



ALLIANCE BANK

Building Alliances to Improve Lives

2022 ANNUAL REPORT



CORPORATE PROFILE

Alliance Bank Malaysia Berhad (Alliance Bank) 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 re-organisation exercise.

Today, Alliance Bank and its two principal subsidiaries, Alliance Investment Bank Berhad and 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, Islamic banking, investment banking, and stockbroking 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, Business Centres, and Investment Bank branches located nationwide, as well as mobile and Internet banking.

OUR VISION

The Preferred Bank of
Business Owners

OUR MISSION

Building Alliances
to Improve Lives

OUR BRAND ATTRIBUTES

Innovative • Fast, Simple & Responsive • Aligned to Customers' Needs

OUR KEY BEHAVIOURS



Commit to
Excellence



Take
Ownership



Collaborate



Understand
& Act



Innovate
& Simplify

OUR VALUES



Integrity



Openness



Transparency



Fairness &
Consistency



Respect &
Humility

THE STORY BEHIND OUR VISION AND MISSION

As a Bank, we believe we play an important role in improving lives. Family-owned businesses make up more than 90% of businesses in Malaysia, and we are committed to supporting these business owners. We help them achieve their aspirations, whether it is building businesses to serve the communities in which they operate, or taking care of their families. Through business owners, we serve the important people around them – their family, employees, business partners and customers. We believe we can do this by building alliances with partners who share our values, so that we can achieve success together.



Our Annual Report, Accounts and other information about Alliance Bank Malaysia Berhad can be found at <https://www.alliancebank.com.my/annualreport2022> or by scanning the QR code.

CONTENTS

01

CORPORATE

- Corporate Profile, Our Vision, Mission, Values, Brand Attributes & Key Behaviours
- 2 Corporate Information
- 4 Corporate Structure
- 5 Products and Services
- 11 Financial Highlights

02

PERSPECTIVES

- 13 Statement by Chairman of Alliance Bank Malaysia Berhad
- 15 Management Discussion & Analysis
- 25 Sustainability Statement
- 52 Value Creation Business Model
- 54 Financial Calendar

03

GOVERNANCE

- 55 Corporate Governance Overview Statement
 - Leadership
 - Board of Directors
 - Senior Management
 - Board Effectiveness
 - Audit and Risk Management
 - Group Audit Committee Report
 - Shariah Committee of Alliance Islamic Bank Berhad
 - Relations with Shareholders
- 94 Statement on Risk Management and Internal Control
- 96 Risk Management
- 104 Additional Compliance Information

04

FINANCIAL

- 106 Statement of Board of Directors' Responsibilities
- Financial Statements
 - Directors' Report
 - Statement by Directors
 - Statutory Declaration
 - Independent Auditors' Report
 - Statements of Financial Position
 - Statements of Income
 - Statements of Comprehensive Income
 - Statements of Changes in Equity
 - Statements of Cash Flows
 - Notes to the Financial Statements
- 289 Basel II Pillar 3 Report Disclosure

05

ADDITIONAL INFORMATION

- 347 List of Properties
- 349 Directory
- 353 Analysis of Shareholdings
- 355 Substantial Shareholders
- 355 Directors' Shareholdings
- 356 Senior Management's Shareholdings

06

NOTICE AND FORM

- 357 Notice of 40th Annual General Meeting
- 361 Statement Accompanying Notice of 40th Annual General Meeting
- 363 Administrative Details
 - the 40th Annual General MeetingForm of Proxy

CORPORATE INFORMATION

DIRECTORS

Tan Sri Dato' Ahmad bin Mohd Don

Chairman, Independent Director

Lee Boon Huat

Senior Independent Director

Wong Yuen Weng Ernest

Non-Independent Non-Executive Director

Lee Ah Boon

Non-Independent Non-Executive Director

Datuk Wan Azhar bin Wan Ahmad

Independent Director

Tan Chian Khong

Independent Director

Susan Yuen Su Min

Independent Director

Lum Piew

Independent Director

Cheryl Khor Hui Peng

Independent Director

EXECUTIVE COMMITTEE

Wong Yuen Weng Ernest (Chairman)
Non-Independent Non-Executive Director

Lee Ah Boon
Non-Independent Non-Executive Director

Datuk Wan Azhar bin Wan Ahmad
Independent Director

Lee Boon Huat
Independent Director

Tan Chian Khong
Independent Director

GROUP NOMINATION & REMUNERATION COMMITTEE*

Susan Yuen Su Min (Chairman)
Independent Director

Tan Sri Dato' Ahmad bin Mohd Don
Independent Director

Datuk Wan Azhar bin Wan Ahmad
Independent Director

Wong Yuen Weng Ernest
Non-Independent Non-Executive Director

GROUP AUDIT COMMITTEE*

Tan Chian Khong (Chairman)
Independent Director

Datuk Wan Azhar bin Wan Ahmad
Independent Director

Cheryl Khor Hui Peng
Independent Director

GROUP RISK MANAGEMENT COMMITTEE*

Lee Boon Huat (Chairman)
Senior Independent Director

Tuan Haji Ibrahim bin Hassan
Independent Director of
Alliance Islamic Bank Berhad

Mazidah binti Abdul Malik
Independent Director of
Alliance Investment Bank Berhad

Lum Piew
Independent Director

Lee Ah Boon
Non-Independent Non-Executive Director

GROUP SUSTAINABILITY COMMITTEE*

Susan Yuen Su Min (Chairman)
Independent Director

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

Cheryl Khor Hui Peng
Independent Director

SHARIAH COMMITTEE^

Dr. Tuan Badrul Hisyam bin Tuan Soh (Chairman)

Tuan Haji Rustam bin Mohd Idris

Professor Dr. Muhamad Rahimi bin Osman

Ustaz Ahmad Fauwaz bin Ali @ Fadzil

Associate Professor Dr. Muhammad Naim bin Omar

GROUP CHIEF EXECUTIVE OFFICER

Joel Kornreich

GROUP COMPANY SECRETARY

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

REGISTERED OFFICE

3rd Floor, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel : 03-2604 3333
Fax : 03-2694 6200
Website : www.alliancebank.com.my
Email : enquiry@alliancefg.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

AUDITORS

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

PRINCIPAL BANKER

Alliance Bank Malaysia Berhad

BURSA MALAYSIA STOCK NAME/CODE

ABMB/2488

INTERNATIONAL SECURITIES IDENTIFICATION NUMBER (ISIN)

MYL248800004

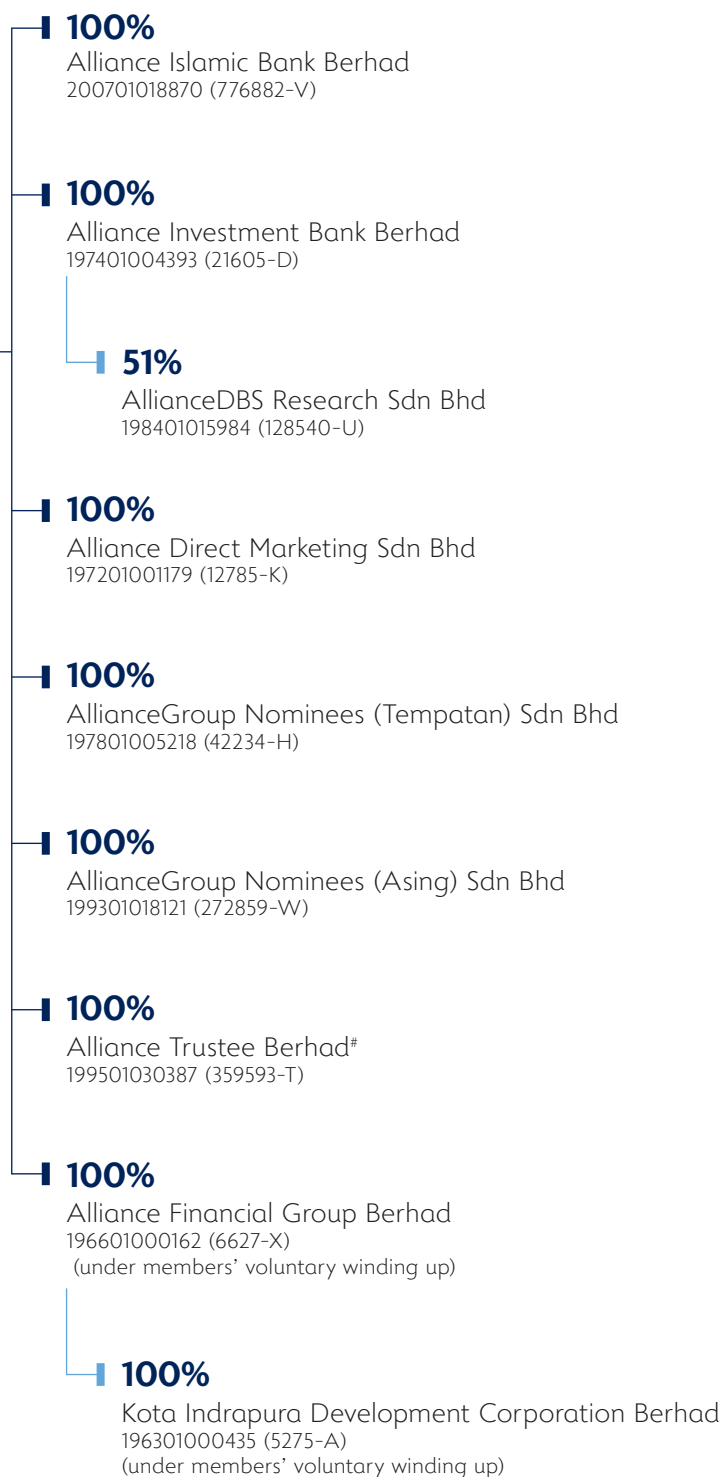
Notes:

* Operates on a Group basis covering the Bank and its principal subsidiaries, namely Alliance Islamic Bank Berhad and Alliance Investment Bank Berhad.

^ Resides in Alliance Islamic Bank Berhad.

CORPORATE STRUCTURE

AS AT 25 MAY 2022



* 20% shares are held by Alliance Bank Malaysia Berhad and the remaining 80% are held by its wholly owned subsidiaries namely, Alliance Investment Bank Berhad (20%), Alliance Direct Marketing Sdn Bhd (20%), AllianceGroup Nominees (Asing) Sdn Bhd (20%) and AllianceGroup Nominees (Tempatan) Sdn Bhd (20%).

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
- Bill Payment (JomPAY)
- Cheque Services
- Credit Card Balance Transfer & Fast Cash
- Credit Card Payment (Pay to Alliance Bank/Interbank/ DuitNow/GIRO)
- e-Fixed Deposit
- e-Fixed Deposit Gold
- e-Foreign Telegraphic Transfer/Foreign Remittance
- e-IPO
- e-Statement
- FPX Payment
- Fund Transfer (Pay to Alliance Bank/Interbank/ DuitNow/GIRO)
- Loan Payment (Pay to Alliance Bank/Interbank/ DuitNow/GIRO)
- Prepaid Reload
- EPF Transfer
- 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
- Live Chat
- DuitNow ID Maintenance
- Stock Trading Sign On
- Link/Unlink Account
- 3rd Party Payment Service Lockdown
- Terminate Mobile Access

allianceonline Mobile Banking (24x7 service availability)

- DuitNow QR
- Account Overview
- Alliance SavePlus Account Opening
- Bill Payment (JomPAY)
- Credit Card Payment (Pay to Alliance Bank/Interbank/ DuitNow/GIRO)
- e-Fixed Deposit
- Fund Transfer (Pay to Alliance Bank/Interbank/ DuitNow/GIRO)
- Loan Payment (Pay to Alliance Bank/Interbank/ DuitNow/GIRO)
- Mobile Secure Approval (MSA) & Mobile Security Code (MSC) Transaction Authorisation

- Prepaid Reload
- EPF Transfer
- Smart Reminder
- Transaction History
- Transaction Push Notification
- Live Chat
- e-KYC SavePlus Account Opening
- e-KYC Credit Card Application
- e-KYC Personal Loan/Financing Application
- Remote Banking: Wealth Management
- JomPay QR Payment
- Cybercrime Insurance Application
- Lock Payment
- Debit Card Activation
- DuitNow ID Maintenance
- DuitNow QR Limit Maintenance
- Account Opening for Local Workers

Alliance Cash2Home (24x7 service availability)

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

Digital Personal Financing

- Alliance Bank Personal Financing Application

PERSONAL BANKING

Wealth Management

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

PRODUCTS AND SERVICES

Bancassurance

- Elite Credit Shield
- Elite Income Saver
- Elite Legacy Builder
- Elite Life Guard 2
- Elite Life Guard Plus 2
- Elite Max Saver
- Elite Kids Saver
- Elite Smart Invest
- Fire/House Owner (Conventional & Takaful)
- Foreign Worker PA
- Home Content
- Mortgage Level Term Assurance
- Mortgage Level Term Takaful
- Mortgage Reducing Term Assurance
- Mortgage Reducing Term Takaful
- Motor Insurance (Conventional & Takaful)
- Personal Loan – Group Credit Family Takaful
- Personal Loan Reducing Term Assurance
- 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-Alliance Motor
- Z-Alliance Homeowner Premier (Conventional & Takaful)
- Z-Alliance Vital Protect (Conventional & Takaful)
- Z-HomeProtect

Unit Trust

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

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, stock trading ideas & Model Portfolio from AllianceDBS Research
 - 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 (i.e.T+7 Trading Account)
 - Foreign Share Trading

Retail Securities

- Foreign Currency Retail Securities
- MYR-denominated Retail Securities

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 Knock-In Knock-Out Structured Investment Loans
- Fund-Linked Structured Investment
- Interest-rate Linked Structured Investment
- Power Dual Currency Investment

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 EcoWorld Debit Card

BUSINESS BANKING

Digital SME

- Digital Business Current Account
- Digital SME Loan
- Digital Portfolio Guarantee Term Financing

SME

Bancassurance

- Business Credit Life Insurance/Refund of Premium
- Business Protect
- Business Reducing Term Takaful – STMKB*
- Business Level Term Takaful – STMKB*
- General Insurance Products

Business Credit Card

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

Cash Management

- Account Management (via Alliance BizSmart®)
 - Consolidated Account Overview
 - e-Statement
 - Tax Invoice/Merchant Report
 - Transaction History Download
- Alliance BizSmart® Mobile Application (24x7 service availability)
- Alliance BizSmart® Online Banking (24x7 service availability)
- Collection Management
 - Auto Debit Service
 - Biz-Xpress Card: With functions such as Deposit, Local Cash, Withdrawal, mydebit (local purchases) and overseas cash withdrawal via Cirrus network
 - JomPAY Collection
 - Payee Corporation Service (FPX Payment)
 - Direct Debit Service
- Deposit Account Offering
 - Business Current Account
 - Business eFD (via Alliance BizSmart®)
 - Business Fixed Deposit
 - Business Foreign Currency Current Account
 - Business Foreign Currency Fixed Deposit
- Liquidity Management
 - Auto Sweeping Service
 - Business Rewards Services
- Payment Management (via Alliance BizSmart®)
 - Bill Payment (JomPAY/Direct Bill)
 - Bulk Payment
 - Bulk Payment with Payment Advice
 - Business Current Account

- Business Fixed Deposit
- DuitNow/Instant Transfer
- E-Dividend Payment
- Foreign Telegraphic Transfer
- Fund Transfer (Pay to Alliance Bank/Interbank GIRO/RENTAS)
- MyGST Payment
- Payroll (Salary/EPF/SOCSSO/SOCSSO-EIS/Monthly Contribution/PCB-LHDN Payment)
- Prepaid Reload
- Zakat Selangor
- Trade Finance (via Alliance BizSmart®)
 - Trade Finance Inquiry
 - Trade Limit Inquiry
 - Trade Advice Download
 - Trade Application
 - e-BA Application
 - e-TR Application
 - e-PN Application

Credit Facilities

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

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 Facilities

- Bank Guarantees
- Bankers Acceptances
- Collection Bills
- Export Bills Purchased/Discounting
- Export Credit Refinancing
- Export LC Advising/Confirmation
- Export LC Negotiation
- Foreign Currency Trade Loan
- Letter of Credits
- Promissory Notes
- Shipping Guarantees
- Trust Receipts
- Vendor Financing

*Syarikat Takaful Malaysia Keluarga Berhad

PRODUCTS AND SERVICES

Corporate & Commercial

Business Credit Card

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

Cash Management

- Account Management (via Alliance BizSmart®)
 - Consolidated Account Overview
 - e-Statement
 - Tax Invoice/Merchant Report
 - Transaction History Download
- Alliance BizSmart® Online Banking (24x7 service availability)
- Alliance BizSmart® Mobile Application (24x7 service availability)
- Collection Management
 - Auto Debit Service
 - Bank Cheque Collection Service
 - Biz-Xpress Card: With functions such as Deposit, Local Cash, Withdrawal, mydebit (local purchases) and overseas cash withdrawal via Cirrus network
 - Cash Concentration Solution
 - Cash in Transit
 - Direct Debit Service
 - JomPAY Collection
 - Payee Corporation Service (FPX Payment)
- Deposit Account Offering
 - Business Current Account
 - Business eFD (via Alliance BizSmart®)
 - Business Fixed Deposit
 - Business Foreign Currency Current Account
 - Business Foreign Currency Fixed Deposit
- Liquidity Management
 - Auto Sweeping Service
 - Business Rewards Services
- Payment Management (via Alliance BizSmart®)
 - Bill Payment (JomPAY/Direct Bill)
 - Bulk Payment
 - Bulk Payment with Payment Advice
 - DuitNow/Instant Transfer
 - E-Dividend Payment
 - Foreign Telegraphic Transfer
 - Fund Transfer (Pay to Alliance Bank/Interbank GIRO/RENTAS)
 - MyGST Payment
 - Payroll (Salary/EPF/SOCISO/SOCISO-EIS/Monthly Contribution/PCB-LHDN Payment)
 - Prepaid Reload
 - Zakat Selangor
- Trade Finance (via Alliance BizSmart®)
 - Trade Finance Inquiry
 - Trade Limit Inquiry
 - Trade Advice Download

- Trade Application
- e-BA Application
- e-TR Application
- e-PN Application

Credit Facilities

- Bridging Loan
- Business Premises Financing
- Foreign Currency Loan
- Syndicated Loan
- Term Loan
- Working Capital Financing

Foreign Exchange

Interest Rate Swap

Trade Facilities

- Bank Guarantees
- Bankers Acceptances
- Collection Bills
- Export Bills Purchased/Discounting
- Export Credit Refinancing
- Export LC Advising/Confirmation
- Export LC Negotiation
- Foreign Currency Trade Loan
- Letter of Credits
- Promissory Notes
- Shipping Guarantees
- Trust Receipts
- Vendor Financing

FINANCIAL MARKETS

- Banker Acceptances
- 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
- MYR KLIBOR Inverse Range Accrual Structured Investment
- Credit-Linked 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-i
- Alliance Hybrid PB Platinum Debit Card-i
- Alliance Hybrid Standard Debit Card-i
- Alliance Junior Debit Card-i
- Alliance My eSavings Debit Card-i

Bancatakaful

- Z-Alliance Secure PA Takaful
- Z-Alliance Travel Takaful
- Z-Alliance Home Safe Takaful
- Z-Alliance Home Owner Premier

Unit Trust

- ASNB Fixed Price Funds
- ASNB Variable Price Funds
- Islamic Balanced Funds
- Islamic Equity Funds

Consumer Financing

- Alliance ONE Account
- Cashline Facility-i
- CashVantage Financing-i
- i-Wish Home Financing-i
- Term Financing-i

Business Financing

- Business Premise Financing-i
- Cashline Facility-i
- Commodity Murabahah Revolving Credit-i
- Commodity Murabahah Term Financing-i
- Industrial Hire Purchase-i
- Revolving Credit Facility-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 Negotiated-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

Financial Markets

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

ALLIANCE INVESTMENT BANK BERHAD

Corporate Banking

- Credit Facilities
 - Bridging Loan
 - Foreign Currency Loan
 - Syndicated Loan
 - Term Loan
 - Working Capital Financing
- Trade Facilities
 - Bank Guarantees
 - Bankers Acceptances

PRODUCTS AND SERVICES

Corporate Finance

- Independent Advice to Minority Shareholders for related party transactions, General Offers and General Offer Exemption
- Initial Public Offerings
 - Involving public issues of new securities and/or offers for sale of existing securities in companies seeking listing and quotation on the Main Market, the ACE Market and the LEAP Market of Bursa Malaysia Securities Berhad
- Merger, Takeover, Acquisition and Corporate Restructuring Advisory
- Other General Corporate Advisory such as bonus issue, share split and employee share option scheme
- Secondary Offerings
 - Involving raising of funds subsequent to the initial public offerings through rights issues, restricted issues, private placements and special issues of both equity and equity linked instruments

Debt Capital Markets

- Advisory and arrangement of Corporate Bonds and Sukuk involving:
 - Asset Securitisation
 - Commercial Papers Programmes
 - Guaranteed bonds and sukuk
 - Medium Term Notes Programmes
 - Project Financing
 - Structured Financing
 - Unrated bonds and sukuk
 - Sustainable and Responsible Investments Sukuk (SRI Sukuk)
- Arrangement of Syndicated Corporate Loans and Financing

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

Financial Markets

- Cross-currency Swap
- Currency Options
- Hedging Solution
- Interest Rate Swap
- Money Market Deposit
- Negotiable Instrument of Deposit

Islamic Banking

- Islamic Accepted Bills
- Kafalah Bank Guarantee
- Murabahah Working Capital Financing

Stockbroking

Alliance Retail Broking

- Alliance One Invest stock trading platform for retail clients (available on web and mobile app)
- Corporate Action Services
- Dedicated Omni-Channels to serve our customers
 - Call and Trade through Alliance Investment Bank's Branches, relationship managed and serviced by Dealers' Representatives such as Dealers or Remisiers
 - Self Directed clients are supported by Centralised Dealing Team
 - Online share trading via Internet & Mobile
 - Daily research reports, stock trading ideas & Model Portfolio from AllianceDBS Research
- Share Margin Financing
- Share Trading Account
 - Cash Upfront Trading Account
 - Collateralised Trading Account
 - Flexi 7 Account
 - Foreign Share Trading
- e-Services
 - Direct Credit
 - e-Dividend

Institutional Stockbroking

- Direct Market Access
- Institutional Share Trading
- Inter-broke Services

ALLIANCEDBS RESEARCH SDN BHD

- Corporate Research
- Economic Research
- Equity Research
- Industry Research
- Investment Advisory Services

ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD

ALLIANCEGROUP NOMINEES (ASING) SDN BHD

FINANCIAL HIGHLIGHTS

FINANCIAL YEAR ENDED 31 MARCH	2022	2021	2020	2019	2018
Operating Results (RM Million)					
Net income	1,868	1,818	1,689	1,622	1,572
Profit before taxation	827	484	568	708	685
Net profit after taxation	573	359	424	538	493
Key Balance Sheet Data (RM Million)					
Total assets	61,848	60,721	60,975	56,521	53,938
Gross loans, advances and financing	46,189	44,147	43,668	42,730	40,307
Total liabilities	55,431	54,463	54,986	50,788	48,479
Deposits from customers	48,186	48,489	48,426	45,018	42,740
Paid-up capital	1,548	1,548	1,548	1,548	1,548
Shareholders' equity	6,417	6,258	5,989	5,733	5,460
Commitments and contingencies	33,911	30,367	36,972	24,182	22,641
Share Information and Valuations					
Share Information					
Earnings per share (sen)	37.0	23.2	27.4	34.7	31.9
Diluted earnings per share (sen)	37.0	23.2	27.4	34.7	31.9
Dividend per share (sen)	18.5	5.8	6.0	16.7	15.3
Net assets per share (RM)	4.14	4.04	3.87	3.70	3.53
Share price as at 31 March (RM)	3.76	2.65	1.90	4.09	4.37
Market capitalisation (RM million)	5,821	4,102	2,941	6,332	6,765
Share Valuations					
Dividend yield (%)	4.92	2.18	3.16	4.08	3.50
Dividend payout ratio (%)	50.0	25.0	21.9	48.1	48.0
Price to earnings multiple (times)	10.2	11.4	6.9	11.8	13.7
Price to book multiple (times)	0.9	0.7	0.5	1.1	1.2
Financial Ratios (%)					
Profitability Ratios					
Net interest margin on average interest-earning assets	2.5	2.3	2.4	2.5	2.4
Net return on average equity	9.2	5.9	7.3	9.9	9.5
Net return on average assets	0.9	0.6	0.7	1.0	0.9
Net return on average risk-weighted assets	1.5	1.0	1.1	1.5	1.4
Cost to income ratio	44.1	44.1	47.8	47.8	50.5
Asset Quality Ratios					
Loan loss coverage ¹	141.5	105.9	101.4	142.9	96.7
Gross impaired loans ratio	1.9	2.3	2.0	1.1	1.4
Net impaired loans ratio	1.1	1.7	1.3	0.6	1.0
Liquidity Ratios					
CASA ratio	48.9	47.0	37.4	35.5	37.3
Loan to Deposit ratio	95.9	91.0	90.2	94.9	94.3
Loan to Funds ratio	87.2	84.3	83.6	86.6	85.3
Capital Adequacy Ratios					
Common Equity Tier I (CET I) capital ratio	15.96	16.22	13.83	13.39	13.39
Tier I capital ratio	16.87	17.17	14.59	14.07	13.82
Total capital ratio	20.99	21.57	18.90	18.51	18.34

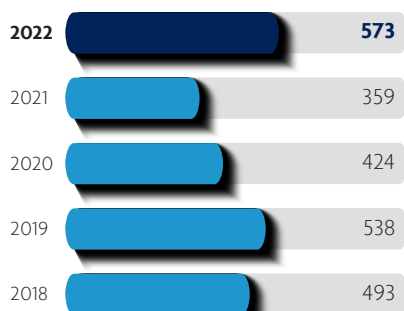
¹ Including Regulatory Reserves provision.

FINANCIAL HIGHLIGHTS

EARNINGS

Net Profit After Taxation

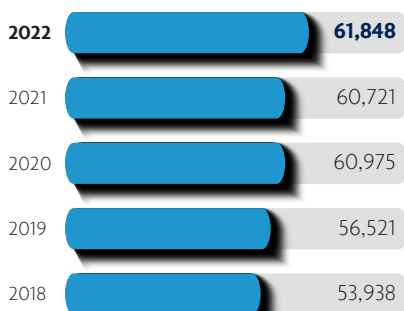
(RM million)



BALANCE SHEET

Total Assets

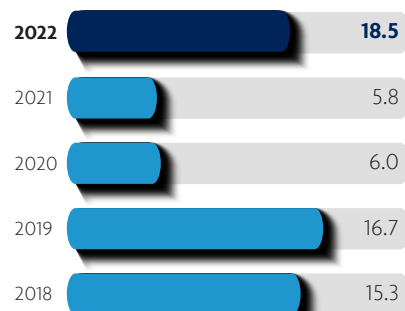
(RM million)



SHAREHOLDERS VALUE

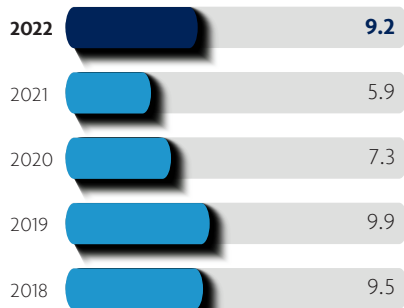
Dividend Per Share

(Sen)



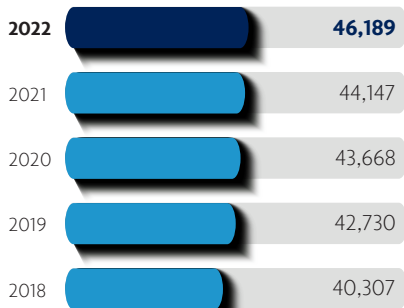
Net Return on Average Equity

(%)



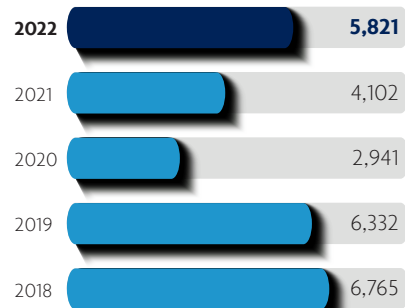
Gross Loans, Advances and Financing

(RM million)



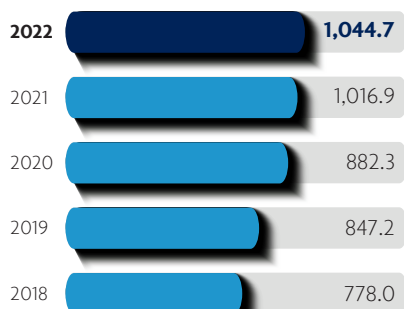
Market Capitalisation

(RM million)



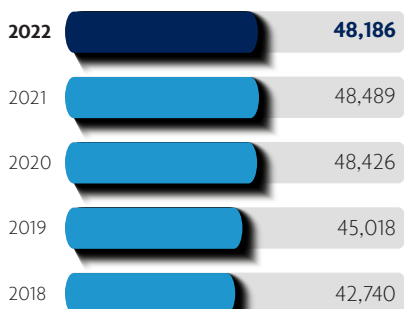
Pre-provision Operating Profit

(RM million)



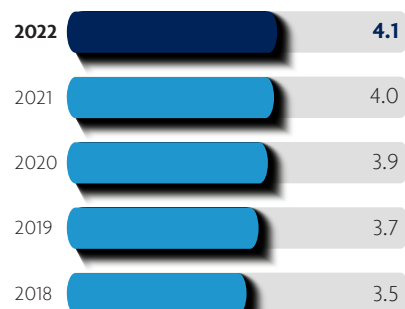
Deposits from Customers

(RM million)



Net Assets Per Share

(RM)



STATEMENT BY CHAIRMAN OF ALLIANCE BANK MALAYSIA BERHAD



Dear Shareholders,

It is my pleasure to present to you our integrated Annual Report for the financial year ended 31 March 2022 (“FY2022”).

AHMAD BIN MOHD DON

Chairman
Alliance Bank Malaysia Berhad

In 2021, Malaysia’s gross domestic product grew by 3.1% versus a contraction of 5.6% a year earlier. Despite a challenging first half of the year with Movement Control Orders due to COVID-19, domestic demand improved in the second half of 2021 as the national immunisation programme was successfully rolled out. As economic activities improved, demand for credit increased as reflected in the banking system’s loans growth of 4.5% year-on-year (“YOY”) compared to 3.4% in 2020.

OUR FY2022 PRIORITIES

In FY2022, we continued to help our customers manage the impact of the COVID-19 pandemic and prepare their businesses for accelerated growth as the economy gradually recovered.

We continued to extend payment relief assistance (“PRA”) via the Financial Management and Resilience (“URUS”) and *Pakej Perlindungan Rakyat dan Pemulihan* (“PEMULIH”) programmes. The Bank also disbursed over RM490 million in the Targeted Relief and Recovery Facility provided by Bank Negara Malaysia to our business clients.

Our relationship managers proactively engaged with our clients to understand their financial situation and offer help, be it the PRA for the first time or extending the PRA once it was due to expire. We recorded 100% contact rate among our business clients.

We also offered our customers other business supportive measures through the BizSmart® Solution portal, which provides business solutions at preferential rates, and #SupportLokal, which lists local businesses on e-commerce platforms and on the Bank’s website.

Based on an independent study, we ranked Top 2 in the industry for our COVID-19 customer support measures during the year. We also achieved our best-ever overall net promoter score since FY2019.

In this past financial year, our net credit cost improved from 121.4 basis points (“bps”) to 48.1 bps, which is a testament to our proactive credit management.

As economic conditions improved, we accelerated our customer acquisition efforts. This led to market share growth, especially in the SME segment where our market share improved to 5.0%, driven by a 12.4% YOY loans growth.

STATEMENT BY CHAIRMAN OF ALLIANCE BANK MALAYSIA BERHAD

CONTINUED SHAREHOLDER VALUE CREATION

The Bank has emerged stronger from the COVID-19 pandemic as reflected in our latest financial performance, driven by growth in our core franchise revenues and lower credit costs. Our revenue grew to RM1.87 billion, and pre-provision operating profit increased to RM1.04 billion on the back of an 8.8% YOY improvement in net interest income.

For the year under review, the Bank generated earnings per share of 37.0 sen and a return on equity of 9.2%, with net asset value per share increasing to RM4.14 as at end of FY2022.

The Bank maintains a robust capital position with a strong focus on conservative capital management. Our Common Equity Tier-1 ratio stands at 16.0%, Tier-1 capital ratio at 16.9%, and total capital ratio at 21.0%.

For FY2022, we declared a total dividend of 18.50 sen, which represents a dividend payout ratio of 50%.

CHAMPIONING BUSINESS SUSTAINABILITY

We aim to help businesses adopt better environmental, social and governance practices, while transforming our own business to reduce our emission footprint.

During the year, we established a Group Sustainability Committee comprising three Independent Directors to provide oversight of our sustainability strategies and measures. The Group Sustainability Committee, supported by the Management Sustainability Steering Committee, ensures that we deliver our sustainability priorities.

In FY2022, we achieved RM2 billion in new sustainable banking business, driven by green financing from the corporate segment and sustainability investments in treasury.

Between FY2022 and FY2025, we aim to achieve RM10 billion in new sustainable banking business, help customers adopt sustainable practices, and reduce our greenhouse gas emission footprint.

We collaborated with Bursa Malaysia Berhad on their #Financing4ESG Programme, and the Malaysian Green Technology and Climate Change Corporation on their Green SME Nurturing and Development Programme, to help companies with their sustainability transformation.

We remain committed to promoting financial empowerment of small and medium enterprises and vulnerable communities through our financial education programmes. Last year, we organised the Economic Empowerment Programme for micro-entrepreneurs from the B40 segment. We also continued to run the AEIOU programme, our flagship financial literacy programme, for Malaysian schoolchildren.

Internally, we completed a study of our direct and indirect greenhouse gas emissions, established our baseline, and set up a plan to reduce our emissions over the next few years.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I would like to extend our deep appreciation to our shareholders for their continuing confidence in us. I also take this opportunity to convey our gratitude to Bank Negara Malaysia, the Securities Commission Malaysia, Bursa Malaysia Berhad, and other regulatory authorities for their kind support and guidance.

I wish to thank Mr Ho Hon Cheong who retired as a Director of the Bank on 25 August 2021. We are grateful to him for his six years of service as a Board member and we wish him every success.

I would like to welcome Mr Wong Yuen Weng Ernest who was appointed as a Non-Independent Non-Executive Director of the Bank on 1 September 2021. Mr Wong brings with him over 50 years of experience in financial services and media.

I would also like to record our deep appreciation to our Management and staff. We continue to look forward to their efforts to help drive the growth of the Bank and deliver excellent customer experience.

Last but not least, I take this opportunity to thank our customers for their unwavering support. We remain steadfast in our commitment to serve you better.

AHMAD BIN MOHD DON

Chairman, Alliance Bank Malaysia Berhad

MANAGEMENT DISCUSSION & ANALYSIS



Dear Shareholders,

For the financial year ended 31 March 2022 (“FY2022”), we continued to help our customers manage the impact of the COVID-19 pandemic with our financial and non-financial assistance measures. Thanks to our proactive efforts to mitigate the pandemic’s risks, we protected our customers’ financial well-being. As a Bank, we also emerged from the crisis stronger.

JOEL KORNREICH

Group Chief Executive Officer

In FY2022, our pre-provision operating profit (“PPOP”) rose to a new high of RM1.04 billion, exceeding the RM1 billion mark for the second consecutive year. Our profit before tax surged by 71% year-on-year (“YOY”) to RM827.4 million and net profit after tax by 60% YOY to RM572.8 million, both of which represent new milestones for the Bank.

Meanwhile, the Bank’s revenue increased to another record high of RM1.87 billion. This was mainly due to a net interest margin improvement of 23 basis points (“bps”) and continued growth in our client-based fee income from wealth management, foreign exchange and trade fees.

We also kept our cost-to-income ratio at 44.1% as we continued to spend our investments in growth with the benefits of streamlining and digitisation. As at end FY2022, the Bank’s return on equity (“ROE”) had improved to 9.2%.

MARKET ENVIRONMENT

In 2021, Malaysia’s gross domestic product (“GDP”) rebounded by 3.1% after shrinking 5.6% in the previous year. The first half of the year remained challenging due to Movement Control Orders to curtail COVID-19

transmissions. Thanks to the successful roll-out of the government’s National Immunisation Programme and the National Recovery Plan, businesses started to recover in the second half of the year. The government’s aid and economic stimulus packages since the onset of the pandemic helped cushion the impact for businesses and individuals in Malaysia.

In the second half of 2021, the gradual recovery in economic activities for most sectors contributed to an increase in demand for credit. This helped boost the banking system’s loans growth to 4.5% YOY in 2021 in comparison to 3.4% in 2020.

OUR FY2022 PRIORITIES

In FY2022, we continued with our three key priorities of acquiring more clients in the consumer and SME segments, deepening customer engagement and gaining efficiencies.

Acquiring More Customers

In FY2022, we grew our SME market share to 5.0% driven by SME loans growth of 12.4% YOY, which was twice as fast as the industry. We also acquired 56,000 new-to-bank customers, an increase of 50% over the previous year.

MANAGEMENT DISCUSSION & ANALYSIS

We achieved this by improving our relationship managers' productivity with comprehensive training and equipping them with enhanced digital tools. At the same time, we launched innovations such as Digital SME lending and a first-in-the-market virtual credit card for consumers. In addition, we scaled up our digital acquisition for products such as personal loans and deposits via our eKYC solution. Digital channels now contribute 20% of our consumer banking acquisitions.

Deepening Customer Relationship

We continued to expand the use of digital channels to deliver quick service to our customers. During the year, we acquired 9% more customers than in FY2021 using our BizSmart® and allianceonline digital platforms, and we introduced more features for our customers' convenience. As a result, digital transactions increased by 35% YOY, and now constitute 75% of total customer transactions.

To deepen our customer relationships, we embed the Alliance Way principles into all we do, including training, product roll-out, and service delivery. Alliance Way is the Bank's unique empathetic approach that begins with putting ourselves in our customers' situation to understand their needs, so that we can provide the relevant solutions in a quick and simple manner.

By using the Alliance Way to transform our customer interactions, we achieved our highest-ever composite Net Promoter Score ("NPS"), which is a measure of our customers' willingness to recommend our products and services to others. Notably, we recorded strong improvements in areas such as problem resolution, branch service, consumer lending and digital banking.

For more information on the Alliance Way, please refer to the boxed story "Alliance Way, Our Differentiated Customer Engagement Approach".

Gaining Efficiencies

Meanwhile, in a nod towards customers' safety and peace of mind during the pandemic, we introduced virtual service counters at two of our branches in the Klang Valley to deliver quick banking services such as remittances and requests for cheque books. Over 90% of our customers who used the virtual service counters have provided positive feedback. We intend to launch more of these virtual service counters across the country in the coming years.

This year, we also implemented a new remote working model we call virtual centralisation, to enable centralised work tasks to be allocated to any of our employees without physically relocating them. With this model, we successfully redeployed almost 30 of our employees into new roles in the past year, and will be expanding this work method to several areas in the Bank.

ALLIANCE WAY, OUR DIFFERENTIATED CUSTOMER ENGAGEMENT APPROACH

The Alliance Way is our differentiated customer engagement approach using empathy to understand the needs of our customers, and to deliver appropriate solutions in a fast and simple manner.

During this pandemic, we proactively reached out to our customers to understand their financial situation to determine how best to help them. We simplified our payment relief assistance process and enabled customers to select their payment relief packages within minutes by phone, SMS or WhatsApp. We also contacted customers with existing payment relief packages that were about to expire to find out if they needed an extension.

One of the key Alliance Way principles is to provide our customers with a choice of channels to engage with us. Customers who prefer to have a relationship manager assist them can make an appointment to meet at the location of their choice, including at their own office. Our relationship managers are equipped with 'Branch-in-a-Tablet' to fulfil customers' banking needs anytime, anywhere.

We also offer digital options to customers who prefer to open an account and apply for a loan remotely. However, some customers may require help when completing their digital applications. In such instances, help is available at the click of a button where our officers will be on the phone to assist them.

By providing prompt assistance to customers requiring help, we have seen significant improvements in our customer satisfaction scores and higher completion rates for digital applications.

To better understand our customers' needs, we introduced a Needs Discovery Tool to enable our sales teams to have more structured conversations with our clients. This tailored approach helps us to expand our relationship with our customers. In FY2022, 70% of our clients who opened a Business Current Account through our Universal Bankers¹ also opened a personal savings account. We also doubled the number of personal credit card applications from the business owner segment and saw a 30% increase in referrals to Privilege Banking.

¹ Universal Bankers are front-line bank officers who manage simple personal and business banking requests and enquiries.

PERFORMANCE HIGHLIGHTS FOR FY2022

In FY2022, the Bank posted a revenue of RM1.87 billion. Net interest income grew 8.8% year-on-year (“YOY”) to RM1.48 billion, and client-based fee income (excluding brokerage income) rose 3.5% YOY. Notably, wealth management income grew to above RM100 million, the result of a 3-year compounded annual growth rate of almost 20%. Meanwhile, foreign exchange sales and trade fees grew 11.1% YOY as economic activity accelerated.

We maintained our cost-to-income ratio at 44.1% despite ongoing investments in our sales force and IT capabilities. Pre-provision operating profit grew to RM1.04 billion, and net profit after tax surged 60% YOY to RM572.8 million for the first time.

Overall, the Group registered loans growth of 4.6% YOY, driven by:

- SME loans growth of 12.4% YOY, stemming largely from the wholesale, retail trade and manufacturing sectors
- Corporate and commercial loans growth of 9.5% YOY due to higher loan utilisation as the economy gained momentum

The Bank’s CASA grew 3.4% YOY, leading to an improved CASA ratio of 48.9%, which remains one of the best in the industry.

Thanks to our proactive credit management, net credit cost decreased by more than half to 48.1 basis points (“bps”) in FY2022, from 121.4 bps in FY2021. In the fourth quarter of FY2022, we set aside additional management overlays of RM20.3 million. Management overlay accounted for 63% (30.4bps) of our FY2022 net credit cost. This brought our total accumulated management overlays to RM511.5 million.

Our capital position remains strong with Common Equity Tier-1 ratio at 16.0%, Tier-1 capital ratio at 16.9% and total capital ratio at 21.0%.

Summarised Income Statement	FY2022 RM million	FY2021 RM million	Growth RM million	Growth %
Net Interest Income	1,121.6	1,016.6	105.0	10.3
Islamic Banking Income	397.5	378.5	19.0	5.0
Of which:				
<i>Net Profit Income</i>	358.6	344.3	14.3	4.2
<i>Other Operating Income</i>	38.9	34.2	4.7	13.7
Other Operating Income	348.5	422.4	(73.9)	-17.5
Revenue	1,867.6	1,817.5	50.1	2.8
Other Operating Expenses	(822.9)	(800.6)	(22.3)	2.8
Pre-Provision Operating Profit	1,044.7	1,016.9	27.8	2.7
Allowance for Loans & Impairment	(217.4)	(533.0)	315.6	59.2
Share of Results of Joint Venture	0.1	0.1	-	-
Profit before Taxation	827.4	484.0	343.4	70.9
Taxation	(254.6)	(125.2)	(129.4)	>100.0
Net Profit after Taxation	572.8	358.8	214.0	59.7

MANAGEMENT DISCUSSION & ANALYSIS

Summarised Balance Sheet	FY2022 RM million	FY2021 RM million	Growth RM million	Growth %
Net Loans, Advances and Financing	45,123.7	43,233.5	1,890.20	4.4
Investment and Dealing Securities	11,790.9	12,933.1	(1,142.2)	-8.8
Total Assets	61,847.9	60,721.2	1,126.7	1.9
Deposits from Customers	48,186.4	48,488.5	(302.1)	-0.6
of which: CASA	23,576.7	22,799.7	777.0	3.4
Shareholders' Funds	6,416.7	6,257.8	158.9	2.5

PERFORMANCE BY BUSINESS SEGMENT

Consumer Banking

For FY2022, the consumer banking segment registered a higher profit before tax of RM154.4 million as we enhanced our credit risk management to improve asset quality. For mortgages, we diversified our bookings to concentrate on end-financing and sub-sales, while for personal loans, we focused on low- and medium-risk profiles to improve our origination quality.

For deposits, we continued to deliver strong CASA growth of 7.4% YOY, mainly due to robust Alliance SavePlus Account acquisition. The Bank maintained its industry-leading position for CASA ratio which stood at 51%.

During the year, the consumer banking segment acquired close to 50,000 new-to-bank customers, of which 24% were onboarded through solutions such as digital Personal Loan and digital CASA.

- We tripled our digital personal loans to RM141 million in FY2022 from RM47.6 million in FY2021. Digital personal loans accounted for almost 35% of total personal loans booking for the year.
- We also accelerated our CASA acquisition through the eKYC solution, and recorded close to 1,800 digital accounts in March 2022 alone.
- To expand our digital reach, we launched a new Shopee Online Store that offers digital Personal Loans and Alliance SavePlus Accounts.

Another digital innovation we introduced during the year was Malaysia's first in-app virtual credit card, the Alliance Bank Visa Platinum Virtual Credit Card. The virtual credit card is available through MCash's mobile app in the initial roll-out. We will be expanding our partnerships into other lifestyle apps over the coming year.



At the launch of Alliance Bank Visa Platinum Virtual Credit Card with MCash.

Wealth management continues to be a key focus for the consumer banking segment. Our wealth management fee income expanded at a 3-year compounded annual growth rate of 20%.

Due to the various physical constraints arising from the pandemic, we introduced a Remote Wealth Application to enable our customers to authorise investment transactions in a fast, simple and paperless manner via the allianceonline mobile app. We processed more than 2,000 transactions involving investment account openings and redemptions, and completed over RM100 million in investment sales via this Remote Wealth Application.

In line with our vision to serve our business owner clients' personal and business banking needs, we introduced a new Universal Banker role at 30 branches. These Universal Bankers assist clients with both personal and business banking needs such as account opening and loan applications. This helped us acquire an additional 5,000 business owners with both personal and business banking relationships in FY2022.

FY2023 Outlook

In FY2023, we aim to increase our new-to-bank customer acquisition by 40% YOY with higher contribution from our digital channels and ecosystem partners. We will also grow consumer loans by 9.7% YOY, through a mix of classic mortgages and Alliance ONE Account, our secured loan consolidation solution.

In Wealth Management, we will continue to roll out more wealth advisory hubs to high-potential locations and broaden our product offerings. Clients will be able to take advantage of our Portfolio Financing, a multi-collateral financing option, to invest. We also aim to acquire more wealth management customers by cross-selling to our existing Alliance SavePlus and business owner clients. To help improve our relationship managers' productivity, we will be equipping them with enhanced digital sales tools.

Business Banking

We are committed to helping business owners at every stage of their business, manage and grow their business with financing and relevant business solutions.

We have made significant progress in growing our SME market share over the past five years from 3.4% to 5%, and aim to double our SME market share in the next five years.

Digital SME

To expand acquisition in the micro and small SME segments, we set up a new Digital SME ("DSME") business unit that offers digital solutions catering to their needs. DSME provides up to RM500,000 collateral-free financing via a simple online application requiring minimal documents. Clients will receive an approval-in-principle within 24 hours. At any stage of the DSME digital application, clients can request for remote assistance via our WhatsApp service or call centre. In FY2022, we disbursed RM60 million in DSME loans.

In addition to financing, we offer financial advice to small SMEs on how they can improve their credit profile. We also recognise that small SMEs face own unique challenges, such as limited access to operational resources and talent. Through our BizSmart® Solution portal, we provide relevant products and services such as digital marketing and logistics, to help them manage and grow their business.



Accelerate Business Growth
with Alliance Digital SME

- Only 1 document to apply
- No branch visits required
- Interest as low as 5.90%* p.a.

ALLIANCE BANK

*Terms and Conditions apply

FY2023 Outlook

In FY2023, we aim to more than triple our DSME loan base to RM200 million. We will also be introducing new digital solutions to support micro and small SMEs' business growth. For example, our clients will be able to remotely open a digital business account anytime, anywhere. The digital account will comprise several innovative features, including a small overdraft line and a business debit card facility to help business owners manage their expenses effectively.

MANAGEMENT DISCUSSION & ANALYSIS

SME & Commercial Banking

In FY2022, SME loans grew 12.4% YOY to RM11.3 billion, twice as fast as the industry, resulting in market share growth to 5%. Similarly, the Commercial Banking segment registered strong loans growth of 12% YOY, the highest since FY2016, even as we continued to improve our origination quality.

SME CASA balances grew 12% YOY to RM6.7 billion as we diversified our acquisition channels to include partner-in-sales, customer referrals and digital marketing. Our SME CASA ratio remained strong at 62%. Meanwhile, Commercial Banking CASA balances grew 5% YOY to RM2.1 billion, bringing its CASA ratio to a robust 58.5%.

During the year, we continued to proactively help our clients manage the impact of COVID-19 on their business. We reached out to our customers to understand their financial situation and helped them with their loan modifications under the *Program Strategik Memperkasa Rakyat dan Ekonomi* ("PEMERKASA") and *Perlindungan Rakyat dan Pemulihan Ekonomi* ("PEMULIH") programmes. We also contacted clients with existing loan modification packages to inquire if they needed an extension. Because of our close monitoring and proactive actions, 98% of our clients resumed payment with no significant increase in delinquency at the end of the loan modification period. We will continue to engage our customers and offer our assistance as needed.

During the pandemic, our 'Branch-in-a-Tablet' solution, which enabled our officers to meet our clients safely at any location of their choice outside the branch, resulted in our onboarding of 32% more customers than in FY2021 despite the movement restrictions.

Simultaneously, we focused on helping clients capture growth opportunities in tandem with the economic recovery. One such example was through our panel of over 200 BizSmart® Solution partners who provided an array of business solutions at preferential rates.

We also improved the turnaround time for customers to receive their financing by empowering our sales team leads to approve selected secured financing applications.



FY2023 Outlook

In the next few years, we will double our SME sales force, who are trained in the Alliance Way principles to deliver a fast, simple and responsive customer experience. At the same time, we will expand customer acquisition through strategic partnerships and digital channels. We will also enhance our programme lending and risk acceptance criteria, placing greater emphasis on selected growth sectors and businesses that are focused on better Environmental, Social, and Governance ("ESG") practices.

Corporate & Transaction Banking

Corporate & Transaction Banking revenue rose 4.4% YOY to RM379 million, with profit before tax of RM323 million. Corporate loans grew close to 7% YOY to almost RM6 billion, while deposits rose 3.4% YOY to RM8 billion.

Throughout the year, our Relationship Managers engaged closely with our corporate clients to find out if their business situation had changed and provided loan modifications, particularly for sectors that were impacted hard by the pandemic.

We continued to encourage our business clients to use our digital solutions to perform their business banking needs without physically visiting our branches. Our BizSmart® Mobile app and Online Banking provide

business owners the convenience of performing their business banking anytime, anywhere. During the year, we signed up over 5,100 more clients onto our BizSmart® platforms, which represents a year-on-year increase of 56%. Due to our ongoing focus on enhancing user experience, our customer satisfaction score for BizSmart® Online Banking improved from 77% in FY2021 to 91% in FY2022.



Meanwhile, we enhanced our mobile trade financing submission platform, BizSmart® eTrade, which enables our clients to transact with over 85 countries in all major currencies for Bankers' Acceptance, Trust Receipts and Promissory Notes. In FY2022, over 40% of our trade financing transactions were conducted digitally versus 31% last year.

FY2023 Outlook

We will continue to broaden our customer base in the coming year, focusing on large family-owned businesses. To acquire corporate customers, we will leverage our strategic partnerships and offer more distinctive value propositions such as ESG solutions. We will continue to diversify our loan segments and capitalise on our customer referrals.

Group Financial Markets

Group Financial Markets ("GFM") has four core business activities - funding and investment, trading and market making, client-based activities and asset-liability management.

GFM adopted a profit-taking strategy for its debt securities portfolio and realised a profit of RM57 million on this portfolio in FY2022.

For FY2022, heightened volatility across multiple asset classes gave rise to ample opportunities for structured investments. Significant growth was seen in Consumer Wealth Management, while Business Banking had higher volumes for foreign exchange hedging activities as the lifting of COVID-related restrictions led to more robust economic activity. For FY2022, GFM's revenue increased by 16% to RM470 million from RM405 million in FY2021.

Liquidity and Funding

The Group maintained a healthy liquidity position in FY2022. The liquidity coverage ratio was consistently well above the regulatory threshold of 100% and net stable funding ratio at over 100%. The loan to fund ratio remained below 88%.

FY2023 Outlook

Given Malaysia's high vaccination rate, the economy is expected to rebound in FY2023. GFM will therefore focus on customer deposit growth to support loans growth. We aim to maintain a well-diversified deposit base from retail and SME customers, along with multiple avenues to wholesale funding.

We anticipate greater volatility in the financial markets as global interest rates are expected to trend upwards on stronger economic growth and higher inflation. GFM is well positioned to support growth in structured investments and foreign exchange hedging activities for Consumer Wealth clients as well as Business Banking clients.

Investment Banking

Our investment banking arm, Alliance Investment Bank Berhad ("AIBB") provides stockbroking, corporate advisory, corporate banking, treasury and loan syndication services, and undertakes underwriting and placement of equity securities, corporate bonds and sukuk.

MANAGEMENT DISCUSSION & ANALYSIS

In December 2021, AIBB announced that it had entered into a conditional business sale and purchase agreement with Philip Futures Sdn Bhd for the sale of its stockbroking business. We also entered into a strategic stockbroking partnership arrangement with the PhilipCapital Group to provide our customers access to regional trading platforms and a broad range of global investment products.

Meanwhile, the capital markets business was transferred to Alliance Islamic Bank on 31 March 2022. This makes it one of the few local Islamic banks with an in-house capability to serve business clients with comprehensive corporate and capital markets solutions.

The overall corporate exercise is expected to conclude in the first half of FY2023.

Corporate Advisory

In FY2022, AIBB's corporate finance segment completed the listing of Tuju Setia Berhad (TJSetia 5297) on the Main Market of Bursa Securities. The company was listed on 19 May 2021 with an IPO market capitalisation of over RM220 million. AIBB also completed nine advisory deals comprising bonus issues, private placements, an acquisition and a dividend reinvestment plan, as well as one independent advisory project for a selective capital reduction and repayment exercise.

AIBB's debt capital markets business established two new sukuk programmes in FY2022 amounting to RM1.43 billion. It also participated in five issuances totalling RM1.73 billion including one ASEAN Sustainable and Responsible Investment Sukuk transaction.

Islamic Banking

Alliance Islamic Bank ("AIS") provides Shariah-compliant financing, deposits and transaction services to individuals and businesses. Its revenue grew 9.2% YOY to RM387.4 million during the year. As net profit margins improved 11bps to 2.4%, AIS's pre-provision operating profit grew 12% YOY to RM252.5 million. Net profit after tax increased to RM124.9 million thanks also to lower credit cost, contributing 22% of the Group's net profit after tax. AIS posted an ROE of 10.3% in FY2022, making it among the Top 3 Islamic banks in Malaysia.

AIS's financing and advances increased by 6.9% YOY to RM11.7 billion, driven by SME and personal financing. CASA balance stood at RM5.7 billion, and we maintained a strong CASA ratio of 45%.

In line with the Group's ambitions, we accelerated SME financing growth under AIS, reaching a 25% progression YOY to RM3.1 billion, driven by AIS's Halal in One distinctive proposition, which offers end-to-end halal certification and business support services. We expanded our strategic partnerships under the Halal in One programme to provide more business digitisation options, training programmes, and access to new e-commerce marketplaces. In FY2022, AIS's Halal in One financing approvals increased five times year-on-year to RM254 million versus RM43.3 million in FY2021, with 46% of the financing approvals for new-to-bank customers.

In the retail segment, AIS continued to expand its Shariah-compliant wealth management offerings by introducing the BIMB Arabesque Global Shariah Sustainable Equity Fund, United-i Asia ESG Income Fund, Business Reducing Term Takaful and Business Level Term Takaful. Its wealth management income grew 16.3% YOY to RM5 million, driven by the 24.0% YOY growth in Takaful income.

FY2023 Outlook

In the coming year, we aim to accelerate our growth in business financing, particularly for SMEs, by enhancing our distinctive value propositions for businesses, such as the Halal in One and other business sustainability programmes. At the same time, we will increase our client-based fee income by rolling out sukuk issuances, and new Takaful and Shariah-compliant investment offerings. We will also offer comprehensive capital market solutions, especially for the Halal and green energy segments.



RISK AND COMPLIANCE

The Group has in place a comprehensive and robust system of risk management and internal controls to manage risks within an acceptable tolerance limit. There is also an ongoing process to identify, evaluate, and manage current and emerging risks.

We have a Risk Management Framework that sets out our key risk activities according to identified risk categories such as credit risk, market risk, operational risk, technology risk, as well as environmental, social and governance risk, to name a few.

Detailed information on the Group's risk and risk mitigation strategies can be found in the Risk Management Report on page 96 and the Statement on Risk Management and Internal Control on page 94 of this annual report. The details of the enhancements made to our governance structure can be found in the Corporate Governance Overview Statement on page 55 of this annual report.

OUTLOOK AND STRATEGIC PRIORITIES

In 2022, most countries will be transitioning towards endemicity for COVID-19. However, even as many nations continue along a recovery path, policymakers will need to adjust their policy settings to deal with rapidly evolving uncertainties, including the military conflict in Ukraine that has led to higher energy and commodity prices. Amid rising inflationary pressures globally, most central banks in advanced economies and emerging market economies are likely to raise interest rates in 2022.

Malaysia is expected to continue benefiting from the expansion in global demand, better COVID-19 management and high vaccination rates. For 2022, Bank Negara Malaysia ("BNM") forecasts the domestic economy to grow between 5.3% and 6.3%. However, BNM notes that downside risks could arise from a potential re-imposition of strict measures to contain a COVID-19 resurgence, slower-than-expected recovery in China, and worsening geopolitical tensions, especially if the Ukraine-Russia conflict escalates further and is prolonged.

The Bank will continue to focus on its growth ambitions and aims to:

- Double its SME market share within five years and increase the number of business owners with consumer banking relationships
- Achieve a return on equity of between 10% and 11%, and
- Maintain its top position in the customer net promoter score

We will continue with our three key strategic priorities – to acquire more customers in our core segments, deepen engagement and improve efficiencies.

To acquire more customers, we will launch more product and service innovations, expand our sales teams and digital channels, and broaden our reach via strategic partnerships.

- For the SME segment, we will continue to increase our sales force capacity, scale up our digital solutions, and diversify our customer acquisition channels.
- In our Islamic business, we will expand our Halal in One programme and introduce Environmental, Social and Governance (ESG) financing propositions to help businesses grow.
- For the consumer segment, we will focus on acquiring better quality segments, grow our wealth management business, and further expand our digital acquisition.

In the meantime, we continue to focus on serving the business and personal banking needs of business owners and their stakeholders. We will also improve our customer support channels – online/mobile banking and contact center, and embed the Alliance Way principles into all our customer journeys.

Lastly, we will improve our productivity by transforming and streamlining our branch and operations. For example, we will deploy a leaner branch model to enhance customer experience and gain efficiencies. We plan to transform ten of our branches into these leaner branches in the coming year. In the meantime, we will continue with our virtual centralisation efforts to optimise our resources for maximum efficiency and while providing career enhancement opportunities for our employees.

MANAGEMENT DISCUSSION & ANALYSIS

ACKNOWLEDGEMENTS

In closing, I wish to convey my sincere thanks to our dedicated management team and employees who were resilient in the face of challenges and worked hard to ensure we delivered a stellar performance in FY2022. To the Board of Directors, my deep gratitude for your valuable insights and guidance in steering us on our journey to success.

We are grateful to our regulators, policymakers, and corporate governance custodians: Bank Negara Malaysia, the Securities Commission Malaysia and Bursa Malaysia Berhad for their continuous support and co-operation.

Last but not least, we would like to express our utmost appreciation to all our valued customers and business partners who continue to place their confidence in us and in our ability to create value for them.

We look forward to your continued support as we focus on rising above all challenges and making the most of the opportunities before us.

JOEL KORNREICH

Group Chief Executive Officer

SUSTAINABILITY STATEMENT

01 SCOPE OF THIS REPORT

02 APPROACH TO SUSTAINABILITY

03 SUSTAINABILITY GOVERNANCE

Stakeholder Engagement

Material Matters

- Materiality Assessment Methodology
- Materiality Matrix

04 THE THREE PILLARS OF SUSTAINABILITY

Economic

- Stable Financial Operations
- Supporting SMEs
- Digitisation
- Sustainable Supply Chain

Environmental

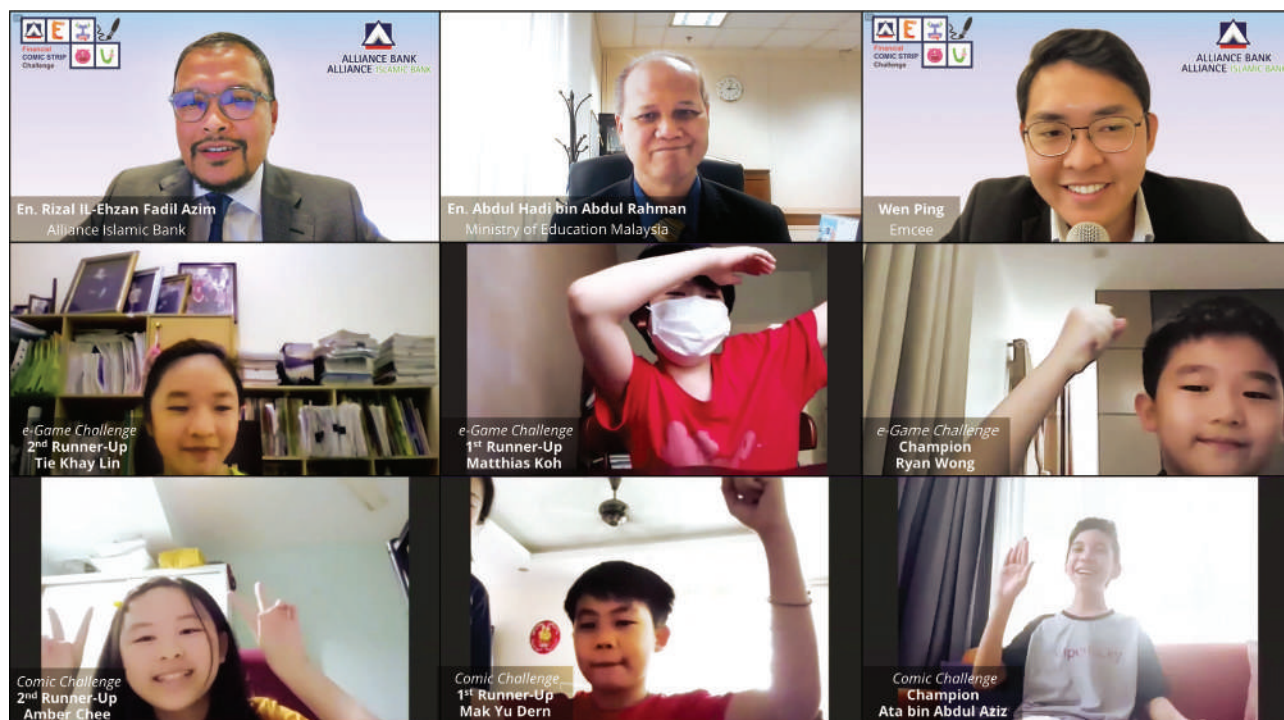
- Roadmap for ESG Management
- Responsible Lending & Financing
- Minimising Our Emission

Social

- Our Workforce
 - Employee Engagement & Wellness
 - Other Engagement Initiatives
 - Talent Development at the Bank
- Our Customers
 - Measuring Customer Satisfaction
 - Safeguarding Customer's Data
- Our Community
 - Financial Literacy Programmes
 - Helping Our Communities Thrive with SocioBiz



SUSTAINABILITY STATEMENT



Celebrating the winners of AEIOU Challenge Season 6.

SCOPE OF THIS REPORT

This Sustainability Statement presents a view of the Bank's Economic, Environmental and Social ("EES") initiatives and outcomes that took place between 1 April 2021 and 31 March 2022. We have aligned our statement with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") on Sustainability Statements in Annual Reports published in 2016 and the second edition of Bursa Malaysia's Sustainability Reporting Guide published in 2018.

Our corporate responsibility agenda is also aligned with Bank Negara Malaysia ("BNM")'s requirements for financial institutions. Additionally, Alliance Bank is a constituent of the FTSE4Good Bursa Malaysia Index ("FTSE4Good").

The Group is committed to aligning its operations to sustainable practices by adopting BNM's Climate Change and Principle-based Taxonomy ("CCPT") guidelines for new and existing business loans/financing. We are also committed to progressively adopt the recommendations

of the Task Force on Climate-related Financial Disclosures ("TCFD") starting 2022. We will continue to improve our disclosures to align with best practice reporting standards.

APPROACH TO SUSTAINABILITY

We strive to help improve the financial and social well-being of our customers, beginning with business owners. This is because we recognise that business owners have a large footprint in the local economy.

In 2020, small and medium-sized enterprises ("SMEs") contributed 38.2% to Malaysia's gross domestic product ("GDP") and provided employment to 15.1 million Malaysians. Business owners are the bedrock of local communities as they create employment, pay taxes, and contribute to economic growth. Therefore, by serving business owners, we can create positive socio-economic impact in the wider community, including business owners' family members, employees and customers.

Our Sustainability Purpose

Our sustainability purpose is to help business owners adopt practical environmental, social and governance (ESG) practices to create value for the business, community and environment. At the same time, we are also changing the way we operate to be more sustainable in the long term.

By FY2025, we aim to:

- 1 Achieve RM10 billion in new sustainable banking business
- 2 Help customers adopt sustainable lifestyles and business practices
- 3 Reduce the Bank's greenhouse gas (GHG) emission footprint

Our sustainability goals are supported by five pillars and aligned with relevant United Nations Sustainable Development Goals ("UN SDGs"):

Pillars	Description	Relevant UN SDGs
 Sustainable Financing	We provide financing to companies looking to transform their business processes to be sustainable in the long term, and deliver sustainable solutions to their customers.	   
 Digital Transformation	We encourage businesses to use our innovative digital solutions, such as the BizSmart® Mobile app and BizSmart® eTrade, to run their business more efficiently.	
 ESG Advisory	We collaborate with strategic partners including the Malaysian Green Technology and Climate Change Corporation and Bursa Malaysia Berhad, among others, to help businesses structure their ESG roadmap in order to implement sustainable business practices.	  
 Economic Empowerment	<p>We provide education, upskilling and relevant business sustainability solutions via our BizSmart® Solution portal.</p> <p>In addition, we offer financial education to vulnerable communities to help them better manage their finances through the AEIOU and Economic Empowerment Programmes.</p>	   
 Sustainable Operations	We are transforming our business by embedding ESG practices into our business policies, processes and operations to reduce our emission footprint. This includes embedding sustainability into our procurement practices.	    

SUSTAINABILITY STATEMENT

SUSTAINABILITY GOVERNANCE

We have a structured sustainability governance model to ensure that we deliver on our ESG commitments efficiently and effectively.

We have a comprehensive sustainability capability development plan for our Board members, senior management and subject matter experts. These training programmes cover key ESG issues such as sustainable finance, risk management, and disclosures.



Sustainability Governance Organisation Chart

Alliance Bank & Alliance Islamic Bank Board of Directors
The Board sets the tone from the top and is responsible for reviewing and approving the Bank’s sustainability strategies, policies and processes.
Group Risk Management Committee & Executive Risk Management Committee
The Group Risk Management Committee and Executive Risk Management Committee review ESG risks and their impact on market, credit and operational risks. Policies, frameworks and initiatives to address these risks are deliberated and endorsed by these committees.
Group Sustainability Committee & Management Committee
The Group Sustainability Committee comprises three independent directors. Supported by the Management Committee, their role is to assist the Bank’s Board of Directors by providing oversight on all matters related to sustainability. The committee ensures we embed ESG principles into our business strategies and provide oversight on the implementation of ESG initiatives across the Bank.

Sustainability Steering Committee

At the management level, the Sustainability Steering Committee (“SSC”) oversees the implementation of the Bank’s sustainability strategies, policies and procedures.

The SSC provides regular reports on the Group’s sustainability initiatives to the Group Sustainability Committee and the Board.

Chief Executive Officer of Alliance Islamic Bank

The Chief Executive Officer of Alliance Islamic Bank plays a leadership and coordinator role in ensuring that the Bank’s sustainability strategies, policies and processes are effectively implemented across our operations.

Head of Sustainability

The Head of Sustainability is responsible for driving the Bank’s sustainability initiatives, and also assists the AIS Chief Executive Officer in implementing the Bank’s sustainability strategies, policies and processes.

Stakeholder Engagement

We regularly engage our stakeholders using different mediums on various platforms to inform them of our corporate development, business direction and sustainability initiatives, and to obtain feedback on our efforts.

For our efforts in building trust, we garnered a “Special Mention” in the FBM Mid 70 Index category in the PwC Malaysia-Asia School of Business’s Trust and Leadership Survey 2021. Furthermore, our Group Chief Executive Officer, Mr. Joel Kornreich, was commended by the Malaysian Investor Relations Association as being the “Best Chief Executive for Investor Relations” in the mid-cap category.



Stakeholder Mapping

Stakeholders	Government, Policymakers, Regulators	Shareholders, Investors	Customers	Communities	Employees
Focus Areas	Corporate Development, Business Direction and Sustainability Initiatives				
	Regulatory and Compliance	Knowledge Sharing			
		Community Programmes			
		Talent Development			
Platform/Tools	<ul style="list-style-type: none"> • Dialogues • Conferences • Periodic and regular reporting • Participate in industry's and regulator's initiatives 	<ul style="list-style-type: none"> • Annual General Meeting • Quarterly analyst briefings • ESG briefing • One-on-one and group investor meetings with the management and investor relations team • Bank's corporate website 	<ul style="list-style-type: none"> • Digital touchpoints • Physical branches • Market research • Networking events • Bank's corporate website • Bank's social media channels • Customer satisfaction surveys 	<ul style="list-style-type: none"> • Community programmes • Bank's corporate website • Bank's social media channels 	<ul style="list-style-type: none"> • Intranet • Employee surveys • Department meetings • Trainings • Mentoring programmes • Rewards & Recognition programmes • Social activities

SUSTAINABILITY STATEMENT

Stakeholder Mapping (cont'd)

Stakeholders	Government, Policymakers, Regulators	Shareholders, Investors	Customers	Communities	Employees
Focus Areas	Corporate Development, Business Direction and Sustainability Initiatives				
	Regulatory and Compliance	Knowledge Sharing			
		Community Programmes			
		Talent Development			
Addressing Expectations	<ul style="list-style-type: none"> Establish a robust compliance system which is continuously reviewed and enhanced to ensure that all regulatory requirements are met Stay updated on changes in local laws and regulations Provide necessary reports and information on a timely basis Actively participate and contribute to the programmes initiated by the government, policymakers and regulator 	<ul style="list-style-type: none"> Pursue a balanced, sustainable growth via strategic plans, and staying competitive while keeping the Bank safe Focus on strong risk management, maintain a healthy capital position, and actively manage liquidity to sustain financial viability Provide timely and comprehensive updates and disclosures on performance, strategic progress and significant corporate milestones Maintain active engagement with shareholders and investors 	<ul style="list-style-type: none"> Use of Alliance Way to put ourselves in our customers' situation to understand their needs and concerns, and providing the right solutions to achieve their objectives in a fast, simple and responsive manner Continuous focus on introducing and enhancing our products and solutions to deliver innovative solutions in a fast and simple manner Provide effective solutions for customers impacted by COVID-19 A proactive Customer Experience Council that meets regularly to identify areas for improvement and implement measures to address key customer issues 	<ul style="list-style-type: none"> Collaborate with strategic partners to advocate economic empowerment Promote financial literacy especially among children, B40 segment and SMEs Provide financial assistance through SocioBiz crowdfunding platform and zakat 	<ul style="list-style-type: none"> Advocate open and transparent communication via weekly meetings, monthly department meetings and townhalls Promote a culture of appreciation via quarterly Voice of Employee surveys, Alliance Heroes and ManCo Appreciates You initiatives Offer various career advancement paths for professional growth, and nurture talent pipelines through development programmes like Alliance Bank Leadership Excellence Academy and Alliance Development Programme Organise employee engagement and well-being initiatives via the Recreational and Sports Club and Fit@Alliance Attract and retain talent by introducing hybrid work arrangements and flexible employee benefits

Material Matters

Material matters are key areas that impact the Bank and influence stakeholder decision to do business or associate with the Bank. In 2018, we prioritised the top seven out of 13 identified material matters. These were economic performance, digitisation, customer experience, customer data privacy, corporate responsibility, talent attraction and retention, and employee engagement and wellness.

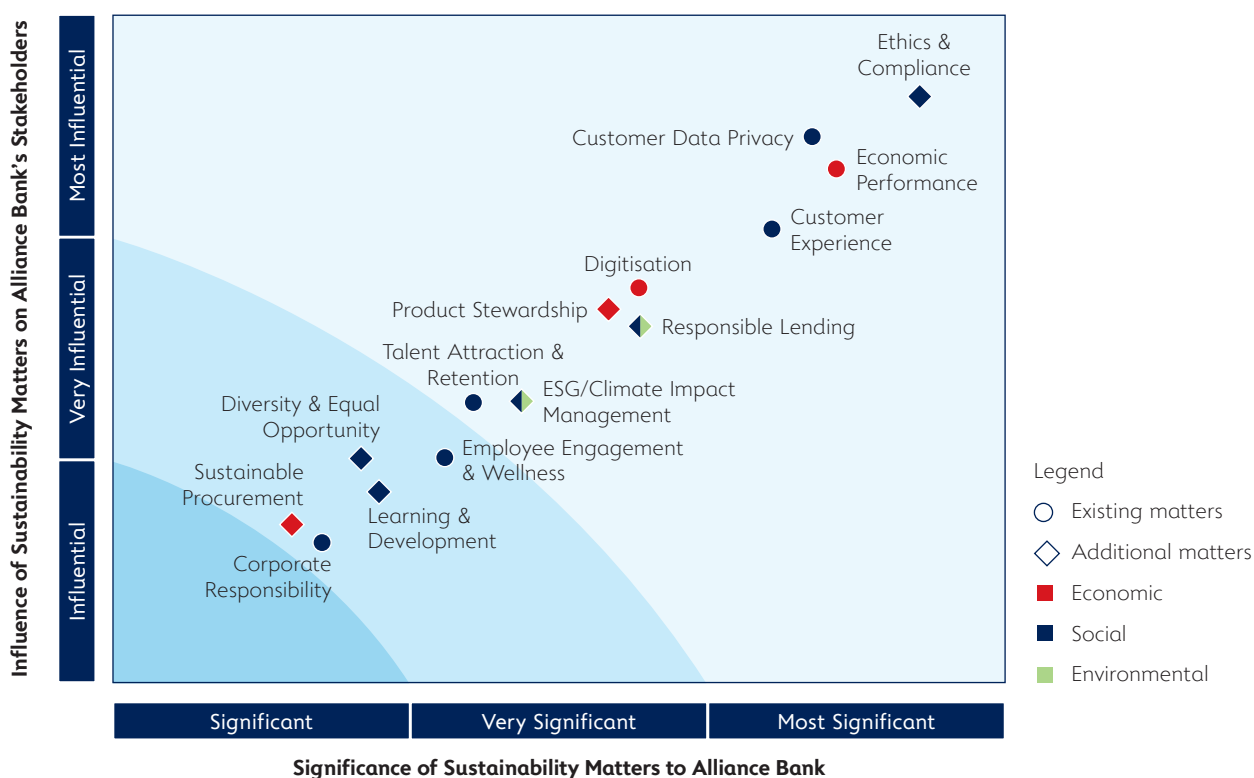
Materiality Assessment Methodology

Our approach in assessing material matters involves:



This year, we conducted a materiality assessment exercise to refresh our list of material matters and included seven additional material matters. These are ethics and compliance, product stewardship, responsible lending, ESG/climate impact management, learning and development, diversity and equal opportunity, and sustainable procurement. The inclusion of these latest material matters reflect the Bank's commitment towards helping our customers adopt ESG practices, while reducing our own carbon emission footprint.

Materiality Matrix



SUSTAINABILITY STATEMENT

We have classified our material matters according to our five sustainability pillars, and the Economic, Environmental and Social themes of the Sustainability Statement.

Sustainability Pillars	Sustainability Statement Themes		
	Economic	Environmental	Social
Sustainable Financing 	<ul style="list-style-type: none"> • Responsible Lending • Product Stewardship 		
Digital Transformation 	<ul style="list-style-type: none"> • Digitisation 		
ESG Advisory 	<ul style="list-style-type: none"> • Product Stewardship 	<ul style="list-style-type: none"> • ESG/Climate Impact Management 	
Economic Empowerment 			<ul style="list-style-type: none"> • Corporate Responsibility
Sustainable Operations 	<ul style="list-style-type: none"> • Economic Performance • Sustainable Procurement 	<ul style="list-style-type: none"> • ESG/Climate Impact Management 	<ul style="list-style-type: none"> • Ethics & Compliance • Customer Experience • Customer Data Privacy • Talent Attraction & Retention • Employee Engagement & Wellness • Diversity & Equal Opportunity • Learning & Development

THE THREE PILLARS OF SUSTAINABILITY

Throughout the year, the Group implemented various business support and community programmes under the Economic, Environmental and Social themes.

A. Economic

Stable Financial Operations

To support our lending activities and sustain future growth, we continued to maintain a capital base that is well above the regulatory thresholds. Our capital position remained strong with Common Equity Tier-1 ratio at 16.0%, Tier-1 capital ratio at 16.9% and total capital ratio at 21.0%. We also maintained a healthy liquidity position for FY2022, with liquidity coverage ratio consistently above the regulatory threshold of 100% and net stable funding ratio at over 100%.

As part of our on-going risk management and capital adequacy assessments, we regularly conduct stress tests to evaluate our readiness in facing macroeconomic challenges such as slowing or negative gross domestic product ("GDP") growth, rising unemployment and higher interest rates.

In recent years, we have assessed our exposure to sectors that were impacted by the pandemic. In FY2022, we continued to offer financial and non-financial assistance to our personal and business banking customers impacted by the pandemic to protect their financial well-being. Due to our proactive actions in mitigating the risks of the pandemic, the Bank has continued to deliver economic value to its stakeholders, as depicted in the following table.

	FY2022 RM Million	FY2021 RM Million	FY2020 RM Million
Direct Economic Value Generated			
Revenue	1,867.6	1,817.5	1,689.3
Share of Results of Joint Venture	0.1	0.1	0.1
Total for Economic Value Generated	1,867.7	1,817.6	1,689.4
Economic Value Distributed			
Employee wages and benefits	529.6	511.7	516.1
Community investments (administrative expenses – donation)	1.0	2.1	4.8
Payments to Government – taxation	254.6	125.2	143.6
Operating costs (excluding personnel expenses and community investments)	201.9	198.4	202.3
Payments to providers of capital – cash dividends paid to shareholders	218.1	-	219.8
Net bad debts	217.4	533.0	314.5
Total for Economic Value Distributed	1,422.6	1,370.4	1,401.1
Economic Value Retained			
Depreciation and amortisation	90.4	88.4	83.8
Profits after Dividend	354.7	358.8	204.5
Total for Economic Value Retained	445.1	447.2	288.3

Supporting SMEs

In FY2022, we continued to support our clients to weather the effects of the pandemic and help them grow their business as the economic recovery continued to gain momentum.

BizSmart® Solution

BizSmart® Solution is our one-stop online business community portal that enables business owners to reach out to new customers and access relevant solutions and resources at preferential rates to manage their business more efficiently. During the year, we doubled the number of our partners on the portal to over 200.

We also signed two strategic partnerships – the first, with Bursa Malaysia Berhad and another with the Malaysian Green Technology and Climate Change Corporation (“MGTC”). Our collaboration with Bursa Malaysia on their #financing4ESG programme aims to improve ESG adoption practices among Malaysian public listed companies (“PLCs”). Under this programme, PLCs undergo a FTSE4GOOD gap analysis conducted by Bursa Malaysia. Subsequently, we provide funding to help these PLCs transform their operations to address the identified gaps and match them with green solution providers via BizSmart® Solution.

We help business owners improve their ESG practices with advisory and training under the Green SME Nurturing and Development Programme. Furthermore, MGTC assists ESG solution providers to obtain the MyHIJAU certification and be listed on the MyHIJAU Directory, an online resource for certified green products and services. The MyHIJAU Mark is the official green recognition endorsed by the Malaysian Government.

SUSTAINABILITY STATEMENT

Through MGTC, we provide business owners access to almost 50 MyHIAU solution providers that offer a wide range of ESG solutions. On our part, we helped to lower the barrier for businesses to adopt sustainability by offering financing support. We also worked with MGTC on other business matching programmes, including the International Greentech & Eco Products Exhibition & Conference Malaysia 2021 (“iGEM 2021”) and Dubai@ Expo 2022.

In FY2022, the BizSmart® Solution won five local and regional awards, including the prestigious Asian Banker Excellence in Retail Financial Services International Awards 2021 for Best Beyond Banking Service.

#SupportLokal

The #SupportLokal initiative helps local businesses widen their customer reach by taking their businesses online. Our #SupportLokal microsite features over 110 small businesses and has driven over 430,000 visits to their websites in the past two years. Our #SupportLokal page also lists social enterprises that offer products and services to consumers.



Halal in One Programme

Alliance Islamic Bank's ("AIS") Halal in One programme offers end-to-end halal certification support, advisory, Shariah-compliant funding and global market access to businesses seeking to expand their customer reach in the halal segment.

During the year, we strengthened our Halal in One programme for businesses with more digitisation options, training, and access to online marketplace via partnerships with Fusionex, eJazmine and the International Institute for Halal Research ("INHART"). Our collaborations with Fusionex enabled business owners to create an online presence and use market

analytics and intelligence to boost business growth, while eJazmine offered preferential rates to local businesses looking to expand their businesses internationally. At the same time, INHART ran specialised training on Shariah compliance and provided international halal audit services to businesses looking to enter foreign markets.

In addition, we helped four of our BizSmart® Challenge finalists with their halal journey by funding part of their halal certification cost.



The Alliance Bank-EcoWorld BizSmart® Challenge

Since 2013, the Alliance Bank-EcoWorld BizSmart® Challenge has provided business training, coaching, mentoring, networking, brand exposure and financing to high-potential young businesses. In FY2022, we continued to provide support to 20 of our BizSmart® Challenge finalists in the form of financial and non-financial solutions. These include financing, subsidising the cost of their halal certification programme, and helping them improve their brand exposure.

Digitisation

The e-KYC Solution

The e-KYC Solution is our fully digital onboarding solution that allows customers to open a digital savings account or apply for a personal loan or credit card via our allianceonline mobile app without physically visiting a branch. This is in line with our goal of delivering fast, simple and responsive banking services to our customers anytime and anywhere.

In FY2022, we opened close to 7,700 digital CASA accounts and we anticipate to open an additional 14,000 in the coming year. The e-KYC Solution won four awards, including “Best Digital Account Opening” at the Global Retail Banking Innovation Awards 2021.

Branch-in-a-Tablet

Our Branch-in-a-Tablet initiative enabled our relationship managers to perform simple banking applications such as account opening and loan applications for our customers at the location of their choice. For businesses, clients can open a business account in “1-day, 1-visit”.

Despite the movement control periods, our relationship managers’ use of the Branch-in-a-Tablet to help our customers with their banking needs gained us 32% additional new-to-bank customers in FY2022.

Digital Loans

The Digital Personal Loan application provides approval-in-principle within 10 minutes, with funds disbursed within 24 hours of approval. In FY2022, digital personal loans accounted for 34% of total personal loans bookings. In February 2022, we launched our digital store on Shopee offering digital personal loan and the Alliance SavePlus Account.

For micro and small SMEs, the Bank introduced Digital SME (“DSME”) lending, providing up to RM500,000 collateral-free financing. Under DSME, customers only need to complete a simple online application and will be notified within 24 hours of their loan approval. In FY2022, we provided RM60 million in Digital SME loans.

BizSmart® Mobile

The Bank’s BizSmart® Mobile App enables business owners to manage their business account, make payments and perform collections via their mobile phone without a physical token. In FY2022, we enhanced the BizSmart® Mobile features to make it more convenient for business owners to contribute towards employee statutory payroll payments, and for their employees to place e-Fixed deposit or perform withdrawals.

BizSmart® eTrade

The Alliance BizSmart® eTrade is Malaysia’s first mobile trade financing submission platform that facilitates the disbursement of funds into the customer’s account in a convenient, paperless, and fast manner. Business owners can submit their Bankers’ Acceptance or Trust Receipts

financing electronically via the BizSmart® Mobile app without physically visiting the branch. Approved trade proceeds are credited into the customer’s account within 24 hours of approval.

In FY2022, we improved BizSmart® eTrade to enable foreign currency transaction to over 85 countries for Bankers Acceptance, Trust Receipts and Promissory Note. These new features are especially useful for businesses involved in international trade. The BizSmart® eTrade accounted for over 40% of our total trade financing transactions in FY2022.

BizSmart® eTrade’s unique propositions won it eight regional and local awards during the year, including the Retail Banker International Asia Trailblazer 2021 Awards for Excellence in Customer Centricity, and the Asian Banking & Finance Retail Banking Awards 2021 for Mobile Banking & Payment Initiative of the Year – Malaysia.

Sustainable Supply Chain

We remain committed to ensure our supply chain is sustainable by ensuring fairness, transparency and accountability in our procurement practices. All our purchasing decisions were made in compliance with the Bank’s Procurement Policy and Standard Operating Procedures to ensure fair treatment to our vendors and suppliers.

Our suppliers are expected to abide by our Code of Conduct and Procurement Integrity terms which are clearly stated in the Bank’s Purchase Order terms and conditions. Furthermore, we require all our suppliers to use our e-Procurement system to submit their cost quotations and tender submissions for various projects. Our Tender Committee is responsible for overseeing the contract award process for purchases of above RM250,000.

B. ENVIRONMENTAL

In FY2022, we made significant changes to our policies and procedures to help our customers transform to be more sustainable while addressing our ESG risks. This included revising our credit policy on selected sectors, introducing enhanced risk assessment criteria, and equipping our relationship managers with a new ESG Screener to help our customers understand and make informed decisions on how to improve their business practices towards being more sustainable.

SUSTAINABILITY STATEMENT

Roadmap for ESG Management (Aligned to the Task Force on Climate-related Financial Disclosures¹ ("TCFD") Recommendations)

Our sustainability efforts began in FY2021, and increased in momentum in FY2022 with further aspirations for FY2023.

Phases of Our ESG Management Efforts (Roadmap)

FY2021 Exploratory	FY2022 Foundation Building	FY2023 Advocacy & Outreach
Governance		
<ul style="list-style-type: none"> We established the management-level Sustainability Steering Committee which looked into the implementation of CCPT. We established a Sustainability Framework incorporating BNM's CCPT and Value-based Intermediation Financing and Investment Impact Assessment Framework ("VBIAF"). 	<ul style="list-style-type: none"> We set up the Board-level Group Sustainability Committee to provide oversight on sustainability matters and promote sustainability considerations in business strategies. We put in place a Sustainability Strategy Framework that laid out our sustainability purpose, goals, strategy, governance, and initiatives. We also incorporated ESG metrics into the balanced scorecard and senior management's scorecards. 	<ul style="list-style-type: none"> We will develop an ESG remuneration framework for executives. We will enhance and expand our ESG management capability within the Bank.
Strategy		
	<ul style="list-style-type: none"> We established a Sustainability Strategy Framework with three topline goals to be achieved by FY2025: <ul style="list-style-type: none"> Achieve RM10 billion in new sustainable banking business Help our customers adopt more sustainable lifestyles and business practices. Reduce our greenhouse gas ("GHG") emission footprint We have identified five focus areas to support our goals: <ul style="list-style-type: none"> Improve the ESG profile of the Bank's portfolio Enhance our risk management infrastructure Improve the Bank's ESG practices Improve our ESG capability and engagement with stakeholders Enhance disclosures and communications 	<ul style="list-style-type: none"> We will expand and roll out new sustainability offerings to our customers. We will increase engagement and advocacy activities with stakeholders. We will enhance ESG risk management capabilities, focusing primarily on climate change.

¹ The Task Force on Climate-related Financial Disclosures ("TCFD") is a set of recommended disclosures provided to stakeholders to apprise them of the possible financial risk factors related to climate change.

Phases of Our ESG Management Efforts (Roadmap)

FY2021 Exploratory	FY2022 Foundation Building	FY2023 Advocacy & Outreach
Risk Management		
<ul style="list-style-type: none"> We performed a desktop baseline of our portfolio according to the CCPT guidance document. 	<ul style="list-style-type: none"> We enhanced the identification of ESG risk in our portfolio via the development of ESG Risk Acceptance Criteria ("RAC") and the rollout of an ESG Screener Tool. We began preparatory initiatives to comply with BNM's Climate Risk Management and Scenario Analysis ("CRMSA") Exposure Draft. 	<ul style="list-style-type: none"> We will enhance our risk management capability and infrastructure for effective CRMSA implementation. We will improve our risk assessment tools and extend ESG due diligence to our procurement practices.

Metrics & Targets				
Topline Goals		FY2022 (Achieved)	FY2023	FY2025
1.	New sustainable banking business (cumulative)	RM2 billion	RM4 billion	RM10 billion
2.	Help our customers adopt more sustainable lifestyles and business practices (i.e. to have no more than X% of businesses that have not yet considered the adoption of sustainable practices)	<65%	<60%	<20%
3.	Reduce our GHG emission footprint	We have developed a GHG reduction plan and will announce our GHG emissions targets soon. Our reduction targets are in line with the commitment made together with the Association of Banks in Malaysia, where we pledge to be Carbon Net Zero by 2050.		

SUSTAINABILITY STATEMENT

Responsible Lending & Financing

Prohibited Lending

Our credit policy prohibits the funding of projects or activities that cause severe environmental harm or are illegal, such as adult entertainment centres. We took a firm stand against financing coal-fired power plants, coal mines, and businesses that extracted oil & gas using unconventional methods such as tar sand and hydraulic fracturing. Our stringent credit policy also excludes lending to arms trading businesses or for the purpose of a hostile takeover of a company.

ESG Screener Tool

We want to help businesses transform to be more sustainable. In this regard, we implemented an ESG Screener Tool to enable our relationship managers to identify customers who require help in adopting sustainable practices using our business solutions.

We also used the ESG Screener Tool to assess our business clients' ESG risks and commitment. In doing so, we were able to categorise our business clients based on Bank Negara Malaysia's Climate Change and Principle-based Taxonomy ("CCPT") guidelines. This led us to reduce our exposure to businesses with little to no inclination to embed ESG measures into their business strategies to not more than 65% of our portfolio.

ESG Risk Acceptance Criteria

In addition to the ESG Screener Tool, we established the General ESG Risk Acceptance Criteria ("RAC") framework to assist us in evaluating companies' inclination to practice sustainability in their business operations. We also laid out additional industry-specific RACs for ESG-sensitive sectors such as palm oil, mining and quarrying, oil and gas, and forestry and logging.

Minimising Our Emission

One of our sustainability goals is to reduce our greenhouse gas ("GHG") emission footprint. On this point, we successfully established the baseline of our operational GHG emission in FY2022, and have set up a plan to further reduce it.

Energy Management

We continued to find ways to ensure that our business operations were more energy efficient. One of the measures we took was to optimise the temperature setting of our computer room air-conditioning. We also replaced our low-efficiency split unit air conditioners with a better energy-efficient model and our lights with energy-efficient LED lights. Over the past one year, we reduced our energy consumption¹ by over 1,300 MWh or about 10% YOY.

Use of Environmentally Friendly Materials

The Bank also ensured the environmentally-friendly materials used in all our office renovations and refurbishments such as carpets and furniture, comply with green certifications. In addition, all our new air conditioners installed during the year use eco-friendly refrigerant.

Reducing the Use of Paper

Our digitisation initiatives at the office have helped us reduce our paper consumption. We continued to closely monitor our paper consumption at the head office and send monthly reports on print volume to the heads of businesses. In FY2022, our bank-wide print volume decreased by more than 7% YOY.

C. SOCIAL

For the year under review, we made good progress in adopting ESG best practices at the Bank. We embedded the ESG metrics into our management's balanced scorecards starting with the Group Chief Executive Officer. Each division now carries these ESG metrics be it in building new sustainable banking business, reducing the proportion of our exposure to ESG non-committed or non-compliant companies, or proactive emission management, in their scorecards. In the coming year, we will implement our ESG-based remuneration framework. During the year, we also organised sustainability trainings for our directors and employees to build bench strength in this subject.

¹ Excludes energy consumption of East Malaysian branches.

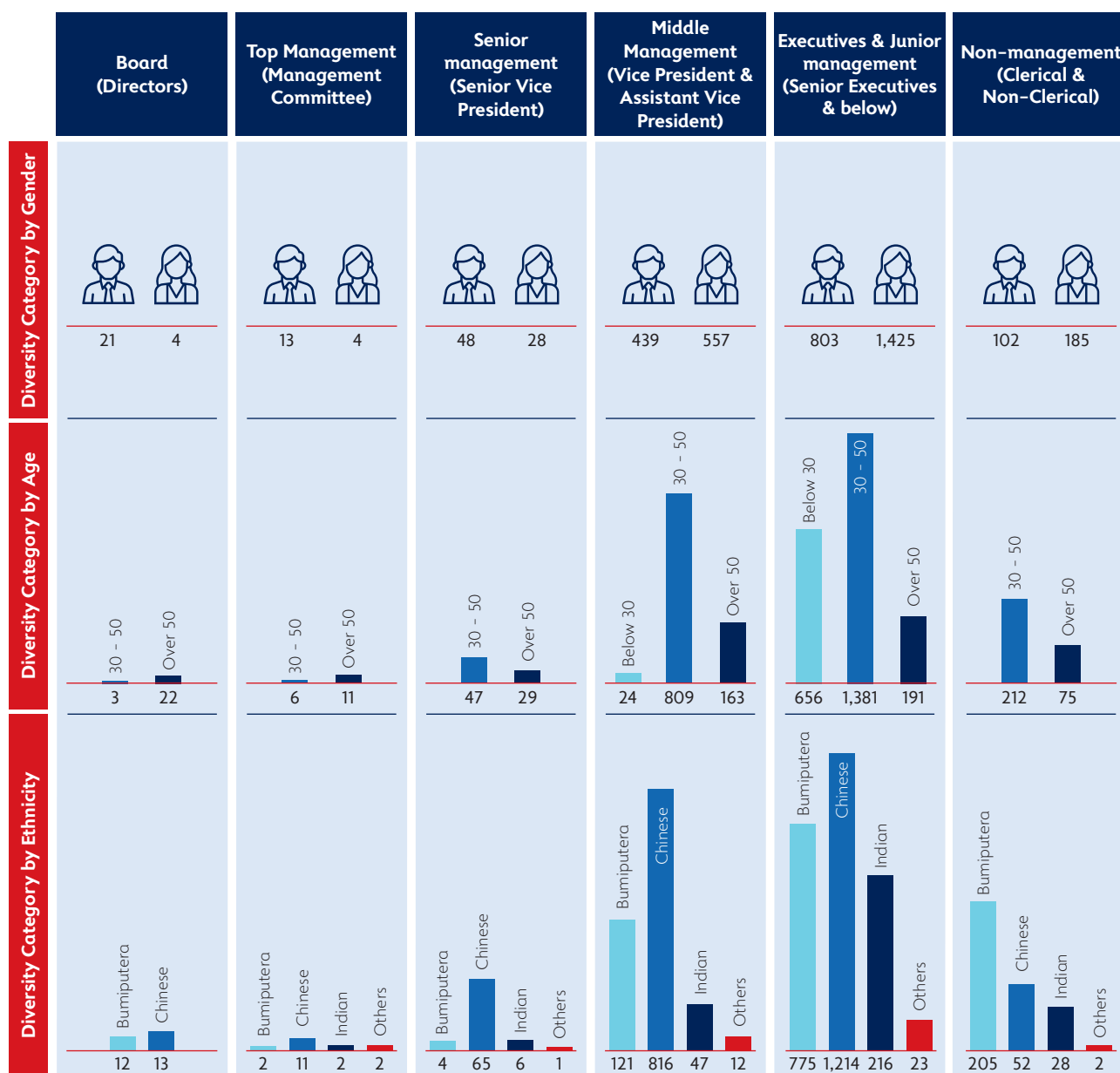
Our Workforce

We have a diverse workforce of over 3,600 employees at the Bank. In FY2022, 61% of our workforce were women, of which 80% held various management positions (Senior Executives and above). Women representation in our Management Committee stood at 24% and 16% in the Group's Board of Directors.

Our recruitment practice is based on meritocracy. Likewise, we identify employees for career progression based on behavioural and professional criteria. A committee comprising senior management members oversees all promotions and financial compensation within the Bank.

We are an equal opportunity employer. This means, we do not discriminate against nationality, race, religion, gender, age, sexual-orientation, and disability. In this respect, any complaints of discrimination are investigated thoroughly and subjected to our consequence management procedures.

Diversity Category by Gender, Age and Ethnicity



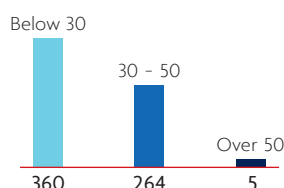
SUSTAINABILITY STATEMENT

Recruitment by Gender in FY2022 (excluding Directors and Interns)



280 349

Recruitment by Age in FY2022 (excluding Directors and Interns)

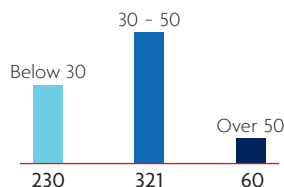


Employee Turnover by Gender in FY2022 (excluding Directors and Interns)

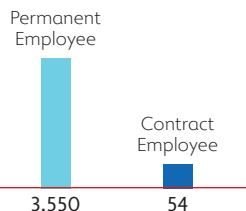


275 336

Employee Turnover by Age in FY2022 (excluding Directors and Interns)



Employment Status in FY2022 (excluding Directors and Interns)



Child Labour

We do not tolerate, engage in, or support, the use of child labour. The minimum age of employment at the Bank is 18 years old. We do not recruit any employee below the age of 18 on a part-time, full-time or contract basis.

Forced or Compulsory Labour

We do not tolerate, engage in, or support, any form of forced or compulsory labour including bonded labour, indentured labour and slave labour, or human trafficking. We also do not require that our employees surrender any government-issued identification, such as a passport or work permit, to the Bank as a condition of employment.

Code of Conduct & Whistle Blowing Policy

The Bank has a Code of Conduct that clearly outlines the proper standards of professional conduct and practices expected of its employees, and a Whistle Blowing Policy that sets out the types of complaints that can be raised under such circumstance. In addition, the Whistle Blowing Policy states the channels for our employees and external parties to report any form of misconduct without fear of reprisals. We also include a whistleblowing reporting clause in all our third-party contracts and agreements.

We maintain a robust mechanism to ensure the strictest confidence for complaints made in good faith. We inform our employees about the Code of Conduct and Whistle Blowing Policy via staff induction programmes and internal staff bulletins. For external stakeholders, they may refer to our Whistle Blowing Statement on our corporate website on how to report any instances of unethical conduct, harassment, discrimination and unreasonable behaviours.

Anti-Bribery & Corruption

We take a firm zero-tolerance stand against all acts of bribery and corruption. This is clearly outlined in our Code of Conduct, Anti-Bribery & Corruption ("ABC") Policy, and Gifts & Entertainment Policy. These policies are stored in our inAlliance intranet portal for our employees' reference, and a copy of the ABC policy can also be found on our corporate website. Our employees are briefed about the Bank's Anti-Bribery & Corruption stand during their induction programme, and we regularly send out staff bulletins to remind our employees of this.

All our employees are also mandated to complete an annual e-Learning module on Anti-Bribery & Corruption with a minimum score of 70%. In FY2022, none of our employees were disciplined or dismissed due to non-compliance with our ABC policy.

The Right to Freedom of Association & Collective Bargaining

We recognise the constitutional right of our employees to freedom of association and comply with all national laws concerning the same. Correspondingly, we support the rights of our employees to form and/or join trade unions and recognise four trade unions as negotiating bodies in respect of the categories of employees represented (Clericals, Non-Clericals, Special Grade Clerks and Officers).

Alliance Bank, through its trade representatives, the Malayan Commercial Bank's Association, the Sarawak Commercial Bank's Association and the Sabah Commercial Bank's Association, engages in separate collective agreement negotiations with these four unions. In FY2022, 17% of Alliance Bank employees are represented by trade unions or covered under a collective agreement.

The Right to Minimum or Living Wage

We recognise the standards and rights conferred by all applicable national labour and industrial relations laws and fully comply with them. Our employment policies and practices also promote employee empowerment and recognition while regulating individual and collective employment relations. All our employees are currently paid above the nation's minimum wages.

The Bank continues to monitor published living wages and benchmark against industry practices. This is to ensure that employees' total annual wages remain competitive.

Performance Management

Our performance culture is based on meritocracy. We evaluate performance using a balanced scorecard that measures key financials and franchise-building initiatives, talent, culture, leadership development and sustainability efforts.

The Board sets the tone from the top by reviewing and approving the Group's balanced scorecard. The Group's balanced scorecard metrics are then cascaded to the various functional units and employees.

In FY2022, we embedded our sustainability objectives of growing new sustainable banking business, helping customers adopt sustainable lifestyles and business practices, and reducing our emission footprint, into our balanced scorecard. All our business and support units' balanced scorecards now carry environmental, social, and governance ("ESG") metrics alongside other business-related measurements.

We align our employees' key performance indicators ("KPIs") to the divisions' balanced scorecard. Formal employee assessments are held bi-annually, and employees' achievements are reflected in remuneration outcomes.

Career Break and Other Forms of Break

Our employees have the option of taking a "Career Break" at the Bank's discretion if they require an extended break for personal or professional reasons. In addition, we offer maternity and paternity leave, and compassionate leave to those who need to take care of their family members.

Employee Engagement & Wellness

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 FY2022, the Bank achieved a score of 90% in the Sustainability Engagement Index, ahead of the scores for the Malaysian Financial Services and the Global High Performing Average. This score reflected the improvement in employees' sentiments, in particular:

- The well-being index, which measures employees' sentiments with regard to mental, emotional and physical support provided by the Bank, improved to 89% in FY2022 from 87% in FY2021
- The communication index improved to 89% in FY2022 from 87% in FY2021
- 85% of employees responded that they were able to balance their work and personal commitments

SUSTAINABILITY STATEMENT

Allies of Alliance Portal

The Bank consistently encourages employees to provide innovative solutions and ideas via the Allies of Alliance platform on the intranet. Since 2017, we have developed several new solutions and enhanced some of our processes at the Bank.

Fit@Alliance

The Fit@Alliance programme encourages our employees to lead an active, well-balanced lifestyle and practice financial wellness.

During the pandemic, we successfully adapted the Fit@Alliance programme to a digital platform. We worked with health professionals to conduct over 15 wellness webinars. Our wealth management team also held a series of online financial talks to support our employees' financial goals.

We also used digital mobile applications to help our employees stay emotionally and physically active through our partnerships with PERKESO, BookDoc and Zurich Malaysia. About a quarter of our employees downloaded and used the BookDoc and Zurich Malaysia's app to monitor their physical well-being.

We participated in the PERKESO's Activ@Work Challenge 2021 ("AWC 2021") for the third consecutive year, and ranked third out of over 80 companies nationwide for the number of steps achieved by employees. Based on the average daily steps achieved by our employees during the AWC 2021, the Bank donated RM10,000 to help communities impacted by the COVID-19 pandemic.

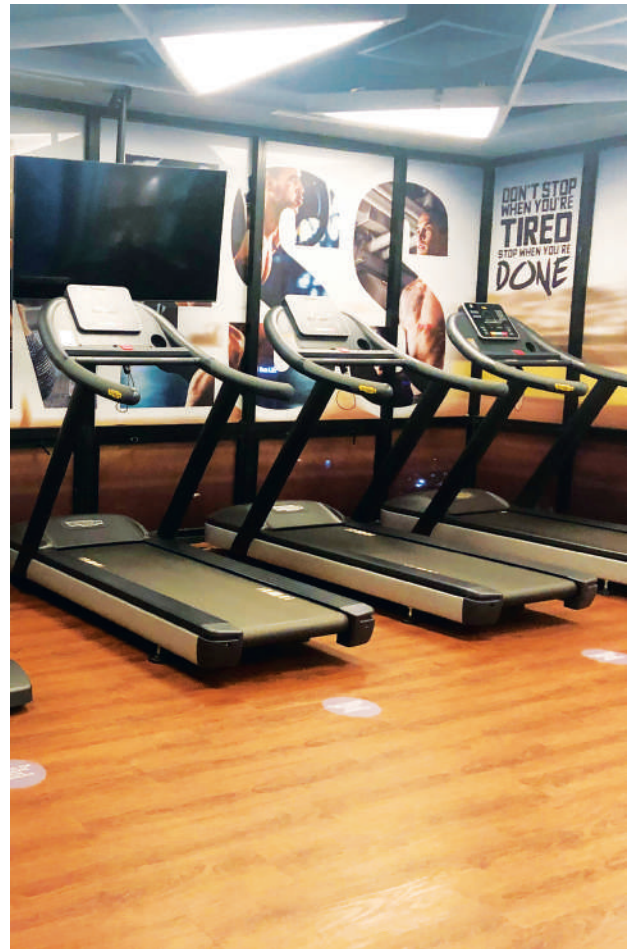
Recreational and Sports Club

In adapting to the operational restrictions of the year in review, the Bank's Recreational and Sports Club organised virtual and physical activities in FY2022. Employees participated in virtual events such as a Virtual Escape Room game and e-Sports Tournament. The Recreational and Sports Club also saw an increase in the number of employees using the Bank's gym, AREA 15, when we re-opened the gym.

Other Engagement Initiatives

Employee Participation in Solidarity with Our Community Programme

We encourage employee voluntarism in community programmes such as the Solidarity with Our Community ("SWC") programme. We leveraged our social crowdfunding platform, SocioBiz, to raise funds to purchase and distribute food items to those impacted by the pandemic. Employees contributed to the SWC programme by donating cash via the SocioBiz platform. The Bank also donated RM10,000 to the SWC programme based on the number of steps employees took in the PERKESO's Activ@Work Challenge 2021.



The Alliance Relaxation and Exercise Arena on Level 15 (AREA 15) in the headquarters.



Donation of food boxes to families during the Solidarity with Our Community campaign.

ManCo Appreciates You

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 key behaviours.

Alliance Heroes

The Alliance Heroes initiative 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 Key Behaviour and Core Values. Since October 2019, 10,000 digital badges have been awarded.

Engagement Champion 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 Engagement Champion Committee, which comprises employees selected by the Divisional Heads. The committee also addresses any disparities identified through the Bank's Voice of Employee surveys.

Talent Development at the Bank

As part of our commitment to help employees realise their professional goals, we offer our employees various career advancement paths. In this regard, we prioritise internal candidates for job vacancies, job rotations and promotion opportunities, stretch assignments and special projects.

Training our employees remains a priority for the Bank. In FY2022, we invested over RM5 million in various employee development initiatives.

Our key learning priorities are:

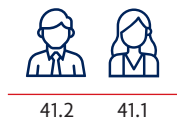
- 1 A systematic way of approaching customers
- 2 Harnessing digital to improve customer value proposition and scale up
- 3 Leveraging technology to streamline processes
- 4 Managers enabling their teams to succeed
- 5 Embedding strong governance

In the past year, we accelerated sustainability training for our directors and employees to build up knowledge experts on this subject. On this point, we will be rolling out an e-Learning module to introduce the concept of sustainability to all our employees. We also enrolled eight of our employees who are part of our sustainability working group for a six-month online certification course in sustainable finance offered by the Frankfurt School of Finance & Management. Another nine employees have just begun their certification journey in the same programme. In addition, our GSC board members attended various sustainability workshops, including one on "How Board's Oversight and Governance Can Drive Sustainability Agenda".

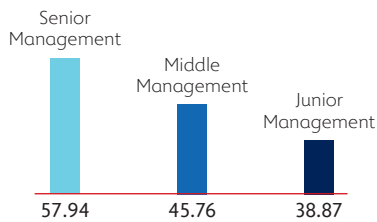
SUSTAINABILITY STATEMENT

Meanwhile, to allow our employees greater convenience and flexibility in learning, we have migrated our training modules onto digital platforms. Employees also have access to training on wealth products, services and trends on our newly-developed Wealth Management online learning platform. On average, each employee completed 41 learning hours, or 5 days, during the year. The Bank spent close to 150,000 hours on employee development training in FY2022.

Average Learning Hours Per Employee by Gender



Average Learning Hours Per Employee by Seniority



The Alliance Bank Leadership Excellence Academy

In addition to our learning programmes, the Bank also has structured talent development programmes under its Alliance Bank Leadership Excellence (“ABLE”) Academy. The ABLE Academy’s blended learning of on-the-job learning, mentoring, and structured development helps ensure there is a healthy talent pipeline for the Bank. Employees participating in the ABLE Academy are given the opportunity to participate in transformational projects that will fast-track their career into leadership or specialist roles.

The Bank’s structured long-term development programmes include the Management Trainee Programme, Alliance Managers Programme, and Alliance Leaders Programme.

Management Trainee Programme

The 12-month Alliance Bank Management Trainee (“MT”) Programme serves as an induction programme for young graduates to gain relevant work experience and leadership skills in the financial sector. Since 2012, more than 230 management trainees have graduated from the programme.

We continuously review and improve our MT Programme to include relevant subjects such as the Industrial Revolution 4.0, Machine Learning, Artificial Intelligence, and Robotic Process Automation.

In May 2022, we welcomed 13 graduates to the 10th cohort. They will be learning new subjects including ESG and Sustainable Financing, Developing Business Acumen and Data to Business Story.

Alliance Managers Programme

The 10-month Alliance Managers Programme (“AMP”) prepares high-performing young managers to transition from individual contributors to leaders at the Bank. The learning programme trains participants in leadership competencies and Alliance Way by combining job rotation and special project assignments.

Alliance Leaders Programme

The Alliance Leaders Programme (“ALP”) is a 12-month leadership development programme to prepare selected Vice Presidents and Senior Vice Presidents for senior leadership roles. It comprises a structured syllabus and customised development plan to help them build a strong foundation of leadership knowledge and skills. Candidates compete for a spot in the immersive six-month transition programme comprising group coaching, an international immersion experience, and a leadership challenge.

15 executives have completed the ALP and are now leading strategic transformation projects or have moved on to expanded roles within the Bank. For example, one of our ALP graduates was promoted to the Management Committee team. We recently selected 13 participants for the FY2023 cohort.

Other Development Programmes

Internship Programme

During the year, the Bank facilitated 21 internship opportunities for tertiary students. As the demand for data analytics in the financial industry increased, we also designed a customised Decision Management Structured Internship Programme that enables students to apply their data analytics skills in a banking environment.

Alliance Development Programme

The Bank launched the Alliance Development Programme (“ADP”) to develop leadership capabilities in all our employees. The programme comprises three levels, i.e. Leading Self, Leading Others and Leading Business. Each level features different modules and outcomes:

Level	Target Audience	Learning Outcomes
Leading Self	Junior Management	Delivering priorities and building a leader’s mindset
Leading Others/ Teams	Middle Management	Driving results and leading team performance
Leading Business	Senior Management	Leading business strategically and managing change

The ADP strengths-based leadership and culture modules help our employees to understand their strengths and improve their interpersonal and managerial skills. Our managers and supervisors who are certified Strengths Coaches help coach our ADP participants.

Our learning roadmap considers the development of the employee from a new recruit to an experienced Alliance Banker. In this regard, we set up customised learning roadmaps to address the learning needs of different

teams and roles in the Bank and provide structured learning for all employees.

Continuous Learning

To facilitate continuous learning, we provide learning materials in various mediums to our employees. Some of these materials complement our signature leadership programmes and training. Others, like the Learning Packs and e-Learning modules, have been carefully curated to facilitate learning and development anytime, anywhere.

Learning Packs

We publish Learning Packs every month to keep our employees informed of industry trends and prepare them for future challenges. Our employees are encouraged to complete the core training modules. For in-depth learning, they can access curated content such as podcasts, articles and videos. Our Learning Pack content covers leadership, continuing professional education, and compliance.

e-Learning Modules

e-Learning has revolutionised the way we learn as it enables greater flexibility and accessibility in meeting education and training objectives while optimising business man-hours. The Bank’s mandatory e-Learning modules cover topics on compliance, risk management, cyber security, data management, wealth management products, services and trends.

Keeping Our Employees Safe

Ensuring the safety and well-being of our employees remains a key priority, especially as COVID-19 continues to pose a health risk to everyone.

We implemented split operations for critical functions, while non-critical workforce switched to work-from-home or flexible work arrangements. In FY2022, approximately 40% of our employees continued to work from home. To better support remote work arrangement, we continued to improve our IT infrastructure. This included increasing the bandwidth at the Bank, purchasing more notebooks software licences, and expanding our virtual private network (“VPN”) capacity.

We continued to update our employees on COVID-19-related concerns at the Bank via a COVID-19 Information Centre on our intranet. The Bank also broadcasted safety messages using animated videos and screensavers, in addition to regular staff bulletins. Supervisors frequently check in on the well-being of their team members via emails, phone calls and WhatsApp.

The Bank also published a comprehensive COVID-19 Enhanced Safety Directives (“ESD”) to guide our employees on personal and team interaction, personal hygiene, medical care, work arrangement, COVID-19 screening and quarantine, and more. We regularly update the ESD to accommodate new developments.

To minimise the risk of in-office virus transmission, we frequently distribute hand sanitisers, gloves, and face masks to our employees to protect them, and mandated that all Bank visitors complete a health and travel declaration form before visiting our office. We also require that all employees who visit their business partners or customers at the location of their choice to document the appointments using an “External Appointments Contact Tracing” online form.

We engaged a third-party medical administrator to help expedite the vaccination of our employees outside the Klang Valley. We granted one day leave to employees with vaccination appointments. Employees who contracted the COVID-19 virus or were considered “close contact”, were allowed to take a leave of absence without submitting a medical certificate to recuperate.

SUSTAINABILITY STATEMENT

Our Customers

Measuring Customer Satisfaction

The Bank uses the net promoter score (“NPS”) to measure customer loyalty and willingness to recommend its products and services to others.

Every month, our Customer Experience Council comprising officers from relevant business and support teams convene to analyse the NPS results and identify key areas for improvement. Measures to address customer issues and enhance customer satisfaction are then implemented.

In FY2022, we recorded our best-ever composite NPS since FY2019. Four of our key touch points, i.e. problem resolution, branch service, consumer lending and digital banking, achieved all-time high NPS. Our relationship managers proactively contacted all our business clients to understand their financial situation and facilitate their loan modifications as required. As a result of our efforts, we ranked second in customer satisfaction for COVID-19 support measures in an independent study in 2021.

Safeguarding Customer’s Data

Alliance Bank is committed to upholding the Personal Data Protection Act 2010, Financial Services Act 2013, the Islamic Financial Services Act 2013 and all relevant legislations. We also have Privacy and Data Management Policies which govern our collection, use, and management of customers’ personal data. Data is kept securely at the Bank with access given only to authorised personnel. We store all hardcopy materials in locked cabinets in a secure location. Printed materials that are no longer in use are destroyed.

We regularly review and update our cyber security infrastructure to guard against unauthorised access, security breaches and information leaks. Our employees are frequently reminded to remain vigilant of cyber-attacks through our mandatory e-Learning modules and staff bulletins.

Our Community

Meanwhile, the Bank continued to empower vulnerable groups with its financial literacy programmes and support communities affected by the COVID-19 pandemic and floods.

Financial Literacy Programmes

The AEIOU Programme

Alliance Bank’s AEIOU Programme is an award-winning financial literacy initiative that aims to instil smart financial habits in schoolchildren aged 9 to 12 years old. The programme comprises three components – financial literacy education, the Comic Challenge, and e-Game Challenge.

The six-month AEIOU Challenge Season 6 featured the theme of “Saving for A Rainy Day: Preparation During a Crisis”. The Challenge featured cash prizes worth over RM16,000. The school with the highest number of participants also received a cash prize of RM3,000 for its school development fund, and teachers who championed this programme in their respective schools were rewarded up to RM6,000.

To ensure the safety of participants and their families, the AEIOU programme was conducted digitally. We digitised all our AEIOU learning materials, launched three edu-videos, and adapted virtual means for our key events such as roadshows, train-the-trainer sessions, and award ceremony.

Our partners for this season’s AEIOU programme were the Ministry of Education Malaysia, A.W. Faber-Castell, LimKokWing University of Creative Technology, and SmartStudy.

The sixth season was the most successful edition of the AEIOU Challenge, with over 1,000 Malaysian schools participating. We trained teachers from over 600 schools. The Challenge also received more than 55,000 submissions compared to 32,000 in the preceding season.

The AEIOU programme was also part of Global Money Week 2021, an annual global awareness campaign that aims to educate young people to be financially adept.

Since 2015, the AEIOU Challenge has reached almost 700,000 children nationwide. We have conducted close to 800 physical roadshows, including school briefings. The programme’s teacher training component has trained more than 620 teachers in several states to enable them to conduct financial literacy workshops at their respective schools.

The Group also sponsored RM115,000 worth of school supplies for 1,000 students through the AEIOU Education Step-Up programme.

EcoBiz Challenge 4

Launched in 2016, the EcoBiz Challenge is an environmental-themed competition in which tertiary students develop sustainable business solutions to address environmental, economic and social issues. The challenge promotes a culture of environmental conservation among university students through competitive learning platforms and collaboration with industry experts.

In FY2022, the Bank collaborated with the Malaysian Green Technology and Climate Change Corporation (“MGTC”) to launch the fourth season of the EcoBiz Challenge with the theme of “Inspiring Malaysia to be a Zero-Waste Nation”. This edition saw the participation of almost 500 students, who formed 138 teams, from various universities nationwide.

To address concerns on the rising number of unemployed graduates, EcoBiz Challenge 4 introduced MGTC’s *Jana Graduan Usahawan Hijau* (“JaGUH”) approach, a 20-week comprehensive eco-entrepreneur learning programme. Through the JaGUH approach, participants received guidance from industry leaders and sustainability mentors, and acquired key entrepreneurial skills and knowledge that are critical for their career development and progress.

Team Genesys from Universiti Tun Hussein Onn Malaysia emerged as the grand prize winner of EcoBiz Challenge 4 and won RM10,000 cash. The first and second runners-up took home RM5,000 and RM3,000 respectively. Seven other teams received RM1,500 each.

The winning teams will now undergo a six-month Performance Monitoring programme to support their social enterprises in aspects such as sales growth, improving customer engagement and other crucial business topics.

Since its inception, the Challenge has reached out to more than 5,000 students and garnered over 600 submissions from 157 universities across Malaysia.

Helping Our Communities Thrive with SocioBiz

SocioBiz is Alliance Islamic Bank’s crowdfunding platform that organises socially sourced funds to provide disadvantaged individuals with entrepreneurial and upskilling opportunities. Through this platform, we aim to deliver sustainable social and environmental impact by empowering vulnerable communities.

SocioBiz is a collaborative effort between Alliance Islamic Bank and its digital crowdfunding platform partner, Global Sadaqah. The Bank also works together with other partners to effectively manage and track the impact of the contributions.

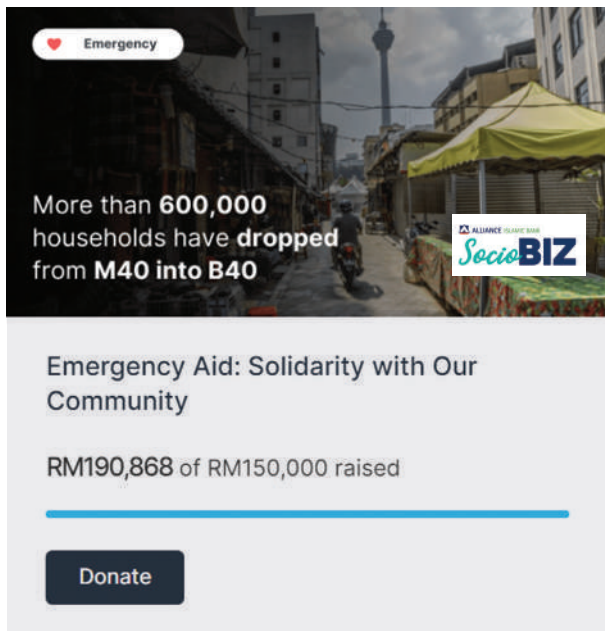
During the year under review, we partnered with Yayasan Pembangunan Ekonomi Islam Malaysia (“YaPEIM”) to raise funds for their beneficiaries, helping them to start or expand their business.

Since the inception of SocioBiz, we have rolled out over 32 campaigns and jointly raised over RM1.5 million. We continued to expand our platform in FY2022 to help social enterprises obtain alternative funding opportunities for their initiatives.



Team Genesys from Universiti Tun Hussein Onn Malaysia won the EcoBiz Challenge 4.

SUSTAINABILITY STATEMENT



Solidarity with the Community Programme

In October 2021, the Bank successfully raised over RM190,000 through its “Solidarity with Our Community” campaign on SocioBiz to provide immediate relief to those who have lost their livelihood during the COVID-19 pandemic. We then matched our employees and the community’s fundraising efforts by providing a 2:1 match for every ringgit donated via SocioBiz.

We also worked with our charity partner, Yayasan Kebajikan Negara (“YKN”), to distribute 1,300 food boxes to individuals and families in need. Beneficiaries of this initiative included communities in *Program Perumahan Rakyat (PPR)* and the B40 segment, as well as organisations like *Persatuan Orang Buta Malaysia* and *Persatuan Ibu Tunggal*.

YaPEIM: Aid in Sabah under Alliance Bank HaRAP Programme

In response to the floods affecting several states across the country in May 2021, Alliance Bank initiated its new Humanitarian and Response Action Programme (“HaRAP”). Through HaRAP, we successfully raised over RM55,000 via SocioBiz to purchase safety and relief equipment for more than 1,000 victims affected by the floods in Kampung Gurama and Kampung Kuridak in Beaufort, Sabah.

We also partnered with Yayasan Pembangunan Ekonomi Islam Malaysia (“YaPEIM”) to extend the aid, which enabled clean water storage and future flood preparation. The funds covered the cost of four water tanks and four rescue boats.

With a total capacity of 36,000 gallons, the four water tanks provided the villagers with clean water supply. The four rescue boats were donated to the Beaufort Fire and Rescue Station to enable them to carry out search and rescue operations and deliver necessities during the flood season.

Emergency Flood Relief Campaign under Alliance Bank HaRAP Programme

In December 2021, we activated HaRAP again to raise funds to provide for general and immediate needs such as cash, food, infant formula and diapers to those affected by the floods. Our pledge to match the public’s contribution on a 3:1 ratio saw us raise over RM250,000 (including the Bank’s contribution) for the cause. In addition, we provided post-flood necessities such as cleaning equipment and materials to flood victims nationwide.

Supporting Social Enterprises via SocioBiz (PENJANA Social Impact Matching (SIM) Grant)

We also leveraged SocioBiz platform to help social enterprises apply for the Social Impact Matching (“SIM”) Grant by *Pelan Jana Semula Ekonomi Negara* (“PENJANA”). Managed by Malaysian Global Innovation and Creativity Centre (“MaGIC”), the SIM Grant pledged to match every ringgit raised through SocioBiz on a conditional one-for-one basis. At present, five social enterprises are listed on the SocioBiz platform under this initiative – Green Hero, Halaman Nurani, Klinik Kenit, Urban Farm Tech and WormingUp.

The project collaboratively raised over RM450,000 for these social enterprises. Furthermore, Klinik Kenit, Urban Farm Tech and WormingUp have successfully obtained the PENJANA SIM Grant to expand their businesses.

#BUYFORIMPACT Movement

The Bank continues to promote conscious buying behaviour and social innovation through its support for the #BUYFORIMPACT movement. Launched by MaGIC in 2020, the #BUYFORIMPACT initiative features innovative social enterprises that have positively impacted the community and the environment with their business.



Alliance Bank partnered The Hive to celebrate International Women's Day 2022.

To show its support, Alliance Islamic Bank has committed to purchase its event gifts from the social enterprises participating in the movement.

Economic Empowerment Programme

The Economic Empowerment Programme's objective is to help micro-entrepreneurs from the B40 segment improve their income through entrepreneurial and digital skills training.

In the year under review, 50 micro-entrepreneurs were equipped with practical knowledge on business innovation, marketing, customer analysis and financial management. The three-month mentorship programme helped participants improve their average income by over 300%. Participants also reported positive impacts for their family wealth, health, living standards and community after completing the programme.

Furthermore, 92% of the participants reported that they had used their increased income to improve their living standards and contribute to the community, while 90% said they could afford more nutritious food and access to healthcare. Additionally, 66% of participants cited a positive spill-over effect on their family's education as they could afford to buy school supplies and pay for their children's school fees.

Alliance Bank Celebrates Women Making a Difference in Our Community

In support of International Women's Day in FY2022, Alliance Bank collaborated with a sustainable female-owned business, The Hive Bulk Foods. The Hive is a zero-waste store that offers bulk whole foods option, cleaning products and a wide selection of eco-friendly personal care and lifestyle products. The Bank encouraged its employees to make sustainable purchases from The Hive Bulk Foods by making available special offers. We also supported the business directly by procuring gift items for our employee engagement initiatives.

Our Zakat Contribution

In FY2022, Alliance Islamic Bank allocated RM400,000 in zakat (Islamic tithes) to various beneficiaries, some of whom were identified by our partners, Yayasan Kebajikan Negara and Yayasan Pembangunan Ekonomi Islam Malaysia ("YaPEIM"). We channelled our contributions to disadvantaged communities affected by the COVID-19 pandemic and floods that occurred in our country in 2021.

We also collaborated with People Systems Consultancy to financially support asnaf entrepreneurs in growing their businesses. In addition, we worked together with YaPEIM to contribute zakat to fund the renovation of asnaf entrepreneurs' premises as well as to purchase equipment required to obtain the Halal certification for their businesses. We also made zakat contributions to help underprivileged students at Universiti Teknologi MARA pay for their outstanding tuition fees.

SUSTAINABILITY STATEMENT

Key Highlights of Initiatives and Impact Created

Initiatives During the Year	Impact/Milestones Achieved
Economic	<div> Supporting SMEs <ul style="list-style-type: none"> • BizSmart® Solution • #SupportLokal • Halal in One • BizSmart® Challenge </div> <div> <ul style="list-style-type: none"> • Enrolled over 200 partners into the BizSmart® Solution ecosystem • Supported over 100 small businesses • Provided over RM250 million in financing for participants • Supported 20 high-potential young businesses with financial and non-financial assistance </div>
	<div> Digitisation <ul style="list-style-type: none"> • e-KYC Solution • Branch-in-a-Tablet • Digital Loans • BizSmart® eTrade </div> <div> <ul style="list-style-type: none"> • Opened close to 7,700 digital CASA accounts and won four awards • Gained an additional 32% new-to-bank customers • Digital personal loans made up 34% of total personal loans bookings • Provided RM60 million in Digital SME loans • Enabled foreign currency transaction to over 85 countries • Accounted for over 40% of our total trade financing transactions • Won eight local and regional awards </div>
Environmental	<div> Responsible Lending & Financing <ul style="list-style-type: none"> • Announced prohibition of lending for coal-fired power plants, coal mines, and businesses that extract oil & gas via unconventional methods • Implemented ESG Screener Tool to categorise businesses based on BNM's CCPT guidelines • Established General RAC and four industry-specific RACs for ESG-sensitive sectors </div> <div> Operational Emissions <ul style="list-style-type: none"> • Established our operational GHG emissions baseline </div> <div> Energy Management <ul style="list-style-type: none"> • Reduced energy consumption by about 10% YOY </div> <div> Paper Usage <ul style="list-style-type: none"> • Print volume decreased by over 7% YOY </div>

Key Highlights of Initiatives and Impact Created (cont'd)

Initiatives During the Year		Impact/Milestones Achieved
Social	Workforce	
	• Performance Management	• Embedded sustainability metrics in the balanced scorecard
	• Voice of Employee Survey	• Achieved a score of 90% in the Sustainability Engagement Index
	• Fit@Alliance	• Conducted over 15 wellness webinars with close to 1,000 participants
	• Talent and Development	• Invested over RM5 million in employee development initiatives
	Customers	
	• Customer Satisfaction Measurement	• Recorded the best-ever composite NPS since FY2019 • Ranked second among banks in customer satisfaction for COVID-19 support measures in an independent study done in 2021
	Community	
	• AEIOU Programme	• Received more than 55,000 submissions from over 1,000 Malaysian schools
	• EcoBiz Challenge 4	• Almost 500 students from 30 universities joined the Challenge
	• SocioBiz and Community Initiatives	• Raised close to RM950,000 to support social enterprises, micro-entrepreneurs, and disaster and pandemic-relief initiatives
	• Economic Empowerment Programme	• Trained 50 micro-entrepreneurs, leading to an improvement in average income of over 300%
	• Zakat Contribution	• Contributed RM400,000 in zakat to support community initiatives

CONCLUSION

Alliance Bank will continue to engage in activities that will create long-term value for its stakeholders and communities. We made good progress in our sustainability agenda in FY2022, and have set plans to achieve our FY2025 goals. We will continue to embed sustainable practices across our operations and ensure transparent communications with our stakeholders.

VALUE CREATION BUSINESS MODEL

OUR VISION

The Preferred Bank of Business Owners

KEY INPUTS

OUR CAPITALS



FINANCIAL CAPITAL

- RM48.2 billion deposits from customers
- RM6.4 billion Shareholders' Equity
- Healthy funding position with liquidity coverage ratio at 155.1%
- Common Equity Tier 1 Ratio of 16.0%, Tier-1 Capital Ratio of 16.9%, and Total Capital Ratio of 21.0%



MANUFACTURED CAPITAL

- 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

- Over four decades of serving Malaysians' personal and business financial needs
- Applies Alliance Way principles, our differentiated customer engagement approach using empathy to understand the needs of our customers, and deliver the appropriate solutions in a fast and simple manner



HUMAN CAPITAL

- An equal opportunity employer with a diverse workforce; over half of the workforce are women
- Strong focus on employees' health and safety
- Empowered by a value-driven and customer-centric culture
- Enhanced hybrid Learning & Development framework that promotes continuous learning and progressive professional development



SOCIAL & RELATIONSHIP CAPITAL

- Extended Payment Relief Assurances and facilitated government-assisted loans to customers
- Collaborated with strategic partners to help businesses transform to be more sustainable
- Empowered SMEs and communities through various initiatives such as:
 - Economic Empowerment Programme for B40 small local businesses
 - AEIOU programme, financial literacy for primary schoolchildren
 - EcoBiz Challenge, youth sustainability entrepreneurial programme for tertiary students
 - SocioBiz, social crowdfunding platform to raise funds for disadvantaged individuals and social enterprises
 - Humanitarian and Response Action Programme (HaRAP) via SocioBiz to provide funds for community projects, e.g. flood relief assistance

OUR FY2026 STRATEGIC PRIORITIES



- Achieve SME Market Share of above 9%
- 70% Business Owners with Consumer Banking Relationships

OUR STRATEGIC APPROACH



- Acquire More Customers
- Deepen Engagement

OUR KEY STAKEHOLDERS



- Government, Policy Makers, Regulators
- Shareholders, Investors
- Customers

OUR BUSINESS ACTIVITIES



- Consumer Banking
- Digital SME Banking
- SME Banking
- Commercial Banking

OUR KEY ENABLERS



- IT Solutions
- Talent Management
- Branding & Marketing

OUR MATERIAL MATTERS



- Economic Performance
- Ethics & Compliance
- Product Stewardship
- Digitisation
- Customer Experience
- Customer Data Privacy
- Responsible Lending

OUR RISK MANAGEMENT



- Credit Risk
- Market Risk
- Funding & Liquidity Risk
- Operational Risk
- Technology Risk
- Sustainability Risk
- Regulatory Non-Compliance Risk

OUR VALUES

Integrity

Openness

Transparency

Fairness & Consistency

Respect & Humility

OUR MISSION

Building Alliances to Improve Lives

OUR OUTPUTS AND OUTCOMES

<ul style="list-style-type: none"> Return on Equity of above 10% Maintain Top Position in Customer's Net Promoter Score 	FINANCIAL CAPITAL <ul style="list-style-type: none"> Revenue at RM1.87 billion <ul style="list-style-type: none"> Net interest income improved 8.8% YOY Loans growth grew 4.6% YOY CASA ratio at 48.9%, remains at the top of the industry Pre-provision operating profit at RM1.04 billion, exceeding RM1 billion mark for second consecutive year 	<ul style="list-style-type: none"> Net profit after tax surged 60% YOY to RM573 million Return on equity is 9.2% Earnings per share is 37.0 sen Net asset value per share is RM4.14 Share price gained 42% YOY to RM3.76
<ul style="list-style-type: none"> Gain Efficiencies 	MANUFACTURED CAPITAL <ul style="list-style-type: none"> Acquired 56,000 new-to-bank customers, an increase of 50% over the previous year Doubled the number of business owner clients with personal banking relationships during the year Enhanced our suite of innovative digital solutions: <ul style="list-style-type: none"> First in Malaysia to offer in-app virtual credit card, the Alliance Bank Visa Platinum Virtual Credit Card, via a consumer lifestyle app Introduced Remote Wealth Application to enable customers for quick and convenient investment transactions authorisation Launched Digital SME Lending to help micro and small businesses grow; disbursed RM60 million in FY2022 	<ul style="list-style-type: none"> Improved BizSmart® eTrade to enable transactions in major currencies in over 85 countries; digital trade financing transactions constituted over 40% of total trade financing transactions Digital channels contributed 20% of our consumer banking acquisitions Digital personal loans accounted for almost 35% of total personal loans booking High penetration of digital transaction platforms: <ul style="list-style-type: none"> Close to 9% YOY increase in customers using BizSmart® and allianceonline digital platforms Digital transactions made up 75% of total customer transactions
<ul style="list-style-type: none"> Communities Employees 	INTELLECTUAL CAPITAL <ul style="list-style-type: none"> High customer satisfaction <ul style="list-style-type: none"> Top 2 in COVID-19 support measures among peer banks Highest-ever composite net promoter score 	<ul style="list-style-type: none"> Customer satisfaction score for BizSmart® Online Banking platform improved to 91% (FY2021: 77%) Won over 10 awards for digitisation efforts and supporting SMEs in the time of crisis
<ul style="list-style-type: none"> Corporate Banking Financial Markets Investment Banking Islamic Banking 	HUMAN CAPITAL <ul style="list-style-type: none"> 92% employee retention rate High employee satisfaction: <ul style="list-style-type: none"> Achieved 90% for Sustainable Engagement Index, above industry norms Employee well-being index improved to 89% Better communication index at 89% 	<ul style="list-style-type: none"> 85% of employees were able to balance work and personal commitments Invested over RM5 million in employee development initiatives; average learning hours per employee is 41 hours during the year
<ul style="list-style-type: none"> Capital Liquidity Proactive Risk & Credit Management 	SOCIAL & RELATIONSHIP CAPITAL <ul style="list-style-type: none"> Disbursed close to RM500 million in Targeted Relief & Recovery Facility Achieved over RM2 billion in new sustainable banking business Provided business support via BizSmart® Solution, #SupportLokal initiative, and Halal in One programme Contributed RM255 million in taxes and zakat Drove over 430,000 visits to small local business' site in two years via #SupportLokal Empowered micro-entrepreneurs in the B40 segment with training and mentoring: <ul style="list-style-type: none"> 92% of participants reported that the increased income helped improve living standards 	<ul style="list-style-type: none"> 90% participants cited they can now afford healthcare and better food 66% of participants reported positive spill-over effect on family's education Continued with AEIOU Programme, a financial literacy programme for schoolchildren in primary schools: <ul style="list-style-type: none"> Over 55,000 schoolchildren participated in the AEIOU Comic and e-Game Challenge Taught financial management lessons in over 1,000 schools Trained teachers from over 600 schools in financial literacy Sponsored over RM110,000 worth of school supplies to 1,000 schoolchildren via AEIOU Education Step-Up programme
<ul style="list-style-type: none"> ESG/Climate Impact Management Talent Attraction & Retention Learning & Development Employee Engagement & Wellness Diversity & Equal Opportunity Corporate Responsibility Sustainable Procurement 		
<ul style="list-style-type: none"> Shariah Non-Compliance Risk Strategic Risk Reputational Risk Model Risk Pandemic Risk Emerging/Evolving Risk 		

OUR KEY BEHAVIOURS

Commit to Excellence	Take Ownership	Collaborate	Understand & Act	Innovate & Simplify
----------------------	----------------	-------------	------------------	---------------------

FINANCIAL CALENDAR

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

ACTIVITIES	DATE
Announcement of Financial Results	
First Financial Quarter ended 30 June 2021	27 August 2021
Second Financial Quarter ended 30 September 2021	26 November 2021
Third Financial Quarter ended 31 December 2021	28 February 2022
Fourth Financial Quarter ended 31 March 2022	31 May 2022
Dividends	
First interim single tier dividend of 8.30 sen per share	
- Ex-Dividend Date	14 December 2021
- Entitlement Date	15 December 2021
- Payment Date	30 December 2021
Second interim single tier dividend of 10.20 sen per share	
- Ex-Dividend Date	16 June 2022
- Entitlement Date	17 June 2022
- Payment Date	30 June 2022
General Meeting	
Notice of 40th Annual General Meeting	4 July 2022
40th Annual General Meeting	4 August 2022

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 has endeavoured 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 2022 (“FY2022”) with reference to the following three (3) key principles of good corporate governance, in accordance with paragraph 15.25(1) of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“MMLR”) and paragraph 3.1A, Practice Note 9 of the Bursa Securities MMLR:

- (a) Board leadership and effectiveness;
- (b) Effective audit and risk management; and
- (c) Integrity in corporate reporting and meaningful relationships 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

BOARD LEADERSHIP AND EFFECTIVENESS

The Board’s Roles and Responsibilities

The Board holds 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, officers 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 (“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) Promote sustainability by embedding the appropriate environmental, social and governance considerations into 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 was last reviewed and revised by the Board on 25 November 2021 and is available on the Bank’s corporate website at www.alliancebank.com.my.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

In addition, the Board has set up a Conflict 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 conflicts or potential conflicts of interest they may have in relation to particular items of business. Directors absent themselves from discussions or decisions on those matters unless resolved otherwise by the remaining members of the Board.

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 Conflict of Interest Policy for Directors was last reviewed by the Board on 28 October 2020.

The Code of Conduct and Conflict of Interest Policy for Directors are available on the Bank's corporate website at www.alliancebank.com.my.

The Directors also adhere to the Code of Ethics for Company Directors established by the Companies Commission of Malaysia.

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 each scheduled Board meeting, 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 COVID-19-related matters, 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 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.

For FY2022, in line with the travel restrictions, social distancing and other measures to curb the spread of COVID-19 and its variants, all Board and Board Committee meetings during the financial year were held virtually by way of video conferencing.

The Chairman and Group CEO maintained frequent contact with each other and with the other Board members throughout the year outside of formal meetings.

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.

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 and corporate governance.

The Board has five (5) Board Committees comprised solely 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") and Group Sustainability Committee ("Group SC").

Among these Board Committees, the Group AC, Group NRC, Group RMC and Group SC operate on a Group basis covering the Bank and its two (2) principal subsidiaries, namely Alliance Islamic Bank Berhad ("AIS") and Alliance Investment Bank Berhad ("AIBB") (collectively, "the Group").

Each Board Committee has its respective Terms of Reference, which are 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 EXCO, Group AC, Group NRC, Group RMC and Group SC are available on the Bank's website at www.alliancebank.com.my.

The Chairman of each Board Committee reports to the Board on salient matters discussed at the respective Board Committee meetings.

Executive Committee ("EXCO")

The EXCO supports the Board in credit matters. It reviews/vetoes loan/financing applications with total Group exposure that are above the defined threshold of the Group Management Credit Committee. It also reviews new/incremental AIS financing that exceeds the 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 Bank Negara Malaysia's ("BNM") Guidelines on Credit Transactions and Exposures with Connected Parties ("BNM/GP 6").

The EXCO also reviews strategic investments or divestments as well as the Bank's strategies and business plans for recommendation to the Board where applicable and oversees their implementation.

The Terms of Reference of the EXCO were last reviewed and revised by the Board on 29 July 2021.

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 and 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 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 were last reviewed and revised by the Board on 25 May 2021.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 actively oversees the design and operation of the Bank’s remuneration system. It periodically reviews the remuneration of Directors on the Board, and whether the remuneration remains appropriate to each Director’s contributions, taking into account the level of expertise, commitment and responsibilities undertaken.

Group Risk Management Committee (“Group RMC”)

The Group RMC oversees the Senior Management’s activities in managing risks, (which cover, among others, credit, market, liquidity, operational, compliance, legal, IT/Cyber, sustainability and other risks), as well as ensures compliance with regulations. This includes ensuring a sound risk strategy and that the risk management framework is functioning 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, policies and methodologies, as well as related matters.

The Group RMC is also, responsible for overseeing technology-related matters, which including the following responsibilities, among other things:

- (a) Formulating the long-term IT strategic plan and ensuring the IT strategic plan supports the Group’s strategic business plan.
- (b) Approving and monitoring the performance of major IT initiatives and plans.

- (c) Ensuring the establishment of key performance indicators and service level agreements in measuring the performance of IT services delivered or received by the Group.

The Terms of Reference of the Group RMC were last reviewed and revised by the Board on 29 September 2021.

Group Sustainability Committee (“Group SC”)

The Group SC, which was set up on 1 July 2021, supports the Board by way of oversight for 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.

Board Size, Composition, Tenure and Independence

The Board has nine (9) members, which composed 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, professional services 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 regional as well as industry experience and other attributes.

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. With the number of Independent Directors making up more than 75% of the Board, this exceeds the requirement of BNM’s Policy Document on Corporate Governance to have a majority of Independent Directors at all times, as well as the requirement laid down in the 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 the Independent Directors of the Bank for FY2022, 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 interest of the Bank. The Board was also satisfied that each of them continued to fulfil the criteria set out in BNM's Policy Document on Corporate Governance, the MMLR and the Malaysian Code on Corporate Governance issued by the Securities Commission Malaysia.

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. 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, has taken steps to ensure that female candidates are given priority consideration in the selection and recruitment process for Directors towards achieving the gender diversity target of having 30% of the Board represented by women. As at the date of this report, the Board has two (2) female Directors making up 22% of the Board. The Board will continue in its endeavour to meet the gender diversity target of 30% women's representation on the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT LEADERSHIP – BOARD OF DIRECTORS



TAN SRI DATO' AHMAD BIN MOHD DON

Chairman of the Board
Independent Director of Alliance Bank
Member of Group Nomination & Remuneration Committee

74

Male

Malaysian

Date of Appointment to the Board of
Alliance Bank Malaysia Berhad:

1 February 2017

Academic/Professional Qualifications:

- Graduate Degree Economics and Business (Summa cum laude), 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 the 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 Pemas 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.

Tan Sri Dato' Ahmad is the Chairman of Malaysian Genomics Resource Centre Berhad (listed on Bursa Malaysia). He is also an Independent Director of Medi Lifestyle Limited (formerly known as IEV Holdings Limited) (Singapore) (listed on the Singapore Stock Exchange).



LEE BOON HUAT

Senior Independent Director of Alliance Bank
Chairman of Group Risk Management Committee
Member of the Executive Committee

64

Male

Singaporean

Date of Appointment to the Board of
Alliance Bank Malaysia Berhad:

7 April 2015

Academic/Professional Qualifications:

- 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 serves on the Board of British and Malayan Holdings Limited (listed on the Singapore Exchange), Technological and Commercial Joint-stock Bank (listed on the Ho Chi Minh City Stock Exchange), and several other private corporations.



WONG YUEN WENG ERNEST

Non-Independent Non-Executive Director of Alliance Bank
Chairman of the Executive Committee
Member of Group Nomination & Remuneration Committee

77

Male

Singaporean

Date of Appointment to the Board of
Alliance Bank Malaysia Berhad:

1 September 2021

Academic/Professional Qualifications:

- 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 and its Executive Committee before leaving UOB in 2000 to join Mediacorp Pte Ltd as its Group CEO and later as Chairman. While in 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 and Chairman, Investment/Endowment Fund Committee of Nanyang Technological University for 17 years, Board Member of the Economic Development Board (EDB) and President-Commissioner of Bank Internasional Indonesia (BII) TBK.

Mr Wong currently serves as Chairman of Fullerton Financial Holdings Pte Ltd, MattCapital Pte Ltd and A. Menarini AsiaPacific Holdings Pte Ltd, and as a Non-Independent Non-Executive Director of Pavilion Capital Holdings Pte Ltd in Singapore.



LEE AH BOON

Non-Independent Non-Executive Director of Alliance Bank
Chairman of the Board of Alliance Investment Bank Berhad
Member of the Executive Committee
Member of Group Risk Management Committee

71

Male

Singaporean

Date of Appointment to the Board of
Alliance Bank Malaysia Berhad:

18 April 2012

Academic/Professional Qualifications:

- Bachelor of Accounting (Honours), National University of Singapore

Mr Lee Ah Boon joined Citibank Singapore in 1990 and held various Consumer Banking roles including that of Chief Financial Officer, Senior Operations Officer, Head of Credit Card business and Business Manager. In 2005, he started up Citibank's Consumer Business in China and returned to Singapore as Regional Operations Head of Citibank. He then moved to Barclays Bank in early 2009 as its International Technology Head for the Global Retail and Commercial Bank businesses.

In September 2010, Mr Lee left Barclays Bank and joined Fullerton Financial Holdings (International) Pte Ltd, a subsidiary of Temasek Holdings (Private) Limited, as its Chief Operating Officer. He remained for three years until his retirement in November 2013.

Mr Lee is currently the Chairman of Alliance Investment Bank Berhad. He is also an Advisor of Fullerton Financial Holdings (International) Pte Ltd.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

LEADERSHIP – BOARD OF DIRECTORS



DATUK WAN AZHAR BIN WAN AHMAD

Independent Director of Alliance Bank
Chairman of the Board of Alliance Islamic Bank Berhad
Member of the Executive Committee
Member of Group Audit Committee
Member of Group Nomination & Remuneration Committee

63

Male

Malaysian

Date of Appointment to the Board of Alliance Bank Malaysia Berhad:
7 April 2015

Academic/Professional Qualifications:

- 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 is a Consultant to the World Bank, undertaking projects relating to SME financing in the Middle East since appointed in 2015.

Datuk Wan Azhar is currently the Chairman of Alliance Islamic Bank Berhad. He is also the Chairman of the Small Debt Resolution Committee (SDRC) at Bank Negara Malaysia.



TAN CHIAN KHONG

Independent Director of Alliance Bank
Chairman of Group Audit Committee
Member of the Executive Committee

66

Male

Singaporean

Date of Appointment to the Board of Alliance Bank Malaysia Berhad:
26 September 2017

Academic/Professional Qualifications:

- 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 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 Casino Regulatory Authority of Singapore, a statutory board in Singapore. He is a member of Rules Change Panel of Energy Market Company Pte Ltd, and volunteers as the Honorary Executive Director of Trailblazer Foundation Ltd and as Honorary Treasurer of Methodist Welfare Services.



SUSAN YUEN SU MIN

Independent Director of Alliance Bank
Chairman of Group Nomination & Remuneration Committee
Chairman of Group Sustainability Committee

62

Female

Malaysian

Date of Appointment to the Board of Alliance Bank Malaysia Berhad:
15 October 2018

Academic/Professional Qualifications:

- 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 and Maxis Collections Sdn Bhd.



LUM PIEW

Independent Director of Alliance Bank
Member of Group Risk Management Committee

53

Male

Malaysian

Date of Appointment to the Board of Alliance Bank Malaysia Berhad:
1 July 2020

Academic/Professional Qualifications:

- Bachelor of Science (Computer Science), National University of Singapore, Singapore

Mr Lum Piew has over 28 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, systems 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 Clouaron Group Berhad which is listed on Bursa Malaysia.

CORPORATE GOVERNANCE OVERVIEW STATEMENT LEADERSHIP – BOARD OF DIRECTORS



CHERYL KHOR HUI PENG

Independent Director of Alliance Bank
Member of Group Audit Committee
Member of Group Sustainability Committee

48

Female

Malaysian

Date of Appointment to the Board of
Alliance Bank Malaysia Berhad:
1 June 2021

Academic/Professional Qualifications:

- 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 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 Kuala Lumpur Kepong Berhad, Hong Leong Industries Berhad and VSTECS Berhad (listed on Bursa Malaysia) and Chubb Insurance Malaysia Berhad.



MAZIDAH BINTI ABDUL MALIK

Independent Director of Alliance Investment Bank Berhad
Member of Group Risk Management Committee

63

Female

Malaysian

Date of Appointment to the Board of
Alliance Investment Bank Berhad:
18 January 2016

Academic/Professional Qualifications:

- 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

Puan Mazidah binti Abdul Malik has over 30 years 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 Office in New York with a portfolio of managing US dollar reserves and establishing close contacts with the Federal Reserves Bank of New York, other central banks and Malaysia missions.

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, Puan 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.

Puan Mazidah serves as an Independent Director of Prudential BSN Takaful Berhad.

**DATIN OOI SWEE LIAN**

Independent Director of Alliance Investment Bank Berhad

61

Female

Malaysian

Date of Appointment to the Board of Alliance Investment Bank Berhad:

1 November 2018

Academic/Professional Qualifications:

- Bachelor of Economics (Honours) in Business Administration, University of Malaya

Datin Ooi Swee Lian has over 30 years of working experience in the banking industry including seven years overseas. She began her banking career in the Lending Division of Malayan Banking Berhad in 1983. In 1986, she went abroad and furthered her banking exposure with Llyods Bank, Hong Kong and Indover Asia Limited, Hong Kong.

Datin Ooi joined RHB Bank Berhad in 1994 and has held various senior positions in commercial/corporate and transaction banking. She was appointed as the Executive Vice President and Head of Group Business Banking and Transaction Banking in 2014, and held the position till December 2017.

**TUAN HAJI IBRAHIM BIN HASSAN**Independent Director of Alliance Islamic Bank Berhad
Member of Group Risk Management Committee

66

Male

Malaysian

Date of Appointment to the Board of Alliance Islamic Bank Berhad:

1 September 2016

Academic/Professional Qualifications:

- Bachelor of Economics (Hons), 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.

Tuan Haji Ibrahim serves as an Independent Director of Bank Pertanian Malaysia Berhad (AgroBank).

CORPORATE GOVERNANCE OVERVIEW STATEMENT

LEADERSHIP – BOARD OF DIRECTORS



DATO' AHMAD HISHAM BIN KAMARUDDIN

Independent Director of Alliance Islamic Bank Berhad
Member of Group Sustainability Committee

66

Male

Malaysian

Date of Appointment to the Board of
Alliance Islamic Bank Berhad:

15 February 2019

Academic/Professional Qualifications:

- 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 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 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.



TUAN HAJI RUSTAM BIN MOHD IDRIS

Independent Director of Alliance Islamic Bank Berhad
Member of Shariah Committee

59

Male

Malaysian

Date of Appointment to the Board of
Alliance Islamic Bank Berhad:

3 February 2020

Academic/Professional Qualifications:

- Bachelor of Business Administration, Universiti Kebangsaan Malaysia
- Certificate in Islamic Law, International Islamic University

Tuan Haji Rustam bin Mohd Idris 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 in 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.

ADDITIONAL INFORMATION ON THE DIRECTORS OF ALLIANCE BANK**(i) Directors' Interest in the shares of the Bank as at 31 March 2022**

None of the Directors have any interest in the shares of the Bank.

(ii) Family relationship

None of the Directors have any family relationship with the other Directors and/or major shareholders of the Bank.

(iii) Conflict of interest

None of the Directors have any personal pecuniary interests that are in conflict with the Bank or its subsidiaries.

(iv) List of convictions for offences and public sanctions or penalties

None of the Directors have been convicted of any offences within the past five (5) years (other than traffic offences) as at 31 March 2022, nor has any public sanction or penalty been imposed upon any of them by the relevant regulatory bodies during FY2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT LEADERSHIP – SENIOR MANAGEMENT



JOEL KORNEICH

Group Chief Executive Officer
Non-Independent Executive Director of Alliance Islamic Bank Berhad

56

Male

Belgian

Joined: **1 January 2015**

Appointment to Current Position: **1 January 2015**
(Group Chief Executive Officer), **10 October 2017**
(Director of Alliance Islamic Bank Berhad)

Academic/Professional Qualifications:

- Master of Science in Business Engineering, *magna cum laude*, Solvay Business School, Brussels, Belgium

Mr Kornreich has over 31 years of experience in the financial services industry. Before joining Alliance Bank, he spent 20 years with Citigroup in various roles around the world. His last position with Citigroup was as Country Business Manager of Citibank Global Consumer Group, South Korea. Previously, he had served as the Chief Executive Officer for Spain, Belgium and Greece, and managed Citigroup's Consumer Banking businesses in Indonesia and Russia. Prior to this, Mr Kornreich was Citigroup's Marketing Director, and Head of Mortgages and Liabilities for Asia Pacific, as well as Retail Banking Head for Singapore.

Earlier in his career, he was with ABN AMRO Bank's Consumer Banking business as Head of Sales and Distribution for Asia, and Consumer Banking business manager for Indonesia and Hong Kong.

In his role as Group Chief Executive Officer, Mr Kornreich is responsible for developing the strategic direction of the Bank, and to ensure that the Bank's strategies and corporate policies are effectively implemented.

He also ensures that the Board's directions are implemented, and together with the Board, promote a sound corporate culture which reinforces ethical, prudent and professional behaviour.



KONG KIM YIHE

Group Chief Operating Officer

58

Male

Malaysian

Joined: **23 March 2016**

Appointment to Current Position: **23 March 2016**

Academic/Professional Qualifications:

- Master of Business Administration, National University of Singapore
- Bachelor of Engineering (Hons), National University of Singapore
- Fellow, Life Management Institute, USA

Mr Kong has more than 31 years of experience in technology-related operations in the financial services industry. He previously served with CIMB Bank and Phileo Allied Bank. He has also worked in non-financial services sectors with a global IT company and a multinational insurance company. Prior to joining Alliance Bank, Mr Kong was the Group Chief Technology Officer of The Edge Media Group.

As Group Chief Operating Officer, Mr Kong oversees areas related to banking operations and information technology.

**GAN PAI LI**

Group Chief Consumer Banking Officer

50

Female

Malaysian

Joined: **1 August 2019**Appointment to Current Position: **1 August 2019****Academic/Professional Qualifications:**

- Master of Business Administration, University of Manchester, UK
- 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 25 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.

**ERNEST KWONG KAH WAH**

Group Chief SME & Commercial Banking Officer

48

Male

Malaysian

Joined: **10 November 2006**Appointment to Current Position: **1 June 2021****Academic/Professional Qualifications:**

- Bachelor of Arts in Business Administration (Hons) majoring in Finance, Universiti Utara Malaysia

Mr Kwong joined Alliance Bank as Head of Remedial Management before moving on to several other roles in credit, recovery and sales within the business banking segment. He has over 25 years of experience in the SME and Commercial segments at both local and international financial institutions. Prior to his current appointment, Mr Kwong was the Group Chief SME Banking Officer.

Mr Kwong was instrumental in revamping the Bank's financial programmes, leading a team to assess the viability and relevance of SME programmes at every business life stage.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

LEADERSHIP – SENIOR MANAGEMENT



JEFF THAM KOK KUEN

Group Chief Corporate Banking & Business Development Officer

53

Male

Malaysian

Joined: **6 July 2015**

Appointment to Current Position: **1 June 2021**

Academic/Professional Qualifications:

- Bachelor of Business (Distinction), Curtin University of Technology, Australia

Mr Tham has 28 years of experience in the financial services industry. Prior to joining Alliance Bank, he was attached to HSBC Malaysia and UOB Malaysia. His previous experience covered various roles encompassing commercial and corporate banking, credit underwriting, trade services, and business management.

Mr Tham's current role includes driving the growth of corporate banking, trade finance and cash management, and building strategic partnerships to deliver better customer value.



TAN ENG KIANG

Group Chief Financial Markets Officer

58

Male

Malaysian

Joined: **14 July 2014**

Appointment to Current Position: **25 November 2014**

Academic/Professional Qualifications:

- Professional Qualification, Chartered Institute of Management Accountants, UK
- 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.

**MICHAEL NG CHOW HON**

Chief Executive Officer, Alliance Investment Bank Berhad

57

Male

Malaysian

Joined: **4 March 2015**Appointment to Current Position: **21 April 2020****Academic/Professional Qualifications:**

- Bachelor of Science in Business Administration and Finance, University of Wisconsin, USA

Mr Ng joined Alliance Investment Bank Berhad as Head of Debt Capital Markets in March 2015 before being appointed Chief Executive Officer in April 2020. He has over 31 years of experience in the banking industry, with a core focus on debt capital markets in several investment banks. Before joining Alliance Bank, he was Director of Debt Capital Markets at RHB Investment Bank.

As Chief Executive Officer, Mr Ng is responsible for the investment bank's business direction and priorities. This includes driving the execution of business and operational strategies, with effective control functions to achieve financial and corporate objectives.

**RIZAL IL-EHZAN FADIL AZIM**

Chief Executive Officer, Alliance Islamic Bank Berhad

51

Male

Malaysian

Joined: **12 November 2012**Appointment to Current Position: **1 August 2017****Academic/Professional Qualifications:**

- Bachelor of Science (Hons), University of Warwick, UK

En Rizal's career of over 27 years 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

52

Male

Malaysian

Joined: **16 July 2020**

Appointment to Current Position: **16 July 2020**

Academic/Professional Qualifications:

- Chartered Accountant of the Malaysian Institute of Accountants (MIA)
- Certified Public Accountant of the Malaysian Institute of Certified Public Accountants (MICPA)
- Bachelor of Accounting (Hons), Universiti Malaya

Mr Fernandiz brings with him 28 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 Malaysia 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.



DR AARON SUM WEI WERN

Group Chief Strategy, Marketing & Business Development Officer

44

Male

Malaysian

Joined: **6 December 2010**

Appointment to Current Position: **10 August 2019**

Academic/Professional Qualifications:

- PhD in Engineering, University of Nottingham, UK
- Bachelor of Engineering, University of Manchester, UK

Dr Sum has more than 22 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, Dr Sum worked on large-scale transformation programmes with banks across the ASEAN region.

**PETER FONG SEOW LOONG**

Group Chief Credit Officer

54

Male

Malaysian

Joined: **10 February 2014**Appointment to Current Position: **1 October 2014****Academic/Professional Qualifications:**

- Bachelor of Arts in Economics, University of Leicester, UK
- 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 32 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.

**JACOB ABRAHAM**

Group Chief Risk Officer

54

Male

Malaysian

Joined: **15 April 2021**Appointment to Current Position: **15 April 2021****Academic/Professional Qualifications:**

- Master of Business Administration, University of Liverpool, United Kingdom
- Chartered Banker, Asian Institute of Chartered Bankers (AICB)

Mr Jacob has more than 27 years of working experience in risk management. He began his career with BNY Mellon Bank, USA. Upon returning to Malaysia, he joined Aseambankers Berhad (now known as Maybank Investment Bank) as the Head of Risk Management. In 2001, Mr Jacob transferred to Maybank 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. His last position was Chief Risk Officer, Group Global Banking .

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

LEADERSHIP – SENIOR MANAGEMENT



KHIM TAN PUEH KHIM

Group Chief Human Resource Officer

54

Female

Malaysian

Joined: **11 September 2019**

Appointment to Current Position: **11 September 2019**

Academic/Professional Qualifications:

- Master of Business Administration, Victoria University, Australia
- Bachelor of Arts in Communication, Universiti Kebangsaan Malaysia
- Associate Certified Coach (ACC), International Coach Federation (ICF)

Khim has over 25 years of experience in Human Capital Management, specialising in talent management, leadership development, and organisational effectiveness. She has held senior roles encompassing the financial sector, international professional services, information technology, fast-moving consumer goods, and financial retailing across local and Asia-Pacific region.

In the course of her career, Khim has served at local conglomerates and large multi-national companies including AIA Malaysia, British American Tobacco, PricewaterhouseCoopers, Maybank, and TA Enterprise.



SHAMITA ATPUTHARAJA

Group Chief Internal Auditor

42

Female

Malaysian

Joined: **19 January 2015**

Appointment to Current Position: **1 January 2022**

Academic/Professional Qualifications:

- Chartered Accountant (CA), Malaysian Institute of Accountants
- Association of Chartered Certified Accountants (ACCA)
- Chartered Banker, Chartered Banker Institute (UK) and Asian Institute of Chartered Bankers (AICB)
- Certification for Bank Auditors (CBA), AICB
- Certificate in Internal Auditing for Financial Institutions (CIAFIN), AICB

Ms Shamita has spent most of her 21 years of audit experience in the banking sector. She is also the Head of Business, Shared Services, Subsidiaries & Shariah Audit, Group Internal Audit. Prior to joining Alliance Bank, she was attached to the internal audit function of Kenanga Investment Bank Berhad and RHB Investment Bank Berhad.

As the Group Chief Internal Auditor, Ms Shamita leads the Group Internal Audit to provide independent, objective assurance and consulting services. She reports functionally to the Group Audit Committee and administratively to the Group Chief Executive Officer.



JAMES TEH CHYE SEONG

Group Chief Compliance Officer

43

Male

Malaysian

Joined: **1 November 2018**

Appointment to Current Position: **1 February 2019**

Academic/Professional Qualifications:

- Bachelor of Jurisprudence (Hons), Universiti Malaya

Mr Teh joined Alliance Bank as the Head of Business Compliance and Control for Group Consumer Banking. He has over 16 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.



LEE WEI YEN

Group Company Secretary

57

Male

Malaysian

Joined: **1 April 2004**

Appointment to Current Position: **1 December 2004**

Academic/Professional Qualifications:

- 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 31 years of experience in the corporate secretarial function, Mr Lee has a strong background in corporate actions of public listed companies and wide exposure in the management and financial services industry.

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.

He facilitates the annual Board performance assessment process and the effective communication and flow of information between the Board and Senior Management. He also facilitates the induction of new Directors, and the continuous training and development of Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

LEADERSHIP – SENIOR MANAGEMENT

Notes:

None of the Bank's Senior Management Team have:

- Any family relationship with any Directors and/or major shareholders of the Bank.
- Any personal pecuniary interests that are in conflict with the Bank or its subsidiaries.
- Any conviction of any offence within the past five (5) years (other than traffic offences) as at 31 March 2022.
- Any public sanction or penalty imposed upon him/her by the relevant regulatory bodies during FY2022.

Save as disclosed below, none of the other Senior Management have any interest in the shares of the Bank as at 31 March 2022:

Name	No. of Alliance Bank shares held as at 1 April 2021				No. of Alliance Bank shares held as at 31 March 2022			
	Direct	%	Indirect	%	Direct	%	Indirect	%
Aaron Sum Wei Wern	146,200	0.01	-	-	146,200	0.01	-	-
Ernest Kwong Kah Wah	122,300	0.01	-	-	97,300	0.01	-	-
Ronnie Royston Fernandiz	-	-	2,000	*	-	-	2,000	*
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	*	-	-
Tan Eng Kiang	79,600	0.01	-	-	79,600	0.01	-	-

Notes:

- * Negligible

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 in 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 or officers and the Directors Register maintained by the Financial Institutions Directors' Education ("FIDE") Forum and other leadership development and consulting organisations.

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) Not be disqualified under section 59(1) of the Financial Services Act 2013;
- (b) Comply with the fit and proper requirements of the Bank;
- (c) Not have any competing time commitments that impair his/her ability to discharge his/her duties effectively;
- (d) Not be an active politician;
- (e) Not be a partner of a firm that has been appointed as the external auditors of the Bank or any of the firm's officers directly involved in the engagement

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

- (f) Preferably, at a minimum, holds a degree qualification and/or other equivalent qualification(s) 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.

Board and Board Committee Meetings

Directors are required to attend at least 75% of all Board/Board Committee meetings held during each financial year. All Board and Board Committee meetings held during FY2022 were by way of video conferencing to limit face-to-face contact during the COVID-19 pandemic period.

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, is 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 secure Board portal that the Directors can access through their tablets or laptops. This initiative 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.

In total, the Board met 15 times during FY2022, 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 has been affirmed by their attendance at the Board and Board Committee meetings held during FY2022, as reflected below:

Directors	Designation/Independence	Alliance Bank Board	EXCO	Attendance Board Committee			
				Group AC ⁽¹⁾	Group RMC ⁽¹⁾	Group NRC	Group SC
Tan Sri Dato' Ahmad bin Mohd Don	Chairman, Independent Director	15/15	-	-	-	18/18	-
Lee Boon Huat	Senior Independent Director	15/15	12/12	-	19/19	-	-
Lee Ah Boon ⁽²⁾	Non-Independent Non-Executive Director	15/15	12/12	-	10/10	10/10	-
Datuk Wan Azhar bin Wan Ahmad	Independent Director	15/15	12/12	11/11	-	18/18	-
Ho Hon Cheong ⁽³⁾	Non-Independent Non-Executive Director	5/5	-	4/4	8/8	-	-
Tan Chian Khong	Independent Director	15/15	12/12	11/11	-	-	-
Susan Yuen Su Min	Independent Director	15/15	-	-	-	18/18	5/5
Lum Piew	Independent Director	15/15	-	-	19/19	-	-
Cheryl Khor Hui Peng ⁽⁴⁾	Independent Director	12/12	-	8/8	-	-	5/5
Wong Yuen Weng Ernest ⁽⁵⁾	Non-Independent Non-Executive Director	9/9	6/6	-	-	9/9	-
Tuan Haji Ibrahim bin Hassan	Independent Director of Alliance Islamic Bank Berhad	-	-	-	19/19	-	-
Dato' Ahmad Hisham bin Kamaruddin	Independent Director of Alliance Islamic Bank Berhad	-	-	-	-	-	5/5
Mazidah binti Abdul Malik	Independent Director of Alliance Investment Bank Berhad	-	-	-	19/19	-	-

Notes:

⁽¹⁾ Including one joint meeting between Group RMC and Group AC.

⁽²⁾ Appointed to Group RMC on 1 October 2021 and stepped down as a member of Group NRC on 31 October 2021.

⁽³⁾ Ceased to be a member of Group GAC and Group RMC respectively following his retirement from the Board on 25 August 2021.

⁽⁴⁾ Appointed to Group AC on 1 June 2021.

⁽⁵⁾ Appointed to the EXCO and Group NRC on 1 October 2021.

WHAT THE BOARD DID IN FY2022

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.

Amidst the COVID-19 pandemic in FY2022, the Board took on a highly active oversight role on Management's initiatives to ensure business continuity and to keep employees and customers safe.

Key Activities of the Board During FY2022



Strategy

- Reviewed the strategy and key priorities of managing the impact of COVID-19.
- Reviewed and approved the business strategies and business plans proposed by Management.
- Reviewed and approved the annual budget and capital management plan.
- Reviewed the Bank's Digitisation Strategy and forward-looking IT Strategy.
- Reviewed the progress of the Group's Sustainability Strategy.



People

- Approved the appointment and reappointment of members on the Board/Board Committees.
- Reviewed the composition of the Group Board Committees.
- Reviewed the empowerment and streamlining of management committees.
- Reviewed and approved human capital/training framework and policies.
- Received monthly updates on the movement of key Management staff.
- Reviewed and assessed the fitness and propriety of Key Responsible Persons.
- Reviewed and approved the Group annual remuneration allocation and compensation proposals, including compensation for the Group CEO.
- Reviewed and approved the Annual Board Development Plan.



Performance

- Reviewed business and financial performance against targets and objectives.
- Reviewed and approved the quarterly financial results, the Annual Audited Financial Statements and Internal Capital Adequacy and Assessment Process ("ICAAP") Reporting as well as Basel II Pillar 3 Reporting.

- Reviewed and approved the dividend proposals.
- Reviewed and approved the Group Corporate Scorecard and Group CEO Scorecard.
- Assessed and approved the Year-End Group Corporate Scorecard and Group CEO Scorecard performance.
- Reviewed and approved the performance rating of the Group CEO.
- Reviewed the results of the annual Board Effectiveness Assessment.



Governance

- Set up the Group Sustainability Committee with the relevant governance structure to drive the Bank's ESG objectives and action plans.
- Reviewed the Group Corporate Governance Framework.
- Set up the COVID-19 Executive Committee and Special COVID-19 Task Force as well as provided oversight on the management of the post-moratorium effect during the COVID-19 pandemic period.
- Reviewed the monthly Group Compliance and Group Integrated Risk Management reports.
- Reviewed and approved the action plans and responses to BNM's Composite Risk Rating and its quarterly progress updates.
- Reviewed the governance-related frameworks and policies.
- Reviewed the sustainability-related frameworks and policies.
- Reviewed and approved regulatory reporting.
- Received project updates on the Bank's Compliance Culture, IT Strategy, System enhancement/automation, Recovery Planning.
- Received updates on identified thematic topics including the sustainability framework, risk management tools on sustainability, regulatory compliance risk, etc.

CORPORATE GOVERNANCE OVERVIEW STATEMENT – BOARD EFFECTIVENESS

Key Activities of the Board During FY2022

➤ EXCO

- Reviewed/vetoed new/incremental loans/financings with total group exposure above the defined threshold approved by the Group Management Credit Committee and AIS Management Credit Committee.
- Reviewed and approved credit transactions/exposure with connected parties classified under BNM/GP6 Guidelines.
- Reviewed watch list accounts that represented a significant increase in credit risk to the Bank.
- Reviewed and ratified low-value personal consumption facilities granted to connected parties.
- Reviewed and approved the write-off of impaired loans.
- Reviewed the financing of vacant land intended for future development.
- Reviewed and approved the expenditure for the proposed disposal of the Bank's building.

➤ Group AC

- The Group AC's activities during FY2022 are summarised in the Group AC Report. More information can be found on pages 84 to 87.

➤ Group NRC

- Reviewed the composition of the Board, Board Committees and principal subsidiaries' boards.
- Reviewed the composition of the Boards as part of the Directors' Succession Planning process of the Group.
- Reviewed the succession plan of the Shariah Committee.
- Assessed and recommended to the Board new appointments/reappointments of Directors and Shariah Committee members including the Fitness and Propriety Assessment.
- Assessed and recommended to the Board the re-election of Directors at the annual general meeting.
- Assessed and approved new appointments and the remuneration of Senior Management staff including the Fitness and Propriety Assessment.

- Reviewed and recommended to the Board the results of the annual Board Effectiveness Assessment including the effectiveness of the Board as a whole, the Board Committees and the contributions of each individual Director, as well as the annual assessment of the overall effectiveness of the Shariah Committee and the contribution of each individual Shariah Committee member.
- Reviewed the fitness and propriety of the Directors, Group CEO of the Bank, CEOs of principal subsidiaries, Senior Management and Group Company Secretary as well as the independence of Independent Directors.
- Reviewed the remuneration for Non-Executive Directors.
- Reviewed and recommended to the AIS Board the Remuneration Policy for Shariah Committee Members.
- Assessed and recommended to the Board the performance score of the Group Corporate Scorecard.
- Reviewed and recommended to the Board the Annual Board Development Plan.
- Assessed and recommended to the Board the performance rating of the Group CEO.
- 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 and CEOs of principal subsidiaries.
- Reviewed and approved the compensation for Senior Management and other Material Risk Takers as well as staff incentive schemes.
- Reviewed whistle-blower cases.
- Reviewed the Bank's Talent Management programme.
- Reviewed the Group CEO and his Direct Reports' Succession and Development Plan.
- Reviewed and recommended the establishment of the Group Sustainability Committee to the Board.
- Approved the engagement of the external consultant to facilitate the annual Board Effectiveness Evaluation exercise for FY2022.

Group RMC

- Reviewed and approved the risk exposure parameters and risk management frameworks, policies, models, methodologies and product programmes. This included COVID-19-related policies such as the Payment Relief Assistance Policy.
- Reviewed the corrective action plans for BNM's Composite Risk Rating/regulatory audit issues, regulatory breaches and regulatory gaps analysis.
- Reviewed and received updates on Management's actions to address BNM's recommendations in relation to possible data leaks involving credit reporting agencies.
- Reviewed and received updates on the progress of the Bank's Recovery Planning Project.
- Reviewed and approved stress test parameters and results. This included the industry-wide Bottom-up Stress Test.
- Provided risk clearance on business/digital initiatives such as the Virtual Credit Card, Digital SME and Facial Biometrics via allianceonline mobile initiatives.
- Reviewed the Strategic Competencies for Group Consumer Banking.
- Reviewed the Bank's Project Return on Investment.
- Reviewed and approved the Material Risk Assessment.
- Reviewed the List of Material Risk Takers.
- Reviewed the List of Higher Risk Products/Services.
- Reviewed and approved the appointment of new outsourced service providers and reviewed the renewal of outsourced service providers.
- Reviewed and approved the revised Sustainability Framework and Risk Management Initiatives on Sustainability.
- Reviewed and approved the Group Corporate Governance Framework.
- Reviewed and approved the Basel II Pillar 3 Reports, Internal Capital Targets, ICAAP assessment and capital planning and issuance.
- Reviewed and approved the Independent Model Validation Reports.
- Reviewed the Independent Credit Review Reports.
- Reviewed the Independent Risk Assessment on Remote Working Arrangements (work-from-home and co-locations) and approved the Remote Working Principles.
- Reviewed and received updates on Business Continuity Management.
- Reviewed and received updates on the Bank's Interbank Offer Rate ("IBOR") Transition to Alternative Risk Free Rates ("RFRs").
- Reviewed and received updates on the MFRS9 Model Review timeline.
- Reviewed and approved the Terms of Reference of the Management Risk Committee.
- Reviewed and approved the Group Compliance frameworks and policies.
- Reviewed and approved the Group Compliance Review Plans and Compliance Training and Culture Initiatives Plan.
- Reviewed and received updates on the status of the completion of Watchlist Management and Transaction Monitoring backlog alerts.
- Reviewed the secrecy breach investigation reports and Shariah Non-Compliance Event reports.
- Reviewed the role of the Second and Third Lines of Defence in managing the COVID-19 pandemic.
- Reviewed and received updates on Audit, Risk and Compliance Initiatives.
- Reviewed the Group Technology Strategy and received updates on the Key Strategic Projects for the Group.
- Reviewed and received updates on the status of Risk Management in Technology ("RMiT")-related projects.
- Reviewed and received updates on IT-related risk matters such as the End-of-Life Strategy, Production and Disaster Recovery Strategy, Strategic Cyber Security Review, Compromise Assessment Report and Strategic Permanent Corrective Plan – Independent Annual Architecture Review of Critical System.
- Received updates on the monitoring of the Bank's health via Risk Management, Technology Risk and Compliance Dashboards; Compliance Culture Initiatives and Portfolio Review Updates.
- Reviewed and assessed the performance of the Group Chief Risk Officer and Group Chief Compliance Officer and approved their compensation.
- Assessed and approved the fitness and propriety of the Group Chief Risk Officer and Group Chief Compliance Officer.

CORPORATE GOVERNANCE OVERVIEW STATEMENT – BOARD EFFECTIVENESS

► Group SC

- Reviewed the Sustainability Governance, Efforts and Priorities/Plans.
- Reviewed the Sustainability Linkage with the Bank's Strategy.
- Reviewed the Sustainability Topline goals.
- Reviewed the Sustainability Strategy to address known stakeholders' expectations.
- Reviewed the Sustainability Framework.
- Reviewed and received updates on Management's Approaches and Initiatives to achieve the Topline goals.
- Reviewed the ESG Screener Checklist and Palm Oil Risk Assessment Criteria ("RAC").
- Reviewed the Sustainability Communications Plan.
- Reviewed the ESG RAC for Mining & Quarrying, Oil and Gas, Forestry & Logging and General ESG RAC.
- Reviewed and recommended the adoption of Seven (7) ESG Commitments by the Association of Banks Malaysia to the Board.
- Reviewed enhancements to the Sustainability Framework.

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 contribution of each individual Director.

The Board has also adopted a policy in the Board Charter that calls for the Bank to engage external consultants at least every three (3) years to assist in and lend objectivity to the annual board evaluations.

For FY2022, the Board engaged an external independent consultant, KPMG Management & Risk Consulting Sdn Bhd ("KPMG MRC") to conduct the Board Effectiveness Evaluation ("BEE") exercise.

There were four (4) phases in the BEE exercise for FY2022 as follows:

Phase 1: Assessment Questionnaire

- Questionnaires were circulated by KPMG MRC to Directors for evaluation of the Boards, Board Committees, and individual Directors.
- Directors returned the duly completed questionnaires to KPMG MRC.

Phase 2: Interview Sessions

- All Board members and selected Senior Management personnel were interviewed by KPMG MRC.

Phase 3: Document Review

- Selected documents were reviewed by KPMG MRC to identify focus areas and corroborate preliminary observations.

Phase 4: Final Reporting and Presentation

- The Board Chairman and Group NRC Chairman were briefed by KPMG MRC before the Report was presented to the Group NRC and the Board respectively.

Findings from the BEE exercise for FY2022 show that the Board is governed by a clear-cut, pragmatic and effective group governance framework and that Board deliberations are conducted with a high level of rigour, professionalism and candour. In terms of the Board skill set mix, the Board is made up of highly skilled and experienced individuals from the respective areas of banking, finance, accounting, professional services, and IT consulting.

The suggested actions to be taken are mainly on process improvement and will not influence the Board composition.

FITNESS AND PROPRIETY ASSESSMENT

The Board, through the Group NRC, assessed the fitness and propriety of the Directors in accordance with the Group's Policy on Fitness and Propriety in conjunction with the annual Board effectiveness evaluation exercise. All Directors are required to complete a Fitness & Propriety Declaration annually. The Fitness & Propriety Declarations by the Directors are verified against independent sources.

For FY2022, the Board was satisfied that each of the Directors have met the required standard of fitness and propriety.

BOARD TRAINING AND DEVELOPMENT

The Board acknowledges the importance of continuous training for the Directors to gain insights and keep abreast of industry developments to further enhance their skills and knowledge in effectively discharging their roles and responsibilities. While the Directors are expected to have personal development skills to improve themselves, they 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 Directors are provided with the opportunity to attend relevant training programmes on an ongoing basis in areas relating to Islamic banking, corporate governance, compliance, risk management, anti-money laundering, anti-bribery and corruption, climate change, strategic issues, cyber and emerging risks and sustainability, 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.

The training needs of the Directors are assessed on a yearly basis by the Group NRC and a proposed 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 responsibility more effectively.

The Bank has in place an In-house Directors' Orientation Programme for newly appointed Directors to familiarise themselves with the Bank's operations 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. Upon appointment, a new Director will attend an in-house orientation programme within three (3) months of the appointment where he/she will be briefed on the Bank's operations and business strategies by the Senior Management to familiarise him/her with the Bank and the Group. Directors also receive guidance from the Group Company Secretary on the Bank's governance framework and associated policies, as well as their duties as Directors of the Bank.

During FY2022, the Directors attended various training programmes virtually. 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.

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.

The details of the remuneration received/receivable by each Director of the Bank in respect of FY2022 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 40th Annual General Meeting of the Bank to be held on 4 August 2022.

Senior Management

The Bank's Group 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

- AUDIT AND RISK MANAGEMENT

Directors' Responsibilities for the Preparation of the Annual Audited Financial Statements

Statements explaining the responsibilities of the Directors for the preparation of the Annual Audited Financial Statements for inclusion in the Annual Report can be found on page 106.

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 pages 94 to 95.

Anti-Bribery and Corruption

The Group adopts a zero-tolerance stance towards any acts of bribery and corruption and is committed to acting professionally, fairly and with integrity in all business dealings and relationships.

To complement the existing Code of Conduct, the Group in May 2020, established the Anti-Bribery and Corruption Policy, which outlines the key guiding principles and mitigating controls in place with regard to anti-bribery and corruption. The Policy is guided by the Guidelines on Adequate Procedures issued pursuant to Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009.

In line with the Group's commitment to this Anti-Bribery and Corruption Policy, the Group has also developed a Gifts and Entertainment Policy that outlines the broad standards of conduct in relation to giving or offering and receiving or accepting gifts and entertainment to and from external parties.

During FY2022, the Directors attended the in-house Anti-Bribery & Corruption eLearning Programme as part of the Board Development Plan.

GROUP AUDIT COMMITTEE REPORT

CHAIRMAN

Tan Chian Khong

Independent Director

MEMBERS

Datuk Wan Azhar bin Wan Ahmad

Independent Director

Cheryl Khor Hui Peng

Independent Director (*appointed as a member of Group AC on 1 June 2021*)

Ho Hon Cheong

Non-Independent Non-Executive Director
(*Ceased to be a member of the Group AC following his retirement from the Board on 25 August 2021*)

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 MMLR of Bursa Securities that states that the audit committee must be composed of not 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.

In the annual assessment of the effectiveness of the Board Committees for FY2022, the Board was satisfied that the Group AC and its members discharged their functions, duties and responsibilities in accordance with the Group AC's Terms of Reference to provide independent oversight of the Bank's internal and external audit functions and internal controls and in ensuring checks and balances within the Bank.

During FY2022, a total of eleven (11) Group AC meetings were held including one (1) joint meeting with the Group RMC to ensure the effective exchange of information between the two Board Committees.

The details of attendance of the Group AC members are as follows:

Name of Committee Members	Attendance	Percentage
Tan Chian Khong	11/11	100%
Datuk Wan Azhar Bin Wan Ahmad	11/11	100%
Cheryl Khor Hui Peng	9/9	100%
Ho Hon Cheong	4/4	100%

The Group AC meetings are also attended by the 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 supporting the Board in ensuring that there is a reliable and transparent financial reporting process within the Bank and its principal subsidiaries. During FY2022, 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, among others:
 - (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) Group AC Report for the financial year ended 31 March 2021; and
 - (ii) Group AC Report in respect of the Limited Review of the Group for the financial period ended 30 September 2021.
- Met two (2) times with the external auditors without the presence of Management for open discussions between the Group AC and external auditors on any issues of concern to the external auditors arising from their audits.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

- AUDIT AND RISK MANAGEMENT

- 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.

The details of the statutory audit, audit-related and non-audit fees paid/payable to the external auditors, PricewaterhouseCoopers PLT, and its affiliates for FY2022 are set out below:

Description	RM'000	
	Bank	Group
Statutory audit and audit-related services	1,782	2,335
Non-audit-related services	396	459

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 FY2022 was 19.6%.

- 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. Among the assessment criteria taken into account by the Group AC were:
 - 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 time frame agreed upon;
 - Independence, objectivity and professional scepticism; and
 - Ability to demonstrate an unbiased stance when interpreting the standards/policies adopted by licensed institutions.
 - Rotation of audit partner every five (5) years which complies with the Group's internal policy.

3. Internal Audit

- Reviewed with Group Internal Audit the internal audit plan to ensure the adequacy of scope, coverage and resources required to perform audits on the identified auditable areas.
- Reviewed and approved the GIA's Proposed Audit Plan.
- Reviewed and assessed the performance of the Group Chief Internal Auditor.
- Performed fitness and propriety assessment on the Group Chief Internal Auditor to ensure the fitness and propriety criteria set out in the Group Policy on Fitness and Propriety of Key Responsible Persons were met on a continuous basis.

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 and 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 MMLR.

5. Other Work

- Reviewed the Audit Committee Report and the Statement on Risk Management and Internal Control for the Board's approval and inclusion in the Annual Report.

GROUP INTERNAL AUDIT FUNCTION

The Group Internal Audit's primary role is to assist the Group AC to discharge 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 Group Internal Audit provides reasonable assurance that the system of internal controls continues to operate satisfactorily and effectively. The audits cover the review of the adequacy of risk management, internal controls, anti-corruption, whistle-blowing, governance processes, compliance with established procedures, guidelines and statutory requirements, quality of assets, application systems and management efficiency, among others.

The Group Internal Audit is headed by Ms Shamita Atputharaja ("Shamita"), the Group Chief Internal Auditor. Shamita took over this role in January 2022. She has more than 20 years of external and internal audit experience. Shamita is an Association of Chartered Certified Accountants ("ACCA")-qualified accountant, a Chartered Accountant with the Malaysian Institute of Accountants and a Chartered Banker with the Asian Institute of Chartered Bankers ("AICB") and the Chartered Banker Institute (UK). Shamita has also completed the Certificate in Internal Auditing for Financial Institutions ("CIAFIN") and Certification for Bank Auditors ("CBA") from the Asian Institute of Chartered Bankers.

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 Board. 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 regulatory guidelines, as well as the International Standards for the Professional Practices Framework ("Standards") issued by the Institute of Internal Auditors ("IIA") Malaysia. 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

– AUDIT AND RISK MANAGEMENT

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 with its initiatives to optimise the use of technology and increase the usage of data analytics tools 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 matter 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 33 audit personnel. During FY2022, the Group Internal Audit function incurred costs amounting to RM7.02 million.

The activities undertaken by Group Internal Audit in FY2022 included the following:

1. Established the annual audit plan for FY2022, 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.
3. Conducted audits as per the approved audit plan, as well as ad hoc reviews as requested by regulators or Management.
4. Attended meetings of the various management and working committees as a permanent invitee 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, Product Review Group, Product Operational Readiness Team and selected Project Steering Committees.
5. 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.
6. Involved as 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

– SHARIAH COMMITTEE

SHARIAH COMMITTEE OF ALLIANCE ISLAMIC BANK BERHAD

CHAIRMAN

Dr Tuan Badrul Hisyam bin Tuan Soh
(Appointed as Chairman on 1 June 2021)

Associate Professor Dr Badruddin bin Hj Ibrahim
(Re-designated as a member of the Shariah Committee on 1 June 2021 and subsequently retired on 31 March 2022)

MEMBERS

Ustaz Ahmad Fauwaz bin Ali @ Fadzil

Tuan Haji Rustam bin Mohd Idris

Professor Dr Muhamad Rahimi bin Osman

Assistant Professor Dr. Muhammad Naim bin Omar
(Appointed on 1 April 2022)

COMPOSITION AND TERMS OF REFERENCE

The Board of Alliance Islamic Bank Berhad (“AIS”) has established a Shariah Committee that comprises five (5) members who have the necessary qualifications, knowledge, expertise and experience in the Islamic banking industry. Four (4) of the Shariah Committee members have the necessary qualification in Islamic Jurisprudence while one (1) member has a qualification in Business Administration and experience as a central banker.

The primary roles and responsibilities of the Shariah Committee are as follows:

- Providing decisions or advice to the AIS on the application of any rulings of the BNM’s Shariah Advisory Council (“SAC”) or standards on Shariah matters that are applicable to the operations, business, affairs and activities of the AIS.
- Providing decisions or advice on matters that require a reference to be made to the SAC.
- Providing decisions or advice on any operations, business, affairs and activities of the AIS that may trigger a Shariah non-compliance event.

- Deliberating on and affirming a Shariah non-compliance finding by any relevant function.
- Endorsing rectification measures to address a Shariah non-compliance event.
- Endorsing Shariah-related policies and frameworks before they are approved by the Board.
- Approving procedures that complement policies and frameworks and product collaterals.
- Reviewing the AIS’ Value-Based Intermediaries’ (“VBI”) objectives and strategy to ensure they are in line with Shariah principles.
- Assessing the work carried out by Shariah Review and Shariah Audit.
- Endorsing zakat computation and distribution.

During FY2022, the Shariah Committee held thirteen (13) meetings including one joint engagement session with the AIS Board. The attendance of the members of the Shariah Committee was as follows:

Shariah Committee Member	Attendance	Percentage
Dr Tuan Badrul Hisyam bin Tuan Soh (Chairman)	13/13	100%
Associate Professor Dr Badruddin bin Hj Ibrahim	13/13	100%
Ustaz Ahmad Fauwaz bin Ali @ Fadzil	13/13	100%
Tuan Haji Rustam bin Mohd Idris	12/13	92%
Professor Dr Muhamad Rahimi bin Osman	12/13	92%

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 was 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 in Law from Newcastle University, United Kingdom, and a Master of Laws (LL.M) majoring in 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 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 have made him 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.

ASSOCIATE PROFESSOR DR BADRUDDIN BIN HAJI IBRAHIM

Member of the Shariah Committee

Associate Professor Dr Badruddin bin Haji Ibrahim was appointed as a Shariah Committee member of AIS on 15 June 2009 and assumed the role as Chairman on 1 April 2015. He retired on 31 March 2022. He currently serves as a lecturer at the Ahmad Ibrahim Kulliyah of Law, IIUM. While he specialises in the Islamic Law of Trust and Islamic Law of Property, he is also experienced in Islamic Jurisprudence, Islamic Legal Maxim, Maqasid al-Shariah, Islamic Law of Transaction and Islamic Family Law, having taught such subjects at IIUM for over a decade.

As an academic with a forte in Shariah law, his main interests are in the area of Islamic wealth, where he has embarked on many research activities under IIUM, his most recent research project being "Transaction Involving Unlawful Wealth under Islamic Law". Much of his work has been presented publicly in academic institutions and conferences in Malaysia, the United Kingdom, Indonesia and Russia. In recent years, he has channelled his expertise and passion into organising a myriad of Islamic Law-related conferences, conventions and seminars.

He possesses a PhD in the Islamic Law of Trust and Islamic Law of Property from IIUM. He obtained his Masters and Degree in Shariah and Law from the International Islamic University of Islamabad, Pakistan.

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 state religious authorities. He also frequently gives talks on Shariah and Islamic law on local radio and television stations. 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 Organization for Islamic Financial Institutions (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 for FWD Takaful Berhad.

TUAN HAJI RUSTAM BIN MOHD IDRIS

Member of the Shariah Committee

Tuan Haji Rustam bin Mohd Idris was appointed to the Shariah Committee of AIS on 1 April 2020. He is also currently an Independent Director of AIS.

He holds a Bachelor of Business Administration degree from Universiti Kebangsaan Malaysia and a Certificate in Islamic Law from IIUM. 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 the 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 a Shariah Committee member at Hong Leong Islamic Bank and Hong Leong Tokio Marine Takaful, as well as the Chairman of the Shariah Committee for Co-opbank Pertama (CBP).

Professor Dr Muhamad Rahimi is currently the Chairman of the Shariah Advisory Body for Syarikat Takaful Malaysia Keluarga Berhad and Chairman of the Shariah Advisory Body for Syarikat Takaful Malaysia Am Berhad. He 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), as well as an advisor to the Islamic stockbroking services of Alliance Investment Bank Berhad.

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 of Alliance Islamic Bank on 1 April 2022. He holds a PhD in Islamic Law from the University of Wales, United Kingdom, a Master of Arts (Shariah Law) from Cairo University and a Bachelor of Arts with Honours (Shariah Law) from the University of Al-Azhar, Egypt.

He is currently a lecturer at Ahmad Ibrahim Kulliyah of Laws (AIKOL), IIUM. His major areas of interest include the 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 Bank and Lembaga Zakat Selangor respectively.

Assistant Professor Dr Muhammad Naim has presented and published numerous articles and papers on many subjects especially on the Islamic Law of Transaction, Islamic Wealth Management and Islamic Law of Contract. His articles have been published in many local and international journals.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

– RELATIONS WITH SHAREHOLDERS

INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

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.

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. At the forthcoming 40th AGM to be held on 4 August 2022, no substantive resolutions or resolutions on related party transactions will be put forth for shareholders’ approval.

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 consistent dialogue between the Bank’s key Senior Management and the investment community. The Bank also participates in virtual meetings and webinars to share the latest updates and pertinent information on the Bank’s progress with the investment community.

These platforms enable the investment community to express their views on the Bank’s performance and 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 for 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, Annual Reports, Minutes of General Meetings, Constitution and Terms of Reference of the Board Committees is made available to the public. A corporate calendar of material events, such as entitlement dates, ex-dividend dates and payment dates for dividend payment, all 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 03-2604 3333 or investor_relations@alliancefg.com for any investor relations matters. Shareholders may also convey their concerns and enquiries to the Senior Independent Director, Mr Lee Boon Huat, as an alternative to the formal channel of communication. All correspondence to the Senior Independent Director can be sent via email to sid@alliancefg.com or by mail to the registered office of the Bank at: 3rd Floor, Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, Malaysia.

CORPORATE DISCLOSURE

The Board has established Corporate Disclosure Policies and Procedures (“CDPP”) to ensure that timely, consistent and fair disclosure of corporate information is provided to facilitate informed decision making by investors.

The objectives of the CDPP 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 of the Bank 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.

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

The Bank has adopted and applied the Practices as recommended by the Malaysian Code on Corporate Governance 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);
- Practice 5.9 (All boards should comprise at least 30% women directors); and
- Practice 8.2 (Disclosure on a named basis 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.

This Corporate Governance Overview Statement was approved by the Board of Directors on 25 May 2022.

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 control; 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 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's policies, procedures and guidelines 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, policies and guidelines, risk tolerance and other risk related matters of the Group. Approval of risk policies by the Board is obtained where necessitated by regulatory requirements. 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 pages 96 to 103 of this Annual Report.

Major risks arising from the Group's day-to-day activities in the financial services industry comprise credit 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 Note 43 under the Financial Statement.

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;
- An operational risk management framework, code of conduct, human resource policies and performance reward system to support business objectives, risk management and the system of 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 Data Management Policies and controls to manage information and cyber risks; supported by a Business Continuity Management Framework for contingencies;
- 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.

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, processes 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, strategies, policies and methodologies. In line with the above scope, the GRMC is responsible for overseeing the risk management and compliance-related subjects, as follows:

- a. Reviewing risk management strategies, policies and risk tolerance and ensure these are in alignment and compliance with regulations and requirements from Bank Negara Malaysia (BNM) and all other relevant authorities.
- b. Reviewing and assessing the adequacy of risk management framework, policies and controls, including Information Technology (IT) risk management matters, with regard to identifying, measuring, evaluating, monitoring, controlling and reporting on the extent to which these are operating effectively, prudently and in compliance with regulatory guidelines.
- c. Ensuring that appropriate infrastructure, resources and systems are in place for risk management and compliance functions; and ensuring that the staff responsible for implementing risk management and compliance systems performs those duties independently of the Bank's risk-taking activities.
- d. Reviewing periodic reports on risk exposures, risk portfolio composition and risk management activities to ensure that these risk reports facilitates understanding and determination of appropriate risk responses.
- e. Ensuring that the effectiveness of the Bank's overall management of compliance risk is evaluated at least annually, and that adequate time and priority is provided in the agenda to deliberate compliance issues, to ensure that such issues are resolved effectively and expeditiously.
- f. Supporting the Board in meeting regulatory expectations on risk management, as set out under BNM's policy document on Risk Governance and on Compliance.
- g. Assisting in the implementation of a sound remuneration framework that promotes a culture of prudent risk-taking, without prejudice to the tasks of the board remuneration committee.

To oversee the technology-related matters, which among other things include the following:

- a. Formulate long-term strategic IT plans and ensure they support the Group's strategic business plans.
- b. Approve and monitor the performance of major IT initiatives and plans.
- c. Ensure the establishment of key performance indicators and service level agreements in measuring the performance of IT services delivered or received by the Group.

MANAGEMENT RESPONSIBILITIES

Key responsibilities of the management are as follows:

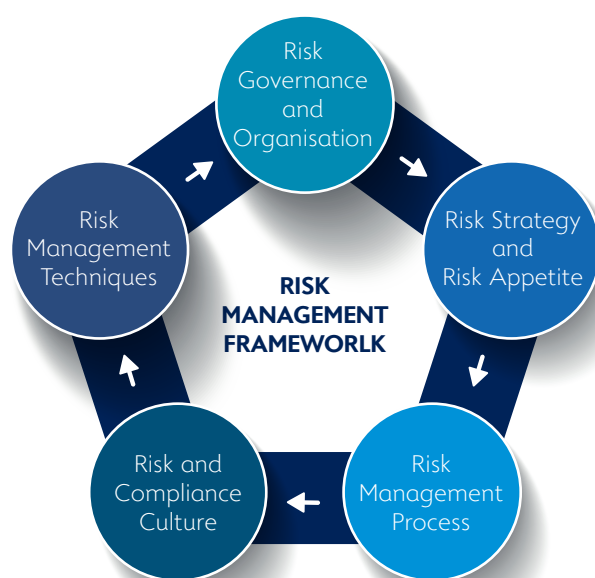
- Formulating and implementing risk framework, risk strategy, risk appetite and risk management policies.
- Ensuring that business operations are aligned with the Bank's strategies and risk strategy.
- Ensuring that all relevant material risks and emerging risks are adequately identified, assessed and subsequently reported to the Board.
- Ensuring that the Executive Risk Management Committee (ERMC) oversees and advises the Management on the risk-related matters including risk policies, to support the sustainability of the Bank.

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 is comprised of the following elements:



Risk Governance and Organisation

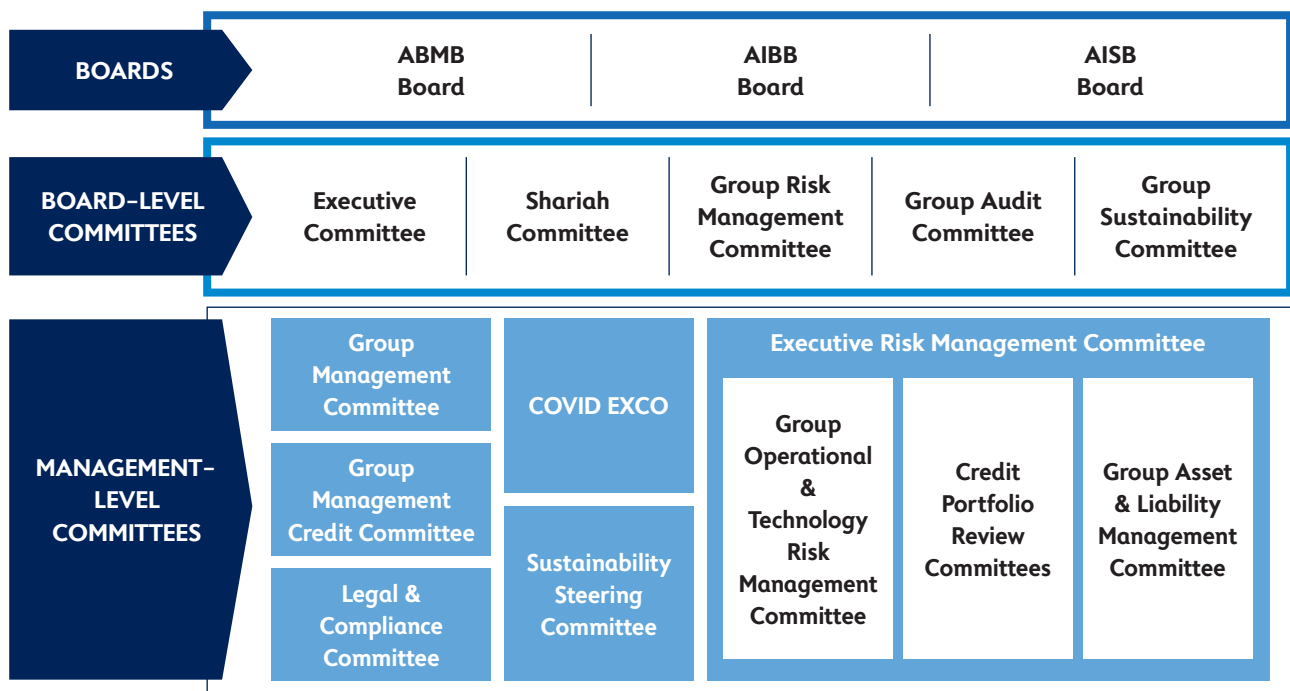
The Bank adopts the model of Three Lines of Defence in managing risks collectively based on their respective roles as reflected below:

Concept	Role	Functions
1 st Line of Defence	Risk-Taking	Business units are the primary owners of the risk, responsible for managing risks within the Bank's business activities, aided by Business Support functions.
2 nd 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>
3 rd 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 supervision over risk-related functions:



The Bank places high priority on the management of risk across our three banking entities. The Board is assisted by the Group Risk Management Committee (GRMC), to provide oversight on risk management and compliance policies, limits and parameters; 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 Executive Risk Management Committee (ERMC). The ERMC represents the central conduit for several other Management-level risk committees, as depicted above. 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 the 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 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 ensuring 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:

- | | |
|---|--|
| <p>1 Identify</p>  <ul style="list-style-type: none"> • Identify the various risks inherent to each product or activity. • Identify adverse trends of risk parameters. | <p>4 Monitor</p>  <ul style="list-style-type: none"> • Continuously monitor the identified risks and their controls in place. • Monitor the potential impact to business strategies and propose corrective measures, where necessary. |
| <p>2 Assess</p>  <ul style="list-style-type: none"> • Adopt quantitative and qualitative approaches to measure and assess these risks in terms of quantum, impact severity, and occurrence probability. | <p>5 Report</p>  <ul style="list-style-type: none"> • Present periodic risk reports to Senior Management and the Board. • Highlight new/emerging risk areas and the controls in place. |
| <p>3 Mitigate & Control</p>  <ul style="list-style-type: none"> • Examine various measures to mitigate and monitor these risks. • Implement an appropriate set of risk mitigating and control measures. | <p>6 Disclose</p>  <ul style="list-style-type: none"> • Provide regular risk disclosure to investors and regulators through the Pillar 3 disclosure report and regulatory reports. |

Risk Culture & Staff Development

Risk management is not merely confined to inanimate 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 staff are all ambassadors of the Bank's risk culture. Hence, leadership, supervision, guidance, counselling and communication, represent key elements in shaping and cultivating a desirable risk culture. For example, the Bank convenes regular staff huddles, which serve as a reminder on the Bank's vision, strategy, key behaviours and brand attributes. For added training effect, both good and bad examples are highlighted in our case studies.

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 staff with the right knowledge and skills to carry out their duties competently and professionally. Staff 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.

RISK MANAGEMENT

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 staff with potential.

The Bank employs a carrot-and-stick approach with regard to good vs. bad behaviour. For the former, we provide 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 staff 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.

The Bank noted a satisfactory level of increase in compliance awareness amongst staff. Key initiatives that have been implemented to promote compliance awareness are:

- Encouraging staff to report any situation that exposes the Bank to compliance risk;
- Raising compliance awareness through staff communication, team huddles and online quiz;
- Ensuring robust compliance monitoring;
- Introduction of self-raise concept on risk, control and compliance issues that are tracked at management committee;
- Enhancement of staff performance scorecard (i.e. KPI) with emphasis on governance and risk control; and
- Compliance-related e-learning modules such as AML/CFT, PDPA and Anti-Bribery & Corruption (AB&C).

The Bank strives to ensure compliance to regulatory requirements and business ethics to maintain a high standard of professionalism in business conduct at all times.

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 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
Credit Risk	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"> • Credit risk management framework, strategy, policies & procedures • Risk Acceptance Criteria • Financing/product programmes • Product/portfolio risk limits, triggers and parameters • Credit concentration limits • Credit ratings/scorecards • Credit authorisation • Risk dashboards • Early Warning triggers and Watch Lists • Risk-based pricing • Stress tests • Thematic/portfolio reviews • Independent credit reviews
Market Risk	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.	<ul style="list-style-type: none"> • Market risk management framework and policies • Risk measurement/valuation tools • Product/portfolio risk limits • Risk Sensitivity limits and Value-at-Risk limits • Stress testing, sensitivity & scenario simulations • Risk dashboards
Funding & Liquidity Risk	<ul style="list-style-type: none"> • The risk of loss resulting from the Bank's inability to meet its financial obligations, when due. • Risk of incurring losses when attempting to liquidate assets, due to market disruptions and/or illiquid market situations. • Vulnerabilities arising from funding maturity mismatches and concentration risk arising from the inability to secure stable funds. 	<ul style="list-style-type: none"> • Liquidity risk management framework and policies • Liquidity risk limits and triggers • Liquidity stress testing & simulations • Liquidity gap reports • Contingency funding plan • Deposit concentration monitoring & reporting
Operational Risk	The risk of loss resulting from failures of processes, people and systems; or from external events.	<ul style="list-style-type: none"> • Operational risk management framework and policies • Risk and Control Self-Assessment • Control Self-Assessment • Key Risk Indicators • Loss Event Data collection • Scenario Analysis • Business Continuity Plan/Drills • Risk dashboards
Technology Risk	The risk of loss resulting from failures of technologies, system, processes, people or from external events.	<ul style="list-style-type: none"> • Technology risk management framework and policies • Information Technology (IT) Risk and Control Self-Assessment • IT Control Self-Assessment • Key Risk Indicators • Loss Event Data collection (IT incident-related) • Risk dashboards • Independent risk assessments (under Red Team)

RISK MANAGEMENT

Risk Category	Risk Definition	Risk Management Techniques/Tools
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 deplete scarce resources and increase carbon footprint/greenhouse gas (GHG) emissions.	<ul style="list-style-type: none"> • Sustainability Framework • Sustainability reporting • ESG Screener • ESG Risk Acceptance Criteria • Training and Certification for employees • Targeted sustainable loan • Prohibits lending for activities which are highly sensitive for ESG, e.g. businesses with extremely high GHG emissions • Reduce GHG emissions in the Bank's own operations • Nurture customers to adopt low carbon practices
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"> • Compliance framework, Legal manual and AML/CFT policy • Group-wide education and programme on compliance and risk awareness
Shariah Non-Compliance Risk	The risk of loss arising from failure to comply with Shariah rules and principles.	<ul style="list-style-type: none"> • Shariah-compliance framework • Shariah non-compliance monitoring and reporting • Independent Shariah-compliance reviews
Strategic Risk	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"> • Strategic risk management framework • Annual strategy and budget setting exercise • Capital management framework and initiatives • Stress tests/Reverse stress tests • Strategic project initiatives • Business reviews and production meetings
Reputational Risk	The risk of loss arising from negative perception by customers, counterparties, shareholders and other relevant key stakeholders.	<ul style="list-style-type: none"> • Reputational Risk Management Framework • Code of Conduct guidelines • Corporate risk rating exercise • Managing investor relations • Corporate Social Responsibility programmes
Model Risk	The risk of loss arising from inappropriate reliance on risk models.	<ul style="list-style-type: none"> • Independent Model Validation Framework • Back-testing and independent model validation exercises
Pandemic Risk	The risk of loss due to large-scale outbreaks of infectious disease(s) over a wide geographical area, which cause significant economic and social disruptions.	<ul style="list-style-type: none"> • Customer Relief Assistance • Work-from-home • Distribution of face masks and sanitizers • Travel advisory • Staff communication on health awareness • Temperature screening and regular sanitisation of public areas • Split-site operations for essential/critical services • Regular Senior Management reporting

EMERGING/EVOLVING RISK

The Bank identifies the emerging/evolving risks in order to assess risk trends that may have significant impact on the Bank's business strategies and earnings.

Regulatory non-Compliance Risk

Banks operate under a highly regulated environment, with stringent regulatory and supervisory requirements, particularly in the areas of effective governance, risk management, liquidity management as well as technology risk. Failure to meet regulatory compliance would attract punitive action, including monetary fines. The Bank reviews policies, procedures and risk practices periodically to ensure effective compliance with the evolving regulatory landscape. Furthermore, the Bank monitors industry and regulatory developments in order to identify potential consequential impact to the Bank.

Conduct Risk

In recent years, a greater emphasis has been placed on ensuring that customers are treated fairly. Banks are expected to embed a culture of customer-centricity; to reduce the risk of wrong-doing arising from conduct risk.

Examples of conduct risk, include the following:

- Mis-selling of products to customers, potentially leading to bad customer experience.
- Pursuit of rapid growth/staff remuneration at the expense of customers' needs and fiduciary duties.
- Insider trading, information leakage and market abuse.

In our context, the Bank continues to emphasise on ethical business and compliance culture. We review our business conduct, activities and governing policies to ensure compliance with the "spirit of the law", beyond mere adherence to regulatory requirements.

Economic Headwinds

Economic headwinds largely attributable to geopolitical and systemic developments, may negatively impact the Bank's earnings. In our effort to safeguard our shareholders and depositors, the Bank continuously monitors the development of international and domestic economic conditions, reviews the health of our various financing portfolios in response to the economic developments both internationally and locally; and provides updates to Senior Management and the Board. In addition, the Bank also reviews and aligns its business strategies to address other challenges faced.

ADDITIONAL COMPLIANCE INFORMATION

1. POLICY AND PROCEDURES ON RELATED PARTY TRANSACTIONS

The Bank has established an internal policy and procedures on Related Party Transactions (RPTs) and recurrent RPTs to ensure all RPTs 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, 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 Recurrent RPTs where the amounts of consideration in aggregate for a 12-month period equal to or exceed the minimum threshold set by the Board before recommending to the Board for approval, if thought fit.

2. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES POLICY

Bank Negara Malaysia Guidelines on Credit Transactions and Exposures with Connected Parties (BNM Guidelines) outlines 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 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 BNM Guidelines.

3. MATERIAL CONTRACTS INVOLVING DIRECTORS 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 and major shareholders, either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.



ALLIANCE BANK
Alliance Bank Malaysia Berhad
198201008390 (88103-W)

FINANCIAL STATEMENTS

Statement of Board of Directors' Responsibilities	106
Directors' Report	107
Statement by Directors	114
Statutory Declaration	114
Independent Auditors' Report	115
Statements of Financial Position	122
Statements of Income	123
Statements of Comprehensive Income	124
Statements of Changes in Equity	125
Statements of Cash Flows	127
Notes to the Financial Statements	132

For more information, please refer to
<https://www.alliancebank.com.my/annualreport2022>

STATEMENT OF BOARD OF DIRECTORS' RESPONSIBILITIES

FOR PREPARATION 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 2022.

PRINCIPAL ACTIVITIES

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

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

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

FINANCIAL RESULTS

	GROUP RM'000	BANK RM'000
Profit before taxation	827,361	656,509
Taxation	(254,544)	(192,293)
Net profit for the financial year	572,817	464,216

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 2021 were as follows:

	RM'000
(i) A single tier interim dividend of 5.79 sen per share, on 1,548,105,929 ordinary shares in respect of the financial year ended 31 March 2021, was paid on 30 June 2021.	89,635
(ii) A single tier first interim dividend of 8.30 sen per share, on 1,548,105,929 ordinary shares in respect of the financial year ending 31 March 2022, was paid on 30 December 2021.	128,493
	218,128

Subsequent to the financial year end, the Directors declared a single tier second interim dividend of 10.20 sen per share, on 1,548,105,929 ordinary shares amounting to approximately RM157,907,000 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 2023.

The Directors do not propose any final dividend in respect of the financial year ended 31 March 2022.

ISSUE OF SHARES AND DEBENTURES

There was no issuance of shares and debentures during the financial year.

DIRECTORS' REPORT (CONT'D)

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

VALUATION METHOD

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

CONTINGENT AND OTHER LIABILITIES

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

- (i) any charge on the assets of the Group or of the Bank which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability in respect of the Group or of the Bank which has arisen since the end of the financial year other than in the ordinary course of banking business.

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

In the opinion of the Directors:

- (i) the results of the operations of the Group and of the Bank during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in Note 51 to the financial statements; and
- (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature which is likely to affect substantially the results of the operations of the Group and of the Bank for the financial year in which this report is made.

DIRECTORS

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

Tan Sri Dato' Ahmad Bin Mohd Don (Chairman)

Lee Boon Huat

Lee Ah Boon

Datuk Wan Azhar Bin Wan Ahmad

Tan Chian Khong

Susan Yuen Su Min

Lum Piew

Cheryl Khor Hui Peng

Wong Yuen Weng Ernest (appointed on 1 September 2021)

Ho Hon Cheong (retired on 25 August 2021)

DIRECTORS' REMUNERATION

Details of Directors' Remuneration are set out in Note 42 to the financial statements.

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangements to which the Bank is a party, whereby the Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate.

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

DIRECTORS' REPORT (CONT'D)

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, except as stated below:

	Number of Ordinary Shares			As at 31.3.2022/ date of retirement
	As at 1.4.2021	Acquired	Sold	
Ho Hon Cheong (retired on 25 August 2021)	1,000*	-	-	1,000*

* Indirect interest in the Bank shares held by virtue of Section 59(11)(c) of the Companies Act 2016.

BUSINESS REVIEW FOR FINANCIAL YEAR ENDED ("FYE") 31 MARCH 2022

Profitability

The Group's net profit after taxation (taking into consideration the impact of Cukai Makmur as announced in the Budget 2022) was RM572.8 million for the full year ended 31 March 2022, an increase of RM214.0 million or 59.7% year-on-year ("YOY"). The higher profits were largely due to higher revenue from net interest income and lower allowance for expected credit losses.

Net interest income improved by RM119.4 million or 8.8% YOY. Net interest margin ("NIM") came in higher at 2.53% (FY2021: 2.30%).

Loan Growth

The Group's loans, advances and financing increased by 4.6% driven by the small and medium enterprise ("SME") and commercial segments, both grew by 12.4% respectively.

Other Operating Income

The Group recorded other operating income of RM387.4 million, lower by RM69.3 million or 15.2% YOY. The decrease was due to lower treasury and investment income, lower income from brokerage and service charges was offset by higher wealth management fees.

Managing Operating Expenses

Operating expenses increased by RM22.3 million or 2.8%, mainly from investments in the sales force, the expansion of the collections team, higher professional fees and establishment costs. The cost-to-income ratio ("CIR") remained stable at 44.1% (FY2021: 44.1%). The Group will continue to be vigilant on managing the cost in the coming financial year.

BUSINESS REVIEW FOR FINANCIAL YEAR ENDED (“FYE”) 31 MARCH 2022 (CONT'D)

Asset Quality

The Group's allowance for expected credit losses on loans, advances, financing and other financial assets stood at RM217.4 million. Given the impact of the COVID-19 pandemic on the economy, included in the allowance for expected credit losses on loans, advances, financing and other financial assets were reserves that the Group continued to build up via management overlays amounting to RM137.3 million. The net credit cost was at 48.1bps (FY2021: 121.4bps). Loan loss coverage (including regulatory reserves) was at 141.5% (FY2021: 105.9%).

The Group will continue to be vigilant in its implementation of the credit risk framework in each line of business by stratifying customers according to risk levels, and prioritising customer calls or visits and its control of credit cost by refining credit policies, tightening credit underwriting and increasing collection efforts.

Healthy Funding and Liquidity Position

The Group maintained a high current account/savings account (“CASA”) ratio of 48.9%. Its customer-based funding stood at RM49.1 billion. Through our funding strategy, the Group's liquidity coverage and loans-to-funds ratios stood at 155.1% and 87.2% respectively. The Group will continue to maintain ample liquidity ratios and ensure sufficient liquidity buffers.

Proactive Capital Management

Our conservative capital management approach resulted in the Group maintaining a robust capital position. We continue to maintain one of the strongest capital levels in the industry, with Common Equity Tier-1 (“CET 1”) ratio at 16.0%, Tier-1 Capital ratio at 16.9% and Total Capital Ratio at 21.0%.

The Group declared a second interim dividend of 10.20 per share in respect of the financial year ended 31 March 2022.

Performance by business segment and subsidiary

The Group's business segments comprise Consumer Banking, Business Banking, Financial Markets and Investment Banking.

The Group Consumer Banking segment recorded a profit before tax of RM14.7 million, an increase of RM154.4 million YOY. Net income was lower by RM39.5 million or 6.4% mainly due to net interest income decreased by RM43.4 million while other operating income increased by RM3.9 million. Operating expenses remained stable at RM378.0 million. Allowance for expected credit losses was lower by RM193.6 million. The segment assets were recorded at RM22.5 billion.

The Group Business Banking segment, comprising corporate, commercial and SME banking, recorded a profit before tax of RM421.3 million, an increase of 54.5% YOY. Net income increased by RM39.3 million or 5.4% due to higher net interest income by RM32.8 million and higher other operating income by RM6.5 million. Operating expenses increased by RM13.3 million or 4.4%. Allowance for expected credit losses was lower by RM122.5 million. Segment assets were recorded at RM22.2 billion.

Profit before tax in the Group Financial Markets segment increased by 20.7% or RM72.9 million YOY to RM425.3 million. Net income was higher by RM64.6 million or 16.0% due to higher net interest income. Operating expenses decreased by RM9.5 million or 17.9%. Segment assets were recorded at RM17.4 billion.

The Investment Banking segment were recorded a loss before tax of RM2.8 million.

The Islamic Banking segment which consist of Consumer Banking, Business Banking and Financial Markets, recorded a net profit after taxation of RM124.9 million, representing an increase of RM118.2 million compared to last year due to higher revenue from net profit income, other operating income and lower allowance for expected credit losses. Net income was higher by RM32.5 million or 9.2%. Net profit income was higher by RM21.5 million while other operating income was higher by RM11.0 million. Operating expenses increased by RM5.4 million or 4.1%. Allowance for expected credit losses stood at RM73.2 million. Total assets stood at RM14.9 billion.

DIRECTORS' REPORT (CONT'D)

ECONOMIC OUTLOOK AND PROSPECTS FOR FYE 31 MARCH 2023

For 2022, Bank Negara Malaysia ("BNM") forecasts Malaysia's gross domestic product ("GDP") growth to range between 5.3% and 6.3%, compared to a growth of 3.1% in the preceding year. In the absence of major lockdowns, we expect the improved economic activity seen in 4Q2021 to carry through into 2022. The growth will be largely underpinned by stronger domestic and external demand, favourable labour market conditions as well as improvement in consumer and business sentiment. On the back of stronger economic growth, we expect BNM to increase the Overnight Policy Rate ("OPR") by 25bps in the second half of 2022.

Nevertheless, we remain cautious and mindful of risks to growth as uncertainties persist with headwinds brought about by new COVID-19 virus variants within our environment of rising interest rates and further impact on global economies due to the war in Ukraine.

BUSINESS OUTLOOK FOR NEXT FINANCIAL YEAR

With the expectations of improved mobility and better than expected outlook for 2022, the Group will focus on growing the business via the following three key focus areas:

- (i) Acquiring more customers by scaling up the Bank's core segments of SME and Consumer Banking, adding on sales force capacity and improving productivity by equipping relationship managers with digital tools to serve high-value customers. The Group will also focus on securing more customers via digital channels and diversifying our corporate customer base by focusing on family owned corporates;
- (ii) Capitalising on our Consumer and Business Banking franchises, we will focus on accelerating cross-selling value propositions to our customers to increase market penetration and generate fee-based income; and
- (iii) Enhancing productivity and efficiencies by streamlining processes, automating through digital tools/channels, centralising functions and improving branch productivity.

In addition to the above, the Group will also focus on addressing asset quality concerns by continuing to prioritise customer engagement and continue managing its loan portfolio with refined credit underwriting to support the above business growth.

With these focus areas, and continuing effort to apply prudent management practices, the Group expects to deliver sustainable returns to our shareholders while strengthening our market presence.

RATING BY EXTERNAL RATING AGENCY

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

- P1 - Financial institutions in this category have superior capacities for timely payments of obligations.
- A1 - Financial institutions rated in this category are adjudged to offer adequate safety for timely payments of financial obligations. This level of rating indicates financial institutions with adequate credit profiles, but possess one or more problem areas, giving rise to the possibility of future riskiness. Financial institutions rated in this category have generally performed at industry average and are considered to be more vulnerable to changes in economic conditions than those rated in the higher categories.

SUBSIDIARIES

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

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 33 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

SUBSEQUENT EVENTS

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

AUDITORS

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

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

Ahmad Bin Mohd Don

9 June 2022

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 122 to 288 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 2022 and the financial performance of the Group and of the Bank for the financial year ended 31 March 2022 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

9 June 2022

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 122 to 288 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
9 June 2022

Ronnie Royston Fernandiz
MIA Membership No. (CA 13837)

Before me,

Mazlee Bin Ismail
Commissioner for Oaths

Kuala Lumpur, Malaysia
9 June 2022

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 2022, 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 2022 of the Group and of the Bank, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 122 to 288.

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 (CONT'D)

(INCORPORATED IN MALAYSIA)

(COMPANY NO: 198201008390 (88103-W))

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
Allowance for impairment on loans, advances and financing	
<p>Refer to accounting policy 2(a)(ii), 2(k)(i) and Notes 10 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"> • The models are inherently complex and judgement is applied in determining the appropriate construct of the model; • Identification of loans, advances and financing that have experienced a significant increase in credit risk; and • Assumptions used in the ECL models such as expected future cash flows, forward-looking macroeconomic factors and data sets to be used as inputs to the models. 	<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>

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
Allowance for impairment on loans, advances and financing (cont'd)	
<p>The impact of the COVID-19 pandemic remains uncertain and represents a material downside risk to the economy. The Group has incorporated estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic in the measurement of ECL. These are explained further in the critical accounting estimates and judgement in Note 2(a)(ii).</p> <p>In determining ECL, management judgement is applied, using objective, reasonable and supportable information about forecast economic conditions. Forward looking macro-economic information and assumptions relating to the COVID-19 pandemic have been considered in these scenarios, as explained further in Note 43(a)(iv)(d).</p>	<p>To determine the appropriateness of models implemented by the Group, we have:</p> <ul style="list-style-type: none"> Assessed the methodologies inherent within the ECL models applied against the requirements of MFRS 9; Tested the design and operating effectiveness of the controls relating to: <ul style="list-style-type: none"> Governance over ECL model and methodology; Data used to determine the allowances for credit losses; and Calculation, review and approval of the ECL calculation. Assessed and tested the significant modelling assumptions; Assessed and considered reasonableness of forward-looking forecasts assumptions. In assessing the appropriateness of management's forecast economic conditions after taking into consideration the impacts of the COVID-19 pandemic, we have checked to independent sources to determine whether the macro-economic information is supportable and reasonable at the reporting date of the Group's financial statements. We have also checked the reasonableness of the probability weightage accorded to the economic scenarios; Checked the accuracy of data and calculation of the ECL amount, on a sample basis and assessed the reasonableness of the overlay adjustment to the ECL; and Assessed whether the disclosures in the financial statements appropriately reflect the Group's credit risk exposures. <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 (CONT'D)

(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
Impairment testing of goodwill	
<p>Refer to accounting policy 2(a)(i), 2(k)(ii)(a) and Note 18 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>In particular, we focused on the following key assumptions that requires significant judgement, for each CGU:</p> <ul style="list-style-type: none"> • The annual growth rates in the cash flow projections; • The terminal growth rate; and • The discount rate. 	<p>We tested management's impairment assessment of goodwill as follows:</p> <ul style="list-style-type: none"> • Compared the cash flows projection of each CGU to approved budgets and business plans for each CGU. • Compared historical cash flows projections to actual results of each CGU to assess the reasonableness of forecasting. • Assessed the reasonableness of the annual growth rates used in the cash flow projections of each CGU. • Assessed the reasonableness of the applied discount rates by comparing to external and industry information. The applied discount rates reflect the specific risks relating to each CGU where the risk associated to each CGU is determined based on the CGU's business and operating model. • Assessed the reasonableness of the multiple probability weighted scenarios applied to the cash flow assumptions. • Evaluated reasonableness of terminal growth rates used by comparing to Malaysia's forecasted GDP rate. • Independently performed sensitivity analysis to assess the potential impact of a reasonable possible change of the key assumptions on the recoverable amount of each CGUs. • Reviewed the adequacy of the Group's and the Bank's disclosures within the financial statements about these assumptions to which the outcome of the impairment test is most sensitive. <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>

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:

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

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatements 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALLIANCE BANK MALAYSIA BERHAD (CONT'D)

(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

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

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

- (a) Identify and assess the risks of material misstatements 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.

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

Kuala Lumpur

9 June 2022

ONG CHING CHUAN

02907/11/2023 J

Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2022

		GROUP		BANK	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
ASSETS					
Cash and short-term funds	3	3,228,574	3,088,245	1,805,402	1,779,243
Deposits and placements with banks and other financial institutions	4	168,184	41,477	168,184	41,477
Amounts due from clients and brokers	5	55,040	105,041	-	-
Financial assets at fair value through profit or loss	6	541,615	237,922	467,261	167,728
Financial investments at fair value through other comprehensive income	7	9,119,699	10,424,669	6,739,619	7,303,866
Financial investments at amortised cost	8	2,129,608	2,270,504	2,244,436	2,294,765
Derivative financial assets	9	86,294	153,735	86,294	153,735
Loans, advances and financing	10	45,123,745	43,233,506	33,608,197	32,395,127
Other assets	11	470,102	293,653	526,064	349,416
Tax recoverable		11,554	44,357	-	9,600
Statutory deposits	12	99,536	88,012	68,999	69,574
Investments in subsidiaries	13	-	-	1,109,102	1,109,102
Investment in joint venture	14	1,048	994	-	-
Right-of-use assets	15	121,931	120,457	121,701	120,439
Property, plant and equipment	16	55,433	57,264	54,846	55,930
Deferred tax assets	17	203,285	130,100	143,544	95,200
Intangible assets	18	432,205	431,259	330,151	329,004
TOTAL ASSETS		61,847,853	60,721,195	47,473,800	46,274,206
LIABILITIES AND EQUITY					
Deposits from customers	19	48,186,371	48,488,513	35,531,268	36,150,316
Deposits and placements of banks and other financial institutions	20	1,688,994	1,392,652	1,337,749	659,377
Amounts due to clients and brokers	21	28,404	63,416	-	-
Financial liabilities designated at fair value through profit or loss	22	1,025,196	472,695	1,025,196	472,695
Derivative financial liabilities	9	212,588	149,410	212,588	149,410
Recourse obligations on loans and financing sold to Cagamas	23	650,564	650,499	300,115	300,100
Lease liabilities	24	125,475	123,494	125,249	123,475
Other liabilities	25	1,895,183	1,546,070	1,689,341	1,322,169
Provision for taxation		44,029	760	42,500	-
Provision for zakat		1,162	848	-	-
Deferred tax liabilities	17	426	2,333	-	-
Subordinated obligations	26	1,572,785	1,572,718	1,472,454	1,471,978
TOTAL LIABILITIES		55,431,177	54,463,408	41,736,460	40,649,520
Share capital	27	1,548,106	1,548,106	1,548,106	1,548,106
Reserves	28	4,868,570	4,709,681	4,189,234	4,076,580
TOTAL EQUITY		6,416,676	6,257,787	5,737,340	5,624,686
TOTAL LIABILITIES AND EQUITY		61,847,853	60,721,195	47,473,800	46,274,206
COMMITMENTS AND CONTINGENCIES					
Net assets per share attributable to equity holders of the Bank (RM)	45	33,911,195	30,367,400	31,158,471	27,636,885
		4.14	4.04		

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

STATEMENTS OF INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

		GROUP		BANK	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest income	29	1,684,496	1,793,421	1,645,843	1,743,871
Interest expense	30	(562,855)	(776,765)	(552,906)	(760,356)
Net interest income		1,121,641	1,016,656	1,092,937	983,515
Net income from Islamic banking business	31	397,515	378,500	-	-
		1,519,156	1,395,156	1,092,937	983,515
Fee and commission income		264,739	313,957	219,847	236,609
Fee and commission expense		(103,265)	(111,623)	(89,405)	(81,665)
Investment income		157,942	248,559	184,010	469,340
Other income/(expense)		29,084	(28,482)	29,410	(28,545)
Other operating income	32	348,500	422,411	343,862	595,739
Net income		1,867,656	1,817,567	1,436,799	1,579,254
Other operating expenses	33	(822,940)	(800,658)	(635,408)	(616,515)
Operating profit before allowances		1,044,716	1,016,909	801,391	962,739
Allowance for expected credit losses on loans, advances and financing and other financial assets	34	(217,235)	(532,916)	(144,525)	(319,409)
(Allowance for)/write-back of expected credit losses on financial investments	35	(174)	(96)	(357)	53
Operating profit after allowances		827,307	483,897	656,509	643,383
Share of results of joint venture	14	54	91	-	-
Profit before taxation		827,361	483,988	656,509	643,383
Taxation	36	(254,544)	(125,203)	(192,293)	(106,593)
Net profit for the financial year		572,817	358,785	464,216	536,790
Net profit for the financial year attributable to: Equity holders of the Bank		572,817	358,785	464,216	536,790
Earnings per share attributable to:	37				
Equity holders of the Bank					
- Basic (sen)		37.0	23.2		
- Diluted (sen)		37.0	23.2		

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Net profit for the financial year	572,817	358,785	464,216	536,790
Other comprehensive expense:				
Items that may be reclassified subsequently to profit or loss:				
Revaluation reserve on financial investments at fair value through other comprehensive income	(195,547)	(89,992)	(133,181)	(84,741)
- Net loss from change in fair values	(201,026)	(17,029)	(151,975)	(35,487)
- Realised gain transferred to statements of income on disposal	(57,056)	(101,357)	(23,785)	(75,953)
- Transfer from deferred tax	61,939	28,413	42,182	26,746
- Changes in expected credit losses	596	(19)	397	(47)
Net change in cash flow hedges	(253)	-	(253)	-
- Change in cash flow hedges	(333)	-	(333)	-
- Transfer from deferred tax	80	-	80	-
Other comprehensive expense, net of tax	(195,800)	(89,992)	(133,434)	(84,741)
Total comprehensive income for the financial year	377,017	268,793	330,782	452,049
Total comprehensive income for the financial year attributable to:				
Equity holders of the Bank	377,017	268,793	330,782	452,049

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

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 2021	1,548,106	86,440	100,150	51,320	-	4,471,771	6,257,787
Net profit for the financial year	-	-	-	-	-	572,817	572,817
Other comprehensive expense	-	-	-	(195,547)	(253)	-	(195,800)
Total comprehensive (expense)/income	-	-	-	(195,547)	(253)	572,817	377,017
Transfer from regulatory reserves	-	(38,754)	-	-	-	38,754	-
Dividends paid to shareholders (Note 38)	-	-	-	-	-	(218,128)	(218,128)
At 31 March 2022	1,548,106	47,686	100,150	(144,227)	(253)	4,865,214	6,416,676
At 1 April 2020	1,548,106	224,579	100,150	141,312	-	3,974,847	5,988,994
Net profit for the financial year	-	-	-	-	-	358,785	358,785
Other comprehensive expense	-	-	-	(89,992)	-	-	(89,992)
Total comprehensive (expense)/income	-	-	-	(89,992)	-	358,785	268,793
Transfer from regulatory reserves	-	(138,139)	-	-	-	138,139	-
At 31 March 2021	1,548,106	86,440	100,150	51,320	-	4,471,771	6,257,787

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

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

BANK	Non-distributable reserves					Distributable reserves	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 2021	1,548,106	80,006	15,515	(4,907)	-	3,985,966	5,624,686
Net profit for the financial year	-	-	-	-	-	464,216	464,216
Other comprehensive expense	-	-	-	(133,181)	(253)	-	(133,434)
Total comprehensive (expense)/income	-	-	-	(133,181)	(253)	464,216	330,782
Transfer from regulatory reserves	-	(38,365)	-	-	-	38,365	-
Dividends paid to shareholders (Note 38)	-	-	-	-	-	(218,128)	(218,128)
At 31 March 2022	1,548,106	41,641	15,515	(138,088)	(253)	4,270,419	5,737,340
At 1 April 2020	1,548,106	182,292	15,515	79,834	-	3,346,890	5,172,637
Net profit for the financial year	-	-	-	-	-	536,790	536,790
Other comprehensive expense	-	-	-	(84,741)	-	-	(84,741)
Total comprehensive (expense)/income	-	-	-	(84,741)	-	536,790	452,049
Transfer from regulatory reserves	-	(102,286)	-	-	-	102,286	-
At 31 March 2021	1,548,106	80,006	15,515	(4,907)	-	3,985,966	5,624,686

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	827,361	483,988	656,509	643,383
Adjustments for:				
Accretion of discount less amortisation of premium of financial investments	604	(11,125)	(34)	(11,282)
Allowance for expected credit losses on loans, advances and financing	233,995	485,776	139,937	302,286
(Write-back of)/allowance for expected credit losses on commitments and contingencies	(24,827)	25,108	(5,041)	6,502
Allowance for/(write-back of) expected credit losses on financial investments	174	96	357	(53)
Allowance for/(write-back of) expected credit losses on amounts due from clients and brokers	3	(3)	-	-
Allowance for expected credit losses on other receivables	2,800	2,086	3,364	1,815
(Write-back of)/allowance for expected credit losses on short-term funds	(12)	19	(12)	19
Allowance for expected credit losses on deposits and placements with banks	4	4	4	4
Amortisation of computer software	45,063	41,558	43,987	40,120
Depreciation of property, plant and equipment	19,844	21,479	18,923	20,470
Depreciation of right-of-use assets	25,520	25,363	25,448	25,319
Dividends from financial assets at fair value through profit or loss	(1,377)	(1,480)	(796)	(931)
Dividends from subsidiaries	-	-	(48,253)	(238,929)
Interest expense on lease liabilities	6,301	6,741	6,292	6,738
Interest expense on subordinated obligations	61,496	76,971	61,701	77,248
Interest expense on recourse obligation on loans and financing sold to Cagamas	13,591	13,591	13,591	13,591
Interest income from financial investments at amortised cost	(72,494)	(38,640)	(79,644)	(45,790)
Interest income from financial investments at fair value through other comprehensive income	(284,163)	(320,203)	(261,421)	(286,130)
Computer software written-off	368	-	368	-
Property, plant and equipment written-off	3	85	3	81
Net gain from sale of financial assets at fair value through profit or loss	(4,529)	(10,405)	(4,149)	(10,405)
Cash flows from operating activities carried forward	849,725	801,009	571,134	544,056

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

STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)				
Cash flow from operating activities brought forward	849,725	801,009	571,134	544,056
Net gain from sale of financial investments at fair value through other comprehensive income	(40,850)	(87,750)	(23,785)	(75,953)
Net loss from sale of other investments	-	5	-	5
Unrealised loss arising from derivative instruments	128,934	74,657	128,934	74,657
Unrealised gain arising from hedging activities	(333)	-	(333)	-
Unrealised gain arising from financial assets at fair value through profit or loss	(26,987)	(30,121)	(22,828)	(24,319)
Unrealised gain arising from financial liabilities designated at fair value through profit or loss	(110,171)	(7,042)	(110,171)	(7,042)
Share of results of joint venture	(54)	(91)	-	-
Zakat	503	(34)	-	-
Cash flows from operating activities before working capital changes	800,767	750,633	542,951	511,404
Changes in working capital:				
Amounts due from clients and brokers	14,986	(12,752)	-	-
Deposits from customers	(302,142)	62,661	(619,048)	(552,673)
Deposits and placements of banks and other financial institutions	296,342	(150,994)	678,372	(74,187)
Deposits and placements with banks and other financial institutions	(126,711)	(41,481)	(126,711)	(41,481)
Financial assets at fair value through profit or loss	(278,670)	440,518	(279,051)	440,518
Financial liabilities designated at fair value through profit or loss	662,672	52,652	662,672	52,652
Loans, advances and financing	(2,124,235)	(609,276)	(1,353,007)	(489,868)
Other assets	(179,045)	(33,180)	(179,804)	(84,028)
Other liabilities	373,640	132,896	371,913	59,591
Obligations on securities sold under repurchase agreements	-	(369,469)	-	(221,387)
Statutory deposits	(11,524)	861,037	575	630,781
Cash (used in)/generated from operating activities	(873,920)	1,083,245	(301,138)	231,322
Taxation paid	(191,545)	(174,609)	(146,277)	(128,894)
Zakat paid	(188)	(326)	-	-
Net cash (used in)/generated from operating activities	(1,065,653)	908,310	(447,415)	102,428

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

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividends from subsidiaries	-	-	48,253	238,929
Dividends from financial assets at fair value through profit or loss	1,377	1,480	796	931
Capital injection into subsidiaries	-	-	-	(200,000)
Interest received from financial assets at fair value through profit or loss	6,494	12,200	6,494	12,200
Interest received from financial investments at fair value through other comprehensive income	295,582	332,181	266,892	293,593
Interest received from financial investments at amortised cost	73,722	19,942	80,099	29,281
Interest received for derivative instruments	1,685	9,051	1,685	9,051
Purchase of computer software	(46,377)	(36,953)	(45,502)	(36,444)
Purchase of property, plant and equipment	(18,016)	(13,145)	(17,842)	(13,058)
Proceeds from disposal of property, plant and equipment	-	25	-	25
Purchase of:				
- financial investments at fair value through other comprehensive income	(1,043,704)	(3,970,475)	(776,850)	(3,913,031)
- financial investments at amortised cost	-	(2,426,730)	-	(2,078,053)
Redemption/disposal of:				
- financial investments at fair value through other comprehensive income	2,101,467	5,029,031	1,165,733	4,974,480
- financial investments at amortised cost	158,042	323,396	67,866	-
Net cash generated from/(used in) investing activities	1,530,272	(719,997)	797,624	(682,096)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid to shareholders of the company	(218,128)	-	(218,128)	-
Interest paid on subordinated obligations	(61,429)	(84,890)	(61,225)	(85,524)
Interest paid on recourse obligation on loans and financing sold to Cagamas	(13,526)	(13,787)	(13,576)	(13,544)
Repayment of lease liabilities	(31,207)	(30,605)	(31,121)	(30,548)
Proceeds from issuance of subordinated notes	-	60,000	-	-
Repayment of recourse obligations on loans and financing sold to Cagamas	-	(150,000)	-	-
Net cash used in financing activities	(324,290)	(219,282)	(324,050)	(129,616)
Net change in cash and cash equivalents	140,329	(30,969)	26,159	(709,284)
Cash and cash equivalents at beginning of financial year	3,088,245	3,119,214	1,779,243	2,488,527
Cash and cash equivalents at end of financial year	3,228,574	3,088,245	1,805,402	1,779,243
Cash and cash equivalents comprise the following:				
Cash and short-term funds (Note 3)	3,228,574	3,088,245	1,805,402	1,779,243

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

STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

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	Total RM'000
GROUP				
At 1 April 2021	650,499	123,494	1,572,718	2,346,711
Cash flow				
- Interest payment	(13,526)	-	(61,429)	(74,955)
- Repayment of lease liabilities	-	(31,207)	-	(31,207)
Non-cash changes				
- Interest accrued	13,591	6,301	61,496	81,388
- Additions, remeasurement and termination of contracts	-	26,887	-	26,887
At 31 March 2022	650,564	125,475	1,572,785	2,348,824
At 1 April 2020	800,695	130,223	1,520,637	2,451,555
Cash flow				
- (Redemption)/issuance	(150,000)	-	60,000	(90,000)
- Interest payment	(13,787)	-	(84,890)	(98,677)
- Repayment of lease liabilities	-	(30,605)	-	(30,605)
Non-cash changes				
- Interest accrued	13,591	6,741	76,971	97,303
- Additions, remeasurement and termination of contracts	-	17,135	-	17,135
At 31 March 2021	650,499	123,494	1,572,718	2,346,711

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

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	Total RM'000
BANK				
At 1 April 2021	300,100	123,475	1,471,978	1,895,553
Cash flow				
- Interest payment	(13,576)	-	(61,225)	(74,801)
- Repayment of lease liabilities	-	(31,121)	-	(31,121)
Non-cash changes				
- Interest accrued	13,591	6,292	61,701	81,584
- Additions, remeasurement and termination of contracts	-	26,603	-	26,603
At 31 March 2022	300,115	125,249	1,472,454	1,897,818
At 1 April 2020	300,053	130,150	1,480,254	1,910,457
Cash flow				
- Interest payment	(13,544)	-	(85,524)	(99,068)
- Repayment of lease liabilities	-	(30,548)	-	(30,548)
Non-cash changes				
- Interest accrued	13,591	6,738	77,248	97,577
- Additions, remeasurement and termination of contracts	-	17,135	-	17,135
At 31 March 2021	300,100	123,475	1,471,978	1,895,553

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

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

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 9 June 2022.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

Malaysian Financial Reporting Standards ("MFRS") Framework

The financial statements of the Group and the Bank have been prepared in accordance with the Malaysian Financial Reporting Standards ("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 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 18) - the measurement of the recoverable amount of cash-generating units is determined based on the value-in-use method, which requires the use of estimates for cash flow projections approved by the Board of Directors covering a 4-year period, estimated growth rates for cash flows beyond the fourth year are extrapolated in perpetuity and discount rates are applied to the cash flow projections. A sensitivity assessment has been performed by stressing of the estimated growth rates and discount rates by a certain percentage.

2. SIGNIFICANT 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 is an area that requires the use of significant assumptions about future economic conditions and credit behaviour.

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

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

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

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

With the impact of the COVID-19 pandemic, 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 2022. The basis is further disclosed in Note 43(a)(ix).

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 2021 are as follows:

- Amendments to MFRS 16 "COVID-19 Related Rent Concessions"; and
- Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16).

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 (CONT'D)

31 MARCH 2022

2. SIGNIFICANT 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 2022

- (i) Annual Improvements to MFRS 9 “Fees in the 10% Test for Derecognition of Financial Liabilities”

It clarifies that only fees paid or received between the borrower and the lender, including the fees paid or received on each other's behalf, are included in the cash flow of the new loan when performing the 10% test.

An entity shall apply the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

- (ii) Amendments to MFRS 3 “Reference to the Conceptual Framework”

The amendments replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework. The amendments did not change the current accounting for business combinations on the acquisition date.

The amendments provide an exception for the recognition of liabilities and contingent liabilities in accordance with the principles of MFRS 137 “Provisions, Contingent Liabilities and Contingent Assets” and IC Interpretation 21 “Levies” when falls within their scope. It also clarifies that contingent assets should not be recognised at the acquisition date.

The amendments shall be applied prospectively.

- (iii) Amendments to MFRS 116 “Proceeds before Intended Use”

The amendments prohibit an entity from deducting from the cost of a property, plant and equipment the proceeds received from selling items produced by the property, plant and equipment before it is ready for its intended use. The sales proceeds should instead be recognised in profit or loss.

The amendments also clarify that testing whether an asset is functioning properly refers to assessing the technical and physical performance of the property, plant and equipment.

The amendments shall be applied retrospectively.

- (iv) Amendments to MFRS 137 “Onerous Contracts – Cost of Fulfilling a Contract”

The amendments clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts. The amendments also clarify that before recognising a separate provision for an onerous contract, impairment loss that has occurred on assets used in fulfilling the contract should be recognised.

The amendments shall be applied prospectively.

2. SIGNIFICANT 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 2023

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

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

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

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

The amendments shall be applied retrospectively.

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

• Amendments to MFRS 101, MFRS Practice Statement 2 “Disclosure of Accounting Policies”

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

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

• Amendments to MFRS 108 “Definition of Accounting Estimates”

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

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

(iii) Amendments to MFRS 112 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Economic Entities in the Group

(i) Subsidiaries

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

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD)

(b) Economic Entities in the Group (cont'd)

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

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

(iii) Disposal of Subsidiaries

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

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

(iv) Associates

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Economic Entities in the Group (cont'd)

(iv) Associates (cont'd)

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

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

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

(v) Joint Arrangements

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

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD)

(c) Investments in Subsidiaries, Joint Ventures and Associates in separate financial statements

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

(d) Intangible Assets

(i) Goodwill

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

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

(ii) Computer software

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

2. SIGNIFICANT 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(k)(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 and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD)

(f) Financial Assets

(i) Classification

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

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

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

(i) Financial assets at FVOCI comprise:

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

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

- Debt investments that do not qualify for measurement at either amortised cost or fair value through comprehensive income; and
- Equity investments for which the entity has not elected to recognise at fair value through other comprehensive income.

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

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

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

(ii) Recognition and initial measurement

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

2. SIGNIFICANT 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 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 income using the effective interest. Foreign exchange gains and losses are presented in other operating income and impairment expenses are presented as 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.

2. SIGNIFICANT 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.

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

(i) Fair Value Hedge

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

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

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used to amortised to statements of income over the period to maturity.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Derivative Financial Instrument and Hedge Accounting (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 affects statements of income.

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

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in statements of changes in equity and is recognised in the periods when the hedged item affects 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 was reported in equity is immediately reclassified to statements of income.

(iii) Net Investment Hedge

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

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

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

Interest Rate Benchmark Reform

The London Interbank Offered Rate ("LIBOR"), a key USD-based benchmark rate used for setting interest rate for derivatives is expected to cease by the end of June 2023 and to be replaced by the Secured Overnight Financing Rate ("SOFR"). This applies to tenures of Overnight, 1-month, 3-month, 6-month and 12-month. However, LIBOR tenures of 1-week and 2-month have ceased by the end of December 2021.

In Malaysia, BNM announced the launch of the Malaysia Overnight Rate ("MYOR") as the new alternative reference rate ("ARR") for Malaysia on 24 September 2021. However, the full replacement of the Kuala Lumpur Interbank Offered Rate ("KLIBOR") based benchmark term tenures with term MYOR is still pending finalisation from BNM.

The Group has established a Project Steering Committee in 2021 to manage the impact of the Interbank Offered Rate ("IBOR") reform. The terms of reference of the Committee are to engage with Group's business units to ensure exposures in loans, funding and derivatives incorporated fall-back provisions for the ARR and to ensure system readiness to capture existing and new exposures under the ARR transition. As at end of December 2021, system upgrade to manage the transition was completed.

The Project Steering Committee has established a communication plan to inform the customers that the issuance of products that are referenced to LIBOR and other IBOR-based benchmark rate (EUR, GBP, JPY & CHF) will cease, effective from 31 December 2021.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD)

(h) Offsetting Financial Instruments

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

(i) Amounts Due From Clients and Brokers

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

(j) Other Assets

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

(k) Impairment of Assets

(i) Impairment of Financial Assets

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

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

(a) General 3-stage approach

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

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

- (i) Stage 1 – from initial recognition of a financial asset to the date on which the credit risk of the asset has increased significantly relative to its initial recognition, a loss allowance is recognised equal to the credit losses expected to result from defaults occurring over the next 12 months (12-month ECL);
- (ii) Stage 2 – following a significant increase in credit risk relative to the initial recognition of the financial assets, a loss allowance is recognised equal to the credit losses expected over the remaining life of the asset (Lifetime ECL); and
- (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 judgmentally impaired.

Measurement of ECL is set out in Note 43.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment of Assets (cont'd)

(i) Impairment of Financial Assets (cont'd)

(b) Simplified approach for other receivables

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

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

(c) Write-off

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

(ii) Impairment of Non-Financial Assets

(a) Goodwill/Intangible assets

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment of Assets (cont'd)

(ii) Impairment of non-financial assets (cont'd)

(b) Other non-financial assets

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

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

(l) Financial Liabilities

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

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

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

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

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

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

(m) Repurchase Agreements

Financial instruments purchased under resale agreements are instruments which the Group and the Bank have purchased with a commitment to resell at future dates. The commitment to resell the instruments are 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Bills and Acceptances Payable

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

(o) Subordinated Obligations and Other Borrowings

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

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

(p) Provisions

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

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

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

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

(q) Leases

Lease in which the Group and the Bank are a Lessee

Leases are recognised as right-of-use ("ROU") asset 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Leases (cont'd)

Lease in which the Group and the Bank are a Lessee (cont'd)

(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 lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities.

(ii) Right-of-Use ("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. The 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 asset is depreciated on the underlying asset's useful life. In addition, the 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 (CONT'D)

31 MARCH 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) 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.

(iv) Separating Lease and Non-Lease Components

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD)

(r) Share Capital and Dividends Declared

(i) Classification

Ordinary shares with discretionary dividends are classified as equity.

(ii) Share issue costs

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

(iii) Dividend declared

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

(iv) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

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

Diluted earnings per share

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

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

(s) Revenue Recognition

(i) Recognition of Interest and Financing Income

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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Revenue Recognition (cont'd)

(ii) Recognition of Fees and Other Income

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 purposes of measuring the impairment.

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

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

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

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

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

(t) Recognition of Interest and Financing Expenses

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD)

(u) Foreign Currencies

(i) Functional and Presentation Currency

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

(ii) Transactions and Balances

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

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

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

(v) Current and Deferred Income Tax

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Current and Deferred Income Tax (cont'd)

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

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

(w) Foreclosed Properties

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

(x) Cash and Cash Equivalents

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

(y) Employee Benefits

(i) Short-Term Employee Benefits

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

(ii) Defined Contribution Plans

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD)

(z) Contingent Assets and Contingent Liabilities

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

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

(aa) Financial Guarantee Contract

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

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

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

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

(ab) Segment Reporting

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ac) Changes in Regulatory Requirement

Measures Announced by BNM to Assist Individuals and Small Medium Enterprises (“SMEs”) Affected by the COVID-19 Pandemic

(a) Measures issued by BNM

During the financial year ended 31 March 2022, BNM had announced the extension of regulatory measures to facilitate loan/financing repayment assistance to borrowers/customers affected by the COVID-19 pandemic in line with the Government’s economic stimulus packages.

The Group and the Bank have taken proactive initiatives to engage and provide assistance to customers with financial difficulties by offering various flexible repayment packages and debt rehabilitation support. The support measures include the following:

(i) Perlindungan Ekonomi dan Rakyat Malaysia (“PERMAI”)

PERMAI was announced on 18 January 2021 where eligible borrowers/customers can apply for a 3-month deferment of instalment or a 50% reduction in their monthly instalment payment for a period of 6 months. This was applicable to all B40/M40 group of customers and microenterprises with loan/financing facilities not exceeding RM150,000 that were approved on or before 30 September 2020 and not in arrears for more than 90 days.

(ii) Program Strategik Memperkasa Rakyat dan Ekonomi Tambahan (“PEMERKASA+”)

PEMERKASA+ was announced on 31 May 2021 for B40 group of borrowers/customers who have lost their employment, SMEs and microenterprises with loan/financing facilities not exceeding RM150,000 that were approved on or before 30 June 2021 and not in arrears for more than 90 days. All affected borrowers/customers may enrol for a 3-month deferment of instalment or a 50% reduction in their monthly instalment payment for a period of 6 month.

(iii) Pakej Perlindungan Rakyat dan Pemulihan Ekonomi (“PEMULIH”)

A 6-month loan moratorium under PEMULIH was announced on 28 June 2021. The scheme applies to ringgit and foreign currency denominated loans/financing approved on or before 30 June 2021, not in arrears exceeding 90 days and customers must not be adjudicated bankrupts or under bankruptcy proceedings. All individuals, SMEs and microenterprises may enrol for a 6-month deferment of instalment or a 50% reduction in their monthly instalment payment for a period of 6 months. There were no compounding interest/profit and any penalty interest/profit during this moratorium period.

(iv) Financial Management and Resilience Programme (“URUS”)

The Bank has worked alongside Agensi Kaunseling dan Pengurusan Kredit (“AKPK”) to offer a comprehensive extended financial assistance scheme called Financial Management and Resilience Programme (“URUS”).

Under URUS, AKPK will provide eligible customers with a personalised financial plan with the following options:

- (a) A 3-month interest/profit waiver, commencing the month following the customers’ on boarding into the scheme; or
- (b) A 3-month interest/profit waiver together with reduced instalments for a period of up to 24 months. This option will also benefit customers with unsecured personal loan/financing and credit cards.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ac) Changes in Regulatory Requirement (cont'd)

Measures Announced by BNM to Assist Individuals and Small Medium Enterprises (“SMEs”) Affected by the COVID-19 Pandemic (cont'd)

(b) Drawdown of Prudential Buffer

Banking institutions are given the following relaxation of the regulatory prudential buffers, which need to be restored at the minimum regulatory requirements by 30 September 2021:

- (i) The usage of capital conservation buffer of 2.5%;
- (ii) Operate below the minimum liquidity coverage ratio (“LCR”) of 100%;
- (iii) Reduce the regulatory reserve held against expected credit losses to 0%; and
- (iv) Minimum Net Stable Funding Ratio (“NSFR”) is lowered from 100% to 80%.

(c) Classification in the Central Credit Reference Information System (“CCRIS”) and credit risk monitoring

Borrowers/customers under the repayment assistance/moratorium do not automatically result in a stage transfer under the MFRS 9 in the absence of other factors indicating evidence of significant increase in credit risk since initial recognition (“SICR”). The Group and the Bank continue to perform credit monitoring, assessment of relevant indicators (e.g. delinquency trend, repayment history, etc.) in determining SICR. The loans/financing that are approved under the repayment assistance on or before 31 December 2021 are exempted to be reported as rescheduling and restructuring (“R&R”) in CCRIS.

3. CASH AND SHORT-TERM FUNDS

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash and balances with banks and other financial institutions	675,074	696,292	611,777	643,202
Money at call and deposit placements maturing within one month	2,553,508	2,391,973	1,193,633	1,136,061
	3,228,582	3,088,265	1,805,410	1,779,263
Less: Allowance for expected credit losses	(8)	(20)	(8)	(20)
	3,228,574	3,088,245	1,805,402	1,779,243

Included in the cash and short-term funds of the Group are accounts held-in-trust for remisiers amounting to RM8,001,000 (2021: RM9,274,000).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

3. CASH AND SHORT-TERM FUNDS (CONT'D)

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 2021	20	-	-	20
New financial assets originated or purchased	117	-	-	117
Financial assets derecognised other than write-off	(136)	-	-	(136)
Changes due to change in credit risk	7	-	-	7
Total write-back from income statement	(12)	-	-	(12)
At 31 March 2022	8	-	-	8
At 1 April 2020	1	-	-	1
New financial assets originated or purchased	133	-	-	133
Financial assets derecognised other than write-off	(113)	-	-	(113)
Other adjustments	(1)	-	-	(1)
Total charge to income statement	19	-	-	19
At 31 March 2021	20	-	-	20

4. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Licensed banks	168,192	41,481	168,192	41,481
Less: Allowance for expected credit losses	(8)	(4)	(8)	(4)
	168,184	41,477	168,184	41,477

4. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS (CONT'D)

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 2021	4	-	-	4
New financial assets originated or purchased	8	-	-	8
Financial assets derecognised other than write-off	(4)	-	-	(4)
Total charge to income statement	4	-	-	4
At 31 March 2022	8	-	-	8
At 1 April 2020	-	-	-	-
New financial assets originated or purchased	46	-	-	46
Financial assets derecognised other than write-off	(42)	-	-	(42)
Total charge to income statement	4	-	-	4
At 31 March 2021	4	-	-	4

5. AMOUNTS DUE FROM CLIENTS AND BROKERS

	GROUP	
	2022 RM'000	2021 RM'000
Due from brokers	7,913	-
Due from clients	47,130	105,041
Less: Allowance for expected credit losses	(3)	-
	55,040	105,041

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

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

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

GROUP	Lifetime ECL	
	2022 RM'000	2021 RM'000
At 1 April	-	3
Allowance made/(written-back) during the financial year (net)	3	(3)
At 31 March	3	-

As at 31 March 2022, the Group's gross exposure of amounts due from clients and brokers that are credit impaired was at RM3,000 (2021: RM Nil).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

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

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At fair value				
<u>Money market instrument:</u>				
Malaysian Government securities	286,173	10,036	286,173	10,036
Malaysian Government investment issues	4,643	3,210	4,643	3,210
	290,816	13,246	290,816	13,246
<u>Unquoted securities:</u>				
Shares	245,842	224,676	171,488	154,482
Corporate bonds and sukuk	4,957	-	4,957	-
	250,799	224,676	176,445	154,482
Total financial assets at FVTPL	541,615	237,922	467,261	167,728

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

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At fair value – debt instruments				
<u>Money market instruments:</u>				
Malaysian Government securities	2,239,673	2,007,478	2,076,500	1,912,391
Malaysian Government investment issues	2,128,842	3,471,755	1,439,125	2,289,793
Negotiable instruments of deposits	-	-	60,048	-
Commercial papers	19,966	-	19,966	-
	4,388,481	5,479,233	3,595,639	4,202,184
<u>Quoted securities:</u>				
Shares	13	15	13	15
<u>Unquoted securities:</u>				
Corporate bonds and sukuk	4,731,205	4,945,421	3,143,967	3,101,667
	4,731,205	4,945,421	3,143,967	3,101,667
Total financial investments at FVOCI	9,119,699	10,424,669	6,739,619	7,303,866

7. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (“FVOCI”) (CONT'D)

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 2021	96	231	-	327
New financial investments originated or purchased	62	-	-	62
Financial investments derecognised other than write-off	(3)	(29)	-	(32)
Changes due to change in credit risk	487	79	-	566
Total charge to income statement	546	50	-	596
At 31 March 2022	642	281	-	923
At 1 April 2020	138	208	-	346
Transfer to Stage 1	40	(337)	-	(297)
Transfer to Stage 2	(40)	677	-	637
New financial investments originated or purchased	14	-	-	14
Financial investments derecognised other than write-off	(19)	(5)	-	(24)
Changes due to change in credit risk	(37)	(312)	-	(349)
Total (write-back from)/charge to income statement	(42)	23	-	(19)
At 31 March 2021	96	231	-	327

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

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

Movements in allowance for expected credit losses are as follows: (cont'd)

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 2021	61	114	-	175
New financial investments originated or purchased	52	-	-	52
Financial investments derecognised other than write-off	(1)	(16)	-	(17)
Changes due to change in credit risk	339	23	-	362
Total charge to income statement	390	7	-	397
At 31 March 2022	451	121	-	572
At 1 April 2020	71	151	-	222
Transfer to Stage 1	23	(154)	-	(131)
Transfer to Stage 2	(23)	310	-	287
New financial investments originated or purchased	14	-	-	14
Financial investments derecognised other than write-off	(7)	(5)	-	(12)
Changes due to change in credit risk	(17)	(188)	-	(205)
Total write-back from income statement	(10)	(37)	-	(47)
At 31 March 2021	61	114	-	175

Note:

- (a) The transfers between stages are inclusive of net remeasurement of allowances.
- (b) There were no credit impaired exposure of financial investments at FVOCI.

8. FINANCIAL INVESTMENTS AT AMORTISED COST

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At amortised cost				
<u>Money market instruments:</u>				
Malaysian Government securities	285,299	289,741	285,299	289,741
Malaysian Government investment issues	1,834,031	1,859,678	1,623,917	1,647,210
Negotiable instruments of deposits	-	-	195,226	187,404
	2,119,330	2,149,419	2,104,442	2,124,355
<u>Unquoted securities:</u>				
Corporate bonds and sukuk	11,109	122,338	140,876	171,332
Allowance for expected credit losses	(831)	(1,253)	(882)	(922)
	10,278	121,085	139,994	170,410
Total financial investments at amortised cost	2,129,608	2,270,504	2,244,436	2,294,765

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 2021	423	-	830	1,253
Financial investments derecognised other than write-off	(139)	-	-	(139)
Changes due to change in credit risk	(283)	-	-	(283)
Total write-back from income statement	(422)	-	-	(422)
At 31 March 2022	1	-	830	831
At 1 April 2020	308	-	49,074	49,382
New financial investments originated or purchased	-	-	569	569
Financial investments derecognised other than write-off	-	-	(569)	(569)
Changes due to change in credit risk	115	-	-	115
Total charge to income statement	115	-	-	115
Write-off	-	-	(48,244)	(48,244)
At 31 March 2021	423	-	830	1,253

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

8. FINANCIAL INVESTMENTS AT AMORTISED COST (CONT'D)

Movements in allowance for expected credit losses are as follows: (cont'd)

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 2021	366	-	556	922
Financial investments derecognised other than write-off	(34)	-	-	(34)
Changes due to change in credit risk	(6)	-	-	(6)
Total write-back from income statement	(40)	-	-	(40)
At 31 March 2022	326	-	556	882
At 1 April 2020	372	-	24,678	25,050
New financial investments originated or purchased	-	-	373	373
Financial investments derecognised other than write-off	-	-	(373)	(373)
Changes due to change in credit risk	(6)	-	-	(6)
Total write-back from income statement	(6)	-	-	(6)
Write-off	-	-	(24,122)	(24,122)
At 31 March 2021	366	-	556	922

Note:

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

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

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 April	846	49,090	556	24,678
Write-off during the financial year	-	(48,244)	-	(24,122)
At 31 March	846	846	556	556

9. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

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

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

GROUP/BANK	Contract/ Notional Amount RM'000	2022		Contract/ Notional Amount RM'000	2021	
		Fair Value Assets RM'000	Fair Value Liabilities RM'000		Fair Value Assets RM'000	Fair Value Liabilities RM'000
Trading derivatives						
Foreign exchange contracts:						
- Currency forwards	3,444,406	5,026	(33,608)	3,582,112	47,952	(12,873)
- Currency swaps	7,058,429	14,681	(8,455)	5,173,549	12,471	(38,235)
- Currency spots	427,461	439	(632)	125,653	234	(84)
- Currency options	363,205	422	(77)	179,982	271	(55)
Interest rate related contracts:						
- Interest rate swaps	7,414,911	65,122	(89,554)	7,575,493	79,784	(50,355)
Equity related contracts:						
- Options	548,572	435	(79,528)	510,044	13,023	(47,808)
Hedging derivatives						
Foreign exchange contracts:						
- Currency swaps	252,270	169	(734)	-	-	-
Total derivative assets/(liabilities)	19,509,254	86,294	(212,588)	17,146,833	153,735	(149,410)

Cash flow hedge

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

9. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONT'D)

Cash flow hedge (cont'd)

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

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

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

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

9. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONT'D)

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

	Cash flow hedge RM'000
At 1 April 2021	–
Changes in fair value on foreign currency risk	1,725
Amount reclassified to profit or loss	(1,460)
Cost of hedging	(598)
Income tax effect	80
At 31 March 2022	(253)

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

	> 3–6 months RM'000
Currency swap	
Cash inflows (assets)	252,270
Cash outflows (liabilities)	(253,100)
Net cash outflows	(830)

10. LOANS, ADVANCES AND FINANCING

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At amortised cost				
Overdrafts	3,211,650	3,431,705	1,867,543	2,036,340
Term loans/financing				
– Housing loans/financing	13,854,317	14,074,492	10,433,646	10,572,066
– Syndicated term loans/financing	450,932	318,900	450,932	318,900
– Hire purchase receivables	503,545	616,512	396,032	455,966
– Other term loans/financing	20,478,471	18,195,036	15,156,490	13,839,763
Bills receivables	401,713	483,030	390,972	452,195
Trust receipts	337,871	286,407	275,330	225,407
Claims on customers under acceptance credits	3,287,105	2,969,016	2,370,612	2,216,600
Staff loans (Loans to Directors: RM Nil)	15,816	19,463	2,988	3,987
Credit/charge card receivables	496,564	513,331	496,564	513,331
Revolving credits	1,633,184	1,902,028	1,069,069	1,157,634
Share margin financing	1,517,944	1,337,422	1,345,384	1,160,548
Gross loans, advances and financing	46,189,112	44,147,342	34,255,562	32,952,737
Add: Sales commissions and handling fees	94,475	93,370	103,075	108,989
Less: Allowance for expected credit losses on loans, advances and financing	(1,159,842)	(1,007,206)	(750,440)	(666,599)
Total net loans, advances and financing	45,123,745	43,233,506	33,608,197	32,395,127

Note:

The Bank has entered into an arrangement on Commodity Murabahah Term Financing (“CMTF”) with Alliance Islamic Bank Berhad (“AIS”), the Bank’s wholly-owned subsidiary. The contract is based on Wakalah principle where the Bank will provide the funds, while the assets are managed by AIS (as the Wakeel or agent). The risk and rewards of the underlying assets are recognised and borne by the Bank. Hence, the underlying assets and allowances for expected credit losses/impairment losses are recognised and accounted for by the Bank. The total loans, advances and financing for CMTF was paid off on 27 January 2022 (31 March 2021: RM34,379,000).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

10. LOANS, ADVANCES AND FINANCING (CONT'D)

(i) By maturity structure:

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Within one year	11,107,483	11,166,171	7,948,690	7,928,048
One year to three years	1,718,863	1,719,702	1,342,705	1,271,822
Three years to five years	4,110,728	3,116,175	3,236,199	2,513,766
Over five years	29,252,038	28,145,294	21,727,968	21,239,101
Gross loans, advances and financing	46,189,112	44,147,342	34,255,562	32,952,737

(ii) By type of customer:

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Domestic non-bank financial institutions	723,452	662,237	558,736	473,893
Domestic business enterprises				
- Small and medium enterprises	15,409,759	13,947,747	11,663,713	10,831,042
- Others	6,914,111	6,139,562	5,346,250	4,654,521
Government and statutory bodies	81,213	58,149	81,213	58,149
Individuals	22,432,555	22,674,971	16,077,012	16,374,290
Other domestic entities	26,253	26,155	3,268	2,079
Foreign entities	601,769	638,521	525,370	558,763
Gross loans, advances and financing	46,189,112	44,147,342	34,255,562	32,952,737

(iii) By interest/profit rate sensitivity:

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fixed rate				
- Housing loans/financing	23,052	26,509	4,243	4,815
- Hire purchase receivables	495,932	604,335	388,420	443,788
- Other fixed rate loans/financing	7,595,903	7,022,940	5,207,562	4,940,093
Variable rate				
- Base lending rate plus	24,064,380	24,074,135	19,146,732	19,597,887
- Base rate plus	9,359,437	8,515,744	5,900,313	5,086,299
- Cost plus	4,650,408	3,903,679	3,608,292	2,879,855
Gross loans, advances and financing	46,189,112	44,147,342	34,255,562	32,952,737

10. LOANS, ADVANCES AND FINANCING (CONT'D)

(iv) By economic purposes:

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Purchase of securities	1,675,368	1,492,946	1,502,809	1,316,073
Purchase of transport vehicles	332,321	451,486	242,773	311,972
Purchase of landed property	22,164,919	21,934,318	17,143,071	17,016,276
<i>of which: - Residential</i>	14,603,585	14,920,966	11,129,634	11,351,588
<i>- Non-residential</i>	7,561,334	7,013,352	6,013,437	5,664,688
Purchase of fixed assets excluding land and buildings	341,425	263,770	289,263	211,595
Personal use	5,715,439	5,710,480	2,946,028	3,118,591
Credit card	496,564	513,332	496,564	513,332
Construction	1,056,091	954,464	933,211	851,640
Working capital	10,779,300	9,920,052	7,997,558	7,368,494
Others	3,627,685	2,906,494	2,704,285	2,244,764
Gross loans, advances and financing	46,189,112	44,147,342	34,255,562	32,952,737

(v) By economic sectors:

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Primary agriculture	1,108,508	1,197,847	718,092	790,151
Mining and quarrying	267,776	234,646	236,517	196,106
Manufacturing	5,007,037	4,840,945	3,608,137	3,647,230
Electricity, gas and water	47,504	31,632	42,889	29,462
Construction	1,668,412	1,412,197	1,250,033	1,100,732
Wholesale, retail trade, restaurants and hotels	7,868,406	7,272,701	6,110,370	5,741,712
Transport, storage and communication	810,542	714,287	642,483	570,932
Financing, insurance, real estate and business services	6,004,445	4,755,068	4,760,363	3,649,734
Community, social and personal services	373,764	366,379	287,613	288,610
Household	23,029,625	23,313,491	16,597,683	16,933,053
Others	3,093	8,149	1,382	5,015
Gross loans, advances and financing	46,189,112	44,147,342	34,255,562	32,952,737

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

10. LOANS, ADVANCES AND FINANCING (CONT'D)

(vi) By geographical distribution:

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Northern region	3,455,628	3,184,084	2,238,828	2,172,904
Central region	32,675,559	31,220,193	24,751,854	23,751,261
Southern region	5,451,964	5,457,765	4,137,984	4,168,512
Sabah region	3,327,317	3,171,129	2,243,381	2,093,429
Sarawak region	1,278,644	1,114,171	883,515	766,631
Gross loans, advances and financing	46,189,112	44,147,342	34,255,562	32,952,737

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

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 April	1,032,436	871,340	735,568	638,343
Impaired during the financial year	850,259	962,546	509,912	643,618
Recovered during the financial year	(56,902)	(47,121)	(45,741)	(34,657)
Reclassified as unimpaired during the financial year	(750,792)	(439,787)	(486,330)	(306,693)
Financial assets derecognised other than write-off during the financial year	(94,466)	(127,162)	(50,727)	(78,622)
Amount written-off	(127,269)	(187,380)	(87,925)	(126,421)
At 31 March	853,266	1,032,436	574,757	735,568
Gross impaired loans ratio	1.85%	2.34%	1.68%	2.23%
Net impaired loans ratio	1.14%	1.72%	1.08%	1.64%

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 RM127,269,000 and RM87,925,000 (2021: RM187,380,000 and RM126,421,000) 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.

10. LOANS, ADVANCES AND FINANCING (CONT'D)

(viii) Credit impaired loans analysed by economic purposes:

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Purchase of securities	17,143	-	17,143	-
Purchase of transport vehicles	15,599	24,162	10,900	17,497
Purchase of landed property	429,830	574,055	309,616	421,511
<i>of which: - Residential</i>	328,994	453,817	223,770	320,166
<i>- Non-residential</i>	100,836	120,238	85,846	101,345
Purchase of fixed assets excluding land and buildings	5,586	12,664	4,994	12,307
Personal use	172,179	269,955	94,214	153,655
Credit card	4,708	8,530	4,708	8,530
Construction	8,102	8,102	8,102	8,102
Working capital	140,053	84,288	82,759	66,278
Others	60,066	50,680	42,321	47,688
Gross impaired loans	853,266	1,032,436	574,757	735,568

(ix) Credit impaired loans analysed by economic sectors:

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Primary agriculture	1,089	1,133	6	17
Mining and quarrying	1,246	1,373	1,246	1,373
Manufacturing	61,041	63,974	52,158	60,440
Construction	69,603	32,416	17,912	19,705
Wholesale, retail trade, restaurants and hotels	98,856	87,927	75,825	67,258
Transport, storage and communication	3,798	4,683	3,244	4,179
Financing, insurance, real estate and business services	67,538	74,203	66,983	73,017
Community, social and personal services	7,170	3,109	3,286	3,109
Household	542,925	762,451	354,097	505,303
Others	-	1,167	-	1,167
Gross impaired loans	853,266	1,032,436	574,757	735,568

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

10. LOANS, ADVANCES AND FINANCING (CONT'D)

(x) Credit impaired loans by geographical distribution:

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Northern region	66,114	77,759	39,156	52,270
Central region	616,851	764,325	427,522	543,371
Southern region	134,400	142,789	88,780	107,890
Sabah region	28,823	37,812	13,574	24,456
Sarawak region	7,078	9,751	5,725	7,581
Gross impaired loans	853,266	1,032,436	574,757	735,568

(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 2021	231,025	498,776	277,405	1,007,206
Transfer to Stage 1	139,012	(500,239)	(1,598)	(362,825)
Transfer to Stage 2	(85,699)	730,176	(206,437)	438,040
Transfer to Stage 3	(627)	(308,235)	288,619	(20,243)
New financial assets originated or purchased	93,426	228,198	14,727	336,351
Financial assets derecognised other than write-off	(69,683)	(250,735)	(23,389)	(343,807)
Changes due to change in credit risk	(36,790)	161,540	61,713	186,463
Other adjustment	11	5	-	16
	39,650	60,710	133,635	233,995
Unwinding of discount	-	-	2,178	2,178
Total charge to income statement	39,650	60,710	135,813	236,173
Write-off	(1)	(1,836)	(81,700)	(83,537)
At 31 March 2022	270,674	557,650	331,518	1,159,842

10. LOANS, ADVANCES AND FINANCING (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 2020	96,553	269,287	293,428	659,268
Transfer to Stage 1	153,279	(303,936)	(4,481)	(155,138)
Transfer to Stage 2	(101,032)	483,008	(76,882)	305,094
Transfer to Stage 3	(738)	(158,088)	233,223	74,397
New financial assets originated or purchased	77,896	178,021	15,316	271,233
Financial assets derecognised other than write-off	(64,721)	(189,434)	(35,550)	(289,705)
Changes due to change in credit risk	69,812	220,087	(9,933)	279,966
Other adjustment	(21)	(37)	(13)	(71)
	134,475	229,621	121,680	485,776
Unwinding of discount	-	-	(7,853)	(7,853)
Total charge to income statement	134,475	229,621	113,827	477,923
Write-off	(3)	(132)	(129,850)	(129,985)
At 31 March 2021	231,025	498,776	277,405	1,007,206

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

10. 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)

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 2021	154,241	314,669	197,689	666,599
Transfer to Stage 1	86,573	(314,557)	(1,581)	(229,565)
Transfer to Stage 2	(52,603)	442,526	(124,959)	264,964
Transfer to Stage 3	(446)	(157,496)	156,394	(1,548)
New financial assets originated or purchased	61,935	165,809	9,067	236,811
Financial assets derecognised other than write-off	(46,658)	(190,470)	(13,382)	(250,510)
Changes due to change in credit risk	(28,566)	108,957	39,378	119,769
Other adjustment	11	5	-	16
	20,246	54,774	64,917	139,937
Unwinding of discount	-	-	2,287	2,287
Total charge to income statement	20,246	54,774	67,204	142,224
Write-off	(1)	(901)	(57,481)	(58,383)
At 31 March 2022	174,486	368,542	207,412	750,440
At 1 April 2020	63,677	177,196	218,370	459,243
Transfer to Stage 1	94,945	(199,432)	(2,495)	(106,982)
Transfer to Stage 2	(62,825)	300,659	(50,694)	187,140
Transfer to Stage 3	(606)	(90,925)	142,613	51,082
New financial assets originated or purchased	53,856	139,571	11,287	204,714
Financial assets derecognised other than write-off	(42,782)	(141,429)	(24,205)	(208,416)
Changes due to change in credit risk	48,000	129,081	(2,262)	174,819
Other adjustment	(21)	(37)	(13)	(71)
	90,567	137,488	74,231	302,286
Unwinding of discount	-	-	(4,550)	(4,550)
Total charge to income statement	90,567	137,488	69,681	297,736
Write-off	(3)	(15)	(90,362)	(90,380)
At 31 March 2021	154,241	314,669	197,689	666,599

Note:

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

10. 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

2022

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

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

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

Total ECL movements in 2022 is also affected by the changes in forward-looking economic inputs and increased pre-emptive overlay provisions from the estimated impacts of the COVID-19 pandemic. The overlays have been applied to determine a sufficient overall level of ECL. These overlays were taken to reflect the potential impact to delinquencies and defaults arising from escalation of credit risk on certain segments of the targeted repayment assistance loans, as disclosed in Note 43(a)(ix).

2021

Stage 1 ECL for the Group increased by RM134.5 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. The increase was partly offset by loans, advances and financing that were fully repaid, having movement in the existing account balances during the financial year, accounts closed or migrated to Stage 2 or Stage 3 due to deterioration in credit quality.

Stage 2 ECL increased by RM229.5 million, as a result of loans, advances and financing migrated from Stage 1 into Stage 2, which were mainly due to the increase in credit risk observed on certain segments of PRA such as Personal Loans/Financing and Mortgages. The increase was partly offset by repayment, and accounts migrated to Stage 3 due to deterioration in credit quality and migrated to Stage 1 as a result of improved credit quality.

Stage 3 ECL for the Group decreased by RM16.0 million, from loans, advances and financing due to 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. The decrease was partly offset by the accounts migrated to Stage 3 from Stage 1 and Stage 2 as a result of deterioration in credit quality.

Total ECL movements in 2021 is also affected by the changes in forward-looking economic inputs and increased pre-emptive overlay provisions from the estimated impacts of the COVID-19 pandemic, as disclosed in Note 43(a)(ix).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

11. OTHER ASSETS

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Other receivables	109,021	98,079	125,907	120,168
Collateral pledged for derivative transactions	118,485	61,381	118,485	61,381
Settlement account	234,689	128,658	234,689	128,658
Deposits	8,961	8,834	8,357	8,210
Prepayment	40,939	36,788	35,034	33,220
Amounts due from subsidiaries [Note (a)]	-	-	41,630	32,397
Amount due from joint venture [Note (a)]	-	194	109	323
	512,095	333,934	564,211	384,357
Allowance for expected credit losses on other receivables [Note (b)]	(41,993)	(40,281)	(38,147)	(34,941)
	470,102	293,653	526,064	349,416

Note:

(a) Amounts due from subsidiaries and joint venture

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-interest bearing	-	194	41,739	32,720

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

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

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Lifetime ECL				
At 1 April	40,281	38,212	34,941	33,143
New financial assets originated or purchased	390	170	-	-
Financial assets derecognised other than write-off	(669)	(265)	-	-
Changes due to change in credit risk	3,079	2,181	3,364	1,815
Total charge to income statement	2,800	2,086	3,364	1,815
Write-off	(1,088)	(17)	(158)	(17)
At 31 March	41,993	40,281	38,147	34,941

As at 31 March 2022, the Group's and the Bank's gross exposure of other receivables that are under lifetime expected credit losses was at RM41,993,000 and RM38,147,000 (2021: RM40,281,000 and RM34,941,000) respectively.

12. STATUTORY DEPOSITS

- (a) Non-interest bearing statutory deposits for the Group and the Bank of RM99,436,000 and RM68,999,000 (2021: RM87,912,000 and RM69,574,000) respectively are maintained with Bank Negara Malaysia (“BNM”) in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act 2009, the amounts of which are determined as a set percentage of total eligible liabilities.
- (b) Interest bearing statutory deposits of RM100,000 (2021: RM100,000) relating to a subsidiary, Alliance Trustee Berhad which are maintained with Accountant-General in compliance with Section 3(f) of the Trust Companies Act 1949.

13. INVESTMENTS IN SUBSIDIARIES

	BANK	
	2022 RM'000	2021 RM'000
Unquoted shares, at cost		
At 1 April	1,109,102	909,102
Subscription of ordinary shares in subsidiaries	–	200,000
At 31 March	1,109,102	1,109,102

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

Name	Principal activities	Effective equity interest	
		2022 %	2021 %
Alliance Investment Bank Berhad	Investment banking business including Islamic banking, provision of stockbroking services and related financial services	100	100
Alliance Islamic Bank Berhad	Islamic banking, finance business and the provision of related financial services	100	100
Alliance Direct Marketing Sdn. Bhd.	Dealing in sales and distribution of consumer and commercial banking products	100	100
AllianceGroup Nominees (Asing) Sdn. Bhd.	Nominee services	100	100
AllianceGroup Nominees (Tempatan) Sdn. Bhd.	Nominee services	100	100
Alliance Trustee Berhad [Note (a)]	Trustee services	100	100
Alliance Financial Group Berhad (under members' voluntary winding up)	Dormant	100	100
<i>Subsidiaries of Alliance Financial Group Berhad</i>			
Kota Indrapura Development (under members' voluntary winding up)	Dormant	100	100

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

13. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Note:

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

Name	Effective equity interest	
	2022 %	2021 %
Alliance Bank Malaysia Berhad	20	20
Alliance Investment Bank Berhad	20	20
Alliance Direct Marketing Sdn. Bhd.	20	20
AllianceGroup Nominees (Asing) Sdn. Bhd.	20	20
AllianceGroup Nominees (Tempatan) Sdn. Bhd.	20	20

14. INVESTMENT IN JOINT VENTURE

	GROUP	
	2022 RM'000	2021 RM'000
Unquoted shares		
At 1 April	994	903
Share of results	54	91
At 31 March	1,048	994
Represented by:		
Share of net tangible assets	1,048	994

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

Name	Principal activities	Effective equity interest	
		2022 %	2021 %
AllianceDBS Research Sdn. Bhd.	Research and stock analysis	51	51

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

14. INVESTMENT IN JOINT VENTURE (CONT'D)

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

	GROUP	
	2022 RM'000	2021 RM'000
Assets and liabilities		
Current assets		
Cash and short-term funds	2,358	2,575
Other current assets	296	588
Total current assets	2,654	3,163
Non-current assets	308	650
Total assets	2,962	3,813
Current liabilities		
Other liabilities (non-trade)	783	1,450
Total current liabilities	783	1,450
Non-current liabilities	125	414
Total liabilities	908	1,864
Net assets	2,054	1,949

The summarised statements of comprehensive income is as follows:

	GROUP	
	2022 RM'000	2021 RM'000
Revenue	4,002	4,998
Profit before tax for the financial year	154	235
Profit after tax for the financial year	105	178
The above profit includes the following:		
Depreciation and amortisation	(7)	(23)
Taxation	(49)	(57)
Reconciliation of summarised financial information:		
<u>Net assets</u>		
At 1 April	1,949	1,771
Profit for the financial year	105	178
At 31 March	2,054	1,949
Carrying value at 51% share of the equity interest of a joint venture	1,048	994

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

15. RIGHT-OF-USE ASSETS

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

15. RIGHT-OF-USE ASSETS (CONT'D)

GROUP 2021	Premises RM'000	Leasehold land RM'000	Office equipment and furniture RM'000	Computer equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost						
At 1 April 2020	192,080	13,523	2,957	5,663	796	215,019
Additions	2,529	-	-	1,472	-	4,001
Remeasurement	12,680	-	-	-	-	12,680
At 31 March 2021	207,289	13,523	2,957	7,135	796	231,700
Accumulated depreciation						
At 1 April 2020	78,253	4,375	986	2,096	133	85,843
Charge for the financial year	22,859	137	986	1,185	196	25,363
At 31 March 2021	101,112	4,512	1,972	3,281	329	111,206
Accumulated impairment losses						
At 1 April 2020/ 31 March 2021	-	37	-	-	-	37
Net carrying amount	106,177	8,974	985	3,854	467	120,457

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

15. RIGHT-OF-USE ASSETS (CONT'D)

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

15. RIGHT-OF-USE ASSETS (CONT'D)

BANK 2021	Premises RM'000	Leasehold land RM'000	Office equipment and furniture RM'000	Computer equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost						
At 1 April 2020	191,876	13,523	2,957	5,663	796	214,815
Additions	2,529	-	-	1,472	-	4,001
Remeasurement	12,680	-	-	-	-	12,680
At 31 March 2021	207,085	13,523	2,957	7,135	796	231,496
Accumulated depreciation						
At 1 April 2020	78,111	4,375	986	2,096	133	85,701
Charge for the financial year	22,815	137	986	1,185	196	25,319
At 31 March 2021	100,926	4,512	1,972	3,281	329	111,020
Accumulated impairment losses						
At 1 April 2020/ 31 March 2021	-	37	-	-	-	37
Net carrying amount	106,159	8,974	985	3,854	467	120,439

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

16. PROPERTY, PLANT AND EQUIPMENT

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

16. PROPERTY, PLANT AND EQUIPMENT (CONTD)

GROUP 2021	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
Cost							
At 1 April 2020	1,953	27,826	130,420	58,432	53,529	856	273,016
Additions	-	-	417	1,393	11,335	-	13,145
Transfer	-	-	(2,233)	2,233	1,851	-	1,851
Disposals	-	-	(25)	-	(2)	(2)	(29)
Written-off	-	-	(123)	(57)	(82)	-	(262)
At 31 March 2021	1,953	27,826	128,456	62,001	66,631	854	287,721
Accumulated depreciation							
At 1 April 2020	-	11,751	117,729	41,656	37,037	332	208,505
Charge for the financial year	-	556	2,899	5,944	11,492	138	21,479
Transfer	-	-	-	-	629	-	629
Disposals	-	-	-	-	(2)	(2)	(4)
Written-off	-	-	(92)	(8)	(77)	-	(177)
At 31 March 2021	-	12,307	120,536	47,592	49,529	468	230,432
Accumulated impairment losses							
At 1 April 2020/31 March 2021	-	25	-	-	-	-	25
Net carrying amount	1,953	15,494	7,920	14,409	17,102	386	57,264

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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

16. PROPERTY, PLANT AND EQUIPMENT (CONTD)

BANK 2021	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
Cost							
At 1 April 2020	1,953	27,826	128,086	59,915	61,324	935	280,039
Additions	-	-	392	1,391	11,275	-	13,058
Transfer	-	-	(2,233)	2,233	-	-	-
Disposals	-	-	(25)	-	(2)	(2)	(29)
Written-off	-	-	(109)	(57)	(82)	-	(248)
At 31 March 2021	1,953	27,826	126,111	63,482	72,515	933	292,820
Accumulated depreciation							
At 1 April 2020	-	11,751	115,977	43,621	44,845	372	216,566
Charge for the financial year	-	557	2,695	5,794	11,286	138	20,470
Disposals	-	-	-	-	(2)	(2)	(4)
Written-off	-	-	(82)	(8)	(77)	-	(167)
At 31 March 2021	-	12,308	118,590	49,407	56,052	508	236,865
Accumulated impairment losses							
At 1 April 2020/31 March 2021	-	25	-	-	-	-	25
Net carrying amount	1,953	15,493	7,521	14,075	16,463	425	55,930

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

17. DEFERRED TAX

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

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deferred tax assets, net	203,285	130,100	143,544	95,200
Deferred tax liabilities, net	(426)	(2,333)	-	-
	202,859	127,767	143,544	95,200

Movements on deferred tax:

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 April	127,767	19,746	95,200	14,074
Recognised in statements of income	13,073	79,608	6,082	54,380
Recognised in equity	62,019	28,413	42,262	26,746
At 31 March	202,859	127,767	143,544	95,200

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

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deferred tax assets	217,571	154,706	157,901	105,690
Deferred tax liabilities	(14,712)	(26,939)	(14,357)	(10,490)
	202,859	127,767	143,544	95,200

17. DEFERRED TAX (CONT'D)

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

Deferred tax assets/ (liabilities)	Unabsorbed tax losses and capital allowances RM'000	Allowance for expected credit losses RM'000	Other liabilities RM'000	Financial investments at fair value through other comprehensive income RM'000			Cash flow hedge RM'000	Property, plant and equipment RM'000	Total RM'000
				Leases RM'000	RM'000	RM'000			
GROUP									
At 1 April 2021	4	79,011	72,460	3,231	(16,103)	-	-	(10,836)	127,767
Reclassification	267	-	(267)	-	-	-	-	-	-
Recognised in statements of income	(3)	14,973	1,858	121	-	-	-	(3,876)	13,073
Recognised in equity	-	-	-	-	61,939	80	-	-	62,019
At 31 March 2022	268	93,984	74,051	3,352	45,836	80	-	(14,712)	202,859
At 1 April 2020	2	15,734	52,334	2,861	(44,516)	-	-	(6,669)	19,746
Recognised in statements of income	2	63,277	20,126	370	-	-	-	(4,167)	79,608
Recognised in equity	-	-	-	-	28,413	-	-	-	28,413
At 31 March 2021	4	79,011	72,460	3,231	(16,103)	-	-	(10,836)	127,767

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

17. DEFERRED TAX (CONT'D)

The components and movements of deferred tax assets and liabilities during the financial year are as follows: (cont'd)

Deferred tax assets/ (liabilities)	Unabsorbed tax losses and capital allowances RM'000	Allowance for expected credit losses RM'000	Other liabilities RM'000	Financial investments				Total RM'000
				Leases RM'000	at fair value through other comprehensive income RM'000	Cash flow hedge RM'000	Property, plant and equipment RM'000	
BANK								
At 1 April 2021	-	49,192	51,697	3,197	1,604	-	(10,490)	95,200
Recognised in statements of income	-	11,524	(1,690)	115	-	-	(3,867)	6,082
Recognised in equity	-	-	-	-	42,182	80	-	42,262
At 31 March 2022	-	60,716	50,007	3,312	43,786	80	(14,357)	143,544
At 1 April 2020	-	9,916	32,668	2,867	(25,142)	-	(6,235)	14,074
Recognised in statements of income	-	39,276	19,029	330	-	-	(4,255)	54,380
Recognised in equity	-	-	-	-	26,746	-	-	26,746
At 31 March 2021	-	49,192	51,697	3,197	1,604	-	(10,490)	95,200

Note:

Other liabilities include provisions and deferred income.

18. INTANGIBLE ASSETS

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Goodwill				
Cost:				
At 1 April/31 March	301,997	301,997	186,272	186,272
Impairment:				
At 1 April/31 March	16,349	16,349	351	351
Net carrying amount	285,648	285,648	185,921	185,921
Computer software				
Cost:				
At 1 April	384,366	349,264	375,101	338,657
Additions	46,377	36,953	45,502	36,444
Transfer	-	(1,851)	-	-
Written-off	(12,038)	-	(12,038)	-
At 31 March	418,705	384,366	408,565	375,101
Accumulated amortisation:				
At 1 April	238,755	197,826	232,018	191,898
Charge for the financial year	45,063	41,558	43,987	40,120
Transfer	-	(629)	-	-
Written-off	(11,670)	-	(11,670)	-
At 31 March	272,148	238,755	264,335	232,018
Net carrying amount	146,557	145,611	144,230	143,083
Total carrying amount	432,205	431,259	330,151	329,004

Note:

Computer software of the Group and the Bank includes work in progress of RM35,363,000 and RM35,242,000 (2021: RM34,228,000 and RM34,086,000) respectively which is not amortised until ready for use.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

18. 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Consumer banking	101,565	101,565	67,513	67,513
Business banking	100,822	100,822	81,448	81,448
Financial markets	83,261	83,261	36,960	36,960
	285,648	285,648	185,921	185,921

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

(i) Discount rates

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

	GROUP	
	2022 %	2021 %
Consumer banking	8.09	9.53
Business banking	8.09	9.54
Financial markets	6.44	8.40

(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 management's expectation of market developments.

Cash flows beyond the fourth year are extrapolated in perpetuity using terminal growth rate at 4.2% (2021: 4.0%), representing the forecasted Gross Domestic Product ("GDP") growth rate of the country for the CGUs.

(b) Sensitivity to changes in assumptions

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

Sensitivity analysis was performed by stressing the terminal growth rates ranging at -4.6% to -11.4% or the discount rates ranging between 16.7% to 21.0% which resulted in a break-even point between the carrying amount and recoverable amount for the CGUs.

19. DEPOSITS FROM CUSTOMERS

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Demand deposits	21,323,706	20,606,556	16,091,465	15,447,892
Savings deposits	2,253,040	2,193,143	1,803,826	1,753,279
Fixed/investment deposits	21,224,606	22,421,659	15,202,615	16,821,977
Money market deposits	3,121,454	2,885,258	2,169,797	1,756,823
Negotiable instruments of deposits	263,565	381,897	263,565	370,345
	48,186,371	48,488,513	35,531,268	36,150,316

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

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Due within six months	19,804,835	20,632,259	14,077,434	14,962,791
Six months to one year	4,640,627	4,517,179	3,501,660	3,902,026
One year to three years	160,250	529,542	53,373	75,096
Three years to five years	3,913	9,834	3,510	9,232
	24,609,625	25,688,814	17,635,977	18,949,145

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

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Domestic financial institutions	253,444	423,503	285,206	469,651
Domestic non-bank financial institutions	4,501,331	4,001,957	2,985,038	2,433,197
Government and statutory bodies	3,318,166	3,782,518	1,853,610	1,654,808
Business enterprises	16,250,835	15,474,724	12,314,918	12,508,806
Individuals	21,947,570	23,097,231	16,464,080	17,645,753
Foreign entities	836,669	842,730	728,208	729,873
Others	1,078,356	865,850	900,208	708,228
	48,186,371	48,488,513	35,531,268	36,150,316

20. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Licensed banks	365,146	122,576	285,139	2,263
Licensed investment banks	23,441	340,162	-	-
Bank Negara Malaysia	1,260,405	929,914	1,052,610	657,114
Other financial institutions	40,002	-	-	-
	1,688,994	1,392,652	1,337,749	659,377

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

20. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS (CONT'D)

Note:

- (a) The Group and the Bank have undertaken a cash flow hedge on the foreign exchange risk of the deposit amounting to RM252,270,000 (2021: RM Nil).
- (b) Included in deposit and placement by BNM is the government financing scheme received by the Group and the Bank as part of the government support measures in response to the COVID-19 pandemic for the purpose of SMEs lending at a below market rate.

21. AMOUNTS DUE TO CLIENTS AND BROKERS

	GROUP	
	2022 RM'000	2021 RM'000
Due to clients	28,404	57,554
Due to brokers	-	5,862
	28,404	63,416

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

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

Following the issuance of FRSIC Consensus 18, the Group no longer recognises trust monies balances in the statements of financial position, as the Group does not have any control over the trust monies to obtain the future economic benefits embodied in the trust monies. The trust monies maintained by the Group amounting to RM99,843,000 (2021: RM123,393,000) have been excluded accordingly.

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

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

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

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

	GROUP/BANK	
	2022 RM'000	2021 RM'000
Structured investments	1,167,323	504,651
Fair value changes arising from designation at fair value through profit or loss	(142,127)	(31,956)
	1,025,196	472,695

The carrying amount of financial liabilities designated at fair value of the Group and the Bank at 31 March 2022 was lower than the contractual amount at maturity for the structured investments by RM142,127,000 (2021: RM31,956,000).

23. RECOURSE OBLIGATIONS ON LOANS AND FINANCING SOLD TO CAGAMAS

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

24. LEASE LIABILITIES

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 April	123,494	130,223	123,475	130,150
Additions	2,667	4,001	2,667	4,001
Termination of contracts	(351)	-	(351)	-
Interest expense	6,301	6,741	6,292	6,738
Lease payment	(31,207)	(30,605)	(31,121)	(30,548)
Transfer to income statement	-	454	-	454
Remeasurement	24,571	12,680	24,287	12,680
At 31 March	125,475	123,494	125,249	123,475

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Short-term leases expenses (included in establishment expense)	604	1,067	604	1,067
Income from subleasing ROU assets	154	151	1,996	1,854

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

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

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

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

Potential future cash outflows of RM123,874,000 (2021: RM122,675,000) have 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 (CONT'D)

31 MARCH 2022

25. OTHER LIABILITIES

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Other payables	1,087,970	728,404	1,003,188	621,643
Bills payable	128,601	162,447	120,850	137,565
Collateral pledged for derivative transactions	12,370	27,810	12,370	27,810
Settlement account	22,761	9,925	22,761	9,925
Clearing account	187,918	179,949	130,994	137,906
Sundry deposits	54,843	50,909	49,682	45,791
Provision and accruals	197,782	171,309	157,761	150,153
Remisiers accounts	8,002	9,274	-	-
Structured investments	170,114	156,700	170,114	156,700
Amounts due to subsidiaries	-	-	177	8,491
Amount due to joint venture	6	-	-	-
Allowance for expected credit losses on commitments and contingencies [Note (a)]	24,816	49,343	21,444	26,185
	1,895,183	1,546,070	1,689,341	1,322,169

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 2021	9,722	36,512	3,109	49,343
Transfer to Stage 1	626	(4,508)	-	(3,882)
Transfer to Stage 2	(690)	6,809	(564)	5,555
Transfer to Stage 3	-	(1,348)	1,119	(229)
New financial assets originated or purchased	5,188	3,118	-	8,306
Financial assets derecognised other than write-off	(4,109)	(25,703)	(3,325)	(33,137)
Changes due to change in credit risk	(3,843)	1,624	779	(1,440)
	(2,828)	(20,008)	(1,991)	(24,827)
Unwinding of discount	-	-	300	300
Total write-back from income statement	(2,828)	(20,008)	(1,691)	(24,527)
At 31 March 2022	6,894	16,504	1,418	24,816

25. 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 2020	8,582	10,996	4,761	24,339
Transfer to Stage 1	2,730	(7,701)	(101)	(5,072)
Transfer to Stage 2	(1,293)	12,385	(100)	10,992
Transfer to Stage 3	-	(1,143)	2,745	1,602
New financial assets originated or purchased	3,557	4,498	-	8,055
Financial assets derecognised other than write-off	(3,130)	(5,193)	(3,478)	(11,801)
Changes due to change in credit risk	(715)	22,674	(614)	21,345
Other adjustments	(9)	(4)	-	(13)
	1,140	25,516	(1,548)	25,108
Unwinding of discount	-	-	(104)	(104)
Total charge to/(write-back from) income statement	1,140	25,516	(1,652)	25,004
At 31 March 2021	9,722	36,512	3,109	49,343

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 2021	8,056	15,020	3,109	26,185
Transfer to Stage 1	558	(3,839)	-	(3,281)
Transfer to Stage 2	(592)	6,010	(556)	4,862
Transfer to Stage 3	-	(1,237)	1,113	(124)
New financial assets originated or purchased	4,441	2,733	-	7,174
Financial assets derecognised other than write-off	(3,716)	(6,032)	(3,325)	(13,073)
Changes due to change in credit risk	(3,049)	1,676	774	(599)
	(2,358)	(689)	(1,994)	(5,041)
Unwinding of discount	-	-	300	300
Total write-back from income statement	(2,358)	(689)	(1,694)	(4,741)
At 31 March 2022	5,698	14,331	1,415	21,444

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

25. OTHER LIABILITIES (CONT'D)

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

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 2020	7,471	7,555	4,761	19,787
Transfer to Stage 1	2,258	(6,408)	(101)	(4,251)
Transfer to Stage 2	(1,115)	10,727	(98)	9,514
Transfer to Stage 3	-	(355)	1,125	770
New financial assets originated or purchased	2,891	4,059	-	6,950
Financial assets derecognised other than write-off	(2,717)	(4,084)	(1,860)	(8,661)
Changes due to change in credit risk	(723)	3,529	(614)	2,192
Other adjustments	(9)	(3)	-	(12)
	585	7,465	(1,548)	6,502
Unwinding of discount	-	-	(104)	(104)
Total charge to/(write-back from) income statement	585	7,465	(1,652)	6,398
At 31 March 2021	8,056	15,020	3,109	26,185

Note:

- (a) The transfers between stages are inclusive of net remeasurement of allowances.
- (b) As at 31 March 2022, the Group's and the Bank's gross exposure of commitments and contingencies that are credit impaired was at RM5,760,000 and RM5,562,000 (2021: RM14,824,000 and RM12,152,000) respectively.

26. SUBORDINATED OBLIGATIONS

		GROUP		BANK	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<u>Subordinated Medium Term Notes</u>					
<u>(“Sub-MTNs”)/Additional Tier 1 (“AT1”)</u>					
<u>Capital Securities/AT1 Sukuk Wakalah</u>					
RM400 million Sub-MTNs	(a)	405,419	405,232	405,003	404,709
RM350 million Sub-MTNs	(b)	355,684	355,684	355,684	355,684
RM450 million Sub-MTNs	(c)	457,789	457,789	457,789	457,789
RM150 million AT1 Capital Securities	(d)	153,452	153,572	153,587	153,405
RM100 million AT1 Capital Securities	(e)	100,391	100,391	100,391	100,391
RM100 million AT1 Sukuk Wakalah	(f)	100,050	100,050	-	-
		1,572,785	1,572,718	1,472,454	1,471,978

(a) RM400 million Sub-MTNs

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

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At cost	400,000	400,000	400,000	400,000
Accumulated unaccreted discount	(736)	(923)	(1,152)	(1,446)
Interest accrued	6,155	6,155	6,155	6,155
	405,419	405,232	405,003	404,709

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

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

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

- (i) Issue date: 27 October 2020
- (ii) Tenure of the facility/issue: 10 years from the issue date and callable five (5) years after issue date
- (iii) Maturity date: 25 October 2030
- (iv) Interest rate/coupon: 3.60% per annum, payable semi-annually in arrears
- (v) Call date: 27 October 2025 and thereafter on every coupon payment date
- (vi) The Sub-MTNs constitute direct and unsecured obligations of the issuer, subordinated in right and priority of payment, to the extent and in the manner provided in the Sub-MTNs, ranking pari passu among themselves.
- (vii) In the event of winding up or liquidation of the issuer, be subordinated in right of payment to all deposit liabilities and other liabilities of the issuer, except in each case to those liabilities which by their terms rank equally in right of payment or which are subordinated to the Sub-MTNs.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

26. SUBORDINATED OBLIGATIONS (CONT'D)

(b) RM350 million Sub-MTNs

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

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At cost	350,000	350,000	350,000	350,000
Interest accrued	5,684	5,684	5,684	5,684
	355,684	355,684	355,684	355,684

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

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

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

- (i) Issue date: 27 October 2020
- (ii) Tenure of the facility/issue: 12 years from the issue date and callable seven (7) years after issue date
- (iii) Maturity date: 27 October 2032
- (iv) Interest rate/coupon: 3.80% per annum, payable semi-annually in arrears
- (v) Call date: 27 October 2027 and thereafter on every coupon payment date
- (vi) The Sub-MTNs constitute direct and unsecured obligations of the issuer, subordinated in right and priority of payment, to the extent and in the manner provided in the Sub-MTNs, ranking pari passu among themselves.
- (vii) In the event of winding up or liquidation of the issuer, be subordinated in right of payment to all deposit liabilities and other liabilities of the issuer, except in each case to those liabilities which by their terms rank equally in right of payment or which are subordinated to the Sub-MTNs.

26. SUBORDINATED OBLIGATIONS (CONTD)

(c) RM450 million Sub-MTNs

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

	GROUP		BANK	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
At cost	450,000	450,000	450,000	450,000
Interest accrued	7,789	7,789	7,789	7,789
	457,789	457,789	457,789	457,789

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

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

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

- (i) Issue date: 27 October 2020
- (ii) Tenure of the facility/issue: 15 years from the issue date and callable ten (10) years after issue date
- (iii) Maturity date: 26 October 2035
- (iv) Interest rate/coupon: 4.05% per annum, payable semi-annually in arrears
- (v) Call date: 28 October 2030 and thereafter on every coupon payment date
- (vi) The Sub-MTNs constitute direct and unsecured obligations of the issuer, subordinated in right and priority of payment, to the extent and in the manner provided in the Sub-MTNs, ranking pari passu among themselves.
- (vii) In the event of winding up or liquidation of the issuer, be subordinated in right of payment to all deposit liabilities and other liabilities of the issuer, except in each case to those liabilities which by their terms rank equally in right of payment or which are subordinated to the Sub-MTNs.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

26. SUBORDINATED OBLIGATIONS (CONT'D)

(d) RM150 million AT1 Capital Securities

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

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At cost	150,000	150,000	150,000	150,000
Accumulated unaccreted discount	(247)	(101)	(112)	(268)
Interest accrued	3,699	3,673	3,699	3,673
	153,452	153,572	153,587	153,405

Capital Securities have been assigned a long term rating of BBB1 by RAM Rating Services Berhad.

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

The main features of the capital securities are as follows:

- (i) Issue date: 8 November 2017
- (ii) Tenure of the facility/issue: Perpetual non-callable five (5) years
- (iii) Interest rate/coupon: 6.25% per annum, payable semi-annually in arrears
- (iv) Call date: 8 November 2022 and thereafter on every coupon payment date
- (v) The Capital Securities constitute direct and unsecured obligations of the issuer and are subordinated in right and priority of payment, to the extent and in the manner provided in the Capital Securities and the Transaction Documents, ranking pari passu among themselves.
- (vi) Upon the occurrence of any winding up proceeding, the amount payable on the Capital Securities will be subordinated in right of payment to all deposit liabilities and other liabilities of the issuer, except in each case to those liabilities which by their terms rank equally with or junior to the Capital Securities.

26. SUBORDINATED OBLIGATIONS (CONTD)

(e) RM100 million AT1 Capital Securities

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

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At cost	100,000	100,000	100,000	100,000
Interest accrued	391	391	391	391
	100,391	100,391	100,391	100,391

Capital Securities have been assigned a long term rating of BBB1 by RAM Rating Services Berhad.

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

The main features of the capital securities are as follows:

- (i) Issue date: 8 March 2019
- (ii) Tenure of the facility/issue: Perpetual non-callable five (5) years
- (iii) Interest rate/coupon: 5.95% per annum, payable semi-annually
- (iv) Call date: 8 March 2024 and thereafter on every distribution payment date
- (v) The Capital Securities constitute direct and unsecured obligations of the issuer and are subordinated in right and priority of payment, to the extent and in the manner provided in the Capital Securities and the Transaction Documents, ranking pari passu among themselves.
- (vi) Upon the occurrence of any winding up proceeding, the amount payable on the Capital Securities will be subordinated in right of payment to all deposit liabilities and other liabilities of the issuer, except in each case to those liabilities which by their terms rank equally with or junior to the Capital Securities.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

26. SUBORDINATED OBLIGATIONS (CONT'D)

- (f) RM100 million Additional Tier 1 Sukuk Wakalah

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

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At cost	100,000	100,000	-	-
Interest accrued	50	50	-	-
	100,050	100,050	-	-

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

The main features of the capital securities are as follows:

- (i) Issue date: 29 March 2019
- (ii) Tenure of the facility/issue: Perpetual non-callable five (5) years
- (iii) Coupon rate: 5.95% per annum, payable semi-annually
- (iv) Call date: 29 March 2024 and thereafter on every distribution payment date
- (v) The AT1 Sukuk constitute direct and unsecured obligations of the issuer and are subordinated to depositors, general creditors and other holders of subordinated debt of the issuer.
- (vi) Upon the occurrence of any winding up proceeding, the amount payable on the AT1 Sukuk will be subordinated in right of payment to the prior payment in full of all deposit liabilities and other liabilities of the issuer, except in each case to those liabilities which their terms rank equally with or junior to the AT1 Sukuk.

27. SHARE CAPITAL

GROUP/BANK	2022		2021	
	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	1,548,106	1,548,106	1,548,106	1,548,106

28. RESERVES

		GROUP		BANK	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<u>Non-distributable:</u>					
Regulatory reserves	(a)	47,686	86,440	41,641	80,006
Capital reserves	(b)	100,150	100,150	15,515	15,515
FVOCI reserves	(c)	(144,227)	51,320	(138,088)	(4,907)
Hedging reserves	(d)	(253)	-	(253)	-
		3,356	237,910	(81,185)	90,614
<u>Distributable:</u>					
Retained profits		4,865,214	4,471,771	4,270,419	3,985,966
		4,868,570	4,709,681	4,189,234	4,076,580

Note:

- (a) Regulatory reserves represent the Group's and the Bank's compliance with BNM Revised Policy Documents in Financial Reporting and Financial Reporting for Islamic Banking Institutions effective 1 April 2018 whereby the Bank and its banking subsidiaries must maintain in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserves of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures.
- (b) Capital reserves are in respect of retained profits capitalised for a bonus issue by a subsidiary.
- (c) FVOCI reserves are the cumulative gains and losses arising on the revaluation of debt instruments measured at FVOCI, net off cumulative gains and losses transferred to statements of income upon disposal and the cumulative allowance for expected credit losses on these investments.
- (d) Hedging reserve arises from the cash flow hedge activities undertaken by the Group and the Bank on deposits and placements of banks and financial institutions.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

29. INTEREST INCOME

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Loans, advances and financing	1,315,843	1,392,203	1,291,955	1,367,348
Money at call and deposit placements with financial institutions	11,510	30,612	11,699	32,683
Financial investments at fair value through other comprehensive income	284,163	320,203	261,421	286,130
Financial investments at amortised cost	72,494	38,640	79,644	45,790
Others	1,090	638	1,090	638
	1,685,100	1,782,296	1,645,809	1,732,589
Accretion of discount less amortisation of premium	(604)	11,125	34	11,282
	1,684,496	1,793,421	1,645,843	1,743,871

Note:

Included in interest income on loans, advances and financing are:

- Interest/profit on impaired loans/financing of the Group and the Bank of RM2,837,000 (2021: RM6,590,000).
- During the COVID-19 pandemic period, the Group and the Bank granted various payment moratorium, repayment assistance, restructuring and rescheduling programmes to the customers/borrowers affected by the COVID-19 pandemic. As a result, the Group and the Bank recognised a modification loss of RM21,635,000 (2021: RM43,825,000) arising from the modification of contractual cash flows of the financing.

30. INTEREST EXPENSE

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deposits and placements of banks and other financial institutions	15,247	18,013	11,207	9,647
Deposits from customers	458,360	653,548	452,255	645,231
Recourse obligations on loans and financing sold to Cagamas	13,591	13,591	13,591	13,591
Subordinated obligations	61,496	76,971	61,701	77,248
Lease liabilities	6,301	6,741	6,292	6,738
Others	7,860	7,901	7,860	7,901
	562,855	776,765	552,906	760,356

31. NET INCOME FROM ISLAMIC BANKING BUSINESS

	GROUP	
	2022 RM'000	2021 RM'000
Income derived from investment of depositors' funds and others	572,332	607,850
Income derived from investment of Islamic Banking funds	60,439	63,093
Income attributable to the depositors and financial institutions	(235,256)	(292,443)
	397,515	378,500

Note:

- (a) Net income from Islamic banking business comprises income generated from Alliance Islamic Bank Berhad ("AIS"), and Islamic banking business of Alliance Investment Bank Berhad ("AIBB"). Both AIS and AIBB are wholly-owned subsidiaries of the Bank.
- (b) During the COVID-19 pandemic period, the Group granted various payment moratorium, repayment assistance, restructuring and rescheduling programmes to the customers/borrowers affected by the COVID-19 pandemic. As a result, the Group recognised a modification loss of RM18,508,000 (2021: RM44,154,000) arising from the modification of contractual cash flows of the financing.

32. OTHER OPERATING INCOME

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
(a) <u>Fee and commission income:</u>				
Commissions	90,688	99,845	90,688	99,845
Service charges and fees	23,189	26,287	22,308	25,234
Corporate advisory fees	3,943	3,718	-	-
Underwriting commissions	1,121	1,484	-	-
Brokerage fees	33,971	69,186	-	-
Guarantee fees	13,425	13,738	13,398	13,711
Processing fees	11,650	4,417	6,701	2,540
Commitment fees	19,044	18,899	19,044	18,899
Cards related income	60,708	68,380	60,708	68,380
Other fee income	7,000	8,003	7,000	8,000
	264,739	313,957	219,847	236,609
(b) <u>Fee and commission expense:</u>				
Commissions expense	(2,212)	(2,574)	(2,212)	(2,574)
Service charges and fees expense	(1,820)	(1,417)	(1,820)	(1,417)
Brokerage fees expense	(13,921)	(30,024)	(61)	(66)
Guarantee fees expense	(17,244)	(11,322)	(17,244)	(11,322)
Cards related expense	(68,068)	(66,286)	(68,068)	(66,286)
	(103,265)	(111,623)	(89,405)	(81,665)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

32 OTHER OPERATING INCOME (CONT'D)

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
(c) <u>Investment income:</u>				
Realised gain/(loss) arising from sale/redemption of:				
- Financial assets at fair value through profit or loss	4,529	10,405	4,149	10,405
- Financial investments at fair value through other comprehensive income	40,850	87,750	23,785	75,953
- Derivative instruments	102,629	186,423	102,629	186,423
- Other investments	-	(5)	-	(5)
Marked-to-market revaluation gain/(loss):				
- Financial assets at fair value through profit or loss	26,987	30,121	22,828	24,319
- Derivative instruments	(128,934)	(74,657)	(128,934)	(74,657)
- Financial liabilities designated at fair value through profit or loss	110,171	7,042	110,171	7,042
Net gain arising from hedging activities	333	-	333	-
Gross dividend income from:				
- Financial assets at fair value through profit or loss	1,377	1,480	796	931
- Subsidiaries	-	-	48,253	238,929
	157,942	248,559	184,010	469,340
(d) <u>Other income/(expense):</u>				
Foreign exchange gain/(loss)	3,436	(44,362)	2,463	(45,368)
Rental income	154	151	1,996	1,854
Others	25,494	15,729	24,951	14,969
	29,084	(28,482)	29,410	(28,545)
Total other operating income	348,500	422,411	343,862	595,739

33. OTHER OPERATING EXPENSES

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	416,611	396,117	310,904	297,234
- Contribution to EPF	65,716	64,150	49,312	48,426
- Others	47,298	51,390	35,463	35,268
	529,625	511,657	395,679	380,928
<u>Establishment costs</u>				
- Depreciation of property, plant and equipment	19,844	21,479	18,923	20,470
- Depreciation of right-of-use assets	25,520	25,363	25,448	25,319
- Amortisation of computer software	45,063	41,558	43,987	40,120
- Rental of premises	2,159	2,017	1,797	1,734
- Water and electricity	6,201	6,790	4,684	5,031
- Repairs and maintenance	8,590	10,154	6,615	7,988
- Information technology expenses	71,051	65,022	42,755	38,977
- Others	10,121	10,847	7,214	7,183
	188,549	183,230	151,423	146,822
<u>Marketing expenses</u>				
- Promotion and advertisement	11,219	15,509	10,803	13,682
- Branding and publicity	6,653	8,503	5,995	5,794
- Others	4,622	4,478	3,038	2,720
	22,494	28,490	19,836	22,196
<u>Administration and general expenses</u>				
- Communication expenses	11,909	13,107	8,953	9,718
- Printing and stationery	1,449	1,812	1,100	1,407
- Insurance	9,479	5,943	7,303	5,048
- Professional fees	37,408	36,072	31,204	28,426
- Others	22,027	20,347	19,910	21,970
	82,272	77,281	68,470	66,569
Total other operating expenses	822,940	800,658	635,408	616,515

Included in the other operating expenses are the following:

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Auditors' remuneration				
- statutory audit fees	1,973	1,999	1,552	1,583
- audit related fees	362	555	230	387
- tax compliance fees	106	106	56	56
- tax related services	23	426	10	393
- other services	330	-	330	-
Hire of equipment	1,494	1,176	1,494	1,176
Property, plant and equipment written-off	3	85	3	81
Computer software written-off	368	-	368	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

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

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Allowance for expected credit losses on:				
(a) Loans, advances and financing				
- Allowance made during the financial year	233,995	485,776	139,937	302,286
(b) Credit impaired loans, advances and financing				
- Recovered	(39,976)	(39,347)	(26,426)	(28,672)
- Written-off	45,248	59,273	32,699	37,455
(c) Commitments and contingencies on loans, advances and financing				
- (Write-back)/allowance made during the financial year	(24,827)	25,108	(5,041)	6,502
	214,440	530,810	141,169	317,571
Allowance for/(write-back of) expected credit losses on:				
- Amounts due from clients and brokers	3	(3)	-	-
- Other receivables	2,800	2,086	3,364	1,815
- Cash and short-term funds	(12)	19	(12)	19
- Deposits and placements with banks and other financial institutions	4	4	4	4
	217,235	532,916	144,525	319,409

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

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
(a) Financial investments at fair value through other comprehensive income				
- Allowance made/(write-back) during the financial year	596	(19)	397	(47)
(b) Financial investments at amortised cost				
- (Write-back)/allowance made during the financial year	(422)	115	(40)	(6)
	174	96	357	(53)

36. TAXATION

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Income tax:				
Current financial year	274,418	200,992	203,721	156,207
Real property gain tax	(141)	-	(141)	-
(Over)/under provision in prior years	(6,660)	3,819	(5,205)	4,766
	267,617	204,811	198,375	160,973
Deferred tax (Note 17)				
Current financial year	(12,818)	(81,688)	(5,199)	(56,277)
(Over)/under provision in prior years	(255)	2,080	(883)	1,897
	(13,073)	(79,608)	(6,082)	(54,380)
	254,544	125,203	192,293	106,593

As per the Finance Act 2021 gazetted on 31 December 2021, effective for Year of Assessment ("YA") 2022, a special one-off tax called "Cukai Makmur" will be imposed on companies that generate chargeable income more than RM100 million as follows:

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

Income tax is calculated based on the chargeable income above on the assessable profit for the financial year (2021: 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 is as follows:

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit before taxation	827,361	483,988	656,509	643,383
Taxation at Malaysian Statutory Tax Rate of 24% (2021: 24%)	198,567	116,157	157,562	154,412
Additional Tax Rate of 9% in excess of RM100 million	57,222	-	50,086	-
Income not subject to tax	(11,394)	(6,783)	(21,824)	(62,413)
Expenses not deductible for tax purposes	13,259	9,930	11,217	7,931
Real property gain tax	(141)	-	(141)	-
Effect of Cukai Makmur	3,946	-	1,481	-
(Over)/under provision of tax expense in prior years	(6,915)	5,899	(6,088)	6,663
Tax expense for the financial year	254,544	125,203	192,293	106,593

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

37. EARNINGS PER SHARE

(a) Basic

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

	GROUP		BANK	
	2022	2021	2022	2021
Profit for the year attributable to equity holders of the Bank (RM'000)	572,817	358,785	464,216	536,790
Weighted average numbers of ordinary shares in issue ('000)	1,548,106	1,548,106	1,548,106	1,548,106
Basic earnings per share (sen)	37.0	23.2	30.0	34.7

(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 2022 and 31 March 2021 respectively. As a result, the dilutive earnings per share was equal to basic earnings per share for the financial year ended 31 March 2022 and 31 March 2021.

38. DIVIDENDS

Dividends on Ordinary Shares:

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

Subsequent to the financial year end, the Directors declared a single tier second interim dividend of 10.20 sen per share, on 1,548,105,929 ordinary shares amounting to approximately RM157,907,000 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 2023.

39. INTEREST RATE BENCHMARK REFORM

Financial instruments affected by Interest Rate Benchmark Reform

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

	FCY LIBOR RM'000	KLIBOR RM'000	Total RM'000
Notional amount			
Derivative financial instruments	1,422,173	6,694,890	8,117,063

40. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

40. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D)

Significant related party transactions and balances as follows:

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
(a) <u>Transaction</u>				
Interest income				
- subsidiaries	-	-	7,520	16,964
- key management personnel	13	14	13	14
Dividend income				
- subsidiaries	-	-	48,253	238,929
Management fees				
- subsidiaries	-	-	282	190
Rental income				
- subsidiaries	-	-	1,842	1,702
- joint venture	151	151	151	151
Other operating expenses recharged				
- subsidiaries	-	-	129,897	123,533
- joint venture	149	149	149	149
Interest expenses				
- subsidiaries	-	-	(19)	(28)
- joint venture	(37)	(39)	-	-
- key management personnel	(478)	(421)	(232)	(230)
- substantial shareholders	(1)	(1)	(1)	(1)
Other operating expenses				
- subsidiaries	-	-	(3,062)	(9,540)
- joint venture/other related company [Note (i)]	(2,374)	(2,152)	(1,305)	(902)
Commission paid				
- subsidiaries	-	-	(19,676)	(21,466)

40. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D)

Significant related party transactions and balances as follows: (cont'd)

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
(b) <u>Balances</u>				
Financial investments at fair value through other comprehensive income				
- subsidiaries	-	-	292,534	232,500
Financial investments at amortised cost				
- subsidiaries	-	-	130,002	130,059
Loans, advances and financing				
- key management personnel	1,487	2,676	332	776
Money at call and deposit placements with financial institutions				
- subsidiaries	-	-	-	67,653
Other assets				
- subsidiaries	-	-	41,630	32,397
- joint venture	-	194	109	323
Deposits from customers				
- subsidiaries	-	-	(143,052)	(173,410)
- joint venture	(2,358)	(2,575)	(157)	(472)
- key management personnel	(18,092)	(23,602)	(11,739)	(14,541)
- substantial shareholders	(522)	(709)	(522)	(709)
Financial liabilities designated at fair value through profit or loss				
- key management personnel	(50)	(100)	(50)	(100)
Other liabilities				
- subsidiaries	-	-	(177)	(8,491)
- joint venture	(6)	-	-	-

Note:

- (i) The Group and the Bank have paid RM2,452,000 and RM1,324,000 (2021: RM2,414,000 and RM1,023,000) respectively to the joint venture/other related company for the research services provided, where the joint venture/other related company was jointly held by Alliance Investment Bank Berhad and DBS Vickers Securities Pte. Ltd., a company incorporated in Singapore.
- (ii) Other than transactions with joint venture company, all intercompany transactions are conducted in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

40. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D)

Significant related party transactions and balances as follows: (cont'd)

(c) Compensation of key management personnel

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

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
CEOs and other Key Management:				
- Salary and other remuneration	27,517	26,562	25,466	24,688
- Contribution to EPF	3,910	3,797	3,612	3,526
- Benefits-in-kind	116	104	113	100
	31,543	30,463	29,191	28,314
Non-Executive Directors:				
- Fees payable	2,657	2,475	1,751	1,595
- Allowances	756	715	514	474
- Benefits-in-kind	29	31	29	31
	3,442	3,221	2,294	2,100
Included in the total key management personnel are:				
CEOs and Non-Executive Directors' remuneration, excluding past CEO and Non-Executive Directors (Note 42)	13,529	12,106	10,030	8,835

40. 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	2022				2021			
	Number	Unrestricted RM'000	Number	Deferred RM'000	Number	Unrestricted RM'000	Number	Deferred RM'000
<u>Fixed remuneration</u>								
Cash		23,870		-		23,801		-
<u>Variable remuneration</u>								
Cash	17	8,024	17	3,091	18	6,670	19	3,213
		31,894		3,091		30,471		3,213

Bank	2022				2021			
	Number	Unrestricted RM'000	Number	Deferred RM'000	Number	Unrestricted RM'000	Number	Deferred RM'000
<u>Fixed remuneration</u>								
Cash		21,083		-		21,199		-
<u>Variable remuneration</u>								
Cash	15	7,457	15	2,945	16	6,122	17	3,093
		28,540		2,945		27,321		3,093

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

41. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

	BANK	
	2022 RM'000	2021 RM'000
Outstanding credit exposures with connected parties	323,772	329,573
of which:		
Total credit exposure which is impaired or in default	132	206
Total credit exposures	49,560,984	48,187,666
Percentage of outstanding credit exposures to connected parties		
- as a proportion of total credit exposures	0.65%	0.68%
- 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.

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

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

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

42. CEOs AND DIRECTORS' REMUNERATION

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

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Chief Executive Officers:				
- Salary and other remuneration	5,797	5,774	4,313	4,448
- Bonuses	2,967	1,928	2,400	1,380
- Contribution to EPF	1,224	1,093	926	821
- Benefits-in-kind	99	90	97	86
	10,087	8,885	7,736	6,735
Non-Executive Directors:				
- Fees payable	2,657	2,475	1,751	1,595
- Allowances	756	715	514	474
- Benefits-in-kind	29	31	29	31
	3,442	3,221	2,294	2,100
	13,529	12,106	10,030	8,835
Past Chief Executive Officer:				
- Salary and other remuneration	-	235	-	-
- Bonuses	-	700	-	-
- Contribution to EPF	-	118	-	-
- Benefits-in-kind	-	3	-	-
	-	1,056	-	-
Past Non-Executive Director:				
- Fees payable	79	74	79	74
- Allowances	36	37	36	35
	115	111	115	109
	115	1,167	115	109
	13,644	13,273	10,145	8,944
Total CEOs and Directors' remuneration excluding benefits-in-kind	13,516	13,149	10,019	8,827

Note:

- 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.
- 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 amount of insurance effected for Directors under the Group and the Bank was at RM109,000 and RM104,000 (2021: RM92,000 and RM87,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

42. 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:

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

42. CEOs AND DIRECTORS' REMUNERATION (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 2021	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>							
Joel Komreich	4,448	1,380	821	-	-	86	6,735
Ng Chow Hon	551	244	117	-	-	3	915
Rizal IL-Ehzan Bin Fadil Azim	775	304	155	-	-	1	1,235
	5,774	1,928	1,093	-	-	90	8,885
<u>Non-Executive Directors:</u>							
Tan Sri Dato' Ahmad Bin Mohd Don	-	-	-	285	41	31	357
Lee Boon Huat	-	-	-	205	80	-	285
Lee Ah Boon	-	-	-	385	86	-	471
Datuk Wan Azhar Bin Wan Ahmad	-	-	-	405	100	-	505
Ho Hon Cheong	-	-	-	190	75	-	265
Tan Chian Khong	-	-	-	199	60	-	259
Susan Yuen Su Min	-	-	-	170	41	-	211
Lum Piew	-	-	-	116	35	-	151
Datin Ooi Swee Lian	-	-	-	90	26	-	116
Mazidah Binti Abdul Malik	-	-	-	125	62	-	187
Dato' Ahmad Hisham Bin Kamaruddin	-	-	-	90	25	-	115
Ibrahim Bin Hassan	-	-	-	125	60	-	185
Rustam bin Mohd Idris	-	-	-	90	24	-	114
	-	-	-	2,475	715	31	3,221
<u>Past Chief Executive Officer:</u>							
Mahesh s/o Shri Pranlal Rupawalla	235	700	118	-	-	3	1,056
	235	700	118	-	-	3	1,056
<u>Past Non-Executive Directors:</u>							
Hj Md Ali bin Md Sarif	-	-	-	-	2	-	2
Thayaparan S Sangarapillai	-	-	-	74	35	-	109
	-	-	-	74	37	-	111
Total CEOs and Directors' remuneration	6,009	2,628	1,211	2,549	752	124	13,273

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

42. 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 2022	Salary and other remuneration RM'000	Bonuses RM'000	Contribution to EPF RM'000	Fees payable RM'000	Allowances RM'000	Benefits- in-kind RM'000	Total RM'000
<u>Chief Executive Officer:</u> Joel Kornreich	4,313	2,400	926	-	-	97	7,736
	4,313	2,400	926	-	-	97	7,736
<u>Non-Executive Directors:</u>							
Tan Sri Dato' Ahmad Bin Mohd Don	-	-	-	285	50	29	364
Lee Boon Huat	-	-	-	205	72	-	277
Lee Ah Boon	-	-	-	200	74	-	274
Datuk Wan Azhar Bin Wan Ahmad	-	-	-	225	86	-	311
Tan Chian Khong	-	-	-	205	62	-	267
Susan Yuen Su Min	-	-	-	208	57	-	265
Lum Plew	-	-	-	155	54	-	209
Cheryl Khor Hui Peng	-	-	-	155	33	-	188
Wong Yuen Weng Ernest	-	-	-	113	26	-	139
	-	-	-	1,751	514	29	2,294
<u>Past Non-Executive Director:</u>							
Ho Hon Cheong	-	-	-	79	36	-	115
	-	-	-	79	36	-	115
Total CEO and Directors' remuneration	4,313	2,400	926	1,830	550	126	10,145

42. 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 2021	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>							
Joel Kornreich	4,448	1,380	821	-	-	86	6,735
	4,448	1,380	821	-	-	86	6,735
<u>Non-Executive Directors:</u>							
Tan Sri Dato' Ahmad Bin Mohd Don	-	-	-	285	41	31	357
Lee Boon Huat	-	-	-	205	80	-	285
Lee Ah Boon	-	-	-	205	62	-	267
Datuk Wan Azhar Bin Wan Ahmad	-	-	-	225	80	-	305
Ho Hon Cheong	-	-	-	190	75	-	265
Tan Chian Khong	-	-	-	199	60	-	259
Susan Yuen Su Min	-	-	-	170	41	-	211
Lum Piew	-	-	-	116	35	-	151
	-	-	-	1,595	474	31	2,100
<u>Past Non-Executive Directors:</u>							
Thayaparan S Sangarapillai	-	-	-	74	35	-	109
	-	-	-	74	35	-	109
Total CEO and Directors' remuneration	4,448	1,380	821	1,669	509	117	8,944

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

43. FINANCIAL RISK MANAGEMENT POLICIES

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

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

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

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

(a) Credit Risk

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

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

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

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

43. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Credit Risk (cont'd)

(i) Maximum exposure to credit risk

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

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

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Credit risk exposure: on-balance sheet				
Cash and short-term funds (exclude cash in hand)	2,955,764	2,767,605	1,532,592	1,458,603
Deposits and placements with banks and other financial institutions	168,184	41,477	168,184	41,477
Amounts due from clients and brokers	55,040	105,041	-	-
Financial assets at fair value through profit or loss (exclude equity securities)	295,773	13,246	295,773	13,246
Financial investments at fair value through other comprehensive income (exclude equity securities)	9,119,686	10,424,654	6,739,606	7,303,851
Financial investments at amortised cost	2,129,608	2,270,504	2,244,436	2,294,765
Derivative financial assets	86,294	153,735	86,294	153,735
Loans, advances and financing (exclude sales commissions and handling fees)	45,029,270	43,140,136	33,505,122	32,286,138
Statutory deposits	99,536	88,012	68,999	69,574
Other assets (exclude prepayment)	429,163	256,865	491,030	316,196
	60,368,318	59,261,275	45,132,036	43,937,585
Credit risk exposure: off-balance sheet				
Financial guarantees	498,532	686,519	428,401	509,947
Credit related commitments and contingencies	13,903,409	12,534,048	11,220,816	9,980,105
	14,401,941	13,220,567	11,649,217	10,490,052
Total maximum exposure	74,770,259	72,481,842	56,781,253	54,427,637

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

43. 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 2022	Government and Central Bank RM'000	Financial, Insurance, Business Services and Real Estate RM'000	Transport, Storage and Communication Services RM'000	Agriculture, Manufacturing, Wholesale and Retail Trade RM'000	Construction RM'000	Household RM'000	Others RM'000	Total RM'000
Cash and short-term funds (exclude cash in hand)	2,472,855	482,909	-	-	-	-	-	2,955,764
Deposits and placements with banks and other financial institutions	-	168,184	-	-	-	-	-	168,184
Amounts due from clients and brokers	-	-	-	-	-	-	55,040	55,040
Financial assets at fair value through profit or loss (exclude equity securities)	290,816	1,408	-	3,549	-	-	-	295,773
Financial investments at fair value through other comprehensive income (exclude equity securities)	4,368,515	2,742,439	1,475,841	276,960	255,931	-	-	9,119,686
Financial investments at amortised cost	2,119,330	10,278	-	-	-	-	-	2,129,608
Derivative financial assets	2,612	78,223	-	-	-	-	5,459	86,294
Loans, advances and financing (exclude sales commissions and handling fees)	-	5,954,892	800,851	14,061,964	1,538,644	22,302,972	369,947	45,029,270
Statutory deposits	99,536	-	-	-	-	-	-	99,536
Other assets (exclude prepayment)	-	-	-	-	-	-	429,163	429,163
	9,353,664	9,438,333	2,276,692	14,342,473	1,794,575	22,302,972	859,609	60,368,318
Financial guarantees	-	76,734	12,938	353,932	46,613	4,324	3,991	498,532
Credit related commitments and contingencies	-	1,313,850	95,826	5,388,066	1,707,393	5,314,134	84,140	13,903,409
	-	1,390,584	108,764	5,741,998	1,754,006	5,318,458	88,131	14,401,941
Total credit risk	9,353,664	10,828,917	2,385,456	20,084,471	3,548,581	27,621,430	947,740	74,770,259

43. FINANCIAL RISK MANAGEMENT POLICIES (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 2021	Government and Central Bank RM'000	Financial, Insurance, Business Services and Real Estate RM'000	Transport, Storage and Communication Services RM'000	Agriculture, Manufacturing, Wholesale and Retail Trade RM'000	Construction RM'000	Household RM'000	Others RM'000	Total RM'000
Cash and short-term funds (exclude cash in hand)	2,405,723	361,882	-	-	-	-	-	2,767,605
Deposits and placements with banks and other financial institutions	-	41,477	-	-	-	-	-	41,477
Amounts due from clients and brokers	-	-	-	-	-	-	105,041	105,041
Financial assets at fair value through profit or loss (exclude equity securities)	13,246	-	-	-	-	-	-	13,246
Financial investments at fair value through other comprehensive income (exclude equity securities)	3,659,990	2,664,134	2,702,952	443,069	954,509	-	-	10,424,654
Financial investments at amortised cost	472,725	100,576	1,316,188	-	360,507	-	20,508	2,270,504
Derivative financial assets	-	93,388	-	-	-	-	60,347	153,735
Loans, advances and financing (exclude sales commissions and handling fees)	-	4,719,184	704,285	13,334,176	1,314,799	22,699,491	368,201	43,140,136
Statutory deposits	88,012	-	-	-	-	-	-	88,012
Other assets (exclude prepayment)	-	194	-	-	-	-	256,671	256,865
	6,639,696	7,980,835	4,723,425	13,777,245	2,629,815	22,699,491	810,768	59,261,275
Financial guarantees	-	187,314	12,302	406,717	67,079	5,050	8,057	686,519
Credit related commitments and contingencies	20,800	1,339,628	129,927	5,456,519	1,581,149	3,896,996	109,029	12,534,048
	20,800	1,526,942	142,229	5,863,236	1,648,228	3,902,046	117,086	13,220,567
Total credit risk	6,660,496	9,507,777	4,865,654	19,640,481	4,278,043	26,601,537	927,854	72,481,842

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

43. 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 2022	Government and Central Bank RM'000	Financial, Insurance, Business Services and Real Estate RM'000	Transport, Storage and Communication Services RM'000	Agriculture, Manufacturing, Wholesale and Retail Trade RM'000	Construction RM'000	Household RM'000	Others RM'000	Total RM'000
Cash and short-term funds (exclude cash in hand)	1,055,016	477,576	-	-	-	-	-	1,532,592
Deposits and placements with banks and other financial institutions	-	168,184	-	-	-	-	-	168,184
Financial assets at fair value through profit or loss (exclude equity securities)	290,816	1,408	-	3,549	-	-	-	295,773
Financial investments at fair value through other comprehensive income (exclude equity securities)	3,515,625	1,887,782	1,026,315	167,753	142,131	-	-	6,739,606
Financial investments at amortised cost	1,909,216	335,220	-	-	-	-	-	2,244,436
Derivative financial assets	2,612	78,223	-	-	-	-	5,459	86,294
Loans, advances and financing (exclude sales commissions and handling fees)	-	4,719,973	633,795	10,519,177	1,175,928	16,170,600	285,649	33,505,122
Statutory deposits	68,999	-	-	-	-	-	-	68,999
Other assets (exclude prepayment)	-	109	-	-	-	-	490,921	491,030
	6,842,284	7,668,475	1,660,110	10,690,479	1,318,059	16,170,600	782,029	45,132,036
Financial guarantees	-	73,417	7,678	294,594	44,487	4,302	3,923	428,401
Credit related commitments and contingencies	-	1,019,539	80,727	3,901,488	1,489,339	4,657,329	72,394	11,220,816
	-	1,092,956	88,405	4,196,082	1,533,826	4,661,631	76,317	11,649,217
Total credit risk	6,842,284	8,761,431	1,748,515	14,886,561	2,851,885	20,832,231	858,346	56,781,253

43. FINANCIAL RISK MANAGEMENT POLICIES (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 2021	Government and Central Bank RM'000	Financial, Insurance, Business Services and Real Estate RM'000	Transport, Storage and Communication Services RM'000	Agriculture, Manufacturing, Wholesale and Retail Trade RM'000	Construction RM'000	Household RM'000	Others RM'000	Total RM'000
Cash and short-term funds (exclude cash in hand)	1,032,600	426,003	-	-	-	-	-	1,458,603
Deposits and placements with banks and other financial institutions	-	41,477	-	-	-	-	-	41,477
Financial assets at fair value through profit or loss (exclude equity securities)	13,246	-	-	-	-	-	-	13,246
Financial investments at fair value through other comprehensive income (exclude equity securities)	3,093,593	1,777,177	1,635,555	341,073	456,453	-	-	7,303,851
Financial investments at amortised cost	451,894	337,306	1,155,336	-	329,721	-	20,508	2,294,765
Derivative financial assets	-	93,388	-	-	-	-	60,347	153,735
Loans, advances and financing (exclude sales commissions and handling fees)	-	3,621,970	562,001	10,197,968	1,040,154	16,574,709	289,336	32,286,138
Statutory deposits	69,574	-	-	-	-	-	-	69,574
Other assets (exclude prepayment)	-	323	-	-	-	-	315,873	316,196
	4,660,907	6,297,644	3,352,892	10,539,041	1,826,328	16,574,709	686,064	43,937,585
Financial guarantees	-	95,299	7,185	349,239	45,217	5,028	7,979	509,947
Credit related commitments and contingencies	20,800	1,081,272	96,058	3,954,429	1,404,039	3,327,567	95,940	9,980,105
	20,800	1,176,571	103,243	4,303,668	1,449,256	3,332,595	103,919	10,490,052
Total credit risk	4,681,707	7,474,215	3,456,135	14,842,709	3,275,584	19,907,304	789,983	54,427,637

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

43. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Credit Risk (cont'd)

(iii) Collaterals

The main types of collateral obtained by the Group and the Bank are as follows:

- Where property is provided as collateral, legal charge over the title;
- For hire purchase, ownership rights over the vehicles or equipment financed; and
- For other loans/financing, charges over business assets such as premises, financial/trade receivables, or deposits.

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Gross loans, advances and financing	46,189,112	44,147,342	34,255,562	32,952,737
Less: Allowance for expected credit losses	(1,159,842)	(1,007,206)	(750,440)	(666,599)
Net loans, advances and financing	45,029,270	43,140,136	33,505,122	32,286,138
Percentage of collateral held for loans, advances and financing	71.4%	73.0%	75.0%	73.7%

(iv) Credit risk measurement

The Group and the Bank adopt the following judgements and assumptions on measurement of expected credit loss ("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. It considers available reasonable and supportable forward-looking information.

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.

(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 assets have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

Quantitative criteria:

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

43. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Credit Risk (cont'd)

(iv) Credit risk measurement (cont'd)

(b) Definition of credit impaired financial assets (cont'd)

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

43. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Credit Risk (cont'd)

(iv) Credit risk measurement (cont'd)

(c) Measurement of ECL (cont'd)

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 & loss given charge off), collateral type, 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, an 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.

The forward-looking estimates were adjusted as below:

MEV (% Year on Year)	Weighted Average Forecast		
	2024 %	2023 %	2022 %
GDP Growth Rate	4.8	4.7	5.9
Producer Price Index	1.4	2.2	5.2
Consumer Price Index	2.3	2.5	2.6
Credit Consumption	2.5	2.5	2.5
Unemployment Rates	3.6	3.6	3.8
House Price Index	3.1	3.0	2.7

43. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Credit Risk (cont'd)

(iv) Credit risk measurement (cont'd)

(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 (CONT'D)

31 MARCH 2022

43. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Credit Risk (cont'd)

(v) Credit quality

Upon the adoption of MFRS 9, 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 (CC+ to CC-)	Borrower which is in an uncertain capacity to meet financial commitments but has not been impaired.
Unrated	Unrated	Unrated	Borrower which is unrated.
Credit Impaired	Credit Impaired	Credit Impaired	Defaulted, or judgmentally impaired due to lack of capacity to fulfil financial commitments.

Other financial assets are categorised in the following manner:

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

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

43. 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 2022	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	477,553	-	-	477,553
Non-investment graded	31	-	-	31
Sovereign/Government-backed	2,472,855	-	-	2,472,855
Unrated	5,333	-	-	5,333
Gross carrying amount	2,955,772	-	-	2,955,772
Expected credit losses	(8)	-	-	(8)
Net carrying amount	2,955,764	-	-	2,955,764
<u>Deposits and placements with</u> <u>banks and other financial institutions</u>				
Investment graded	168,192	-	-	168,192
Gross carrying amount	168,192	-	-	168,192
Expected credit losses	(8)	-	-	(8)
Net carrying amount	168,184	-	-	168,184
<u>Financial investments at fair value</u> <u>through other comprehensive income</u> <u>(exclude equity securities)</u>				
Investment graded	2,822,407	44,213	-	2,866,620
Sovereign/Government-backed	6,253,066	-	-	6,253,066
Gross carrying amount	9,075,473	44,213	-	9,119,686
Expected credit losses [Note]	(642)	(281)	-	(923)
<u>Financial investments at</u> <u>amortised cost</u>				
Sovereign/Government-backed	2,119,330	-	-	2,119,330
Unrated	10,263	-	-	10,263
Credit impaired	-	-	846	846
Gross carrying amount	2,129,593	-	846	2,130,439
Expected credit losses	(1)	-	(830)	(831)
Net carrying amount	2,129,592	-	16	2,129,608

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 (CONT'D)

31 MARCH 2022

43. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Credit Risk (cont'd)

(v) Credit quality (cont'd)

GROUP 2022	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<u>Loans, advances and financing</u>				
Low	28,285,830	691,763	-	28,977,593
Medium	9,958,588	2,356,553	-	12,315,141
High	1,495,346	1,317,345	-	2,812,691
Unrated	813,941	416,480	-	1,230,421
Credit impaired	-	-	853,266	853,266
Gross carrying amount	40,553,705	4,782,141	853,266	46,189,112
Expected credit losses	(270,674)	(557,650)	(331,518)	(1,159,842)
Net carrying amount	40,283,031	4,224,491	521,748	45,029,270
<u>Statutory deposit</u>				
Sovereign/Government-backed	99,536	-	-	99,536
Gross carrying amount	99,536	-	-	99,536
Expected credit losses	-	-	-	-
Net carrying amount	99,536	-	-	99,536
<u>Credit related commitments and contingencies</u>				
Low	10,317,683	471,497	-	10,789,180
Medium	2,189,733	757,208	-	2,946,941
High	162,722	28,871	-	191,593
Unrated	466,538	1,929	-	468,467
Credit impaired	-	-	5,760	5,760
Gross carrying amount	13,136,676	1,259,505	5,760	14,401,941
Expected credit losses	(6,894)	(16,504)	(1,418)	(24,816)
Simplified Approach	Current to less than 16 days past due RM'000	16 days to 30 days past due RM'000	More than 30 days past due RM'000	Total RM'000
<u>Amounts due from clients and brokers</u>				
Gross carrying amount	54,980	60	3	55,043
Expected credit losses	-	-	(3)	(3)
Net carrying amount	54,980	60	-	55,040
		Current RM'000	More than 90 days past due RM'000	Total RM'000
<u>Other assets (exclude prepayment)</u>				
Gross carrying amount		429,163	41,993	471,156
Expected credit losses		-	(41,993)	(41,993)
Net carrying amount		429,163	-	429,163

43. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Credit Risk (cont'd)

(v) Credit quality (cont'd)

GROUP 2021	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	358,289	-	-	358,289
Non-investment graded	81	-	-	81
Sovereign/Government-backed	2,405,723	-	-	2,405,723
Unrated	3,532	-	-	3,532
Gross carrying amount	2,767,625	-	-	2,767,625
Expected credit losses	(20)	-	-	(20)
Net carrying amount	2,767,605	-	-	2,767,605
<u>Deposits and placements with</u> <u>banks and other financial institutions</u>				
Investment graded	41,481	-	-	41,481
Gross carrying amount	41,481	-	-	41,481
Expected credit losses	(4)	-	-	(4)
Net carrying amount	41,477	-	-	41,477
<u>Financial investments at fair value</u> <u>through other comprehensive</u> <u>income (exclude equity securities)</u>				
Investment graded	2,705,294	169,938	-	2,875,232
Sovereign/Government-backed	7,549,422	-	-	7,549,422
Gross carrying amount	10,254,716	169,938	-	10,424,654
Expected credit losses [Note]	(96)	(231)	-	(327)
<u>Financial investments at</u> <u>amortised cost</u>				
Sovereign/Government-backed	2,149,419	-	-	2,149,419
Unrated	121,492	-	-	121,492
Credit impaired	-	-	846	846
Gross carrying amount	2,270,911	-	846	2,271,757
Expected credit losses	(423)	-	(830)	(1,253)
Net carrying amount	2,270,488	-	16	2,270,504

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 (CONT'D)

31 MARCH 2022

43. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Credit Risk (cont'd)

(v) Credit quality (cont'd)

GROUP 2021	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<u>Loans, advances and financing</u>				
Low	26,262,872	830,978	-	27,093,850
Medium	9,246,201	2,615,624	-	11,861,825
High	1,561,657	1,254,371	-	2,816,028
Unrated	903,605	439,598	-	1,343,203
Credit impaired	-	-	1,032,436	1,032,436
Gross carrying amount	37,974,335	5,140,571	1,032,436	44,147,342
Expected credit losses	(231,025)	(498,776)	(277,405)	(1,007,206)
Net carrying amount	37,743,310	4,641,795	755,031	43,140,136
<u>Statutory deposit</u>				
Sovereign/Government-backed	88,012	-	-	88,012
Gross carrying amount	88,012	-	-	88,012
Expected credit losses	-	-	-	-
Net carrying amount	88,012	-	-	88,012
<u>Credit related commitments and contingencies</u>				
Low	9,089,370	472,442	-	9,561,812
Medium	2,261,265	723,741	-	2,985,006
High	133,188	57,289	-	190,477
Unrated	466,710	1,737	-	468,447
Credit impaired	-	-	14,825	14,825
Gross carrying amount	11,950,533	1,255,209	14,825	13,220,567
Expected credit losses	(9,722)	(36,512)	(3,109)	(49,343)
Simplified Approach				
	Current to less than 16 days past due RM'000	16 days to 30 days past due RM'000	More than 30 days past due RM'000	Total RM'000
<u>Amounts due from clients and brokers</u>				
Gross carrying amount	104,929	112	-	105,041
Expected credit losses	-	-	-	-
Net carrying amount	104,929	112	-	105,041
Other assets (exclude prepayment)				
		Current RM'000	More than 90 days past due RM'000	Total RM'000
Gross carrying amount		256,865	40,281	297,146
Expected credit losses		-	(40,281)	(40,281)
Net carrying amount		256,865	-	256,865

43. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Credit Risk (cont'd)

(v) Credit quality (cont'd)

BANK 2022	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	477,553	-	-	477,553
Non-investment graded	31	-	-	31
Sovereign/Government-backed	1,055,016	-	-	1,055,016
Gross carrying amount	1,532,600	-	-	1,532,600
Expected credit losses	(8)	-	-	(8)
Net carrying amount	1,532,592	-	-	1,532,592
<u>Deposits and placements with</u> <u>banks and other financial institutions</u>				
Investment graded	168,192	-	-	168,192
Gross carrying amount	168,192	-	-	168,192
Expected credit losses	(8)	-	-	(8)
Net carrying amount	168,184	-	-	168,184
<u>Financial investments at fair value</u> <u>through other comprehensive income</u> <u>(exclude equity securities)</u>				
Investment graded	2,012,729	18,949	-	2,031,678
Sovereign/Government-backed	4,707,928	-	-	4,707,928
Gross carrying amount	6,720,657	18,949	-	6,739,606
Expected credit losses [Note]	(451)	(121)	-	(572)
<u>Financial investments at</u> <u>amortised cost</u>				
Investment graded	325,284	-	-	325,284
Sovereign/Government-backed	1,909,215	-	-	1,909,215
Unrated	10,263	-	-	10,263
Credit impaired	-	-	556	556
Gross carrying amount	2,244,762	-	556	2,245,318
Expected credit losses	(326)	-	(556)	(882)
Net carrying amount	2,244,436	-	-	2,244,436

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 (CONT'D)

31 MARCH 2022

43. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Credit Risk (cont'd)

(v) Credit quality (cont'd)

BANK 2022	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<u>Loans, advances and financing</u>				
Low	21,729,591	536,170	-	22,265,761
Medium	6,834,682	1,909,219	-	8,743,901
High	975,704	949,439	-	1,925,143
Unrated	515,575	230,425	-	746,000
Credit impaired	-	-	574,757	574,757
Gross carrying amount	30,055,552	3,625,253	574,757	34,255,562
Expected credit losses	(174,486)	(368,542)	(207,412)	(750,440)
Net carrying amount	29,881,066	3,256,711	367,345	33,505,122
<u>Statutory deposit</u>				
Sovereign/Government-backed	68,999	-	-	68,999
Gross carrying amount	68,999	-	-	68,999
Expected credit losses	-	-	-	-
Net carrying amount	68,999	-	-	68,999
<u>Credit related commitments and contingencies</u>				
Low	8,404,128	438,468	-	8,842,596
Medium	1,577,894	621,322	-	2,199,216
High	124,503	25,616	-	150,119
Unrated	449,795	1,929	-	451,724
Credit impaired	-	-	5,562	5,562
Gross carrying amount	10,556,320	1,087,335	5,562	11,649,217
Expected credit losses	(5,698)	(14,331)	(1,415)	(21,444)

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

43. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Credit Risk (cont'd)

(v) Credit quality (cont'd)

BANK 2021	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	425,943	-	-	425,943
Non-investment graded	81	-	-	81
Sovereign/Government-backed	1,032,600	-	-	1,032,600
Gross carrying amount	1,458,624	-	-	1,458,624
Expected credit losses	(20)	-	-	(20)
Net carrying amount	1,458,604	-	-	1,458,604
<u>Deposits and placements with banks</u> <u>and other financial institutions</u>				
Investment graded	41,481	-	-	41,481
Gross carrying amount	41,481	-	-	41,481
Expected credit losses	(4)	-	-	(4)
Net carrying amount	41,477	-	-	41,477
<u>Financial investments at fair value</u> <u>through other comprehensive</u> <u>income (exclude equity securities)</u>				
Investment graded	1,800,589	103,170	-	1,903,759
Sovereign/Government-backed	5,400,092	-	-	5,400,092
Gross carrying amount	7,200,681	103,170	-	7,303,851
Expected credit losses [Note]	(61)	(114)	-	(175)
<u>Financial investments at</u> <u>amortised cost</u>				
Investment graded	317,463	-	-	317,463
Sovereign/Government-backed	1,936,950	-	-	1,936,950
Unrated	40,718	-	-	40,718
Credit impaired	-	-	556	556
Gross carrying amount	2,295,131	-	556	2,295,687
Expected credit losses	(366)	-	(556)	(922)
Net carrying amount	2,294,765	-	-	2,294,765

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 (CONT'D)

31 MARCH 2022

43. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Credit Risk (cont'd)

(v) Credit quality (cont'd)

BANK 2021	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<u>Loans, advances and financing</u>				
Low	20,336,530	632,116	-	20,968,646
Medium	6,386,680	2,054,626	-	8,441,306
High	1,136,616	903,779	-	2,040,395
Unrated	535,950	230,872	-	766,822
Credit impaired	-	-	735,568	735,568
Gross carrying amount	28,395,776	3,821,393	735,568	32,952,737
Expected credit losses	(154,241)	(314,669)	(197,689)	(666,599)
Net carrying amount	28,241,535	3,506,724	537,879	32,286,138
<u>Statutory deposit</u>				
Sovereign/Government-backed	69,574	-	-	69,574
Gross carrying amount	69,574	-	-	69,574
Expected credit losses	-	-	-	-
Net carrying amount	69,574	-	-	69,574
<u>Credit related commitments and contingencies</u>				
Low	7,269,185	408,729	-	7,677,914
Medium	1,664,946	567,913	-	2,232,859
High	98,180	34,148	-	132,328
Unrated	433,064	1,735	-	434,799
Credit impaired	-	-	12,152	12,152
Gross carrying amount	9,465,375	1,012,525	12,152	10,490,052
Expected credit losses	(8,056)	(15,020)	(3,109)	(26,185)
<u>Simplified Approach</u>				
		Current RM'000	More than 90 days past due RM'000	Total RM'000
<u>Other assets (exclude prepayment)</u>				
Gross carrying amount		316,197	34,941	351,138
Expected credit losses		-	(34,941)	(34,941)
Net carrying amount		316,197	-	316,197

43. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Credit Risk (cont'd)

(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:

2022 Measurement variables		GROUP		BANK	
		+	-	+	-
		RM'000	RM'000	RM'000	RM'000
Retail	MEV Change (%)				
House price index	9.4	(18,009)	26,625	(10,508)	15,830
Consumption credit	125.1	14,583	(15,013)	10,854	(11,171)
Unemployment rate	17.4	7,845	(6,858)	5,288	(4,508)
GDP growth	6.2	(3,293)	2,903	(1,892)	1,657
	Percentage Point Change (%)				
Non-retail					
Producer Price Index	3.1	6,996	(6,183)	5,915	(5,231)
Industrial Production Index	5.3	(4,075)	3,919	(3,344)	3,210

2021 Measurement variables		GROUP		BANK	
		+	-	+	-
		RM'000	RM'000	RM'000	RM'000
Retail	MEV Change (%)				
House price index	9.2	(22,179)	35,274	(12,948)	21,635
Consumption credit	132.1	5,022	(5,065)	3,109	(3,161)
Consumer price index	4.0	7,162	(8,331)	4,506	(5,683)
Unemployment rate	13.8	6,215	(6,347)	3,730	(3,858)
	Percentage Point Change (%)				
Non-retail					
GDP growth	4.0	(11,034)	23,971	(7,964)	17,031

(vii) Exposures to COVID-19 impacted sectors

The table below outlines the loans, advances and financing (net of impairment) by industry sectors identified as directly vulnerable and affected by COVID-19 pandemic for the Group and the Bank:

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Retail and wholesale/trading	11,216,113	10,618,978	8,263,231	7,963,050
Accommodation	401,688	356,632	346,233	290,070
Travel agencies/tourism	64,710	68,647	31,392	32,818
Airline/aviation	308	1,602	308	745
Food and beverage services/restaurants	733,774	709,643	577,975	559,483
	12,416,593	11,755,502	9,219,139	8,846,166

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

43. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Credit Risk (cont'd)

(viii) COVID-19 customer relief and support measures

The table below summarises the status for borrowers that were under relief and support measures for retail and non-retail customers as at 31 March 2022:

	Retail				Non-Retail	
	Mortgage RM'000	Hire purchase RM'000	Personal financing RM'000	Total RM'000	Total RM'000	Total RM'000
GROUP						
Total payment moratoriums, repayment assistance, rescheduling and restructuring ("R&R") granted	2,388,952	12,633	511,268	2,912,853	4,458,837	7,371,690
Resume payment	2,230,189	11,016	467,115	2,708,320	4,153,214	6,861,534
Missed payment	158,763	1,617	44,153	204,533	305,623	510,156
As a percentage of total:						
Resume payment	93%	87%	91%	93%	93%	93%
Missed payment	7%	13%	9%	7%	7%	7%
	100%	100%	100%	100%	100%	100%
BANK						
Total payment moratoriums, repayment assistance, rescheduling and restructuring ("R&R") granted	1,635,437	3,231	278,079	1,916,747	3,604,092	5,520,839
Resume payment	1,536,140	2,584	254,814	1,793,538	3,369,160	5,162,698
Missed payment	99,297	647	23,265	123,209	234,932	358,141
As a percentage of total:						
Resume payment	94%	80%	92%	94%	93%	94%
Missed payment	6%	20%	8%	6%	7%	6%
	100%	100%	100%	100%	100%	100%

43. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Credit Risk (cont'd)

(viii) COVID-19 customer relief and support measures (cont'd)

The table below summarises the status for borrowers that were under relief and support measures for retail and non-retail customers as at 31 March 2021:

	Retail				Non-Retail	
	Mortgage RM'000	Hire purchase RM'000	Personal financing RM'000	Total RM'000	Total RM'000	Total RM'000
GROUP						
Total payment moratoriums, repayment assistance, rescheduling and restructuring ("R&R") granted	13,666,631	124,597	1,762,365	15,553,593	10,357,949	25,911,542
Resume payment	12,736,079	96,996	1,553,067	14,386,142	9,945,385	24,331,527
Missed payment	930,552	27,601	209,298	1,167,451	412,564	1,580,015
As a percentage of total:						
Resume payment	93%	78%	88%	92%	96%	94%
Missed payment	7%	22%	12%	8%	4%	6%
	100%	100%	100%	100%	100%	100%
BANK						
Total payment moratoriums, repayment assistance, rescheduling and restructuring ("R&R") granted	10,212,781	41,852	804,251	11,058,884	8,378,633	19,437,517
Resume payment	9,592,313	32,150	705,080	10,329,543	8,044,029	18,373,572
Missed payment	620,468	9,702	99,171	729,341	334,604	1,063,945
As a percentage of total:						
Resume payment	94%	77%	88%	93%	96%	95%
Missed payment	6%	23%	12%	7%	4%	5%
	100%	100%	100%	100%	100%	100%

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

43. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Credit Risk (cont'd)

(ix) Overlays and adjustments for expected credit losses ("ECL") amid COVID-19 environment

As the current MFRS 9 models are not expected to generate levels of ECL with sufficient reliability in view of the unprecedented and ongoing COVID-19 pandemic, overlays and post-model adjustments have been applied to determine a sufficient overall level of ECLs for the year ended and as at 31 March 2022.

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

The overlays and post-model adjustments involved significant level of judgement and reflect the management's views of possible severities of the pandemic and paths of recovery in the forward-looking assessment for ECL estimation purposes.

The borrowers and customers who have received repayment support remain in their existing stages unless they have been individually identified as not viable or with subsequent indicators of significant increase in credit risk from each of their pre-COVID-19 pandemic status. The overlays and post-model adjustments were generally made at portfolio level in determining the sufficient level of ECL.

The adjusted downside scenario assumes a continuous restrictive economic environment due to the COVID-19 pandemic. The impact of these post-model adjustments, estimated at portfolio level and amounted to RM511,517,000 and RM324,019,000 as at 31 March 2022 for the Group and the Bank respectively (2021: RM312,724,000 and RM189,141,000), remain outside the core MFRS 9 process.

(b) Market Risk

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

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

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

Market Risk Factors

(i) Interest rate/profit rate risk

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

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

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

43. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Market Risk (cont'd)

Market Risk Factors (cont'd)

(i) Interest rate/profit rate risk (cont'd)

GROUP 2022	Non-trading book						Non- interest/ profit sensitive		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	RM'000	RM'000		
Assets										
Cash and short-term funds	2,615,273	-	-	-	-	-	613,301	-	-	3,228,574
Deposits and placements with banks and other financial institutions	-	168,180	-	-	-	-	4*	-	-	168,184
Amounts due from clients and brokers	4,205	-	-	-	-	-	50,835	-	-	55,040
Financial assets at fair value through profit or loss	-	-	-	-	-	-	245,842	295,773	-	541,615
Financial investments at fair value through other comprehensive income	45,030	255,887	25,095	627,925	2,998,408	5,075,584	91,770	-	-	9,119,699
Financial investments at amortised cost	10,000	-	-	-	1,940,815	159,717	19,076	-	-	2,129,608
Derivative financial assets	-	-	-	-	-	-	-	86,294	-	86,294
Loans, advances and financing	38,789,006	1,552,143	650,329	100,274	2,591,799	1,671,453	(231,259)**	-	-	45,123,745
Other financial assets***	-	-	-	-	-	46,430	482,269	-	-	528,699
Total financial assets	41,463,514	1,976,210	675,424	728,199	7,531,022	6,953,184	1,271,838	382,067	60,981,458	

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

43. 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 2022	Up to 1 month RM'000	Non-trading book					Non- interest/ profit sensitive RM'000	Trading book RM'000	Total 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			
Liabilities									
Deposits from customers	17,511,366	5,692,505	4,733,742	4,621,981	15,309,911	-	316,866	-	48,186,371
Deposits and placements of banks and other financial institutions	355,596	15,907	101,155	21,438	590,134	604,240	524	-	1,688,994
Financial liabilities designated at fair value through profit or loss	12,023	9,247	51,480	184,806	353,503	409,617	4,520	-	1,025,196
Amounts due to clients and brokers	-	-	-	-	-	-	28,404	-	28,404
Derivative financial liabilities	-	-	-	-	-	-	-	212,588	212,588
Recourse obligations on loans and financing sold to Cagamas	-	350,031	-	300,039	-	-	494	-	650,564
Lease liabilities	2,639	4,856	6,260	12,447	47,689	51,584	-	-	125,475
Subordinated obligations	-	-	-	149,958	599,060	800,000	23,767	-	1,572,785
Other financial liabilities	170,021	-	-	-	27,583	253,595	1,246,202	-	1,697,401
Total financial liabilities	18,051,645	6,072,546	4,892,637	5,290,669	16,927,880	2,119,036	1,620,777	212,588	55,187,778
On-balance sheet interest sensitivity gap	23,411,869	(4,096,336)	(4,217,213)	(4,562,470)	(9,396,858)	4,834,148	(348,939)	169,479	5,793,680

Note:

* ECL for deposits and placements with banks and other financial institutions are classified under the non-interest/profit sensitive column.

** Impaired loans/financing and ECL are classified under the non-interest/profit sensitive column.

*** Included statutory deposit and other assets.

43. 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		Non-trading book						Non-interest/ profit sensitive	Trading book	Total
		Up to 1 month	>1-3 months	>3-6 months	>6-12 months	>1-5 years	Over 5 years			
2021		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets										
Cash and short-term funds		2,429,446	-	-	-	-	-	658,799	-	3,088,245
Deposits and placements with banks and other financial institutions		-	41,481	-	-	-	-	(4)*	-	41,477
Amounts due from clients and brokers		6,180	-	-	-	-	-	98,861	-	105,041
Financial assets at fair value through profit or loss		-	-	-	-	-	-	224,676	13,246	237,922
Financial investments at fair value through other comprehensive income		400,615	60,306	130,854	442,607	4,099,927	5,187,169	103,191	-	10,424,669
Financial investments at amortised cost		10,000	-	100,000	-	1,620,670	519,952	19,882	-	2,270,504
Derivative financial assets		-	-	-	-	-	-	-	153,735	153,735
Loans, advances and financing		37,382,840	1,426,931	700,926	109,852	2,155,721	1,356,278	100,958**	-	43,233,506
Other financial assets***		-	-	-	-	-	34,265	310,612	-	344,877
Total financial assets		40,229,081	1,528,718	931,780	552,459	7,876,318	7,097,664	1,516,975	166,981	59,899,976

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

43. 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	Non-trading book							Non-interest/profit sensitive		Trading book	Total
	Up to 1 month	>1-3 months	>3-6 months	>6-12 months	>1-5 years	Over 5 years	RM'000		RM'000		
							RM'000	RM'000			
2021											RM'000
Liabilities											
Deposits from customers	17,746,421	5,202,350	5,006,169	4,461,356	15,663,894	-	408,323	-	-	48,488,513	
Deposits and placements of banks and other financial institutions	475,052	32,611	52,290	89,804	126,234	615,069	1,592	-	-	1,392,652	
Financial liabilities designated at fair value through profit or loss	774	1,131	30,417	95,686	343,709	-	978	-	-	472,695	
Amounts due to clients and brokers	-	-	-	-	-	-	63,416	-	-	63,416	
Derivative financial liabilities	-	-	-	-	-	-	-	-	149,410	149,410	
Recurse obligations on loans and financing sold to Cagamas	-	-	-	-	650,042	-	457	-	-	650,499	
Lease liabilities	2,801	3,232	6,621	13,911	64,237	32,692	-	-	-	123,494	
Subordinated obligations	-	-	-	-	748,977	800,000	23,741	-	-	1,572,718	
Other financial liabilities	92,982	18,403	31,962	12,816	-	89,068	1,129,530	-	-	1,374,761	
Total financial liabilities	18,318,030	5,257,727	5,127,459	4,673,573	17,597,093	1,536,829	1,628,037	149,410	-	54,288,158	
On-balance sheet interest sensitivity gap	21,911,051	(3,729,009)	(4,195,679)	(4,121,114)	(9,720,775)	5,560,835	(111,062)	17,571	-	5,611,818	

Note:

* ECL for deposits and placements with banks and other financial institutions are classified under the non-interest/profit sensitive column.

** Impaired loans/financing and ECL are classified under the non-interest/profit sensitive column.

*** Included statutory deposit and other assets.

43. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Market Risk (cont'd)

Market Risk Factors (cont'd)

(i) Interest rate/profit rate risk (cont'd)

BANK 2022	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Non-trading book			Total RM'000
						Over 5 years RM'000	Non- interest/ profit sensitive RM'000	Trading book RM'000	
Assets									
Cash and short-term funds	1,246,463	-	-	-	-	-	558,939	-	1,805,402
Deposits and placements with banks and other financial institutions	-	168,180	-	-	-	-	4*	-	168,184
Financial assets at fair value through profit or loss	-	-	-	-	-	-	171,488	295,773	467,261
Financial investments at fair value through other comprehensive income	25,021	175,576	70,018	501,512	1,854,991	4,044,750	67,751	-	6,739,619
Financial investments at amortised cost	10,000	-	130,000	-	1,928,215	159,716	16,505	-	2,244,436
Derivative financial assets	-	-	-	-	-	-	-	86,294	86,294
Loans, advances and financing	29,271,073	1,149,400	455,494	73,738	1,982,105	846,214	(169,827)**	-	33,608,197
Other financial assets***	-	-	-	-	54,832	23,724	481,473	-	560,029
Total financial assets	30,552,557	1,493,156	655,512	575,250	5,820,143	5,074,404	1,126,333	382,067	45,679,422

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

43. 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 2022	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non- interest/ profit sensitive RM'000	Trading book RM'000	Total RM'000
Liabilities									
Deposits from customers	13,225,059	3,832,236	3,363,993	3,488,658	11,499,834	-	121,488	-	35,531,268
Deposits and placements of banks and other financial institutions	203,556	10,234	90,852	8,053	553,622	471,160	272	-	1,337,749
Financial liabilities designated at fair value through profit or loss	12,023	9,247	51,480	184,806	353,503	409,617	4,520	-	1,025,196
Derivative financial liabilities	-	-	-	-	-	-	-	212,588	212,588
Recourse obligations on loans and financing sold to Cagamas	-	-	-	300,039	-	-	76	-	300,115
Lease liabilities	2,633	4,844	6,242	12,411	47,532	51,587	-	-	125,249
Subordinated obligations	-	-	-	149,888	498,848	800,000	23,718	-	1,472,454
Other financial liabilities	170,021	-	-	-	64,018	208,834	1,088,707	-	1,531,580
Total financial liabilities	13,613,292	3,856,561	3,512,567	4,143,855	13,017,357	1,941,198	1,238,781	212,588	41,536,199
On-balance sheet interest sensitivity gap	16,939,265	(2,363,405)	(2,857,055)	(3,568,605)	(7,197,214)	3,133,206	(112,448)	169,479	4,143,223

Note:

* ECL for deposits and placements with banks and other financial institutions are classified under the non-interest/profit sensitive column.

** Impaired loans/financing and ECL are classified under the non-interest/profit sensitive column.

*** Included statutory deposit and other assets.

43. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Market Risk (cont'd)

Market Risk Factors (cont'd)

(i) Interest rate/profit rate risk (cont'd)

		Non-trading book						Non-interest/ profit sensitive	Trading book	Total
		Up to 1 month	>1-3 months	>3-6 months	>6-12 months	>1-5 years	Over 5 years			
BANK 2021		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets										
Cash and short-term funds		1,155,415	-	-	-	-	-	623,828	-	1,779,243
Deposits and placements with banks and other financial institutions		-	41,481	-	-	-	-	(4)*	-	41,477
Financial assets at fair value through profit or loss		-	-	-	-	-	-	154,482	13,246	167,728
Financial investments at fair value through other comprehensive income		315,462	55,287	130,854	234,567	2,480,518	4,013,954	73,224	-	7,303,866
Financial investments at amortised cost		10,000	-	20,000	-	1,593,771	654,075	16,919	-	2,294,765
Derivative financial assets		-	-	-	-	-	-	-	153,735	153,735
Loans, advances and financing		28,386,373	1,060,213	500,428	91,044	1,535,309	660,054	161,706**	-	32,395,127
Other financial assets***		-	-	-	-	-	72,788	312,982	-	385,770
Total financial assets		29,867,250	1,156,981	651,282	325,611	5,609,598	5,400,871	1,343,137	166,981	44,521,711

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

43. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Market Risk (cont'd)

Market Risk Factors (cont'd)

(i) Interest rate/profit rate risk (cont'd)

		Non-trading book						Non-interest/profit sensitive	Trading book	Total
		Up to 1 month	>1-3 months	>3-6 months	>6-12 months	>1-5 years	Over 5 years			
BANK 2021		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Liabilities										
Deposits from customers		13,575,441	3,776,785	3,604,825	3,860,360	11,148,778	-	184,127	-	36,150,316
Deposits and placements of banks and other financial institutions		9,870	18,902	33,264	48,874	52,873	495,024	570	-	659,377
Financial liabilities designated at fair value through profit or loss		774	1,131	30,417	95,686	343,709	-	978	-	472,695
Derivative financial liabilities		-	-	-	-	-	-	-	149,410	149,410
Recourse obligations on loans and financing sold to Cagamas		-	-	-	-	300,024	-	76	-	300,100
Lease liabilities		2,797	3,222	6,616	13,911	64,236	32,693	-	-	123,475
Subordinated obligations		-	-	-	-	648,286	800,000	23,692	-	1,471,978
Other financial liabilities		92,982	18,403	31,962	12,816	-	77,802	938,051	-	1,172,016
Total financial liabilities		13,681,864	3,818,443	3,707,084	4,031,647	12,557,906	1,405,519	1,147,494	149,410	40,499,367
On-balance sheet interest sensitivity gap		16,185,386	(2,661,462)	(3,055,802)	(3,706,036)	(6,948,308)	3,995,352	195,643	17,571	4,022,344

Note:

* ECL for deposits and placements with banks and other financial institutions are classified under the non-interest/profit sensitive column.

** Impaired loans/financing and ECL are classified under the non-interest/profit sensitive column.

*** Included statutory deposit and other assets.

43. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

43. 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 2021	US Dollars RM'000	Pound Sterling RM'000	Euro Dollars RM'000	Australian Dollars RM'000	Singapore Dollars RM'000	Others RM'000	Total RM'000
Assets							
Cash and short-term funds	296,600	1,802	3,700	1,104	2,133	5,724	311,063
Deposits and placements with banks and other financial institutions	41,481	-	-	-	-	-	41,481
Amounts due from clients and brokers	-	-	-	-	-	31	31
Loans, advances and financing	405,210	-	2,521	210	-	286	408,227
Other financial assets	11,874	-	-	12	389	-	12,275
Total financial assets	755,165	1,802	6,221	1,326	2,522	6,041	773,077
Liabilities							
Deposits from customers	478,062	30,894	33,074	164,783	79,040	34,417	820,270
Deposits and placements of banks and other financial institutions	49	-	-	-	-	2,215	2,264
Amounts due to clients and brokers	1,032	-	-	4	2	81	1,119
Other financial liabilities	18,922	1,640	28,905	34,545	83	5,441	89,536
Total financial liabilities	498,065	32,534	61,979	199,332	79,125	42,154	913,189
On-balance sheet open position	257,100	(30,732)	(55,758)	(198,006)	(76,603)	(36,113)	(140,112)
Off-balance sheet open position	(208,614)	31,289	68,847	185,429	47,171	42,852	166,974
Net open position	48,486	557	13,089	(12,577)	(29,432)	6,739	26,862

43. 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)

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

43. 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)

BANK 2021	US Dollars RM'000	Pound Sterling RM'000	Euro Dollars RM'000	Australian Dollars RM'000	Singapore Dollars RM'000	Others RM'000	Total RM'000
Assets							
Cash and short-term funds	295,420	1,802	3,700	1,093	2,128	5,635	309,778
Deposits and placements with banks and other financial institutions	41,481	-	-	-	-	-	41,481
Loans, advances and financing	405,210	-	2,521	210	-	286	408,227
Other financial assets	11,874	-	-	12	389	-	12,275
Total financial assets	753,985	1,802	6,221	1,315	2,517	5,921	771,761
Liabilities							
Deposits from customers	478,062	30,894	33,074	164,783	79,040	34,417	820,270
Deposits and placements of banks and other financial institutions	49	-	-	-	-	2,215	2,264
Other financial liabilities	18,820	1,567	28,905	34,544	83	5,440	89,359
Total financial liabilities	496,931	32,461	61,979	199,327	79,123	42,072	911,893
On-balance sheet open position	257,054	(30,659)	(55,758)	(198,012)	(76,606)	(36,151)	(140,132)
Off-balance sheet open position	(208,614)	31,289	68,847	185,429	47,171	42,852	166,974
Net open position	48,440	630	13,089	(12,583)	(29,435)	6,701	26,842

43. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(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:

GROUP 2022	Balance RM'000	Average for the year RM'000	Minimum RM'000	Maximum RM'000
FX related derivatives	(350)	(482)	(238)	(1,041)
Government securities	(24,308)	(38,119)	(24,308)	(42,797)
Private debt securities	(4,674)	(6,011)	(4,674)	(6,612)
2021				
FX related derivatives	(561)	(630)	(398)	(1,010)
Government securities	(39,252)	(53,063)	(39,252)	(57,298)
Private debt securities	(6,697)	(13,533)	(6,697)	(15,727)
BANK 2022				
FX related derivatives	(350)	(482)	(238)	(1,041)
Government securities	(19,618)	(31,478)	(19,618)	(35,776)
Private debt securities	(3,122)	(3,990)	(3,122)	(4,393)
2021				
FX related derivatives	(561)	(630)	(398)	(1,010)
Government securities	(31,514)	(38,815)	(31,514)	(43,414)
Private debt securities	(4,339)	(8,658)	(4,339)	(9,730)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

43. 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.

	2022 GROUP		2022 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	(169,950)	169,950	(137,749)	137,749
Impact on equity	710,507	(607,630)	553,110	(470,372)

	2021 GROUP		2021 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	(198,563)	198,563	(149,807)	149,807
Impact on equity	810,926	(694,329)	607,955	(515,908)

43. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Market Risk (cont'd)

Market Risk Measures (cont'd)

(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.

(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 Group Assets and Liabilities Committee ("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 (CONT'D)

31 MARCH 2022

43. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (cont'd)

Liquidity Risk Measures

(i) Liquidity risk for assets and liabilities based on remaining contractual maturities

The maturities of on-balance sheet assets and liabilities as well as other off-balance sheet assets and liabilities, commitments and counter-guarantees 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 2022	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1 year RM'000	No specific maturity RM'000	Total RM'000
Assets							
Cash and short-term funds	3,228,574	-	-	-	-	-	3,228,574
Deposits and placements with banks and other financial institutions	-	168,184	-	-	-	-	168,184
Amounts due from clients and brokers	55,040	-	-	-	-	-	55,040
Financial assets at fair value through profit or loss	-	79	546	-	295,148	245,842	541,615
Financial investments at fair value through other comprehensive income	68,482	305,380	43,906	627,925	8,073,993	13	9,119,699
Financial investments at amortised cost	20,862	5,813	2,384	16	2,100,533	-	2,129,608
Loans, advances and financing	7,800,129	2,048,740	848,011	203,510	34,223,355	-	45,123,745
Other financial and non-financial assets	428,448	13,289	14,262	14,667	85,410	925,312	1,481,388
Total assets	11,601,535	2,541,485	909,109	846,118	44,778,439	1,171,167	61,847,853
Liabilities							
Deposits from customers	32,848,845	5,772,699	4,760,037	4,640,627	164,163	-	48,186,371
Deposits and placements of banks and other financial institutions	355,656	15,967	101,315	21,517	1,194,539	-	1,688,994
Financial liabilities designated at fair value through profit or loss	12,092	9,264	54,003	195,692	754,145	-	1,025,196
Amounts due to clients and brokers	28,404	-	-	-	-	-	28,404
Recourse obligations on loans and financing sold to Cagamas	-	350,525	-	300,039	-	-	650,564
Lease liabilities	2,639	4,856	6,259	12,448	99,273	-	125,475
Subordinated obligations	19,628	3,699	383	149,888	1,399,187	-	1,572,785
Other financial and non-financial liabilities	1,137,560	13,059	201,137	88,238	706,027	7,367	2,153,388
Total liabilities	34,404,824	6,170,069	5,123,134	5,408,449	4,317,334	7,367	55,431,177
Net maturity mismatch	(22,803,289)	(3,628,584)	(4,214,025)	(4,562,331)	40,461,105	1,163,800	6,416,676

43. FINANCIAL RISK MANAGEMENT POLICIES (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 on-balance sheet assets and liabilities as well as other off-balance sheet assets and liabilities, commitments and counter-guarantees 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 2021	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1 year RM'000	No specific maturity RM'000	Total RM'000
Assets							
Cash and short-term funds	3,088,245	-	-	-	-	-	3,088,245
Deposits and placements with banks and other financial institutions	-	41,477	-	-	-	-	41,477
Amounts due from clients and brokers	105,041	-	-	-	-	-	105,041
Financial assets at fair value through profit or loss	-	-	103	-	13,143	224,676	237,922
Financial investments at fair value through other comprehensive income	436,387	105,088	153,477	442,607	9,287,110	-	10,424,669
Financial investments at amortised cost	21,421	5,520	3,348	16	2,240,199	-	2,270,504
Loans, advances and financing	7,627,827	2,022,900	885,044	332,939	32,364,796	-	43,233,506
Other financial and non-financial assets	123,028	27,136	42,745	15,790	125,128	986,004	1,319,831
Total assets	11,401,949	2,202,121	1,084,717	791,352	44,030,376	1,210,680	60,721,195
Liabilities							
Deposits from customers	33,148,278	5,255,736	5,018,833	4,473,623	592,043	-	48,488,513
Deposits and placements of banks and other financial institutions	475,527	32,611	53,406	89,804	741,304	-	1,392,652
Financial liabilities designated at fair value through profit or loss	774	1,131	30,493	95,817	344,480	-	472,695
Amounts due to clients and brokers	63,416	-	-	-	-	-	63,416
Recourse obligations on loans and financing sold to Cagamas	-	456	-	-	650,043	-	650,499
Lease liabilities	2,801	3,232	6,621	13,911	96,929	-	123,494
Subordinated obligations	19,628	3,673	440	-	1,548,977	-	1,572,718
Other financial and non-financial liabilities	494,902	39,507	71,808	37,905	402,236	653,063	1,699,421
Total liabilities	34,205,326	5,336,346	5,181,601	4,711,060	4,376,012	653,063	54,463,408
Net maturity mismatch	(22,803,377)	(3,134,225)	(4,096,884)	(3,919,708)	39,654,364	557,617	6,257,787

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

43. 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 on-balance sheet assets and liabilities as well as other off-balance sheet assets and liabilities, commitments and counter-guarantees 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 2022	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1 year RM'000	No specific maturity RM'000	Total RM'000
Assets							
Cash and short-term funds	1,805,402	-	-	-	-	-	1,805,402
Deposits and placements of banks and other financial institutions	-	168,184	-	-	-	-	168,184
Financial assets at fair value through profit or loss	-	79	546	-	295,148	171,488	467,261
Financial investments at fair value through other comprehensive income	41,668	213,779	82,905	501,512	5,899,742	13	6,739,619
Financial investments at amortised cost	19,282	5,162	132,060	-	2,087,932	-	2,244,436
Loans, advances and financing	5,515,188	1,522,015	622,922	172,551	25,775,521	-	33,608,197
Other financial and non-financial assets	454,988	12,750	13,489	14,063	108,711	1,836,700	2,440,701
Total assets	7,836,528	1,921,969	851,922	688,126	34,167,054	2,008,201	47,473,800
Liabilities							
Deposits from customers	24,689,510	3,899,855	3,383,360	3,501,660	56,883	-	35,531,268
Deposits and placements of banks and other financial institutions	203,574	10,273	90,973	8,083	1,024,846	-	1,337,749
Financial liabilities designated at fair value through profit or loss	12,092	9,264	54,003	195,692	754,145	-	1,025,196
Recourse obligations on loans and financing sold to Cagamas	-	76	-	300,039	-	-	300,115
Lease liabilities	2,633	4,844	6,242	12,411	99,119	-	125,249
Subordinated obligations	19,628	3,699	391	149,888	1,298,848	-	1,472,454
Other financial and non-financial liabilities	1,033,478	12,623	164,722	83,043	650,563	-	1,944,429
Total liabilities	25,960,915	3,940,634	3,699,691	4,250,816	3,884,404	-	41,736,460
Net maturity mismatch	(18,124,387)	(2,018,665)	(2,847,769)	(3,562,690)	30,282,650	2,008,201	5,737,340

43. FINANCIAL RISK MANAGEMENT POLICIES (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 on-balance sheet assets and liabilities as well as other off-balance sheet assets and liabilities, commitments and counter-guarantees 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 2021	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1 year RM'000	No specific maturity RM'000	Total RM'000
Assets							
Cash and short-term funds	1,779,243	-	-	-	-	-	1,779,243
Deposits and placements of banks and other financial institutions	-	41,477	-	-	-	-	41,477
Financial assets at fair value through profit or loss	-	-	103	-	13,143	154,482	167,728
Financial investments at fair value through other comprehensive income	341,455	87,897	145,460	234,567	6,494,487	-	7,303,866
Financial investments at amortised cost	19,548	5,162	2,577	-	2,267,478	-	2,294,765
Loans, advances and financing	5,327,836	1,475,936	648,204	309,133	24,634,018	-	32,395,127
Other financial and non-financial assets	155,215	27,047	42,320	15,722	161,738	1,889,958	2,292,000
Total assets	7,623,297	1,637,519	838,664	559,422	33,570,864	2,044,440	46,274,206
Liabilities							
Deposits from customers	24,728,820	3,813,318	3,625,822	3,900,256	82,100	-	36,150,316
Deposits and placements of bank and other financial institutions	9,870	18,902	33,834	48,874	547,897	-	659,377
Financial liabilities designated at fair value through profit or loss	774	1,131	30,493	95,817	344,480	-	472,695
Recourse obligations on loans and financing sold to Cagamas	-	76	-	-	300,024	-	300,100
Lease liabilities	2,796	3,222	6,616	13,911	96,930	-	123,475
Subordinated obligations	18,182	3,673	391	-	1,449,732	-	1,471,978
Other financial and non-financial liabilities	403,705	39,246	71,308	34,887	325,016	597,417	1,471,579
Total liabilities	25,164,147	3,879,568	3,768,464	4,093,745	3,146,179	597,417	40,649,520
Net maturity mismatch	(17,540,850)	(2,242,049)	(2,929,800)	(3,534,323)	30,424,685	1,447,023	5,624,686

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

43. 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

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 2022	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
Non derivative financial liabilities								
Deposits from customers	32,817,141	5,797,533	4,863,162	4,707,139	168,276	-	-	48,353,251
Deposits and placements of banks and other financial institutions	364,585	15,907	101,570	21,438	84,304	1,110,071	-	1,697,875
Amounts due to clients and brokers	28,404	-	-	-	-	-	-	28,404
Financial liabilities designated at fair value through profit or loss	16,951	16,036	77,421	247,940	458,130	467,348	-	1,283,826
Recourse obligations on loans and financing sold to Cagamas	-	357,180	3,426	303,428	-	-	-	664,034
Lease liabilities	3,168	5,880	7,717	15,104	61,614	62,866	-	156,349
Subordinated obligations	22,900	4,675	5,999	183,515	779,820	886,300	-	1,883,209
Other financial liabilities	1,031,114	438	169,756	-	23,830	-	6,941	1,232,079
	34,284,263	6,197,649	5,229,051	5,478,564	1,575,974	2,526,585	6,941	55,299,027
Items not recognised in the statements of financial position								
Financial guarantees	23,956	85,510	103,455	219,131	65,959	521	-	498,532
Credit related commitments and contingencies	11,582,290	97,049	60,523	95,900	2,058,234	9,413	-	13,903,409
	11,606,246	182,559	163,978	315,031	2,124,193	9,934	-	14,401,941
Derivatives financial liabilities								
Derivatives settled on a net basis	-	(1)	(13,540)	(26,121)	(50,189)	299	-	(89,552)
Interest rate derivatives and equity option	-	(1)	(13,540)	(26,121)	(50,189)	299	-	(89,552)
Net (inflow)/outflow	-	(1)	(13,540)	(26,121)	(50,189)	299	-	(89,552)
Derivatives settled on a gross basis								
Outflow	4,567	5,853	21,943	5,033	3,540	3,047	-	43,983
Inflow	(8,018)	(4,958)	(2,767)	(899)	(3,429)	(463)	-	(20,534)
	(3,451)	895	19,176	4,134	111	2,584	-	23,449

43. FINANCIAL RISK MANAGEMENT POLICIES (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 2021	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
Non derivative financial liabilities								
Deposits from customers	33,153,484	5,278,934	5,079,911	4,583,588	551,124	-	-	48,647,041
Deposits and placements of banks and other financial institutions	652,577	32,926	53,587	94,127	719,949	-	-	1,553,166
Amounts due to clients and brokers	63,416	-	-	-	-	-	-	63,416
Financial liabilities designated at fair value through profit or loss	2,033	1,778	47,123	102,650	369,315	-	-	522,899
Recurse obligations on loans and financing sold to Cagamas	-	7,189	7,189	14,267	664,047	-	-	692,692
Lease liabilities	3,505	4,492	8,618	17,603	79,638	46,280	-	160,136
Subordinated obligations	22,900	4,675	5,999	33,601	964,756	917,825	-	1,949,756
Other financial liabilities	482,567	19,625	33,719	20,330	336,377	-	653,451	1,546,069
	34,380,482	5,349,619	5,236,146	4,866,166	3,685,206	964,105	653,451	55,135,175
Items not recognised in the statements of financial position								
Financial guarantees	23,628	89,338	97,927	318,567	157,039	20	-	686,519
Credit related commitments and contingencies	11,078,573	97,952	65,919	87,145	1,195,679	8,780	-	12,534,048
	11,102,201	187,290	163,846	405,712	1,352,718	8,800	-	13,220,567
Derivatives financial liabilities								
<u>Derivatives settled on a net basis</u>								
Interest rate derivatives and equity option	(2,403)	(4,150)	(6,076)	(10,402)	(15,567)	(60)	-	(38,658)
Net outflow	(2,403)	(4,150)	(6,076)	(10,402)	(15,567)	(60)	-	(38,658)
<u>Derivatives settled on a gross basis</u>								
Outflow	4,719	15,181	19,295	2,701	5,923	3,428	-	51,247
Inflow	(5,488)	(12,930)	(27,546)	(4,487)	(2,417)	(8,061)	-	(60,929)
	(769)	2,251	(8,251)	(1,786)	3,506	(4,633)	-	(9,682)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

43. 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 2022	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
Non derivative financial liabilities								
Deposits from customers	24,696,048	3,916,750	3,410,708	3,546,171	57,586	-	-	35,627,263
Deposits and placements of banks and other financial institutions	203,821	10,235	91,266	8,053	47,791	976,990	-	1,338,156
Financial liabilities designated at fair value through profit or loss	16,951	16,036	77,421	247,940	458,130	467,348	-	1,283,826
Recurse obligations on loans and financing sold to Cagamas	-	3,426	3,426	303,428	-	-	-	310,280
Lease liabilities	3,161	5,867	7,696	15,062	61,447	62,866	-	156,099
Subordinated obligations	22,900	4,675	2,999	180,564	674,240	886,300	-	1,771,678
Other financial liabilities	941,569	404	139,964	-	23,817	-	-	1,105,754
	25,884,450	3,957,393	3,733,480	4,301,218	1,323,011	2,393,504	-	41,593,056
Items not recognised in the statements of financial position								
Financial guarantees	22,101	74,434	87,264	182,144	61,937	521	-	428,401
Credit related commitments and contingencies	9,251,014	82,567	53,354	87,796	1,737,585	8,500	-	11,220,816
	9,273,115	157,001	140,618	269,940	1,799,522	9,021	-	11,649,217
Derivatives financial liabilities								
Derivatives settled on a net basis	-	(1)	(13,540)	(26,121)	(50,189)	299	-	(89,552)
Interest rate derivatives and equity option	-	(1)	(13,540)	(26,121)	(50,189)	299	-	(89,552)
Net (inflow)/outflow	-	(1)	(13,540)	(26,121)	(50,189)	299	-	(89,552)
Derivatives settled on a gross basis								
Outflow	4,567	5,853	21,943	5,033	3,540	3,047	-	43,983
Inflow	(8,018)	(4,958)	(2,767)	(899)	(3,429)	(463)	-	(20,534)
	(3,451)	895	19,176	4,134	111	2,584	-	23,449

43. FINANCIAL RISK MANAGEMENT POLICIES (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 2021	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
Non derivative financial liabilities								
Deposits from customers	24,732,908	3,829,707	3,655,575	3,949,231	84,922	-	-	36,252,343
Deposits and placements of banks and other financial institutions	122,817	19,079	33,540	49,841	531,299	-	-	756,576
Financial liabilities designated at fair value through profit or loss	2,033	1,778	47,123	102,650	369,315	-	-	522,899
Recurse obligations on loans and financing sold to Cagamas	-	3,426	3,426	6,740	310,264	-	-	323,856
Lease liabilities	3,378	4,348	8,245	16,891	77,504	46,280	-	156,646
Subordinated obligations	22,900	4,675	2,999	30,651	853,403	917,825	-	1,832,453
Other financial liabilities	394,852	19,364	33,219	18,160	259,157	-	597,417	1,322,169
	25,278,888	3,882,377	3,784,127	4,174,164	2,485,864	964,105	597,417	41,166,942
Items not recognised in the statements of financial position								
Financial guarantees	22,069	76,283	83,477	199,602	128,496	20	-	509,947
Credit related commitments and contingencies	8,753,758	80,305	60,243	75,893	1,001,798	8,108	-	9,980,105
	8,775,827	156,588	143,720	275,495	1,130,294	8,128	-	10,490,052
Derivatives financial liabilities								
Derivatives settled on a net basis	(2,403)	(4,150)	(6,076)	(10,402)	(15,567)	(60)	-	(38,658)
Interest rate derivatives and equity option	(2,403)	(4,150)	(6,076)	(10,402)	(15,567)	(60)	-	(38,658)
Net inflow	(2,403)	(4,150)	(6,076)	(10,402)	(15,567)	(60)	-	(38,658)
Derivatives settled on a gross basis								
Outflow	4,719	15,181	19,295	2,701	5,923	3,428	-	51,247
Inflow	(5,488)	(12,930)	(27,546)	(4,487)	(2,417)	(8,061)	-	(60,929)
	(769)	2,251	(8,251)	(1,786)	3,506	(4,633)	-	(9,682)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

43. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(d) Operational and Shariah Compliance Risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. The definition of operational risk includes legal risk, but excludes strategic and reputational risk. Operational risk includes Shariah non-compliance risk which arises from the Group's failure to comply with the Shariah rules and principles determined by the relevant Shariah advisory councils.

Group Operational Risk of Group Risk Management formulates and implements operational risk framework within the Group while the line of businesses in conjunction with the Risk and Compliance Officers are responsible for the management of their day-to-day operational and Shariah non-compliance risks.

Operational and Shariah non-compliance risk management is a continual cyclic process which includes risk identification, assessment, control, mitigation and monitoring. This includes analysing the risk profile of the Group, determining control gaps, assessing potential loss and enhancing controls to mitigate the risks.

The main activities undertaken by the Group and the Bank in managing operational and Shariah non-compliance risks include the identification of risks and controls, monitoring of key risk indicators, reviews of policies and procedures, operational risk and Shariah non-compliance risk awareness training, and business continuity management.

The Group and the Bank apply the Basic Indicator Approach for operational risk capital charge computation.

44. CAPITAL COMMITMENTS

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Capital expenditure:				
Authorised and contracted for	41,161	35,091	40,484	34,318
Authorised but not contracted for	156,448	144,786	154,352	142,833
	197,609	179,877	194,836	177,151

The capital commitments mainly consist of computer software and property, plant and equipment.

45. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

The off-balance sheet notional exposures of the Group and the Bank are as follows:

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<u>Credit-related exposures</u>				
Direct credit substitutes [Note (a)]	498,689	687,790	428,454	511,039
Transaction-related contingent items [Note (a)]	561,778	554,612	499,745	492,119
Short-term self-liquidating trade-related contingencies	211,549	145,128	192,299	119,337
Forward assets purchase	-	20,800	-	20,800
Obligations under an ongoing underwriting agreement	-	20,000	-	-
Irrevocable commitments to extend credit:				
- maturity exceeding one year	1,747,771	867,310	1,462,876	711,536
- maturity not exceeding one year	10,049,097	9,625,561	7,732,786	7,335,855
Unutilised credit card lines	1,333,057	1,299,366	1,333,057	1,299,366
	14,401,941	13,220,567	11,649,217	10,490,052
<u>Derivative financial instruments [Note (b)]</u>				
Foreign exchange related contracts:				
- one year or less	10,370,880	7,718,029	10,370,880	7,718,029
- over one year to three years	917,134	681,661	917,134	681,661
- over three years	257,757	661,606	257,757	661,606
Interest rate related contracts:				
- one year or less	2,158,436	2,099,218	2,158,436	2,099,218
- over one year to three years	3,307,815	3,984,245	3,307,815	3,984,245
- over three years	1,948,660	1,492,030	1,948,660	1,492,030
Equity related contracts:				
- one year or less	332,492	295,184	332,492	295,184
- over one year to three years	216,080	214,860	216,080	214,860
	19,509,254	17,146,833	19,509,254	17,146,833
	33,911,195	30,367,400	31,158,471	27,636,885

Note:

- (a) Included in direct credit substitutes and transaction-related contingent items are financial guarantee contracts of RM498,532,000 and RM428,401,000 (2021: RM686,519,000 and RM509,947,000) for the Group and the Bank respectively, of which the fair value at the time of issuance is RM Nil.
- (b) These derivatives are valued on gross position basis and the unrealised gains or losses have been reflected in the statements of income and statements of financial position as derivatives financial assets and derivatives financial liabilities. The fair value of derivatives are disclosed under Note 9.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

46. CAPITAL ADEQUACY

BNM's Transitional Arrangements for Regulatory Capital Treatment of Accounting Provisions took effect on 9 December 2020. This allows the Group and the Bank to add back a portion of Stage 1 ("S1") and Stage 2 ("S2") provisions with an "add-back factor" to the Common Equity Tier I ("CET I") capital from Financial Year 2021 to Financial Year 2024. The Group and the Bank have sufficient capital under both conditions with or without the Transitional Arrangement.

The capital adequacy ratios with and without transitional arrangements for the Group and the Bank are as follows:

		GROUP		BANK	
		2022	2021	2022	2021
(i)	With transitional arrangements				
	<u>Before deducting proposed dividends</u>				
	CET I capital ratio	16.372%	16.463%	15.614%	15.654%
	Tier I capital ratio	17.287%	17.418%	16.489%	16.566%
	Total capital ratio	21.401%	21.816%	21.134%	21.549%
	<u>After deducting proposed dividends</u>				
	CET I capital ratio	15.959%	16.218%	15.061%	15.327%
	Tier I capital ratio	16.874%	17.173%	15.936%	16.238%
	Total capital ratio	20.988%	21.571%	20.581%	21.222%
(ii)	Without transitional arrangements				
	<u>Before deducting proposed dividends</u>				
	CET I capital ratio	14.993%	15.232%	14.397%	14.646%
	Tier I capital ratio	15.908%	16.187%	15.272%	15.557%
	Total capital ratio	20.173%	20.588%	20.137%	20.582%
	<u>After deducting proposed dividends</u>				
	CET I capital ratio	14.580%	14.987%	13.844%	14.318%
	Tier I capital ratio	15.495%	15.942%	14.719%	15.230%
	Total capital ratio	19.760%	20.343%	19.584%	20.255%

46. CAPITAL ADEQUACY (CONT'D)

- (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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<u>CET I Capital</u>				
Paid-up share capital	1,548,106	1,548,106	1,548,106	1,548,106
Retained profits	4,865,214	4,471,771	4,270,419	3,985,966
Regulatory reserves	47,686	86,440	41,641	80,006
Hedging reserves	(253)	-	(253)	-
FVOCI reserves	(145,150)	50,993	(138,660)	(5,082)
Capital reserves	100,150	100,150	15,515	15,515
	6,415,753	6,257,460	5,736,768	5,624,511
(Less)/add: Regulatory adjustments				
- Goodwill and other intangibles	(432,205)	(431,259)	(330,151)	(329,004)
- Deferred tax assets	(203,285)	(130,100)	(143,544)	(95,200)
- 55% of FVOCI reserves	-	(28,046)	-	-
- Regulatory reserves	(47,686)	(86,440)	(41,641)	(80,006)
- Investment in subsidiaries, associate and joint venture	(1,048)	(994)	(1,109,102)	(1,109,102)
- Transitional arrangements	527,033	451,004	347,580	276,161
Total CET I Capital	6,258,562	6,031,625	4,459,910	4,287,360
Additional Tier I Capital Securities	349,753	349,899	249,888	249,732
Total Additional Tier I Capital	349,753	349,899	249,888	249,732
Total Tier I Capital	6,608,315	6,381,524	4,709,798	4,537,092
<u>Tier II Capital</u>				
Subordinated obligations	1,199,264	1,199,077	1,198,848	1,198,554
Expected credit losses and regulatory reserves	373,502	412,255	258,031	296,396
Less: Regulatory adjustments				
- Investment in Tier II capital instruments	-	-	(130,000)	(130,000)
Total Tier II Capital	1,572,766	1,611,332	1,326,879	1,364,950
Total Capital	8,181,081	7,992,856	6,036,677	5,902,042

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

46. CAPITAL ADEQUACY (CONT'D)

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

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Credit risk	34,492,797	33,065,592	25,662,376	24,611,480
Market risk	353,608	322,652	353,574	322,331
Operational risk	3,381,129	3,249,393	2,547,781	2,454,737
Total RWA and capital requirements	38,227,534	36,637,637	28,563,731	27,388,548

Detailed information on the risk exposures above is presented in the Bank's Pillar 3 Report.

(c) The capital adequacy ratios of the banking subsidiaries are as follows:

	ALLIANCE ISLAMIC BANK BERHAD		ALLIANCE INVESTMENT BANK BERHAD	
	2022	2021	2022	2021
(i) With transitional arrangements				
<u>Before deducting proposed dividends</u>				
CET I capital ratio	14.904%	15.035%	87.301%	72.580%
Tier I capital ratio	15.966%	16.158%	87.301%	72.580%
Total capital ratio	18.510%	18.783%	88.174%	73.506%
<u>After deducting proposed dividends</u>				
CET I capital ratio	14.463%	15.035%	87.301%	69.000%
Tier I capital ratio	15.525%	16.158%	87.301%	69.000%
Total capital ratio	18.069%	18.783%	88.174%	69.926%
(ii) Without transitional arrangements				
<u>Before deducting proposed dividends</u>				
CET I capital ratio	12.995%	13.065%	87.240%	72.550%
Tier I capital ratio	14.057%	14.188%	87.240%	72.550%
Total capital ratio	16.601%	16.813%	88.113%	73.476%
<u>After deducting proposed dividends</u>				
CET I capital ratio	12.554%	13.065%	87.240%	68.970%
Tier I capital ratio	13.616%	14.188%	87.240%	68.970%
Total capital ratio	16.160%	16.813%	88.113%	69.896%

47. CAPITAL

In managing its capital, the Group's objectives are:

- to maintain sufficient capital resources to meet the regulatory capital requirements as set forth by BNM;
- to maintain sufficient capital resources to support the Group's risk appetite and to enable future business growth; and
- to meet the expectations of key stakeholders, including shareholders, investors, regulators and rating agencies.

In line with this, the Group aims to maintain capital adequacy ratios that are comfortably above the regulatory requirement, while balancing shareholders' desire for sustainable returns and high standards of prudence.

The Group carries out stress testing to estimate the potential impact of extreme, but plausible, events on the Group's earnings, balance sheet and capital. The results of the stress test are to facilitate the formation of action plan(s) in advance if the stress test reveals that the Group's capital will be adversely affected. The results of the stress test are tabled to the Group Risk Management Committee for approval.

The Group's and the Bank's regulatory capital are determined under Bank Negara Malaysia's Capital Adequacy Framework and their capital ratios complied with the prescribed capital adequacy ratios.

48. FAIR VALUE MEASUREMENTS

(a) Determination of fair value and the fair value hierarchy

MFRS 13 Fair Value Measurement requires disclosure of financial instruments measured at fair value to be categorised according to a hierarchy of valuation techniques, whether the inputs used are observable or unobservable. The following levels of hierarchy are used for determining and disclosing the fair value of the financial instruments:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group and the Bank recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

48. FAIR VALUE MEASUREMENTS (CONT'D)

(a) Determination of fair value and the fair value hierarchy (cont'd)

(i) Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis. This includes listed equities and corporate debt securities which are actively traded.

(ii) Financial instruments in Level 2

Where fair value is determined using quoted prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group and the Bank then determine fair value based upon valuation techniques that use market parameters, including but not limited to yield curves, volatilities and foreign exchange rates, as inputs. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high. These would include government securities, corporate private debt securities, corporate notes and most of the Group's and the Bank's derivatives.

(iii) Financial instruments in Level 3

The Group and the Bank classify financial instruments as Level 3 when there is reliance on unobservable inputs to the valuation model attributing to a significant contribution to the instrument value. Valuation reserves or pricing adjustments where applicable will be used to converge to fair value.

The valuation techniques and inputs used generally depend on the contractual terms and the risks inherent in the instrument as well as the availability of pricing information in the market. Principal techniques used include net tangible assets, net asset value, discounted cash flows, and other appropriate valuation models. These include private equity investments.

48. FAIR VALUE MEASUREMENTS (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 2022	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>Assets</u>				
Financial assets at FVTPL				
- Money market instruments	-	290,816	-	290,816
- Unquoted securities	-	4,957	245,842	250,799
Financial investments at FVOCI				
- Money market instruments	-	4,388,481	-	4,388,481
- Quoted securities in Malaysia	13	-	-	13
- Unquoted securities	-	4,731,205	-	4,731,205
Derivative financial assets	-	86,294	-	86,294
<u>Liabilities</u>				
Financial liabilities designated at fair value through profit or loss	-	1,025,196	-	1,025,196
Derivative financial liabilities	-	212,588	-	212,588

GROUP 2021	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>Assets</u>				
Financial assets at FVTPL				
- Money market instruments	-	13,246	-	13,246
- Unquoted securities	-	-	224,676	224,676
Financial investments at FVOCI				
- Money market instruments	-	5,479,233	-	5,479,233
- Quoted securities in Malaysia	15	-	-	15
- Unquoted securities	-	4,945,421	-	4,945,421
Derivative financial assets	-	153,735	-	153,735
<u>Liabilities</u>				
Financial liabilities designated at fair value through profit or loss	-	472,695	-	472,695
Derivative financial liabilities	-	149,410	-	149,410

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

48. 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)

BANK 2022	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>Assets</u>				
Financial assets at FVTPL				
- Money market instruments	-	290,816	-	290,816
- Unquoted securities	-	4,957	171,488	176,445
Financial investments at FVOCI				
- Money market instruments	-	3,595,639	-	3,595,639
- Quoted securities in Malaysia	13	-	-	13
- Unquoted securities	-	3,143,967	-	3,143,967
Derivative financial assets	-	86,294	-	86,294
<u>Liabilities</u>				
Financial liabilities designated at fair value through profit or loss	-	1,025,196	-	1,025,196
Derivative financial liabilities	-	212,588	-	212,588

BANK 2021	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>Assets</u>				
Financial assets at FVTPL				
- Money market instruments	-	13,246	-	13,246
- Unquoted securities	-	-	154,482	154,482
Financial investments at FVOCI				
- Money market instruments	-	4,202,184	-	4,202,184
- Quoted securities in Malaysia	15	-	-	15
- Unquoted securities	-	3,101,667	-	3,101,667
Derivative financial assets	-	153,735	-	153,735
<u>Liabilities</u>				
Financial liabilities designated at fair value through profit or loss	-	472,695	-	472,695
Derivative financial liabilities	-	149,410	-	149,410

There were no transfers between levels of the fair value hierarchy for the Group and the Bank during the financial years ended 31 March 2022 and 31 March 2021.

48. 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 April	224,676	202,160	154,482	137,768
Distribution on liquidating shares	-	(243)	-	(243)
Total gains recognised in statements of income				
(i) Revaluation gain from financial assets at FVTPL	21,166	22,759	17,006	16,957
At 31 March	245,842	224,676	171,488	154,482

The Group's and the Bank's exposure to financial instruments measured using unobservable inputs (Level 3) constitute 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
	2021 RM'000	2020 RM'000			
<u>GROUP</u>					
Financial assets at FVTPL					
Unquoted securities	245,842	224,676	Net tangible assets	Net tangible assets	Higher net tangible assets results in higher fair value
<u>BANK</u>					
Financial assets at FVTPL					
Unquoted securities	171,488	154,482	Net tangible assets	Net tangible assets	Higher net tangible assets results in higher fair value

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

48. 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 reasonable approximate to their fair values.

GROUP 2022	Fair value				Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
Financial assets					
Financial investments at amortised cost	-	2,103,803	-	2,103,803	2,129,608
Loans, advances and financing	-	-	45,494,485	45,494,485	45,123,745
Financial liabilities					
Deposits from customers	-	48,187,042	-	48,187,042	48,186,371
Deposits and placements of banks and other financial institutions	-	1,677,607	-	1,677,607	1,688,994
Recourse obligations on loans and financing sold to Cagamas	-	654,701	-	654,701	650,564
Subordinated obligations	-	1,548,959	-	1,548,959	1,572,785

GROUP 2021	Fair value				Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
Financial assets					
Financial investments at amortised cost	-	2,282,032	-	2,282,032	2,270,504
Loans, advances and financing	-	-	43,478,542	43,478,542	43,233,506
Financial liabilities					
Deposits from customers	-	48,495,974	-	48,495,974	48,488,513
Deposits and placements of banks and other financial institutions	-	1,430,191	-	1,430,191	1,392,652
Recourse obligations on loans and financing sold to Cagamas	-	660,614	-	660,614	650,499
Subordinated obligations	-	1,548,917	-	1,548,917	1,572,718

48. 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 reasonable approximate to their fair values. (cont'd)

BANK 2022	Fair value				Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
Financial assets					
Financial investments at amortised cost	-	2,219,783	-	2,219,783	2,244,436
Loans, advances and financing	-	-	33,837,792	33,837,792	33,608,197
Financial liabilities					
Deposits from customers	-	35,531,362	-	35,531,362	35,531,268
Deposits and placements of banks and other financial institutions	-	1,332,258	-	1,332,258	1,337,749
Recourse obligations on loans and financing sold to Cagamas	-	304,886	-	304,886	300,115
Subordinated obligations	-	1,448,736	-	1,448,736	1,472,454

BANK 2021	Fair value				Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
Financial assets					
Financial investments at amortised cost	-	2,304,497	-	2,304,497	2,294,765
Loans, advances and financing	-	-	32,602,057	32,602,057	32,395,127
Financial liabilities					
Deposits from customers	-	36,150,620	-	36,150,620	36,150,316
Deposits and placements of banks and other financial institutions	-	745,260	-	745,260	659,377
Recourse obligations on loans and financing sold to Cagamas	-	311,328	-	311,328	300,100
Subordinated obligations	-	1,448,286	-	1,448,286	1,471,978

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

48. 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, being the expected recoverable amount.

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

The fair values of deposit liabilities payable on demand (demand and savings deposits), or deposits with maturity of less than one year are estimated to approximate their carrying amounts. The fair values of fixed deposits with remaining maturities of more than one year are estimated based on expected future cash flows discounted at applicable prevailing rates offered for deposits of similar remaining maturities. For negotiable instruments of deposits, the fair values are estimated based on quoted or observable market prices as at the end of the reporting period. Where such quoted or observable market prices are not available, the fair values of negotiable instruments of deposits are estimated using the discounted cash flow technique.

(iv) Recourse obligations on loans and financing sold to Cagamas

The fair values of recourse obligations on loans and financing sold to Cagamas are determined based on the discounted cash flows of future instalment payments at applicable prevailing Cagamas rates as at the end of the reporting period.

(v) Other borrowings and subordinated obligations

The fair value of the other borrowings and subordinated bonds/notes is estimated based on the discounted cash flows techniques using the current yield curve appropriate for the remaining term to maturity.

49. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

In accordance with MFRS 132 Financial Instruments: Presentation, the Group and the Bank report financial assets and financial liabilities on a net basis on the statements of financial position, only if there is a legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The following table shows the impact of netting arrangements on:

- (i) all financial assets and liabilities that are reported net on the statements of financial position; and
- (ii) all financial assets and liabilities that are subject to enforceable master netting arrangements or similar agreements, but do not qualify for statements of financial position netting.

(a) Financial assets

	Gross amounts of recognised financial assets RM'000	Gross amounts of recognised financial liabilities set off in the statements of financial position RM'000	Net amounts of financial assets presented in the statements of financial position RM'000	Related amounts not set off in the statements of financial position		Net amount RM'000
				Financial instruments RM'000	Cash collateral received RM'000	
GROUP 2022						
Derivative financial assets	86,294	–	86,294	(59,617)	(12,370)	14,307
Amounts due from clients and brokers	84,883	(29,843)	55,040	–	–	55,040
Total	171,177	(29,843)	141,334	(59,617)	(12,370)	69,347
GROUP 2021						
Derivative financial assets	153,735	–	153,735	(49,769)	(27,810)	76,156
Amounts due from clients and brokers	193,562	(88,521)	105,041	–	–	105,041
Total	347,297	(88,521)	258,776	(49,769)	(27,810)	181,197
BANK 2022						
Derivative financial assets	86,294	–	86,294	(59,617)	(12,370)	14,307
BANK 2021						
Derivative financial assets	153,735	–	153,735	(49,769)	(27,810)	76,156

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

49. 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 statements of financial position RM'000	Net amounts of financial liabilities presented in the statements of financial position RM'000	Related amounts not set off in the statements of financial position		
				Financial instruments RM'000	Cash collateral pledged RM'000	Net amount RM'000
GROUP 2022						
Derivative financial liabilities	212,588	–	212,588	(59,617)	(118,485)	34,486
Amounts due to clients and brokers	58,247	(29,843)	28,404	–	–	28,404
Total	270,835	(29,843)	240,992	(59,617)	(118,485)	62,890
GROUP 2021						
Derivative financial liabilities	149,410	–	149,410	(49,769)	(61,381)	38,260
Amounts due to clients and brokers	151,937	(88,521)	63,416	–	–	63,416
Total	301,347	(88,521)	212,826	(49,769)	(61,381)	101,676
BANK 2022						
Derivative financial liabilities	212,588	–	212,588	(59,617)	(118,485)	34,486
BANK 2021						
Derivative financial liabilities	149,410	–	149,410	(49,769)	(61,381)	38,260

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements, each agreement between the Group and the Bank and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

50. SEGMENT INFORMATION

The following segment information has been prepared in accordance with MFRS 8 Operating Segments, which defines the requirements for the disclosure of financial information of an entity's operating segments. The operating segments results are prepared and provided to the chief operating decision-maker based on the Group's internal management reporting reflective of the organisation's management reporting structure.

Based on the results presented to 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 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 Small and Medium Enterprises ("SMEs"), and Corporate and Commercial Banking. SME Banking customers comprise the self-employed, and small and medium scale enterprises. Corporate and Commercial Banking serves 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 provide 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 cover 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 refer to mainly other business operations such as alternative distribution channels, trustee services and head office.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

50. SEGMENT INFORMATION (CONT'D)

[illegible]

50. SEGMENT INFORMATION (CONT'D)

[illegible]

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 MARCH 2022

51. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

On 2 December 2021, the Board of Directors of the Bank announced that Alliance Investment Bank Berhad ("AIBB"), a wholly-owned subsidiary of the Bank has entered into a conditional business sale and purchase agreement ("BSPA") with Phillip Futures Sdn Bhd ("PFSB") for the proposed disposal of AIBB's stockbroking business (as a going concern), subsisting as at the specified transfer point, together with the assets and liabilities as specified in the BSPA (Proposed Disposal of Stockbroking Business) for a cash consideration based on an aggregate of:

- (a) an amount in cash equal to the net asset value of the Stockbroking Business as at the completion date of the Proposed Disposal of Stockbroking Business; and
- (b) an amount in cash equal to 60% of the aggregate brokerage fee in respect of all brokerage transactions concluded by PFSB in respect of the 12-month period from the specified transfer point until the date that is the 12-month anniversary of the completion date less the brokerage transaction costs; and less an amount in cash equal to the receivable shortfall.

In connection with the Proposed Disposal of Stockbroking Business, AIBB has also on 2 December 2021 entered into a separate conditional business sale and purchase agreement with Alliance Islamic Bank Berhad ("AIS"), a wholly-owned subsidiary of the Bank, for the transfer of AIBB's corporate finance, equity capital markets and debt capital markets business (excluding all non-Shariah compliant mandates) (Capital Markets Business) to AIS, for a cash consideration based on an amount equal to the net asset value taking into consideration the total assets and total liabilities of the Capital Markets Business.

Subsequently on 31 March 2022, the Bank announced that AIBB had completed the transfer of its corporate finance, equity and debt capital markets to AIS on 31 March 2022.

Barring any unforeseen circumstances, the Proposed Disposal of Stockbroking Business is expected to be completed in the financial year ending 31 March 2023.

52. SUBSEQUENT EVENTS

There were no material events subsequent to the end of the financial year that require disclosure or adjustment.



ALLIANCE BANK
Alliance Bank Malaysia Berhad
198201008390 (88103-W)

BASEL II PILLAR 3 REPORT DISCLOSURE

1.0	Overview	290
1.1	Medium and Location of Disclosure	
1.2	Basis of Disclosure	
1.3	Comparative Information	
1.4	Scope of Application	
2.0	Capital	291
2.1	Capital Adequacy Ratios	
2.2	Capital Structure	
2.3	Risk-Weighted Assets and Capital Requirements	
3.0	Risk Management	299
3.1	Risk Management Framework	
3.2	Risk Governance and Organisation	
3.3	Risk Strategy	
3.4	Risk Appetite	
3.5	Risk Culture	
3.6	Risk Management Process	
4.0	Credit Risk	300
4.1	Distribution of Credit Exposures	
4.2	Impaired Loans, Advances and Financing and Allowance for Expected Credit Losses Analysis	
4.3	Assignment of Risk Weights for Portfolios Under the Standardised Approach	
4.4	Credit Risk Mitigation	
4.5	Off-Balance Sheet Exposures and Counterparty Credit Risk	
5.0	Market Risk	336
5.1	Market Risk Management	
5.2	Traded Market Risk	
5.3	Non-Traded Market Risk	
5.4	Equity Exposures in Banking Book	
6.0	Operational Risk	344
7.0	Shariah Governance Disclosures	346

For more information, please refer to
<https://www.alliancebank.com.my/annualreport2022>

BASEL II PILLAR 3 REPORT DISCLOSURE

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

1.0 OVERVIEW

Bank Negara Malaysia's ("BNM") Capital Adequacy Framework requires Alliance Bank Malaysia Berhad ("the Bank") and its subsidiaries ("the Group") to maintain an adequate level of capital to withstand potential losses arising from its operations. BNM's Capital Adequacy Framework 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 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 2022 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 www.alliancebank.com.my 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 2022. 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 2022 published by the Group.

These disclosures have been reviewed and verified by an independent internal party and approved by the Group Risk Management Committee ("GRMC"), as delegated by the Board of Directors ("Board") of the Group.

1.0 OVERVIEW (CONTD)

1.3 Comparative Information

The corresponding Pillar 3 Disclosure in the preceding reporting period would be as at 31 March 2021.

1.4. Scope of Application

The Pillar 3 Disclosure was prepared on a consolidated basis comprising information on Alliance Bank Malaysia Berhad (“the 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.

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 transfer of funds or regulatory capital within the Group.

There were no capital deficiencies in any of the subsidiaries of the Group as at the 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 GRMC and the Board to facilitate proactive capital management.

BASEL II PILLAR 3 REPORT DISCLOSURE (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

2.0 CAPITAL (CONT'D)

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	
	2022	2021	2022	2021
(i) With transitional arrangements				
<u>Before deducting proposed dividends</u>				
CET I capital ratio	16.372%	16.463%	15.614%	15.654%
Tier I capital ratio	17.287%	17.418%	16.489%	16.566%
Total capital ratio	21.401%	21.816%	21.134%	21.549%
<u>After deducting proposed dividends</u>				
CET I capital ratio	15.959%	16.218%	15.061%	15.327%
Tier I capital ratio	16.874%	17.173%	15.936%	16.238%
Total capital ratio	20.988%	21.571%	20.581%	21.222%
(ii) Without transitional arrangements				
<u>Before deducting proposed dividends</u>				
CET I capital ratio	14.993%	15.232%	14.397%	14.646%
Tier I capital ratio	15.908%	16.187%	15.272%	15.557%
Total capital ratio	20.173%	20.588%	20.137%	20.582%
<u>After deducting proposed dividends</u>				
CET I capital ratio	14.580%	14.987%	13.844%	14.318%
Tier I capital ratio	15.495%	15.942%	14.719%	15.230%
Total capital ratio	19.760%	20.343%	19.584%	20.255%

2.0 CAPITAL (CONTD)

2.1 Capital Adequacy Ratios (cont'd)

(b) The capital adequacy ratios of the banking subsidiaries are as follows:

	ALLIANCE ISLAMIC BANK BERHAD		ALLIANCE INVESTMENT BANK BERHAD	
	2022	2021	2022	2021
(i) With transitional arrangements				
<u>Before deducting proposed dividends</u>				
CET I capital ratio	14.904%	15.035%	87.301%	72.580%
Tier I capital ratio	15.966%	16.158%	87.301%	72.580%
Total capital ratio	18.510%	18.783%	88.174%	73.506%
<u>After deducting proposed dividends</u>				
CET I capital ratio	14.463%	15.035%	87.301%	69.000%
Tier I capital ratio	15.525%	16.158%	87.301%	69.000%
Total capital ratio	18.069%	18.783%	88.174%	69.926%
(ii) Without transitional arrangements				
<u>Before deducting proposed dividends</u>				
CET I capital ratio	12.995%	13.065%	87.240%	72.550%
Tier I capital ratio	14.057%	14.188%	87.240%	72.550%
Total capital ratio	16.601%	16.813%	88.113%	73.476%
<u>After deducting proposed dividends</u>				
CET I capital ratio	12.554%	13.065%	87.240%	68.970%
Tier I capital ratio	13.616%	14.188%	87.240%	68.970%
Total capital ratio	16.160%	16.813%	88.113%	69.896%

The Group's and the Bank's capital ratios comply with the prescribed capital adequacy ratios under BNM's Capital Adequacy Framework.

BASEL II PILLAR 3 REPORT DISCLOSURE (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

2.0 CAPITAL (CONT'D)

2.2 Capital Structure

The following tables present the components of CET I, Tier I and Tier II capital.

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<u>CET I Capital /Tier I Capital</u>				
Paid-up share capital	1,548,106	1,548,106	1,548,106	1,548,106
Retained profits	4,865,214	4,471,771	4,270,419	3,985,966
Regulatory reserves (Note 1)	47,686	86,440	41,641	80,006
Hedging reserves	(253)	-	(253)	-
Financial investments at fair value through other comprehensive income ("FVOCI") reserves	(145,150)	50,993	(138,660)	(5,082)
Capital reserves	100,150	100,150	15,515	15,515
	6,415,753	6,257,460	5,736,768	5,624,511
(Less)/Add: Regulatory adjustments				
- Goodwill and other intangibles	(432,205)	(431,259)	(330,151)	(329,004)
- Deferred tax assets	(203,285)	(130,100)	(143,544)	(95,200)
- 55% of FVOCI reserves	-	(28,046)	-	-
- Regulatory reserves (Note 1)	(47,686)	(86,440)	(41,641)	(80,006)
- Investment in subsidiaries, associate and joint venture	(1,048)	(994)	(1,109,102)	(1,109,102)
- Transitional arrangements	527,033	451,004	347,580	276,161
Total CET I Capital	6,258,562	6,031,625	4,459,910	4,287,360
Additional Tier I Capital Securities	349,753	349,899	249,888	249,732
Total Additional Tier I Capital	349,753	349,899	249,888	249,732
Total Tier I Capital	6,608,315	6,381,524	4,709,798	4,537,092
<u>Tier II Capital</u>				
Subordinated obligations	1,199,264	1,199,077	1,198,848	1,198,554
Expected credit losses and regulatory reserves (Note 1 & Note 2)	373,502	412,255	258,031	296,396
Less: Regulatory adjustments				
- Investment in Tier II capital instruments	-	-	(130,000)	(130,000)
Total Tier II Capital	1,572,766	1,611,332	1,326,879	1,364,950
Total Capital	8,181,081	7,992,856	6,036,677	5,902,042

Note 1: The Bank maintained its prudent stand in relation to maintaining the regulatory reserves to preserve the potential deterioration of credit quality, taking into consideration the impact of the unprecedented pandemic and the economic slowdown.

Note 2: Expected credit losses ("ECL") for S1 and S2 only.

2.0 CAPITAL (CONTD)

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 2022 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
(a) Credit Risk				
On-balance sheet exposures:				
Sovereigns/Central banks	9,060,236	9,060,236	–	–
Public sector entities	684,403	684,403	42,664	3,413
Banks, Development Financial Institutions (“DFIs”) and Multilateral Development Banks	1,060,610	1,060,610	249,651	19,972
Insurance companies, securities firms and fund managers	6,090	5,904	5,744	460
Corporates	21,432,987	20,008,464	15,838,533	1,267,083
Regulatory retail	11,290,118	10,301,771	7,562,357	604,989
Residential mortgages	16,334,950	16,325,189	6,575,078	526,006
Higher risk assets	5,237	5,235	7,853	628
Other assets	1,103,582	1,103,582	644,543	51,563
Defaulted exposures	523,225	522,274	523,930	41,914
Total on-balance sheet exposures	61,501,438	59,077,668	31,450,353	2,516,028
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	3,970,570	3,396,539	2,875,266	230,021
Derivative financial instruments	486,471	486,471	165,831	13,266
Defaulted exposures	908	904	1,347	108
Total off-balance sheet exposures	4,457,949	3,883,914	3,042,444	243,395
Total on and off-balance sheet exposures	65,959,387	62,961,582	34,492,797	2,759,423
(b) Market Risk (Note 5.0)				
	Long Position	Short Position		
Interest rate risk	20,468,534	(20,157,895)	293,037	23,443
Foreign exchange risk	51,453	(60,578)	60,571	4,846
Option risk	20,519,987	(20,218,473)	–	–
Total			353,608	28,289
(c) Operational Risk	–	–	3,381,129	270,490
Total	65,959,387	62,961,582	38,227,534	3,058,202

BASEL II PILLAR 3 REPORT DISCLOSURE (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

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 2022 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	6,548,855	6,548,855	–	–
Public sector entities	340,855	340,855	18,275	1,462
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks	1,363,913	1,363,913	379,406	30,352
Insurance companies, securities firms and fund managers	2,297	2,111	1,952	156
Corporates	16,073,457	14,859,109	11,914,015	953,121
Regulatory retail	8,345,008	7,492,812	5,300,991	424,079
Residential mortgages	11,755,878	11,746,366	4,589,848	367,188
Higher risk assets	4,362	4,360	6,540	523
Other assets	1,011,154	1,011,154	558,445	44,676
Defaulted exposures	368,064	367,646	385,887	30,871
Total on-balance sheet exposures	45,813,843	43,737,181	23,155,359	1,852,428
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	3,259,816	2,765,112	2,339,915	187,193
Derivative financial instruments	486,471	486,471	165,831	13,266
Defaulted exposures	853	849	1,271	102
Total off-balance sheet exposures	3,747,140	3,252,432	2,507,017	200,561
Total on and off-balance sheet exposures	49,560,983	46,989,613	25,662,376	2,052,989
(b) <u>Market Risk (Note 5.0)</u>				
	Long Position	Short Position		
Interest rate risk	20,468,534	(20,157,895)	293,037	23,443
Foreign exchange risk	51,553	(60,543)	60,537	4,843
Option risk	20,520,087	(20,218,438)	–	–
Total			353,574	28,286
(c) <u>Operational Risk</u>				
	–	–	2,547,781	203,822
Total	49,560,983	46,989,613	28,563,731	2,285,097

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)

GROUP 2021 Exposure Class	Gross Exposures RM’000	Net Exposures RM’000	Risk- Weighted Assets RM’000	Capital Requirements RM’000
(a) Credit Risk				
On-balance sheet exposures:				
Sovereigns/Central banks	10,122,388	10,122,388	-	-
Public sector entities	817,768	817,768	57,876	4,630
Banks, Development Financial Institutions (“DFIs”) and Multilateral Development Banks	631,456	631,456	141,563	11,325
Insurance companies, securities firms and fund managers	6,284	6,284	6,077	486
Corporates	19,977,037	18,656,375	14,581,901	1,166,552
Regulatory retail	10,635,671	9,690,282	7,352,897	588,232
Residential mortgages	16,603,585	16,594,047	6,581,212	526,497
Higher risk assets	5,998	5,994	8,990	719
Other assets	1,013,569	1,013,569	692,930	55,434
Defaulted exposures	756,160	754,327	757,615	60,609
Total on-balance sheet exposures	60,569,916	58,292,490	30,181,061	2,414,484
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	3,638,735	3,084,997	2,680,348	214,428
Derivative financial instruments	495,459	495,459	201,071	16,086
Defaulted exposures	2,130	2,125	3,112	249
Total off-balance sheet exposures	4,136,324	3,582,581	2,884,531	230,763
Total on and off-balance sheet exposures	64,706,240	61,875,071	33,065,592	2,645,247
(b) Market Risk (Note 5.0)				
	Long Position	Short Position		
Interest rate risk	17,983,281	17,935,086	252,425	20,194
Foreign exchange risk	69,779	(42,917)	69,927	5,594
	18,053,060	(17,978,003)		
Option risk			300	24
Total			322,652	25,812
(c) Operational Risk				
	-	-	3,249,393	259,951
Total	64,706,240	61,875,071	36,637,637	2,931,010

BASEL II PILLAR 3 REPORT DISCLOSURE (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

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 2021 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	7,241,310	7,241,310	-	-
Public sector entities	312,291	312,291	19,746	1,580
Banks, DFIs and Multilateral Development Banks	940,828	940,828	271,999	21,760
Insurance companies, securities firms and fund managers	2,535	2,535	2,328	186
Corporates	14,817,564	13,676,450	10,931,204	874,496
Regulatory retail	8,092,353	7,290,730	5,389,239	431,139
Residential mortgages	11,916,912	11,907,641	4,525,487	362,039
Higher risk assets	5,100	5,096	7,644	612
Other assets	942,752	942,752	622,113	49,769
Defaulted exposures	539,010	537,709	561,963	44,957
Total on-balance sheet exposures	44,810,655	42,857,342	22,331,723	1,786,538
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	2,880,297	2,411,176	2,076,379	166,110
Derivative financial instruments	495,459	495,459	201,071	16,086
Defaulted exposures	1,585	1,580	2,307	185
Total off-balance sheet exposures	3,377,341	2,908,215	2,279,757	182,381
Total on and off-balance sheet exposures	48,187,996	45,765,557	24,611,480	1,968,919
(b) <u>Market Risk (Note 5.0)</u>				
Interest rate risk	Long Position	Short Position	252,425	20,194
Foreign exchange risk	17,983,281	(17,935,086)	69,606	5,568
	69,613	(42,771)		
Option risk	18,052,894	(17,977,857)	300	24
Total			322,331	25,786
(c) <u>Operational Risk</u>	-	-	2,454,737	196,379
Total	48,187,996	45,765,557	27,388,548	2,191,084

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.

3.0 RISK MANAGEMENT

The Board and the 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.

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) 1st Line of Defence, whereby the risk taking role is played by Business Units and aided by Business Support functions;
- (b) 2nd 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) 3rd 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 Management, via the Executive Risk Management Committee ("ERMC") and other Management Committees, oversees and advises 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 DISCLOSURE (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

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 process 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 formulate 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 ERM (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.

4.0 CREDIT RISK (CONTD)

Credit Risk Management (cont'd)

Group Risk Management also performs periodic post approval credit reviews on sampling basis covering the Consumer, SME, 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 MFRS9 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 MFRS9. Loans that are not classified as Stage 2 or 3 will remain in Stage 1 where provisions will be estimated based on probability of default over the next 12 months.

Please refer to Note 2(k)(i) of the audited financial statements for accounting policies on impairment of financial assets.

Relief Assistance

The Group has actively supported BNM's efforts in alleviating the financial difficulties of customers adversely affected by the COVID-19 pandemic. The assistance provided includes payment holidays and loan modification to reduce regular instalment payments. The Group also participated in government led initiatives to deliver industry-wide Relief Assistance Programmes. In addition, proactive assistance were also provided to customers affected by natural disasters.

BASEL II PILLAR 3 REPORT DISCLOSURE (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

4.0 CREDIT RISK (CONT'D)

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 2022	Geographical region						Total RM'000
	Northern RM'000	Central RM'000	Southern RM'000	Sabah RM'000	Sarawak RM'000	Outside Malaysia RM'000	
Exposure Class							
Sovereigns/Central banks	-	9,060,236	-	-	-	-	9,060,236
Public sector entities	-	594,080	-	90,323	-	-	684,403
Banks, DFIs and Multilateral Development Banks	-	902,509	-	100,186	5,007	52,908	1,060,610
Insurance companies, securities firms and fund managers	32	6,043	-	-	15	-	6,090
Corporates	1,500,513	16,165,760	1,638,673	1,408,271	719,770	-	21,432,987
Regulatory retail	1,212,581	7,134,295	1,574,675	954,753	413,814	-	11,290,118
Residential mortgages	666,248	12,686,577	2,104,733	743,237	134,155	-	16,334,950
Higher risk assets	159	922	2,966	-	1,190	-	5,237
Other assets	4,960	1,098,251	371	-	-	-	1,103,582
Defaulted exposures	30,196	389,230	77,930	21,858	4,011	-	523,225
Total on-balance sheet exposures	3,414,689	48,037,903	5,399,348	3,318,628	1,277,962	52,908	61,501,438
Credit-related off-balance sheet exposures	360,474	2,854,171	354,498	275,674	125,753	-	3,970,570
Derivative financial instruments	-	486,471	-	-	-	-	486,471
Defaulted exposures	-	787	63	30	28	-	908
Total off-balance sheet exposures	360,474	3,341,429	354,561	275,704	125,781	-	4,457,949
Total credit exposures	3,775,163	51,379,332	5,753,909	3,594,332	1,403,743	52,908	65,959,387

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 2022	Geographical region						Total RM'000
	Northern RM'000	Central RM'000	Southern RM'000	Sabah RM'000	Sarawak RM'000	Outside Malaysia RM'000	
Exposure Class							
Sovereigns/Central banks	-	6,548,855	-	-	-	-	6,548,855
Public sector entities	-	340,695	-	160	-	-	340,855
Banks, DFIs and Multilateral Development Banks	-	1,210,819	-	100,186	-	52,908	1,363,913
Insurance companies, securities firms and fund managers	31	2,251	-	-	15	-	2,297
Corporates	922,612	12,501,355	1,262,871	931,737	454,882	-	16,073,457
Regulatory retail	765,039	5,408,202	1,123,594	721,673	326,500	-	8,345,008
Residential mortgages	509,381	9,018,458	1,655,272	475,384	97,383	-	11,755,878
Higher risk assets	-	367	2,805	-	1,190	-	4,362
Other assets	-	1,011,154	-	-	-	-	1,011,154
Defaulted exposures	15,767	283,007	55,743	10,473	3,074	-	368,064
Total on-balance sheet exposures	2,212,830	36,325,163	4,100,285	2,239,613	883,044	52,908	45,813,843
Credit-related off-balance sheet exposures	237,674	2,463,128	262,456	192,315	104,243	-	3,259,816
Derivative financial instruments	-	486,471	-	-	-	-	486,471
Defaulted exposures	-	752	43	30	28	-	853
Total off-balance sheet exposures	237,674	2,950,351	262,499	192,345	104,271	-	3,747,140
Total credit exposures	2,450,504	39,275,514	4,362,784	2,431,958	987,315	52,908	49,560,983

Note: The disclosure is updated for reporting dimension from accounting's asset class to exposure class as defined in the Capital Adequacy Framework.

BASEL II PILLAR 3 REPORT DISCLOSURE (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

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 of any collateral held or other credit enhancements and after allowance for impairment, where appropriate: (cont'd)

GROUP 2021	Geographical region						Total RM'000
	Northern RM'000	Central RM'000	Southern RM'000	Sabah RM'000	Sarawak RM'000	Outside Malaysia RM'000	
Exposure Class							
Sovereigns/Central banks	-	10,122,388	-	-	-	-	10,122,388
Public sector entities	-	677,593	-	140,175	-	-	817,768
Banks, DFIs and Multilateral Development Banks	-	549,168	-	50,006	12,865	19,417	631,456
Insurance companies, securities firms and fund managers	43	6,234	-	-	7	-	6,284
Corporates	1,294,446	15,255,657	1,555,644	1,264,407	606,883	-	19,977,037
Regulatory retail	1,138,469	6,676,013	1,568,199	909,306	343,684	-	10,635,671
Residential mortgages	689,164	12,829,499	2,177,753	767,560	139,609	-	16,603,585
Higher risk assets	155	1,054	3,564	-	1,225	-	5,998
Other assets	-	1,013,569	-	-	-	-	1,013,569
Defaulted exposures	42,946	573,321	103,220	31,158	5,515	-	756,160
Total on-balance sheet exposures	3,165,223	47,704,496	5,408,380	3,162,612	1,109,788	19,417	60,569,916
Credit-related off-balance sheet exposures	342,847	2,577,189	342,271	253,779	122,649	-	3,638,735
Derivative financial instruments	-	495,459	-	-	-	-	495,459
Defaulted exposures	-	1,332	749	30	19	-	2,130
Total off-balance sheet exposures	342,847	3,073,980	343,020	253,809	122,668	-	4,136,324
Total credit exposures	3,508,070	50,778,476	5,751,400	3,416,421	1,232,456	19,417	64,706,240

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 of any collateral held or other credit enhancements and after allowance for impairment, where appropriate: (cont'd)

BANK 2021	Geographical region						Total RM'000
	Northern RM'000	Central RM'000	Southern RM'000	Sabah RM'000	Sarawak RM'000	Outside Malaysia RM'000	
Exposure Class							
Sovereigns/Central banks	-	7,241,310	-	-	-	-	7,241,310
Public sector entities	-	312,291	-	-	-	-	312,291
Banks, DFIs and Multilateral Development Banks	-	867,925	-	50,006	3,480	19,417	940,828
Insurance companies, securities firms and fund managers	43	2,485	-	-	7	-	2,535
Corporates	840,404	11,560,936	1,207,228	832,750	376,246	-	14,817,564
Regulatory retail	751,647	5,251,101	1,125,256	688,256	276,093	-	8,092,353
Residential mortgages	524,032	9,082,504	1,711,887	497,006	101,483	-	11,916,912
Higher risk assets	-	514	3,361	-	1,225	-	5,100
Other assets	-	942,752	-	-	-	-	942,752
Defaulted exposures	28,471	407,738	79,037	19,982	3,782	-	539,010
Total on-balance sheet exposures	2,144,597	35,669,556	4,126,769	2,088,000	762,316	19,417	44,810,655
Credit-related off-balance sheet exposures	231,636	2,102,112	251,355	195,902	99,292	-	2,880,297
Derivative financial instruments	-	495,459	-	-	-	-	495,459
Defaulted exposures	-	806	730	30	19	-	1,585
Total off-balance sheet exposures	231,636	2,598,377	252,085	195,932	99,311	-	3,377,341
Total credit exposures	2,376,233	38,267,933	4,378,854	2,283,932	861,627	19,417	48,187,996

Note: The disclosure is updated for reporting dimension from accounting's asset class to exposure class as defined in the Capital Adequacy Framework.

BASEL II PILLAR 3 REPORT DISCLOSURE (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

4.0 CREDIT RISK (CONT'D)

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 2022	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
Exposure Class								
Sovereigns/Central banks	9,060,236	-	-	-	-	-	-	9,060,236
Public sector entities	-	579,344	23,846	-	-	-	81,213	684,403
Banks, DFIs and Multilateral Development Banks	-	1,060,610	-	-	-	-	-	1,060,610
Insurance companies, securities firms and fund managers	-	6,090	-	-	-	-	-	6,090
Corporates	-	6,778,325	2,085,952	10,068,942	1,531,621	712,624	255,523	21,432,987
Regulatory retail	-	1,032,279	168,259	4,365,130	321,437	5,307,491	95,522	11,290,118
Residential mortgages	-	-	-	-	-	16,334,950	-	16,334,950
Higher risk assets	-	3	-	-	-	5,234	-	5,237
Other assets	-	253,765	-	-	-	-	849,817	1,103,582
Defaulted exposures	-	58,999	1,718	69,141	3,743	384,356	5,268	523,225
Total on-balance sheet exposures	9,060,236	9,769,415	2,279,775	14,503,213	1,856,801	22,744,655	1,287,343	61,501,438
Credit-related off-balance sheet exposures	-	407,336	34,819	1,535,221	495,604	1,465,079	32,511	3,970,570
Derivative financial instruments	18,379	382,125	-	-	-	-	85,967	486,471
Defaulted exposures	-	30	-	778	22	78	-	908
Total off-balance sheet exposures	18,379	789,491	34,819	1,535,999	495,626	1,465,157	118,478	4,457,949
Total credit exposures	9,078,615	10,558,906	2,314,594	16,039,212	2,352,427	24,209,812	1,405,821	65,959,387

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 2022	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
Exposure Class								
Sovereigns/Central banks	6,548,855	-	-	-	-	-	-	6,548,855
Public sector entities	-	245,525	14,117	-	-	-	81,213	340,855
Banks, DFIs and Multilateral Development Banks	-	1,363,913	-	-	-	-	-	1,363,913
Insurance companies, securities firms and fund managers	-	2,297	-	-	-	-	-	2,297
Corporates	-	5,197,829	1,508,471	7,470,058	1,130,263	621,310	145,526	16,073,457
Regulatory retail	-	807,524	138,810	3,302,928	242,726	3,779,293	73,727	8,345,008
Residential mortgages	-	-	-	-	-	11,755,878	-	11,755,878
Higher risk assets	-	3	-	-	-	4,359	-	4,362
Other assets	-	171,499	-	-	-	-	839,655	1,011,154
Defaulted exposures	-	58,863	1,475	55,715	2,643	247,225	2,143	368,064
Total on-balance sheet exposures	6,548,855	7,847,453	1,662,873	10,828,701	1,375,632	16,408,065	1,142,264	45,813,843
Credit-related off-balance sheet exposures	-	337,887	26,325	1,149,180	438,925	1,277,779	29,720	3,259,816
Derivative financial instruments	18,379	382,125	-	-	-	-	85,967	486,471
Defaulted exposures	-	30	-	778	-	45	-	853
Total off-balance sheet exposures	18,379	720,042	26,325	1,149,958	438,925	1,277,824	115,687	3,747,140
Total credit exposures	6,567,234	8,567,495	1,689,198	11,978,659	1,814,557	17,685,889	1,257,951	49,560,983

Note: The disclosure is updated for reporting dimension from accounting's asset class to exposure class as defined in the Capital Adequacy Framework.

BASEL II PILLAR 3 REPORT DISCLOSURE (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

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	Government & Central Bank	Financial, Insurance, Business Services & Real Estate	Transport, Storage & Communication	Agriculture, Manufacturing, Wholesale & Retail Trade	Construction	Household	Others	Total
2021	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Exposure Class								
Sovereigns/Central banks	10,122,388	-	-	-	-	-	-	10,122,388
Public sector entities	-	573,040	108,626	57,354	20,599	-	58,149	817,768
Banks, DFIs and Multilateral Development Banks	-	626,382	5,074	-	-	-	-	631,456
Insurance companies, securities firms and fund managers	-	6,284	-	-	-	-	-	6,284
Corporates	110,684	5,615,935	2,010,114	9,845,173	1,357,688	675,210	362,233	19,977,037
Regulatory retail	-	1,026,628	175,484	3,920,410	284,827	5,148,830	79,492	10,635,671
Residential mortgages	-	-	-	-	-	16,603,585	-	16,603,585
Higher risk assets	-	-	-	-	-	5,998	-	5,998
Other assets	-	224,691	-	-	-	-	788,878	1,013,569
Defaulted exposures	-	66,409	1,419	78,869	6,434	600,525	2,504	756,160
Total on-balance sheet exposures	10,233,072	8,139,369	2,300,717	13,901,806	1,669,548	23,034,148	1,291,256	60,569,916
Credit-related off-balance sheet exposures	20,800	546,956	45,732	1,592,908	487,412	895,667	49,260	3,638,735
Derivative financial instruments	-	331,459	-	-	-	-	164,000	495,459
Defaulted exposures	-	30	-	1,165	506	429	-	2,130
Total off-balance sheet exposures	20,800	878,445	45,732	1,594,073	487,918	896,096	213,260	4,136,324
Total credit exposures	10,253,872	9,017,814	2,346,449	15,495,879	2,157,466	23,930,244	1,504,516	64,706,240

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 2021	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
Exposure Class								
Sovereigns/Central banks	7,241,310	-	-	-	-	-	-	7,241,310
Public sector entities	-	161,278	24,782	47,483	20,599	-	58,149	312,291
Banks, DFIs and Multilateral Development Banks	-	940,828	-	-	-	-	-	940,828
Insurance companies, securities firms and fund managers	-	2,535	-	-	-	-	-	2,535
Corporates	68,378	4,174,190	1,308,161	7,512,969	977,027	587,620	189,219	14,817,564
Regulatory retail	-	793,013	153,628	3,010,115	224,724	3,845,483	65,390	8,092,353
Residential mortgages	-	-	-	-	-	11,916,912	-	11,916,912
Higher risk assets	-	-	-	-	-	5,100	-	5,100
Other assets	-	154,496	-	-	-	-	788,256	942,752
Defaulted exposures	-	65,467	1,283	62,003	5,711	402,042	2,504	539,010
Total on-balance sheet exposures	7,309,688	6,291,807	1,487,854	10,632,570	1,228,061	16,757,157	1,103,518	44,810,655
Credit-related off-balance sheet exposures	20,800	390,082	33,569	1,209,806	421,367	758,199	46,474	2,880,297
Derivative financial instruments	-	331,459	-	-	-	-	164,000	495,459
Defaulted exposures	-	30	-	1,165	6	384	-	1,585
Total off-balance sheet exposures	20,800	721,571	33,569	1,210,971	421,373	758,583	210,474	3,377,341
Total credit exposures	7,330,488	7,013,378	1,521,423	11,843,541	1,649,434	17,515,740	1,313,992	48,187,996

Note: The disclosure is updated for reporting dimension from accounting's asset class to exposure class as defined in the Capital Adequacy Framework.

BASEL II PILLAR 3 REPORT DISCLOSURE (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

4.0 CREDIT RISK (CONT'D)

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 exposures for on-balance sheet financial assets of the Group and the Bank:

GROUP 2022	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1 year RM'000	Total RM'000
Exposure Class						
Sovereigns/Central banks	2,472,855	-	-	30,777	6,556,604	9,060,236
Public sector entities	112,074	5,088	-	25,243	541,998	684,403
Banks, DFIs and Multilateral Development Banks	709,113	190,360	-	-	161,137	1,060,610
Insurance companies, securities firms and fund managers	336	-	-	-	5,754	6,090
Corporates	4,452,215	2,044,374	754,914	706,267	13,475,217	21,432,987
Regulatory retail	2,250,699	262,005	128,101	87,918	8,561,395	11,290,118
Residential mortgages	947,820	456	1,053	3,160	15,382,461	16,334,950
Higher risk assets	-	-	-	15	5,222	5,237
Other assets	581,234	8,091	8,781	6,567	498,909	1,103,582
Defaulted exposures	53,268	143	288	2,925	466,601	523,225
Total on-balance sheet exposures	11,579,614	2,510,517	893,137	862,872	45,655,298	61,501,438
BANK 2022						
Exposure Class						
Sovereigns/Central banks	1,055,016	-	-	30,777	5,463,062	6,548,855
Public sector entities	10,357	-	-	10,104	320,394	340,855
Banks, DFIs and Multilateral Development Banks	740,402	190,360	60,106	-	373,045	1,363,913
Insurance companies, securities firms and fund managers	336	-	-	-	1,961	2,297
Corporates	3,211,825	1,500,012	537,832	588,102	10,235,686	16,073,457
Regulatory retail	1,807,346	200,707	104,330	63,092	6,169,533	8,345,008
Residential mortgages	380,749	334	906	2,708	11,371,181	11,755,878
Higher risk assets	-	-	-	15	4,347	4,362
Other assets	558,174	7,553	8,008	5,964	431,455	1,011,154
Defaulted exposures	33,051	130	218	2,783	331,882	368,064
Total on-balance sheet exposures	7,797,256	1,899,096	711,400	703,545	34,702,546	45,813,843

Note: The disclosure is updated for reporting dimension from accounting's asset class to exposure class as defined in the Capital Adequacy Framework.

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 exposures for on-balance sheet financial assets of the Group and the Bank: (cont'd)

GROUP 2021	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
Exposure Class						
Sovereigns/Central banks	2,798,061	-	101,556	132,353	7,090,418	10,122,388
Public sector entities	184,582	-	-	20,599	612,587	817,768
Banks, DFIs and Multilateral Development Banks	477,658	44,961	5,032	-	103,805	631,456
Insurance companies, securities firms and fund managers	591	-	-	-	5,693	6,284
Corporates	4,346,809	1,859,096	806,248	536,640	12,428,244	19,977,037
Regulatory retail	2,167,480	250,509	124,473	75,945	8,017,264	10,635,671
Residential mortgages	1,145,953	415	1,701	3,550	15,451,966	16,603,585
Higher risk assets	-	-	-	5	5,993	5,998
Other assets	513,103	9,248	11,087	456	479,675	1,013,569
Defaulted exposures	85,187	1,053	437	1,708	667,775	756,160
Total on-balance sheet exposures	11,719,424	2,165,282	1,050,534	771,256	44,863,420	60,569,916

GROUP 2021

Exposure Class						
Sovereigns/Central banks	1,343,390	-	101,556	30,543	5,765,821	7,241,310
Public sector entities	9,599	-	-	20,599	282,093	312,291
Banks, DFIs and Multilateral Development Banks	569,822	44,961	-	-	326,045	940,828
Insurance companies, securities firms and fund managers	591	-	-	-	1,944	2,535
Corporates	3,130,911	1,350,216	602,711	423,275	9,310,451	14,817,564
Regulatory retail	1,742,930	200,098	94,735	60,162	5,994,428	8,092,353
Residential mortgages	460,959	403	1,126	3,246	11,451,178	11,916,912
Higher risk assets	-	-	-	5	5,095	5,100
Other assets	499,204	9,159	10,662	388	423,339	942,752
Defaulted exposures	50,945	102	249	1,139	486,575	539,010
Total on-balance sheet exposures	7,808,351	1,604,939	811,039	539,357	34,046,969	44,810,655

Note: The disclosure is updated for reporting dimension from accounting's asset class to exposure class as defined in the Capital Adequacy Framework.

BASEL II PILLAR 3 REPORT DISCLOSURE (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

4.0 CREDIT RISK (CONT'D)

4.2 Impaired Loans, Advances and Financing and Allowance for Expected Credit Losses 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 Expected Credit Losses – Industry Analysis

GROUP 2022	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	ECL charged/ (write-back) for the year (net) RM'000	Stage 3 write-off for the year RM'000
Financial, insurance & business services and real estate	67,538	151,422	11,370	29,629	8,555	1,486	(452)
Transport, storage & communication	3,797	19,695	3,367	4,248	2,076	(1,122)	(118)
Agriculture, manufacturing, wholesale & retail trade	162,233	236,651	48,119	96,000	93,147	30,786	(13,964)
Construction	69,603	154,504	3,550	59,573	66,645	40,054	(812)
Household	542,925	851,572	203,621	363,840	159,194	60,855	(65,245)
Others	7,170	14,082	647	4,360	1,901	1,576	(1,109)
Total	853,266	1,427,926	270,674	557,650	331,518	133,635	(81,700)

BANK 2022

Financial, insurance & business services and real estate	66,983	140,432	8,510	23,761	8,118	1,306	(452)
Transport, storage & communication	3,244	17,379	2,973	3,950	1,766	(1,046)	(118)
Agriculture, manufacturing, wholesale & retail trade	129,234	208,666	37,918	85,334	73,575	17,740	(12,876)
Construction	17,912	139,260	2,563	56,273	15,269	1,654	(812)
Household	354,098	556,880	122,017	197,526	107,541	44,513	(42,114)
Others	3,286	14,081	505	1,698	1,143	750	(1,109)
Total	574,757	1,076,698	174,486	368,542	207,412	64,917	(57,481)

4.0 CREDIT RISK (CONT'D)

4.2 Impaired Loans, Advances and Financing and Allowance for Expected Credit Losses Analysis (cont'd)

Impaired and Past Due Loans, Advances and Financing and Allowance for Expected Credit Losses – Industry Analysis (cont'd)

GROUP	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	ECL charged/ (write-back) for the year (net) RM'000	Stage 3 write-off for the year RM'000
2021							
Financial, insurance & business services and real estate	74,203	60,655	10,297	17,723	7,865	(241)	(611)
Transport, storage & communication	4,683	18,288	3,254	3,362	3,383	224	(2,073)
Agriculture, manufacturing, wholesale & retail trade	154,405	287,091	50,344	116,695	76,543	19,531	(37,811)
Construction	32,416	212,783	2,938	68,329	26,132	1,628	(13,829)
Household	762,451	1,015,998	162,606	289,704	161,694	100,356	(75,521)
Others	4,278	1,151	1,586	2,963	1,788	182	(5)
Total	1,032,436	1,595,966	231,025	498,776	277,405	121,680	(129,850)
BANK							
2021							
Financial, insurance & business services and real estate	73,017	49,423	7,593	12,565	7,607	(191)	(611)
Transport, storage & communication	4,179	15,795	2,988	2,943	2,996	167	(365)
Agriculture, manufacturing, wholesale & retail trade	129,087	216,475	40,368	98,232	68,080	18,293	(34,007)
Construction	19,705	153,623	2,335	44,121	14,124	(1,037)	(10,708)
Household	505,303	667,359	99,531	155,721	103,095	56,817	(44,666)
Others	4,277	1,144	1,426	1,087	1,787	182	(5)
Total	735,568	1,103,819	154,241	314,669	197,689	74,231	(90,362)

BASEL II PILLAR 3 REPORT DISCLOSURE (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

4.0 CREDIT RISK (CONT'D)

4.2 Impaired Loans, Advances and Financing and Allowance for Expected Credit Losses Analysis (cont'd)

Impaired and Past Due Loans, Advances and Financing and Allowance for Expected Credit Losses – Geographical

				Lifetime ECL	Lifetime ECL	ECL	
	Impaired Loans,	Past Due	12 months	Not-credit	Credit	charged/	Stage 3
	Advances and	Loan	ECL	Impaired	Impaired	(write-back)	write-off
GROUP	Financing		(Stage 1)	(Stage 2)	(Stage 3)	for the	for the year
2022	RM'000	RM'000	RM'000	RM'000	RM'000	year (net)	RM'000
Northern region	66,114	88,483	23,572	34,707	36,009	6,018	(5,248)
Central region	616,851	1,001,220	197,663	438,546	228,925	95,583	(60,296)
Southern region	134,400	238,306	29,144	48,416	56,540	30,163	(13,330)
Sabah region	28,823	82,894	15,086	31,167	6,976	1,677	(1,404)
Sarawak region	7,078	17,023	5,209	4,814	3,068	194	(1,422)
Total	853,266	1,427,926	270,674	557,650	331,518	133,635	(81,700)

BANK							
2022							
Northern region	39,156	70,521	16,235	24,841	23,481	2,400	(3,459)
Central region	427,522	751,174	123,875	286,467	145,047	48,083	(40,623)
Southern region	88,780	200,579	19,899	32,605	33,121	14,807	(10,916)
Sabah region	13,574	44,032	10,398	20,880	3,112	(464)	(1,146)
Sarawak region	5,725	10,392	4,079	3,749	2,651	91	(1,337)
Total	574,757	1,076,698	174,486	368,542	207,412	64,917	(57,481)

4.0 CREDIT RISK (CONT'D)

4.2 Impaired Loans, Advances and Financing and Allowance for Expected Credit Losses Analysis (cont'd)

Impaired and Past Due Loans, Advances and Financing and Allowance for Expected Credit Losses – Geographical (cont'd)

GROUP 2021	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	ECL charged/ (write-back) for the year (net) RM'000	Stage 3 write-off for the year RM'000
Northern region	77,759	100,942	21,409	30,947	35,268	8,574	(12,911)
Central region	764,325	1,226,567	167,174	387,962	191,565	94,324	(91,227)
Southern region	142,789	157,342	24,970	47,568	39,611	16,743	(23,719)
Sabah region	37,812	95,584	13,147	27,450	6,670	2,675	(1,552)
Sarawak region	9,751	15,531	4,325	4,849	4,291	(636)	(441)
Total	1,032,436	1,595,966	231,025	498,776	277,405	121,680	(129,850)
BANK							
2021							
Northern region	52,270	61,820	15,373	21,196	24,253	4,405	(8,625)
Central region	543,371	869,734	110,068	239,613	136,186	58,551	(61,735)
Southern region	107,890	113,578	16,727	30,883	28,883	10,603	(18,856)
Sabah region	24,456	45,755	8,674	19,104	4,490	1,347	(869)
Sarawak region	7,581	12,932	3,399	3,873	3,877	(675)	(277)
Total	735,568	1,103,819	154,241	314,669	197,689	74,231	(90,362)

BASEL II PILLAR 3 REPORT DISCLOSURE (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

4.0 CREDIT RISK (CONT'D)

4.2 Impaired Loans, Advances and Financing and Allowance for Expected Credit Losses Analysis (cont'd)

Movements in the allowance for Expected Credit Losses 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 2021	231,025	498,776	277,405	1,007,206
Transfer to Stage 1	139,012	(500,239)	(1,598)	(362,825)
Transfer to Stage 2	(85,699)	730,176	(206,437)	438,040
Transfer to Stage 3	(627)	(308,235)	288,619	(20,243)
New financial assets originated or purchased	93,426	228,198	14,727	336,351
Financial assets derecognised other than write-off	(69,683)	(250,735)	(23,389)	(343,807)
Changes due to change in credit risk	(36,790)	161,540	61,713	186,463
Other adjustment	11	5	-	16
	39,650	60,710	133,635	233,995
Unwinding of discount	-	-	2,178	2,178
Total charge to income statement	39,650	60,710	135,813	236,173
Write-off	(1)	(1,836)	(81,700)	(83,537)
At 31 March 2022	270,674	557,650	331,518	1,159,842
At 1 April 2020	96,553	269,287	293,428	659,268
Transfer to Stage 1	153,279	(303,936)	(4,481)	(155,138)
Transfer to Stage 2	(101,032)	483,008	(76,882)	305,094
Transfer to Stage 3	(738)	(158,088)	233,223	74,397
New financial assets originated or purchased	77,896	178,021	15,316	271,233
Financial assets derecognised other than write-off	(64,721)	(189,434)	(35,550)	(289,705)
Changes due to change in credit risk	69,812	220,087	(9,933)	279,966
Other adjustments	(21)	(37)	(13)	(71)
	134,475	229,621	121,680	485,776
Unwinding of discount	-	-	(7,853)	(7,853)
Total charge to income statement	134,475	229,621	113,827	477,923
Write-off	(3)	(132)	(129,850)	(129,985)
At 31 March 2021	231,025	498,776	277,405	1,007,206

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

4.0 CREDIT RISK (CONT'D)

4.2 Impaired Loans, Advances and Financing and Allowance for Expected Credit Losses Analysis (cont'd)

Movements in the allowance for Expected Credit Losses on loans, advances and financing are as follows:
(cont'd)

BANK	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 2021	154,241	314,669	197,689	666,599
Transfer to Stage 1	86,573	(314,557)	(1,581)	(229,565)
Transfer to Stage 2	(52,603)	442,526	(124,959)	264,964
Transfer to Stage 3	(446)	(157,496)	156,394	(1,548)
New financial assets originated or purchased	61,935	165,809	9,067	236,811
Financial assets derecognised other than write-off	(46,658)	(190,470)	(13,382)	(250,510)
Changes due to change in credit risk	(28,566)	108,957	39,378	119,769
Other adjustment	11	5	-	16
	20,246	54,774	64,917	139,937
Unwinding of discount	-	-	2,287	2,287
Total charge to income statement	20,246	54,774	67,204	142,224
Write-off	(1)	(901)	(57,481)	(58,383)
At 31 March 2022	174,486	368,542	207,412	750,440
At 1 April 2020	63,677	177,196	218,370	459,243
Transfer to Stage 1	94,945	(199,432)	(2,495)	(106,982)
Transfer to Stage 2	(62,825)	300,659	(50,694)	187,140
Transfer to Stage 3	(606)	(90,925)	142,613	51,082
New financial assets originated or purchased	53,856	139,571	11,287	204,714
Financial assets derecognised other than write-off	(42,782)	(141,429)	(24,205)	(208,416)
Changes due to change in credit risk	48,000	129,081	(2,262)	174,819
Other adjustments	(21)	(37)	(13)	(71)
	90,567	137,488	74,231	302,286
Unwinding of discount	-	-	(4,550)	(4,550)
Total charge to income statement	90,567	137,488	69,681	297,736
Write-off	(3)	(15)	(90,362)	(90,380)
At 31 March 2021	154,241	314,669	197,689	666,599

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

4.0 CREDIT RISK (CONT'D)

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:

[illegible]

BASEL II PILLAR 3 REPORT DISCLOSURE (CONT'D)

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)

[illegible]

BASEL II PILLAR 3 REPORT DISCLOSURE (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

4.0 CREDIT RISK (CONT'D)

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 ("MARC"), Standard and Poor's ("S&P"), Moody's, Fitch Ratings, and Rating 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 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.

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 Eligible Credit Assessment Institutions ("ECAIs"): (cont'd)

GROUP 2022

Exposure Class	Rating Categories					Total
	1	2	3	4	5	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off Balance-Sheet Exposures						
(i) Exposures risk-weighted using Sovereigns and Central Banks rating						
Public Sector Entities	-	471,082	-	-	-	471,082
Sovereigns and Central Banks (See Note 2)	-	9,078,615	-	-	-	9,078,615
Corporates	-	1,408,099	-	-	-	1,408,099
Banks, DFIs and Multilateral Development Banks	-	4,938	-	-	-	4,938
Total	-	10,962,734	-	-	-	10,962,734
(ii) Exposures risk-weighted using Banking Institutions long-term rating						
Banks, DFIs and Multilateral Development Banks	664,369	580,810	521	-	185,780	1,431,480
Exposures risk-weighted using Banking Institutions short-term rating						
Banks, DFIs and Multilateral Development Banks	19,966	-	-	-	-	19,966
Total	684,335	580,810	521	-	185,780	1,451,446
(iii) Exposures risk-weighted using Corporate long-term rating						
Public Sector Entities	30,331	-	-	-	246,275	276,606
Corporates	2,963,100	-	10,263	-	19,264,739	22,238,102
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	28,504	28,504
Exposures risk-weighted using Corporate short-term rating						
Public Sector Entities	-	-	-	-	-	-
Corporates	-	-	-	-	-	-
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	-	-
Total	2,993,431	-	10,263	-	19,539,518	22,543,212

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 DISCLOSURE (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

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 ECAIs: (cont'd)

BANK 2022

Exposure Class	Rating Categories					Total
	1	2	3	4	5	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off Balance-Sheet Exposures						
(i) Exposures risk-weighted using Sovereigns and Central Banks rating						
Public Sector Entities	-	249,477	-	-	-	249,477
Sovereigns and Central Banks (See Note 2)	-	6,567,233	-	-	-	6,567,233
Corporates	-	942,826	-	-	-	942,826
Banks, DFIs and Multilateral Development Banks	-	-	-	-	-	-
Total	-	7,759,536	-	-	-	7,759,536
(ii) Exposures risk-weighted using Banking Institutions long-term rating						
Banks, DFIs and Multilateral Development Banks	649,103	909,378	521	-	179,831	1,738,833
Exposures risk-weighted using Banking Institutions short-term rating						
Banks, DFIs and Multilateral Development Banks	19,966	-	-	-	-	19,966
Total	669,069	909,378	521	-	179,831	1,758,799
(iii) Exposures risk-weighted using Corporate long-term rating						
Public Sector Entities	10,104	-	-	-	128,558	138,662
Corporates	2,103,558	-	10,263	-	14,758,774	16,872,595
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	20,692	20,692
Exposures risk-weighted using Corporate short-term rating						
Public Sector Entities	-	-	-	-	-	-
Corporates	-	-	-	-	-	-
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	-	-
Total	2,113,662	-	10,263	-	14,908,024	17,031,949

Note 2: The Federal Government and Central Bank of Malaysia are accorded 0% risk weight as provided under the Capital Adequacy Framework.

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 2021

Exposure Class	Rating Categories					Total
	1	2	3	4	5	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off Balance-Sheet Exposures						
(i) Exposures risk-weighted using Sovereigns and Central Banks rating						
Public Sector Entities	–	528,387	–	–	–	528,387
Sovereigns and Central Banks (See Note 2)	–	10,143,188	–	–	–	10,143,188
Corporates	–	1,536,728	–	–	–	1,536,728
Banks, DFIs and Multilateral Development Banks	–	5,074	–	–	–	5,074
Total	–	12,213,377	–	–	–	12,213,377
(ii) Exposures risk-weighted using Banking Institutions long-term rating						
Banks, DFIs and Multilateral Development Banks	499,125	285,218	4,200	–	192,127	980,670
Exposures risk-weighted using Banking Institutions short-term rating						
Banks, DFIs and Multilateral Development Banks	–	–	–	–	–	–
Total	499,125	285,218	4,200	–	192,127	980,670
(iii) Exposures risk-weighted using Corporate long-term rating						
Public Sector Entities	46,381	–	–	–	351,517	397,898
Corporates	2,981,540	48,638	–	–	17,853,753	20,883,931
Insurance Companies, Securities Firms & Fund Managers	–	–	–	–	28,848	28,848
Exposures risk-weighted using Corporate short-term rating						
Public Sector Entities	–	–	–	–	–	–
Corporates	–	–	–	–	–	–
Insurance Companies, Securities Firms & Fund Managers	–	–	–	–	–	–
Total	3,027,921	48,638	–	–	18,234,118	21,310,677

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 DISCLOSURE (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

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)

BANK 2021

Exposure Class	Rating Categories					Total
	1	2	3	4	5	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off Balance-Sheet Exposures						
(i) Exposures risk-weighted using Sovereigns and Central Banks rating						
Public Sector Entities	-	213,559	-	-	-	213,559
Sovereigns and Central Banks (See Note 2)	-	7,262,110	-	-	-	7,262,110
Corporates	-	984,348	-	-	-	984,348
Banks, DFIs and Multilateral Development Banks	-	-	-	-	-	-
Total	-	8,460,017	-	-	-	8,460,017
(ii) Exposures risk-weighted using Banking Institutions long-term rating						
Banks, DFIs and Multilateral Development Banks	493,396	614,831	4,200	-	182,671	1,295,098
Exposures risk-weighted using Banking Institutions short-term rating						
Banks, DFIs and Multilateral Development Banks	-	-	-	-	-	-
Total	493,396	614,831	4,200	-	182,671	1,295,098
(iii) Exposures risk-weighted using Corporate long-term rating						
Public Sector Entities	30,714	-	-	-	170,539	201,253
Corporates	2,046,259	33,359	-	-	13,609,141	15,688,759
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	21,079	21,079
Exposures risk-weighted using Corporate short-term rating						
Public Sector Entities	-	-	-	-	-	-
Corporates	-	-	-	-	-	-
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	-	-
Total	2,076,973	33,359	-	-	13,800,759	15,911,091

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 ECAs.

4.0 CREDIT RISK (CONT'D)

4.4 Credit Risk Mitigation ("CRM")

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 Frameworks apply 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 2022 Exposure Class	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
<u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	9,060,236	-	-	-
Public sector entities	684,403	-	-	-
Banks, DFIs and Multilateral Development Banks	1,060,610	-	-	-
Insurance companies, securities firms and fund managers	6,090	199	186	-
Corporates	21,432,987	448,479	1,424,523	-
Regulatory retail	11,290,118	1,049,811	988,347	-
Residential mortgages	16,334,950	1,795	9,761	-
Higher risk assets	5,237	-	2	-
Other assets	1,103,582	-	-	-
Defaulted exposures	523,225	3,181	951	-
Total on-balance sheet exposures	61,501,438	1,503,465	2,423,770	-
Off-balance sheet exposures:				
Off-balance sheet exposures other than over the counter ("OTC") derivatives or credit derivatives	4,457,041	8,472	574,031	-
Defaulted exposures	908	-	4	-
Total off-balance sheet exposures	4,457,949	8,472	574,035	-
Total on and off-balance sheet exposures	65,959,387	1,511,937	2,997,805	-

Note 1: The exposures covered by guarantees/credit derivative refer the exposures guaranteed by eligible guarantors.

BASEL II PILLAR 3 REPORT DISCLOSURE (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

4.0 CREDIT RISK (CONT'D)

4.4 Credit Risk Mitigation ("CRM") (cont'd)

BANK 2022 Exposure Class	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
<u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	6,548,855	-	-	-
Public sector entities	340,855	-	-	-
Banks, DFIs and Multilateral Development Banks	1,363,913	-	-	-
Insurance companies, securities firms and fund managers	2,297	199	186	-
Corporates	16,073,457	367,937	1,214,348	-
Regulatory retail	8,345,008	895,361	852,196	-
Residential mortgages	11,755,878	1,278	9,512	-
Higher risk assets	4,362	-	2	-
Other assets	1,011,154	-	-	-
Defaulted exposures	368,064	3,181	418	-
Total on-balance sheet exposures	45,813,843	1,267,956	2,076,662	-
Off-balance sheet exposures:				
Off-balance sheet exposures other than OTC derivatives or credit derivatives	3,746,287	3,500	494,704	-
Defaulted exposures	853	-	4	-
Total off-balance sheet exposures	3,747,140	3,500	494,708	-
Total on and off-balance sheet exposures	49,560,983	1,271,456	2,571,370	-

Note 1: The exposures covered by guarantees/credit derivative refer the exposures guaranteed by eligible guarantors.

4.0 CREDIT RISK (CONT'D)

4.4 Credit Risk Mitigation ("CRM") (cont'd)

GROUP 2021 Exposure Class	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
<u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	10,122,388	-	-	-
Public sector entities	817,768	-	-	-
Banks, DFIs and Multilateral Development Banks	631,456	-	-	-
Insurance companies, securities firms and fund managers	6,284	259	-	-
Corporates	19,977,037	172,367	1,320,662	-
Regulatory retail	10,635,671	586,151	945,389	-
Residential mortgages	16,603,585	629	9,538	-
Higher risk assets	5,998	-	4	-
Other assets	1,013,569	-	-	-
Defaulted exposures	756,160	1,267	1,833	-
Total on-balance sheet exposures	60,569,916	760,673	2,277,426	-
Off-balance sheet exposures:				
Off-balance sheet exposures other than OTC derivatives or credit derivatives	4,134,194	275	553,738	-
Defaulted exposures	2,130	-	5	-
Total off-balance sheet exposures	4,136,324	275	553,743	-
Total on and off-balance sheet exposures	64,706,240	760,948	2,831,169	-

Note 1: The exposures covered by guarantees/credit derivative refer the exposures guaranteed by eligible guarantors.

BASEL II PILLAR 3 REPORT DISCLOSURE (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

4.0 CREDIT RISK (CONT'D)

4.4 Credit Risk Mitigation ("CRM") (cont'd)

BANK 2021 Exposure Class	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
Credit Risk				
On-balance sheet exposures:				
Sovereigns/Central banks	7,241,310	-	-	-
Public sector entities	312,291	-	-	-
Banks, DFIs and Multilateral Development Banks	940,828	-	-	-
Insurance companies, securities firms and fund managers	2,535	259	-	-
Corporates	14,817,564	146,138	1,141,114	-
Regulatory retail	8,092,353	532,271	801,623	-
Residential mortgages	11,916,912	571	9,271	-
Higher risk assets	5,100	-	4	-
Other assets	942,752	-	-	-
Defaulted exposures	539,010	1,267	1,301	-
Total on-balance sheet exposures	44,810,655	680,506	1,953,313	-
Off-balance sheet exposures:				
Off-balance sheet exposures other than OTC derivatives or credit derivatives	3,375,756	275	469,121	-
Defaulted exposures	1,585	-	5	-
Total off-balance sheet exposures	3,377,341	275	469,126	-
Total on and off-balance sheet exposures	48,187,996	680,781	2,422,439	-

Note 1: The exposures covered by guarantees/credit derivative refer the exposures guaranteed by eligible guarantors.

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, defaults 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. The 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 is 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 DISCLOSURE (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

4.0 CREDIT RISK (CONT'D)

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 2022	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	498,689	-	498,689	411,241
Transaction-related contingent items	561,778	-	280,889	187,696
Short-term self-liquidating trade-related contingencies	211,549	-	42,310	36,429
Forward asset purchase	-	-	-	-
Obligations under an ongoing underwriting agreement	-	-	-	-
Irrevocable commitments to extend credit:				
- maturity exceeding one year	1,747,771	-	873,160	619,872
- maturity not exceeding one year	10,049,097	-	2,009,819	1,417,040
Unutilised credit card lines	1,333,057	-	266,611	204,335
	14,401,941	-	3,971,478	2,876,613
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- one year or less	10,370,880	16,936	130,778	41,269
- over one year to three years	917,134	2,903	66,040	36,371
- over three years	257,757	899	25,650	13,648
Interest rate related contracts:				
- one year or less	2,158,436	9,743	16,296	4,882
- over one year to three years	3,307,815	37,099	108,492	29,368
- over three years	1,948,660	18,280	101,421	29,534
Equity related contracts:				
- one year or less	332,492	345	20,418	6,623
- over one year to three years	216,080	89	17,376	4,136
	19,509,254	86,294	486,471	165,831
	33,911,195	86,294	4,457,949	3,042,444

4.0 CREDIT RISK (CONT'D)

4.5 Off-Balance Sheet Exposures and Counterparty Credit Risk (cont'd)

BANK 2022	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	428,454	-	428,454	350,050
Transaction-related contingent items	499,745	-	249,872	167,139
Short-term self-liquidating trade-related contingencies	192,299	-	38,460	33,478
Forward asset purchase	-	-	-	-
Obligations under an ongoing underwriting agreement	-	-	-	-
Irrevocable commitments to extend credit:				
- maturity exceeding one year	1,462,876	-	730,715	515,958
- maturity not exceeding one year	7,732,786	-	1,546,557	1,070,536
Unutilised credit card lines	1,333,057	-	266,611	204,025
	11,649,217	-	3,260,669	2,341,186
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- one year or less	10,370,880	16,936	130,778	41,269
- over one year to three years	917,134	2,903	66,040	36,371
- over three years	257,757	899	25,650	13,648
Interest rate related contracts:				
- one year or less	2,158,436	9,743	16,296	4,882
- over one year to three years	3,307,815	37,099	108,492	29,368
- over three years	1,948,660	18,280	101,421	29,534
Equity related contracts:				
- one year or less	332,492	345	20,418	6,623
- over one year to three years	216,080	89	17,376	4,136
	19,509,254	86,294	486,471	165,831
	31,158,471	86,294	3,747,140	2,507,017

BASEL II PILLAR 3 REPORT DISCLOSURE (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

4.0 CREDIT RISK (CONT'D)

4.5 Off-Balance Sheet Exposures and Counterparty Credit Risk (cont'd)

GROUP 2021	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	687,790	-	687,790	602,424
Transaction-related contingent items	554,612	-	275,113	176,464
Short-term self-liquidating trade-related contingencies	145,128	-	29,026	24,654
Forward asset purchase	20,800	-	20,800	-
Obligations under an ongoing underwriting agreement	20,000	-	10,000	10,000
Irrevocable commitments to extend credit:				
- maturity exceeding one year	867,310	-	433,151	303,857
- maturity not exceeding one year	9,625,561	-	1,925,112	1,365,327
Unutilised credit card lines	1,299,366	-	259,873	200,734
	13,220,567	-	3,640,865	2,683,460
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- one year or less	7,718,029	50,451	133,091	45,375
- over one year to three years	681,661	2,417	47,467	32,489
- over three years	661,606	8,061	73,516	36,832
Interest rate related contracts:				
- one year or less	2,099,218	11,054	14,569	4,508
- over one year to three years	3,984,245	52,302	110,926	37,059
- over three years	1,492,030	16,428	67,968	20,746
Equity related contracts:				
- one year or less	295,184	12,355	30,209	20,333
- over one year to three years	214,860	667	17,713	3,729
	17,146,833	153,735	495,459	201,071
	30,367,400	153,735	4,136,324	2,884,531

4.0 CREDIT RISK (CONT'D)

4.5 Off-Balance Sheet Exposures and Counterparty Credit Risk (cont'd)

BANK 2021	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	511,039	-	511,039	434,180
Transaction-related contingent items	492,119	-	243,867	155,287
Short-term self-liquidating trade-related contingencies	119,337	-	23,867	19,768
Forward asset purchase	20,800	-	20,800	-
Obligations under an ongoing underwriting agreement	-	-	-	-
Irrevocable commitments to extend credit:				
- maturity exceeding one year	711,536	-	355,265	248,901
- maturity not exceeding one year	7,335,855	-	1,467,171	1,020,082
Unutilised credit card lines	1,299,366	-	259,873	200,468
	10,490,052	-	2,881,882	2,078,686
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- one year or less	7,718,029	50,451	133,091	45,375
- over one year to three years	681,661	2,417	47,467	32,489
- over three years	661,606	8,061	73,516	36,832
Interest rate related contracts:				
- one year or less	2,099,218	11,054	14,569	4,508
- over one year to three years	3,984,245	52,302	110,926	37,059
- over three years	1,492,030	16,428	67,968	20,746
Equity related contracts:				
- one year or less	295,184	12,355	30,209	20,333
- over one year to three years	214,860	667	17,713	3,729
	17,146,833	153,735	495,459	201,071
	27,636,885	153,735	3,377,341	2,279,757

BASEL II PILLAR 3 REPORT DISCLOSURE (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

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 on an integrated approach which involves the following processes:

- (a) Identification of market risk in new products and changes in risk profiles of existing exposures;
- (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 exposures; 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.

5.0 MARKET RISK (CONT'D)

5.2 Traded Market Risk (cont'd)

These exposures are governed by approved policies, risk limits and parameters which are set vis-à-vis 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, ERM 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 are performed for each day's historical scenario versus the previous day's position. The VaR estimate is derived from the value of the 99th 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.

BASEL II PILLAR 3 REPORT DISCLOSURE (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

5.0 MARKET RISK (CONT'D)

5.2 Traded Market Risk (cont'd)

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 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.

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
2022				
Interest rate risk				
- General interest rate risk	291,525	23,322	291,525	23,322
- Specific interest rate risk	1,512	121	1,512	121
	293,037	23,443	293,037	23,443
Foreign exchange risk	60,571	4,846	60,537	4,843
Option risk	-	-	-	-
	353,608	28,289	353,574	28,286
2021				
Interest rate risk				
- General interest rate risk	252,425	20,194	252,425	20,194
- Specific interest rate risk	-	-	-	-
	252,425	20,194	252,425	20,194
Foreign exchange risk	69,927	5,594	69,606	5,568
Option risk	300	24	300	24
	322,652	25,812	322,331	25,786

5.0 MARKET RISK (CONT'D)

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 trading 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 change when interest rate/profit rate change.

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 provide 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 which is complemented by regular monitoring and reporting;
- (b) Checking to ensure that IRR/RORBB are 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 DISCLOSURE (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

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 (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 measures 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.

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.

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 (cont'd)

The following tables present the Group's and the Bank's projected sensitivity shock based on standard scenario as outlined in BNM's Reporting Requirements for Interest Rate/Rate of Return Risk in the Banking Book Policy Document issued on 30 June 2020 across all maturities applied on the Group's and the Bank's interest sensitivity gap as at reporting date.

GROUP 2022	MYR RM'000	USD RM'000	SGD RM'000	Other Foreign Currencies ("FCY") RM'000	Total RM'000
Impact on NII					
Parallel 200 bps up	218,322	9,519	(1,180)	(3,041)	223,620
Parallel 200 bps down	(218,322)	(9,519)	1,180	3,041	(223,620)
Impact on EV					
Parallel 200 bps up	(481,876)	10,359	2,301	4,063	(465,153)
Parallel 200 bps down	481,876	(10,359)	(2,301)	(4,063)	465,153
Steepener	(525,979)	(4,725)	(764)	(2,003)	(533,471)
Flattener	430,205	7,055	1,109	2,917	441,286
Short Rate Up	(98,830)	10,652	1,636	4,314	(82,228)
Short Rate Down	98,830	(10,652)	(1,636)	(4,314)	82,228
BANK 2022					
Impact on NII					
Parallel 200 bps up	175,959	9,515	(1,181)	(3,044)	181,249
Parallel 200 bps down	(175,959)	(9,515)	1,181	3,044	(181,249)
Impact on EV					
Parallel 200 bps up	(324,978)	10,359	2,301	4,063	(308,255)
Parallel 200 bps down	324,978	(10,359)	(2,301)	(4,063)	308,255
Steepener	(396,297)	(4,725)	(764)	(2,003)	(403,789)
Flattener	327,465	7,055	1,109	2,917	338,546
Short Rate Up	(48,518)	10,652	1,636	4,314	(31,916)
Short Rate Down	48,518	(10,652)	(1,636)	(4,314)	31,916

BASEL II PILLAR 3 REPORT DISCLOSURE (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

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 (cont'd)

GROUP 2021	MYR RM'000	USD RM'000	SGD RM'000	Other Foreign Currencies ("FCY") RM'000	Total RM'000
Impact on NII					
Parallel 200 bps up	255,429	9,984	(697)	(3,450)	261,266
Parallel 200 bps down	(255,429)	(9,984)	697	3,450	(261,266)
Impact on EV					
Parallel 200 bps up	(595,827)	7,302	1,152	4,144	(583,229)
Parallel 200 bps down	595,827	(7,302)	(1,152)	(4,144)	583,229
Steeper	(687,285)	(3,191)	(400)	(2,050)	(692,926)
Flattener	566,974	4,834	573	2,982	575,363
Short Rate Up	(109,478)	7,382	835	4,406	(96,855)
Short Rate Down	109,478	(7,382)	(835)	(4,406)	96,855
BANK 2021					
Impact on NII					
Parallel 200 bps up	191,301	9,961	(697)	(3,452)	197,113
Parallel 200 bps down	(191,301)	(9,961)	697	3,452	(197,113)
Impact on EV					
Parallel 200 bps up	(453,614)	7,303	1,152	4,144	(441,015)
Parallel 200 bps down	453,614	(7,303)	(1,152)	(4,144)	441,015
Steeper	(522,235)	(3,192)	(400)	(2,050)	(527,877)
Flattener	433,626	4,835	573	2,982	442,016
Short Rate Up	(82,922)	7,383	835	4,406	(70,298)
Short Rate Down	82,922	(7,383)	(835)	(4,406)	70,298

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.

5.0 MARKET RISK (CONT'D)

5.3 Non-Traded Market Risk (cont'd)

5.3.2 Liquidity Risk

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 2021 to March 2022.

5.4 Equity Exposures in 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 statements of income accordingly.

The following table shows the equity exposures in banking book:

	GROUP		BANK	
	Gross credit exposures RM'000	Risk-weighted assets RM'000	Gross credit exposures RM'000	Risk-weighted assets RM'000
2022				
Publicly traded				
Holding of equity investments	13	13	13	13
Privately held				
For socio-economic purposes	245,839	245,839	171,485	171,485
Not for socio-economic purposes	3	5	3	5
	245,855	245,857	171,501	171,503
2021				
Publicly traded				
Holding of equity investments	15	15	15	15
Privately held				
For socio-economic purposes	224,673	224,673	154,479	154,479
Not for socio-economic purposes	3	5	3	5
	224,691	224,693	154,497	154,499

BASEL II PILLAR 3 REPORT DISCLOSURE (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

5.0 MARKET RISK (CONT'D)

5.4 Equity Exposures in Banking Book (cont'd)

Gains and Losses on Equity Exposures in the Banking Book

The table below present the gains and losses on equity exposures in banking book:

	GROUP		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unrealised (losses)/gains recognised in revaluation reserve				
- Publicly traded equity investments	(2)	10	(2)	10
	(2)	10	(2)	10
Unrealised gains recognised in statement of income				
- Privately held equity investments	21,166	22,759	17,006	16,957
	21,166	22,759	17,006	16,957

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, 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:

- Providing strategic guidance on operational issues and monitoring the implementation of the Operational Risk Management ("ORM") Framework;
- Reviewing and monitoring operational risk issues, reports and action plans;
- Evaluating and agreeing on initiatives to strengthen operational processes or infrastructure; and
- 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.

6.0 OPERATIONAL RISK (CONT'D)

The Group's operational risk management process is depicted in the table below:

Identification	Identify the various risks inherent to each product, process and activity, as well as adverse trends of risk parameters
Assessment	<ul style="list-style-type: none"> - Risk Control Self-Assessment ("RCSA") - Control Self-Assessment ("CSA") - Key Risk Indicators ("KRI") - Loss Event Data ("LED") - Stress Testing and Scenario Analysis ("SA")
Mitigation & Control	<ul style="list-style-type: none"> - Setting risk mitigation measures and controls - Insurance/takaful - Outsourcing - Business Continuity Management
Reporting	<ul style="list-style-type: none"> - Escalate and highlight regular operational risk reports to Senior Management and the Board - Highlight new/emerging risk areas and the controls in place
Disclosure	Provide regular risk disclosure to regulators through the Pillar 3 disclosure report and regulatory reports, e.g. ORION report

The customary tools employed by the Group for the management of operational risk are:

- 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;
- CSA** - Complements the RCSA process by validating the effectiveness of the controls measures identified and highlight control lapses;
- KRI** - A quantitative and statistical parameter, often financial in nature and focus on business processes and activities to identify emerging risks and potential changes in operational risk profiles;
- LED** - The process of collecting, evaluating, monitoring and reporting operational risk events, loss amount and irregularities; and
- Stress Testing and 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 Asset ("RWA").

BASEL II PILLAR 3 REPORT DISCLOSURE (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

7.0 SHARIAH GOVERNANCE DISCLOSURES

Shariah Non-Compliance Risk arises from the risk of failure to comply with Shariah rules and principles as determined by the Shariah Advisory Council of BNM and AIS's Shariah Committee. To manage the risks, AIS has adopted the following guiding principles:

- (a) A sound 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. 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 AIS'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 AIS. 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 financial period, there were 3 Shariah non-compliance events detected from the ongoing reviews of the AIS's operational processes. Immediate actions have been taken to rectify the Shariah non-compliance events, which were tracked and escalated to the Shariah Committee and the Board. The Shariah non-compliant income of RM898.46 has been refunded to the affected customers in accordance with Shariah Committee's decision.

LIST OF PROPERTIES

as at 31 March 2022

No	Location	Current Use	Year of Purchase ¹	Tenure	Remaining Lease Period (Expiry Year)	Age of Property (Years) ²	Built-Up Area (Sq Ft) ³	Net Book Value (RM'000) ⁴
1.	1, Jalan Tembaga SD5/2A Bandar Sri Damansara 52100 Kepong, Kuala Lumpur	Alliance Bank's branch/office premises	1991	Freehold	–	29	9,179	644
2.	150 - 152, Jalan Cerdas Taman Connaught 56000 Kuala Lumpur	Alliance Bank's branch/office premises	1997	Leasehold 99 years	56 years 2078	43	11,704	2,028
3.	43 & 45, Jalan Bunga Tanjung 6A Taman Putra 68000 Ampang, Selangor	Alliance Bank's branch/office premises	1998	Leasehold 99 years	59 years 2081	40	8,120	1,016
4.	1960 E & F, Jalan Stadium 05100 Alor Setar, Kedah	Alliance Bank's branch/office premises	1979	Leasehold 60 years	17 years 2039	43	4,537	300
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	–	28	6,103	1,478
6.	70 & 71, Block 10 Jalan Laksamana Cheng Ho 93200 Kuching, Sarawak	Alliance Bank's branch/office premises	2007	Leasehold 60 years	47 years 2069	16	9,405	1,834
7.	B-400, Jalan Beserah 25300 Kuantan, Pahang	Alliance Bank's branch/office premises	1996	Freehold	–	31	6,688	314
8.	LG134/LG135/G128/F89 Holiday Plaza Jalan Dato Sulaiman 80250 Johor Bahru, Johor	Alliance Bank's e-Lobby	1984	Freehold	–	38	5,414	704
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		29	24,334	1,215
10.	3 & 5, Jalan Bentara 1 Tun Aminah 81300 Johor Bahru, Johor	Alliance Bank's branch/office premises	1996	Freehold		39	5,412	738
11.	Unit 01-G & 01-1, Seremban City Jalan Tunku Munawir 70000 Seremban Negeri Sembilan	Alliance Bank's branch/office premises	1997	Freehold		23	7,277	1,269
12.	101 & 103, Jalan Melaka Raya 24 Taman Melaka Raya 75000 Melaka	Alliance Bank's branch/office premises	1995	Leasehold 99 years	72 years 2094	25	8,640	494
13.	Lot 7 & 9, Block D Nountun Industrial Estate 89350 Inanam Kota Kinabalu, Sabah	Alliance Bank's branch/office premises	1995	Leasehold 999 years	901 years 2923	22	7,495	810

LIST OF PROPERTIES (CONT'D)

as at 31 March 2022

No	Location	Current Use	Year of Purchase ¹	Tenure	Remaining Lease Period (Expiry Year)	Age of Property (Years) ²	Built-Up Area (Sq Ft) ³	Net Book Value (RM'000) ⁴
14.	Lot 4-6, Block K Sinsuran Complex 58000 Kota Kinabalu, Sabah	Alliance Bank's branch/office premises	1980	Leasehold 99 years	49 years 2071	44	13,979	290
15.	Lot 1086, Jalan Utara W.D.T. 127 91009 Tawau, Sabah	Alliance Bank's branch/office premises	1981	Leasehold 99 years	38 years 2060	59	14,948	384
16.	Lot 8, Block A Beaufort Jaya Commercial Centre 89808 Beaufort, Sabah	Alliance Bank's branch/office premises	1984	Leasehold 999 years	879 years 2901	36	4,500	191
17.	Lot 1, Block C Mile 4 1/2 Jalan Utara Bandar Kim Fung 90307 Sandakan, Sabah	Alliance Bank's branch/office premises	1992	Leasehold 99 years	58 years 2080	37	4,800	336
18.	1 & 2, Block A, Jalan Jungkat Pangie Light Industrial Complex 89909 Tenom, Sabah	Alliance Bank's branch/office premises	1993	Leasehold 999 years	902 years 2924	28	7,085	249
19.	17, 19 & 21, Jalan USJ 9/5N, USJ 9 47620 Subang Jaya, Selangor	Alliance Bank's branch/office premises	1996	Freehold	–	26	12,864	1,881
20.	59-61, Jalan Tiga 90702 Sandakan, Sabah	Alliance Bank's branch/office premises	1963	Leasehold 999 years	867 years 2889	64	9,900	623
21.	MPWPL U 0072 & 0073 Jalan Merdeka 87008 Labuan	Alliance Bank's branch/office premises	1979	Leasehold 99 years	35, 41 years 2057, 2063	56 56	5,800	551
22.	84, Jalan Gaya 88000 Kota Kinabalu, Sabah	Alliance Bank's branch/office premises	1985	Leasehold 999 years	860 years 2882	64	10,040	1,604
23.	45, Jalan Sungai Besi Indah 1/21 43300 Balakong, Selangor	Alliance Bank's branch/office premises	2001	Leasehold 99 years	69 years 2091	21	9,706	1,163
24.	3, Jalan SS 15/2A Wisma Projass (3 Alliance) 47500 Subang Jaya, Selangor	Alliance Bank's branch/office premises	2005	Freehold	–	37	35,926	5,615

Notes:

¹ 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

² 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

³ The Built-Up Area is based on the valuation report conducted in May 2019

⁴ Net Book Value as at 31 March 2022 (information as provided by Group Finance)

DIRECTORY



ALLIANCE BANK

ALLIANCE BANK MALAYSIA BERHAD

HEAD OFFICE

3rd 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



**ALLIANCE
ISLAMIC BANK**

ALLIANCE ISLAMIC BANK BERHAD

HEAD OFFICE

22nd Floor, Menara Multi-Purpose, Capital Square
No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur
Tel : 03-2604 3333
Fax : 03-2698 4691

www.alliancebank.com.my/islamic/home

BRANCHES

KEDAH

Alor Setar

1960 E & F, Jalan Stadium
05100 Alor Setar, Kedah
Tel : 03-5516 9988
Fax : 04-733 8055

Lunas, Kulim

888 & 889, Jalan Aman
Taman Sejahtera
09600 Lunas, Kulim, Kedah
Tel : 03-5516 9988
Fax : 04-484 3277

Sejati Indah, Sungai Petani

Ground Floor, Wisma Uni-Green
18, Jalan Permatang Gedong
Taman Sejati Indah
08000 Sungai Petani, Kedah
Tel : 03-5516 9988
Fax : 04-431 1687

PULAU PINANG

Beach Street

Ground Floor, Bangunan Barkath
21, Beach Street
10300 Georgetown, Pulau Pinang
Tel : 03-5516 9988
Fax : 04-261 3300

Bukit Mertajam

Ground & 1st Floor
Wisma Ng Ah Yan
42, Lebuhraya Nangka 2
Taman Mutiara
14000 Bukit Mertajam, Pulau Pinang
Tel : 03-5516 9988
Fax : 04-530 7433

Butterworth

4105-4107, Jalan Bagan Luar
12000 Butterworth, Pulau Pinang
Tel : 03-5516 9988
Fax : 04-323 2824

Sungai Nibong Kecil

Ground & Mezzanine Floor
Wisma Malvest, 20 & 20A
Jalan Tun Dr Awang
Sungai Nibong Kecil
11900 Bayan Lepas, Pulau Pinang
Tel : 03-5516 9988
Fax : 04-642 5924

PERAK

Ipoh

40 & 42, Persiaran Greenhill
30450 Ipoh, Perak
Tel : 03-5516 9988
Fax : 05-241 2355

Sitiawan

23 & 24, Jalan Raja Omar
Taman Selamat
32000 Sitiawan, Perak
Tel : 03-5516 9988
Fax : 05-691 7975

SELANGOR

Aman Suria Damansara

J-G-23 & J-G-25, Block J
Jalan PJU 1/43, PJU1
Aman Suria Damansara
47301 Petaling Jaya, Selangor
Tel : 03-5516 9988
Fax : 03-7880 4299

Balakong

45, Jalan Sungai Besi Indah 1/21
Taman Sungai Besi Indah
43300 Seri Kembangan, Selangor
Tel : 03-5516 9988
Fax : 03-8948 9530

Bandar Bukit Tinggi

56, Lorong Batu Nilam 4B
Bandar Bukit Tinggi
41200 Klang, Selangor
Tel : 03-5516 9988
Fax : 03-3324 3311

Bandar Puteri Puchong

11 & 13, Jalan Puteri 2/1
Bandar Puteri Puchong
47100 Puchong, Selangor
Tel : 03-5516 9988
Fax : 03-8063 2711

CP Tower, Petaling Jaya

Unit 1-2, CP Tower
11, Jalan 16/11
46350 Petaling Jaya, Selangor
Tel : 03-5516 9988
Fax : 03-7957 3360

Damansara Uptown

Unit 102 & 103
Level 1, Uptown 2
2, Jalan SS21/37
Damansara Uptown
47400 Petaling Jaya, Selangor
Tel : 03-5516 9988
Fax : 03-7660 9799

Kajang

Lot 4 & 5, Jalan Jeloh 3
Off Jalan Bukit
43000 Kajang, Selangor
Tel : 03-5516 9988
Fax : 03-8736 4004

Klang

Ground Floor
1, Lorong Kasawari 4B
Taman Eng Ann
41150 Klang, Selangor
Tel : 03-5516 9988
Fax : 03-3345 3733

Kota Damansara

7-G & 9-G, Jalan PJU 5/20
Pusat Perdagangan Kota Damansara
PJU 5 Kota Damansara
47810 Petaling Jaya, Selangor
Tel : 03-5516 9988
Fax : 03-6142 8732

DIRECTORY (CONT'D)

SELANGOR (cont'd)

Pandan Indah

Ground & Mezzanine Floor
11 & 13, Jalan Pandan Indah 4/34
Pandan Indah, 55100 Selangor
Tel : 03-5516 9988
Fax : 03-4296 4107

Puchong Jaya

11, Jalan Kenari 5
Bandar Puchong Jaya
47100 Puchong Jaya, Selangor
Tel : 03-5516 9988
Fax : 03-8075 9200

Rawang

71, Jalan Bandar Rawang 2
Bandar Baru Rawang
48000 Rawang, Selangor
Tel : 03-5516 9988
Fax : 03-6091 7922

Seri Kembangan

31-1 & 31-2
Jalan Serdang Perdana 2/1
Taman Serdang Perdana
43300 Seri Kembangan, Selangor
Tel : 03-5516 9988
Fax : 03-8941 6620

Shah Alam

Ground & 1st Floor
2, Jalan Murni 25/61
Taman Sri Muda, Seksyen 25
40400 Shah Alam, Selangor
Tel : 03-5516 9988
Fax : 03-5121 9373

Sri Damansara

1, Jalan Tembaga SD 5/2A
Bandar Sri Damansara
52100 Selangor
Tel : 03-5516 9988
Fax : 03-6272 1732

SS2, Petaling Jaya

55, Jalan SS2/55
47300 Petaling Jaya, Selangor
Tel : 03-5516 9988
Fax : 03-7874 0973

Subang Jaya

3 Alliance
3, Jalan SS15/2A
47500 Subang Jaya, Selangor
Tel : 03-5516 9988
Fax : 03-5634 1128

Taman Putra

43-45, Jalan Bunga Tanjung 6A
Taman Putra
68000 Ampang, Selangor
Tel : 03-5516 9988
Fax : 03-4296 1250

USJ, Subang Jaya

Ground Floor
17, 19 & 21, Jalan USJ 9/5N
47620 UEP Subang Jaya, Selangor
Tel : 03-5516 9988
Fax : 03-8023 4379

KUALA LUMPUR

Bangsar

No. 1, Jalan Telawi 5
Bangsar Baru
59100 Kuala Lumpur
Tel : 03-5516 9988
Fax : 03-2284 9616

Capital Square

Ground Floor
Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel : 03-5516 9988
Fax : 03-2694 6867

Jalan Ipoh

41 & 43, Jalan Sultan Azlan Shah
51200 Kuala Lumpur
Tel : 03-5516 9988
Fax : 03-4041 3868

Kepong

Ground Floor, 52, Jalan Prima
Vista Magna, Metro Prima Kepong
52100 Kuala Lumpur
Tel : 03-5516 9988
Fax : 03-6257 9996

Kuchai Entrepreneurs Park

1, Jalan 1/116B
Kuchai Entrepreneurs Park
58200 Kuala Lumpur
Tel : 03-5516 9988
Fax : 03-7981 6486

Mid Valley

15-G & 15-1
The Boulevard Offices
Mid Valley City
Lingkar Syed Putra
59200 Kuala Lumpur
Tel : 03-5516 9988
Fax : 03-2282 4430

Mont'Kiara

Unit A-0G-02, Block A
Plaza Mont'Kiara
2, Jalan Kiara, Mont'Kiara
50480 Kuala Lumpur
Tel : 03-5516 9988
Fax : 03-6201 2607

Segambut

Ground Floor
22, Wisma Sin Hoh Huat
Persiaran Segambut Tengah
51200 Kuala Lumpur
Tel : 03-5516 9988
Fax : 03-6257 6186

Setapak

No. D-1-2, D-2-2 & D-3-2
StarParc Point
Taman Danau Ibu Kota
Jalan Genting Klang, Setapak
53300 Kuala Lumpur
Tel : 03-5516 9988
Fax : 03-4143 9568

Star Boulevard KLCC

Unit SR3-G, Ground Floor
No. 1, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel : 03-5516 9988
Fax : 03-2070 4900

Taman Connaught

150-152, Jalan Cerdas
Taman Connaught
56000 Kuala Lumpur
Tel : 03-5516 9988
Fax : 03-9102 3740

Taman Maluri

254 & 254A, Jalan Mahkota
Taman Maluri, Cheras
55100 Kuala Lumpur
Tel : 03-5516 9988
Fax : 03-9283 1397

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
Tel : 03-5516 9988
Fax : 03-7729 8237

PUTRAJAYA

Putrajaya

Ground Floor, Menara Ikhlas
(Boulevard Plaza)
No. 17, Persiaran Perdana
Presint 3
62100 Putrajaya
Wilayah Persekutuan Putrajaya
Tel : 03-5516 9988
Fax : 03-8889 1799

JOHOR**Austin Heights**

Ground & 1st Floor,
No. 1, Jalan Austin Heights 8/3
Taman Mount Austin
81100 Johor Bahru, Johor
Tel : 03-5516 9988
Fax : 07-350 8734

Batu Pahat

Ground, 1st & 2nd Floor
2 & 4, Jalan Kundang 3
Taman Bukit Pasir
83000 Batu Pahat, Johor
Tel : 03-5516 9988
Fax : 07-434 0033

Bukit Bakri, Muar

88, Jalan Tepi Pasar
Bukit Bakri
84200 Muar, Johor
Tel : 03-5516 9988
Fax : 06-986 6721

Johor Jaya

50 & 52, Jalan Dedap 13
Taman Johor Jaya
81100 Johor Bahru, Johor
Tel : 03-5516 9988
Fax : 07-355 7377

Kelapa Sawit, Kulai

16 & 17, Jalan Susur Satu
Kelapa Sawit
81030 Kulai, Johor
Tel : 03-5516 9988
Fax : 07-652 3706

Kluang

No. 73, Ground Floor
Jalan Rambutan
86000 Kluang, Johor
Tel : 03-5516 9988
Fax : 07-772 6611

Permas Jaya

1 & 3, Jalan Permas Jaya 10/2
Bandar Baru Permas Jaya
81750 Johor Bahru, Johor
Tel : 03-5516 9988
Fax : 07-386 2478

Segamat

No. 109A & 109B
Jalan Genuang
85000 Segamat, Johor
Tel : 03-5516 9988
Fax : 07-931 2727

Taman Molek

1 & 1-01, Jalan Molek 1/29
Taman Molek
81100 Johor Bahru, Johor
Tel : 03-5516 9988
Fax : 07-355 4677

Taman Nusa Bestari

1-G & 1-01, Jalan Bestari 6/2
Taman Nusa Bestari
81300 Skudai, Johor
Tel : 03-5516 9988
Fax : 07-237 8621

Taman Pelangi

Ground Floor, Shoplot Nos. 1 & 3
Jalan Perang, Taman Pelangi
80400 Johor Bahru, Johor
Tel : 03-5516 9988
Fax : 07-333 7411

Tun Aminah

3 & 5, Jalan Bentara 1
Taman Ungku Tun Aminah
81300 Skudai, Johor
Tel : 03-5516 9988
Fax : 07-554 2494

MELAKA**Melaka**

101 & 103
Jalan Melaka Raya 24
Taman Melaka Raya
75000 Melaka
Tel : 03-5516 9988
Fax : 06-284 9248

NEGERI SEMBILAN**Seremban**

1G & 1-1, Seremban City Centre
Jalan Tuanku Munawir
70000 Seremban, Negeri Sembilan
Tel : 03-5516 9988
Fax : 06-762 5612

PAHANG**Kuantan**

B400, Jalan Beserah
25300 Kuantan, Pahang
Tel : 03-5516 9988
Fax : 09-567 9044

TERENGGANU**Kuala Terengganu**

Ground & Mezzanine Floor
Wisma Kam Choon
101, Jalan Kampong Tiong
20100 Kuala Terengganu
Terengganu
Tel : 03-5516 9988
Fax : 09-623 6379

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
Tel : 03-5516 9988
Fax : 089-275 027

Beaufort

Lot B, Block A, Beaufort Jaya
Commercial Centre, P.O. Box 220
89808 Beaufort, Sabah
Tel : 03-5516 9988
Fax : 087-212 392

Donggongan

Wisma PPS
Donggongan New Township
W.D.T. No. 56
80509 Penampang, Sabah
Tel : 03-5516 9988
Fax : 088-718 634

Federal House, Kingfisher's Park, KK (Service Centre)

Aras 1, Blok A
Kompleks Pentadbiran Kerajaan
Persekutuan Sabah, Jalan UMS
88400 Kota Kinabalu, Sabah
Tel : 03-5516 9988
Fax : 088-484 712

Inanam, Kota Kinabalu

Ground, 1st & 2nd Floor
Lot 7 & 9, Block D
Nountun Industrial Estate
88450 Inanam, Kota Kinabalu
Sabah
Tel : 03-5516 9988
Fax : 088-435 770

Jalan Gaya

82 & 84, Jalan Gaya
88000 Kota Kinabalu, Sabah
Tel : 03-5516 9988
Fax : 088-223 629

Keningau

Lot No. 1, Block B-8
Jalan Arusap
89000 Keningau, Sabah
Tel : 03-5516 9988
Fax : 087-330 294

DIRECTORY (CONT'D)

SABAH (cont'd)

Kota Marudu

Shoplot No. 8, Block E
Sedco Shophouses
P.O. Box 260
89108 Kota Marudu, Sabah
Tel : 03-5516 9988
Fax : 088-661 106

Kundasang

Shoplot No. 6, Block B
Sedco Shophouses
P.O. Box 152
89308 Ranau, Sabah
Tel : 03-5516 9988
Fax : 088-889 676

Lahad Datu

Grand Future Complex
MDLD 4709, Lot 1
Jalan Kastam Lama
91100 Lahad Datu, Sabah
Tel : 03-5516 9988
Fax : 089-883 916

Sandakan

59-61 Block 20
Jalan Tiga, Bandar Sandakan
90000 Sandakan, Sabah
Tel : 03-5516 9988
Fax : 089-271 641

Sinsuran

Lot 4, 5 & 6, Block K
Sinsuran Complex
88000 Kota Kinabalu, Sabah
Tel : 03-5516 9988
Fax : 088-212 511

Tambunan

Lot 1, Block B
SEDCO Shophouses
89650 Tambunan, Sabah
Tel : 03-5516 9988
Fax : 087-771 157

Tawau

1086, Jalan Utara, W.D.T. 127
91009 Tawau, Sabah
Tel : 03-5516 9988
Fax : 089-763 287

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
Tel : 03-5516 9988
Fax : 087-737 762

SARAWAK

Bintulu

No. 24, Bintulu Parkcity Commerce
Square
Phase 1, Jalan Tun Ahmad Zaidi
97000 Bintulu, Sarawak
Tel : 03-5516 9988
Fax : 086-318 621

Kuching

178, Jalan Chan Chin Ann
93100 Kuching, Sarawak
Tel : 03-5516 9988
Fax : 082-233 3 12

Laksamana

70 & 71, Block 10
Jalan Laksamana Cheng Ho
93200 Kuching, Sarawak
Tel : 03-5516 9988
Fax : 082-235 567

Miri

Ground & 1st Floor
Lot 353, Block 7
Miri Concession Land District
(Pelita Commercial Centre)
Jalan Miri Pujut
98000 Miri, Sarawak
Tel : 03-5516 9988
Fax : 085-425 362

Sibu

Ground Floor
32, Jalan Bako
Brooke Drive 3
96000 Sibu, Sarawak
Tel : 03-5516 9988
Fax : 084-317 148

LABUAN

Labuan

MPWPL U 0072 & 0073
Jalan Merdeka, P.O. Box 396
87008 Labuan FT
Tel : 03-5516 9988
Fax : 087-415 446



**ALLIANCEDBS
RESEARCH**

ALLIANCEDBS RESEARCH SDN BHD

HEAD OFFICE

19th Floor, Menara Multi-Purpose, Capital Square
No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur
Tel : 03-2604 3333

www.allianceinvestmentbank.com.my



ALLIANCE TRUSTEE

ALLIANCE TRUSTEE BERHAD

HEAD OFFICE

18th Floor, Menara Multi-Purpose, Capital Square
No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur
Tel : 03-2604 3333
Fax : 03-2698 0393

ANALYSIS OF SHAREHOLDINGS

as at 25 May 2022

Class of securities	:	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	:	22,970

Shareholdings Distribution Schedule

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
Less than 100	2,067	9.00	36,787	*
100 – 1,000	5,468	23.81	4,096,492	0.27
1,001 – 10,000	11,674	50.83	50,522,450	3.26
10,001 – 100,000	3,205	13.95	96,248,298	6.22
100,001 – less than 5% of issued shares	554	2.41	805,528,687	52.03
5% and above of issued shares	2	*	591,673,215	38.22
Total	22,970	100	1,548,105,929	100.00

Note:

* Negligible

Thirty (30) Largest Shareholders

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	141,815,440	9.16
3. IFAST NOMINEES (TEMPATAN) SDN BHD GLOBAL SUCCESS NETWORK SDN BHD	74,820,000	4.83
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	46,227,800	2.99
7. FIELDS EQUITY MANAGEMENT LTD	31,470,900	2.03
8. EDEN ENGINEERING SDN BHD	19,700,000	1.27
9. HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	15,590,517	1.01
10. MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PUBLIC REGULAR SAVINGS FUND (N14011940100)	15,044,700	0.97
11. CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	14,841,000	0.96
12. CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	14,440,400	0.93

ANALYSIS OF SHAREHOLDINGS (CONT'D)

as at 25 May 2022

	Name	No. of Shares Held	% of Issued Shares
13.	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	14,244,553	0.92
14.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (AFFIN-HWG)	14,018,300	0.91
15.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 19)	13,162,801	0.85
16.	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	13,143,800	0.85
17.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)	11,434,800	0.74
18.	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	11,005,300	0.71
19.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN)	10,674,500	0.69
20.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR NORGES BANK (FI 17)	9,705,415	0.63
21.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK JULIUS BAER & CO. LTD. (SINGAPORE BCH)	9,500,000	0.61
22.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG VALUE FUND	8,600,000	0.56
23.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	7,373,627	0.48
24.	AMANAHRAYA TRUSTEE BERHAD ASN UMBRELLA FOR ASN IMBANG (MIXED ASSET BALANCED) 2	7,213,400	0.47
25.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	6,944,100	0.45
26.	CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND J724 FOR SPDR S&P EMERGING MARKETS ETF	6,538,400	0.42
27.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 3)	6,263,000	0.40
28.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE LAND	6,262,700	0.40
29.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (PRINCIPAL EQITS)	5,958,200	0.38
30.	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD FIDUCIARY TRUST COMPANY INSTITUTIONAL TOTAL INTERNATIONAL STOCK MARKET INDEX TRUST II	5,709,600	0.37
Total		1,121,089,728	72.42

SUBSTANTIAL SHAREHOLDERS

as at 25 May 2022

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 ¹	29.06	449,857,775	29.06
Duxton Investments Pte Ltd	–	–	449,857,775 ¹	29.06	449,857,775	29.06
Ong Beng Seng	–	–	449,857,775 ²	29.06	449,857,775	29.06
Ong Tiong Sin	–	–	449,857,775 ²	29.06	449,857,775	29.06
Seow Lun Hoo	–	–	449,857,775 ²	29.06	449,857,775	29.06
Fullerton Financial Holdings Pte Ltd	–	–	449,857,775 ³	29.06	449,857,775	29.06
Fullerton Management Pte Ltd	–	–	449,857,775 ⁴	29.06	449,857,775	29.06
Temasek Holdings (Private) Limited	–	–	449,857,775 ⁵	29.06	449,857,775	29.06
Singapore Minister for Finance	–	–	449,857,775 ⁶	29.06	449,857,775	29.06
Employees Provident Fund Board	176,378,240	11.39	–	–	176,378,240	11.39

Notes:

¹ Deemed interested by virtue of Section 8 of the Companies Act 2016 held through Vertical Theme Sdn Bhd.

² Deemed interested by virtue of Section 8 of the Companies Act 2016 held through Langkah Bahagia Sdn Bhd.

³ Deemed interested by virtue of Section 8 of the Companies Act 2016 held through Duxton Investments Pte Ltd.

⁴ Deemed interested by virtue of Section 8 of the Companies Act 2016 held through Fullerton Financial Holdings Pte Ltd.

⁵ Deemed interested by virtue of Section 8 of the Companies Act 2016 held through Fullerton Management Pte Ltd.

⁶ Deemed interested by virtue of Section 8 of the Companies Act 2016 held through Temasek Holdings (Private) Limited.

DIRECTORS' SHAREHOLDINGS

as at 25 May 2022

None of the Directors have any interest in the shares of the Bank as at 25 May 2022.

SENIOR MANAGEMENT'S SHAREHOLDINGS

as at 25 May 2022

Save as disclosed below, the Group Chief Executive Officer and none of the other Senior Management have any interest in the shares of the Bank or in any of the Bank's related corporation as at 25 May 2022:

Name	No. of Alliance Bank shares held			
	Direct	%	Indirect	%
Aaron Sum Wei Wern	146,200	0.01	-	-
Ernest Kwong Kah Wah	97,300	0.01	-	-
Ronnie Royston Fernandiz	-	-	2,000	*
Lee Wei Yen	219,800	0.01	-	-
Peter Fong Seow Loong	69,500	*	-	-
Rizal IL-Ehzan Fadil Azim	47,500	*	-	-
Tan Eng Kiang	79,600	0.01	-	-

Note:

* Negligible

NOTICE OF 40TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 40th 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 Agate and Sapphire Room, 20th Floor, Menara Multi-Purpose, Capital Square, 8 Jalan Munshi Abdullah, 50100 Kuala Lumpur on Thursday, 4 August 2022 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 2022 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) Tan Sri Dato’ Ahmad bin Mohd Don | Ordinary Resolution 1 |
| (ii) Datuk Wan Azhar bin Wan Ahmad | Ordinary Resolution 2 |
| (iii) Mr Lee Ah Boon | Ordinary Resolution 3 |
| 3. To re-elect Mr Wong Yuen Weng Ernest who retires pursuant to Article 93 of the Bank’s Constitution. | Ordinary Resolution 4 |
| 4. To approve the payment of Directors’ fees and Board Committees’ fees to the Non-Executive Directors for the period commencing 1 April 2022 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 RM1,600,000 for the period commencing 1 April 2022 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
4 July 2022

NOTICE OF 40TH ANNUAL GENERAL MEETING (CONT'D)

Notes:

1. Virtual AGM

- 1.1 As part of the measures to curb the spread of COVID-19 and taking into consideration the paramount safety and well-being of our shareholders, the 40th AGM of the Bank will be conducted on a virtual basis through live streaming and online remote voting using the Remote Participation and Voting ("RPV") facilities **via Vote2U at <https://alliancebank.vote2u.app/>**. Please follow the procedures provided in the **Administrative Details** for the 40th AGM to register, participate and vote remotely via the RPV facilities.
- 1.2 The broadcast venue of the 40th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. **No shareholders or proxies from the public will be allowed to attend the AGM in person at the broadcast venue on the meeting day.**

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 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.
- 2.3 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.
- 2.4 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.
- 2.5 If the appointer is a corporation, the Form of Proxy must be executed under its common seal 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://alliancebank.vote2u.app/> (applicable to individual Members only) not less than forty-eight (48) hours before the time set for holding the meeting.
- 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 40th AGM and any adjournment thereof.
- 2.8 A Member whose name appears on the Record of Depositors as at 26 July 2022 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 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 40th AGM of the Bank will be put to the vote by way of a poll.

4. Audited Financial Statements for the financial year ended 31 March 2022

This Agenda item is laid before the 40th 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.

5. Ordinary Resolutions 1, 2, 3 and 4 – Re-election of Directors

Pursuant to Article 87 of the Bank's Constitution, Tan Sri Dato' Ahmad bin Mohd Don, Datuk Wan Azhar bin Wan Ahmad, Mr Lee Ah Boon retire by rotation and are eligible for re-election at the 40th AGM.

Tan Sri Dato' Ahmad bin Mohd Don, Datuk Wan Azhar bin Wan Ahmad, Mr Lee Ah Boon have offered themselves for re-election at the 40th AGM. Shareholders' approval is sought for the re-election of Tan Sri Dato' Ahmad bin Mohd Don, Datuk Wan Azhar bin Wan Ahmad, Mr Lee Ah Boon under Ordinary Resolution 1, Ordinary Resolution 2 and Ordinary Resolution 3 respectively.

Mr Wong Yuen Weng Ernest, who was appointed as a Director of the Bank on 1 September 2021, retires pursuant to Article 93 of the Bank's Constitution and being eligible, has offered himself for re-election. Shareholders' approval is sought for the re-election of Mr Wong under Ordinary Resolution 4.

During the financial year ended 31 March 2022, the Board has engaged an external consultant, KPMG Management & Risk Consulting Sdn Bhd to facilitate the conduct of the annual Board effectiveness evaluation exercise.

Based on the findings from the Board effectiveness evaluation exercise, the Board was satisfied with each of the retiring Directors' performance and accordingly, recommends the shareholders to vote for their respective re-election at the forthcoming 40th AGM.

The profiles of Directors seeking re-election are set out in the Statement Accompanying the Notice of 40th AGM.

6. Ordinary Resolutions 5 and 6 – Directors' Remuneration

During the financial year ended 31 March 2022, the Board has engaged an external consultant, Willis Towers Watson to undertake a review on the remuneration of the Non-Executive Directors to determine if the remuneration of Non-Executive Directors of the Bank reflects the expected role of the Board in supporting the next 3 years' business plan and commensurate with time, effort and complexity, as well as to align to the market, especially peer banks.

(i) Ordinary Resolution 5 – Payment of Directors' fees and Board Committees' fees to Non-Executive Directors for the period commencing 1 April 2022 until the next AGM of the Bank

Shareholders' approval is sought for the proposed payment of Directors' Fees and Board Committees' fees to Non-Executive Directors for the period commencing 1 April 2022 until the next AGM of the Bank based on the revised fee structure below.

Description	As approved at the 39th AGM	New approval to be sought at the 40th AGM
Annual Directors' Fees		
- Chairman	RM250,000	RM320,000
- Member	RM120,000	RM150,000
Annual Board Committees' Fees		
- Chairman	RM50,000	RM50,000 (unchanged)
- Member	RM35,000	RM35,000 (unchanged)

If Ordinary Resolution 5 is passed at the 40th 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.

NOTICE OF 40TH ANNUAL GENERAL MEETING (CONT'D)

(ii) **Ordinary Resolution 6 – Payment of Non-Executive Directors benefits' (other than Directors' fees and Board Committees fees) of up to RM1,600,000 for the period commencing 1 April 2022 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**

The current sitting allowance of RM1,500 per meeting is proposed to be revised to RM2,500 per meeting from 1 April 2022, to reflect market practice and to increase differentiation by effort especially at the Board Committee level.

(b) **Any Non-Executive Director, including the Board Chairman, who retires from the Board upon completion of his/her term of service will be granted a retirement farewell gift of his/her choice 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.

If Ordinary Resolution 6 is passed at the 40th AGM, the Non-Executive Directors will be paid sitting allowance of RM2,500 per meeting from 1 April 2022.

7. Ordinary Resolution 7 – Re-appointment of Auditors

Group Audit Committee ("Group AC") had, at its meeting held on 25 April 2022 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 Auditors, the Group AC had recommended the re-appointment of PwC as the External Auditors of the Bank for the financial year ending 31 March 2023.

The Board of Directors had, at its meeting held on 27 April 2022 approved the re-appointment of PwC as External Auditors of the Bank as recommended by the Group AC.

Shareholders' approval is sought under Ordinary Resolution 7 for the re-appointment of PwC for the financial year ending 31 March 2023 and to authorise the Directors to fix their remuneration.

STATEMENT ACCOMPANYING NOTICE OF 40TH 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 40th AGM of the Bank.
- (ii) The profiles of the Directors who are standing for re-election at the 40th AGM are set out below:

(a) Tan Sri Dato' Ahmad bin Mohd Don

Independent Chairman
Member of the Group Nomination & Remuneration Committee
Malaysian/Male/Aged 74

Date of Appointment to the Board:

1 February 2017

Academic/Professional Qualifications:

- Graduate Degree Economics and Business (Summa cum laude), 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 has extensive experience in finance and banking. His work experience covers various capacities with Pemas 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.

Tan Sri Dato' Ahmad is the Chairman of Malaysian Genomics Resource Centre Berhad (listed on Bursa Malaysia). He is also an Independent Director of Medi Lifestyle Limited (formerly known as IEV Holdings Limited) (Singapore) (listed on the Singapore Stock Exchange).

(b) Datuk Wan Azhar bin Wan Ahmad

Independent Director
Chairman of Alliance Islamic Bank Berhad
Member of the Executive Chairman
Member of the Group Nomination & Remuneration Committee
Member of the Group Audit Committee
Malaysian/Male/Aged 63

Date of Appointment to the Board:

7 April 2015

Academic/Professional Qualifications:

- Bachelor in Business Administration (Finance) from University of Pacific, Stockton, CA, USA
- Master in Business Administration (International Business) from National University San Diego in CA, USA

One of the highlights of his career was the transformation of Credit Guarantee Corporation Malaysia Berhad (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.

Datuk Wan Azhar is a Consultant to the World Bank, undertaking projects relating to SME financing in the Middle East since appointed in 2015.

Datuk Wan Azhar is currently the Chairman of Alliance Islamic Bank Berhad. He is also the Chairman of the Small Debt Resolution Committee (SDRC) at Bank Negara Malaysia.

(c) Mr Lee Ah Boon

Non-Independent Non-Executive Director
Chairman of Alliance Investment Bank Berhad
Member of the Executive Committee
Member of the Group Risk Management Committee
Singaporean/Male/Aged 71

Date of Appointment to the Board:

18 April 2012

Academic/Professional Qualifications:

- Bachelor of Accounting (Honours), National University of Singapore

Mr Lee joined Citibank Singapore in 1990 and held various Consumer Banking roles including that of Chief Financial Officer, Senior Operations Officer, Head of Credit Card business and Business Manager. In 2005, he started up Citibank's Consumer Business in China and returned to Singapore as Regional Operations Head of Citibank. He then moved to Barclays Bank in early 2009 as its International Technology Head for the Global Retail and Commercial Bank businesses.

In September 2010, Mr Lee left Barclays Bank and joined Fullerton Financial Holdings (International) Pte Ltd, a subsidiary of Temasek Holdings (Private) Limited, as its Chief Operating Officer. He remained for three years until his retirement in November 2013.

Mr Lee is also an Advisor of Fullerton Financial Holdings (International) Pte Ltd.

STATEMENT ACCOMPANYING NOTICE OF 40TH ANNUAL GENERAL MEETING (CONT'D)

(Pursuant to Paragraph 8.27(2) of Bursa Malaysia Securities Berhad Main Market Listing Requirements)

(d) Mr Wong Yuen Weng Ernest

Non-Independent Non-Executive Director
Chairman of the Executive Committee
Member of the Group Nomination & Remuneration Committee
Singaporean/Male/Aged 77

Date of Appointment to the Board:

1 September 2021

Academic/Professional Qualifications:

- 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 and its Executive Committee before leaving UOB in 2000 to join Mediacorp Pte Ltd as its Group CEO and later as Chairman. While in 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 and Chairman, Investment /Endowment Fund Committee of Nanyang Technological University for 17 years, Board Member of the Economic Development Board and President-Commissioner of Bank Internasional Indonesia TBK.

Mr Wong currently serves as Chairman of Fullerton Financial Holdings Pte Ltd, MattCapital Pte Ltd and A. Menarini AsiaPacific Holdings Pte Ltd, and as a Non-Independent Non-Executive Director of Pavilion Capital Holdings Pte Ltd in Singapore.

The Directors listed above do not have any conflicts of interest or any family relationship with any other Director and/or major shareholders of the Bank.

The directors listed above have not been convicted of any offence within the past five (5) years nor have they been imposed of any public sanction or penalty by any relevant regulatory bodies.

ADMINISTRATIVE DETAILS

– THE 40TH ANNUAL GENERAL MEETING

Date and Time of Meeting	: Thursday, 4 August 2022 at 10.00 a.m.
Remote Participation and Voting Platform	: https://alliancebank.vote2u.app/
Domain Registration Number with MYNIC	: D6A471702
Broadcast Venue	: Agate and Sapphire Room 20th Floor, Menara Multi-Purpose Capital Square 8 Jalan Munshi Abdullah 50100 Kuala Lumpur

The 40th Annual General Meeting (“AGM”) of Alliance Bank Malaysia Berhad (“the Bank”) will be held virtually through live streaming and online remote voting using the **Vote2U** online platform at **<https://alliancebank.vote2u.app/>**

Entitlement to Participate and Vote Remotely

A shareholder whose name appears in the Record of Depositors as at **26 July 2022** shall be regarded as a shareholder entitled to participate and vote at the 40th AGM or appoint a proxy or proxies to participate and vote in his/her stead, without physically being present at the Broadcast Venue.

PROCEDURES TO PARTICIPATE AND VOTE AT THE 40TH 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 40th AGM, please follow the procedures summarised below:

Step 1 – Before the Day of the 40th AGM

A. REGISTRATION AS USER (for first-time registration only)

Note: If you have already signed up with Vote2U previously, you may proceed to Step 2.

- | | |
|---|---|
| <p>i. Shareholders to register with Vote2U online</p> <ul style="list-style-type: none"> • Individual Shareholders | <p>a. Access website at https://alliancebank.vote2u.app/</p> <p>b. Click the <<Sign Up>> button to sign up as a user.</p> <p>c. Read and indicate your acceptance of the “Privacy Policy” and “Terms & Conditions” on the small box <input type="checkbox"/>. Then click the <<Next>> button.</p> <p>d. Fill in your details [(i) ensure email address is valid, and (ii) create your own password]. Then click the <<Continue>> button.</p> <p>e. Upload your MyKAD (front only) (for Malaysians) or Passport (for non-Malaysians). Then click the <<Submit>> button.</p> <p>f. Your registration will be verified and an email notification will be provided.</p> |
|---|---|

ADMINISTRATIVE DETAILS

– THE 40TH ANNUAL GENERAL MEETING (CONT'D)

B. REGISTRATION OF PROXY

- | | |
|---|---|
| <p>i. Electronic lodgement of Proxy Form (e-Proxy) no later than Tuesday, 2 August 2022 at 10.00 a.m.</p> <ul style="list-style-type: none"> Individual Shareholders | <p>a. Individual shareholders to log in with the email address and password that you have registered with Vote2U.</p> <p>b. Select the General Meeting event.</p> <p>c. Scroll down and click the <<Register a Proxy>> button.</p> <p>d. Read and indicate your acceptance of the “Declarations” on the small box <input type="checkbox"/>. Then click the <<Next>> button.</p> <p>e. Select/add your Central Depository System (“CDS”) account number and number of shares.</p> <p>f. Click the <<Appoint Proxy>> button.</p> <p>g. Complete the details of your Proxy(ies).</p> <p>h. Indicate your voting instructions should you prefer to do so.</p> <p>i. Thereafter, click the <<Submit>> button.</p> <p>j. After verification, the Proxy(ies) will receive an email notification with temporary credentials, i.e. remote access user ID and password, to log in to Vote2U if registration is approved.</p> <p><u>Note:</u>
You need to register as a user 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 user.</p> |
| <p>ii. Submit Proxy Form (hardcopy) no later than Tuesday, 2 August 2022 at 10.00 a.m.</p> <ul style="list-style-type: none"> Individual Shareholders; Corporate Shareholders; Authorised Nominee; and Exempt Authorised Nominee | <p>a. Complete the following details on the hardcopy of the Proxy Form:</p> <ul style="list-style-type: none"> Name of the Proxy(ies)/Corporate Representative. MyKAD (for Malaysians)/Passport (for non-Malaysians) number of the Proxy(ies). Email address and telephone number of the Proxy(ies)/Corporate Representative. <p>b. Enclose the following documents with the original Proxy Form:</p> <ul style="list-style-type: none"> A copy of the Proxy(ies’)/Corporate Representative’s MyKAD (for Malaysians)/Passport (for non-Malaysians). A copy of the Certificate of Appointment of Corporate Representative [applicable to Corporate Shareholders only]. <p>c. Deposit the original Proxy Form and the abovementioned documents at the address stated on the Proxy Form.</p> <p>d. After verification, the Proxy(ies) will receive an email notification with temporary credentials, i.e. remote access user ID and password, to log in to Vote2U from ShareWorks Sdn Bhd if registration is approved.</p> |

C. REVOCATION OF PROXY

- | | |
|---|--|
| <p>i. Revoke a Proxy electronically</p> <ul style="list-style-type: none"> Individual Shareholders who have appointed Proxy(ies) through e-Proxy | <p>a. Log in to Vote2U using your registered email address and password.</p> <p>b. Select the General Meeting event.</p> <p>c. Scroll down and click the <<Revoke a Proxy>> button.</p> |
|---|--|

ii. Revoke a Proxy <ul style="list-style-type: none"> • Individual Shareholders; • Corporate Shareholders; • Authorised Nominee; and • Exempt Authorised Nominee; who have/has appointed Proxy(ies) using hardcopy of Proxy Form	Please contact our Share Registrar, ShareWorks Sdn Bhd, to revoke the appointment of your Proxy(ies), the contact details for which are provided in the Enquiry Section below.
--	--

Step 2 – On the Day of the 40th AGM

1. Log in to <https://alliancebank.vote2u.app/> with your registered email address and password with Vote2U.
2. For a Proxy, log in with the temporary credentials in the email that you have received from Vote2U.
3. Vote2U will be opened for log in starting from **9.00 a.m. on Thursday, 4 August 2022**, i.e. one (1) hour before the commencement of the 40th AGM.
4. 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 the <<Watch Live>> button to view the live streaming.
ii. Ask Question(s) (Real-Time)	a. Click the <<Ask Question>> button to pose question(s). b. Type in your question and click the <<Submit>> button. <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 40th AGM. Should there be any time constraints, the responses will be emailed to you at the earliest practicable time after the 40th AGM.
iii. Remote Voting	a. On the main page, scroll down and click the <<Confirm Details & Start Voting>> button. b. To vote, select your voting choice from the options provided. A confirmation screen will appear to show your selected vote. Click the <<Next>> button to continue voting for all resolutions. c. After you have completed voting, a Voting Summary page will appear to show all the resolutions with your voting choices. Click the <<Confirm>> button to submit your vote. <u>Notes:</u> <ul style="list-style-type: none"> - You can proceed to vote on the resolutions and submit your votes at any time from the commencement of the 40th AGM at 10.00 a.m. until the end of the voting session, which will be announced by the Chairman of the meeting. - Once you have confirmed and submitted your votes, you will not be able to change your voting choices.
iv. View Voting Results	On the main page, scroll down and click the <<View Voting Results>> button.
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 40TH ANNUAL GENERAL MEETING (CONT'D)

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 BDO Consulting 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 40th AGM online.

In accordance with the Securities Commission's Guidance and Frequently Asked Questions (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 or proxies from the public will be allowed to attend the AGM in person at the Broadcast Venue.***

No Recording or Photography of the 40th AGM Proceedings

No recording or photography of the 40th 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 40th AGM.

Enquiry

For any enquiry relating to the 40th 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 / 03-6201 7126 / 03-6201 7127

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 our Share Registrar's Helpdesk during office hours (8:30 a.m. to 5:30 p.m.) from Monday to Friday:

Telephone No. : 03-7664 8521 / 03-7664 8520

Email : vote2u@agmostudio.com



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 40th 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 Agate and Sapphire Room, 20th Floor, Menara Multi-Purpose, Capital Square, 8 Jalan Munshi Abdullah, 50100 Kuala Lumpur on Thursday, 4 August 2022 at 10.00 a.m. and at any adjournment thereof.

NO.	RESOLUTIONS	*FOR	*AGAINST
1.	Re-election of Tan Sri Dato' Ahmad bin Mohd Don as Director		
2.	Re-election of Datuk Wan Azhar bin Wan Ahmad as Director		
3.	Re-election of Mr Lee Ah Boon as Director		
4.	Re-election of Mr Wong Yuen Weng Ernest as Director		
5.	Payment of Directors' fees and Board Committees' fees to the Non-Executive Directors for the period commencing 1 April 2022 until the next AGM of the Bank		
6.	Payment of Directors' benefits (other than Directors' fees) of up to an amount of RM1,600,000 for the period commencing 1 April 2022 until the next AGM of the Bank		
7.	Reappointment 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 _____ 2022.

Signature of Member

Shareholding represented by Proxy	
Proxy 1	%
Proxy 2	%
Total	%

fold this flap for sealing

Notes:

1. The broadcast venue of the 40th 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 or proxies from the public will be allowed to attend the AGM in person at the broadcast venue on the meeting day.**
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. 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.
4. 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.
5. 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.
6. If the appointer is a corporation, the Form of Proxy must be executed under its common seal 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://alliancebank.vote2u.app/> (applicable to individual members only) not less than forty-eight (48) hours before the time set for holding the meeting.
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 40th AGM and any adjournment thereof.
9. A Member whose name appears in the General Meeting Record of Depositors as at 26 July 2022 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.

then fold here

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

1st fold here



www.facebook.com/AllianceBankMalaysia



@alliancebankmalaysia



Alliance Bank Malaysia Berhad

ALLIANCE BANK MALAYSIA BERHAD 198201008390 (88103-W)

3rd Floor, Menara Multi-Purpose, Capital Square,
No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, Malaysia.
Tel : 03-2604 3333 Fax : 03-2694 6200

www.alliancebank.com.my