tree planting and beach clean-up activities.

Recently, the Alliance Bank HR Department, with support from the Group Sustainability team, partnered with Universiti Tunku Abdul Rahman (“UTAR”) for a beach clean-up volunteer event. The four-hour activity, assisted by NGO My Clean Beach, involved 47 volunteers from ABMB and UTAR. Equipped with gloves and various tools, the dedicated volunteers combed the beach and surrounding areas, collecting a significant amount of trash, including discarded plastics, glass bottles, clothing, metals, and other pollutants. Despite the heat wave, their collective efforts yielded remarkable results, with a total of 781.2kg of waste collected from Pantai Batu Laut, preventing potential harm to our ocean and beach ecosystems.

These initiatives underscore the importance of community involvement in environmental preservation and reflects the Bank’s commitment to creating a sustainable world for future generations. We look forward to more collaborative initiatives with our partners as we strive to become an employer of choice and continue our sustainability journey.

### Divisional Engagement Challenge

We introduced the Divisional Engagement Challenge (“DEC”), aimed at fostering cohesion, collaboration and strengthening engagement within the organisation. The DEC activities comprised our various efforts centred on promoting a culture of well-being, sustainability and corporate identity. This initiative was undertaken with a firm belief that a unified and engaged division is crucial in achieving our organisational goals.

## SUSTAINABLE WORKPLACE

### Human Rights

Alliance Bank is steadfast in its support for and respect of human rights within our organisation, adhering to the principles outlined in the United Nations' Global Compact and the Association of Banks Malaysia. We have adopted clear stances on various aspects of labour-related human rights topics.

**ZERO**  
reported substantiated  
complaints concerning  
Human Rights

### Our Stance on Human Rights



#### Child Labour

We strongly oppose child labour and the exploitation of children and young individuals in any aspect of our activities. In line with this stance, we have implemented a prohibition on employing children in accordance with our Resourcing Guidelines as follows:

- We do not employ individuals under the age of 18 and remain committed to upholding and complying with the Children & Young Persons (Employment) Act 1966, along with other relevant laws and regulations concerning child labour.
- Any engagement in or facilitation of internship attachments for individuals under the age of 18 will align with the provisions set forth in the prevailing Children & Young Persons (Employment) Act 1966 or comparable legislation.

We also strive to ensure that our supply chain remains free from incidents of child labour by requiring all our suppliers and vendors to complete the ESG Procurement Sustainable Assessment Questionnaire ("SAQ").



#### Freedom of Association

We acknowledge and respect the constitutional right of our employees to freedom of association and ensure compliance with all relevant national laws in this regard. In line with this commitment, Alliance Bank supports the rights of its employees to form and join trade unions. We also emphasise the four trade unions as negotiating bodies representing specific categories of employees, including Clericals, Non-Clericals, Special Grade Clerks, and Officers.



#### Forced/Compulsory Labour

We have implemented a strict zero-tolerance policy towards any form of forced or compulsory labour, which includes bonded labour, indentured labour, slave labour, or human trafficking. Employment at the Bank is based solely on the voluntary acceptance of the Bank's terms and conditions of employment by the employee. We fully comply with all relevant national laws regarding working hours and overtime compensation, with the goal of eliminating excessive working hours. Furthermore, we do not require our employees to surrender any government-issued identification, such as passports or work permits, to the Bank as a condition of their employment.



#### Right to Collective Bargaining

Alliance Bank adheres to the Industrial Relations Act 1967, Trade Unions Act 1959, Employment Act 1955, and relevant labour regulations in Malaysia, fully supporting and respecting the right to collective bargaining. The Bank is party to 4 collective agreements covering Non-Clerical, Clerical, Special Grade Clerks and Officer level employees. We engage in separate collective agreement negotiations with unions through our trade representatives, the Malayan Commercial Bank's Association, the Sarawak Commercial Bank's Association, and the Sabah Commercial Bank's Association. In FY2024, approximately 15% of Alliance Bank employees were represented by trade unions or covered under a collective agreement.

## SUSTAINABLE WORKPLACE

### Health and Safety

We are dedicated to safeguarding the health and safety of our employees, customers, and communities. Our Bank has implemented an Occupational Safety & Health (“OSH”) Policy that applies to 100% of our employees and workers, highlighting our commitment to creating a safe and healthy environment for both customers and employees in the workplace. We acknowledge that health and safety concerns within the workplace not only compromise employee well-being but also have ramifications on morale and our reputation as a responsible employer. Therefore, we uphold stringent standards to safeguard against such risks, reaffirming our commitment to the welfare of our workforce and the communities we serve.

The Bank maintains an Occupational Safety & Health Statement and a corresponding Occupational Safety & Health Procedure to regulate pertinent processes. At every branch, a dedicated OSH Committee is formed to oversee all relevant OSH matters within the workplace. This is complemented by a Central OSH Committee situated at our headquarters, ensuring comprehensive oversight on all OSH-related issues and policy implementations across our operations. The Central OSH Committee is structured to include representatives from management, executive, and non-executive employees, ensuring diverse perspectives and addressing varying concerns and requirements within the workplace. Regular meetings are mandated for both branch-level OSH Committees and the Central OSH Committee to address relevant risk factors specific to their respective workplaces. As part of our OSH procedures, the Central OSH Committee takes charge of investigating all reportable accidents and dangerous occurrences.

Furthermore, we operate under a zero-tolerance policy concerning harassment and discrimination in the workplace. To address these concerns effectively, we have implemented a policy statement and guidelines specifically designed to combat workplace harassment and discrimination. In our ongoing effort to eradicate workplace harassment, we’ve embarked on a multi-phase initiative. This initiative includes training programmes, communication strategies and the establishment of an internal complaints committee dedicated to addressing harassment issues.

We also prioritise the safety of our premises by ensuring they are equipped with the necessary safety equipment, maintained in optimal working condition. Regular reporting to the Department of Occupational Safety & Health is a fundamental aspect of our commitment, ensuring prompt communication and resolution of any arising OSH issues in the workplace.



**ZERO**  
incidents of work-related fatalities



**0.31**  
Lost time injury rate



**118**  
dedicated employees trained in health and safety standards



**40**  
employees certified in first aider training

In FY2024, we saw employees returning physically to the office as COVID-19 restrictions gradually eased. To protect the health and safety of our employees, we continued to implement diverse precautionary measures such as:

- Maintaining the Enhanced Safety Directives (“ESD”), a comprehensive guide that provides clear and concise directives to ensure our employees’ health and well-being;
- Displaying best practices and safety notices;
- Maintaining a COVID-19 portal: a one stop centre for employees to access all COVID-19 related matters including a “Return to the Office Guide” and health and safety videos;
- Continued to maintain and emphasise the Bank’s flexible work arrangement, including hybrid work options; and
- Enabled continuous distribution of Personal Protective Equipment (“PPE”) and COVID-19 self-test kits.

In FY2024, we conducted an ergonomic risk assessment for employees at our head office. To address the risk of ergonomic and musculoskeletal injuries, while simultaneously promoting employee well-being and personal development, the Bank implemented flexible benefits that allows claims of ergonomic living which covers ergonomics equipment and home office setup for management employees. We will continue to focus on increasing awareness of ergonomic risks among employees.



## SUSTAINABLE WORKPLACE

### Employee Well-being

The well-being of our employees is a fundamental aspect of our sustainability initiatives. We prioritise maintaining a healthy work-life balance and promoting healthier lifestyles to foster a dynamic and supportive working environment for our employees.

#### FY2024 Employee Well-being Initiatives

##### Flexible Work Arrangement

The Bank has a Flexible Work Arrangement (“FWA”) Guideline which introduces Staggered Hours (“SH”) and Hybrid Work Arrangement (“HWA”) to support diverse employee needs. SH offers three schedule options, promoting work-life integration. HWA, under Senior Management’s discretion, enables hybrid work that leverages on technology and communication tools to maintain connectivity and productivity. The guideline prioritises employee well-being, technology-enabled flexibility, and open communication channels for support and feedback.

##### Fit@Alliance

The well-being of our employees remains a key consideration in our sustainability endeavours. From ensuring a work-life balance to encouraging healthier lifestyles, we aim to create a vibrant and holistic working environment for our employees. The Fit@Alliance programme encourages our employees to lead an active and well-balanced lifestyle. All initiatives are focused on four key wellness pillars: physical, mental, financial and social. Some of the initiatives in FY24 included:

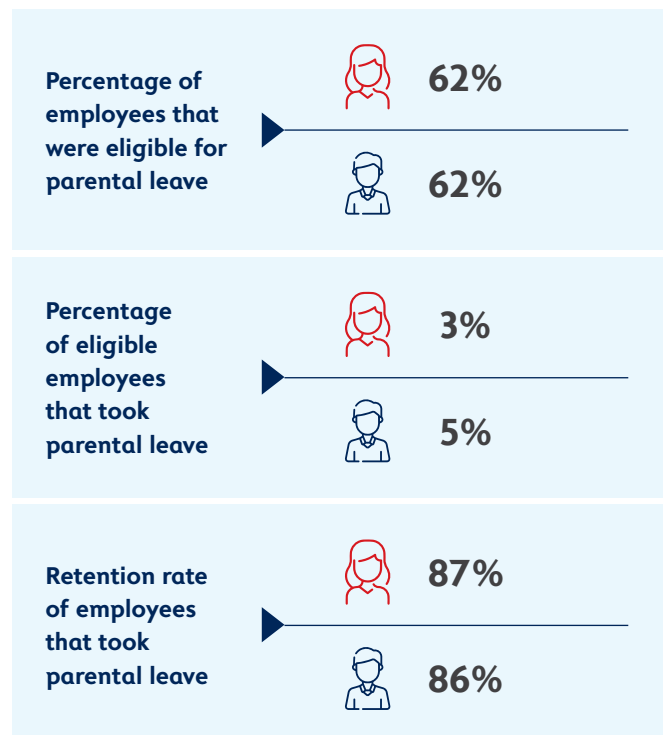
- ▶ Participation in PERKESO’s Activ@Work Challenge (“AWC”) 2023 for the fifth consecutive year. A total of 498 employees participated and helped the Bank record over 239 million steps, an increase of 115 million steps compared to AWC 2022. Additionally, we designed monthly divisional, team and individual spurt challenges with rewards to entice and motivate our employees;
- ▶ Ironman Challenge and Wellness Day events organised at our very own gym at Headquarters to motivate our employees to keep fit and healthy;
- ▶ Organised Employee Wellness Week which includes introduction to telemedicine services for Long Term Medication, health talk and on-site health screening in collaboration with external partners;
- ▶ Leveraging on partnerships that promotes a healthy lifestyle via exclusive gym membership rates and health screenings; and

▶ The Bank partnered with various clinical specialist and medical providers to organise a host of wellness webinars that included:

- Hypertension & Modern Technology Treatment;
- Women & Men Health and Wellness;
- Leveraging Technology to Battle Oral Cancer;
- Abdominal Pain: Gallstones;
- Managing High Blood Pressure & Cholesterol;
- Breast Cancer;
- Heart Wellness; and
- Workplace Conflict Management.

#### Career Breaks and Other Forms of Breaks

The Bank provides our employees with the option of taking a career break if they require an extended break for personal or professional reasons. We also ensure our employees are granted adequate maternity and paternity leave, as well as accord compassionate leave to those who need to care for their family members.



## SUSTAINABLE WORKPLACE

### Recreational Sports Club

In line with the easing of COVID-19 restrictions, the Bank's Sports Club conducted various in-person activities in FY2024. Employees participated in physical events such as the Alliance Bank Treasure Hunt, Go Kart Race, Diving Trip, Movie Night, Badminton Tournament, Paint Ball, and the Group CEO Futsal Cup.

A key initiative organised in FY2024 was our Earth Guardians Discovery Quest. The treasure hunt revolved around our AGILE values and incorporated ESG elements to promote awareness and appreciation of sustainability amongst our employees. A key feature of the hunt was a beach cleanup and tree planting activity, which resulted in 670 kg of trash being collected and 82 trees being planted, with participation from 324 employees across all 14 divisions.



#### Feature Stories: Cultivating Employee Engagement in Sustainability Hearing Our Voices

Here at Alliance Bank, we deeply value the voices and experience of our employees. We had the privilege of speaking with Cheah Soon Seng, Vice President of Enterprise Solutions and Policy for Group Corporate and Transaction Banking, to gain insights on his experience with the Bank's employee engagement and well-being initiatives.



#### How would you describe your experience with Alliance Bank's sustainability and employee engagement initiatives, including any notable highlights in FY24?

The path to a more holistic understanding of sustainability comes through on-the-job application. As we embarked on the ESG initiatives for the Corporate Banking division, those of us who were involved in the reporting and management of sustainability topics began to gain a better appreciation of the agenda as a whole.

Exercises such as the computation of Scope 3 GHG emissions, and the introduction to the methodology used in BNM's CCPT classification enabled me to have a deeper insight into the mechanics and thought processes used to determine a customer's ESG rating, as well as a need to support them in their transition, as part of our journey together to a sustainable future.

#### How would you describe your experience with the Bank's well-being initiatives, including any notable highlights in FY24?

The benefits arising from the well-being initiatives such as the gym facilities are invaluable. Considering the substantial amount of time spent within the workplace, the accessibility of having a gym in the office has enabled me to dedicate some time to prioritise my health and well-being. This would otherwise have been difficult to achieve, as the attempt to exercise is already a challenging exercise in itself.

#### In what manner have the Bank's sustainability and employee engagement initiatives impacted you and your day-to-day activities?

Seeing the bigger picture often helps to narrow down one's own focus on the little things. In understanding our customers' large-scale efforts to enhance environmental accountability, I began to appreciate the impact of my own, smaller actions and how it could contribute to the overall sustainability agenda.

Inspired by the various initiatives by the Sustainability Team, I consciously began to place a more conscious effort in conservation, such as reducing paper usage and optimising device power consumption by powering down devices when not in active use. While these efforts may seem inconsequential, but I firmly believe that all big things come from small beginnings.

#### In what manner have the Bank's well-being initiatives impacted you and your day-to-day activities?

All in all, the tides are changing, both literally and figuratively. With a growing focus in shaping a better tomorrow, the Bank's various efforts have enabled me to gain a deeper sense of purpose and understanding of my role in this transition, be it in supporting our clients or in my own sustainability journey.

## SUSTAINABLE WORKPLACE



## Nurturing Sustainability Through Action

**As I reflect on the past year, I am grateful for the enriching experiences which I had the privilege to be a part of, especially those relating to environmental and social sustainability. Through various initiatives by the Bank, I expanded my knowledge and deepened my commitment to conserving nature and fostering a sustainable future.**

One of the highlights included the quarterly employee engagement theme, 'Conserving Nature,' which provided a platform for meaningful learning and action. Participating in webinars led by industry experts opened my eyes to the invaluable ecosystem services provided by forests and the importance of local efforts to green urban spaces. These sessions served as a catalyst for me to explore opportunities to invest in nature and to become a more conscious consumer in my daily life. One area where I have been able to make a tangible difference is in my own home garden. By carefully selecting plants that support urban biodiversity, I am contributing in my own small way to the health of local ecosystems. This newfound appreciation for nature has not only enhanced the beauty of my surroundings but also deepened my connection to the natural world.

Beyond individual actions, I also had the opportunity to participate in collective efforts through the Alliance Bank Sports Club. An example would be the 'Unleashing your Inner Diver' activity, which provided not only a chance to connect with colleagues who share a passion for diving but also an opportunity to make a positive impact on the environment. The diving trip concluded with a beach cleanup activity, highlighting the importance of responsible stewardship and left a lasting impression on me about the power of collective action in protecting our planet.

My journey towards sustainability is ongoing, and I am excited about the possibilities that lie ahead. I remain committed in continuing my efforts, both personally and professionally, to contribute to a more sustainable future. I am grateful for the support and opportunities provided by the Bank to engage in meaningful initiatives that align with my values. Together, we can make a meaningful difference in conserving nature for future generations.

*Sabrina Ho, Manager, Group Sustainability*

## SUSTAINABLE WORKPLACE

### Creating a Fair and Inclusive Work Culture













**Relevant material matters:**

- Diversity, Equity, and Inclusion

### Promoting Diversity, Equity, and Inclusion

At Alliance Bank, we acknowledge that our organisation’s success is rooted in the skills and abilities of our workforce. We value the diversity of backgrounds, skill sets, and experiences that strengthen our team. Therefore, we are dedicated to fostering an inclusive work culture and actively embracing diversity. This commitment is reflected in our Sustainability Framework, which emphasises our status as an Equal Opportunity Employer. We embrace diversity from the very start of our hiring process, omitting requests for details such as age, gender, and religion from our job application form on the Alliance Bank Career Page. We will also continue to strengthen our efforts in ensuring Equal Opportunity in work processes.

The Bank’s outlook on inclusivity is reflected in our diverse workforce. In FY2024, women comprised 62% of our workforce. Female representation in our Senior Management and the Board of Directors stood at 21% and 30%, respectively.

Directors		Senior Management		Senior Vice President		Vice President and Assistant Vice President		Manager, Senior Executive and below		Clerical and Non-clerical Employees	
<b>Gender</b>											
											
70%	30%	79%	21%	64%	36%	43%	57%	35%	65%	36%	64%
<b>Nationality</b>											
<b>Local</b>	<b>Foreign</b>	<b>Local</b>	<b>Foreign</b>	<b>Local</b>	<b>Foreign</b>	<b>Local</b>	<b>Foreign</b>	<b>Local</b>	<b>Foreign</b>	<b>Local</b>	<b>Foreign</b>
60%	40%	100%	0%	100%	0%	100%	0%	100%	0%	100%	0%
<b>Age</b>											
<b>30-50 years</b>	<b>&gt;50 years</b>	<b>30-50 years</b>	<b>&gt;50 years</b>	<b>30-50 years</b>	<b>&gt;50 years</b>	<b>&lt;30 years</b>	<b>30-50 years</b>	<b>&lt;30 years</b>	<b>30-50 years</b>	<b>&lt;30 years</b>	<b>30-50 years</b>
10%	90%	43%	57%	62%	38%	2%	81%	31%	60%	0%	62%
						<b>&gt;50 years</b>		<b>&gt;50 years</b>		<b>&gt;50 years</b>	
						17%		9%		38%	
<b>Ethnicity</b>											
Bumiputera: 30% Chinese: 70%		Bumiputera: 7% Chinese: 79% Indian: 7% Others: 7%		Bumiputera: 6% Chinese: 88% Indian: 6%		Bumiputera: 13% Chinese: 80% Indian: 6% Others: 1%		Bumiputera: 34% Chinese: 56% Indian: 9% Others: 1%		Bumiputera: 72% Chinese: 18% Indian: 9% Others: 1%	
<b>Employment Type</b>											
Contract: 21% Permanent: 79%		Contract: 2% Permanent: 98%		Contract: 1% Permanent: 99%		Contract: 1% Permanent: 99%		Contract: 1% Permanent: 99%		Contract: 100% Permanent: 0%	

## SUSTAINABLE WORKPLACE

### Zero tolerance for Discrimination and Harassment

Reflecting the Bank's strong commitment to eradicating discrimination and harassment, we rolled out the Guidelines on Workplace Harassment & Discrimination ("Guidelines") during FY2023. These Guidelines specify the types of discrimination the Bank opposes and provides protocols for addressing complaints in such instances.

In order to maintain a safe and secure workplace, all employees are expected to adhere to the Guidelines, which have been disseminated through employee communications and our inAlliance intranet portal. Moreover, new employees, including Managers, receive training on addressing complaints related to bullying, harassment, and discrimination during their induction sessions.

Any reports of discrimination are thoroughly investigated through the Bank's disciplinary procedures, and appropriate actions are taken as per consequence management. It is worth noting that there were no reported incidents of discrimination in FY2024.



# GRI CONTENT INDEX

<b>Statement of use</b>	ABMB has reported the information cited in this GRI Content Index for the period 1 <sup>st</sup> April 2023 to 31 <sup>st</sup> March 2024 with reference to the GRI Standards.
<b>GRI 1 used</b>	GRI 1: Foundation 2021

GRI STANDARD	GRI DISCLOSURE	BURSA MALAYSIA COMMON INDICATOR	FTSE4GBM ESG THEMES	LOCATION	REMARKS/ OMISSION	
<b>GRI 2: General Disclosures 2021</b>	<b>The Organisation and its reporting practices</b>					
	2-1	Organisational details			Page 3: Corporate Profile Page 4-6: Corporate Information	
	2-2	Entities included in the organisation's sustainability reporting			Page 55: Scope and Boundary	
	2-3	Reporting period, frequency and contact point	-	-	Page 55: Scope and Boundary	
	2-4	Restatements of information			Page 55: Scope and Boundary Page 109: Scope of GHG Inventory Page 111: Electricity Consumption	
	2-5	External assurance			Page 55: Scope and Boundary Page 143: Statement of Assurance	
	<b>Activities and Workers</b>					
	2-6	Activities, value chain and other business relationships	-	-	Page 7: Corporate Structure Page 8-14: Products and Services	
	2-7	Employees	Labour Practices and Standards	Labour Standards	Page 122-123: Promoting Diversity, Equity, and Inclusion	
	2-8	Workers who are not employees				
	<b>Governance</b>					
	2-9	Governance structure and composition			Page 7: Corporate Structure Page 66-68: Sustainability Governance	
	2-10	Nomination and selection of the highest governance body	-	Corporate Governance	Page 147-185: Corporate Governance Overview Statement	
	2-11	Chair of the highest governance body			Page 4-6: Corporate Information	
	2-12	Role of the highest governance body in overseeing the management of impacts			Page 66-68: Sustainability Governance	

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GRI STANDARD	GRI DISCLOSURE	BURSA MALAYSIA COMMON INDICATOR	FTSE4GBM ESG THEMES	LOCATION	REMARKS/ OMISSION	
<b>GRI 2: General Disclosures 2021</b>	2-13	Delegation of responsibility for managing impacts	-	Corporate Governance	Page 66-68: Sustainability Governance	
	2-14	Role of the highest governance body in sustainability reporting			Page 66-68: Sustainability Governance	
	2-15	Conflicts of interest			Page 147-185: Corporate Governance Overview Statement	
	2-16	Communication of critical concerns			Page 186-187: Statement on Risk Management and Internal Control, Risk Management	
	2-17	Collective knowledge of the highest governance body			Page 114: Sustainability Learning	
	2-18	Evaluation of the performance of the highest governance body			Page 168-175: Board Effectiveness	
	2-19	Remuneration policies			Page 66-68: Sustainability Governance	
	2-20	Process to determine remuneration			Page 175: Corporate Governance Report	
	2-21	Annual total compensation ratio			Page 175: Corporate Governance Report	
	<b>Strategy, policies and practices</b>					
2-22	Statement on sustainable development strategy	-	Risk management	Page 26-33: Statement by Chairman of Alliance Bank Malaysia Berhad & Group Chief Executive Officer		
2-23	Policy Commitments			Page 62: Executing our Sustainability Strategy Page 117: Human Rights		
2-24	Embedding policy commitments			Page 62: Executing our Sustainability Strategy		
2-25	Processes to remediate negative impacts			Page 102-105: Ethical Business Practices		

## GRI CONTENT INDEX

GRI STANDARD	GRI DISCLOSURE	BURSA MALAYSIA COMMON INDICATOR	FTSE4GBM ESG THEMES	LOCATION	REMARKS/ OMISSION	
<b>Economic/Governance</b>						
<b>GRI 2: General Disclosures 2021</b>	2-26	Mechanisms for seeking advice and raising concerns	Anti-Corruption	Anti-Corruption, Risk Management	Page 102-105: Ethical Business Practices	
	2-27	Compliance with laws and regulations			Page 102-105: Ethical Business Practices Page 113: Labour Standards	
	2-28	Membership associations	-	-	Page 85-89: Participating in Associations	
	<b>Stakeholder engagement</b>					
	2-29	Approach to stakeholder engagement	-	Human Rights and Community	Page 85-89: Participating in Associations	
<b>GRI 3: Material Topics 2021</b>	2-30	Collective bargaining agreements		Human Rights and Community	Page 117: Human Rights	
	3-1	Process to determine material topics	-	-	Page 50: Material Matters	
<b>GRI 201: Economic Performance 2016</b>	3-2	List of material topics	-	-	Page 50-52: Material Matters	
	3-3	Management of material topics	-	Social Supply Chain	Page 81: Delivering Strong Economic Value	
<b>GRI 202: Market Presence 2016</b>	201-1	Direct economic value generated and distributed	-	Social Supply Chain	Page 81-82: Delivering Strong Economic Value	
	202-2	Proportion of senior management hired from the local community			Page 122: Promoting Diversity, Equity, and Inclusion	
<b>GRI 203: Indirect Economic Impacts</b>	3-3	Management of material topics			Page 72-76: Integrating Sustainable and Responsible Financing Page 93-96: Corporate Social Responsibility Page 97-99: Fostering Financial Well-being Among Communities	



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GRI STANDARD	GRI DISCLOSURE	BURSA MALAYSIA COMMON INDICATOR	FTSE4GBM ESG THEMES	LOCATION	REMARKS/ OMISSION
<b>Economic/Governance</b>					
<b>GRI 203: Indirect Economic Impacts</b>	203-1 Infrastructure investments and services supported			Page 72-76: Integrating Sustainable and Responsible Financing Page 93-96: Corporate Social Responsibility Page 97-99: Fostering Financial Well-being Among Communities	
	203-2 Significant indirect economic impacts			Page 72-76: Integrating Sustainable and Responsible Financing Page 93-96: Corporate Social Responsibility Page 97-99: Fostering Financial Well-being Among Communities	
<b>GRI 204: Procurement Practices 2016</b>	3-3 Management of material topics	Supply Chain Management		Page 92: Embedding a Sustainable Supply Chain	
	204-1 Proportion of spending on local suppliers			Page 92: Embedding a Sustainable Supply Chain	
<b>GRI 205: Anti-Corruption 2016</b>	3-3 Management of material topics	Anti-Corruption	Anti-Corruption, Risk Management	Page 102-105: Ethical Business Practices	
	205-1 Operations assessed for risks related to corruption			Page 105: Anti-Bribery and Corruption	
	205-2 Communication and training about anti-corruption policies and procedures			Page 105: Anti-Bribery and Corruption	
	205-3 Confirmed incidents of corruption and actions taken			Page 105: Anti-Bribery and Corruption	
<b>GRI 206: Anti-competitive Behaviour 2016</b>	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	-	-	Page 134: Performance Data	

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GRI STANDARD	GRI DISCLOSURE	BURSA MALAYSIA COMMON INDICATOR	FTSE4GBM ESG THEMES	LOCATION	REMARKS/ OMISSION
<b>Environmental</b>					
<b>GRI 302: Energy 2016</b>	3-3 Management of material topics	Energy Management	Climate Change	Page 111: Energy Management	
	302-1 Energy consumption within the organisation			Page 111: Energy Management	
	302-4 Reduction of energy consumption			Page 111: Energy Management	
<b>GRI 303: Water and Effluents 2018</b>	3-3 Management of material topics	Water		Page 112: Conserving the Environment	
	303-5 Water consumption			Page 112: Conserving the Environment	
<b>GRI 305: Emissions 2016</b>	3-3 Management of material topics	Emissions Management		Page 107-108: Addressing the Challenge of Climate Change	
	305-1 Direct (Scope 1) GHG emissions			Page 108-109: Minimising Our Own Emissions	
	305-2 Energy indirect (Scope 2) GHG emissions			Page 108-109: Minimising Our Own Emissions	
	305-3 Other indirect (Scope 3) GHG emissions			Page 108-109: Minimising Our Own Emissions Page 109-110: Managing Our Financed Emissions	
	305-5 Reduction of GHG emissions			Page 108-109: Minimising Our Own Emissions	
<b>GRI 308: Supplier Environment Assessment</b>	3-3 Management of material topics	Supply Chain Management	Environmental Supply Chain	Page 92: Embedding a Sustainable Supply Chain	
	308-1 New suppliers that were screened using environmental criteria			Page 92: Embedding a Sustainable Supply Chain	
	308-2 Negative environmental impacts in the supply chain and actions taken			Page 92: Embedding a Sustainable Supply Chain	

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GRI STANDARD	GRI DISCLOSURE	BURSA MALAYSIA COMMON INDICATOR	FTSE4GBM ESG THEMES	LOCATION	REMARKS/ OMISSION
<b>Social</b>					
<b>GRI 401: Employment 2016</b>	3-3	Management of material topics	Labour Practices and Standards	Labour Standards	Page 113: Labour Standards Page 113; Recruitment and Performance Management Page 119: Employee Well-being
	401-1	New employee hires and employee turnover			Page 140: Performance Data
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employee			Page 119: Employee Well-being
	401-3	Parental leave			Page 119: Employee Well-being
<b>GRI 403: Occupational Healthy and Safety 2018</b>	3-3	Management of material topics	Health and Safety	-	Page 118: Health and Safety
	403-1	Occupational health and safety management system			Page 118: Health and Safety
	403-2	Hazard identification, risk assessment, and incident investigation			Page 118: Health and Safety
	403-3	Occupational health services			Page 118: Health and Safety
	403-4	Worker participation, consultation, and communication on occupational health and safety			Page 118: Health and Safety
	403-5	Worker training on occupational health and safety			Page 118: Health and Safety
	403-6	Promotion of worker health			Page 118: Health and Safety
	403-8	Workers covered by an occupational health and safety management system			Page 118: Health and Safety
	403-9	Work-related injuries			Page 118: Health and Safety
	403-10	Work-related ill health			Page 118: Health and Safety

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GRI STANDARD	GRI DISCLOSURE	BURSA MALAYSIA COMMON INDICATOR	FTSE4GBM ESG THEMES	LOCATION	REMARKS/ OMISSION
<b>Social</b>					
<b>GRI 404: Training and Education 2016</b>	3-3	Management of material topics	Labour Practices and Standards	Page 113: Capability Development	
	404-1	Average hours of training per year per employee		Page 139: Performance Data	
	404-2	Programmes for upgrading employee skills and transition assistance programmes		Page 113: Capability Development	
	404-3	Percentage of employees receiving regular performance and career development reviews		Page 113: Capability Development	
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	3-3	Management of material topics	Diversity	Labour Standards	Page 122: Promoting Diversity, Equity, and Inclusion
	405-1	Diversity of governance bodies and employees			Page 122: Promoting Diversity, Equity, and Inclusion
<b>GRI 406: Non-Discrimination 2016</b>	3-3	Management of material topics	-	-	Page 123: Zero tolerance for Discrimination and Harassment
	406-1	Incidents of discrimination and corrective actions taken			Page 123: Zero tolerance for Discrimination and Harassment
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>	3-3	Management of material topics	-	-	Page 117: Human Rights
<b>GRI 408: Child Labor 2016</b>	3-3	Management of material topics	-	-	Page 117: Human Rights
<b>GRI 409: Forced or Compulsory Labor 2016</b>	3-3	Management of material topics	-	-	Page 117: Human Rights

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GRI STANDARD	GRI DISCLOSURE	BURSA MALAYSIA COMMON INDICATOR	FTSE4GBM ESG THEMES	LOCATION	REMARKS/ OMISSION
<b>Social</b>					
<b>GRI 413: Local Communities 2016</b>	3-3	Management of material topics	Community/ Society	Human Rights and Community	Page 93-96: Corporate Social Responsibility Page 97-99: Fostering Financial Well-being Among Communities
	413-1	Operations with local community engagement, impact assessments, and development programmes			Page 93-96: Corporate Social Responsibility Page 97-99: Fostering Financial Well-being Among Communities
<b>GRI 414 : Supplier Social Assessment</b>	3-3	Management of material topics	Supply Chain Management	Social Supply Chain	Page 92: Embedding a Sustainable Supply Chain
	414-1	New suppliers that were screened using social criteria			Page 92: Embedding a Sustainable Supply Chain
	414-2	Negative social impacts in the supply chain and actions taken			Page 92: Embedding a Sustainable Supply Chain
<b>GRI 417: Marketing and Labeling 2016</b>	3-3	Management of material topics	-	-	Page 79: Enhancing Customer Satisfaction through Trust and Fair Treatment
	417-1	Requirements for product and service information and labeling	-	-	Page 79: Enhancing Customer Satisfaction through Trust and Fair Treatment
<b>GRI 418: Customer Privacy 2016</b>	3-3	Management of material topics	Data Privacy and Security	-	Page 80: Safeguarding Customer Data
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data			Page 133: Performance Data

# TCFD CONTENT INDEX

TCFD RECOMMENDATION		LOCATION
<b>Governance</b>	a) Describe the board's oversight of climate-related risks and opportunities	Page 67: Sustainability Governance
	b) Describe management's role in assessing and managing climate-related risks and opportunities	Page 67: Sustainability Governance
<b>Strategy</b>	a) Describe the climate-related risks and opportunities the organisation had identified over the short, medium and long term	Page 72-76: Integrating Sustainable and Responsible Financing Page 107-108: Addressing the Challenge of Climate Change
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	Page 61: ABMB Unveils Net Zero Roadmap Page 62: Executing Our Sustainability Strategy Page 106: Prohibited Lending Page 106: Exposure to ESG-Sensitive Sectors Page 72-76: Integrating Sustainable and Responsible Financing Page 107-111: Addressing the Challenge of Climate Change
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including 2 degrees or lower scenario	Page 72-76: Integrating Sustainable and Responsible Financing Page 107-111: Addressing the Challenge of Climate Change
<b>Risk Management</b>	a) Describe the organisation's processes for identifying and assessing climate-related risks	Page 106: Risk Appetite Page 106: ESG Risk Assessment Tools Page 106: Climate Change and Principle-based Taxonomy ("CCPT") Screener Tool Page 106: ESG Risk Acceptance Criteria ("RAC") Page 106: Prohibited Lending Page 106: Exposure to ESG-Sensitive Sectors Page 107-111: Addressing the Challenge of Climate Change
	b) Describe the organisation's processes for managing climate-related risks	Page 107-108: Addressing the Challenge of Climate Change
	c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	Page 107-108: Addressing the Challenge of Climate Change
<b>Metrics and Targets</b>	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Page 108-109: Minimising Our Own Emissions Page 109-110: Managing Our Financed Emissions
	b) Disclose Scope 1, Scope 2 and if appropriate, Scope 3 GHG emissions, and the related risks	Page 108-109: Minimising Our Own Emissions Page 109-110: Managing Our Financed Emissions
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Page 61: ABMB Unveils Net Zero Roadmap Page 62: Executing Our Sustainability Strategy

## PERFORMANCE DATA

INDICATOR	UNIT	FY2022	FY2023	FY2024	
<b>Economic/Governance</b>					
<b>Customer Data Privacy</b>					
Total number of substantiated complaints concerning breaches of customer privacy <sup>1</sup>	No.	N/A	N/A	2	
Total identified leaks, thefts, or losses of customer data	No.	0	0	0	
<b>Customer Experience</b>					
Average Net Promoter Score (“NPS”)	No.	28	33	33	
<b>Digitalisation</b>					
Total Number of Digital Users (Online & Mobile)	No.	396,987	455,491	527,498	
<b>Economic Performance</b>					
Total economic value generated	RM million	1,867.6	1,919.8	2,020.4	
Total economic value distributed	RM million	1,422.6	1,491.9	1,555.0	
Total economic value retained	RM million	445.1	428.0	465.4	
New sustainable banking business	RM billion	2.0	8.1	12.6	
C5% of portfolio	%	<65%	35%	31%	
<b>Ethics and Compliance</b>					
Percentage of operations assessed for corruption-related risks	No.	233	322	302	
	%	23%	29%	24%	
Confirmed incidents of corruption	No.	0	0	0	
Number of staff disciplined or dismissed due to non-compliance with anti-corruption policies	No.	0	0	0	
Public legal cases regarding corruption, and the outcome	No.	0	0	0	
Cost of fines, penalties, or settlements in relation to corruption (RM)	RM	0	0	0	
Fines/settlements where each is valued > US \$100 million	No.	0	0	0	
Combined total value of fines/settlements where each is valued > US \$100 million (RM)	RM	0	0	0	
Total amount of political contributions made (RM)	RM	0	0	0	
Total employee training hours on anti-corruption and bribery	No.	3,329	3,537	3,788	
	Hours	6,658.0	7,074.0	7,576.0	
Employees who have received training on anti-corruption by employees category	Senior Management	%	94%	94%	100%
		Hours	32.0	30.0	28.0
	Senior Vice President	%	99%	95%	100%
		Hours	150.0	146.0	162.0
	Vice President and Assistant Vice President	%	98%	96%	98%
		Hours	1,962.0	2,036.0	2,356.0
	Manager, Senior Executive and below	%	93%	92%	98%
		Hours	4,166.0	4,414.0	4,750.0
	Clerical and Non-Clerical Employees	%	61%	82%	52%
		Hours	348.0	448.0	280.0
Total employee training hours on AML/CFT	Hours	8,359	8,807	9,477	

<sup>1</sup> Refinement of methodology to derive the number in FY24

## PERFORMANCE DATA

INDICATOR	UNIT	FY2022	FY2023	FY2024	
<b>Economic/Governance</b>					
<b>Ethics and Compliance</b>					
Employees who have received training on AML/CFT by employee category	Senior Management	%	94%	94%	100%
		Hours	40.0	38.0	35.0
	Senior Vice President	%	99%	95%	100%
		Hours	188.0	183.0	203.0
	Vice President and Assistant Vice President	%	98%	96%	98%
		Hours	2,453.0	2,533.0	2,948.0
	Manager, Senior Executive and below	%	94%	92%	98%
		Hours	5,213.0	5,490.0	5,943.0
	Clerical and Non-Clerical Employees	%	65%	82%	52%
		Hours	465.0	563.0	348.0
Number of legal actions pending or completed regarding anti-competitive behavior and violations of anti-trust and monopoly legislation	No.	0	0	0	
<b>Sustainable and Responsible Financing</b>					
BNM Low Carbon Transition Facility ("LCTF")	RM million	N/A	0.31	17.03	
<b>Sustainable Procurement</b>					
Percentage spent on local suppliers	%	87%	92%	94%	
Proportion of new suppliers that were screened using environmental criteria	%	N/A	N/A	100%	
Total suppliers assessed for environmental impacts	No.	N/A	N/A	545	
Total suppliers with negative environmental impacts	No.	N/A	N/A	0	
Proportion of suppliers having negative environmental impact with improvements agreed upon	%	N/A	N/A	0%	
Proportion of suppliers having negative environmental impact with relationships terminated upon	%	N/A	N/A	0%	
Proportion of new suppliers that were screened using social criteria	%	N/A	N/A	100%	
Total suppliers assessed for social impacts	No.	N/A	N/A	545	
Total suppliers with negative social impacts	No.	N/A	N/A	0%	
Proportion of suppliers having negative social impact with improvements agreed upon	%	N/A	N/A	0%	
Proportion of suppliers having negative social impact with relationships terminated upon	%	N/A	N/A	0%	



## PERFORMANCE DATA

INDICATOR	UNIT	FY2022	FY2023	FY2024	
<b>Environmental</b>					
<b>Climate Change</b>					
Total energy consumption	GJ	52,691.15	49,836.65	49,741.09	
Direct GHG emissions (Scope 1) - Stationary and Mobile Combustion	tCO <sub>2</sub> e	24.21	32.05	25.53	
Indirect GHG emissions (Scope 2) - Purchased Electricity	tCO <sub>2</sub> e	10,405.58	9,822.20	9,766.06	
Other Indirect GHG emissions (Scope 3) - Business Travel by Land	tCO <sub>2</sub> e	577.25	686.37	680.70	
Reduction of GHG emissions (Scope 1 and 2) Against FY2020 Baseline	%	13.0%	17.8%	18.3%	
Financed emissions by asset class	Listed equity and corporate bonds	tCO <sub>2</sub> e	-	69,265	-
	Business loans and unlisted equity	tCO <sub>2</sub> e	-	699,033	-
	Project finance	tCO <sub>2</sub> e	-	2,796	-
	Commercial real estate	tCO <sub>2</sub> e	-	35,463	-
	Mortgages	tCO <sub>2</sub> e	-	236,025	-
<b>Conserving the Environment</b>					
Printing Volume	Print copy	28,903,021	30,952,606	34,085,034	
Total water consumption from all areas	m <sup>3</sup>	N/A	N/A	25,199.50	
<b>Social</b>					
<b>Corporate Social Responsibility</b>					
Total amount invested in the community where the target beneficiaries are external to the listed issuer	RM million	1.4	1.2	1.3	
Total no. of beneficiaries of the investment in communities	No.	4,421	3,520	2,919	
<b>Diversity, Equity, and Inclusion</b>					
Directors by gender	Male	%	78%	78%	70%
	Female	%	22%	22%	30%
Directors by age group	<30	%	0%	0%	0%
	30-50	%	11%	11%	10%
	>50	%	89%	89%	90%
Directors by ethnicity	Bumiputera	%	22%	22%	30%
	Chinese	%	78%	78%	70%
	Indian	%	0%	0%	0%
	Other	%	0%	0%	0%
Directors by nationality	Local	%	56%	56%	60%
	Foreign	%	44%	44%	40%
Total number of employees	No.	3,604	3,815	3,999	

## PERFORMANCE DATA

INDICATOR		UNIT	FY2022	FY2023	FY2024		
<b>Social</b>							
<b>Diversity, Equity, and Inclusion</b>							
Percentage of employees by gender for each employee category	Senior Management	Male	%	76%	81%	79%	
		Female	%	24%	19%	21%	
	Senior Vice President	Male	%	63%	68%	64%	
		Female	%	37%	32%	36%	
	Vice President and Assistant Vice President	Male	%	44%	44%	43%	
		Female	%	56%	56%	57%	
	Manager, Senior Executive and below	Male	%	36%	35%	35%	
		Female	%	64%	65%	65%	
	Clerical and Non-Clerical Employees	Male	%	36%	37%	36%	
		Female	%	64%	63%	64%	
	Percentage of women in the global workforce			%	61%	61%	62%
	Percentage of employees by age group for each employee category	Senior Management	<30	%	0%	0%	0%
30-50			%	35%	31%	43%	
>50			%	65%	69%	57%	
Senior Vice President		<30	%	0%	0%	0%	
		30-50	%	62%	66%	62%	
		>50	%	38%	34%	38%	
Vice President and Assistant Vice President		<30	%	2%	2%	2%	
		30-50	%	82%	82%	81%	
		>50	%	16%	16%	17%	
Manager, Senior Executive and below		<30	%	29%	33%	31%	
		30-50	%	62%	59%	60%	
		>50	%	9%	8%	9%	
Clerical and Non-Clerical Employees	<30	%	0%	0%	0%		
	30-50	%	74%	68%	62%		
	>50	%	26%	32%	38%		

## PERFORMANCE DATA

INDICATOR		UNIT	FY2022	FY2023	FY2024		
<b>Social</b>							
<b>Diversity, Equity, and Inclusion</b>							
Percentage of employees by employment type for each employee category	Senior Management	Contract	%	18%	19%	21%	
		Permanent	%	82%	81%	79%	
	Senior Vice President	Contract	%	4%	3%	2%	
		Permanent	%	96%	97%	98%	
	Vice President and Assistant Vice President	Contract	%	0%	0%	1%	
		Permanent	%	100%	100%	99%	
	Manager, Senior Executive and below	Contract	%	2%	2%	1%	
		Permanent	%	98%	98%	99%	
	Clerical and Non-Clerical Employees	Contract	%	0%	0%	0%	
		Permanent	%	100%	100%	100%	
	Percentage of employees by ethnicity for each employee category	Senior Management	Bumiputera	%	11%	6%	7%
			Chinese	%	65%	75%	79%
			Indian	%	12%	13%	7%
			Other	%	12%	6%	7%
Senior Vice President		Bumiputera	%	5%	5%	6%	
		Chinese	%	86%	86%	88%	
		Indian	%	8%	8%	6%	
Vice President and Assistant Vice President		Other	%	1%	1%	0%	
		Bumiputera	%	12%	13%	13%	
	Chinese	%	82%	80%	80%		
	Indian	%	5%	5%	6%		
Manager, Senior Executive and below	Other	%	1%	2%	1%		
	Bumiputera	%	35%	34%	34%		
	Chinese	%	54%	56%	56%		
	Indian	%	10%	9%	9%		
Clerical and Non-Clerical Employees	Other	%	1%	1%	1%		
	Bumiputera	%	71%	72%	72%		
	Chinese	%	18%	18%	18%		
	Indian	%	10%	9%	9%		
		Other	%	1%	1%	1%	

## PERFORMANCE DATA

INDICATOR		UNIT	FY2022	FY2023	FY2024	
<b>Social</b>						
<b>Diversity, Equity, and Inclusion</b>						
Percentage of employees by age nationality for each employee category	Senior Management	Local	%	94%	100%	100%
		Foreign	%	6%	0%	0%
	Senior Vice President	Local	%	99%	99%	100%
		Foreign	%	1%	1%	0%
	Vice President and Assistant Vice President	Local	%	100%	100%	100%
		Foreign	%	0%	0%	0%
	Manager, Senior Executive and below	Local	%	100%	100%	100%
		Foreign	%	0%	0%	0%
	Clerical and Non-Clerical Employees	Local	%	100%	100%	100%
		Foreign	%	0%	0%	0%
	Permanent employees by gender	Male	%	39%	39%	38%
		Female	%	61%	61%	62%
Permanent employees by nationality	Local	%	99%	99%	100%	
	Foreign	%	1%	1%	0%	
Contract employees by gender	Male	%	46%	37%	47%	
	Female	%	54%	63%	53%	
Contract employees by nationality	Local	%	98%	100%	100%	
	Foreign	%	2%	0%	0%	
% of employees that are contractors or temporary staff		%	1%	1%	1%	
Total employees with a disability		%	0%	0%	0.05%	
<b>Employee Engagement, Health, Safety and Well-being</b>						
No of work-related fatalities		No.	0	0	0	
Lost time injury rate (own staff)		Rate	0.11	0.27	0.31	
Lost time injury rate (contractors)		Rate	0	0	0	
No. of dedicated employees trained on health and safety standards		No.	0	26	118	

## PERFORMANCE DATA

INDICATOR		UNIT	FY2022	FY2023	FY2024	
<b>Social</b>						
<b>Employee Engagement, Health, Safety and Well-being</b>						
No. of substantiated complaints concerning human rights violations		No.	0	0	0	
Total number of employees that were eligible for parental leave by gender	Male	No.	892	961	952	
	Female	No.	1,423	1,523	1,541	
Total number of employees that took parental leave by gender	Male	No.	33	14	50	
	Female	No.	51	58	52	
Total number of employees that returned to work in the reporting period after parental leave ended by gender	Male	No.	28	14	43	
	Female	No.	48	54	45	
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work by gender	Male	No.	28	13	43	
	Female	No.	48	54	45	
Return to work rate of employees that took parental leave by gender	Male	%	85%	100%	86%	
	Female	%	94%	93%	87%	
Retention rates of employees that took parental leave by gender	Male	%	85%	93%	86%	
	Female	%	94%	93%	87%	
<b>Talent Management</b>						
Total training hours		Hours	149,503	128,107	147,377	
Average training per employee		Hours	41.5	33.6	36.9	
		Days	5.2	4.2	4.6	
Average training hours by gender	Male	Hours	41.8	33.2	41.8	
	Female	Hours	41.2	33.9	33.8	
Training hours by employee category	Senior Management	Total	Hours	950.0	365.0	711.0
		Average	Hours	55.9	22.8	50.8
	Senior Vice President	Total	Hours	4,524.0	8,977.0	4,046.0
		Average	Hours	59.5	116.6	50.0
	Vice President and Assistant Vice President	Total	Hours	46,962.0	32,552.0	47,742.0
		Average	Hours	47.2	30.7	39.8
	Manager, Senior Executive and below	Total	Hours	76,342.0	71,907.0	91,695.0
		Average	Hours	34.3	30.1	37.7
	Clerical and Non-Clerical Employees	Total	Hours	20,725.0	14,306.0	3,201.0
		Average	Hours	72.2	52.4	11.9

## PERFORMANCE DATA

INDICATOR		UNIT	FY2022	FY2023	FY2024
<b>Social</b>					
<b>Talent Management</b>					
New hires by gender	Male	%	45%	42%	43%
	Female	%	55%	58%	57%
New hires by age group	<30	%	57%	53%	45%
	30-50	%	42%	46%	53%
	>50	%	1%	1%	2%
New hires by nationality	Local	%	100%	100%	100%
	Foreign	%	0%	0%	0%
% of Senior Management that are hired from the local community		%	94%	100%	100%
Employee turnover		Rate	0.17	0.21	0.15
Employee turnover by gender	Male	%	45%	44%	47%
	Female	%	55%	56%	53%
Employee turnover by age group	<30	%	38%	36%	42%
	30-50	%	52%	52%	49%
	>50	%	10%	12%	9%
Employee turnover by nationality	Local	%	100%	100%	100%
	Foreign	%	0%	0%	0%
Employee turnover by employee category	Senior Management	%	0%	0%	1%
	Senior Vice President	%	2%	2%	1%
	Vice President and Assistant Vice President	%	24%	23%	21%
	Manager, Senior Executive and below	%	73%	74%	76%
	Clerical and Non-Clerical Employees	%	1%	1%	1%
Number of employees who are covered by OHS management system		%	100%	100%	100%
Number of employees who are covered by OHS management system that has been internally audited		%	0%	0%	0%
Number of employees who are covered by OHS management system that has been audited or certified by an external party		%	0%	0%	0%

# PERFORMANCE DATA TABLE FROM BURSA ESG REPORTING PLATFORM

The following performance data table has been prepared in accordance with the requirements of the Bursa Main Market Listing Requirements and the enhanced Sustainability Reporting Guide, 3<sup>rd</sup> edition.

Indicator	Measurement Unit	2022	2023	2024
<b>Bursa (Anti-corruption)</b>				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Senior Management	Percentage	94.00	94.00	100.00
Senior Vice President	Percentage	99.00	95.00	100.00
Vice President and Assistant Vice President	Percentage	98.00	96.00	98.00
Manager, Senior Executive and below	Percentage	93.00	92.00	98.00
Clerical and Non-Clerical Employees	Percentage	61.00	82.00	52.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	23.00	29.00	24.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0
<b>Bursa (Community/Society)</b>				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	1,400,000.00	1,200,000.00	1,300,000.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	4,421	3,520	2,919
<b>Bursa (Diversity)</b>				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Senior Management Under 30	Percentage	0.00	0.00	0.00
Senior Management Between 30-50	Percentage	35.00	31.00	43.00
Senior Management Above 50	Percentage	65.00	69.00	57.00
Senior Vice President Under 30	Percentage	0.00	0.00	0.00
Senior Vice President Between 30-50	Percentage	62.00	66.00	62.00
Senior Vice President Above 50	Percentage	38.00	34.00	38.00
Vice President and Assistant Vice President Under 30	Percentage	2.00	2.00	2.00
Vice President and Assistant Vice President Between 30-50	Percentage	82.00	82.00	81.00
Vice President and Assistant Vice President Above 50	Percentage	16.00	16.00	17.00
Manager, Senior Executive and below Under 30	Percentage	29.00	33.00	31.00
Manager, Senior Executive and below Between 30-50	Percentage	62.00	59.00	60.00
Manager, Senior Executive and below Above 50	Percentage	9.00	8.00	9.00
Clerical and Non-Clerical Employees Under 30	Percentage	0.00	0.00	0.00
Clerical and Non-Clerical Employees Between 30-50	Percentage	74.00	68.00	62.00
Clerical and Non-Clerical Employees Above 50	Percentage	26.00	32.00	38.00
Gender Group by Employee Category				
Senior Management Male	Percentage	76.00	81.00	79.00
Senior Management Female	Percentage	24.00	19.00	21.00
Senior Vice President Male	Percentage	63.00	68.00	64.00
Senior Vice President Female	Percentage	37.00	32.00	36.00
Vice President and Assistant Vice President Male	Percentage	44.00	44.00	43.00
Vice President and Assistant Vice President Female	Percentage	56.00	56.00	57.00
Manager, Senior Executive and below Male	Percentage	36.00	35.00	35.00
Manager, Senior Executive and below Female	Percentage	64.00	65.00	65.00
Clerical and Non-Clerical Employees Male	Percentage	36.00	37.00	36.00
Clerical and Non-Clerical Employees Female	Percentage	64.00	63.00	64.00
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	78.00	78.00	70.00
Female	Percentage	22.00	22.00	30.00
Under 30	Percentage	0.00	0.00	0.00
Between 30-50	Percentage	11.00	11.00	10.00
Above 50	Percentage	89.00	89.00	90.00
<b>Bursa (Energy management)</b>				
Bursa C4(a) Total energy consumption	Megawatt	52,691,150.00	49,836,650.00	49,741,090.00

Internal assurance External assurance No assurance

(\*) Restated

## PERFORMANCE DATA TABLE FROM BURSA ESG REPORTING PLATFORM

Indicator	Measurement Unit	2022	2023	2024
<b>Bursa (Health and safety)</b>				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.11	0.27	0.31
Bursa C5(c) Number of employees trained on health and safety standards	Number	0	26	118
<b>Bursa (Labour practices and standards)</b>				
Bursa C6(a) Total hours of training by employee category				
Senior Management	Hours	950	365	711
Senior Vice President	Hours	4,524	8,977	4,046
Vice President and Assistant Vice President	Hours	46,962	32,552	47,742
Manager, Senior Executive and below	Hours	76,342	71,907	91,695
Clerical and Non-Clerical Employees	Hours	20,725	14,306	3,201
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	1.00	1.00	1.00
Bursa C6(c) Total number of employee turnover by employee category				
Senior Management	Number	0	3	5
Senior Vice President	Number	9	15	7
Vice President and Assistant Vice President	Number	149	178	127
Manager, Senior Executive and below	Number	448	577	454
Clerical and Non-Clerical Employees	Number	5	10	4
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
<b>Bursa (Supply chain management)</b>				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	87.00	92.00	94.00
<b>Bursa (Data privacy and security)</b>				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	-	-	2
<b>Bursa (Water)</b>				
Bursa C9(a) Total volume of water used	Megalitres	-	-	25.199500

Internal assurance External assurance No assurance (\*)Restated

### Note:

For Bursa C4(a) Total energy consumption, the data presented is reported in the unit of Megajoules (MJ)



# STATEMENT OF ASSURANCE

## Assurance Undertaken

In strengthening the credibility of our reporting, selected parts of this Sustainability Statement have been subjected to the following:

- an internal review by Alliance Bank's internal auditors that has been approved by Alliance Bank's Audit Committee; and
- an independent assurance in accordance with recognised assurance standards for selected indicators

The scope, subject matter(s) covered, and relevant conclusion(s) (where applicable) are provided below:

Type of Assurance	Subject Matter	Scope	Conclusion
<b>Independent assurance</b>	4 ESG indicators: <ul style="list-style-type: none"> <li>FY24 New Sustainable Banking Business</li> <li>C5% of portfolio</li> <li>Energy consumption</li> <li>GHG Emissions</li> </ul>	Review of the application of methodology, data quality, transparency, traceability and accuracy of the data being disclosed. Level of assurance is set at limited.	Based on the scope of the assessment process and evidence obtained, nothing has come to our attention that causes us to believe that Alliance Bank has not complied, in all material respects, with the referred assurance standard and guide. The following represents SIRIM QAS International's opinion: <ul style="list-style-type: none"> <li>The level of data accuracy included in Alliance Bank Sustainability Statement 2024 is fairly stated;</li> <li>The level of disclosure of the selected sustainability performance information presented in the report was found to be properly prepared;</li> <li>The personnel responsible were able to demonstrate the origin(s) and interpretation of data contained in the report.</li> </ul>
<b>Internal review</b>	11 Common Indicators identified in Bursa Malaysia Sustainability Reporting Guide.	a) Common indicators identified in the Guide, which are assessed both quantitatively and qualitatively based on a sampling basis: <ul style="list-style-type: none"> <li>accuracy, completeness and classification of the indicators against the source data.</li> <li>data collection and reporting processes are adequately controlled, formalised and provide sufficient audit trails.</li> </ul> b) Disclosures of the 3 financial years' performance data in respect of the reported indicators in the Sustainability Statement.	Not applicable



Please refer to page 144-146 for the assurance report provided by Sirim QAS International.

## STATEMENT OF ASSURANCE



# SIRIM QAS INTERNATIONAL SDN BHD INDEPENDENT ASSURANCE STATEMENT

### To Board of Directors, Stakeholders, and Interested Parties,

SIRIM QAS International Sdn. Bhd. was engaged by Alliance Bank Malaysia Berhad (hereafter referred to as Alliance Bank) to perform an independent verification and provide assurance of the Alliance Bank Sustainability Statement 2024. The main objective of the verification process is to provide assurance to Alliance Bank and its stakeholders on the accuracy and reliability of the information as presented in this statement. The verification by SIRIM QAS International applied to selected sustainable performance information (subject matter) within the assurance scope which is included in Alliance Bank Sustainability Statement 2024.

The management of Alliance Bank was responsible for the preparation of the Sustainability Statement. The objective and impartiality of this statement is assured as no member of the verification team and no other employee of SIRIM QAS International was involved in the preparation of any part of Alliance Bank's Sustainability Statement, and the Annual Report 2024.

The assurance engagement was designed to provide limited assurance in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, and BURSA Sustainability Reporting Guide, irrespective of the organization's ability to achieve its objectives, targets or expectations on their subject matter and sustainability-related issues. The assurance process involves verification of selected applicable subject matter as listed below. Details are provided in Appendix 1.

Subject matter	Page no. (as in the Sustainability Statement)
New Sustainable Banking Business	64
C5% portfolio	64
GHG Emissions Footprint – Scope 1, Scope 2 and Scope 3	64, 110, 111
Energy Management – Electricity and Fuel Consumption	113

The verification was carried out by SIRIM QAS International in May 2024, with the following methodologies:

- Reviewing and verifying the traceability, consistency and accuracy of information collected from various sources; internal and external documentation which are made available during the conduct of assessment.
- Verification of data presented in the Sustainability Statement includes a detailed review of the sampled data.
- Interviewing key personnel responsible for collating information and writing various parts of the report to substantiate the veracity of the claims.

## STATEMENT OF ASSURANCE

The verification process was subjected to the following limitations:

- The scope of work did not involve verification of other information reported in Alliance Bank Annual Report 2024.
- The corporate office at Menara Multi-Purpose, Capital Square, Jalan Munshi Abdullah, was visited as part of this assurance engagement. The verification process did not include physical inspections of any of Alliance Bank's buildings and branches. And,
- The verification team did not verify any contractor or third-party data.

### Conclusion

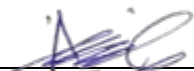
SIRIM QAS International, a Conformity Assessment Body in Malaysia, is accredited to both ISO/IEC 17021-1:2015 and ISO/IEC 17065:2012 covering all our operational activities. The appointed assessors performing the assurance engagement were selected appropriately based on our internal qualifications, training and experience. The verification process is reviewed by management to ensure that the approach and assurance are strictly followed and operated transparently. During the verification process, issues were raised, and clarifications were sought from the management of Alliance Bank relating to the accuracy of some of the information contained in the report. In response to the raised findings, the Sustainability Statement was subsequently reviewed and revised by Alliance Bank. It is confirmed that changes that have been incorporated into the final version of the report have satisfactorily addressed all issues related to the selected subject matters. Based on the scope of the assessment process and evidence obtained, nothing has come to our attention that causes us to believe that Alliance Bank has not complied, in all material respects, with the referred assurance standard and guide. The following represents SIRIM QAS International's opinion:

- The level of data accuracy included in Alliance Bank Sustainability Statement 2024 is fairly stated;
- The level of disclosure of the selected sustainability performance information presented in the report was found to be properly prepared;
- The personnel responsible were able to demonstrate the origin(s) and interpretation of data contained in the report.

#### List of Assessors.

1)	Ms. Aernida Abdul Kadir	:	Team Leader
2)	Ms. Kamini Sooriamorthy	:	Team Member
3)	Ms. Suzalina Kamaralarifin	:	Team Member
4)	Ms. Aine Jamaliah Mohamad Zain	:	Team Member

Statement Prepared by:



**AERNIDA BINTI ABDUL KADIR**

Team Leader

Management System Certification Department  
SIRIM QAS International Sdn. Bhd.

Date: 20 May 2024

Statement Approved by:



**Ts. MD ADHA BIN RAHMAT**

Senior General Manager

Management System Certification Department  
SIRIM QAS International Sdn. Bhd.

Date: 24 May 2024

Note 1: This Independent Assurance Statement has been issued based on the content verified prior to the approval date. SIRIM QAS International Sdn Bhd does not express an opinion on, nor guarantees the integrity and/or accuracy of the information provided with the view that the conclusion was conducted post verification assessment, hence not verified. SIRIM QAS International shall not be responsible for any changes or additions made after the referred date (17 May 2024).

## STATEMENT OF ASSURANCE

Appendix 1 The topics and subject matters covered in this assessment is tabulated below:	CLASSIFICATION OF DATA			
	HIGH	MEDIUM	LOW	UN SUBSTANTIATED
New Sustainable Banking Business				
C5% portfolio				
GHG Emissions Footprint – Scope 1, Scope 2 and Scope 3				
Energy Management – Electricity and Fuel Consumption				

## Note 1:

This Independent Assurance Statement has been issued based on the content verified prior to the approval date. SIRIM QAS International Sdn Bhd shall not be responsible for any changes or additions made after the referred date (17 May 2024).

## Note 2:

The assurance involves activity aims to obtain sufficient appropriate evidence to express a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party, about the subject matter information. It comprises of activities carried out to assess the quality and credibility of the qualitative and quantitative information reported by the organization. This assurance is different from activities used to assess or validate the organization's performance, such as compliance assessments or the issuing of certifications against specific standards.

## Note 3:

Definition of HIGH, MEDIUM, LOW and UNSUBSTANTIATED Classification of Data in this Appendix 1.

**HIGH:** The data and information reviewed has been confirmed with the direct owners. The source of the data origin was provided during the conduct of the assessment.

**MEDIUM:** Data and information have been confirmed with the direct owners. However, the source of the data has been based on secondary data, where the data origin is not accessible by the verifiers during the conduct of the assessment.

**LOW:** Data and information reviewed has been based on information endorsed by the data owners. Verifiers did not have access to the source of the data origin. It has been identified as one of the limitations during the conduct of the assessment.

**UNSUBSTANTIATED:** The sources of data and information disclosed were not made available during the assessment review period due to reasons like confidentiality, unattainable data source and unavailable data owner. It has been identified as one of the limitations during the conduct of the assessment.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of Alliance Bank Malaysia Berhad (“Alliance Bank” or “the Bank”) firmly believes that good corporate governance is the foundation of a well-managed institution. The Board is fully committed to integrity and fair dealing in all its activities and endeavours to adopt the best practices of corporate governance in all areas of the Bank’s operations to enhance business prosperity and corporate accountability, with the ultimate objective of safeguarding the interests of all stakeholders and enhancing shareholder value.

This Corporate Governance Overview Statement sets out a summary of the Bank’s corporate governance practices during the financial year ended 31 March 2024 (“FY2024”) with reference to the following three (3) key principles of good corporate governance in accordance with paragraph 15.25(1) and paragraph 3.1A, Practice Note 9 of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“MMLR”):

- (a) Board leadership and effectiveness;
- (b) Effective audit and risk management; and
- (c) Integrity in corporate reporting and meaningful relationship with stakeholders.

This overview statement serves to provide stakeholders with an understanding of the Bank’s commitment to corporate governance and how the Bank’s corporate governance practices support its ability to create long-term value for stakeholders. It is to be read in conjunction with the Corporate Governance Report, which is available on the Bank’s corporate website at [www.alliancebank.com.my](http://www.alliancebank.com.my).

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### The Board’s Roles and Responsibilities

The Board holds the overall responsibility for promoting the sustainable growth and financial soundness of the Bank, as well as for ensuring reasonable standards of fair dealing, without undue influence from any party. This includes consideration of the long-term implications of the Board’s decisions on the Bank and its customers, employees and the general public.

The key responsibilities of the Board are set out below:

- (a) Approve the risk appetite, business plans and other initiatives that will, singularly or cumulatively, have a material impact on the Bank’s risk profile.

- (b) Oversee the selection, performance, remuneration and succession plans of the Group Chief Executive Officer (“Group CEO”), control function heads and other members of Senior Management, such that the Board is satisfied with the collective competence of Senior Management to effectively lead the operations of the Bank.
- (c) Oversee the implementation of the Bank’s governance framework and internal control framework, and periodically review whether these remain appropriate in light of material changes to the size, nature and complexity of the Bank’s operations.
- (d) Promote, together with Senior Management, a sound corporate culture within the Bank that reinforces ethical, prudent and professional behaviour.
- (e) Oversee and approve sustainability strategies, priorities, and targets through incorporation of appropriate environmental, social and governance considerations in the Bank’s business strategies.
- (f) Oversee and approve the recovery and resolution as well as business continuity plans for the Bank to restore its financial strength; and maintain or preserve critical operations and critical services when the Bank comes under stress.
- (g) Promote timely and effective communication between the Bank and regulators on matters affecting or that may affect the safety and soundness of the Bank.

The Board has adopted a Board Charter that sets out the mandate, responsibilities and procedures of the Board and the Board Committees, including matters reserved for the Board’s decision.

The Board Charter is reviewed by the Board every two (2) years, or as and when necessary, in line with evolving corporate governance requirements and practices, to ensure its continued relevance. The Board Charter, which was last reviewed on 29 May 2024, is available on the Bank’s corporate website at [www.alliancebank.com.my](http://www.alliancebank.com.my).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### Ethical Leadership by the Board

The Bank is guided by the Code of Conduct established by the Board, which outlines the conduct required of Board members and individual employees in discharging their duties in a professional, honest and ethical manner.

In addition, the Board has set up a Conflicts of Interest Policy for Directors to identify, disclose and manage any actual or potential conflicts of interest. Directors are required to inform the Board of any conflicts or potential conflicts of interest they may have in relation to particular items of business. Directors are to recuse themselves from discussions and decisions on those matters if they have a conflict of interest.

Directors may only use or disclose information relating to the Bank to the extent that such use or disclosure is consistent with their duties as Directors.

The Conflicts of Interest Policy for Directors was last reviewed by the Board on 27 September 2023.

The Code of Conduct and Conflicts of Interest Policy for Directors are available on the Bank's corporate website at [www.alliancebank.com.my](http://www.alliancebank.com.my).

The Directors also adhere to the Code of Ethics for Company Director established by the Companies Commission of Malaysia.

### Division of Responsibilities between the Chairman and Group CEO

The roles of the Chairman and Group CEO are separated, consistent with the principle of good corporate governance to promote accountability and facilitate division of responsibilities between them.

Tan Sri Dato' Ahmad bin Mohd Don being the Independent Chairman in leading the Board, is responsible for the effective overall functioning of the Board.

He maintains a close professional relationship with the Group CEO, Mr Kellee Kam and his Senior Management team, and acts as a mentor as required. He chairs Board meetings as well as general meetings of the Bank and concerns himself with the good order and effectiveness of the Board and its processes.

Mr Kellee Kam as Group CEO, in leading the Senior Management team, bears the primary responsibility over the day-to-day management of the Bank.

### Operation of the Board

The Board schedules a minimum of ten (10) meetings a year to review progress reports from the Management as well as to consider business and other proposals that require the Board's approval. All Directors are informed of these scheduled Board meetings before the start of each year. Ad-hoc Board meetings may be called to deliberate on and consider issues that require the Board's immediate consideration/decision.

At the scheduled Board meetings, the Group CEO and Group Chief Financial Officer provide regular progress reports on the business and financial performance of the Bank while the Heads of Business Divisions apprise the Board on the performance, strategic developments, business plans and initiatives of their respective divisions throughout the year.

The Board also receives regular updates on internal control, risk management, legal, compliance, internal audit, human resources, sustainability, governance and information technology-related matters.

There is an annual schedule of rolling agenda items to ensure that all key matters are given due consideration and reviewed at the appropriate point in the financial and regulatory cycle. The flexibility of the schedule enables pressing matters to be dealt with in a timely manner when they arise.

The Chairman and Group CEO maintain frequent contact with each other and with the other Board members throughout the year outside of formal meetings.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### Board and Board Committees

#### The Board

Responsible for the overall conduct of the Bank's business, including our long-term success; setting our values, standards and strategic objectives; reviewing our performance; and ensuring effective communication with stakeholders.

#### Chairman

- (a) Ensures that appropriate procedures are in place to govern the Board's processes.
- (b) Ensures that decisions are taken on a sound and well-informed basis, including by ensuring that all strategic and critical issues are considered by the Board and that Directors receive the relevant information on a timely basis.
- (c) Encourages healthy discussion and ensures the free expression and discussion of dissenting views.

#### Deputy Chairman

Deputises the Chairman in his absence at general meetings and/or Board or other meetings of the Bank.

#### Senior Independent Director

- (a) Acts as a sounding board to the Chairman.
- (b) Serves as an intermediary for other Directors when necessary.
- (c) Acts as the point of contact for shareholders and other stakeholders.

#### Non-Executive Directors

- (a) Contribute to developing our strategy.
- (b) Scrutinise and constructively challenge the performance of Management in the execution of our strategy.
- (c) Provide checks and balances and ensure that high standards of corporate governance are applied.

#### Group CEO

- (a) Develops the strategic direction of the Bank.
- (b) Ensures that the Bank's strategies and corporate policies are effectively implemented.
- (c) Ensures that Board decisions are implemented and Board directions are responded to.

(d) Provides directions in the implementation of short- and long-term business plans.

(e) Provides strong leadership by effectively communicating the Bank's vision, management philosophy and business strategy to employees.

(f) Keeps the Board fully informed on all important aspects of the Bank's operations and ensures that sufficient and adequate information is provided to Board members.

(g) Ensures the day-to-day business affairs of the Bank are effectively managed.

#### Board Committees

The Board has established Board Committees to oversee the implementation of strategies and policies and maintain effective governance in the following areas: business decisions, audit, risk, compliance, remuneration, Board composition, succession planning, corporate governance, sustainability and information technology.

The Board has six (6) Board Committees composed solely of Non-Executive Directors, namely the Executive Committee ("EXCO"), Group Audit Committee ("Group AC"), Group Nomination & Remuneration Committee ("Group NRC"), Group Risk Management Committee ("Group RMC"), Group Sustainability Committee ("Group SC"), and Group Information Technology Committee ("Group ITC").

Among these Board Committees, the Group AC, Group NRC, Group RMC, Group SC and Group ITC operate on a Group basis covering the Bank and its principal subsidiary, Alliance Islamic Bank Berhad ("AIS") (collectively, "the Group").

Each Board Committee has its respective Terms of Reference, which is approved by the Board and reviewed every two (2) years or as and when necessary. Any proposed changes to the Terms of Reference of the Board Committees are subject to the approval of the Board. The Terms of Reference of the Board Committees are available on the Bank's website at [www.alliancebank.com.my](http://www.alliancebank.com.my).

The Chairman of each Board Committee reports to the Board on salient matters discussed at the respective Board Committee meetings.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### Executive Committee (“EXCO”)

The EXCO supports the Board in strategies, business plans and credit matters. It reviews/vetoes loan/financing applications with total Group exposure that is above the defined threshold of the Group Management Credit Committee. It also reviews new/incremental AIS financing that exceeds the defined threshold of the AIS Management Credit Committee and makes recommendations to the AIS Board.

In addition, the EXCO reviews and approves credit transactions/exposures with connected parties classified under the Bank Negara Malaysia (“BNM”) Guidelines on Credit Transactions and Exposures with Connected Parties (“BNM/GP 6”).

The Terms of Reference of the EXCO was last reviewed by the Board on 29 January 2024.

### Group Audit Committee (“Group AC”)

The Group AC assists the Board in overseeing the Group’s financial and reporting processes. It monitors the integrity of the financial statements, supervises both the internal and external audit processes, and reports back to the Board. It reviews the effectiveness of the policies, procedures and systems in place that are related to, among others, operational risks, compliance, sustainability and information technology and systems (including cybersecurity). It works closely with the Group RMC in connection with assessing the effectiveness of the risk management and internal control framework.

The Terms of Reference of the Group AC was last reviewed by the Board on 28 August 2023.

### Group Nomination & Remuneration Committee (“Group NRC”)

The Group NRC supports the Board in carrying out its functions in the following matters concerning the Board, Shariah Committee, Senior Management and Company Secretary:

- Appointment and removals;
- Composition of the Board;
- Performance evaluation and development; and
- Fit and proper assessments.

The Group NRC also supports the Board in actively overseeing the design and operation of the Bank’s remuneration system. It periodically reviews the remuneration of Directors, particularly on whether the remuneration remains appropriate given each Director’s contribution, taking into account the level of expertise, commitment and responsibilities undertaken.

The Terms of Reference of the Group NRC was last reviewed by the Board on 30 November 2022.

### Group Risk Management Committee (“Group RMC”)

The Group RMC oversees Senior Management’s activities in managing enterprise risks covering areas such as credit, market, funding & liquidity, operational, compliance, legal, IT/Cyber and sustainability, as well as ensures compliance with regulations. This includes ensuring a sound risk strategy and that the risk management framework is functioning effectively according to its purposes. It also actively promotes a consistent culture of compliance; and a risk awareness and risk management culture within the Group. Its oversight role includes approving and deliberating on risk and compliance strategies, frameworks policies and methodologies, as well as related matters.

The Terms of Reference of the Group RMC was last reviewed by the Board on 25 October 2023.

### Group Sustainability Committee (“Group SC”)

The Group SC supports the Board in the oversight of setting sustainability strategies, priorities and targets, to ensure that the Group’s strategies, goals and principles pertaining to sustainability are aligned with, promote and encourage the Group’s commitment towards sustainability.

The Terms of Reference of the Group SC was last reviewed by the Board on 25 May 2023.

### Group Information Technology Committee (“Group ITC”)

The Group ITC provides end-to-end oversight for the IT strategy projects and technology-related matters. Among other things, the Group ITC reviews technology related frameworks including establishing and approving the technology risk appetite, ensures and oversees the adequacy of the Group’s IT and cybersecurity plans, as well as oversees the effective implementation of a sound and robust technology risk management framework and cybersecurity resilience framework.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### Board Size, Composition, Tenure and Independence

The Board has nine (9) members composing entirely of Non-Executive Directors, seven (7) of whom are Independent Directors.

The Board comprises highly skilled and experienced individuals with the respective experience in the areas of banking, finance, accounting, audit, risk management, governance, control, sustainability and IT consulting, who collectively have the necessary skills, experience and qualifications to effectively manage the Bank and discharge the responsibilities of the Board. The diverse business backgrounds of the Directors ensure good use of their different and wide-ranging skills, including their regional as well as industry experience, and other attributes for the long-term success of the Bank and the delivery of sustainable value to its shareholders.

The Board considers a strong element of independence among its members as vital for good corporate governance. Independent Directors of the Bank exercise independent judgement and participate in the deliberations of the Board objectively with no individual or small group of individuals dominating the Board's decision-making process. Today, the number of Independent Directors makes up more than 75% of the Board, thereby exceeding the requirement of the BNM Policy Document on Corporate Governance that the Board must have a majority of Independent Directors at all times. We also exceed the requirement laid down in the Bursa Securities MMLR to have at least two (2) Directors or one-third of the Board consisting of Independent Directors.

The Board, through the Group NRC, assesses Independent Directors' independence annually. In the annual assessment of Independent Directors of the Bank for FY2024, the Board was satisfied that each of the Independent Directors of the Bank continued to be independent and free from any business or other relationship that could interfere with

the exercise of independent judgement or the ability to act in the best interests of the Bank. The Board was also satisfied that each of the Independent Directors continued to fulfil the independence criteria set out in the BNM Policy Document on Corporate Governance, the Bursa Securities MMLR, and the Malaysian Code on Corporate Governance ("MCCG").

The Bank has adopted a nine (9)-year policy for the tenure of Independent Directors and a twelve (12)-year policy for the tenure of Non-Independent Non-Executive Directors. As at the date of this Statement, none of the Bank's Independent Directors and Non-Independent Non-Executive Directors have served for a cumulative period of more than nine (9) years and twelve (12) years in the Group, respectively.

### Board Gender Diversity

The Board has adopted a Board Gender Diversity Policy that calls for women candidates to be given priority consideration in the selection and recruitment process of identifying suitable candidates for the Board. This is to ensure that the Bank's gender diversity target of having women representing 30% of the Board is achieved. While it is important to promote Board gender diversity, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board, remains a priority.

The Board, through the Group NRC, continues to ensure that female candidates are given priority consideration in the succession planning as well as the selection and recruitment process for Directors so as to achieve the gender diversity target of having at least 30% of the Board is represented by women. As at the date of this report, the Board has three (3) female Directors making up 33% of the Directors.

The Board Gender Diversity Policy was last reviewed by the Board on 31 January 2023.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## LEADERSHIP – BOARD OF DIRECTORS

### TAN SRI DATO’ AHMAD BIN MOHD DON

**Chairman of the Board**

 Nationality: **Malaysian**

 Gender: **Male**

 Age: **76**



Date of Appointment to the Board of Alliance Bank Malaysia Berhad: **1 February 2017**

- **Independent Director of Alliance Bank**


**Qualification:**

- Summa cum Laude graduate in Economics and Business, Aberystwyth University, United Kingdom
- Fellow of the Institute of Chartered Accountants in England and Wales
- Member of the Malaysian Institute of Certified Public Accountants

Tan Sri Dato’ Ahmad bin Mohd Don is Chairman of Alliance Bank Malaysia Berhad’s Board of Directors. He has extensive experience in finance and banking. His work experience covers various capacities with Pernas Securities Sdn Bhd, Permodalan Nasional Berhad, and Malayan Banking Berhad. He served as Group Managing Director and Chief Executive Officer of Malayan Banking Berhad from 1991 to 1994. Between May 1994 to August 1998, Tan Sri Dato’ Ahmad was the Governor of Bank Negara Malaysia.

### WONG YUEN WENG ERNEST

**Deputy Chairman of the Board**

 Nationality: **Singaporean**

 Gender: **Male**

 Age: **79**



Date of Appointment to the Board of Alliance Bank Malaysia Berhad: **1 September 2021**

- **Non-Independent Non-Executive Director of Alliance Bank**
- **Chairman of the Executive Committee**
- **Member of the Group Nomination & Remuneration Committee**

**Qualification:**

- Bachelor of Science (First Class Honours) in Chemical Engineering, University of Surrey, United Kingdom

Mr Wong started his career in 1967 with the Singapore Economic Development Board and later with the Ministry of Finance. In 1972 Mr Wong joined the United Overseas Bank (“UOB”) Group in Singapore. During his 30 years with the UOB Group, Mr Wong held several key appointments, including 10 years as Group President and as a Member of the UOB Board & its Executive Committee before leaving UOB to join Mediacorp Pte Ltd as its Group CEO and later as Chairman. While at Mediacorp, he remained as a Board Member of the UOB Group, and Chairman of its Audit Committee.

Over the course of his career, he was a Member of the Temasek Advisory Panel for 10 years and served as Board Trustee & Chairman, Investment/Endowment Fund Committee of Nanyang Technological University for 17 years, Board Member of Singapore Health Services (Singapore General Hospital) for 9 years, Board Member of the Economic Development Board of Singapore (“EDB”) and President-Commissioner of Bank Internasional Indonesia (“BII”) TBK.

Currently Mr Wong serves as Chairman of Fullerton Financial Holdings Pte Ltd, Matt Capital Pte Ltd and A. Menarini Asia-Pacific Holdings Pte Ltd.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT LEADERSHIP – BOARD OF DIRECTORS

### TAN CHIAN KHONG

Independent Director  
of Alliance Bank

 Nationality:  
Singaporean

 Gender:  
Male

 Age:  
68



Date of Appointment to the Board of Alliance Bank  
Malaysia Berhad: **26 September 2017**

- Chairman of the Group Audit Committee
- Member of the Executive Committee

#### Qualification:

- Bachelor of Accountancy, National University of Singapore
- Master of Business Administration, University of South Australia
- Master of International Environmental Management, University of Adelaide, Australia
- Member of the American Institute of Certified Public Accountants
- Fellow of the Institute of Singapore Chartered Accountants and of CPA Australia

Mr Tan Chian Khong has 35 years of experience in the audit industry. He was a partner at Ernst & Young LLP from July 1996 till his retirement in June 2016.

Mr Tan serves as an Independent Director in a number of companies listed on the Singapore Stock Exchange namely, Banyan Tree Holdings Ltd, CSE Global Limited, Hong Leong Asia Ltd and The Straits Trading Company Ltd.

He is a Board member of SMRT Corporation Ltd and the Gambling Regulatory Authority of Singapore, a statutory board in Singapore.

### SUSAN YUEN SU MIN

Independent Director  
of Alliance Bank

 Nationality:  
Malaysian

 Gender:  
Female

 Age:  
64



Date of Appointment to the Board of Alliance Bank  
Malaysia Berhad: **15 October 2018**

- Chairman of the Group Nomination & Remuneration Committee
- Chairman of the Group Sustainability Committee

#### Qualification:

- Bachelor of Computer Science (Honours), University of London, United Kingdom

Ms Susan Yuen Su Min has over 30 years of working experience in the banking industry. She has served in a number of banking establishments including Maybank and HSBC Malaysia. She was also previously attached to the National Bank of Abu Dhabi Malaysia Berhad ("NBAD") where she was the Regional CEO Asia and Country CEO Malaysia from 2014 to 2018. Prior to joining NBAD, she served as CEO of ANZ Banking Group in Hong Kong from 2009 to 2014.

Ms Susan serves as an Independent Director of Batu Kawan Berhad and Press Metal Aluminium Holdings Berhad (both listed on Bursa Malaysia). She is also an Independent Director of Chubb Insurance Malaysia Berhad.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### LEADERSHIP – BOARD OF DIRECTORS

#### LUM PIEW

Independent Director  
of Alliance Bank

 Nationality:  
Malaysian

 Gender:  
Male

 Age:  
54



Date of Appointment to the Board of Alliance Bank  
Malaysia Berhad: **1 July 2020**

- Chairman of the Group Information Technology Committee
- Member of the Group Risk Management Committee

#### Qualification:

- Bachelor of Science (Computer and Information Sciences), National University of Singapore, Singapore

Mr Lum Piew has over 32 years of experience in the consulting and technology industry. He began his career as a consultant at Andersen Consulting (renamed to Accenture in 2001) in 1992. By 2004, he had risen through the ranks to become Managing Director in the Communications, Media and Technology Industry Group. His experience covers management consulting, system integration, outsourcing, and digital transformation serving clients across telecommunications, media and internet companies. He held the position until his retirement in 2016.

Mr Lum is a Non-Independent Non-Executive Director of Cloudaron Group Berhad which is listed on Bursa Malaysia.

#### CHERYL KHOR HUI PENG

Independent Director  
of Alliance Bank

 Nationality:  
Malaysian

 Gender:  
Female

 Age:  
49



Date of Appointment to the Board of Alliance Bank  
Malaysia Berhad: **1 June 2021**

- Member of the Group Audit Committee
- Member of the Group Information Technology Committee
- Member of the Group Sustainability Committee

#### Qualification:

- Bachelor of Mathematics, University Putra Malaysia
- Member of the Malaysian Institute of Certified Public Accountants
- Member of the Malaysian Institute of Accountants
- Fellow and Faculty Member of the Institute of Corporate Directors Malaysia

Ms Cheryl Khor has more than 23 years of experience covering financial, operational and internal audit as well as governance, controls, sustainability, and risk assessments for clients across a broad range of industries.

She began her career in 1998 as a financial auditor and chartered accountant at Ernst & Young. Ms Cheryl diversified her skill sets and breadth of experience when she joined Deloitte in 2013 where she led the Risk Advisory practice, complementing her chartered accountant experience with sustainability, governance and risk expertise. She was appointed as its Managing Director in 2014 and held the position until 2021. Whilst in Deloitte, she held numerous leadership positions culminating her career as the Asia Pacific Accounting and Internal Control Leader and was also elected to the Deloitte South East Asia Board of Directors.

Ms Cheryl serves as an Independent Director of several public listed companies namely, Kuala Lumpur Kepong Berhad, Hong Leong Industries Berhad and Malaysia Airports Holdings Berhad. She is also an Independent Director of Chubb Insurance Malaysia Berhad, Leader Energy Holding Berhad and RAM Holdings Berhad respectively.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT LEADERSHIP – BOARD OF DIRECTORS

### MAZIDAH BINTI ABDUL MALIK

**Independent Director  
of Alliance Bank**

 Nationality:  
**Malaysian**

 Gender:  
**Female**

 Age:  
**65**



Date of Appointment to the Board of Alliance Bank  
Malaysia Berhad: **30 May 2023**

- Member of the Group Risk Management Committee
- Member of the Group Audit Committee

#### Qualification:

- Bachelor in Business Administration, Ohio University, USA
- Master of Law Executive (Banking Law), International Islamic University, Malaysia
- Certificate in Islamic Financial Planning, Islamic Banking and Finance Institute, Malaysia

Pn Mazidah binti Abdul Malik has over 30 years of experience working with Bank Negara Malaysia. She has held various positions in Bank Negara Malaysia in the areas of money market and liquidity management, foreign exchange reserves management, international relations, risk management, communications and central bank technical assistance, focusing on banking supervision and regulation, financial inclusion and Islamic Finance.


In 1994, she was appointed as the Representative the Office in New York with a portfolio of managing US dollar reserves and establishing close contacts with the Federal Reserve Bank of New York and other central banks.

In 2001, she was assigned to Labuan Offshore Financial Services Authority (“LOFSA”) as Director, Corporate Affairs with the responsibility of promoting Labuan locally and internationally as a choice offshore jurisdiction. In 2006, Pn Mazidah was also part of the pioneer central bank team serving International Centre for Education in Islamic Finance (“INCEIF”) to undertake business development functions and promote INCEIF, specifically to Middle Eastern countries.

Pn Mazidah serves as an Independent Director of Prudential BSN Takaful Berhad and Senior Independent Director of OSK Ventures International Berhad which is listed on Bursa Malaysia.

### CHIA YEW HOCK WILSON

**Non-Independent  
Non-Executive Director  
of Alliance Bank**

 Nationality:  
**Singaporean**

 Gender:  
**Male**

 Age:  
**70**



Date of Appointment to the Board of Alliance Bank  
Malaysia Berhad: **3 November 2023**

- Member of the Executive Committee
- Member of the Group Information Technology Committee
- Member of the Group Risk Management Committee
- Member of the Group Sustainability Committee

#### Qualification:

- Master of Business Administration, National University of Singapore, Singapore
- Chartered Management Accountant, Chartered Institute of Management Accountants, United Kingdom
- Associate Chartered Secretary, Institute of Chartered Secretaries and Administrators, United Kingdom
- Bachelor of Accountancy, University of Singapore, Singapore

Mr Chia is a highly seasoned banker with 35 years of experience in the financial services industry.

He is a Banking Consultant/Advisor since April 2016 on Strategy, Customer Segmentation, Risk Management, Wealth Management, SME Banking, Product Pricing, Governance, Distribution Network Optimisation, Organisation Restructuring/Transformation and Cost Re-engineering, Training and Incentive Plans, Financial Planning/Budgeting/Forecasting and Digital Banking.

Most recently, Mr Chia was a Banking Advisor/CEO Designate to a Consortium Group applying for Digital Bank licence in Singapore from February 2020 to December 2020.

Over the course of his career, Mr Chia has been with Fullerton Financial Holdings (“FFH”), during which he was Head of SME and Commercial Banking, overseeing portfolios across emerging markets including Indonesia, Malaysia, India, Pakistan, and China.

Before joining FFH, Mr Chia served 23 years in Standard Chartered Bank, his last position held was as Country Head, Consumer and SME Banking, China. Prior to his banking career, he has performed financial controller roles in multinational companies.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### LEADERSHIP – BOARD OF DIRECTORS

#### DR JOHN LEE HIN HOCK

**Independent Director  
of Alliance Bank**

 Nationality:  
**Malaysian**

 Gender:  
**Male**

 Age:  
**58**



Date of Appointment to the Board of Alliance Bank  
Malaysia Berhad: **1 April 2024**

- **Independent Director of Alliance Islamic Bank Berhad**
- **Chairman of the Group Risk Management Committee**
- **Member of the Group Nomination & Remuneration Committee**

#### Qualification:

- Chartered Banker, Asian Institute of Chartered Bankers, Malaysia
- Fellow Certified Practising Accountant, Australia Society of Certified Practising Accountants, Australia
- Doctor of Philosophy (Economics), Monash University, Australia
- Bachelor of Economics, Monash University, Australia

Dr John Lee Hin Hock is a highly seasoned banker with extensive experience in the financial services industry.

Prior to joining Alliance Bank, Dr John was the Country CEO and CEO of Maybank Singapore from December 2017 until his retirement in December 2023, where he held single-captainship responsibility for the entire spectrum of operations in Maybank Singapore. Before this, Dr John was the Group Chief Risk Officer of Maybank Group from 2011 to November 2017.


Over the course of his career, Dr John had been a Partner of KPMG Advisory from 1997 to 2010 where he was KPMG Global Islamic Finance Group Leader, Asia Pacific Financial Risk Management Practice Head and Malaysia Financial Services Practice Head; and the General Manager of the Kuala Lumpur Options & Financial Futures Exchange (now known as Malaysia Derivatives Exchange) from 1994 to 1997 where he was responsible for the overall operations of the Exchange.

Dr John is a leading expert in Islamic Finance and was a member in several working groups of the Islamic Financial Services Board. He has published extensive thought leadership articles in the areas of shareholder value creation, performance management, Islamic Finance, risk management and Basel II.

Dr John is also an Independent Director of Alliance Islamic Bank Berhad.

#### LEE BOON HUAT

**Senior Independent  
Director of Alliance Bank  
(Retired effective  
7 April 2024)**

 Nationality:  
**Singaporean**

 Gender:  
**Male**

 Age:  
**67**



Date of Appointment to the Board of Alliance Bank  
Malaysia Berhad: **7 April 2015**

- **Chairman of the Group Risk Management Committee (Retired effective 7 April 2024)**
- **Member of the Executive Committee (Retired effective 7 April 2024)**

#### Qualification:

- Bachelor of Business (Accounting), Western Australia Institute of Technology, Australia

Mr Lee Boon Huat has extensive experience in the financial services industry. He has served with the Monetary Authority of Singapore, Hong Kong and Shanghai Banking Corporation, Canadian Imperial Bank of Commerce and Chemical Bank. He held several posts at Standard Chartered Bank including Head of Global Markets (South East Asia), Head of Global Markets (Middle East), and Chief Operating Officer (South East Asia) from 1998 to 2012.

Mr Lee was a Director of Technological and Commercial Joint-stock Bank (listed on the Ho Chi Minh City Stock Exchange) and is an ordinary member of Singapore Institute of Directors.

Mr Lee has retired as a Director of Alliance Bank effective 7 April 2024 after having served the Bank for a maximum period of nine years as an Independent Director.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT LEADERSHIP – BOARD OF DIRECTORS

### DATUK WAN AZHAR BIN WAN AHMAD

**Chairman of Alliance  
Islamic Bank Berhad**

 Nationality:  
**Malaysian**

 Gender:  
**Male**

 Age:  
**65**



Date of Appointment to the Board of Alliance Islamic Bank Berhad: **18 November 2015**

- **Non-Independent Non-Executive Director of Alliance Islamic Bank Berhad**

#### Qualification:

- Bachelor in Business Administration (Finance), University of Pacific, Stockton, CA, USA
- Master in Business Administration (International Business), National University San Diego, CA, USA

Datuk Wan Azhar bin Wan Ahmad was the Chief Executive Officer of Credit Guarantee Corporation Malaysia Berhad (“CGC”) from 1997 until his retirement in December 2014. He began his career in banking as a Loans Executive of Hong Leong Bank in 1985 and left the bank as Head of Branches Operations in 1993. He then joined CGC as Head of Credit. In 1995, he was promoted to Assistant General Manager and subsequently to Chief Executive Officer in 1997. In 2000, he was appointed to the Board of Directors and assumed the role of Managing Director.

One of the highlights of his career was the transformation of CGC from a traditional credit guarantee provider into a market-driven and financially sustainable SME-support institution. He was instrumental in the setting up of Credit Bureau Malaysia (“CBM”) where he was the Chairman for six years from 2008 to 2014. On the international front, he was also Chairman of the Association of Development Financial Institutions for Asia Pacific Region (“ADFIAP”) from 2012 to 2014.


He was appointed as Consultant to the World Bank from 2015 to 2021, undertaking projects relating to SME financing in the Middle East.

Datuk Wan Azhar also serves on the Board of Small Medium Enterprise Development Bank Berhad.

Datuk Wan Azhar has retired as a Director of Alliance Bank effective 7 April 2024 after having served the Bank for a maximum period of nine years as an Independent Director. Concurrently, he was redesignated as a Non-Independent Non-Executive Director of Alliance Islamic Bank Berhad.

### IBRAHIM BIN HASSAN

**Independent Director  
of Alliance Islamic  
Bank Berhad**

 Nationality:  
**Malaysian**

 Gender:  
**Male**

 Age:  
**68**



Date of Appointment to the Board of Alliance Islamic Bank Berhad: **1 September 2016**

- **Member of the Group Risk Management Committee**

#### Qualification:

- Bachelor of Economics (Honours), University of Malaya

Tuan Haji Ibrahim bin Hassan has over 30 years of banking experience. He was the Managing Director/Chief Executive Officer of RHB Islamic Bank Berhad from 2 September 2013 to 1 August 2016.

He began his illustrious career in the banking industry in the dealing rooms of three Maybank International Offices in Hong Kong, New York and London for more than 10 years. Upon returning to Malaysia, he was instrumental in strengthening the treasury operations of the Maybank Group. He was subsequently appointed as the Chief Executive Officer of Maybank Discount from 1996 to 1998. Thereafter, he became the head of the market risk division where he developed the market risk management policies and model for the Maybank Group.

Tuan Haji Ibrahim was promoted as Head of International Banking in 2001 to oversee the operations of Maybank’s international branches and subsidiaries in 14 countries. In 2007, he was reassigned to lead a team to de-merge the operations of Maybank’s Islamic window operations into a separate full-fledged Islamic banking subsidiary of Maybank Group. He was appointed as Chief Executive Officer of Maybank Islamic when it began operations in January 2008. He was the president director of Maybank Syariah Indonesia, previously known as Maybank Indocorp, which commenced operations in October 2010.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### LEADERSHIP – BOARD OF DIRECTORS

#### DATO' AHMAD HISHAM BIN KAMARUDDIN

**Independent Director  
of Alliance Islamic  
Bank Berhad**

 Nationality:  
**Malaysian**

 Gender:  
**Male**

 Age:  
**68**



Date of Appointment to the Board of Alliance Islamic Bank Berhad: **15 February 2019**

- **Member of the Group Sustainability Committee**

#### Qualification:

- Bachelor of Laws (LLB), University of Malaya

Dato' Ahmad Hisham bin Kamaruddin was the founding and senior partner of Messrs Hisham & Associates. His career spans over 36 years in various areas of law including banking law, commercial agreements, corporate law and has extensive experience in corporate banking and finance, loan and securities documentations as well as corporate matters. He focuses on complex joint-venture agreements between Malaysian entities and foreign investors. His other areas of expertise include cross-border estate planning, intellectual property and aviation law.

Dato' Ahmad Hisham has acquired experience in the field of Information & Communication Technology pertaining to Purchase & Supply, Delivery, Installation, Commissioning and use of Hardware & Software as well as in Hardware Maintenance, Product Sales and Service Agreements. In the process, he has experience in drafting Software and the Protection of Licensing Agents Ownership of Software agreements.

Dato' Ahmad Hisham has also accumulated more than 30 years of experience in the insurance industry, having advised on various insurance matters.

Dato' Ahmad Hisham previously served as Tribunal President for the Consumer Court in Malaysia, Council Member of the Malaysia Competition Commission and Council Member of the Malaysian Heritage Council.

He is a Notary Public appointed by the Attorney General of Malaysia.

#### RUSTAM MOHD IDRIS

**Independent Director  
of Alliance Islamic  
Bank Berhad**

 Nationality:  
**Malaysian**

 Gender:  
**Male**

 Age:  
**61**



Date of Appointment to the Board of Alliance Islamic Bank Berhad: **3 February 2020**

- **Member of the Shariah Committee**

#### Qualification:

- Bachelor of Business Administration, Universiti Kebangsaan Malaysia
- Certificate in Islamic Law, International Islamic University
- Certified Shariah Practitioner, Association of Shariah Advisors in Islamic Finance (ASAS)

Tuan Haji Rustam was the former Deputy Director of the Islamic Banking and Takaful Department, Bank Negara Malaysia ("BNM"). He joined BNM in 1986 after graduating from Universiti Kebangsaan Malaysia. Tuan Haji Rustam was part of the team responsible for the development of Islamic banking in BNM since the early 1990s until 2018.

Given his strong affiliation and experience in Islamic finance, Tuan Haji Rustam has been regularly invited to share his experience, in particular on Islamic banking, at several international conferences, both in and outside Malaysia.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT LEADERSHIP – BOARD OF DIRECTORS

### ADDITIONAL INFORMATION ON THE DIRECTORS OF ALLIANCE BANK

**(i) Directors' interest in the shares of the Bank as at 31 March 2024**

None of the Directors has any interest in the shares of the Bank.

**(ii) Family relationship**

None of the Directors has any family relationship with the other Directors and/or major shareholders of the Bank.

**(iii) Conflict of interest**

None of the Directors has any conflict of interest or potential conflict of interest, including interest in any competing business with the Bank or its subsidiaries.

**(iv) List of convictions for offences and public sanctions or penalties**

None of the Directors has been convicted of any offences within the past five (5) years (other than traffic offences) as at 31 March 2024, nor has any public sanction or penalty been imposed upon any of them by the relevant regulatory bodies during FY2024.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## LEADERSHIP – SENIOR MANAGEMENT

### KELLEE KAM CHEE KHIONG

**Group Chief  
Executive Officer**

 Nationality:  
**Malaysian**

 Gender:  
**Male**

 Age:  
**50**



**Joined:** 1 September 2022  
**Appointment to Current Position:** 1 September 2022

#### Qualification:

- Master in Business Administration, Richmond, The American International University in London
- Master of Arts in South East Asian Business World (School of Oriental and African Studies), University of London
- Bachelor of Law, LLB (Honours), Manchester Metropolitan University, United Kingdom

Mr Kam brings with him over 24 years of experience in the financial services industry. He most recently served as an independent director of Bank of America Malaysia Berhad since October 2016, and was appointed its Chairman in June 2021. Prior to his stint at the Bank of America, Mr Kam was with the RHB Banking Group for over 13 years and served as its Group Managing Director from 2011 to 2015.

As Alliance Bank’s Group Chief Executive Officer, Mr Kam is responsible for the development and implementation of the Group’s strategies, objectives and policies with a focus on meeting its commitments to its stakeholders. Together with the Board of Directors, Mr Kam will continue to promote a sound corporate culture that reinforces ethical, prudent and professional behaviour.

Presently, Mr Kam serves as an Independent Non-Executive Director at Credit Guarantee Corporation Malaysia Berhad (“CGC”). He is also the Director of Asian Banking School and Credit Bureau Malaysia Sdn Bhd.

### RIZAL IL-EHZAN FADIL AZIM

**Chief Executive Officer,  
Alliance Islamic  
Bank Berhad**

 Nationality:  
**Malaysian**

 Gender:  
**Male**

 Age:  
**53**



**Joined:** 12 November 2012  
**Appointment to Current Position:** 1 August 2017

#### Qualification:

- Bachelor of Science (Honours), University of Warwick, United Kingdom

En Rizal’s 30-year career has spanned management consulting, banking, and insurance. He has served in senior strategy and finance roles at Hong Leong Islamic Bank and EONCAP Islamic Bank, after stints in The Boston Consulting Group and Bank Negara Malaysia.

En Rizal was the Deputy Chief Executive Officer and Senior Vice President, Strategy and Business Performance, before being appointed the Chief Executive Officer of Alliance Islamic Bank (“AIS”).

As Chief Executive Officer, En Rizal is responsible for driving profitable growth of the Group’s Islamic Banking business.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT LEADERSHIP – SENIOR MANAGEMENT

### RONNIE ROYSTON FERNANDIZ

**Group Chief  
Financial Officer**

 Nationality:  
**Malaysian**

 Gender:  
**Male**

 Age:  
**55**



**Joined:** 16 July 2020

**Appointment to Current Position:** 16 July 2020

#### Qualification:

- Chartered Accountant of the Malaysian Institute of Accountants (MIA)
- Certified Public Accountant of the Malaysian Institute of Certified Public Accountants (MICPA)
- Bachelor of Accounting (Honours), Universiti Malaya

Mr Fernandiz brings with him 30 years of working experience in both banking and professional services. He began his career as an auditor at Arthur Andersen/Ernst & Young before making the move to the Malaysian Industrial Development Finance. Prior to joining Alliance Bank, Mr Fernandiz was the Chief Financial Officer for Group Global Banking and Chief Financial Officer for International Business at Malayan Banking Berhad.

As the Group Chief Financial Officer of Alliance Bank, Mr Fernandiz oversees, manages and optimises the Bank's financial resources. He is responsible for the financial planning, forecasting and budgeting, management of financial liquidity and capital risks, accounting, and integrity of the Bank's financial and regulatory reporting.

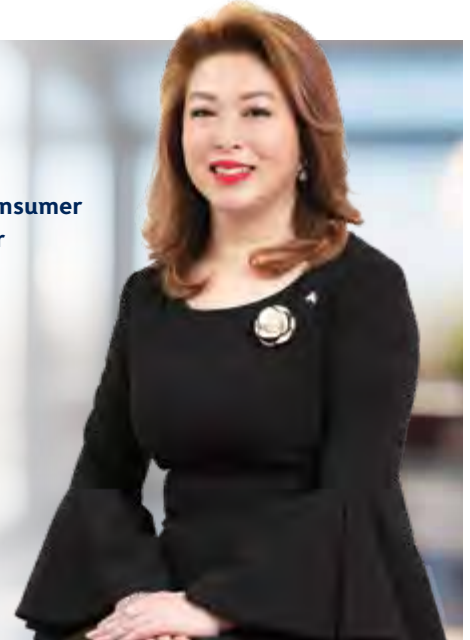
### GAN PAI LI

**Group Chief Consumer  
Banking Officer**

 Nationality:  
**Malaysian**

 Gender:  
**Female**

 Age:  
**52**



**Joined:** 1 August 2019

**Appointment to Current Position:** 1 August 2019

#### Qualification:

- Master of Business Administration, University of Manchester, United Kingdom
- Bachelor of Education (TESL), Universiti Malaya

Ms Gan joined Alliance Bank on 1 August 2019 to build and drive the next phase of growth for the Consumer Banking business. At Alliance Bank, she pioneered the launch of e-KYC capabilities and virtual credit cards in the digital space; and portfolio financing in the wealth space.

She has more than 28 years of financial services experience in the areas of retail and wholesale banking, private wealth, private equity, and mergers and acquisitions.

Prior to joining Alliance Bank, Ms Gan was the Group Chief Strategy and Transformation Officer of RHB Bank Berhad where she was a key advisor to the Group Managing Director in formulating the organisation's strategic plans and execution of key initiatives in core business lines across various countries.

Before her tenure at RHB Bank, Ms Gan was the Senior Managing Director in Group Strategy and Strategic Investments at CIMB Investment Bank. At CIMB, she executed numerous mergers and acquisitions across Asia Pacific as part of the Group's franchise expansion exercise.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT LEADERSHIP – SENIOR MANAGEMENT

### RAYMOND CHUI

**Group Chief SME, Commercial & Transaction Banking Officer**

 Nationality: **Malaysian**

 Gender: **Male**

 Age: **53**



**Joined:** 2 October 2022  
**Appointment to Current Position:** 1 February 2023

**Qualification:**

- Bachelor’s Degree in Accounting and Finance, University of Western Australia

Mr Chui has more than 30 years of experience in the banking and financial sector. His specific expertise includes leading, growing and positioning the Commercial and SME segments for long-term success in Malaysia and beyond. Prior to joining Alliance Bank, he was an Executive Director and Country Head of Business Banking in UOB Malaysia. He was responsible for product, sales and portfolio management, digital solutions for SMEs, trade and cash management, as well as banking product development for the Malaysia, Indonesia, Singapore and Thailand markets.

In his current role as Group Chief SME, Commercial and Transaction Banking Officer, Mr Chui is responsible for growing the Bank’s SME, Commercial, Transaction and Digital SME business segments. He will be working on delivering value through partnerships with regulators, business associates, investors and customers.

### TEOH CHU LIN

**Group Chief Corporate Banking & Capital Markets Officer**

 Nationality: **Malaysian**

 Gender: **Female**

 Age: **47**



**Joined:** 8 May 2023  
**Appointment to Current Position:** 8 May 2023

**Qualification:**

- Bachelor of Economics, majoring in Applied Statistics, Universiti Malaya

Ms Teoh has more than 20 years of experience in the financial services industry spanning across corporate finance, capital markets, corporate banking, project financing, structured and leveraged finance as well as loans syndication. Prior to joining Alliance Bank, Ms Teoh served for more than 12 years in Group Corporate Banking of RHB Bank, leading its Large Corporates and Syndication division.

In her current role as Group Chief Corporate Banking & Capital Markets Officer, Ms Teoh oversees the Group’s lines of business in corporate banking and capital markets advisory services.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT LEADERSHIP – SENIOR MANAGEMENT

### PETER FONG SEOW LOONG

**Group Chief  
Credit Officer**

 Nationality:  
**Malaysian**

 Gender:  
**Male**

 Age:  
**56**



**Joined:** 10 February 2014

**Appointment to Current Position:** 1 October 2014

#### Qualification:

- Bachelor of Arts in Economics, University of Leicester, United Kingdom
- Chartered Banker, Chartered Banker Institute (UK)
- Chartered Banker, Asian Institute of Chartered Bankers (AICB)

Mr Fong initially joined Alliance Bank as Head, Group Corporate Credit. He has 33 years of experience in the local and regional banking industry.

Mr Fong began his career at HSBC Bank where he was involved in various banking functions including corporate risk, recovery, credit assessment, corporate policy and portfolio management. His stint at HSBC included two years at HSBC Hong Kong as Senior Manager, Asia Pacific Risk. Prior to joining Alliance Bank, Mr Fong was the Head of Wholesale Credit for a local financial institution, where he was responsible for its corporate, commercial and SME credit evaluation activities.

As Group Chief Credit Officer, Mr Fong oversees the areas of credit risk and approval. He is also responsible for early warning, remedial, collections and special assets for the Bank.

### TAN ENG KIANG

**Group Chief Financial  
Markets Officer**

 Nationality:  
**Malaysian**

 Gender:  
**Male**

 Age:  
**60**



**Joined:** 14 July 2014

**Appointment to Current Position:** 25 November 2014

#### Qualification:

- Professional Qualification, Chartered Institute of Management Accountants, United Kingdom
- Chartered Banker, Asian Institute of Chartered Bankers (AICB)
- Diploma in Commerce, Tunku Abdul Rahman College, Malaysia

Mr Tan has more than 30 years of experience in financial markets. He has served at several large banking groups as well as an established regional bank performing various functions and roles including treasury operations, treasury sales, trading, investment and funding/liquidity management.

As Group Chief Financial Markets Officer, Mr Tan oversees four core financial market activities, namely funding/liquidity management and investment, trading, treasury sales, and asset/liability management for the Group.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT LEADERSHIP – SENIOR MANAGEMENT

### DR AARON SUM WEI WERN

**Group Chief Strategy,  
Marketing & Business  
Development Officer**

 Nationality:  
**Malaysian**

 Gender:  
**Male**

 Age:  
**46**



**Joined:** 6 December 2010  
**Appointment to Current Position:** 10 August 2019

**Qualification:**

- PhD in Engineering, University of Nottingham, United Kingdom
- Bachelor of Engineering, University of Manchester, United Kingdom

Dr Sum has more than 23 years of combined management consulting, research and industry experience. His key expertise is in business strategy, operating model design, customer experience, process optimisation and digital transformation. In his previous roles at Accenture and A.T. Kearney, he worked on large-scale transformation programmes with banks across the ASEAN region.

Presently, Dr Sum sits on the Board of AllianceDBS Research Sdn Bhd.

As Group Chief Strategy, Marketing & Business Development Officer, Dr Sum is responsible for shaping and executing the Group’s overall strategic and transformation plans, including strengthening the Group’s brand positioning and forming strategic alliances to expand growth.

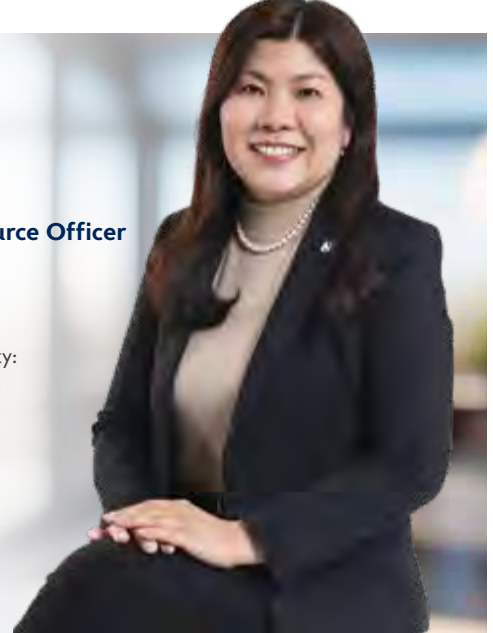
### TAN MUI SIM

**Group Chief  
Human Resource Officer**

 Nationality:  
**Malaysian**

 Gender:  
**Female**

 Age:  
**43**



**Joined:** 3 January 2023  
**Appointment to Current Position:** 1 June 2024

**Qualification:**

- Bachelor of Accountancy Studies, University of Portsmouth, United Kingdom
- Fellow, Association of Chartered Certified Accountants (ACCA)

In January 2023, Ms Tan assumed the role of Head of Performance, Rewards, and Talent Management at Alliance Bank. With a career spanning over 23 years, she possesses comprehensive expertise in both taxation and Human Resources, backed by a strong consulting background and corporate experience.

Prior to joining Alliance Bank, Ms Tan held key positions at Prudential Assurance Malaysia Berhad, Willis Towers Watson, and Ernst & Young. As a consultant, she provided strategic advisory services to boards and management teams, specialising in aligning compensation with performance. In her corporate roles, she spearheaded various initiatives aimed at process enhancement, elevating employee experience, and driving overall company performance, all while ensuring compliance with governance standards.

As the Group Chief Human Resource Officer, Ms Tan oversees the Group Human Resource function, fostering a culture of high performance and driving organisational excellence for sustainable success.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT LEADERSHIP – SENIOR MANAGEMENT

### JACOB ABRAHAM

**Group Chief  
Risk Officer**

 Nationality:  
**Malaysian**

 Gender:  
**Male**

 Age:  
**56**



**Joined:** 15 April 2021

**Appointment to Current Position:** 15 April 2021

#### Qualification:

- Master of Business Administration, University of Liverpool, United Kingdom
- Chartered Banker, Asian Institute of Chartered Bankers (AICB)

Mr Jacob has more than 28 years of working experience in the financial services industry. He began his career with BNY Mellon Bank, USA. Upon returning to Malaysia, he joined the Maybank Group and took on various roles within the Group Risk function, including serving as a member of the Risk Management Committee of the Board of Maybank Subsidiaries.

In his current role as Group Chief Risk Officer, Mr Jacob is responsible for the Group's overall risk management strategy and ensuring sound risk management practices are applied and balanced with the Group's overall growth strategy.

### JAMES TEH CHYE SEONG

**Group Chief  
Compliance Officer**

 Nationality:  
**Malaysian**

 Gender:  
**Male**

 Age:  
**45**



**Joined:** 1 November 2018

**Appointment to Current Position:** 1 February 2019

#### Qualification:

- Bachelor of Jurisprudence (Honours), Universiti Malaya

Mr Teh joined Alliance Bank as the Head of Business Compliance and Control for Group Consumer Banking. He has over 18 years of experience spanning various compliance and supervisory roles at several financial institutions and at a regulatory organisation.

Before his tenure at Alliance Bank, Mr Teh was attached to a locally based foreign bank, where he was responsible for the development and implementation of the overall compliance strategy and framework including policies, processes, programmes, tools, and controls.

Mr Teh heads the Group Compliance function, where he is responsible for the identification, assessment, monitoring, and reporting of compliance risk across the Group.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT LEADERSHIP – SENIOR MANAGEMENT

### ANDREW NG YIN MIN

**Group Chief  
Internal Auditor**

 Nationality:  
**Malaysian**

 Gender:  
**Male**

 Age:  
**40**



**Joined:** 1 March 2021  
**Appointment to Current Position:** 1 April 2024

#### Qualification:

- Bachelor of Science (Honours) in Applied Accounting, Oxford Brookes University, United Kingdom
- Certified Expert in Sustainable Finance
- Certified Information Systems Auditor (CISA)
- ISO27001 Provisional Auditor

Mr Ng has more than 16 years of experience in the audit industry. Prior to joining Alliance Bank, Mr Ng was attached to the Risk Advisory division in Deloitte, providing audit and consultancy services to clients from various industries such as banking, insurance, telecommunications, energy and healthcare. For the past three years in Alliance Bank, Mr Ng led the data analytics and system enhancement initiatives for Group Internal Audit.

As the Group Chief Internal Auditor, Mr Ng leads the Group Internal Audit to provide independent, objective assurance over the quality and effectiveness of the Bank’s internal control, risk management and governance system and processes. He reports functionally to the Group Audit Committee and administratively to the Group Chief Executive Officer.

### LEE WEI YEN

**Group Company  
Secretary**

 Nationality:  
**Malaysian**

 Gender:  
**Male**

 Age:  
**59**



**Joined:** 1 April 2004  
**Appointment to Current Position:** 1 December 2004

#### Qualification:

- Master of Business Administration in Finance, Universiti Putra Malaysia
- Master of Advanced Business Practice, University of South Australia
- Associate Member, Malaysian Institute of Chartered Secretaries and Administrators

With over 32 years of corporate secretarial experience, Mr Lee plays a leading role in good governance by helping the Board of Directors and its committees function effectively and in accordance with their terms of reference and best practices.

Mr Lee’s responsibilities as Group Company Secretary encompass providing counsel to the Board of Directors and Board Committees on governance matters. He ensures that the Group complies with the required corporate disclosure requirements, and that Board procedures are followed and all decisions by the Board adhere to applicable rules and regulations.

Mr Lee also facilitates the effective communication and flow of information between the Board and Senior Management and assists the chairman in the Board development processes including Board evaluation, induction and the continuous training and development of Directors.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT LEADERSHIP – SENIOR MANAGEMENT

### Notes:

None of the Bank's Senior Management has:

- any family relationships with any Directors and/or major shareholders of the Bank.
- any conflict of interest or potential conflict of interest, including interest in any competing business with the Bank or its subsidiaries.
- been convicted of any offences within the past five (5) years (other than traffic offences) as at 31 March 2024.
- had any public sanction or penalty imposed upon any of them by the relevant regulatory bodies during FY2024.

Save as disclosed below, none of the other Senior Management has any interest in the shares of the Bank as at 31 March 2024:

Name	No. of Alliance Bank Shares held as at 31 March 2023				No. of Alliance Bank shares held as at 31 March 2024			
	Direct	%	Indirect	%	Direct	%	Indirect	%
Aaron Sum Wei Wern	146,200	0.01	-	-	146,200	0.01	-	-
Lee Wei Yen	219,800	0.01	-	-	219,800	0.01	-	-
Peter Fong Seow Loong	69,500	*	-	-	69,500	*	-	-
Rizal IL-Ehzan Fadil Azim	47,500	*	-	-	47,500	*	-	-
Ronnie Royston Fernandiz	-	-	2,000 <sup>#</sup>	*	-	-	2,000 <sup>#</sup>	*
Tan Eng Kiang	79,600	0.01	-	-	79,600	0.01	-	-

### Notes:

\* Negligible.

# Indirect interest held through his spouse.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## – BOARD EFFECTIVENESS

### New Appointment and Reappointment of Directors

Any proposed appointment of new Directors or proposed reappointment of Directors to the Board will be assessed by the Group NRC. The Group NRC is guided by the Group Board Succession Plan and the Board Gender Diversity Policy in identifying potential candidates for nomination as Directors. The Group Board Succession Plan comprises the guiding principles for effective succession planning as well as the procedures for ensuring a smooth transition in the Board's succession process as existing Directors leave the Board and new ones come on board.

The Group NRC identifies potential candidates for nomination as Directors from various sources, such as referrals from existing Directors, the Directors Register maintained by the Financial Institutions Directors' Education ("FIDE") Forum and/or other leadership development and consulting organisations.

### Tenure and Age Limit for Directors

It is the policy of the Bank that the maximum tenure of Independent Directors and Non-Independent Non-Executive Directors of the Bank shall not exceed a cumulative term of nine (9) years and 12 years respectively.

As the capacity, energy and enthusiasm of a Director is not necessarily linked to age, it is deemed not appropriate to prescribe age limits for the retirement of Directors. The Board believes in having healthy mix of age and experience and therefore does not prescribe a minimum or maximum age limit for its Board members.

### Assessment Criteria and Appointment Process for Board Candidates

The Group NRC takes into account the strategic directions of the Group and the Board Gender Diversity Policy when evaluating candidates to fill any Board vacancy. In assessing candidates for new Board appointments, the Group NRC considers the diversity of skills, knowledge and experience, as well as the gender of the candidates.

To ensure a candidate has the character, experience, integrity and competency to effectively discharge his/her role as a Director, the Group NRC assesses the candidates on the following criteria:

- (a) Is not disqualified under section 59(1) of the Financial Services Act 2013;
- (b) Is in compliance with the fit and proper requirements in accordance with the Group's Policy on Fit and Proper of the Bank;

- (c) Does not have any competing time commitments that impair his/her ability to discharge his/her duties effectively;
- (d) Is not an active politician;
- (e) Is not an officer of a firm appointed as the external auditor of the Bank who is directly involved in the engagement or a partner of the firm until at least three (3) years after: (i) he/she ceases to be an officer or partner of that firm; or (ii) the firm last served as an auditor of the Bank and its subsidiaries; and
- (f) Is preferably at a minimum holds a degree qualification and/or other equivalent qualification(s) and with at least five (5) years in a senior managerial position.

The Group NRC will, upon its assessment, submit its recommendation to the Board for approval. The final decision on the appointment of a candidate recommended by the Group NRC rests with the whole Board before an application is submitted to BNM for approval in accordance with Section 54 of the Financial Services Act 2013.

### Board and Board Committee Meetings

Directors/Board Committee members are required to attend at least 75% of Board/Board Committee meetings held during each financial year. The Directors are supplied with information in a timely manner. The agenda for each Board/Board Committee meeting, together with detailed reports and proposal papers to be tabled, are circulated to the Directors for their prior reading well in advance of the date of the meeting. The Directors may request to be furnished with additional information for clarification. Relevant Senior Management Officers are invited to attend Board/Board Committee meetings to provide the Board/Board Committees with detailed explanations and clarifications on the proposals tabled to enable the Board/Board Committees to make informed decisions.

The Group has implemented paperless meetings where Board materials are uploaded to a secured Board portal that the Directors can access through their tablets. This has made the process of creating, distributing and reviewing confidential Board materials more efficient and secure. It speeds up the process of dissemination of Board packs and removes the need for hard copy papers as part of the Group's sustainability initiatives for a reduced carbon footprint.

The Board met twelve (12) times during FY2024, including two (2) meetings to review and approve the Strategy and Budget of the Group.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT - BOARD EFFECTIVENESS

All Directors have demonstrated that they are able to allocate sufficient time to the Bank in discharging their duties and responsibilities, and their commitment have been affirmed by their attendance at the Board and Board Committee meetings held during FY2024, as reflected below:

Directors	Designation/ Independence	Attendance						
		Alliance Bank Board Meetings	Board Committees Meetings					Group ITC <sup>(8)</sup>
			EXCO	Group AC <sup>(7)</sup>	Group NRC	Group RMC <sup>(7)&amp;(8)</sup>	Group SC	
Tan Sri Dato' Ahmad bin Mohd Don <sup>(1)</sup>	Chairman, Independent Director	10/12	-	-	11/14	-	-	-
Lee Boon Huat <sup>(2)</sup>	Independent Director	12/12	15/15	-	-	13/13	-	-
Wong Yuen Weng Ernest	Non-Independent Non-Executive Director	12/12	15/15	-	14/14	-	-	-
Lee Ah Boon <sup>(3)</sup>	Non-Independent Non-Executive Director	7/7	11/11	-	-	9/9	-	8/8
Datuk Wan Azhar bin Wan Ahmad <sup>(4)</sup>	Independent Director	12/12	15/15	12/12	14/14	-	-	-
Tan Chian Khong	Independent Director	12/12	14/15	12/12	-	-	-	-
Susan Yuen Su Min	Independent Director	12/12	-	-	14/14	-	6/6	-
Lum Piew	Independent Director	12/12	-	-	-	13/13	-	12/12
Cheryl Khor Hui Peng	Independent Director	12/12	-	12/12	-	-	6/6	12/12
Mazidah binti Abdul Malik <sup>(5)</sup>	Independent Director	10/10	-	7/7	-	13/13	-	-
Chia Yew Hock Wilson <sup>(6)</sup>	Non-Independent Non-Executive Director	5/5	3/3	-	-	4/4	3/3	4/4
Ibrahim bin Hassan	Independent Director of Alliance Islamic Bank Berhad	-	-	-	-	13/13	-	-
Dato' Ahmad Hisham bin Kamaruddin	Independent Director of Alliance Islamic Bank Berhad	-	-	-	-	-	6/6	-
Rustam bin Mohd Idris	Independent Director of Alliance Islamic Bank Berhad	-	-	-	-	-	-	-

### Notes:

- <sup>(1)</sup> Tan Sri Dato' Ahmad bin Mohd Don stepped down as a member of Group NRC with effect from 1 April 2024 for the Bank to adopt Practice 1.4 of the MCCG.
- <sup>(2)</sup> Lee Boon Huat retired from the Board w.e.f. 7 April 2024 after having served Alliance Bank for a maximum period of 9 years as an Independent Director. Consequently, he ceased to be the Chairman/member of Group RMC and a member of EXCO respectively on the same date.
- <sup>(3)</sup> Lee Ah Boon retired from the Board w.e.f. 3 November 2023 after having served the Group for more than 11 years. Consequently, he ceased to be a member of Group ITC, EXCO and Group RMC respectively on the same date.
- <sup>(4)</sup> Datuk Wan Azhar bin Wan Ahmad retired from the Alliance Bank Board and was redesignated as a Non-Independent Non-Executive Director of Alliance Islamic Bank Berhad w.e.f. 7 April 2024 after having served the Group for a maximum period of 9 years as an Independent Director. He also stepped down as a member of EXCO, Group AC and Group NRC respectively on the same date.
- <sup>(5)</sup> Mazidah binti Abdul Malik was appointed to the Board of Alliance Bank and Group AC on 30 May 2023 and 1 August 2023 respectively. She was an Independent Director of Alliance Investment Bank Berhad (now known as AIBB Berhad) from 18 January 2016 until 31 January 2024.
- <sup>(6)</sup> Chia Yew Hock Wilson was appointed to the Board, Group RMC, Group SC and Group ITC on 3 November 2023 respectively; and to the EXCO on 1 January 2024.
- <sup>(7)</sup> Including one (1) joint meeting between Group AC and Group RMC.
- <sup>(8)</sup> Including one (1) joint meeting between Group RMC and Group ITC.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT – BOARD EFFECTIVENESS

### WHAT THE BOARD DID IN FY2024

Board activities are structured to develop the Group’s strategy, to enable the Board to provide the necessary oversight and to support executive management on the delivery of the Group’s strategy within a transparent governance framework.

During FY2024, the Board has undertaken its overall responsibility for promoting the sustainable growth and financial soundness of the Bank, and for ensuring reasonable standards of fair dealing, without any undue influence from any party. This includes a consideration of the long-term implications of the Board’s decisions on the Bank and its customers, employees and the general public. It continued to oversee the execution of the strategic initiatives to drive and pursue sustainable business growth and elevate customer services with innovative solutions through technological transformation towards the Bank’s Acceler8 strategic ambitions.

#### Key Activities of the Board during FY2024

##### (a) Strategy

- Reviewed and approved the business strategies and business plans proposed by Management.
- Reviewed and approved the annual budget and capital plan.
- Reviewed and approved the Bank’s IT projects.
- Reviewed and approved the corporate office relocation proposal and received regular updates on the progress of the corporate office relocation exercise.

##### (b) People

- Reviewed and approved the Annual Board Development Plan and Group Board Succession Plan.
- Reviewed the composition of the Board and Group Board Committees.
- Approved the appointment/reappointment of Board members for regulatory approval.
- Reviewed and approved the proposed revision to the staff benefits.
- Reviewed and assessed the fitness and propriety of Key Responsible Persons.
- Reviewed and approved the compensation proposals, including Group Bonus Pool, Annual Salary Review for employees and compensation for the Group CEO as recommended by Group NRC.
- Received monthly updates on the movement of key Management staff.

##### (c) Performance

- Reviewed business and financial performance against targets and objectives.
- Received updates on the progress across our strategic priorities under Acceler8 strategy.
- Reviewed the Group Audit Committee reports and the external auditor’s audit reports.
- Reviewed and approved the quarterly financial results, the Annual Audited Financial Statements and the Basel II Pillar 3 Reporting.
- Reviewed and approved the dividend proposals.

- Reviewed and approved the Group Corporate Scorecard and Group CEO’s KPIs.
- Assessed and approved the performance score of the Group Corporate Scorecard and the performance rating of the Group CEO.
- Reviewed updates on the Bank’s CAPEX allocation/ utilisation.
- Reviewed the Bank’s Gross Impaired Loan Strategy.
- Reviewed and approved the recalibration of Sustainability Topline Goal 1.
- Received the Bancassurance Update.
- Reviewed the results of the Annual Board Effectiveness Assessment and Group Company Secretary Effectiveness Assessment.

##### (d) Governance

- Reviewed and approved the revisions to the Board Charter and Terms of Reference of the Group Board Committees.
- Reviewed and approved the Bank’s frameworks and policies.
- Reviewed and approved the action plans and responses to BNM’s Composite Risk Rating and the quarterly progress updates.
- Reviewed and approved the Recovery Planning Documentation for regulatory submission.
- Reviewed and approved regulatory-related reporting.
- Reviewed the Internal Capital Target, the Internal Capital Adequacy Assessment Process (ICAAP) report and the Material Risk assessment.
- Reviewed the Liquidity Coverage Ratio for regulatory submission.
- Received updates on the Credit Transactions and Exposure with Connected Parties approved by the EXCO.
- Received Sustainability Updates and approved the Sustainability Statement for inclusion in the annual report.
- Reviewed the monthly Group Compliance and Group Risk reports.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT - BOARD EFFECTIVENESS

- Received updates on non-compliance matters.
- Reviewed the validation of the implementation and effectiveness of fraud countermeasure report.
- Received updates on cybersecurity threats and development.
- Reviewed the quarterly Business Continuity Management reports.
- Received and approved the Statement on Risk Management and Internal Control; and the Risk Management report for inclusion in the annual report.
- Reviewed and approved corporate governance related policies and disclosures.

### EXCO

- Reviewed and vetoed new/incremental loans/financing with total Group exposure above the defined threshold of the Group Management Credit Committee and AIS Management Credit Committee.
- Reviewed and approved credit transactions/exposures with connected parties classified under the BNM/GP6 Guidelines.
- Reviewed Group Account Plan.
- Reviewed watch list accounts that have a significant increase in credit risk to the Bank.
- Reviewed the status of recovery of debts.
- Reviewed and ratified low value personal consumption facilities granted to connected parties.
- Reviewed and approved investment/business proposals/projects.
- Reviewed and approved new branch opening/branch relocation.
- Reviewed and approved CAPEX and OPEX exceeding Management's approving authority.
- Reviewed and approved the changes to the Terms of Reference of Group Management Committee and Group Project Investment Committee.
- Reviewed the Half Yearly Voice of Customers results.
- Reviewed and recommended to the Board on the changes to the Terms of Reference of the EXCO.

### Group AC

The Group AC's activities during FY2024 are summarised in the Group AC Report on page 176 to 180.

### Group NRC

- Reviewed the composition of the Board, Board Committees and principal subsidiaries boards.
- Reviewed the Group Board Succession Plan to promote renewal and address Board vacancies.
- Assessed and recommended to the Boards new appointments/reappointments/resignation of Directors, and Shariah Committee members including their Fitness and Propriety Assessment.
- Reviewed and recommended to the Board the results of the FY2023 Annual Board Effectiveness Assessment which was conducted internally via the completion of the comprehensive Self and Peer Assessment Questionnaires by Directors, and followed up on the actions taken for areas of improvement recommended.
- Reviewed and recommended to AIS Board the annual assessment of the overall effectiveness of the Shariah Committee and the contribution of each individual Shariah Committee member.
- Assessed and recommended to the Board the re-election of Directors at the annual general meeting.
- Reviewed the annual fitness and propriety of the Directors, Group CEO of the Bank, CEOs of the principal subsidiaries, Senior Management and Group Company Secretary, as well as the independence of the Independent Directors.
- Reviewed and recommended to the Board the Annual Board Development Plan for FY2024 and FY2025.
- Assessed and approved new appointments and remuneration of Senior Management staff including their Fitness and Propriety Assessment.
- Assessed and recommended to the Board the performance score of the Group Corporate Scorecard for FY2024.
- Assessed and recommended to the Board the performance rating of the Group CEO for FY2023 and FY2024.
- Reviewed and recommended to the Board the compensation proposals, including the Group Bonus Pool, Annual Salary Review for employees and compensation for the Group CEO, CEOs of principal subsidiaries, Senior Management and other Material Risk Takers.
- Reviewed whistle-blower cases.
- Reviewed the Bank's Talent Management Programme and Management Succession Plan including re-organisation exercise.
- Reviewed and approved Group Human Resource frameworks and policies.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### - BOARD EFFECTIVENESS

#### Group RMC

- Reviewed and approved the risk appetite; risk exposure parameters; risk management frameworks, policies, models, methodologies; and product programmes and limits.
- Reviewed and approved the Risk Appetite Statements for the Bank and Key Lines of Business.
- Reviewed and approved the Material Risk Assessment.
- Reviewed and approved the revision to IRRBB (Interest Rate Risk in Banking Book) Parameters for Internal Risk Management and Monitoring; and ICAAP (Internal Capital Adequacy Assessment Process) Pillar 2.
- Reviewed and approved the Internal Capital Target and ICAAP reports.
- Reviewed and concurred the capital plan for Board's approval.
- Reviewed the Cost-Benefit Analysis of adopting Internal Ratings Based approach for Credit Risk Weighted Assets.
- Reviewed and approved stress test/reverse stress test scenarios, parameters and results.
- Reviewed and endorsed the Recovery Planning Documentation for Board's approval for BNM submission.
- Reviewed the action plans/mitigation measures to address BNM's Composite Risk Rating, regulatory requirements, regulatory audit issues and breaches, and regulatory gaps analysis.
- Reviewed and approved Product Governance Simplification and Governance on Escalation Process.
- Reviewed and proposed the updates to the Terms of Reference of Group RMC for Board's approval.
- Provided risk clearance on business proposals/initiatives.
- Reviewed and approved the attestation to BNM on Introduction of New Products.
- Reviewed and approved the Independent Model Validation Plan and results.
- Reviewed and approved the MFRS9 ECL Model Review and validation results.
- Reviewed and approved the Group Independent Credit Review Plan and reviewed the Independent Credit Review reports.
- Reviewed and approved the Business Continuity Management ("BCM") and reviewed the BCM Quarterly Activities updates.
- Reviewed and approved the outsourcing plan.
- Received Acceler8 2027 Updates (Governance and Credit).
- Reviewed the updates from Group Financial Markets.
- Reviewed Digital SME updates.
- Reviewed and approved the sustainability-related frameworks.
- Reviewed updates on Social Component of ESG in the Bank.
- Reviewed the updates on the monitoring of the Bank's health via the Risk Dashboard.
- Reviewed Credit Updates.
- Received updates on cybersecurity threats and development.
- Reviewed Joint Technology & Risk Updates.
- Reviewed and recommended for Board approval the Statement on Risk Management for Annual Report.
- Reviewed Group Risk Management Focus Areas for FY2024.
- Reviewed the updates on Audit, Risk and Compliance Initiatives.
- Reviewed Group Internal Audit's Key Focus Areas and Unplanned Audits for FY2024.
- Reviewed the Ex-Post Assessment of Risk and Control Functions.
- Reviewed and approved the proposed amendments to the Terms of Reference of the Executive Risk Management Committee.
- Reviewed and approved the compliance frameworks and policies.
- Reviewed and approved the Compliance Annual Review Plan.
- Reviewed the updates and post implementation review of the Group Compliance Culture Programme.
- Reviewed the Compliance Culture and Training Initiatives.
- Reviewed the investigation reports on secrecy breaches, non-compliance incidents and Shariah Non-Compliance Events.
- Reviewed the Remediation Action Plan for Ongoing Customer Review.
- Received updates on Trends of Money Laundering and Terrorism Financing.
- Received updates on Artificial Intelligence/Machine Learning in AML/CFT.
- Received updates on Mutual Evaluation by Asia/Pacific Group on Money Laundering.
- Reviewed the states of the Bank's compliance via the Group Compliance Dashboard.
- Reviewed and assessed the performance of the Group Chief Risk Officer and Group Chief Compliance Officer and approved their compensation.
- Assessed and approved the Annual Fit & Proper Assessment of the Group Chief Risk Officer and Group Chief Compliance Officer.
- Reviewed and discussed the Annual Assessment of the effectiveness of GRMC for FY2023.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT - BOARD EFFECTIVENESS

### Group SC

- Reviewed the proposed enhancements to the Board Charter, Terms of Reference of Group Board Committees, Management Committees and Job Descriptions of Senior Management staff to incorporate sustainability and climate risk-related considerations.
- Reviewed the Climate Risk Management & Scenario Analysis Implementation Plan and Transition Plan.
- Reviewed the Sustainability Disclosure in the Bank's Corporate Governance Report for FY2023.
- Reviewed and received updates on the Sustainability Strategy Framework.
- Reviewed and received updates on the Climate Risk Management & Scenario Analysis Project Status.
- Reviewed the FY2023 Sustainability Statement.
- Reviewed and approved the New Sustainable Business Target Recalibration.
- Reviewed and approved the Physical Risk Scenario Analysis Methodology/Approach and Results.
- Reviewed and approved the Transition Risk Scenario Analysis Methodology/Approach and Results.
- Reviewed and approved the updates to the Sustainability Framework.
- Reviewed and approved the results of Scope 3 Financed Emissions Computation.
- Reviewed and approved the Net Zero Roadmap – Sustainability Business Strategy based on Scope 3 Financed Emissions Results.
- Reviewed and approved the enhancements to the Terms of Reference of the Sustainability Steering Committee.
- Reviewed and approved the Sustainable Product Framework and Sustainable Product Framework Operationalisation Plan.
- Reviewed the Climate Risk Management Framework.
- Reviewed and approved the ESG Performance Metric as a modifier to the Bank's Long Term Incentive Plan of the Sustainability Remuneration Framework.
- Reviewed and approved the proposed enhancements to the Corporate Disclosure Policy.
- Reviewed and approved the revised GHG Emissions Baseline FY2020 and update to the GHG Emission Scope.
- Reviewed and approved the Waste Management Data Collection Roadmap, FY2025 Waste Management and Tracking Methodology.
- Reviewed and approved the Current State Assessment Report on FY2024 Sustainability Statement.
- Reviewed and approved the Peer Benchmarking Report on FY2024 Sustainability Statement.
- Reviewed and approved the Validation of FY2024 Sustainability Statement Materiality Matrix.
- Reviewed and approved the High-Level Draft Storyboard for FY2024 Sustainability Statement.
- Reviewed and approved the FY2025 Sustainability Strategy.

### Group ITC

- Reviewed the Cybersecurity, Digital Strategy and Operating Model.
- Reviewed the updates on the Bank's IT Strategy.
- Reviewed the Group Human Resource Digital Transformation project.
- Reviewed the systems, applications and product enhancement projects.
- Reviewed the technology, network, and services refresh projects.
- Reviewed the technology and network infrastructure for new Head Office relocation.
- Reviewed the Bank's IT investment and spending.
- Reviewed the responses to BNM On-Site Review on IT.
- Reviewed the systems and applications End-of-Support matrix.
- Reviewed the updates on the Bank's Data Centre Risk Assessment.
- Reviewed the report on the Bank's Data Profiling, Technology Human Capital, and E-Banking Red Teaming Exercise.
- Reviewed the half yearly report on Data Quality.
- Reviewed the updates on systems incidents.
- Reviewed the Payment Card Industry Data Security Standard ("PCI DSS") v3.2.1 Assessment for Year 2023 and PCI DSS v4.0 Gap Analysis.
- Reviewed the e-Invoicing project.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT – BOARD EFFECTIVENESS

### BOARD EFFECTIVENESS ASSESSMENT

The Board recognises that it needs to continuously assess and improve its performance. This is achieved through the Annual Board Effectiveness Assessment and ongoing Board development activities.

The Board has implemented an Annual Board Effectiveness Assessment process, carried out by the Group NRC, to assess the effectiveness of the Board as a whole, the Committees of the Board, and the contributions of each individual Director. The Board through the Group NRC will also engage an external independent consultant to assist in and lend objectivity to the Annual Board Effectiveness Assessment once every three (3) years.

The FY2024 Annual Board Effectiveness Assessment was carried out internally via the completion of the comprehensive Self and Peer Assessment Questionnaires by Directors.

Below is the Annual Board Effectiveness Assessment process in respect of FY2024:

#### Step 1: Completion of Comprehensive Questionnaire

##### I. Assessment of the Board as a whole by Board Members

Each Director evaluates the performance of the Board as a whole by way of a Self-Assessment Questionnaire by Individual Board Members.

The assessments are made against pre-established criteria in the following areas:

- (a) Board Composition/Structure;
- (b) Board Process;
- (c) Board Governance;
- (d) Major Responsibilities of the Board; and
- (e) Sustainability.

##### II. Individual Director Self-Assessment

For individual Directors' assessments, Self-Assessment Forms by Individual Directors are completed individually by each Director.

##### III. Peer Assessment of Individual Directors

The performance and effectiveness of each Individual Director is also assessed by their fellow Board members based on similar criteria of the Individual Directors' Self-Assessment.

##### IV. Assessment of the Board Committees

Each Member of the Board Committees completes the Self-Assessment Form in respect of the Board Committees in which he/she is a member. The effectiveness of the Board Committees is assessed against pre-established criteria in the following areas:

- (a) Committee Governance; and
- (b) Accountability and Responsibilities.

#### Step 2: Reporting and Discussion by the Group NRC and the Respective Boards

The results of Annual Board Effectiveness Assessment for the Board as a whole, Board Committees and the contribution of each individual Director are compiled for deliberation by the Group NRC, respective Board Committees and the Board for improvement, where necessary.

For FY2024, the Board was satisfied with the results of the Annual Board Effectiveness Assessment and agreed that the current Board size of nine (9) is appropriate and commensurate with the complexity, the size, the scope and operation of the Bank, and that the Board is constituted of individuals of calibre and diverse experience which collectively have the necessary skills and qualifications to effectively manage the Bank and discharge the responsibilities of the Board. The suggestions given by Board members in the FY2024 Annual Board Effectiveness Assessment were mainly on process improvement, such as the details and granularity of the information provided in proposal papers from the Management.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT - BOARD EFFECTIVENESS

### FITNESS AND PROPRIETY ASSESSMENT

The Board, through the Group NRC, also assesses the fitness and propriety of each of the Directors in accordance with the Group's Policy on Fit and Proper in conjunction with the Annual Board Effectiveness Assessment exercise. All Directors are required to complete a Fit & Proper Declaration annually. The Fit & Proper Declarations by the Directors are verified against independent sources.

For FY2024, the Board was satisfied that each of the Directors had met the required standards of fitness and propriety.

### INDEPENDENCE OF INDEPENDENT DIRECTORS

As part of the Annual Board Effectiveness Assessment, the Board, through the Group NRC also assessed the independence of each Independent Director to determine if each Independent Director is independent in character and judgement, and free from associations or circumstances that may impair the exercise of his/her independent judgement.

For the annual assessment of the Directors' independence, the Board was satisfied that each of the following Independent Directors is independent in character and judgement, and free from associations or circumstances that may impair the exercise of his/her independent judgment:

- (a) Tan Sri Dato' Ahmad bin Mohd Don
- (b) Lee Boon Huat
- (c) Datuk Wan Azhar bin Wan Ahmad
- (d) Tan Chian Khong
- (e) Susan Yuen Su Min
- (f) Lum Piew
- (g) Cheryl Khor Hui Peng
- (h) Mazidah binti Abdul Malik

### BOARD TRAINING AND DEVELOPMENT

The Board acknowledges the importance of continuous training for the Directors to gain insights and keep abreast with developments in the industry and to further enhance their skills and knowledge in discharging their roles and responsibilities effectively. While the Directors are expected to have personal development skills to improve themselves, the training needs of the Directors are assessed on a yearly basis by the Group NRC and an annual Board Development Plan is recommended to the Board for approval. This is to ensure the Directors are accorded the appropriate training necessary for them to discharge their responsibilities effectively.

In accordance with the annual Board Development Plan, the Directors are encouraged to attend a minimum of three (3) relevant training programmes within the financial year, taking into consideration emerging trends in the financial services industry. In addition, each Board Committee member is encouraged to attend a minimum of two (2) training programmes relevant to the respective areas of the Board Committees in each financial year to keep abreast of the latest industry developments.

The Bank has in place an In-house Directors' Orientation Programme for newly appointed Directors in addition to the regulatory mandatory training programmes such as the Mandatory Accreditation Programme of Bursa Securities, Financial Institutions Directors' Education Core Programme and Islamic Finance for Board Programme. A new Director will usually attend the In-house Directors' Orientation Programme within three (3) months upon appointment where he/she will be briefed on the Bank's operations and business strategies by Senior Management to familiarise him/her with the Bank and the Group. Directors also receive advice from the Group Company Secretary on the Bank's governance framework and associated policies, as well as their duties as Directors of the Bank.

The Directors are provided with the opportunity to attend relevant training programmes on an ongoing basis in areas relating to corporate governance, compliance, risk management, anti-money laundering/counter-terrorism financing, anti-fraud, anti-bribery and corruption, climate risk and opportunities, strategic issues, emerging trends, cyber security awareness, sustainability and climate change as well as the latest developments, innovations and disruptive technology in the financial services industry to keep abreast of the latest industry developments. All Directors are also regularly updated on new requirements affecting their responsibilities and are constantly reminded of their obligations.

During FY2024, the Directors have attended various training programmes. The list of training programmes attended by the Directors is disclosed under Section B of the Corporate Governance Report, which is available on our website at [www.alliancebank.com.my](http://www.alliancebank.com.my).

### REMUNERATION

#### Board of Directors

The Bank's Policy on Directors' remuneration is disclosed under Practice 7.1 of Section A of the Corporate Governance Report, which is available on the Bank's corporate website at [www.alliancebank.com.my](http://www.alliancebank.com.my).

The details of the remuneration received/receivable by each Director of the Bank in respect of FY2024 are disclosed under Practice 8.1 of Section A of the Corporate Governance Report.

The remuneration of the Non-Executive Directors will be tabled to the shareholders for approval at the forthcoming 42<sup>nd</sup> Annual General Meeting of the Bank to be held on 31 July 2024.

#### Senior Management

The Bank's compensation policy and employee performance management are disclosed under Section B of the Corporate Governance Report, which is available on our website at [www.alliancebank.com.my](http://www.alliancebank.com.my).

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## – AUDIT AND RISK MANAGEMENT

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### Directors' Responsibility for the Preparation of the Annual Audited Financial Statements

Statements explaining the responsibility of the Directors for the preparation of the Annual Audited Financial Statements for inclusion in the Integrated Annual Report can be found on page 198.

#### Risk Management and Internal Control Framework

The Board is ultimately responsible for the Bank's risk management and internal control framework. The Board, assisted by the Group RMC and Group AC, confirms that it monitors the Bank's risk management and internal control systems and carries out a review of their effectiveness, at least annually. The monitoring and review cover all material controls, including financial, operational and compliance controls.

Since the Bank is the Group's largest business and operates in the complex financial services sector, its risk management framework and internal control processes are key to those of the Group.

Further details of the Bank's Risk Management Framework and Internal Control System are explained in the Statement on Risk Management and Internal Control and Risk Management Report on page 186 to 195.

#### Anti-Bribery and Corruption

The Group adopts a zero-tolerance stance toward any acts of bribery and corruption and is committed to acting professionally, fairly and with integrity in all business dealings and relationships.

The Anti-Bribery and Corruption Policy is established with the following objectives:

- (a) To set out the minimum standards of conduct in respect of bribery and corruption for directors and employees, and complements the core principles of the Code of Conduct;
- (b) To provide high level guiding principles on how to address bribery and corruption risks and issues which may arise in the business activities of the Group;
- (c) To protect the reputation of the Group by preventing and/or detecting bribery and corruption risks;

(d) To ensure that directors and employees understand:

- their responsibilities in ensuring compliance with the Policy;
- the consequences of non-compliance with this Policy; and
- the relevant laws and regulations relating to bribery and corruption in Malaysia.

The Policy is guided by the Guidelines on Adequate Procedures issued pursuant to Section 17A (5) of the Malaysian Anti-Corruption Commission Act 2009 and is supported by the Group's Anti-Bribery and Corruption Procedures.

During FY2024, the Directors have attended an in-house Anti-Bribery and Corruption training programme on 13 March 2024 as part of the Board's Development Plan.

### GROUP AUDIT COMMITTEE REPORT

#### CHAIRMAN

**Tan Chian Khong**

Independent Director

#### MEMBERS

**Cheryl Khor Hui Peng**

Independent Director

**Mazidah binti Abdul Malik**

Independent Director

*(Appointed as a member w.e.f. 1 August 2023)*

**Datuk Wan Azhar bin Wan Ahmad**

Independent Director

*(Ceased as a member following his retirement from the Alliance Bank Board w.e.f. 7 April 2024 after having served the Bank for a maximum period of 9 years as an Independent Director)*

### COMPOSITION AND TERMS OF REFERENCE

The Group AC, which comprises entirely Independent Directors, is in compliance with Paragraph 15.09(1)(a) and (b) of the Bursa Securities MMLR that requires the audit committee must be composed of no fewer than three (3) members and that all the audit committee members must be non-executive directors, with a majority of them being independent directors.

The Terms of Reference of the Group AC, which deal with its authority and duties, are available on the Bank's corporate website at [www.alliancebank.com.my](http://www.alliancebank.com.my).

In the Annual Assessment of the Effectiveness of the Board Committees for FY2024, the Board was satisfied that the Group AC and its members had discharged their functions, duties and responsibilities in accordance with the Group AC's Terms of Reference.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT - AUDIT AND RISK MANAGEMENT

During FY2024, a total of 12 Group AC meetings were held, including one (1) joint meeting with the Group RMC, for an effective exchange of information between the two Board Committees so as to enable effective coverage of all risks, including emerging risk issues that could have an impact on the Bank's risk appetite and business plans.

The details of attendance of the Group AC members are as follows:

Name of Group AC Members	Attendance	Percentage
Tan Chian Khong (Chairman)	12/12	100%
Cheryl Khor Hui Peng	12/12	100%
Mazidah binti Abdul Malik	7/7	100%
Datuk Wan Azhar bin Wan Ahmad	12/12	100%

The Group AC meetings are also attended by the Group CEO, Group Chief Internal Auditor together with the Audit Department Heads, where necessary, while the attendance of other Management staff is by invitation depending on the matters deliberated on by the Group AC.

### SUMMARY OF THE GROUP AC'S WORK

The Group AC is principally responsible for providing independent oversight of the Bank and its subsidiaries' financial reporting and internal control systems as well as for ensuring checks and balances within the Bank and its subsidiaries. During FY2024, the Group AC carried out the following in discharging its functions, duties and responsibilities:

#### 1. Financial Reporting

- Reviewed and discussed the unaudited quarterly consolidated financial results and the annual audited consolidated financial statements of the Bank and its subsidiaries with the Management before recommending the same for approval by the Board. In reviewing the financial reporting of the Group, the Group AC discussed and made enquiries on the following, among other things:
  - (i) changes in or implementation of major accounting policy changes;
  - (ii) significant matters highlighted, including financial reporting issues; significant judgements made by Management; significant and unusual events or transactions and how these matters were addressed; and
  - (iii) compliance with accounting standards and other legal requirements.

#### 2. External Audit

- Reviewed the audit plan of the external auditors, which encompassed the detailed terms of the external auditors' responsibilities and affirmation of their independence as external auditors, the audit strategy, the engagement team, risk assessment, areas of audit emphasis for the financial year and additional disclosures in the auditors' report, in line with the new and amended international standards on auditing, including disclosure on Key Audit Matters.
- Reviewed with the external auditors the results of their audit together with their recommendations and Management's responses, as detailed in the following reports:
  - (i) Auditors' Report for FY2023;
  - (ii) Review of Liquidity Coverage Ratio as at 31 December 2022 for submission to Bank Negara Malaysia; and
  - (iii) Auditors' Report in respect of the Limited Review of the Group for the financial period ended 30 September 2023.
- Met two (2) times with the external auditors without the presence of Management for open discussions between the Group AC and the external auditors on any issues of concern to the external auditors arising from their audits.
- Reviewed the non-audit services rendered by the external auditors and their proposed fees, taking into consideration the fees threshold established under the Group's policy, to ensure that the external auditors' independence and objectivity were not compromised.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT - AUDIT AND RISK MANAGEMENT

- The details of the statutory audit, audit-related and non-audit fees paid/payable to the external auditors, PricewaterhouseCoopers PLT, and its affiliates for FY2024 are set out below:

Description	RM'000	
	Bank	Group
Statutory audit and audit-related services	1,961	2,308
Non-audit-related services	379	413

The total non-audit fees incurred as a percentage of the total statutory audit and other audit-related services fees for the Group in respect of FY2024 was 17.9%.

- Assessed and satisfied itself with the performance, effectiveness and independence of the external auditors based on the criteria set out in BNM's Policy Document on External Auditor and recommended to the Board the reappointment of the external auditors for the next financial year. The Group AC took the following assessment criteria, among others, into account:
  - Qualification criteria;
  - Level of knowledge, capabilities, experience and quality of previous work;
  - Level of engagement with the Board and Group AC;
  - Ability to provide constructive observations, implications and recommendations in areas that required improvements;
  - Appropriateness of audit approach and the effectiveness of audit planning;
  - Ability to perform the audit work within the agreed duration given;
  - Non-audit services rendered by external auditors does not impede independence;
  - Ability to demonstrate an unbiased stance when interpreting the standards/policies adopted by licensed institutions; and
  - Rotation of audit partner every five (5) years which complies with the Group's internal policy.

### 3. Internal Audit

- Reviewed Group Internal Audit's internal audit plan to ensure adequacy of scope, coverage and audit resources required to perform audits on the identified auditable areas.
- Reviewed and approved appointment of Group Chief Internal Auditor.
- Reviewed and assessed the performance of the Group Chief Internal Auditor.
- Performed a fitness and propriety assessment on the Group Chief Internal Auditor to ensure the fitness and propriety criteria set out in the Group's Policy on Fitness and Propriety of Key Responsible Persons were met on a continuous basis.
- Reviewed the internal audit and investigation reports and ensured that appropriate actions were taken by Senior Management in a timely manner to address the observations highlighted in the reports.
- Reviewed the External Quality Assurance Report on Group Internal Audit.

### 4. Related Party Transactions

- Reviewed the related party transactions entered into by the Bank and its subsidiaries, covering the nature and amount of the transactions, so as to ensure that related party transactions were undertaken on an arm's length basis, on normal commercial terms, and on terms that were not more favourable to the related parties than those generally available to non-related parties.
- Reviewed the audit reports on Related & Recurrent Related Party Transactions ("RRPTs") on a quarterly basis. The reports covered the aggregate consideration of RRPTs tracked against the limits of thresholds set to ensure proper reporting and disclosures in accordance with the requirements of the Bank's internal policy and the Bursa Securities MMLR.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT - AUDIT AND RISK MANAGEMENT

### 5. Other Work

- Reviewed the Chairman's Statement, corporate governance disclosures, Audit Committee Report and the Statement on Risk Management and Internal Control for the Board's approval and inclusion in the Integrated Annual Report.

### GROUP INTERNAL AUDIT FUNCTION

The Group Internal Audit's primary role is to assist Group AC in discharging its duties and responsibilities by independently reviewing and reporting on the adequacy and effectiveness of the system of internal controls and the overall control environment.

The independent reviews encompass areas such as adequacy of risk management, internal controls, anti-corruption measures, whistle-blowing protocols, governance processes, compliance with established frameworks and policies, asset quality, application systems, and management effectiveness, among other aspects.

The Group Internal Audit is headed by Mr Andrew Ng Yin Min ("Andrew") who is the Group Chief Internal Auditor. Andrew holds a Bachelor of Science in Applied Accounting, is a Certified Information Systems Auditor ("CISA"), and has 16 years of experience in the audit industry. Prior to joining the Bank, Andrew provided audit and consultancy services to clients from various industries such as banking, insurance, telecommunications, energy and healthcare.

The Group Internal Audit function is guided by the Internal Audit Charter, which sets out its purpose, authority, scope, independence and responsibilities.

To maintain objectivity and independence, the Group Chief Internal Auditor is responsible to the Group AC and Boards. The appointment, remuneration, performance appraisal, transfer and dismissal of the Group Chief Internal Auditor are to be decided by the Group AC. Group Internal Audit personnel do not have any authority over or responsibility for the activities they audit. They are required to report to the Group Chief Internal Auditor any situation in which a conflict of interest or bias is present or may reasonably be inferred. Assignments are allocated so that potential and actual conflicts and bias are avoided. In addition, annual declarations of conflict of interest are obtained from all internal auditors to confirm that they have not provided any audit services which would result in actual or perceived conflicts of interest.

The Group Internal Audit's processes and activities are governed by policies established by the Group AC and relevant regulatory guidelines, as well as the International Standards for the Professional Practices Framework ("Standards") issued by the Institute of Internal Auditors ("IIA") Malaysia. A qualified external independent reviewer will be appointed on a periodic basis to conduct external assessments of Group Internal Audit's internal audit activity to assess its conformance with the IIA's Standards and the relevant regulations. In line with best practices, Group Internal Audit has adopted a risk-based approach that deploys audit resources to prioritised areas that have been assessed as having potentially higher risks.

Group Internal Audit also plays a consultative role in the development of major systems or projects to ensure that the necessary control features are incorporated. Group Internal Audit works collaboratively with Group Risk Management to evaluate the risk governance framework and risk management processes that are applied to ensure an acceptable level of risk exposure that is consistent with the risk management policy of the Group. Group Internal Audit also works with the external auditors to resolve any control issues raised by them to ensure that significant issues are duly acted upon by Management.

Group Internal Audit continues to optimise the use of technology and increase the usage of data analytics to achieve audit effectiveness and efficiency. The upskilling of internal auditors through continuous learning and development remains a key focus. This is achieved through structured and formalised training programmes on themed subject matters as well as on-the-job exposure via intra-department resource pooling programmes, aimed at expanding the breadth of knowledge and experience of internal auditors as they build depth.

Group Internal Audit currently has 38 staff. During FY2024, the Group Internal Audit function incurred costs amounting to RM8.85 million.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT - AUDIT AND RISK MANAGEMENT

The activities undertaken by Group Internal Audit in FY2024 included the following:

1. Established the annual audit plan for FY2024, which included key focus areas and manpower requirements, using a risk-based approach and taking into consideration the Group's business strategic plans, regulatory requirements and Management's inputs.
2. Revised the audit plan during the half-year review of the plan to take into account changes in the business environment, audit priorities and ad-hoc requests from regulators/management.
3. Conducted audits as per the approved audit plan, as well as ad-hoc reviews and investigations as requested by regulators or Management. In FY2024, three (3) ad-hoc reviews on key risk or emerging risk areas were conducted and identified for ongoing review.
4. Continued to adopt data analytics approach to facilitate audit reviews with more targeted key risk areas and to identify any enhancement opportunities.
5. Attended meetings of the various management and working committees as permanent invitees in a consultative capacity to provide independent feedback on internal control and governance aspects, such as the Group Operational & Technology Risk Management Committee, Executive Risk Management Committee, Sustainability Steering Committee, Group Transformation Management Committee, and selected Project Steering Committees.
6. Monitored and validated the completion of management action plans to address audit findings and reported to the Group AC on the status of overdue management action plans.
7. Played the part of observers in major functional testing of the Business Continuity Plan and Disaster Recovery Plan to provide an independent evaluation of the test preparation and exercise performance.
8. Engaged a qualified independent external reviewer to conduct Quality Assurance Review ("QAR") of the Group Internal Audit's functions. The QAR report was tabled to the Group AC in February 2024, concluding that Group Internal Audit has generally conformed with the International Standards for the Professional Practice of Internal Auditing ("ISPPA") and the IIA Code of Ethics.
9. Continued to upskill our auditors by enrolling them in various internal and external training programmes. 41% of auditors currently possess the Certification for Bank Auditor ("CBA") or Chartered Banker qualifications by the Asian Institute of Chartered Bankers ("AICB").

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## – SHARIAH COMMITTEE

### CHAIRMAN

Dr Tuan Badrul Hisyam Bin Tuan Soh

### MEMBERS

Tuan Haji Rustam bin Mohd Idris

Professor Dr Muhamad Rahimi bin Osman

Assistant Professor Dr Muhammad Naim bin Omar

Ustaz Ahmad Fauwaz bin Ali @ Fadzil

### COMPOSITION AND TERMS OF REFERENCE

The operation of Alliance Islamic Bank Berhad (“AIS”) is governed by Sections 28 and 29 of the Islamic Financial Services Act 2013 and the resolutions of Bank Negara Malaysia’s (“BNM”) Shariah Advisory Council (“SACBNM”) to ensure its operations and business activities are in compliance with Shariah. The Shariah Governance Policy Document issued by BNM stipulates its expectation for effective Shariah governance arrangement be well integrated with business and risk strategies throughout AIS and its Service Level providers. In fulfilling this objective, the Board of AIS has appointed Shariah Committee members who have the qualifications, knowledge and expertise in Islamic banking with duties and responsibilities to make decisions and advise on Shariah matters related to the operations, business, affairs and activities of AIS.

The primary roles and responsibilities of the Shariah Committee are as follows:

- Provide counsel or advice to AIS on the application of any rulings of SACBNM or standards on Shariah matters that are applicable to the operations, business, affairs and activities of AIS.
- Provide counsel or advice on matters which require a reference to be made to the SACBNM.
- Provide decisions or advice to AIS on the resolution or rulings of Securities Commission’s Shariah Advisory Council (“SACSC”) that are applicable to the operations, business, affairs and activities related to Islamic capital market pursuant to Capital Markets and Services Act 2007.

- Provide decision or advice on the operations, business, affairs and activities of AIS which may trigger a Shariah non-compliance event.
- Deliberate on and affirm Shariah non-compliance findings by any relevant function.
- Endorse rectification measures to address Shariah non-compliance events.
- Endorse Shariah-related policies and frameworks before they are approved by the Board.
- Approve procedures that complement policies and frameworks and product collaterals.
- Assess the works carried out by Shariah Review and Shariah Audit.
- Endorse *zakat* computation and distribution.
- Provide advice on the application of Shariah requirements in relation to the recovery options and other relevant components of the Recovery Plan.

During FY2024, the Shariah Committee held 12 meetings including two (2) joint engagement sessions with the AIS Board. The attendance of the members of the Shariah Committee was as follows:

Shariah Committee Members	Attendance	Percentage
Dr Tuan Badrul Hisyam bin Tuan Soh (Chairman)	12/12	100%
Tuan Haji Rustam bin Mohd Idris	12/12	100%
Professor Dr Muhamad Rahimi bin Osman	11/12	92%
Assistant Professor Dr Muhammad Naim bin Omar	12/12	100%
Ustaz Ahmad Fauwaz bin Ali @ Fadzil	12/12	100%

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### - SHARIAH COMMITTEE

#### DR TUAN BADRUL HISYAM BIN TUAN SOH

Chairman of the Shariah Committee

Dr Tuan Badrul Hisyam Bin Tuan Soh was appointed as a Shariah Committee member on 1 April 2020 and subsequently appointed as Chairman on 1 June 2021. He currently serves as a Senior Shariah Consultant at Dar Al Shariah Dubai, a wholly-owned subsidiary of Dubai Islamic Bank, the largest Islamic bank in the United Arab Emirates.

He holds a PhD of Law from Newcastle University, United Kingdom, and a Master of Laws (“LL.M”) majoring in Law of Islamic Banking & Finance from the International Islamic University Malaysia (“IIUM”). He obtained his Bachelor of Arts (“B.A.”) in Shariah and Law from Umm Al-Qura University, Mecca. His professional qualification includes certification as a Shariah Advisor and Auditor (“CSAA”) with the Accounting and Auditing Organization for Islamic Financial Institutions (“AAOIFI”), Bahrain. His past experience as a Shariah Officer at the Securities Commission, CIMB, Al-Rajhi Bank as well as a Shariah Consultant at ISRA Consulting mean that he is well acquainted with the intricacies of Islamic finance as applied in day-to-day business.

Dr Tuan Badrul Hisyam also serves as a Shariah Committee member of Bank Rakyat as well as a Shariah legal counsel for the Federal Territories. His Shariah advisory role extends beyond Islamic finance where he is also Shariah Advisor to MyEG Services Berhad.

#### TUAN HAJI RUSTAM BIN MOHD IDRIS

Member of the Shariah Committee

Tuan Haji Rustam was appointed to the Shariah Committee of AIS on 1 April 2020. He is also currently a Board member of AIS.

He holds a Bachelor of Business Administration degree from Universiti Kebangsaan Malaysia, Certificate in Islamic Law from IIUM and Certified Shariah Practitioner (“CSP”) from Association of Shariah Advisors in Islamic Finance (“ASAS”). He was the former Deputy Director of the Islamic Banking and Takaful Department, BNM. He joined BNM in 1986 and was part of the BNM team responsible for the development of Islamic banking policies since the early 1990s until his retirement from the central bank in 2018.

#### PROFESSOR DR MUHAMAD RAHIMI BIN OSMAN

Member of the Shariah Committee

Professor Dr Muhamad Rahimi bin Osman was appointed as a Shariah Committee member on 1 April 2020. He has served as a professor at Arshad Ayub Graduate Business School, Universiti Teknologi MARA (“UiTM”) since late 2019.

He holds a PhD (Law) from IIUM, a Master of Islamic Economics from the University of Yarmouk, Jordan, and a Bachelor of Shariah from Universiti Malaya. He was a senior member of the academic staff at Universiti Teknologi MARA where he held various leadership positions, namely as Dean of the Academy of Contemporary Islamic Studies, Director of the Centre for Islamic Thought and Understanding, and Director of the Zakat Research Institute of Malaysia.

Previously, he was the Chairman of the Shariah Committee for Co-opbank Pertama (“CBP”), Chairman of the Shariah Advisory Body for Syarikat Takaful Malaysia Keluarga Berhad, Chairman of the Shariah Advisory Body for Syarikat Takaful Malaysia Am Berhad, and a member of the Shariah Committee at Hong Leong Islamic Bank and Hong Leong Tokio Marine Takaful respectively.

Professor Dr Muhamad Rahimi is also registered with the Securities Commission as a Shariah Advisor for capital markets, and is currently an advisor to state-owned fund management firm, Amanah Saham Darul Iman (“ASDI”) and Islamic stockbroking window of Phillip Capital Sdn Bhd. He also serves as a Shariah Committee member of AIA Public Takaful Berhad.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT - SHARIAH COMMITTEE

### ASSISTANT PROFESSOR DR MUHAMMAD NAIM BIN OMAR

Member of the Shariah Committee

Assistant Professor Dr Muhammad Naim bin Omar was appointed as a Shariah Committee member of AIS on 1 April 2022.

He holds a PhD in Islamic Law from the University of Wales, United Kingdom, Master of Arts (Shariah Law) from Cairo University, and a B.A. with Honours (Shariah Law) from the University of Al-Azhar, Egypt. He also obtained a Certified Shariah Advisor (“CSA”) certification from the ASAS.

He is currently a lecturer at Ahmad Ibrahim Kulliyah of Laws (“AIKOL”), International Islamic University Malaysia (IIUM). His major areas of interest include Islamic Law of Transaction, Islamic Legal System and Islamic Jurisprudence. He has been teaching these subjects for over a decade. Previously, he served as a Shariah Committee member at Takaful Ikhlas, MNRB Holdings Berhad, OCBC Al-Amin Bank Berhad and Lembaga Zakat Selangor.

He has presented and published numerous articles and papers on topics covering the Islamic Law of Transaction, Islamic Wealth Management and Islamic Law of Contract. His articles were published in various local and international journals.

Assistant Professor Dr Muhammad Naim bin Omar also serves as a Shariah Committee member of Great Eastern Takaful Berhad.

### USTAZ AHMAD FAUWAZ BIN ALI @ FADZIL

Member of the Shariah Committee

Ustaz Ahmad Fauwaz bin Ali @ Fadzli was appointed as a Shariah Committee member of AIS on 1 April 2018. He conducts training for Shariah officers at various Islamic financial institutions as well as for state religious authorities. He was a guest preacher for RTM’s Q and A weekly programme answering questions related to Islam fielded by radio listeners. He is also currently a Shariah Consultant with Telaga Biru Sdn Bhd.

Ustaz Ahmad Fauwaz holds a Bachelor of Shariah from Al-Azhar University, Egypt and a Master of Shariah from Universiti Malaya. Additionally, he obtained Shariah Advisor and Auditor’s certification from the Accounting and Auditing Organisation for Islamic Financial Institutions or AAOIFI. He is an expert in fatwa methodology and was trained at Dar al-Ifta al-Misriyyah, Egypt. He was a member of Ahli Jawatankuasa Teknikal Undang-Undang Syarak dan Sivil, a committee established by Jabatan Kemajuan Islam Malaysia (“JAKIM”) with a mandate to harmonise the civil and Shariah laws in Malaysia.

Ustaz Fauwaz’s contribution extends beyond Islamic finance where he was a Shariah Advisor for Sultan Ismail Hospital and Rangkaian Mercu Health and Beauty Sdn Bhd. He has written and translated more than 20 books. One of his books titled “Fiqh Wanita” (on Islamic jurisprudence for women), won the award for the Best Fiqh Literature by Yayasan Pembangunan Buku Negara.

Ustaz Ahmad Fauwaz also serves as a Shariah committee member of FWD Takaful Berhad and a member of Majlis Agama Islam Wilayah Persekutuan.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## – RELATIONS WITH STAKEHOLDERS

### PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

#### Engagement with Stakeholders

Ongoing engagement and communication with stakeholders help build trust and understanding between the Bank and our stakeholders. The Bank endeavours to maintain constant and effective communication with stakeholders through timely and comprehensive announcements as well as events and activities of the Bank such as through general meetings and quarterly briefings, and online platforms, including corporate website and social media.

The Investor Relations team engages with the financial community, stakeholders and other key constituencies of the Bank to provide consistent, accurate, transparent and timely information. Briefings for analysts are conducted every quarter in conjunction with the release of the quarterly financial results to facilitate active dialogue between the Bank's key Senior Management and the investment community. The Bank also participates in meetings, conference calls, roadshows, webinars and special briefings to share the latest updates and pertinent information on the Bank's progress with the investment community.

These activities enable the investment community to seek clarification on their enquiries and express their views on the Bank's performance. In turn, the Bank has the opportunity to manage investors' expectations and strengthen their understanding of the Bank.

Shareholders, potential investors and members of the public can access the Bank's corporate website at [www.alliancebank.com.my](http://www.alliancebank.com.my) for more information on the Bank. There is a dedicated section for corporate governance on the Bank's corporate website where information such as the Board Charter, Code of Conduct, Board Gender Diversity Policy, Group's Policy on Fit and Proper, Annual Reports, Minutes of General Meetings, Constitution and Terms of References of the Board Committees are made available. A corporate calendar of material events, such as entitlement dates, ex-dividend dates and payment dates for dividend payments, announcements made by the Bank to Bursa Securities, including quarterly results and dividend information, and presentation slides for analyst briefings are also available on the Bank's corporate website under the Investor Relations section, for the benefit of the investing public.

The investing public can contact the Head of Investor Relations, Mr Tan Hong Ian, at +603-2604 3370 or [investor\\_relations@alliancefg.com](mailto:investor_relations@alliancefg.com) for any investor relations matters.

The Board has established a Corporate Disclosure Policy ("CDP") to ensure that timely, consistent and fair disclosure of corporate information is provided to facilitate informed decision making by investors.

The objectives of the CDP are to:

- Raise the awareness of Directors, Management and employees on disclosure requirements and practices;
- Provide guidance in disseminating corporate information to, and in dealing with investors, analysts, media representatives and the public; and
- Ensure compliance with the disclosure obligations under the Bursa Securities MMLR and other applicable laws.

The Group Company Secretary, being the Corporate Disclosure Manager, serves as the primary contact person for all material corporate-related matters referenced in the CDP. He oversees and coordinates the disclosure of material information to Bursa Securities.

The Chairman and the Group CEO are the primary authorised spokespersons responsible for communicating Group information to the investing public. These primary authorised spokespersons may, from time to time, designate other officers ("designated officers") of the Bank to speak on behalf of the Group or to respond to specific inquiries, where doing so will facilitate effective communication with the investing public.

The authorised spokespersons and designated officers are regularly reminded of their responsibility to exercise due diligence in making sure that the information to be disseminated to the investing public is accurate, clear, timely and complete, and that due care is observed when responding to analysts, the media and the investing public.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT - RELATIONS WITH STAKEHOLDERS

### Conduct of General Meetings

The Board regards the Annual General Meeting (“AGM”) as an opportunity to communicate directly with shareholders and encourages attendance and participation. The notice of AGM is despatched to shareholders, together with explanatory notes on items of special business (if any), at least 28 clear days prior to the meeting date.

The Notice of the 41<sup>st</sup> AGM of the Bank held on 26 July 2023 was given to the shareholders 29 clear days prior to the AGM. Shareholders had immediate access to the Bank’s Annual Report including the notice of AGM and proxy form from the Bank’s corporate website.

All Directors had attended the 41<sup>st</sup> AGM of the Bank which was held as a virtual meeting on 26 July 2023 at the broadcast venue in person while shareholders, corporate representatives and proxies had attended the 41<sup>st</sup> AGM via remote participation.

At the forthcoming 42<sup>nd</sup> AGM to be held on 31 July 2024 which will be conducted virtually, no substantive resolutions or resolutions on related party transactions will be put forth for shareholders’ approval.

### KEY FOCUS AREAS AND FUTURE PRIORITIES

The Board will continue its efforts to raise the bar in terms of the Bank’s corporate governance standards and instil a culture that promotes ethical conduct, transparency and sustainable value creation, with the ultimate objective of realising long-term shareholder value while taking into account the interests of other stakeholders.

### SUMMARY

For FY2024, the Bank has adopted and applied the Practices as recommended by the MCCG save for the following:

- Practice 1.4 (The Chairman of the Board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee).

The Chairman of the Board, Tan Sri Dato’ Ahmad bin Mohd Don had stepped down as a member of Group NRC with effect from 1 April 2024 for the Bank to adopt Practice 1.4 of MCCG.

- Practice 8.2 (Disclosure on a named basis of the Top-5 Senior Management’s remuneration).

Please refer to the detailed disclosures on the Bank’s governance practices in the Corporate Governance Report which is published on the Bank’s corporate website at [www.alliancebank.com.my](http://www.alliancebank.com.my).

This Corporate Governance Overview Statement is dated 5 June 2024.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## RESPONSIBILITY

The Board acknowledges its overall responsibility for the Group's system of risk management and internal controls, and for reviewing its adequacy and integrity. The system is designed to manage the Group's risks within an acceptable risk profile, rather than to totally avoid or eliminate the risks that are inherent to the Group's activities. It can therefore only provide a reasonable but not absolute assurance of effectiveness against material misstatement of financial/management information; or against financial losses and fraud. The preparation of this statement has been guided by the "Statement on Risk Management and Internal Controls: Guidelines for Directors of Listed Issuers" issued by Industry led Task Force.

The Board regularly receives and reviews reports on internal controls; and is of the view that the system of internal controls that has been instituted throughout the Group is sound and adequate to safeguard the shareholders' investments and the Group's assets.

The Board approves the Group's risk appetite, business plans and other initiatives which would, singularly or cumulatively, have a material impact on the Group's risk profile. The Group has instituted an on going process for identifying, evaluating and managing the significant risks faced by the Group. This process includes updating the system when there are changes to the business environment or regulatory guidelines. The process has been in place during the year under review and up to the date of approval of this statement; and is regularly reviewed by the Board. The role of Management is to implement the Board approved frameworks and policies on risks and controls, to identify and evaluate the risks faced, and to design, operate and monitor a suitable system of internal controls to manage these risks.

The Board has extended the responsibilities of the Group Audit Committee ("GAC") to include the role of oversight on internal controls on behalf of the Board, including identifying risk areas and communicating critical risk issues to the Board. The GAC is supported by an independent Group Internal Audit function which reports directly to it. The internal auditors have performed their duties with impartiality, competency and due professional care.

## RISK MANAGEMENT FRAMEWORK

The Board, through its Group Risk Management Committee ("GRMC") provides oversight on risk management strategies, methodologies, frameworks and policies, risk tolerance and other risk-related matters of the Group. In addition, the GRMC also oversees the functions of management committees such as the Executive Risk Management Committee, Group Assets and Liabilities Management Committee and Group Operational and Technology Risk Management Committee, which assume the responsibility of monitoring specific areas of risks pertaining to the Group's business activities and implement various risk management policies and procedures.



*For further information on the Group's risk management framework, please refer to the Risk Management report on page 188 to 195 of this Annual Report.*

Major risks arising from the Group's day-to-day activities in the financial services industry comprise credit risk, sustainability risk, liquidity risk, market risk, operational risk, technology risk and Shariah non-compliance risk.



*For more information on the risks and relevant guidelines and policies, please refer to the Risk Management report on page 188 to 195 of this Annual Report.*

## SYSTEM OF INTERNAL CONTROLS

To ensure that a sound system of controls is in place, the Board has established primary processes in reviewing the adequacy and integrity of the system of internal controls. The primary processes include:

- Regular and comprehensive management reports are made available to the Board on a monthly basis, covering financial performance and key business indicators, which allow for effective monitoring of significant variances between actual performance against budgets and plans;
- Clearly defined delegation of responsibilities to committees of the Board and to Management including organisation structures and appropriate authority levels;
- Relevant frameworks, code of conduct, human resource policies and performance reward system to support business objectives, risk management and the system of internal control;

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- A Shariah Compliance Framework which governs the operations of AIS and outlines the roles of key functionalities within AIS, including but not limited to the Shariah risk management process;
- An Information Technology Risk Management Framework and Cyber Resilience Framework to manage information and cyber risks; supported by a Business Continuity Management Framework for contingencies;
- A Sustainability Framework which outlines the core principles and policies employed by the Bank in managing sustainability-related matters in day-to-day operations. The Bank's Sustainability Framework is anchored upon the broader global climate change imperative and governmental Nationally Determined Contributions ("NDC"), the United Nations 17 Sustainable Developmental Goals ("SDGs"), Malaysian sustainability-related regulatory requirements, and the Bank's internal sustainability guiding principles to guide sustainability strategy and operations;
- Regular updates of internal policies and procedures, to adapt to changing risk profiles and address operational concerns;
- Regular reviews of the Group's activities to assess the adequacy and effectiveness of the risk management and internal control system;
- Documentation and periodic assessment of controls and processes by all business and support units for managing key risks; and
- Regular senior management meetings to review, identify, discuss and resolve strategic, operational, financial and key management issues.

### SUSTAINABILITY MANAGEMENT

Reflecting our mission of Building Alliances to Improve Lives, our Sustainability Framework presents the Group's sustainability purpose, goals, strategy, and governance. The framework is anchored upon the broader global climate change imperative and governmental Nationally Determined Contributions ("NDC"), the United Nations 17 Sustainable Developmental Goals ("SDGs"), Malaysian sustainability-related regulatory requirements, and the Group's internal sustainability guiding principles to guide sustainability strategy and operations. The Group regularly reviews and enhances the framework to ensure its continued relevance in view of evolving external factors and changing stakeholder priorities.

To ensure a robust sustainability governance structure, the Group had established its Sustainability governance structure since FY2021. The Group Sustainability Committee, a dedicated Board-level committee, provides oversight on sustainability and climate-risk related matters, while the Sustainability Steering Committee, chaired by our Group Chief Executive Officer, implements the Group's sustainability strategies, policies and processes. The committees are supported by various functions across the Group such as but not limited to Group Sustainability, Group Climate and Sustainability Risk, Group Human Resource, Group Corporate Services, as well as sustainability champions across the Group. The Group had also established respective policies and procedures to embed sustainability across bankwide functions via its Sustainability Framework and procedures for ESG screening of customers and suppliers.



Further details can be found in the Sustainability Statement section of the Annual Report.

### ASSESSMENT OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board, through the GRMC and GAC has assessed the adequacy and effectiveness of the risk management and internal control system. Based on the results of these reviews as well as the assurance it has received from the Group Chief Executive Officer and Group Chief Financial Officer, the Board is of the view that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects.

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

## RISK MANAGEMENT

The Board and Management of Alliance Bank are committed towards ensuring that the Bank's corporate objectives are supported by a sound risk strategy with an effective risk management framework that is appropriate to the nature, scale and complexity of the Bank's activities.

### BOARD RESPONSIBILITIES

The Board is responsible for:

- a. Reviewing and approving the Bank's overall risk strategy, including the risk appetite and overseeing its implementation to support the sustainability of the Bank.
- b. Ensuring that the Bank establishes comprehensive risk management frameworks, policies and infrastructure to manage risks arising from the Bank's business activities.

With these objectives, the Board has established specialised Committees to oversee and review major functional areas and ensure critical issues and relevant matters are appropriately addressed in a timely and strategic manner. While the Board has assigned these duties to these specialised Committees, the Board in the overall remains responsible and accountable for the policies and decisions recommended and approved by the Committees.

### ROLES AND RESPONSIBILITIES OF THE GROUP RISK MANAGEMENT COMMITTEE ("GRMC")

The scope of the GRMC focuses on risk-related and compliance-related frameworks, policies, strategies and methodologies. In line with the above scope, the GRMC is responsible for overseeing the risk management and compliance related subjects, as follows:

- a. Overseeing and approve material risk management and compliance frameworks, policies, strategies, methodologies and risk tolerance.
- b. Overseeing the adequacy of risk management frameworks and policies inclusive of Recovery Plan in identifying, measuring, evaluating, monitoring and controlling the extent to which these are operating effectively, prudently and in compliance with all regulatory guidelines.

- c. Overseeing regulatory compliance risk exposures and material reports or inquiries from regulatory authority and approve the actions to be taken including any non-compliance-related matters, as well as Shariah non-compliance events.
- d. Overseeing the implementation of remediation measures on breaches and compliance incidences within the Group.
- e. Overseeing that appropriate infrastructure, resources and systems are in place for risk management and compliance functions; and ensuring that the employees responsible for implementing risk management and compliance systems performs those duties independently of the Bank's risk-taking activities.
- f. Overseeing periodic reports on risk exposures, risk portfolio composition, sustainability risk and risk management activities to ensure that these risk reports facilitate understanding and determination of appropriate risk responses. The periodic reports also include the assessment of the Group's compliance status as well as updates on regulatory trends and requirements.
- g. Overseeing the effectiveness of the Bank's overall management of compliance risk is evaluated at least annually, and that adequate discussions and priority are provided to deliberate compliance issues to ensure that such issues are resolved promptly and effectively.
- h. Supporting the Board in meeting regulatory expectations on risk management, as set out under BNM's policy document on Risk Governance.
- i. Overseeing the implementation of a sound remuneration system, examining whether risks, capital, liquidity and the likelihood and timing of earnings are taken into consideration for the provision of incentives, without prejudice to the tasks of the board remuneration committee.

The responsibility for supporting the Board in providing oversight over technology-related risk matters comes under the purview of Group Information Technology Committee.

## RISK MANAGEMENT

### MANAGEMENT RESPONSIBILITIES

Key responsibilities of the management which includes:

- a. Formulate and implement risk frameworks, policies and procedures in accordance with the Bank’s strategies and overall risk appetite.
- b. Ensure that all relevant material and emerging risks are identified and assessed by employing appropriate tools such as stress testing, scenario analysis and early warning signals.
- c. Ensure appropriate corrective actions are implemented to mitigate the identified risks while relevant reports are escalated timely to the Board.

### RISK MANAGEMENT FRAMEWORK

An efficient risk management framework is a prerequisite to establishing stakeholders’ confidence in the Bank. The Bank’s risk management framework recognises the diversity of the organisation’s activities by balancing the Board’s strong supervision with well-defined independent risk management functions within each business area. The Bank’s Risk Management Framework is embedded in our respective business activities in order to integrate risk-taking and

decision-making with prudent risk management principles. It provides a structured approach for the Bank to form a consolidated and aggregated view of all risks identified at entity, business segment and product levels; and to manage these risks in a holistic manner alongside business objectives and compliance requirements.

The Bank’s Risk Management Framework comprises the following elements:



### Risk Governance and Organisation

The Bank adopts the model of Three Lines of Defence in managing risks collectively based on their respective roles as reflected below:

Concept	Role	Functions
1st Line of Defence	Risk-Taking	Business units are the primary risk owners, responsible for managing risks within the Bank’s business activities, aided by Business Support functions.
2nd Line of Defence	Risk Control	<p>The risk control functions are represented by independent Risk Control Units, i.e. Group Risk Management, Group Compliance (inclusive of the Shariah Review Team).</p> <p>Group Compliance is responsible for developing and maintaining the Group Compliance Framework, compliance policies and procedures as well as reviewing the adequacy of the Bank’s internal controls and mitigation to manage compliance risk.</p> <p>Shariah Review Team under Group Compliance conduct reviews on the operations of Alliance Islamic Bank Berhad to ensure the products offered are in compliance with Shariah principles. Review results and non-compliances, if any, are reported to Alliance Islamic Bank Berhad’s Shariah Committee.</p>
3rd Line of Defence	Risk Assurance	Group Internal Audit is responsible for conducting independent assessment and providing assurance on the adequacy and effectiveness of the Bank’s internal controls related to processes, risks and governance functions.

## RISK MANAGEMENT

### Governance Structure

The governance structure adopted within the Group provides a transparent and effective system that promotes active involvement from the Board and Senior Management in the risk management process to ensure a uniform view of risk across the Group. The diagram below illustrates the governance structure and committees responsible for effective governance and oversight over risk-related functions:



The Bank places high priority on the management of risk across our two banking entities. The Board is assisted by the GRMC, to provide oversight on risk management and compliance framework, policies, strategies, methodologies and risk tolerance; as well as to ensure adequate infrastructure are in place for effective risk management and compliance practices.

The Board-level GRMC is assisted by the Management-level ERMC. The ERMC represents the central conduit for several other Management-level risk committees. In addition, the Group Chief Risk Officer (“GCRO”), who is responsible for the Bank’s risk management function, reports directly to GRMC.

### Risk Strategy

The Bank establishes appropriate risk governance, processes and controls in order to pursue its strategic business objectives with confidence, to protect its Balance Sheet and stakeholders’ interest; and to deliver sustainable profitability. While it may not be possible or feasible to eliminate all inherent risks within the Bank, a set of risk mitigation techniques have been established to reduce the impact of these risks.

The Bank seeks to accomplish its risk strategy by:

- ensuring that all identified material risks are adequately managed;
- establishing risk appetite parameters to manage Bank’s risk-taking activities;
- identifying and allocating clear roles and responsibilities for the control of risks within the Bank;
- avoiding unjustified risk concentrations;
- inculcating a prudent risk and compliance culture; and
- ensuring risk-based remuneration is applied to material risk-takers.



## RISK MANAGEMENT

### Risk Appetite

Risk Appetite describes the high level risk parameters and thresholds the Bank is willing to assume in pursuit of its strategic business objectives. These high level thresholds are then cascaded, where appropriate, into more granular limits and targets across the various portfolios and business units.

The Bank strives for a balanced, sustainable growth by performing business activities in accordance with approved strategic plans, policies and limits; balancing between risks and rewards; and protecting the interest of our various stakeholders. These are supported by strong risk management practices, active liquidity management and a healthy capital position.

### Risk Management Process

The Bank’s risk management process embeds the Bank’s culture and practices. It starts with risk identification, followed by risk assessment, risk mitigation and control, risk monitoring, risk reporting, escalation and disclosure, as illustrated below:



## RISK MANAGEMENT

### Risk Culture & Employee Development

Risk management is not merely confined to inanimate frameworks, policies, procedures, limits and risk models. Effective risk management also requires a strong risk culture. Risk culture comprises a set of values and behaviours within the Bank that shapes our day-to-day activities and interactions.

Our Board members, Senior Management and employees are all ambassadors of the Bank's risk culture. Hence, leadership, supervision, guidance, counselling and communication, represents key elements in shaping and cultivating a desirable risk culture. For example, the Bank regularly provides communications on the Bank's vision, strategy, key behaviours and brand attributes.

Adding to this, the Bank applies a variety of approaches, ranging from classroom sessions, external courses, on-the-job training and ad-hoc project-based assignments; to equip our employees with the right knowledge and skills to carry out their duties competently and professionally. Employee development is not merely confined to technical skills training; the Bank devotes much effort towards embedding risk culture and instilling our set of values in our employees, with emphasis on leadership, conduct/ethics and stakeholder-centricity.

Talent management and succession planning are also integral towards identifying and developing our next generation of supervisors and leaders. Additional leadership and skills competency training and development programmes have been designed and applied to employees with potential.

The Bank employs a carrot-and-stick approach with regards to good vs. bad behaviour. For the former, the Bank provides various benefits, rewards and incentives, whereas the latter is subject to the Bank's disciplinary and consequence management process.

### Compliance Culture

The compliance culture of the Bank is driven with a strong tone from the top to ingrain the expected values and principles of conduct that shape the behaviour and attitude of employees at all levels of businesses and activities across the Bank. Compliance culture goes beyond complying with laws; we expect all employees to conduct their commitments with integrity and business ethics.

The Bank has instilled a compliance culture where the Board, Senior Management and every employee of the Bank are committed to adhering to relevant regulatory standards. This commitment is clearly demonstrated through establishing strong compliance policies and guidelines to ensure that compliance risks are effectively managed.

Key initiatives that have been implemented to promote compliance awareness are:

- Encouraging employees to report any situation that exposes the Bank to compliance risk;
- Raising compliance awareness through compliance communication programmes;
- Ensuring robust compliance monitoring;
- Introduction of self-raise concept on risk, control and compliance issues that are tracked at management committee;
- Emphasis on governance and risk control in employees' performance scorecard (i.e. KPI); and
- Compliance-related e-learning modules such as Anti-Money Laundering & Combating the Financing of Terrorism (AML/CFT), Personal Data Protection Act 2010 (PDPA), Anti-Bribery & Corruption (AB&C) and Banking Secrecy & Management of Customer Information and Permitted Disclosures (MCIPD).

The Bank upholds a strong culture of compliance, ethical conduct and has zero tolerance towards fraudulent and unethical activities. All employees must discharge their duties in compliance with the applicable legal and regulatory requirements, both in letter and spirit.

### Group Compliance Framework

The Framework is to ensure effective management of compliance risks in a structured manner with the aim of inculcating a stronger compliance culture and ensuring consistency in management of compliance risks across the Group.

The key principles outlined in the Framework are as follows:

- a. The Board and Senior Management are responsible to oversee and ensure the effective management of the Group's compliance risks;
- b. Compliance is the responsibility of all employees within the Group;
- c. The Group should hold itself to high standards in carrying on business, and at all times, observe both the spirit and the letter of the laws and regulations.

## RISK MANAGEMENT

### Risk Management Techniques

The Risk Management Framework defines the Bank's key risk activities according to risk categories. To manage identified risks, Framework and Policies are put in place and various risk management techniques and tools are used. The table below provides examples of some of these techniques/tools:

Risk Category	Risk Definition	Risk Management Techniques/Tools
<b>Credit Risk</b>	The risk of loss due to failure by customers/counterparties to fulfil their financial or contractual obligations, when due.	<ul style="list-style-type: none"> <li>• Credit Risk Management Framework, strategies, policies &amp; procedures</li> <li>• Risk Acceptance Criteria</li> <li>• Financing/product programmes</li> <li>• Product/portfolio risk limits, triggers and parameters</li> <li>• Credit concentration limits</li> <li>• Credit ratings/scorecards</li> <li>• Credit authorisation</li> <li>• Risk dashboards</li> <li>• Early warning triggers and watch lists</li> <li>• Risk-based pricing</li> <li>• Stress tests</li> <li>• Thematic/portfolio reviews</li> <li>• Independent credit reviews</li> </ul>
<b>Market Risk</b>	The risk of loss arising from volatile changes in market variables such as interest rates, profit rates (including yield changes), foreign exchange rates, equity prices and commodity prices, carbon credit prices and digital assets prices.	<ul style="list-style-type: none"> <li>• Market Risk Management Framework and policies</li> <li>• Risk measurement/valuation tools</li> <li>• Product/portfolio risk limits</li> <li>• Risk sensitivity and Value-at-Risk limits</li> <li>• Stress testing, sensitivity &amp; scenario simulations</li> <li>• Risk dashboards</li> </ul>
<b>Funding &amp; Liquidity Risk</b>	<ul style="list-style-type: none"> <li>• The risk of loss resulting from the Bank's inability to meet its financial obligations, when due.</li> <li>• Risk of incurring losses when attempting to liquidate assets, due to market disruptions and/or illiquid market situations.</li> <li>• Vulnerabilities from funding maturity mismatches and concentration risk arising from the inability to secure stable funds.</li> </ul>	<ul style="list-style-type: none"> <li>• Liquidity Risk Management policies</li> <li>• Liquidity risk limits and triggers</li> <li>• Liquidity stress testing &amp; simulations</li> <li>• Liquidity gap reports</li> <li>• Contingency Funding Plan and Recovery Plan</li> <li>• Deposit concentration monitoring &amp; reporting</li> </ul>

## RISK MANAGEMENT

Risk Category	Risk Definition	Risk Management Techniques/Tools	
Operational Risk	The risk of loss resulting from failures of processes, people and systems; or from external events.	<ul style="list-style-type: none"> <li>Operational Risk Management Framework and policies</li> <li>Risk and Control Self-Assessment</li> <li>Control testing</li> <li>Key Risk Indicators</li> <li>Loss event data collection</li> </ul>	<ul style="list-style-type: none"> <li>Operational risk stress testing and scenario analysis</li> <li>Business Continuity Management framework, policy, plan and drills</li> </ul>
Technology and Cyber Risk	The risk of loss resulting from failures of technologies, systems, processes, people or from external events. This includes cyber-attacks that affect business services or result in data breaches.	<ul style="list-style-type: none"> <li>Information Technology (IT) Risk Management Framework covering cybersecurity risk management</li> <li>IT Risk and Control Self-Assessment (includes cyber risk)</li> <li>Key Risk Indicators</li> </ul>	<ul style="list-style-type: none"> <li>Loss event data collection (IT incident and cyber threat-related)</li> <li>Risk dashboards</li> <li>Independent risk assessments</li> <li>Red Team assessments covering cyber-attacks</li> <li>Cyber insurance</li> <li>Cybersecurity Task Force</li> </ul>
Sustainability/ Environmental, Social and Governance (ESG) Risk	Threats and adverse consequences to the environment, climate and society at large due to unsustainable business practices which depletes scarce resources and increases carbon footprint/ greenhouse gas (GHG) emissions.	<ul style="list-style-type: none"> <li>Climate Risk Management Framework</li> <li>Sustainability Framework</li> <li>Sustainability reporting</li> <li>Climate Change &amp; Principle-based Taxonomy (CCPT) Screener</li> <li>ESG Risk Acceptance Criteria</li> <li>Training and certification for employees</li> </ul>	<ul style="list-style-type: none"> <li>Targeted sustainable loan</li> <li>Prohibits lending for activities which are highly sensitive for ESG e.g. businesses with extremely high GHG emissions</li> <li>Reduce GHG emissions in the Bank's own operations</li> <li>Nurture customers to adopt low carbon practices</li> </ul>
Regulatory Non-Compliance Risk	The risk of loss or imposition of penalties, fines, or other liabilities arising from breaches of applicable laws, regulations, or contractual obligations.	<ul style="list-style-type: none"> <li>Compliance Framework, legal manual and AML/CFT policy</li> </ul>	<ul style="list-style-type: none"> <li>Group-wide education and programme on compliance and risk awareness</li> </ul>

## RISK MANAGEMENT

Risk Category	Risk Definition	Risk Management Techniques/Tools	
<b>Shariah Non-Compliance Risk</b>	The risk of loss arising from failure to comply with Shariah rules and principles.	<ul style="list-style-type: none"> <li>Shariah Compliance Framework</li> <li>Shariah non-compliance monitoring and reporting</li> </ul>	<ul style="list-style-type: none"> <li>Independent Shariah compliance reviews</li> </ul>
<b>Strategic Risk</b>	The risk of loss arising from adopting the wrong business strategy, failure to properly execute business strategies, or failure to effectively respond to changes in the industry/economy.	<ul style="list-style-type: none"> <li>Strategic Risk Management Framework</li> <li>Annual strategy and budget setting exercise</li> <li>Capital management framework and initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Stress tests/reverse stress tests</li> <li>Strategic project initiatives</li> <li>Business reviews and production meetings</li> </ul>
<b>Reputational Risk</b>	The risk of loss arising from negative perception by customers, counterparties, shareholders and other relevant key stakeholders.	<ul style="list-style-type: none"> <li>Reputational Risk Management Framework</li> <li>Code of Conduct guidelines</li> </ul>	<ul style="list-style-type: none"> <li>Managing investor relations</li> <li>Corporate Social Responsibility programmes</li> </ul>
<b>Model Risk</b>	The risk of loss arising from inappropriate reliance on risk models.	<ul style="list-style-type: none"> <li>Independent Model Validation Framework</li> </ul>	<ul style="list-style-type: none"> <li>Back-testing and independent model validation exercises</li> </ul>
<b>Health &amp; Safety Risk</b>	The risk of loss due to events that impact the health and safety of stakeholders, e.g. large-scale outbreaks of infectious disease(s) over a wide geographical area or natural disasters which causes significant economic and social disruption, etc.	<ul style="list-style-type: none"> <li>Customer Relief Assistance</li> <li>Work-from-home</li> <li>Distribution of face masks and sanitisers</li> <li>Travel advisory</li> <li>Employee communication on health awareness</li> </ul>	<ul style="list-style-type: none"> <li>Temperature screening and regular sanitisation of public areas</li> <li>Split site operations for essential/critical services</li> <li>Regular Senior Management reporting</li> </ul>

## ADDITIONAL COMPLIANCE INFORMATION

### 1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

During the financial year ended 31 March 2024, the following Additional Tier-1 Capital Instruments were issued:

- (i) RM100.0 million Additional Tier-1 Capital Securities (“AT1”) issued by Alliance Bank Malaysia Berhad (“ABMB”) on 8 March 2024 under its existing RM1.0 billion AT1 Capital Securities Programme. The proceeds raised from the AT1 issuance was utilised for ABMB’s general banking working capital and other corporate purposes; and
- (ii) RM100.0 million Islamic Additional Tier-1 Sukuk Wakalah (“AT1 Sukuk”) issued by Alliance Islamic Bank Berhad (“AIS”) on 29 March 2024 under its existing RM2.5 billion Perpetual Sukuk Programme. The proceeds raised from the AT1 Sukuk issuance was utilised for AIS’ general banking working capital and other corporate purposes.

### 2. PROCEDURES FOR RELATED PARTY TRANSACTIONS (“RPTS”) AND RECURRENT RELATED PARTY TRANSACTIONS (“RRPTS”)

The Bank has established internal procedures on RPTs and RRPTs to ensure all RPTs and RRPTs are undertaken on an arm’s length basis and on normal commercial terms not more favourable to the related parties than those generally available to the non-related parties.

Generally, a comparison of the terms offered by the related party with at least three non-related parties providing similar services/products will be made, taking into consideration stipulated criteria such as pricing/cost, quality of service/product and delivery schedules, level of efficiency, etc. to establish whether the terms offered by the related party are fair and reasonable and in the commercial interests of the Bank and comparable with those offered by the non-related parties.

The Group Audit Committee, assisted by Group Internal Audit, reviews all RPTs and RRPTs where the amounts of consideration equal to or exceed the minimum thresholds set by the Board before recommending to the Board for approval, if thought fit.

### 3. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES POLICY

Bank Negara Malaysia Guidelines on Credit Transactions and Exposures with Connected Parties (“BNM Guidelines”) outline standards and guidelines for banking institutions to extend credit in the ordinary course of business to connected parties which are of good credit standing, while ensuring an appropriate level of prudence based on sound credit risk management practices.

The Bank has established an internal policy on credit transactions and exposures with connected parties which covers, amongst others, the approval, limits, declaration, monitoring and reporting of such transactions. This is to ensure the connected parties do not inappropriately benefit from such transactions to the detriment of the Bank, and that such transactions are in compliance with the BNM Guidelines.

### 4. MATERIAL CONTRACTS INVOLVING DIRECTORS, GROUP CHIEF EXECUTIVE OFFICER OR MAJOR SHAREHOLDERS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Bank and/or its subsidiaries involving the interests of the Directors, Group Chief Executive Officer or major shareholders, either still subsisting at the end of the financial year ended 31 March 2024 or, if not then subsisting, entered into since the end of the previous financial year.

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## STATEMENT OF BOARD OF DIRECTORS' RESPONSIBILITIES FOR PREPARATION OF THE ANNUAL AUDITED FINANCIAL STATEMENTS

The Companies Act 2016 requires Directors to prepare financial statements for each financial year, which give a true and fair view of the financial position as at the end of the financial year and the financial performance for the financial year of the Group and the Bank.

In preparing the financial statements, the Directors are responsible for the adoption of suitable accounting policies that comply with the provisions of the Companies Act 2016, the Malaysian Financial Reporting Standards, and International Financial Reporting Standards. The Directors are also responsible to ensure their consistent use in the financial statements, supported where necessary by reasonable and prudent judgments.

The Directors hereby confirm that suitable accounting policies have been consistently applied in the preparation of the financial statements. The Directors also confirm that the Group and the Bank maintain adequate accounting records and an effective system of internal controls to safeguard the assets of the Group and the Bank and prevent and detect fraud or any other irregularities.



# 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 2024.

## 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 12 to the financial statements, consist of Islamic banking, 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 except that during the financial year, AIBB Berhad ("AIBB") (formerly known as Alliance Investment Bank Berhad) had on 13 December 2023 returned its Investment Banking License to Bank Negara Malaysia and ceased its operations. In addition, Alliance Trustee Berhad has ceased to be a subsidiary of the Bank on 31 May 2023.

## FINANCIAL RESULTS

	GROUP RM'000	BANK RM'000
Profit before taxation	911,322	762,484
Taxation	(220,847)	(163,541)
Net profit for the financial year	690,475	598,943

## 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 2023 were as follows:

	RM'000
(i) A single tier second interim dividend of 10.00 sen per share, on 1,548,105,929 ordinary shares in respect of the financial year ended 31 March 2023, was paid on 28 June 2023.	154,811
(ii) A single tier first interim dividend of 10.85 sen per share, on 1,548,105,929 ordinary shares in respect of the financial year ended 31 March 2024, was paid on 28 December 2023.	167,970
	322,781

Subsequent to the financial year end, the Directors declared a single tier second interim dividend of 11.45 sen per share, on 1,548,105,929 ordinary shares amounting to approximately RM177,258,000 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 2025.

The Directors do not propose any final dividend in respect of the financial year ended 31 March 2024.

## DIRECTORS' REPORT

### 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 24 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.

## DIRECTORS' REPORT

### 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)  
 Wong Yuen Weng Ernest  
 Tan Chian Khong  
 Susan Yuen Su Min  
 Lum Piew  
 Cheryl Khor Hui Peng  
 Mazidah Binti Abdul Malik (appointed on 30 May 2023)  
 Chia Yew Hock Wilson (appointed on 3 November 2023)  
 Dr John Lee Hin Hock (appointed on 1 April 2024)  
 Lee Boon Huat (retired with effect from 7 April 2024)  
 Datuk Wan Azhar Bin Wan Ahmad (retired with effect from 7 April 2024)  
 Lee Ah Boon (resigned on 3 November 2023)

### DIRECTORS' REMUNERATION

The Directors' remuneration for the Group and the Bank for the financial year amounted to RM4,584,000 and RM3,468,000 respectively. Details of Directors' Remuneration are set out in Note 39 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 39 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.

## DIRECTORS' REPORT

### BUSINESS REVIEW FOR FINANCIAL YEAR ENDED ("FYE") 31 MARCH 2024

#### Profitability

The Group recorded a net profit after taxation of RM690.5 million for the financial year ended on 31 March 2024, marking a year-on-year ("YoY") increase of RM12.6 million or 1.9%. This growth was primarily driven by the elevated revenue and a reduction in allowances for expected credit losses.

Net interest income saw a significant improvement, rising by RM67.5 million or 4.1% YoY, predominantly attributed to heightened loan growth and an increase in the Overnight Policy Rate ("OPR"). The net interest margin ("NIM") reached 2.48%.

#### Loan Growth

The implementation of the ACCELER8 strategic plan facilitated a notable expansion in the Group's loans, advances, and financing, which surged by 13.6% YoY to reach RM55.7 billion. This growth was predominantly propelled by advancements across all business lines.

#### Other Operating Income

The Group reported other operating income of RM300.3 million, marking an increase of RM33.2 million or 12.4% YoY. This growth primarily stemmed from higher wealth management and Banca fee income, as well as increased revenue from FX sales, processing fees, and trade fees.

#### Operating Expenses

Operating expenses saw a rise of RM92.4 million or 10.5% YoY, resulting in a cost-to-income ratio ("CIR") of 48.2%. The Group remains committed to prudent cost management throughout the financial year.

#### Asset Quality

The Group's allowance for expected credit losses on loans, advances, financing, and other financial assets posted a net charge of RM135.4 million, marking a decrease of RM16.4 million YoY. The net credit cost stood at 25.8 basis points, while the loan loss coverage, including regulatory reserves, reached 113.8%.

The Group will maintain a prudent approach by implementing the credit risk framework across all business lines. This involves stratifying customers based on the risk profiles and prioritising customer interactions accordingly. Additionally, the Group will focus on controlling credit costs through the refinement of credit policies, tightening credit underwriting standards, and intensifying collection efforts.

#### Healthy Funding and Liquidity Position

The Group's current/savings account ("CASA") ratio was recorded at 41.6%, with customer-based funding totaling RM59.7 billion. Our funding strategy has enabled the Group to maintain robust liquidity coverage and loans-to-funds ratios, which stood at 156.8% and 87.0%, respectively.

#### Proactive Capital Management

We continued to maintain a robust capital position with the Common Equity Tier I ("CET I") ratio at 12.9%, the Tier-1 Capital Ratio at 13.6%, and the Total Capital Ratio at 17.2%, all comfortably surpassing regulatory thresholds.

For the financial year ended 31 March 2024, the Group declared a second interim dividend of 11.45 sen per share.

## DIRECTORS' REPORT

### BUSINESS REVIEW FOR FINANCIAL YEAR ENDED (“FYE”) 31 MARCH 2024 (CONTD)

#### Performance by business segment and subsidiary

The Group’s business segments encompass Consumer Banking, Business Banking, and Financial Markets.

In the Consumer Banking segment, profit before tax amounted to RM148.6 million, reflecting a decrease of RM7.9 million YoY. Net income saw a modest increase of RM2.3 million or 0.4% to RM655.6 million, driven primarily by a rise in other operating income of RM22.5 million, partially offset by a decrease in net interest income by RM20.2 million. Operating expenses increased by RM52.2 million or 12.1%, while the allowance for expected credit losses improved by RM41.9 million. Segment assets were recorded at RM28.8 billion.

For the Business Banking segment, comprising corporate, commercial, and SME banking, profit before tax rose to RM497.5 million, marking an increase of RM19.7 million or 4.1% YoY. Net income surged by RM98.1 million or 10.8% to RM1.0 billion, driven by higher net interest income by RM59.9 million and higher other operating income by RM38.1 million. Operating expenses increased by RM51.3 million or 15.0%, while the allowance for expected credit losses rose by RM27.1 million. Segment assets were recorded at RM29.0 billion.

In the Financial Markets segment, profit before tax reached RM289.6 million, up by RM7.4 million or 2.6% YoY. Net income increased by RM9.3 million or 2.8%, primarily due to higher net interest income by RM32.8 million, partially offset by lower other operating income by RM23.6 million. Operating expenses rose by RM1.3 million or 3.0%. Segment assets recorded at RM19.1 billion.

The Islamic Banking segment, which includes consumer banking, business banking, and financial markets, recorded a net profit after taxation of RM161.8 million, down by RM0.4 million or 0.3% YoY. Net income decreased by RM3.1 million or 0.7%. Net profit income declined by RM9.7 million, while other operating income increased by RM6.5 million. Operating expenses increased by RM23.1 million or 14.8%. The allowance for expected credit losses improved by RM30.2 million. Total assets stood at RM17.8 billion.

### ECONOMIC AND BUSINESS OUTLOOK FOR NEXT FINANCIAL YEAR

For 2024, Bank Negara Malaysia (“BNM”) projects Malaysia’s gross domestic product (“GDP”) growth to range between 4% and 5%, an improvement from the 3.7% growth observed in the preceding year.

We anticipate Malaysia’s economic advancement will be bolstered by sustained domestic demand, propelled by ongoing enhancements in labour market conditions and renewed governmental efforts to stimulate growth. However, we are cognisant of the uneven nature of the overall recovery, with certain sectors experiencing continued strain. Furthermore, we maintain a cautious stance regarding potential downside risks to growth stemming from external uncertainties, such as escalating geopolitical tensions.

Looking ahead to FY2025, the Group anticipates maintaining its positive financial performance and remains committed to realising growth objectives under ACCELER8. In FY2025, our focus areas include:

- (i) Continuing momentum in customer acquisition through the expansion of new-to-bank acquisition channels, leveraging digital platforms, strategic partnerships, increased productivity, and branch enhancements;
- (ii) Deepening client wallet share post-customer acquisition by enhancing product and channel offerings for key target segments and sectors in both Consumer and Business Banking, with the aim of driving fee income. Additionally, we will seek to maximise cross-business unit collaboration to provide more comprehensive customer service; and
- (iii) Strengthening Islamic banking propositions to drive incremental growth, with a focus on scaling up differentiated Islamic banking solutions such as Halal in One to accelerate expansion.

With a focus on prudent loan growth above industry averages, robust credit risk management practices, enhancement of deposit/CASA propositions, and continued investments in technology, the Group aims to further expand its market share in FY2025.

## DIRECTORS' REPORT

### RATING BY EXTERNAL RATING AGENCY

The Bank is rated by RAM Rating Services Berhad ("RAM"). Based on RAM's rating in November 2023, 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 12 to the financial statements.

### AUDITORS' REMUNERATION

Total auditors' remuneration for the Group and the Bank for the financial year ended 31 March 2024 are RM2,721,000 and RM2,340,000 respectively. Details of auditors' remuneration are set out in Note 31 to the financial statements.

### SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 48 to the financial statements.

### SUBSEQUENT EVENTS

The events subsequent to the end of the financial reporting period are disclosed in Note 49 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**  
Kuala Lumpur, Malaysia  
30 May 2024

**Tan Chian Khong**

## 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 213 to 364 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 2024 and the financial performance of the Group and of the Bank for the financial year ended 31 March 2024 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**  
Kuala Lumpur, Malaysia  
30 May 2024

**Tan Chian Khong**

## 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 213 to 364 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 30 May 2024

**Ronnie Royston Fernandiz**  
MIA Membership No. (CA 13837)

Before me,

**Mazlee Bin Ismail**  
Commissioner for Oaths

Kuala Lumpur, Malaysia  
30 May 2024

# 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 2024, 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 2024 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 material accounting policies, as set out on pages 213 to 364.

### 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**  
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**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)**

Key audit matters

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
<b>Allowance for impairment on loans, advances and financing</b>	
<p>Refer to accounting policy 2(a)(ii) and 2(j)(i), Notes 9 and 32 of the Financial Statements of the Group and the Bank.</p> <p>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.</p> <p>In particular, the significant judgements in applying the accounting requirements for measuring ECL include the following:</p> <ul style="list-style-type: none"> <li>• The models are inherently complex and judgement is applied in determining the appropriate construct of the model;</li> <li>• Identification of loans, advances and financing that have experienced a significant increase in credit risk; and</li> <li>• 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.</li> </ul>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>

**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 (CONT'D)**

Key audit matters (cont'd)

Key audit matters	How our audit addressed the key audit matters
<p><b>Allowance for impairment on loans, advances and financing (cont'd)</b></p>	<p>To determine the appropriateness of models implemented by the Group, we have:</p> <ol style="list-style-type: none"> <li>1) Assessed the methodologies inherent within the ECL models applied against the requirements of MFRS 9;</li> <li>2) Tested the design and operating effectiveness of the controls relating to: <ul style="list-style-type: none"> <li>- Governance over ECL model and methodology;</li> <li>- Data used to determine the allowances for credit losses; and</li> <li>- Calculation, review and approval of the ECL calculation.</li> </ul> </li> <li>3) Assessed and tested the significant modelling assumptions;</li> <li>4) 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;</li> <li>5) 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</li> <li>6) Assessed whether the disclosures in the financial statements appropriately reflect the Group's credit risk exposures.</li> </ol> <p>Based on the procedures performed, we did not find any material exceptions to the Group's assessment on impairment of loans, advances and financing.</p>

**INDEPENDENT AUDITORS' REPORT**  
**TO THE MEMBERS OF ALLIANCE BANK MALAYSIA BERHAD**  
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**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)**

## Key audit matters (cont'd)

Key audit matters	How our audit addressed the key audit matters
<b>Impairment testing of goodwill</b>	
<p>Refer to accounting policy 2(a)(i) and 2(j)(ii)(a) and Note 17 of the Financial Statements of the Group and the Bank.</p> <p>Management performed annual impairment assessment on goodwill.</p> <p>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.</p>	<p>We tested management's impairment assessment of goodwill as follows:</p> <ol style="list-style-type: none"> <li>1) Compared the cash flow projection of each CGU to approved budgets and business plans for each CGU.</li> <li>2) Compared historical cash flow projections to actual results of each CGU to assess the reasonableness of forecasting.</li> <li>3) Assessed the reasonableness of the annual growth rates used in the cash flow projections of each CGU.</li> <li>4) Assessed the reasonableness of the applied discount rates by comparing to external and industry information. The applied discount rates reflect the specific risks relating to each CGU where the risk associated to each CGU is determined based on the CGU's business and operating model.</li> <li>5) Assessed the reasonableness of the multiple probability weighted scenarios applied to the cash flow assumptions.</li> <li>6) Evaluated reasonableness of terminal growth rates used by comparing to Malaysia's forecasted GDP rate.</li> <li>7) 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.</li> <li>8) Reviewed the adequacy of the Group's and the Bank's disclosures within the financial statements about these assumptions to which the outcome of the impairment test is most sensitive.</li> </ol> <p>Based on the evidence obtained, we found that the assumptions used by management in the value-in-use calculation were within a reasonable range.</p>

We have determined that there are no key audit matters to report for the Bank.

**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 (CONT'D)**

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

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

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

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

Responsibilities of the Directors for the financial statements

The Directors of the Bank are responsible for the preparation 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.

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.

**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 (CONT'D)**

Auditors' responsibilities for the audit of the financial statements (cont'd)

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

- (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**  
(Incorporated in Malaysia)  
(Company No: 198201008390 (88103-W))

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)**

Auditors' responsibilities for the audit of the financial statements (cont'd)

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**  
02907/11/2025 J  
Chartered Accountant

Kuala Lumpur  
30 May 2024

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2024

	Note	GROUP		BANK	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>ASSETS</b>					
Cash and short-term funds	3	4,596,653	3,570,656	3,280,522	2,425,584
Deposits and placements with banks and other financial institutions	4	-	88,553	-	88,553
Financial assets at fair value through profit or loss	5	335,238	265,198	335,238	265,198
Financial investments at fair value through other comprehensive income	6	10,047,311	8,484,398	8,228,402	6,182,516
Financial investments at amortised cost	7	3,870,445	3,398,514	3,400,709	3,136,889
Derivative financial assets	8	183,035	221,141	183,035	223,637
Loans, advances and financing	9	54,720,750	47,926,003	41,236,476	35,790,763
Other assets	10	1,020,815	548,647	1,123,527	689,276
Tax recoverable		10,639	20,712	-	1,574
Statutory deposits	11	1,125,413	979,601	851,813	728,111
Investments in subsidiaries	12	-	-	646,656	883,013
Investment in joint venture	13	1,135	1,094	1,094	-
Right-of-use assets	14	120,970	108,980	120,970	108,980
Property, plant and equipment	15	234,093	57,653	233,908	57,344
Deferred tax assets	16	217,253	198,920	153,468	141,327
Intangible assets	17	462,372	440,438	460,219	338,321
<b>TOTAL ASSETS</b>		<b>76,946,122</b>	<b>66,310,508</b>	<b>60,256,037</b>	<b>51,061,086</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	18	57,397,495	50,849,030	42,526,469	36,896,353
Deposits and placements of banks and other financial institutions	19	2,055,057	1,719,284	1,865,994	1,536,202
Financial liabilities designated at fair value through profit or loss	20	1,928,111	1,785,157	1,928,111	1,785,157
Obligations on securities sold under repurchase agreements		2,022,726	675,640	2,022,726	675,640
Derivative financial liabilities	8	287,067	366,140	287,067	366,165
Recourse obligations on loans and financing sold to Cagamas	21	1,227,674	321,484	724,796	221,352
Lease liabilities	22	124,712	113,251	124,712	113,251
Other liabilities	23	3,134,385	2,161,441	2,947,355	2,011,672
Provision for taxation		20,933	-	11,567	-
Provision for zakat		916	930	-	-
Subordinated obligations	24	1,571,918	1,571,502	1,471,684	1,471,252
<b>TOTAL LIABILITIES</b>		<b>69,770,994</b>	<b>59,563,859</b>	<b>53,910,481</b>	<b>45,077,044</b>
Share capital	25	1,548,106	1,548,106	1,548,106	1,548,106
Reserves	26	5,627,022	5,198,543	4,797,450	4,435,936
<b>TOTAL EQUITY</b>		<b>7,175,128</b>	<b>6,746,649</b>	<b>6,345,556</b>	<b>5,984,042</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>76,946,122</b>	<b>66,310,508</b>	<b>60,256,037</b>	<b>51,061,086</b>
<b>COMMITMENTS AND CONTINGENCIES</b>					
	42	58,359,769	46,224,471	54,726,409	43,325,562
Net assets per share attributable to equity holders of the Bank (RM)		4.63	4.36		

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

# STATEMENTS OF INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

	Note	GROUP		BANK	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Interest income	27	<b>2,465,837</b>	1,975,782	<b>2,455,990</b>	1,944,850
Interest expense	28	<b>(1,156,265)</b>	(745,683)	<b>(1,157,102)</b>	(740,581)
Net interest income		<b>1,309,572</b>	1,230,099	<b>1,298,888</b>	1,204,269
Net income from Islamic banking business	29	<b>440,111</b>	452,806	-	-
		<b>1,749,683</b>	1,682,905	<b>1,298,888</b>	1,204,269
Fee and commission income		<b>276,743</b>	215,829	<b>276,548</b>	209,468
Fee and commission expense		<b>(129,446)</b>	(104,986)	<b>(129,446)</b>	(102,503)
Investment income		<b>142,398</b>	90,403	<b>204,375</b>	175,710
Other (expense)/income		<b>(18,928)</b>	35,651	<b>(12,869)</b>	32,538
Other operating income	30	<b>270,767</b>	236,897	<b>338,608</b>	315,213
Net income		<b>2,020,450</b>	1,919,802	<b>1,637,496</b>	1,519,482
Other operating expenses	31	<b>(973,729)</b>	(881,353)	<b>(777,934)</b>	(696,667)
Operating profit before allowances		<b>1,046,721</b>	1,038,449	<b>859,562</b>	822,815
Allowance for expected credit losses on loans, advances and financing and other financial assets	32	<b>(134,895)</b>	(152,344)	<b>(96,631)</b>	(82,530)
(Allowance for)/write-back of expected credit losses on financial investments	33	<b>(545)</b>	460	<b>(447)</b>	(55)
Operating profit after allowances		<b>911,281</b>	886,565	<b>762,484</b>	740,230
Share of results of joint venture	13	<b>41</b>	46	-	-
Profit before taxation and zakat		<b>911,322</b>	886,611	<b>762,484</b>	740,230
Taxation and zakat	34	<b>(220,847)</b>	(208,765)	<b>(163,541)</b>	(152,537)
Net profit for the financial year		<b>690,475</b>	677,846	<b>598,943</b>	587,693
Net profit for the financial year attributable to: Equity holders of the Bank		<b>690,475</b>	677,846	<b>598,943</b>	587,693
Earnings per share attributable to: Equity holders of the Bank	35				
- Basic (sen)		<b>44.6</b>	43.8		
- Diluted (sen)		<b>44.6</b>	43.8		

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



# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Net profit for the financial year	<b>690,475</b>	677,846	<b>598,943</b>	587,693
Other comprehensive income/(expense):				
Items that may be reclassified subsequently to profit or loss:				
Revaluation reserve on financial investments at fair value through other comprehensive income ("FVOCI")	<b>60,785</b>	(4,446)	<b>53,461</b>	2,436
- Net gain/(loss) from change in fair values	<b>82,696</b>	(1,733)	<b>71,599</b>	5,746
- Realised gain transferred to statements of income on disposal	<b>(3,293)</b>	(3,690)	<b>(2,016)</b>	(2,324)
- Transfer (to)/from deferred tax	<b>(19,056)</b>	1,302	<b>(16,487)</b>	(821)
- Changes in expected credit losses	<b>438</b>	(325)	<b>365</b>	(165)
Net change in cash flow hedges	-	253	-	253
- Change in cash flow hedges	-	333	-	333
- Transfer to deferred tax	-	(80)	-	(80)
Other comprehensive income/(expense), net of tax	<b>60,785</b>	(4,193)	<b>53,461</b>	2,689
Total comprehensive income for the financial year	<b>751,260</b>	673,653	<b>652,404</b>	590,382
Total comprehensive income for the financial year attributable to:				
Equity holders of the Bank	<b>751,260</b>	673,653	<b>652,404</b>	590,382

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

## STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

GROUP	← Attributable to equity holders of the Bank →						Total equity RM'000
	Share capital RM'000	Regulatory reserves RM'000	Capital reserves RM'000	FVOCI reserves RM'000	Hedging reserves RM'000	Retained profits RM'000	
At 1 April 2023	1,548,106	257,241	100,150	(148,673)	-	4,989,825	6,746,649
Net profit for the financial year	-	-	-	-	-	690,475	690,475
Other comprehensive income	-	-	-	60,785	-	-	60,785
Total comprehensive income	-	-	-	60,785	-	690,475	751,260
Transfer from regulatory reserves	-	(101,756)	-	-	-	101,756	-
Effect of subsidiary's capital return	-	-	(90,132)	-	-	90,132	-
Dividends paid to shareholders (Note 36)	-	-	-	-	-	(322,781)	(322,781)
At 31 March 2024	1,548,106	155,485	10,018	(87,888)	-	5,549,407	7,175,128
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 36)	-	-	-	-	-	(343,680)	(343,680)
At 31 March 2023	1,548,106	257,241	100,150	(148,673)	-	4,989,825	6,746,649

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

## STATEMENTS OF CHANGES IN EQUITY

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

BANK	← Non-distributable reserves →					Distributable	Total equity RM'000
	Share capital RM'000	Regulatory reserves RM'000	Capital reserves RM'000	FVOCI reserves RM'000	Hedging reserves RM'000	Retained profits RM'000	
At 1 April 2023	1,548,106	231,857	15,515	(135,652)	-	4,324,216	5,984,042
Net profit for the financial year	-	-	-	-	-	598,943	598,943
Other comprehensive income	-	-	-	53,461	-	-	53,461
Total comprehensive income	-	-	-	53,461	-	598,943	652,404
Transfer from regulatory reserves	-	(82,417)	-	-	-	82,417	-
Effect of business transfer from subsidiary	-	6,045	-	(831)	-	26,677	31,891
Effect of subsidiary's capital return	-	-	(15,515)	-	-	15,515	-
Dividends paid to shareholders (Note 36)	-	-	-	-	-	(322,781)	(322,781)
At 31 March 2024	1,548,106	155,485	-	(83,022)	-	4,724,987	6,345,556
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 36)	-	-	-	-	-	(343,680)	(343,680)
At 31 March 2023	1,548,106	231,857	15,515	(135,652)	-	4,324,216	5,984,042

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

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation and zakat	911,322	886,611	762,484	740,230
Adjustments for:				
Accretion of discount less amortisation of premium of financial investments	(41,557)	(25,112)	(41,557)	(26,393)
Allowance for expected credit losses on loans, advances and financing	122,929	164,685	93,716	94,623
Allowance for expected credit losses on commitments and contingencies	17,706	4,499	13,701	4,780
Allowance for/(write-back of) expected credit losses on financial investments	545	(460)	447	55
Allowance for expected credit losses on other receivables	1,993	4,276	1,699	3,153
Write-back of expected credit losses on deposits and placements with banks	-	(8)	-	(8)
Amortisation of computer software	47,626	47,900	47,051	46,939
Depreciation of property, plant and equipment	22,386	20,138	22,199	19,848
Depreciation of right-of-use assets	27,660	25,910	27,660	25,882
Dividends from financial assets at fair value through profit or loss	(1,356)	(2,301)	(1,356)	(1,940)
Dividends from subsidiaries	-	-	(64,330)	(84,507)
Interest expense on lease liabilities	5,520	5,534	5,520	5,539
Interest expense on obligations of securities sold under repurchase agreements	48,860	7,024	48,860	7,024
Interest expense on subordinated obligations	60,436	64,004	60,551	64,184
Interest expense on recourse obligations on loans and financing sold to Cagamas	25,340	13,675	25,340	13,675
Interest income from financial investments at amortised cost	(115,334)	(85,280)	(121,135)	(91,170)
Interest income from financial investments at fair value through other comprehensive income	(290,086)	(267,572)	(290,086)	(247,885)
Computer software written-off	2	6	2	1
Gain on disposal of property, plant and equipment	-	(80)	-	(80)
Property, plant and equipment written-off	40	112	40	77
Net gain from sale of financial assets at fair value through profit or loss	(8,828)	(9,580)	(8,828)	(5,977)
Cash flows from operating activities carried forward	835,204	853,981	581,978	568,050

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

## STATEMENTS OF CASH FLOWS

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES (cont'd)</b>				
Cash flow from operating activities brought forward	<b>835,204</b>	853,981	<b>581,978</b>	568,050
Net gain from sale of financial investments at fair value through other comprehensive income	<b>(2,016)</b>	(2,213)	<b>(2,016)</b>	(2,324)
Net gain from sale of other investments	-	(1,482)	-	(1,482)
Unrealised loss arising from derivative instruments	<b>4,886</b>	38,583	<b>7,239</b>	33,930
Unrealised loss arising from hedging activities	-	333	-	333
Unrealised gain arising from financial assets at fair value through profit or loss	<b>(25,562)</b>	(17,889)	<b>(25,562)</b>	(17,889)
Unrealised loss arising from financial liabilities designated at fair value through profit or loss	<b>36,021</b>	22,989	<b>36,021</b>	22,989
Share of results of joint venture	<b>(41)</b>	(46)	-	-
Cash flows from operating activities before working capital changes	<b>848,492</b>	894,256	<b>597,660</b>	603,607
Changes in working capital:				
Amounts due from clients and brokers	-	26,639	-	-
Deposits from customers	<b>6,548,465</b>	2,662,659	<b>5,630,116</b>	1,365,085
Deposits and placements of banks and other financial institutions	<b>335,773</b>	30,290	<b>329,792</b>	198,453
Deposits and placements with banks and other financial institutions	<b>88,553</b>	79,639	<b>88,553</b>	79,639
Financial assets at fair value through profit or loss	<b>(40,403)</b>	299,726	<b>(40,403)</b>	221,769
Financial liabilities designated at fair value through profit or loss	<b>106,933</b>	736,972	<b>106,933</b>	736,972
Loans, advances and financing	<b>(6,917,674)</b>	(2,966,943)	<b>(5,539,429)</b>	(2,277,189)
Other assets	<b>(474,162)</b>	(85,387)	<b>(435,952)</b>	(93,095)
Other liabilities	<b>956,099</b>	262,509	<b>913,413</b>	317,411
Obligations on securities sold under repurchase agreements	<b>1,339,468</b>	675,242	<b>1,339,468</b>	675,242
Statutory deposits	<b>(145,812)</b>	(880,065)	<b>(123,702)</b>	(659,112)
Cash generated from operating activities	<b>2,645,732</b>	1,735,537	<b>2,866,449</b>	1,168,782
Taxation and zakat paid	<b>(228,191)</b>	(255,359)	<b>(179,027)</b>	(192,487)
Net cash generated from operating activities	<b>2,417,541</b>	1,480,178	<b>2,687,422</b>	976,295

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

## STATEMENTS OF CASH FLOWS

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Dividends from subsidiaries	-	-	64,330	84,507
Dividends from financial assets at fair value through profit or loss	1,356	2,301	1,356	1,940
Interest received from financial assets at fair value through profit or loss	4,752	4,160	4,752	4,160
Interest received from financial investments at fair value through other comprehensive income	255,987	275,175	254,762	253,402
Interest received from financial investments at amortised cost	94,932	72,456	104,774	79,690
Interest paid for derivative instruments	(45,853)	(19,878)	(45,735)	(17,696)
Purchase of computer software	(69,562)	(56,160)	(69,224)	(55,110)
Purchase of property, plant and equipment	(198,875)	(22,929)	(198,807)	(22,770)
Proceeds from disposal of property, plant and equipment	9	539	4	427
Proceeds from disposal of computer software	-	21	-	-
Proceeds from subsidiary	-	-	226,745	150,000
Purchase of joint venture	-	-	(1,094)	-
Purchase of goodwill	-	-	(20,722)	-
Subscription of subsidiary's ordinary shares	-	-	(37,500)	-
Purchase of:				
- financial investments at fair value through other comprehensive income	(6,242,319)	(570,139)	(4,116,172)	(1,295,139)
- financial investments at amortised cost	(867,513)	(1,405,723)	(602,543)	(1,041,745)
Redemption/disposal of:				
- financial investments at fair value through other comprehensive income	4,774,851	1,180,875	2,157,133	1,840,001
- financial investments at amortised cost	477,479	190,122	425,090	200,899
Net cash (used in)/generated from investing activities	(1,814,756)	(349,180)	(1,852,851)	182,566
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividends paid to shareholders of the company	(322,781)	(343,680)	(322,781)	(343,680)
Interest paid on obligations on securities sold under repurchase agreements	(41,242)	(6,626)	(41,242)	(6,626)
Interest paid on subordinated obligations	(60,020)	(65,287)	(60,119)	(65,386)
Interest paid on recourse obligations on loans and financing sold to Cagamas	(19,182)	(12,694)	(21,913)	(12,402)
Repayment of lease liabilities	(33,595)	(30,568)	(33,595)	(30,549)
Recourse obligations on loans and financing sold to Cagamas	900,032	(330,061)	500,017	(80,036)
Net cash generated from/(used in) financing activities	423,212	(788,916)	20,367	(538,679)
Net change in cash and cash equivalents	1,025,997	342,082	854,938	620,182
Cash and cash equivalents at beginning of financial year	3,570,656	3,228,574	2,425,584	1,805,402
Cash and cash equivalents at end of financial year	4,596,653	3,570,656	3,280,522	2,425,584
Cash and cash equivalents comprise the following:				
Cash and short-term funds (Note 3)	4,596,653	3,570,656	3,280,522	2,425,584

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

## STATEMENTS OF CASH FLOWS

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

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 RM'000	Lease liabilities RM'000	Subordinated obligations RM'000	Obligations on securities sold under repurchase agreements RM'000	Total RM'000
<b>GROUP</b>					
At 1 April 2023	321,484	113,251	1,571,502	675,640	2,681,877
Cash flow					
- Proceeds from issuance	900,032	-	-	1,339,468	2,239,500
- Redemption/repayment	-	(33,595)	-	-	(33,595)
- Interest payment	(19,182)	-	(60,020)	(41,242)	(120,444)
Non-cash changes					
- Interest accrued	25,340	5,520	60,436	48,860	140,156
- Additions, remeasurement and termination of contracts	-	39,536	-	-	39,536
At 31 March 2024	1,227,674	124,712	1,571,918	2,022,726	4,947,030

	Recourse obligations on loans and financing sold to Cagamas RM'000	Lease liabilities RM'000	Subordinated obligations RM'000	Obligations on securities sold under repurchase agreements RM'000	Total RM'000
<b>GROUP</b>					
At 1 April 2022	650,564	125,475	1,572,785	-	2,348,824
Cash flow					
- Proceeds from issuance	-	-	-	675,242	675,242
- Redemption/repayment	(330,061)	(30,568)	-	-	(360,629)
- Interest payment	(12,694)	-	(65,287)	(6,626)	(84,607)
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

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

## STATEMENTS OF CASH FLOWS

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

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

	Recourse obligations on loans and financing sold to Cagamas RM'000	Lease liabilities RM'000	Subordinated obligations RM'000	Obligations on securities sold under repurchase agreements RM'000	Total RM'000
<b>BANK</b>					
At 1 April 2023	221,352	113,251	1,471,252	675,640	2,481,495
Cash flow					
- Proceeds from issuance	500,017	-	-	1,339,468	1,839,485
- Redemption/repayment	-	(33,595)	-	-	(33,595)
- Interest payment	(21,913)	-	(60,119)	(41,242)	(123,274)
Non-cash changes					
- Interest accrued	25,340	5,520	60,551	48,860	140,271
- Additions, remeasurement and termination of contracts	-	39,536	-	-	39,536
At 31 March 2024	724,796	124,712	1,471,684	2,022,726	4,343,918

	Recourse obligations on loans and financing sold to Cagamas RM'000	Lease liabilities RM'000	Subordinated obligations RM'000	Obligations on securities sold under repurchase agreements RM'000	Total RM'000
<b>BANK</b>					
At 1 April 2022	300,115	125,249	1,472,454	-	1,897,818
Cash flow					
- Proceeds from issuance	-	-	-	675,242	675,242
- Redemption/repayment	(80,036)	(30,549)	-	-	(110,585)
- Interest payment	(12,402)	-	(65,386)	(6,626)	(84,414)
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

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



# NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

## 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, 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 except that during the financial year, AIBB had returned its Investment Banking License to Bank Negara Malaysia and ceased its operations. In addition, Alliance Trustee Berhad has ceased to be a subsidiary of the Bank.

The Bank is a public limited liability company, incorporated and domiciled in Malaysia. The registered office is located at 3<sup>rd</sup> 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 30 May 2024.

## 2. MATERIAL 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.

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 17) - 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 the estimated growth rates and discount rates by a certain percentage.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### (a) Basis of Preparation (cont'd)

##### Malaysian Financial Reporting Standards (“MFRS”) Framework (cont'd)

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: (cont'd)

- (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 40(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 40(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 2024. The basis is further disclosed in Note 40(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 2023 are as follows:

- Amendments to MFRS 101 and MFRS Practice Statement 2 on “Disclosure of Accounting Policies”
- Amendments to MFRS 108 “Definition of Accounting Estimates”
- Amendments to MFRS 112 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

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.

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

## 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

### (a) Basis of Preparation (cont'd)

#### **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 2024

##### (i) Amendments to MFRS 16 “Lease Liability in a Sales and Leaseback”

The amendments specify the measurement of the lease liability arises in a sale and leaseback transaction that satisfies the requirements in MFRS 15 “Revenue from Contracts with Customers” 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 sales and leaseback transactions entered into after the date when the seller-lessee initially applied MFRS 16.

##### (ii) 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.

##### (iii) Amendments to MFRS 101 “Non-current Liabilities with Covenants”

The amendments specify that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification of a liability as current or non-current, even if the covenant is only assessed after the reporting date.

The amendments shall be applied retrospectively.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### (a) Basis of Preparation (cont'd)

##### **Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective (cont'd)**

The Group and the Bank will apply the new standards, amendments to standards and interpretations in the following period: (cont'd)

##### Financial year beginning after 1 April 2025

#### (i) Amendments to MFRS 121 “Lack of Exchangeability”

The amendments clarify that a currency is exchangeable when an entity is able to exchange it into another currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism that creates enforceable rights and obligations.

If an entity can only obtain no more than an insignificant amount of the other currency at the measurement date for a specified purpose, then the currency is not exchangeable. In such cases, the entity is required to estimate the spot exchange rate at the measurement date.

#### (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.

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

## 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

### (b) Economic Entities in the Group (cont'd)

#### (i) Subsidiaries (cont'd)

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.

#### (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.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### (b) Economic Entities in the Group (cont'd)

##### (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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

## 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

### (b) Economic Entities in the Group (cont'd)

#### (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.

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.

Dilution gains or losses arising in investments in associates are recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### (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 loss. The policy for the recognition and measurement of impairment is in accordance with Note 2(j)(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.

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(j)(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 an appropriate portion of relevant overheads.



## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

## 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

### (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(j)(ii)(b).

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 with 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.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### (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.

##### **Business model assessment**

The Group and the Bank conducts assessment on the objective of a business model to align with how an asset held within a portfolio is being managed. Factors that are being considered include the key objectives of a portfolio, as to whether the business strategy is to earn contractual interest revenue, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising a portfolio through sale of assets. Other factors considered also include the frequency and volume of sales in prior periods, how the asset’s performance is evaluated and reported to key management personnel.

##### **Assessment whether contractual cash flows are solely payments of principal and interest (“SPPI”)**

Where the business model is to hold the financial assets to collect contractual cash flows, or to collect contractual cash flows and sell, the Group and the Bank assess whether the financial assets’ contractual cash flows represent SPPI.

In applying the SPPI test, the Group and the Bank consider whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

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.

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

## 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

### (f) Financial Assets (cont'd)

#### (i) Classification (cont'd)

##### (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.

##### (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(j)(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 SPPI.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### (f) Financial Assets (cont'd)

##### (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.

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/profit income using the effective interest/profit method. 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.

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

## 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

### (f) Financial Assets (cont'd)

#### (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.

### (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.

The hedges for the Group and the Bank 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.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### (g) Derivative Financial Instrument and Hedge Accounting (cont'd)

The hedges for the Group and the Bank that meet the strict criteria for hedge accounting are accounted for as described below: (cont'd)

#### (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. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in statements of income at the same time as the interest expense on the hedged borrowings.

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 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.

#### 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 and to be replaced by the Secured Overnight Financing Rate ("SOFR"). Tenures of Overnight and 12-month settings have permanently ceased on 30 June 2023 and the remaining tenures will continue to be published using a synthetic methodology until September 2024.

The Group and the Bank have fully completed the transition for the LIBOR during the financial year.

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

## 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

### (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) 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.

### (j) 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.

ECL represents a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group expects to receive, over the remaining life of the financial instrument.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### (j) Impairment of Assets (cont'd)

##### (i) Impairment of Financial Assets (cont'd)

###### (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
- (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.

The detailed measurement of ECL is set out in Note 40.

###### (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 comprise short term repayments and forward-looking elements 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.



## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

## 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

### (j) Impairment of Assets (cont'd)

#### (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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### (k) 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.

#### (l) 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.

#### (m) 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(k).

#### (n) 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.

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

## 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

### (o) 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.

### (p) 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.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### (p) Leases (cont'd)

##### Lease in which the Group and the Bank are a Lessee (cont'd)

#### (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.

#### (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.

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

## 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

### (p) Leases (cont'd)

#### Lease in which the Group and the Bank are a Lessee (cont'd)

##### (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.

##### (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.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### (p) Leases (cont'd)

##### Lease in which the Bank is a Lessor (cont'd)

#### (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.

#### (q) 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.

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

## 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

### (r) 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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### (s) 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.

#### (t) 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 and liabilities such as equities held at fair value through profit or loss are recognised in statements of income 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.

#### (u) 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.



## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

## 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

### (u) Current and Deferred Income Tax (cont'd)

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.

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.

### (v) Foreclosed Properties

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

### (w) 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.

### (x) 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.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### (x) Employee Benefits (cont'd)

##### (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").

#### (y) 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.

#### (z) 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.

#### (aa) 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.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 3. CASH AND SHORT-TERM FUNDS

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash and balances with banks and other financial institutions	836,021	645,996	794,592	605,955
Money at call and deposit placements maturing within one month	3,760,779	2,924,771	2,486,077	1,819,740
	<b>4,596,800</b>	3,570,767	<b>3,280,669</b>	2,425,695
Less: Allowance for expected credit losses	(147)	(111)	(147)	(111)
	<b>4,596,653</b>	3,570,656	<b>3,280,522</b>	2,425,584

Movements in allowance for expected credit losses are as follows:

GROUP/BANK	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
At 1 April 2023	111	-	-	111
New financial assets originated or purchased	1,074	-	-	1,074
Financial assets derecognised other than write-off	(1,057)	-	-	(1,057)
Changes due to change in credit risk	10	-	-	10
Other adjustments	9	-	-	9
Total charge to income statement	36	-	-	36
At 31 March 2024	147	-	-	147
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

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 4. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Licensed banks	-	88,553	-	88,553
	-	88,553	-	88,553

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

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>At fair value</b>				
<u>Money market instrument:</u>				
Malaysian Government securities	50,567	-	50,567	-
Malaysian Government investment issues	5,271	5,177	5,271	5,177
	55,838	5,177	55,838	5,177
<u>Unquoted securities:</u>				
Shares	277,973	257,206	277,973	257,206
Corporate bonds and sukuk	1,427	2,815	1,427	2,815
	279,400	260,021	279,400	260,021
Total financial assets at FVTPL	335,238	265,198	335,238	265,198

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

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>At fair value - debt instruments</b>				
<u>Money market instruments:</u>				
Malaysian Government securities	3,073,753	2,229,181	3,073,753	2,076,584
Malaysian Government investment issues	2,488,031	2,037,058	1,786,955	1,400,081
Commercial papers	-	19,935	-	19,935
	5,561,784	4,286,174	4,860,708	3,496,600
<u>Quoted securities:</u>				
Shares	16	14	16	14
<u>Unquoted securities:</u>				
Corporate bonds and sukuk	4,485,511	4,198,210	3,367,678	2,685,902
Total financial investments at FVOCI	10,047,311	8,484,398	8,228,402	6,182,516

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

#### 6. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (“FVOCI”) (CONT'D)

Movements in allowance for expected credit losses are as follows:

<b>GROUP</b>	<b>12-Month ECL (Stage 1) RM'000</b>	<b>Lifetime ECL not-credit impaired (Stage 2) RM'000</b>	<b>Lifetime ECL credit impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
At 1 April 2023	598	-	-	598
Transfer to Stage 2	(6)	65	-	59
New financial investments originated or purchased	576	-	-	576
Financial investments derecognised other than write-off	(50)	-	-	(50)
Changes due to change in credit risk	(147)	-	-	(147)
Total charge to income statement	373	65	-	438
At 31 March 2024	971	65	-	1,036
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

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

#### 6. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI") (CONT'D)

Movements in allowance for expected credit losses are as follows: (cont'd)

<b>BANK</b>	<b>12-Month ECL (Stage 1) RM'000</b>	<b>Lifetime ECL not-credit impaired (Stage 2) RM'000</b>	<b>Lifetime ECL credit impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
At 1 April 2023	407	-	-	407
Effect of business transfer	54	-	-	54
Transfer to Stage 2	(4)	61	-	57
New financial investments originated or purchased	502	-	-	502
Financial investments derecognised other than write-off	(33)	-	-	(33)
Changes due to change in credit risk	(161)	-	-	(161)
Total charge to income statement	304	61	-	365
At 31 March 2024	765	61	-	826
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

Note:

- The transfers between stages are inclusive of net remeasurement of allowances.
- There were no credit impaired exposure of financial investments at FVOCI.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 7. FINANCIAL INVESTMENTS AT AMORTISED COST

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>At amortised cost</b>				
<u>Money market instruments:</u>				
Malaysian Government securities	893,129	639,267	893,129	639,267
Malaysian Government investment issues	2,269,415	2,225,049	1,612,531	1,784,802
Negotiable instruments of deposits	-	-	211,862	203,374
Commercial papers	-	24,626	-	24,626
	<b>3,162,544</b>	2,888,942	<b>2,717,522</b>	2,652,069
<u>Unquoted securities:</u>				
Corporate bonds and sukuk	708,734	510,268	684,624	485,922
Allowance for expected credit losses	(833)	(696)	(1,437)	(1,102)
	<b>707,901</b>	509,572	<b>683,187</b>	484,820
<b>Total financial investments at amortised cost</b>	<b>3,870,445</b>	3,398,514	<b>3,400,709</b>	3,136,889

Included in the financial investments at amortised cost of the Group and the Bank as at 31 March 2024 is securities set aside as Deferred Net Settlement (“DNS”) collateral for Retail Payment Settlement in RENTAS amounting to RM120,000,000 (2023: RM Nil). Withdrawal and substitution of DNS Collateral is subject to approval by Bank Negara Malaysia (“BNM”) and Payments Network Malaysia Sdn Bhd (“PayNet”).

Movements in allowance for expected credit losses are as follows:

GROUP	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
	At 1 April 2023	47	-	649
New financial investments originated or purchased	143	-	-	143
Financial investments derecognised other than write-off	-	-	(39)	(39)
Changes due to change in credit risk	109	-	(76)	33
Total charge to/(write-back from) income statement	252	-	(115)	137
At 31 March 2024	299	-	534	833
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

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

#### 7. FINANCIAL INVESTMENTS AT AMORTISED COST (CONT'D)

Movements in allowance for expected credit losses are as follows: (cont'd)

<b>BANK</b>	<b>12-Month ECL (Stage 1) RM'000</b>	<b>Lifetime ECL not-credit impaired (Stage 2) RM'000</b>	<b>Lifetime ECL credit impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
At 1 April 2023	676	-	426	1,102
Effect of business transfer	-	-	223	223
New financial investments originated or purchased	143	-	-	143
Financial investments derecognised other than write-off	-	-	(39)	(39)
Changes due to change in credit risk	84	-	(76)	8
Total charge to/(write-back from) income statement	227	-	(115)	112
At 31 March 2024	903	-	534	1,437
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

**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:

	<b>GROUP</b>		<b>BANK</b>	
	<b>2024 RM'000</b>	<b>2023 RM'000</b>	<b>2024 RM'000</b>	<b>2023 RM'000</b>
At 1 April	649	846	426	556
Effect of business transfer	-	-	223	-
Write-back during the financial year	(115)	(197)	(115)	(130)
At 31 March	534	649	534	426



## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 8. 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 40.

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.

GROUP	2024			2023		
	Contract/ Notional Amount RM'000	Fair Value		Contract/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
<b>Trading derivatives</b>						
<b>Foreign exchange contracts:</b>						
- Currency forwards	4,932,844	70,605	(11,415)	4,217,222	35,688	(28,884)
- Currency swaps	11,466,692	40,603	(117,437)	11,811,185	88,267	(130,163)
- Currency spots	291,108	320	(284)	408,652	572	(588)
- Currency options	722,091	1,397	(519)	606,114	1,022	(247)
<b>Interest rate related contracts:</b>						
- Interest rate swaps	18,127,653	69,121	(120,690)	8,972,895	94,962	(120,208)
<b>Equity related contracts:</b>						
- Options	453,389	989	(36,722)	458,916	605	(59,346)
<b>Hedging derivatives</b>						
<b>Interest rate related contracts:</b>						
- Interest rate swaps	-	-	-	2,721,000	25	(26,704)
<b>Total derivative assets/(liabilities)</b>	<b>35,993,777</b>	<b>183,035</b>	<b>(287,067)</b>	<b>29,195,984</b>	<b>221,141</b>	<b>(366,140)</b>

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

#### 8. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONT'D)

	2024			2023		
	Contract/ Notional Amount RM'000	Fair Value		Contract/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
<b>BANK</b>						
<b>Trading derivatives</b>						
<b>Foreign exchange contracts:</b>						
- Currency forwards	4,932,844	70,605	(11,415)	4,217,222	35,688	(28,884)
- Currency swaps	11,466,692	40,603	(117,437)	11,811,185	88,267	(130,163)
- Currency spots	291,108	320	(284)	408,652	572	(588)
- Currency options	722,091	1,397	(519)	606,114	1,022	(247)
<b>Interest rate related contracts:</b>						
- Interest rate swaps	18,127,653	69,121	(120,690)	9,568,895	97,483	(122,729)
<b>Equity related contracts:</b>						
- Options	453,389	989	(36,722)	458,916	605	(59,346)
<b>Hedging derivatives</b>						
<b>Interest rate related contracts:</b>						
- Interest rate swaps	-	-	-	2,423,000	-	(24,208)
<b>Total derivative assets/(liabilities)</b>	<b>35,993,777</b>	<b>183,035</b>	<b>(287,067)</b>	<b>29,493,984</b>	<b>223,637</b>	<b>(366,165)</b>

(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.

During the financial year, the Group and the Bank has fully de-designated the fair value hedge due to change in risk management objective.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

## 8. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONT'D)

## (a) Fair value hedge (cont'd)

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

GROUP	31 March 2024	Nominal amount RM'000	Fair value		Liabilities RM'000	infectiveness RM'000	Changes in fair value used for calculating hedge ineffectiveness RM'000	Hedge recognised in profit or loss RM'000	Maturity	Average fixed interest rate %
			Assets RM'000	Liabilities RM'000						
<b>Interest rate risk</b>										
Interest rate swaps		-	-	-	-	-	-	-	-	-
	31 March 2023									
<b>Interest rate risk</b>										
Interest rate swaps		2,721,000	25	(26,704)	(25,286)	-	-	Three years to five years	3.90%	
<b>BANK</b>										
31 March 2024										
<b>Interest rate risk</b>										
Interest rate swaps		-	-	-	-	-	-	-	-	-
	31 March 2023									
<b>Interest rate risk</b>										
Interest rate swaps		2,423,000	-	(24,208)	(22,718)	-	-	Three years to five years	3.90%	

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 8. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONT'D)

(a) Fair value hedge (cont'd)

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

GROUP	Hedged item category in statements of financial position	Carrying amount of hedged item	Accumulated amount of fair value hedge adjustment	Changes in fair value used for calculating hedge ineffectiveness	Balance of fair value hedge adjustments remaining in the Statements of Financial Position ("SFP") for any hedged items that have ceased to be adjusted for hedging gains and losses
31 March 2024	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Hedged items</b>					
Debt instruments	-	-	-	-	-
31 March 2023					
<b>Hedged items</b>					
Debt instruments	Financial investments at fair value through other comprehensive income	2,695,050	25,286	25,286	2,539

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

## 8. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONT'D)

## (a) Fair value hedge (cont'd)

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

	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 ("SOPF") for any hedged items that have ceased to be adjusted for hedging gains and losses RM'000
<b>BANK</b>					
<b>31 March 2024</b>					
<b>Hedged items</b>					
Debt instruments	-	-	-	-	-
31 March 2023					
<b>Hedged items</b>					
Debt instruments	Financial investments at fair value through other comprehensive income	2,400,892	22,718	22,718	2,539

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

#### 9. LOANS, ADVANCES AND FINANCING

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>At amortised cost</b>				
Overdrafts	3,051,545	3,153,486	1,752,814	1,864,344
Term loans/financing				
- Housing loans/financing	16,251,542	14,609,486	12,702,773	11,173,594
- Syndicated term loans/financing	492,012	350,000	492,012	350,000
- Hire purchase receivables	372,128	443,256	321,237	367,336
- Other term loans/financing	25,996,109	22,413,373	18,689,252	16,135,251
Bills receivables	661,649	499,143	624,816	482,096
Trust receipts	241,794	260,996	198,477	207,617
Claims on customers under acceptance credits	3,758,156	3,625,667	2,692,155	2,658,268
Staff loans (Loans to Directors: RM Nil)	14,660	14,296	2,428	2,674
Credit/charge card receivables	711,270	551,399	711,270	551,399
Revolving credits	1,993,170	1,659,565	1,521,180	1,241,240
Share margin financing	2,196,038	1,486,840	2,196,038	1,486,840
Gross loans, advances and financing	55,740,073	49,067,507	41,904,452	36,520,659
Add: Sales commissions and handling fees	165,402	125,970	144,571	119,732
Less: Allowance for expected credit losses on loans, advances and financing	(1,184,725)	(1,267,474)	(812,547)	(849,628)
<b>Total net loans, advances and financing</b>	<b>54,720,750</b>	<b>47,926,003</b>	<b>41,236,476</b>	<b>35,790,763</b>

(i) By maturity structure:

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Within one year	12,929,813	11,550,557	9,972,566	8,711,167
One year to three years	2,868,806	1,839,195	2,339,720	1,478,327
Three years to five years	4,008,867	3,794,827	3,236,278	2,796,798
Over five years	35,932,587	31,882,928	26,355,888	23,534,367
Gross loans, advances and financing	55,740,073	49,067,507	41,904,452	36,520,659

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 9. LOANS, ADVANCES AND FINANCING (CONTD)

(ii) By type of customer:

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Domestic banking institutions	31	14	31	14
Domestic non-bank financial institutions	1,204,534	803,415	917,382	684,893
Domestic business enterprises				
- Small and medium enterprises	19,227,995	17,161,865	13,863,981	12,631,805
- Others	8,214,826	6,935,303	6,828,906	5,467,748
Government and statutory bodies	39,102	57,413	39,102	57,413
Individuals	26,348,375	23,489,829	19,630,418	17,141,960
Other domestic entities	13,062	13,371	3,616	2,568
Foreign entities	692,148	606,297	621,016	534,258
<b>Gross loans, advances and financing</b>	<b>55,740,073</b>	<b>49,067,507</b>	<b>41,904,452</b>	<b>36,520,659</b>

(iii) By interest/profit rate sensitivity:

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Fixed rate				
- Housing loans/financing	17,461	19,894	3,334	3,850
- Hire purchase receivables	370,746	439,355	319,856	363,435
- Other fixed rate loans/financing	8,918,659	8,266,809	5,861,484	5,656,836
Variable rate				
- Base lending rate plus	25,660,627	24,497,037	19,447,961	18,991,124
- Base rate plus	14,624,343	11,174,509	10,992,926	7,730,271
- Cost plus	6,148,237	4,669,903	5,278,891	3,775,143
<b>Gross loans, advances and financing</b>	<b>55,740,073</b>	<b>49,067,507</b>	<b>41,904,452</b>	<b>36,520,659</b>

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

#### 9. LOANS, ADVANCES AND FINANCING (CONT'D)

(iv) By economic purposes:

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Purchase of securities	2,312,204	1,613,192	2,312,204	1,613,192
Purchase of transport vehicles	231,061	296,349	166,486	208,321
Purchase of landed property	26,834,144	23,763,899	20,800,537	18,329,293
of which: - Residential	16,866,335	15,278,815	13,258,012	11,789,395
- Non-residential	9,967,809	8,485,084	7,542,525	6,539,898
Purchase of fixed assets excluding land and buildings	379,009	357,304	322,084	292,587
Personal use	6,438,217	6,021,184	3,237,243	3,097,090
Credit card	711,270	551,399	711,270	551,399
Construction	1,503,479	1,116,977	1,280,232	950,416
Working capital	13,141,260	11,696,040	9,834,392	8,787,061
Others	4,189,429	3,651,163	3,240,004	2,691,300
Gross loans, advances and financing	55,740,073	49,067,507	41,904,452	36,520,659

(v) By economic sectors:

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Primary agriculture	1,158,922	1,176,855	706,104	752,668
Mining and quarrying	311,375	288,773	293,974	265,401
Manufacturing	5,312,583	4,893,124	3,791,231	3,554,490
Electricity, gas and water	145,420	91,415	128,314	78,699
Construction	2,085,754	1,890,776	1,551,404	1,411,008
Wholesale, retail trade, restaurants and hotels	10,146,645	8,869,244	7,557,328	6,655,675
Transport, storage and communication	964,128	851,868	733,402	641,696
Financing, insurance, real estate and business services	7,905,111	6,400,336	6,362,556	5,088,981
Community, social and personal services	669,049	508,307	528,142	395,140
Household	27,040,523	24,096,125	20,251,434	17,676,217
Others	563	684	563	684
Gross loans, advances and financing	55,740,073	49,067,507	41,904,452	36,520,659



## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 9. LOANS, ADVANCES AND FINANCING (CONTD)

(vi) By geographical distribution:

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Northern region	4,746,609	3,924,088	2,991,942	2,457,661
Central region	39,821,126	35,001,737	30,658,017	26,674,930
Southern region	6,128,907	5,529,522	4,755,553	4,185,073
Sabah region	3,636,286	3,344,047	2,409,822	2,251,279
Sarawak region	1,407,145	1,268,113	1,089,118	951,716
Gross loans, advances and financing	<b>55,740,073</b>	49,067,507	<b>41,904,452</b>	36,520,659

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

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
At 1 April	1,232,773	853,266	879,717	574,757
Impaired during the financial year	1,369,715	1,289,124	894,772	875,777
Recovered during the financial year	(147,837)	(75,156)	(121,593)	(53,987)
Reclassified as unimpaired during the financial year	(844,482)	(532,102)	(515,008)	(345,465)
Financial assets derecognised other than write-off during the financial year	(134,710)	(97,179)	(85,663)	(70,122)
Amount written-off	(297,432)	(205,180)	(189,655)	(101,243)
At 31 March	<b>1,178,027</b>	1,232,773	<b>862,570</b>	879,717
Gross impaired loans ratio	<b>2.11%</b>	2.51%	<b>2.06%</b>	2.41%
Net impaired loans ratio	<b>1.16%</b>	1.36%	<b>1.07%</b>	1.22%

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 RM297,432,000 and RM189,655,000 (2023: RM205,180,000 and RM101,243,000) 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.

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

#### 9. LOANS, ADVANCES AND FINANCING (CONT'D)

(viii) Credit impaired loans analysed by economic purposes:

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Purchase of securities	-	512	-	512
Purchase of transport vehicles	10,218	16,939	8,557	14,408
Purchase of landed property	478,773	531,033	325,158	365,362
of which: - Residential	368,533	420,074	240,593	273,577
- Non-residential	110,240	110,959	84,565	91,785
Purchase of fixed assets excluding land and buildings	8,747	7,504	8,589	6,815
Personal use	239,158	271,710	116,619	128,180
Credit card	10,202	8,343	10,202	8,343
Construction	3,438	14,617	3,438	14,617
Working capital	289,128	302,733	262,618	267,507
Others	138,363	79,382	127,389	73,973
Gross impaired loans	1,178,027	1,232,773	862,570	879,717

(ix) Credit impaired loans analysed by economic sectors:

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Primary agriculture	1,745	1,253	9	10
Mining and quarrying	816	1,690	816	1,690
Manufacturing	74,255	109,719	52,469	100,143
Electricity, gas and water	95	-	95	-
Construction	207,535	154,119	196,471	140,891
Wholesale, retail trade, restaurants and hotels	182,659	150,988	162,708	122,543
Transport, storage and communication	8,016	5,749	7,039	4,610
Financing, insurance, real estate and business services	53,938	79,605	52,235	78,776
Community, social and personal services	16,494	5,644	11,607	1,052
Household	632,474	724,006	379,121	430,002
Gross impaired loans	1,178,027	1,232,773	862,570	879,717

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 9. LOANS, ADVANCES AND FINANCING (CONTD)

(x) Credit impaired loans by geographical distribution:

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Northern region	103,907	94,117	63,187	59,742
Central region	907,287	913,411	682,833	663,572
Southern region	113,765	172,504	83,492	121,736
Sabah region	43,833	45,698	25,060	28,216
Sarawak region	9,235	7,043	7,998	6,451
Gross impaired loans	<b>1,178,027</b>	1,232,773	<b>862,570</b>	879,717

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

GROUP	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
At 1 April 2023	171,832	523,852	571,790	1,267,474
Transfer to Stage 1	137,220	(331,584)	(1,926)	(196,290)
Transfer to Stage 2	(118,337)	542,981	(194,146)	230,498
Transfer to Stage 3	(933)	(275,270)	362,341	86,138
New financial assets originated or purchased	112,549	104,043	8,394	224,986
Financial assets derecognised other than write-off	(40,643)	(131,613)	(29,954)	(202,210)
Changes due to change in credit risk	(38,351)	(2,063)	20,158	(20,256)
Other adjustment	14	49	-	63
	<b>51,519</b>	<b>(93,457)</b>	<b>164,867</b>	<b>122,929</b>
Unwinding of discount	-	29	29,136	29,165
Total charge to/(write-back from) income statement	<b>51,519</b>	<b>(93,428)</b>	<b>194,003</b>	<b>152,094</b>
Write-off	-	(4,018)	(230,825)	(234,843)
At 31 March 2024	<b>223,351</b>	<b>426,406</b>	<b>534,968</b>	<b>1,184,725</b>

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

#### 9. LOANS, ADVANCES AND FINANCING (CONT'D)

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

GROUP	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
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 (write-back from)/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

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 9. LOANS, ADVANCES AND FINANCING (CONTD)

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

<b>BANK</b>	<b>12-Month ECL (Stage 1) RM'000</b>	<b>Lifetime ECL not-credit impaired (Stage 2) RM'000</b>	<b>Lifetime ECL credit impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
At 1 April 2023	105,782	302,859	440,987	849,628
Effect of business transfer	5	1,373	57	1,435
Transfer to Stage 1	81,383	(202,069)	(1,905)	(122,591)
Transfer to Stage 2	(69,675)	329,596	(113,567)	146,354
Transfer to Stage 3	(104)	(155,493)	225,551	69,954
New financial assets originated or purchased	70,950	78,108	4,453	153,511
Financial assets derecognised other than write-off	(27,214)	(90,134)	(18,807)	(136,155)
Changes due to change in credit risk	(27,396)	(1,409)	11,385	(17,420)
Other adjustment	14	49	-	63
	<b>27,958</b>	<b>(41,352)</b>	<b>107,110</b>	<b>93,716</b>
Unwinding of discount	-	29	20,810	20,839
Total charge to/(write-back from) income statement	<b>27,958</b>	<b>(41,323)</b>	<b>127,920</b>	<b>114,555</b>
Write-off	-	(2,349)	(150,722)	(153,071)
At 31 March 2024	<b>133,745</b>	<b>260,560</b>	<b>418,242</b>	<b>812,547</b>
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
	<b>(68,704)</b>	<b>(64,536)</b>	<b>227,863</b>	<b>94,623</b>
Unwinding of discount	-	-	(3,106)	(3,106)
Total (write-back from)/charge to income statement	<b>(68,704)</b>	<b>(64,536)</b>	<b>224,757</b>	<b>91,517</b>
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

Note:

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

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 9. LOANS, ADVANCES AND FINANCING (CONT'D)

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

Impact of movements in gross carrying amount on expected credit losses

#### GROUP

#### 2024

Stage 1 ECL for the Group increased by RM51.5 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, partially offset by repayment of loans, advances and financing.

Stage 2 ECL decreased by RM97.4 million as a result of loans, advances and financing repayment, combined with 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 relatively offset by newly originated loans, advances and financing, and accounts migrated from Stage 1 and Stage 3 into Stage 2 due to changes in credit risk, mainly observed on certain segments such as personal loans/financing and mortgages.

Stage 3 ECL for the Group decreased by RM36.8 million as a result of accounts written off mainly from personal loans/financing segment, offset by loans, advances and financing migrated to Stage 3 from Stage 1 and Stage 2 due to deterioration in credit quality.

Total ECL movements in 2024 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.

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 10. OTHER ASSETS

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Other receivables	85,586	96,962	98,690	126,176
Collateral pledged for derivative transactions	154,394	158,626	154,394	158,626
Settlement account	767,126	285,085	767,126	285,085
Deposits	8,633	8,519	8,400	8,231
Prepayment	50,344	42,922	44,629	35,651
Amounts due from subsidiaries [Note (a)]	-	-	91,874	114,232
Amount due from joint venture [Note (a)]	95	-	95	-
	<b>1,066,178</b>	592,114	<b>1,165,208</b>	728,001
Allowance for expected credit losses on other receivables [Note (b)]	<b>(45,363)</b>	(43,467)	<b>(41,681)</b>	(38,725)
	<b>1,020,815</b>	548,647	<b>1,123,527</b>	689,276

Note:

(a) Amounts due from subsidiaries and joint venture

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Non-interest bearing	95	-	91,969	114,232

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 RM Nil (2023: RM76,089,000).

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

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<u>Lifetime ECL</u>				
At 1 April	43,467	41,993	38,725	38,147
Effect of business transfer	-	-	1,305	-
New financial assets originated or purchased	1,155	1,826	151	170
Financial assets derecognised other than write-off	(3,106)	(2,378)	(1,766)	(338)
Changes due to change in credit risk	3,944	4,828	3,314	3,321
Total charge to income statement	1,993	4,276	1,699	3,153
Write-off	(97)	(2,802)	(48)	(2,575)
At 31 March	<b>45,363</b>	43,467	<b>41,681</b>	38,725

As at 31 March 2024, the Group's and the Bank's gross exposure of other receivables that are under lifetime expected credit losses were at RM45,363,000 and RM41,681,000 (2023: RM43,467,000 and RM38,725,000) respectively.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 11. STATUTORY DEPOSITS

- (a) Non-interest bearing statutory deposits for the Group and the Bank of RM1,125,413,000 and RM851,813,000 (2023: RM979,501,000 and RM728,111,000) 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 RM Nil (2023: 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.

### 12. INVESTMENTS IN SUBSIDIARIES

	BANK	
	2024 RM'000	2023 RM'000
Unquoted shares, at cost		
At 1 April	883,013	1,109,102
Subscription of ordinary shares in subsidiary [Note (a)]	37,500	-
Capital reduction of ordinary shares in subsidiaries	(211,000)	(150,000)
Disposal of subsidiary [Note (b)]	(230)	-
Effect of business transfer	(47,112)	-
Return of capital	(15,515)	(76,089)
At 31 March	<b>646,656</b>	883,013

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

Name	Principal activities	Effective equity interest	
		2024 %	2023 %
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
AIBB Berhad ("AIBB") (formerly known as Alliance Investment Bank Berhad) [Note (c)]	Dormant	100	100
Alliance Trustee Berhad [Note (b)]	Trustee services	-	100
Alliance Financial Group Berhad (under members' voluntary winding up) <i>Subsidiary of Alliance Financial Group Berhad</i>	Dormant	100	100
Kota Indrapura Development Bhd. (under members' voluntary winding up)	Dormant	100	100



## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

#### 12. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Note:

- (a) The Bank had on 28 June 2023 subscribed for 25,890,575 ordinary shares at an issue price of RM1.4484 per share amounting to RM37,500,000 via rights issue in its wholly owned subsidiary Alliance Islamic Bank Berhad.
- (b) Alliance Trustee Berhad was jointly held by the Bank and the following subsidiaries:

Name	Effective equity interest	
	2024 %	2023 %
AIBB Berhad (formerly known as Alliance Investment Bank Berhad)	-	20
Alliance Direct Marketing Sdn. Bhd.	-	20
AllianceGroup Nominees (Asing) Sdn. Bhd.	-	20
AllianceGroup Nominees (Tempatan) Sdn. Bhd.	-	20

The Bank and its wholly-owned subsidiaries namely, AIBB, Alliance Direct Marketing Sdn. Bhd., AllianceGroup Nominees (Tempatan) Sdn. Bhd. and AllianceGroup Nominees (Asing) Sdn. Bhd. had on 31 May 2023 completed the disposal of their collective 100% equity shareholding in Alliance Trustee Berhad 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..

- (c) AIBB commenced members' voluntary winding up pursuant to Section 439 (1)(b) of the Companies Act 2016 on 1 April 2024.

#### 13. INVESTMENT IN JOINT VENTURE

	GROUP	
	2024 RM'000	2023 RM'000
Unquoted shares		
At 1 April	1,094	1,048
Share of results	41	46
At 31 March	1,135	1,094
Represented by:		
Share of net tangible assets	1,135	1,094

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

Name	Principal activities	Effective equity interest	
		2024 %	2023 %
AllianceDBS Research Sdn. Bhd.	Research and stock analysis	51	51

The Bank had on 16 August 2023 acquired AIBB's entire equity stake of 51% in AllianceDBS Research Sdn. Bhd. ("ADBS").

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

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

#### 13. INVESTMENTS IN JOINT VENTURE (CONTD)

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

	GROUP	
	2024 RM'000	2023 RM'000
<b>Assets and liabilities</b>		
<b>Current assets</b>		
Cash and short-term funds	2,474	2,244
Other current assets	70	82
<b>Total current assets</b>	<b>2,544</b>	2,326
Non-current assets	276	307
<b>Total assets</b>	<b>2,820</b>	2,633
<b>Current liabilities</b>		
Other liabilities (non-trade)	479	447
<b>Total current liabilities</b>	<b>479</b>	447
Non-current liabilities	116	41
<b>Total liabilities</b>	<b>595</b>	488
<b>Net assets</b>	<b>2,225</b>	2,145

The summarised statement of comprehensive income is as follows:

	GROUP	
	2024 RM'000	2023 RM'000
Revenue	2,173	2,623
Profit before tax for the financial year	119	123
Profit after tax for the financial year	80	91
The above profit includes the following:		
Depreciation and amortisation	(2)	(1)
Taxation	(39)	(32)
Reconciliation of summarised financial information:		
<b>Net assets</b>		
At 1 April	2,145	2,054
Profit for the financial year	80	91
At 31 March	<b>2,225</b>	2,145
Carrying value at 51% share of the equity interest of a joint venture	<b>1,135</b>	1,094

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 14. RIGHT-OF-USE ASSETS

GROUP 2024	Premises RM'000	Leasehold land RM'000	Office equipment and furniture RM'000	Computer equipment RM'000	Motor vehicles RM'000	Total RM'000
<b>Cost</b>						
At 1 April 2023	238,208	13,523	7,008	6,617	796	266,152
Additions	6,524	-	-	8,925	-	15,449
Remeasurement	27,068	-	(1,013)	-	116	26,171
Termination	(2,845)	-	-	-	-	(2,845)
At 31 March 2024	268,955	13,523	5,995	15,542	912	304,927
<b>Accumulated depreciation</b>						
At 1 April 2023	142,005	4,786	4,063	5,566	715	157,135
Charge for the financial year	24,954	136	1,038	1,387	145	27,660
Termination	(875)	-	-	-	-	(875)
At 31 March 2024	166,084	4,922	5,101	6,953	860	183,920
<b>Accumulated impairment losses</b>						
At 1 April 2023/31 March 2024	-	37	-	-	-	37
Net carrying amount	102,871	8,564	894	8,589	52	120,970

GROUP 2023	Premises RM'000	Leasehold land RM'000	Office equipment and furniture RM'000	Computer equipment RM'000	Motor vehicles RM'000	Total RM'000
<b>Cost</b>						
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
<b>Accumulated depreciation</b>						
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
<b>Accumulated impairment losses</b>						
At 1 April 2022/31 March 2023	-	37	-	-	-	37
Net carrying amount	96,203	8,700	2,945	1,051	81	108,980

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 14. RIGHT-OF-USE ASSETS (CONT'D)

<b>BANK 2024</b>	<b>Premises RM'000</b>	<b>Leasehold land RM'000</b>	<b>Office equipment and furniture RM'000</b>	<b>Computer equipment RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>						
At 1 April 2023	238,208	13,523	7,008	6,617	796	266,152
Additions	6,524	-	-	8,925	-	15,449
Remeasurement	27,068	-	(1,013)	-	116	26,171
Termination	(2,845)	-	-	-	-	(2,845)
At 31 March 2024	268,955	13,523	5,995	15,542	912	304,927
<b>Accumulated depreciation</b>						
At 1 April 2023	142,005	4,786	4,063	5,566	715	157,135
Charge for the financial year	24,954	136	1,038	1,387	145	27,660
Termination	(875)	-	-	-	-	(875)
At 31 March 2024	166,084	4,922	5,101	6,953	860	183,920
<b>Accumulated impairment losses</b>						
At 1 April 2023/31 March 2024	-	37	-	-	-	37
Net carrying amount	102,871	8,564	894	8,589	52	120,970

<b>BANK 2023</b>	<b>Premises RM'000</b>	<b>Leasehold land RM'000</b>	<b>Office equipment and furniture RM'000</b>	<b>Computer equipment RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>						
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
<b>Accumulated depreciation</b>						
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
<b>Accumulated impairment losses</b>						
At 1 April 2022/31 March 2023	-	37	-	-	-	37
Net carrying amount	96,203	8,700	2,945	1,051	81	108,980

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

## 15. PROPERTY, PLANT AND EQUIPMENT

GROUP 2024	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
<b>Cost</b>							
At 1 April 2023	1,953	27,826	111,427	59,647	68,136	821	269,810
Additions	-	167,061	8,134	3,649	20,031	-	198,875
Disposals	-	-	-	-	(10)	-	(10)
Written-off	-	-	(3,548)	(4,236)	(4,544)	(9)	(12,337)
At 31 March 2024	1,953	194,887	116,013	59,060	83,613	812	456,338
<b>Accumulated depreciation</b>							
At 1 April 2023	-	13,427	93,249	51,391	54,063	2	212,132
Charge for the financial year	-	595	5,845	3,373	12,373	200	22,386
Disposals	-	-	-	-	(1)	-	(1)
Written-off	-	-	(3,518)	(4,234)	(4,536)	(9)	(12,297)
At 31 March 2024	-	14,022	95,576	50,530	61,899	193	222,220
<b>Accumulated impairment losses</b>							
At 1 April 2023/31 March 2024	-	25	-	-	-	-	25
<b>Net carrying amount</b>	1,953	180,840	20,437	8,530	21,714	619	234,093

Note:

The addition on the buildings costs for the financial year has included the progressive payment for Menara Alliance Bank of RM167,061,000.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 15. PROPERTY, PLANT AND EQUIPMENT (CONTD)

GROUP 2023	Freehold		Buildings		Renovations		Office equipment and furniture		Computer equipment		Motor vehicles		Total RM'000
	land RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Cost</b>													
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						
<b>Accumulated depreciation</b>													
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						
<b>Accumulated impairment losses</b>													
At 1 April 2022/31 March 2023	-	25	-	-	-	-	25						
<b>Net carrying amount</b>	1,953	14,374	18,178	8,256	14,073	819	57,653						

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

BANK 2024	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
<b>Cost</b>							
At 1 April 2023	1,953	27,826	111,436	63,122	74,736	900	279,973
Additions	-	167,061	8,132	3,639	19,920	-	198,752
Effect of business transfer	-	-	57	111	2,047	-	2,215
Disposals	-	-	-	-	(4)	-	(4)
Written-off	-	-	(3,485)	(4,236)	(4,526)	(9)	(12,256)
At 31 March 2024	1,953	194,887	116,140	62,636	92,173	891	468,680
<b>Accumulated depreciation</b>							
At 1 April 2023	-	13,427	93,367	55,080	60,688	42	222,604
Charge for the financial year	-	595	5,757	3,358	12,289	200	22,199
Effect of business transfer	-	-	31	101	2,028	-	2,160
Disposals	-	-	-	-	-	-	-
Written-off	-	-	(3,455)	(4,234)	(4,518)	(9)	(12,216)
At 31 March 2024	-	14,022	95,700	54,305	70,487	233	234,747
<b>Accumulated impairment losses</b>							
At 1 April 2023/31 March 2024	-	25	-	-	-	-	25
<b>Net carrying amount</b>	1,953	180,840	20,440	8,331	21,686	658	233,908

Note:

The addition on the buildings costs for the financial year has included the progressive payment for Menara Alliance Bank of RM167,061,000.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 15. PROPERTY, PLANT AND EQUIPMENT (CONTD)

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



## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 16. 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	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Deferred tax assets, net	217,253	198,920	153,468	141,327

Movements on deferred tax:

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
At 1 April	198,920	202,859	141,327	143,544
Recognised in statements of income	37,389	(5,161)	28,628	(1,316)
Recognised in equity	(19,056)	1,222	(16,487)	(901)
At 31 March	217,253	198,920	153,468	141,327

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

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Deferred tax assets	233,585	213,385	169,389	155,366
Deferred tax liabilities	(16,332)	(14,465)	(15,921)	(14,039)
	217,253	198,920	153,468	141,327

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

#### 16. DEFERRED TAX (CONTD)

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

Deferred tax assets/(liabilities)	Unabsorbed tax losses and capital allowances		Allowance for expected credit losses		Other liabilities		Leases		Financial investments at fair value through other comprehensive income		Cash flow hedge		Property, plant and equipment		Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>GROUP</b>															
At 1 April 2023	148	90,905	71,658	3,536	47,138	-	-	-	-	-	-	-	(14,465)	198,920	
Recognised in statements of income	(117)	15,353	24,186	(166)	-	-	-	-	-	-	-	-	(1,867)	37,389	
Recognised in equity	-	-	-	-	(19,056)	-	-	-	-	-	-	-	-	(19,056)	
At 31 March 2024	31	106,258	95,844	3,370	28,082	-	-	-	-	(16,332)	-	-	(16,332)	217,253	
At 1 April 2022	268	93,984	74,051	3,352	45,836	80	-	-	-	(14,712)	-	-	247	202,859	
Recognised in statements of income	(120)	(3,079)	(2,393)	184	-	-	-	-	-	-	-	-	-	(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	
<b>BANK</b>															
At 1 April 2023	-	55,582	53,330	3,489	42,965	-	-	-	-	(14,039)	-	-	-	141,327	
Recognised in statements of income	-	9,005	21,637	(132)	-	-	-	-	-	(1,882)	-	-	-	28,628	
Recognised in equity	-	-	-	-	(16,487)	-	-	-	-	-	-	-	-	(16,487)	
At 31 March 2024	-	64,587	74,967	3,357	26,478	-	-	-	-	(15,921)	-	-	-	153,468	
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	

Note:

Other liabilities include provisions and deferred income.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 17. INTANGIBLE ASSETS

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<u>Goodwill</u>				
<b>Cost:</b>				
At 1 April	301,997	301,997	186,272	186,272
Effect of business transfer	-	-	99,727	-
At 31 March	301,997	301,997	285,999	186,272
<b>Impairment:</b>				
At 1 April/31 March	16,349	16,349	351	351
<b>Net carrying amount</b>	<b>285,648</b>	285,648	<b>285,648</b>	185,921
<u>Computer software</u>				
<b>Cost:</b>				
At 1 April	472,189	418,705	463,672	408,565
Additions	69,562	56,160	68,879	55,110
Effect of business transfer	-	-	5,567	-
Disposals	-	(36)	-	-
Written-off	(22,195)	(2,640)	(22,023)	(3)
At 31 March	519,556	472,189	516,095	463,672
<b>Accumulated amortisation:</b>				
At 1 April	317,399	272,148	311,272	264,335
Charge for the financial year	47,626	47,900	47,051	46,939
Effect of business transfer	-	-	5,222	-
Disposals	-	(15)	-	-
Written-off	(22,193)	(2,634)	(22,021)	(2)
At 31 March	342,832	317,399	341,524	311,272
<b>Net carrying amount</b>	<b>176,724</b>	154,790	<b>174,571</b>	152,400
<b>Total carrying amount</b>	<b>462,372</b>	440,438	<b>460,219</b>	338,321

Note:

Computer software of the Group and the Bank include work in progress of RM49,415,000 and RM49,214,000 (2023: RM39,999,000 and RM39,696,000) respectively which are not amortised until ready for use.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 17. INTANGIBLE ASSETS (CONT'D)

#### (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	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Consumer banking	101,565	101,565	101,565	67,513
Business banking	100,822	100,822	100,822	81,448
Financial markets	83,261	83,261	83,261	36,960
	<b>285,648</b>	285,648	<b>285,648</b>	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	
	2024 %	2023 %
Consumer banking	8.60	8.07
Business banking	8.61	8.05
Financial markets	8.62	7.22

#### (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 4.2% (2023: 4.1%), representing the forecasted Gross Domestic Product ("GDP") growth rate of the country for the CGUs.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 17. INTANGIBLE ASSETS (CONTD)

#### (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 -4.6% to -12.1% or the discount rates ranging between 17.0% and 22.1% which resulted in a break-even point between the carrying amount and recoverable amount for the CGUs.

### 18. DEPOSITS FROM CUSTOMERS

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Demand deposits	21,935,407	19,267,883	17,343,745	14,988,337
Savings deposits	1,928,980	2,026,815	1,551,648	1,618,996
Fixed/investment deposits	30,037,326	25,161,869	21,225,496	17,604,556
Money market deposits	3,473,714	3,991,002	2,383,512	2,283,003
Negotiable instruments of deposits	22,068	401,461	22,068	401,461
	<b>57,397,495</b>	50,849,030	<b>42,526,469</b>	36,896,353

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

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Due within six months	28,093,836	22,477,236	19,711,889	15,781,534
Six months to one year	5,152,363	6,770,360	3,891,044	4,458,201
One year to three years	283,962	303,643	25,196	46,192
Three years to five years	2,947	3,093	2,947	3,093
	<b>33,533,108</b>	29,554,332	<b>23,631,076</b>	20,289,020

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

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Domestic financial institutions	22,159	439,786	24,164	440,471
Domestic non-bank financial institutions	5,375,559	5,701,678	3,690,375	3,732,973
Government and statutory bodies	4,907,717	3,628,356	3,352,213	1,935,807
Business enterprises	19,876,183	17,292,460	15,078,413	12,885,486
Individuals	23,627,846	21,792,889	17,527,626	16,218,586
Foreign entities	1,020,122	795,224	873,248	693,188
Others	2,567,909	1,198,637	1,980,430	989,842
	<b>57,397,495</b>	50,849,030	<b>42,526,469</b>	36,896,353

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

#### 19. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Licensed banks	279,189	403,166	279,189	403,166
Licensed merchant banks	60,143	-	60,143	787
Bank Negara Malaysia	1,715,725	1,316,118	1,526,662	1,132,249
	<b>2,055,057</b>	1,719,284	<b>1,865,994</b>	1,536,202

Note:

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.

#### 20. 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	
	2024 RM'000	2023 RM'000
Structured investments	2,011,228	1,904,295
Fair value changes arising from designation at fair value through profit or loss	(83,117)	(119,138)
	<b>1,928,111</b>	1,785,157

The carrying amount of financial liabilities designated at fair value of the Group and the Bank as at 31 March 2024 was lower than the contractual amount at maturity for the structured investments by RM83,117,000 (2023: RM119,138,000).

#### 21. 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.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 22. LEASE LIABILITIES

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
At 1 April	113,251	125,475	113,251	125,249
Additions	15,335	5,210	15,335	5,210
Termination of contracts	(1,970)	(1,383)	(1,970)	(1,181)
Interest expense	5,520	5,534	5,520	5,539
Lease payment	(33,595)	(30,568)	(33,595)	(30,549)
Remeasurement	26,171	8,983	26,171	8,983
At 31 March	<b>124,712</b>	113,251	<b>124,712</b>	113,251

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	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Short-term leases expenses (included in establishment expense)	-	384	-	384
Income from subleasing ROU assets	<b>86</b>	86	<b>1,025</b>	1,411

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 three to five 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 RM Nil (2023: RM19,595,000) has not been included in the lease liabilities because it is not reasonably certain that the leases will be extended or not terminated.

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

#### 23. OTHER LIABILITIES

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Other payables	1,776,754	1,226,209	1,667,901	1,137,952
Bills payable	355,840	134,968	338,981	127,692
Collateral pledged for derivative transactions	7,042	26,334	7,042	26,334
Settlement account	119,813	39,507	119,813	39,507
Clearing account	200,823	229,586	166,475	197,503
Sundry deposits	60,507	59,812	53,441	50,998
Provision and accruals	176,489	167,097	163,694	156,844
Structured investments	390,098	248,611	390,098	248,611
Amount due to joint venture	17	16	-	16
Allowance for expected credit losses on commitments and contingencies [Note (a)]	47,002	29,301	39,910	26,215
	<b>3,134,385</b>	<b>2,161,441</b>	<b>2,947,355</b>	<b>2,011,672</b>

#### Note:

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

GROUP	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
At 1 April 2023	5,005	22,447	1,849	29,301
Transfer to Stage 1	1,069	(11,421)	-	(10,352)
Transfer to Stage 2	(736)	12,654	(1,241)	10,677
Transfer to Stage 3	-	(454)	2,732	2,278
New financial assets originated or purchased	5,867	16,287	26	22,180
Financial assets derecognised other than write-off	(2,705)	(14,977)	(3,354)	(21,036)
Changes due to change in credit risk	2,207	9,760	1,980	13,947
Other adjustments	3	9	-	12
	<b>5,705</b>	<b>11,858</b>	<b>143</b>	<b>17,706</b>
Unwinding of discount	-	-	(5)	(5)
Total charge to income statement	<b>5,705</b>	<b>11,858</b>	<b>138</b>	<b>17,701</b>
At 31 March 2024	<b>10,710</b>	<b>34,305</b>	<b>1,987</b>	<b>47,002</b>



## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 23. OTHER LIABILITIES (CONT'D)

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

GROUP	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
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
<b>BANK</b>				
At 1 April 2023	<b>4,296</b>	<b>20,290</b>	<b>1,629</b>	<b>26,215</b>
Transfer to Stage 1	<b>892</b>	<b>(9,622)</b>	<b>-</b>	<b>(8,730)</b>
Transfer to Stage 2	<b>(581)</b>	<b>10,457</b>	<b>(1,134)</b>	<b>8,742</b>
Transfer to Stage 3	<b>-</b>	<b>(304)</b>	<b>1,856</b>	<b>1,552</b>
New financial assets originated or purchased	<b>4,327</b>	<b>15,465</b>	<b>26</b>	<b>19,818</b>
Financial assets derecognised other than write-off	<b>(2,118)</b>	<b>(10,350)</b>	<b>(2,881)</b>	<b>(15,349)</b>
Changes due to change in credit risk	<b>1,660</b>	<b>3,789</b>	<b>2,208</b>	<b>7,657</b>
Other adjustments	<b>2</b>	<b>9</b>	<b>-</b>	<b>11</b>
	<b>4,182</b>	<b>9,444</b>	<b>75</b>	<b>13,701</b>
Unwinding of discount	<b>-</b>	<b>-</b>	<b>(6)</b>	<b>(6)</b>
Total charge to income statement	<b>4,182</b>	<b>9,444</b>	<b>69</b>	<b>13,695</b>
At 31 March 2024	<b>8,478</b>	<b>29,734</b>	<b>1,698</b>	<b>39,910</b>
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

**Note:**

- (a) The transfers between stages are inclusive of net remeasurement of allowances.
- (b) As at 31 March 2024, the Group's and the Bank's gross exposure of commitments and contingencies that are credit impaired were at RM6,406,000 and RM4,983,000 (2023: RM38,680,000 and RM38,096,000) respectively.

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

#### 24. SUBORDINATED OBLIGATIONS

	Note	GROUP		BANK	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Subordinated Medium Term Notes ("Sub-MTNs")/ Additional Tier 1 ("AT1") Capital Securities/ AT1 Sukuk Wakalah</b>					
RM400 million Sub-MTNs	(a)	405,856	405,614	405,664	405,308
RM350 million Sub-MTNs	(b)	355,721	355,684	355,721	355,684
RM450 million Sub-MTNs	(c)	457,839	457,789	457,839	457,789
RM150 million AT1 Capital Securities	(d)	152,125	152,080	152,125	152,080
RM100 million AT1 Capital Securities	(e)	-	100,391	-	100,391
RM100 million AT1 Capital Securities	(f)	100,335	-	100,335	-
RM100 million AT1 Sukuk Wakalah	(g)	-	99,944	-	-
RM100 million AT1 Sukuk Wakalah	(h)	100,042	-	-	-
		1,571,918	1,571,502	1,471,684	1,471,252

Note:

#### RM2.0 billion Sub-MTN Programme

	Issuance Date	Principal	Maturity Date	Call Date	Interest Rate	Interest Payment
(a)	27 October 2020	RM400 million	25 October 2030	27 October 2025	3.60% per annum	Accrued and payable semi-annually in arrears
(b)	27 October 2020	RM350 million	27 October 2032	27 October 2037	3.80% per annum	Accrued and payable semi-annually in arrears
(c)	27 October 2020	RM450 million	26 October 2035	26 October 2030	4.05% per annum	Accrued and payable semi-annually in arrears

#### RM1.0 billion AT1 Capital Securities Programme ("AT1 Capital Securities Programme")

	Issuance Date	Principal	Tenure	Call Date	Interest Rate	Interest Payment
(d)	30 June 2022	RM150 million	Perpetual non-callable five (5) years	30 June 2027	5.50% per annum	Accrued and payable semi-annually in arrears
(e)	8 March 2019	RM100 million	Perpetual non-callable five (5) years	8 March 2024	5.95% per annum	Accrued and payable semi-annually in arrears
(f)	8 March 2024	RM100 million	Perpetual non-callable five (5) years	8 March 2029	5.10% per annum	Accrued and payable semi-annually in arrears

The Group had on 8 March 2024 completed the following transactions:

- (i) Fully redeemed its RM100.0 million AT1 Capital Securities which was issued on 8 March 2019 under the Bank's AT1 Capital Securities Programme; and
- (ii) Issued RM100.0 million AT1 Capital Securities in nominal value pursuant to the Bank's existing AT1 Capital Securities Programme.

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

#### 24. SUBORDINATED OBLIGATIONS (CONT'D)

Note: (cont'd)

##### RM2.5 billion Perpetual Sukuk Programme (“Sukuk Programme”)

	Issuance Date	Principal	Tenure	Call Date	Interest Rate	Interest Payment
(g)	29 March 2019	RM100 million	Perpetual non-callable five (5) years	29 March 2024	5.59% per annum	Accrued and payable semi-annually in arrears
(h)	29 March 2024	RM100 million	Perpetual non-callable five (5) years	29 March 2029	5.10% per annum	Accrued and payable semi-annually in arrears

AISB, a wholly-owned subsidiary of the Bank had on 29 March 2024 completed the following transactions:

- (i) Fully redeemed its RM100.0 million Basel III-compliant Islamic AT1 Sukuk Wakalah (“AT1 Sukuk”) that was issued on 29 March 2019 under the AISB’s RM2.5 billion Sukuk Programme; and
- (ii) Issuance of RM100.0 million AT1 Sukuk in nominal value pursuant to AISB’s existing Sukuk Programme.

#### 25. SHARE CAPITAL

GROUP/BANK	2024		2023	
	Number of ordinary shares '000	RM'000	Number of ordinary shares '000	RM'000
Ordinary shares issued and fully paid:				
At 1 April/31 March	<b>1,548,106</b>	1,548,106	<b>1,548,106</b>	1,548,106

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

#### 26. RESERVES

	Note	GROUP		BANK	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<u>Non-distributable:</u>					
Regulatory reserves	(a)	155,485	257,241	155,485	231,857
Capital reserves	(b)	10,018	100,150	-	15,515
FVOCI reserves	(c)	(87,888)	(148,673)	(83,022)	(135,652)
		77,615	208,718	72,463	111,720
<u>Distributable:</u>					
Retained profits		5,549,407	4,989,825	4,724,987	4,324,216
		5,627,022	5,198,543	4,797,450	4,435,936

#### 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.

#### 27. INTEREST INCOME

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Loans, advances and financing	1,920,710	1,537,409	1,905,011	1,515,886
Money at call and deposit placements with financial institutions	91,684	55,061	91,735	58,168
Financial investments at fair value through other comprehensive income	290,086	267,572	290,086	247,885
Financial investments at amortised cost	115,334	85,280	121,135	91,170
Others	6,466	5,348	6,466	5,348
	2,424,280	1,950,670	2,414,433	1,918,457
Accretion of discount less amortisation of premium (net)	41,557	25,112	41,557	26,393
	2,465,837	1,975,782	2,455,990	1,944,850

#### Note:

Included in interest income on loans, advances and financing is interest/profit on impaired loans/financing of the Group and the Bank of RM5,511,000 (2023: RM4,921,000).

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

#### 28. INTEREST EXPENSE

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Deposits and placements of banks and other financial institutions	22,505	16,713	22,614	13,982
Deposits from customers	967,337	612,178	967,950	609,622
Recourse obligations on loans and financing sold to Cagamas	25,340	13,675	25,340	13,675
Subordinated obligations	60,436	64,004	60,551	64,184
Lease liabilities	5,520	5,534	5,520	5,539
Obligations on securities sold under repurchase agreements	48,860	7,024	48,860	7,024
Others	26,267	26,555	26,267	26,555
	<b>1,156,265</b>	745,683	<b>1,157,102</b>	740,581

#### 29. NET INCOME FROM ISLAMIC BANKING BUSINESS

	GROUP	
	2024 RM'000	2023 RM'000
Income derived from investment of depositors' funds and others	808,999	702,714
Income derived from investment of Islamic Banking funds	79,425	68,465
Income attributable to the depositors and financial institutions	(448,313)	(318,373)
	<b>440,111</b>	452,806

Note:

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.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 30. OTHER OPERATING INCOME

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
(a) <u>Fee and commission income:</u>				
Commissions	105,439	83,077	105,439	83,077
Service charges and fees	30,392	25,761	30,197	25,369
Brokerage fees	-	5,483	-	-
Guarantee fees	14,397	13,978	14,397	13,952
Processing fees	24,276	5,177	24,276	4,717
Commitment fees	16,994	17,478	16,994	17,478
Cards related income	63,662	58,875	63,662	58,875
Other fee income	21,583	6,000	21,583	6,000
	<b>276,743</b>	215,829	<b>276,548</b>	209,468
(b) <u>Fee and commission expense:</u>				
Commissions expense	(2,156)	(1,831)	(2,156)	(1,831)
Service charges and fees expense	(2,422)	(2,029)	(2,422)	(2,029)
Brokerage fees expense	(132)	(2,555)	(132)	(72)
Guarantee fees expense	(17,941)	(15,722)	(17,941)	(15,722)
Cards related expense	(106,795)	(82,849)	(106,795)	(82,849)
	<b>(129,446)</b>	(104,986)	<b>(129,446)</b>	(102,503)
(c) <u>Investment income:</u>				
Realised gain arising from sale/ redemption of:				
- Financial assets at fair value through profit or loss	8,828	9,580	8,828	5,977
- Financial investments at fair value through other comprehensive income	2,016	2,213	2,016	2,324
- Financial investments at amortised cost	-	1,482	-	1,482
- Derivative instruments	145,543	118,843	145,543	118,843
Marked-to-market revaluation gain/(loss):				
- Financial assets at fair value through profit or loss	25,562	17,889	25,562	17,889
- Derivative instruments	(4,886)	(38,583)	(7,239)	(33,930)
- Financial liabilities designated at fair value through profit or loss	(36,021)	(22,989)	(36,021)	(22,989)
Net loss arising from hedging activities	-	(333)	-	(333)
Gross dividend income from:				
- Financial assets at fair value through profit or loss	1,356	2,301	1,356	1,940
- Subsidiaries	-	-	64,330	84,507
	<b>142,398</b>	90,403	<b>204,375</b>	175,710
(d) <u>Other (expense)/income:</u>				
Foreign exchange (loss)/gain	(43,736)	8,715	(43,736)	8,535
Rental income	86	86	1,025	1,411
Gain on disposal of property, plant and equipment	-	80	-	80
Others	24,722	26,770	29,842	22,512
	<b>(18,928)</b>	35,651	<b>(12,869)</b>	32,538
<b>Total other operating income</b>	<b>270,767</b>	236,897	<b>338,608</b>	315,213

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 31. OTHER OPERATING EXPENSES

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Personnel costs				
- Salaries, allowances and bonuses	497,534	448,206	384,683	349,524
- Contribution to EPF	80,714	71,470	62,769	55,931
- Others	51,568	52,925	40,125	44,131
	<b>629,816</b>	572,601	<b>487,577</b>	449,586
Establishment costs				
- Depreciation of property, plant and equipment	22,386	20,138	22,199	19,848
- Depreciation of right-of-use assets	27,660	25,910	27,660	25,882
- Amortisation of computer software	47,626	47,900	47,051	46,939
- Rental of premises	1,233	1,902	1,125	1,601
- Water and electricity	7,166	6,758	5,623	5,288
- Repairs and maintenance	9,713	8,944	7,861	7,401
- Information technology expenses	89,133	82,787	60,458	53,768
- Others	10,807	10,906	8,905	8,844
	<b>215,724</b>	205,245	<b>180,882</b>	169,571
Marketing expenses				
- Promotion and advertisement	27,698	18,142	26,713	15,666
- Branding and publicity	7,798	2,437	3,353	1,843
- Others	11,576	9,152	10,319	5,196
	<b>47,072</b>	29,731	<b>40,385</b>	22,705
Administration and general expenses				
- Communication expenses	11,648	11,505	9,460	9,039
- Printing and stationery	2,104	1,618	1,591	1,205
- Insurance	14,489	14,079	10,536	10,508
- Professional fees	30,437	25,876	23,304	15,750
- Others	22,439	20,698	24,199	18,303
	<b>81,117</b>	73,776	<b>69,090</b>	54,805
<b>Total other operating expenses</b>	<b>973,729</b>	881,353	<b>777,934</b>	696,667

Included in the other operating expenses are the following:

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Auditors' remuneration				
- Statutory audit fees	1,836	1,728	1,578	1,432
- Audit related fees	472	1,163	383	739
- Tax compliance fees	84	110	58	58
- Tax related services	264	28	256	12
- Non-audit related services	65	-	65	-
Hire of equipment	1,731	1,823	1,731	1,823
Property, plant and equipment written-off	40	112	40	77
Computer software written-off	2	6	2	1

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

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

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Allowance for expected credit losses on:				
(a) Loans, advances and financing	<b>122,929</b>	164,685	<b>93,716</b>	94,623
(b) Commitments and contingencies on loans, advances and financing	<b>17,706</b>	4,499	<b>13,701</b>	4,780
(c) Other assets	<b>1,993</b>	4,276	<b>1,699</b>	3,153
(d) Cash and short-term funds	<b>36</b>	103	<b>36</b>	103
(e) Deposits and placements with banks and other financial institutions	-	(8)	-	(8)
	<b>142,664</b>	173,555	<b>109,152</b>	102,651
(f) Credit impaired loans, advances and financing				
- Recovered during the financial year	<b>(75,804)</b>	(72,120)	<b>(52,075)</b>	(47,678)
- Written-off during the financial year	<b>68,035</b>	50,909	<b>39,554</b>	27,557
	<b>134,895</b>	152,344	<b>96,631</b>	82,530

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

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Allowance made/(write-back of) expected credit losses:				
(a) Financial investments at fair value through other comprehensive income	<b>438</b>	(325)	<b>365</b>	(165)
(b) Financial investments at amortised cost	<b>137</b>	(135)	<b>112</b>	220
Bad debt recovered	<b>(30)</b>	-	<b>(30)</b>	-
	<b>545</b>	(460)	<b>447</b>	55



## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 34. TAXATION AND ZAKAT

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Income tax:	<b>257,956</b>	203,604	<b>192,169</b>	151,221
Current financial year	<b>261,436</b>	216,647	<b>195,880</b>	159,569
Over provision in prior years	<b>(3,480)</b>	(13,043)	<b>(3,711)</b>	(8,348)
Deferred tax (Note 16)	<b>(37,389)</b>	5,161	<b>(28,628)</b>	1,316
Current financial year	<b>(36,686)</b>	6,075	<b>(28,282)</b>	5,516
Over provision in prior years	<b>(703)</b>	(914)	<b>(346)</b>	(4,200)
Tax expense for the financial year	<b>220,567</b>	208,765	<b>163,541</b>	152,537
Zakat	<b>280</b>	-	-	-
	<b>220,847</b>	208,765	<b>163,541</b>	152,537

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") 2024, income tax rate is at 24% (2023: 24%).

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	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit before taxation	<b>911,322</b>	886,611	<b>762,484</b>	740,230
Taxation at Malaysian Statutory Tax Rate of 24% (2023: 24%)	<b>218,717</b>	212,787	<b>182,996</b>	177,655
Income not subject to tax	<b>(7,424)</b>	(6,469)	<b>(22,151)</b>	(24,992)
Expenses not deductible for tax purposes	<b>11,777</b>	16,404	<b>6,753</b>	12,422
Over provision of tax expense in prior years	<b>(4,183)</b>	(13,957)	<b>(4,057)</b>	(12,548)
Expenses for which no deferred tax asset is recognised	<b>1,680</b>	-	-	-
Tax expense for the financial year	<b>220,567</b>	208,765	<b>163,541</b>	152,537

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 35. 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	
	2024	2023	2024	2023
Profit for the year attributable to equity holders of the Bank (RM'000)	<b>690,475</b>	677,846	<b>598,943</b>	587,693
Weighted average numbers of ordinary shares in issue ('000)	<b>1,548,106</b>	1,548,106	<b>1,548,106</b>	1,548,106
Basic earnings per share (sen)	<b>44.6</b>	43.8	<b>38.7</b>	38.0

#### (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 2024 and 31 March 2023 respectively. As a result, the dilutive earnings per share was equal to basic earnings per share for the financial year ended 31 March 2024 and 31 March 2023.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 36. DIVIDENDS

	Dividend recognised during the financial year			
	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>First interim dividend</b>				
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
10.85 sen per share, on 1,548,105,929 ordinary shares, declared in financial year ended 31 March 2024, was paid on 28 December 2023 to the shareholders.	<b>167,970</b>	-	<b>167,970</b>	-
<b>Second interim dividend</b>				
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
10.00 sen per share, on 1,548,105,929 ordinary shares, declared in financial year ended 31 March 2023, was paid on 28 June 2023 to the shareholders.	<b>154,811</b>	-	<b>154,811</b>	-
	<b>322,781</b>	343,680	<b>322,781</b>	343,680

Subsequent to the financial year end, the Directors declared a single tier second interim dividend of 11.45 sen per share, on 1,548,105,929 ordinary shares amounting to approximately RM177,258,000 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 2025.

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

#### 37. 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 12.
- Joint venture	Joint venture of the Bank as disclosed in Note 13.

Significant related party transactions and balances as follows:

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
(a) <u>Transactions</u>				
Interest income				
- subsidiaries	-	-	5,852	9,303
- key management personnel	58	37	58	37
Dividend income				
- subsidiaries	-	-	64,330	84,507
Management fees				
- subsidiaries	-	-	195	256
Rental income				
- subsidiaries	-	-	1,057	1,483
- joint venture	86	86	86	86
Other income				
- subsidiaries	-	-	5,229	2,446
Other operating income recharged				
- subsidiaries	-	-	147,567	134,020
- joint venture	110	117	110	117

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 37. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D)

Significant related party transactions and balances as follows: (cont'd)

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
(a) <u>Transactions (cont'd)</u>				
Interest expenses				
- subsidiaries	-	-	<b>(672)</b>	(96)
- joint venture	<b>(56)</b>	(49)	<b>(56)</b>	(31)
- key management personnel	<b>(597)</b>	(333)	<b>(396)</b>	(263)
- substantial shareholders	<b>(4)</b>	-	<b>(4)</b>	-
Other operating expenses				
- subsidiaries	-	-	<b>(73)</b>	(4,635)
- joint venture/other related company	<b>(2,026)</b>	(2,554)	<b>(2,026)</b>	(2,117)
Commission paid				
- subsidiaries	-	-	<b>(41,419)</b>	(29,210)
(b) <u>Balances</u>				
Financial investments at amortised cost				
- subsidiaries	-	-	<b>343,699</b>	335,154
Loans, advances and financing				
- key management personnel	<b>3,378</b>	1,761	<b>1,918</b>	755
Money at call and deposit placements with financial institutions				
- subsidiaries	-	-	-	329,859
Other assets				
- subsidiaries	-	-	<b>91,874</b>	114,231
- joint venture	<b>95</b>	-	<b>95</b>	-
Deposits from customers				
- subsidiaries	-	-	<b>(18,501)</b>	(29,515)
- joint venture	<b>(2,473)</b>	(2,240)	<b>(3,655)</b>	(2,240)
- key management personnel	<b>(18,174)</b>	(16,661)	<b>(12,098)</b>	(13,603)
- substantial shareholders	<b>(804)</b>	(527)	<b>(804)</b>	(527)
Financial liabilities designated at fair value through profit or loss				
- key management personnel	<b>(1,000)</b>	(1,300)	<b>(1,000)</b>	(1,300)

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

#### 37. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D)

Significant related party transactions and balances as follows: (cont'd)

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
(b) <u>Balances (cont'd)</u>				
Other liabilities				
- joint venture	(17)	(16)	-	(16)
(c) <u>Compensation of key management personnel</u>				
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:				
CEOs and other Key Management:				
- Salary and other remuneration	27,537	23,469	26,184	21,057
- Contribution to EPF	3,993	3,386	3,798	3,042
- Benefits-in-kind	48	57	48	55
	31,578	26,912	30,030	24,154
Non-Executive Directors:				
- Fees payable	3,084	3,241	2,339	2,269
- Allowances	1,036	1,534	839	1,131
- Benefits-in-kind	31	31	31	31
	4,151	4,806	3,209	3,431
Included in the total key management personnel are:				
CEOs and Non-Executive Directors' remuneration, excluding past CEO and Non-Executive Directors (Note 39)	13,159	10,983	10,669	6,848

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 37. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D)

Significant related party transactions and balances as follows: (cont'd)

#### (c) Compensation of key management personnel (cont'd)

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

Group	2024				2023			
	Number	Unrestricted RM'000	Number	Deferred RM'000	Number	Unrestricted RM'000	Number	Deferred RM'000
<u>Fixed remuneration</u>								
Cash		24,086		-		23,402		-
<u>Variable remuneration</u>								
Cash	15	8,643	14	3,000	16	6,254	16	2,062
		32,729		3,000		29,656		2,062

Bank	2024				2023			
	Number	Unrestricted RM'000	Number	Deferred RM'000	Number	Unrestricted RM'000	Number	Deferred RM'000
<u>Fixed remuneration</u>								
Cash		22,071		-		20,214		-
<u>Variable remuneration</u>								
Cash	14	8,350	13	2,818	14	5,467	14	1,904
		30,421		2,818		25,681		1,904

### 38. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

	BANK	
	2024 RM'000	2023 RM'000
Outstanding credit exposures with connected parties	386,896	308,974
of which:		
Total credit exposure which is impaired or in default	-	141
Total credit exposures	65,570,062	54,822,012
Percentage of outstanding credit exposures to connected parties		
- as a proportion of total credit exposures	0.59%	0.56%
- 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.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 38. 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.



## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 39. CEOs AND DIRECTORS' REMUNERATION

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

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Chief Executive Officers:				
- Salary and other remuneration	4,327	3,376	3,267	1,750
- Bonuses	3,493	1,987	3,200	1,200
- Contribution to EPF	1,152	769	957	425
- Benefits-in-kind	36	45	36	42
	<b>9,008</b>	<b>6,177</b>	<b>7,460</b>	<b>3,417</b>
Non-Executive Directors:				
- Fees payable	3,084	3,241	2,339	2,269
- Allowances	1,036	1,534	839	1,131
- Benefits-in-kind	31	31	31	31
	<b>4,151</b>	<b>4,806</b>	<b>3,209</b>	<b>3,431</b>
	<b>13,159</b>	<b>10,983</b>	<b>10,669</b>	<b>6,848</b>
Past Chief Executive Officer:				
- Salary and other remuneration	1,321	4,953	-	4,953
- Bonuses	174	2,000	-	2,000
- Contribution to EPF	118	925	-	925
- Benefits-in-kind	3	76	-	76
	<b>1,616</b>	<b>7,954</b>	<b>-</b>	<b>7,954</b>
Past Non-Executive Director:				
- Fees payable	326	36	159	-
- Allowances	107	19	100	-
	<b>433</b>	<b>55</b>	<b>259</b>	<b>-</b>
	<b>2,049</b>	<b>8,009</b>	<b>259</b>	<b>7,954</b>
	<b>15,208</b>	<b>18,992</b>	<b>10,928</b>	<b>14,802</b>
Total CEOs and Directors' remuneration excluding benefits-in-kind	<b>15,138</b>	<b>18,840</b>	<b>10,861</b>	<b>14,653</b>

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 RM118,000 and RM116,000 (2023: RM117,000 and RM111,000) respectively.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 39. 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 2024	Salary and other remuneration		Bonuses		Contribution to EPF		Fees payable		Allowances		Benefits – in-kind		Total RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<u>Chief Executive Officers:</u>													
Kellee Kam Chee Khiong	3,267	3,200	957	-	-	-	36	7,460					
Rizal IL-Ehzan Bin Fadil Azim	1,060	293	195	-	-	-	-	1,548					
	4,327	3,493	1,152	-	-	-	36	9,008					
<u>Non-Executive Directors:</u>													
Tan Sri Dato' Ahmad Bin Mohd Don	-	-	-	355	53	31	439						
Wong Yuen Weng Ernest	-	-	-	235	100	-	335						
Tan Chian Khong	-	-	-	235	95	-	330						
Susan Yuen Su Min	-	-	-	250	78	-	328						
Lum Piew	-	-	-	226	90	-	316						
Cheryl Khor Hui Peng	-	-	-	255	105	-	360						
Mazidah Binti Abdul Malik	-	-	-	267	75	-	342						
Chia Yew Hock Wilson	-	-	-	114	30	-	144						
Lee Boon Huat	-	-	-	239	100	-	339						
Datuk Wan Azhar Bin Wan Ahmad	-	-	-	455	160	-	615						
Ibrahim Bin Hassan	-	-	-	135	65	-	200						
Dato' Ahmad Hisham Bin Kamaruddin	-	-	-	135	45	-	180						
Rustam bin Mohd Idris	-	-	-	183	40	-	223						
	-	-	-	3,084	1,036	31	4,151						
<u>Past Chief Executive Officer:</u>													
Ng Chow Hon	1,321	174	118	-	-	3	1,616						
	1,321	174	118	-	-	3	1,616						
<u>Past Director:</u>													
Lee Ah Boon	-	-	-	326	107	-	433						
	-	-	-	326	107	-	433						
Total CEOs and Directors' remuneration	5,648	3,667	1,270	3,410	1,143	70	15,208						

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

## 39. CEOs AND DIRECTORS' REMUNERATION (CONT'D)

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

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
<u>Chief Executive Officers:</u>							
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
<u>Non-Executive Directors:</u>							
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
<u>Past Non-Executive Directors:</u>							
Joel Kornreich	4,953	2,000	925	-	-	76	7,954
	4,953	2,000	925	-	-	76	7,954
<u>Past Director:</u>							
Datin Ooi Swee Lian	-	-	-	36	19	-	55
	-	-	-	36	19	-	55
<b>Total CEOs and Directors' remuneration</b>	<b>8,329</b>	<b>3,987</b>	<b>1,694</b>	<b>3,277</b>	<b>1,553</b>	<b>152</b>	<b>18,992</b>

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 39. CEOs AND DIRECTORS' REMUNERATION (CONT'D)

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

BANK 2024	Salary and other remuneration		Bonuses	Contribution to EPF	Fees payable		Benefits – in-kind	Total
	RM'000	RM'000			RM'000	RM'000		
<u>Chief Executive Officer:</u>								
Kellee Kam Chee Khiong	3,267	3,200	957	-	-	36	7,460	
	3,267	3,200	957	-	-	36	7,460	
<u>Non-Executive Directors:</u>								
Tan Sri Dato' Ahmad Bin Mohd Don	-	-	-	355	53	31	439	
Wong Yuen Weng Ernest	-	-	-	235	100	-	335	
Tan Chian Khong	-	-	-	235	95	-	330	
Susan Yuen Su Min	-	-	-	250	78	-	328	
Lum Piew	-	-	-	226	90	-	316	
Cheryl Khor Hui Peng	-	-	-	255	105	-	360	
Mazidah Binti Abdul Malik	-	-	-	175	58	-	233	
Chia Yew Hock Wilson	-	-	-	114	30	-	144	
Lee Boon Huat	-	-	-	239	100	-	339	
Datuk Wan Azhar Bin Wan Ahmad	-	-	-	255	130	-	385	
	-	-	-	2,339	839	31	3,209	
<u>Past Non-Executive Director:</u>								
Lee Ah Boon	-	-	-	159	100	-	259	
	-	-	-	159	100	-	259	
Total CEO and Directors' remuneration	3,267	3,200	957	2,498	939	67	10,928	

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

## 39. CEOs AND DIRECTORS' REMUNERATION (CONT'D)

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

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
<u>Chief Executive Officer:</u>							
Kellee Kam Chee Khiong	1,750	1,200	425	-	-	42	3,417
	1,750	1,200	425	-	-	42	3,417
<u>Non-Executive Directors:</u>							
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
<u>Past Chief Executive Officer:</u>							
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

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 40. FINANCIAL RISK MANAGEMENT POLICIES

The Group engages in business activities which entail risk taking and the major types of risk involved includes credit risk, sustainability 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 frameworks and policies that are approved by the Board of Directors. In addition, the Board of Directors of the Group provides independent oversight to ensure that risks are adequately managed 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, which is aligned 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 42 to the financial statements.

#### (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.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 40. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (a) Credit Risk (cont'd)

##### (i) Maximum exposure to credit risk (cont'd)

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Credit risk exposure: on-balance sheet</b>				
Cash and short-term funds (exclude cash in hand)	4,299,130	3,271,064	2,982,999	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)	57,265	7,992	57,265	7,992
Financial investments at fair value through other comprehensive income (exclude equity securities)	10,047,295	8,484,384	8,228,386	6,182,502
Financial investments at amortised cost	3,870,445	3,398,514	3,400,709	3,136,889
Derivative financial assets	183,035	221,141	183,035	223,637
Loans, advances and financing (exclude sales commissions and handling fees)	54,555,348	47,800,033	41,091,905	35,671,031
Statutory deposits	1,125,413	979,601	851,813	728,111
Other assets (exclude prepayment)	970,471	505,725	1,078,898	653,625
	<b>75,108,402</b>	<b>64,757,007</b>	<b>57,875,010</b>	<b>48,818,332</b>
<b>Credit risk exposure: off-balance sheet</b>				
Financial guarantees	504,104	488,390	415,427	406,706
Credit related commitments and contingencies	21,861,888	16,540,097	18,317,205	13,424,872
	<b>22,365,992</b>	<b>17,028,487</b>	<b>18,732,632</b>	<b>13,831,578</b>
<b>Total maximum exposure</b>	<b>97,474,394</b>	<b>81,785,494</b>	<b>76,607,642</b>	<b>62,649,910</b>

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

#### 40. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (a) Credit Risk (cont'd)

##### (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 2024	Government and Central Bank		Financial, Insurance, Business Services and Real Estate		Transport, Storage and Communication Services		Agriculture, Manufacturing, Wholesale and Retail Trade		Construction		Household		Others		Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds (exclude cash in hand)	927,535	3,371,595	-	-	-	-	-	-	-	-	-	-	-	-	-	4,299,130
Financial assets at fair value through profit or loss (exclude equity securities)	55,838	1,121	-	306	-	-	-	-	-	-	-	-	-	-	-	57,265
Financial investments at fair value through other comprehensive income (exclude equity securities)	5,561,784	3,241,461	909,987	212,160	121,903	-	-	-	-	-	-	-	-	-	-	10,047,295
Financial investments at amortised cost	3,162,544	541,858	166,043	-	-	-	-	-	-	-	-	-	-	-	-	3,870,445
Derivative financial assets	15,261	165,834	-	-	-	-	-	-	-	-	-	-	-	1,940	-	183,035
Loans, advances and financing (exclude sales commissions and handling fees)	-	7,837,570	950,570	16,791,995	1,927,727	26,387,739	659,747	54,555,348	-	-	-	-	-	-	-	1,125,413
Statutory deposits	1,125,413	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,125,413
Other assets (exclude prepayment)	-	95	-	-	-	-	-	-	-	-	-	-	-	970,376	-	970,471
	10,848,375	15,159,534	2,026,600	17,004,461	2,049,630	26,387,739	1,632,063	75,108,402	-	-	-	-	-	-	-	151,008,402
Financial guarantees	-	86,807	16,592	324,368	63,203	3,993	9,141	504,104	-	-	-	-	-	-	-	504,104
Credit related commitments and contingencies	2,117,331	2,817,500	287,183	7,039,322	1,684,021	7,601,224	315,307	21,861,888	-	-	-	-	-	-	-	23,507,843
	2,117,331	2,904,307	303,775	7,363,690	1,747,224	7,605,217	324,448	22,365,992	-	-	-	-	-	-	-	23,690,992
<b>Total credit risk</b>	<b>12,965,706</b>	<b>18,063,841</b>	<b>2,330,375</b>	<b>24,368,151</b>	<b>3,796,854</b>	<b>33,992,956</b>	<b>1,956,511</b>	<b>97,474,394</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>151,008,402</b>



## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

## 40. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

## (a) Credit Risk (cont'd)

## (ii) Credit risk concentrations (cont'd)

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. (cont'd)

GROUP 2023	Government and Central Bank	Financial, Insurance, Business Services and Real Estate	Transport, Storage and Communication Services	Agriculture, Manufacturing, Wholesale and Retail Trade	Construction	Household	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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
<b>Total credit risk</b>	9,898,581	13,721,450	2,393,888	21,852,123	3,687,740	28,908,090	1,323,622	81,785,494

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

#### 40. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (a) Credit Risk (cont'd)

##### (ii) Credit risk concentrations (cont'd)

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. (cont'd)

BANK 2024	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)	329,578	2,653,421	-	-	-	-	-	2,982,999
Financial assets at fair value through profit or loss (exclude equity securities)	55,838	1,121	-	306	-	-	-	57,265
Financial investments at fair value through other comprehensive income (exclude equity securities)	4,860,708	2,521,059	633,513	136,688	76,418	-	-	8,228,386
Financial investments at amortised cost	2,505,660	784,198	110,851	-	-	-	-	3,400,709
Derivative financial assets	15,261	165,834	-	-	-	-	1,940	183,035
Loans, advances and financing (exclude sales commissions and handling fees)	-	6,302,643	721,500	12,243,854	1,411,922	19,889,187	522,799	41,091,905
Statutory deposits	851,813	-	-	-	-	-	-	851,813
Other assets (exclude prepayment)	-	91,969	-	-	-	-	986,929	1,078,898
	8,618,858	12,520,245	1,465,864	12,380,848	1,488,340	19,889,187	1,511,668	57,875,010
Financial guarantees	-	78,723	11,218	260,374	52,311	3,991	8,810	415,427
Credit related commitments and contingencies	2,117,331	2,315,224	208,374	4,889,435	1,392,385	7,108,769	285,687	18,317,205
	2,117,331	2,393,947	219,592	5,149,809	1,444,696	7,112,760	294,497	18,732,632
<b>Total credit risk</b>	<b>10,736,189</b>	<b>14,914,192</b>	<b>1,685,456</b>	<b>17,530,657</b>	<b>2,933,036</b>	<b>27,001,947</b>	<b>1,806,165</b>	<b>76,607,642</b>

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

## 40. FINANCIAL RISK MANAGEMENT POLICIES (CONTD)

## (a) Credit Risk (cont'd)

## (ii) Credit risk concentrations (cont'd)

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. (cont'd)

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
		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						
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	
Financial guarantees	6,942,522	9,567,365	1,466,285	11,227,393	1,298,001	17,244,865	1,071,901	4,246	8,226	48,818,332	
Credit related commitments and contingencies	-	88,736	8,567	239,097	57,834	4,246	8,226	4,246	8,226	406,706	
	-	1,854,983	215,949	4,442,278	1,539,924	5,115,356	256,382	5,115,356	256,382	13,424,872	
	-	1,943,719	224,516	4,681,375	1,597,758	5,119,602	264,608	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	22,364,467	1,336,509	62,649,910	

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

#### 40. FINANCIAL RISK MANAGEMENT POLICIES (CONTD)

##### (a) Credit Risk (cont'd)

##### (iii) Collateral

The main types of collateral obtained by the Group and the Bank are as follows:

- Where property is provided as collateral, legal charged 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	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Gross loans, advances and financing	55,740,073	49,067,507	41,904,452	36,520,659
Less: Allowance for expected credit losses	(1,184,725)	(1,267,474)	(812,547)	(849,628)
Net loans, advances and financing	54,555,348	47,800,033	41,091,905	35,671,031
Percentage of collateral held for loans, advances and financing	73.5%	73.7%	75.2%	75.1%

##### (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.

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

#### 40. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (a) Credit Risk (cont'd)

##### (iv) Credit risk measurement (cont'd)

##### (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 a contractual payment more than 90 days when they fall due.

##### 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.

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

#### 40. FINANCIAL RISK MANAGEMENT POLICIES (CONTD)

##### (a) Credit Risk (cont'd)

##### (iv) Credit risk measurement (cont'd)

##### (c) Measurement of ECL (cont'd)

##### 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.

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

#### 40. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (a) Credit Risk (cont'd)

##### (iv) Credit risk measurement (cont'd)

##### (d) Forward-looking information (cont'd)

The forward-looking estimates were adjusted as below:

MEV (% Year on Year)	Weighted Average Forecast		
	2026 %	2025 %	2024 %
GDP Growth Rate	4.4	4.3	4.3
Producer Price Index	1.8	2.3	2.4
Consumer Price Index	2.3	2.3	2.8
Unemployment Rate	3.4	3.3	3.3
Credit Consumption	2.6	3.6	8.6
House Price Index	2.6	2.5	1.7
Debt to GDP	130.4	130.6	131.4

##### (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.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 40. FINANCIAL RISK MANAGEMENT POLICIES (CONTD)

#### (a) Credit Risk (cont'd)

#### (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	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.

Other assets are classified based on days-past-due ("DPD") under the simplified model approach.



## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 40. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (a) Credit Risk (cont'd)

#### (v) Credit quality (cont'd)

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

GROUP 2024	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<u>Cash and short-term funds</u> (exclude cash in hand)				
Investment graded	3,371,120	-	-	3,371,120
Non-investment graded	13	-	-	13
Sovereign/Government-backed	927,535	-	-	927,535
Unrated	609	-	-	609
Gross carrying amount	4,299,277	-	-	4,299,277
Expected credit losses	(147)	-	-	(147)
Net carrying amount	4,299,130	-	-	4,299,130
<u>Financial investments at fair value</u> <u>through other comprehensive</u> <u>income (exclude equity securities)</u>				
Investment graded	3,209,230	15,663	-	3,224,893
Sovereign/Government-backed	6,822,402	-	-	6,822,402
Gross carrying amount	10,031,632	15,663	-	10,047,295
Expected credit losses [Note]	(971)	(65)	-	(1,036)
<u>Financial investments at</u> <u>amortised cost</u>				
Sovereign/Government-backed	3,646,664	-	-	3,646,664
Unrated	224,080	-	-	224,080
Credit impaired	-	-	534	534
Gross carrying amount	3,870,744	-	534	3,871,278
Expected credit losses	(299)	-	(534)	(833)
Net carrying amount	3,870,445	-	-	3,870,445
<u>Loans, advances and financing</u>				
Low	35,662,132	1,033,095	-	36,695,227
Medium	11,771,555	1,527,261	-	13,298,816
High	2,396,601	997,792	-	3,394,393
Unrated	518,976	654,634	-	1,173,610
Credit impaired	-	-	1,178,027	1,178,027
Gross carrying amount	50,349,264	4,212,782	1,178,027	55,740,073
Expected credit losses	(223,351)	(426,406)	(534,968)	(1,184,725)
Net carrying amount	50,125,913	3,786,376	643,059	54,555,348

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.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 40. FINANCIAL RISK MANAGEMENT POLICIES (CONTD)

#### (a) Credit Risk (cont'd)

#### (v) Credit quality (cont'd)

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

<b>GROUP 2024</b>	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<u>Statutory deposits with BNM</u>				
Sovereign/Government-backed	1,125,413	-	-	1,125,413
Gross carrying amount	1,125,413	-	-	1,125,413
Expected credit losses	-	-	-	-
Net carrying amount	1,125,413	-	-	1,125,413
<u>Credit related commitments and contingencies</u>				
Low	17,000,346	365,847	-	17,366,193
Medium	3,265,458	587,528	-	3,852,986
High	371,737	35,205	-	406,942
Unrated	730,645	2,820	-	733,465
Credit impaired	-	-	6,406	6,406
Gross carrying amount	21,368,186	991,400	6,406	22,365,992
Expected credit losses	(10,710)	(34,305)	(1,987)	(47,002)
<b>Simplified Approach</b>		<b>Current RM'000</b>	<b>More than 90 days past due RM'000</b>	<b>Total RM'000</b>
<u>Other assets (exclude prepayment)</u>				
Gross carrying amount		970,471	45,363	1,015,834
Expected credit losses		-	(45,363)	(45,363)
Net carrying amount		970,471	-	970,471

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 40. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (a) Credit Risk (cont'd)

#### (v) Credit quality (cont'd)

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

GROUP 2023	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<u>Cash and short-term funds</u>				
<u>(exclude cash in hand)</u>				
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
<u>Deposits and placements with banks</u>				
<u>and other financial institutions</u>				
Investment graded	88,553	-	-	88,553
Gross carrying amount	88,553	-	-	88,553
Expected credit losses	-	-	-	-
Net carrying amount	88,553	-	-	88,553
<u>Financial investments at fair value</u>				
<u>through other comprehensive</u>				
<u>income (exclude equity securities)</u>				
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)
<u>Financial investments at</u>				
<u>amortised cost</u>				
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
<u>Loans, advances and financing</u>				
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.

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

#### 40. FINANCIAL RISK MANAGEMENT POLICIES (CONTD)

##### (a) Credit Risk (cont'd)

##### (v) Credit quality (cont'd)

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

<b>GROUP 2023</b>	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<u>Statutory deposits with BNM</u>				
Sovereign/Government-backed	979,601	-	-	979,601
Gross carrying amount	979,601	-	-	979,601
Expected credit losses	-	-	-	-
Net carrying amount	979,601	-	-	979,601
<u>Credit related commitments and contingencies</u>				
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)
<b>Simplified Approach</b>				
<u>Other assets (exclude prepayment)</u>				
Gross carrying amount		505,725	43,467	549,192
Expected credit losses		-	(43,467)	(43,467)
Net carrying amount		505,725	-	505,725

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 40. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (a) Credit Risk (cont'd)

#### (v) Credit quality (cont'd)

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

<b>BANK 2024</b>	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<u>Cash and short-term funds</u> (exclude cash in hand)				
Investment graded	2,653,555	-	-	2,653,555
Non-investment graded	13	-	-	13
Sovereign/Government-backed	329,578	-	-	329,578
Gross carrying amount	2,983,146	-	-	2,983,146
Expected credit losses	(147)	-	-	(147)
Net carrying amount	2,982,999	-	-	2,982,999
<u>Financial investments at fair value</u> <u>through other comprehensive</u> <u>income (exclude equity securities)</u>				
Investment graded	2,431,380	10,639	-	2,442,019
Sovereign/Government-backed	5,786,367	-	-	5,786,367
Gross carrying amount	8,217,747	10,639	-	8,228,386
Expected credit losses [Note]	(765)	(61)	-	(826)
<u>Financial investments at</u> <u>amortised cost</u>				
Investment graded	344,303	-	-	344,303
Sovereign/Government-backed	2,833,229	-	-	2,833,229
Unrated	224,080	-	-	224,080
Credit impaired	-	-	534	534
Gross carrying amount	3,401,612	-	534	3,402,146
Expected credit losses	(903)	-	(534)	(1,437)
Net carrying amount	3,400,709	-	-	3,400,709
<u>Loans, advances and financing</u>				
Low	28,057,090	698,841	-	28,755,931
Medium	8,096,552	1,308,843	-	9,405,395
High	1,539,946	675,015	-	2,214,961
Unrated	321,452	344,143	-	665,595
Credit impaired	-	-	862,570	862,570
Gross carrying amount	38,015,040	3,026,842	862,570	41,904,452
Expected credit losses	(133,745)	(260,560)	(418,242)	(812,547)
Net carrying amount	37,881,295	2,766,282	444,328	41,091,905

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.

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

#### 40. FINANCIAL RISK MANAGEMENT POLICIES (CONTD)

##### (a) Credit Risk (cont'd)

##### (v) Credit quality (cont'd)

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

<b>BANK 2024</b>	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<u>Statutory deposit</u>				
Sovereign/Government-backed	851,813	-	-	851,813
Gross carrying amount	851,813	-	-	851,813
Expected credit losses	-	-	-	-
Net carrying amount	851,813	-	-	851,813
<u>Credit related commitments and contingencies</u>				
Low	14,518,016	352,502	-	14,870,518
Medium	2,359,726	459,120	-	2,818,846
High	295,484	26,704	-	322,188
Unrated	713,277	2,820	-	716,097
Credit impaired	-	-	4,983	4,983
Gross carrying amount	17,886,503	841,146	4,983	18,732,632
Expected credit losses	(8,478)	(29,734)	(1,698)	(39,910)
<b>Simplified Approach</b>				
<u>Other assets (exclude prepayment)</u>				
Gross carrying amount		1,078,898	41,681	1,120,579
Expected credit losses		-	(41,681)	(41,681)
Net carrying amount		1,078,898	-	1,078,898
<b>BANK 2023</b>				
<u>Cash and short-term funds (exclude cash in hand)</u>				
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
<u>Deposits and placements with banks and other financial institutions</u>				
Investment graded	88,553	-	-	88,553
Gross carrying amount	88,553	-	-	88,553
Expected credit losses	-	-	-	-
Net carrying amount	88,553	-	-	88,553

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

#### 40. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (a) Credit Risk (cont'd)

##### (v) Credit quality (cont'd)

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

<b>BANK 2023</b>	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<u>Financial investments at fair value through other comprehensive income (exclude equity securities)</u>				
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)
<u>Financial investments at amortised cost</u>				
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
<u>Loans, advances and financing</u>				
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
<u>Statutory deposit</u>				
Sovereign/Government-backed	728,111	-	-	728,111
Gross carrying amount	728,111	-	-	728,111
Expected credit losses	-	-	-	-
Net carrying amount	728,111	-	-	728,111
<u>Credit related commitments and contingencies</u>				
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)

##### 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.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 40. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (a) Credit Risk (cont'd)

##### (v) Credit quality (cont'd)

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

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

##### (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:

2024 Measurement variables		GROUP		BANK	
		+	-	+	-
		RM'000	RM'000	RM'000	RM'000
	<b>MEV Change (%)/ Percentage Point Change (p.p)</b>				
House price index	9.8%	(36,671)	47,131	(20,851)	26,981
Consumption credit	3.7 p.p	5,017	(5,210)	3,862	(3,996)
Unemployment rate	0.6 p.p	69,594	(78,359)	35,308	(38,810)
Debt to GDP	6.2%	56,545	(69,370)	40,133	(49,368)
Producer price index	4.1%	27,370	(29,264)	20,272	(21,476)
2023 Measurement variables		GROUP		BANK	
		+	-	+	-
		RM'000	RM'000	RM'000	RM'000
	<b>MEV Change (%)/ Percentage Point Change (p.p)</b>				
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



## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

#### 40. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (a) Credit Risk (cont'd)

##### (vii) Overlays and adjustments for ECL

The Group and the Bank continued to apply overlays and post-model adjustments to address economic uncertainties and external risks including, but not limited to, international trade trends, the prevailing effects of high policy rates and inflation, as well as the potential consequences of global geopolitical tensions for the adequacy of the overall level of ECL for the year ended 31 March 2024.

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 arising from potential risks.

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

As at 31 March 2024, the balances of these overlays and post-model adjustments amounted to RM121,431,000 and RM71,170,000 for the Group and the Bank respectively (2023: RM256,632,000 and RM147,182,000).

##### (b) Market Risk

Market risk is the risk of loss of earnings arising from changes in interest rates, foreign exchange rates, equity 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/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/profit 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/profit 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/profit 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.

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

#### 40. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (b) Market Risk (cont'd)

##### Market Risk Factors (cont'd)

##### (i) Interest rate/profit rate risk (cont'd)

GROUP 2024	Non-trading book						Non- interest/ profit sensitive* RM'000	Trading book RM'000	Total RM'000
	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			
<b>Assets</b>									
Cash and short-term funds	3,958,278	-	-	-	-	-	638,375	-	4,596,653
Financial assets at fair value through profit or loss	-	-	-	-	-	-	277,973	57,265	335,238
Financial investments at fair value through other comprehensive income	10,211	240,368	39,053	293,337	4,668,359	4,795,968	15	-	10,047,311
Financial investments at amortised cost	142,923	50,611	244,696	296,922	1,517,894	1,617,698	(299)	-	3,870,445
Derivative financial assets	-	-	-	-	-	-	-	183,035	183,035
Loans, advances and financing	46,806,632	1,842,004	771,878	96,877	2,697,800	2,369,299	136,260	-	54,720,750
Other financial assets**	19	-	-	5	17,810	3,976	2,074,074	-	2,095,884
<b>Total financial assets</b>	<b>50,918,063</b>	<b>2,132,983</b>	<b>1,055,627</b>	<b>687,141</b>	<b>8,901,863</b>	<b>8,786,941</b>	<b>3,126,398</b>	<b>240,300</b>	<b>75,849,316</b>
<b>Liabilities</b>									
Deposits from customers	19,794,017	8,524,314	7,650,955	5,152,363	16,275,846	-	-	-	57,397,495
Deposits and placements of banks and other financial institutions	510,682	100,949	69,548	5,886	691,225	676,767	-	-	2,055,057
Financial liabilities designated at fair value through profit or loss	495,279	1,162,590	117,712	113,533	130,274	-	-	(91,277)	1,928,111
Obligation on securities sold under repurchase agreements	842,228	1,180,498	-	-	-	-	-	-	2,022,726
Derivative financial liabilities	-	-	-	-	-	-	-	287,067	287,067
Recourse obligations on loans and financing sold to Cagamas	-	-	-	422,825	604,058	200,791	-	-	1,227,674
Lease liabilities	2,438	4,481	5,825	14,931	71,054	25,983	-	-	124,712
Subordinated obligations	-	-	-	-	1,114,079	457,839	-	-	1,571,918
Other financial liabilities	390,103	34	107	-	24,172	194,222	2,349,258	-	2,957,896
<b>Total financial liabilities</b>	<b>22,034,747</b>	<b>10,972,866</b>	<b>7,844,147</b>	<b>5,709,538</b>	<b>18,910,708</b>	<b>1,555,602</b>	<b>2,349,258</b>	<b>195,790</b>	<b>69,572,656</b>
On-balance sheet interest sensitivity gap	<b>28,883,316</b>	<b>(8,839,883)</b>	<b>(6,788,520)</b>	<b>(5,022,397)</b>	<b>(10,008,845)</b>	<b>7,231,339</b>	<b>777,140</b>	<b>44,510</b>	<b>6,276,660</b>

Note:

\* Included impaired loans/financing and ECL.

\*\* Included statutory deposit and other assets.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

## 40. FINANCIAL RISK MANAGEMENT POLICIES (CONTD)

## (b) Market Risk (cont'd)

## Market Risk Factors (cont'd)

## (i) Interest rate/profit rate risk (cont'd)

GROUP 2023	Non-trading book						Non- interest/ profit sensitive* RM'000	Trading book RM'000	Total RM'000
	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			
<b>Assets</b>									
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	-	8,484,398	
Financial investments at amortised cost	-	30,383	105,800	338,601	1,860,842	1,062,935	-	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	-	47,926,003	
Other financial assets**	-	-	-	-	22,385	15,338	-	1,485,326	
<b>Total financial assets</b>	<b>43,744,579</b>	<b>2,062,907</b>	<b>1,027,633</b>	<b>671,260</b>	<b>8,224,290</b>	<b>7,096,157</b>	<b>229,133</b>	<b>65,439,789</b>	
<b>Liabilities</b>									
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 liabilities	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	-	1,994,344	
<b>Total financial liabilities</b>	<b>18,253,854</b>	<b>8,383,608</b>	<b>5,949,978</b>	<b>7,354,472</b>	<b>16,288,501</b>	<b>1,447,417</b>	<b>237,617</b>	<b>59,395,832</b>	
On-balance sheet interest sensitivity gap	25,490,725	(6,320,701)	(4,922,345)	(6,683,212)	(8,064,211)	5,648,740	(8,484)	6,043,957	

Note:

- \* Included impaired loans/financing and ECL.
- \*\* Included statutory deposit and other assets.

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

#### 40. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (b) Market Risk (cont'd)

##### Market Risk Factors (cont'd)

##### (i) Interest rate/profit rate risk (cont'd)

BANK 2024	Non-trading book							Trading book RM'000	Total RM'000
	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		
<b>Assets</b>									
Cash and short-term funds	2,683,576	-	-	-	-	-	596,946	-	3,280,522
Financial assets at fair value through profit or loss	-	-	-	-	-	-	277,973	57,265	335,238
Financial investments at fair value through other comprehensive income	5,106	230,247	28,984	207,626	3,672,317	4,084,107	15	-	8,228,402
Financial investments at amortised cost	142,923	50,611	244,696	245,767	1,646,854	1,070,762	(904)	-	3,400,709
Derivative financial assets	-	-	-	-	-	-	-	183,035	183,035
Loans, advances and financing	36,040,399	1,303,435	563,087	72,614	2,011,565	1,072,043	173,333	-	41,236,476
Other financial assets**	19	-	-	5	36,465	3,911	1,890,311	-	1,930,711
<b>Total financial assets</b>	<b>38,872,023</b>	<b>1,584,293</b>	<b>836,767</b>	<b>526,012</b>	<b>7,367,201</b>	<b>6,230,823</b>	<b>2,937,674</b>	<b>240,300</b>	<b>58,595,093</b>
<b>Liabilities</b>									
Deposits from customers	15,223,217	5,261,703	5,463,994	3,891,044	12,686,511	-	-	-	42,526,469
Deposits and placements of banks and other financial institutions	509,628	100,949	64,158	1,827	636,666	552,766	-	-	1,865,994
Financial liabilities designated at fair value through profit or loss	495,279	1,162,590	117,712	113,533	130,274	-	-	(91,277)	1,928,111
Obligation on securities sold under repurchase agreements	842,228	1,180,498	-	-	-	-	-	-	2,022,726
Derivative financial liabilities	-	-	-	-	-	-	-	287,067	287,067
Recourse obligations on loans and financing sold to Cagamas	-	-	-	221,470	302,535	200,791	-	-	724,796
Lease liabilities	2,438	4,481	5,825	14,931	71,054	25,983	-	-	124,712
Subordinated obligations	-	-	-	-	1,013,845	457,839	-	-	1,471,684
Other financial liabilities	390,103	26	76	-	34,669	169,770	2,189,017	-	2,783,661
<b>Total financial liabilities</b>	<b>17,462,893</b>	<b>7,710,247</b>	<b>5,651,765</b>	<b>4,242,805</b>	<b>14,875,554</b>	<b>1,407,149</b>	<b>2,189,017</b>	<b>195,790</b>	<b>53,735,220</b>
On-balance sheet interest sensitivity gap	<b>21,409,130</b>	<b>(6,125,954)</b>	<b>(4,814,998)</b>	<b>(3,716,793)</b>	<b>(7,508,353)</b>	<b>4,823,674</b>	<b>748,657</b>	<b>44,510</b>	<b>4,859,873</b>

Note:

- \* Included impaired loans/financing and ECL.
- \*\* Included statutory deposit and other assets.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

## 40. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

## (b) Market Risk (cont'd)

## Market Risk Factors (cont'd)

## (i) Interest rate/profit rate risk (cont'd)

BANK 2023	Non-trading book						Non- interest/ profit sensitive* RM'000	Trading book RM'000	Total RM'000
	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			
<b>Assets</b>									
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	-	6,182,516	
Financial investments at amortised cost	-	-	105,800	318,185	2,009,624	703,956	-	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	-	35,790,763	
Other financial assets**	-	-	-	-	48,616	14,766	-	1,381,736	
<b>Total financial assets</b>	<b>32,781,410</b>	<b>1,530,545</b>	<b>677,289</b>	<b>600,202</b>	<b>6,418,363</b>	<b>4,982,169</b>	<b>231,629</b>	<b>49,494,876</b>	
<b>Liabilities</b>									
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	-	1,854,828	
<b>Total financial liabilities</b>	<b>13,770,499</b>	<b>6,568,813</b>	<b>3,996,296</b>	<b>4,937,018</b>	<b>12,796,528</b>	<b>1,261,418</b>	<b>237,641</b>	<b>44,920,200</b>	
On-balance sheet interest sensitivity gap	19,010,911	(5,038,268)	(3,319,007)	(4,336,816)	(6,378,165)	3,720,751	(6,012)	4,574,676	

Note:

\* Included impaired loans/financing and ECL.

\*\* Included statutory deposit and other assets.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 40. FINANCIAL RISK MANAGEMENT POLICIES (CONTD)

#### (b) Market Risk (cont'd)

##### Market Risk Factors (cont'd)

##### (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 2024	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
<b>Assets</b>							
Cash and short-term funds	2,625,508	2,546	1,849	3,383	14,026	6,256	2,653,568
Loans, advances and financing	396,567	-	1,188	-	306	2,601	400,662
Other financial assets	58,456	1	2	27	51	7	58,544
<b>Total financial assets</b>	<b>3,080,531</b>	<b>2,547</b>	<b>3,039</b>	<b>3,410</b>	<b>14,383</b>	<b>8,864</b>	<b>3,112,774</b>
<b>Liabilities</b>							
Deposits from customers	1,296,796	73,334	77,852	312,452	530,153	202,299	2,492,886
Deposits and placements of banks and other financial institutions	340,661	-	-	-	-	924	341,585
Financial liabilities designated at fair value through profit or loss	15,677	-	-	2,035	-	-	17,712
Other financial liabilities	70,252	1,967	8,490	168,049	14,361	38,325	301,444
<b>Total financial liabilities</b>	<b>1,723,386</b>	<b>75,301</b>	<b>86,342</b>	<b>482,536</b>	<b>544,514</b>	<b>241,548</b>	<b>3,153,627</b>
On-balance sheet open position	1,357,145	(72,754)	(83,303)	(479,126)	(530,131)	(232,684)	(40,853)
Off-balance sheet open position	(1,387,856)	68,890	92,929	453,476	465,404	243,321	(63,836)
<b>Net open position</b>	<b>(30,711)</b>	<b>(3,864)</b>	<b>9,626</b>	<b>(25,650)</b>	<b>(64,727)</b>	<b>10,637</b>	<b>(104,689)</b>

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 40. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (b) Market Risk (cont'd)

##### Market Risk Factors (cont'd)

##### (ii) Foreign exchange risk (cont'd)

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. (cont'd)

GROUP 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
<b>Assets</b>							
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
<b>Total financial assets</b>	<b>1,809,491</b>	<b>2,510</b>	<b>3,777</b>	<b>768</b>	<b>6,170</b>	<b>13,195</b>	<b>1,835,911</b>
<b>Liabilities</b>							
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
<b>Total financial liabilities</b>	<b>853,713</b>	<b>73,217</b>	<b>43,491</b>	<b>595,723</b>	<b>328,043</b>	<b>69,147</b>	<b>1,963,334</b>
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
<b>Net open position</b>	<b>5,251</b>	<b>(351)</b>	<b>11,239</b>	<b>(11,220)</b>	<b>(37,234)</b>	<b>20,059</b>	<b>(12,256)</b>

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 40. FINANCIAL RISK MANAGEMENT POLICIES (CONTD)

#### (b) Market Risk (cont'd)

##### Market Risk Factors (cont'd)

##### (ii) Foreign exchange risk (cont'd)

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. (cont'd)

<b>BANK 2024</b>	<b>US Dollars RM'000</b>	<b>Pound Sterling RM'000</b>	<b>Euro Dollars RM'000</b>	<b>Australian Dollars RM'000</b>	<b>Singapore Dollars RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>Assets</b>							
Cash and short-term funds	2,625,508	2,546	1,849	3,383	14,026	6,256	2,653,568
Loans, advances and financing	396,567	-	1,188	-	306	2,601	400,662
Other financial assets	58,456	1	2	27	51	7	58,544
<b>Total financial assets</b>	<b>3,080,531</b>	<b>2,547</b>	<b>3,039</b>	<b>3,410</b>	<b>14,383</b>	<b>8,864</b>	<b>3,112,774</b>
<b>Liabilities</b>							
Deposits from customers	1,296,796	73,334	77,852	312,452	530,153	202,299	2,492,886
Deposits and placements of banks and other financial institutions	340,661	-	-	-	-	924	341,585
Financial liabilities designated at fair value through profit or loss	15,677	-	-	2,035	-	-	17,712
Other financial liabilities	70,078	1,899	8,490	168,049	14,361	38,325	301,202
<b>Total financial liabilities</b>	<b>1,723,212</b>	<b>75,233</b>	<b>86,342</b>	<b>482,536</b>	<b>544,514</b>	<b>241,548</b>	<b>3,153,385</b>
On-balance sheet open position	1,357,319	(72,686)	(83,303)	(479,126)	(530,131)	(232,684)	(40,611)
Off-balance sheet open position	(1,387,856)	68,890	92,929	453,476	465,404	243,321	(63,836)
<b>Net open position</b>	<b>(30,537)</b>	<b>(3,796)</b>	<b>9,626</b>	<b>(25,650)</b>	<b>(64,727)</b>	<b>10,637</b>	<b>(104,447)</b>



## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 40. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (b) Market Risk (cont'd)

##### Market Risk Factors (cont'd)

##### (ii) Foreign exchange risk (cont'd)

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. (cont'd)

<b>BANK 2023</b>	<b>US Dollars RM'000</b>	<b>Pound Sterling RM'000</b>	<b>Euro Dollars RM'000</b>	<b>Australian Dollars RM'000</b>	<b>Singapore Dollars RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>Assets</b>							
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
<b>Total financial assets</b>	<b>1,809,491</b>	<b>2,510</b>	<b>3,777</b>	<b>768</b>	<b>6,170</b>	<b>13,195</b>	<b>1,835,911</b>
<b>Liabilities</b>							
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
<b>Total financial liabilities</b>	<b>853,540</b>	<b>73,184</b>	<b>43,491</b>	<b>595,723</b>	<b>328,043</b>	<b>69,147</b>	<b>1,963,128</b>
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
<b>Net open position</b>	<b>5,424</b>	<b>(318)</b>	<b>11,239</b>	<b>(11,220)</b>	<b>(37,234)</b>	<b>20,059</b>	<b>(12,050)</b>

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 40. FINANCIAL RISK MANAGEMENT POLICIES (CONTD)

#### (b) Market Risk (cont'd)

##### Market Risk Measures

##### (iii) 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:

<b>GROUP 2024</b>	<b>Balance RM'000</b>	<b>Average for the year RM'000</b>	<b>Minimum RM'000</b>	<b>Maximum RM'000</b>
Foreign exchange ("FX") related derivatives	(174)	(1,061)	(174)	(2,108)
Government securities	(13,906)	(21,496)	(13,161)	(32,444)
Private debt securities	(4,080)	(6,491)	(4,080)	(8,780)
<b>2023</b>				
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)
<b>BANK 2024</b>				
FX related derivatives	(174)	(1,061)	(174)	(2,108)
Government securities	(12,017)	(18,332)	(11,193)	(27,801)
Private debt securities	(3,389)	(5,304)	(3,389)	(7,209)
<b>2023</b>				
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)

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

#### 40. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (b) Market Risk (cont'd)

##### Market Risk Measures (cont'd)

##### (iv) 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.

	2024 GROUP		2024 BANK	
	- 200 bps Increase/(Decrease) RM'000	+ 200 bps RM'000	- 200 bps Increase/(Decrease) RM'000	+ 200 bps RM'000
Impact on net profit after tax	(188,288)	188,288	(148,658)	148,658
Impact on equity	772,899	(690,555)	668,417	(575,638)

	2023 GROUP		2023 BANK	
	- 200 bps Increase/(Decrease) RM'000	+ 200 bps RM'000	- 200 bps Increase/(Decrease) RM'000	+ 200 bps 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)

##### (v) 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.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 40. FINANCIAL RISK MANAGEMENT POLICIES (CONTD)

#### (b) Market Risk (cont'd)

##### Market Risk Measures (cont'd)

#### (v) Other risk measures (cont'd)

##### (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.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

## 40. FINANCIAL RISK MANAGEMENT POLICIES (CONTD)

## (c) Liquidity Risk (cont'd)

## 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	2024	Up to 1	>1-3	>3-6	>6-12	>1 year	No specific	Total
		month	months	months	months	RM'000	maturity	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Assets</b>								
Cash and short-term funds		4,596,653	-	-	-	-	-	4,596,653
Financial assets at fair value through profit or loss		84	-	50,573	-	6,608	277,973	335,238
Financial investments at fair value through other comprehensive income		60,751	285,075	58,950	290,970	9,351,549	16	10,047,311
Financial investments at amortised cost		34,219	54,464	90,153	405,966	3,285,643	-	3,870,445
Loans, advances and financing		8,976,057	2,652,318	941,183	180,786	41,970,406	-	54,720,750
Other financial and non-financial assets		972,469	48,729	36,953	44,835	104,701	2,168,038	3,375,725
<b>Total assets</b>		<b>14,640,233</b>	<b>3,040,586</b>	<b>1,177,812</b>	<b>922,557</b>	<b>54,718,907</b>	<b>2,446,027</b>	<b>76,946,122</b>
<b>Liabilities</b>								
Deposits from customers		35,782,954	8,524,314	7,650,955	5,152,363	286,909	-	57,397,495
Deposits and placements of banks and other financial institutions		510,678	101,041	69,513	5,865	1,367,960	-	2,055,057
Financial liabilities designated at fair value through profit or loss		17,693	63,420	107,890	123,953	1,615,155	-	1,928,111
Obligations on securities sold under repurchase agreements		842,228	1,180,498	-	-	-	-	2,022,726
Recourse obligations on loans and financing sold to Cagamas		6,727	907	-	420,001	800,039	-	1,227,674
Lease liabilities		2,438	4,481	5,825	14,931	97,037	-	124,712
Subordinated obligations		19,754	2,125	377	-	1,549,662	-	1,571,918
Other financial and non-financial liabilities		2,421,885	199,586	118,651	99,673	603,506	-	3,443,301
<b>Total liabilities</b>		<b>39,604,357</b>	<b>10,076,372</b>	<b>7,953,211</b>	<b>5,816,786</b>	<b>6,320,268</b>	<b>-</b>	<b>69,770,994</b>
<b>Net maturity mismatch</b>		<b>(24,964,124)</b>	<b>(7,035,786)</b>	<b>(6,775,399)</b>	<b>(4,894,229)</b>	<b>48,398,639</b>	<b>2,446,027</b>	<b>7,175,128</b>

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 40. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (c) Liquidity Risk (cont'd)

##### Liquidity Risk Measures (cont'd)

##### (i) Liquidity risk for assets and liabilities based on remaining contractual maturities (cont'd)

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: (cont'd)

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
<b>Assets</b>							
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
<b>Total assets</b>	<b>12,198,315</b>	<b>2,591,998</b>	<b>1,237,431</b>	<b>855,754</b>	<b>47,377,240</b>	<b>2,049,770</b>	<b>66,310,508</b>
<b>Liabilities</b>							
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
Obligations 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
<b>Total liabilities</b>	<b>33,148,308</b>	<b>7,464,875</b>	<b>6,117,451</b>	<b>7,367,672</b>	<b>5,465,553</b>	<b>-</b>	<b>59,563,859</b>
<b>Net maturity mismatch</b>	<b>(20,949,993)</b>	<b>(4,872,877)</b>	<b>(4,880,020)</b>	<b>(6,511,918)</b>	<b>41,911,687</b>	<b>2,049,770</b>	<b>6,746,649</b>

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

## 40. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

## (c) Liquidity Risk (cont'd)

## Liquidity Risk Measures (cont'd)

## (i) Liquidity risk for assets and liabilities based on remaining contractual maturities (cont'd)

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: (cont'd)

BANK 2024	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1 year maturity RM'000	No specific maturity RM'000	Total RM'000
<b>Assets</b>							
Cash and short-term funds	3,280,522	-	-	-	-	-	3,280,522
Financial assets at fair value through profit or loss	84	-	50,573	-	6,608	277,973	335,238
Financial investments at fair value through other comprehensive income	44,338	271,108	43,620	205,630	7,663,690	16	8,228,402
Financial investments at amortised cost	30,725	53,631	86,770	355,655	2,873,928	-	3,400,709
Loans, advances and financing	6,946,511	2,019,644	714,611	151,285	31,404,425	-	41,236,476
Other financial and non-financial assets	1,060,974	47,929	35,754	32,350	121,818	2,475,865	3,774,690
<b>Total assets</b>	<b>11,363,154</b>	<b>2,392,312</b>	<b>931,328</b>	<b>744,920</b>	<b>42,070,469</b>	<b>2,753,854</b>	<b>60,256,037</b>
<b>Liabilities</b>							
Deposits from customers	27,881,585	5,261,703	5,463,994	3,891,044	28,143	-	42,526,469
Deposits and placements of banks and other financial institutions	509,628	100,991	64,143	1,820	1,189,412	-	1,865,994
Financial liabilities designated at fair value through profit or loss	17,693	63,420	107,890	123,953	1,615,155	-	1,928,111
Obligations on securities sold under repurchase agreements	842,228	1,180,498	-	-	-	-	2,022,726
Recourse obligations on loans and financing sold to Cagamas	3,995	780	-	220,002	500,019	-	724,796
Lease liabilities	2,438	4,481	5,825	14,931	97,037	-	124,712
Subordinated obligations	19,754	2,125	335	-	1,449,470	-	1,471,684
Other financial and non-financial liabilities	2,305,436	181,854	98,479	83,039	577,181	-	3,245,989
<b>Total liabilities</b>	<b>31,582,757</b>	<b>6,795,852</b>	<b>5,740,666</b>	<b>4,334,789</b>	<b>5,456,417</b>	<b>-</b>	<b>53,910,481</b>
<b>Net maturity mismatch</b>	<b>(20,219,603)</b>	<b>(4,403,540)</b>	<b>(4,809,338)</b>	<b>(3,589,869)</b>	<b>36,614,052</b>	<b>2,753,854</b>	<b>6,345,556</b>

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 40. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (c) Liquidity Risk (cont'd)

##### Liquidity Risk Measures (cont'd)

#### (i) Liquidity risk for assets and liabilities based on remaining contractual maturities (cont'd)

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: (cont'd)

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
<b>Assets</b>							
Cash and short-term funds	2,425,584	-	-	-	-	-	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	-	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
<b>Total assets</b>	<b>9,147,647</b>	<b>2,006,234</b>	<b>853,943</b>	<b>755,449</b>	<b>35,775,752</b>	<b>2,522,061</b>	<b>51,061,086</b>
<b>Liabilities</b>							
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
Obligations 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
<b>Total liabilities</b>	<b>25,461,116</b>	<b>5,649,704</b>	<b>4,145,534</b>	<b>4,947,413</b>	<b>4,873,277</b>	<b>-</b>	<b>45,077,044</b>
<b>Net maturity mismatch</b>	<b>(16,313,469)</b>	<b>(3,643,470)</b>	<b>(3,291,591)</b>	<b>(4,191,964)</b>	<b>30,902,475</b>	<b>2,522,061</b>	<b>5,984,042</b>



## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

## 40. FINANCIAL RISK MANAGEMENT POLICIES (CONTD)

## (c) Liquidity Risk (cont'd)

## Liquidity Risk Measures (cont'd)

## (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 2024	Up to 1	>1-3	>3-6	>6-12	>1-5	Over 5	No specific	Total
	month	months	months	months	years	years	maturity	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Non derivative financial liabilities</b>								
Deposits from customers	35,800,759	8,582,065	7,763,553	5,282,166	268,387	-	-	57,696,930
Deposits and placements of banks and other financial institutions	510,722	101,355	70,325	5,865	752,175	870,989	-	2,311,431
Financial liabilities designated at fair value through profit or loss	22,698	87,507	149,621	177,823	1,604,061	179,335	-	2,221,045
Obligations on securities sold under repurchase agreements	-	2,022,726	-	-	-	-	-	2,022,726
Recourse obligations on loans and financing sold to Cagamas	9,157	3,282	12,439	440,729	641,650	237,880	-	1,345,137
Lease liabilities	2,982	5,630	7,562	18,177	85,901	34,306	-	154,558
Subordinated obligations	23,277	4,114	5,170	32,148	1,288,000	486,500	-	1,839,209
Other financial liabilities	2,154,249	106,654	59,979	12,536	40,071	-	-	2,373,489
	<b>38,523,844</b>	<b>10,913,333</b>	<b>8,068,649</b>	<b>5,969,444</b>	<b>4,680,245</b>	<b>1,809,010</b>	<b>-</b>	<b>69,964,525</b>
<u>Items not recognised in the statements of financial position</u>								
Financial guarantees	23,025	108,167	98,024	178,940	95,427	521	-	504,104
Credit related commitments and contingencies	13,745,474	257,357	171,237	275,481	6,681,711	730,628	-	21,861,888
	<b>13,768,499</b>	<b>365,524</b>	<b>269,261</b>	<b>454,421</b>	<b>6,777,138</b>	<b>731,149</b>	<b>-</b>	<b>22,365,992</b>
<b>Derivatives financial liabilities</b>								
Derivatives settled on a net basis	1,785	3,134	12,881	22,714	11,450	9,288	-	61,252
Interest rate derivatives and equity option	1,785	3,134	12,881	22,714	11,450	9,288	-	61,252
Net outflow								
Derivatives settled on a gross basis	31,231	35,972	27,560	795	15,983	16,827	-	128,368
Outflow	(23,536)	(36,383)	(14,458)	(1,038)	(23,010)	(14,500)	-	(112,925)
Inflow	7,695	(411)	13,102	(243)	(7,027)	2,327	-	15,443

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 40. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (c) Liquidity Risk (cont'd)

##### Liquidity Risk Measures (cont'd)

##### (ii) Contractual maturity of financial liabilities on an undiscounted basis (cont'd)

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. (cont'd)

GROUP	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
<b>Non derivative financial liabilities</b>								
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
Obligations 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
<u>Items not recognised in the statements of financial position</u>								
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
<b>Derivatives financial liabilities</b>								
<u>Derivatives settled on a net basis</u>								
Interest rate derivatives and equity option	16	59	11,951	23,794	41,616	1,649	-	79,085
Net outflow	16	59	11,951	23,794	41,616	1,649	-	79,085
<u>Derivatives settled on a gross basis</u>								
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

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

## 40. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

## (c) Liquidity Risk (cont'd)

## Liquidity Risk Measures (cont'd)

## (ii) Contractual maturity of financial liabilities on an undiscounted basis (cont'd)

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. (cont'd)

BANK 2024	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
<b>Non derivative financial liabilities</b>								
Deposits from customers	27,895,711	5,296,379	5,544,950	3,982,660	28,650	-	-	42,748,350
Deposits and placements of banks and other financial institutions	509,672	101,355	64,955	1,820	688,393	722,536	-	2,088,731
Financial liabilities designated at fair value through profit or loss	22,698	87,507	149,621	177,823	1,604,061	179,335	-	2,221,045
Obligations on securities sold under repurchase agreements	-	2,022,726	-	-	-	-	-	2,022,726
Recourse obligations on loans and financing sold to Cagamas	5,158	2,243	7,402	232,655	338,594	237,880	-	823,932
Lease liabilities	2,982	5,630	7,562	18,177	85,901	34,306	-	154,558
Subordinated obligations	23,277	4,114	2,585	29,647	1,167,572	486,500	-	1,713,695
Other financial liabilities	2,078,891	102,684	45,446	10,556	35,358	-	-	2,272,935
	30,538,389	7,622,638	5,822,521	4,453,338	3,948,529	1,660,557	-	54,045,972
<b>Items not recognised in the statements of financial position</b>								
Financial guarantees	20,850	89,686	73,768	141,822	88,780	521	-	415,427
Credit related commitments and contingencies	10,996,963	250,571	154,460	257,196	5,937,185	720,830	-	18,317,205
	11,017,813	340,257	228,228	399,018	6,025,965	721,351	-	18,732,632
<b>Derivatives financial liabilities</b>								
Derivatives settled on a net basis								
Interest rate derivatives and equity option	1,785	3,134	12,881	22,714	11,450	9,288	-	61,252
Net outflow	1,785	3,134	12,881	22,714	11,450	9,288	-	61,252
Derivatives settled on a gross basis								
Outflow	31,231	35,972	27,560	795	15,983	16,827	-	128,368
Inflow	(23,536)	(36,383)	(14,458)	(1,038)	(23,010)	(14,500)	-	(112,925)
	7,695	(411)	13,102	(243)	(7,027)	2,327	-	15,443

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 40. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (c) Liquidity Risk (cont'd)

##### Liquidity Risk Measures (cont'd)

##### (ii) Contractual maturity of financial liabilities on an undiscounted basis (cont'd)

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. (cont'd)

BANK 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
<b>Non derivative financial liabilities</b>								
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
Obligations 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
<b>Items not recognised in the statements of financial position</b>								
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
<b>Derivatives financial liabilities</b>								
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 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

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

#### 40. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (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.

#### 41. CAPITAL COMMITMENTS

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Capital expenditure:				
Authorised and contracted for	<b>307,576</b>	22,499	<b>307,239</b>	22,032
Authorised but not contracted for	<b>83,484</b>	94,120	<b>83,212</b>	94,046
	<b>391,060</b>	116,619	<b>390,451</b>	116,078

The capital commitments mainly consist of computer software, property, plant and equipment and building cost.

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

#### 42. 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	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<u>Credit-related exposures</u>				
Direct credit substitutes [Note (a)]	504,102	488,308	415,371	406,699
Transaction-related contingent items [Note (a)]	716,707	666,236	624,324	592,687
Short-term self-liquidating trade-related contingencies	242,230	138,542	225,444	120,783
Forward assets purchase	90,285	241,988	80,783	226,988
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions.	2,117,331	-	2,117,331	-
Irrevocable commitments to extend credit:				
- maturity exceeding one year	5,165,112	3,162,549	4,472,982	2,665,690
- maturity not exceeding one year	11,640,352	10,812,148	8,906,524	8,300,015
Unutilised credit card lines	1,889,873	1,518,716	1,889,873	1,518,716
	<b>22,365,992</b>	17,028,487	<b>18,732,632</b>	13,831,578
<u>Derivative financial instruments [Note (b)]</u>				
Foreign exchange related contracts:				
- one year or less	16,304,813	15,710,254	16,304,813	15,710,254
- over one year to three years	987,439	951,319	987,439	951,319
- over three years	120,483	381,600	120,483	381,600
Interest rate related contracts:				
- one year or less	1,633,954	2,312,715	1,633,954	2,312,715
- over one year to three years	6,177,524	2,532,107	6,177,524	2,532,107
- over three years	10,316,175	6,849,073	10,316,175	7,147,073
Equity related contracts:				
- one year or less	311,349	340,226	311,349	340,226
- over one year to three years	142,040	118,690	142,040	118,690
	<b>35,993,777</b>	29,195,984	<b>35,993,777</b>	29,493,984
	<b>58,359,769</b>	46,224,471	<b>54,726,409</b>	43,325,562

#### Note:

- (a) Included in direct credit substitutes and transaction-related contingent items are financial guarantee contracts of RM504,104,000 and RM415,427,000 (2023: RM488,390,000 and RM406,706,000) 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 8.

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

#### 43. 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	
	2024	2023	2024	2023
(i) With transitional arrangements				
<u>Before deducting proposed dividends</u>				
CET I capital ratio	<b>13.268%</b>	14.868%	<b>13.443%</b>	14.608%
Tier I capital ratio	<b>13.979%</b>	15.714%	<b>14.111%</b>	15.410%
Total capital ratio	<b>17.559%</b>	19.748%	<b>18.100%</b>	19.970%
<u>After deducting proposed dividends</u>				
CET I capital ratio	<b>12.907%</b>	14.494%	<b>12.970%</b>	14.111%
Tier I capital ratio	<b>13.619%</b>	15.340%	<b>13.637%</b>	14.913%
Total capital ratio	<b>17.199%</b>	19.374%	<b>17.627%</b>	19.473%
(ii) Without transitional arrangements				
<u>Before deducting proposed dividends</u>				
CET I capital ratio	<b>12.890%</b>	14.145%	<b>13.152%</b>	14.082%
Tier I capital ratio	<b>13.602%</b>	14.991%	<b>13.820%</b>	14.885%
Total capital ratio	<b>17.182%</b>	19.025%	<b>17.809%</b>	19.445%
<u>After deducting proposed dividends</u>				
CET I capital ratio	<b>12.530%</b>	13.771%	<b>12.679%</b>	13.586%
Tier I capital ratio	<b>13.242%</b>	14.617%	<b>13.346%</b>	14.388%
Total capital ratio	<b>16.822%</b>	18.651%	<b>17.336%</b>	18.948%

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 43. 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	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>CET I Capital</b>				
Paid-up share capital	1,548,106	1,548,106	1,548,106	1,548,106
Retained profits	5,549,407	4,989,825	4,724,987	4,324,216
Regulatory reserves	155,485	257,241	155,485	231,857
FVOCI reserves	(88,924)	(149,271)	(83,848)	(136,059)
Capital reserves	10,018	100,150	-	15,515
	<b>7,174,092</b>	6,746,051	<b>6,344,730</b>	5,983,635
(Less)/add: Regulatory adjustments				
- Goodwill and other intangibles	(462,372)	(440,438)	(460,219)	(338,321)
- Deferred tax assets	(217,253)	(198,920)	(153,468)	(141,327)
- Regulatory reserves	(155,485)	(257,241)	(155,485)	(231,857)
- Investment in subsidiaries and joint venture	(1,135)	(1,094)	(647,750)	(883,013)
- Transitional arrangements	185,468	298,945	109,029	163,695
Total CET I Capital	<b>6,523,315</b>	6,147,303	<b>5,036,837</b>	4,552,812
Additional Tier I Capital Securities	350,000	349,895	250,000	250,000
Total Additional Tier I Capital	<b>350,000</b>	349,895	<b>250,000</b>	250,000
Total Tier I Capital	<b>6,873,315</b>	6,497,198	<b>5,286,837</b>	4,802,812
<b>Tier II Capital</b>				
Subordinated obligations	1,199,662	1,199,459	1,199,470	1,199,153
Expected credit losses and regulatory reserves	560,485	468,411	425,185	352,172
Less: Regulatory adjustments				
- Investment in Tier II capital instruments	-	-	(130,000)	(130,000)
Total Tier II Capital	<b>1,760,147</b>	1,667,870	<b>1,494,655</b>	1,421,325
<b>Total Capital</b>	<b>8,633,462</b>	8,165,068	<b>6,781,492</b>	6,224,137

- (b) The breakdown of risk-weighted assets (“RWA”) by exposures in each major risk category are as follows:

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Credit risk	44,838,827	37,472,854	34,014,770	28,173,763
Market risk	560,041	316,648	559,800	316,525
Operational risk	3,768,311	3,556,380	2,892,670	2,677,121
Total RWA and capital requirements	<b>49,167,179</b>	41,345,882	<b>37,467,240</b>	31,167,409

Detailed information on the risk exposures above is presented in the Bank’s Pillar 3 Report.



## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 43. CAPITAL ADEQUACY (CONT'D)

(c) The capital adequacy ratios of the banking subsidiaries are as follows:

	ALLIANCE ISLAMIC BANK BERHAD			
	With transitional arrangements		Without transitional arrangements	
	2024	2023	2024	2023
<u>Before deducting proposed dividends</u>				
CET I capital ratio	<b>12.938%</b>	13.717%	<b>12.287%</b>	12.401%
Tier I capital ratio	<b>13.785%</b>	14.694%	<b>13.134%</b>	13.377%
Total capital ratio	<b>16.049%</b>	17.122%	<b>15.398%</b>	15.806%
<u>After deducting proposed dividends</u>				
CET I capital ratio	<b>12.930%</b>	13.715%	<b>12.279%</b>	12.399%
Tier I capital ratio	<b>13.778%</b>	14.692%	<b>13.127%</b>	13.375%
Total capital ratio	<b>16.042%</b>	17.120%	<b>15.391%</b>	15.804%

### 44. 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 based on the criteria set out in BNM's Capital Adequacy Framework. The Group and the Bank ensure that there is sufficient regulatory capital to comply with the prescribed capital adequacy ratio requirements at all times.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 45. 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.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 45. FAIR VALUE MEASUREMENTS (CONT'D)

#### (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 2024	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Assets</b>				
Financial assets at FVTPL				
- Money market instruments	-	55,838	-	55,838
- Unquoted securities	-	1,427	277,973	279,400
Financial investments at FVOCI				
- Money market instruments	-	5,561,784	-	5,561,784
- Quoted securities in Malaysia	16	-	-	16
- Unquoted securities	-	4,485,511	-	4,485,511
Derivative financial assets	-	183,035	-	183,035
<b>Liabilities</b>				
Financial liabilities designated at fair value through profit or loss	-	1,928,111	-	1,928,111
Derivative financial liabilities	-	287,067	-	287,067
<b>GROUP 2023</b>				
<b>Assets</b>				
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
<b>Liabilities</b>				
Financial liabilities designated at fair value through profit or loss	-	1,785,157	-	1,785,157
Derivative financial liabilities	-	366,140	-	366,140

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 45. FAIR VALUE MEASUREMENTS (CONT'D)

#### (b) Financial instruments measured at fair value and the fair value hierarchy (cont'd)

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: (cont'd)

<b>BANK 2024</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total RM'000</b>
<b>Assets</b>				
Financial assets at FVTPL				
- Money market instruments	-	55,838	-	55,838
- Unquoted securities	-	1,427	277,973	279,400
Financial investments at FVOCI				
- Money market instruments	-	4,860,708	-	4,860,708
- Quoted securities in Malaysia	16	-	-	16
- Unquoted securities	-	3,367,678	-	3,367,678
Derivative financial assets	-	183,035	-	183,035
<b>Liabilities</b>				
Financial liabilities designated at fair value through profit or loss	-	1,928,111	-	1,928,111
Derivative financial liabilities	-	287,067	-	287,067

<b>BANK 2023</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total RM'000</b>
<b>Assets</b>				
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
<b>Liabilities</b>				
Financial liabilities designated at fair value through profit or loss	-	1,785,157	-	1,785,157
Derivative financial liabilities	-	366,165	-	366,165

There were no transfers between levels of the fair value hierarchy for the Group and the Bank during the financial years ended 31 March 2024 and 31 March 2023.

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

#### 45. FAIR VALUE MEASUREMENTS (CONT'D)

##### (b) Financial instruments measured at fair value and the fair value hierarchy (cont'd)

The table below outlines the reconciliation of movements in Level 3 financial instruments:

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
At 1 April	257,206	245,842	257,206	171,488
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	20,767	14,686	20,767	14,686
(ii) Write-off	-	(3)	-	(3)
At 31 March	277,973	257,206	277,973	257,206

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		Valuation techniques	Unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
	2024 RM'000	2023 RM'000			
<b>GROUP</b>					
Financial assets at FVTPL					
Unquoted securities	277,973	257,206	Net tangible assets	Net tangible assets	Higher net tangible assets results in higher fair value
<b>BANK</b>					
Financial assets at FVTPL					
Unquoted securities	277,973	257,206	Net tangible assets	Net tangible assets	Higher net tangible assets results in higher fair value

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 45. FAIR VALUE MEASUREMENTS (CONT'D)

#### (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 approximate to their fair values.

GROUP 2024	Fair value				Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
<b>Financial assets</b>					
Financial investments at amortised cost	-	3,931,031	-	3,931,031	3,870,445
Loans, advances and financing	-	-	54,168,178	54,168,178	54,720,750
<b>Financial liabilities</b>					
Deposits from customers	-	57,399,627	-	57,399,627	57,397,495
Deposits and placements of banks and other financial institutions	-	2,052,248	-	2,052,248	2,055,057
Obligations on securities sold under repurchase agreements	-	2,014,711	-	2,014,711	2,022,726
Recourse obligations on loans and financing sold to Cagamas	-	866,852	-	866,852	1,227,674
Subordinated obligations	-	1,547,221	-	1,547,221	1,571,918

GROUP 2023	Fair value				Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
<b>Financial assets</b>					
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
<b>Financial liabilities</b>					
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

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 45. FAIR VALUE MEASUREMENTS (CONT'D)

#### (c) Fair values of financial instruments not carried at fair value (cont'd)

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 approximate to their fair values. (cont'd)

BANK 2024	Fair value				Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
<b>Financial assets</b>					
Financial investments at amortised cost	-	3,433,231	-	3,433,231	3,400,709
Loans, advances and financing	-	-	40,716,341	40,716,341	41,236,476
<b>Financial liabilities</b>					
Deposits from customers	-	42,526,642	-	42,526,642	42,526,469
Deposits and placements of banks and other financial institutions	-	1,864,735	-	1,864,735	1,865,994
Obligations on securities sold under repurchase agreements	-	2,014,711	-	2,014,711	2,022,726
Recourse obligations on loans and financing sold to Cagamas	-	549,690	-	549,690	724,796
Subordinated obligations	-	1,449,470	-	1,449,470	1,471,684

BANK 2023	Fair value				Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
<b>Financial assets</b>					
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
<b>Financial liabilities</b>					
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

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 45. FAIR VALUE MEASUREMENTS (CONT'D)

#### (c) Fair values of financial instruments not carried at fair value (cont'd)

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.



## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 46. 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 statement 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		Net amount RM'000
				Financial instruments RM'000	Cash collateral received RM'000	
<b>GROUP</b>						
2024						
Derivative financial assets	183,035	-	183,035	(95,755)	(7,042)	80,238
<b>GROUP</b>						
2023						
Derivative financial assets	221,141	-	221,141	(166,688)	(26,015)	28,438
<b>BANK</b>						
2024						
Derivative financial assets	183,035	-	183,035	(95,755)	(7,042)	80,238
<b>BANK</b>						
2023						
Derivative financial assets	223,637	-	223,637	(166,688)	(26,015)	30,934

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 46. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

#### (b) Financial liabilities

	Gross amounts of recognised financial liabilities RM'000	Gross amounts of recognised financial assets set off in the statement 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		Net amount RM'000
				Financial instruments RM'000	Cash collateral pledged RM'000	
<b>GROUP</b>						
2024						
Derivative financial liabilities	287,067	-	287,067	(95,755)	(154,394)	36,918
<b>GROUP</b>						
2023						
Derivative financial liabilities	366,140	-	366,140	(166,688)	(158,626)	40,826
<b>BANK</b>						
2024						
Derivative financial liabilities	287,067	-	287,067	(95,755)	(154,394)	36,918
<b>BANK</b>						
2023						
Derivative financial liabilities	366,165	-	366,165	(166,688)	(158,626)	40,851

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.

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 MARCH 2024

#### 47. 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.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 47. SEGMENT INFORMATION (CONTD)

Group As at 31 March 2024	Stockbroking and Corporate Advisory							Inter- segment Elimination RM'000	Total Operations RM'000	Total RM'000
	Consumer Banking RM'000	Business Banking RM'000	Financial Markets RM'000	Others RM'000	Others RM'000	Operations RM'000	Elimination RM'000			
Net interest income										
- External income	464,196	546,361	290,477	82	(1,543)	1,299,573	9,999	1,309,572		
- Inter-segment	(103,986)	110,965	(6,979)	-	-	-	-	-		
Net income/(expense) from Islamic banking business	360,210	657,326	283,498	82	(1,543)	1,299,573	9,999	1,309,572		
Other operating income	169,773	165,580	91,836	9,147	(92)	436,244	3,867	440,111		
Net income	125,643	180,564	(40,441)	711	27,149	293,626	(22,859)	270,767		
Other operating expenses	655,626	1,003,470	334,893	9,940	25,514	2,029,443	(8,993)	2,020,450		
Depreciation and amortisation	(434,904)	(350,799)	(39,349)	(11,311)	(39,945)	(876,308)	251	(876,057)		
Operating profit/(loss) before allowance (Allowance for)/write-back of expected credit losses on loans, advances and financing and other financial assets	(49,071)	(42,365)	(5,551)	(392)	(1,302)	(98,681)	1,009	(97,672)		
(Allowance for)/write-back of expected credit losses on financial assets	171,651	610,306	289,993	(1,763)	(15,733)	1,054,454	(7,733)	1,046,721		
Segment results	(23,032)	(112,587)	(32)	(61)	817	(134,895)	-	(134,895)		
Share of results of joint venture	-	(252)	(400)	-	132	(520)	(25)	(545)		
Taxation	148,619	497,467	289,561	(1,824)	(14,784)	919,039	(7,758)	911,281		
Net profit for the financial year								41		
Segment assets	28,771,731	28,954,989	19,099,699	20,865	399,209	77,246,493	(1,225,863)	76,020,630		
Reconciliation of segment assets to consolidated assets:										
Investment in joint venture								1,135		
Property, plant and equipment								234,093		
Tax recoverable and deferred tax assets								227,892		
Intangible assets								462,372		
Total assets								76,946,122		

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

## 47. SEGMENT INFORMATION (CONTD)

Group As at 31 March 2023	Stockbroking and Corporate					Inter- segment Elimination	Total
	Consumer Banking RM'000	Business Banking RM'000	Financial Markets RM'000	Advisory RM'000	Others RM'000		
Net interest income							
- External income	433,282	532,664	252,052	1,834	59	10,208	1,230,099
- Inter-segment	(69,122)	70,245	(178)	(945)	-	-	-
Net income/(expense) from Islamic banking business	364,160	602,909	251,874	889	59	10,208	1,230,099
Other operating income	185,761	157,338	89,643	9,699	(433)	10,798	452,806
Net income	103,389	145,170	(15,878)	9,130	22,865	(27,779)	236,897
Other operating expenses	653,310	905,417	325,639	19,718	22,491	(6,773)	1,919,802
Depreciation and amortisation	(386,217)	(301,259)	(37,204)	(18,215)	(49,385)	4,875	(787,405)
Operating profit/(loss) before allowance	(45,562)	(40,626)	(6,368)	(1,205)	(1,368)	1,181	(93,948)
Allowance for expected credit losses on loans, advances and financing and other financial assets	221,531	563,532	282,067	298	(28,262)	(717)	1,038,449
(Allowance for)/write-back of expected credit losses on financial assets	(64,976)	(85,681)	(85)	(1,272)	(329)	(1)	(152,344)
Segment results	-	(62)	219	-	-	303	460
Share of results of joint venture	156,555	477,789	282,201	(974)	(28,591)	(415)	886,565
Taxation							46
Net profit for the financial year							(208,765)
Segment assets	24,718,131	24,994,115	17,274,116	10,627	432,474	(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

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2024

### 48. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (i) The Bank had entered into a Bancassurance Partnership Agreement with Manulife Insurance Berhad in Malaysia on 28 July 2023, to extend the Bank's exclusive Life bancassurance partnership for a further 15 years.
- (ii) The Bank had on 9 October 2023 entered into a conditional Sale and Purchase Agreement with Oxley Rising Sdn Bhd for the acquisition of 24 floors of office suites together with four adjoining retail lots on the 2-storey retail podium, all to be stratified and located at Tower 3 (Menara C) ("Properties"), which forms part of the ongoing mixed commercial cum residential development by ORSB located along Jalan Ampang, Kuala Lumpur City Centre, for a total purchase price of RM405,839,320.

The Properties are intended to be the new Corporate Office of ABMB Group and expected to be completed by end of November 2024.

### 49. SUBSEQUENT EVENTS

There were no material events subsequent to the end of the financial year that require disclosure or adjustment.



**ALLIANCE BANK  
MALAYSIA BERHAD** (88103-W)

# BASEL II PILLAR 3 REPORT

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# BASEL II PILLAR 3 REPORT

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

### 1.0 OVERVIEW

Bank Negara Malaysia (“BNM”)’s Capital Adequacy Frameworks require Alliance Bank Malaysia Berhad (“Bank”) and its subsidiaries (“Group”) to maintain an adequate level of capital to withstand potential losses arising from its operations. BNM’s Capital Adequacy Frameworks cover three main aspects:

- (a) Pillar 1 - covers the calculation of risk-weighted assets for credit risk, market risk and operational risk;
- (b) Pillar 2 - involves assessment of other risks (e.g. interest rate risk in the banking book, liquidity risk and concentration risk) not covered under Pillar 1. This promotes the adoption of forward-looking approaches to capital management and stress testing/risk simulation techniques; and
- (c) Pillar 3 - covers disclosure and external communication of risk and capital information by banks.

The Pillar 3 Disclosure for the financial year ended 31 March 2024 for the Bank and the Group is in accordance with BNM’s Risk-Weighted Capital Adequacy Framework (“RWCAF”) – Disclosure Requirements (Pillar 3) and Capital Adequacy Framework for Islamic Banks (“CAFIB”) – Disclosures Requirements (Pillar 3).

The Group has adopted the Standardised Approach for credit risk and market risk; and the Basic Indicator Approach for operational risk in determining the capital requirements of Pillar 1.

#### 1.1 Medium and Location of Disclosure

The Pillar 3 Disclosure will be made available under the Investor Relations section of the Group’s website at <http://www.alliancebank.com.my/home.aspx> and as a separate report in the annual and half-yearly financial reports.

#### 1.2. Basis of Disclosure

The Group’s Pillar 3 Disclosure is governed by the Bank’s Pillar 3 Disclosure Policy. This policy outlines the minimum disclosure standards, the approach for determining the appropriateness of information disclosed and the internal controls over the disclosure process. Pillar 3 Disclosure is to be read in conjunction with the Group’s and Bank’s financial statements for the financial year ended 31 March 2024. Whilst this document discloses the Group’s assets both in terms of exposures and capital requirements, the information disclosed herein may not be directly comparable with the information in the financial statements for the financial year ended 31 March 2024 published by the Group.

These disclosures have been reviewed and verified by an independent internal party and approved by the Board of Directors (“Board”) of the Group.

#### 1.3 Comparative Information

The corresponding Pillar 3 Disclosure in the preceding reporting period would be as at 31 March 2023.



## BASEL II PILLAR 3 REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

### 1.0 OVERVIEW (CONTD)

#### 1.4 Scope of Application

The Pillar 3 Disclosure was prepared on a consolidated basis comprising information on Alliance Bank Malaysia Berhad (“Bank”), its subsidiaries, associate companies and joint ventures. The Group offers Conventional and Islamic banking services. The latter includes accepting deposits and providing financing under Shariah principles via the Bank’s wholly-owned subsidiary, Alliance Islamic Bank Berhad (“AISB”).

The quantitative information as at 31 March 2024 also reflects the following events which occurred within the reporting period:

- (a) The Bank had on 2 March 2023 entered into an assets transfer agreement (“business transfer”) with AIBB Berhad (“AIBB”) (formerly known as Alliance Investment Bank Berhad), a wholly-owned subsidiary of the Bank to transfer the remaining assets and liabilities of AIBB (excluding certain excluded assets and liabilities) to the Bank. On 1 April 2023, the remaining assets and liabilities in AIBB were transferred to the Bank for a consideration based on an amount equal to the net asset value of the total assets and total liabilities.
- (b) The Bank and its wholly-owned subsidiaries namely, AIBB, Alliance Direct Marketing Sdn. Bhd., AllianceGroup Nominees (Tempatan) Sdn. Bhd. and AllianceGroup Nominees (Asing) Sdn. Bhd.(collectively “vendors”) had on 31 May 2023 completed the disposal of the vendors’ entire 100% equity shareholding in Alliance Trustee Berhad 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.
- (c) The Bank had on 28 June 2023 subscribed for 25,890,575 ordinary shares at an issue price of RM1.4484 per share amounting to RM37,500,000 via rights issue in its wholly-owned subsidiary Alliance Islamic Bank Berhad.
- (d) The Bank had entered into a Bancassurance Partnership Agreement with Manulife Insurance Berhad in Malaysia on 28 July 2023, to extend the Bank’s exclusive Life bancassurance partnership for a further 15 years.
- (e) The Bank had on 16 August 2023 acquired AIBB’s entire equity stake of 51% in AllianceDBS Research Sdn Bhd.
- (f) The Bank had on 9 October 2023 entered into a conditional Sale and Purchase Agreement with Oxley Rising Sdn Bhd (“ORSB”) for the acquisition of 24 floors of office suites together with 4 adjoining retail lots on the 2-storey retail podium, all to be stratified and located at Tower 3 (Menara C) (“Properties”), which forms part of the ongoing mixed commercial cum residential development by ORSB located along Jalan Ampang, Kuala Lumpur City Centre, for a total purchase price of RM405,839,320.

The Properties are intended to be the new Corporate Office of ABMB Group and expected to be completed by end of November 2024.

## BASEL II PILLAR 3 REPORT

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

#### 1.0 OVERVIEW (CONTD)

##### 1.4 Scope of Application (cont'd)

- (g) AIBB had on 13 December 2023 surrendered its Investment Banking License to Bank Negara Malaysia pursuant to Section 22(1) of the Financial Services Act 2013.

The basis of consolidation for the use of regulatory capital purposes is similar to that for financial accounting purposes. Investments in subsidiaries, associate companies and joint ventures are deducted from regulatory capital.

The Bank did not experience any significant restrictions or other major impediments on the transfer of funds or regulatory capital within the Group.

There were no capital deficiencies in any of the subsidiaries of the Group as at financial year end.

#### 2.0 CAPITAL

The Group maintains a strong capital base to support its current activities and future growth, to meet regulatory capital requirements at all times and to buffer against potential losses.

The Group's Internal Capital Adequacy Assessment Process ("ICAAP") covers the following:

- (a) Assesses inherent risks in the business against risk captured under Pillar 1, and risks not sufficiently or not captured under Pillar 1;
- (b) Estimates the potential impact of extreme but plausible events on the Group's earnings, balance sheet and capital via stress testing;
- (c) Sets internal capital targets which include buffers to cushion potential stress losses and contingency plan(s) where warranted; and
- (d) Regularly monitors and reports portfolio risk profiles, required capital and available capital.

ICAAP results are regularly reported to Group Risk Management Committee ("GRMC") and the Board to facilitate proactive capital management.

## BASEL II PILLAR 3 REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

### 2.0 CAPITAL (CONTD)

#### 2.1 Capital Adequacy Ratios

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.

- (a) The capital adequacy ratios with and without Transitional Arrangements of the Group and the Bank are as follows:

	GROUP		BANK	
	2024	2023	2024	2023
(i) With Transitional Arrangements				
<u>Before Deducting Proposed Dividends</u>				
CET I Capital Ratio	<b>13.268%</b>	14.868%	<b>13.443%</b>	14.608%
Tier I Capital Ratio	<b>13.979%</b>	15.714%	<b>14.111%</b>	15.410%
Total Capital Ratio	<b>17.559%</b>	19.748%	<b>18.100%</b>	19.970%
<u>After Deducting Proposed Dividends</u>				
CET I Capital Ratio	<b>12.907%</b>	14.494%	<b>12.970%</b>	14.111%
Tier I Capital Ratio	<b>13.619%</b>	15.340%	<b>13.637%</b>	14.913%
Total Capital Ratio	<b>17.199%</b>	19.374%	<b>17.627%</b>	19.473%
(ii) Without Transitional Arrangements				
<u>Before Deducting Proposed Dividends</u>				
CET I Capital Ratio	<b>12.890%</b>	14.145%	<b>13.152%</b>	14.082%
Tier I Capital Ratio	<b>13.602%</b>	14.991%	<b>13.820%</b>	14.885%
Total Capital Ratio	<b>17.182%</b>	19.025%	<b>17.809%</b>	19.445%
<u>After Deducting Proposed Dividends</u>				
CET I Capital Ratio	<b>12.530%</b>	13.771%	<b>12.679%</b>	13.586%
Tier I Capital Ratio	<b>13.242%</b>	14.617%	<b>13.346%</b>	14.388%
Total Capital Ratio	<b>16.822%</b>	18.651%	<b>17.336%</b>	18.948%

## BASEL II PILLAR 3 REPORT

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

## 2.0 CAPITAL (CONT'D)

### 2.1 Capital Adequacy Ratios (cont'd)

(b) The capital adequacy ratios of the banking subsidiaries are as follows:

	Alliance Islamic Bank Berhad			
	With		Without	
	Transitional Arrangements		Transitional Arrangements	
	2024	2023	2024	2023
<u>Before Deducting Proposed Dividends</u>				
CET I Capital Ratio	<b>12.938%</b>	13.717%	<b>12.287%</b>	12.401%
Tier I Capital Ratio	<b>13.785%</b>	14.694%	<b>13.134%</b>	13.377%
Total Capital Ratio	<b>16.049%</b>	17.122%	<b>15.398%</b>	15.806%
<u>After Deducting Proposed Dividends</u>				
CET I Capital Ratio	<b>12.930%</b>	13.715%	<b>12.279%</b>	12.399%
Tier I Capital Ratio	<b>13.778%</b>	14.692%	<b>13.127%</b>	13.375%
Total Capital Ratio	<b>16.042%</b>	17.120%	<b>15.391%</b>	15.804%

The Group's and the Bank's capital ratios comply with the prescribed capital adequacy ratios under BNM's Capital Adequacy Framework.

### 2.2 Capital Structure

The total regulatory capital of the Bank consists of eligible Tier 1 and Tier 2 capital satisfying the requirements laid out in BNM's Guideline on Capital Adequacy Framework (Capital Components).

Common Equity capital (CET 1), a component of Tier 1 capital, has the highest loss absorption capability and consists of ordinary share capital, retained profits and reserves, net of regulatory adjustments.

Other forms of regulatory capital maintained by the Bank (in addition to CET 1) include additional Tier 1 capital instruments and Tier 2 capital such as subordinated obligations, surplus eligible provisions over expected losses and general provisions.

## BASEL II PILLAR 3 REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

### 2.0 CAPITAL (CONTD)

#### 2.2 Capital Structure (cont'd)

The following tables present the components of CET I, Tier I and Tier II capital.

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b><u>CET I Capital/Tier I Capital</u></b>				
Paid-Up Share Capital	1,548,106	1,548,106	1,548,106	1,548,106
Retained Profits	5,549,407	4,989,825	4,724,987	4,324,216
Regulatory Reserves (Note 1)	155,485	257,241	155,485	231,857
Financial Investments at Fair Value through Other Comprehensive Income ("FVOCI") Reserves	(88,924)	(149,271)	(83,848)	(136,059)
Capital Reserves	10,018	100,150	-	15,515
	<b>7,174,092</b>	6,746,051	<b>6,344,730</b>	5,983,635
(Less)/Add: Regulatory Adjustments				
- Goodwill and Other Intangibles	(462,372)	(440,438)	(460,219)	(338,321)
- Deferred Tax Assets	(217,253)	(198,920)	(153,468)	(141,327)
- 55% of FVOCI Reserves	-	-	-	-
- Regulatory Reserves (Note 1)	(155,485)	(257,241)	(155,485)	(231,857)
- Investment in Subsidiaries, Associate and Joint Venture	(1,135)	(1,094)	(647,750)	(883,013)
- Transitional Arrangements	185,468	298,945	109,029	163,695
Total CET I Capital	<b>6,523,315</b>	6,147,303	<b>5,036,837</b>	4,552,812
Additional Tier I Capital Securities	350,000	349,895	250,000	250,000
Total Additional Tier I Capital	<b>350,000</b>	349,895	<b>250,000</b>	250,000
Total Tier I Capital	<b>6,873,315</b>	6,497,198	<b>5,286,837</b>	4,802,812
<b><u>Tier II Capital</u></b>				
Subordinated Obligations	1,199,662	1,199,459	1,199,470	1,199,153
Expected Credit Losses and Regulatory Reserves (Note 1 & Note 2)	560,485	468,411	425,185	352,172
Less: Regulatory Adjustments				
- Investment in Tier II Capital Instruments	-	-	(130,000)	(130,000)
Total Tier II Capital	<b>1,760,147</b>	1,667,870	<b>1,494,655</b>	1,421,325
<b>Total Capital</b>	<b>8,633,462</b>	8,165,068	<b>6,781,492</b>	6,224,137

Note 1: The Bank maintained its prudent stand in relation to maintaining the regulatory reserves to preserve the potential deterioration of credit quality.

Note 2: Expected Credit Losses ("ECL") for S1 & S2 only.

## BASEL II PILLAR 3 REPORT

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

## 2.0 CAPITAL (CONT'D)

### 2.3 Risk-Weighted Assets ("RWA") and Capital Requirements

#### Regulatory Capital Requirements

The following tables present the minimum regulatory capital requirements of the Group and the Bank:

GROUP 2024 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
(a) <u>Credit Risk</u>				
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	10,777,276	10,777,276	-	-
Public Sector Entities Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks	657,296	657,296	18,003	1,440
Insurance Companies, Securities Firms and Fund Managers	4,070,429	4,070,429	846,960	67,757
Corporates	154,161	113,276	109,494	8,760
Regulatory Retail	26,112,896	24,169,315	19,912,257	1,592,981
Residential Mortgages	14,808,899	13,775,414	10,096,526	807,722
Higher Risk Assets	17,322,898	17,312,876	7,225,276	578,022
Other Assets	4,677	4,677	7,016	561
Defaulted Exposures	1,939,496	1,939,496	1,053,058	84,245
Total On-Balance Sheet Exposures	644,645	644,032	587,243	46,979
Off-Balance Sheet Exposures:				
Credit-Related Off-Balance Sheet Exposures	6,430,078	5,760,968	4,582,439	366,595
Derivative Financial Instruments	1,267,844	1,267,844	398,676	31,894
Defaulted Exposures	1,443	1,442	1,879	150
Total Off-Balance Sheet Exposures	7,699,365	7,030,254	4,982,994	398,639
Total On and Off-Balance Sheet Exposures	84,192,038	80,494,341	44,838,827	3,587,106
(b) <u>Market Risk (Section 5.0)</u>				
	Long Position	Short Position		
Interest Rate Risk	36,481,488	(36,437,694)	432,687	34,615
Foreign Exchange Risk	22,660	(127,348)	127,354	10,187
	36,504,148	(36,565,042)		
Option Risk			-	-
Total			560,041	44,802
(c) <u>Operational Risk</u>				
Total	-	-	3,768,311	301,465
Total	84,192,038	80,494,341	49,167,179	3,933,373

## BASEL II PILLAR 3 REPORT

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

## 2.0 CAPITAL (CONTD)

### 2.3 Risk-Weighted Assets (“RWA”) and Capital Requirements (cont’d)

#### Regulatory Capital Requirements (cont’d)

The following tables present the minimum regulatory capital requirements of the Group and the Bank: (cont’d)

BANK 2024 Exposure Class	Gross Exposures RM’000	Net Exposures RM’000	Risk- Weighted Assets RM’000	Capital Requirements RM’000
<b>(a) Credit Risk</b>				
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	8,547,759	8,547,759	-	-
Public Sector Entities	466,599	466,598	11,865	949
Banks, DFIs and Multilateral Development Banks	3,615,773	3,615,773	827,336	66,187
Insurance Companies, Securities Firms and Fund Managers	76,476	35,591	33,367	2,669
Corporates	20,070,833	18,303,122	15,145,200	1,211,616
Regulatory Retail	10,833,654	9,895,192	6,959,127	556,730
Residential Mortgages	12,921,969	12,912,446	5,431,129	434,490
Higher Risk Assets	3,717	3,717	5,576	446
Other Assets	1,911,440	1,911,440	1,025,002	82,000
Defaulted Exposures	445,047	444,826	413,221	33,059
<b>Total On-Balance Sheet Exposures</b>	<b>58,893,267</b>	<b>56,136,464</b>	<b>29,851,823</b>	<b>2,388,146</b>
Off-Balance Sheet Exposures:				
Credit-Related Off-Balance Sheet Exposures	5,390,009	4,786,206	3,762,710	301,017
Derivative Financial Instruments	1,267,844	1,267,844	398,676	31,894
Defaulted Exposures	1,187	1,187	1,561	125
<b>Total Off-Balance Sheet Exposures</b>	<b>6,659,040</b>	<b>6,055,237</b>	<b>4,162,947</b>	<b>333,036</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>65,552,307</b>	<b>62,191,701</b>	<b>34,014,770</b>	<b>2,721,182</b>
<b>(b) Market Risk (Section 5.0)</b>				
	<b>Long Position</b>	<b>Short Position</b>		
Interest Rate Risk	36,481,488	(36,437,694)	432,687	34,615
Foreign Exchange Risk	22,660	(127,106)	127,113	10,168
	<b>36,504,148</b>	<b>(36,564,800)</b>		
Option Risk			-	-
<b>Total</b>			<b>559,800</b>	<b>44,783</b>
<b>(c) Operational Risk</b>				
	-	-	2,892,670	231,414
<b>Total</b>	<b>65,552,307</b>	<b>62,191,701</b>	<b>37,467,240</b>	<b>2,997,379</b>

## BASEL II PILLAR 3 REPORT

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

## 2.0 CAPITAL (CONT'D)

### 2.3 Risk-Weighted Assets ("RWA") and Capital Requirements (cont'd)

#### Regulatory Capital Requirements (cont'd)

The following tables present the minimum regulatory capital requirements of the Group and the Bank: (cont'd)

GROUP 2023 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
(a) <u>Credit Risk</u>				
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	10,033,638	10,033,638	-	-
Public Sector Entities Banks, DFIs and Multilateral Development Banks	640,350	640,350	17,650	1,412
Insurance Companies, Securities Firms and Fund Managers	1,869,210	1,869,210	398,539	31,883
Corporates	87,632	87,057	82,669	6,614
Regulatory Retail	22,246,629	20,926,235	16,651,212	1,332,097
Residential Mortgages	13,001,176	11,959,910	8,723,717	697,897
Higher Risk Assets	16,227,654	16,217,909	6,472,427	517,794
Other Assets	4,740	4,740	7,110	569
Defaulted Exposures	1,201,152	1,201,152	679,406	54,352
<b>Total On-Balance Sheet Exposures</b>	<b>661,334</b>	<b>658,233</b>	<b>563,583</b>	<b>45,087</b>
Off-Balance Sheet Exposures:				
Credit-Related Off-Balance Sheet Exposures	5,128,643	4,521,260	3,589,739	287,179
Derivative Financial Instruments	922,950	922,950	275,237	22,019
Defaulted Exposures	7,800	7,795	11,565	925
<b>Total Off-Balance Sheet Exposures</b>	<b>6,059,393</b>	<b>5,452,005</b>	<b>3,876,541</b>	<b>310,123</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>72,032,908</b>	<b>69,050,439</b>	<b>37,472,854</b>	<b>2,997,828</b>
(b) <u>Market Risk (Section 5.0)</u>				
	Long Position	Short Position		
Interest Rate Risk	27,565,310	(27,555,042)	266,101	21,288
Foreign Exchange Risk	36,639	(48,882)	48,884	3,911
	27,601,949	(27,603,924)		
Option Risk			1,663	133
<b>Total</b>			<b>316,648</b>	<b>25,332</b>
(c) <u>Operational Risk</u>				
<b>Total</b>	-	-	<b>3,556,380</b>	<b>284,510</b>
<b>Total</b>	<b>72,032,908</b>	<b>69,050,439</b>	<b>41,345,882</b>	<b>3,307,670</b>



## BASEL II PILLAR 3 REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

### 2.0 CAPITAL (CONT'D)

#### 2.3 Risk-Weighted Assets ("RWA") and Capital Requirements (cont'd)

##### Regulatory Capital Requirements (cont'd)

The following tables present the minimum regulatory capital requirements of the Group and the Bank: (cont'd)

BANK 2023 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
(a) <u>Credit Risk</u>				
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	7,077,581	7,077,581	-	-
Public Sector Entities	361,324	361,324	11,817	945
Banks, DFIs and Multilateral Development Banks	2,515,766	2,515,766	598,952	47,916
Insurance Companies, Securities Firms and Fund Managers	56,699	56,124	53,671	4,294
Corporates	16,550,663	15,364,654	12,453,126	996,250
Regulatory Retail	9,570,461	8,621,370	6,068,793	485,503
Residential Mortgages	11,864,766	11,855,530	4,724,529	377,962
Higher Risk Assets	3,846	3,846	5,769	462
Other Assets	1,195,492	1,195,492	673,746	53,900
Defaulted Exposures	439,174	436,073	384,423	30,754
<b>Total On-Balance Sheet Exposures</b>	<b>49,635,772</b>	<b>47,487,760</b>	<b>24,974,826</b>	<b>1,997,986</b>
Off-Balance Sheet Exposures:				
Credit-Related Off-Balance Sheet Exposures	4,241,140	3,697,434	2,904,996	232,400
Derivative Financial Instruments	937,367	937,367	282,445	22,595
Defaulted Exposures	7,732	7,727	11,496	920
<b>Total Off-Balance Sheet Exposures</b>	<b>5,186,239</b>	<b>4,642,528</b>	<b>3,198,937</b>	<b>255,915</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>54,822,011</b>	<b>52,130,288</b>	<b>28,173,763</b>	<b>2,253,901</b>
(b) <u>Market Risk (Section 5.0)</u>				
	Long Position	Short Position		
Interest Rate Risk	27,565,310	(27,555,042)	266,101	21,288
Foreign Exchange Risk	36,722	(48,759)	48,761	3,901
	27,602,032	(27,603,801)		
Option Risk			1,663	133
<b>Total</b>			<b>316,525</b>	<b>25,322</b>
(c) <u>Operational Risk</u>				
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2,677,121</b>	<b>214,170</b>
<b>Total</b>	<b>54,822,011</b>	<b>52,130,288</b>	<b>31,167,409</b>	<b>2,493,393</b>

Note: Under Islamic banking, the Group does not use Profit-sharing Investment Account ("PSIA") as a risk absorbent mechanism.

The Group and the Bank do not have exposure to any Large Exposure Risk for equity holdings as specified under BNM's Guidelines on Investment in Shares, Interest-in-Shares and Collective Investment Schemes.

## BASEL II PILLAR 3 REPORT

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

#### 3.0 RISK MANAGEMENT

The Board and the Management of Alliance Bank Malaysia Berhad are committed to ensure that the Bank's corporate objectives are supported by a sound risk strategy with an effective risk management framework that is appropriate to the nature, scale and complexity of the Bank's activities.

##### 3.1 Risk Management Framework

The Bank's risk management framework recognises the diversity of the organisation's activities by balancing the Board's strong supervision with well-defined independent risk management functions within each business area. The Bank's risk management framework is embedded in our respective business activities in order to integrate risk-taking and decision-making with prudent risk management principles. It provides a structured approach for the Bank to form a consolidated and aggregated view of all risks identified at entity, business segment and product levels; and to manage these risks in a holistic manner alongside business objectives and compliance requirements.

##### 3.2 Risk Governance and Organisation

The Bank adopts the Three Lines of Defence model in managing risks collectively. The Three Lines of Defence comprises the following:

- (a) 1<sup>st</sup> Line of Defence, whereby the risk taking role is played by Business Units and aided by Business Support functions;
- (b) 2<sup>nd</sup> Line of Defence, whereby the independent risk control role is played by Group Risk Management and Group Compliance (inclusive of the Shariah Review Team); and
- (c) 3<sup>rd</sup> Line of Defence, whereby the independent risk assurance role is played by Group Internal Audit.

The governance structure adopted within the Group provides a transparent and effective system that promotes active involvement from the Board and Senior Management in the risk management process to ensure a uniform view of risk across the Group.

The Board established the GRMC to assist the Board to oversee risk-related and compliance-related frameworks, strategies, policies and methodologies.

The Executive Risk Management Committee ("ERMC") and other Management Committees oversee and advise the Management on risk-related matters including risk policies, to support the sustainability of the Bank.

##### 3.3 Risk Strategy

The Bank establishes appropriate risk governance, processes and controls in order to pursue its strategic business objectives with confidence, to protect its balance sheet and stakeholders' interest, and to deliver sustainable profitability. While it may not be possible or feasible to eliminate all inherent risks within the Bank, a set of risk mitigation techniques has been established to reduce the impact of these risks.

##### 3.4 Risk Appetite

Risk Appetite describes the high-level risk parameters and thresholds the Bank is willing to assume in pursuit of its strategic business objectives. These high-level thresholds are then cascaded, where appropriate, into more granular limits and targets across the various portfolios and business units.

## BASEL II PILLAR 3 REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

### 3.0 RISK MANAGEMENT (CONT'D)

#### 3.5 Risk Culture

Our Board members, Senior Management and staff are all ambassadors of the Bank's risk culture. Hence, the Bank employs the key elements of leadership, supervision, guidance, counselling and communication to shape and cultivate a desirable risk culture.

#### 3.6 Risk Management Process

The Bank's risk management process embeds the Bank's culture and practices. It starts with risk identification, followed by risk assessment, risk mitigation and control, risk monitoring, risk reporting, escalation and disclosure. The risk management processes of different types of risk are explained in the following sections.

### 4.0 CREDIT RISK

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

#### *Credit Risk Management*

The Board, via the GRMC, established a Credit Risk Management Framework ("CRMF") which outlines the broad principles for managing credit risk of the Group.

Credit approval is under the purview of the Executive Committee, Group Management Credit Committee and Credit Underwriters, depending on the size and complexity of the loans.

Retail loans are subject to portfolio reviews and corporate loans are subject to periodic individual borrower or group reviews. The Portfolio Review Committee for the respective lines of business, assisted by embedded risk units, helps to manage the portfolio quality, and formulates action plans to manage identified risks. The process also ensures alignment of business strategy with the Bank's risk appetite.

Potential problem loans or issues related to portfolios are identified through our Early Warning Framework and thematic reviews, where applicable. Impaired loans are recovered internally or through authorised agents.

In the aspect of credit risk measurement, quantitative tools such as application and behavioural scorecards (for retail loans) and credit rating model (for corporate loans) play an integral role in supporting risk informed pricing, underwriting and portfolio management strategies. In order to manage model risk and ensure that the models remain fit-for-purpose, periodic model validations of all credit models are carried out by an independent validation team within Group Risk Management. The broad principles and framework governing the validation of credit models are set out in the Independent Model Validation Framework. Validation covers both quantitative and qualitative aspects of the model, such as back-testing to assess model performance and accuracy, as well as qualitative evaluation of rating system operations, model design, governance and data quality.

Entity-level Risk Dashboards are escalated to the ERMC (Senior Management Level), GRMC (Board Level) and the Board for deliberation and strategic direction.

Group Risk Management is responsible for assessing the adequacy and effectiveness of the risk management framework, policies and guidelines. Embedded risk units are responsible for monitoring business activities and ensuring that they are carried out within the approved policies and business models.

## BASEL II PILLAR 3 REPORT

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

#### 4.0 CREDIT RISK (CONT'D)

##### *Credit Risk Management (cont'd)*

Group Risk Management also performs periodic post approval credit reviews on a sampling basis covering the Consumer, small and medium enterprises (“SMEs”), Corporate and Commercial portfolios to independently assess the quality of credit practices across the Group. The review reports are presented to the GRMC and Group Audit Committee for their notation. Status of all outstanding issues are tracked until closure.

Stress testing is used to identify potential vulnerable risk areas of the Bank’s portfolios to stress events and assess the impact to earnings and capital. Stress tests are performed using a variety of market and economic assumptions to assess possible vulnerability and to formulate effective mitigation actions when required. Sensitivity analyses are conducted to assess the potential effect of individual risk factors.

Group Internal Audit reviews the Bank’s credit processes regularly and recommends corrective measures or enhancements. These reviews provide Senior Management with the assurance that the policies, processes and guidelines are adhered to.

##### *Impaired Loans and Provisions*

Past due accounts are loan accounts with any payment of principal and/or interest due and not paid, but are not classified as impaired. Loans are classified as impaired if the mandatory impairment thresholds are exceeded or judgmentally impaired when there are reasonable grounds to believe that the borrower may not be able to repay the entire loan amount.

Provisions for expected credit losses are carried out based on the MFRS 9 approach, loans with defined risk characteristics are transferred to Stage 2 and provisions are estimated based on potential losses for the remaining lifetime of the exposures. Impaired loans are classified as Stage 3 under MFRS 9. Loans that are not classified as Stage 2 or 3 will remain in Stage 1 where provisions will be estimated based on the probability of default over the next 12 months.

Please refer to Note 2(j)(i) of the audited financial statements for accounting policies on impairment of financial assets.

## BASEL II PILLAR 3 REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

### 4.0 CREDIT RISK (CONTD)

#### 4.1 Distribution of Credit Exposures

##### (a) Geographical Distribution

The following tables represent the Group's and the Bank's major types of gross credit exposure by geographical distribution. Exposures are allocated to the region in which the branch is located and are disclosed before taking into account any collateral held or other credit enhancements and after allowance for impairment, where appropriate.

GROUP 2024	Geographical Region							Total RM'000
	Northern RM'000	Central RM'000	Southern RM'000	Sabah RM'000	Sarawak RM'000	Outside Malaysia RM'000		
<b>Exposure Class</b>								
Sovereigns/Central Banks	-	10,777,276	-	-	-	-	-	10,777,276
Public Sector Entities	-	637,188	-	20,108	-	-	-	657,296
Banks, DFIs and Multilateral Development Banks	-	3,787,767	-	80,152	5,011	197,499	197,499	4,070,429
Insurance Companies, Securities Firms and Fund Managers	7,684	145,621	-	81	775	-	-	154,161
Corporates	2,474,803	19,130,146	2,149,028	1,624,011	734,908	-	-	26,112,896
Regulatory Retail	1,484,909	9,835,344	1,834,160	1,132,313	522,173	-	-	14,808,899
Residential Mortgages	665,351	13,779,042	2,013,051	730,660	134,794	-	-	17,322,898
Higher Risk Assets	-	1,205	2,353	-	1,119	-	-	4,677
Other Assets	-	1,939,496	-	-	-	-	-	1,939,496
Defaulted Exposures	58,233	497,449	64,878	20,284	3,801	-	-	644,645
<b>Total On-Balance Sheet Exposures</b>	<b>4,690,980</b>	<b>60,530,534</b>	<b>6,063,470</b>	<b>3,607,609</b>	<b>1,402,581</b>	<b>197,499</b>	<b>197,499</b>	<b>76,492,673</b>
Credit-Related Off-Balance Sheet Exposures	522,654	4,676,705	684,485	350,458	195,776	-	-	6,430,078
Derivative Financial Instruments	-	1,267,844	-	-	-	-	-	1,267,844
Defaulted Exposures	320	727	3	385	8	-	-	1,443
<b>Total Off-Balance Sheet Exposures</b>	<b>522,974</b>	<b>5,945,276</b>	<b>684,488</b>	<b>350,843</b>	<b>195,784</b>	<b>-</b>	<b>-</b>	<b>7,699,365</b>
<b>Total Credit Exposures</b>	<b>5,213,954</b>	<b>66,475,810</b>	<b>6,747,958</b>	<b>3,958,452</b>	<b>1,598,365</b>	<b>197,499</b>	<b>197,499</b>	<b>84,192,038</b>

## BASEL II PILLAR 3 REPORT

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

#### 4.0 CREDIT RISK (CONT'D)

##### 4.1 Distribution of Credit Exposures (cont'd)

##### (a) Geographical Distribution (cont'd)

The following tables represent the Group's and the Bank's major types of gross credit exposure by geographical distribution. Exposures are allocated to the region in which the branch is located and are disclosed before taking into account any collateral held or other credit enhancements and after allowance for impairment, where appropriate. (cont'd)

BANK 2024	Geographical Region							Total RM'000
	Northern RM'000	Central RM'000	Southern RM'000	Sabah RM'000	Sarawak RM'000	Malaysia RM'000	Outside RM'000	
<b>Exposure Class</b>								
Sovereigns/Central Banks	-	8,547,759	-	-	-	-	-	8,547,759
Public Sector Entities	-	466,545	-	54	-	-	-	466,599
Banks, DFIs and Multilateral Development Banks	-	3,338,122	-	80,152	-	197,499	-	3,615,773
Insurance Companies, Securities Firms and Fund Managers	12	75,608	-	81	775	-	-	76,476
Corporates	1,489,477	15,315,403	1,663,561	1,042,825	559,567	-	-	20,070,833
Regulatory Retail	904,841	7,355,065	1,371,894	786,327	415,527	-	-	10,833,654
Residential Mortgages	529,786	10,193,025	1,622,445	471,702	105,011	-	-	12,921,969
Higher Risk Assets	-	372	2,226	-	1,119	-	-	3,717
Other Assets	-	1,911,440	-	-	-	-	-	1,911,440
Defaulted Exposures	36,560	350,853	46,821	7,711	3,102	-	-	445,047
<b>Total On-Balance Sheet Exposures</b>	<b>2,960,676</b>	<b>47,554,192</b>	<b>4,706,947</b>	<b>2,388,852</b>	<b>1,085,101</b>	<b>197,499</b>	<b>-</b>	<b>58,893,267</b>
Credit-Related Off-Balance Sheet Exposures	331,407	4,086,168	586,454	255,556	130,424	-	-	5,390,009
Derivative Financial Instruments	-	1,267,844	-	-	-	-	-	1,267,844
Defaulted Exposures	320	494	-	365	8	-	-	1,187
<b>Total Off-Balance Sheet Exposures</b>	<b>331,727</b>	<b>5,354,506</b>	<b>586,454</b>	<b>255,921</b>	<b>130,432</b>	<b>-</b>	<b>-</b>	<b>6,659,040</b>
<b>Total Credit Exposures</b>	<b>3,292,403</b>	<b>52,908,698</b>	<b>5,293,401</b>	<b>2,644,773</b>	<b>1,215,533</b>	<b>197,499</b>	<b>-</b>	<b>65,552,307</b>

## BASEL II PILLAR 3 REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

### 4.0 CREDIT RISK (CONT'D)

#### 4.1 Distribution of Credit Exposures (cont'd)

##### (a) Geographical Distribution (cont'd)

The following tables represent the Group's and the Bank's major types of gross credit exposure by geographical distribution. Exposures are allocated to the region in which the branch is located and are disclosed before taking into account any collateral held or other credit enhancements and after allowance for impairment, where appropriate. (cont'd)

GROUP 2023	Geographical Region						Total RM'000
	Northern RM'000	Central RM'000	Southern RM'000	Sabah RM'000	Sarawak RM'000	Outside Malaysia RM'000	
<b>Exposure Class</b>							
Sovereigns/Central Banks	-	10,033,638	-	-	-	-	10,033,638
Public Sector Entities	-	630,310	-	10,040	-	-	640,350
Banks, DFIs and Multilateral Development Banks	-	1,746,398	-	80,158	5,014	37,640	1,869,210
Insurance Companies, Securities Firms and Fund Managers	9,028	77,091	1,402	98	13	-	87,632
Corporates	1,809,721	16,605,900	1,692,335	1,434,337	704,336	-	22,246,629
Regulatory Retail	1,364,525	8,526,976	1,635,543	1,044,381	429,751	-	13,001,176
Residential Mortgages	639,282	12,726,294	2,012,818	726,136	123,124	-	16,227,654
Higher Risk Assets	163	908	2,515	-	1,154	-	4,740
Other Assets	-	1,201,152	-	-	-	-	1,201,152
Defaulted Exposures	43,389	492,034	100,529	22,252	3,130	-	661,334
<b>Total On-Balance Sheet Exposures</b>	<b>3,866,108</b>	<b>52,040,701</b>	<b>5,445,142</b>	<b>3,317,402</b>	<b>1,266,522</b>	<b>37,640</b>	<b>65,973,515</b>
Credit-Related Off-Balance Sheet Exposures	430,555	3,809,067	429,609	301,725	157,687	-	5,128,643
Derivative Financial Instruments	-	922,950	-	-	-	-	922,950
Defaulted Exposures	322	5,490	1,612	366	10	-	7,800
<b>Total Off-Balance Sheet Exposures</b>	<b>430,877</b>	<b>4,737,507</b>	<b>431,221</b>	<b>302,091</b>	<b>157,697</b>	<b>-</b>	<b>6,059,393</b>
<b>Total Credit Exposures</b>	<b>4,296,985</b>	<b>56,778,208</b>	<b>5,876,363</b>	<b>3,619,493</b>	<b>1,424,219</b>	<b>37,640</b>	<b>72,032,908</b>

## BASEL II PILLAR 3 REPORT

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

#### 4.0 CREDIT RISK (CONT'D)

##### 4.1 Distribution of Credit Exposures (cont'd)

##### (a) Geographical Distribution (cont'd)

The following tables represent the Group's and the Bank's major types of gross credit exposure by geographical distribution. Exposures are allocated to the region in which the branch is located and are disclosed before taking into account any collateral held or other credit enhancements and after allowance for impairment, where appropriate. (cont'd)

BANK 2023	Geographical Region							Total RM'000
	Northern RM'000	Central RM'000	Southern RM'000	Sabah RM'000	Sarawak RM'000	Malaysia RM'000	Outside	
<b>Exposure Class</b>								
Sovereigns/Central Banks	-	7,077,581	-	-	-	-	-	7,077,581
Public Sector Entities	-	361,310	-	14	-	-	-	361,324
Banks, DFIs and Multilateral Development Banks	-	2,397,968	-	80,158	-	37,640	-	2,515,766
Insurance Companies, Securities Firms and Fund Managers	20	55,166	1,402	98	13	-	-	56,699
Corporates	1,078,850	12,765,814	1,266,372	925,108	514,519	-	-	16,550,663
Regulatory Retail	817,635	6,474,727	1,183,749	751,754	342,596	-	-	9,570,461
Residential Mortgages	497,526	9,213,033	1,600,626	464,462	89,119	-	-	11,864,766
Higher Risk Assets	-	356	2,336	-	1,154	-	-	3,846
Other Assets	-	1,195,492	-	-	-	-	-	1,195,492
Defaulted Exposures	26,212	324,676	75,154	10,352	2,780	-	-	439,174
<b>Total On-Balance Sheet Exposures</b>	<b>2,420,243</b>	<b>39,866,123</b>	<b>4,129,639</b>	<b>2,231,946</b>	<b>950,181</b>	<b>37,640</b>	<b>-</b>	<b>49,635,772</b>
Credit-Related Off-Balance Sheet Exposures	290,790	3,301,496	337,800	202,007	109,047	-	-	4,241,140
Derivative Financial Instruments	-	937,367	-	-	-	-	-	937,367
Defaulted Exposures	321	5,423	1,612	366	10	-	-	7,732
<b>Total Off-Balance Sheet Exposures</b>	<b>291,111</b>	<b>4,244,286</b>	<b>339,412</b>	<b>202,373</b>	<b>109,057</b>	<b>-</b>	<b>-</b>	<b>5,186,239</b>
<b>Total Credit Exposures</b>	<b>2,711,354</b>	<b>44,110,409</b>	<b>4,469,051</b>	<b>2,434,319</b>	<b>1,059,238</b>	<b>37,640</b>	<b>-</b>	<b>54,822,011</b>



## BASEL II PILLAR 3 REPORT

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

#### 4.0 CREDIT RISK (CONTD)

##### 4.1 Distribution of Credit Exposures (cont'd)

###### (b) Industry Distribution

The following tables represent the Group's and the Bank's major types of gross credit exposure by sector. The analysis is based on the sector in which the customers are engaged.

GROUP 2024	Government & Central Bank		Financial, Insurance, Business Services & Real Estate		Transport, Storage & Communication		Agriculture, Manufacturing, Wholesale & Retail Trade		Household	Construction	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000				
<b>Exposure Class</b>												
Sovereigns/Central Banks	10,777,276	-	-	-	-	-	-	-	-	-	-	10,777,276
Public Sector Entities	-	618,200	-	48	-	-	-	-	-	-	39,048	657,296
Banks, DFIs and Multilateral Development Banks	-	4,070,429	-	-	-	-	-	-	-	-	-	4,070,429
Insurance Companies, Securities Firms and Fund Managers	-	154,161	-	-	-	-	-	-	-	-	-	154,161
Corporates	-	9,048,748	1,842,466	11,752,604	1,613,340	1,420,725	435,013	26,112,896				
Regulatory Retail	-	1,277,533	186,931	5,277,599	383,467	7,501,599	181,770	14,808,899				
Residential Mortgages	-	-	-	-	-	17,322,898	-	17,322,898				
Higher Risk Assets	-	-	-	-	-	4,677	-	4,677				
Other Assets	-	277,989	-	-	-	-	1,661,507	1,939,496				
Defaulted Exposures	-	24,595	2,717	117,539	75,893	411,119	12,782	644,645				
<b>Total On-Balance Sheet Exposures</b>	<b>10,777,276</b>	<b>15,471,655</b>	<b>2,032,114</b>	<b>17,147,790</b>	<b>2,072,700</b>	<b>26,661,018</b>	<b>2,330,120</b>	<b>76,492,673</b>				
Credit-Related Off-Balance Sheet Exposures	91,165	1,123,643	104,894	1,989,850	545,074	2,473,053	102,399	6,430,078				
Derivative Financial Instruments	29,433	1,057,591	-	-	-	-	180,820	1,267,844				
Defaulted Exposures	-	557	47	602	1	236	-	1,443				
<b>Total Off-Balance Sheet Exposures</b>	<b>120,598</b>	<b>2,181,791</b>	<b>104,941</b>	<b>1,990,452</b>	<b>545,075</b>	<b>2,473,289</b>	<b>283,219</b>	<b>7,699,365</b>				
<b>Total Credit Exposures</b>	<b>10,897,874</b>	<b>17,653,446</b>	<b>2,137,055</b>	<b>19,138,242</b>	<b>2,617,775</b>	<b>29,134,307</b>	<b>2,613,339</b>	<b>84,192,038</b>				

## BASEL II PILLAR 3 REPORT

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

#### 4.0 CREDIT RISK (CONT'D)

##### 4.1 Distribution of Credit Exposures (cont'd)

##### (b) Industry Distribution (cont'd)

The following tables represent the Group's and the Bank's major types of gross credit exposure by sector. The analysis is based on the sector in which the customers are engaged. (cont'd)

BANK 2024	Government & Central Bank RM'000	Financial, Insurance, Business Services & Real Estate RM'000	Transport, Storage & Communication RM'000	Agriculture, Manufacturing, Wholesale & Retail Trade RM'000	Household RM'000	Others RM'000	Total RM'000
	8,547,759	-	-	-	-	-	8,547,759
Sovereigns/Central Banks	-	427,503	-	48	-	39,048	466,599
Public Sector Entities	-	3,615,773	-	-	-	-	3,615,773
Banks, DFIs and Multilateral Development Banks	-	76,476	-	-	-	-	76,476
Insurance Companies, Securities Firms and Fund Managers	-	7,320,304	1,317,636	8,510,188	1,413,736	332,968	20,070,833
Corporates	-	957,736	150,437	3,892,401	252,474	153,288	10,833,654
Regulatory Retail	-	-	-	-	12,921,969	-	12,921,969
Residential Mortgages	-	-	-	-	3,717	-	3,717
Higher Risk Assets	-	277,989	-	-	-	1,633,451	1,911,440
Other Assets	-	24,064	2,104	93,661	74,580	9,517	445,047
Defaulted Exposures	-	-	-	-	-	-	-
<b>Total On-Balance Sheet Exposures</b>	<b>8,547,759</b>	<b>12,699,845</b>	<b>1,470,177</b>	<b>12,496,298</b>	<b>1,503,055</b>	<b>2,168,272</b>	<b>58,893,267</b>
Credit-Related Off-Balance Sheet Exposures	91,165	972,317	75,430	1,433,507	455,739	93,165	5,390,009
Derivative Financial Instruments	29,432	1,057,592	-	-	-	180,820	1,267,844
Defaulted Exposures	-	515	48	471	1	-	1,187
<b>Total Off-Balance Sheet Exposures</b>	<b>120,597</b>	<b>2,030,424</b>	<b>75,478</b>	<b>1,433,978</b>	<b>455,740</b>	<b>273,985</b>	<b>6,659,040</b>
<b>Total Credit Exposures</b>	<b>8,668,356</b>	<b>14,730,269</b>	<b>1,545,655</b>	<b>13,930,276</b>	<b>1,958,795</b>	<b>2,442,257</b>	<b>65,552,307</b>

## BASEL II PILLAR 3 REPORT

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

#### 4.0 CREDIT RISK (CONT'D)

##### 4.1 Distribution of Credit Exposures (cont'd)

##### (b) Industry Distribution (cont'd)

The following tables represent the Group's and the Bank's major types of gross credit exposure by sector. The analysis is based on the sector in which the customers are engaged. (cont'd)

GROUP 2023	Government & Central Bank RM'000	Financial, Insurance, Business Services & Real Estate RM'000	Transport, Storage & Communication RM'000	Agriculture, Manufacturing, Wholesale & Retail Trade RM'000	Construction RM'000	Household RM'000	Others RM'000	Total RM'000
<b>Exposure Class</b>								
Sovereigns/Central Banks	10,033,638	-	-	-	-	-	-	10,033,638
Public Sector Entities	-	582,943	-	-	-	-	57,407	640,350
Banks, DFIs and Multilateral Development Banks	-	1,869,210	-	-	-	-	-	1,869,210
Insurance Companies, Securities Firms and Fund Managers	-	82,292	-	5,340	-	-	-	87,632
Corporates	-	7,427,077	1,950,692	10,377,826	1,447,453	745,589	297,992	22,246,629
Regulatory Retail	-	1,164,447	156,911	4,893,974	377,007	6,258,252	150,585	13,001,176
Residential Mortgages	-	-	-	-	-	16,227,654	-	16,227,654
Higher Risk Assets	-	-	-	-	-	4,740	-	4,740
Other Assets	-	257,220	-	-	-	-	943,932	1,201,152
Defaulted Exposures	-	44,262	1,746	107,030	17,564	487,318	3,414	661,334
<b>Total On-Balance Sheet Exposures</b>	<b>10,033,638</b>	<b>11,427,451</b>	<b>2,109,349</b>	<b>15,384,170</b>	<b>1,842,024</b>	<b>23,723,553</b>	<b>1,453,330</b>	<b>65,973,515</b>
Credit-Related Off-Balance Sheet Exposures	-	894,418	85,131	1,759,133	547,586	1,753,586	88,789	5,128,643
Derivative Financial Instruments	65,534	727,287	-	-	-	-	130,129	922,950
Defaulted Exposures	-	365	35	2,347	4,834	219	-	7,800
<b>Total Off-Balance Sheet Exposures</b>	<b>65,534</b>	<b>1,622,070</b>	<b>85,166</b>	<b>1,761,480</b>	<b>552,420</b>	<b>1,753,805</b>	<b>218,918</b>	<b>6,059,393</b>
<b>Total Credit Exposures</b>	<b>10,099,172</b>	<b>13,049,521</b>	<b>2,194,515</b>	<b>17,145,650</b>	<b>2,394,444</b>	<b>25,477,358</b>	<b>1,672,248</b>	<b>72,032,908</b>

## BASEL II PILLAR 3 REPORT

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

#### 4.0 CREDIT RISK (CONT'D)

##### 4.1 Distribution of Credit Exposures (cont'd)

##### (b) Industry Distribution (cont'd)

The following tables represent the Group's and the Bank's major types of gross credit exposure by sector. The analysis is based on the sector in which the customers are engaged. (cont'd)

BANK 2023	Government & Central Bank		Financial, Insurance, Business Services & Real Estate		Transport, Manufacturing, Storage & Communication		Agriculture, Retail Trade		Household		Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Exposure Class</b>												
Sovereigns/Central Banks	7,077,581	-	-	-	-	-	-	-	-	-	-	7,077,581
Public Sector Entities	-	303,917	-	-	-	-	-	-	-	-	57,407	361,324
Banks, DFIs and Multilateral Development Banks	-	2,515,766	-	-	-	-	-	-	-	-	-	2,515,766
Insurance Companies, Securities Firms and Fund Managers	-	56,699	-	-	-	-	-	-	-	-	-	56,699
Corporates	-	5,601,596	1,341,512	7,593,058	1,054,449	739,334	220,714	16,550,663				
Regulatory Retail	-	897,740	126,805	3,626,914	248,478	4,551,530	118,994	9,570,461				
Residential Mortgages	-	-	-	-	-	11,864,766	-	11,864,766				
Higher Risk Assets	-	-	-	-	-	3,846	-	3,846				
Other Assets	-	257,219	-	-	-	-	-	938,273				1,195,492
Defaulted Exposures	-	44,178	1,295	93,633	16,337	283,549	182	439,174				
<b>Total On-Balance Sheet Exposures</b>	<b>7,077,581</b>	<b>9,677,115</b>	<b>1,469,612</b>	<b>11,313,605</b>	<b>1,319,264</b>	<b>17,443,025</b>	<b>1,335,570</b>	<b>49,635,772</b>				
Credit-Related Off-Balance Sheet Exposures	-	765,060	66,678	1,280,440	474,918	1,574,366	79,678	4,241,140				
Derivative Financial Instruments	65,534	741,704	-	-	-	-	130,129	937,367				
Defaulted Exposures	-	365	35	2,347	4,834	151	-	7,732				
<b>Total Off-Balance Sheet Exposures</b>	<b>65,534</b>	<b>1,507,129</b>	<b>66,713</b>	<b>1,282,787</b>	<b>479,752</b>	<b>1,574,517</b>	<b>209,807</b>	<b>5,186,239</b>				
<b>Total Credit Exposures</b>	<b>7,143,115</b>	<b>11,184,244</b>	<b>1,536,325</b>	<b>12,596,392</b>	<b>1,799,016</b>	<b>19,017,542</b>	<b>1,545,377</b>	<b>54,822,011</b>				

## BASEL II PILLAR 3 REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

### 4.0 CREDIT RISK (CONTD)

#### 4.1 Distribution of Credit Exposures (cont'd)

##### (c) Residual Contractual Maturity

The following tables represent the residual contractual maturity for major types of gross credit exposure for on-balance sheet financial assets of the Group and the Bank.

GROUP 2024	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	Total RM'000
<b>Exposure Class</b>						
Sovereigns/Central Banks	927,535	192,089	161,915	359,315	9,136,422	10,777,276
Public Sector Entities	20,108	-	-	10,639	626,549	657,296
Banks, DFIs and Multilateral Development Banks	3,611,333	-	-	10,055	449,041	4,070,429
Insurance Companies, Securities Firms and Fund Managers	141,579	2,729	263	87	9,503	154,161
Corporates	5,332,496	2,347,410	828,224	355,736	17,249,030	26,112,896
Regulatory Retail	2,568,608	395,375	163,058	96,620	11,585,238	14,808,899
Residential Mortgages	678,590	655	1,635	3,439	16,638,579	17,322,898
Higher Risk Assets	-	-	-	-	4,677	4,677
Other Assets	1,016,857	12,127	11,813	10,508	888,191	1,939,496
Defaulted Exposures	99,472	17,601	205	7,423	519,944	644,645
<b>Total On-Balance Sheet Exposures</b>	<b>14,396,578</b>	<b>2,967,986</b>	<b>1,167,113</b>	<b>853,822</b>	<b>57,107,174</b>	<b>76,492,673</b>
<b>BANK 2024</b>						
<b>Exposure Class</b>						
Sovereigns/Central Banks	329,578	192,089	161,915	308,161	7,556,016	8,547,759
Public Sector Entities	54	-	-	-	466,545	466,599
Banks, DFIs and Multilateral Development Banks	2,972,685	-	-	10,055	633,033	3,615,773
Insurance Companies, Securities Firms and Fund Managers	70,929	-	-	87	5,460	76,476
Corporates	4,260,941	1,815,927	635,154	264,394	13,094,417	20,070,833
Regulatory Retail	2,102,551	284,986	119,287	75,375	8,251,455	10,833,654
Residential Mortgages	281,201	621	1,558	3,171	12,635,418	12,921,969
Higher Risk Assets	-	-	-	-	3,717	3,717
Other Assets	1,087,639	11,327	10,614	8,661	793,199	1,911,440
Defaulted Exposures	85,689	17,508	50	7,268	334,532	445,047
<b>Total On-Balance Sheet Exposures</b>	<b>11,191,267</b>	<b>2,322,458</b>	<b>928,578</b>	<b>677,172</b>	<b>43,773,792</b>	<b>58,893,267</b>

## BASEL II PILLAR 3 REPORT

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

#### 4.0 CREDIT RISK (CONT'D)

##### 4.1 Distribution of Credit Exposures (cont'd)

##### (c) Residual Contractual Maturity (cont'd)

The following tables represent the residual contractual maturity for major types of gross credit exposure for on-balance sheet financial assets of the Group and the Bank. (cont'd)

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	Total RM'000
<b>Exposure Class</b>						
Sovereigns/Central Banks	1,974,311	111,393	20,292	338,600	7,589,042	10,033,638
Public Sector Entities	10,040	-	100,709	20,712	508,889	640,350
Banks, DFIs and Multilateral Development Banks	1,591,505	108,488	789	10,113	158,315	1,869,210
Insurance Companies, Securities Firms and Fund Managers	75,134	3,800	-	-	8,698	87,632
Corporates	4,466,867	1,958,095	915,769	408,119	14,497,779	22,246,629
Regulatory Retail	2,404,495	340,048	149,588	80,449	10,026,596	13,001,176
Residential Mortgages	812,148	426	535	3,541	15,411,004	16,227,654
Higher Risk Assets	-	-	-	22	4,718	4,740
Other Assets	643,798	9,091	9,997	9,207	529,059	1,201,152
Defaulted Exposures	78,346	1,724	295	1,035	579,934	661,334
<b>Total On-Balance Sheet Exposures</b>	<b>12,056,644</b>	<b>2,533,065</b>	<b>1,197,974</b>	<b>871,798</b>	<b>49,314,034</b>	<b>65,973,515</b>
<b>BANK 2023</b>						
<b>Exposure Class</b>						
Sovereigns/Central Banks	499,565	81,010	-	318,185	6,178,821	7,077,581
Public Sector Entities	14	-	-	1,574	359,736	361,324
Banks, DFIs and Multilateral Development Banks	2,029,474	108,488	-	5,049	372,755	2,515,766
Insurance Companies, Securities Firms and Fund Managers	52,636	-	-	-	4,063	56,699
Corporates	3,379,691	1,498,643	701,889	379,474	10,590,966	16,550,663
Regulatory Retail	1,984,740	257,324	109,601	56,648	7,162,148	9,570,461
Residential Mortgages	334,850	417	479	3,267	11,525,753	11,864,766
Higher Risk Assets	-	-	-	22	3,824	3,846
Other Assets	650,051	7,587	8,164	6,745	522,945	1,195,492
Defaulted Exposures	63,822	1,660	214	403	373,075	439,174
<b>Total On-Balance Sheet Exposures</b>	<b>8,994,843</b>	<b>1,955,129</b>	<b>820,347</b>	<b>771,367</b>	<b>37,094,086</b>	<b>49,635,772</b>

## BASEL II PILLAR 3 REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

### 4.0 CREDIT RISK (CONTD)

#### 4.2 Impaired Loans, Advances and Financing and Allowance for ECL Analysis

Impaired loans, advances and financing are exposures where the customers have failed to make a principal and/or interest payment for more than three months. In addition, where customers are deemed incapable of continuing repayment obligations, the exposures will be judgmentally impaired. Where exposures are restructured or rescheduled due to increase in credit risk, the exposures are also classified as impaired.

##### Past Due but Not Impaired Loans, Advances and Financing Analysis

Past due but not impaired loans, advances and financing are loans where the customers have failed to make a principal and/or interest payment when contractually due, and include loans which are due one or more days after the contractual due date but not more than three months. Under MFRS 9, exposures more than 30 days past due are transferred to Stage 2. For loans that are structured to pay principal and/or interest at quarterly intervals or longer, a default of payment will trigger an impairment.

##### Impaired and Past Due Loans, Advances and Financing and Allowance for ECL – Industry Analysis

GROUP 2024	Impaired Loans, Advances and Financing RM'000	Past Due Loan RM'000	12 months ECL (Stage 1) RM'000	Lifetime ECL Not-credit Impaired (Stage 2) RM'000	Lifetime ECL Credit Impaired (Stage 3) RM'000	Stage 3 ECL charged/ (write-back) (net) RM'000	Stage 3 write-off (net) RM'000
Financial, Insurance & Business Services and Real Estate	53,938	73,423	14,011	24,119	29,408	(264)	(5,702)
Transport, Storage & Communication	8,016	4,749	3,893	4,336	5,329	2,197	(860)
Agriculture, Manufacturing, Wholesale & Retail Trade	259,570	126,729	70,664	69,913	142,371	46,505	(60,938)
Construction	207,535	28,259	5,072	21,141	131,814	9,827	(14,585)
Household	632,474	948,018	126,489	303,989	222,311	133,760	(148,279)
Others	16,494	1,755	3,222	2,908	3,735	1,978	(461)
<b>Total</b>	<b>1,178,027</b>	<b>1,182,933</b>	<b>223,351</b>	<b>426,406</b>	<b>534,968</b>	<b>194,003</b>	<b>(230,825)</b>
<b>BANK</b>							
<b>2024</b>							
Financial, Insurance & Business Services and Real Estate	52,235	46,524	10,705	20,969	28,237	(690)	(5,702)
Transport, Storage & Communication	7,039	4,649	3,036	3,906	4,960	2,150	(515)
Agriculture, Manufacturing, Wholesale & Retail Trade	216,097	114,366	50,695	59,631	122,770	39,337	(47,495)
Construction	196,471	21,180	3,127	14,301	122,054	10,736	(13,252)
Household	379,121	608,250	63,831	160,311	138,108	74,740	(83,297)
Others	11,607	1,431	2,351	1,442	2,113	1,704	(461)
<b>Total</b>	<b>862,570</b>	<b>796,400</b>	<b>133,745</b>	<b>260,560</b>	<b>418,242</b>	<b>127,977</b>	<b>(150,722)</b>

## BASEL II PILLAR 3 REPORT

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

#### 4.0 CREDIT RISK (CONT'D)

##### 4.2 Impaired Loans, Advances and Financing and Allowance for ECL Analysis (cont'd)

##### Impaired and Past Due Loans, Advances and Financing and Allowance for ECL – Industry Analysis (cont'd)

GROUP	Impaired Loans, Advances and Financing	Past Due Loan	12 months ECL (Stage 1)	Lifetime ECL Not-credit Impaired (Stage 2)	Lifetime ECL Credit Impaired (Stage 3)	Stage 3 ECL charged/ (write-back) (net)	Stage 3 write-off (net)
2023	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial, Insurance & Business Services and Real Estate	79,605	81,580	8,131	14,637	35,374	28,969	(1,129)
Transport, Storage & Communication	5,749	15,604	1,174	5,394	3,991	1,979	(0)
Agriculture, Manufacturing, Wholesale & Retail Trade	263,650	421,625	22,454	69,682	156,806	86,931	(22,305)
Construction	154,119	138,795	2,099	36,681	136,572	111,161	(41,058)
Household	724,006	1,293,244	137,451	391,736	236,830	164,665	(84,760)
Others	5,644	19,772	523	5,722	2,217	1,342	(1,033)
<b>Total</b>	<b>1,232,773</b>	<b>1,970,620</b>	<b>171,832</b>	<b>523,852</b>	<b>571,790</b>	<b>395,047</b>	<b>(150,285)</b>
<b>BANK</b>							
<b>2023</b>							
Financial, Insurance & Business Services and Real Estate	78,776	71,659	6,174	11,975	34,628	28,660	(1,129)
Transport, Storage & Communication	4,610	12,742	933	5,050	3,326	1,614	(0)
Agriculture, Manufacturing, Wholesale & Retail Trade	224,387	348,136	16,902	56,383	130,929	76,382	(18,198)
Construction	140,890	99,710	1,612	22,020	124,569	110,028	(581)
Household	430,002	847,468	79,714	204,975	146,665	87,573	(47,238)
Others	1,052	14,161	447	2,456	870	603	(1,033)
<b>Total</b>	<b>879,717</b>	<b>1,393,876</b>	<b>105,782</b>	<b>302,859</b>	<b>440,987</b>	<b>304,860</b>	<b>(68,179)</b>



## BASEL II PILLAR 3 REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

### 4.0 CREDIT RISK (CONTD)

#### 4.2 Impaired Loans, Advances and Financing and Allowance for ECL Analysis (cont'd)

##### Impaired and Past Due Loans, Advances and Financing and Allowance for ECL – Geographical

GROUP 2024	Impaired Loans, Advances and Financing RM'000	Past Due Loan RM'000	12 months ECL (Stage 1) RM'000	Lifetime ECL Not-credit Impaired (Stage 2) RM'000	Lifetime ECL Credit Impaired (Stage 3) RM'000	Stage 3 ECL charged/ write-back (net) RM'000	Stage 3 write-off (net) RM'000
Northern Region	103,907	79,523	23,718	33,773	45,738	16,864	(21,909)
Central Region	907,287	902,834	161,371	335,771	411,066	166,257	(176,707)
Southern Region	113,765	128,785	20,623	35,046	49,102	6,000	(28,989)
Sabah Region	43,833	57,610	11,748	14,411	23,556	2,398	(2,327)
Sarawak Region	9,235	14,181	5,891	7,405	5,506	2,484	(893)
<b>Total</b>	<b>1,178,027</b>	<b>1,182,933</b>	<b>223,351</b>	<b>426,406</b>	<b>534,968</b>	<b>194,003</b>	<b>(230,825)</b>
<b>BANK</b>							
<b>2024</b>							
Northern Region	63,187	57,516	12,656	21,629	26,666	10,272	(17,201)
Central Region	682,833	591,537	96,527	200,184	332,372	110,725	(117,536)
Southern Region	83,492	96,817	13,847	23,896	36,880	3,490	(13,242)
Sabah Region	25,060	39,358	6,559	9,130	17,356	1,354	(1,902)
Sarawak Region	7,998	11,172	4,156	5,721	4,968	2,136	(841)
<b>Total</b>	<b>862,570</b>	<b>796,400</b>	<b>133,745</b>	<b>260,560</b>	<b>418,242</b>	<b>127,977</b>	<b>(150,722)</b>

## BASEL II PILLAR 3 REPORT

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

#### 4.0 CREDIT RISK (CONT'D)

##### 4.2 Impaired Loans, Advances and Financing and Allowance for ECL Analysis (cont'd)

##### Impaired and Past Due Loans, Advances and Financing and Allowance for ECL – Geographical (cont'd)

GROUP 2023	Impaired Loans, Advances and Financing RM'000	Past Due Loan RM'000	12 months ECL (Stage 1) RM'000	Lifetime ECL	Lifetime ECL	Stage 3 ECL	Stage 3
				Not-credit Impaired (Stage 2) RM'000	Credit Impaired (Stage 3) RM'000	charged/ (write-back) (net) RM'000	write-off (net) RM'000
Northern Region	94,117	158,014	13,326	32,327	50,782	25,262	(9,817)
Central Region	913,411	1,472,801	129,489	420,027	421,517	317,672	(121,577)
Southern Region	172,504	182,047	19,427	44,744	72,091	31,871	(15,677)
Sabah Region	45,698	113,223	7,334	20,771	23,485	19,200	(2,895)
Sarawak Region	7,043	44,535	2,256	5,983	3,915	1,042	(319)
<b>Total</b>	<b>1,232,773</b>	<b>1,970,620</b>	<b>171,832</b>	<b>523,852</b>	<b>571,790</b>	<b>395,047</b>	<b>(150,285)</b>
<b>BANK</b>							
<b>2023</b>							
Northern Region	59,742	106,462	8,024	18,684	33,596	17,930	(7,431)
Central Region	663,572	1,040,810	77,736	237,554	339,182	244,676	(48,120)
Southern Region	121,736	121,442	13,612	27,936	46,631	25,546	(11,659)
Sabah Region	28,216	87,095	4,726	14,141	17,905	15,583	(799)
Sarawak Region	6,451	38,067	1,684	4,544	3,673	1,125	(170)
<b>Total</b>	<b>879,717</b>	<b>1,393,876</b>	<b>105,782</b>	<b>302,859</b>	<b>440,987</b>	<b>304,860</b>	<b>(68,179)</b>

## BASEL II PILLAR 3 REPORT

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

#### 4.0 CREDIT RISK (CONTD)

##### 4.2 Impaired Loans, Advances and Financing and Allowance for ECL Analysis (cont'd)

Movements in the allowance for ECL on loans, advances and financing are as follows:

GROUP	12 months 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
At 1 April 2023	171,832	523,852	571,790	1,267,474
Transfer to Stage 1	137,220	(331,584)	(1,926)	(196,290)
Transfer to Stage 2	(118,337)	542,981	(194,146)	230,498
Transfer to Stage 3	(933)	(275,270)	362,341	86,138
New financial assets originated or purchased	112,549	104,043	8,394	224,986
Financial assets derecognised other than write-off	(40,643)	(131,613)	(29,954)	(202,210)
Changes due to change in credit risk	(38,351)	(2,063)	20,158	(20,256)
Other adjustment	14	49	-	63
	51,519	(93,457)	164,867	122,929
Unwinding of discount	-	29	29,136	29,165
Total charge to/(write-back from) income statement	51,519	(93,428)	194,003	152,094
Write-off	-	(4,018)	(230,825)	(234,843)
At 31 March 2024	223,351	426,406	534,968	1,184,725
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 adjustments	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

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

## BASEL II PILLAR 3 REPORT

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

#### 4.0 CREDIT RISK (CONT'D)

##### 4.2 Impaired Loans, Advances and Financing and Allowance for ECL Analysis (cont'd)

Movements in the allowance for ECL on loans, advances and financing are as follows: (cont'd)

<b>BANK</b>	<b>12 months ECL (Stage 1) RM'000</b>	<b>Lifetime ECL Not-credit Impaired (Stage 2) RM'000</b>	<b>Lifetime ECL Credit Impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
At 1 April 2023	105,782	302,859	440,987	849,628
Effect of business transfer	5	1,373	57	1,435
Transfer to Stage 1	81,383	(202,069)	(1,905)	(122,591)
Transfer to Stage 2	(69,675)	329,596	(113,567)	146,354
Transfer to Stage 3	(104)	(155,493)	225,551	69,954
New financial assets originated or purchased	70,950	78,108	4,453	153,511
Financial assets derecognised other than write-off	(27,214)	(90,134)	(18,807)	(136,155)
Changes due to change in credit risk	(27,396)	(1,409)	11,385	(17,420)
Other adjustment	14	49	-	63
	27,958	(41,352)	107,110	93,716
Unwinding of discount	-	29	20,810	20,839
Total charge to/(write-back from) income statement	27,958	(41,323)	127,920	114,555
Write-off	-	(2,349)	(150,722)	(153,071)
At 31 March 2024	133,745	260,560	418,242	812,547
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 adjustments	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

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

## BASEL II PILLAR 3 REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

### 4.0 CREDIT RISK (CONTD)

#### 4.3 Assignment of Risk-Weights for Portfolios Under the Standardised Approach

The following tables represent the credit exposures by risk-weights and after credit risk mitigation:

GROUP	Exposures after netting and credit risk mitigation										Total Exposures after Netting and Credit Risk Mitigation	Total Risk-Weighted Assets	
	Sovereigns /Central Banks	Public Sector Entities	Multilateral Development Banks	DFIs and Securities Companies, Insurance	Managers Fund	Corporates	Regulatory Retail Mortgages	Residential Mortgages	Higher Risk Assets	Other Assets			Risk Assets
2024 Risk-Weights	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	10,868,441	576,783	5,037	3,660	1,731,779	528,624	-	-	297,523	14,011,847	-	-	
20%	29,432	221,167	4,934,722	237	3,205,168	926,428	5,958	-	736,144	10,059,256	2,011,851	2,011,851	
35%	-	-	-	-	-	-	13,916,615	-	-	13,916,615	4,870,816	4,870,816	
50%	-	-	348,276	-	61,039	48,319	2,502,162	-	-	2,959,796	1,479,898	1,479,898	
75%	-	-	-	-	-	12,491,056	7,920	-	-	12,498,976	9,374,232	9,374,232	
100%	-	-	13	114,626	21,770,642	2,686,470	1,461,906	-	905,829	26,939,486	26,939,484	26,939,484	
150%	-	-	-	-	83,900	18,306	-	-	6,159	108,365	162,546	162,546	
<b>Total Exposures</b>	<b>10,897,873</b>	<b>797,950</b>	<b>5,288,048</b>	<b>118,523</b>	<b>26,852,528</b>	<b>16,699,203</b>	<b>17,894,561</b>	<b>6,159</b>	<b>1,939,496</b>	<b>80,494,341</b>	<b>44,838,827</b>	<b>44,838,827</b>	
Risk-Weighted Assets by Exposures	5,886	44,233	1,161,095	114,673	22,568,045	12,291,665	7,590,934	9,238	1,053,058	44,838,827			
Average Risk-Weight	0%	6%	22%	97%	84%	74%	42%	150%	54%	56%			
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	

## BASEL II PILLAR 3 REPORT

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

#### 4.0 CREDIT RISK (CONT'D)

##### 4.3 Assignment of Risk-Weights for Portfolios Under the Standardised Approach (cont'd)

The following tables represent the credit exposures by risk-weights and after credit risk mitigation: (cont'd)

BANK 2024 Risk- Weights	Exposures after netting and credit risk mitigation										Total Exposures after Risk- Weighted Assets RM'000
	Sovereigns /Central Banks RM'000	Public Sector Entities RM'000	Multilateral Development Banks RM'000	Insurance Companies, Securities Firms and Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Netting and Credit Risk Mitigation RM'000	
0%	8,638,924	407,275	-	2,103	1,244,506	421,496	-	-	297,522	11,011,826	-
20%	29,432	160,475	4,250,772	237	2,420,949	783,799	4,144	-	736,143	8,385,951	1,677,190
35%	-	-	-	-	-	-	10,367,765	-	-	10,367,765	3,628,718
50%	-	-	581,608	-	56,170	34,169	1,794,456	-	-	2,466,403	1,233,202
75%	-	-	-	-	-	10,125,520	6,160	-	-	10,131,680	7,598,760
100%	-	-	13	38,043	16,554,176	1,136,198	1,124,221	-	877,774	19,730,425	19,730,424
150%	-	-	-	-	78,437	14,342	-	4,872	-	97,651	146,476
<b>Total Exposures</b>	<b>8,668,356</b>	<b>567,750</b>	<b>4,832,393</b>	<b>40,383</b>	<b>20,354,238</b>	<b>12,515,524</b>	<b>13,296,746</b>	<b>4,872</b>	<b>1,911,439</b>	<b>62,191,701</b>	<b>34,014,770</b>
Risk-Weighted Assets by Exposures	5,886	32,095	1,140,971	38,091	17,184,105	8,925,695	5,655,616	7,308	1,025,003	34,014,770	
Average Risk- Weight	0%	6%	24%	94%	84%	71%	43%	150%	54%	55%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	

## BASEL II PILLAR 3 REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

### 4.0 CREDIT RISK (CONTD)

#### 4.3 Assignment of Risk-Weights for Portfolios Under the Standardised Approach (cont'd)

The following tables represent the credit exposures by risk-weights and after credit risk mitigation: (cont'd)

GROUP 2023 Risk- Weights	Exposures after netting and credit risk mitigation											Total Exposures after Netting and Credit Risk Mitigation RM'000	Total Risk- Weighted Assets RM'000			
	Sovereigns /Central Banks				Public Sector Entities		Multilateral Development Banks		Insurance Companies, DFIs and Securities Firms and Fund Managers		Regulatory Retail Mortgages			Higher Risk Assets RM'000	Other Assets RM'000	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000					
0%	10,033,638	552,100	4,989	4,133	2,139,572	314,535	-	299,592	-	-	-	299,592	13,348,559	-		
20%	65,533	202,049	2,602,639	340	2,731,341	988,699	3,248	277,693	-	-	3,248	277,693	6,871,542	1,374,308		
35%	-	-	-	-	-	-	13,758,050	-	-	-	13,758,050	-	13,758,050	4,815,318		
50%	-	-	233,014	-	39,454	63,633	2,009,343	-	-	-	-	-	2,345,444	1,172,722		
75%	-	-	-	-	-	10,610,320	6,982	-	-	-	6,982	-	10,617,302	7,962,977		
100%	-	-	25	110,995	18,114,055	2,166,287	1,018,339	623,867	-	-	1,018,339	623,867	22,033,568	22,033,568		
150%	-	-	-	-	52,682	17,302	-	5,990	-	-	-	5,990	75,974	113,961		
<b>Total Exposures</b>	<b>10,099,171</b>	<b>754,149</b>	<b>2,840,667</b>	<b>115,468</b>	<b>23,077,104</b>	<b>14,160,776</b>	<b>16,795,962</b>	<b>1,201,152</b>	<b>5,990</b>	<b>1,201,152</b>	<b>69,050,439</b>	<b>37,472,854</b>	<b>37,472,854</b>			
<b>Risk-Weighted Assets by Exposures</b>	<b>13,107</b>	<b>40,410</b>	<b>637,060</b>	<b>111,063</b>	<b>18,759,073</b>	<b>10,379,536</b>	<b>6,844,214</b>	<b>8,985</b>	<b>8,985</b>	<b>679,406</b>	<b>37,472,854</b>	<b>37,472,854</b>	<b>37,472,854</b>			
<b>Average Risk- Weight</b>	<b>0%</b>	<b>5%</b>	<b>22%</b>	<b>96%</b>	<b>81%</b>	<b>73%</b>	<b>41%</b>	<b>150%</b>	<b>150%</b>	<b>57%</b>	<b>54%</b>	<b>54%</b>	<b>54%</b>			
<b>Deduction from Capital Base</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>			

## BASEL II PILLAR 3 REPORT

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

#### 4.0 CREDIT RISK (CONT'D)

##### 4.3 Assignment of Risk-Weights for Portfolios Under the Standardised Approach (cont'd)

The following tables represent the credit exposures by risk-weights and after credit risk mitigation: (cont'd)

BANK 2023 Risk- Weights	Exposures after netting and credit risk mitigation										Total Exposures after Netting and Credit Risk Mitigation RM'000	Total Risk- Weighted Assets RM'000
	Sovereigns /Central Banks RM'000	Public Sector Entities RM'000	Multilateral Development Banks RM'000	Banks, Companies, DFIs and Securities Firms and Fund Managers RM'000	Insurance Companies, Securities Firms and Fund Managers RM'000	Corporates RM'000	Regulatory Retail Mortgages RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000		
0%	7,077,581	302,238	-	2,199	1,480,216	261,430	-	-	299,592	9,423,256	-	
20%	65,533	140,885	3,020,506	340	1,829,204	802,612	2,180	-	277,693	6,138,953	1,227,791	
35%	-	-	-	-	-	-	10,265,911	-	-	10,265,911	3,593,069	
50%	-	-	480,198	-	33,974	43,140	1,179,972	-	-	1,737,284	868,642	
75%	-	-	-	-	-	8,461,629	5,753	-	-	8,467,382	6,350,537	
100%	-	-	25	72,098	13,603,164	978,565	752,998	-	618,208	16,025,058	16,025,058	
150%	-	-	-	-	52,593	14,846	-	5,005	-	72,444	108,666	
<b>Total Exposures</b>	<b>7,143,114</b>	<b>443,123</b>	<b>3,500,729</b>	<b>74,637</b>	<b>16,999,151</b>	<b>10,562,222</b>	<b>12,206,814</b>	<b>5,005</b>	<b>1,195,493</b>	<b>52,130,288</b>	<b>28,173,763</b>	
<b>Risk-Weighted Assets by Exposures</b>	<b>13,107</b>	<b>28,177</b>	<b>844,225</b>	<b>72,166</b>	<b>14,064,881</b>	<b>7,529,148</b>	<b>4,940,804</b>	<b>7,508</b>	<b>673,747</b>	<b>28,173,763</b>		
<b>Average Risk- Weight</b>	<b>0%</b>	<b>6%</b>	<b>24%</b>	<b>97%</b>	<b>83%</b>	<b>71%</b>	<b>40%</b>	<b>150%</b>	<b>56%</b>	<b>54%</b>		
<b>Deduction from Capital Base</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	



## BASEL II PILLAR 3 REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

### 4.0 CREDIT RISK (CONTD)

#### 4.3 Assignment of Risk-Weights for Portfolios Under the Standardised Approach (cont'd)

For the purpose of determining counterparty risk-weights, the Group uses external credit assessments from Rating Agency Malaysia (“RAM”), Malaysian Rating Corporation Berhad (“MARC”), Standard and Poor’s (“S&P”), Moody’s, Fitch Ratings, and Rating and Investment Information, Inc. (“R&I” [See Note 1]). In the context of the Group’s portfolio, external credit assessments are mainly applicable to banks/financial institutions and rated corporations. The Group follows the process prescribed under BNM’s Capital Adequacy Framework to map the ratings to the relevant risk-weights. The ratings are monitored and updated regularly to ensure that the latest and most appropriate risk-weights are applied in the capital computation.

The following tables show the rated credit exposures according to ratings by approved External Credit Assessment Institutions (“ECAIs”):

#### Long-Term Rating

Rating Category	S&P	Moody’s	Fitch	RAM	MARC	R&I *
1	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AA3	AAA to AA-	AAA to AA-
2	A+ to A-	A1 to A3	A+ to A-	A+ to A3	A+ to A-	A+ to A-
3	BBB+ to BB-	Baa1 to Ba3	BBB+ to BB-	BBB1+ to BB3	BBB+ to BB-	BBB+ to BB-
4	B+ to D	B1 to C	B+ to D	B to D	B+ to D	B+ to D
5	Unrated					

#### Short-Term Rating

Rating Category	S&P	Moody’s	Fitch	RAM	MARC	R&I *
1	A-1	P-1	F1+, F1	P-1	MARC-1	a-1+, a-1
2	A-2	P-2	A-2	P-2	MARC-2	a-2
3	A-3	P-3	F3	P-3	MARC-3	a-3
4	Others	Others	B to D	NP	MARC-4	b, c
5	Unrated					

\* Note 1: R&I rating is not recognised for Islamic debt securities.

## BASEL II PILLAR 3 REPORT

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

#### 4.0 CREDIT RISK (CONT'D)

##### 4.3 Assignment of Risk-Weights for Portfolios Under the Standardised Approach (cont'd)

The following tables show the rated credit exposures according to ratings by approved ECAs: (cont'd)

#### GROUP 2024

Exposure Class	Rating Categories					Total
	1	2	3	4	5	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>On and Off-Balance Sheet Exposures</b>						
<b>(i) Exposures risk-weighted using Sovereigns and Central Banks rating</b>						
Public Sector Entities	-	576,783	-	-	-	576,783
Sovereigns and Central Banks (See Note 2)	-	10,897,873	-	-	-	10,897,873
Corporates	-	1,172,419	-	-	-	1,172,419
Banks, DFIs and Multilateral Development Banks	-	5,037	-	-	-	5,037
<b>Total</b>	-	<b>12,652,112</b>	-	-	-	<b>12,652,112</b>
<b>(ii) Exposures risk-weighted using Banking Institutions long-term rating</b>						
Banks, DFIs and Multilateral Development Banks	2,455,915	1,988,467	1,671	-	836,957	5,283,010
<b>Exposures risk-weighted using Banking Institutions short-term rating</b>						
Banks, DFIs and Multilateral Development Banks	-	-	-	-	-	-
<b>Total</b>	<b>2,455,915</b>	<b>1,988,467</b>	<b>1,671</b>	-	<b>836,957</b>	<b>5,283,010</b>
<b>(iii) Exposures risk-weighted using Corporate long-term rating</b>						
Public Sector Entities	20,081	-	-	-	201,086	221,167
Corporates	2,992,817	8,818	-	-	24,906,983	27,908,618
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	161,368	161,368
<b>Exposures risk-weighted using Corporate short-term rating</b>						
Public Sector Entities	-	-	-	-	-	-
Corporates	-	-	-	-	-	-
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	-	-
<b>Total</b>	<b>3,012,898</b>	<b>8,818</b>	-	-	<b>25,269,437</b>	<b>28,291,153</b>

Note 2: The Federal Government and Central Bank of Malaysia are accorded 0% risk weight as provided under the Capital Adequacy Framework.

## BASEL II PILLAR 3 REPORT

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

#### 4.0 CREDIT RISK (CONTD)

#### 4.3 Assignment of Risk-Weights for Portfolios Under the Standardised Approach (cont'd)

The following tables show the rated credit exposures according to ratings by approved ECAIs: (cont'd)

#### BANK 2024

Exposure Class	Rating Categories					Total
	1	2	3	4	5	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>On and Off-Balance Sheet Exposures</b>						
<b>(i) Exposures risk-weighted using Sovereigns and Central Banks rating</b>						
Public Sector Entities	-	407,275	-	-	-	407,275
Sovereigns and Central Banks (See Note 2)	-	8,668,356	-	-	-	8,668,356
Corporates	-	845,953	-	-	-	845,953
Banks, DFIs and Multilateral Development Banks	-	-	-	-	-	-
<b>Total</b>	-	<b>9,921,584</b>	-	-	-	<b>9,921,584</b>
<b>(ii) Exposures risk-weighted using Banking Institutions long-term rating</b>						
Banks, DFIs and Multilateral Development Banks	1,692,439	2,307,336	1,671	-	830,946	4,832,392
<b>Exposures risk-weighted using Banking Institutions short-term rating</b>						
Banks, DFIs and Multilateral Development Banks	-	-	-	-	-	-
<b>Total</b>	<b>1,692,439</b>	<b>2,307,336</b>	<b>1,671</b>	-	<b>830,946</b>	<b>4,832,392</b>
<b>(iii) Exposures risk-weighted using Corporate long-term rating</b>						
Public Sector Entities	20,081	-	-	-	140,394	160,475
Corporates	2,255,854	8,818	-	-	19,242,940	21,507,612
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	83,228	83,228
<b>Exposures risk-weighted using Corporate short-term rating</b>						
Public Sector Entities	-	-	-	-	-	-
Corporates	-	-	-	-	-	-
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	-	-
<b>Total</b>	<b>2,275,935</b>	<b>8,818</b>	-	-	<b>19,466,562</b>	<b>21,751,315</b>

Note 2: The Federal Government and Central Bank of Malaysia are accorded 0% risk weight as provided under the Capital Adequacy Framework.

## BASEL II PILLAR 3 REPORT

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

#### 4.0 CREDIT RISK (CONT'D)

##### 4.3 Assignment of Risk-Weights for Portfolios Under the Standardised Approach (cont'd)

The following tables show the rated credit exposures according to ratings by approved ECAs: (cont'd)

#### GROUP 2023

Exposure Class	Rating Categories					Total
	1	2	3	4	5	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>On and Off-Balance Sheet Exposures</b>						
<b>(i) Exposures risk-weighted using Sovereigns and Central Banks rating</b>						
Public Sector Entities	-	552,100	-	-	-	552,100
Sovereigns and Central Banks (See Note 2)	-	10,099,172	-	-	-	10,099,172
Corporates	-	1,719,660	-	-	-	1,719,660
Banks, DFIs and Multilateral Development Banks	-	4,990	-	-	-	4,990
<b>Total</b>	-	12,375,922	-	-	-	12,375,922
<b>(ii) Exposures risk-weighted using Banking Institutions long-term rating</b>						
Banks, DFIs and Multilateral Development Banks	1,601,135	494,507	705	-	739,330	2,835,677
<b>Exposures risk-weighted using Banking Institutions short-term rating</b>						
Banks, DFIs and Multilateral Development Banks	-	-	-	-	-	-
<b>Total</b>	1,601,135	494,507	705	-	739,330	2,835,677
<b>(iii) Exposures risk-weighted using Corporate long-term rating</b>						
Public Sector Entities	-	-	-	-	202,049	202,049
Corporates	2,507,980	-	-	-	20,444,716	22,952,696
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	116,055	116,055
<b>Exposures risk-weighted using Corporate short-term rating</b>						
Public Sector Entities	-	-	-	-	-	-
Corporates	-	-	-	-	-	-
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	-	-
<b>Total</b>	2,507,980	-	-	-	20,762,820	23,270,800

Note 2: The Federal Government and Central Bank of Malaysia are accorded 0% risk weight as provided under the Capital Adequacy Framework.

## BASEL II PILLAR 3 REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

### 4.0 CREDIT RISK (CONTD)

#### 4.3 Assignment of Risk-Weights for Portfolios Under the Standardised Approach (cont'd)

The following tables show the rated credit exposures according to ratings by approved ECAIs: (cont'd)

#### BANK 2023

Exposure Class	Rating Categories					Total
	1	2	3	4	5	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>On and Off-Balance Sheet Exposures</b>						
<b>(i) Exposures risk-weighted using Sovereigns and Central Banks rating</b>						
Public Sector Entities	-	302,238	-	-	-	302,238
Sovereigns and Central Banks (See Note 2)	-	7,143,114	-	-	-	7,143,114
Corporates	-	1,155,040	-	-	-	1,155,040
Banks, DFIs and Multilateral Development Banks	-	-	-	-	-	-
<b>Total</b>	-	8,600,392	-	-	-	8,600,392
<b>(ii) Exposures risk-weighted using Banking Institutions long-term rating</b>						
Banks, DFIs and Multilateral Development Banks	1,580,849	1,185,858	705	-	733,317	3,500,729
<b>Exposures risk-weighted using Banking Institutions short-term rating</b>						
Banks, DFIs and Multilateral Development Banks	-	-	-	-	-	-
<b>Total</b>	1,580,849	1,185,858	705	-	733,317	3,500,729
<b>(iii) Exposures risk-weighted using Corporate long-term rating</b>						
Public Sector Entities	-	-	-	-	140,885	140,885
Corporates	1,664,943	-	-	-	15,585,960	17,250,903
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	75,224	75,224
<b>Exposures risk-weighted using Corporate short-term rating</b>						
Public Sector Entities	-	-	-	-	-	-
Corporates	-	-	-	-	-	-
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	-	-
<b>Total</b>	1,664,943	-	-	-	15,802,069	17,467,012

Note 2: The Federal Government and Central Bank of Malaysia are accorded 0% risk weight as provided under the Capital Adequacy Framework.

There is no outstanding securitisation contract in the Bank that requires disclosure of ratings and short-term rating of securitisation by approved ECAIs.

## BASEL II PILLAR 3 REPORT

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

#### 4.0 CREDIT RISK (CONT'D)

##### 4.4 Credit Risk Mitigation ("CRM")

The Group generally does not extend credit solely based on collateral. Instead, credit facilities are granted based on borrowers' creditworthiness. Collaterals that are eligible for credit risk mitigation will be accepted only after their marketability, liquidity, legal enforceability, transferability and stability of values are accessed in accordance with the Group's policy on collateral valuation. The policy also prescribes the frequency of valuation for different collateral/security types, based on liquidity and volatility of the collateral value and the underlying product or risk exposures.

As a practical approach towards mitigating credit risk, the Group accepts a wide range of collaterals. The main types of collateral acceptable to the Group include cash, guarantees, commercial and residential real estate, and physical collateral/financial collateral, e.g. motor vehicles or shares. Guarantees are accepted only when the financial standing of the guarantors have been ascertained.

However, for capital computation purposes, the BNM's Capital Adequacy Framework applies more restrictive rules on collaterals that qualify as credit risk mitigants. As a result, not all of the collaterals accepted by the Group can be used to reduce our capital adequacy requirement.

The following tables represent the Group's/Bank's credit exposure including off-balance sheet items under the standardised approach, the total exposure (after, where applicable, eligible netting benefits) that is covered by eligible guarantees and credit derivatives; and eligible collateral after haircuts, allowed under the Capital Adequacy Framework.

GROUP 2024	Exposures before CRM RM'000	Exposures covered by guarantees/ credit derivatives (Note 1) RM'000	Exposures covered by eligible financial collateral RM'000	Exposures covered by other eligible collateral RM'000
<b>Credit Risk</b>				
<b>Exposure Class</b>				
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	10,777,276	-	-	-
Public Sector Entities	657,296	-	-	-
Banks, DFIs and Multilateral Development Banks	4,070,429	-	-	-
Insurance Companies, Securities Firms and Fund Managers	154,161	3,829	40,885	-
Corporates	26,112,896	730,383	1,943,582	-
Regulatory Retail	14,808,899	1,430,655	1,033,485	-
Residential Mortgages	17,322,898	5,958	10,022	-
Higher Risk Assets	4,677	-	-	-
Other Assets	1,939,496	-	-	-
Defaulted Exposures	644,645	17,807	612	-
<b>Total On-Balance Sheet Exposures</b>	<b>76,492,673</b>	<b>2,188,632</b>	<b>3,028,586</b>	<b>-</b>
Off-Balance Sheet Exposures:				
Off-Balance Sheet Exposures other than Over The Counter ("OTC") Derivatives or Credit Derivatives	7,697,922	47,970	669,110	-
Defaulted Exposures	1,443	16	1	-
<b>Total Off-Balance Sheet Exposures</b>	<b>7,699,365</b>	<b>47,986</b>	<b>669,111</b>	<b>-</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>84,192,038</b>	<b>2,236,618</b>	<b>3,697,697</b>	<b>-</b>

Note 1: The exposures covered by guarantees/credit derivative refer to the exposures guaranteed by eligible guarantors.

## BASEL II PILLAR 3 REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

### 4.0 CREDIT RISK (CONTD)

#### 4.4 Credit Risk Mitigation (“CRM”) (cont’d)

BANK 2024	Exposures before CRM RM’000	Exposures covered by guarantees/ credit derivatives (Note 1) RM’000	Exposures covered by eligible financial collateral RM’000	Exposures covered by other eligible collateral RM’000
<b>Credit Risk</b>				
<b>Exposure Class</b>				
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	8,547,759	-	-	-
Public Sector Entities	466,599	-	-	-
Banks, DFIs and Multilateral Development Banks	3,615,773	-	-	-
Insurance Companies, Securities Firms and Fund Managers	76,476	2,272	40,885	-
Corporates	20,070,833	537,833	1,767,712	-
Regulatory Retail	10,833,654	1,187,742	938,462	-
Residential Mortgages	12,921,969	4,144	9,523	-
Higher Risk Assets	3,717	-	-	-
Other Assets	1,911,440	-	-	-
Defaulted Exposures	445,047	15,539	221	-
<b>Total On-Balance Sheet Exposures</b>	<b>58,893,267</b>	<b>1,747,530</b>	<b>2,756,803</b>	<b>-</b>
Off-Balance Sheet Exposures:				
Off-Balance Sheet Exposures other than OTC Derivatives or Credit Derivatives	6,657,853	27,897	603,803	-
Defaulted Exposures	1,187	-	-	-
<b>Total Off-Balance Sheet Exposures</b>	<b>6,659,040</b>	<b>27,897</b>	<b>603,803</b>	<b>-</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>65,552,307</b>	<b>1,775,427</b>	<b>3,360,606</b>	<b>-</b>

Note 1: The exposures covered by guarantees/credit derivative refer to the exposures guaranteed by eligible guarantors.

## BASEL II PILLAR 3 REPORT

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

#### 4.0 CREDIT RISK (CONT'D)

##### 4.4 Credit Risk Mitigation ("CRM") (cont'd)

GROUP 2023	Exposures before CRM RM'000	Exposures covered by guarantees/ credit derivatives (Note 1) RM'000	Exposures covered by eligible financial collateral RM'000	Exposures covered by other eligible collateral RM'000
<b>Credit Risk</b>				
<b>Exposure Class</b>				
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	10,033,638	-	-	-
Public Sector Entities	640,350	-	-	-
Banks, DFIs and Multilateral Development Banks	1,869,210	-	-	-
Insurance Companies, Securities Firms and Fund Managers	87,632	4,456	575	-
Corporates	22,246,629	623,508	1,320,394	-
Regulatory Retail	13,001,176	1,284,883	1,041,266	-
Residential Mortgages	16,227,654	3,248	9,745	-
Higher Risk Assets	4,740	-	-	-
Other Assets	1,201,152	-	-	-
Defaulted Exposures	661,334	12,959	3,101	-
<b>Total On-Balance Sheet Exposures</b>	<b>65,973,515</b>	<b>1,929,054</b>	<b>2,375,081</b>	<b>-</b>
Off-Balance Sheet Exposures:				
Off-Balance Sheet Exposures other than				
OTC Derivatives or Credit Derivatives	6,051,593	25,174	607,383	-
Defaulted Exposures	7,800	-	5	-
<b>Total Off-Balance Sheet Exposures</b>	<b>6,059,393</b>	<b>25,174</b>	<b>607,388</b>	<b>-</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>72,032,908</b>	<b>1,954,228</b>	<b>2,982,469</b>	<b>-</b>

Note 1: The exposures covered by guarantees/credit derivative refer to the exposures guaranteed by eligible guarantors.



## BASEL II PILLAR 3 REPORT

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

#### 4.0 CREDIT RISK (CONTD)

##### 4.4 Credit Risk Mitigation (“CRM”) (cont’d)

BANK 2023	Exposures before CRM RM’000	Exposures covered by guarantees/ credit derivatives (Note 1) RM’000	Exposures covered by eligible financial collateral RM’000	Exposures covered by other eligible collateral RM’000
<b>Credit Risk</b>				
<b>Exposure Class</b>				
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	7,077,581	-	-	-
Public Sector Entities	361,324	-	-	-
Banks, DFIs and Multilateral Development Banks	2,515,766	-	-	-
Insurance Companies, Securities Firms and Fund Managers	56,699	2,521	575	-
Corporates	16,550,663	475,243	1,186,009	-
Regulatory Retail	9,570,461	1,049,569	949,091	-
Residential Mortgages	11,864,766	2,180	9,236	-
Higher Risk Assets	3,846	-	-	-
Other Assets	1,195,492	-	-	-
Defaulted Exposures	439,174	12,439	3,101	-
<b>Total On-Balance Sheet Exposures</b>	<b>49,635,772</b>	<b>1,541,952</b>	<b>2,148,012</b>	<b>-</b>
Off-Balance Sheet Exposures:				
Off-Balance Sheet Exposures other than OTC Derivatives or Credit Derivatives	5,178,507	16,246	543,706	-
Defaulted Exposures	7,732	-	5	-
<b>Total Off-Balance Sheet Exposures</b>	<b>5,186,239</b>	<b>16,246</b>	<b>543,711</b>	<b>-</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>54,822,011</b>	<b>1,558,198</b>	<b>2,691,723</b>	<b>-</b>

Note 1: The exposures covered by guarantees/credit derivative refer to the exposures guaranteed by eligible guarantors.

## BASEL II PILLAR 3 REPORT

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

#### 4.0 CREDIT RISK (CONT'D)

##### 4.5 Off-Balance Sheet Exposures and Counterparty Credit Risk

Counterparty Credit Risk (“CCR”) is the risk that the counterparty to a transaction involving financial instruments such as foreign exchange and derivatives could default before the final settlement of the transaction’s cash flows. Unlike a loan where the credit risk is unilateral, i.e. only the lending bank faces the risk of loss, CCR on derivatives creates bilateral risk of loss. This means either party of the transaction can incur losses depending on the market value of the derivative, which can vary over time with the movement of underlying market factors.

For derivatives, the Group is not exposed to credit risk for the full face value of the contracts. CCR is limited to the potential cost of replacing the cash-flow if the counterparty defaults. As such, the credit equivalent amount will depend, *inter alia*, on the maturity of the contract and on the volatility of the rates underlying that type of instrument.

Derivatives are mainly utilised for hedging purposes with minimal trading exposures. CCR arising from the derivatives is managed via counterparty limits, which are set based on the counterparty’s size and credit rating. These limits are monitored daily by Group Risk Management.

CCR is further mitigated via netting agreements, e.g. under the International Swaps and Derivatives Association (“ISDA”) master agreement. The ISDA agreement contractually binds both parties to apply close-out netting across all outstanding transactions covered by this agreement should either party default or other such predetermined credit events occur.

CCR is measured via the current exposure method whereby the credit equivalent exposure for derivatives is the sum of the positive mark-to-market exposure plus the potential future exposure which is equivalent to an add-on factor multiplied by the notional amount. The add-on factors are as stipulated by BNM.

## BASEL II PILLAR 3 REPORT

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

#### 4.0 CREDIT RISK (CONTD)

##### 4.5 Off-Balance Sheet Exposures and Counterparty Credit Risk (cont'd)

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

GROUP 2024	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
<u>Credit-Related Exposures</u>				
Direct Credit Substitutes	504,102	-	504,077	374,665
Transaction-Related Contingent Items	716,707	-	358,353	228,050
Short-Term Self-Liquidating Trade- Related Contingencies	242,230	-	48,446	43,016
Forward Asset Purchase	90,285	-	90,285	-
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions)	2,117,331	-	143,137	26,551
Irrevocable Commitments to Extend Credit:				
- Maturity exceeding one year	5,165,112	-	2,581,238	1,987,472
- Maturity not exceeding one year	11,640,352	-	2,328,011	1,637,242
Unutilised Credit Card Lines	1,889,873	-	377,974	287,322
	<b>22,365,992</b>	<b>-</b>	<b>6,431,521</b>	<b>4,584,318</b>
<u>Derivative Financial Instruments</u>				
Foreign Exchange Related Contracts:				
- One year or less	16,304,813	97,429	287,820	100,145
- Over one year to three years	987,439	14,458	72,322	47,994
- Over three years	120,483	1,038	10,771	7,897
Interest Rate Related Contracts:				
- One year or less	1,633,954	10,781	35,457	7,473
- Over one year to three years	6,177,524	31,759	284,683	78,153
- Over three years	10,316,175	26,581	545,526	148,975
Equity Related Contracts:				
- One year or less	311,349	910	19,822	5,403
- Over one year to three years	142,040	79	11,443	2,636
	<b>35,993,777</b>	<b>183,035</b>	<b>1,267,844</b>	<b>398,676</b>
	<b>58,359,769</b>	<b>183,035</b>	<b>7,699,365</b>	<b>4,982,994</b>

## BASEL II PILLAR 3 REPORT

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

#### 4.0 CREDIT RISK (CONT'D)

##### 4.5 Off-Balance Sheet Exposures and Counterparty Credit Risk (cont'd)

<b>BANK 2024</b>	<b>Principal Amount RM'000</b>	<b>Positive Fair Value of Derivative Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk- Weighted Assets RM'000</b>
<u>Credit-Related Exposures</u>				
Direct Credit Substitutes	415,371	-	415,346	304,885
Transaction-Related Contingent Items	624,324	-	312,162	197,787
Short-Term Self-Liquidating Trade-Related Contingencies	225,444	-	45,089	40,628
Forward Asset Purchase	80,783	-	80,783	-
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions)	2,117,331	-	143,137	26,551
Irrevocable Commitments to Extend Credit:				
- Maturity exceeding one year	4,472,982	-	2,235,460	1,715,001
- Maturity not exceeding one year	8,906,524	-	1,781,245	1,192,412
Unutilised Credit Card Lines	1,889,873	-	377,974	287,007
	<b>18,732,632</b>	<b>-</b>	<b>5,391,196</b>	<b>3,764,271</b>
<u>Derivative Financial Instruments</u>				
Foreign Exchange Related Contracts:				
- One year or less	16,304,813	97,429	287,820	100,145
- Over one year to three years	987,439	14,458	72,322	47,994
- Over three years	120,483	1,038	10,771	7,897
Interest Rate Related Contracts:				
- One year or less	1,633,954	10,781	35,457	7,473
- Over one year to three years	6,177,524	31,759	284,683	78,153
- Over three years	10,316,175	26,581	545,526	148,975
Equity Related Contracts:				
- One year or less	311,349	910	19,822	5,403
- Over one year to three years	142,040	79	11,443	2,636
	<b>35,993,777</b>	<b>183,035</b>	<b>1,267,844</b>	<b>398,676</b>
	<b>54,726,409</b>	<b>183,035</b>	<b>6,659,040</b>	<b>4,162,947</b>

## BASEL II PILLAR 3 REPORT

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

#### 4.0 CREDIT RISK (CONTD)

##### 4.5 Off-Balance Sheet Exposures and Counterparty Credit Risk (cont'd)

GROUP 2023	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
<u>Credit-Related Exposures</u>				
Direct Credit Substitutes	488,308	-	488,025	380,393
Transaction-Related Contingent Items	666,236	-	333,118	200,333
Short-Term Self-Liquidating Trade- Related Contingencies	138,542	-	27,708	24,599
Forward Asset Purchase	241,237	-	241,237	48,247
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions)	-	-	-	-
Irrevocable Commitments to Extend Credit:				
- Maturity exceeding one year	3,162,549	-	1,580,210	1,166,734
- Maturity not exceeding one year	10,812,148	-	2,162,402	1,549,268
Unutilised Credit Card Lines	1,518,716	-	303,743	231,730
	17,027,736	-	5,136,443	3,601,304
<u>Derivative Financial Instruments</u>				
Foreign Exchange Related Contracts:				
- One year or less	15,710,254	116,939	286,328	77,469
- Over one year to three years	951,319	2,578	62,508	34,771
- Over three years	381,600	6,032	38,950	20,994
Interest Rate Related Contracts:				
- One year or less	2,312,715	11,340	20,497	5,004
- Over one year to three years	2,532,107	55,819	130,573	30,422
- Over three years	6,849,073	27,828	353,382	98,452
Equity Related Contracts:				
- One year or less	340,226	178	20,790	5,628
- Over one year to three years	118,690	427	9,922	2,497
	29,195,984	221,141	922,950	275,237
	46,223,720	221,141	6,059,393	3,876,541

## BASEL II PILLAR 3 REPORT

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

#### 4.0 CREDIT RISK (CONT'D)

##### 4.5 Off-Balance Sheet Exposures and Counterparty Credit Risk (cont'd)

<b>BANK 2023</b>	<b>Principal Amount RM'000</b>	<b>Positive Fair Value of Derivative Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk- Weighted Assets RM'000</b>
<u>Credit-Related Exposures</u>				
Direct Credit Substitutes	406,699	-	406,416	313,376
Transaction-Related Contingent Items	592,687	-	296,343	176,806
Short-Term Self-Liquidating Trade- Related Contingencies	120,783	-	24,157	21,661
Forward Asset Purchase	226,237	-	226,237	45,247
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions)	-	-	-	-
Irrevocable Commitments to Extend Credit:				
- Maturity exceeding one year	2,665,690	-	1,332,000	976,847
- Maturity not exceeding one year	8,300,015	-	1,659,977	1,150,998
Unutilised Credit Card Lines	1,518,716	-	303,743	231,557
	13,830,827	-	4,248,873	2,916,492
<u>Derivative Financial Instruments</u>				
Foreign Exchange Related Contracts:				
- One year or less	15,710,254	116,939	286,328	77,469
- Over one year to three years	951,319	2,578	62,508	34,771
- Over three years	381,600	6,032	38,950	20,994
Interest Rate Related Contracts:				
- One year or less	2,312,715	11,340	20,497	5,004
- Over one year to three years	2,532,107	55,819	130,573	30,422
- Over three years	7,147,073	30,324	367,798	105,660
Equity Related Contracts:				
- One year or less	340,226	178	20,790	5,628
- Over one year to three years	118,690	427	9,922	2,497
	29,493,984	223,637	937,366	282,445
	43,324,811	223,637	5,186,239	3,198,937

## BASEL II PILLAR 3 REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

### 5.0 MARKET RISK

Market risk is defined as the risk of losses in on-balance sheet and off-balance sheet positions arising from movements in market prices such as interest rate/profit rates, foreign exchange rates and equity prices.

#### 5.1 Market Risk Management

The Board, via the GRMC provides oversight on market risk management activities. Its responsibilities include reviewing and approving risk management policies, risk exposures and limits whilst ensuring the necessary infrastructure and resources are in place.

At Senior Management level, the Group Assets and Liabilities Management Committee (“GALCO”) manages the Group’s market risk by reviewing and recommending market risk frameworks and policies; ensuring that market risk limits and parameters are within the approved thresholds; and aligning market risk management with business strategy and planning.

Organisationally, market risks are managed collectively via the Three Lines of Defence concept. Group Financial Markets, as the risk taking unit assumes ownership of the risk and manages the risk within the approved policies, risk limits and parameters as set by the GRMC or GALCO. The risk control function is undertaken by Group Risk Management which provides independent monitoring, valuation and reporting of the market exposures. This is supplemented by periodic review by Group Internal Audit.

#### 5.2 Traded Market Risk

For the Group, market risk is managed using an integrated approach which involves the following processes:

- (a) Identification of market risk in new products and changes in risk profiles of existing exposure;
- (b) Assessment of the type and magnitude of market risks which takes into account the activity and market role undertaken;
- (c) Adoption of various market risk measurement tools and techniques to quantify market risk exposure; and
- (d) Scheduled and exception reporting on market risk exposures.

Market risk exists in the Group’s activities in fixed income securities, foreign exchange and financial derivatives, which are transacted primarily by Group Financial Markets (treasury) department. Trading positions are held intentionally for short-term resale and with the intent of benefiting from actual or expected short-term price movements while banking book positions are held until maturity or as available-for-sale. Hence, these positions are susceptible to market movements.

## BASEL II PILLAR 3 REPORT

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

#### 5.0 MARKET RISK (CONTD)

##### 5.2 Traded Market Risk (cont'd)

These exposures are governed by approved policies, risk limits and parameters which are set in relation to the Group's risk appetite and strategy. Besides that, treasury activities are monitored and reported independently by Group Market Risk on a daily basis. Market risk limits, exposures as well as any limit breaches or exceptions are reported to GALCO, ERMC and GRMC. The risk measures are outlined below:

- (a) Value-at-Risk ("VaR"): The Group has adopted the historical simulation approach where historical scenarios are generated based on actual past market movements. A snapshot of the end-of-day's positions is taken and full revaluation of the treasury positions is performed for each day's historical scenario versus the previous day's position. The VaR estimate is derived from the value of the 99<sup>th</sup> percentile of the loss distribution curve level and computed on a one-day holding period, i.e. the model is attempting to estimate the potential loss over the next 24 hours, based on historical market volatility. The Group currently adopts the hypothetical profit and loss ("P&L") approach for back testing purposes. Hypothetical P&L for back testing purposes refers to the simulated P&L that is generated by applying the day's price movements to the previous day's end-of-day portfolio.
- (b) Price Value of a Basis Point ("PV01") Limit: PV01 measures the sensitivity of the portfolio to adverse movements in interest rates. This limit is expressed in terms of potential losses to the entire portfolio for an adverse one basis point movement in interest rates.
- (c) The Total Net Open Position ("NOP"): The NOP limits represent the maximum permissible amount of net open position that the FX Spot & Swap Trading Desk dealers can maintain at any point in time.
- (d) Gamma and Vega Limits for FX and Interest Options: Gamma value parameter of an option is a risk parameter that measures the changes of the portfolio Delta due to changes in the underlying Spot value. Vega risk of an option measures and computes the changes in portfolio value due to parallel shift in volatility surface.
- (e) Others: Other limits include Stop Loss Limits, Tenure Limits and Transaction Limits. These limits provide additional control on the trading portfolio. In addition, stress testing is conducted to gauge and identify potential vulnerability risk areas of a bank's portfolio in accordance with a range of stressed scenarios or sensitivity analyses. It provides a forward looking assessment of risk exposures under stressed conditions which enables the Bank to assess potential worst case scenarios and develop appropriate management actions and contingency plans.

##### ***Hedging Policies and Strategies***

The Group had established a policy which outlines the broad principles and policies governing hedging activities by the Group. Generally, the Group enters into hedges to manage or reduce risk exposures. All hedging strategies in the trading and banking book are approved by the GALCO and monitored independently by Group Market Risk Management. Further, all hedging strategies are designated upfront and recorded separately under the hedging portfolios. Hedging positions and effectiveness, if any, are monitored and reported monthly to Senior Management.

The following actions describe the financial hedges that may be entered into to mitigate the interest rate risk exposures of the Group and Bank.

- (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.
- (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.



## BASEL II PILLAR 3 REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

### 5.0 MARKET RISK (CONT'D)

#### 5.2 Traded Market Risk (cont'd)

##### *Market Risk Capital Charge*

For the Group, the market risk charge is computed on the standardised approach and the capital charges are mainly on the fixed income securities, foreign exchange and financial derivatives portfolios, if any.

##### **Regulatory Capital Requirements**

The risk-weighted assets and capital requirements for the various categories of risk under market risk are as follows:

	GROUP		BANK	
	Risk- Weighted Assets RM'000	Capital Requirements RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
<b>2024</b>				
Interest Rate Risk				
- General Interest Rate Risk	432,287	34,583	432,287	34,583
- Specific Interest Rate Risk	400	32	400	32
	432,687	34,615	432,687	34,615
Foreign Exchange Risk	127,354	10,187	127,113	10,168
Option Risk	-	-	-	-
	560,041	44,802	559,800	44,783
<b>2023</b>				
Interest Rate Risk				
- General Interest Rate Risk	265,538	21,243	265,538	21,243
- Specific Interest Rate Risk	563	45	563	45
	266,101	21,288	266,101	21,288
Foreign Exchange Risk	48,884	3,911	48,761	3,901
Option Risk	1,663	133	1,663	133
	316,648	25,332	316,525	25,322

## BASEL II PILLAR 3 REPORT

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

#### 5.0 MARKET RISK (CONTD)

##### 5.3 Non-Traded Market Risk

Non-traded market risk is the inherent risks arising from banking book activities. The primary risk factors in the banking book include interest rate risk/rate of return risk in the banking book.

##### 5.3.1 Interest Rate Risk/Rate of Return Risk in the Banking Book

Interest rate risk/rate of return risk in the banking book (“IRR/RORBB”) is the risk that occurs when movements in interest rates affect a banking organisation’s earnings or economic value. Interest rate/profit rate changes affect the Group’s earnings by altering interest rate-sensitive income and expenses, affecting its net interest income (“NII”). It also affects the underlying value of banking assets, liabilities and off-balance sheet instruments as the present value of future cash flows changes when there are changes in the interest rate/profit rate.

##### **Risk Governance**

IRR/RORBB is managed collectively by GALCO, Group Financial Markets, Group Finance and Group Risk Management. Each of these parties has clearly defined roles and responsibilities to provide oversight and manage IRR/RORBB within the defined framework and structure as approved by the GRMC/Board. GALCO assumes the overall responsibility in managing IRR/RORBB by setting the directions, strategy and risk limits/parameters for the Bank/Group. Group Financial Markets is tasked to execute the strategies as approved by GALCO to manage the assets/liabilities as well as the funding and liquidity needs of the Bank/Group where the Group and its entities have operated above the minimum regulatory requirements for Liquidity Coverage Ratio (“LCR”) and Net Stable Funding Ratio (“NSFR”). Group Finance and Group Risk Management provides support in respect of risk monitoring and reporting of the banking book exposures and ensuring regulatory as well as accounting requirements are met.

##### **IRR/RORBB Management**

The guiding principles in managing IRR/RORBB include:

- (a) Adopting a prudent approach to manage IRR/RORBB in ways that commensurate with the Group’s size and business activities. This is achieved via establishing robust IRR/RORBB policies, measures and strategies, and complemented by regular monitoring and reporting;
- (b) Checking to ensure that IRR/RORBB is accurately measured and any mismatches identified, reviewed and reported monthly to GALCO;
- (c) Setting of proper gapping limits and the limits monitored closely; and
- (d) Practising comprehensive IRR/RORBB reporting and review process, with aggregated information and supporting details to facilitate the assessment of the Group’s sensitivity to changes in market conditions.

## BASEL II PILLAR 3 REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

### 5.0 MARKET RISK (CONT'D)

#### 5.3 Non-Traded Market Risk (cont'd)

##### 5.3.1 Interest Rate Risk/Rate of Return Risk in the Banking Book ("IRR/RORBB") (cont'd)

###### *IRR/RORBB Management (cont'd)*

The Bank uses a range of tools, including the following primary measures to quantify and monitor IRR/RORBB:

- (a) Repricing gap analysis to measure interest rate/profit rate from the earnings perspective, i.e. impact of interest rate/profit rate changes to earnings in the short-term;
- (b) Net interest income/profit income simulations to assess the impact of interest rate/profit rate changes on short term earnings volatility;
- (c) Economic value ("EV") simulations that measure the asset-liability impact of adverse interest rate/profit rate movements on the economic value of the Bank's capital; and
- (d) Product behavioural testing is applied regularly to ensure the risk assessment is able to withstand any market interest rate changes within the risk tolerance of the Bank.

The measures rely on key assumptions such as the behaviour of interest rates, the re-pricing characteristics and stability of indeterminate or non-maturity deposits and loans as well as changes in loan and deposit product balances influenced by various behavioural characteristics under different interest rate scenarios.

Group Risk Management performs independent monitoring of the interest rate/profit rate benchmarks to ensure compliance. Any exceptions are reported and appropriate remedial actions are taken, where necessary. Schedule reporting via risk dashboards are provided to Senior Management, GRMC and the Board. The risk dashboards provide a gauge on the IRR/RORBB of the Group.

The Group is guided by BNM's guidelines and Basel standards on management of IRR/RORBB.

## BASEL II PILLAR 3 REPORT

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

#### 5.0 MARKET RISK (CONTD)

##### 5.3 Non-Traded Market Risk (cont'd)

##### 5.3.1 Interest Rate Risk/Rate of Return Risk in the Banking Book ("IRR/RORBB") (cont'd)

##### *IRR/RORBB Management (cont'd)*

GROUP 2024	MYR RM'000	USD RM'000	SGD RM'000	Other Foreign Currencies ("FCY") RM'000	Total RM'000
<b>Impact on NII</b>					
Parallel 200 bps up	227,252	38,410	(6,822)	(11,092)	247,748
Parallel 200 bps down	(227,252)	(38,410)	6,822	11,092	(247,748)
<b>Impact on EV</b>					
Parallel 200 bps up	(739,402)	18,006	4,428	8,345	(708,623)
Parallel 200 bps down	739,402	(18,006)	(4,428)	(8,345)	708,623
Steeper	(744,435)	(8,430)	(1,891)	(4,440)	(759,196)
Flattener	607,800	12,481	2,555	6,317	629,153
Short Rate Up	(186,056)	18,713	3,530	9,157	(154,656)
Short Rate Down	186,056	(18,713)	(3,530)	(9,157)	154,656
<b>BANK 2024</b>					
<b>Impact on NII</b>					
Parallel 200 bps up	175,106	38,410	(6,822)	(11,092)	195,602
Parallel 200 bps down	(175,106)	(38,410)	6,822	11,092	(195,602)
<b>Impact on EV</b>					
Parallel 200 bps up	(577,596)	18,006	4,428	8,345	(546,817)
Parallel 200 bps down	577,596	(18,006)	(4,428)	(8,345)	546,817
Steeper	(567,545)	(8,430)	(1,891)	(4,440)	(582,306)
Flattener	464,067	12,482	2,555	6,317	485,421
Short Rate Up	(150,541)	18,713	3,530	9,157	(119,141)
Short Rate Down	150,541	(18,713)	(3,530)	(9,157)	119,141

## BASEL II PILLAR 3 REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

### 5.0 MARKET RISK (CONT'D)

#### 5.3 Non-Traded Market Risk (cont'd)

##### 5.3.1 Interest Rate Risk/Rate of Return Risk in the Banking Book ("IRR/RORBB") (cont'd)

###### *IRR/RORBB Management (cont'd)*

GROUP 2023	MYR RM'000	USD RM'000	SGD RM'000	Other FCY RM'000	Total RM'000
<b>Impact on NII</b>					
Parallel 200 bps up	268,477	29,755	(4,136)	(8,075)	286,021
Parallel 200 bps down	(268,477)	(29,755)	4,136	8,075	(286,021)
<b>Impact on EV</b>					
Parallel 200 bps up	(360,381)	11,343	2,812	9,971	(336,255)
Parallel 200 bps down	360,381	(11,343)	(2,812)	(9,971)	336,255
Steepener	(528,035)	(4,995)	(1,143)	(4,954)	(539,127)
Flattener	456,269	7,548	1,564	7,197	472,578
Short Rate Up	(13,482)	11,502	2,189	10,622	10,831
Short Rate Down	13,482	(11,502)	(2,189)	(10,622)	(10,831)
<b>BANK 2023</b>					
<b>Impact on NII</b>					
Parallel 200 bps up	210,984	29,755	(4,136)	(8,075)	228,528
Parallel 200 bps down	(210,984)	(29,755)	4,136	8,075	(228,528)
<b>Impact on EV</b>					
Parallel 200 bps up	(234,571)	11,343	2,812	9,970	(210,446)
Parallel 200 bps down	234,571	(11,343)	(2,812)	(9,970)	210,446
Steepener	(380,484)	(4,995)	(1,143)	(4,954)	(391,576)
Flattener	332,877	7,548	1,564	7,198	349,187
Short Rate Up	8,773	11,502	2,189	10,622	33,086
Short Rate Down	(8,773)	(11,502)	(2,189)	(10,622)	(33,086)

The reported amounts do not capture the impact of business growth or of management actions as the impact is based on the balance sheet as at reporting date. In reality, GALCO seeks to proactively change the profit attributable to interest rate risk to minimise losses and maximise revenue.

Actual dates may differ from contractual dates for both financing and deposit owing to prepayments/premature withdrawals. When possible and material, financing prepayments and deposit premature withdrawals are generally estimated based on past statistics and trends. The impact on NII and EV are measured on a monthly basis for the Bank and quarterly for the Group, both of which are reported to GALCO and the Group Risk Management Committee.

## BASEL II PILLAR 3 REPORT

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

#### 5.0 MARKET RISK (CONTD)

##### 5.3 Non-Traded Market Risk (cont'd)

##### 5.3.2 BNM Liquidity Coverage Ratio ("LCR")

Liquidity risk can be defined as the risk where an entity is unable to fund increases in assets and meet financial obligations as they come due without incurring unacceptable losses. Liquidity risk measures are usually expressed in the form of various liquidity risk measurement ratios and triggers.

It is essential to adopt a conservative and prudent approach in the measurement of liquidity risk. This is achieved by the establishment of robust liquidity risk management policies, measures and strategies that are complemented by regular monitoring and reporting process.

The liquidity risk management references BNM's LCR to gauge its liquidity exposure, complemented with BNM's Net Stable Funding Ratio ("NSFR") which requires the Group to maintain sufficient liquidity, including a cushion of unencumbered, High Quality Liquid Assets ("HQLA") to withstand a range of stress events.

The Group is in compliance with the minimum regulatory requirements ratio to LCR and NSFR within the period from April 2023 to March 2024.

##### 5.4 Equity Exposures in the Banking Book

The Group and the Bank hold equity positions in the banking book as a result of debt to equity conversion, for social-economic purposes, or to maintain strategic relationships. All equities are held at fair value. For quoted equities, fair value is estimated based on quoted or observable market price at the end of the reporting period. For unquoted equities, the fair value is estimated using approved valuation techniques.

Any gains and losses arising from the returns and changes in fair value of these equities holdings are reflected in the revaluation reserve and statement of income accordingly.

The following table shows the equity exposures in the banking book:

	GROUP		BANK	
	Gross Credit Exposures RM'000	Risk-Weighted Assets RM'000	Gross Credit Exposures RM'000	Risk-Weighted Assets RM'000
<b>2024</b>				
<b>Publicly Traded</b>				
Holding of Equity Investments	16	16	16	16
<b>Privately Held</b>				
For Socio-Economic Purposes	277,973	277,973	277,973	277,973
Not for Socio-Economic Purposes	-	-	-	-
	<b>277,989</b>	<b>277,989</b>	<b>277,989</b>	<b>277,989</b>
<b>2023</b>				
<b>Publicly Traded</b>				
Holding of Equity Investments	14	14	14	14
<b>Privately Held</b>				
For Socio-Economic Purposes	257,206	257,206	257,206	257,206
Not for Socio-Economic Purposes	-	-	-	-
	<b>257,220</b>	<b>257,220</b>	<b>257,220</b>	<b>257,220</b>

## BASEL II PILLAR 3 REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

### 5.0 MARKET RISK (CONT'D)

#### 5.4 Equity Exposures in the Banking Book (cont'd)

The table below presents the movements on equity exposures in the banking book:

	GROUP		BANK	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Publicly Traded</b>				
- Unrealised gains/(losses) recognised in revaluation reserve	2	1	2	1
<b>Privately Held</b>				
For Socio-Economic Purposes				
- Acquisition during the year	-	-	-	71,034
- Disposal during the year	-	(3,319)	-	-
- Unrealised gains recognised in the statement of comprehensive income	<b>20,767</b>	14,686	<b>20,767</b>	14,686
	<b>20,767</b>	11,367	<b>20,767</b>	85,720
- Realised gains recognised in the statement of comprehensive income	-	3,604	-	-
<b>Not for Socio-Economic Purposes</b>				
- Write off during the year	-	(3)	-	(3)

### 6.0 OPERATIONAL RISK

Operational risk is the risk of direct or indirect financial loss resulting from inadequate or failed internal processes, people and systems or from external events. It includes legal risk but excludes strategic and reputational risks.

#### **Operational Risk Management**

Management, escalation and reporting of operational risks are instituted through the Group Operational and Technology Risk Management Committee ("GOTRC"), ERM, and GRMC as well as the Board.

The Board, via GRMC provides oversight on operational risk management activities.

At Senior Management level, GOTRC manages the day-to-day operational risk exposures. The roles and responsibilities of GOTRC include:

- (a) Providing strategic guidance on operational issues and monitoring the implementation of Operational Risk Management ("ORM") Framework;
- (b) Reviewing and monitoring operational risk issues, reports and action plans;
- (c) Evaluating and agreeing on initiatives to strengthen operational processes or infrastructure; and
- (d) Promoting risk awareness and operational risk management culture.

The Group practises operational risk management as outlined in the ORM Framework, in accordance with Basel and regulatory guidelines. The Group applies operational risk tools and methodologies in the identification, assessment, measurement, control and monitoring of operational risks. Other efforts by the Group include the ORM awareness training which is given to all staff, and regular business continuity and disaster recovery plans.

## BASEL II PILLAR 3 REPORT

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

#### 6.0 OPERATIONAL RISK (CONT'D)

##### *Operational Risk Management (cont'd)*

The Group's operational risk management process is depicted in the table below:

<b>Identification</b>	Identify the various risks inherent to each product, process and activity, as well as adverse trends of risk parameters
<b>Assessment</b>	<ul style="list-style-type: none"> <li>- Risk Control Self-Assessment ("RCSA")</li> <li>- Control Testing ("CT")</li> <li>- Key Risk Indicators ("KRI")</li> <li>- Loss Event Data ("LED")</li> <li>- Scenario Analysis ("SA")</li> </ul>
<b>Mitigation &amp; Control</b>	<ul style="list-style-type: none"> <li>- Set risk mitigation measures and controls</li> <li>- Insurance/takaful</li> <li>- Outsourcing</li> <li>- Business Continuity Management</li> </ul>
<b>Reporting</b>	<ul style="list-style-type: none"> <li>- Escalate and highlight regular operational risk reports to Senior Management and the Board</li> <li>- Highlight new/emerging risk areas and the controls in place</li> </ul>
<b>Disclosure</b>	Provide regular risk disclosure to regulators through the Pillar 3 disclosure report and regulatory reports on operational risk, e.g. Operational Risk Reporting ("ORR") reporting.

The customary tools employed by the Group for the management of operational risk are:

- (a) RCSA - An operational risk tool that is used to identify and assess risks inherent in the Group's operations and to evaluate the overall effectiveness of the internal controls in mitigating the identified risks;
- (b) CT - Complements the RCSA process by validating the effectiveness of the controls measures identified and highlighting control lapses;
- (c) KRI - A quantitative and statistical parameter, often financial in nature and focuses on business processes and activities to identify emerging risks and potential changes in operational risk profiles;
- (d) LED - The process of collecting, evaluating, monitoring and reporting operational risk events, loss amount and irregularities; and
- (e) SA - Assessment made to identify potential operational risk events and potential outcomes including identifying potential significant operational risks and the need for additional risk management, controls or mitigation solutions.

The Group adopts the Basic Indicator Approach for computation of operational Risk-Weighted Assets ("RWA").



## BASEL II PILLAR 3 REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

### 7.0 SHARIAH GOVERNANCE DISCLOSURES

Shariah Non-Compliance Risk is the risk of loss that arises from failure to comply with Shariah rules and principles as determined by the Shariah Advisory Council of BNM and the Bank's Shariah Committee. To manage the risks, the Bank has adopted the following guiding principles:

- (a) A sound Shariah Compliance Framework which governs the operations of the Bank and outlines the roles of key functionalities within the Bank, including but not limited to the Shariah risk management process. This is in line with the Shariah governance policy document issued by BNM;
- (b) The Board of Directors, assisted by the Shariah Committee and Senior Management, provides oversight on Shariah compliance aspects of the Bank's overall operations. This, amongst others, includes:
  - Oversight and implementation of the Shariah Compliance Framework;
  - Regular review of Shariah non-compliant income and issues;
  - Addressing Shariah non-compliance findings; and
  - Ensuring compliance with regulatory and internal requirements including disclosures.
- (c) Appointment of a qualified Shariah Committee member who also serves as AIS Board member; serving as a 'bridge' between the Board and the Shariah Committee;
- (d) Ongoing Shariah reviews and training to raise risk awareness and ensure compliance to Shariah rules and principles. This includes:
  - Regular assessment on Shariah compliance in the activities and operations of the Bank. The findings of the review are reported to the Shariah Committee for deliberation and decision;
  - Performing research and studies on Shariah issues, including providing day-to-day Shariah advice and consultancy to relevant parties; and
  - Conducting Shariah-related training and ongoing engagement with relevant parties to raise awareness on Shariah non-compliance risk.
- (e) Escalation and reporting processes of Shariah non-compliant income and issues governed through designated escalation channels, which include the Board and the Shariah Committee; and
- (f) Periodic engagement between the Board and the Shariah Committee to discuss Shariah research, Shariah compliance and the views of scholars on Islamic banking activities.

#### **Shariah Non-Compliant Income and Events**

During the period under review, there were two Shariah non-compliance events ("SNCE") as follows:

- (i) Commodity Murabahah ("CM") Trading for a Cashline-i facility was delayed. The SNCE was due to oversight by the designated team members and dual control weakness in operations. The Bank had taken appropriate actions by performing a look back on similar accounts, enhancing the system and refunding the profit amounting to RM4,859.45 to the affected customer.
- (ii) AIS House Financing Product based on Bai' Bithaman Ajil ("BBA") for Properties under Construction breached BNM Murabahah Policy Document and Circular on Implementation of SAC's Resolution on Bai 'Inah. The Bank has identified the root cause and remediation plans are in place to address the SNCE. The remediation plans are currently in progress.

## LIST OF PROPERTIES

AS AT 31 MARCH 2024

No.	Location	Current Use	Year of Purchase <sup>1</sup>	Tenure	Remaining Lease Period (Expiry Year)	Age of Property (Years) <sup>2</sup>	Built-Up Area (Sq. M.) <sup>3</sup>	Net Book Value (RM'000) <sup>4</sup>
1.	1, Jalan Tembaga SD5/2A Bandar Sri Damansara 52100 Kepong, Kuala Lumpur	Alliance Bank's branch/office premises	1991	Freehold	-	31	1,039	618
2.	150 – 152, Jalan Cerdas Taman Connaught 56000 Kuala Lumpur	Alliance Bank's branch/office premises	1997	Leasehold 99 years	54 years 2078	45	1,124	1,945
3.	43 & 45, Jalan Bunga Tanjung 6A Taman Putra 68000 Ampang, Selangor	Alliance Bank's branch/office premises	1998	Leasehold 99 years	57 years 2081	42	780	976
4.	1960 E & F, Jalan Stadium 05100 Alor Setar, Kedah	Alliance Bank's branch/office premises	1979	Leasehold 60 years	15 Years 2039	45	446	282
5.	Ground & Mezzanine Floor Wisma Malvest 20 & 20A Jalan Tun Dr. Awang Sungai Nibong Kecil 11900 Bayan Lepas, Pulau Pinang	Alliance Bank's branch/office premises	1994	Freehold	-	30	567	1,436
6.	No. 70 & 71 Block 10 Jalan Laksamana Cheng Ho 93200 Kuching, Sarawak	Alliance Bank's branch/office premises	2007	Leasehold 60 Years	45 years 2069	18	952	1,764
7.	B-400, Jalan Beserah 25300 Kuantan, Pahang	Alliance Bank's branch/office premises	1996	Freehold	-	33	645	288
8.	LG134/LG135/G128/F89 Holiday Plaza Jalan Dato Sulaiman 80250 Johor Bahru, Johor	Alliance Bank's e-Lobby	1984	Freehold	-	39	503	666
9.	Lot 1 & 3, Jalan Permas Jaya 10/2 Bandar Baru Permas Jaya 81750 Johor Bahru, Johor	Alliance Bank's branch/office premises	1994	Freehold	-	31	2,108	1,116
10.	3 & 5, Jalan Bentara 1 Taman Ungku Tun Aminah 81300 Johor Bahru, Johor	Alliance Bank's branch/office premises	1996	Freehold	-	41	260	685
11.	Unit 01-G & 01-1, Seremban City Jalan Tunku Munawir 70000 Seremban, Negeri Sembilan	Alliance Bank's branch/office premises	1997	Freehold	-	25	676	1,178
12.	101 & 103, Jalan Melaka Raya 24 Taman Melaka Raya 75000 Melaka	Alliance Bank's branch/office premises	1995	Leasehold 99 years	70 years 2094	27	779	472
13.	Lot 7 & 9, Block D Nountun Industrial Estate 89350 Inanam Kota Kinabalu, Sabah	Alliance Bank's branch/office premises	1995	Leasehold 999 years	899 years 2923	24	697	776

## LIST OF PROPERTIES

AS AT 31 MARCH 2024

No.	Location	Current Use	Year of Purchase <sup>1</sup>	Tenure	Remaining Lease Period (Expiry Year)	Age of Property (Years) <sup>2</sup>	Built-Up Area (Sq. M.) <sup>3</sup>	Net Book Value (RM'000) <sup>4</sup>
14.	Lot 4, 5 & 6, Block K Sinsuran Complex 88000 Kota Kinabalu, Sabah	Alliance Bank's branch/office premises	1980	Leasehold 99 years	47 years 2071	44	1,299	223
15.	Lot 1086, Jalan Utara W.D.T 127 91009 Tawau, Sabah	Alliance Bank's branch/office premises	1981	Leasehold 99 years	36 years 2060	61	1,361	336
16.	Lot 8, Block A, Beaufort Jaya Commercial Centre, P.O. Box 220, 89808 Beaufort, Sabah	Alliance Bank's branch/office premises	1984	Leasehold 999 years	877 years 2901	38	418	180
17.	Lot 1, Block C Mile 4 ½ Jalan Utara Bandar Kim Fung 90307 Sandakan, Sabah	Alliance Bank's branch/office premises	1992	Leasehold 99 years	56 years 2080	39	446	318
18.	1 & 2, Block A, Jalan Jungkat Pangie Light Industrial Complex P.O. Box 379, 89909 Tenom New Township, Sabah	Alliance Bank's branch/office premises	1993	Leasehold 999 years	900 years 2924	30	735	234
19.	17, 19 & 21, Jalan USJ 9/5N, USJ 9 47620 Subang Jaya, Selangor	Alliance Bank's branch/office premises	1996	Freehold	-	28	1,288	1,726
20.	59-61, Jalan Tiga 90702 Sandakan, Sabah	Alliance Bank's branch/office premises	1963	Leasehold 999 years	865 years 2889	65	920	598
21.	MPWPL U 0072 & U0073, P.O. Box 396, Jalan Merdeka 87008 Labuan	Alliance Bank's branch/office premises	1979, 1984	Leasehold 99 years	33, 39 years 2057, 2063	58	539	521
22.	84, Jalan Gaya 88000 Kota Kinabalu, Sabah	Alliance Bank's branch/office premises	1985	Leasehold 999 years	858 years 2882	66	933	1,563
23.	45, Jalan Sungai Besi Indah 1/21, Taman Sungai Besi Indah, 43300 Balakong, Selangor	Alliance Bank's branch/office premises	2001	Leasehold 99 years	67 years 2091	23	914	1,117
24.	3, Jalan SS 15/2A, Wisma Projass (3 Alliance) 47500 Subang Jaya, Selangor	Alliance Bank's branch/office premises	2005	Freehold	-	39	5,646	5,284

Note:

- <sup>1</sup> The Year of Purchase is based on Sale & Purchase Agreement. In the event that Sale & Purchase Agreement is not available, it is based on the date of registration of ownership specified in the title document.
- <sup>2</sup> The Age of Property is based on Certificate of Fitness for Occupation. In the event that the Certificate of Fitness for Occupation is not available, it is based on the issuance date of the title document.
- <sup>3</sup> The Build-Up Area is based on the valuation report conducted in December 2023.
- <sup>4</sup> Net Book Value as at 31 March 2024.

## DIRECTORY



### ALLIANCE BANK

#### ALLIANCE BANK MALAYSIA BERHAD

##### HEAD OFFICE

3<sup>rd</sup> Floor, Menara Multi-Purpose Capital Square  
No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur  
Tel : 03-2604 3333  
Fax : 03-2694 6200

[www.alliancebank.com.my](http://www.alliancebank.com.my)



### ALLIANCE ISLAMIC BANK

#### ALLIANCE ISLAMIC BANK BERHAD

##### HEAD OFFICE

22<sup>nd</sup> Floor, Menara Multi-Purpose Capital Square  
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Tel : 03-2604 3333  
Fax : 03-2698 4691

[www.alliancebank.com.my/islamic/home](http://www.alliancebank.com.my/islamic/home)

## BRANCHES

### KEDAH

#### Alor Setar

1960 E & F, Jalan Stadium  
05100 Alor Setar, Kedah

#### Lunas, Kulim

888 & 889, Jalan Aman  
Taman Sejahtera  
09600 Lunas, Kulim, Kedah

#### Sejati Indah, Sungai Petani

Ground Floor, Wisma Uni-Green  
18, Jalan Permatang Gedong  
Taman Sejati Indah  
08000 Sungai Petani, Kedah

### PULAU PINANG

#### Beach Street

Ground Floor, Bangunan Barkath  
21, Beach Street  
10300 Georgetown, Pulau Pinang

#### Bukit Mertajam

Ground & 1<sup>st</sup> Floor  
Wisma Ng Ah Yan  
42, Lebuhr Nangka 2  
Taman Mutiara  
14000 Bukit Mertajam, Pulau Pinang

#### Butterworth

4105-4107, Jalan Bagan Luar  
12000 Butterworth, Pulau Pinang

#### Sungai Nibong Kecil

Ground & Mezzanine Floor  
Wisma Malvest, 20 & 20A  
Jalan Tun Dr Awang  
Sungai Nibong Kecil  
11900 Bayan Lepas, Pulau Pinang

### PERAK

#### Ipoh

40 & 42, Persiaran Greenhill  
30450 Ipoh, Perak

#### Sitiawan

23 & 24, Jalan Raja Omar  
Taman Selamat  
32000 Sitiawan, Perak

### SELANGOR

#### Aman Suria Damansara

J-G-23 & J-G-25, Block J  
Jalan PJU 1/43, PJU1  
Aman Suria Damansara  
47301 Petaling Jaya, Selangor

#### Balakong

45, Jalan Sungai Besi Indah 1/21  
Taman Sungai Besi Indah  
43300 Seri Kembangan, Selangor

#### Bandar Bukit Tinggi

56, Lorong Batu Nilam 4B  
Bandar Bukit Tinggi  
41200 Klang, Selangor

#### Bandar Puteri Puchong

11 & 13, Jalan Puteri 2/1  
Bandar Puteri Puchong  
47100 Puchong, Selangor

#### Damansara Uptown

Unit 102 & 103  
Level 1, Uptown 2  
2, Jalan SS21/37  
Damansara Uptown  
47400 Petaling Jaya, Selangor

#### Kajang

Lot 4 & 5, Jalan Jeloh 3  
Off Jalan Bukit  
43000 Kajang, Selangor

#### Klang

Ground Floor  
1, Lorong Kasawari 4B  
Taman Eng Ann  
41150 Klang, Selangor

#### Kota Damansara

7-G & 9-G, Jalan PJU 5/20  
Pusat Perdagangan Kota Damansara  
PJU 5 Kota Damansara  
47810 Petaling Jaya, Selangor

**SELANGOR (cont'd)****Pandan Indah**

Ground & Mezzanine Floor  
11 & 13, Jalan Pandan Indah 4/34  
Pandan Indah, 55100 Selangor

**Puchong Jaya**

11, Jalan Kenari 5  
Bandar Puchong Jaya  
47100 Puchong Jaya, Selangor

**Rawang**

71, Jalan Bandar Rawang 2  
Bandar Baru Rawang  
48000 Rawang, Selangor

**Seri Kembangan**

31-1 & 31-2  
Jalan Serdang Perdana 2/1  
Taman Serdang Perdana  
43300 Seri Kembangan, Selangor

**Shah Alam**

Ground & 1<sup>st</sup> Floor  
2, Jalan Murni 25/61  
Taman Sri Muda, Seksyen 25  
40400 Shah Alam, Selangor

**Sri Damansara**

1, Jalan Tembaga SD 5/2A  
Bandar Sri Damansara  
52100 Selangor

**SS2, Petaling Jaya**

55, Jalan SS2/55  
47300 Petaling Jaya, Selangor

**Subang Jaya**

3 Alliance  
3, Jalan SS15/2A  
47500 Subang Jaya, Selangor

**Taman Putra**

43-45, Jalan Bunga Tanjung 6A  
Taman Putra  
68000 Ampang, Selangor

**USJ, Subang Jaya**

Ground Floor  
17, 19 & 21, Jalan USJ 9/5N  
47620 UEP Subang Jaya, Selangor

**KUALA LUMPUR****Bangsar**

No. 1, Jalan Telawi 5  
Bangsar Baru  
59100 Kuala Lumpur

**Capital Square**

Ground Floor  
Menara Multi-Purpose  
Capital Square  
No. 8, Jalan Munshi Abdullah  
50100 Kuala Lumpur

**Jalan Ipoh**

41 & 43, Jalan Sultan Azlan Shah  
51200 Kuala Lumpur

**Kepong**

Ground Floor, 52, Jalan Prima  
Vista Magna, Metro Prima Kepong  
52100 Kuala Lumpur

**Kuchai Entrepreneurs Park**

1, Jalan 1/116B  
Kuchai Entrepreneurs Park  
58200 Kuala Lumpur

**Mid Valley**

15-G & 15-1  
The Boulevard Offices  
Mid Valley City  
Lingkar Syed Putra  
59200 Kuala Lumpur

**Mont'Kiara**

Unit A-OG-02, Block A  
Plaza Mont'Kiara  
2, Jalan Kiara, Mont'Kiara  
50480 Kuala Lumpur

**Desa ParkCity**

G-G-10, Block G, Plaza Arkadia  
No. 3, Jalan Intisari Perdana,  
Desa ParkCity  
52200 Kuala Lumpur

**Segambut**

Ground Floor  
22, Wisma Sin Hoh Huat  
Persiaran Segambut Tengah  
51200 Kuala Lumpur

**Setapak**

No. D-1-2, D-2-2 & D-3-2  
StarParc Point  
Taman Danau Ibu Kota  
Jalan Genting Klang, Setapak  
53300 Kuala Lumpur

**Star Boulevard KLCC**

Unit SR3-G, Ground Floor  
No. 1, Jalan Yap Kwan Seng  
50450 Kuala Lumpur

**Taman Connaught**

150-152, Jalan Cerdas  
Taman Connaught  
56000 Kuala Lumpur

**Taman Maluri**

254 & 254a, Jalan Mahkota  
Taman Maluri, Cheras  
55100 Kuala Lumpur

**Taman Tun Dr Ismail**

No. 6-3-0 & 6-3-1  
Sinaran TTDI  
Jalan Tun Mohd Fuad 3  
Taman Tun Dr Ismail  
60000 Kuala Lumpur

**PUTRAJAYA****Putrajaya**

Ground Floor, Menara Ikhlas  
(Boulevard Plaza)  
No. 17, Persiaran Perdana  
Presint 3  
62100 Putrajaya  
Wilayah Persekutuan Putrajaya

**JOHOR****Austin Heights**

Ground & 1<sup>st</sup> Floor  
No. 1, Jalan Austin Heights 8/3  
Taman Mount Austin  
81100 Johor Bahru, Johor

## DIRECTORY

### JOHOR (cont'd)

#### **Batu Pahat**

Ground, 1<sup>st</sup> & 2<sup>nd</sup> Floor  
2 & 4, Jalan Kundang 3  
Taman Bukit Pasir  
83000 Batu Pahat, Johor

#### **Bukit Bakri, Muar**

88, Jalan Tepi Pasar  
Bukit Bakri  
84200 Muar, Johor

#### **Johor Jaya**

50 & 52, Jalan Dedap 13  
Taman Johor Jaya  
81100 Johor Bahru, Johor

#### **Kulai**

16 & 17, Jalan Susur Satu  
Kelapa Sawit  
81030 Kulai, Johor

#### **Kluang**

No. 73, Ground Floor  
Jalan Rambutan  
86000 Kluang, Johor

#### **Permas Jaya**

1 & 3, Jalan Permas Jaya 10/2  
Bandar Baru Permas Jaya  
81750 Johor Bahru, Johor

#### **Segamat**

No. 109A & 109B  
Jalan Genuang  
85000 Segamat, Johor

#### **Taman Molek**

1 & 1-01, Jalan Molek 1/29  
Taman Molek  
81100 Johor Bahru, Johor

#### **Taman Nusa Bestari**

1-G & 1-01, Jalan Bestari 6/2  
Taman Nusa Bestari  
81300 Skudai, Johor

#### **Taman Pelangi**

Ground Floor, Shoplot No. 1 & 3  
Jalan Perang, Taman Pelangi  
80400 Johor Bahru, Johor

#### **Tun Aminah**

3 & 5, Jalan Bentara 1  
Taman Ungku Tun Aminah  
81300 Skudai, Johor

### MELAKA

#### **Melaka**

101 & 103  
Jalan Melaka Raya 24  
Taman Melaka Raya  
75000 Melaka

### NEGERI SEMBILAN

#### **Seremban**

1G & 1-1, Seremban City Centre  
Jalan Tuanku Munawir  
70000 Seremban, Negeri Sembilan

### PAHANG

#### **Kuantan**

B400, Jalan Beserah  
25300 Kuantan, Pahang

### TERENGGANU

#### **Kuala Terengganu**

Ground & Mezzanine Floor  
Wisma Kam Choon  
101, Jalan Kampong Tiong  
20100 Kuala Terengganu  
Terengganu

### SABAH

#### **Bandar Kim Fung, Sandakan**

Lot 1, Block C, Bandar Kim Fung  
Mile 4 1/2, Jalan Utara P.O. Box 163  
Post Office, Mile 1 1/2, Jalan Utara  
90307 Sandakan, Sabah

#### **Beaufort**

Lot B, Block A, Beaufort Jaya  
Commercial Centre, P.O. Box 220  
89808 Beaufort, Sabah

#### **Donggongan**

Wisma PPS  
Donggongan New Township  
W.D.T. No. 56  
80509 Penampang, Sabah

#### **Federal House, Kingfisher's Park, KK (Service Centre)**

Aras 1, Blok A  
Kompleks Pentadbiran Kerajaan  
Persekutuan Sabah, Jalan UMS  
88400 Kota Kinabalu, Sabah

#### **Inanam, Kota Kinabalu**

Ground, 1<sup>st</sup> & 2<sup>nd</sup> Floor  
Lot 7 & 9, Block D  
Nountun Industrial Estate  
88450 Inanam, Kota Kinabalu  
Sabah

#### **Jalan Gaya**

82 & 84, Jalan Gaya  
88000 Kota Kinabalu, Sabah

#### **Keningau**

Lot No. 1, Block B-8  
Jalan Arusap  
89000 Keningau, Sabah

## DIRECTORY

### SABAH (cont'd)

#### Kota Marudu

Shoplot No. 8, Block E  
Sedco Shophouses  
P.O. Box 260  
89108 Kota Marudu, Sabah

#### Kundasang

Shoplot No. 6, Block B  
Sedco Shophouses  
P.O. Box 152  
89308 Ranau, Sabah

#### Lahad Datu

Grand Future Complex  
MDLD 4709, Lot 1  
Jalan Kastam Lama  
91100 Lahad Datu, Sabah

#### Sandakan

59-61 Block 20  
Jalan Tiga, Bandar Sandakan  
90000 Sandakan, Sabah

#### Sinsuran

Lot 4, 5 & 6, Block K  
Sinsuran Complex  
88000 Kota Kinabalu, Sabah

#### Tambunan

Lot 1, Block B  
Sedco Shophouses  
89650 Tambunan, Sabah

#### Tawau

1086, Jalan Utara, W.D.T. 127  
91009 Tawau, Sabah

#### Tenom

Ground & Mezzanine Floor  
Shoplot Nos 1 & 2, Block A  
Pangie Light Industrial Complex  
Jalan Jungkat, Tenom New Township  
P.O. Box 379  
89909 Tenom, Sabah

### SARAWAK

#### Bintulu

No. 24, Bintulu Parkcity Commerce Square  
Phase 1, Jalan Tun Ahmad Zaidi  
97000 Bintulu, Sarawak

#### Kuching

178, Jalan Chan Chin Ann  
93100 Kuching, Sarawak

#### Saradise

Level 1 & 2, Sublot 10  
(Survey Lot 19782), Block A1  
Saradise Kuching, Jalan Saradise  
93350 Kuching, Sarawak

#### Laksamana

70 & 71, Block 10  
Jalan Laksamana Cheng Ho  
93200 Kuching, Sarawak

#### Miri

Ground & 1<sup>st</sup> Floor  
Lot 353, Block 7  
Miri Concession Land District  
(Pelita Commercial Centre)  
Jalan Miri Pujut  
98000 Miri, Sarawak

#### Sibu

Ground Floor  
32, Jalan Bako  
Brooke Drive 3  
96000 Sibu, Sarawak

### LABUAN

#### Labuan

MPWPL U 0072 & 0073  
Jalan Merdeka, P.O. Box 396  
87008 Labuan FT



**ALLIANCEDBS  
RESEARCH**

**ALLIANCEDBS RESEARCH SDN BHD**

19<sup>th</sup> Floor, Menara Multi-Purpose, Capital Square  
No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur  
Tel : 03-2604 3915

**ALLIANCE BANK GENERAL LINE:  
03-5166 9988**

# ANALYSIS OF SHAREHOLDINGS

AS AT 23 MAY 2024

Class of shares	:	Ordinary shares
Issued share capital	:	RM1,548,105,929 comprising 1,548,105,929 ordinary shares
Voting rights	:	One vote per ordinary share
Number of shareholders	:	26,921

## Shareholdings Distribution Schedule

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
Less than 100	2,060	7.65	35,634	*
100 - 1,000	6,546	24.32	4,800,702	0.31
1,001 - 10,000	13,695	50.87	59,898,574	3.87
10,001 - 100,000	3,976	14.77	119,492,258	7.72
100,001 - less than 5% of issued shares	642	2.38	766,748,921	49.53
5% and above of issued shares	2	0.01	597,129,840	38.57
<b>Total</b>	<b>26,921</b>	<b>100</b>	<b>1,548,105,929</b>	<b>100.00</b>

Note:

\* Negligible

## Thirty (30) Largest Shareholders

No.	Name	No. of Shares Held	% of Issued Shares
1.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR DBS BANK LTD (SFS)	449,857,775	29.06
2.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	147,272,065	9.51
3.	IFAST NOMINEES (TEMPATAN) SDN BHD GLOBAL SUCCESS NETWORK SDN BHD	77,077,000	4.98
4.	FOCUS ASIA STRATEGIES LTD.	73,528,700	4.75
5.	MEDIMETRO (M) SDN BHD	56,000,000	3.62
6.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD	45,963,200	2.97
7.	FIELDS EQUITY MANAGEMENT LTD	37,470,900	2.42
8.	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	15,895,017	1.03
9.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PUBLIC REGULAR SAVINGS FUND (N14011940100)	15,044,700	0.97
10.	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	14,580,653	0.94
11.	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	13,743,900	0.89
12.	EDEN ENGINEERING SDN BHD	12,700,000	0.82



## ANALYSIS OF SHAREHOLDINGS

AS AT 23 MAY 2024

No.	Name	No. of Shares Held	% of Issued Shares
13.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	12,544,400	0.81
14.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA 3	11,548,800	0.74
15.	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	11,416,600	0.74
16.	CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND J724 FOR SPDR PORTFOLIO EMERGING MARKETS ETF	8,467,221	0.55
17.	CARTABAN NOMINEES (TEMPATAN) SDN BHD PRUDENTIAL ASSURANCE MALAYSIA BERHAD FOR PRULINK STRATEGIC FUND	8,190,400	0.53
18.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR NORGES BANK (FI 17)	7,606,315	0.49
19.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	7,047,400	0.45
20.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	6,879,200	0.44
21.	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD FIDUCIARY TRUST COMPANY INSTITUTIONAL TOTAL INTERNATIONAL STOCK MARKET INDEX TRUST II	6,440,500	0.42
22.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG DIVIDEND FUND	6,200,00	0.40
23.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ESPG IV SC E)	6,153,600	0.40
24.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (PRINCIPAL EQITS)	5,958,200	0.38
25.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSMALL-CAP FUND	5,273,100	0.34
26.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)	5,263,675	0.34
27.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 3)	5,210,000	0.34
28.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	4,962,800	0.32
29.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LSF)	4,754,900	0.31
30.	LIM KUAN GIN	4,600,000	0.30
	<b>Total</b>	<b>1,087,651,021</b>	<b>70.26</b>

## SUBSTANTIAL SHAREHOLDERS

AS AT 23 MAY 2024

Name of Substantial Shareholder	No. of Ordinary Shares					
	Direct Interest	% of Issued Shares	Indirect Interest	% of Issued Shares	Total	% of Issued Shares
Vertical Theme Sdn Bhd	449,857,775	29.06	-	-	449,857,775	29.06
Langkah Bahagia Sdn Bhd	-	-	449,857,775 <sup>1</sup>	29.06	449,857,775	29.06
Duxton Investments Pte Ltd	-	-	449,857,775 <sup>1</sup>	29.06	449,857,775	29.06
Ong Beng Seng	-	-	449,857,775 <sup>2</sup>	29.06	449,857,775	29.06
Ong Tiong Sin	-	-	449,857,775 <sup>2</sup>	29.06	449,857,775	29.06
Seow Lun Hoo	-	-	449,857,775 <sup>2</sup>	29.06	449,857,775	29.06
Fullerton Financial Holdings Pte Ltd	-	-	449,857,775 <sup>3</sup>	29.06	449,857,775	29.06
Fullerton Management Pte Ltd	-	-	449,857,775 <sup>4</sup>	29.06	449,857,775	29.06
Temasek Holdings (Private) Limited	-	-	449,857,775 <sup>5</sup>	29.06	449,857,775	29.06
Singapore Minister for Finance	-	-	449,857,775 <sup>6</sup>	29.06	449,857,775	29.06
Employees Provident Fund Board	156,624,840	10.12	-	-	156,624,840	10.12

## Notes:

- <sup>1</sup> Deemed interested by virtue of Section 8 of the Companies Act 2016 held through Vertical Theme Sdn Bhd.
- <sup>2</sup> Deemed interested by virtue of Section 8 of the Companies Act 2016 held through Langkah Bahagia Sdn Bhd.
- <sup>3</sup> Deemed interested by virtue of Section 8 of the Companies Act 2016 held through Duxton Investments Pte Ltd.
- <sup>4</sup> Deemed interested by virtue of Section 8 of the Companies Act 2016 held through Fullerton Financial Holdings Pte Ltd.
- <sup>5</sup> Deemed interested by virtue of Section 8 of the Companies Act 2016 held through Fullerton Management Pte Ltd.
- <sup>6</sup> Deemed interested by virtue of Section 8 of the Companies Act 2016 held through Temasek Holdings (Private) Limited.

## DIRECTORS' SHAREHOLDINGS

AS AT 23 MAY 2024

None of the Directors have any interest in the shares of the Bank as at 23 May 2024.

## SENIOR MANAGEMENT'S SHAREHOLDINGS

AS AT 23 MAY 2024

Save as disclosed below, none of the other Senior Management including the Group Chief Executive Officer have any interest in the shares of the Bank or in any of the Bank's related corporations as at 23 May 2024:

Name	No. of Alliance Bank shares held			
	Direct	%	Indirect	%
Aaron Sum Wei Wern <i>Group Chief Strategy, Marketing &amp; Business Development Officer</i>	146,200	0.01	-	-
Lee Wei Yen <i>Group Company Secretary</i>	219,800	0.01	-	-
Peter Fong Seow Loong <i>Group Chief Credit Officer</i>	69,500	*	-	-
Rizal IL-Ehzan Fadil Azim <i>Chief Executive Officer, Alliance Islamic Bank Berhad</i>	47,500	*	-	-
Ronnie Royston Fernandiz <i>Group Chief Financial Officer</i>	-	-	2,000 <sup>1</sup>	*
Tan Eng Kiang <i>Group Chief Financial Markets Officer</i>	79,600	0.01	-	-

Note:

\* Negligible

<sup>1</sup> Indirect interest held through his spouse.

# NOTICE OF 42<sup>ND</sup> ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the 42<sup>nd</sup> Annual General Meeting (“AGM”) of Alliance Bank Malaysia Berhad (“the Bank”) will be held as a virtual meeting through live streaming and online remote voting from the broadcast venue at the Novel Ballroom, Level 1A, Malaysia International Trade and Exhibition Centre (MITEC), Kompleks MITEC, No. 8, Jalan Dutamas 2, 50480 Kuala Lumpur, Malaysia on Wednesday, 31 July 2024 at 10.00 a.m. to transact the following businesses:

## AGENDA

### As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 March 2024 together with the Reports of the Directors and Auditors thereon.
2. To re-elect the following Directors who retire by rotation pursuant to Article 87 of the Bank’s Constitution:
  - (i) Ms Susan Yuen Su Min **Ordinary Resolution 1**
  - (ii) Ms Cheryl Khor Hui Peng **Ordinary Resolution 2**
3. To re-elect the following Directors who retire pursuant to Article 93 of the Bank’s Constitution:
  - (i) Mr Chia Yew Hock Wilson **Ordinary Resolution 3**
  - (ii) Dr John Lee Hin Hock **Ordinary Resolution 4**
4. To approve the payment of Directors’ fees and Board Committees’ fees to the Non-Executive Directors for the period from the 42<sup>nd</sup> AGM until the next AGM of the Bank. **Ordinary Resolution 5**
5. To approve the payment of Directors’ benefits (other than Directors’ fees and Board Committees’ fees) to the Non-Executive Directors of up to RM1,800,000 for the period from the 42<sup>nd</sup> AGM until the next AGM of the Bank. **Ordinary Resolution 6**
6. To re-appoint PricewaterhouseCoopers PLT as Auditors of the Bank and to authorise the Directors to fix their remuneration. **Ordinary Resolution 7**
7. To transact any other business for which due notice shall have been given in accordance with the Bank’s Constitution and/or the Companies Act 2016.

## BY ORDER OF THE BOARD

### LEE WEI YEN

MAICSA 7001798 (SSM PC No. 202008002080)  
Group Company Secretary

Kuala Lumpur  
1 July 2024

## NOTICE OF 42<sup>ND</sup> ANNUAL GENERAL MEETING

### Notes:

#### 1. Virtual AGM

- 1.1 The 42<sup>nd</sup> AGM of the Bank will be conducted on a virtual basis through live streaming and online remote voting using the Vote2U online platform at <https://web.vote2u.my/#/alliancebank>. Please follow the procedures provided in the **Administrative Details** for the 42<sup>nd</sup> AGM to register, participate and vote remotely via the Vote2U online platform.
- 1.2 The broadcast venue of the 42<sup>nd</sup> AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Article 66 of the Bank's Constitution which require the Chairman of the meeting to be present at the main venue of the meeting. **No shareholders and proxies from the public will be allowed to attend the 42<sup>nd</sup> AGM in person at the broadcast venue.**

#### 2. Proxy

- 2.1 A Member entitled to attend, participate, speak and vote at the meeting is entitled to appoint a proxy or proxies to attend, participate, speak and vote in his/her stead. A proxy may but need not be a member of the Bank.
- 2.2 A Member other than an Exempt Authorised Nominee shall be entitled to appoint not more than two (2) proxies to attend, participate, speak and vote at the same meeting.
- 2.3 Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
- 2.4 Where a Member is an Exempt Authorised Nominee that holds ordinary shares in the Bank for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies that the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- 2.5 If the appointer is a corporation, the Form of Proxy must be executed under its common seal or by at least 2 authorised officers, one of whom shall be a director (or in the case of a sole director, by that director in the presence of a witness who attests the signature) or under the hand of an officer or attorney duly authorised.
- 2.6 To be valid, the duly completed Form of Proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority must be deposited at the office of our Share Registrar, ShareWorks Sdn Bhd at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur or lodged electronically at <https://web.vote2u.my/#/alliancebank> (applicable to individual Members only) not less than forty-eight (48) hours before the time set for holding the meeting. Please follow the procedures provided in the Administrative Details of the 42<sup>nd</sup> AGM to deposit the Form of Proxy electronically.
- 2.7 By submitting the duly executed Form of Proxy, the Member and his/her proxy(ies) consent to the Bank (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for the purposes of the 42<sup>nd</sup> AGM and any adjournment thereof.
- 2.8 A Member whose name appears on the General Meeting Record of Depositors as at 23 July 2024 shall be regarded as a Member entitled to attend, participate, speak and vote at the meeting or appoint a proxy or proxies to attend, participate, speak and vote in his/her stead.

#### 3. Voting by Poll

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 42<sup>nd</sup> AGM of the Bank shall be put to the vote by way of a poll.

#### 4. Audited Financial Statements for the financial year ended 31 March 2024

This Agenda item is laid before the 42<sup>nd</sup> AGM pursuant to Section 340(1)(a) of the Companies Act 2016 and does not require a formal approval of the shareholders. As such, it is meant for discussion only and will not be put forward for voting.

## NOTICE OF 42<sup>ND</sup> ANNUAL GENERAL MEETING

### 5. Ordinary Resolutions 1, 2, 3 and 4 – Re-election of Directors

Shareholders' approval is sought for the re-election of the following Directors:

- (i) Ms Susan Yuen Su Min (Ordinary Resolution 1)
- (ii) Ms Cheryl Khor Hui Peng (Ordinary Resolution 2)
- (iii) Mr Chia Yew Hock Wilson (Ordinary Resolution 3)
- (iv) Dr John Lee Hin Hock (Ordinary Resolution 4)

Ms Susan Yuen Su Min and Ms Cheryl Khor Hui Peng retire pursuant to Article 87 of the Bank's Constitution and being eligible, have offered themselves for re-election at the 42<sup>nd</sup> AGM.

The Group Nomination and Remuneration Committee, having reviewed the performance and contribution of Ms Susan Yuen Su Min and Ms Cheryl Khor Hui Peng respectively and the result of the Annual Board Effectiveness Assessment for the financial year ended 31 March 2024, was satisfied with the effectiveness of each of them in supporting the Board to carry out its ultimate responsibility for maximisation of shareholders' value and safeguarding the stakeholders' interest.

Mr Chia Yew Hock Wilson and Dr John Lee Hin Hock, who were appointed as Non-Independent Non-Executive Director and Independent Director of the Bank on 3 November 2023 and 1 April 2024 respectively, retire pursuant to Article 93 of the Bank's Constitution and being eligible, have offered themselves for re-election.

The Board recommends members to vote in favour of the Ordinary Resolutions on the re-election of Ms Susan Yuen Su Min, Ms Cheryl Khor Hui Peng, Mr Chia Yew Hock Wilson and Dr John Lee Hin Hock respectively.

The profiles of Directors seeking re-election are set out in the Statement Accompanying the Notice of 42<sup>nd</sup> AGM.

### 6. Ordinary Resolutions 5 & 6 – Directors' Remuneration

#### (i) Ordinary Resolution 5 – Payment of Directors' fees and Board Committees' fees to Non-Executive Directors for the period from the 42<sup>nd</sup> AGM until the next AGM of the Bank

Shareholders' approval is sought for the proposed payment of Directors' fees and Board Committees' fees to the Non-Executive Directors for the period from the 42<sup>nd</sup> AGM until the next AGM of the Bank based on the current fee structure below. If Ordinary Resolution 5 is passed at the 42<sup>nd</sup> AGM, the payment of Directors' fees and Board Committees' fees will be paid to the Non-Executive Directors on a quarterly basis after they have rendered their services to the Bank throughout the relevant period.

<u>Annual Directors' Fees</u>	
- Non-Executive Chairman	RM320,000
- Non-Executive Director	RM150,000
<u>Annual Board Committees' Fees</u>	
- Chairman	RM50,000
- Member	RM35,000

#### (ii) Ordinary Resolution 6 – Payment of Directors' benefits (other than Directors' fees and Board Committees' fees) to Non-Executive Directors up to RM1,800,000 for the period from the 42<sup>nd</sup> AGM until the next AGM of the Bank

The Non-Executive Directors' benefits (other than Directors' fees and Board Committees' fees) comprise sitting allowances and other benefits as set out below:

- (a) Sitting allowance – RM2,500 per meeting.
- (b) Any Non-Executive Director, including the Board Chairman, who retires from the Board upon completion of his/her term of service or resigns from the Board after serving for at least one term of three years shall be entitled to a retirement farewell gift of his/her choice from the Bank for a value of up to RM10,000.
- (c) Other benefits include company car and driver allowance (for Chairman only), insurance coverage and other claimable benefits.

The total amount of Directors' benefits (other than Directors' fees and Board Committees' fees) payable to the Non-Executive Directors is estimated based on various factors, including the estimated frequency of meetings for the Board and Board Committees during the period.

## NOTICE OF 42<sup>ND</sup> ANNUAL GENERAL MEETING

### 7. Ordinary Resolution 7 – Re-appointment of Auditors

The Group Audit Committee (“Group AC”) had at its meeting held on 24 April 2024 assessed the performance and quality of audit services provided by PricewaterhouseCoopers PLT (“PwC”) as well as its independence and objectivity taking into account Management’s assessment on the criteria as prescribed by Bank Negara Malaysia (“BNM”) in its Policy Document on External Auditor and was satisfied that PwC had met all the relevant criteria.

Having satisfied itself with PwC’s performance and fulfilment of criteria as set out in BNM’s Policy Document on External Auditor, the Group AC had recommended the re-appointment of PwC as the External Auditors of the Bank.

The Board had at its meeting held on 29 April 2024 approved the proposed re-appointment of PwC as External Auditors of the Bank as recommended by the Group AC for shareholders’ approval at the 42<sup>nd</sup> AGM of the Bank.

Shareholders’ approval is also sought under Ordinary Resolution 7 to authorise the Directors to fix the External Auditors’ remuneration.

# STATEMENT ACCOMPANYING NOTICE OF 42<sup>ND</sup> ANNUAL GENERAL MEETING

(PURSUANT TO PARAGRAPH 8.27(2) OF BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS)

- (i) No individual is seeking election as a Director at the 42<sup>nd</sup> AGM of the Bank.
- (ii) The profiles of Directors who are standing for re-election at the 42<sup>nd</sup> AGM are set out below:

**(a) Susan Yuen Su Min**

Independent Director  
Chairman, Group Nomination & Remuneration Committee  
Chairman, Group Sustainability Committee  
64/Malaysian/Female

**Date of Appointment to the Board of Alliance Bank Malaysia Berhad:** 15 October 2018

**Qualification:**

- Bachelor of Computer Science (Honours), University of London, United Kingdom

Ms Susan Yuen Su Min has over 30 years of working experience in the banking industry. She has served in a number of banking establishments including Maybank and HSBC Malaysia. She was also previously attached to the National Bank of Abu Dhabi Malaysia Berhad (“NBAD”) where she was the Regional CEO Asia and Country CEO Malaysia from 2014 to 2018. Prior to joining NBAD, she served as CEO of ANZ Banking Group in Hong Kong from 2009 to 2014.

Ms Susan serves as an Independent Director of Batu Kawan Berhad and Press Metal Aluminium Holdings Berhad (both listed on Bursa Malaysia). She is also an Independent Director of Chubb Insurance Malaysia Berhad.

**(b) Cheryl Khor Hui Peng**

Independent Director  
Member, Group Audit Committee  
Member, Group Information Technology Committee  
Member, Group Sustainability Committee  
49/Malaysian/Female

**Date of Appointment to the Board of Alliance Bank Malaysia Berhad:** 1 June 2021

**Qualification:**

- Bachelor of Mathematics, University Putra Malaysia
- Member, Malaysian Institute of Certified Public Accountants
- Member, Malaysian Institute of Accountants
- Fellow and Faculty Member, Institute of Corporate Directors Malaysia

Ms Cheryl Khor has more than 23 years of experience covering financial, operational and internal audits as well as governance, controls, sustainability, internal audit and risk assessments for clients across a broad range of industries.

She began her career in 1998 as a financial auditor and chartered accountant at Ernst & Young. Ms Cheryl diversified her skill sets and breadth of experience when she joined Deloitte in 2013 where she led the Risk Advisory practice, complementing her chartered accountant experience with sustainability, governance and risk expertise. She was appointed as its Managing Director in 2014 and held the position until 2021. Whilst in Deloitte, she held numerous leadership positions culminating her career as the Asia Pacific Accounting and Internal Control Leader and was also elected onto the Deloitte South East Asia Board of Directors.

Ms Cheryl serves as an Independent Director of several public listed companies namely, Kuala Lumpur Kepong Berhad, Hong Leong Industries Berhad and Malaysia Airports Holdings Berhad. She is also an Independent Director of Chubb Insurance Malaysia Berhad, Leader Energy Holding Berhad and RAM Holdings Berhad respectively.

**(c) Chia Yew Hock Wilson**

Non-Independent Non-Executive Director  
Member, Executive Committee  
Member, Group Risk Management Committee  
Member, Group Sustainability Committee  
Member, Group Information Technology Committee  
70/Singaporean/Male

**Date of Appointment to the Board of Alliance Bank Malaysia Berhad:** 3 November 2023

**Qualification:**

- Master of Business Administration, National University of Singapore, Singapore
- Chartered Management Accountant, Chartered Institute of Management Accountants, United Kingdom
- Associate Chartered Secretary, Institute of Chartered Secretaries and Administrators, United Kingdom
- Bachelor of Accountancy, University of Singapore, Singapore



## STATEMENT ACCOMPANYING NOTICE OF 42<sup>ND</sup> ANNUAL GENERAL MEETING

(PURSUANT TO PARAGRAPH 8.27(2) OF BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS)

Mr Chia is a highly seasoned banker with 35 years of experience in the financial services industry.

He is a Banking Consultant/Advisor since April 2016 on Strategy, Customer Segmentation, Risk Management, Wealth Management, SME Banking, Product Pricing, Governance, Distribution Network Optimisation, Organisation Restructuring/Transformation and Cost Re-Engineering, Training and Incentive Plans, Financial Planning/Budgeting/Forecasting and Digital Banking.

Most recently, Mr Chia was Banking Advisor/CEO Designate to a Consortium Group applying for Digital Bank licence in Singapore from February 2020 to December 2020.

Over the course of his career, Mr Chia has been with Fullerton Financial Holdings (“FFH”), during which he was Head of SME and Commercial Banking, overseeing portfolios across emerging markets including Indonesia, Malaysia, India, Pakistan, and China.

Before joining FFH, Mr Chia served 23 years in Standard Chartered Bank, his last position held was as Country Head, Consumer and SME Banking, China. Prior to his banking career, he has performed financial controller roles in multinational companies.

### (d) Dr John Lee Hin Hock

Independent Director  
Chairman, Group Risk Management Committee  
Member, Group Nomination & Remuneration Committee  
58/Malaysian/Male

**Date of Appointment to the Board of Alliance Bank Malaysia Berhad:** 1 April 2024

#### Qualification:

- Chartered Banker, Asian Institute of Chartered Bankers, Malaysia
- Fellow Certified Practising Accountant, Australia Society of Certified Practising Accountants, Australia
- Doctor of Philosophy (Economics), Monash University, Australia
- Bachelor of Economics, Monash University, Australia

Dr John Lee Hin Hock is a highly seasoned banker with extensive experience in the financial services industry.

Prior to joining the Bank, Dr John was the Country CEO and CEO of Maybank Singapore from December 2017 until his retirement in December 2023, where he held single-captainship responsibility for the entire spectrum of operations in Maybank Singapore. Before this, Dr John was the Group Chief Risk Officer of Maybank Group from 2011 to November 2017.

Over the course of his career, Dr John had been a Partner of KPMG Advisory from 1997 to 2010 where he was KPMG Global Islamic Finance Group Leader, Asia Pacific Financial Risk Management Practice Head and Malaysia Financial Services Practice Head; and the General Manager of the Kuala Lumpur Options & Financial Futures Exchange (now known as Malaysia Derivatives Exchange) from 1994 to 1997 where he was responsible for the overall operations of the Exchange.

Dr John is a leading expert in Islamic Finance and was a member in several working groups of the Islamic Financial Services Board. He has published extensive thought leadership articles in the areas of shareholder value creation, performance management, Islamic Finance, risk management and Basel II.

Dr John is also an Independent Director of Alliance Islamic Bank Berhad, a wholly-owned subsidiary of Alliance Bank.

#### The retiring Directors:

- **Do not hold any shares in Alliance Bank;**
- **Do not have any family relationship with the other Directors and/or major shareholders of Alliance Bank;**
- **Do not have any conflict of interest or potential conflict of interest, including interest in any competing business with Alliance Bank or its subsidiaries;**
- **Have not been convicted of any offences within the past five (5) years (other than traffic offences) as at 31 March 2024; and**
- **Have not been imposed any public sanction or penalty by the relevant regulatory bodies during FY2024.**

## ADMINISTRATIVE DETAILS – THE 42<sup>ND</sup> ANNUAL GENERAL MEETING

Date and Time of Meeting	: Wednesday, 31 July 2024 at 10.00 a.m.
Remote Participation and Voting Platform	: <a href="https://web.vote2u.my/#/alliancebank">https://web.vote2u.my/#/alliancebank</a>
Domain Registration Number with MYNIC	: D6A471702
Broadcast Venue	: Novel Ballroom, Level 1A Malaysia International Trade and Exhibition Centre (MITEC) Kompleks MITEC No. 8, Jalan Dutamas 2 50480 Kuala Lumpur, Malaysia

The 42<sup>nd</sup> Annual General Meeting (“AGM”) of Alliance Bank Malaysia Berhad (“the Bank”) will be held on a virtual basis through live streaming and online remote voting using the Vote2U online platform at <https://web.vote2u.my/#/alliancebank>

### Entitlement to Participate and Vote Remotely

A shareholder whose name appears on the General Meeting Record of Depositors as at 23 July 2024 shall be regarded as a shareholder entitled to attend, participate, speak and vote at the 42<sup>nd</sup> AGM or appoint a proxy or proxies to attend, participate, speak and vote in his/her stead, without physically being present at the Broadcast Venue.

### PROCEDURES TO PARTICIPATE AND VOTE AT THE 42<sup>ND</sup> AGM

Kindly note that the quality of the live streaming is highly dependent on the bandwidth and stability of the internet connection of shareholders and proxies.

To participate in the 42<sup>nd</sup> AGM, please follow the procedures summarised below:

#### Step 1 – Before the Day of the 42<sup>nd</sup> AGM

A. REGISTRATION AS USER (for first-time registration only) Note: If you have already registered as a user with Vote2U previously, you may proceed to Step 2.	
i. Shareholders to register with Vote2U online <ul style="list-style-type: none"> <li>• Individual Shareholders</li> </ul>	<ol style="list-style-type: none"> <li>a. Access website at <a href="https://web.vote2u.my/#/alliancebank">https://web.vote2u.my/#/alliancebank</a></li> <li>b. Click &lt;&lt;Sign Up&gt;&gt; to sign up as a user.</li> <li>c. Read and indicate your acceptance of the “Privacy Policy” and “Terms &amp; Conditions” on the small box. Then click &lt;&lt;Next&gt;&gt;.</li> <li>d. Fill in your details [(i) ensure email address is valid, &amp; (ii) create your own password]. Then click &lt;&lt;Continue&gt;&gt;.</li> <li>e. Upload your MyKAD (front only) (for Malaysians) or Passport (for non-Malaysians). Then click &lt;&lt;Submit&gt;&gt; to complete the registration.</li> <li>f. Your registration will be verified and an email notification will be sent to you.</li> </ol>

## ADMINISTRATIVE DETAILS – THE 42<sup>ND</sup> ANNUAL GENERAL MEETING

B. REGISTRATION OF PROXY	
<p>i. Electronic lodgement of Form of Proxy (e-Proxy form) no later than Monday, 29 July 2024 at 10.00 a.m.</p> <ul style="list-style-type: none"> <li>• Individual Shareholders</li> </ul>	<p>a. Individual shareholders to log in to Vote2u with the email address and password that you have registered with Vote2U.</p> <p>b. Click &lt;&lt;Register Proxy Now&gt;&gt; for e-Proxy registration.</p> <p>c. Select the General Meeting event that you wish to attend.</p> <p>d. Select/add your Central Depository System (“CDS”) account number and number of shares.</p> <p>e. Select &lt;&lt;Appoint Proxy&gt;&gt;.</p> <p>f. Complete the details of your Proxy(ies). Ensure Proxy(ies) email address(es) is/are valid.</p> <p>g. Indicate your voting instructions should you prefer to do so.</p> <p>h. Thereafter, click &lt;&lt;Submit&gt;&gt;.</p> <p>i. After verification, the Proxy(ies) will receive an email notification with temporary login credentials, i.e. email address and password, to log in to Vote2U.</p> <p><u>Note:</u></p> <ul style="list-style-type: none"> <li>- You need to register as a shareholder before you can register a Proxy and submit the e-Proxy form. Please refer to Section “A: Registration As User” above to register as a shareholder.</li> <li>- Proxy(ies) will receive temporary login credentials no later than 48 hours before the 42<sup>nd</sup> AGM.</li> </ul>
<p>ii. Submit Form of Proxy (hardcopy) no later than Monday, 29 July 2024 at 10.00 a.m.</p> <ul style="list-style-type: none"> <li>• Individual Shareholders;</li> <li>• Corporate Shareholders;</li> <li>• Authorised Nominees; and</li> <li>• Exempt Authorised Nominees.</li> </ul>	<p>a. Complete the following details on the hardcopy of the Form of Proxy:</p> <ul style="list-style-type: none"> <li>- Name of the Proxy(ies).</li> <li>- MyKAD (for Malaysians)/Passport (for non-Malaysians) number of the Proxy(ies).</li> <li>- Email address and telephone number of the Proxy(ies).</li> </ul> <p>b. Enclose the following documents with the original Form of Proxy:</p> <ul style="list-style-type: none"> <li>- A copy of the Proxy(ies’) MyKAD (for Malaysians)/Passport (for non-Malaysians).</li> </ul> <p>c. Deposit the original Form of Proxy and the abovementioned documents at the address stated on the Form of Proxy.</p> <p>d. After verification, the Proxy(ies) will receive an email notification with temporary login credentials, i.e. email address and password, to log in to Vote2U.</p> <p><u>Note:</u></p> <ul style="list-style-type: none"> <li>- Proxy(ies) will receive temporary login credentials no later than 48 hours before the 42<sup>nd</sup> AGM.</li> </ul>

## ADMINISTRATIVE DETAILS

### – THE 42<sup>ND</sup> ANNUAL GENERAL MEETING

C. REVOCATION OF PROXY	
i. Revoke a Proxy electronically <ul style="list-style-type: none"> <li>Individual Shareholders who have appointed Proxy(ies) through e-Proxy form.</li> </ul>	a. Log in to Vote2U using your registered email address and password. b. Select the General Meeting event. c. Scroll down and click <<Revoke a Proxy>>.
ii. Revoke a Proxy <ul style="list-style-type: none"> <li>Individual Shareholders;</li> <li>Corporate Shareholders;</li> <li>Authorised Nominees; and</li> <li>Exempt Authorised Nominees;</li> </ul> who have/has appointed Proxy(ies) using hardcopy of Form of Proxy.	Please contact our Share Registrar, ShareWorks Sdn Bhd, to revoke the appointment of your Proxy(ies). The contact details are provided in the Enquiry Section below.

#### Step 2 – On the Day of the 42<sup>nd</sup> AGM

- Log in to <https://web.vote2u.my/#/alliancebank> with your registered email address and password with Vote2U.
- For a Proxy, log in with the temporary login credentials in the email that you have received from Vote2U.
- Vote2U will be opened for log in starting from 9.00 a.m. on Wednesday, 31 July 2024, i.e. one (1) hour before the commencement of the 42<sup>nd</sup> AGM.
- When you log in, click the General Meeting event box. On the main page, you will be able to access the following:

Description	Procedures
i. Watch Live Streaming	Click <<Watch Live>> to view the live streaming.
ii. Ask Question(s) (Real-Time)	a. Click <<Ask Question>> to pose question(s). b. Type in your question and click <<Submit>>. <p><u>Note:</u> The Chairman of the meeting/Board of Directors will endeavour to respond to questions submitted by remote shareholders and proxies during the 42<sup>nd</sup> AGM. Should there be any time constraints, the responses will be emailed to you at the earliest practicable time after the 42<sup>nd</sup> AGM.</p>
iii. Online Remote Voting	a. On the main page, scroll down and click <<Confirm Details & Start Voting>>. b. To vote, select your voting choice from the options provided. A confirmation screen will appear to show your selected vote. Click <<Next>> to continue voting for all resolutions. c. To change your vote, click <<Back>> and select another voting choice. d. After you have completed voting, a Voting Summary page will appear to show all the resolutions with your voting choices. Click <<Confirm>> to submit your vote. <p><u>Notes:</u></p> <ul style="list-style-type: none"> <li>You can proceed to vote on the resolutions and submit your votes at any time from the commencement of the 42<sup>nd</sup> AGM at 10.00 a.m. until the end of the voting session, which will be announced by the Chairman of the meeting.</li> <li>Once you have confirmed and submitted your votes, you will not be able to change your voting choices.</li> </ul>
iv. View Voting Results	On the main page, scroll down and click <<View Voting Results>>.
v. End of Meeting	a. Upon the announcement by the Chairman of the meeting of the conclusion of the meeting, the live streaming will be terminated. b. You may log out from Vote2U.

## ADMINISTRATIVE DETAILS – THE 42<sup>ND</sup> ANNUAL GENERAL MEETING

### ADDITIONAL INFORMATION

#### **Poll Voting**

Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, any resolution set out in the notice of a general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting is to be voted by poll. The Bank's Share Registrar, ShareWorks Sdn Bhd, has been appointed as the Poll Administrator to conduct the poll and Deloitte Business Advisory Sdn. Bhd. has been appointed as the Independent Scrutineer to verify the results of the poll.

#### **Broadcast Venue**

The Broadcast Venue is the place where the broadcast will take place to transmit or air the 42<sup>nd</sup> AGM online.

In accordance with the Securities Commission's Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers dated 7 April 2022, only essential individuals are permitted to be physically present at the Broadcast Venue, namely the Chairman of the meeting, Directors, Chief Executive Officer, Chief Financial Officer, Auditors, Company Secretary, Independent Scrutineer, Management and those involved in organising and conducting the virtual meeting. In this regard, no shareholders and proxies from the public will be allowed to attend the 42<sup>nd</sup> AGM in person at the Broadcast Venue.

#### **No Recording or Photography of the 42<sup>nd</sup> AGM Proceedings**

No recording or photography of the 42<sup>nd</sup> AGM proceedings is allowed without the prior written permission of the Bank.

#### **No e-Voucher, Gift or Food Voucher**

There will be no e-Voucher, gift or food voucher for shareholders and proxies who participate at the 42<sup>nd</sup> AGM.

#### **Enquiry**

For any enquiry relating to the 42<sup>nd</sup> AGM of the Bank, please contact our Share Registrar, ShareWorks Sdn Bhd, during office hours (8:30 a.m. to 5:30 p.m.) from Monday to Friday (except for public holidays):

Telephone No. : 03-6201 1120 / 03-6206 1743 / 03-6206 1364  
Email : ir@shareworks.com.my

For any enquiry relating to the Vote2U online platform or if you encounter any issues with the login process or need further clarification on the steps to connect to the live streaming and online voting, please contact Agmo Digital Solutions Sdn Bhd's Helpdesk during office hours (8:30 a.m. to 5:30 p.m.) from Monday to Friday (except for public holidays):

Telephone No. : 03-7664 8521 / 03-7664 8520  
Email : vote2u@agmostudio.com

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# ALLIANCE BANK

Alliance Bank Malaysia Berhad 198201008390 (88103-W)

## FORM OF PROXY

CDS Account No.	No. of Shares Held

I/We (full name in block letters) \_\_\_\_\_

NRIC No./Passport No./Company Registration No. \_\_\_\_\_

of \_\_\_\_\_

telephone no. \_\_\_\_\_ email address \_\_\_\_\_

being a Member of ALLIANCE BANK MALAYSIA BERHAD, hereby appoint \_\_\_\_\_

\_\_\_\_\_ NRIC No./Passport No. \_\_\_\_\_

of \_\_\_\_\_

telephone no. \_\_\_\_\_ email address \_\_\_\_\_

and/or failing him/her, \_\_\_\_\_ NRIC No./Passport No. \_\_\_\_\_

of \_\_\_\_\_

telephone no. \_\_\_\_\_ email address \_\_\_\_\_

as my/our proxy/proxies to vote for me/us on my/our behalf at the 42<sup>nd</sup> Annual General Meeting (“AGM”) of the Bank, to be held on a virtual basis through live streaming and online remote voting from the broadcast venue at the Novel Ballroom, Level 1A, Malaysia International Trade and Exhibition Centre (MITEC), Kompleks MITEC, No. 8, Jalan Dutamas 2, 50480 Kuala Lumpur, Malaysia on Wednesday, 31 July 2024 at 10.00 a.m. and at any adjournment thereof.

NO.	RESOLUTIONS	*FOR	*AGAINST
1.	Re-election of Ms Susan Yuen Su Min as Director.		
2.	Re-election of Ms Cheryl Khor Hui Peng as Director.		
3.	Re-election of Mr Chia Yew Hock Wilson as Director.		
4.	Re-election of Dr John Lee Hin Hock as Director.		
5.	Payment of Directors’ fees and Board Committees’ fees to the Non-Executive Directors for the period from the 42 <sup>nd</sup> AGM until the next AGM of the Bank.		
6.	Payment of Directors’ benefits (other than Directors’ fees and Board Committees’ fees) to the Non-Executive Directors of up to RM1,800,000 for the period from the 42 <sup>nd</sup> AGM until the next AGM of the Bank.		
7.	Re-appointment of PricewaterhouseCoopers PLT as Auditors of the Bank and granting authority to the Directors to fix their remuneration.		

\* Please indicate with an “X” how you wish your vote to be cast. If no specific direction as to voting is given, the proxy(ies) will vote or abstain at his/her/their discretion.

As witness my/our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2024.

\_\_\_\_\_  
Signature of Member

Shareholding represented by Proxy	
Proxy 1	%
Proxy 2	%
Total	%

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**Notes:**

1. The broadcast venue of the 42<sup>nd</sup> AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Article 66 of the Bank's Constitution which require the Chairman of the meeting to be present at the main venue of the meeting. No shareholders and proxies from the public will be allowed to attend the AGM in person at the broadcast venue.
2. A Member entitled to attend, participate, speak and vote at the meeting is entitled to appoint a proxy or proxies to attend, participate, speak and vote in his/her stead. A proxy may but need not be a Member of the Bank.
3. A Member other than an Exempt Authorised Nominee shall be entitled to appoint not more than two (2) proxies to attend, participate, speak and vote at the same meeting.
4. Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
5. Where a Member is an Exempt Authorised Nominee that holds ordinary shares in the Bank for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies that the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
6. If the appointer is a corporation, the Form of Proxy must be executed under its common seal or by at least 2 authorised officers, one of whom shall be a director (or in the case of a sole director, by that director in the presence of a witness who attests the signature) or under the hand of an officer or attorney duly authorised.
7. To be valid, the duly completed Form of Proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the office of our Share Registrar, ShareWorks Sdn Bhd, at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur or lodged electronically at <https://web.vote2u.my/#/alliancebank> (applicable to individual Members only) no less than forty-eight (48) hours before the time set for holding the meeting. Please follow the procedures provided in the Administrative Details of the 42<sup>nd</sup> AGM to deposit the Form of Proxy electronically. Proxy(ies) will receive temporary login credentials no later than 48 hours before the 42<sup>nd</sup> AGM.
8. By submitting the duly executed Form of Proxy, the Member and his/her proxy(ies) consent to the Bank (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for the purposes of the 42<sup>nd</sup> AGM and any adjournment thereof.
9. A Member whose name appears on the General Meeting Record of Depositors as at 23 July 2024 shall be regarded as a Member entitled to attend, participate, speak and vote at the meeting or appoint a proxy or proxies to attend, participate, speak and vote in his/her stead.

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Affix Stamp

The Share Registrar of  
ALLIANCE BANK MALAYSIA BERHAD

**SHAREWORKS SDN BHD**  
No. 2-1, Jalan Sri Hartamas 8  
Sri Hartamas  
50480 Kuala Lumpur

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[www.alliancebank.com.my](http://www.alliancebank.com.my)

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@AllianceBankMalaysia



Alliance Bank Malaysia Berhad

**ALLIANCE BANK MALAYSIA BERHAD (88103-W)**

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