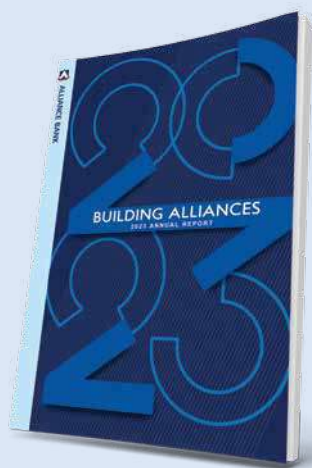




ALLIANCE BANK

# BUILDING ALLIANCES

2023 ANNUAL REPORT



## ANNUAL REPORT 2023

# CORPORATE PROFILE

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

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

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

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

# ABOUT THIS REPORT

This Integrated Annual Report (“Report”) aims to provide comprehensive yet concise information covering Alliance Bank Malaysia Berhad’s (“Alliance Bank” or “ABMB” or “the Bank”) key developments, challenges, solutions and overall value creation efforts for the financial year ended 31 March 2023 (“FY2023”). It also aims to inform our stakeholders regarding our outlook and prospects as well as the key strategies and risk mitigation techniques we are leveraging to deliver ongoing and sustainable value.

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

Our Annual Report, Financial Statements and other information about Alliance Bank Malaysia Berhad can be found at <https://www.alliancebank.com.my/annualreport2023> or by scanning the QR code.



### Guided by:

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

## Scope and Boundary

- This Report extends beyond financial reporting to include non-financial performance and achievements. We present information pertaining to how we create value for investors and other key stakeholders, including our employees, customers, government agencies and regulatory authorities, as well as our suppliers and the communities in which we operate.
- This Report covers the primary activities of the ABMB Group, our business segments, subsidiaries, as well as joint venture operations (where relevant) in Malaysia.
- It covers the period from 1 April 2022 to 31 March 2023 (“FY2023”) unless stated otherwise and builds on our previous publications.

## Stakeholder Relationships and Materiality

- We apply the principles of Stakeholder Relationships and the concept of Materiality to define and substantiate what creates value for the Bank.
- This means understanding and responding to the needs of our stakeholders and material matters that impact our ability to create value.
- Accordingly, we have identified 14 material matters (refer to “Material Matters” on page 46), and our seven key stakeholders (refer to “Key Stakeholder Engagement” on page 44).

## Forward-looking Statements

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

## Our Capitals

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



### Financial Capital

Represents our financial position to support the value creation process.



### Manufactured Capital

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



### Intellectual Capital

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



### Human Capital

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



### Social and Relationship Capital

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

**Read more: Our Value Creation Business Model section**

# Our Vision

## The Preferred Banking Partner

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



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



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



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



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

# Our Mission

## Building Alliances to Improve Lives

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

# Our Brand Purpose

## The Bank For Life

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

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

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

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

We want a bond that is **not just transactional but emotional**

# Our Values: AGILE

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



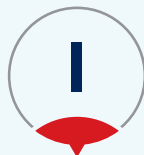
### Accountability

We are responsible and take ownership



### Growth-driven

We work together to grow sustainably



### Integrity

We are fair, transparent and inclusive



### Leadership

We take charge with respect and empathy



### Excellence

We deliver superior outcomes

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# SNAPSHOT OF FY2023: PERFORMANCE HIGHLIGHTS

## Business Highlights

### Acceler8 2027



- We launched Acceler8 2027, our enhanced strategic plan that will drive the Bank's growth over the next four years.
- Acceler8 2027 aims to broaden growth across multiple segments, build competitive advantages to drive sustainable long-term growth and increase value for our key stakeholders.

### Acquiring More Customers



- We have successfully grown our SME market share from 3.4% to 5% over the past four years.
- In FY2023, the Bank's SME loans grew 13.1% YOY to RM12.7 billion.
- Our new-to-bank customer acquisition continued to accelerate where we gained 89,000 customers, compared to 56,000 customers from the year before, marking a 58% YOY growth.

### Deepening Customer Engagement



- We continued to deepen our relationships with business owners by offering personal solutions as well.
  - In FY2023, we acquired an additional 8,700 new business owners with dual personal and business relationships.
- We achieved our highest Net Promoter Score ("NPS"), recording improvements in areas such as digital banking, contact centre, and account opening. The NPS is a measure of our customers' willingness to recommend our products and services to others.

### Gaining Efficiencies



- Our customers' adoption of digital channels accelerated, with digital channel transactions registering a 19% increase YOY.

### Our People



- Reflecting our aspiration to be fast and responsive while embracing a challenger mindset, we introduced 'AGILE', our refreshed set of corporate values.
- In FY2023, we invested over RM7.2 million in various employee development initiatives and close to 130,000 hours on employee development training.



## Financial Highlights

Revenue

RM**1.92**  
billion

Net Profit  
after Tax

RM**678**  
million

Cost-to-income  
Ratio

**45.9%**

Deposits  
from Customers

RM**50.8**  
billion

CASA Ratio

**41.9%**

Return on  
Equity

**10.5%**

Earnings  
per share

**43.8** sen

Dividend  
per share

**22.0** sen

Common Equity Tier 1  
(CET1) Capital Ratio

**14.5%**

## Sustainability Highlights

### Strengthening Our Sustainability Strategy and Commitments



- We strengthened our sustainability strategy by embedding our ambition to build an ESG-focused organisation within our Acceler8 2027 goals.
- Our sustainability goals were reinforced through our commitment to the Ten Principles of the United Nations Global Compact (“UNGC”) relating to human rights, labour, environment and anti-corruption, and The Association of Banks in Malaysia’s (“ABM”) Seven ESG Principles for the Banking Industry.

### Helping Our Customers Adopt Sustainable Business Practices



- We launched our Sustainability Assistance Programme (“SAP”), which aims to create awareness, provide advisory and enable sustainability adoption via our financing and green solutions to businesses nationwide.
- We launched our inaugural ESG thought leadership publication, “ESG Insights from Malaysian SMEs: Building A Better Future Together” to provide insights into SMEs’ ESG adoption and understanding of their challenges to better assist our customers.

### Growing Our Sustainable Banking Business



- We continued to offer sustainable financing solutions and achieved RM8.1 billion in new sustainable banking business.
- We offer sustainable financing solutions and programmes to assist our current and potential customers.
- We aim to improve the ESG profile of our portfolio by assisting our customers to transition to better practices.

### Strengthening Our Own Sustainability Practices



- We organised ourselves into five workstreams to integrate our sustainability strategy throughout the Bank with the ambition to be a leader within the ESG space.
- In FY2023, we enhanced our management of sustainability and climate-related risks, reduced our Scope 1 and Scope 2 GHG emissions by 16.6% against FY2020 baseline, and began assessing our suppliers for ESG criteria.

### Empowering Our People and Communities



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

## OUR ACHIEVEMENTS: AWARDS



### ALPHA SOUTHEAST ASIA

Alpha Southeast Asia 16th Annual Best Deal & Solutions Awards 2022  
Best Sukuk Restructuring Deal of The Year 2022 (Islamic Finance)  
**WINNER**

### ASEAN CAPITAL MARKETS FORUM

ASEAN Corporate Governance Scorecard 2021  
Top 20 ASEAN Publicly Listed Companies  
**WINNER**

### ASEAN CAPITAL MARKETS FORUM

ASEAN Corporate Governance Scorecard 2021  
ASEAN Asset Class Award  
**WINNER**

### ASEAN CAPITAL MARKETS FORUM

ASEAN Corporate Governance Scorecard 2021  
Top 3 PLCs in Malaysia  
**WINNER**

### ASIAN BANKING & FINANCE (“ABF”)

Asian Banking & Finance Wholesale Banking Awards 2022  
Malaysia Domestic Mobile App of the Year  
**WINNER**

### ASIAN BANKING & FINANCE (“ABF”)

Asian Banking & Finance Wholesale Banking Awards 2022  
Malaysia Domestic Trade Finance Bank of the Year  
**WINNER**

### ASIAN BUSINESS REVIEW

Malaysia Technology Excellence Awards 2023  
Best “Fintech - Banking”  
**WINNER**

### ASIAN BUSINESS REVIEW

Malaysia Technology Excellence Awards 2023  
Best “Fintech - Financial Services”  
**WINNER**

### IQPC WORLDWIDE PTE LTD

CX Asia Excellence Awards 2022  
Best Use of CX Technology  
**SILVER**

### IQPC WORLDWIDE PTE LTD

CX Asia Excellence Awards 2022  
Best Use of Mobile  
**BRONZE**

### LIGHTHOUSE INDEPENDENT MEDIA PTE LTD

Marketing Excellence Awards 2022  
Excellence in Pivot Marketing  
**GOLD**

### LIGHTHOUSE INDEPENDENT MEDIA PTE LTD

HR Excellence Awards Malaysia 2022  
Excellence in COVID-19 Response  
**SILVER**

### MINORITY SHAREHOLDERS WATCH GROUP

MSWG-ASEAN Corporate Governance Award 2021  
Excellence Award for Corporate Governance Disclosure  
**1ST**

### MINORITY SHAREHOLDERS WATCH GROUP

MSWG-ASEAN Corporate Governance Award 2021  
Industry Excellence Award for Corporate Governance Disclosure (Financial Services)  
**1ST**

### RETAIL BANKER INTERNATIONAL

Retail Banker Asia Trailblazer Awards 2022  
Best Advance in Customer Relationship Management  
**WINNER**

### RETAIL BANKER INTERNATIONAL

Retail Banker Asia Trailblazer Awards 2022  
Best App for Customer Experience  
**WINNER**





#### RETAIL BANKER INTERNATIONAL

Retail Banker International Asia Trailblazer Awards 2023

Best Loan Offering

**WINNER**

#### RETAIL BANKER INTERNATIONAL

Retail Banker International Asia Trailblazer Awards 2023

Excellence in SME Banking

**HIGHLY COMMENDED**

#### THE ASIAN BANKER

Excellence in Retail Financial Services

International Awards 2023

Best SME Financing

**WINNER**

#### THE ASSET

The Asset Triple A Islamic Finance Awards

2022

Most Innovative Deal – Malaysia

**WINNER**

#### THE ASSET

The Asset Triple A Islamic Finance Awards

2022

Most Innovative Deal – Regional

**WINNER**

#### THE ASSET

The Asset Triple A Islamic Finance Awards 2022

Best Structured Financing – Malaysia

**WINNER**

#### THE DIGITAL BANKER

Digital CX Awards 2022

Best Wealth Manager -

Digitally Empowering RMs

**WINNER**

#### THE DIGITAL BANKER

Digital CX Awards 2022

Outstanding Digital CX - Trade Services

**HIGHLY ACCLAIMED**

#### THE DIGITAL BANKER

Global Retail Banking Innovation Awards

2022

Outstanding Digital Innovation in SME

Banking

**WINNER**

#### THE DIGITAL BANKER

Global Transaction Banking Innovation

Awards 2022

Best Corporate Mobile Banking App

**WINNER**

#### THE DIGITAL BANKER

Global Transaction Banking Innovation Awards 2022

Outstanding Use of Technology in Trade Finance

**WINNER**

#### THE DIGITAL BANKER

Global SME Banking Innovation Awards

2023

Microfinance Product of the Year

**WINNER**

#### THE DIGITAL BANKER

Digital CX Awards 2023

Best SME Bank for Digital CX in Malaysia

**WINNER**

#### THE DIGITAL BANKER

Digital CX Awards 2023

Best Fintech for Digital CX - Business

Lender

**WINNER**

#### THE DIGITAL BANKER

Digital CX Awards 2023

Outstanding Digital CX for Financial

Inclusion

**WINNER**

# OUR ACHIEVEMENTS: MEDIA HIGHLIGHTS



## Alliance Bank: 72 pct of MSMEs recorded revenue increase in 2022

**KUALA LUMPUR:** Alliance Bank Malaysia Bhd's (Alliance Bank) MSME Business Outlook 2023 Malaysia reported that 72.6 per cent of Malaysian MSMEs saw that their revenues increase year-on-year in 2022, and almost half of the businesses (46 per cent) said revenues have returned to pre-pandemic levels or exceeded even at times.



MSMEs face their own unique challenges such as limited access to financing and difficulty navigating complex financial regulations. As such, banks must consider new ways to facilitate the growth of MSMEs by providing them with solutions tailored to their business needs. These include offering

that Malaysian MSMEs are adopting digital initiatives to stay competitive and have expressed a view that takes into account ESG concerns. Over 54.9 per cent of MSMEs plan to introduce new products and services as part of their digital offerings, 48.8 per cent look to increase the use of new technologies, and 51.3 per cent plan to expand their business operations. MSMEs at every stage of their lifecycle are embracing digital services to improve their business performance.

## ESG IT'S NOW OR NEVER

**ENVIRONMENTAL, SOCIAL, GOVERNANCE**

- 04 Linking ESG factors to executive remuneration
- 06 What's the deal with science-based targets?
- 12 Taking bold actions to be plastic free

**BASES ARE SPRINGING: ESG ADOPTION AMONG MSMEs**

**MSMEs at every stage of their lifecycle are embracing digital services to improve their business performance.**

## ALLIANCE BANK NET PROFIT HITS RM177.1M

Lender's NI jumps 12.5pc year-on-year on higher loan growth, OPR hikes

## Alliance Bank touts enhanced growth plan

Lender's strategy for next four years targets new market segments and regional expansion, and champions sustainability

## Alliance Bank tawar bantuan pelanggan terjejas banjar

Alliance Bank Malaysia Bhd mengumumkan bahawa kewangan digital akan terus berinovasi, katanya dalam satu pernyataan.

**ALLIANCE BANK GETS TOP RECOGNITION FOR GOOD CORPORATE GOVERNANCE**  
**KUALA LUMPUR:** Alliance Bank has been recognised to be among the Top 20 Asian Publicly Listed Companies (PLC) for having good corporate governance recommended practices at the recent 2021 Asean Corporate Governance Scorecard Awards. At the same awards programme, Alliance Bank also received the Asean Asset Class Award which is

**Alliance Bank Puts Trade Financing in Business Owners' Pockets**  
Businesses - big or small - can capitalise on market opportunities and maximise gains through the **Business@Middle** app by Alliance Bank.

**A helping hand for local SMEs on their halal journey**  
Alliance Bank Malaysia Bhd mengumumkan bahawa kewangan digital akan terus berinovasi, katanya dalam satu pernyataan.

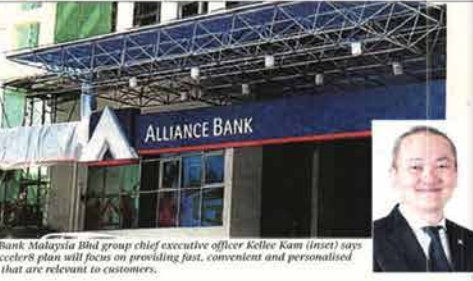
**Alliance Bank opens refurbished Bandar Puteri Puchong**  
**KUALA LUMPUR:** Alliance Bank Malaysia Bhd celebrated the opening of its newly refurbished branch at Bandar Puteri Puchong with the local community recently. The branch refurbishment is part of a wider branch upgrade initiative to support the bank's strategy in building lifetime relationships with its local communities through its branch network. The bank always been the backbone of the banks' association with its customers and we stand

**Building zero-waste, sustainable business solutions**  
Alliance Bank EcoBiz Challenge rallies students to business management classes, green solutions

**Most Malaysian SMEs receptive to ESG practices**  
About 60% of small and medium firms believe their adoption creates long-term

**首推我国虚拟信用卡 安联客户双位数增**  
2023年4月25日





### Bank Malaysia Bhd group chief executive officer Kellee Kam (inset) says Acceler8 plan will focus on providing fast, convenient and personalised services that are relevant to customers.

Bank Malaysia Bhd group chief executive officer Kellee Kam (inset) says Acceler8 plan will focus on providing fast, convenient and personalised services that are relevant to customers.

## Bank's Acceler8 to drive growth charge

APPLY the same challenger mindset to the refreshed areas of focus under Acceler8, which are aligned to other high-growth areas in the market, in order to drive the bank's next phase of

## Bank set organic growth

rules out mergers and acquisitions for now

"Size is not necessarily the definition of success and we don't go on the mindset that we need to grow larger."

Bank recently launched its strategic growth initiative called Acceler8 with a vision to become a preferred banking partner and a pioneer in digital banking.

## Bank diiktiraf antara 20 syarikat terbaik ASEAN

PETALING JAYA - Alliance Bank telah diiktiraf sebagai antara 20 Syarikat Terbaik ASEAN Terbaik ASEAN yang memiliki amalan tadbir urus korporat cemerlang bersempena Anugerah 2021 Corporate Governance Scorecard ASEAN (AGCS).

Amalan tadbir urus korporat terbaik antarabangsa ini telah digunakan sebagai asas untuk

## EcoBiz Challenge 4 aims to tackle waste crisis with young changemakers

RAPID urbanisation, population growth, and modern lifestyles have resulted in rising waste generation in recent years. The World Bank estimates that the increase in waste worldwide could exceed population growth, reaching 3.4 billion tonnes by 2050.



Alliance Bank EcoBiz Challenge 4 workshop. The 27 teams from 17 universities also attended the one-day Social Business and Business Model Canvas workshop.

Reflecting MGTC's strategy to drive economic growth, the EcoBiz approach enables us to tap into the creativity of youths and provide them with a platform to contribute towards a greener economy.

Unsurprisingly, these worrying issues have caught the attention of today's Gen-Zs and millennials who foresee the ecological crisis they are inheriting.

developed so far, and we look forward to helping them bring these ideas to life. Through this challenge, we hope to nurture our nation's youths to cultivate economically viable and sustainable solutions that can create long-term value for the planet.

Close to home, the Solid Waste Management and Public Cleansing Corp highlighted that Malaysians generate 38,000 tonnes of domestic waste daily.

The fourth season of the All Bank EcoBiz Challenge 4 (EcoBiz Challenge 4) programme is designed to nurture young entrepreneurs with potential eco-solutions.

## Alliance Bank launches Malaysia's first dynamic virtual credit card, greater security with disposable numbers

BY Alexander Wong 5 April 2023 2:33 pm Comment



## 安聯銀行 瞄準新興富裕客戶群 Acceler8策略推動成長

【吉隆坡15日訊】安聯銀行 (Alliance Bank) 近日公布已增强的策略计划，将透过瞄准新的富裕客户群，以推动银行在马来西亚的成长。

首席执行官甘志强在文中表示，策略计划名为 Acceler8，将引入安联银行的成长至2027财年，并专注于提供与客户相关的快速、方便、个性化的解决方案。

通过此策略，安联银行的目标是使本行在马来西亚的零售业务增长4倍，成本收入比降至45%，信贷增长高于行业平均水平。

安联银行寻求与客户服务、员工满意度和可持续性等相关指标方面取得卓越表现。

甘志强表示，为了进一步实现银行目标，安联银行将扩大零售银行业务的重点，瞄准新兴的富裕客户群，包括大企业和富裕专业人士。

“我们的目标是扩大富裕客户群，以支持我们的零售业务，并提升我们的品牌。我们将继续投资于我们的零售业务，以支持我们的长期增长目标。”

To complement the learning process, participants will also meet and network with local and international experts from MyHijau Mark companies, industry leaders, social enterprises and non-governmental organisations.

The EcoBiz Challenge 4 offers 10 winning teams cash prizes and six

## Alliance 3QFY2023 profit jumps 17% on higher net interest income

BY PRIYATHARISNY VASU theedgemarkets.com

KUALA LUMPUR (Feb 28) - Alliance Bank Bhd's net profit in the third quarter ended Dec 31, 2022 (3QFY2023) increased 17.2% to RM177.10 million from RM151.02 million a year earlier, driven by higher net interest income.

Revenue increased 3.40% to RM496.54 million, from RM480.18 million a year ago.

For the first nine months (9MFY2023), net profit increased 16.6% to RM547.7 million from RM469.77 million a year earlier, while revenue rose 2.5% to RM1.45 billion from RM 1.41 billion, driven by net interest income improvement.

In the cumulative nine months, net interest margin improved 15 basis points to 2.68% since March 2022.

At the same time, client-based fee income (excluding brokerage) grew 2.5% year-on-year (YoY) to RM211.9 million, driven by higher wealth management, foreign exchange sales and trade fees.

The bank's cost-to-income ratio amounted to 41.1%.

Alliance Bank has shown resilient growth particularly in the SME (small and medium-sized enterprises) business, where its market share has grown from 3.4% to 5% within four years. Our formula for success in the SME segment will now be brought into other attractive segments, sectors, and ecosystems," said Alliance Bank group chief executive officer Kellee Kam in a statement.

# CORPORATE INFORMATION

AS AT 2 JUNE 2023

## 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

**Mazidah binti Abdul Malik**  
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**  
Senior 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

**Lee Ah Boon**  
Non-Independent Non-Executive Director

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

**Mazidah binti Abdul Malik**  
Independent Director

**Lum Piew**  
Independent Director

### Notes:

\* Operate 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

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**GROUP SUSTAINABILITY COMMITTEE\***


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

**Cheryl Khor Hui Peng**  
Independent Director

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

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**GROUP INFORMATION TECHNOLOGY COMMITTEE\***


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**Lee Ah Boon** (Chairman)  
Non-Independent Non-Executive Director

**Cheryl Khor Hui Peng**  
Independent Director

**Lum Piew**  
Independent Director

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**SHARIAH COMMITTEE^**


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

**Tuan Haji Rustam bin Mohd Idris**

**Professor Dr. Muhamad Rahimi bin Osman**

**Associate Professor Dr. Muhammad Naim bin Omar**

**Ustaz Ahmad Fauwaz bin Ali @ Fadzil**

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**GROUP CHIEF EXECUTIVE OFFICER**


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**Kellee Kam Chee Khiong**

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**GROUP COMPANY SECRETARY**


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

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**REGISTERED OFFICE**


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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](http://www.alliancebank.com.my)  
Email : [enquiry@alliancefg.com](mailto:enquiry@alliancefg.com)

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**REGISTRAR**


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ShareWorks Sdn Bhd  
No. 2-1, Jalan Sri Hartamas 8  
Sri Hartamas  
50480 Kuala Lumpur  
Malaysia  
Tel : 03-6201 1120  
Fax : 03-6201 3121

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**AUDITORS**


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

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**PRINCIPAL BANKER**


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Alliance Bank Malaysia Berhad

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**BURSA MALAYSIA STOCK NAME/CODE**


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ABMB/2488

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**INTERNATIONAL SECURITIES IDENTIFICATION NUMBER (ISIN)**


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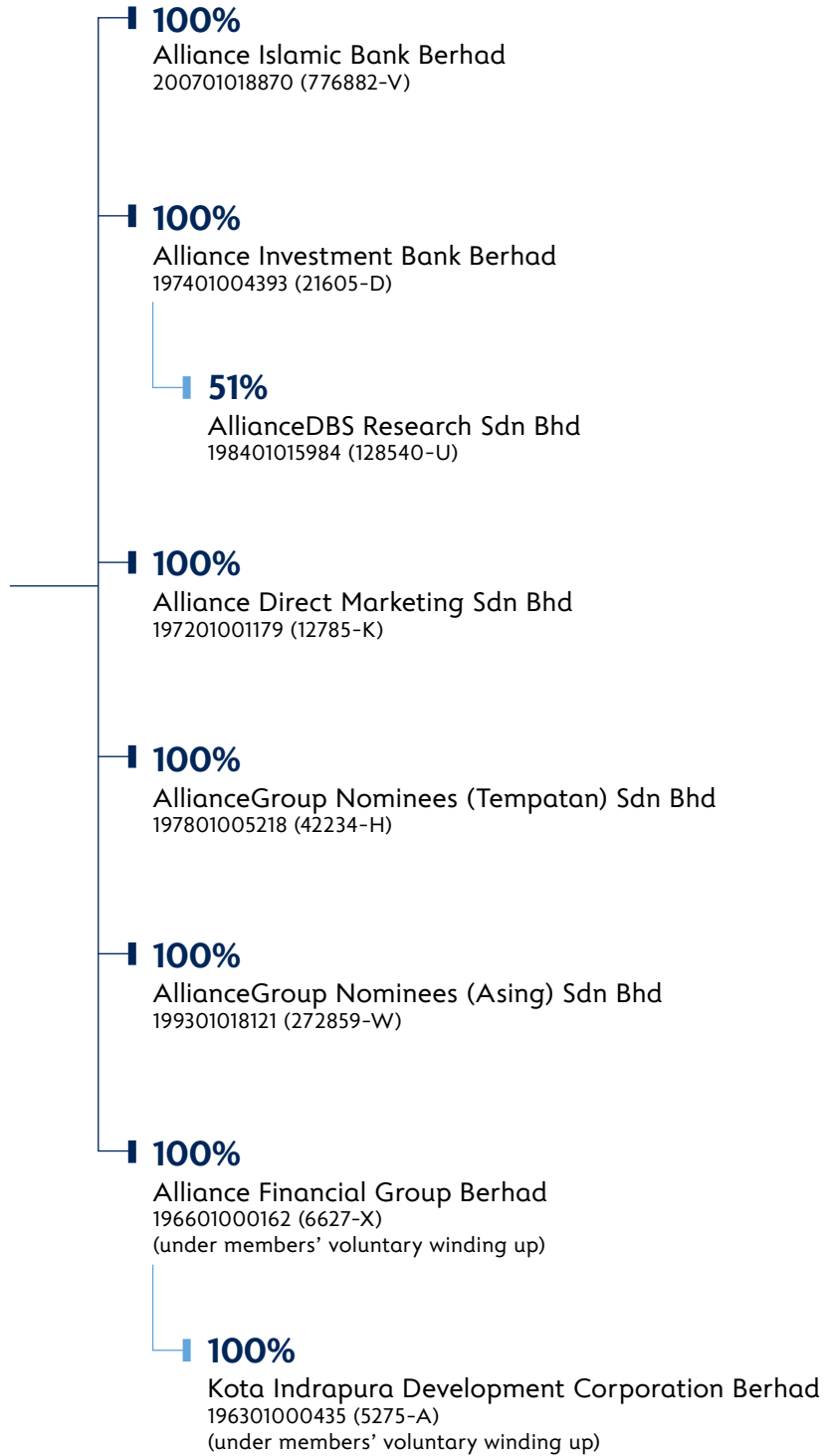
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# CORPORATE STRUCTURE

AS AT 2 JUNE 2023



## PRODUCTS AND SERVICES

### ALLIANCE BANK MALAYSIA BERHAD

#### **DIGITAL BANKING**

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

- Account Overview
- Alliance SavePlus Account Opening
- Alliance XChange Account Opening
- Alliance XChange Fixed Deposit
- e-Fixed Deposit
- e-Fixed Deposit Gold
- e-Foreign Telegraphic Transfer/Foreign Remittance
- e-Statement
- FPX Payment
- Bill Payment (JomPAY)
- Credit Card Balance Transfer & Fast Cash
- Credit Card Payment (Pay to Alliance Bank/ Interbank/DuitNow/GIRO)
- Fund Transfer (Pay to Alliance Bank/Interbank/ DuitNow/GIRO)
- Loan Payment (Pay to Alliance Bank/Interbank/ DuitNow/GIRO)
- Prepaid Reload
- EPF Transfer
- e-IPO
- Transaction History
- Cheque Services (Inquiry/Stop/Cheque Book Request)
- View Direct Debit Mandate
- View Foreign Exchange Rates/e-Rates/Interest Rates

- Cybercrime Insurance Application
- Personal Loan/Financing Application
- Update Mailing Address
- Update Email Address
- Update House Phone Number
- Update Office Phone Number
- Live Chat
- DuitNow ID Maintenance
- Manage Favourite Account
- Stock Trading Sign On
- Link/Unlink Account
- Lock Payment
- Terminate Mobile Access

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

- Account Overview
- Alliance SavePlus Account Opening
- e-Fixed Deposit
- e-Fixed Deposit Gold
- Bill Payment (JomPAY)
- Credit Card Balance Transfer & Fast Cash
- Credit Card Payment (Pay to Alliance Bank/ Interbank/DuitNow/GIRO)
- Fund Transfer (Pay to Alliance Bank/Interbank/ DuitNow/GIRO)
- Loan Payment (Pay to Alliance Bank/Interbank/ DuitNow/GIRO)
- DuitNow QR
- Prepaid Reload
- EPF Transfer



## PRODUCTS AND SERVICES

- Mobile Secure Approval (MSA) & Mobile Security Code (MSC) Transaction Authorisation
- Smart Reminder
- Transaction History
- Transaction Push Notification
- Share Payment Receipt
- Live Chat
- DuitNow ID Maintenance
- DuitNow QR Limit Maintenance
- Manage Favourite Account
- JomPAY QR Payment
- Cybercrime Insurance Application
- Personal Loan/Financing Application
- Lock Payment
- Terminate Mobile Access
- Debit Card Activation
- e-KYC Debit Card Limit Maintenance
- e-KYC SavePlus Account Opening
- e-KYC Credit Card Application
- e-KYC Personal Loan/Financing Application
- Account Opening for Local Workers
- Remote Wealth: Wealth Management
- Virtual Credit Card with Dynamic Card Number
- e-Statement
- Sole Credit Card Customer Mobile Banking Activation
- Login via Face ID or Fingerprint
- Retrieval of Transaction Receipt

### Alliance Cash2Home (24x7 service availability)

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

### Digital Personal Loan/Financing

- Alliance Bank Personal Loan/Financing Application

### Virtual Credit Card

- Alliance Bank Visa Platinum Virtual Credit Card Application
- Virtual Credit Card Account Overview
- DuitNow QR
- JomPAY QR Payment
- Bill Payment JomPAY
- Credit Card Fast Cash
- Transaction History
- Create One-time Card Number
- Create Subscription Card Number
- View All Created Cards

- Show Subscription Card Information
- Edit Subscription Card Number
- Customise Subscription Card Appearance
- Freeze Subscription Card
- Delete Subscription Card
- Change PIN
- Forgot PIN
- Change QR Payment Limit
- Flexi Payment Plan Application

## PERSONAL BANKING

### 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

#### Bancassurance

- Elite Legacy Builder
- Elite Life Guard 2
- Elite Life Guard Plus 2
- Elite Smart Invest
- Elite Income 88
- Elite Max 88
- Mortgage Level Term Assurance
- Mortgage Level Term Takaful
- Mortgage Reducing Term Assurance
- Mortgage Reducing Term Takaful
- Personal Loan – Group Credit Family Takaful
- Personal Loan Reducing Term Assurance
- 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-HomeProtect

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### Unit Trust

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

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### Retail Securities

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- Foreign Currency Retail Securities
- MYR-denominated Retail Securities

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### Structured Investment

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- 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
- Principal Protected Twinwin Equity Linked Structured Investment
- Principal Protected Sharkfin Call Equity Linked Structured Investment

## RETAIL BROKING & INVESTMENT LENDING

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

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### Share Margin Financing

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

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### Share Trading Account

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

## CONVENTIONAL LOANS

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

## CARDS

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### Credit Card

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- 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

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### Debit Card

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- 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

## PRODUCTS AND SERVICES

### BUSINESS BANKING

#### DSME

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

- Business Deposit Account
  - Business Current Account
  - Business Fixed Deposit (FD)
  - Business eFD (via Alliance BizSmart®)
  - Business Foreign Currency Current Account
  - Business Foreign Currency Fixed Deposit
- Biz-Xpress Card
- Liquidity Management
  - Business Reward Service (BRS)
  - Sweep Facilities
- Alliance BizSmart® Online Banking & BizSmart® Mobile
  - Account Management
    - ▶ Consolidated Account Inquiry
    - ▶ Transaction History
    - ▶ Online Statement
    - ▶ Merchant Payment Advice
    - ▶ Tax Invoice Download
  - Payment Services
    - ▶ Fund Transfer (DuitNow Transfer/GIRO/Pay to Alliance Bank)
    - ▶ Remittance (RENTAS/Foreign Telegraphic Transfer)
    - ▶ Bill Payment (JomPAY/Direct Bills/MyGST/Prepaid Reload)
    - ▶ FPX Payment
    - ▶ Bulk Payment
    - ▶ Salary and Statutory Contribution (LHDN, EPF, SOCSO)

- ▶ E-Dividend Payment
- ▶ Auto Debit
- ▶ DuitNow Request & DuitNow AutoDebit
- ▶ DuitNow Online Banking
- Collection Services
  - ▶ JomPAY Collection
  - ▶ FPX Collection
  - ▶ DuitNow Request & DuitNow AutoDebit
  - ▶ DuitNow Online Banking
  - ▶ Direct Debit
  - ▶ Auto Debit
- eFD Inquiry/Placement/Withdrawal
- BizSmart® eTrade Inquiry/Application/Approval
  - ▶ e-Bankers Acceptance (eBA)
  - ▶ e-Trust Receipt (eTR)
  - ▶ e-Promissory Note (ePN)
  - ▶ e-Letter of Credit (eLC)
  - ▶ e-Bank Guarantee (eBG)

##### 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 Financing

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

Note:

\*Syarikat Takaful Malaysia Keluarga Berhad



## CORPORATE & COMMERCIAL

### Bancassurance

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

### Business Credit Card

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

### Cash Management

- Business Deposit Account
  - Business Current Account
  - Business Fixed Deposit (FD)
  - Business eFD (via Alliance BizSmart®)
  - Business Foreign Currency Current Account
  - Business Foreign Currency Fixed Deposit
- Biz-Xpress Card
- Liquidity Management
  - Business Reward Service (BRS)
  - Sweep Facilities
- Alliance BizSmart® Online Banking & BizSmart® Mobile
  - Account Management
    - ▶ Consolidated Account Inquiry
    - ▶ Transaction History
    - ▶ Online Statement
    - ▶ Merchant Payment Advice
    - ▶ Tax Invoice Download
  - Payment Services
    - ▶ Fund Transfer (DuitNow Transfer/GIRO/Pay to Alliance Bank)
    - ▶ Remittance (RENTAS/Foreign Telegraphic Transfer)
    - ▶ Bill Payment (JomPAY/Direct Bills/MyGST/Prepaid Reload)
    - ▶ FPX Payment
    - ▶ Bulk Payment
    - ▶ Salary and Statutory Contribution (LHDN, EPF, SOCSO)
    - ▶ E-Dividend Payment
    - ▶ Auto Debit
    - ▶ DuitNow Request & DuitNow AutoDebit
    - ▶ DuitNow Online Banking

- Collection Services
  - ▶ JomPAY Collection
  - ▶ FPX Collection
  - ▶ DuitNow Request & DuitNow AutoDebit
  - ▶ DuitNow Online Banking
  - ▶ Direct Debit
  - ▶ Auto Debit
- eFD Inquiry/Placement/Withdrawal
- BizSmart® eTrade Inquiry/Application/Approval
  - ▶ e-Bankers Acceptance (eBA)
  - ▶ e-Trust Receipt (eTR)
  - ▶ e-Promissory Note (ePN)
  - ▶ e-Letter of Credit (eLC)
  - ▶ e-Bank Guarantee (eBG)

### Credit Facilities

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

### Foreign Exchange

### Interest Rate Swap

### Trade Financing

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

Note:

\*Syarikat Takaful Malaysia Keluarga Berhad

## PRODUCTS AND SERVICES

### FINANCIAL MARKETS

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

#### Sukuk

- Retail Sukuk

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

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### Financial Markets

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

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### Corporate Finance

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- Initial Public Offering (IPO)
  - A public offering of new securities or the sale of existing securities for companies seeking listing and quotation on Bursa Malaysia Securities Berhad
- Secondary Equity Offering
  - Fund raising for listed companies, including rights issues, restricted issues, private placements, special issues of securities and/or equity-linked securities
- Mergers, Takeovers and Acquisitions
- Corporate Rationalisation and Restructuring
  - Corporate restructuring and rationalisation, including but not limited to reorganisations and changes in core businesses
- Independent Advice
  - Independent view and recommendation on related-party transactions, general offers, general offer exemptions, and major disposals
- Transfer of Listing to the MAIN and ACE Market of Bursa Malaysia Securities Berhad
- Other Services
  - Employee share option and incentive plans, dividend reinvestment plans, bonus issues, and share splits

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### Corporate Bonds and Sukuk

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- 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)

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### Equity Syndication

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- 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

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## ALLIANCE INVESTMENT BANK BERHAD

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### Corporate Banking

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- Credit Facilities
  - Bridging Loan
  - Foreign Currency Loan
  - Syndicated Loan
  - Term Loan
  - Working Capital Financing
- Trade Financing
  - Bank Guarantee
  - Bankers Acceptance

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### Financial Markets

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

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### Islamic Banking

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

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## ALLIANCEDBS RESEARCH SDN BHD

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

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## ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD

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## ALLIANCEGROUP NOMINEES (ASING) SDN BHD

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

**Tan Sri Dato’  
Ahmad bin Mohd Don**  
Chairman



**Kellee Kam**  
Group Chief Executive  
Officer



Dear Valued Shareholders,

We are pleased to present to you the Integrated Annual Report of Alliance Bank Malaysia Berhad (“Alliance Bank” or “the Bank”) for the financial year ended 31 March 2023 (“FY2023”).

<b>Revenue</b> RM <b>1.92</b> billion	<b>Return On Equity</b> <b>10.5%</b>	<b>Net Interest Margin</b> <b>2.64%</b>
<b>RM8.1 billion achieved in new sustainable banking business</b>		<b>Earnings Per Share</b> <b>43.8</b> sen

## A YEAR OF RESILIENCE

The year 2022 saw the Malaysian economy transitioning from the pandemic to the endemic phase. Throughout this period, we remained close to our communities and continuously provided support to help them through the challenges by extending Payment Relief Assistance (“PRA”) to individuals and businesses.

Additionally, we supported and sustained many community businesses during the prolonged periods of COVID-19 lockdowns. With campaigns such as #SupportLokal, we helped small to medium businesses widen their market reach through our social media platforms and popular e-commerce sites. This initiative drove more than 430,000 visitors to our customers’ websites.

Furthermore, we made it more convenient for our customers to engage with us during this period through our digital solutions such as “Bank in Your Pocket” – which enabled them to self-serve remotely as well as “Branch-in-a-Tablet” – where we provided door-to-door service to customers who preferred in-person interactions at a location of their choice.

Looking beyond the pandemic, we see an economy that is now building back better and on its way to making a resilient recovery. Consumer sentiment has improved considerably and many industries are expected to report positive financial performance. For the year as a whole, Malaysia’s growth was positive with gross domestic product (“GDP”) increasing by 8.7% as compared to the previous year (2021: 3.1%).

## OUR BUSINESS PERFORMANCE

For FY2023, the Bank registered strong performances across key financial metrics. The Bank’s revenue grew by 2.8% to RM1.92 billion, while we improved our net interest margin to 2.64%. We also registered an improvement in our net credit cost from 48.1 bps to 31.9 bps, reflecting our proactive credit management. Additionally, our cost-to-income ratio stood at 45.9%.

The year in review saw the Bank make a full recovery from the COVID-19 pandemic, with our earnings per share at 43.8 sen and net asset value per share at RM4.36, which surpassed pre-pandemic levels. Similarly, the Bank’s return on equity improved to 10.5%.

We continue to maintain a strong capital position. With Bank Negara Malaysia’s (“BNM”) Transitional Arrangement, our Common Equity Tier-1 ratio stands at 14.5%, Tier-1 capital ratio at 15.3%, and total capital ratio at 19.4%.

For FY2023, we declared a total dividend of 22.0 sen, representing a dividend payout ratio of 50%.

Our focus on delivering our strategic priorities, in the areas of customer acquisition, engagement and digitalisation, has put the Bank in good stead moving forward.

### Acquiring More Customers

Our strategy of driving SME expansion saw the Bank’s SME market share grow from 3.4% to 5% over the past four years. In FY2023, the Bank recorded a healthy 13.1% year-on-year (“YOY”) SME loans growth.

New-to-bank customer acquisition kept its positive momentum, growing 58% YOY to 89,000, enabling us to achieve our target of acquiring 80,000 new-to-bank customers.



## JOINT STATEMENT BY CHAIRMAN AND GROUP CHIEF EXECUTIVE OFFICER

This growth can be attributed to our focus in intensifying our digital acquisition especially through digital solutions such as our electronic Know Your Customer (“eKYC”) account opening platform and digital loans. In FY2023, we doubled our digital personal loans to RM295 million, from RM141 million in FY2022. Additionally, over one-third of our consumer acquisition in FY2023 was derived from digital channels.

### Deepening Customer Engagement

Customer engagement continues to be our key focus. We achieved our highest-ever customer Net Promoter Score (“NPS”) and recorded solid improvements in areas like digital banking, contact centre, and account opening. The NPS is a measurement of customers’ willingness to recommend our products and services to others.

We also continued to strengthen our engagements and relationships with business owners by servicing their needs and those in their extended group such as their family members, business partners, employees and local communities. This initiative served to increase the number of new business owners with dual relationships to 8,700 in FY2023.

### Digitalisation

Although more customers have begun returning to our branches to conduct their banking transactions following the relaxation of pandemic restrictions, we continue to register a high proportion of digital transactions, whereby 76% of total customer transactions are now done digitally. On top of this, customers’ adoption of digital channels accelerated notably in FY2023, with digital adoption registering a 19% increase YOY.

Whether fully digital, partly digital with personal assistance or direct face-to-face interactions, our aim is to consistently be by our customers’ side to meet their banking needs as well as to continue our efforts in making banking faster, simpler and more convenient.

### EMBARKING ON OUR REFRESHED STRATEGY

Over the past five years, we have focused our efforts on being “The Preferred Bank of Business Owners” and the strategy was a success as evidenced by the Bank’s market share growth in the SME segment. Moving forward, Alliance Bank will be embarking on a transformation journey led by our refreshed strategy - Acceler8 2027 - which will guide the Bank towards its goals over the next four years. This includes ambitious financial performance, broadening of focus areas for growth as well as progress on our ESG journey. There are eight key pillars of growth to take Alliance Bank to the next level:

- Continue velocity on SME expansion;
- Support our business customers through their life cycle;
- Broaden the consumer business by targeting attractive segments (young professionals and high-net-worth customers);
- Target resilient ecosystems across their value chain (education, healthcare and green technology);
- Become the regional champion for selected economic corridors (Northern region and Sarawak);
- Drive synergies and value creation in our corporate and capital markets businesses;
- Accelerate the Islamic Banking business and enhance its unique propositions; and

- Leverage on partnerships to scale product offerings, distribution channels and drive further value for customers.

To achieve this, Team Alliance will be looking at strengthening our three key differentiators that will set us apart from our competition and bring greater value to our customers:

- **SPEED** – by being fast and responsive;
- **SERVICE** – by offering easy and simple solutions; and
- **PERSONALISATION** – by understanding our customers and tailoring solutions that best meet their needs.

### CHAMPIONING SUSTAINABILITY

The importance of sustainability in today’s business cannot be overemphasised. Companies that implement robust sustainability practices encompassing Environmental, Social and Governance (“ESG”) elements are more likely to build strong, resilient and sustainable businesses in the long run. By adopting good sustainable practices, companies can focus on enhancing their value creation efforts and improve the delivery of their solutions, products and services.

We are committed to reinforcing our new transformation strategy, Acceler8, with our goal to build an ESG-focused organisation, by embedding ESG at the heart of our business and operations. Our ambition is underpinned by our purpose to help our customers adopt sustainable practices in support of the transition to a low-carbon economy and to create meaningful impact through our people and community.

We are pleased to report that we made significant progress on our sustainability efforts throughout FY2023:

- ▶ We doubled our FY2025 sustainable business target to RM10 billion and achieved RM8.1 billion of new sustainable banking business;
- ▶ We reduced the percentage of C5 (businesses that do not demonstrate any commitment to transition to more sustainable practices) in our business and investment portfolio to 35%;
- ▶ We established our greenhouse gas (“GHG”) emissions reduction strategy i.e., to reduce 20% of our Scope 1 and Scope 2 GHG emissions by FY2027 against our FY2020 baseline;
- ▶ We enhanced our risk management infrastructure by embedding sustainability and climate-related risks into our overall risk management practices and are working towards complying with the BNM Climate Risk Management and Scenario Analysis that is due in December 2024;
- ▶ We increased our efforts to promote greater sustainability awareness and staff engagement by developing an internal sustainability skills and competency framework as well as by rolling out our internal Sustainability e-Learning; and
- ▶ In tandem with this, we launched a communication plan to keep all employees updated on bank-wide sustainability initiatives.

The Bank also serves as an advocate and enabler for our customers by providing support and solutions to help them on their sustainability journey:



- ▶ We launched the “BeESG” campaign to help businesses inculcate sustainable practices through effective adoption of ESG elements. Together with UN Global Compact Network Malaysia & Brunei (“UNGCMYB”), the Malaysian Green Technology and Climate Change Corporation (“MGTC”), and Bursa Malaysia Securities Berhad, this strategic partnership aims to push forward the ESG agenda and help companies establish their roadmaps and goals.
  - We signed a Memorandum of Understanding (“MoU”) with UNGCMYB to help SMEs on-board ESG support programmes such as the Action Centre for Sustainable SMEs (“ACCESS”) for tools, resources as well as training and development programmes.

- We launched the Bank’s inaugural ESG thought leadership publication - “ESG Insights from Malaysian SMEs: Building A Better Future Together” in collaboration with UNGCMYB and SME Corporation Malaysia (“SME Corp. Malaysia”). This report provided insights on ESG awareness, adoption and challenges faced by Malaysian SMEs together with solutions and support tools to help them become more ESG-centric.

## ACCELERATING DIGITALISATION AND DEVELOPING A PROGRESSIVE WORK CULTURE

### Enhancing the Digital Banking Experience

At Alliance Bank, we strive to drive further innovation to move up the value chain in terms of service, advice and solutions to our stakeholders. We aim to provide an effective omni-channel experience to our customers with a combination of physical locations through our branches or self-service kiosks as well as a suite of digital tools and online platforms that are simple and convenient to use.



## JOINT STATEMENT BY CHAIRMAN AND GROUP CHIEF EXECUTIVE OFFICER

We bring convenience to our customers, ensuring that they have access to multiple options and platforms at all times through:

- **Bank in Your Pocket** – which enables customers to self-serve remotely, including opening accounts through our eKYC platform, or applying for loans digitally from anywhere at any time.
- **Branch-in-a-Tablet** – for customers who still prefer in-person interactions, we bring the bank to them. Our relationship managers are able to bring the full capabilities of the branch, on a tablet, to a location of the customer’s choice.

Looking ahead, we will continue to augment our IT infrastructure to drive business growth as well as maintain high standards of governance, compliance and cybersecurity.

We will also consistently update our security risk management policies to enhance measures that protect our customers and our Bank from new threats in the form of frauds and scams.

### Investing in Our People, Our Greatest Asset

Our achievements to date are the result of the Bank’s strong talent pool. Our people have demonstrated their resilience and agility in adapting to various challenges during the pandemic to serve our customers effectively.

Our resilience as a team was recognised when we won the Silver award in the “Excellence in COVID-19 Response” category at the HR Excellence Awards 2022. This award recognises the Bank’s commitment to promoting employee wellbeing through effective workplace programmes and initiatives, ongoing learning and development,



**SILVER AWARD**  
 “Excellence in COVID-19 Response” category at the HR Excellence Awards 2022



Invested over **RM7.2 million** in Staff Upskilling Initiatives



as well as prioritising employees’ health and safety during the pandemic.

In FY2023, we introduced Flexible Work Arrangements, offering employees the options of staggered working hours and hybrid work arrangements. We also fostered a strong culture of appreciation via initiatives such as Alliance Heroes and ManCo Appreciates You.

We continue to focus on upskilling our people with new skillsets and equipping them with the right tools so as to help them perform their roles more effectively. Overall,

we invested over RM7.2 million in these initiatives plus professional training to further strengthen our talent force.

As we embark on our Acceler8 journey and work together towards building better solutions for our customers and stakeholders, we are also cultivating a progressive work culture within the Bank. This is embodied in the new **Team Alliance Values (A.G.I.L.E.)** – to reflect that we are fast and responsive, with a winning mindset to support our customers to achieve their goals in life.



## LOOKING AHEAD: ALLIANCE BANK'S PROSPECTS

For 2023, BNM projects that the country's GDP will grow between 4% and 5%. Private consumption will remain the key growth driver, underpinned by continued improvements in labour market conditions. Sector-wise, the Services and Manufacturing sectors should continue to sustain their growth momentum. The resilient economic expansion in Malaysia and the ASEAN region coupled with China's economic recovery is expected to support the recovery of key sectors.

Nevertheless, there remains risks stemming from volatility in global financial markets and geopolitical tensions. However, with our strong domestic and regional economic fundamentals, we are optimistic that the banking industry is well positioned to manage the uncertainties ahead.

To fulfil our growth ambitions under our refreshed Acceler8 strategy, we will strive to remain nimble to respond to the changes in our environment.

## ACKNOWLEDGEMENTS

In this second year of the Bank's Integrated Reporting ("IR") journey, we have taken steps to better articulate how we are creating value for our stakeholders and the community. On behalf of the Board of Directors, we express our sincere gratitude to our valued shareholders whose confidence in the Bank continues to inspire us to do better. Additionally, we wish to thank all our customers and business partners for placing their faith and trust in us.

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

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

Last but not least, to our esteemed Board of Directors, we are indeed grateful for your astute counsel and continued support in making Alliance Bank "The Preferred Banking Partner".

### AHMAD BIN MOHD DON

Chairman

Alliance Bank Malaysia Berhad

### KELLEE KAM

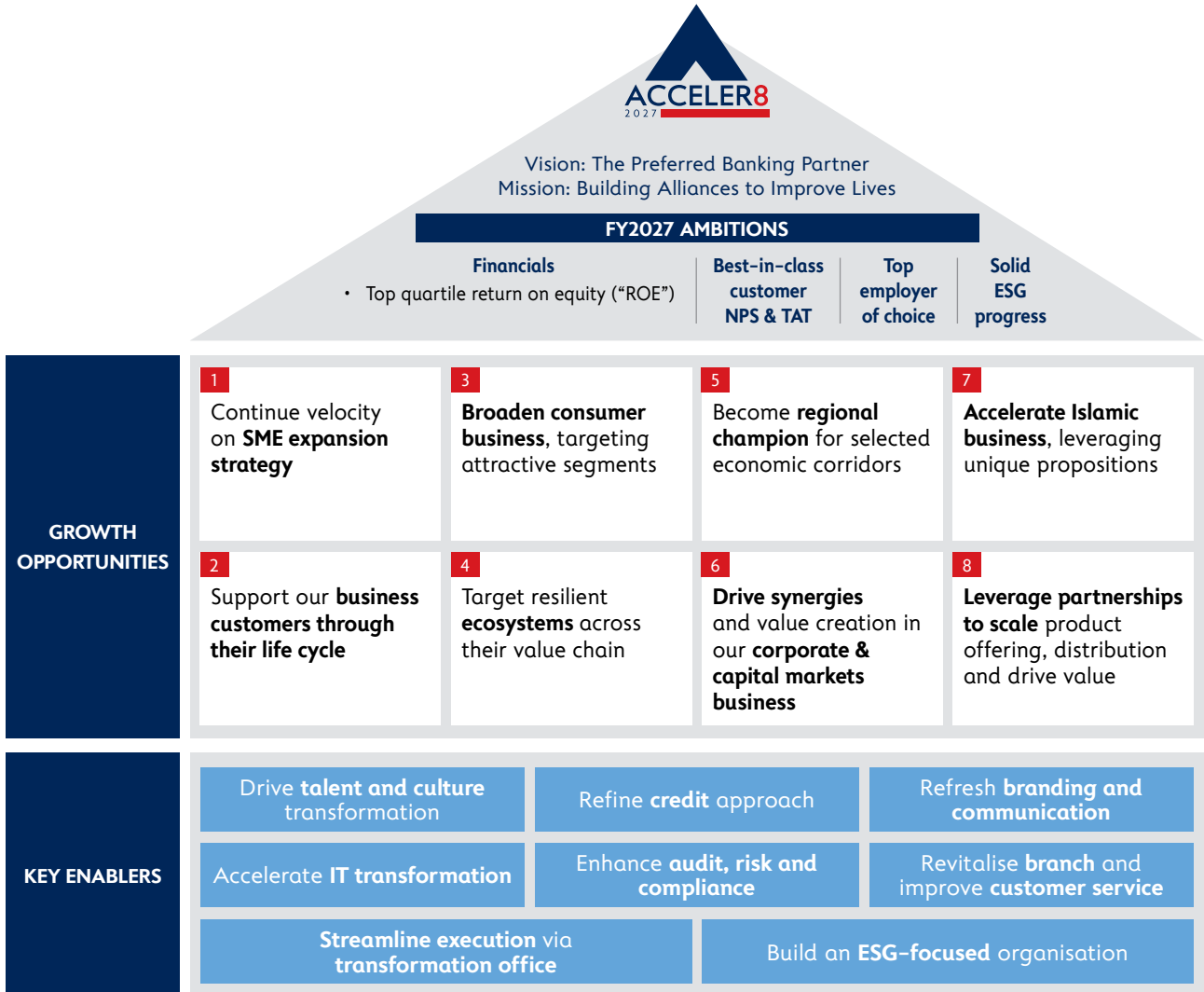
Group Chief Executive Officer

Alliance Bank Malaysia Berhad

# OUR STRATEGY FORWARD: ACCELER8 2027

## ABOUT ACCELER8 2027

We developed our new growth transformation strategy, Acceler8 2027, based on an ‘outside-in’ view; looking at market, national and financial sector policies as well as investment trends before aligning our new strategic goals with the high-growth areas identified in order to achieve our FY2027 goals. Our key focus will include driving expansion into new market segments, business verticals, and key economic corridors, championing sustainability as well as pursuing synergies and value creation through digital innovations and partnerships.





### THE EIGHT PILLARS OF GROWTH FOCUS

No.	Growth Opportunities	Description
1	Continue velocity on <b>SME expansion strategy</b>	Capitalise on our momentum in gaining market share from larger players in the industry and grow further by scaling up our sales capacity and tools as well as leveraging on digital channels for expanded reach.
2	Support our <b>business customers through their life cycle</b>	Become the main banker of choice for businesses at every stage – from startups and small businesses to companies looking to do IPO expansion – and help them with their industry-specific needs.
3	<b>Broaden consumer business</b> , targeting attractive segments	Be the bank for life for young professionals as they mature and grow in their careers and personal lives as well as expand propositions for high-net-worth customers.
4	Target resilient <b>ecosystems</b> across their value chain	A sectorial approach to tap into relevant ecosystems with selected partners or third-party providers aimed at creating holistic solutions to meet the needs of our customers.
5	Become <b>regional champion</b> for selected economic corridors	Capture higher share of growth from fast-growing economic corridors in the country and strengthen our business development teams in those regions to provide better and quicker response to our customers.
6	<b>Drive synergies</b> and value creation in our <b>corporate &amp; capital markets business</b>	Through enhanced client coverage model and account planning, we aim to tap into the synergies of our corporate and capital markets business to better serve our customers.
7	<b>Accelerate Islamic business</b> , leveraging unique propositions	Increase market share in the Islamic Banking segment with unique propositions such as Halal in One and sustainable financing.
8	<b>Leverage partnerships to scale</b> product offering, distribution and drive value	We will continue building strategic partnerships to efficiently widen our product offering and distribution, creating more value for our customers.

### OUR KEY DIFFERENTIATORS



**Speed** – Best-in-class service response and speed to market.



**Service** – Service excellence for our customers. In 2020, we achieved the highest Net Promoter Score (“NPS”) score among Malaysian banks; based on the customer satisfaction survey commissioned by Bank Negara Malaysia.



**Personalisation** – Personalised solutions for our clients that meets their needs.



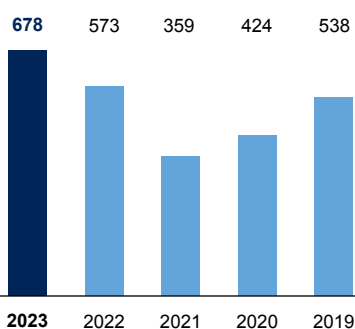
## 5-YEAR FINANCIAL SUMMARY

FINANCIAL YEAR ENDED 31 MARCH	2023	2022	2021	2020	2019
<b>OPERATING RESULTS (RM Million)</b>					
Net income	1,920	1,868	1,818	1,689	1,622
Profit before taxation	887	827	484	568	708
Net profit after taxation	678	573	359	424	538
<b>KEY BALANCE SHEET DATA (RM Million)</b>					
Total assets	66,311	61,848	60,721	60,975	56,521
Gross loans, advances and financing	49,068	46,189	44,147	43,668	42,730
Total liabilities	59,564	55,431	54,463	54,986	50,788
Deposits from customers	50,849	48,186	48,489	48,426	45,018
Paid-up capital	1,548	1,548	1,548	1,548	1,548
Shareholders' equity	6,747	6,417	6,258	5,989	5,733
Commitments and contingencies	46,224	33,911	30,367	36,972	24,182
<b>SHARE INFORMATION AND VALUATIONS</b>					
<b>Share Information</b>					
Earnings per share (sen)	43.8	37.0	23.2	27.4	34.7
Diluted earnings per share (sen)	43.8	37.0	23.2	27.4	34.7
Dividend per share (sen)	22.0	18.5	5.8	6.0	16.7
Net assets per share (RM)	4.4	4.1	4.0	3.9	3.7
Share price as at 31 March (RM)	3.40	3.76	2.65	1.90	4.09
Market capitalisation (RM million)	5,264	5,821	4,102	2,941	6,332
<b>Share Valuations</b>					
Dividend yield (%)	6.5	4.9	2.2	3.2	4.1
Dividend payout ratio (%)	50.2	50.0	25.0	21.9	48.1
Price to earnings multiple (times)	7.8	10.2	11.4	6.9	11.8
Price to book multiple (times)	0.8	0.9	0.7	0.5	1.1
<b>FINANCIAL RATIOS (%)</b>					
<b>Profitability Ratios</b>					
Net interest margin on average interest-earning assets	2.6	2.5	2.3	2.4	2.5
Net return on average equity	10.5	9.2	5.9	7.3	9.9
Net return on average assets	1.1	0.9	0.6	0.7	1.0
Net return on average risk-weighted assets	1.7	1.5	1.0	1.1	1.5
Cost to income ratio	45.9	44.1	44.1	47.8	47.8
<b>Asset Quality Ratios</b>					
Loan loss coverage <sup>1</sup>	123.7	141.5	105.9	101.4	142.9
Gross impaired loans ratio	2.5	1.9	2.3	2.0	1.1
Net impaired loans ratio	1.4	1.1	1.7	1.3	0.6
<b>Liquidity ratios</b>					
CASA ratio	41.9	48.9	47.0	37.4	35.5
Loan to Deposit ratio	96.5	95.9	91.0	90.2	94.9
Loan to Funds ratio	87.4	87.2	84.3	83.6	86.6
<b>Capital Adequacy Ratios</b>					
Common Equity Tier I ("CET I") capital ratio	14.49	15.96	16.22	13.83	13.39
Tier I capital ratio	15.34	16.87	17.17	14.59	14.07
Total capital ratio	19.37	20.99	21.57	18.90	18.51

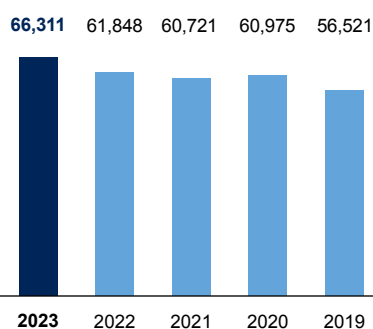
<sup>1</sup> Including Regulatory Reserves provision.

## 5-YEAR FINANCIAL HIGHLIGHTS

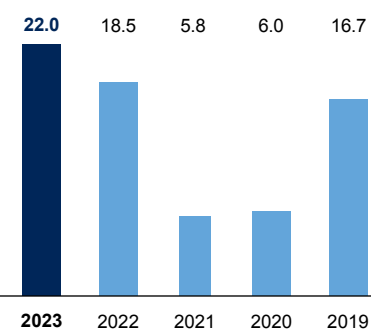
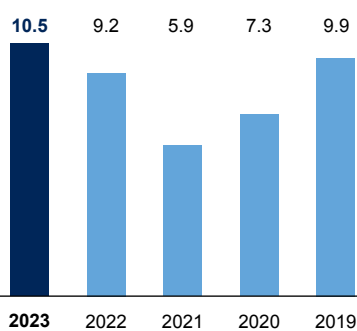
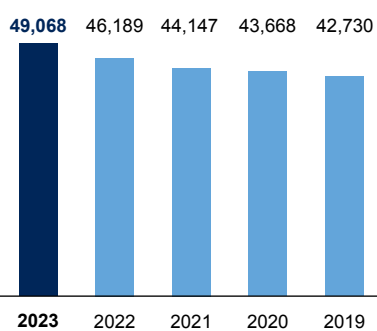
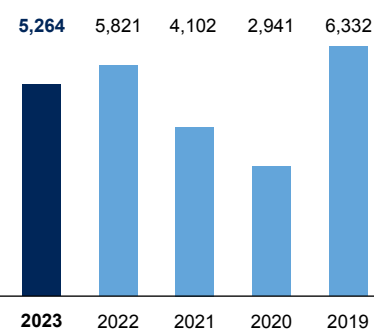
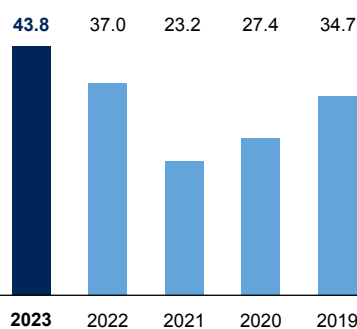
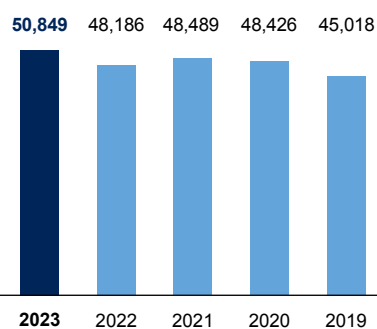
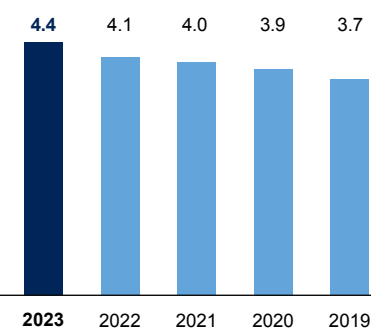
## IMPROVED EARNINGS

Profit After Taxation  
(RM million)

## STEADY BALANCE SHEET GROWTH

Total Assets  
(RM million)

## ENHANCED SHAREHOLDERS VALUE

Dividend Per Share  
(Sen)Net Return on Average Equity  
(%)Gross Loan, Advances  
and Financing  
(RM million)Market Capitalisation  
(RM million)Earnings per share  
(sen)Deposits from Customers  
(RM million)Net Assets Per Share  
(RM)

# PERFORMANCE REVIEW

## FINANCIAL REVIEW

### Performance Highlights for FY2023

In FY2023, Alliance Bank continued to deliver a strong performance, while maintaining solid capital and liquidity positions.

The Bank registered a revenue of RM1.92 billion, a 2.8% increase year-on-year (“YOY”), driven by an 11.6% growth in net interest income. Accordingly, our net interest margin improved 11 basis points (“bps”) to 2.64% since March 2022. Client-based fee income (excluding brokerage income) grew to RM284.1 million, driven by higher wealth management, foreign exchange sales and trade fees.

Our cost-to-income ratio stood at 45.9% (below the pre-pandemic level) as we continued our investments in IT and digital innovation to drive future growth.

Our pre-provision operating profit remained above RM1 billion for the third year running, while net profit after tax improved by 18.3% YOY to RM677.8 million. This is the highest net profit achieved by the Bank to date. Meanwhile the Bank’s return on equity improved to 10.5%.

In FY2023, we registered loans growth of 6.2% YOY, driven by:

- SME loans growth of 13.1% YOY, mainly from the wholesale, manufacturing and business services sectors;

- Commercial loans growth of 14.8% YOY, due to higher loan utilisation from a number of commercial accounts; and

- Consumer banking loans growth of 5.2% YOY, led by 18.6% growth in personal financing and 3.4% growth in mortgages, underscoring that our efforts to build a healthy loans pipeline are bearing fruit.

Meanwhile, our corporate book registered a slight decline YOY due to bulky repayments and portfolio rebalancing efforts to trim our exposure to certain high-risk accounts.

Overall, the Bank’s CASA ratio stood at 41.9% – making our ratio one of the highest in the industry.

### Credit Management

In FY2023, the Bank’s net credit cost lowered YOY to 31.9 bps from 48.1 bps in the preceding year.

As at the end of FY2023, the total accumulated management overlays on COVID-19 amounted to RM256.6 million.

### Capital Retention

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

- Our liquidity coverage ratio stood at 161.9% – above the industry average of 157.4%;
- Our Common Equity Tier-1 ratio stood at 14.5%; and
- Our total capital ratio stood at 19.4%.

Summarised Income Statement	FY2023 RM million	FY2022 RM million	Growth RM million	Growth %
Net Interest Income	1,230.1	1,121.6	108.5	9.7
Islamic Banking Income	452.8	397.5	55.3	13.9
Of which:				
<i>Net Profit Income</i>	422.6	358.6	64.0	17.8
<i>Other Operating Income</i>	30.2	38.9	(8.7)	(22.4)
Other Operating Income	236.9	348.5	(111.6)	(32.0)
Revenue	1,919.8	1,867.6	52.2	2.8
Other Operating Expenses	(881.4)	(822.9)	(58.5)	(7.1)
Pre-Provision Operating Profit	1,038.4	1,044.7	(6.3)	(0.6)
Allowance for Loans & Impairment	(151.9)	(217.4)	65.5	30.1
Share of Results of Joint Venture	0.1	0.1	0	0
Profit before Taxation	886.6	827.4	59.2	7.2
Taxation	(208.8)	(254.6)	45.8	18.0
Net Profit after Taxation	677.8	572.8	105.0	18.3

Summarised Balance Sheet	FY2023 RM million	FY2022 RM million	Growth RM million	Growth %
Net Loans, Advances and Financing	47,926.0	45,123.7	2,802.3	6.2
Investment and Dealing Securities	12,148.1	11,790.9	357.2	3.0
Total Assets	66,310.5	61,847.9	4,462.6	7.2
Deposits from Customers	50,849.0	48,186.4	2,662.6	5.5
of which: CASA	21,294.7	23,576.7	(2,282.0)	(9.7)
Shareholders' Funds	6,746.6	6,416.7	329.9	5.1

## OPERATIONAL REVIEW: PERFORMANCE BY BUSINESS SEGMENTS

### CONSUMER BANKING

The Bank's consumer banking segment provides comprehensive personal banking solutions to individuals. To meet the diverse financial needs of our many customers, we offer a wide range of products and services such as deposits, loans, personal financing, credit cards, wealth management, structured investments and retail bonds.

#### FY2023 Performance Highlights

In FY2023, consumer banking recorded total revenue growth of 13.3% YOY to RM653.3 million which was attributable to higher net interest margin. Our gross loans and financing portfolio expanded 5.2% YOY to RM24.3 billion in FY2023. We registered a healthy loans-to-deposits ratio of 99.1%. Our CASA ratio for the deposits portfolio stood at 41.8% – once again outperforming that of the industry.

THE BANK IN YOUR POCKET

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WITH ALLIANCE PERSONAL LOAN/FINANCING

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Maintain RM12,888 get RM188 Cash\*

\*Terms and Conditions apply.

ALLIANCE BANK

Our ongoing efforts in new-to-bank client acquisition led to our acquiring 1.6 times more new clients – from 49,000 in FY2022 to close to 78,000 in FY2023. Of this number, almost 35% were onboarded through digital channels.

We registered robust growth in our eKYC-enabled digital sales. The year saw:

- Digital Personal Loans doubling to RM295 million in FY2023, from RM141 million in FY2022;
- Digital SavePlus growing 2.4 times YOY with over 18,500 accounts opened in FY2023; and
- Investment product sales amounting to RM76.7 million attained via our Remote Wealth Solutions platform.



## PERFORMANCE REVIEW

Under our Acceler8 strategy, the Bank will continue driving digital transformation to provide faster, better, and more personalised solutions for customers. Reflecting this commitment, we were the first in Malaysia to launch the Alliance Bank Visa Virtual Credit Card with a ‘Dynamic Card Number’ feature. This new payment solution not only enhances the overall experience for credit cardholders but also offers a more secure and safer way of making daily purchases while minimising customers’ exposure to fraudulent risks, identity thefts and other financial scams. Additionally, it offers our customers an environmentally friendly option as it is paperless and reduces production of plastic credit cards.

To support the Bank’s strategy in building lifetime relationships with local communities through our branch network, we refurbished and incorporated Privilege Banking Centres at 12 branches.

### ALLIANCE BANK LAUNCHES MALAYSIA’S FIRST VIRTUAL CREDIT CARD WITH DYNAMIC CARD NUMBER FEATURES

Alliance Bank continues to step up efforts to strengthen security of digital transactions with the introduction of Dynamic Card Number (“DCN”) in its Alliance Bank Visa Virtual Credit Card. The enhanced feature generates a randomised 16-digit credit card number for every transaction for e-commerce transactions, monthly or yearly subscriptions as well as streaming services to cater to customers’ various lifestyle needs. Customers also have the flexibility to determine a dedicated DCN as well as the number of times it can be used for a particular subscription service. This enables customers to track and manage their digital transactions on-the-go more conveniently and securely via their mobile phones. The fully online application process is fast and simple, with digital submission of supporting documents such as EPF statements or salary slips. Successful applicants will be notified through a push notification.



### FY2024 Outlook

As part of our new growth strategy, we will broaden our consumer business by targeting attractive segments – in particular the High Earners, Not Rich Yet (“HENRY”) segment, as well as high-net-worth individuals.

Despite the growing pace of digitalisation, we recognise that digital channels cannot replace certain aspects of relationship building. To this end, we continue to provide an omni-channel experience for customers through a combination of physical locations and self-service touchpoints.

We believe that having more face-to-face interaction with customers remains one of the best ways to strengthen our relationships and build loyalty with them. As the expansion of our branch network will enable us to maintain this strong on-the-ground presence, we will continue to open new branches and refurbish our existing branches.

For greater efficiency, we will also enhance our system infrastructure by investing in new systems.

### BUSINESS BANKING

Our business banking segment offers products and solutions that meet the needs of micro, small and medium enterprises (“MSMEs”), and our corporate and commercial banking clients. We are committed to helping business owners manage and grow their business with financing and relevant solutions at every stage of their business cycle.

## Digital SME

Established in FY2022, our Digital SME (“DSME”) business reflects the Bank’s aspiration to stay ahead of the market by leveraging an accelerated digital agenda. It embodies the challenger bank mindset in developing digital solutions for small SMEs, a segment that has been traditionally underserved.

In FY2023, DSME enhanced its proposition by providing up to RM1 million in digital collateral-free financing in comparison to RM500,000 previously. DSME provides a fast and simplified paperless loan evaluation and approval process.



### FY2023 Performance Highlights

In FY2023, DSME registered strong loans growth, improved revenue and better profitability. The business approved over RM217 million in loan applications, and achieved its target of tripling the Bank’s Digital SME loans to RM211 million in FY2023 from RM67 million previously.

DSME’s MSME portfolio continues to expand on the back of leads acquired through digital marketing and strategic partnerships or partner-in-sales. To ensure a fast and efficient approval process, virtual site visits are conducted for shortlisted applications with financing below RM300,000.

We recognise that smaller businesses face their own unique challenges such as limited access to operational resources and talent. As such, we offer our BizSmart® Solution portal, whereby our clients can take advantage of relevant products and services such as digital marketing and logistics, to help them manage and grow their businesses.

In recognition of DSME’s achievements, we received nine awards in the year under review, culminating in Alliance Bank winning the ‘Best SME Financing’ award at the prestigious Asian Banker Excellence in Retail Financial Services International Awards 2023.

### FY2024 Outlook

Today, DSME plays a key role in bringing smaller businesses into the banking ecosystem and will continue to strengthen these efforts through a variety of measures.

Under Acceler8, we will leverage partnerships to scale our product offerings. For clients who are not yet ready for lending, we invite them to open a business current account where they get to enjoy the benefits of the BizSmart® Solution portal and join the Bank’s network of client partners. In FY2024, we will launch the eKYC solution to allow such SMEs to be onboarded fully remotely.

For those who are ready for lending and are younger in business vintage (i.e., a minimum of one year in business), we will accord them smaller loans. As they grow, we will support their growth by giving them bigger lines of financing upon periodic reviews of their progress.

These approaches fit into the Bank’s overall strategy of nurturing SMEs from smaller ones (via DSME), to larger ones (via SME associates and SME relationship managers), and subsequently into Commercial or Corporate Banking customers.

DSME intends to continue its growth momentum to attain a loans book of over RM300 million by FY2024. In terms of new customers, DSME aims to contribute to approximately 30% of new business current account openings for the overall business banking segment by FY2027.

## PERFORMANCE REVIEW

### SME & Commercial Banking

Our SME & Commercial Banking segment supports the Bank's business clients through their various growth stages by providing value-added financial solutions and services. The segment aims to address customers' business development and financing needs via products and services that include credit facilities, transactional services, business credit cards and bancassurance.

#### FY2023 Performance Highlights

In FY2023, the Bank's SME loans grew 13.1% YOY to RM12.7 billion, outpacing industry growth rates. Similarly, the Commercial Banking segment registered strong loans growth of 14.8% YOY as we continued to improve our origination quality.

SME deposit balances grew 7.2% YOY to RM11.5 billion as we diversified our acquisition channels to include partner-in-sales, customer referrals and digital marketing. Our SME CASA ratio remained strong at 58%. Meanwhile, Commercial Banking deposit balances grew 13.6% YOY to RM4 billion, bringing our CASA ratio to 53%.

Despite the challenges stemming from the pandemic these last few years, we have successfully increased our SME market share from 3.4% to 5%. The inroads we have made have been strengthened by our innovative product and service offerings as well robust digital platforms that provide fast and relevant solutions to our customers.

#### FY2024 Outlook

The next few years will see the Bank increasing the velocity of our SME sales force expansion to deliver a faster, simpler and more responsive customer experience. At the same time, we will expand customer acquisition activities through strategic partnerships and scale up our digital channels to reach the SME segment.

We will also enhance our programme-lending and risk acceptance criteria. This will entail placing greater emphasis on selected growth sectors and businesses that are focused on healthcare, education and good ESG practices.



### Corporate & Transaction Banking

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

#### FY2023 Performance Highlights

In FY2023, the Corporate & Transaction Banking segment's revenue rose 31.2% YOY to RM497.8 million while it registered a profit before tax of RM359.4 million.

As testament to our digitalisation efforts, our BizSmart® Mobile app and Online Banking enable businesses owners to perform their business banking anytime, anywhere. In FY2023, we signed up more than 6,000 new BizSmart® customers on our platform, while the overall BizSmart® customer penetration increased from 57% to 62%. Altogether, 47% of our trade financing submissions were made digitally with BizSmart® eTrade, our online trade financing submission platform.

We continued to enhance BizSmart® eTrade to improve the overall customer experience. These enhancements included the introduction of the eLetter of Credit and eBank Guarantee, allowing customers to submit their applications via web or mobile platforms.

Following enhancements to the BizSmart® Mobile app, users can now check their trade account balances in real-time, use our quick payment feature for recurring payments, and leverage on BOB, the new BizSmart® Chatbot for 24/7 customer self-help via WhatsApp.



**Alliance BizSmart® eTrade**  
is Malaysia's first mobile trade  
financing submission platform  
that allows users to complete the  
end-to-end process of trade  
financing digitally via the **BizSmart®**  
**Mobile App or Online Banking**  
anytime, anywhere without physically  
visiting branches.

We also implemented several measures to combat financial crime, such as discontinuing SMS TAC for BizSmart® web log-in verification and no longer mailing paper statements to protect users from identity theft.

Our BizSmart® Mobile app and BizSmart® eTrade went on to win eight awards in FY2023, demonstrating that the industry recognises our efforts in making continuous system enhancements and introducing new features to our customers.

## FY2024 Outlook

Moving forward, in line with Acceler8, we will drive synergies for both our corporate and capital markets businesses. This will see us continuing to broaden our customer base by 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 also focus our growth in attractive regions such as the Northern region of the Peninsula and the state of Sarawak in East Malaysia.

We will continue to support our customer base in the coming year by focusing on their respective digitalisation journeys through BizSmart® Mobile and BizSmart® eTrade. Additionally, we will continue to strengthen BizSmart®-related innovation to ensure our customers are transacting online in a secure environment.

## GROUP FINANCIAL MARKETS

Group Financial Markets operates within four core areas comprising funding and investment, trading and market making, client-based servicing, and asset-liability management. The segment is focused on providing foreign exchange, money market, hedging and investment (capital market instrument) solutions for its customers.

### FY2023 Performance Highlights

In 2022, the financial markets witnessed a series of interest rates hikes both globally and locally. Unlike previous years, the opportunity to crystallise gains in the debt securities portfolio was limited. The volatility in financial markets, however, provided huge opportunities on the structured investments and customer-facing activities fronts. These volatilities allowed better yield enhancement structures for the consumer wealth business in particular. Business banking client activities also heightened as clients within this area worked on gearing themselves up to manage greater risks by adopting measures such as early hedging to mitigate market risks.

For FY2023, Group Financial Markets' revenue stood at RM326 million.



## PERFORMANCE REVIEW

### Liquidity and Funding

In FY2023, competition for deposits intensified in response to rising interest rates. The Bank continued to maintain a healthy liquidity position. The Bank's liquidity coverage ratio was consistently well above the regulatory threshold of 100% and net stable funding ratio of over 100%. Our loan-to-fund ratio remained below 88%.

### FY2024 Outlook

The reopening of China's economy and heightened growth from major economies augur well for customer-facing activities. While the global economy continues to be weighed down by cost pressures, the uptrend in interest rates remains intact to some extent.

All in all, FY2024 is expected to be another uneven year with central banks across the globe still finding their footing in terms of how to manage interest rates to normalise cost pressures. However, we deem this volatility an opportunity to capture customers' interest either in the business banking space for greater discipline in risk management, or in the consumer wealth space for further enhanced returns on structured investments.

In terms of the Bank's own investments, we see reinvestment opportunities at the higher interest rate levels. On the liquidity front, we anticipate that local banking institutions will have no issues maintaining sufficient liquidity.

### INVESTMENT BANK

Effective 1 April 2022, Alliance Investment Bank Berhad's ("AIBB") capital markets business was moved to Alliance Islamic Bank. This makes the latter one of the few local Islamic banks with an in-house capability to meet the comprehensive corporate and capital markets needs of its business clients. On 30 July 2022, the sale of AIBB's stockbroking business to Phillip Capital Sdn Bhd (formerly known as Phillip Futures Sdn Bhd) was completed. The excess capital from the sale of the stockbroking business has been re-deployed to accelerate growth in our consumer, SME and Islamic banking businesses. On 1 April 2023, AIBB transferred its residual assets to the Bank.

### ISLAMIC BANK

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



### FY2023 Performance Highlights

In FY2023, AIS posted 29.8% growth in net profit after tax YOY on the back of increased revenue. Our net profit income improved by RM65.4 million or 18.8% YOY mainly due to higher financing growth. Meanwhile, AIS's net profit margin improved 25 bps to 2.67%.

The year saw AIS posting a return on equity of 12.9%. AIS financing and advances grew by 6.9% YOY to RM12.5 billion, primarily driven by SME financing. Our CASA balance stood at RM4.7 billion and we maintained a high CASA ratio of 33.2%.

AIS's Halal in One ("HIO") programme, a halal certification and business support services ecosystem, remains a strong pipeline for revenue and new-to-bank customers. Having announced that we would be making at least RM400 million in financing available to SMEs, we exceeded this target and provided close to RM520 million in financing to SMEs in the year under review.

At the end of FY2023, we had successfully referred close to 60 SMEs to our halal certification partner. We also successfully provided HIO support to more than 120 SMEs via our collaboration with the Halal Development Corporation. In terms of the export market, we engaged with more than 40 SMEs in relation to export opportunities in Japan, Korea and the Maldives via our events with buyers. We continue to engage with new partners and form new collaborations to reach out to more SMEs.

### ALLIANCE ISLAMIC BANK LAUNCHES MALAYSIA'S FIRST ZAKAT MICROFINANCING BOOK

During the year, AIS launched the nation's first book on *zakat* microfinancing. Titled "Zakat and Microfinancing", it introduces the innovative idea of using *zakat* funds to provide microfinancing to *asnaf* (underprivileged) micro-entrepreneurs. This breakthrough concept promotes equitable development and accelerates financial inclusion by empowering communities and progressing *asnaf* micro-entrepreneurs out of poverty. Based on the research highlighted in this book, AIS has obtained approval from relevant authorities and will be piloting the Zakat Microfinancing Programme. For more details, refer to page 73 of the Sustainability Statement in this Annual Report.

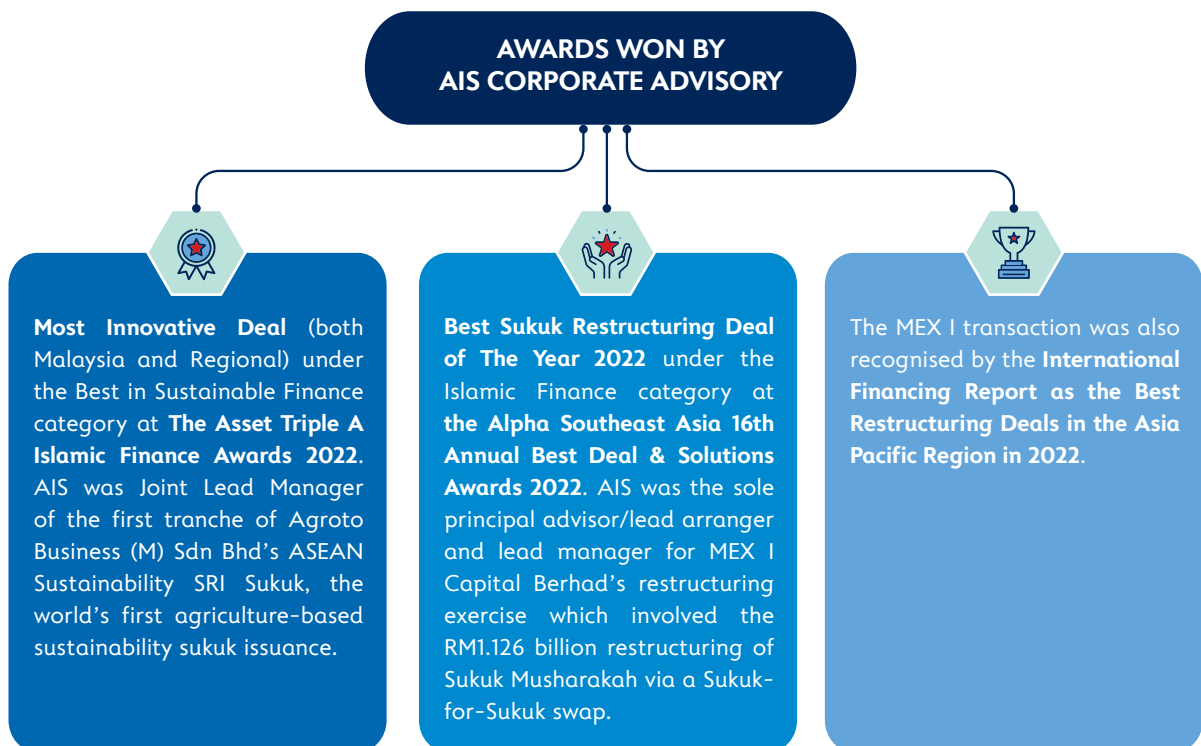


## PERFORMANCE REVIEW

### Corporate Advisory

On 1 April 2022, AIBB's capital markets business was transferred to AIS, providing AIS an in-house capital markets team that has the expertise to bring companies to their next stage of growth through IPO listings. In FY2023, AIS raised over RM500 million through eight bonds and sukuk transactions.

In January 2023, Alliance Islamic Bank was the Principal Adviser, Sponsor, Sole Underwriter and Joint Placement Agent for L&P Global Berhad's listing on the ACE Market. The successful listing of this Corporate Finance client also marked the first IPO listing on the ACE Market for 2023.



### FY2024 Outlook

Given Malaysia's favourable regulatory environment and its robust Islamic finance ecosystem, as well as the country's transition to Shariah-compliant services, it is anticipated that the growth of Islamic financing in Malaysia will continue to outpace that of conventional banks.

One of the key pillars under Acceler8 is that we accelerate Islamic growth by leveraging unique propositions. To this end, AIS will focus its efforts on accelerating growth in the consumer, SME, commercial and corporate segments as well as driving contribution from differentiated offerings in FY2024.

AIS will continue to grow our distinctive value propositions for businesses through our flagship HIO programme. For FY2024, we aim to provide financing of up to RM600 million and will extend our market access proposition regionally through our partners.

We will also drive client-based fee income through introducing new Bancatakaful and Shariah-compliant investment offerings.

In addition, we will also pursue growth from the capital markets business. In view of the thriving SME segment in Malaysia, there are ample opportunities for IPO listings by small-mid cap companies. We aspire to become a leader for advisory services to the ACE Market IPO and ESG-based sukuk.

## RISK AND COMPLIANCE

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

Our Risk Management Framework deals with key risk activities according to identified risk categories. These include credit risk, market risk, operational risk, technology risk, as well as environmental, social and governance risk, among others.

The finer details of the Bank's risk and risk mitigation strategies can be found in the Risk Management report on pages 150 to 157 and the Statement on Risk Management and Internal Control on pages 148 to 149 of this Annual Report. For the details of the developments on the corporate governance front, please refer to the Corporate Governance Overview Statement on pages 108 to 147 of this Annual Report.

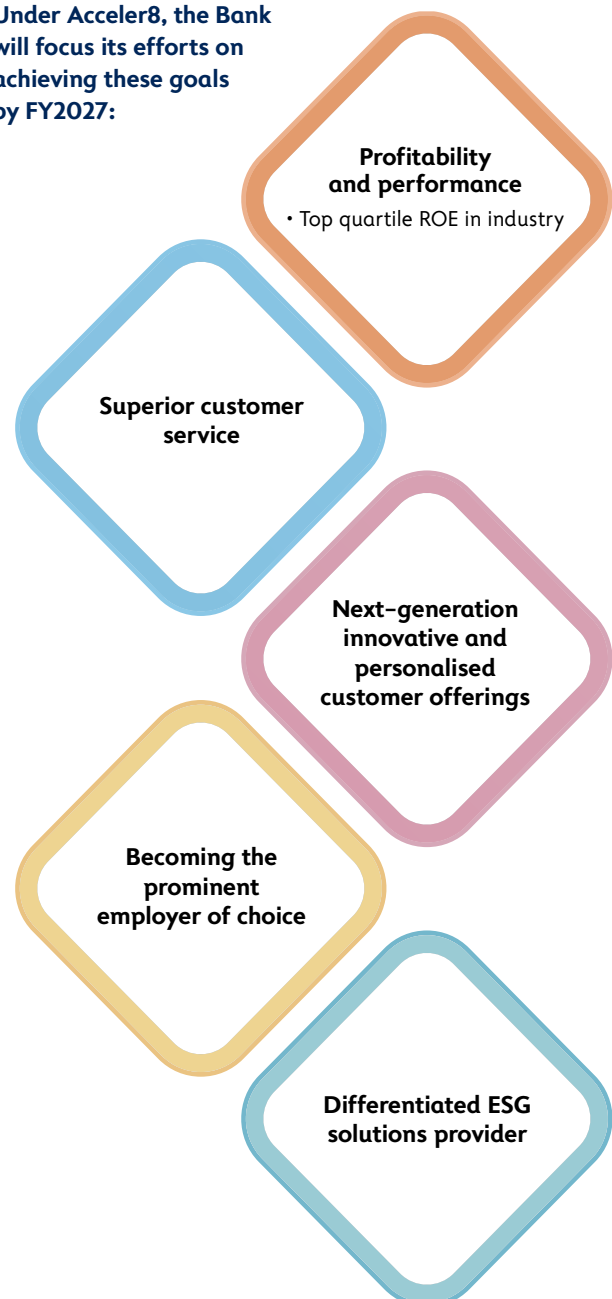
## OUTLOOK AND STRATEGIC PRIORITIES

Today, the global economy continues to be driven by multiple factors including geopolitical tensions, the pandemic, rising inflation, supply chain issues and rising energy costs. The International Monetary Fund forecasts that the ASEAN region will grow 6.0% YOY, stronger than global growth of 2.7% YOY for 2023. For Malaysia, the Ministry of Finance projects that economic growth will come in between 4.0% and 5.0% YOY in 2023.

While many sectors in Malaysia, such as wholesale and retail trade as well as manufacturing, have experienced good post-pandemic recovery, we are mindful that the overall recovery has been uneven and there remain pockets of stress in selected sectors. Coupled with the prolonged period of high inflation, there may be some weakening in credit quality. Nevertheless, the forecast is for Malaysia and the other economies in the region to register relatively resilient economic expansion moving forward.

Against this economic backdrop, the Bank intends to build upon the good success we have achieved to date in the business owner and SME segments and expand this to new areas of growth like the HENRY segment, high-net-worth clients, resilient ecosystems, and fast-growing economic corridors in the country, such as the Northern region of Peninsular Malaysia and Sarawak.

**Under Acceler8, the Bank will focus its efforts on achieving these goals by FY2027:**



## PERFORMANCE REVIEW

In line with Acceler8, we will be transforming our organisation to drive higher performance and a more collaborative environment. To enable growth, we will leverage operating model changes in these areas:

### Re-Energise Our Workforce and Develop Our Talent

Our people are undoubtedly the engine that drives our success. As such, we have begun to refresh our employee value proposition (“EVP”) and strengthen engagement with our employees to ensure alignment to our transformation priorities. We aim to re-energise our workforce and build a high-performance culture where our talent can truly thrive.

With the entry of fintech and digital banks, there is a growing need to attract and retain employees with skillsets beyond core banking skillsets in areas such as data analytics, technology and user experience design. Given the heightened competition for such talent, we are taking the necessary measures including enhancing our EVP to attract and retain the best talent as well as inculcating these future-ready skills into our existing workforce. This will not only ensure the success of our workforce but will also strengthen our customer value proposition and drive innovation in the industry.

### Refine Our Credit Approach

To ensure we maintain our competitive edge by delivering best-in-class performance in terms of speed and convenience, we have been undertaking business process re-engineering to simplify both internal and customer-facing processes.

We will also be reviewing our lending approach for targeted segments as well as incorporating alternate credit scoring models to expand our market scope and improve our credit decisioning process.

### Refresh the Alliance Brand, Revitalise Our Branches

Moving forward, we will be unveiling our refreshed branding which aims to strengthen our identity as a more energetic and progressive challenger bank. We will also be progressively enhancing our branch network and refreshing the branch designs to reflect our renewed branding and customer promise.

Our aspiration is that our revitalised branches be focal points for the communities around them. Via our revitalised branch network, we aim to take our engagement efforts in the neighbourhoods in which our branches operate up several notches through open houses and community events. One such example is our #SupportLokal initiative where our branches have been undertaking joint promotions with merchants and business clients in their neighbourhoods to promote their local products and services.



### Accelerate IT Transformation

In order to enhance our IT infrastructure to drive business growth, we have allocated RM180 million in investments over the next few years to upgrade our IT capabilities and bolster the resiliency of our infrastructure.

These investments, together with enhanced security risk management policies and cybersecurity safeguards, will help us fast-track our growth efforts.

As we move forward, we will leverage on speed, service and personalisation in our customer engagement to maintain our competitive edge. To stay ahead of the game, we will bring to the fore our ability to respond quickly and provide relevant, innovative and effective solutions.



# FINANCIAL CALENDAR

ACTIVITIES	DATE
<b>Announcement of Financial Results</b>	
First Financial Quarter ended 30 June 2022	30 August 2022
Second Financial Quarter ended 30 September 2022	29 November 2022
Third Financial Quarter ended 31 December 2022	28 February 2023
Fourth Financial Quarter ended 31 March 2023	30 May 2023
<b>Dividends</b>	
First interim single tier dividend of 12.0 sen per share - Ex-Dividend Date - Entitlement Date - Payment Date	14 December 2022 15 December 2022 28 December 2022
Second interim single tier dividend of 10.0 sen per share - Ex-Dividend Date - Entitlement Date - Payment Date	15 June 2023 16 June 2023 28 June 2023
- Notice of 41 <sup>st</sup> Annual General Meeting - 41 <sup>st</sup> Annual General Meeting	26 June 2023 26 July 2023

# OUR VALUE CREATION BUSINESS MODEL

Our Vision

The Preferred Banking Partner

## Our Capitals

### Financial Capital

- RM50.8 billion deposits from customers
- RM6.7 billion Shareholders' Equity
- Healthy funding position with liquidity coverage ratio at 161.9%
- Common Equity Tier 1 Ratio of 14.5%, Tier-1 Capital Ratio of 15.3%, and Total Capital Ratio of 19.4%

### Manufactured Capital

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

### Intellectual Capital

- Over four decades of serving Malaysians' personal and business financial needs
- Delivers fast, convenient and personalised solutions that are relevant to customers' needs

### Human Capital

- An equal opportunity employer with a diverse workforce of close to 4,000 employees; over half of the workforce are women
- Invested over RM7.2 million in employee development initiatives; average learning hours per employee is 34 hours during the year
- 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

- Collaborated with strategic partners to help businesses transform to be more sustainable
- Empowered SMEs and communities through various initiatives such as:
  - Sustainability Assistance Programme ("SAP") to support businesses in their transition towards more sustainable practices
  - #SupportLokal initiative to help local businesses widen their customer reach by taking their businesses online
  - Halal in One Programme to help businesses expand their customer reach within the halal segment
  - Economic Empowerment Programme for B40 small local businesses
  - EcoBiz Challenge, a youth sustainability entrepreneurial programme for tertiary students
  - SocioBiz, a social crowdfunding platform to raise funds for disadvantaged individuals and social enterprises

## Our Business Activities

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

## Our Material Matters

### ECONOMIC/ GOVERNANCE

- Economic Performance
- Ethics and Compliance
- Product Stewardship
- Responsible Lending
- Digitalisation
- Customer Experience
- Customer Data Privacy
- Sustainable Procurement

### ENVIRONMENTAL

- Conserving the Environment
- Climate Change

### SOCIAL

- Talent Management
- Employee Engagement, Health, Safety and Wellbeing
- Diversity, Equity and Inclusion
- Corporate Social Responsibility



## Our FY2027 Ambitions

### Financials



Top Quartile Return on Equity



### Non-Financials



Superior Customer Service



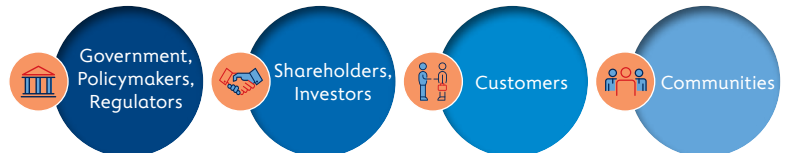
Prominent Employer of Choice



Solid ESG Progress



## Our Key Stakeholders



## Our Risk Management



Our Brand Purpose

The Bank For Life

Building Alliances to Improve Lives

Our Mission

Outputs and Outcomes



Our Growth Opportunities

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



Our Key Enablers

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



Financial Capital

- Revenue grew 2.8% to RM1.92 billion
- Net interest income improved 11.6% YOY
- Loans grew 6.2% YOY
- CASA ratio at 41.9%, remains one of the highest in the industry
- Net profit after tax improved 18.3% YOY to RM677.8 million
- Return on equity at 10.5%
- Earnings per share of 43.8 sen
- Net asset value per share at RM4.36

Manufactured Capital

- Acquired 89,000 new-to-bank customers, an increase of 58% over the previous year
- Acquired an additional 8,700 new business owners with dual personal and business relationships
- Enhanced our suite of innovative digital solutions:
  - First in Malaysia to offer the Alliance Bank Visa Virtual Credit Card with a 'Dynamic Card Number' feature which strengthens security of digital transactions
  - Enhanced Digital SME's proposition by providing up to RM1 million in digital collateral-free financing in comparison to RM500,000 previously, DSME loans exceeded RM200 million
- Launched BOB, Alliance Bank's first fully automated chatbot that provides 24/7 support to BizSmart® customers via WhatsApp
- High penetration of digital transaction platforms:
  - Digital channels contributed close to 35% of our consumer banking acquisitions
  - Doubled our digital personal loans to RM295 million in FY2023, from RM141 million in FY2022
  - Digital channel transactions grew by 19% YOY
  - Digital transactions made up 76% of total customer transactions

Intellectual Capital

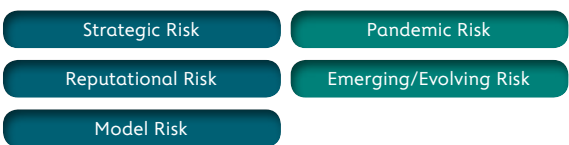
- Highest-ever customer Net Promoter Score ("NPS")
- Launched our inaugural thought leadership publication on ESG adoption among Malaysian SMEs
- Won over 20 awards for digitisation efforts and innovative deals in supporting consumers and businesses

Human Capital

- 91% retention rate of high performers
- High employee satisfaction:
  - Achieved 89% for Sustainable Engagement Index, on par with industry norms and global high-performing norms
  - Employee well-being index at 89%
  - Better communication index at 89%
- 84% of employees were able to balance work and personal commitments
- Won the Silver award for "Excellence in COVID-19 Response" at the HR Excellence Awards 2022, Malaysia

Social & Relationship Capital

- Achieved RM8.1 billion in new sustainable banking business
- Provided business support via BizSmart® Solution, #SupportLokal and Halal in One Programme
- The Sustainability Assistance Programme ("SAP") provided more than RM170 million in financing for businesses and green solutions
- The Halal in One Programme provided close to RM520 million in financing to SMEs
- Through the Economic Empowerment Programme, 74% of participants reported an increased income
- The EcoBiz Challenge 4 saw the successful establishment of 11 social businesses
- The Bank won five awards for its Corporate Governance best practices



A G I L E
















Accountability | Growth-driven | Integrity | Leadership | Excellence




















Our Values

# KEY STAKEHOLDER ENGAGEMENT

Stakeholder engagement remains a fundamental component of the Bank’s value creation efforts, more so as our businesses and markets continue to expand and evolve. Alliance Bank’s stakeholders are defined as individuals or interest groups who are influenced or impacted by our business activities and/or presence and vice versa. We view them as valued resources that help us to determine what is most material or important on the Economic as well as Environmental, Social and Governance (“ESG”) fronts.

To ensure that we remain an inclusive organisation that is discerning of our stakeholders’ needs, we regularly engage our stakeholders using different mediums on various platforms to inform them of our corporate development, business direction and sustainability initiatives, as well as to obtain feedback on our efforts. The following paints a picture of the Bank’s diverse stakeholder categories, their interests and concerns, the manner in which we address stakeholder expectations, and the mode and frequency of our engagement efforts:

Stakeholders	Interests and Concerns	Addressing Stakeholder Expectations	Mode of Engagement (Frequency of Engagement)
Government, Policymakers, Regulators	<ul style="list-style-type: none"> <li>Compliance with regulatory requirements</li> <li>Adherence to applicable laws</li> <li>Regulatory reporting</li> <li>Programme engagement</li> </ul>	<ul style="list-style-type: none"> <li>Establish a robust compliance system which is continuously reviewed and enhanced to ensure that applicable regulatory requirements are met.</li> <li>Stay updated on changes in local laws and regulations.</li> <li>Provide necessary reports and information on a timely basis.</li> <li>Actively participate and contribute to the programmes initiated by the government, policymakers and regulators.</li> </ul>	<ul style="list-style-type: none"> <li>Dialogue </li> <li>Conferences </li> <li>Periodic regulatory reporting </li> <li>Participation in industry and regulator initiatives </li> </ul>
Shareholders, Investors	<ul style="list-style-type: none"> <li>Governance</li> <li>Growth strategy</li> <li>Risk management</li> <li>Accurate and comprehensive disclosures</li> <li>Regular communication</li> </ul>	<ul style="list-style-type: none"> <li>Pursue balanced, sustainable growth via strategic plans, and ensure the Bank remains competitive while keeping it safe.</li> <li>Focus on strong risk management, maintain a healthy capital position, and actively manage liquidity to sustain financial viability.</li> <li>Provide timely and comprehensive updates and disclosures on performance, strategic progress and significant corporate milestones.</li> <li>Maintain active engagement with shareholders and investors.</li> </ul>	<ul style="list-style-type: none"> <li>Annual General Meeting </li> <li>Analyst briefings </li> <li>Special briefings </li> <li>One-on-one and group investor meetings with the management and investor relations team </li> <li>The Bank’s corporate website </li> </ul>
Customers	<ul style="list-style-type: none"> <li>Ability to resolve concerns</li> <li>Progressive advancement in products and solutions</li> <li>Superior customer service</li> </ul>	<ul style="list-style-type: none"> <li>Leverage the new transformation strategy, Acceler8, to provide fast, convenient and personalised solutions that are relevant to customers as their needs grow and evolve.</li> <li>Ensure a continuous focus on introducing and enhancing the Bank’s products and solutions to deliver innovative solutions in a fast and simple manner.</li> </ul>	<ul style="list-style-type: none"> <li>Physical branches </li> <li>Market research </li> <li>Networking events </li> <li>The Bank’s corporate website </li> <li>The Bank’s social media channels </li> <li>Net Promoter Score (“NPS”) Surveys </li> </ul>

Stakeholders	Interests and Concerns	Addressing Stakeholder Expectations	Mode of Engagement (Frequency of Engagement)
Communities	<ul style="list-style-type: none"> <li>• Community development</li> <li>• Platforms for young environmental and social entrepreneurs</li> <li>• Gender equality</li> <li>• Income inequality</li> </ul>	<ul style="list-style-type: none"> <li>• Collaborate with strategic partners to advocate economic empowerment.</li> <li>• Promote environmental preservation (zero-waste) and social businesses especially to the young generation and university students.</li> <li>• Promote women empowerment, diversity and women equality (to reduce inequality).</li> <li>• Conduct initiatives to reduce hunger.</li> <li>• Provide financial assistance through SocioBiz crowdfunding platform and zakat.</li> </ul>	<ul style="list-style-type: none"> <li>• Community programmes </li> <li>• The Bank’s corporate website </li> <li>• The Bank’s social media channels </li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Corporate developments, business direction and sustainability initiatives</li> <li>• Talent development</li> <li>• Career advancement</li> <li>• Employee health, safety and wellbeing</li> <li>• Talent attraction and retention</li> </ul>	<ul style="list-style-type: none"> <li>• Advocate open and transparent communication via meetings and townhalls.</li> <li>• Promote a culture of appreciation via half-yearly Voice of Employee surveys, Alliance Heroes and ManCo Appreciates You initiatives.</li> <li>• Offer various career advancement paths for professional growth, and nurture talent pipelines through development programmes like Alliance Bank Leadership Excellence Academy and Alliance Development Programmes.</li> <li>• Organise employee engagement and wellbeing initiatives via the Sports Club, Engagement Champion Committees and Fit@Alliance.</li> <li>• Attract and retain talent through energising culture, career development and total rewards programmes.</li> </ul>	<ul style="list-style-type: none"> <li>• inAlliance intranet portal </li> <li>• Employee surveys </li> <li>• Department meetings </li> <li>• Townhalls </li> <li>• Training sessions </li> <li>• Mentoring programmes </li> <li>• Rewards and recognition programmes </li> <li>• Social activities </li> </ul>
Suppliers, Vendors	<ul style="list-style-type: none"> <li>• Fair and transparent procurement practices</li> <li>• Sustainable supply chain</li> <li>• Environmental and social responsibility</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure fair treatment of vendors and suppliers by enforcing the Bank’s Procurement Policy and Standard Operating Procedures while making purchasing decisions.</li> <li>• Promote transparency and adoption of best governance (including risk management and compliance), environmental, and social practices in our supply chain via the ESG Procurement Sustainable Assessment Questionnaire (“SAQ”).</li> </ul>	<ul style="list-style-type: none"> <li>• The Bank’s e-Procurement System </li> <li>• The Bank’s corporate website </li> <li>• Suppliers briefings </li> </ul>
Business Partners	<ul style="list-style-type: none"> <li>• SME sustainability adoption</li> <li>• Preferential offerings to drive adoption and uptake of sustainability solutions</li> </ul>	<ul style="list-style-type: none"> <li>• Commission our inaugural ESG thought leadership publication, “ESG Insights from Malaysian SMEs: Building A Better Future Together”.</li> <li>• Sponsor development of SME climate positive platform and SME climate action plan.</li> <li>• Offer preferential financing and green solutions.</li> <li>• Support and provide resources to partners for their awareness programmes and client engagements.</li> </ul>	<ul style="list-style-type: none"> <li>• Physical meetings </li> <li>• Events (webinars, panel discussions, green exhibitions) </li> <li>• Social media channels </li> <li>• The Bank’s corporate website </li> <li>• Speaking engagements </li> </ul>



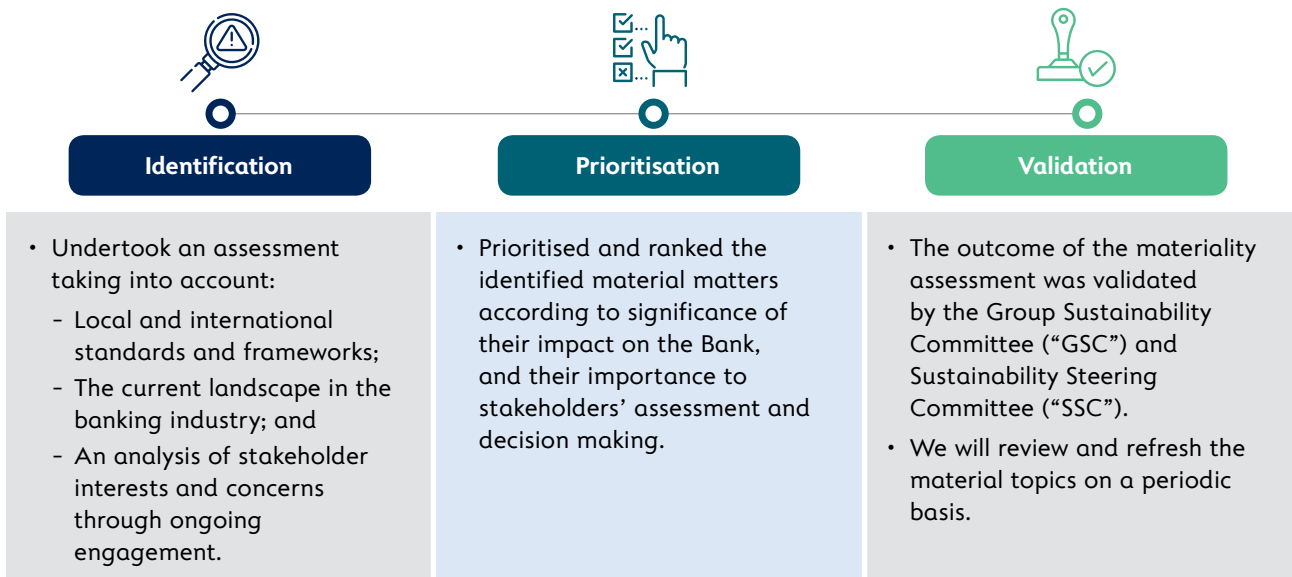
# MATERIAL MATTERS

Here at Alliance Bank, we aspire to conduct our business by balancing out our short- to long-term ambitions with our stakeholders’ best interests. Our efforts are guided by our material matters which are the key topics, aspects and disclosures that we deem sufficiently important to be managed and reported and which are most impactful on Alliance Bank’s value creation process. These material matters also influence our stakeholders in their decision as to whether to do business with or associate with us.

The Group’s materiality topics are determined through a systematic assessment that combines our understanding of our Economic as well as Environmental, Social and Governance (“ESG”) impacts, the market environment, and the data and insights garnered from our diverse stakeholders. In FY2023, the Bank conducted a materiality assessment through engagement with our internal and external stakeholders to understand our material economic, environmental, and social risks and opportunities, as well as assess their impacts on the business and our stakeholders.

FY2023’s materiality assessment entailed the following methodology:

## Materiality Assessment Methodology



From the materiality assessment exercise, we derived a total of 14 material matters that the Bank deems important to be managed and reported. These material matters and their relevance are spelled out below. They underscore the Bank’s commitment towards helping our customers adopt effective ESG practices, while reducing our own carbon emissions footprint.

## OUR IDENTIFIED MATERIAL MATTERS



### Economic/Governance

- Economic Performance
- Ethics and Compliance
- Product Stewardship
- Responsible Lending
- Digitalisation
- Customer Experience
- Customer Data Privacy
- Sustainable Procurement



### Environmental

- Conserving the Environment
  - Water Management
  - Waste Management
  - Biodiversity Management
- Climate Change



### Social

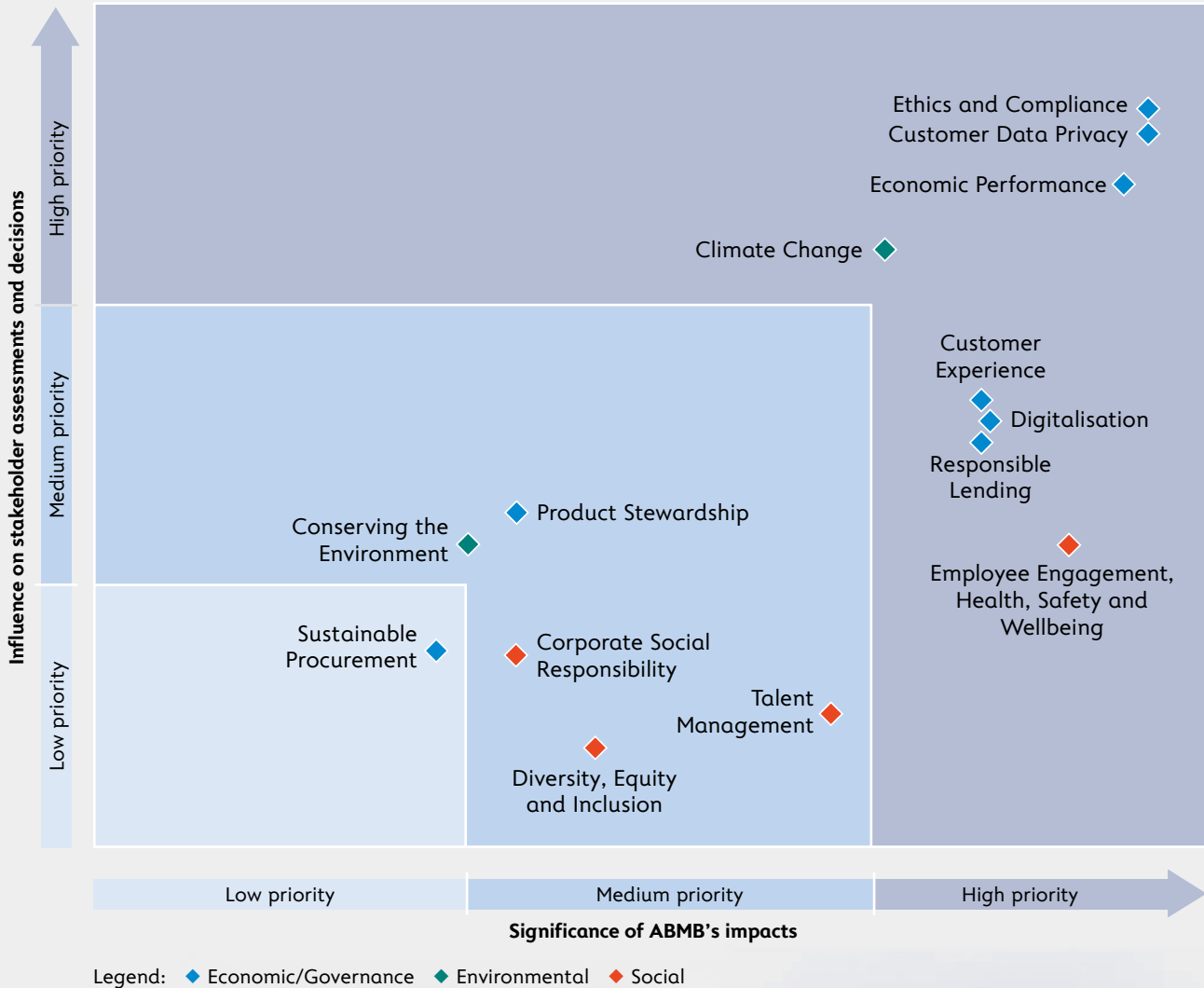
- Talent Management
- Employee Engagement, Health, Safety and Wellbeing
- Diversity, Equity and Inclusion
- Corporate Social Responsibility

## The Bank's Material Sustainability Matters

Material Matters	Definitions
 <b>Economic/Governance</b>	
<b>Economic Performance</b>	<ul style="list-style-type: none"> <li>Generating sustainable economic value and creating wealth for stakeholders to ensure the Bank's long-term sustainability.</li> </ul>
<b>Ethics and Compliance</b>	<ul style="list-style-type: none"> <li>Ensuring the Bank conducts business ethically while complying with legal and operational core regulations.</li> </ul>
<b>Product Stewardship</b>	<ul style="list-style-type: none"> <li>Identifying and incorporating ESG considerations into our business strategy and financing propositions; and</li> <li>Providing solutions to customers to help them more effectively adopt and adapt to sustainable business practices and lifestyles.</li> </ul>
<b>Responsible Lending</b>	<ul style="list-style-type: none"> <li>Providing accessible and affordable financial services to customers in support of financial inclusion.</li> </ul>
<b>Digitalisation</b>	<ul style="list-style-type: none"> <li>Offering new mediums to improve efficiency and productivity of business processes as well as product offerings.</li> </ul>
<b>Customer Experience</b>	<ul style="list-style-type: none"> <li>Improving customer relationships to meet or exceed their demands and preferences while building trust with customers.</li> </ul>
<b>Customer Data Privacy</b>	<ul style="list-style-type: none"> <li>Protecting personal and confidential customer data from unauthorised access or attacks that aim to exploit the information.</li> </ul>
<b>Sustainable Procurement</b>	<ul style="list-style-type: none"> <li>Ensuring our procurement practices are fair, transparent and ethical;</li> <li>Strengthening our support of local suppliers (percentage of procurement budget spent on local suppliers); and</li> <li>Ensuring a sustainable supply chain through inclusion of environmental and human rights considerations.</li> </ul>
 <b>Environmental</b>	
<b>Conserving the Environment</b>	<ul style="list-style-type: none"> <li>Implementing measures to minimise environmental impact through water, waste, and biodiversity management and other initiatives in order to manage the Bank's environmental footprint.</li> </ul>
<b>Climate Change</b>	<ul style="list-style-type: none"> <li>Managing the Bank's climate-related risks and opportunities;</li> <li>Supporting the Bank's clients as they transition towards a low-carbon economy; and</li> <li>Ensuring effective energy and emissions management within our business operations.</li> </ul>
 <b>Social</b>	
<b>Talent Management</b>	<ul style="list-style-type: none"> <li>Attracting and retaining a high-performing workforce through continuous development of employee capabilities.</li> </ul>
<b>Employee Engagement, Health, Safety and Wellbeing</b>	<ul style="list-style-type: none"> <li>Creating a conducive working environment through continuous employee engagement, promotion of employee welfare and benefits, as well as protection of human rights, health, safety and wellbeing.</li> </ul>
<b>Diversity, Equity and Inclusion</b>	<ul style="list-style-type: none"> <li>Providing equal treatment to all employees while maintaining a diverse and inclusive workforce to improve productivity.</li> </ul>
<b>Corporate Social Responsibility</b>	<ul style="list-style-type: none"> <li>Enriching lives through corporate social responsibility ("CSR") activities and community engagement efforts to influence positive societal change.</li> </ul>

# MATERIAL MATTERS

The findings from our materiality assessment are represented in the following Materiality Matrix:



As we grow our bank, we intend to review these material matters periodically and along with changes in the business or regulatory environment.

Our 14 material matters are monitored and managed through the implementation of our Sustainability Strategy Framework which is embedded within the Bank's new growth transformation strategy, Acceler8.

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



# SUSTAINABILITY STATEMENT

## SCOPE AND BOUNDARY

**This Sustainability Statement (“Statement”) covers the key material Economic as well as Environmental, Social and Governance (“ESG”) activities that Alliance Bank Malaysia Berhad (“Alliance Bank” or “the Bank”), our business segments, our subsidiaries and our joint venture operations (where relevant), undertook in financial year 2023 (“FY2023”) through engagement with both our internal and external stakeholders. It is anchored by the Bank’s operations throughout Malaysia for the period of 1 April 2022 to 31 March 2023.**

This Statement aims to align with the requirements of Bursa Malaysia Securities Berhad’s (“Bursa Malaysia”) Main Market Listing Requirements and its Sustainability Reporting Guide (3rd edition). It also aligns with the criteria as per the Task Force on Climate-related Financial Disclosures (“TCFD”), and reports with reference to the Global Reporting Initiative (“GRI”) Standards 2021.

In crafting this Statement, we have ensured that the highest levels of transparency and accountability have been observed in our reporting efforts. This Statement has not been subjected to any assurance process. As part of our commitment to continuously improve our disclosures, we aim to seek external assurance for our Sustainability Statement in the next financial year.





## SUSTAINABILITY STATEMENT

# FY2023 KEY SUSTAINABILITY PERFORMANCE HIGHLIGHTS

### Economic



**RM1.92 billion**

in total economic value generated<sup>1</sup>



**RM8.1 billion**

in new sustainable banking business

Reduced C5<sup>2</sup> of portfolio to

**35%**

Launched our **Sustainability Assistance Programme (“SAP”)**

Launched our inaugural ESG thought leadership publication, **“ESG Insights from Malaysian SMEs: Building A Better Future Together”**



Launched Alliance Bank’s **BeESG Campaign**

Launched Malaysia’s First

**Zakat Microfinancing Book**



Signed an MoU to offer **sustainable mortgage financing packages**



Highest-ever **Customer Net Promoter Score**

**92%** of our procurement spent on **local suppliers**



**ESG** considerations embedded into our **Procurement Policy & Procedures**

### Environment



**16.6% reduction**

in Scope 1 and Scope 2 greenhouse gas (“GHG”) emissions against FY2020 baseline<sup>3</sup>



Expanded our palm oil **Risk Acceptance Criteria (“RAC”)** to encapsulate the larger Agribusiness sector



**15% decrease**

in printing volume compared to pre-Covid levels in FY2020



Established the **Group Climate and Sustainability Risk** unit

**100%**

of the Board of Directors and Senior Management trained on **climate-related risks**



**Installed flood gates** at three branches

**15% decrease** in energy consumption against FY2020 baseline<sup>3</sup>

1. Economic value generated from revenue.
2. C5 refers to Bank Negara Malaysia’s Climate Change and Principle-based Taxonomy (“CCPT”) classification of businesses and transactions that do not demonstrate a commitment to remediate any harm caused nor any initiative to transition to more sustainable practices.
3. Please refer to the “Minimising Our Own Emissions” and “Energy Management” sub-sections on pages 79 and 80 respectively for our FY2020 baseline.



## Social



**57%**

of women holding managerial roles

Introduced the **Guidelines on Workplace Harassment & Discrimination**

**Zero**

cases of non-compliance with labour standards

Invested over **RM7.2 million**

in various employee development initiatives

**128,105** total training hours for employees



Launched the Bank's

**Sustainability e-Learning Programme**



**89%** score in the **Sustainability Engagement Index**

**Zero**

substantiated complaints concerning human rights violations

**Zero**

work-related fatalities

Invested **RM1.2 million** in communities impacting **3,520 lives**



## Governance

**Embedded sustainability performance into remuneration**

of our GCEO and Senior Management



Became a member of the **UN Global Compact Network Malaysia & Brunei**

and committed to their Ten Principles on ESG

**Zero**

incidents of corruption



**Zero**

monetary fines and non-monetary sanctions

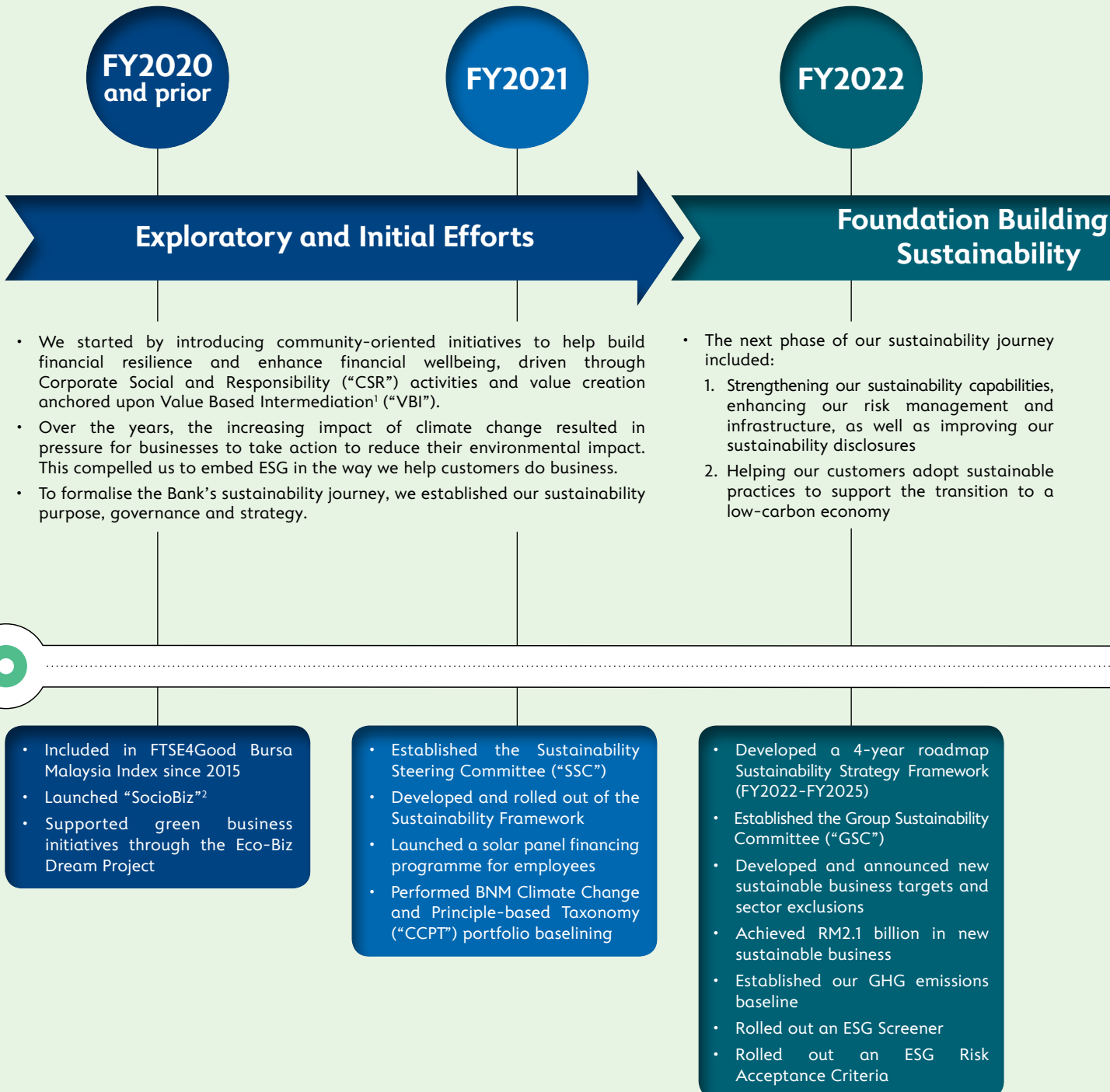
**Zero**

substantiated complaints concerning breaches of customer privacy

# SUSTAINABILITY STATEMENT

## OUR SUSTAINABILITY JOURNEY

Embedding ESG at the heart of our business and operations



1. Value-based Intermediation is a Bank Negara Malaysia (“BNM”) initiative to deliver the intended positive and sustainable impact outcomes to the economy, community and environment anchored on Shariah tenets.  
 2. A digital social crowdfunding platform to help disadvantaged individuals start or expand a business or learn skills to earn sustainable livelihoods and positively impact the community.



**FY2023**

**FY2024 onwards**

**and Helping Customers with Goals**

**Securing Impact of Sustainability**

- This year, we accelerated our Sustainability Strategy by setting sustainability goals, establishing thought leadership and curated assistance to help our customers navigate the ESG landscape.

- Moving forward, we will establish a carbon net zero roadmap, build more robust risk management practices and upskill our employees in sustainability to be a more sustainable and resilient organisation.
- We also seek to further understand our customers' needs relating to sustainability adoption to craft suitable propositions and solutions for them.
- We will strive to provide innovative product and solution offerings to both individuals and businesses; and aim to ensure that our customers and organisation reap the rewards of transitioning towards more sustainable operations and lifestyles.

- Introduced Acceler8 2027, the Bank's new transformation strategy with a reinforced mandate to build an ESG-focused organisation
- Doubled our FY2025 sustainable business targets from RM5 billion to RM10 billion
- Reduced the C5<sup>3</sup> proportion of our portfolio to 35%
- Announced a 20% GHG emissions reduction target by FY2027 against the FY2020 baseline in Scope 1 and Scope 2 GHG emissions<sup>4</sup>
- Began development of an internal sustainable product framework
- Established key ESG partnerships and affiliations
- Strengthened our ESG thought leadership and sustainable financing propositions for businesses
- Set up the Group Climate and Sustainability Risk unit
- Developed an internal sustainability skills and competency framework as part of our talent capacity building for employees
- Developed a supplier ESG due diligence checklist

**FY2025 ABMB AMBITIONS**

**Brand Purpose:  
To be the Bank for Life**

We will continuously work towards embedding the sustainability agenda in greater measure into our procedures, processes and operations to inculcate a stronger sustainability-driven culture within our Bank while propelling our customers closer towards adopting their own ESG best practices.

3. C5 refers to BNM's CCPT classification of businesses and transactions that do not demonstrate a commitment to remediate any harm caused nor any initiative to transition to more sustainable practices.  
 4. Please refer to the "Minimising Our Own Emissions" and "Energy Management" sub-sections on pages 79 and 80 respectively for our FY2020 baseline.

# SUSTAINABILITY STATEMENT

## OUR SUSTAINABILITY APPROACH

### SUSTAINABILITY STRATEGY FRAMEWORK

#### FY2025 AMBITIONS

**Vision: The Preferred Banking Partner**

**Sustainability Purpose:**

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

#### FY2025 TOPLINE GOALS

- Grow RM10 billion in sustainable banking business
- Help customers adopt sustainable lifestyles and business practices
- Reduce the Bank's greenhouse gas ("GHG") emissions footprint

#### ESG GOVERNANCE

#### STRATEGY

##### FY2022

##### Establish Foundation for Sustainability Management

- Improve ESG Profile of Portfolio
- Enhance Risk Management Infrastructure
- Improve Bank's ESG Practices
- Enhance Disclosures and Communications
- Improve Capability and Engagement

##### FY2023/FY2024

##### Help Our Customers with Sustainability Goals

- Roll out Sustainability Solutions
  - Green/Social Funding
  - Advisory Propositions
- Engagement/Advocacy with Customers/Stakeholders
- Enhance Risk Mitigation/Management/Reporting

##### FY2024/FY2025

##### Secure Impact of Sustainability

- Monitoring of Customers' ESG Impact
- Introduction of Incentives/Disincentives for ESG Propositions

#### Talent and Resources



## Fulfilling our Sustainability Purpose

While we work on creating a meaningful impact on the environment, our people, and community through improving our management of sustainability, we are also helping our customers navigate the transition towards more sustainable business practices. As we pursue the initiatives under our refreshed Acceler8 strategy, we are strengthening our Sustainability Purpose through key stakeholder advocacy across our ecosystem.



**Consumers**

We encourage our consumers to adopt sustainable lifestyles through our various sustainable financing proposition products and services, giving them the opportunity to do their part in creating a more sustainable future.



**Employees**

As our people are key to driving the Bank's sustainability goals, we strive to develop a highly engaged workforce that understands the importance of sustainability and how it impacts our business, the community, as well as our environment.



**Business Customers/ Partners**

We believe that being ESG-proficient can be a competitive advantage for our business customers. As such, we aim to help businesses create profitable propositions through our unique 3As Approach – “Advocacy”, “Advice” and “Answers”. In doing so, we are enabling our customers and partners to contribute back to the community and planet.

### Our Three-Step Approach to ESG Adoption

The 3As Approach was designed to support our customers on their respective sustainability journeys.





# SUSTAINABILITY STATEMENT



## Executing Our Sustainability Strategy

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

<b>1</b>	<b>2</b>	<b>3</b>
<b>Grow our sustainable banking business</b>	<b>Help our customers adopt sustainable lifestyles and business practices</b>	<b>Reduce the Bank's greenhouse gas ("GHG") emissions footprint</b>



### Target

<b>RM10 billion in new sustainable banking business by FY2025</b>	<b>C5%* of portfolio to be &lt;20% by FY2025</b>	<b>Reduce our emissions by 20% by FY2027 against our FY2020 baseline</b>
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### Achievement as of FY2023

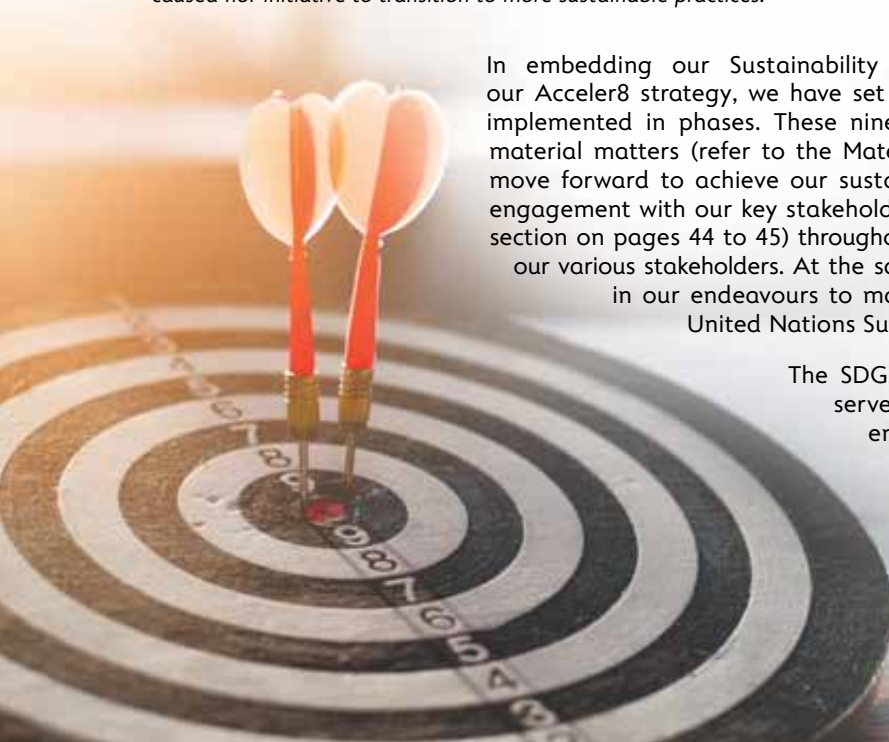
Achieved RM8.1 billion in new sustainable banking business	Reduced C5%* of portfolio to 35%	Reduced our emissions by 16.6% against our FY2020 baseline
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### Our key efforts

We developed new sustainable financing propositions for businesses	We partnered with various organisations to help our customers understand and adopt sustainable business practices	We upskilled our people and improved our internal processes to be more sustainable
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\*C5 refers to BNM's CCPT classification of businesses and transactions that do not demonstrate a commitment to remediate any harm caused nor initiative to transition to more sustainable practices.








In embedding our Sustainability Strategy Framework (FY2022-FY2025) within our Acceler8 strategy, we have set in place nine sustainability commitments to be implemented in phases. These nine commitments, which also address the Bank's material matters (refer to the Materiality Matrix on page 48), will guide us as we move forward to achieve our sustainability goals. We will also maintain constant engagement with our key stakeholders (refer to the "Key Stakeholder Engagement" section on pages 44 to 45) throughout this process to understand the diverse views of our various stakeholders. At the same time, the nine commitments will support us in our endeavours to maximise our contributions towards achieving the United Nations Sustainable Development Goals ("UN SDGs").

The SDGs are a collection of interlinked objectives that serve as a call for action by the UN with the purpose of ending poverty, protecting the planet, and ensuring that all people enjoy peace and prosperity by 2030. Of the 17 SDGs, the Bank has committed to upholding the 10 SDGs which are most pertinent to our business.

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











The table below outlines the Bank’s nine sustainability commitments and how they relate to our material matters and the UN SDGs. This alignment with the SDGs will help us better coordinate our support for the global sustainability agenda.

 Please refer to pages 46 to 48 for more details on our Material Matters.

Our Commitment	Description	Material Matters Relevant to the Bank	UN SDGs Supported
<p><b>Improve the ESG Profile of Our Portfolio</b></p>	<p>We are deeply committed to enhancing our ESG profile by incorporating sustainable practices into our operations. Specifically, we are focused on increasing our sustainable financing and investments, which will allow us to support environmentally and socially responsible initiatives to enable a just transition to a low-carbon economy. Additionally, we are actively working with our customers to encourage the adoption of more sustainable practices.</p>	<ul style="list-style-type: none"> <li>• Economic Performance</li> <li>• Product Stewardship</li> <li>• Responsible Lending</li> </ul>	
<p><b>Enhance Our Risk Management Infrastructure</b></p>	<p>We are in the process of incorporating the consideration for sustainability and climate-related risks into our overall management framework to ensure we are equipped to address these emerging risks. Our approach is aligned with the guidelines set by BNM’s Climate Change and Principle-based Taxonomy (“CCPT”) policy document.</p>	<ul style="list-style-type: none"> <li>• Ethics and Compliance</li> <li>• Climate Change</li> </ul>	
<p><b>Improve the Bank’s ESG Practices</b></p>	<p>We are committed to the ongoing enhancement of our internal processes and procedures to ensure that we operate sustainably and responsibly. To this end, we are incorporating ESG best practices into our business operations and actively reducing our carbon footprint through a range of initiatives.</p>	<ul style="list-style-type: none"> <li>• Ethics and Compliance</li> <li>• Digitalisation</li> <li>• Customer Experience and Data Privacy</li> <li>• Sustainable Procurement</li> <li>• Conserving the Environment</li> <li>• Climate Change</li> <li>• Diversity, Equity and Inclusion</li> </ul>	
<p><b>Improve Our Capability and Engagement Efforts</b></p>	<p>We are focused on improving our people’s capability and engagement efforts related to sustainability at all levels, beginning with our Board and Senior Management, whom regularly attend training on sustainability matters. We also provide sustainability training to employees and train our Sustainability Champions within each division. In addition, we promote employee engagement through sustainability-related initiatives and activities to inculcate a sustainability culture within the Bank.</p>	<ul style="list-style-type: none"> <li>• Talent Management</li> <li>• Employee Engagement, Health, Safety and Wellbeing</li> </ul>	

FY2022

# SUSTAINABILITY STATEMENT

	Our Commitment	Description	Material Matters Relevant to the Bank	UN SDGs Supported
FY2022	Enhance Disclosures and Communication	We are committed to helping our stakeholders understand our sustainability goals and initiatives through on-going communication efforts. We strive to achieve this by adopting internationally recognised sustainability reporting frameworks.	<ul style="list-style-type: none"> <li>Product Stewardship</li> <li>Corporate Social Responsibility</li> </ul>	
FY2023/FY2024	Roll Out Sustainability Solutions	We will ramp up our initiatives to provide sustainability solutions to our customers through green/social funding and advisory propositions.	<ul style="list-style-type: none"> <li>Economic Performance</li> <li>Product Stewardship</li> <li>Responsible Lending</li> </ul>	     
	Strengthen Engagement and Advocacy	We will advocate sustainability through continuously developing our internal capabilities and increasing our sustainability communications and brand presence.	<ul style="list-style-type: none"> <li>Talent Management</li> <li>Product Stewardship</li> <li>Corporate Social Responsibility</li> </ul>	 
	Enhance Risk Mitigation/ Management/ Reporting	We commit to going beyond preparing the foundation of our ESG risk infrastructure, to enhancing the identification, management, mitigation, and reporting of sustainability and climate-related risks in alignment to BNM's Policy Document on Climate Risk Management and Scenario Analysis ("CRMSA").	<ul style="list-style-type: none"> <li>Ethics and Compliance</li> <li>Climate Change</li> </ul>	
FY2024/FY2025	Proactive Monitoring of Customers' ESG Impact	In line with our purpose to create meaningful sustainability impact, we will put in place measures to monitor the ESG impact of our customers, and take proactive measures to introduce incentives/disincentives for sustainability-related propositions.	<ul style="list-style-type: none"> <li>Product Stewardship</li> <li>Responsible Lending</li> </ul>	   



## Participating in Associations

Our goals and strategies are aligned to the commitments we made as part of our memberships in several ESG-focused associations, in our efforts to contribute to the acceleration of the nation's sustainability agenda.



### Joint Committee on Climate Change ("JC3") BNM Climate Change and Principle-based Taxonomy ("CCPT") Implementation Group

A collaborative platform mandated by the JC3 (a collaboration among financial industry players and regulators towards building climate resilience within the industry) to serve financial industry players by sharing knowledge, experiences and common issues on CCPT operationalisation.



### ESG Committee, Association of Banks Malaysia ("ABM")

We are committed to collaborate with the industry through our involvement in the ESG Committee of the ABM and to adopt the seven ESG Principles by the ABM to promote sustainable practices within the financial sector. These principles are in support of the Government of Malaysia's Intended Nationally Determined Contribution in accordance with the United Nations Framework Convention on Climate Change ("UNFCCC") and to support a just transition to a low-carbon economy.



### UN Global Compact Network Malaysia & Brunei ("UNGCMYB")

In FY2023, Alliance Bank joined UN Global Compact Network Malaysia & Brunei by committing to its 10 principles on human rights, labour standards, environmental protection and anti-corruption. We were the first Malaysian financial institution to sign a Memorandum of Understanding ("MoU") with UNGCMYB to empower SMEs in sustainability adoption through collaboration on initiatives including:

- The 6-month programme called Action Centre for Sustainable SMEs ("ACCESS") Supply Chain Development Programme in partnership with UNGCMYB and SME Corporation Malaysia (SME Corp. Malaysia);
- The Climate Change Programme to provide an assessment, report, and climate action plan for SMEs; and
- An ESG thought leadership publication titled "ESG Insights from Malaysian SMEs: Building A Better Future Together" in partnership with UNGCMYB and SME Corp. Malaysia.



## SUSTAINABILITY STATEMENT

### UPHOLDING STRONG GOVERNANCE PRACTICES FOR SUSTAINABLE GROWTH

**Our long-term value creation efforts are underpinned by the foundations of robust governance and value systems, strong product stewardship, responsible lending practices in advocacy for financial inclusion, and customer satisfaction to drive viable and sustainable economic growth.**

The Bank is focused on building an ESG-focused organisation as one of the key priorities under Acceler8. By integrating sustainability into our business strategy with a top-down approach and inculcating sustainable practices into our business operations, we remain committed to ensuring continued value creation for the Bank and our stakeholders.

Our value creation efforts are focused on promoting economic growth of the Bank, while supporting our customers and supply chain in the transition to a low-carbon economy. At the same time, a robust corporate governance structure and system of internal controls are in place to keep the Bank's sustainability strategy on course. A strong governance culture will ensure that we can continue to build trust with our stakeholders and achieve sustainable growth for the long-term.

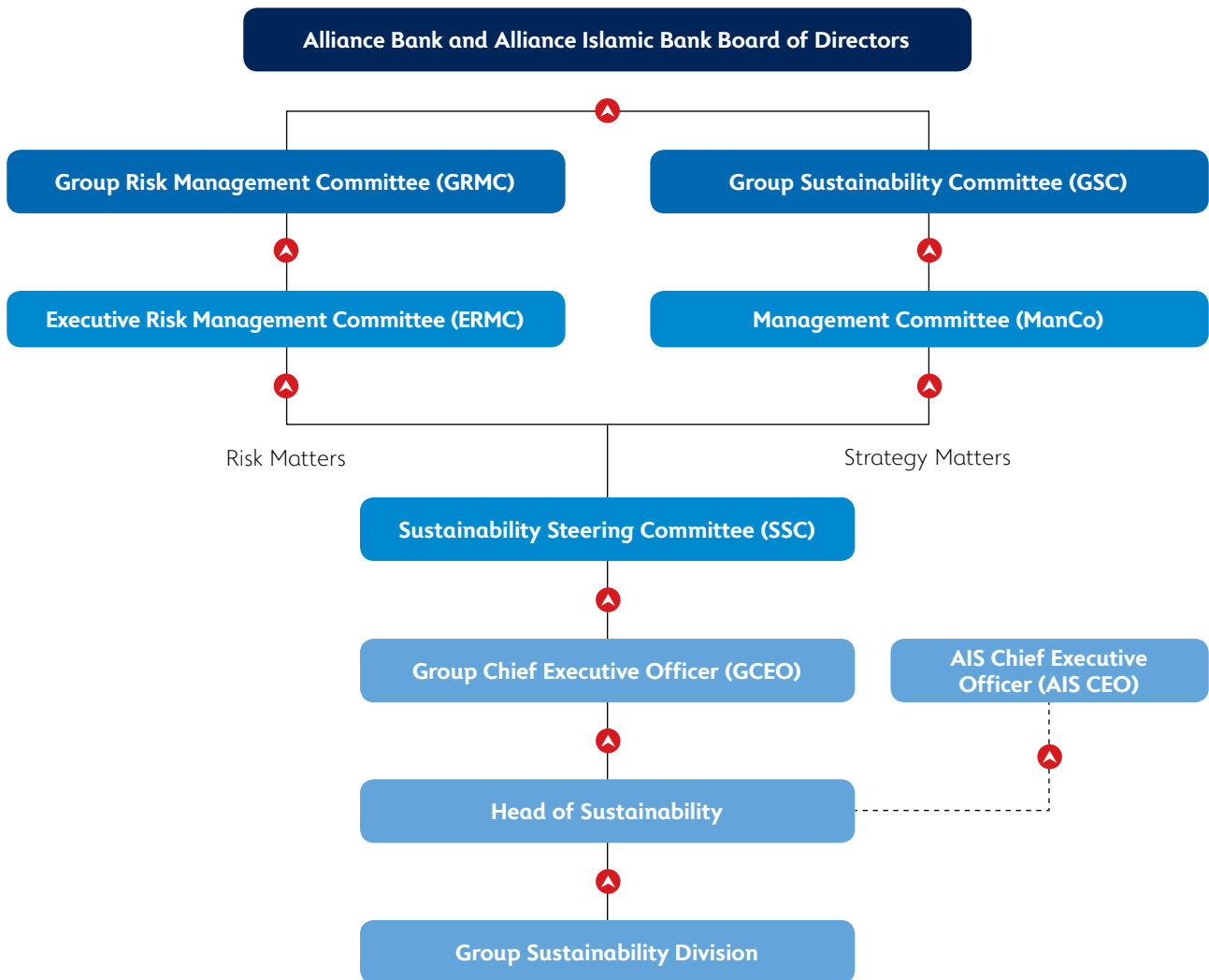






## Sustainability Governance

As a part of our robust management of sustainability matters, we have established a sustainability governance structure in FY2021 which has enabled us to achieve our sustainability goals progressively and ensure that sustainability considerations are embedded into our decision-making processes. This governance structure enables us to effectively manage and mitigate sustainability and climate-related risks as well as prudently evaluate opportunities.



Board-level committee

Senior Management level committee

## SUSTAINABILITY STATEMENT

### Board-level Oversight

#### Alliance Bank and Alliance Islamic Bank Board of Directors

The Board of Directors, as the Bank's highest governance body, sets the tone from the top and oversees sustainability strategies, policies and processes. The Board discusses sustainability matters including climate-related topics at least twice a year.

#### Group Sustainability Committee ("GSC")

The GSC is the dedicated Board-level sustainability committee which oversees, endorses, and monitors the Bank's sustainability matters including climate-related topics, risks and opportunities. The GSC promotes sustainability by ensuring appropriate sustainability considerations are embedded into the Group's business strategies and provides oversight by taking into consideration a holistic perspective to ensure the Bank effectively delivers its sustainability initiatives.

Comprising three independent directors, the GSC convenes quarterly to deliberate and endorse sustainability-related frameworks, policies, goals, metrics and initiatives including progress against our topline goals, sustainability capability building, and enhanced sustainability disclosures.

#### Group Risk Management Committee ("GRMC")

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

### Other Board Committees

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

1. The Group Nomination & Remuneration Committee ("GNRC"), which oversees the linkage of Senior Management remuneration to performance against specific sustainability and climate-related targets; and
2. The Group Audit Committee ("GAC"), which oversees internal audits related to the Bank's ESG practices.

### Management of Sustainability

#### Management Committee ("ManCo")

At the management level, the ManCo deliberates and endorses the Bank's sustainability strategy and initiatives before escalation to the GSC as and when required.

#### Executive Risk Management Committee ("ERMC")

The ERMC deliberates on and endorses frameworks, policies, and initiatives to address sustainability risks including climate-related risks prior to their escalation to the GRMC (as and when required).

### Sustainability Steering Committee ("SSC")

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

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

## Sustainability Execution

### Group Chief Executive Officer (“GCEO”)

The GCEO, supported by the AIS CEO and Head of Sustainability provides oversight on the integration of sustainability and climate-related matters across the Bank’s strategy, frameworks, policies, and processes.

### Alliance Islamic Bank Chief Executive Officer (“AIS CEO”)

As Alternate Chairman of the SSC, the AIS CEO spearheads the coordination of the Bank’s sustainability strategies across the Bank’s operations. The AIS CEO also integrates Value-based Intermediation elements from the Islamic Banking space into the Group’s sustainability strategy to create positive community and environmental impact.

### Head of Sustainability

The Head of Sustainability drives the coordination, implementation and execution of the sustainability strategy framework through various sustainability initiatives to achieve the Bank’s topline goals. Supported by the Group Sustainability Division, sustainability initiatives are implemented in collaboration with various divisions which have been organised into five sustainability workstreams.

### Sustainability Workstreams

Five sustainability workstreams comprising all business units and various support functions (such as Group Risk Management, Group Credit, Group Finance, Group Human Resource, Group Strategy, Business Development and Performance Management), catalysed and coordinated by the Group Sustainability Division, collaborate to implement initiatives that contribute to the Bank’s overall sustainability strategy and topline goals.

## Embedding ESG-linked Remuneration to Senior Management Performance

The Bank’s overall performance is measured using the balanced scorecard approach which encompasses several metrics, including the fulfilment of our sustainability agenda. The Board sets the tone from the top by reviewing and approving the Bank’s balanced scorecard while the GSC has oversight for sustainability goals and their implementation. The balanced scorecard approach promotes accountability to ensure the Senior Management upholds their sustainability commitments and delivers on the sustainability related Key Performance Indicators (“KPIs”).

To ensure the Bank’s sustainability goals are achieved, we have incorporated the sustainability topline goals, translated into specific targets and KPIs,

into the scorecard of the GCEO and Senior Management, which are cascaded down to relevant levels of management. The executive remuneration structure takes into consideration the Bank’s performance of its sustainability and climate-related goals through short-term incentive bonus funding at the group, division and individual levels. The long-term incentive plan, incorporating the Bank’s key sustainability and climate-related goals is under review.

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

# SUSTAINABILITY STATEMENT

## Ethical Business Practices

We remain steadfast in ensuring that all our businesses are conducted in a transparent, ethical and compliant manner. To ensure that every member of our organisation conducts themselves in a way that secures the wellbeing and reputation of each individual and the Bank, we have the following policies in place:



### Policy

#### Alliance Bank Code of Conduct



### Scope

All Directors, employees and individuals connected to the Bank are expected to abide by the proper standards of professional conduct and practices as outlined by the Bank's Code of Conduct.



### How we embed and promote ethics and compliance in our day-to-day operations

- Staff induction programmes
- Internal staff bulletins
- Compliance culture within the Bank (please refer to the "Risk Management" section on pages 150 to 157 for more details)

#### Whistleblowing Policy

The Bank's Whistleblowing Policy guides and facilitates the reporting of any misconduct related to the Code of Conduct, including bullying, harassment, corruption and bribery without the fear of reprisals.

- Assigned channels for reporting
- Whistleblowing reporting clause in all third-party contracts
- Whistleblowing Policy on inAlliance intranet portal for employees
- Whistleblowing Statement on corporate website for external stakeholders (<https://www.alliancebank.com.my/Anti-Bribery-and-Corruption-Policy>)

The Alliance Bank Code of Conduct and Whistleblowing Policy are available in the English language and are accessible to our employees on our inAlliance intranet portal.

## FY2023 Performance



### Zero incidents/cases

of non-compliance with the anti-bribery and corruption, as well as anti-money laundering and counter financing terrorism regulations



### Zero

monetary fines and **zero** non-monetary sanctions



### No legal suits

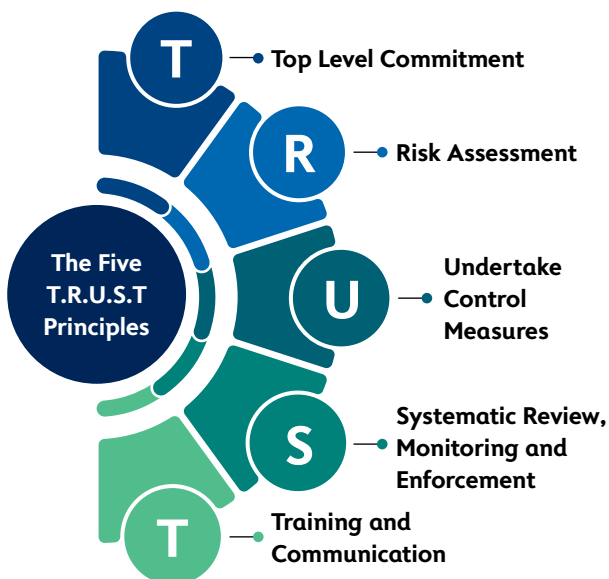
were filed against the Bank in court for anti-competitive behaviour, anti-trust or monopolistic practices

## Anti-Bribery and Corruption

We observe a strict zero-tolerance outlook concerning all acts of bribery and corruption. Our stance is defined in our Code of Conduct, Anti-Bribery and Corruption (“AB&C”) Policy, and Gifts & Entertainment Policy. Employees can access this policy on our inAlliance intranet portal while external stakeholders can access the AB&C Policy on our corporate website at <https://www.alliancebank.com.my/Anti-Bribery-and-Corruption-Policy>.

The Bank’s AB&C Policy is built into the foundation of employee induction programmes and communicated to all employees through regular staff engagement via training and communication updates on the policy. Directors and employees are mandated to complete AB&C training sessions appropriate to their roles, operating environment and jurisdictions in a timely manner. These include the annual AB&C e-Learning module with a minimum passing score of 70%. The AB&C e-Learning Programme comprises the following topics:

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



### FY2023 Performance

**28%**

of our operations were assessed for corruption-related risks



**Zero**

incidents of corruption



**Zero**

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



**3,537**

employees were trained on anti-bribery and corruption with a total of



**7,074**

training hours

**No political**

contributions made



Suppliers and vendors are informed of our

**AB&C Policy**

during the signing of contract stage





## SUSTAINABILITY STATEMENT

### Anti-Money Laundering and Counter Financing Terrorism

Money laundering, terrorism financing and proliferation financing continues to be an on-going threat due to globalisation of the financial services industry and advancements in technology. The Bank is cognisant of the risks involved and is continuously keeping abreast of the latest regulatory developments to improve its control measures.

All employees including the Directors and Senior Management periodically attend training on the Bank's Anti-Money Laundering and Counter Financing Terrorism ("AML/CFT") requirements and latest developments to enable them to carry out their roles effectively. This includes a mandatory annual AML/CFT e-Learning module with a minimum passing score of 70%.

In the year under review, the Bank implemented a new AML/CFT system to further strengthen its surveillance capability via transaction monitoring and screening. Through the new system, the Bank also enhanced its customer onboarding solutions that not only streamlined the process but also enabled the Bank to understand its customers better. These comprehensive systems enable the Bank to identify and effectively manage money laundering and terrorism financing activities as well as sanction risks.

### FY2023 Performance

# Zero

cases of employee non-compliance with our AML/CFT policy



# 3,522

employees were trained on AML/CFT with a total of



# 8,807

training hours



## Strong Economic Performance

To ensure the long-term viability of our lending capabilities and to sustain our future growth, we remain focused on upholding a solid capital base as well as maintaining a healthy liquidity position. For more details on this, refer to the “Performance Review” section of this Annual Report.

The Bank also consistently undertakes risk-management and capital adequacy assessments to prepare our businesses for macroeconomic challenges such as slowing or negative gross domestic product (“GDP”) growth, rising unemployment and higher interest rates. These include regularly conducting stress tests on our businesses.

Due to these measures, we continued to deliver good economic value to our stakeholders despite the many challenges faced during the year in review.

### Direct Economic Value Generated

#### REVENUE

FY2023

**RM1,919.8 million**

FY2022 : RM1,867.6 million  
FY2021 : RM1,817.5 million



#### SHARE OF RESULTS OF JOINT VENTURE

FY2023

**RM0.1 million**

FY2022 : RM0.1 million  
FY2021 : RM0.1 million



### Economic Value Distributed



#### EMPLOYEE WAGES AND BENEFITS

FY2023

**RM572.6 million**

FY2022 : RM529.6 million  
FY2021 : RM511.7 million

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

FY2023

**RM1.2 million**

FY2022 : RM1.4 million  
FY2021 : RM2.5 million



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

FY2023

**RM213.7 million**

FY2022 : RM201.5 million  
FY2021 : RM198.0 million

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

FY2023

**RM343.7 million**

FY2022 : RM218.1 million  
FY2021 : -



#### PAYMENTS TO GOVERNMENT – TAXATION AND ZAKAT

FY2023

**RM208.8 million**

FY2022 : RM254.6 million  
FY2021 : RM125.2 million



#### NET BAD DEBTS

FY2023

**RM151.9 million**

FY2022 : RM217.4 million  
FY2021 : RM533.0 million



### Economic Value Retained

#### DEPRECIATION AND AMORTISATION

FY2023

**RM93.9 million**

FY2022 : RM90.4 million  
FY2021 : RM88.4 million



#### PROFITS AFTER DIVIDEND

FY2023

**RM334.1 million**

FY2022 : RM354.7 million  
FY2021 : RM358.8 million



## SUSTAINABILITY STATEMENT

### Strong Product Stewardship

To fast-track sustainability adoption amongst Malaysian businesses while growing our sustainable banking business, we have developed and begun offering sustainable financing products and proposition, some of which have earned us recognition and awards.

#### Sustainable Financing Propositions

In FY2023, we rolled out BNM's Low Carbon Transition Facility ("LCTF") scheme which enables SMEs to finance their solar panel installations without collateral for up to RM10 million in financing value and at a preferential interest rate. Additionally, we offered financing for customers who installed solar panels on their rooftops and provided a zero cost option by supporting Registered Solar Photovoltaic Investors ("RPVI"). These, along with financing support for biogas and wastewater projects, have helped local businesses to accelerate their sustainability adoption.

#### Green Mortgages

On the 31 March 2023, Alliance Bank signed a Memorandum of Understanding with Sunway Property to drive the adoption of green-certified properties towards sustainable communities. Through this collaboration, homebuyers will be able to leverage Alliance Bank's sustainable mortgage financing packages for green-certified Sunway projects. Homebuyers will enjoy lower interest rates and a fast turnaround time for end-financing approvals.



### Sustainability Bonds

The development of sustainability bonds within the Bank is currently guided by principles outlined by BNM's CCPT (2021) and the Securities Commission's Principles-Based Sustainable and Responsible Investment ("SRI") Taxonomy (2022).

#### Upholding Excellence in Sustainable Lending



As testament to our commitment to delivering innovative, client-centric solutions, Alliance Investment Bank won the Most Innovative Deal award under the Best in Sustainable Finance category at The Asset Triple A Islamic Finance Awards 2022 event. The award was presented in recognition of our role as Joint Lead Manager for Agrote (M) Sdn Bhd's RM200 million ASEAN Sustainability SRI sukuk issuance that took place in August 2021.

The ASEAN Sustainability SRI Sukuk issuance marks the world's first agriculture-based SRI sukuk issuance. The proceeds from the issuance were utilised to advance economic viability and support social responsibility within Agrote's modern, integrated farming operations. Moving forward, Alliance Bank will continue to build relationships that will facilitate sustainable financing opportunities as part of our aim of fostering sustainable business practices within the Malaysian economy.

Moving forward, we aim to further enhance our lending and investment offerings and practices by rolling out a Sustainable Product Framework. The framework will guide our internal processes for sustainable product development to advance our sustainable financing growth in support of the nation's agenda of facilitating capital flows for a just transition to a low-carbon economy.

## Strategic Partnerships and Business Ecosystem Development Support Programmes

In FY2023, based on our understanding of our customers' needs and preference, we launched our Sustainability Assistance Programme ("SAP"), which focuses on the 3As Approach, namely "Advocacy", "Advice" and "Answers". The programme creates awareness, provides advisory and enables sustainability adoption via our green solutions and financing to businesses nationwide. The SAP provides our customers a competitive edge and sets them up for future growth while enabling them to meet increasing supply chain requirements on sustainability. In its inaugural year, the programme provided more than RM170 million in financing for businesses as well as green solutions related to the areas of solar energy, energy efficiency, bio-fuels, as well as waste and water management, among others.

We also formed strategic partnerships with the following organisations to form an ecosystem that provides value-added benefits to businesses in the area of sustainability improvement.

Programme	Partnerships Formed
<b>ESG Start Programme by UN Global Compact Network Malaysia &amp; Brunei ("UNGCMYB")</b>	<p>Alliance Bank is the main bank supporting UNGCMYB's ESG Start Programme which aims to advance sustainability performance among SMEs. Through our offerings, we aim to:</p> <ul style="list-style-type: none"> <li>• Provide sustainability financing solutions and banking benefits at preferential rates to participants of UNGCMYB's ESG Start Programme;</li> <li>• Provide a wide range of green solutions with preferential offers via the Bank's BizSmart® Solution; and</li> <li>• Provide relevant tools and resources from UNGCMYB to help participating SMEs embark on their sustainability journey.</li> </ul>
<b>Alliance Bank's BeESG Campaign</b>	<p>The Bank has also launched the BeESG Campaign through strategic alliances with UNGCMYB, Bursa Malaysia, and the Malaysian Green Technology and Climate Change Corporation ("MGTC"). Through our strategic partners, we are able to advise and help businesses structure their sustainability roadmaps and stay true to their sustainability goals.</p>
<b>Bursa Malaysia's #financing4esg initiative</b>	<p>Alliance Bank is one of the pioneer banks in Bursa Malaysia's #financing4esg initiative which focuses on helping public listed companies ("PLCs") improve their FTSE4Good ESG ratings. Altogether, 35 companies, comprising PLCs and large SMEs with IPO aspirations, participated in the maiden year of this initiative. These engagements created over RM500 million in sustainable financing opportunities for the Bank, while Bursa's ESG Advisory Services successfully engaged 15 PLCs for consultancy services and successful entry into the FTSE4Good Index. Moving forward, the programme will be extended to a larger population of companies and their respective supply chains.</p>
<b>Alliance Bank and Malaysian Green Technology and Climate Change Corporation's ("MGTC") Green SME Nurturing and Development Programme</b>	<p>We are also collaborating with MGTC on the Green SME Nurturing and Development Programme. Through this initiative, we provide business matching and working capital support for ESG solution providers listed on the MyHIJAU Directory via BizSmart® Solution, our one-stop online business community portal. This portal forms an ecosystem that connects our customers to relevant solutions for their business. It also provides an avenue for our listed solution partners to source incremental client opportunities. With over 150 solution partners that provide solutions at preferential rates, we are helping businesses make headway on the sustainability and digitalisation fronts.</p>



## SUSTAINABILITY STATEMENT

### Sustainability Thought Leadership and Awareness

As an industry leader, we are committed to developing thought leadership and awareness on sustainability. In FY2023, we reached more than two million people via participation in several events as well as through webinars, media reach and social media coverage. This included setting up a flagship booth at the KLCC Convention Centre during the International Greentech & Eco Products Exhibition & Conference Malaysia 2022 (“iGEM 2022”), Southeast Asia’s leading trade event for green technologies and eco solutions. We won the Best Interactive Booth award at the event for showcasing both our banking and value-added ESG solutions.

We also engaged with our audiences via speaking and exhibition opportunities at major ESG events nationwide that included the SME SDG Festival 2022 organised by UN Global Compact Network Malaysia & Brunei, Penang Green Finance Conference, Malaysia International Machinery Fair, Bank Tech Asia, and International Women’s Federation of Commerce and Industry Malaysia event, among many others.



**The banker liaising with me did a good job in enabling our company to improve our adoption of ESG best practices. He shared a solar financing loan which is one of the best facilities for companies like us. It improves the company’s competitiveness and enables us to save on energy costs. We were also featured in the Bank’s sustainability video and promoted on social media and other channels. We look forward to more benefits via the Bank’s Sustainability Assistance Programme going forward.**

**Andy Goh,**  
Director, Fungiculture Asia Sdn. Bhd.





## Alliance Bank's Inaugural Annual ESG Survey Report

In April 2023, we launched our inaugural thought leadership publication on ESG, “ESG Insights from Malaysian SMEs: Building A Better Future Together”. As a bank that has a long-standing relationship with the SME segment, we understand the unique challenges businesses face. Considering that there is a lack of local SME-centric frameworks and information to help small businesses on their ESG journey, we launched this study to fill the gap in the market.

The study was jointly commissioned with UN Global Compact Network Malaysia & Brunei and SME Corp. Malaysia to provide insights into the awareness and adoption issues and other

challenges faced by SMEs striving to integrate ESG factors into business practices in Malaysia. The study was developed using three approaches – in-depth interviews, a large-scale survey among 610 SMEs, and secondary research.

This survey was launched as part of Alliance Bank's BeESG initiative to encourage more sustainable practices among businesses. Instead of viewing ESG as a compliance checklist, this study aims to enlighten businesses to grasp the opportunity of incorporating ESG practices as a source of competitive advantage.

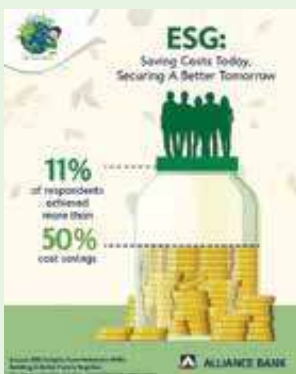
Key findings of the study are:

<p><b>3 out of 5</b>                  Malaysian SMEs believe embedding ESG practices into their business will create long-term value, build a strong workforce and increase business opportunities</p>	<p><b>1 in 4</b>                  Malaysian SMEs have adopted elements of ESG practices in their business</p>	<p><b>80%</b>                  of ESG Adopters recognise the value of ESG adoption and plan to continue pursuing it moving forward</p>
<p><b>39%</b>                  of ESG adopters reported improved profits and cost savings from ESG practices</p>	<p><b>76%</b>                  of ESG adopters started their journey within the last five years</p>	<p><b>58%</b>                  of non-ESG adopters are open and keen to adopt ESG in the near future</p>

Download the full report from: <https://www.alliancebank.com.my/esg-sme-survey-2023> or scan the QR code:



Watch the launch video of our ESG Survey Report here:



## SUSTAINABILITY STATEMENT

### Responsible Lending for Financial Inclusion

We believe that responsible lending leads to long-term value for the Bank as it can enhance customer satisfaction and retention, in turn leading to better financial performance and long-term growth. As a community-focused bank, we strive to support underserved communities and assist small businesses in order to promote financial inclusion and support economic development in the communities we operate in.



#### The Alliance Bank BizSmart® Challenge

Launched in 2013, the Alliance Bank BizSmart® Challenge has helped prepare many high-potential young businesses for success through its provision of business training, coaching, mentoring, networking, brand exposure and financing. In FY2023, we successfully helped the finalists embark on their halal certification journey by according them financing and bolstering their brand profile through developing testimonials and social content of their business journey, including highlighting their sustainability efforts.



#### Halal in One Programme

Alliance Islamic Bank's ("AIS") Halal in One programme continues to pave the way for businesses looking to expand their customer reach within the halal segment. The programme offers customers end-to-end halal certification support, advisory, Shariah-compliant funding and global market access. During the year, we helped businesses leverage digitisation options, such as training and access to the online marketplace via partnerships with the Halal Development Corporation ("HDC"), HQC Commerce Sdn Bhd, Fusionex and the International Institute for Halal Research. Through this initiative, we provided more than RM520 million in financing to SMEs, exceeding our FY2023 target of RM400 million. We also provided over 120 SMEs with market access solutions and helped five SMEs successfully obtain their Halal certification via our collaboration with HDC and HQC Commerce Sdn Bhd respectively.



#### #SupportLokal

The #SupportLokal initiative helps local businesses widen their customer reach by taking their businesses online. In tandem with this, we continuously feature and profile the products and services of local businesses on our social platforms. We have also created the BeBizSmart content series of business-related insights in the form of articles and podcasts to help young businesses. In FY2023, we expanded our #SupportLokal initiative to include on-ground events, where we promoted businesses around the vicinity of our branches via joint partnerships with the Bank.



#### Alliance Islamic Economic Empowerment Programme ("EEP")

The Alliance Islamic EEP introduced in December 2020 aims to elevate the economic status of micro-entrepreneurs in the *asnaf* and B40 segments by providing entrepreneurial, financial and digital skills training.

Following the success of EEP 1.0 in 2021, EEP 2.0 was launched in September 2022 in collaboration with our training partner, People Systems Consultancy Sdn Bhd ("PSC"). Via this programme, 50 participants attended a four-day training session and two month of mentoring from PSC. As a testament to the success of EEP 2.0, approximately 74% of participants witnessed an increase in their income. On average, participants' monthly income increased by 109% from RM768 to RM1,612 after the training.

## Zakat Microfinancing

Since FY2022, AIS has embarked on a journey to realise BNM's aspirations to improve the nation's financial inclusion in providing *asnaf* entrepreneurs with access to affordable financing. As such, AIS is collaborating with a state zakat authority and a leading microfinancing institution in Malaysia to introduce a microfinancing scheme using zakat funds with 0% profits for *asnaf* entrepreneurs ("Zakat Microfinancing"). The project aims not only to provide access to affordable financing, but also to instil a sense of responsibility and camaraderie among the *asnaf* entrepreneurs, as well as promote the long-term sustainability of the zakat fund.



**This breakthrough Zakat Microfinancing model is the first of its kind to receive *fatwa* approval from the Selangor Fatwa Council.**



### Launch of Malaysia's First Zakat Microfinancing Book

In September 2022, Alliance Islamic Bank ("AIS") launched the nation's first book on zakat microfinancing, titled "Zakat and Microfinance". This breakthrough concept showcases Malaysia's first social financing model that utilises the distribution of zakat for *asnaf* (underprivileged) micro-entrepreneurs to promote equitable development and accelerate financial inclusion. It also aligns with BNM's Value-based Intermediation ("VBI") agenda, which promotes a socio and eco-centric banking model in furtherance of the intended outcomes of Shariah.

AIS consulted with various organisations and committees to obtain input on the permissibility of productively distributing zakat funds as microfinancing to *asnaf* micro-entrepreneurs. The extensive research was conducted in collaboration with subject-matter experts and Islamic Studies researchers specialising in social financing from Universiti Kebangsaan Malaysia and

Pusat Pungutan Zakat, Majlis Agama Islam Wilayah Persekutuan. With the support of the research highlighted in the book, AIS successfully obtained approval from the relevant authorities to pilot the Zakat Microfinancing Programme.

The book and AIS's pilot Zakat Microfinancing Programme lead the way in promoting financial inclusion by providing accessible funding for *asnaf* micro-entrepreneurs. By providing this segment the opportunity to grow their businesses professionally and with accountability, we are not only supporting and partnering them in their progress towards financial resiliency, but also transforming them from being zakat recipients into future zakat contributors.

The e-book can be downloaded at <https://www.alliancebank.com.my/Muat-Turun-e-Buku-Zakat-dan-Pembiayaan-Mikro> or by scanning this QR code:



## Government Assistance Schemes

We support the Malaysian Government in their efforts to develop the nation's SMEs by facilitating a number of government assistance schemes. These include the BNM Fund for SMEs which aims to ensure eligible SMEs have access to financing at a reasonable cost; as well as the Credit Guarantee Corporation Malaysia Berhad ("CGC") and Syarikat Jaminan Pembiayaan Perniagaan ("SJPP") guarantee schemes which offer SMEs in most economic sectors guarantees that improve their access to financing. CGC's BizJamin and BizJamin-i Schemes as well as SJPP's Pemulihan Government Guarantee Schemes assist entrepreneurs who have viable businesses but lack collateral to obtain the required financing amount from financial institutions.

## SUSTAINABILITY STATEMENT

### ESG Risk Assessment Tools

Our sustainable lending and investment practices are underpinned by in-house risk assessment tools, namely our ESG Screener Tool, ESG Risk Acceptance Criteria or RAC, and Prohibited Lending list, guided closely by the BNM CCPT requirements.



**ESG  
Screener  
Tool**

The ESG Screener Tool helps our relationship managers to identify customers who require help in adopting sustainable practices using our business solutions. This tool is also used to assess our business clients' ESG risks and commitments. In doing so, we are able to categorise our business clients based on BNM's CCPT guidelines. We aim to reduce the Bank's exposure to businesses with "little to no inclination to embed ESG measures into their business strategies" to not more than 20% of our portfolio by FY2025. In FY2023, we enhanced our ESG Screener Tool to allow us to make more informed lending and investment decisions.



**ESG Risk  
Acceptance  
Criteria  
("RAC")**

The ESG RAC framework assists us in evaluating a company's inclination to practise sustainability in its business operations. We also apply additional industry-specific RACs to ESG-sensitive sectors such as mining and quarrying, oil and gas, as well as forestry and logging. In FY2023, we expanded our palm oil RAC to encapsulate the larger agribusiness sector in alignment with our commitment to ABM's seven ESG Principles.



**Prohibited  
Lending**

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

## Enhanced Customer Experience through Digitalisation

We continued to focus on our digitalisation efforts to streamline operations, reduce costs and improve efficiency. Digitalisation also allows us to continuously enhance our customer experience by providing convenience and seamless access to banking services through digital channels.

### e-KYC Solution

The fully digital e-KYC or Know Your Customer onboarding solution allows customers to open a digital savings account or apply for a personal loan or credit card via our allianceonline mobile app, thus eliminating the need to visit a branch physically. This is in line with our goal of delivering fast, simple, and responsive banking services to our customers anytime, anywhere. In FY2023, the average number of new digital CASA accounts opened each month increased by more than twofold – from 617 new accounts to 1,400 new accounts – representing 26% of total CASA opened.

### Digital Loans

Our Digital Personal Loans facility provides approval-in-principle within 10 minutes while funds are disbursed within 24 hours of approval. In FY2023, digital personal loans doubled, touching RM25.7 million a month in comparison to an average of RM12.9 million a month in FY2022, representing 27% of all personal loans booked in FY2023.

In FY2023, we introduced Digital SME (“DSME”) lending to target the smaller SMEs. DSME tripled its loan portfolio year-on-year, to RM211 million in FY2023. Under DSME, the loan application to approval process for these SMEs is as fast as within 24 hours.

### Branch-in-a-Tablet

The Bank’s Branch-in-a-Tablet initiative enables our relationship managers to perform simple banking applications such as account openings 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”. In FY2023, the average number of CASA opened via the Branch-in-a-Tablet initiative grew from 1,789 to 2,483 accounts per month, representing 44.9% of total CASA opened.

### BizSmart® Mobile

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

In FY2023, the app was enhanced making it possible for business owners to make employee salary payments and statutory contributions conveniently via employee pre-registration. At the same time, fixed deposit online placements and withdrawals were enabled. We also introduced BOB, our BizSmart® Chatbot that offers instant self-help through WhatsApp messaging. Customers will not encounter any delays or call waiting as they can reach out to BOB 24 hours every day, including the weekends and public holidays.

### BizSmart® eTrade

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

In FY2023, we added more trade finance products and services, e.g., Letters of Credit and Bank Guarantees to the platform. Our customers can now perform eTrade transactions in both MYR and foreign currencies to over 85 countries, benefitting customers involved in both domestic and international trade. To date, 50% of our trade transactions have successfully been migrated into eTrade submissions.






# SUSTAINABILITY STATEMENT

## Safeguarding Customer Data

We are deeply committed to safeguarding our customers’ data and privacy, even more so as we accelerate the digitalisation of our systems and processes. Aside from upholding the Personal Data Protection Act 2010, Financial Services Act 2013, the Islamic Financial Services Act 2013 and all other relevant legislation, we have in place internal Privacy and Data Management Policies which govern the collection, use, and management of our customers’ personal data. Only authorised personnel have access to data which is kept securely within the Bank, while we store all hardcopy materials in locked cabinets in a secure location and destroy all printed materials that are no longer in use.

We also 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.

This year, Alliance Bank launched Malaysia’s First Virtual Credit Card with a ‘Dynamic Card Number’ feature in efforts to strengthen security of customers’ digital transactions while offering customers an environmentally friendly alternative to plastic credit cards.

 Refer to the “Performance Review” section – specifically the “FY2023 Performance Highlights” content within the “Consumer Banking” sub-section on pages 31 and 32.

## Measuring Customer Satisfaction

To ensure that our relationship-focused strategy is serving the needs and building closer alliances with our customers, we apply the Net Promoter Score (“NPS”) to measure customer loyalty and the likelihood of them referring our products or services to their friends and family. We track our NPS across key customer touch points.

Through analysis of the NPS results, we are able to identify key areas for improvement and implement measures to address customer issues and enhance customer satisfaction.

In FY2023, the Bank recorded its best-ever composite NPS. This achievement came on the back of our relationship managers proactively contacting all our business clients to better understand their financial situations and to facilitate loan modifications as required.

## Sustainable Supply Chain

In upholding sustainable practices in our business operations, the Bank is committed to ensuring that its supply chain remains sustainable by ensuring fairness, transparency and accountability in its procurement practices. All our purchasing decisions are made in compliance with the Bank’s Procurement Policy and Standard Operating Procedures to ensure fair treatment to our suppliers and business partners.

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 all purchases above RM300,000.

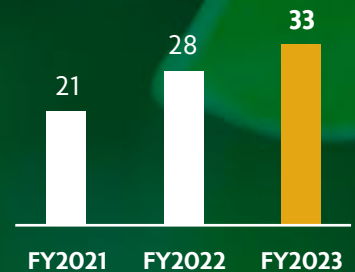
In FY2023, we incorporated ESG considerations into our Procurement Policy and Procedures through the introduction of an ESG Procurement Sustainable Assessment Questionnaire (“SAQ”) which has been embedded into our e-Procurement System. The SAQ screens suppliers against various ESG criteria including anti-bribery and corruption.



**Zero**

substantiated complaints concerning breaches of customer privacy in FY2023

## Average NPS



In FY2023,

**92%**



of our procurement spend was on local suppliers

**ESG**

considerations have been embedded into our

**Procurement Policy & Procedures**

## UPHOLDING SOUND ENVIRONMENTAL PRACTICES

**We manage environmental and climate change impact within our organisation by assessing climate-related risks and opportunities, while proactively playing our part to reduce our GHG emissions, energy and paper consumption.**

Alliance Bank recognises the critical role that the financial sector plays in combating climate change and supporting the nation's transition to a low-carbon economy. As a responsible member of the industry, we remain fully committed to doing our part to promote sustainability and reduce our environmental footprint.

To ensure that our operations are aligned with global sustainability goals, we enhanced our policies and procedures to be more ESG-focused in FY2023. We have also begun assessing our climate-related risks and opportunities, and will continue to progressively align with international best practices moving forward. This will enable us to better measure and manage the environmental impacts of our business activities.



# SUSTAINABILITY STATEMENT

## Addressing Climate Change

With climate change being one of the most pressing challenges facing the global community, we remain steadfast in our proactive approach to mitigate the impact of climate change, and incorporate climate-related opportunities in our strategic planning. To this end, we have introduced green financing offerings with climate mitigation considerations such as solar panel financing and green mortgages.



Please refer to the “Strong Product Stewardship” sub-section on page 68 to 71.

The year in review saw the Bank continue to enhance its climate-related risk management efforts and disclosures according to TCFD recommendations.

### Managing Our Climate-related Risks

In April 2023, we established the Group Climate and Sustainability Risk unit that is dedicated specifically to handling all sustainability and climate-related risks pertaining to the Bank.

We also incorporated climate and sustainability risk considerations into our overall risk management framework. This includes our credit assessment process which entails undertaking a comprehensive assessment of sustainability and climate-related risks on cases with significant exposure to the Bank.

Presently, the Bank is conducting a thorough assessment of our climate-related risks and opportunities. The assessment includes both physical and transition risks, and is in line with requirements of the BNM Policy Document on Climate Risk Management and Scenario Analysis (“CRMSA”). Findings from this assessment are deliberated at our Board of Directors, GSC and SSC meetings alongside other broader climate-related topics such as:

- 01 Integration of BNM’s CCPT into our business activities and operations – including tightening of the ESG Screener and RAC
- 02 Climate risk identification and management
- 03 Development and implementation of the GHG emissions reduction strategy
- 04 Developments in the carbon marketplace

In ensuring our Board of Directors and Senior Management stay abreast of the latest developments in sustainability and climate-related risk, all our Directors and members of Senior Management attended training on climate risk management in FY2023 which included topics on the transmission of climate-related risks to conventional risk types, climate risk mitigation, physical and transition risk scenario analysis, climate risk stress testing, and net zero target setting. We are also actively upskilling our employees to increase their capability in monitoring and assessing sustainability and climate-related risks.

Climate adaptation measures to mitigate physical risks, specifically in the area of flood mitigation have been implemented across the Bank. In FY2023, we installed floodgates at three of our branches in Shah Alam, Kajang and Jalan Ipoh. It is also mandatory for our records management processes to incorporate flood prevention measures such as keeping records above ground level as well as installing flood barriers and early warning alarm systems.



## Minimising Our Own Emissions

In a step towards reducing the Bank's GHG emissions footprint, we established our operational GHG emissions baseline for FY2020, and tracked our emissions against this record for the past three years. We have also set a target to reduce our Scope 1 and 2 emissions by 20% by FY2027 against our FY2020 baseline. We aim to achieve this through our GHG reduction strategy which focuses on the main source of our emissions (Scope 2) through measures such as reducing our floor space, improving energy efficiency at our offices and branches, and potential investment in carbon offsets for residual emissions.

We witnessed a downward trend in our total emissions from FY2020 to FY2023. Between FY2021 to FY2022, COVID-19 restrictions resulted in significant reductions in our operational emissions. In FY2023, as we settled into the 'new normal' which included the introduction of hybrid working arrangements and implementation of our GHG emissions reduction strategy, we continued to see an encouraging decrease in our operational emissions. We will continue monitoring this trend to ensure we meet our GHG emission reduction targets. As of FY2023, we have achieved a reduction of 16.6% in our Scope 1 and Scope 2 emissions against our FY2020 baseline.

Moving forward, we will be taking action to quantify our Scope 3 financed emissions and develop strategies to achieve our commitment to be Carbon Net Zero by 2050.



## Scope of GHG Inventory



### SCOPE 1 STATIONARY AND MOBILE COMBUSTION

FY2023

**32.0** tCO<sub>2</sub>e

FY2022 : 24.2 tCO<sub>2</sub>e

FY2021 : 16.2 tCO<sub>2</sub>e

FY2020 : 29.5 tCO<sub>2</sub>e



### SCOPE 2 PURCHASED ELECTRICITY

FY2023

**6,699.7** tCO<sub>2</sub>e

FY2022 : 7,112.2 tCO<sub>2</sub>e

FY2021 : 7,995.5 tCO<sub>2</sub>e

FY2020 : 8,037.7 tCO<sub>2</sub>e



### SCOPE 3 BUSINESS TRAVEL BY LAND

FY2023

**686.4** tCO<sub>2</sub>e

FY2022 : 577.3 tCO<sub>2</sub>e

FY2021 : 565.4 tCO<sub>2</sub>e

FY2020 : 794.1 tCO<sub>2</sub>e

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

GHG emissions have been verified by an external consultant according to ISO14064 Part 3, Specification with guidance for the validation and verification of greenhouse gas assertions

## SUSTAINABILITY STATEMENT

### Energy Management

The Bank continues to actively explore ways to make our business operations more energy efficient. One way in which we manage our energy consumption is through ensuring that the air conditioners at our data centre are maintained at optimum level. In line with our GHG emissions reduction strategy, we have also progressively replaced low-efficiency split unit air conditioners with higher energy-efficiency models as well as light fittings with energy-efficient LED lights at the Bank's premises. These efforts saw the Bank's overall energy consumption decrease by over 7,837 kWh or about 15% against our FY2020 baseline.

### Electricity Consumption

#### TOTAL ELECTRICITY CONSUMPTION

FY2023

**12,450,634.5 kWh**

FY2022 : 13,204,726.8 kWh  
 FY2021 : 14,372,788.3 kWh  
 FY2020 : 14,628,866.9 kWh



### Fuel Consumption

#### PETROL

FY2023

**11,346.5 litres**

FY2022 : 6,366.1 litres  
 FY2021 : 4,742.9 litres  
 FY2020 : 9,734.6 litres



#### DIESEL

FY2023

**2,326.0 litres**

FY2022 : 3,614.0 litres  
 FY2021 : 2,026.0 litres  
 FY2020 : 2,751.0 litres



#### TOTAL ENERGY CONSUMPTION

FY2023

**12,464,307.0 kWh**

FY2022 : 13,214,706.9 kWh  
 FY2021 : 14,379,557.2 kWh  
 FY2020 : 14,641,352.5 kWh

#### TOTAL ENERGY CONSUMPTION

FY2023

**44,871.5 GJ**

FY2022 : 47,572.9 GJ  
 FY2021 : 51,766.4 GJ  
 FY2020 : 52,708.9 GJ

kWh = kilowatt hour  
 GJ = gigajoule

Energy consumption data has been verified by an external consultant according to ISO14064 Part 3, Specification with guidance for the validation and verification of greenhouse gas assertions.





## Conserving the Environment

Conservation of the environment is crucial to our planet’s long-term sustainability. As a responsible corporate citizen, we have set our sights on being a good steward of the environment through reducing the negative impact of our operations on the environment.

### Use of Environmentally Friendly Materials

In our attempt to reduce the environmental impact of our operations, the Bank uses environmentally friendly materials which comply with green certification criteria where possible. This encompasses the paints, floor finishes, ceiling boards, partitions, workstations and office furniture in all our office renovations and refurbishments. In addition, all new air conditioners installed at our branches and offices use eco-friendly refrigerants.

### Recycling Drive

We collaborated with Trashcycle, a waste management company, to organise our Recycling Drive aimed at encouraging our employees to reduce and recycle their waste. This initiative saw our employees dropping off 377 kg of recyclable waste at a designated collection area in our office headquarters. This resulted in an estimated total of 537 kg in CO<sub>2</sub> savings.



### Reducing the Use of Paper

The Bank continues to drive digitisation initiatives at the office to reduce paper consumption. We also closely monitor paper consumption at our head office and send monthly print volume reports to the heads of businesses. In FY2023, we witnessed a 15% drop in printing volume compared to pre-Covid levels in FY2020. Moving forward, we will continue to encourage our employees to adopt sustainable practices and minimise paper consumption.

### EcoBiz Challenge

The EcoBiz Challenge is the Bank’s environmental-themed competition for tertiary students. Launched in 2016, the competitive learning platform connects university students with industry experts to develop sustainable business solutions to address environmental, economic and social issues. To date, the Challenge has reached over 5,000 students across Malaysia.

For the fourth edition of the EcoBiz Challenge, Alliance Bank collaborated with MGTC. This season saw the successful establishment of 11 social business, 5 of which registered their businesses with the Companies Commission of Malaysia (“SSM”).

The social businesses established via EcoBiz Challenge 4 collectively raised total income close to RM30,000. These businesses also generated significant environmental and social impact such as diverting more than 800 kg of waste from landfills, creating job opportunities for single mothers and youths as well as upskilling more than 90 community members.



Post-prize giving, the finalist teams were given the opportunity to participate in a six-month Performance Monitoring Programme organised by the Bank. The programme, which supported and provided guidance to participants in business management, was aimed at ensuring the sustainability of these newly established social businesses.

For more information on the EcoBiz Challenge, visit <https://www.alliancebank.com.my/ecobiz> or scan this QR code:



## SUSTAINABILITY STATEMENT

### EMPOWERING OUR PEOPLE AND COMMUNITIES

**We promote social diversity, equity and inclusion in the way we engage our employees, business partners, suppliers and communities, and we will continue to uphold the welfare and wellbeing of the stakeholders with whom we engage and empower.**

Alliance Bank is deeply committed to protecting the rights and promoting the wellbeing of our employees, stakeholders and the communities in which we operate. To this end, we continue to champion human rights and to prioritise the empowerment of the individuals under our care.

#### Employees

In line with the Bank's Acceler8 ambitions, we aspire to build a high-performing and sustainable organisation. To achieve this goal, we are continuously investing in our workforce. We also regularly review and enhance our employee value propositions in our aim to be an employer of choice that attracts and retains the best talent.

#### Communities

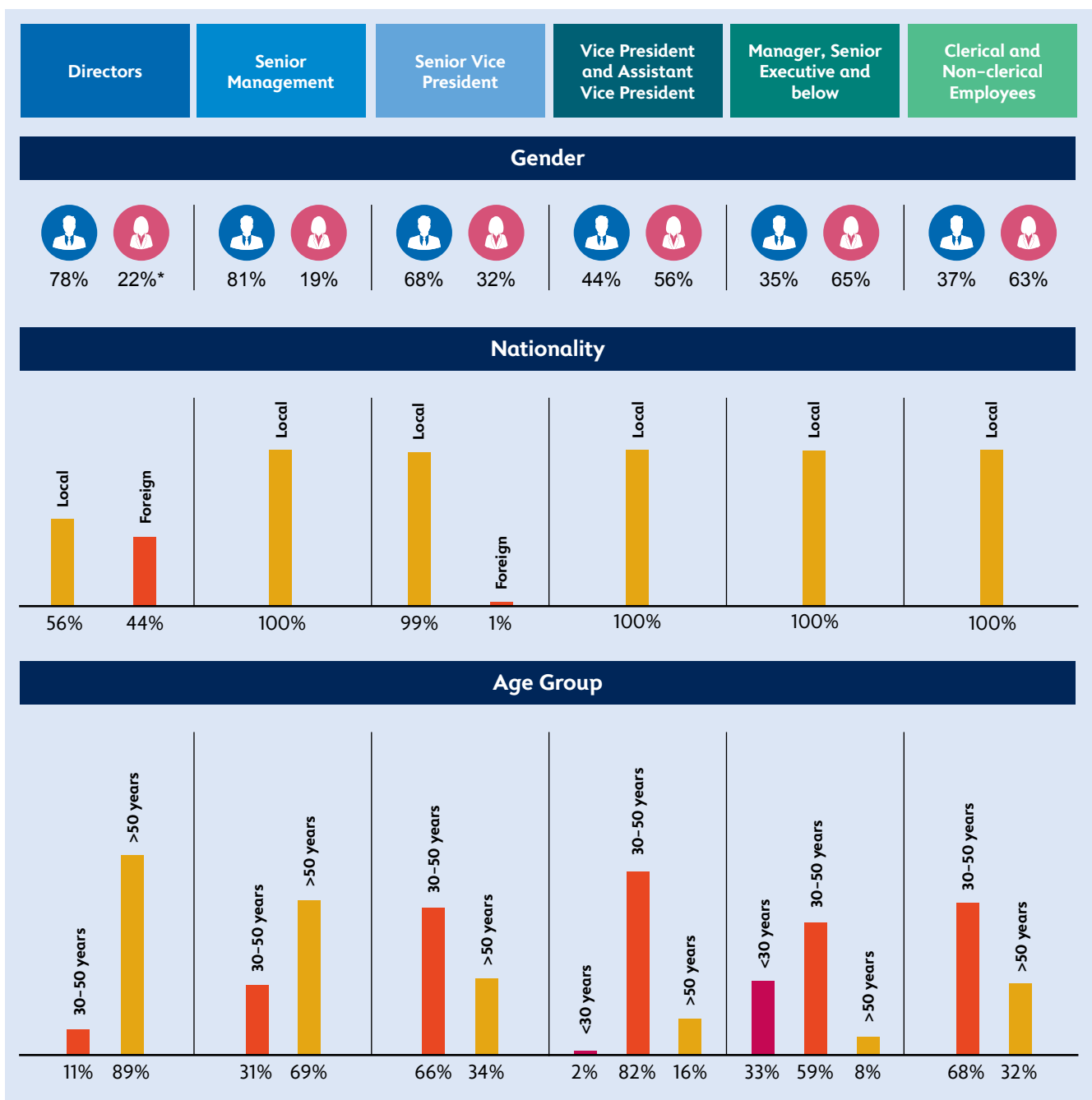
Reflecting our aspiration of being the community's bank, we endeavour to forge closer ties with the local communities in which we operate to better serve their needs. In addition to our financial literacy and economic empowerment initiatives, the Bank helps communities to safeguard their livelihoods against climate change and ESG risks.



## Promoting Diversity, Equity and Inclusion

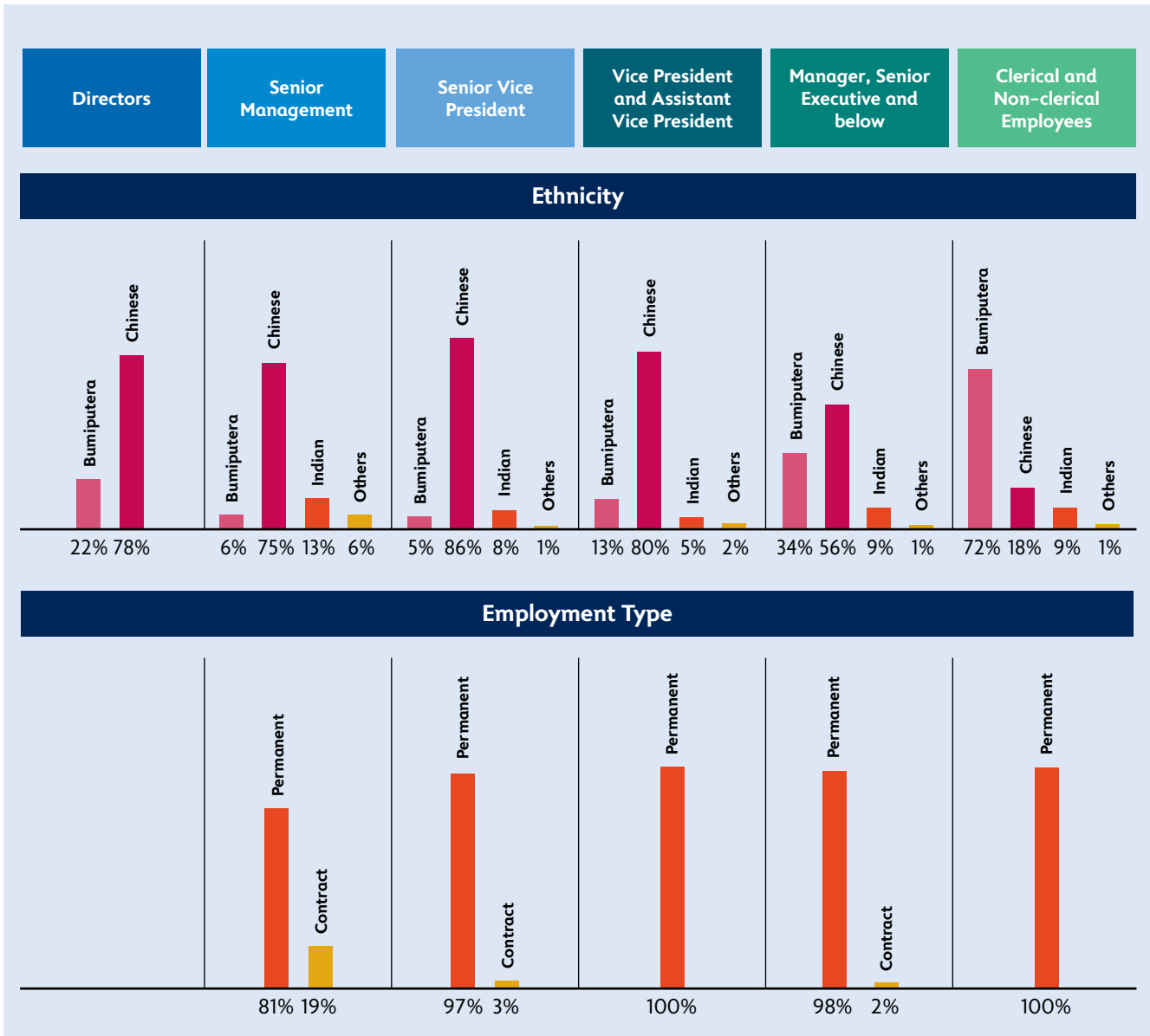
Here at Alliance Bank, we recognise that the strength of our organisation lies in the capacities and capabilities of our workforce. The Bank also understands that a workforce is further strengthened when it comprises individuals from various backgrounds, skillsets and experiences. As such, we continue to champion inclusivity as an integral aspect of our work culture and actively embrace diversity within our workforce.

The Bank’s outlook on inclusivity is reflected in our diverse workforce. In FY2023, women comprised 61% of our workforce. Within this group, 57% held various management positions (Senior Executives and above), while female representation in our Senior Management and the Board of Directors stood at 19% and 22% respectively.



\* Note: As at 2 June 2023, female representation in the Board of Directors stood at 30%.

# SUSTAINABILITY STATEMENT



## Zero Tolerance against Discrimination and Harassment

In line with the Bank's strict zero-tolerance stance against discrimination and harassment, we introduced the Guidelines on Workplace Harassment & Discrimination ("Guidelines") in FY2023. The Guidelines outline the types of discrimination that the Bank stands against and provides response mechanisms to address any such complaints.

To ensure that we operate in a safe and secure environment, all employees are required to uphold the Guidelines which have been communicated via

staff communications and our inAlliance intranet portal. In addition, all new employees (including Managers) are briefed on handling complaints on bullying, harassment and discrimination during their induction session.

All complaints regarding discrimination are investigated thoroughly via the Bank's disciplinary processes, and consequence management is applied accordingly. In FY2023, no incidents of discrimination were reported.

## Talent Management

### Labour Standards

The Group abides by and is fully compliant with the standards and rights conferred by all applicable labour and industrial relations and laws. We have established employment policies and practices that regulate individual and collective employment relations as well as accord our employees growth opportunities.

The Bank also strives to ensure that our employees are well provided for and that their total annual wages remain competitive and relevant to the cost of living. To date, all employees within the Bank receive salaries that are above the minimum wage in Malaysia.

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

### Recruitment and Performance Management


As an Equal Opportunity Employer, the Bank’s hiring and promotion mechanisms are merit-based to ensure that all candidates are assessed fairly. We aim to ensure that our recruitment processes remain free of discrimination regardless of nationality, race, religion, gender, age, sexual orientation or disability.

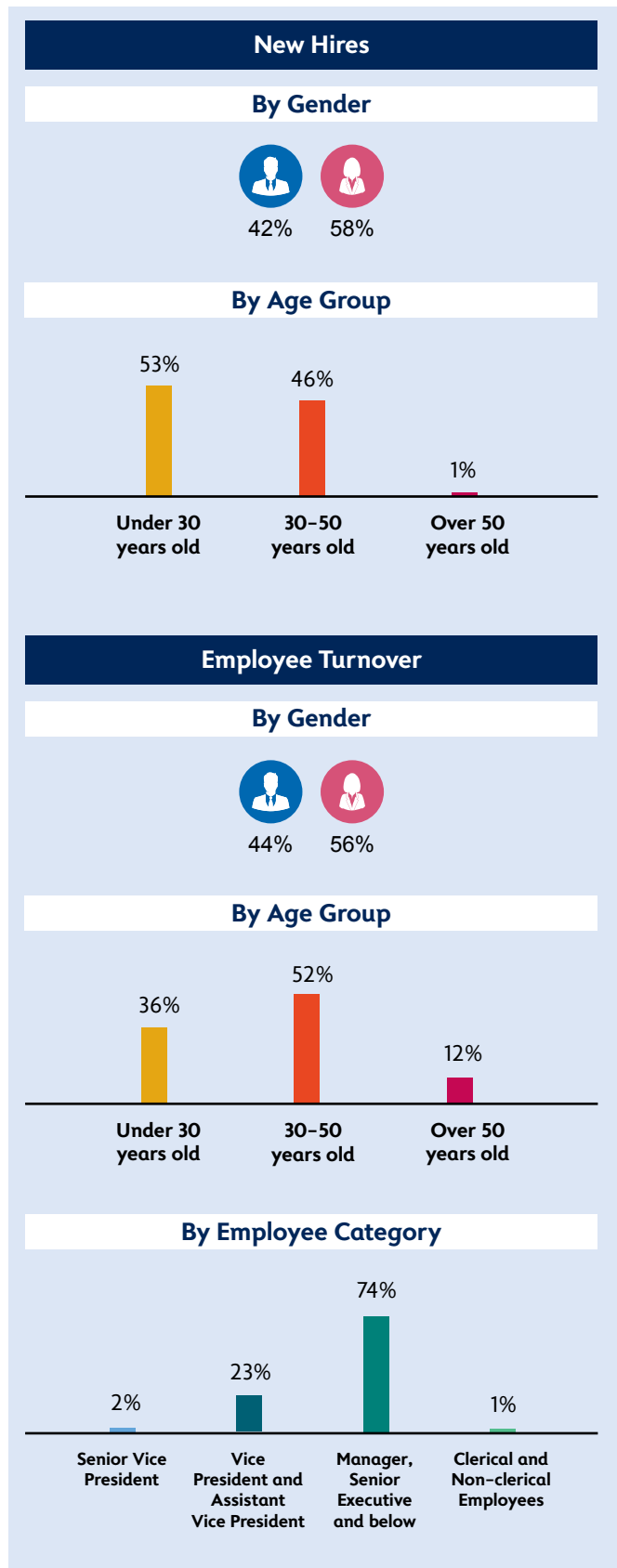
All our employees receive a regular performance and career development review, and candidates for career progression and monetary compensation are evaluated based on professional and behavioural benchmarks. All final decisions on promotions are made by a diverse committee comprising Senior Management members. These measures are in line with our commitment to upholding all local laws and guidelines pertaining to equal pay for equal work.

Alliance Bank also actively contributes to the Malaysian economy through our prioritisation and provision of employment opportunities to locals. As per the requirements set by the Ministry of Human Resources, the Bank advertises vacancies in the MYFutureJobs portal for Malaysians one month prior to submitting any applications for foreign hires.

57%

of women holding managerial roles







# SUSTAINABILITY STATEMENT

## Capability Development

Alliance Bank is committed to equipping our employees and providing them with opportunities for growth and career advancement in support of their professional goals. Not only does the Bank prioritise internal candidates for job openings and promotions, we also provide training and personal development opportunities to our workforce. In support of this, we aspire to grow a talented and driven workforce that is consistently empowered within a safe, inclusive and positive working environment.

In FY2023, we invested over RM7.2 million in various employee development initiatives. These programmes focused on enhancing our work processes in the following areas:

 <p>A systematic way of approaching customers</p>	 <p>Leveraging digital tools to improve customer value proposition and scale-up</p>	 <p>Enhancing efficiency through employing technology</p>	 <p>Successful team management</p>	 <p>Embedding strong governance</p>
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We also conducted the following personal development training programmes for our employees during the year in review:

Our Talent Development Programmes													
<b>Future Fit Leaders</b>	The Alliance Bank Leadership Excellence (“ABLE”) Academy is a home-grown curriculum that comprises structured long-term development programmes to develop the Bank’s future leaders. Programmes include the Alliance Leaders Programme and Management Associate Programme. ABLE employs a blended learning approach that combines experiential learning with mentoring opportunities.												
<b>Alliance Leaders Programme (“ALP”)</b>	The 12-month ALP helps prepare selected Vice Presidents and Senior Vice Presidents for senior leadership roles through a structured syllabus and customised development plans, which includes an international immersion experience and a leadership challenge. Since its inception, the ALP has seen 27 executives successfully move on to leading strategic transformation projects or expanded roles within the Bank.												
<b>Management Associate Programme (“MAP”)</b>	The Alliance Bank MAP is a 12-month induction programme for young graduates to gain work experience and leadership skills in the financial sector. The programme covers relevant subjects such as Introduction to the FinTech Ecosystem, Cybersecurity Awareness and Introduction to ESG & Sustainable Financing.  Since 2012, a total of 217 management associates have graduated from the programme.												
<b>Alliance Development Programmes (“ADP”)</b>	The ADP serves to develop leadership capabilities in all our employees. It comprises three levels of learning with each level featuring different modules and outcomes: <table border="1" data-bbox="430 1769 1404 2016"> <thead> <tr> <th>Levels</th> <th>Target Audience</th> <th>Learning Outcomes</th> </tr> </thead> <tbody> <tr> <td>Leading Self</td> <td>Manager, Senior Executive and below</td> <td>Delivering priorities and building a leader’s mindset</td> </tr> <tr> <td>Leading Others/Teams</td> <td>Vice President and Assistant Vice President</td> <td>Driving results and leading for team performance</td> </tr> <tr> <td>Leading Business</td> <td>Senior Vice President</td> <td>Leading business strategically and managing change</td> </tr> </tbody> </table> Learning roadmaps are also customised to address the learning needs of different teams and roles in the Bank as well as provide structured learning for all employees.	Levels	Target Audience	Learning Outcomes	Leading Self	Manager, Senior Executive and below	Delivering priorities and building a leader’s mindset	Leading Others/Teams	Vice President and Assistant Vice President	Driving results and leading for team performance	Leading Business	Senior Vice President	Leading business strategically and managing change
Levels	Target Audience	Learning Outcomes											
Leading Self	Manager, Senior Executive and below	Delivering priorities and building a leader’s mindset											
Leading Others/Teams	Vice President and Assistant Vice President	Driving results and leading for team performance											
Leading Business	Senior Vice President	Leading business strategically and managing change											

### Our Talent Development Programmes

#### Compliance and Regulatory Programmes

To ensure employees keep abreast of industry regulations as well as to protect the Bank from legal suits and reputational risks, we conduct compliance and regulatory programmes. These programmes cover topics such as Induction, Ethics and Foreign Exchange Notices, and include mandatory e-Learning programmes.

#### Professional Certifications

As part of our continuous development measures, the Bank sponsors employees who are keen to be certified in any banking or job related qualifications. This includes certifying key personnel in critical job functions such as:

1. Internal Audit;
2. Risk Management;
3. Credit;
4. Compliance; and
5. Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT).

#### Internship Programme

We are constantly enhancing our internship programme to reflect industry trends and outlooks in order to train future-ready workers. In FY2023, the Bank facilitated 49 internship opportunities for tertiary students.

### Introducing the Bank's Sustainability e-Learning Programme

In FY2023, we launched our sustainability e-Learning programme to help our employees achieve the following objectives:

- To understand the concept of sustainability, ESG and climate-related risks;
- To describe the industry's commitment and regulatory requirements to shape the sustainability landscape in Malaysia;
- To understand the components of ESG risks and their impacts on financial institutions and businesses;
- To describe the potential sustainability opportunities for financial institutions and businesses;
- To understand the Bank's sustainability strategy; and
- To understand how the Bank embeds sustainability into its own operations and assists customers to adopt sustainable business practices.

This new programme is in support of our Acceler8 strategy which focuses on driving sustainability competencies within the Bank. To encourage participation in the programme, we held inter-departmental challenges which saw a participation rate of 81% as at 31st March 2023, against our target employee participation rate of 70%.

#### Total Training Hours

# 128,105



#### Total Training Hours by Employee Category

Senior Management  
**365**

Senior Vice President  
**8,977**

Vice President and Assistant Vice President  
**32,552**

Manager, Senior Executive and below  
**71,907**

Clerical and Non-clerical Employees  
**14,306**

## SUSTAINABILITY STATEMENT

### Employee Engagement, Health, Safety and Wellbeing

#### Employee Engagement

We seek to cultivate a holistic working culture that reflects our AGILE values: Accountability, Growth-Driven, Integrity, Leadership and Excellence. We achieve this through our implementation of employee engagement activities and wellness initiatives. Our efforts are aimed at encouraging transparent communication, improving employee satisfaction and promoting higher productivity within the workplace.

In FY2023, we focused our efforts on building a Sustainability Culture to raise employee awareness and engagement in driving the Bank's ESG agenda, strategy, initiatives and goals. Our initiatives in FY2023 include:

- YouTube videos and quizzes on Composite Risk Rating and Sustainability;
- Sustainability microsite crossword puzzle; and
- A sustainability staff communications series and quizzes.

#### FY2023 Employee Engagement Initiatives

##### Voice of Employee Survey

By evaluating our workplace measures, engagement initiatives and participation rates, the Group's semi-annual Voice of Employee survey helps us to ensure our employees' needs are met.

In FY2023, the Bank achieved a score of 89% in the Sustainability Engagement Index ("SEI"), which was on par with the Malaysian Financial Services and the Global High Performing Average. This score reflected the strength of our employee sentiment at the Bank. The following, in particular, stood out:

- The wellbeing index, which measures employee sentiments with regard to mental, emotional and physical support provided by the Bank, remained at 89% in FY2023 in line with FY2022's score;
- The communication index remained at 89% in FY2023 in line with FY2022's result; while
- 84% of employees responded that they were able to balance their work and personal commitments.

Our newly introduced Sustainability Index with a score of 94%, reflects our employees' awareness of the Bank's ESG goals and their roles in contributing towards the Bank's sustainability agenda.

Other newly introduced Diversity, Equity & Inclusion ("DEI") questions shows that 90% of the Bank's employees feel that their workplace is inclusive and free of discrimination and that they can advance regardless of personal identity (e.g., race, gender, beliefs).

##### ManCo Appreciates You

ManCo Appreciates You is a recognition page on our inAlliance intranet portal which allows our Management Committee to honour employees who exemplify our AGILE values.

##### Allies of Alliance Portal

The Allies of Alliance Portal provides employees with a platform to share their innovative solutions and ideas. Since 2017, the portal has helped us to develop several new solutions and to enhance processes at the Bank.

##### Alliance Heroes

This bank-wide peer recognition initiative allows employees to award digital badges to their colleagues who have best demonstrated the Bank's AGILE Values. Since September 2019, approximately 11,000 digital badges have been awarded.

##### Engagement Champion Committee

The Engagement Champion Committee serves as the organising head for divisional engagement activities which are funded by the Bank. Comprising selected employees, the committee also addresses any disparities identified through the Bank's Voice of Employee surveys.

## Human Rights

Alliance Bank steadfastly supports and respects the protection of human rights in our organisation. In line with our commitment to the United Nation's Global Compact 10 principles and the Association of Banks Malaysia's seven principles, we have taken the following stances on multiple aspects of labour-related human rights topics:

**Zero**  
substantiated complaints  
concerning Human Rights  
violations

### Our Stance on Human Rights

#### Child Labour

We are against child labour and the exploitation of children and young persons in any of our endeavours. To this end, we have incorporated a bar on the employment of children in our Resourcing Guidelines as follows:

- We strictly do not employ persons below the age of 18 and continue to uphold and comply with the Children & Young Persons (Employment) Act 1966 and all other relevant and applicable laws, regulations and standards pertaining to child labour.
- Engagement or facilitation of internship attachments for persons below the age of 18 years old will be as per the relevant provisions of the prevailing Children & Young Persons (Employment) Act 1966 or other similar laws and regulations.

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

#### Freedom of Association

We recognise the constitutional right of our employees to freedom of association and comply with all relevant national laws. Correspondingly, Alliance Bank supports the rights of its employees to form and join trade unions. We also acknowledge the four trade unions as negotiating bodies in respect of the categories of employees represented (i.e., Clericals, Non-Clericals, Special Grade Clerks and Officers).

#### Forced/Compulsory Labour

We have adopted a zero-tolerance stance on any form of forced or compulsory labour including bonded labour, indentured labour and slave labour, or human trafficking. All employment with the Bank is based on the staff's voluntary acceptance of the Bank's terms and conditions of employment. We comply with all relevant national laws pertaining to working hours and overtime compensation, and aim to eliminate excessive working hours.

We also do not require our employees to surrender any government-issued identification, such as a passports or work permits, to the Bank as a condition of their employment.

#### Right to Collective Bargaining

Alliance Bank has adopted the Industrial Relations Act 1967, Trade Unions Act 1959 & Employment Act 1955 and other relevant labour provisions in Malaysia. As such, we support and recognise the right to collective bargaining.

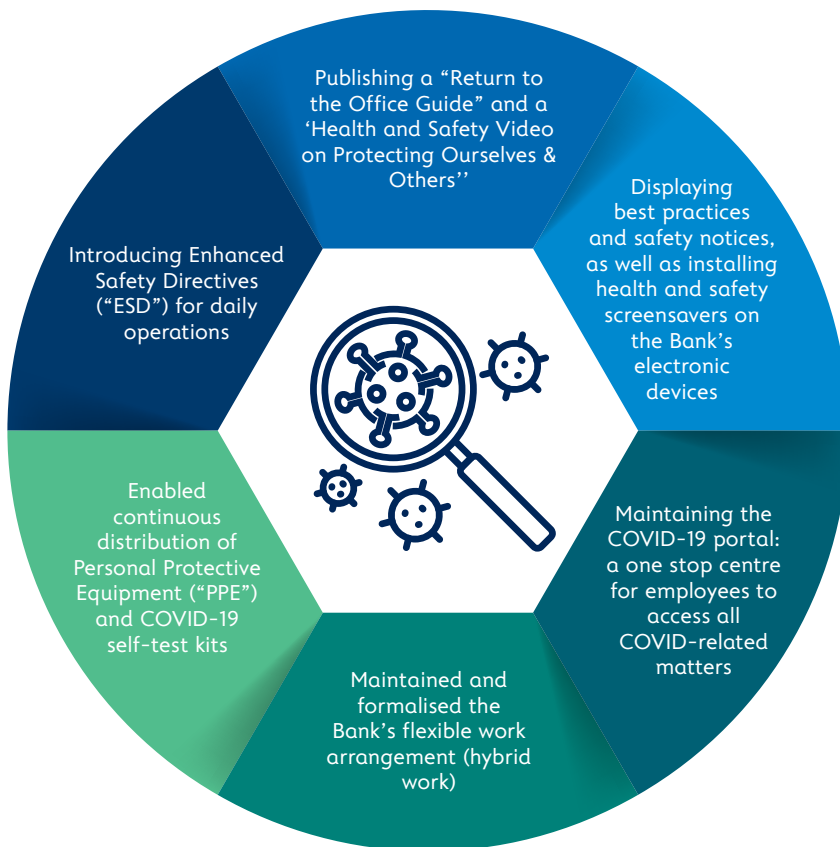
We engage in separate collective agreement negotiations with unions through our trade representatives, the Malayan Commercial Bank's Association, the Sarawak Commercial Bank's Association and the Sabah Commercial Bank's Association. In FY2023, some 16% of Alliance Bank employees were represented by trade unions or covered under a collective agreement.

# SUSTAINABILITY STATEMENT

## Health and Safety

We are committed to safeguarding the health and safety of our employees, customers and communities. We have in place our Bank’s Occupational Safety & Health Policy covering all the Bank’s employees, which highlights our commitment to providing a safe and healthy environment and workplace for all customers and employees.

FY2023 saw employees returning physically to the office as COVID-19 restrictions progressively eased. To protect the health and safety of our employees, we continued to implement diverse precautionary measures such as:



**Zero**  
incidents of work-related fatalities

**28**  
dedicated employees trained in health and safety standards in FY2023



In FY2023, an ergonomic risk assessment was conducted for employees at our head office. To minimise the risk of ergonomic and musculoskeletal injuries while promoting employee wellbeing and personal development, the Bank introduced flexible benefits for all management staff. Alliance Bank will also focus on raising awareness of ergonomic risks among employees.





## Employee Wellbeing

The wellbeing of our employees remains a key consideration in our sustainability endeavours. From ensuring a work-life balance to encouraging healthier lifestyles, we aim to create a vibrant and holistic working environment for our employees.

### FY2023 Employee Wellbeing Initiatives

#### Fit@Alliance



The Fit@Alliance programme encourages our employees to lead an active and well-balanced lifestyle. All initiatives were focused on four key wellness pillars, namely emotional and mental, physical, financial, as well as social and occupational.

To kick-start the year, a survey was conducted with 425 employees to better understand their wellness interests and to develop suitable initiatives. These include:

- Participation in PERKESO's Activ@Work Challenge 2022 for the fourth consecutive year. A total of 298 employees participated and helped the Bank secure third place among over 80 companies nationwide. Additionally, we designed monthly team and spurt challenges with rewards to entice and motivate our employees; and
- Ironman Challenge and Wellness Day events organised at our very own gym to motivate our employees to keep fit and healthy. A total of 90 employees participated in both events.

Throughout the year, we continued to leverage on partnerships that promoted the wellbeing of our employees. These partnerships included exclusive gyms membership rates, complimentary gym trials and health screenings.



# SUSTAINABILITY STATEMENT

## Recreational and Sports Club

In line with the easing of COVID-19 restrictions, the Bank’s Sports Club conducted various in-person activities in FY2023. Employees participated in physical events such as the Alliance Bank Treasure Hunt, Go Kart Race, Fishing Tournament, Movie Night, Escape Room, Badminton Tournament, Bowling Competition and the GCEO Futsal Cup.



## Wellness Webinars

The Bank held webinars in FY2023 focusing on employees’ physical and mental wellness. There was an average of 100 participants per session for the following webinars:



Understanding Depression & Anxiety: How Can You Help?



Stroke: Prevention & Managing Its Implications



Importance of a Healthy Digestive System



Hypertension & The Latest Treatment



Women and Men Health and Wellness





### Career Breaks and Other Forms of Breaks

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



# SUSTAINABILITY STATEMENT

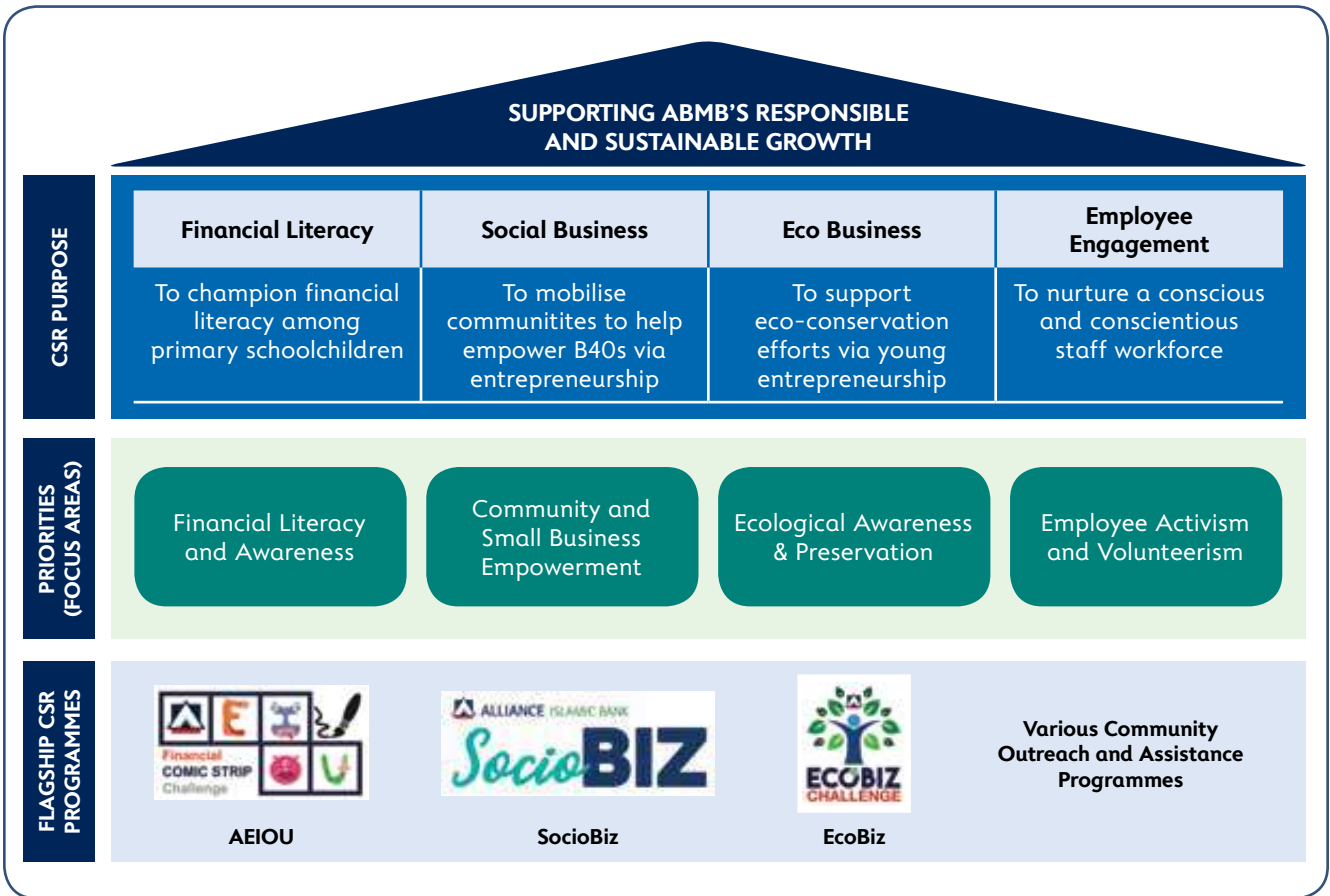
## Corporate Social Responsibility

We strongly believe that our success as a financial institution is linked to our ability to make a positive impact on surrounding communities. Consequently, we work together with like-minded partners to forge closer ties with the local communities to help us better understand and serve their needs. All these initiatives reflect the Bank’s mission of “Building Alliances to Improve Lives”.

Invested  
**RM1.2 million**  
 in the communities for  
**3,520** beneficiaries

We aim to develop a workforce that truly cares for the communities that we serve. As such, we have been continuously encouraging our employees to play an active role in giving back to the community. Moving forward, we are working towards establishing a formal Employee Volunteerism Programme which will recognise employees’ efforts to serve the community through volunteerism while promoting staff engagement.

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





## FY2023 Social Welfare Initiatives

### Giving With A Willing Heart Programme

During Ramadan, Alliance Bank collaborated with Women of Will (“WOW”) to distribute 430 packages of *iftar* food to seven charities in the Klang Valley.

This two-pronged approach enabled Alliance Bank to not only feed underserved communities, but also help alleviate the financial burden of WOW beneficiaries comprising disadvantaged single mothers, female breadwinners and their children.

In conjunction with International Women’s Day 2023, the Bank once again teamed up with WOW as well as Libresse to organise a Women’s Health Talk at selected People Housing Project (PPR) residences in Klang Valley. This initiative saw all 350 participants receiving grocery items and food worth RM150 each, benefitting over 1,800 family members. Alliance Bank also purchased cookies from WOW’s Community Kitchen to be distributed as part of the care packs for the attendees.





# SUSTAINABILITY STATEMENT

## FY2023 Social Welfare Initiatives



### SocioBiz

SocioBiz is a Shariah-compliant social funding platform that seeks to empower disadvantaged individuals and communities through entrepreneurship. Through the SocioBiz ecosystem, the public can contribute back to society by channelling their donations to help recipients to be economically independent, learn new skills and earn a sustainable livelihood.

In FY2023, two campaigns were successfully listed on the SocioBiz platform, one of which was the Empowering Single Mothers and Reducing Waste campaign in Sarawak. Donations channelled to this campaign were used to uplift B40 women in the community with a special focus on single mothers, and reducing waste through up-cycled bags. The campaign achieved 111% of its donation target, and proceeds were used to purchase sewing machines, sewing accessories, marketing and promotions, as well as conduct entrepreneurial training workshops.

To date, SocioBiz has managed to raise close to RM1.7 million over a span of three years and we are striving to achieve RM1 million in donation in FY2024.



### Our Zakat Contribution

In FY2023, Alliance Islamic Bank (“AIS”) allocated RM1 million in *zakat* (Islamic tithes) to various *asnaf* (underprivileged) beneficiaries, some of whom were identified by our partners i.e., Lembaga Zakat Selangor (“LZS”), Lembaga Zakat Negeri Kedah (“LZNK”), Yayasan Kebajikan Negara (“YKN”), and Rumah Pengasih Warga Prihatin (“RPWP”).

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

- Collaborated with LZNK to financially support *asnaf* paddy farmers to purchase paddy seeds, fertiliser and harvest equipment;
- Partnered with RPWP to organise training courses on air-conditioner maintenance services for unemployed *asnaf* youth;
- Helped underprivileged students at International Islamic University Malaysia and Universiti Teknologi MARA pay for their outstanding tuition fees;
- Supported the construction of classrooms for more than 100 students memorising the *Al-Quran* in rural Selangor;
- Collaborated with RPWP to provide Hari Raya clothing to 200 *asnaf* from 10 orphanage homes; and
- Contributed essential items to 200 *asnaf* across Malaysia under *Kempen Seorang Sekampit Beras* organised by the Association of Islamic Banking and Financial Institutions Malaysia (“AIBIM”) and Angkatan Belia Islam Malaysia (“ABIM” or the Muslim Youth Movement of Malaysia) for the sixth consecutive year. To date, AIS continues to rank first in *zakat* contributions among AIBIM members.

Alliance Bank and Alliance Islamic Bank staff have greatly contributed to helping the community with returned *zakat* (*zakat wakalah*) amounting to RM100,000 from individual *zakat* paid by the staff to Pusat Pungutan Zakat – Majlis Agama Islam Wilayah Persekutuan. These proceeds were utilised to provide aid and essential items to *asnaf* families affected by natural disasters in Kelantan and Terengganu. Furthermore, we provided nutritious food items to 200 *asnaf* children living in poor conditions.

## MOVING FORWARD ON THE SUSTAINABILITY FRONT

**Over the past year, the Bank has made significant progress towards its sustainability goals, from reducing our environmental impact to promoting social and economic sustainability.**

Together with our employees, customers and partners, we look forward to accelerating our sustainability journey and building on our achievements to date. Our focus will be on implementing innovative solutions that support the transition to a more sustainable future, engaging with our stakeholders to drive meaningful impact, and embedding sustainability into our business operations and culture.

In all that we do on the ESG fronts, we will continue to be guided by our nine commitments under our Sustainability Strategy Framework which aligns with our Acceler8 growth strategy. Moving forward, we remain fully dedicated to driving positive change in the years ahead with the aim of ensuring the Bank's sustainable, long-term success.



# SUSTAINABILITY STATEMENT

## GRI CONTENT INDEX

Statement of use	ABMB has reported the information cited in this GRI content index for the period 1st April 2022 to 31st March 2023 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	GRI DISCLOSURE	BURSA MALAYSIA COMMON INDICATOR	FTSE4GBM ESG THEMES	LOCATION	REMARKS/ OMISSION	
GRI 2: General Disclosures 2021	<b>The Organisation and its reporting practices</b>					
	2-1	Organisational details			Corporate Profile, Corporate Information	
	2-2	Entities included in the organisation's sustainability reporting			About This Report	
	2-3	Reporting period, frequency and contact point	-	-		
	2-4	Restatements of information			No restatements	
	2-5	External assurance			Independent Auditor's Report	
	<b>Activities and workers</b>					
	2-6	Activities, value chain and other business relationships	-	-	Corporate Structure, Products and Services	
	2-7	Employees	Labour Practices and Standards	Labour Standards	Promoting Diversity, Equity and Inclusion	
	2-8	Workers who are not employees				
	<b>Governance</b>					
	2-9	Governance structure and composition			Corporate Structure, Sustainability Governance	
	2-10	Nomination and selection of the highest governance body			Corporate Governance Overview Statement	
	2-11	Chair of the highest governance body			Corporate Information	
	2-12	Role of the highest governance body in overseeing the management of impacts			Sustainability Governance	
	2-13	Delegation of responsibility for managing impacts		Corporate Governance		
	2-14	Role of the highest governance body in sustainability reporting				
	2-15	Conflicts of interest			Corporate Governance Overview Statement	
2-16	Communication of critical concerns			Statement on Risk Management and Internal Control, Risk Management		
2-17	Collective knowledge of the highest governance body			Sustainability Governance		
				Addressing Climate Change		
2-18	Evaluation of the performance of the highest governance body			Board Effectiveness		

GRI STANDARD	GRI DISCLOSURE	BURSA MALAYSIA COMMON INDICATOR	FTSE4GBM ESG THEMES	LOCATION	REMARKS/ OMISSION	
GRI 2: General Disclosures 2021	2-19 Remuneration policies			Sustainability Governance		
	2-20 Process to determine remuneration			Corporate Governance Report		
	2-21 Annual total compensation ratio					
	<b>Strategy, policies and practices</b>					
	2-22 Statement on sustainable development strategy			Risk Management	Statement by Chairman of Alliance Bank Malaysia Berhad & Group Chief Executive Officer	
	2-23 Policy commitments	-			Executing our Sustainability Strategy, Empowering our People and Communities	
	2-24 Embedding policy commitments				Executing our Sustainability Strategy	
	2-25 Processes to remediate negative impacts				Ethical Business Practices	
	2-26 Mechanisms for seeking advice and raising concerns		Anti-Corruption	Anti-Corruption, Risk Management	Ethical Business Practices	
	2-27 Compliance with laws and regulations				Ethical Business Practices	Talent Management
	2-28 Membership associations	-			Participating in Associations	
	<b>Stakeholder Engagement</b>					
	2-29 Approach to stakeholder engagement		-	Human Rights and Community	Key Stakeholder Engagement	
2-30 Collective bargaining agreements			Human Rights			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	-	-	Material Matters		
	3-2 List of material topics					
<b>Economic/Governance</b>						
GRI 201: Economic Performance 2016	3-3 Management of material topics		Social Supply Chain	Strong Economic Performance		
	201-1 Direct economic value generated and distributed	-				
GRI 204: Procurement Practices 2016	3-3 Management of material topics	Supply Chain Management		Sustainable Supply Chain		
	204-1 Proportion of spending on local suppliers					
GRI 205: Anti-corruption 2016	3-3 Management of material topics	Anti-Corruption	Anti-Corruption, Risk Management	Ethical Business Practices		
	205-1 Operations assessed for risks related to corruption	Anti-Corruption	Anti-Corruption, Risk Management			
	205-2 Communication and training about anti-corruption policies and procedures					
	205-3 Confirmed incidents of corruption and actions taken					



# SUSTAINABILITY STATEMENT

GRI STANDARD	GRI DISCLOSURE	BURSA MALAYSIA COMMON INDICATOR	FTSE4GBM ESG THEMES	LOCATION	REMARKS/ OMISSION
<b>Environmental</b>					
<b>GRI 302: Energy 2016</b>	3-3 Management of material topics	Energy Management		Energy Management	
	302-1 Energy consumption within the organisation				
	302-4 Reduction of energy consumption				
<b>GRI 305: Emissions 2016</b>	3-3 Management of material topics	Emissions Management	Climate Change	Minimising Our Own Emissions	
	305-1 Direct (Scope 1) GHG emissions				
	305-2 Energy indirect (Scope 2) GHG emissions				
	305-3 Other indirect (Scope 3) GHG emissions				
	305-5 Reduction of GHG emissions				
<b>Social</b>					
<b>GRI 401: Employment 2016</b>	3-3 Management of material topics	Labour Practices and Standards	Labour Standards	Employee Wellbeing	
	401-1 New employee hires and employee turnover				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees				
	401-3 Parental leave				
<b>GRI 403: Occupational Health and Safety 2018</b>	3-3 Management of material topics	Health and Safety	-	Health and Safety	
	403-1 Occupational health and safety management system				
	403-2 Hazard identification, risk assessment, and incident investigation	Health and Safety	-		
	403-5 Worker training on occupational health and safety				
	403-6 Promotion of worker health				
	403-8 Workers covered by an occupational health and safety management system				
	403-9 Work-related injuries				

GRI STANDARD	GRI DISCLOSURE	BURSA MALAYSIA COMMON INDICATOR	FTSE4GBM ESG THEMES	LOCATION	REMARKS/ OMISSION
<b>GRI 404: Training and Education 2016</b>	3-3 Management of material topics	Labour Practices and Standards	Labour Standards	Capability Development	
	404-1 Average hours of training per year per employee				
	404-2 Programmes for upgrading employee skills and transition assistance programmes				
	404-3 Percentage of employees receiving regular performance and career development reviews				
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	3-3 Management of material topics	Diversity		Promoting Diversity, Equity and Inclusion	
	405-1 Diversity of governance bodies and employees				
<b>GRI 406: Non-discrimination 2016</b>	3-3 Management of material topics	-			
	406-1 Incidents of discrimination and corrective actions taken				
<b>GRI 413: Local Communities 2016</b>	3-3 Management of material topics	Community/ Society	Human Rights and Community	Corporate Social Responsibility	
	413-1 Operations with local community engagement, impact assessments, and development programmes				
<b>GRI 418: Customer Privacy 2016</b>	3-3 Management of material topics	Data Privacy and Security	-	Safeguarding Customer Data	
	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data				

# SUSTAINABILITY STATEMENT

## TCFD CONTENT INDEX

TCFD RECOMMENDATION		LOCATION
Governance	a) Describe the board's oversight of climate-related risks and opportunities	Sustainability Governance
	b) Describe management's role in assessing and managing climate-related risks and opportunities	
Strategy	a) Describe the climate-related risks and opportunities the organisation had identified over the short, medium and long term	Addressing Climate Change
	b) Describe the impact of climate related risks and opportunities on the organisation's businesses, strategy, and financial planning	
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including 2 degrees or lower scenario	
Risk Management	a) Describe the organisation's processes for identifying and assessing climate-related risks	
	b) Describe the organisation's processes for managing climate-related risks	
	c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	
Metrics and Targets	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	
	b) Disclose Scope 1, Scope 2 and if appropriate, Scope 3 GHG emissions, and the related risks	
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	

## PERFORMANCE DATA

INDICATOR	UNIT	FY2021	FY2022	FY2023	
<b>Economic/Governance</b>					
<b>Ethics and Compliance</b>					
Percentage of operations assessed for corruption-related risks	%	17%	23%	29%	
Confirmed incidents of corruption	No.	0	0	0	
Number of staff disciplined or dismissed due to non-compliance with anti-corruption policies	No.	0	0	0	
Cost of fines, penalties or settlements in relation to corruption (RM)	RM	0	0	0	
Total amount of political contributions made (RM)	RM	0	0	0	
Total employee training hours on anti-corruption and bribery	Hours	6,466.0	6,658.0	7,074.0	
Employees who have received training on anti-corruption by employee category	Senior Management	%	87%	94%	94%
		Hours	26.0	32.0	30.0
	Senior Vice President	%	92%	99%	95%
		Hours	140.0	150.0	146.0
	Vice President and Assistant Vice President	%	96%	98%	96%
		Hours	1,912.0	1,962.0	2,036.0
	Manager, Senior Executive and below	%	91%	93%	92%
		Hours	4,022.0	4,166.0	4,414.0
	Clerical and Non-Clerical Employees	%	62%	61%	82%
		Hours	366.0	348.0	448.0
Total employee training hours on AML/CFT	Hour	8,054.0	8,359.0	8,807.0	

INDICATOR		UNIT	FY2021	FY2022	FY2023
Employees who have received training on AML/CFT by employee category	Senior Management	%	87%	94%	94%
		Hours	33.0	40.0	38.0
	Senior Vice President	%	93%	99%	95%
		Hours	178.0	188.0	183.0
	Vice President and Assistant Vice President	%	96%	98%	96%
		Hours	2,395.0	2,453.0	2,533.0
	Manager, Senior Executive and below	%	91%	94%	92%
		Hours	5,028.0	5,213.0	5,490.0
Clerical and Non-Clerical Employees	%	57%	65%	82%	
	Hours	420.0	465.0	563.0	
<b>Economic Performance</b>					
Total economic value generated	RM million	1,817.5	1,867.6	1,919.8	
Total economic value distributed	RM million	1,370.4	1,422.6	1,491.9	
Total economic value retained	RM million	447.2	445.1	428.0	
<b>Customer Data Privacy</b>					
Number of substantiated complaints concerning breaches of customer privacy	No.	0	0	0	
<b>Customer Experience</b>					
Average Net Promoter Score ("NPS")	No.	21	28	33	
<b>Sustainable Procurement</b>					
Percentage spent on local suppliers	%	93%	87%	92%	
<b>Environmental</b>					
<b>Climate Change</b>					
Total energy consumption	kWh	14,379,557.2	13,214,706.9	12,464,307.0	
Direct GHG Emissions (Scope 1) - Stationary and Mobile Combustion	tCO <sub>2</sub> e	16.2	24.2	32.0	
Indirect GHG Emissions (Scope 2) - Purchased Electricity	tCO <sub>2</sub> e	7,995.5	7,112.2	6,699.7	
Other Indirect GHG Emissions (Scope 3) - Business Travel by Land	tCO <sub>2</sub> e	565.4	577.3	686.4	
<b>Conserving the Environment</b>					
Printing Volume	Print copy	30,951,403	28,903,021	30,952,606	
<b>Social</b>					
<b>Diversity, Equity and Inclusion</b>					
Directors by gender	Male	%	78%	78%	78%
	Female	%	22%	22%	22%
Directors by age group	<30	%	0%	0%	0%
	30-50	%	11%	11%	11%
	>50	%	89%	89%	89%
Directors by ethnicity	Bumiputera	%	22%	22%	22%
	Chinese	%	78%	78%	78%
	Indian	%	0%	0%	0%
	Other	%	0%	0%	0%
Directors by nationality	Local	%	67%	56%	56%
	Foreign	%	33%	44%	44%
Total number of employees	No.	3,586	3,604	3,815	



## SUSTAINABILITY STATEMENT

INDICATOR			UNIT	FY2021	FY2022	FY2023
Percentage of employees by gender for each employee category	Senior Management	Male	%	80%	76%	81%
		Female	%	20%	24%	19%
	Senior Vice President	Male	%	63%	63%	68%
		Female	%	37%	37%	32%
	Vice President and Assistant Vice President	Male	%	43%	44%	44%
		Female	%	57%	56%	56%
	Manager, Senior Executive and below	Male	%	37%	36%	35%
		Female	%	63%	64%	65%
	Clerical and Non-Clerical Employees	Male	%	36%	36%	37%
		Female	%	64%	64%	63%
Percentage of women in the global workforce			%	61%	61%	61%
Percentage of employees by age group for each employee category	Senior Management	<30	%	0%	0%	0%
		30-50	%	33%	35%	31%
		>50	%	67%	65%	69%
	Senior Vice President	<30	%	0%	0%	0%
		30-50	%	61%	62%	66%
		>50	%	39%	38%	34%
	Vice President and Assistant Vice President	<30	%	2%	2%	2%
		30-50	%	82%	81%	82%
		>50	%	15%	16%	16%
	Manager, Senior Executive and below	<30	%	28%	29%	33%
		30-50	%	63%	62%	59%
		>50	%	8%	9%	8%
	Clerical and Non-Clerical Employees	<30	%	0%	0%	0%
		30-50	%	75%	74%	68%
		>50	%	25%	26%	32%
Percentage of employees by employment type for each employee category	Senior Management	Contract	%	20%	18%	19%
		Permanent	%	80%	82%	81%
	Senior Vice President	Contract	%	7%	4%	3%
		Permanent	%	93%	96%	97%
	Vice President and Assistant Vice President	Contract	%	0%	0%	0%
		Permanent	%	100%	100%	100%
	Manager, Senior Executive and below	Contract	%	4%	2%	2%
		Permanent	%	96%	98%	98%
	Clerical and Non-Clerical Employees	Contract	%	0%	0%	0%
		Permanent	%	100%	100%	100%

INDICATOR			UNIT	FY2021	FY2022	FY2023
Percentage of employees by ethnicity for each employee category	Senior Management	Bumiputera	%	13%	12%	6%
		Chinese	%	73%	65%	75%
		Indian	%	0%	12%	13%
		Other	%	13%	12%	6%
	Senior Vice President	Bumiputera	%	7%	5%	5%
		Chinese	%	83%	86%	86%
		Indian	%	9%	8%	8%
		Other	%	1%	1%	1%
	Vice President and Assistant Vice President	Bumiputera	%	12%	12%	13%
		Chinese	%	83%	82%	80%
		Indian	%	4%	5%	5%
		Other	%	1%	1%	2%
	Manager, Senior Executive and below	Bumiputera	%	34%	35%	34%
		Chinese	%	55%	54%	56%
		Indian	%	10%	10%	9%
		Other	%	1%	1%	1%
Clerical and Non-Clerical Employees	Bumiputera	%	71%	71%	72%	
	Chinese	%	19%	18%	18%	
	Indian	%	10%	10%	9%	
	Other	%	1%	1%	1%	
Percentage of employees by age nationality for each employee category	Senior Management	Local	%	93%	94%	100%
		Foreign	%	7%	6%	0%
	Senior Vice President	Local	%	99%	99%	99%
		Foreign	%	1%	1%	1%
	Vice President and Assistant Vice President	Local	%	100%	100%	100%
		Foreign	%	0%	0%	0%
	Manager, Senior Executive and below	Local	%	100%	100%	100%
		Foreign	%	0%	0%	0%
	Clerical and Non-Clerical Employees	Local	%	100%	100%	100%
		Foreign	%	0%	0%	0%
Permanent employees by gender	Male	No.		1,352	1,380	1,458
		%		39%	39%	39%
	Female	No.		2,141	2,170	2,301
		%		61%	61%	61%
Contract employees by gender	Male	No.		48	25	21
		%		52%	46%	38%
	Female	No.		45	29	35
		%		48%	55%	63%
% of employees that are contractors or temporary staff			%	3%	1%	1%
Total employees with a disability			No.	1	1	1

## SUSTAINABILITY STATEMENT

INDICATOR		UNIT	FY2021	FY2022	FY2023	
<b>Talent Management</b>						
<b>Total training hours</b>		Hours	105,260	149,502	128,105	
<b>Average training per employee</b>		Hours	29.4	41.4	33.6	
		days	3.7	5.2	4.2	
<b>Average training hours by gender</b>		Male	Hours	29.3	41.8	33.2
		Female	Hours	29.4	41.2	33.9
<b>Training hours by employee category</b>	<b>Senior Management</b>	Total	Hours	1,190.0	950.0	365.0
		Average	Hours	79.3	55.9	22.8
	<b>Senior Vice President</b>	Total	Hours	2,406.0	4,524.0	8,977.0
		Average	Hours	31.7	59.5	116.6
	<b>Vice President and Assistant Vice President</b>	Total	Hours	36,074.0	46,962.0	32,552.0
		Average	Hours	36.3	47.2	30.7
	<b>Manager, Senior Executive and below</b>	Total	Hours	50,420.0	76,342.0	71,907.0
		Average	Hours	22.8	34.3	30.1
	<b>Clerical and Non-Clerical Employees</b>	Total	Hours	15,172.0	20,725.0	14,306.0
		Average	Hours	51.8	72.2	52.4
<b>New hires by gender</b>		Male	No.	183	280	418
			%	51%	45%	42%
		Female	No.	176	349	576
			%	49%	55%	58%
<b>New hires by age group</b>		<30	No.	201	360	526
			%	56%	57%	53%
		30-50	No.	153	264	456
			%	43%	42%	46%
		>50	No.	5	5	12
			%	1%	1%	1%
<b>New hires by nationality</b>		Local	No.	359	629	994
			%	100%	100%	100%
		Foreign	No.	0	0	0
			%	0%	0%	0%
<b>Employee turnover rate</b>		rate	0.11	0.17	0.21	
<b>Employee turnover by gender</b>		Male	No.	182	275	344
			%	47%	45%	44%
		Female	No.	206	336	439
			%	53%	55%	56%
<b>Employee turnover by age group</b>		<30	No.	145	230	280
			%	37%	38%	36%
		30-50	No.	211	321	410
			%	54%	53%	52%
		>50	No.	32	60	93
			%	8%	10%	12%
<b>Employee turnover by employee category</b>	<b>Senior Management</b>		No.	4	0	3
	<b>Senior Vice President</b>		No.	5	9	15
	<b>Vice President and Assistant Vice President</b>		No.	93	149	178
	<b>Manager, Senior Executive and below</b>		No.	282	448	577
	<b>Clerical and Non-Clerical Employees</b>		No.	4	5	10

INDICATOR	UNIT	FY2021	FY2022	FY2023	
<b>Employee Engagement, Health, Safety and Wellbeing</b>					
No of work related fatalities	No.	0	0	0	
Lost time injury rate (own staff)	rate	0.17	0.11	0.27	
Lost time injury rate (contractors)	rate	0	0	0	
No. of dedicated employees trained on health and safety standards	No.	0	0	26	
No. of substantiated complaints concerning human rights violations	No.	0	0	0	
Total number of employees that were eligible for parental leave by gender	Male	No.	875	892	961
	Female	No.	1,426	1,423	1,523
Total number of employees that took parental leave by gender	Male	No.	32	33	14
	Female	No.	61	51	58
Total number of employees that returned to work in the reporting period after parental leave ended by gender	Male	No.	32	28	14
	Female	No.	60	48	54
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work by gender	Male	No.	32	28	13
	Female	No.	60	48	54
Return to work rate of employees that took parental leave by gender	Male	%	100%	85%	100%
	Female	%	98%	94%	93%
Retention rates of employees that took parental leave by gender	Male	%	100%	85%	93%
	Female	%	98%	94%	93%
<b>Corporate Social Responsibility</b>					
Total amount invested in the community where the target beneficiaries are external to the listed issuer	RM million	2.5	1.4	1.2	
Total no. of beneficiaries of the investment in communities	No.	1,182	4,421	3,520	

# 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 2023 (“FY2023”) 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](http://www.alliancebank.com.my).

## PRINCIPLE A : 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, employees and the general public.

The key responsibilities of the Board are set out below:

- (a) Approve the risk appetite, business plans and other initiatives that will, singularly or cumulatively, have a material impact on the Bank’s risk profile.

- (b) Oversee the selection, performance, remuneration and succession plans of the Group Chief Executive Officer (“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 is available on the Bank’s corporate website at [www.alliancebank.com.my](http://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.



In addition, the Board has set up a Conflicts of Interest Policy for Directors to identify, disclose and manage any actual or potential conflicts of interest. Directors are required to inform the Board of conflicts or potential conflicts of interest they may have in relation to particular items of business. Directors are to recuse themselves from discussion 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 Conflicts of Interest Policy for Directors was last reviewed by the Board on 27 October 2022.

The Code of Conduct and Conflicts of Interest Policy for Directors are available on the Bank's corporate website at [www.alliancebank.com.my](http://www.alliancebank.com.my).

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

### Division of Responsibilities between the Chairman and Group CEO

The roles of the Chairman and Group CEO are separated, consistent with the principle of good corporate governance to promote accountability and facilitate division of responsibilities between them.

Tan Sri Dato' Ahmad bin Mohd Don being the Independent Chairman in leading the Board, is responsible for the effective overall functioning of the Board. He maintains a close professional relationship with the Group CEO, Mr. Kellee Kam and his Senior Management team, and acts as a mentor as required. He chairs Board meetings as well as general meetings of the Bank and concerns himself with the good order and effectiveness of the Board and its processes.

Mr. Kellee Kam as Group CEO, in leading the Senior Management team, bears the primary responsibility over the day-to-day management of the Bank.

### Operation of the Board

The Board schedules a minimum of ten (10) meetings a year to review progress reports from the Management as well as to consider business and other proposals that require the Board's approval. All Directors are informed of these scheduled Board meetings before the start of each year. Ad hoc Board meetings may be called to deliberate on and consider issues that require the Board's immediate consideration/decision.

At 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.

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

### Board and Board Committees

#### The Board

Responsible for the overall conduct of the Bank's business, including our long-term success; setting our values, standards and strategic objectives; reviewing our performance and ensuring effective communication with stakeholders.

#### Chairman

- (a) Ensures that appropriate procedures are in place to govern the Board's processes.
- (b) Ensures that decisions are taken on a sound and well-informed basis, including by ensuring that all strategic and critical issues are considered by the Board and that Directors receive the relevant information on a timely basis.
- (c) Encourages healthy discussion and ensures the free expression and discussion of dissenting views.

#### 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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### 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 six (6) Board Committees comprised solely of Non-Executive Directors, namely the Executive Committee ("EXCO"), Group Audit Committee ("Group AC"), Group Nomination & Remuneration Committee ("Group NRC"), Group Risk Management Committee ("Group RMC"), Group Sustainability Committee ("Group SC"), and Group Information Technology Committee ("Group ITC").

Among these Board Committees, the Group AC, Group NRC, Group RMC, Group SC and Group ITC operate on a Group basis covering the Bank and its principal subsidiaries, Alliance Islamic Bank Berhad ("AIS") and Alliance Investment Bank Berhad (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, Group SC and Group ITC are available on the Bank's website at [www.alliancebank.com.my](http://www.alliancebank.com.my).

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

### 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").

### Group Audit Committee ("Group AC")

The Group AC assists the Board in overseeing the Group's financial and reporting processes. It monitors the integrity of the financial statements, supervises both the internal and external audit processes, and reports back to the Board. It reviews the effectiveness of the policies, procedures and systems in place that are related to, among others, operational risks, compliance 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.

### **Group Nomination & Remuneration Committee (“Group NRC”)**

The Group NRC supports the Board in carrying out its functions in the following matters concerning the Board, Shariah Committee, Senior Management and Company Secretary:

- Appointment and removals;
- Composition of the Board;
- Performance evaluation and development; and
- Fit and proper assessments.

The Group NRC also supports the Board in actively overseeing the design and operation of the Bank’s remuneration system. It periodically reviews the remuneration of Directors on the Board, particularly on whether the remuneration remains appropriate given each Director’s contribution, taking into account the level of expertise, commitment and responsibilities undertaken.

The Terms of Reference of the Group NRC was last reviewed and revised by the Board on 30 November 2022.

### **Group Risk Management Committee (“Group RMC”)**

The Group RMC oversees Senior Management’s activities in managing enterprise risks covering areas such as credit, market, liquidity, operational, compliance, legal, IT/Cyber and sustainability, as well as ensures compliance with regulations. This includes ensuring a sound risk strategy and that the risk management framework is functioning effectively according to its purposes. It also actively promotes a consistent culture of compliance; and a risk awareness and risk management culture within the Group. Its oversight role includes approving and deliberating on risk and compliance strategies, policies and methodologies, as well as related matters.

The Group RMC was responsible for overseeing technology-related matters until 1 August 2022 when the Board established the Group ITC to support the Board on oversight over technology-related matters as required under BNM Policy Document on Risk Management in Technology.

The Terms of Reference of the Group RMC was last reviewed and revised by the Board on 30 November 2022.

### **Group Sustainability Committee (“Group SC”)**

The Group SC supports the Board in the oversight of setting sustainability strategies, priorities and targets, to ensure that the Group’s strategies, goals and principles pertaining to sustainability are aligned with, promote and encourage the Group’s commitment towards sustainability.

### **Group Information Technology Committee (“Group ITC”)**

The Group ITC was set up on 1 August 2022 as an outcome-based board committee to primarily provide end-to-end oversight for the IT strategy project due to its far-reaching and long-term implications for the Bank. The Group ITC is responsible for supporting the Board in providing oversight over technology-related matters in accordance with paragraph 8.4 of the BNM Policy Document on Risk Management in Technology.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### Board Size, Composition, Tenure and Independence

The Board, which has ten (10) members, is composed entirely of Non-Executive Directors, eight (8) of whom are Independent Directors.

The Board comprises highly skilled and experienced individuals with the respective experience in the areas of banking, finance, accounting, audit, 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 their regional as well as industry experience, and other attributes for the long-term success of the Bank and the delivery of sustainable value to its shareholders.

The Board considers a strong element of independence among its members as vital for good corporate governance. Independent Directors of the Bank exercise independent judgement and participate in the deliberations of the Board objectively with no individual or small group of individuals dominating the Board's decision-making process. Today, the number of Independent Directors makes up more than 75% of the Board, thereby exceeding the requirement of the BNM Policy Document on Corporate Governance that the majority of the Board comprise Independent Directors at all times. We also exceed the requirement laid down in the Bursa Securities MMLR to have at least two (2) Directors or one-third of the Board consisting of Independent Directors.

The Board, through the Group NRC, assesses Independent Directors' independence annually. In the annual assessment of the Independent Directors of the Bank for FY2023, the Board was satisfied that each of the Independent Directors of the Bank continued to be independent and free from any business or other relationship that could interfere with the exercise of independent judgement or the ability to act in the best interests of the Bank. The Board was also satisfied that each of them continued to fulfil the criteria set out in BNM Policy Document on Corporate Governance, the Bursa Securities MMLR, and the Malaysian Code on Corporate Governance ("MCCG").

The Bank has adopted a nine (9)-year policy for the tenure of Independent Directors and a twelve (12)-year policy for the tenure of Non-Independent Non-Executive Directors. As at the date of this Statement, none of the Bank's Independent Directors and Non-Independent Non-Executive Directors have served for a cumulative period of more than nine (9) years and twelve (12) years in the Group, respectively.

### Board Gender Diversity

The Board has adopted a Group Board Gender Diversity Policy that calls for women candidates to be given priority consideration in the selection and recruitment process of identifying suitable candidates for the Board and the respective Boards of the Group's regulated subsidiaries. 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 so as to achieve the gender diversity target of having 30% of the Board represented by women. As at the date of this report, the Board has three (3) female Directors making up 30% of 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 the Group Nomination & Remuneration Committee

Nationality	Age	Gender
Malaysian	75	Male

Date of Appointment to the Board of Alliance Bank Malaysia Berhad: **1 February 2017**

#### Qualification:

- Summa cum Laude graduate in Economics and Business, Aberystwyth University, United Kingdom
- Fellow of the Institute of Chartered Accountants in England and Wales
- Member of the Malaysian Institute of Certified Public Accountants

Tan Sri Dato' Ahmad bin Mohd Don is Chairman of Alliance Bank Malaysia Berhad's Board of Directors. He has extensive experience in finance and banking. His work experience covers various capacities with Pernas Securities Sdn Bhd, Permodalan Nasional Berhad, and Malayan Banking Berhad. He served as Group Managing Director and Chief Executive Officer of Malayan Banking Berhad from 1991 to 1994. Between May 1994 to August 1998, Tan Sri Dato' Ahmad was the Governor of Bank Negara Malaysia.

Tan Sri Dato' Ahmad serves as an Independent Director of Medi Lifestyle Limited (Singapore) (listed on the Singapore Stock Exchange).



**LEE BOON HUAT**

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

Nationality	Age	Gender
Singaporean	65	Male

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

#### Qualification:

- Bachelor of Business (Accounting), Western Australia Institute of Technology, Australia

Mr Lee Boon Huat has extensive experience in the financial services industry. He has served with the Monetary Authority of Singapore, Hong Kong and Shanghai Banking Corporation, Canadian Imperial Bank of Commerce and Chemical Bank. He held several posts at Standard Chartered Bank including Head of Global Markets (South East Asia), Head of Global Markets (Middle East), and Chief Operating Officer (South East Asia) from 1998 to 2012.

Mr Lee serves as a Director of Technological and Commercial Joint-stock Bank (listed on the Ho Chi Minh City Stock Exchange) and ordinary member of Singapore Institute of Directors.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT LEADERSHIP - BOARD OF DIRECTORS



**WONG YUEN WENG  
ERNEST**

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

Nationality	Age	Gender
Singaporean	78	Male

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

### Qualification:

- Bachelor of Science (First Class Honours) in Chemical Engineering, University of Surrey, United Kingdom

Mr Wong started his career in 1967 with the Singapore Economic Development Board and later with the Ministry of Finance. In 1972 Mr Wong joined the United Overseas Bank (UOB) Group in Singapore. During his 30 years with the UOB Group, Mr Wong held several key appointments, including 10 years as Group President and as a Member of the UOB Board & its Executive Committee before leaving UOB to join Mediacorp Pte Ltd as its Group CEO and later as Chairman. While at Mediacorp, he remained as a Board Member of the UOB Group, and Chairman of its Audit Committee.

Over the course of his career, he was a Member of the Temasek Advisory Panel for 10 years and served as Board Trustee & Chairman, Investment/Endowment Fund Committee of Nanyang Technological University for 17 years, Board Member of the Economic Development Board of Singapore (EDB) and President-Commissioner of Bank Internasional Indonesia (BII) TBK.

Mr Wong serves as Non-Independent Non-Executive Chairman of Fullerton Financial Holdings Pte Ltd, Matt Capital Pte Ltd and A. Menarini Asia-Pacific 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 Alliance Investment Bank Berhad
- Chairman of the Group Information Technology Committee
- Member of the Executive Committee
- Member of the Group Risk Management Committee

Nationality	Age	Gender
Singaporean	72	Male

Date of Appointment to the Board of Alliance Bank Malaysia Berhad: **18 April 2012**

### Qualification:

- 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.



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

**Qualification:**

- Bachelor in Business Administration (Finance), University of Pacific, Stockton, CA, USA
- Master in Business Administration (International Business), National University San Diego, CA, USA

Datuk Wan Azhar bin Wan Ahmad was the Chief Executive Officer of Credit Guarantee Corporation Malaysia Berhad (CGC) from 1997 until his retirement in December 2014. He began his career in banking as a Loans Executive of Hong Leong Bank in 1985 and left the bank as Head of Branches Operations in 1993. He then joined CGC as Head of Credit. In 1995, he was promoted to Assistant General Manager and subsequently to Chief Executive Officer in 1997. In 2000, he was appointed to the Board of Directors and assumed the role of Managing Director.

One of the highlights of his career was the transformation of CGC from a traditional credit guarantee provider into a market-driven and financially sustainable SME-support institution. He was instrumental in the setting up of Credit Bureau Malaysia (CBM) where he was the Chairman for six years from 2008 to 2014. On the international front, he was also Chairman of the Association of Development Financial Institutions for Asia Pacific Region (ADFIAP) from 2012 to 2014.

He was appointed as Consultant to the World Bank from 2015 to 2021. Undertaking projects relating to SME financing in the Middle East.

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



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

**Qualification:**

- Bachelor of Accountancy, National University of Singapore
- Master of Business Administration, University of South Australia
- Master of International Environmental Management, University of Adelaide, Australia
- Member of the American Institute of Certified Public Accountants
- Fellow of the Institute of Singapore Chartered Accountants and of CPA Australia

Mr Tan Chian Khong has 35 years of experience in the audit industry. He was a partner at Ernst & Young LLP from July 1996 till his retirement in June 2016.

Mr Tan serves as an Independent Director in a number of companies listed on the Singapore Exchange namely, Banyan Tree Holdings Ltd, CSE Global Limited, Hong Leong Asia Ltd and The Straits Trading Company Ltd.

He is a Board member of SMRT Corporation Ltd and the Gambling 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.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT LEADERSHIP - BOARD OF DIRECTORS



**SUSAN YUEN SU MIN**

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

Nationality	Age	Gender
Malaysian	63	Female

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

**Qualification:**

- Bachelor of Computer Science (Honours), University of London, United Kingdom

Ms Susan Yuen Su Min has over 30 years of working experience in the banking industry. She has served in a number of banking establishments including Maybank and HSBC Malaysia. She was also previously attached to the National Bank of Abu Dhabi Malaysia Berhad (NBAD) where she was the Regional CEO Asia and Country CEO Malaysia from 2014 to 2018. Prior to joining NBAD, she served as CEO of ANZ Banking Group in Hong Kong from 2009 to 2014.

Ms Susan serves as an Independent Non-Executive 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 the Group Risk Management Committee
- Member of the Group Information Technology Committee

Nationality	Age	Gender
Malaysian	54	Male

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

**Qualification:**

- Bachelor of Science (Computer and Information Sciences), The National University of Singapore, Singapore

Mr Lum Piew has over 32 years of experience in the consulting and technology industry. He began his career as a consultant at Andersen Consulting (renamed to Accenture in 2001) in 1992. By 2004, he had risen through the ranks to become Managing Director in the Communications, Media and Technology Industry Group. His experience covers management consulting, system integration, outsourcing, and digital transformation serving clients across telecommunications, media and internet companies. He held the position until his retirement in 2016.

Mr Lum is a Non-Independent Non-Executive Director of Clouaron Group Berhad which is listed on Bursa Malaysia.



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

**Qualification:**

- Bachelor of Mathematics, University Putra Malaysia
- Member of the Malaysian Institute of Certified Public Accountants
- Member of the Malaysian Institute of Accountants
- Fellow and Faculty Member of the Institute of Corporate Directors Malaysia

Ms Cheryl Khor has more than 23 years of experience covering financial, operational and internal 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 Non-Executive Director of several public listed companies namely, Kuala Lumpur Kepong Berhad, Hong Leong Industries Berhad and Malaysia Airports Holdings Berhad. She is also an Independent and Non-Executive Director of Chubb Insurance Malaysia Berhad and Leader Energy Holding Berhad.



Date of Appointment to the Board of Alliance Bank Malaysia Berhad: **30 May 2023**

**Qualification:**

- Bachelor in Business Administration, Ohio University, USA
- Master of Law Executive (Banking Law), International Islamic University, Malaysia
- Certificate in Islamic Financial Planning, Islamic Banking and Finance Institute, Malaysia

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 and other central banks.

In 2001, she was assigned to Labuan Offshore Financial Services Authority (LOFSA) as Director, Corporate Affairs with the responsibility of promoting Labuan locally and internationally as a choice offshore jurisdiction. In 2006, 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 and Senior Independent Director of OSK Ventures International Berhad which is listed on Bursa Malaysia.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## LEADERSHIP - BOARD OF DIRECTORS



**TUAN HAJI IBRAHIM BIN HASSAN**

- Independent Director of Alliance Islamic Bank Berhad
- Member of the Group Risk Management Committee

Nationality	Age	Gender
Malaysian	67	Male

Date of Appointment to the Board of Alliance Islamic Bank Berhad: **1 September 2016**

**Qualification:**

- 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.



**DATO' AHMAD HISHAM BIN KAMARUDDIN**

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

Nationality	Age	Gender
Malaysian	67	Male

Date of Appointment to the Board of Alliance Islamic Bank Berhad: **15 February 2019**

**Qualification:**

- Bachelor of Laws (LLB), University of Malaya

Dato’ Ahmad Hisham bin Kamaruddin was the founding and senior partner of Messrs Hisham & Associates. His career spans over 36 years in various areas of law including banking law, commercial agreements, corporate law and extensive experience in corporate banking and finance, loan and securities documentations as well as corporate matters. He focuses on complex joint-venture agreements between Malaysian entities and foreign investors. His other areas of expertise include cross-border estate planning, intellectual property and aviation law.

Dato’ Ahmad Hisham has acquired experience in the field of Information & Communication Technology pertaining to Purchase & Supply, Delivery, Installation, Commissioning and use of Hardware & Software as well as in Hardware Maintenance, Product Sales and Services Agreements. In the process, he has experience in drafting Software and the Protection of Licensing Agents Ownership of Software agreements.

Dato’ Ahmad Hisham has also accumulated more than 30 years experience in the insurance industry, having advised on various insurance matters.

Dato’ Ahmad Hisham previously served as Tribunal President for the Consumer Court in Malaysia, Council member of the Malaysia Competition Commission and Council Member of the Malaysian Heritage Council.

He is a Notary Public appointed by the Attorney General of Malaysia.





Date of Appointment to the Board of Alliance Islamic Bank Berhad: **3 February 2020**

**Qualification:**

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

Tuan Haji Rustam was the former Deputy Director of the Islamic Banking and Takaful Department, Bank Negara Malaysia (BNM). He joined BNM in 1986 after graduating from Universiti Kebangsaan Malaysia. Tuan Haji Rustam was part of the team responsible 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.

Tuan Haji Rustam also sits on the Board of Alliance Investment Bank Berhad.

**ADDITIONAL INFORMATION ON THE DIRECTORS OF ALLIANCE BANK**

**(i) Directors' Interest in the shares of the Bank as at 31 March 2023**

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

**(ii) Family relationship**

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

**(iii) Conflict of interest**

None of the Directors has any 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 has been convicted of any offences within the past five (5) years (other than traffic offences) as at 31 March 2023, nor has any public sanction or penalty been imposed upon any of them by the relevant regulatory bodies during FY2023.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## LEADERSHIP – SENIOR MANAGEMENT



Joined: **1 September 2022**

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

### Qualification:

- Master in Business Administration, Richmond, The American International University in London
- Master of Arts in South East Asian Business World (School of Oriental and African Studies), University of London
- Bachelor of Law, LLB (Hons), Manchester Metropolitan University, United Kingdom

Mr Kam brings with him over 24 years of experience in the financial services industry. He most recently served as an independent director of Bank of America Malaysia Berhad since October 2016, and was appointed its Chairman in June 2021. Prior to his stint at the Bank of America, Mr Kam was with the RHB Banking Group for over 13 years and served as its Group Managing Director from 2011 to 2015.

As Alliance Bank's Group Chief Executive Officer, Mr Kam is responsible for the development and implementation of the Group's strategies, objectives and policies with a focus on meeting its commitments to its stakeholders. Together with the Board of Directors, Mr Kam will continue to promote a sound corporate culture that reinforces ethical, prudent and professional behaviour.



Joined: **23 March 2016**

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

### Qualification:

- 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 32 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.



Joined: **1 August 2019**

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

**Qualification:**

- Master of Business Administration, University of Manchester, United Kingdom
- Bachelor of Education (TESL), Universiti Malaya

Ms Gan joined Alliance Bank on 1 August 2019 to build and drive the next phase of growth for the Consumer Banking business. At Alliance Bank, she pioneered the launch of e-KYC capabilities and virtual credit cards in the digital space; and portfolio financing in the wealth space.

She has more than 26 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.



Joined: **2 October 2022**

Appointment to Current Position: **1 February 2023**

**Qualification:**

- Bachelor's Degree in Accounting and Finance, University of Western Australia

Mr Chui has more than 30 years of experience in the banking and financial sector. His specific expertise includes leading, growing and positioning the SME and business banking segments for long-term success in Malaysia and beyond. Prior to joining Alliance Bank, he was an Executive Director and Country Head of Business Banking in UOB Malaysia. He was responsible for product, sales and portfolio management, digital solutions for SMEs, trade and cash management, as well as banking product development for the Malaysia, Indonesia, Singapore and Thailand markets.

In his current role as Group Chief SME & Commercial Banking Officer, Mr Chui is responsible for growing the Bank's SME, Commercial and Digital SME business segments. He will be working on delivering value through partnerships with regulators, business associates, investors and customers.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT LEADERSHIP – SENIOR MANAGEMENT



Joined: **10 November 2006**

Appointment to Current Position: **1 February 2023**

### Qualification:

- 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 26 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 & Commercial Banking Officer and was instrumental in revamping the Bank's financial programmes.

In his current role as Group Chief Corporate & Transaction Banking Officer, Mr Kwong is responsible for driving the growth of corporate banking, trade finance and cash management.



Joined: **8 May 2023**

Appointment to Current Position: **8 May 2023**

### Qualification:

- Bachelor of Economics, majoring in Applied Statistics, Universiti Malaya

Ms Teoh has more than 20 years of experience in the financial services industry spanning across corporate finance, capital markets, corporate lending, project financing, structured and leveraged finance as well as loans syndication. Prior to joining Alliance Bank, Ms Teoh served for more than 12 years in Group Corporate Banking of RHB Bank, leading its Large Corporates and Syndication division.

In her current role as Group Chief Corporate & Transaction Banking Officer, Ms Teoh will be responsible for leading and growing the Corporate and Transaction Banking lines of business, contributing to the Division and Group strategy.



Joined: **14 July 2014**

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

**Qualification:**

- Professional Qualification, Chartered Institute of Management Accountants, United Kingdom
- Chartered Banker, Asian Institute of Chartered Bankers (AICB)
- Diploma in Commerce, Tunku Abdul Rahman College, Malaysia

Mr Tan has more than 30 years of experience in financial markets. He has served at several large banking groups as well as an established regional bank performing various functions and roles including treasury operations, treasury sales, trading, investment and funding/liquidity management.

As Group Chief Financial Markets Officer, Mr Tan oversees four core financial market activities, namely funding/liquidity management and investment, trading, treasury sales, and asset/liability management for the Group.



Joined: **4 March 2015**

Appointment to Current Position: **21 April 2020**

**Qualification:**

- 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 32 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.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT LEADERSHIP – SENIOR MANAGEMENT



**RIZAL IL-EHZAN  
FADIL AZIM**  
Chief Executive Officer,  
Alliance Islamic Bank  
Berhad

Nationality	Age	Gender
Malaysian	52	Male

Joined: **12 November 2012**

Appointment to Current Position: **1 August 2017**

**Qualification:**

- Bachelor of Science (Hons), University of Warwick, United Kingdom

En Rizal’s career of over 28 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.



**RONNIE  
ROYSTON  
FERNANDIZ**  
Group Chief Financial  
Officer

Nationality	Age	Gender
Malaysian	53	Male

Joined: **16 July 2020**

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

**Qualification:**

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

Mr Fernandiz brings with him 29 years of working experience in both banking and professional services. He began his career as an auditor at Arthur Andersen/ Ernst & Young before making the move to the Malaysian Industrial Development Finance. Prior to joining Alliance Bank, Mr Fernandiz was the Chief Financial Officer for Group Global Banking and Chief Financial Officer for International Business at Malayan Banking Berhad.

As the Group Chief Financial Officer of Alliance Bank, Mr Fernandiz oversees, manages and optimises the Bank’s financial resources. He is responsible for the financial planning, forecasting and budgeting, management of financial liquidity and capital risks, accounting, and integrity of the Bank’s financial and regulatory reporting.



Joined: **6 December 2010**

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

**Qualification:**

- PhD in Engineering, University of Nottingham, United Kingdom
- Bachelor of Engineering, University of Manchester, United Kingdom

Dr Sum has more than 23 years of combined management consulting, research and industry experience. His key expertise is in business strategy, operating model design, customer experience, process optimisation and digital transformation. In his previous roles at Accenture and A.T. Kearney, he worked on large-scale transformation programmes with banks across the ASEAN region.

Presently, Dr Sum sits on the Board of AllianceDBS Research Sdn Bhd.

As Group Chief Strategy, Marketing & Business Development Officer, Dr Sum is responsible for developing and executing the Group's overall strategic plans.



Joined: **10 February 2014**

Appointment to Current Position: **1 October 2014**

**Qualification:**

- Bachelor of Arts in Economics, University of Leicester, United Kingdom
- Chartered Banker, Chartered Banker Institute (UK)
- Chartered Banker, Asian Institute of Chartered Bankers (AICB)

Mr Fong initially joined Alliance Bank as Head, Group Corporate Credit. He has 33 years of experience in the local and regional banking industry.

Mr Fong began his career at HSBC Bank where he was involved in various banking functions including corporate risk, recovery, credit assessment, corporate policy and portfolio management. His stint at HSBC included two years at HSBC Hong Kong as Senior Manager, Asia Pacific Risk. Prior to joining Alliance Bank, Mr Fong was the Head of Wholesale Credit for a local financial institution, where he was responsible for its corporate, commercial and SME credit evaluation activities.

As Group Chief Credit Officer, Mr Fong oversees the areas of credit risk and approval. He is also responsible for early warning, remedial, collections and special assets for the Bank.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## LEADERSHIP – SENIOR MANAGEMENT



**JACOB ABRAHAM**  
Group Chief Risk Officer

Nationality	Age	Gender
Malaysian	55	Male

Joined: **15 April 2021**  
Appointment to Current Position: **15 April 2021**

**Qualification:**

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

Mr Jacob has more than 28 years of working experience in the financial services industry. He began his career with BNY Mellon Bank, USA. Upon returning to Malaysia, he joined the Maybank Group and took on various roles within the Group Risk function, including serving as a member of the Risk Management Committee of the Board of Maybank Subsidiaries.

In his current role as Group Chief Risk Officer, Mr Jacob is responsible for the Group’s overall risk management strategy and ensuring sound risk management practices are applied and balanced with the Group’s overall growth strategy.



**KHIM TAN PUEH KHIM**  
Group Chief Human Resource Officer

Nationality	Age	Gender
Malaysian	55	Female

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

**Qualification:**

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

Ms Tan has over 26 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 the local and Asia-Pacific region.

In the course of her career, Ms Tan has served at local conglomerates and large multinational companies including AIA Malaysia, British American Tobacco, PricewaterhouseCoopers, Maybank, and TA Enterprise.



Joined: **1 March 2021**

Appointment to Current Position: **16 May 2023**

**Qualification:**

- Bachelor of Science in Applied Accounting
- Certified Information Systems Auditor (CISA)
- ISO27001 Provisional Auditor

Mr Ng has almost 15 years of experience in the audit industry. Prior to joining Alliance Bank, Mr Ng was attached to the Risk Advisory division in Deloitte, providing audit and consultancy services to clients from various industries such as banking, insurance, telecommunications, energy and healthcare. For the past two years in Alliance Bank, Mr Ng led the Data Analytics and system enhancement initiatives for Group Internal Audit.

As the Acting Group Chief Internal Auditor, Mr Ng leads the Group Internal Audit to provide independent, objective assurance and consulting services. He reports functionally to the Group Audit Committee and administratively to the Group Chief Executive Officer.



Joined: **1 November 2018**

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

**Qualification:**

- 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 17 years of experience spanning various compliance and supervisory roles at several financial institutions and at a regulatory organisation.

Before his tenure at Alliance Bank, Mr Teh was attached to a locally based foreign bank, where he was responsible for the development and implementation of the overall compliance strategy and framework including policies, processes, programmes, tools, and controls.

Mr Teh heads the Group Compliance function, where he is responsible for the identification, assessment, monitoring, and reporting of compliance risk across the Group.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT LEADERSHIP – SENIOR MANAGEMENT



Joined: **1 April 2004**

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

### Qualification:

- Master of Business Administration in Finance, Universiti Putra Malaysia
- Master of Advanced Business Practice, University of South Australia
- Associate Member, Malaysian Institute of Chartered Secretaries and Administrators

With over 32 years of corporate secretarial experience, Mr Lee plays a leading role in good governance by helping the Board of Directors and its committees function effectively and in accordance with their terms of reference and best practices.

Mr Lee's responsibilities as Group Company Secretary encompass providing counsel to the Board of Directors and Board Committees on governance matters. He ensures that the Group complies with the required corporate disclosure requirements, and that Board procedures are followed and all decisions by the Board adhere to applicable rules and regulations.

He also facilitates the effective communication and flow of information between the Board and Senior Management and assists the chairman in the Board development processes including Board evaluation, induction and the continuous training and development of Directors.

### Notes:

None of the Bank's Senior Management has:

- Family relationships with any Directors and/or major shareholders of the Bank.
- Any personal pecuniary interests that are in conflict with the Bank or its subsidiaries.
- Been convicted of any offence within the past five (5) years (other than traffic offences) as at 31 March 2023.
- Had any public sanction or penalty imposed upon any of them by the relevant regulatory bodies during FY2023.

Save as disclosed below, none of the other Senior Management has any interest in the shares of the Bank as at 31 March 2023:

Name	No. of Alliance Bank shares held as at 1 April 2022				No. of Alliance Bank shares held as at 31 March 2023			
	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	-	-
Lee Wei Yen	219,800	0.01	-	-	219,800	0.01	-	-
Peter Fong Seow Loong	69,500	*	-	-	69,500	*	-	-
Rizal IL-Ehzan Fadil Azim	47,500	*	-	-	47,500	*	-	-
Ronnie Royston Fernandiz	-	-	2,000 <sup>#</sup>	*	-	-	2,000 <sup>#</sup>	*
Tan Eng Kiang	79,600	0.01	-	-	79,600	0.01	-	-

Notes:

\* Negligible

# Indirect interest held through his spouse



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## - BOARD EFFECTIVENESS

### New Appointment and Reappointment of Directors

Any proposed appointment of new Directors or proposed reappointment of Directors to the Board will be assessed by the Group NRC. The Group NRC is guided by the Group Board Succession Plan and the Group Board Gender Diversity Policy in identifying potential candidates for nomination as Directors. The Group Board Succession Plan comprises the guiding principles for effective succession planning as well as the procedures for ensuring a smooth transition in the Board's succession process as existing Directors leave the Board and new ones come on board.

The Group NRC identifies potential candidates for nomination as Directors from various sources, such as referrals from existing Directors or officers and the Directors Register maintained by the Financial Institutions Directors' Education ("FIDE") Forum and other leadership development and consulting organisations.

### Tenure and Age Limit for Directors

The maximum tenure of Independent Directors and Non-Independent Non-Executive Directors of the Bank shall not exceed a cumulative term of nine (9) years and 12 years respectively.

As the capacity, energy and enthusiasm of a Director is not necessarily linked to age, it is deemed not appropriate to prescribe age limits for the retirement of Directors. The Board believes in having healthy mix of age and experience and therefore does not prescribe a minimum or maximum age limit for its Board members.

### Assessment Criteria and Appointment Process for Board Candidates

The Group NRC takes into account the strategic directions of the Group and the Group 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 of the Financial Services Act 2013;
- (b) Comply with the fit and proper requirements of the Bank;

- (c) Not to 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 officer 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 auditors 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 in accordance with section 54 of the Financial Services Act 2013.

### Board and Board Committee Meetings

Directors are required to attend at least 75% of all Board/Board Committee meetings held during each financial year. During the COVID-19 pandemic period, all Board and Board Committee meetings were held by way of video-conferencing to limit face-to-face contact. In FY2023, with the easing of COVID-19 restrictions, Board and Board Committees meetings have transitioned to hybrid modes i.e. physical and virtual setting facilitated by video conferencing.

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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT - BOARD EFFECTIVENESS

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 has made the process of creating, distributing and reviewing confidential Board materials more efficient and secure. It speeds up the process of dissemination of Board packs and removes the need for hard copy papers as part of the Group's sustainability initiatives for a reduced carbon footprint.

The Board met 19 times during FY2023, including two (2) meetings to review and approve the Strategy and Budget of the Group.

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 FY2023, as reflected below:

Directors	Designation/ Independence	Alliance Bank Board	EXCO	Attendance Board Committee				
				Group AC <sup>(1)</sup>	Group RMC <sup>(1)</sup>	Group NRC	Group SC	Group ITC <sup>(2)</sup>
Tan Sri Dato' Ahmad bin Mohd Don	Chairman, Independent Director	19/19	-	-	-	16/16	-	-
Lee Boon Huat	Senior Independent Director	19/19	11/11	-	24/24	-	-	-
Wong Yuen Weng Ernest	Non-Independent Non-Executive Director	19/19	11/11	-	-	16/16	-	-
Lee Ah Boon	Non-Independent Non-Executive Director	19/19	11/11	-	24/24	-	-	7/7
Datuk Wan Azhar bin Wan Ahmad	Independent Director	19/19	11/11	13/13	-	16/16	-	-
Tan Chian Khong	Independent Director	18/19	11/11	13/13	-	-	-	-
Susan Yuen Su Min	Independent Director	19/19	-	-	-	16/16	6/6	-
Lum Piew	Independent Director	19/19	-	-	24/24	-	-	7/7
Cheryl Khor Hui Peng	Independent Director	19/19	-	13/13	-	-	6/6	7/7
Tuan Haji Ibrahim bin Hassan	Independent Director of Alliance Islamic Bank Berhad	-	-	-	24/24	-	-	-
Dato' Ahmad Hisham bin Kamaruddin	Independent Director of Alliance Islamic Bank Berhad	-	-	-	-	-	6/6	-
Tuan Haji Rustam bin Mohd Idris	Independent Director of Alliance Islamic Bank Berhad and Alliance Investment Bank Berhad	-	-	-	-	-	-	-
Mazidah binti Abdul Malik	Independent Director of Alliance Investment Bank Berhad	-	-	-	24/24	-	-	-

**Notes:**

<sup>(1)</sup> Including two (2) joint meetings between Group RMC and Group AC.

<sup>(2)</sup> Group ITC was established on 1 August 2022.

## WHAT THE BOARD DID IN FY2023

Board activities are structured to develop the Group's strategy, to enable the Board to provide the necessary oversight and to support executive management on the delivery of the Group's strategy within a transparent governance framework.

During FY2023, the Board appointed a new Group CEO and approved a refreshed Strategy Plan, Acceler8, to drive and pursue sustainable business growth and elevate customer services with innovative solutions through technological transformation towards the Bank's FY2027 ambitions.

### Key Activities of the Board during FY2023

#### (a) Strategy

- Reviewed and approved the refreshed strategy and key priorities for Acceler8 to drive business growth.
- 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 IT Strategy and Transformation projects.
- Reviewed the progress of the Group's Sustainability Strategy.

#### (b) People

- Approved the appointment of the Group Chief Executive Officer.
- Approved the reappointment of Board members for regulatory approval.
- Reviewed the composition and Terms of Reference of the Group Board Committees.
- Reviewed the empowerment and streamlining of management committees.
- Reviewed human capital-related initiatives for the financial year and HR system enhancements that improve efficiency in people management and HR processes.
- 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 compensation proposals, including Group Bonus Pool, Annual Salary Review for employees and compensation for the Group CEO, recommended by Group NRC.
- Reviewed and approved the Annual Board Development Plan and Group Board Succession Plan.

#### (c) 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's KPIs.
- Assessed and approved the performance score of the Group Corporate Scorecard and the performance rating of the Group CEO.
- Reviewed the results of the Annual Board Effectiveness Assessment.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT - BOARD EFFECTIVENESS

### Key Activities of the Board during FY2023

#### (d) Governance

- Set up the Group ITC with the relevant governance structure to drive the Bank's IT objectives and action plans.
- Reviewed Corporate Governance-related frameworks, practices and disclosures.
- Reviewed the monthly Group Compliance and Group Integrated Risk Management reports.
- Reviewed the quarterly Business Continuity Management reports.
- Reviewed and approved the action plans and responses to BNM's Composite Risk Rating and its quarterly progress updates.
- Reviewed the Bank's key risk and control frameworks and policies.
- Reviewed sustainability-related frameworks, policies and disclosures.
- Reviewed and approved regulatory-related reporting.
- Received project updates on the Bank's Compliance Culture, IT Transformation Initiatives, System enhancement/automation, Recovery Planning.
- Received updates on identified thematic topics including the sustainability framework, risk management tools on sustainability, regulatory compliance risk, etc.
- Reviewed and approved Recovery Planning Documentation for regulatory approval.

#### EXCO

- Reviewed and vetoed new/incremental loans/financing with total Group exposure above the defined threshold of the Group Management Credit Committee and AIS Management Credit Committee.
- Reviewed and approved credit transactions/exposures with connected parties classified under the BNM/GP6 Guidelines.
- Reviewed watch list accounts that have 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 CAPEX and OPEX exceeding Management's approving authority.
- Reviewed the Proposed Sale of Equity Shares in Alliance Trustee Berhad.
- Reviewed the lifting of restrictions on the purchase of bonds and Sukuk into Hold to Collect and Sale Portfolio.
- Reviewed the status of recovery of debts.

- Reviewed and approved the changes to the Terms of Reference of Group Management Committee.
- Reviewed the Half Yearly Voice of Customers results.

#### Group AC

The Group AC's activities during FY2023 are summarised in the Group AC Report on pages 138 to 142.

#### Group NRC

- Reviewed the composition of the Board, Board Committees and principal subsidiaries' boards.
- Reviewed the Board Succession Plan to promote renewal and address Board vacancies.
- Assessed and recommended to the Boards new appointments/reappointments of Directors, CEOs of principal subsidiaries, and Shariah Committee members including their Fitness and Propriety Assessment.
- Reviewed and recommended to the Board the results of the FY2022 annual Board Effectiveness Assessment which was facilitated by an external consultant, and followed up on the actions taken for areas of improvement recommended.

- Reviewed and recommended to AIS Board the annual assessment of the overall effectiveness of the Shariah Committee and the contribution of each individual Shariah Committee member as well as their remuneration.
  - Assessed and recommended to the Board the re-election of Directors at the annual general meeting.
  - Reviewed the annual fitness and propriety of the Directors, Group CEO of the Bank, CEOs of principal subsidiaries, Senior Management and Group Company Secretary, as well as the independence of the Independent Directors.
  - Reviewed and recommended to the Board the proposed enhancements to the Group Remuneration Policy for Non-Executive Directors including the fee structure for Non-Executive Directors which took into consideration the recommendations of the external consultant.
  - Reviewed and recommended to the Board the establishment of the Group ITC.
  - Reviewed and recommended to the Board the annual Board Development Plan for FY2024.
  - Reviewed and recommended to the Board the proposed revisions to the Terms of Reference of the Group NRC and other Board Governance Policies.
  - Assessed and recommended to the Board the appointment of a new Group CEO.
  - Assessed and approved new appointments and remuneration of Senior Management staff including their Fitness and Propriety Assessment.
  - Assessed and recommended to the Board the Group Corporate Scorecard and Group CEO Scorecard for FY2024.
  - Assessed and recommended to the Board the performance score of the Group Corporate Scorecard for FY2023.
  - Assessed and recommended to the Board the performance rating of the Group CEO for FY2023.
  - Reviewed and recommended to the Board the compensation proposals, including the Group Bonus Pool, Annual Salary Review for employees and compensation for the Group CEO, CEOs of principal subsidiaries, Senior Management and other Material Risk Takers.
  - Reviewed whistle-blower cases.
  - Reviewed the Bank's Talent Management Programme and Management Succession Plan.
  - Reviewed and approved Group Human Resource frameworks and policies.
- 
- ### Group RMC
- 
- Reviewed and approved the risk appetite, risk exposure parameters and risk management frameworks, policies, models, methodologies and product programmes.
  - Reviewed and approved the revised Sustainability Framework.
  - Reviewed and approved the Material Risk Assessment.
  - Reviewed and approved the Risk Appetite Statement for Material Risk Areas.
  - Reviewed and approved stress test/reverse stress test parameters and results.
  - Reviewed the updates on the progress of the Bank's Recovery Planning Project and endorsed the Recovery Planning Documentation for Board's approval.
  - Reviewed the action plans/mitigation measures to address BNM's Composite Risk Rating, regulatory requirements, regulatory audit issues and breaches, and regulatory gaps analysis.
  - Provided risk clearance on business/digital initiatives.
  - Reviewed and approved the PRA Management Metric for FY2023 Group Corporate scorecard.
  - 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 Plan and Results.
  - Reviewed and approved the Group Independent Credit Review Plan and reviewed the Independent Credit Review Reports.
  - Reviewed and approved the Business Continuity Management ("BCM") and reviewed the BCM Quarterly Activities updates and ABMB Flood Preparation Mitigation Plan.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT - BOARD EFFECTIVENESS

- Reviewed and approved the management strategy on the management of financial assets.
  - Reviewed and approved the MFRS9 ECL Model.
  - Reviewed and approved the Mandatory Watchlist Trigger – Measure to Address Model Change.
  - Reviewed and approved the outsourcing plan and reviewed updates on outsourcing arrangements.
  - Reviewed and recommended the AIBB Capital Management Plan to the AIBB Board for approval.
  - Reviewed the updates on Audit, Risk and Compliance Initiatives.
  - Reviewed the updates on the monitoring of the Bank's health via the Integrated Risk Management Dashboard and Portfolio Review Updates.
  - Reviewed the Group Technology Strategy updates.
  - Reviewed the updates on the status of RMIIT-related projects.
  - Reviewed the updates on IT-related risk matters such as the End-of-Life Strategy Plan and monthly system incident updates.
  - Reviewed the Liquidity Plan for FY2024.
  - Reviewed the Ex-Post Assessment of Risk and Control Functions.
  - Reviewed and approved the Terms of Reference of the Executive Risk Management Committee.
  - Reviewed and approved the compliance frameworks and policies.
  - Reviewed and approved the 2021 AML/CFT Institutional Risk Assessment (IRA).
  - Reviewed and approved the Compliance Annual Review Plan and reviewed the Shariah Review Plan.
  - Reviewed the states of the Bank's compliance via the Group Compliance Dashboard.
  - Reviewed the updates on the Group Compliance Culture Project.
  - Reviewed Group Compliance future-state initiatives.
  - Reviewed the Compliance Culture and Training Initiatives.
  - Reviewed the investigation reports on secrecy breaches, non-compliance incidents and Shariah Non-Compliance Events.
  - Reviewed the Compliance Risk Assessment Methodology.
  - Reviewed the Group Compliance Branch Review Reports Rating Implementation.
  - Reviewed and assessed the performance of the Group Chief Risk Officer and Group Chief Compliance Officer and approved their compensation.
- 
- ### Group SC
- 
- Reviewed and approved the FY2023 Sustainability Plan.
  - Reviewed and received updates on the Sustainability Strategy Framework.
  - Reviewed and approved the Bank's own greenhouse gas emissions reduction strategies.
  - Reviewed and approved the Terms of Reference of the Sustainability Steering Committee.
  - Reviewed the Employee Volunteerism Programme.
  - Reviewed and approved the phased approach of the Sustainability Remuneration Framework.
  - Reviewed and approved the Climate Risk Management & Scenario Analysis Consultant Selection.
  - Reviewed and approved the Sustainable Product Framework Methodology to guide the development of new products.
  - Reviewed and approved the Sustainability Disclosure Adoption Plan.
  - Reviewed and approved the FY2023 Integrated Annual Report Material Matters.
  - Reviewed and approved the FY2024 Sustainability Plan.
  - Reviewed the Risk Appetite Statement for Environmental, Social & Governance matters.

### Group ITC

- Reviewed and received updates on systems incidents.
- Reviewed the Enterprise Architecture Independent Review.
- Reviewed and received updates on the Bank's IT Strategy.
- Review systems and product enhancement projects.
- Reviewed technology, network switches and services refresh projects.
- Reviewed the Bank's IT investment and spending.
- Reviewed the Bank's RMIT gap analysis and received RMIT projects status updates as well as the Compromise Assessment Report.
- Reviewed recurrent related party transactions.
- Reviewed and received the report on the Bank's Data Profiling.
- Reviewed the Group Human Resource Digital Transformation project.
- Reviewed the Distributed Denial of Service ("DDoS") protection enhancement project.
- Reviewed and received the report on the Bank's customer experience journey.
- Reviewed IT and Cybersecurity Risk Appetite Statements.

## BOARD EFFECTIVENESS ASSESSMENT

The Board recognises that it needs to continuously assess and improve its performance. This is achieved through the Annual Board Effectiveness Assessment and ongoing Board development activities.

The Board has implemented an Annual Board Effectiveness Assessment process, carried out by the Group NRC, to assess the effectiveness of the Board as a whole, the Committees of the Board, and the contributions of each individual Director. The Board through the Group NRC, will also engage an external independent consultant to assist in and lend objectivity to the annual Board Effectiveness Assessment once every three (3) years.

The Board has engaged KPMG Management Risk Consulting Sdn Bhd to conduct the Annual Board Effectiveness Assessment in FY2022. The FY2023 Annual Board Effectiveness Assessment was conducted internally, via the completion of the comprehensive Self-Assessment Questionnaires by Directors.

Appended below is the Board Effectiveness Assessment process in respect of FY2023:

### Step 1: Completion of Comprehensive Questionnaire

#### I. Assessment of the Board by Board Members

Each Director evaluates the performance of the Board as a whole by way of a Self-Assessment Questionnaire by Individual Board Members.

The assessments are made against pre-established criteria in the following areas:

- a. Board Composition/Structure;
- b. Board Process;
- c. Board Governance; and
- d. Major Responsibilities of the Board; and
- e. Sustainability

## CORPORATE GOVERNANCE OVERVIEW STATEMENT - BOARD EFFECTIVENESS

### II. Individual Director Self-Assessment

For individual Directors' assessments, Self-Assessment Forms by Individual Directors are completed individually by each Director.

### III. Peer Assessment of Individual Directors

The performance of each Board Member is also assessed by their fellow Board members based on similar criteria of the Individual Directors' Self-Assessment.

### IV. Assessment of the Board Committees

Each Member of the Board Committees completes the Self-Assessment Form in respect of the Board Committees in which he/she is a member. The effectiveness of the Board Committees is assessed against pre-established criteria in the following areas:

- a. Committee Governance; and
- b. Accountability and Responsibilities.

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### Step 2: Reporting and Discussion with the Group NRC and the Board

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The results of Annual Board Effectiveness Assessment for the Board as a whole, Board Committees and the contribution of each individual Director are compiled for deliberation by the Group NRC, respective Board Committees and the Board for improvement, where necessary.

For FY2023, the Board was satisfied with the results of the Annual Board Effectiveness Assessment and will take the necessary steps to address areas for improvement as suggested by the Directors.

Findings from the FY2023 Annual Board Effectiveness Assessment showed that Board members are keen to equip themselves with more knowledge on sustainability and issues regarding managing climate-related risks and opportunities.

### FITNESS AND PROPRIETY ASSESSMENT

The Board, through the Group NRC, also assesses the fitness and propriety of the Directors in accordance with the Group's Policy on Fit and Proper in conjunction with the Annual Board Effectiveness Assessment exercise. All Directors are required to complete a Fit & Proper Declaration annually. The Fit & Proper Declarations by the Directors are verified against independent sources.

For FY2023, the Board was satisfied that each of the Directors had met the required standards of fitness and propriety.

The Group's Policy on Fit and Proper was last reviewed by the Board on 30 November 2022.

### 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, the training needs of the Directors are assessed on a yearly basis by the Group NRC and an annual Board Development Plan is recommended to the Board for approval. This is to ensure the Directors are accorded the appropriate training necessary for them to discharge their responsibilities more effectively.

In accordance with the annual Board Development Plan, the Directors are encouraged to attend a minimum of three (3) relevant training programmes within the financial year, taking into consideration emerging trends in the financial services industry. In addition, each Board Committee member is encouraged to attend a minimum of two (2) training programmes relevant to the respective areas of the Board Committees in each financial year to keep abreast of the latest industry developments.

The Bank has in place an In-house Directors' Orientation Programme for newly appointed Directors 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 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.

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/counter-terrorism financing, anti-bribery and corruption, climate change, strategic issues, emerging trends, thefts and 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.

During FY2023, the Directors attended various training programmes. The list of training programmes attended by the Directors is disclosed under Section B of the Corporate Governance Report, which is available on our website at [www.alliancebank.com.my](http://www.alliancebank.com.my).

## REMUNERATION

### Board of Directors

The Bank's Policy on Directors' remuneration is disclosed under Practice 7.1 of Section A of the Corporate Governance Report, which is available on the Bank's corporate website at [www.alliancebank.com.my](http://www.alliancebank.com.my).

The details of the remuneration received/receivable by each Director of the Bank in respect of FY2023 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 41<sup>st</sup> Annual General Meeting of the Bank to be held on 26 July 2023.

### 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](http://www.alliancebank.com.my).

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## - AUDIT AND RISK MANAGEMENT

### PRINCIPLE B : EFFECTIVE 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 Integrated Annual Report can be found on page 160.

#### 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 148 to 157.

#### Anti-Bribery and Corruption

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

The Group has established an Anti-Bribery and Corruption Policy, which sets out the minimum standards of conduct and guiding principles in respect of bribery and corruption risk which may arise in the business activities of the Group. The Policy is guided by the Guidelines on Adequate Procedures issued pursuant to Section 17A (5) of the Malaysian Anti-Corruption Commission Act 2009 and is supported by the Group's Anti-Bribery and Corruption Procedures.

During FY2023, the Directors attended an in-house Anti-Bribery and Corruption training 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

### COMPOSITION AND TERMS OF REFERENCE

The Group AC, which comprises entirely of Independent Directors, is in compliance with Paragraph 15.09(1) (a) and (b) of the Bursa Securities MMLR that states that the audit committee must be composed of no fewer than three (3) members and that all the audit committee members must be non-executive directors, with a majority of them being independent directors.

The Terms of Reference of the Group AC, which deal with its authority and duties, are available on the Bank's corporate website at [www.alliancebank.com.my](http://www.alliancebank.com.my).

In the annual assessment of the effectiveness of the Board Committees for FY2023, 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 (i.e. to provide independent oversight of the Bank's internal and external audit functions and internal controls, as well as to ensure checks and balances within the Bank).

During FY2023, a total of 13 Group AC meetings were held including two (2) joint meetings with the Group RMC to ensure the effective exchange of information between the two Board Committees so as to enable effective coverage of all risks, including emerging risk issues that could have an impact on the Bank's risk appetite and business plans.



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

Name of Group AC Members	Attendance	Percentage
Tan Chian Khong	13/13	100%
Datuk Wan Azhar bin Wan Ahmad	13/13	100%
Cheryl Khor Hui Peng	13/13	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 providing independent oversight of the Bank and its subsidiaries' financial reporting and internal control systems as well as for ensuring checks and balances within the Bank and its subsidiaries. During FY2023, the Group AC carried out the following in discharging its functions, duties and responsibilities:

### 1. Financial Reporting

- Reviewed and discussed the unaudited quarterly consolidated financial results and the annual audited consolidated financial statements of the Bank and its subsidiaries with the Management before recommending the same for approval by the Board. In reviewing the financial reporting of the Group, the Group AC discussed and made enquiries on the following, among other things:
  - (i) changes in or implementation of major accounting policy changes;
  - (ii) significant matters highlighted, including financial reporting issues; significant judgements made by Management; significant and unusual events or transactions and how these matters were addressed; and
  - (iii) compliance with accounting standards and other legal requirements.

### 2. External Audit

- Reviewed the audit plan of the external auditors, which encompassed the detailed terms of the external auditors' responsibilities and affirmation of their independence as external auditors, the audit strategy, the engagement team, risk assessment, areas of audit emphasis for the financial year and additional disclosures in the auditors' report, in line with the new and amended international standards on auditing, including disclosure on Key Audit Matters.
- Reviewed with the external auditors the results of their audit together with their recommendations and Management's responses, as detailed in the following reports:
  - (i) Auditors' Report for FY2022;
  - (ii) Auditors' Report in respect of the Limited Review of the Group for the financial period ended 30 June 2022; and
  - (iii) Auditors' Report in respect of the Limited Review of the Group for the financial period ended 30 September 2022.
- Met three (3) times with the external auditors without the presence of Management for open discussions between the Group AC and the external auditors on any issues of concern to the external auditors arising from their audits.

## 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 FY2023 are set out below:

Description	RM'000	
	Bank	Group
Statutory audit and audit-related services	2,171	2,891
Non-audit-related services	70	138

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 FY2023 was 4.8%.

- Assessed and satisfied itself with the performance, effectiveness and independence of the external auditors based on the criteria set out in BNM's Policy Document on External Auditor and recommended to the Board the reappointment of the external auditors for the next financial year. The Group AC took the following assessment criteria, among others, into account:
  - Qualification criteria;
  - Level of knowledge, capabilities, experience and quality of previous work;
  - Level of engagement with the Board and Group AC;
  - Ability to provide constructive observations, implications and recommendations in areas that required improvements;
  - Appropriateness of audit approach and the effectiveness of audit planning;
  - Ability to perform the audit work within the timeframe 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 a fitness and propriety assessment on the Group Chief Internal Auditor to ensure the fitness and propriety criteria set out in the Group's Policy on Fitness and Propriety of Key Responsible Persons were met on a continuous basis.
- Reviewed the internal audit and investigation reports and ensured that appropriate actions were taken by Senior Management in a timely manner to address the observations highlighted in the reports.

#### 4. Related Party Transactions

- Reviewed the related party transactions entered into by the Bank and its subsidiaries, covering the nature and amount of the transactions, so as to ensure that related party transactions were undertaken on an arm's length basis, on normal commercial terms, and on terms that were not more favourable to the related parties than those generally available to non-related parties.
- Reviewed the audit reports on Related & Recurrent Related Party Transactions ("RRPTs") on a quarterly basis. The reports covered the aggregate consideration of RRPTs tracked against the limits of thresholds set to ensure proper reporting and disclosures in accordance with the requirements of the Bank's internal policy and the Bursa Securities MMLR.

#### 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 Integrated 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 was headed by Ms Shamita Atputharaja ("Shamita"). Shamita is succeeded by Mr Andrew Ng Yin Min ("Andrew") who is the Acting Group Chief Internal Auditor. Andrew holds a Bachelor of Science in Applied Accounting, is a Certified Information Systems Auditor ("CISA"), and has 15 years of experience in the audit industry. Prior to joining the Bank, Andrew was providing audit and consultancy services to clients from various industries such as banking, insurance, telecommunications, energy and healthcare.

The Group Internal Audit function is guided by the Internal Audit Charter, which sets out its purpose, authority, scope, independence and responsibilities.

To maintain objectivity and independence, the Group Chief Internal Auditor is responsible to the Group AC and 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. A qualified external independent reviewer will be appointed on a periodic basis to conduct external assessments of Group Internal Audit's internal audit activity to assess its conformance with the IIA's Standards and the relevant regulations. In line with best practices, Group Internal Audit has adopted a risk-based approach that deploys audit resources to prioritised areas that have been assessed as having potentially higher risks.

## 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 38 audit personnel. During FY2023, the Group Internal Audit function incurred costs amounting to RM8.19 million.

The activities undertaken by Group Internal Audit in FY2023 included the following:

1. Established the annual audit plan for FY2024, which included key focus areas and manpower requirements, using a risk-based approach and taking into consideration the Group's business strategic plans, regulatory requirements and Management's inputs.
2. Revised the audit plan during the half-year review of the plan to take into account changes in the business environment, audit priorities and ad hoc requests from regulators.
3. Conducted audits as per the approved audit plan, as well as ad hoc reviews and investigations as requested by regulators or Management.
4. Continued to adopt data analytics approach to facilitate audit reviews with more targeted key risk areas.
5. Attended meetings of the various management and working committees as permanent invitees in a consultative capacity to provide independent feedback on internal control and governance aspects, such as the Group Operational & Technology Risk Management Committee, Executive Risk Management Committee, Product Review Group, Product Operational Readiness Team and selected Project Steering Committees.
6. Monitored and validated the completion of management action plans to address audit findings and reported to the Group AC on the status of overdue management action plans.
7. Played the part of observers in major functional testing of the Business Continuity Plan and Disaster Recovery Plan to provide an independent evaluation of the test preparation and exercise performance.
8. Continued to perform internal quality assurance reviews in accordance with the IIA's Standards.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT - SHARIAH COMMITTEE

## CHAIRMAN

**Dr Tuan Badrul Hisyam bin Tuan Soh**

## MEMBERS

**Tuan Haji Rustam bin Mohd Idris**

**Professor Dr Muhamad Rahimi bin Osman**

**Assistant Professor Dr Muhammad Naim bin Omar**

**Ustaz Ahmad Fauwaz bin Ali @ Fadzil**

## COMPOSITION AND TERMS OF REFERENCE

The Board of Alliance Islamic Bank Berhad or 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:

- Provide counsel or advice to AIS on the application of any rulings of BNM's Shariah Advisory Council ("SACBNM"), Securities Commission's Shariah Advisory Council ("SACSC") or standards on Shariah matters that are applicable to the operations, business, affairs and activities of AIS.
- Provide counsel or advice on matters which require a reference to be made to the SACBNM and SACSC.
- Provide counsel or advice on the operations, business, affairs and activities of AIS which may trigger a Shariah non-compliance event.
- Deliberate on and affirm a Shariah non-compliance finding by any relevant function.

- Endorse rectification measures to address a Shariah non-compliance event.
- Endorse Shariah-related policies and frameworks before they are approved by the Board.
- Approve procedures that complement policies and frameworks and product collaterals.
- Assess the works carried out by Shariah Review and Shariah Audit.
- Endorse zakat computation and distribution.

During FY2023, the Shariah Committee held fourteen (14) 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)	14/14	100%
Professor Dr Muhamad Rahimi bin Osman	13/14	93%
Tuan Haji Rustam bin Mohd Idris	14/14	100%
Assistant Professor Dr Muhammad Naim bin Omar	14/14	100%
Ustaz Ahmad Fauwaz bin Ali @ Fadzil	14/14	100%



## CORPORATE GOVERNANCE OVERVIEW STATEMENT - SHARIAH COMMITTEE

### **DR TUAN BADRUL HISYAM BIN TUAN SOH**

Chairman of the Shariah Committee

Dr Tuan Badrul Hisyam bin Tuan Soh was appointed as a Shariah Committee member on 1 April 2020 and subsequently appointed as Chairman on 1 June 2021. He currently serves as a Senior Shariah Consultant at Dar Al Shariah Dubai, a wholly-owned subsidiary of Dubai Islamic Bank, the largest Islamic bank in the United Arab Emirates.

He holds a PhD of Law from Newcastle University, United Kingdom, and a Master of Laws (“LL.M”) majoring in Law of Islamic Banking & Finance from the International Islamic University Malaysia (“IIUM”). He obtained his Bachelor of Arts (“B.A.”) in Shariah and Law from Umm Al-Qura University, Mecca. His professional qualification includes certification as a Shariah Advisor and Auditor (“CSAA”) with the Accounting and Auditing Organisation for Islamic Financial Institutions (“AAOIFI”), Bahrain. His past experience as a Shariah Officer at the Securities Commission, CIMB, Al-Rajhi Bank as well as a Shariah Consultant at ISRA Consulting mean that he is well acquainted with the intricacies of Islamic finance as applied in day-to-day business.

Dr Tuan Badrul Hisyam also serves as a Shariah Committee member of Bank Rakyat as well as a Shariah legal counsel for the Federal Territories. His Shariah advisory role extends beyond Islamic finance where he is also Shariah Advisor to MyEG Services Berhad.

### **TUAN HAJI RUSTAM BIN MOHD IDRIS**

Member of the Shariah Committee

Tuan Haji Rustam was appointed to the Shariah Committee of AIS on 1 April 2020. He is also currently a Board member of AIS and AIBB.

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.

Tuan Haji Rustam also serves as a director in YaPEIM Smart Ventures Sdn Bhd.

### **PROFESSOR DR MUHAMAD RAHIMI BIN OSMAN**

Member of the Shariah Committee

Professor Dr Muhamad Rahimi bin Osman was appointed as a Shariah Committee member on 1 April 2020. He has served as a professor at Arshad Ayub Graduate Business School, Universiti Teknologi MARA (“UiTM”) since late 2019.

He holds a PhD (Law) from IIUM, a Master of Islamic Economics from the University of Yarmouk, Jordan, and a Bachelor of Shariah from Universiti Malaya. He was a senior member of the academic staff at Universiti Teknologi MARA where he held various leadership positions, namely as Dean of the Academy of Contemporary Islamic Studies, Director of the Centre for Islamic Thought and Understanding, and Director of the Zakat Research Institute of Malaysia.

Previously, he was the Chairman of the Shariah Committee for Co-opbank Pertama (“CBP”), Chairman of the Shariah Advisory Body for Syarikat Takaful Malaysia Keluarga Berhad, Chairman of the Shariah Advisory Body for Syarikat Takaful Malaysia Am Berhad, and a member of the Shariah Committee at Hong Leong Islamic Bank and Hong Leong Tokio Marine Takaful respectively.

Professor Dr Muhamad Rahimi is also registered with the Securities Commission as a Shariah Advisor for capital markets, and is currently an advisor to state-owned fund management firm, Amanah Saham Darul Iman (“ASDI”) and Islamic stockbroking window of Philip Capital Sdn Bhd.

## ASSISTANT PROFESSOR DR MUHAMMAD NAIM BIN OMAR

Member of the Shariah Committee

Assistant Professor Dr Muhammad Naim bin Omar was appointed as a Shariah Committee member of AIS on 1 April 2022.

He holds a PhD in Islamic Law from the University of Wales, United Kingdom, Master of Arts (Shariah Law) from Cairo University, and a B.A. with Honours (Shariah Law) from the University of Al-Azhar, Egypt. He also obtained a Certified Shariah Advisor (“CSA”) certification from the Association of Shariah Advisors in Islamic Finance (“ASAS”).

He is currently a lecturer at Ahmad Ibrahim Kulliyah of Laws (“AIKOL”), International Islamic University Malaysia (IIUM). His major areas of interest include Islamic Law of Transaction, Islamic Legal System and Islamic Jurisprudence. He has been teaching these subjects for over a decade. Previously, he served as a Shariah Committee member at Takaful Ikhlas, MNRB Holdings Berhad, OCBC Al-Amin Bank Berhad and Lembaga Zakat Selangor.

He has presented and published numerous articles and papers on topics covering the Islamic Law of Transaction, Islamic Wealth Management and Islamic Law of Contract. His articles were published in various local and international journals.

Assistant Professor Dr Muhammad Naim bin Omar also serves as a Shariah Committee member of Great Eastern Takaful Berhad.

## USTAZ AHMAD FAUWAZ BIN ALI @ FADZIL

Member of the Shariah Committee

Ustaz Ahmad Fauwaz bin Ali @ Fadzli was appointed as a Shariah Committee member of AIS on 1 April 2018. He conducts training for Shariah officers at various Islamic financial institutions as well as for state religious authorities. He was a guest preacher for RTM’s Q and A weekly programme answering questions related to Islam fielded by radio listeners. He is also currently a Shariah Consultant with Telaga Biru Sdn Bhd.

Ustaz Ahmad Fauwaz holds a Bachelor of Shariah from Al-Azhar University, Egypt and a Master of Shariah from Universiti Malaya. Additionally, he obtained Shariah Advisor and Auditor’s certification from the Accounting and Auditing Organisation for Islamic Financial Institutions or AAOIFI. He is an expert in fatwa methodology and was trained at Dar al-Ifta al-Misriyyah, Egypt. He was a member of Ahli Jawatankuasa Teknikal Undang-undang Syarak dan Sivil, a committee established by Jabatan Kemajuan Islam Malaysia (“JAKIM”) with a mandate to harmonise the civil and Shariah laws in Malaysia.

Ustaz Fauwaz’s contribution extends beyond Islamic finance where he was a Shariah Advisor for Sultan Ismail Hospital and Rangkaian Mercu Health and Beauty Sdn Bhd. He has written and translated more than 20 books. One of his books titled “Fiqh Wanita” (on Islamic jurisprudence for women), won the award for the Best Fiqh Literature by Yayasan Pembangunan Buku Negara.

Ustaz Ahmad Fauwaz also serves as a Shariah committee member for FWD Takaful Berhad.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## - RELATIONS WITH SHAREHOLDERS

### PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

#### Engagement with Stakeholders

Ongoing engagement and communication with stakeholders help build trust and understanding between the Bank and our stakeholders. The Bank endeavours to maintain constant and effective communication with stakeholders through timely and comprehensive announcements.

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 meetings, roadshows 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 seek clarification on their enquiries and express their views on the Bank's performance. In turn, the Bank has the opportunity to manage investors' expectations and strengthen their understanding of the Bank.

Shareholders, potential investors and members of the public can access the Bank's corporate website at [www.alliancebank.com.my](http://www.alliancebank.com.my) for more information on the Bank. There is a dedicated section for corporate governance on the Bank's corporate website where information such as the Board Charter, Code of Conduct, Group Board Gender Diversity, Group's Policy on Fit & Proper, Annual Reports, Minutes of General Meetings, Constitution and Terms of Reference of the Board Committees are 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 +603-2604 3370 or [investor\\_relations@alliancefg.com](mailto: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](mailto: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.

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 CDPP. 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.

### Conduct of General Meetings

The Board regards the Annual General Meeting (“AGM”) as an opportunity to communicate directly with shareholders and encourages attendance and participation. The notice of AGM is despatched to shareholders, together with explanatory notes on items of special business (if any), at least 28 clear days prior to the meeting date.

The Notice of the 40<sup>th</sup> AGM of the Bank held on 4 August 2022, was given to the shareholders 29 clear days prior to the AGM. Shareholders had immediate access to the Bank’s Annual Report including the notice of AGM and proxy form from the Bank’s corporate website.

All Directors attended the 40<sup>th</sup> Annual General Meeting of the Bank held on 4 August 2022. Shareholders, corporate representatives and proxies attended the 40<sup>th</sup> AGM via remote participation.

At the forthcoming 41<sup>st</sup> AGM to be held on 26 July 2023 which will be conducted virtually, no substantive resolutions or resolutions on related party transactions will be put forth for shareholders’ approval.

### KEY FOCUS AREAS AND FUTURE PRIORITIES

The Board will continue its efforts to raise the bar in terms of the Bank’s corporate governance standards and instil a culture that promotes ethical conduct, transparency and sustainable value creation, with the ultimate objective of realising long-term shareholder value while taking into account the interests of other stakeholders.

### SUMMARY

The Bank has adopted and applied the Practices as recommended by the MCCG save for the following:

- Practice 1.4 (The Chairman of the Board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee); and
- Practice 8.2 (Disclosure on a named basis of the Top-5 Senior Management’s remuneration).

Please refer to the detailed disclosures on the Bank’s governance practices in the Corporate Governance Report which is published on the Bank’s corporate website at [www.alliancebank.com.my](http://www.alliancebank.com.my).

This Corporate Governance Overview Statement is dated 2 June 2023.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## RESPONSIBILITY

The Board acknowledges its overall responsibility for the Group's system of risk management and internal controls, and for reviewing its adequacy and integrity. The system is designed to manage the Group's risks within an acceptable risk profile, rather than to totally avoid or eliminate the risks that are inherent to the Group's activities. It can therefore only provide a reasonable but not absolute assurance of effectiveness against material misstatement of financial/management information; or against financial losses and fraud. The preparation of this statement has been guided by the "Statement on Risk Management and Internal Controls: Guidelines for Directors of Listed Issuers" issued by Industry led Task Force.

The Board regularly receives and reviews reports on internal controls; and is of the view that the system of internal controls that has been instituted throughout the Group is sound and adequate to safeguard the shareholders' investments and the Group's assets.

The 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 150 to 157 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 the Risk Management report on pages 150 to 157 of this Annual Report.

## SYSTEM OF INTERNAL CONTROLS

To ensure that a sound system of controls is in place, the Board has established primary processes in reviewing the adequacy and integrity of the system of internal controls. The primary processes include:

- Regular and comprehensive management reports are made available to the Board on a monthly basis, covering financial performance and key business indicators, which allow for effective monitoring of significant variances between actual performance against budgets and plans;
- Clearly defined delegation of responsibilities to committees of the Board and to Management including organisation structures and appropriate authority levels;
- Relevant frameworks, code of conduct, human resource policies and performance reward system to support business objectives, risk management and the system of internal control;



- A Shariah Compliance Framework which governs the operations of AIS and outlines the roles of key functionalities within AIS, including but not limited to the Shariah risk management process;
- An Information Technology Risk Management Framework and Cyber Resilience Framework to manage information and cyber risks; supported by a Business Continuity Management Framework for contingencies;
- A Sustainability Framework which presents the Group's sustainability purpose, goals, strategy, and governance. The framework is also anchored against regulatory discussion on the BNM Climate Change and Principle-based Taxonomy;
- Regular updates of internal policies and procedures, to adapt to changing risk profiles and address operational concerns;
- Regular reviews of the Group's activities to assess the adequacy and effectiveness of the risk management and internal control system;
- Documentation and periodic assessment of controls and processes by all business and support units for managing key risks; and
- Regular senior management meetings to review, identify, discuss and resolve strategic, operational, financial and key management issues.

## SUSTAINABILITY MANAGEMENT

Reflecting our mission of Building Alliances to Improve Lives, our Sustainability Framework presents the Group's sustainability purpose, goals, strategy, and governance. The framework is also anchored against regulatory discussion on the BNM Climate Change and Principle-based Taxonomy. The Group regularly reviews and enhances the framework to ensure its continued relevance in view of evolving external factors and changing stakeholder priorities.

To ensure a robust sustainability governance structure, we have established the Group Sustainability Committee, a dedicated Board-level committee that provides oversight on sustainability and climate-risk related matters. The Group also set up the Sustainability Steering Committee, chaired by our Group Chief Executive Officer, to implement the Group's sustainability strategies, policies and processes.

Further details can be found in the Sustainability Statement section of the Annual Report.

## ASSESSMENT OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board, through the GRMC and GAC has assessed the adequacy and effectiveness of the risk management and internal control system. Based on the results of these reviews as well as the assurance it has received from the Group Chief Executive Officer and Group Chief Financial Officer, the Board is of the view that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects.

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

## RISK MANAGEMENT

The Board and Management of Alliance Bank are committed towards ensuring that the Bank's corporate objectives are supported by a sound risk strategy with an effective risk management framework that is appropriate to the nature, scale and complexity of the Bank's activities.

### BOARD RESPONSIBILITIES

The Board is responsible for:

- a. Reviewing and approving the Bank's overall risk strategy, including the risk appetite and overseeing its implementation to support the sustainability of the Bank.
- b. Ensuring that the Bank establishes comprehensive risk management frameworks, policies, 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. Overseeing and approve material risk management and compliance strategies, frameworks, policies, methodologies 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. Overseeing the adequacy of risk management policies and frameworks inclusive of Recovery Plan in identifying, measuring, evaluating, monitoring and controlling the extent to which these are operating effectively, prudently and in compliance with all regulatory guidelines.

- c. Overseeing regulatory compliance risk exposures and material reports or inquiries from regulatory authority and approve the actions to be taken including any non-compliance related matters, as well as Shariah non-compliance events.
- d. Overseeing the implementation of remediation measures on breaches and compliance incidences within the Group.
- e. Overseeing that appropriate infrastructure, resources and systems are in place for risk management and compliance functions; and ensuring that the employees responsible for implementing risk management and compliance systems performs those duties independently of the Bank's risk-taking activities.
- f. Overseeing periodic reports on risk exposures, risk portfolio composition and risk management activities to ensure that these risk reports facilitates understanding and determination of appropriate risk responses. The periodic reports also includes the assessment of the Group's compliance status as well as updates on regulatory trends and requirements.
- g. 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.
- h. Supporting the Board in meeting regulatory expectations on risk management, as set out under BNM's policy document on Risk Governance.
- i. Overseeing the implementation of a sound remuneration framework that promotes a culture of prudent risk-taking, without prejudice to the tasks of the board remuneration committee.

The responsibility for supporting the Board in providing oversight over technology-related matters now comes under the purview of Group Information Technology Committee which was established in August 2022, as required by Bank Negara Malaysia's policy document on Risk Management in Technology.

## 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

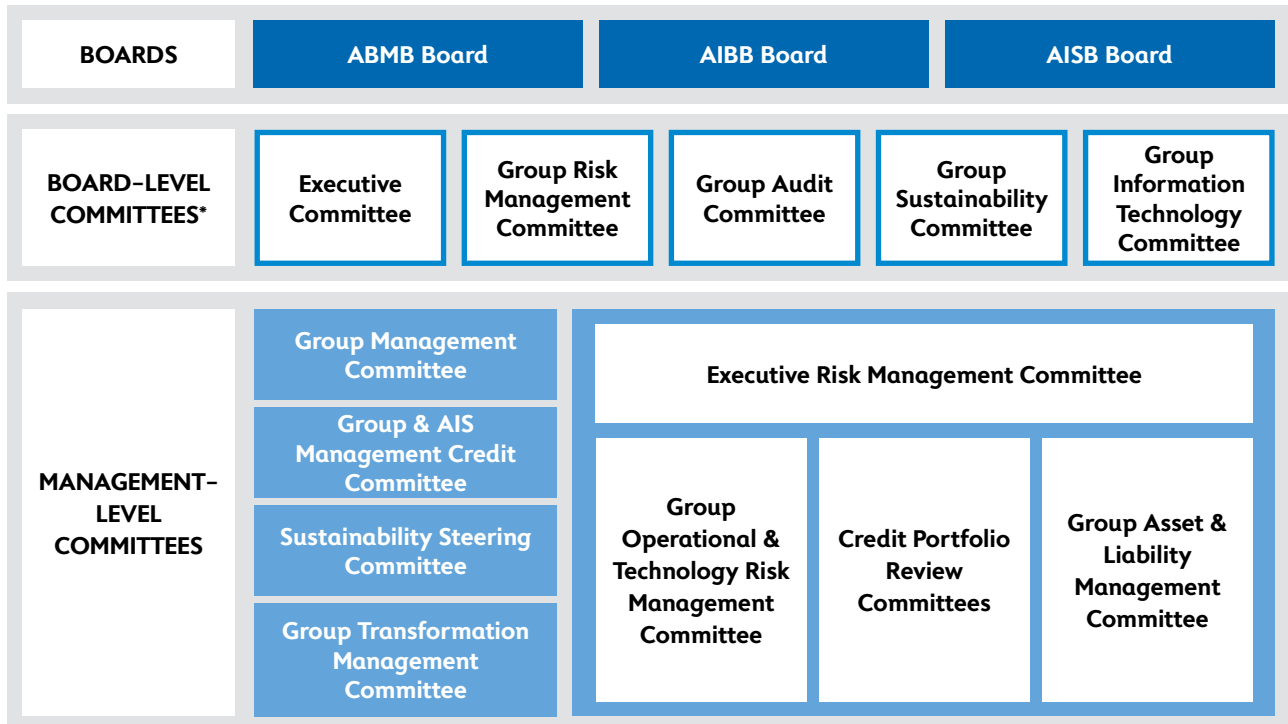
The Bank adopts the model of Three Lines of Defense in managing risks collectively based on their respective roles as reflected below:

Concept	Role	Functions
1 <sup>st</sup> Line of Defence	Risk-Taking	Business units are the primary risk owners, responsible for managing risks within the Bank's business activities, aided by Business Support functions.
2 <sup>nd</sup> 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 <sup>rd</sup> 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 Group Shariah Committee provides oversight over Shariah related matters

The Bank places high priority on the management of risk across our three banking entities. The Board is assisted by the 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 ERM. The ERM represents the central conduit for several other Management-level risk committees, as depicted in the diagram 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 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.

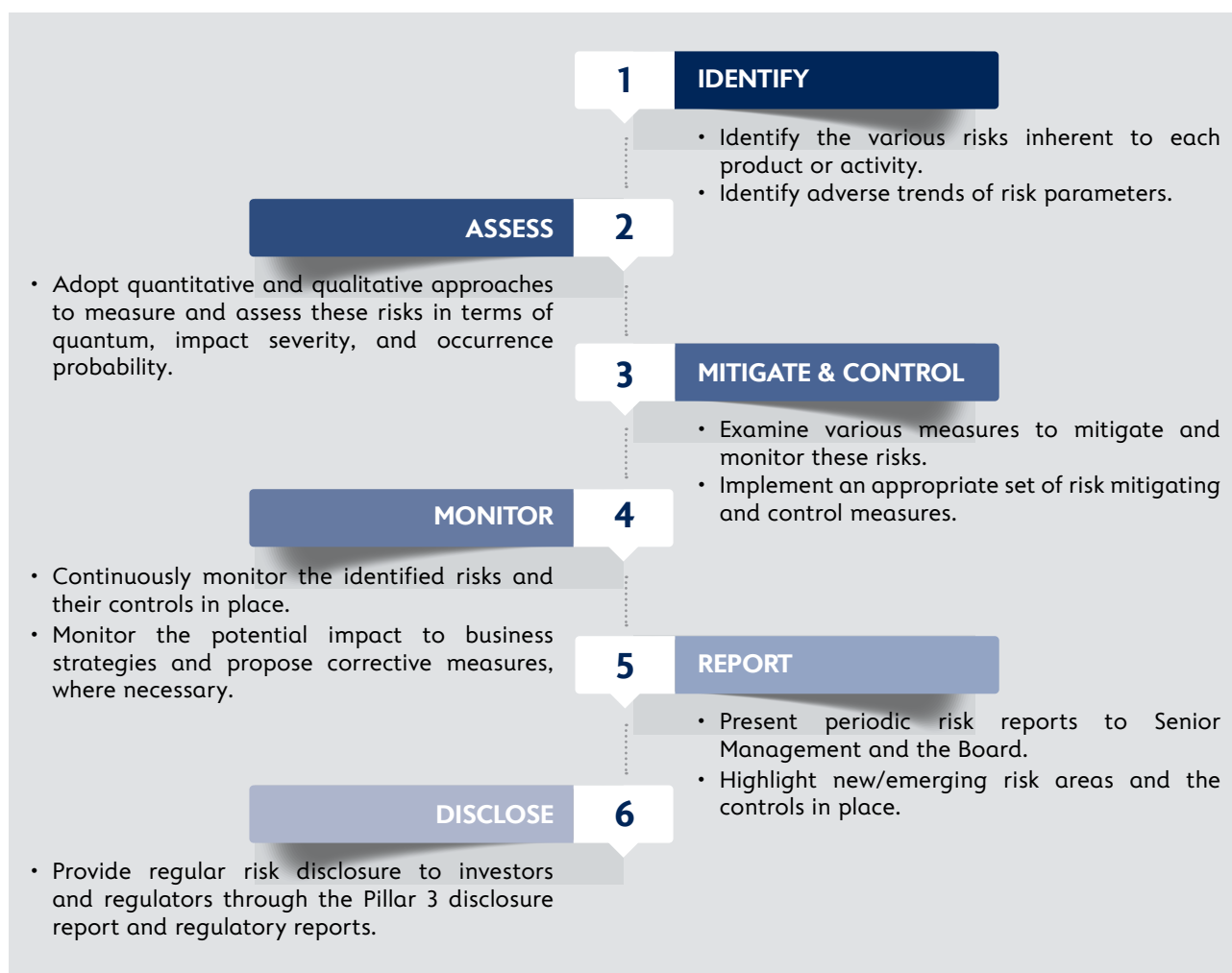
## Risk Appetite

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:





## RISK MANAGEMENT

### Risk Culture & Employee 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 employees 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 Town Halls, which serve as a reminder on the Bank's vision, strategy, key behaviours and brand attributes.

Adding to this, the Bank applies a variety of approaches, ranging from classroom sessions, external courses, on-the-job training and ad-hoc project-based assignments; to equip our employees with the right knowledge and skills to carry out their duties competently and professionally. Employee development is not merely confined to technical skills training; the Bank devotes much effort towards embedding risk culture and instilling our set of values in our employees, with emphasis on leadership, conduct/ethics and stakeholder-centricity.

Talent management and succession planning are also integral towards identifying and developing our next generation of supervisors and leaders. Additional leadership and skills competency training and development programmes have been designed and applied to employees with potential.

The Bank employs a carrot-and-stick approach with regard to good vs. bad behaviour. For the former, the Bank provides various benefits, rewards and incentives, whereas the latter is subject to the Bank's disciplinary and consequence management process.

### Compliance Culture

The compliance culture of the Bank is driven with a strong tone from the top to ingrain the expected values and principles of conduct that shape the behaviour and attitude of employees at all levels of businesses and activities across the Bank. Compliance culture goes beyond complying with laws; we expect all employees to conduct their commitments with integrity and business ethics.

The Bank has instilled a compliance culture where the Board, Senior Management and every employee of the Bank are committed to adhering to relevant regulatory standards. This commitment is clearly demonstrated through establishing strong compliance policies and guidelines to ensure that compliance risks are effectively managed.

Key initiatives that have been implemented to promote compliance awareness are:

- Encouraging employees to report any situation that exposes the Bank to compliance risk;
- Raising compliance awareness through compliance communication programmes;
- Ensuring robust compliance monitoring;
- Introduction of self-raise concept on risk, control and compliance issues that are tracked at management committee;
- Emphasis on governance and risk control in employees' performance scorecard (i.e. KPI); and
- Compliance-related e-learning modules such as AML/CFT, PDPA, Anti-Bribery & Corruption (AB&C) and Banking Secrecy & Management of Customer Information and Permitted Disclosures (MCIPD).

The Bank upholds a strong culture of compliance, ethical conduct and has zero tolerance towards fraudulent and unethical activities. All employees must discharge their duties in compliance with the applicable legal and regulatory requirements, both in letter and spirit.

### Group Compliance Framework

The Framework is to ensure effective management of compliance risks in a structured manner with the aim of inculcating a stronger compliance culture and ensuring consistency in management of compliance risks across the Group.

The key principles outlined in the Framework are as follows:

- a. The Board and Senior Management are responsible to oversee and ensure the effective management of the Group's compliance risks;
- b. Compliance is the responsibility of all employees within the Group;
- c. The Group should hold itself to high standards in carrying on business, and at all times, observe both the spirit and the letter of the laws and regulations.

## Risk Management Techniques

The Risk Management Framework defines the Bank's key risk activities according to risk categories. To manage identified risks, Framework and Policies are put in place and various risk management techniques and tools are used. The table below provides examples of some of these techniques/tools:

Risk Category	Risk Definition	Risk Management Techniques/Tools
<b>Credit Risk</b>	The risk of loss due to failure by customers/counterparties to fulfil their financial or contractual obligations, when due.	<ul style="list-style-type: none"> <li>• Credit risk management framework, strategies, policies &amp; procedures</li> <li>• Risk Acceptance Criteria</li> <li>• Financing/product programmes</li> <li>• Product/portfolio risk limits, triggers and parameters</li> <li>• Credit concentration limits</li> <li>• Credit ratings/scorecards</li> <li>• Credit authorisation</li> <li>• Risk dashboards</li> <li>• Early Warning triggers and Watch Lists</li> <li>• Risk-based pricing</li> <li>• Stress tests</li> <li>• Thematic/portfolio reviews</li> <li>• Independent credit reviews</li> </ul>
<b>Market Risk</b>	The risk of loss arising from volatile changes in market variables such as interest rates, profit rates (including yield changes), foreign exchange rates, equity prices and commodity prices.	<ul style="list-style-type: none"> <li>• Market risk management framework and policies</li> <li>• Risk measurement/valuation tools</li> <li>• Product/portfolio risk limits</li> <li>• Risk Sensitivity limits and Value-at-Risk limits</li> <li>• Stress testing, sensitivity &amp; scenario simulations</li> <li>• Risk dashboards</li> </ul>
<b>Funding &amp; Liquidity Risk</b>	<ul style="list-style-type: none"> <li>• The risk of loss resulting from the Bank's inability to meet its financial obligations, when due.</li> <li>• Risk of incurring losses when attempting to liquidate assets, due to market disruptions and/or illiquid market situations.</li> <li>• Vulnerabilities from funding maturity mismatches and concentration risk arising from the inability to secure stable funds.</li> </ul>	<ul style="list-style-type: none"> <li>• Liquidity risk management framework and policies</li> <li>• Liquidity risk limits and triggers</li> <li>• Liquidity stress testing &amp; simulations</li> <li>• Liquidity gap reports</li> <li>• Contingency funding plan</li> <li>• Deposit concentration monitoring &amp; reporting</li> </ul>
<b>Operational</b>	The risk of loss resulting from failures of processes, people and systems; or from external events.	<ul style="list-style-type: none"> <li>• Operational risk management framework and policies</li> <li>• Risk and Control Self-Assessment</li> <li>• Control Self-Assessment</li> <li>• Key Risk Indicators</li> <li>• Loss Event Data collection</li> <li>• Scenario Analysis</li> <li>• Business Continuity Plan/Drills</li> <li>• Risk dashboards</li> </ul>

## RISK MANAGEMENT

Risk Category	Risk Definition	Risk Management Techniques/Tools
<b>Technology and Cyber Risk</b>	<p>The risk of loss resulting from failures of technologies, systems, processes, people or from external events. This includes cyber-attacks that affect business services or result in data breaches.</p>	<ul style="list-style-type: none"> <li>• Information Technology (IT) risk management framework covering cybersecurity risk management</li> <li>• IT Risk and Control Self-Assessment (includes cyber risk)</li> <li>• IT Risk and Control Self-Assessment (includes cyber risk)</li> <li>• Key Risk Indicators</li> <li>• Loss Event Data collection (IT incident and cyber threat related)</li> <li>• Risk dashboards</li> <li>• Independent risk assessments</li> <li>• Red Team Assessments covering cyber-attacks</li> <li>• Cyber insurance</li> <li>• Cyber Security Task Force</li> </ul>
<b>Sustainability/ Environmental, Social and Governance (ESG) Risk</b>	<p>Threats and adverse consequences to the environment, climate and society at large due to unsustainable business practices which depletes scarce resources and increases carbon footprint/ greenhouse gas (GHG) emissions.</p>	<ul style="list-style-type: none"> <li>• Sustainability Framework</li> <li>• Sustainability reporting</li> <li>• ESG Screener</li> <li>• ESG Risk Acceptance Criteria</li> <li>• Training and Certification for employees</li> <li>• Targeted sustainable loan</li> <li>• Prohibits lending for activities which are highly sensitive for ESG e.g. businesses with extremely high GHG emissions</li> <li>• Reduce GHG emissions in the Bank's own operations</li> <li>• Nurture customers to adopt low-carbon practices</li> </ul>
<b>Regulatory Non-Compliance Risk</b>	<p>The risk of loss or imposition of penalties, fines, or other liabilities arising from breaches of applicable laws, regulations, or contractual obligations.</p>	<ul style="list-style-type: none"> <li>• Compliance framework, Legal manual and AML/ CFT policy</li> <li>• Group-wide education and programme on compliance and risk awareness</li> </ul>
<b>Shariah Non-Compliance Risk</b>	<p>The risk of loss arising from failure to comply with Shariah rules and principles.</p>	<ul style="list-style-type: none"> <li>• Shariah compliance framework</li> <li>• Shariah non-compliance monitoring and reporting</li> <li>• Independent Shariah compliance reviews</li> </ul>
<b>Strategic Risk</b>	<p>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.</p>	<ul style="list-style-type: none"> <li>• Strategic risk management framework</li> <li>• Annual strategy and budget setting exercise</li> <li>• Capital management framework and initiatives</li> <li>• Stress tests/Reverse stress tests</li> <li>• Strategic project initiatives</li> <li>• Business reviews and production meetings</li> </ul>
<b>Reputational Risk</b>	<p>The risk of loss arising from negative perception by customers, counterparties, shareholders and other relevant key stakeholders.</p>	<ul style="list-style-type: none"> <li>• Reputational Risk Management Framework</li> <li>• Code of Conduct guidelines</li> <li>• Corporate risk rating exercise</li> <li>• Managing investor relations</li> <li>• Corporate Social Responsibility programmess</li> </ul>
<b>Model Risk</b>	<p>The risk of loss arising from inappropriate reliance on risk models.</p>	<ul style="list-style-type: none"> <li>• Independent Model Validation Framework</li> <li>• Back-testing and independent model validation exercises</li> </ul>

Risk Category	Risk Definition	Risk Management Techniques/Tools
<b>Health &amp; Safety Risk</b>	The risk of loss due to events that impact the health and safety of stakeholders, e.g. large-scale outbreaks of infectious disease(s) over a wide geographical area or natural disasters which causes significant economic and social disruption, etc.	<ul style="list-style-type: none"> <li>• Customer Relief Assistance</li> <li>• Work-from-home</li> <li>• Distribution of face masks and sanitisers</li> <li>• Travel advisory</li> <li>• Employee communication on health awareness</li> <li>• Temperature screening and regular sanitisation of public areas</li> <li>• Split site operations for essential/critical services</li> <li>• Regular Senior Management reporting</li> </ul>

## 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 such as:

### 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, includes the following:

- Mis-selling of products to customers, potentially leading to bad customer experience.
- Pursuit of rapid growth/employee 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 its forward-looking key risk indicators and early warning signals to ensure timely actions are put in place to mitigate any potential risks, reviews the health of the Bank's 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. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

During the financial year ended 31 March 2023, the Bank has issued RM150.0 million Additional Tier 1 Capital Securities under its existing RM1.0 billion Additional Tier 1 Capital Securities Programme on 30 June 2022.

The proceeds raised from the issuance was utilised for the Bank's general banking working capital and other corporate purposes.

### 2. PROCEDURES ON RELATED PARTY TRANSACTIONS (RPTs) AND RECURRENT RELATED PARTY TRANSACTIONS (RRPTs)

The Bank has established internal procedures on RPTs and RRPTs to ensure all RPTs and RRPTs are undertaken on an arm's length basis and on normal commercial terms not more favourable to the related parties than those generally available to the non-related parties.

Generally, a comparison of the terms offered by the related party with at least three non-related parties providing similar services/products will be made, taking into consideration stipulated criteria such as pricing/cost, quality of service/product, level of efficiency, etc. to establish whether the terms offered by the related party are fair and reasonable and in the commercial interests of the Bank and comparable with those offered by the non-related parties.

The Group Audit Committee assisted by Group Internal Audit reviews all RPTs and RRPTs where the amounts of consideration 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.

### 3. 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 which covers, amongst others, the approval, limits, declaration, monitoring and reporting of such transactions. This 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.

### 4. 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

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For more information, please refer to  
<https://www.alliancebank.com.my/annualreport2023>

## STATEMENT OF BOARD OF DIRECTORS' RESPONSIBILITIES FOR PREPARATION OF THE ANNUAL AUDITED FINANCIAL STATEMENTS

The Companies Act 2016 requires Directors to prepare financial statements for each financial year, which give a true and fair view of the financial position as at the end of the financial year and the financial performance for the financial year of the Group and the Bank.

In preparing the financial statements, the Directors are responsible for the adoption of suitable accounting policies that comply with the provisions of the Companies Act 2016, the Malaysian Financial Reporting Standards, and International Financial Reporting Standards. The Directors are also responsible to ensure their consistent use in the financial statements, supported where necessary by reasonable and prudent judgments.

The Directors hereby confirm that suitable accounting policies have been consistently applied in the preparation of the financial statements. The Directors also confirm that the Group and the Bank maintain adequate accounting records and an effective system of internal controls to safeguard the assets of the Group and the Bank and prevent and detect fraud or any other irregularities.

# DIRECTORS' REPORT

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

## PRINCIPAL ACTIVITIES

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

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

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

## FINANCIAL RESULTS

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

## RESERVES AND PROVISIONS

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

## DIVIDENDS

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

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

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

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

## ISSUE OF SHARES AND DEBENTURES

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

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

## DIRECTORS

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

Tan Sri Dato' Ahmad Bin Mohd Don (Chairman)

Lee Boon Huat

Wong Yuen Weng Ernest

Lee Ah Boon

Datuk Wan Azhar Bin Wan Ahmad

Tan Chian Khong

Susan Yuen Su Min

Lum Piew

Cheryl Khor Hui Peng

## DIRECTORS' REMUNERATION

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

## DIRECTORS' BENEFITS

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

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

## DIRECTORS' INTERESTS

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



## DIRECTORS' REPORT (CONT'D)

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

#### Profitability

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

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

#### Loan Growth

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

#### Other Operating Income

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

#### Operating Expenses

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

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

#### Asset Quality

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

#### Healthy Funding and Liquidity Position

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

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

#### Proactive Capital Management

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

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

## BUSINESS REVIEW FOR FINANCIAL YEAR ENDED (“FYE”) 31 MARCH 2023 (CONT’D)

### Performance by business segment and subsidiary

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

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

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

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

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

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

### ECONOMIC AND BUSINESS OUTLOOK FOR NEXT FINANCIAL YEAR

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

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

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

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

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

## DIRECTORS' REPORT (CONT'D)

### RATING BY EXTERNAL RATING AGENCY

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

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

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

### SUBSIDIARIES

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

### AUDITORS' REMUNERATION

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

### SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

### SUBSEQUENT EVENTS

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

### AUDITORS

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

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

**Ahmad Bin Mohd Don**

Kuala Lumpur, Malaysia  
31 May 2023

**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 175 to 340 are drawn up so as to give a true and fair view of the financial position of the Group and of the Bank as at 31 March 2023 and the financial performance of the Group and of the Bank for the financial year ended 31 March 2023 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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

**Ahmad Bin Mohd Don**

**Tan Chian Khong**

Kuala Lumpur, Malaysia  
31 May 2023

## STATUTORY DECLARATION

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

I, Ronnie Royston Fernandiz, being the officer primarily responsible for the financial management of Alliance Bank Malaysia Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 175 to 340 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

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

**Ronnie Royston Fernandiz**  
MIA Membership No. (CA 13837)

Before me,

**Mazlee Bin Ismail**  
Commissioner for Oaths

Kuala Lumpur, Malaysia  
31 May 2023

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ALLIANCE BANK MALAYSIA BERHAD  
(INCORPORATED IN MALAYSIA)  
(COMPANY NO: 198201008390 (88103-W))

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Our opinion

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

### What we have audited

We have audited the financial statements of the Group and of the Bank, which comprise the statements of financial position as at 31 March 2023 of the Group and of the Bank, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 175 to 340.

### 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.



## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

### Key audit matters

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

Key audit matters	How our audit addressed the key audit matters
<b>Allowance for impairment on loans, advances and financing</b>	
<p>Refer to accounting policy 2(a)(ii), 2(k)(i) and Notes 10 of the Financial Statements of the Group and of the bank.</p> <p>MFRS 9 introduces an expected credit loss (“ECL”) impairment model, which requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. This is a complex accounting standard which has required considerable judgement and estimates in its implementation.</p> <p>In particular, the significant judgements in applying the accounting requirements for measuring ECL include the following:</p> <ul style="list-style-type: none"> <li>• The models are inherently complex and judgement is applied in determining the appropriate construct of the model;</li> <li>• Identification of loans, advances and financing that have experienced a significant increase in credit risk; and</li> <li>• Assumptions used in the ECL models such as expected future cash flows, forward-looking macroeconomic factors and data sets to be used as inputs to the models.</li> </ul>	<p>We obtained an understanding and tested management’s controls over identification of loans, advances and financing that have experienced significant increase in credit risk or objective evidence of impairment in accordance with the Group’s policy and procedures, and the calculation of ECL provisions.</p> <p>We tested a sample of loans, advances and financing and assessed the reasonableness of management’s judgement that there was no significant increase in credit risk or objective evidence of impairment for these loans.</p> <p>Where objective evidence of impairment was identified by the Group and impairment loss was individually calculated, we examined both the quantum and timing of future cash flows used by the Group in the impairment loss calculation, challenged the assumptions and compared the assumptions to external evidence where available. Calculations of the discounted cash flows were also re-performed.</p> <p>For staging and identification of exposures with significant increase in credit risk, we assessed and tested the reasonableness of the transfer criteria applied by the Group for different types of credit exposures. We evaluated if the transfer criteria are consistent with the Group’s policy and credit risk management practices.</p>

## INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBERS OF ALLIANCE BANK MALAYSIA BERHAD  
(INCORPORATED IN MALAYSIA)  
(COMPANY NO: 198201008390 (88103-W))

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

#### Key audit matters (Cont'd)

Key audit matters	How our audit addressed the key audit matters
<p><b>Allowance for impairment on loans, advances and financing (cont'd)</b></p>	<p>To determine the appropriateness of models implemented by the Group, we have:</p> <ul style="list-style-type: none"> <li>• Assessed the methodologies inherent within the ECL models applied against the requirements of MFRS 9;</li> <li>• Tested the design and operating effectiveness of the controls relating to:               <ul style="list-style-type: none"> <li>- Governance over ECL model and methodology;</li> <li>- Data used to determine the allowances for credit losses; and</li> <li>- Calculation, review and approval of the ECL calculation.</li> </ul> </li> <li>• Assessed and tested the significant modelling assumptions;</li> <li>• Assessed and considered reasonableness of forward-looking forecasts assumptions. In assessing the appropriateness of management's forecast economic conditions, we have checked to independent sources to determine whether the macro-economic information is supportable and reasonable at the reporting date of the Group's financial statements. We have also checked the reasonableness of the probability weightage accorded to the economic scenarios;</li> <li>• Checked the accuracy of data and calculation of the ECL amount, on a sample basis and assessed the reasonableness of the overlay adjustment to the ECL; and</li> <li>• Assessed whether the disclosures in the financial statements appropriately reflect the Group's credit risk exposures.</li> </ul> <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>

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

## Key audit matters (Cont'd)

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

# INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBERS OF ALLIANCE BANK MALAYSIA BERHAD  
(INCORPORATED IN MALAYSIA)  
(COMPANY NO: 198201008390 (88103-W))

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

### Information other than the financial statements and auditors' report thereon

The Directors of the Bank are responsible for the other information. The other information comprises the:

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

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

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

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

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

### Responsibilities of the Directors for the financial statements

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

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

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (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 misstatement of the financial statements of the Group and of the Bank, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Bank's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Bank or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Bank to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Bank, including the disclosures, and whether the financial statements of the Group and of the Bank represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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



## INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBERS OF ALLIANCE BANK MALAYSIA BERHAD  
(INCORPORATED IN MALAYSIA)  
(COMPANY NO: 198201008390 (88103-W))

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

#### Auditors' responsibilities for the audit of the financial statements (Cont'd)

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

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

### OTHER MATTERS

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

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

Kuala Lumpur  
31 May 2023

**ONG CHING CHUAN**  
02907/11/2023 J  
Chartered Accountant

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2023

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

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

# STATEMENTS OF INCOME

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

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

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

# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

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

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

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

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



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

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

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

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

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

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

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

## STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	GROUP		BANK	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Dividends from subsidiaries	-	-	84,507	48,253
Dividends from financial assets at fair value through profit or loss	2,301	1,377	1,940	796
Interest received from financial assets at fair value through profit or loss	4,160	6,494	4,160	6,494
Interest received from financial investments at fair value through other comprehensive income	275,175	295,582	253,402	266,892
Interest received from financial investments at amortised cost	72,456	73,722	79,690	80,099
Interest (paid)/received for derivative instruments	(19,878)	1,685	(17,696)	1,685
Purchase of computer software	(56,160)	(46,377)	(55,110)	(45,502)
Purchase of property, plant and equipment	(22,929)	(18,016)	(22,770)	(17,842)
Proceeds from disposal of property, plant and equipment	539	-	427	-
Proceeds from disposal of computer software	21	-	-	-
Proceeds from subsidiary capital repatriation	-	-	150,000	-
Purchase of:				
- financial investments at fair value through other comprehensive income	(570,139)	(1,043,704)	(1,295,139)	(776,850)
- financial investments at amortised cost	(1,405,723)	-	(1,041,745)	-
Redemption/disposal of:				
- financial investments at fair value through other comprehensive income	1,180,875	2,101,467	1,840,001	1,165,733
- financial investments at amortised cost	190,122	158,042	200,899	67,866
Net cash (used in)/generated from investing activities	(349,180)	1,530,272	182,566	797,624
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividends paid to shareholders of the company	(343,680)	(218,128)	(343,680)	(218,128)
Interest paid on obligation on securities sold under repurchase agreement	(6,626)	-	(6,626)	-
Interest paid on subordinated obligations	(65,287)	(61,429)	(65,386)	(61,225)
Interest paid on recourse obligation on loans and financing sold to Cagamas	(12,694)	(13,526)	(12,402)	(13,576)
Repayment of lease liabilities	(30,568)	(31,207)	(30,549)	(31,121)
Repayment of recourse obligations on loans and financing sold to Cagamas	(330,061)	-	(80,036)	-
Net cash used in financing activities	(788,916)	(324,290)	(538,679)	(324,050)
Net change in cash and cash equivalents	342,082	140,329	620,182	26,159
Cash and cash equivalents at beginning of financial year	3,228,574	3,088,245	1,805,402	1,779,243
Cash and cash equivalents at end of financial year	3,570,656	3,228,574	2,425,584	1,805,402
Cash and cash equivalents comprise the following:				
Cash and short-term funds (Note 3)	3,570,656	3,228,574	2,425,584	1,805,402

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:

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

	Recourse obligations on loans and financing sold to Cagamas RM'000	Lease liabilities RM'000	Subordinated obligations RM'000	Total RM'000
<b>GROUP</b>				
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

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



## STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

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

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

	Recourse obligations on loans and financing sold to Cagamas RM'000	Lease liabilities RM'000	Subordinated obligations RM'000	Total RM'000
<b>BANK</b>				
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

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

# NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2023

## 1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

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

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Preparation

#### Malaysian Financial Reporting Standards (“MFRS”) Framework

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

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

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

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

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

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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 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. These are the areas that require the use of significant assumptions about future economic conditions and credit behaviour.

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

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

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

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

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

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

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

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

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.

## 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 2023

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

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

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

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

- Amendments to MFRS 108 “Definition of Accounting Estimates”

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 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 2024

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

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

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

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

The amendments shall be applied retrospectively.

#### (ii) Amendments to MFRS 16 “Lease Liability in a Sale and Leaseback”

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

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

#### (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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

#### (i) Subsidiaries (cont'd)

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.

#### (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.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

##### (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.

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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

#### (iv) Associates (cont'd)

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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

In the Bank's separate financial statements, investments in subsidiaries, joint ventures and associates are carried at cost less accumulated impairment 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.

## 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (f) Financial Assets

##### (i) Classification

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

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

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”).

## 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 a separate line item in the statements of income.

##### (ii) FVOCI

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

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

##### (iii) FVTPL

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

##### Equity instruments

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



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (f) Financial Assets (cont'd)

##### (iii) Subsequent Measurement (cont'd)

##### Equity instruments (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 carrying amount of a hedged item is adjusted using the effective interest method to amortise to statements of income over the period to maturity.

## 2. SIGNIFICANT ACCOUNTING POLICIES (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 affect the statements of income.

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

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

#### (iii) Net Investment Hedge

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

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

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

#### Interest Rate Benchmark Reform

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (h) Offsetting Financial Instruments

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

#### (i) Amounts Due from Clients and Brokers

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

#### (j) Other Assets

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

#### (k) Impairment of Assets

##### (i) Impairment of Financial Assets

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

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

##### (a) General 3-stage approach

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

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

- (i) Stage 1 - from initial recognition of a financial asset to the date on which the credit risk of the asset has increased significantly relative to its initial recognition, a loss allowance is recognised equal to the credit losses expected to result from defaults occurring over the next 12 months (12-month ECL);
- (ii) Stage 2 - following a significant increase in credit risk relative to the initial recognition of the financial assets, a loss allowance is recognised equal to the credit losses expected over the remaining life of the asset (Lifetime ECL); and
- (iii) Stage 3 - when a financial asset is considered to be credit-impaired, a loss allowance equal to full lifetime expected credit losses is to be recognised (Lifetime ECL). This includes exposures which have triggered obligatory impairment criterion or are judgmentally impaired.

Measurement of ECL is set out in Note 43.

## 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 is allocated to CGUs which are expected to benefit from the synergies of the business combination or the intangible asset.

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 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 is reflected as an asset in the statements of financial position and measured at amortised cost.

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

## 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 Note 2(l).

### (o) Subordinated Obligations and Other Borrowings

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

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

### (p) Provisions

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

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

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

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

### (q) Leases

#### Lease in which the Group and the Bank are a Lessee

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

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



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 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 the lease term, or not to exercise an option previously included in the determination of the lease term. A revision in lease term results in remeasurement of the lease liabilities.

##### (ii) ROU Assets

ROU assets are initially measured at cost comprising the following:

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

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

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

##### (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 rate 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (q) Leases (cont'd)

#### Lease in which the Group and the Bank are a Lessee (cont'd)

##### (iii) Lease Liabilities (cont'd)

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

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

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

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

#### Lease in which the Bank is a Lessor

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

##### (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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (q) Leases (cont'd)

##### Lease in which the Bank is a Lessor (cont'd)

##### (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.

#### (r) Share Capital and Dividends Declared

##### (i) Classification

Ordinary shares with discretionary dividends are classified as equity.

##### (ii) Share Issue Costs

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

##### (iii) Dividends Declared

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

##### (iv) Earnings Per Share

###### Basic earnings per share

Basic earnings per share is calculated by dividing:

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

###### Diluted earnings per share

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (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.

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

#### (ii) Recognition of Fees and Other Income

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (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.

#### (u) Foreign Currencies

##### (i) Functional and Presentation Currency

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

##### (ii) Transactions and Balances

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

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

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

#### (v) Current and Deferred Income Tax

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (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").



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (z) Contingent Assets and Contingent Liabilities

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

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

#### (aa) Financial Guarantee Contract

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

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

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

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

#### (ab) Segment Reporting

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

### 3. CASH AND SHORT-TERM FUNDS

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

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

### 3. CASH AND SHORT-TERM FUNDS (CONT'D)

Movements in allowance for expected credit losses are as follows:

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

### 4. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 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 2022	8	-	-	8
Total charge to income statement due to financial assets derecognised other than write-off	(8)	-	-	(8)
At 31 March 2023	-	-	-	-
At 1 April 2021	4	-	-	4
New financial assets originated or purchased	8	-	-	8
Financial assets derecognised other than write-off	(4)	-	-	(4)
Total charge to income statement	4	-	-	4
At 31 March 2022	8	-	-	8

### 5. AMOUNTS DUE FROM CLIENTS AND BROKERS

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

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

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

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

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

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

## 6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (“FVTPL”)

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

## 7. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (“FVOCI”)

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 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 2022	642	281	-	923
Transfer to Stage 1	19	(261)	-	(242)
New financial investments originated or purchased	134	-	-	134
Financial investments derecognised other than write-off	(14)	-	-	(14)
Changes due to change in credit risk	(183)	(20)	-	(203)
Total write-back from income statement	(44)	(281)	-	(325)
At 31 March 2023	598	-	-	598
At 1 April 2021	96	231	-	327
New financial investments originated or purchased	62	-	-	62
Financial investments derecognised other than write-off	(3)	(29)	-	(32)
Changes due to change in credit risk	487	79	-	566
Total charge to income statement	546	50	-	596
At 31 March 2022	642	281	-	923

## 7. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (“FVOCI”) (CONT’D)

Movements in allowance for expected credit losses are as follows: (cont’d)

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

Note:

- (a) The transfers between stages are inclusive of net remeasurement of allowances.
- (b) There were no credit impaired exposure of financial investments at FVOCI.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 8. FINANCIAL INVESTMENTS AT AMORTISED COST

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

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 2022	1	-	830	831
New financial investments originated or purchased	636	-	-	636
Financial investments derecognised other than write-off	(1)	-	-	(1)
Changes due to change in credit risk	(589)	-	(181)	(770)
Total charge to/(write-back from) income statement	46	-	(181)	(135)
At 31 March 2023	47	-	649	696
At 1 April 2021	423	-	830	1,253
Financial investments derecognised other than write-off	(139)	-	-	(139)
Changes due to change in credit risk	(283)	-	-	(283)
Total write-back from income statement	(422)	-	-	(422)
At 31 March 2022	1	-	830	831

## 8. FINANCIAL INVESTMENTS AT AMORTISED COST (CONT'D)

Movements in allowance for expected credit losses are as follows: (cont'd)

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

### Note:

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

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

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

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

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

## 9. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONT'D)

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

## (a) Fair value hedge

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

## 9. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONT'D)

### (a) Fair value hedge (cont'd)

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

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

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

## 9. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONT'D)

## (a) Fair value hedge (cont'd)

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

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



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 9. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONT'D)

(a) Fair value hedge (cont'd)

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

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

## 9. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONT'D)

### (b) Cash flow hedge

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 9. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONT'D)

(b) Cash flow hedge (cont'd)

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

	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
<b>GROUP/BANK</b>					
<b>31 March 2023</b>					
<b>Foreign exchange risk</b>					
Interbank borrowing	-	-	-	-	-
<b>31 March 2022</b>					
<b>Foreign exchange risk</b>					
Interbank borrowing	Deposit and placement of banks and other financial institutions	252,270	1,460	(253)	-

## 9. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONT'D)

### (b) Cash flow hedge (cont'd)

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

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

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

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

## 10. LOANS, ADVANCES AND FINANCING

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 10. LOANS, ADVANCES AND FINANCING (CONT'D)

(i) By maturity structure:

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

(ii) By type of customer:

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

(iii) By interest/profit rate sensitivity:

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

## 10. LOANS, ADVANCES AND FINANCING (CONT'D)

(iv) By economic purposes:

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

(v) By economic sectors:

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



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 10. LOANS, ADVANCES AND FINANCING (CONT'D)

(vi) By geographical distribution:

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

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

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

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

## 10. LOANS, ADVANCES AND FINANCING (CONT'D)

(viii) Credit impaired loans analysed by economic purposes:

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

(ix) Credit impaired loans analysed by economic sectors:

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

(x) Credit impaired loans by geographical distribution:

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 10. LOANS, ADVANCES AND FINANCING (CONT'D)

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

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

## 10. LOANS, ADVANCES AND FINANCING (CONT'D)

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

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

Note:

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 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

GROUP  
2023

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

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

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

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

2022

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

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

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

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

## 11. OTHER ASSETS

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

Note:

(a) Amounts due from subsidiaries and joint venture

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

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

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

Note:

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 12. STATUTORY DEPOSITS

- (a) Non-interest bearing statutory deposits for the Group and the Bank of RM979,501,000 and RM728,111,000 (2022: RM99,436,000 and RM68,999,000) respectively are maintained with BNM in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act 2009, the amounts of which are determined as a set percentage of total eligible liabilities.
- (b) Interest bearing statutory deposits of RM100,000 (2022: RM100,000) relating to a subsidiary, Alliance Trustee Berhad are maintained with the Accountant-General in compliance with Section 3(f) of the Trust Companies Act 1949.

### 13. INVESTMENTS IN SUBSIDIARIES

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

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

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

### 13. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The Bank's subsidiaries, all of which incorporated in Malaysia, are: (cont'd)

Name	Principal activities	Effective equity interest	
		2023 %	2022 %
<i>Subsidiaries of Alliance Financial Group Berhad</i>			
Kota Indrapura Development (under members' voluntary winding up)	Dormant	100	100

Note:

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

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

### 14. INVESTMENT IN JOINT VENTURE

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 14. INVESTMENT IN JOINT VENTURE (CONT'D)

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

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

The summarised statement of comprehensive income is as follows:

	GROUP	
	2023 RM'000	2022 RM'000
Revenue	2,623	4,002
Profit before tax for the financial year	123	154
Profit after tax for the financial year	91	105
The above profit includes the following:		
Depreciation and amortisation	(1)	(7)
Taxation	(32)	(49)
Reconciliation of summarised financial information:		
<u>Net assets</u>		
At 1 April	2,054	1,949
Profit for the financial year	91	105
At 31 March	2,145	2,054
Carrying value at 51% share of the equity interest of a joint venture	1,094	1,048

## 15. RIGHT-OF-USE ASSETS

GROUP 2023	Premises RM'000	Leasehold land RM'000	Office equipment and furniture RM'000	Computer equipment RM'000	Motor vehicles RM'000	Total RM'000
<b>Cost</b>						
At 1 April 2022	232,994	13,523	2,957	6,617	796	256,887
Additions	5,359	-	-	-	-	5,359
Remeasurement	4,932	-	4,051	-	-	8,983
Termination	(5,077)	-	-	-	-	(5,077)
At 31 March 2023	238,208	13,523	7,008	6,617	796	266,152
<b>Accumulated depreciation</b>						
At 1 April 2022	122,306	4,649	2,957	4,485	522	134,919
Charge for the financial year	23,393	137	1,106	1,081	193	25,910
Termination	(3,694)	-	-	-	-	(3,694)
At 31 March 2023	142,005	4,786	4,063	5,566	715	157,135
<b>Accumulated impairment losses</b>						
At 1 April 2022/31 March 2023	-	37	-	-	-	37
<b>Net carrying amount</b>	<b>96,203</b>	<b>8,700</b>	<b>2,945</b>	<b>1,051</b>	<b>81</b>	<b>108,980</b>
<b>GROUP 2022</b>						
<b>Cost</b>						
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
<b>Accumulated depreciation</b>						
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
<b>Accumulated impairment losses</b>						
At 1 April 2021/31 March 2022	-	37	-	-	-	37
<b>Net carrying amount</b>	<b>110,688</b>	<b>8,837</b>	<b>-</b>	<b>2,132</b>	<b>274</b>	<b>121,931</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 15. RIGHT-OF-USE ASSETS (CONT'D)

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

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
<b>Cost</b>						
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
<b>Accumulated depreciation</b>						
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
<b>Accumulated impairment losses</b>						
At 1 April 2021/31 March 2022	-	37	-	-	-	37
<b>Net carrying amount</b>	<b>110,458</b>	<b>8,837</b>	<b>-</b>	<b>2,132</b>	<b>274</b>	<b>121,701</b>

## 16. PROPERTY, PLANT AND EQUIPMENT

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



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 16. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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
<b>Cost</b>									
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		
<b>Accumulated depreciation</b>									
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		
<b>Accumulated impairment losses</b>									
At 1 April 2021/31 March 2022	-	25	-	-	-	-	25		
<b>Net carrying amount</b>	1,953	14,937	9,263	9,946	19,026	308	55,433		

## 16. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 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
<b>Cost</b>							
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
<b>Accumulated depreciation</b>							
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
<b>Accumulated impairment losses</b>							
At 1 April 2021/31 March 2022	-	25	-	-	-	-	25
<b>Net carrying amount</b>	1,953	14,937	9,026	9,706	18,877	347	54,846

## 17. DEFERRED TAX

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

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

Movements on deferred tax:

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 17. DEFERRED TAX (CONT'D)

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

Deferred tax assets/(liabilities)	Unabsorbed tax losses and capital allowances		Allowance for expected credit losses		Other liabilities		Leases		Financial investments at fair value through other comprehensive income		Cash flow hedge		Property, plant and equipment		Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>GROUP</b>															
At 1 April 2022	268	93,984	74,051	3,352	45,836	80	(14,712)	202,859							
Recognised in statements of income	(120)	(3,079)	(2,393)	184	-	-	247	(5,161)							
Recognised in equity	-	-	-	-	1,302	(80)	-	1,222							
At 31 March 2023	148	90,905	71,658	3,536	47,138	-	(14,465)	198,920							
At 1 April 2021	4	79,011	72,460	3,231	(16,103)	-	(10,836)	127,767							
Reclassification	267	-	(267)	-	-	-	-	-							
Recognised in statements of income	(3)	14,973	1,858	121	-	-	(3,876)	13,073							
Recognised in equity	-	-	-	-	61,939	80	-	62,019							
At 31 March 2022	268	93,984	74,051	3,352	45,836	80	(14,712)	202,859							

## 17. DEFERRED TAX (CONT'D)

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

Deferred tax assets/(liabilities)	Unabsorbed tax losses and capital allowances		Allowance for expected credit losses		Other liabilities		Leases		Financial investments at fair value through other comprehensive income		Cash flow hedge		Property, plant and equipment		Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000
<b>BANK</b>																
At 1 April 2022	-	60,716	50,007	3,312	43,786	80	(14,357)	143,544								
Recognised in statements of income	-	(5,134)	3,323	177	-	-	318	(1,316)								
Recognised in equity	-	-	-	-	(821)	(80)	-	(901)								
At 31 March 2023	-	55,582	53,330	3,489	42,965	-	(14,039)	141,327								
At 1 April 2021	-	49,192	51,697	3,197	1,604	-	(10,490)	95,200								
Recognised in statements of income	-	11,524	(1,690)	115	-	-	(3,867)	6,082								
Recognised in equity	-	-	-	-	42,182	80	-	42,262								
At 31 March 2022	-	60,716	50,007	3,312	43,786	80	(14,357)	143,544								

Note:

Other liabilities include provisions and deferred income.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 18. INTANGIBLE ASSETS

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

Note:

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

## 18. INTANGIBLE ASSETS (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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 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
	<b>285,648</b>	<b>285,648</b>	<b>185,921</b>	<b>185,921</b>

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

#### (i) Discount rate

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

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

#### (ii) Cash flow projections and growth rate

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

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

### (b) Sensitivity to changes in assumptions

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 19. DEPOSITS FROM CUSTOMERS

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

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

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

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

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

**20. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

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

Note:

- (a) The Group and the Bank have undertaken a cash flow hedge on the foreign exchange risk of the deposit amounting to RM Nil (2022: RM252,270,000).
- (b) Included in deposit and placement by BNM is the government financing scheme received by the Group and the Bank as part of the government support measures in response to the COVID-19 pandemic for the purpose of SME lending at a below market rate.

**21. AMOUNTS DUE TO CLIENTS AND BROKERS**

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

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

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

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

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

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

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

### 23. RECOURSE OBLIGATIONS ON LOANS AND FINANCING SOLD TO CAGAMAS

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

### 24. LEASE LIABILITIES

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

**24. LEASE LIABILITIES (CONT'D)**Note:

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

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

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

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

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

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

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

**25. OTHER LIABILITIES**

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



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 25. OTHER LIABILITIES (CONT'D)

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 2022	6,894	16,504	1,418	24,816
Transfer to Stage 1	613	(7,059)	(50)	(6,496)
Transfer to Stage 2	(661)	13,049	(393)	11,995
Transfer to Stage 3	-	(608)	1,509	901
New financial assets originated or purchased	4,477	5,320	16	9,813
Financial assets derecognised other than write-off	(2,433)	(8,228)	(2,342)	(13,003)
Changes due to change in credit risk	(3,893)	3,448	1,705	1,260
Other adjustments	8	21	-	29
	(1,889)	5,943	445	4,499
Unwinding of discount	-	-	(14)	(14)
Total (write-back from)/charge to income statement	(1,889)	5,943	431	4,485
At 31 March 2023	5,005	22,447	1,849	29,301
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)

Note:

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

<b>BANK</b>	<b>12-Month ECL (Stage 1) RM'000</b>	<b>Lifetime ECL not-credit impaired (Stage 2) RM'000</b>	<b>Lifetime ECL credit impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
At 1 April 2022	5,698	14,331	1,415	21,444
Transfer to Stage 1	553	(5,978)	(50)	(5,475)
Transfer to Stage 2	(601)	11,317	(288)	10,428
Transfer to Stage 3	-	(548)	1,081	533
New financial assets originated or purchased	3,690	4,777	16	8,483
Financial assets derecognised other than write-off	(1,900)	(7,117)	(927)	(9,944)
Changes due to change in credit risk	(3,151)	3,489	391	729
Other adjustments	7	19	-	26
	(1,402)	5,959	223	4,780
Unwinding of discount	-	-	(9)	(9)
Total (write-back from)/charge to income statement	(1,402)	5,959	214	4,771
At 31 March 2023	4,296	20,290	1,629	26,215
At 1 April 2021	8,056	15,020	3,109	26,185
Transfer to Stage 1	558	(3,839)	-	(3,281)
Transfer to Stage 2	(592)	6,010	(556)	4,862
Transfer to Stage 3	-	(1,237)	1,113	(124)
New financial assets originated or purchased	4,441	2,733	-	7,174
Financial assets derecognised other than write-off	(3,716)	(6,032)	(3,325)	(13,073)
Changes due to change in credit risk	(3,049)	1,676	774	(599)
	(2,358)	(689)	(1,994)	(5,041)
Unwinding of discount	-	-	300	300
Total write-back from income statement	(2,358)	(689)	(1,694)	(4,741)
At 31 March 2022	5,698	14,331	1,415	21,444

Note:

- (a) The transfers between stages are inclusive of net remeasurement of allowances.
- (b) As at 31 March 2023, the Group's and the Bank's gross exposure of commitments and contingencies that are credit impaired were at RM38,680,000 and RM38,096,000 (2022: RM5,760,000 and RM5,562,000) respectively.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 26. SUBORDINATED OBLIGATIONS

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

(a) RM400 million Sub-MTNs

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

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

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

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

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

- (i) Issue date: 27 October 2020
- (ii) Tenure of the facility/issue: 10 years from the issue date and callable five (5) years after issue date
- (iii) Maturity date: 25 October 2030
- (iv) Interest rate/coupon: 3.60% per annum, payable semi-annually in arrears
- (v) Call date: 27 October 2025 and thereafter on every coupon payment date
- (vi) The Sub-MTNs constitute direct and unsecured obligations of the issuer, subordinated in right and priority of payment, to the extent and in the manner provided in the Sub-MTNs, ranking pari passu among themselves.
- (vii) In the event of winding up or liquidation of the issuer, be subordinated in right of payment to all deposit liabilities and other liabilities of the issuer, except in each case to those liabilities which by their terms rank equally in right of payment or which are subordinated to the Sub-MTNs.

## 26. SUBORDINATED OBLIGATIONS (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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At cost	350,000	350,000	350,000	350,000
Interest accrued	5,684	5,684	5,684	5,684
	<b>355,684</b>	355,684	<b>355,684</b>	355,684

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

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

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

- (i) Issue date: 27 October 2020
- (ii) Tenure of the facility/issue: 12 years from the issue date and callable seven (7) years after issue date
- (iii) Maturity date: 27 October 2032
- (iv) Interest rate/coupon: 3.80% per annum, payable semi-annually in arrears
- (v) Call date: 27 October 2027 and thereafter on every coupon payment date
- (vi) The Sub-MTNs constitute direct and unsecured obligations of the issuer, subordinated in right and priority of payment, to the extent and in the manner provided in the Sub-MTNs, ranking pari passu among themselves.
- (vii) In the event of winding up or liquidation of the issuer, be subordinated in right of payment to all deposit liabilities and other liabilities of the issuer, except in each case to those liabilities which by their terms rank equally in right of payment or which are subordinated to the Sub-MTNs.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 26. SUBORDINATED OBLIGATIONS (CONT'D)

(c) RM450 million Sub-MTNs

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

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

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

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

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

- (i) Issue date: 27 October 2020
- (ii) Tenure of the facility/issue: 15 years from the issue date and callable ten (10) years after issue date
- (iii) Maturity date: 26 October 2035
- (iv) Interest rate/coupon: 4.05% per annum, payable semi-annually in arrears
- (v) Call date: 28 October 2030 and thereafter on every coupon payment date
- (vi) The Sub-MTNs constitute direct and unsecured obligations of the issuer, subordinated in right and priority of payment, to the extent and in the manner provided in the Sub-MTNs, ranking pari passu among themselves.
- (vii) In the event of winding up or liquidation of the issuer, be subordinated in right of payment to all deposit liabilities and other liabilities of the issuer, except in each case to those liabilities which by their terms rank equally in right of payment or which are subordinated to the Sub-MTNs.

**26. SUBORDINATED OBLIGATIONS (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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At cost	-	150,000	-	150,000
Accumulated unaccreted discount	-	(43)	-	(112)
Interest accrued	-	3,699	-	3,699
	-	153,656	-	153,587

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

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

The main features of the capital securities are as follows:

- (i) Issue date: 8 November 2017
- (ii) Tenure of the facility/issue: Perpetual non-callable five (5) years
- (iii) Interest rate/coupon: 6.25% per annum, payable semi-annually in arrears
- (iv) Call date: 8 November 2022 and thereafter on every coupon payment date
- (v) The Capital Securities constitute direct and unsecured obligations of the issuer and are subordinated in right and priority of payment, to the extent and in the manner provided in the Capital Securities and the Transaction Documents, ranking pari passu among themselves.
- (vi) Upon the occurrence of any winding up proceeding, the amount payable on the Capital Securities will be subordinated in right of payment to all deposit liabilities and other liabilities of the issuer, except in each case to those liabilities which by their terms rank equally with or junior to the Capital Securities.

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



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 26. SUBORDINATED OBLIGATIONS (CONT'D)

(e) RM150 million AT1 Capital Securities

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

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

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

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

The main features of the capital securities are as follows:

- (i) Issue date: 30 June 2022
- (ii) Tenure of the facility/issue: Perpetual non-callable five (5) years
- (iii) Interest rate/coupon: 5.50% per annum
- (iv) Call date: 30 June 2027 and thereafter on every distribution payment date
- (v) The Capital Securities constitute direct and unsecured obligations of the issuer and are subordinated in right and priority of payment, to the extent and in the manner provided in the Capital Securities and the Transaction Documents, ranking pari passu among themselves.
- (vi) Upon the occurrence of any winding up proceeding, the amount payable on the Capital Securities will be subordinated in right of payment to all deposit liabilities and other liabilities of the issuer, except in each case to those liabilities which by their terms rank equally with or junior to the Capital Securities.

**26. SUBORDINATED OBLIGATIONS (CONT'D)**

## (f) RM100 million AT1 Capital Securities

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

	GROUP		BANK	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At cost	100,000	100,000	100,000	100,000
Interest accrued	391	391	391	391
	<b>100,391</b>	100,391	<b>100,391</b>	100,391

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

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

The main features of the capital securities are as follows:

- (i) Issue date: 8 March 2019
- (ii) Tenure of the facility/issue: Perpetual non-callable five (5) years
- (iii) Interest rate/coupon: 5.95% per annum, payable semi-annually
- (iv) Call date: 8 March 2024 and thereafter on every distribution payment date
- (v) The Capital Securities constitute direct and unsecured obligations of the issuer and are subordinated in right and priority of payment, to the extent and in the manner provided in the Capital Securities and the Transaction Documents, ranking pari passu among themselves.
- (vi) Upon the occurrence of any winding up proceeding, the amount payable on the Capital Securities will be subordinated in right of payment to all deposit liabilities and other liabilities of the issuer, except in each case to those liabilities which by their terms rank equally with or junior to the Capital Securities.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 26. SUBORDINATED OBLIGATIONS (CONT'D)

(g) RM100 million Additional Tier 1 Sukuk Wakalah

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

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

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

The main features of the capital securities are as follows:

- (i) Issue date: 29 March 2019
- (ii) Tenure of the facility/issue: Perpetual non-callable five (5) years
- (iii) Coupon rate: 5.95% per annum, payable semi-annually
- (iv) Call date: 29 March 2024 and thereafter on every distribution payment date
- (v) The AT1 Sukuk constitutes direct and unsecured obligations of the issuer and is subordinated to depositors, general creditors and other holders of subordinated debt of the issuer.
- (vi) Upon the 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	2023		2022	
	Number of ordinary shares '000	RM'000	Number of ordinary shares '000	RM'000
Ordinary shares issued and fully paid: At 1 April/31 March	<b>1,548,106</b>	1,548,106	<b>1,548,106</b>	1,548,106

## 28. RESERVES

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

Note:

- (a) Regulatory reserves represent the Group's and the Bank's compliance with BNM Revised Policy Documents in Financial Reporting and Financial Reporting for Islamic Banking Institutions effective 1 April 2018 whereby the Bank and its banking subsidiaries must maintain in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserves of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures.
- (b) Capital reserves are in respect of retained profits capitalised for a bonus issue by a subsidiary.
- (c) FVOCI reserves are the cumulative gains and losses arising on the revaluation of debt instruments measured at FVOCI, net off cumulative gains and losses transferred to statements of income upon disposal and the cumulative allowance for expected credit losses on these investments.
- (d) Hedging reserve arises from the cash flow hedge activities undertaken by the Group and the Bank on deposits and placements of banks and financial institutions.

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

## 29. INTEREST INCOME

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

Note:

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 30. INTEREST EXPENSE

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

### 31. NET INCOME FROM ISLAMIC BANKING BUSINESS

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

Note:

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

### 32. OTHER OPERATING INCOME

	GROUP		BANK	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
(a) <u>Fee and commission income:</u>				
Commissions	83,077	90,688	83,077	90,688
Service charges and fees	25,761	23,189	25,369	22,308
Corporate advisory fees	-	3,943	-	-
Underwriting commissions	-	1,121	-	-
Brokerage fees	5,483	33,971	-	-
Guarantee fees	13,978	13,425	13,952	13,398
Processing fees	5,177	11,650	4,717	6,701
Commitment fees	17,478	19,044	17,478	19,044
Cards related income	58,875	60,708	58,875	60,708
Other fee income	6,000	7,000	6,000	7,000
	<b>215,829</b>	<b>264,739</b>	<b>209,468</b>	<b>219,847</b>

## 32. OTHER OPERATING INCOME (CONTD)

	GROUP		BANK	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
(b) <u>Fee and commission expense:</u>				
Commissions expense	(1,831)	(2,212)	(1,831)	(2,212)
Service charges and fees expense	(2,029)	(1,820)	(2,029)	(1,820)
Brokerage fees expense	(2,555)	(13,921)	(72)	(61)
Guarantee fees expense	(15,722)	(17,244)	(15,722)	(17,244)
Cards related expense	(82,849)	(68,068)	(82,849)	(68,068)
	<b>(104,986)</b>	<b>(103,265)</b>	<b>(102,503)</b>	<b>(89,405)</b>
(c) <u>Investment income:</u>				
Realised gain arising from sale/redemption of:				
- Financial assets at fair value through profit or loss	9,580	4,529	5,977	4,149
- Financial investments at fair value through other comprehensive income	2,213	40,850	2,324	23,785
- Financial investments at amortised cost	1,482	-	1,482	-
- Derivative instruments	118,843	102,629	118,843	102,629
Marked-to-market revaluation gain/(loss):				
- Financial assets at fair value through profit or loss	17,889	26,987	17,889	22,828
- Derivative instruments	(38,583)	(128,934)	(33,930)	(128,934)
- Financial liabilities designated at fair value through profit or loss	(22,989)	110,171	(22,989)	110,171
Net (loss)/gain arising from hedging activities	(333)	333	(333)	333
Gross dividend income from:				
- Financial assets at fair value through profit or loss	2,301	1,377	1,940	796
- Subsidiaries	-	-	84,507	48,253
	<b>90,403</b>	<b>157,942</b>	<b>175,710</b>	<b>184,010</b>
(d) <u>Other income:</u>				
Foreign exchange gain	8,715	3,436	8,535	2,463
Rental income	86	154	1,411	1,996
Gain on disposal of property, plant and equipment	80	-	80	-
Others	26,770	25,494	22,512	24,951
	<b>35,651</b>	<b>29,084</b>	<b>32,538</b>	<b>29,410</b>
<b>Total other operating income</b>	<b>236,897</b>	<b>348,500</b>	<b>315,213</b>	<b>343,862</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 33. OTHER OPERATING EXPENSES

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

Included in the other operating expenses are the following:

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 36. TAXATION

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

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

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

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

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

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

### 37. EARNINGS PER SHARE

#### (a) Basic

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

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

#### (b) Diluted

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

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

### 38. DIVIDENDS

	Dividend recognised during the financial year			
	GROUP		BANK	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>First interim dividend</b>				
8.30 sen per share, on 1,548,105,929 ordinary shares, declared in financial year ended 31 March 2022, was paid on 30 December 2021 to the shareholders.	-	128,493	-	128,493
12.00 sen per share, on 1,548,105,929 ordinary shares, declared in financial year ended 31 March 2023, was paid on 28 December 2022 to the shareholders.	185,773	-	185,773	-

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 38. DIVIDENDS (CONT'D)

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

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

### 39. INTEREST RATE BENCHMARK REFORM

#### Financial instruments affected by Interest Rate Benchmark Reform

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

GROUP 2023	FCY LIBOR RM'000	KLIBOR RM'000	Total RM'000
<b>Notional amount</b>			
Loans, advances and financing	134,541	-	134,541
Derivative financial instruments	1,200,336	11,093,336	12,293,672
<b>BANK 2023</b>	<b>FCY LIBOR RM'000</b>	<b>KLIBOR RM'000</b>	<b>Total RM'000</b>
<b>Notional amount</b>			
Loans, advances and financing	134,541	-	134,541
Derivative financial instruments	1,200,336	11,391,336	12,591,672

## 39. INTEREST RATE BENCHMARK REFORM (CONT'D)

## Financial instruments affected by Interest Rate Benchmark Reform (cont'd)

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

## 40. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 40. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D)

Significant related party transactions and balances as follows:

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

## 40. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D)

Significant related party transactions and balances as follows: (cont'd)

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

Note:

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 40. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (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 are as follows:

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 41. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

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

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

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

- (i) Directors of the Bank and their close relatives;
- (ii) Controlling shareholder and his or her close relatives;
- (iii) Executive officer, being a member of management having authority and responsibility for planning, directing and/or controlling the activities of the Bank, and his or her close relatives;
- (iv) Officers who are responsible for or have the authority to appraise and/or approve credit transactions or review the status of existing credit transactions, either as a member of a committee or individually, and their close relatives;
- (v) Firms, partnerships, companies or any legal entities which control, or are controlled by any person listed in (i) to (iv) above, or in which they have an interest, as a director, partner, executive officer, agent or guarantor, and their subsidiaries or entities controlled by them;
- (vi) Any person for whom the persons listed in (i) to (iv) above is a guarantor; and
- (vii) Subsidiary of or an entity controlled by the Bank and its connected parties.

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

## 42. CEOs AND DIRECTORS' REMUNERATION

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

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

### 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 amounts of insurance effected for the Group and the Bank were at RM117,000 and RM111,000 (2022: RM109,000 and RM104,000) respectively.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

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



## 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 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
Wong Yuen Weng Ernest	-	-	-	113	26	-	139
Lee Ah Boon	-	-	-	380	95	-	475
Datuk Wan Azhar Bin Wan Ahmad	-	-	-	405	109	-	514
Tan Chian Khong	-	-	-	205	62	-	267
Susan Yuen Su Min	-	-	-	208	57	-	265
Lum Piew	-	-	-	155	54	-	209
Cheryl Khor Hui Peng	-	-	-	155	33	-	188
Datin Ooi Sweet 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 Directors:</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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

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

## 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
Wong Yuen Weng Ernest	-	-	-	113	26	-	139
Lee Ah Boon	-	-	-	200	74	-	274
Datuk Wan Azhar Bin Wan Ahmad	-	-	-	225	86	-	311
Tan Chian Khong	-	-	-	205	62	-	267
Susan Yuen Su Min	-	-	-	208	57	-	265
Lum Piew	-	-	-	155	54	-	209
Cheryl Khor Hui Peng	-	-	-	155	33	-	188
	-	-	-	1,751	514	29	2,294
<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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 43. FINANCIAL RISK MANAGEMENT POLICIES

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

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

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

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

#### (a) Credit Risk

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

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

## 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 2022	Financial,							Total RM'000
	Government and Central Bank RM'000	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	
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
<b>Total credit risk</b>	<b>9,353,664</b>	<b>10,828,917</b>	<b>2,385,456</b>	<b>20,084,471</b>	<b>3,548,581</b>	<b>27,621,430</b>	<b>947,740</b>	<b>74,770,259</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

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

## 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	Financial,							Total RM'000
	Government and Central Bank RM'000	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	
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
<b>Total credit risk</b>	6,842,284	8,761,431	1,748,515	14,886,561	2,851,885	20,832,231	858,346	56,781,253

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 43. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (a) Credit Risk (cont'd)

##### (iii) Collateral

The main types of collateral obtained by the Group and the Bank are as follows:

- Where property is provided as collateral, legal charge over the title;
- For hire purchase, ownership rights over the vehicles or equipment financed; and
- For other loans/financing, charges over business assets such as premises, financial/trade receivables, quoted shares, other financial instruments, or deposits.

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

##### (iv) Credit risk measurement

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

##### (a) Definition of significant increase in credit risk

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

The following events are taken into consideration during the assessment:

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

##### (b) Definition of credit impaired financial assets

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

##### Quantitative criteria:

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

#### 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)

###### 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)

AS AT 31 MARCH 2023

### 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 and loss given charge off), collateral type, and defaulted exposure relative to original exposure amount and months in default.

##### (d) Forward-looking information

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

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

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

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

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

The forward-looking estimates were adjusted as below:

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

#### 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)

AS AT 31 MARCH 2023

### 43. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (a) Credit Risk (cont'd)

##### (v) Credit quality

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

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

Other financial assets are categorised in the following manner:

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

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



## 43. FINANCIAL RISK MANAGEMENT POLICIES (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 2023	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<u>Cash and short-term funds</u> (exclude cash in hand)				
Investment graded	1,347,484	-	-	1,347,484
Non-investment graded	25	-	-	25
Sovereign/Government-backed	1,923,482	-	-	1,923,482
Unrated	184	-	-	184
Gross carrying amount	3,271,175	-	-	3,271,175
Expected credit losses	(111)	-	-	(111)
Net carrying amount	3,271,064	-	-	3,271,064
<u>Deposits and placements with</u> <u>banks and other financial institutions</u>				
Investment graded	88,553	-	-	88,553
Gross carrying amount	88,553	-	-	88,553
Expected credit losses	-	-	-	-
Net carrying amount	88,553	-	-	88,553
<u>Financial investments at fair value</u> <u>through other comprehensive income</u> (exclude equity securities)				
Investment graded	2,393,421	-	-	2,393,421
Sovereign/Government-backed	6,090,963	-	-	6,090,963
Gross carrying amount	8,484,384	-	-	8,484,384
Expected credit losses [Note]	(598)	-	-	(598)
<u>Financial investments at</u> <u>amortised cost</u>				
Sovereign/Government-backed	3,317,387	-	-	3,317,387
Unrated	81,174	-	-	81,174
Credit impaired	-	-	649	649
Gross carrying amount	3,398,561	-	649	3,399,210
Expected credit losses	(47)	-	(649)	(696)
Net carrying amount	3,398,514	-	-	3,398,514

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)

AS AT 31 MARCH 2023

### 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: (cont'd)

GROUP 2023	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<u>Loans, advances and financing</u>				
Low	28,847,865	1,552,831	-	30,400,696
Medium	10,667,673	1,450,105	-	12,117,778
High	1,344,856	1,475,728	-	2,820,584
Unrated	2,015,955	479,721	-	2,495,676
Credit impaired	-	-	1,232,773	1,232,773
Gross carrying amount	42,876,349	4,958,385	1,232,773	49,067,507
Expected credit losses	(171,832)	(523,852)	(571,790)	(1,267,474)
Net carrying amount	42,704,517	4,434,533	660,983	47,800,033
<u>Statutory deposit</u>				
Sovereign/Government-backed	979,601	-	-	979,601
Gross carrying amount	979,601	-	-	979,601
Expected credit losses	-	-	-	-
Net carrying amount	979,601	-	-	979,601
<u>Credit related commitments and contingencies</u>				
Low	11,958,679	477,741	-	12,436,420
Medium	2,610,264	521,880	-	3,132,144
High	247,989	35,802	-	283,791
Unrated	1,134,144	3,308	-	1,137,452
Credit impaired	-	-	38,680	38,680
Gross carrying amount	15,951,076	1,038,731	38,680	17,028,487
Expected credit losses	(5,005)	(22,447)	(1,849)	(29,301)
<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		505,725	43,467	549,192
Expected credit losses		-	(43,467)	(43,467)
Net carrying amount		505,725	-	505,725

## 43. FINANCIAL RISK MANAGEMENT POLICIES (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>Cash and short-term funds</u> (exclude cash in hand)				
Investment graded	477,553	-	-	477,553
Non-investment graded	31	-	-	31
Sovereign/Government-backed	2,472,855	-	-	2,472,855
Unrated	5,333	-	-	5,333
Gross carrying amount	2,955,772	-	-	2,955,772
Expected credit losses	(8)	-	-	(8)
Net carrying amount	2,955,764	-	-	2,955,764
<u>Deposits and placements with 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 through other comprehensive income (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 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)

AS AT 31 MARCH 2023

### 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)
<u>Simplified Approach</u>				
	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
<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)

BANK 2023	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<u>Cash and short-term funds</u> (exclude cash in hand)				
Investment graded	1,677,342	-	-	1,677,342
Non-investment graded	25	-	-	25
Sovereign/Government-backed	448,736	-	-	448,736
Gross carrying amount	2,126,103	-	-	2,126,103
Expected credit losses	(111)	-	-	(111)
Net carrying amount	2,125,992	-	-	2,125,992
<u>Deposits and placements with</u> <u>banks and other financial institutions</u>				
Investment graded	88,553	-	-	88,553
Gross carrying amount	88,553	-	-	88,553
Expected credit losses	-	-	-	-
Net carrying amount	88,553	-	-	88,553
<u>Financial investments at fair value</u> <u>through other comprehensive income</u> (exclude equity securities)				
Investment graded	1,545,098	-	-	1,545,098
Sovereign/Government-backed	4,637,404	-	-	4,637,404
Gross carrying amount	6,182,502	-	-	6,182,502
Expected credit losses [Note]	(407)	-	-	(407)
<u>Financial investments at</u> <u>amortised cost</u>				
Investment graded	335,783	-	-	335,783
Sovereign/Government-backed	2,720,608	-	-	2,720,608
Unrated	81,174	-	-	81,174
Credit impaired	-	-	426	426
Gross carrying amount	3,137,565	-	426	3,137,991
Expected credit losses	(676)	-	(426)	(1,102)
Net carrying amount	3,136,889	-	-	3,136,889

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)

AS AT 31 MARCH 2023

### 43. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (a) Credit Risk (cont'd)

##### (v) Credit quality (cont'd)

BANK 2023	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<u>Loans, advances and financing</u>				
Low	22,196,048	1,058,096	-	23,254,144
Medium	7,544,210	1,140,187	-	8,684,397
High	877,367	995,077	-	1,872,444
Unrated	1,586,097	243,860	-	1,829,957
Credit impaired	-	-	879,717	879,717
Gross carrying amount	32,203,722	3,437,220	879,717	36,520,659
Expected credit losses	(105,782)	(302,859)	(440,987)	(849,628)
Net carrying amount	32,097,940	3,134,361	438,730	35,671,031
<u>Statutory deposit</u>				
Sovereign/Government-backed	728,111	-	-	728,111
Gross carrying amount	728,111	-	-	728,111
Expected credit losses	-	-	-	-
Net carrying amount	728,111	-	-	728,111
<u>Credit related commitments and contingencies</u>				
Low	9,819,650	416,958	-	10,236,608
Medium	1,900,239	417,750	-	2,317,989
High	195,067	31,026	-	226,093
Unrated	1,009,484	3,308	-	1,012,792
Credit impaired	-	-	38,096	38,096
Gross carrying amount	12,924,440	869,042	38,096	13,831,578
Expected credit losses	(4,296)	(20,290)	(1,629)	(26,215)
<b>Simplified Approach</b>				
<u>Other assets (exclude prepayment)</u>				
Gross carrying amount		653,625	38,725	692,350
Expected credit losses		-	(38,725)	(38,725)
Net carrying amount		653,625	-	653,625

## 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> (exclude cash in hand)				
Investment graded	477,553	-	-	477,553
Non-investment graded	31	-	-	31
Sovereign/Government-backed	1,055,016	-	-	1,055,016
Gross carrying amount	1,532,600	-	-	1,532,600
Expected credit losses	(8)	-	-	(8)
Net carrying amount	1,532,592	-	-	1,532,592
<u>Deposits and placements with banks</u> <u>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</u> <u>income (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)

AS AT 31 MARCH 2023

### 43. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (a) Credit Risk (cont'd)

##### (v) Credit quality (cont'd)

<b>BANK 2022</b>	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<u>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)
<b>Simplified Approach</b>				
<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)

## (vi) Sensitivity test

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 43. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (a) Credit Risk (cont'd)

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

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

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

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

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

#### (b) Market Risk

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

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

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

#### Market Risk Factors

##### (i) Interest rate/profit rate risk

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

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

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

## 43. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

## (b) Market Risk (cont'd)

## Market Risk Factors (cont'd)

## (i) Interest rate/profit rate risk (cont'd)

GROUP 2023	← Non-trading book					Non- interest/ profit sensitive*		Trading book RM'000	Total RM'000
	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non- interest/ profit sensitive* RM'000		
<b>Assets</b>									
Cash and short-term funds	2,962,412	-	-	-	-	-	608,244	-	3,570,656
Deposits and placements with banks and other financial institutions	-	88,553	-	-	-	-	-	-	88,553
Financial assets at fair value through profit or loss	-	-	-	-	-	-	257,206	7,992	265,198
Financial investments at fair value through other comprehensive income	96,691	182,254	222,507	223,484	3,734,582	4,024,866	14	-	8,484,398
Financial investments at amortised cost	-	30,383	105,800	338,601	1,860,842	1,062,935	(47)	-	3,398,514
Derivative financial assets	-	-	-	-	-	-	-	221,141	221,141
Loans, advances and financing	40,685,476	1,761,717	699,326	109,175	2,606,481	1,993,018	70,810	-	47,926,003
Other financial assets**	-	-	-	-	22,385	15,338	1,447,603	-	1,485,326
<b>Total financial assets</b>	<b>43,744,579</b>	<b>2,062,907</b>	<b>1,027,633</b>	<b>671,260</b>	<b>8,224,290</b>	<b>7,096,157</b>	<b>2,383,830</b>	<b>229,133</b>	<b>65,439,789</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

## 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						Over 5 years RM'000	Non-interest/ profit sensitive* RM'000	Trading book RM'000	Total RM'000
	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	>5 years RM'000				
<b>Liabilities</b>										
Deposits from customers of banks and other financial institutions	16,879,527	6,876,487	5,810,120	6,770,360	14,512,536	-	-	-	50,849,030	
Financial liabilities designated at fair value through profit or loss	305,123	104,188	5,704	11,705	598,222	694,342	-	-	1,719,284	
Obligation on securities sold under repurchase agreements	527,564	1,012,804	127,867	144,169	101,276	-	-	(128,523)	1,785,157	
Derivative financial liabilities	290,947	384,693	-	-	-	-	-	-	675,640	
Recourse obligations on loans and financing sold to Cagamas	-	-	-	221,351	100,133	-	-	-	321,484	
Lease liabilities	2,632	4,865	6,180	6,552	41,564	51,458	-	-	113,251	
Subordinated obligations	-	-	-	200,335	913,378	457,789	-	-	1,571,502	
Other financial liabilities	248,061	571	107	-	21,392	243,828	1,480,385	-	1,994,344	
<b>Total financial liabilities</b>	<b>18,253,854</b>	<b>8,383,608</b>	<b>5,949,978</b>	<b>7,354,472</b>	<b>16,288,501</b>	<b>1,447,417</b>	<b>1,480,385</b>	<b>237,617</b>	<b>59,395,832</b>	
On-balance sheet interest sensitivity gap	25,490,725	(6,320,701)	(4,922,345)	(6,683,212)	(8,064,211)	5,648,740	903,445	(8,484)	6,043,957	

## Note:

\* Included impaired loans/financing and ECL.

\*\* Included statutory deposit and other assets.

## 43. FINANCIAL RISK MANAGEMENT POLICIES (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-trading book →		Trading book RM'000	Total RM'000
	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non- interest/ profit sensitive* RM'000		
<b>Assets</b>									
Cash and short-term funds	2,615,273	-	-	-	-	-	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
<b>Total financial assets</b>	<b>41,463,514</b>	<b>1,976,210</b>	<b>675,424</b>	<b>728,199</b>	<b>7,531,022</b>	<b>6,953,184</b>	<b>1,271,838</b>	<b>382,067</b>	<b>60,981,458</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

## 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						Over 5 years RM'000	Non- interest/ profit sensitive* RM'000	Trading book RM'000	Total RM'000
	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	>5 years RM'000				
<b>Liabilities</b>										
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	
<b>Total financial liabilities</b>	<b>18,051,645</b>	<b>6,072,546</b>	<b>4,892,637</b>	<b>5,290,669</b>	<b>16,927,880</b>	<b>2,119,036</b>	<b>1,620,777</b>	<b>212,588</b>	<b>55,187,778</b>	
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)

BANK 2023	Non-trading book							Non- interest/ profit sensitive* RM'000	Trading book RM'000	Total RM'000
	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000				
<b>Assets</b>										
Cash and short-term funds	1,857,381	-	-	-	-	-	568,203	-	2,425,584	
Deposits and placements with banks and other financial institutions	-	88,553	-	-	-	-	-	-	88,553	
Financial assets at fair value through profit or loss	-	-	-	-	-	-	257,206	7,992	265,198	
Financial investments at fair value through other comprehensive income	96,691	141,566	75,515	197,959	2,430,796	3,239,975	14	-	6,182,516	
Financial investments at amortised cost	-	-	105,800	318,185	2,009,624	703,956	(676)	-	3,136,889	
Derivative financial assets	-	-	-	-	-	-	-	223,637	223,637	
Loans, advances and financing	30,827,338	1,300,426	495,974	84,058	1,929,327	1,023,472	130,168	-	35,790,763	
Other financial assets**	-	-	-	-	48,616	14,766	1,318,354	-	1,381,736	
<b>Total financial assets</b>	<b>32,781,410</b>	<b>1,530,545</b>	<b>677,289</b>	<b>600,202</b>	<b>6,418,363</b>	<b>4,982,169</b>	<b>2,273,269</b>	<b>231,629</b>	<b>49,494,876</b>	

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

## 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 2023	Non-trading book						Non- interest/ profit sensitive* RM'000	Trading book RM'000	Total RM'000
	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000			
<b>Liabilities</b>									
Deposits from customers	12,396,981	5,065,745	3,860,862	4,458,201	11,114,564	-	-	-	36,896,353
Deposits and placements of banks and other financial institutions	304,314	100,141	1,307	6,353	576,404	547,683	-	-	1,536,202
Financial liabilities designated at fair value through profit or loss	527,564	1,012,805	127,867	144,169	101,276	-	-	(128,524)	1,785,157
Obligation on securities sold under repurchase agreements	290,947	384,693	-	-	-	-	-	-	675,640
Derivative financial liabilities	-	-	-	-	-	-	-	366,165	366,165
Recourse obligations on loans and financing sold to Cagamas	-	-	-	221,352	-	-	-	-	221,352
Lease liabilities	2,632	4,865	6,180	6,552	41,564	51,458	-	-	113,251
Subordinated obligations	-	-	-	100,391	913,072	457,789	-	-	1,471,252
Other financial liabilities	248,061	564	80	-	49,648	204,488	1,351,987	-	1,854,828
<b>Total financial liabilities</b>	<b>13,770,499</b>	<b>6,568,813</b>	<b>3,996,296</b>	<b>4,937,018</b>	<b>12,796,528</b>	<b>1,261,418</b>	<b>1,351,987</b>	<b>237,641</b>	<b>44,920,200</b>
On-balance sheet interest sensitivity gap	<b>19,010,911</b>	<b>(5,038,268)</b>	<b>(3,319,007)</b>	<b>(4,336,816)</b>	<b>(6,378,165)</b>	<b>3,720,751</b>	<b>921,282</b>	<b>(6,012)</b>	<b>4,574,676</b>

## Note:

\* Included impaired loans/financing and ECL.

\*\* 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	Non-trading book							Total RM'000	
	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non- interest/ profit sensitive* RM'000		Trading book RM'000
<b>Assets</b>									
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
<b>Total financial assets</b>	<b>30,552,557</b>	<b>1,493,156</b>	<b>655,512</b>	<b>575,250</b>	<b>5,820,143</b>	<b>5,074,404</b>	<b>1,126,333</b>	<b>382,067</b>	<b>45,679,422</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

## 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	Non-trading book						Non- interest/ profit sensitive* RM'000	Trading book RM'000	Total RM'000
	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000			
<b>Liabilities</b>									
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
<b>Total financial liabilities</b>	<b>13,613,292</b>	<b>3,856,561</b>	<b>3,512,567</b>	<b>4,143,855</b>	<b>13,017,357</b>	<b>1,941,198</b>	<b>1,238,781</b>	<b>212,588</b>	<b>41,536,199</b>
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 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 the Management and the Board.

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 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 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
<b>Assets</b>							
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
<b>Total financial assets</b>	<b>1,114,393</b>	<b>995</b>	<b>1,387</b>	<b>2,656</b>	<b>3,308</b>	<b>6,238</b>	<b>1,128,977</b>
<b>Liabilities</b>							
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
<b>Total financial liabilities</b>	<b>922,531</b>	<b>80,427</b>	<b>47,830</b>	<b>126,424</b>	<b>144,361</b>	<b>53,275</b>	<b>1,374,848</b>
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
<b>Net open position</b>	<b>29,320</b>	<b>252</b>	<b>11,633</b>	<b>(26,823)</b>	<b>(33,543)</b>	<b>10,035</b>	<b>(9,126)</b>

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



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

## 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
<b>Assets</b>							
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
<b>Total financial assets</b>	<b>1,113,714</b>	<b>995</b>	<b>1,387</b>	<b>2,634</b>	<b>3,283</b>	<b>5,876</b>	<b>1,127,889</b>
<b>Liabilities</b>							
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
<b>Total financial liabilities</b>	<b>921,671</b>	<b>80,370</b>	<b>47,830</b>	<b>126,421</b>	<b>144,344</b>	<b>52,992</b>	<b>1,373,628</b>
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
<b>Net open position</b>	<b>29,501</b>	<b>309</b>	<b>11,633</b>	<b>(26,842)</b>	<b>(33,551)</b>	<b>9,956</b>	<b>(8,994)</b>

## 43. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

## (b) Market Risk (cont'd)

## Market Risk Measures

## (i) Value at risk ("VaR")

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

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

<b>GROUP 2023</b>	<b>Balance RM'000</b>	<b>Average for the year RM'000</b>	<b>Minimum RM'000</b>	<b>Maximum RM'000</b>
Foreign exchange ("FX") related derivatives	(391)	(637)	(180)	(1,710)
Government securities	(32,260)	(33,777)	(32,177)	(35,927)
Private debt securities	(7,884)	(7,109)	(6,592)	(7,884)
<b>2022</b>				
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)
<b>BANK 2023</b>				
FX related derivatives	(391)	(637)	(180)	(1,710)
Government securities	(26,156)	(27,171)	(25,869)	(29,101)
Private debt securities	(5,190)	(4,658)	(4,321)	(5,190)
<b>2022</b>				
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)

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 43. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (b) Market Risk (cont'd)

##### Market Risk Measures (cont'd)

##### (ii) Interest/profit rate risk sensitivity

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

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

Impact on equity represents the changes in fair value of financial investment at fair value through other comprehensive income portfolio arising from shifts in interest/profit rate.

	2023 GROUP		2023 BANK	
	- 200 bps Increase/(Decrease) RM'000	+ 200 bps Increase/(Decrease) RM'000	- 200 bps Increase/(Decrease) RM'000	+ 200 bps Increase/(Decrease) RM'000
Impact on net profit after tax	(217,376)	217,376	(173,681)	173,681
Impact on equity	497,035	(421,648)	356,429	(283,930)

	2022 GROUP		2022 BANK	
	- 200 bps Increase/(Decrease) RM'000	+ 200 bps Increase/(Decrease) RM'000	- 200 bps Increase/(Decrease) RM'000	+ 200 bps Increase/(Decrease) 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)

#### 43. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (b) Market Risk (cont'd)

###### Market Risk Measures (cont'd)

##### (iii) Other risk measures

###### (i) Stress test

Stress testing is normally used by banks to gauge their potential vulnerability to exceptional but plausible events. The Group performs stress testing regularly to measure and alert the Board and the Management on the effects of potential political, economic or other disruptive events on our exposures. The Group's stress testing process is governed by the Stress Testing Policy as approved by the Board. Stress testing is conducted on a bank-wide basis as well as on specific portfolios. The Group's bank-wide stress testing exercise uses a variety of broad macroeconomic indicators that are then translated into stress impacts on the various business units. The results are then consolidated to provide an overall impact on the Group's financial results and capital requirements. Stress testing results are reported to the Board and the Management to provide them with an assessment of the financial impact that such events would have on the Group's profitability and capital levels.

###### (ii) Sensitivity analysis

Sensitivity analysis is used to measure the impact of changes in individual stress factors such as interest/profit rates or foreign exchange rates. It is normally designed to isolate and quantify exposure to the underlying risk. The Group and the Bank perform sensitivity analysis such as parallel shifts of interest/profit rates on its exposures, primarily on the banking and trading book positions.

##### (c) Liquidity Risk

Liquidity risk is the inability of the Group and the Bank to meet financial commitments when due.

The Group's and the Bank's liquidity risk profile is managed using liquidity risk management strategies set in the Liquidity Risk Management Policy. Liquidity Risk Measures are monitored against approved thresholds by GALCO and Group Risk Management Committee ("GRMC"). A contingency funding plan is also established by the Group and the Bank as a forward-looking measure to ensure that liquidity risk can be addressed according to the degrees of key risk indicators, and which incorporates alternative funding strategies which are ready to be implemented on a timely basis to mitigate the impact of unforeseen adverse changes in liquidity in the market place.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 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 the on-balance sheet assets and liabilities are important factors in assessing the liquidity of the Group and the Bank. The table below provides an analysis of assets and liabilities into relevant maturity terms based on remaining contractual maturities:

GROUP 2023	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1 year RM'000	No specific maturity RM'000	Total RM'000
<b>Assets</b>							
Cash and short-term funds	3,570,656	-	-	-	-	-	3,570,656
Deposits and placements with banks and other financial institutions	-	88,553	-	-	-	-	88,553
Financial assets at fair value through profit or loss	-	83	-	1,404	6,505	257,206	265,198
Financial investments at fair value through other comprehensive income	120,174	221,264	239,478	220,814	7,682,654	14	8,484,398
Financial investments at amortised cost	14,441	39,465	31,384	334,127	2,979,097	-	3,398,514
Loans, advances and financing	7,911,689	2,212,905	931,944	260,986	36,608,479	-	47,926,003
Other financial and non-financial assets	581,355	29,728	34,625	38,423	100,505	1,792,550	2,577,186
<b>Total assets</b>	<b>12,198,315</b>	<b>2,591,998</b>	<b>1,237,431</b>	<b>855,754</b>	<b>47,377,240</b>	<b>2,049,770</b>	<b>66,310,508</b>
<b>Liabilities</b>							
Deposits from customers	31,085,328	6,876,487	5,810,119	6,770,360	306,736	-	50,849,030
Deposits and placements of banks and other financial institutions	305,123	104,188	5,704	11,705	1,292,564	-	1,719,284
Financial liabilities designated at fair value through profit or loss	7,206	40,366	109,073	129,365	1,499,147	-	1,785,157
Obligation on securities sold under repurchase agreements	290,947	384,693	-	-	-	-	675,640
Recourse obligations on loans and financing sold to Cagamas	-	1,476	-	220,003	100,005	-	321,484
Lease liabilities	2,632	4,865	6,180	6,552	93,022	-	113,251
Subordinated obligations	19,628	2,079	440	199,801	1,349,554	-	1,571,502
Other financial and non-financial liabilities	1,437,444	50,721	185,935	29,886	824,525	-	2,528,511
<b>Total liabilities</b>	<b>33,148,308</b>	<b>7,464,875</b>	<b>6,117,451</b>	<b>7,367,672</b>	<b>5,465,553</b>	<b>-</b>	<b>59,563,859</b>
<b>Net maturity mismatch</b>	<b>(20,949,993)</b>	<b>(4,872,877)</b>	<b>(4,880,020)</b>	<b>(6,511,918)</b>	<b>41,911,687</b>	<b>2,049,770</b>	<b>6,746,649</b>

## 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 the on-balance sheet assets and liabilities are important factors in assessing the liquidity of the Group and the Bank. The table below provides an analysis of assets and liabilities into relevant maturity terms based on remaining contractual maturities: (cont'd)

GROUP 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
<b>Assets</b>							
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
<b>Total assets</b>	<b>11,601,535</b>	<b>2,541,485</b>	<b>909,109</b>	<b>846,118</b>	<b>44,778,439</b>	<b>1,171,167</b>	<b>61,847,853</b>
<b>Liabilities</b>							
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
<b>Total liabilities</b>	<b>34,404,824</b>	<b>6,170,069</b>	<b>5,123,134</b>	<b>5,408,449</b>	<b>4,317,334</b>	<b>7,367</b>	<b>55,431,177</b>
<b>Net maturity mismatch</b>	<b>(22,803,289)</b>	<b>(3,628,584)</b>	<b>(4,214,025)</b>	<b>(4,562,331)</b>	<b>40,461,105</b>	<b>1,163,800</b>	<b>6,416,676</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 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 the on-balance sheet assets and liabilities are important factors in assessing the liquidity of the Group and the Bank. The table below provides an analysis of assets and liabilities into relevant maturity terms based on remaining contractual maturities: (cont'd)

BANK 2023	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1 year RM'000	No specific maturity RM'000	Total RM'000
<b>Assets</b>							
Cash and short-term funds	2,425,584	-	-	-	-	-	2,425,584
Deposits and placements of banks and other financial institutions	-	88,553	-	-	-	-	88,553
Financial assets at fair value through profit or loss	-	83	-	1,404	6,505	257,206	265,198
Financial investments at fair value through other comprehensive income	113,462	171,484	87,488	195,654	5,614,414	14	6,182,516
Financial investments at amortised cost	13,856	7,962	29,885	313,993	2,771,193	-	3,136,889
Loans, advances and financing Other financial and non-financial assets	5,895,265	1,709,825	703,621	227,261	27,254,791	-	35,790,763
	699,480	28,327	32,949	17,137	128,849	2,264,841	3,171,583
<b>Total assets</b>	<b>9,147,647</b>	<b>2,006,234</b>	<b>853,943</b>	<b>755,449</b>	<b>35,775,752</b>	<b>2,522,061</b>	<b>51,061,086</b>
<b>Liabilities</b>							
Deposits from customers	23,462,259	5,065,745	3,860,862	4,458,201	49,286	-	36,896,353
Deposits and placements of banks and other financial institutions	304,314	100,141	1,307	6,353	1,124,087	-	1,536,202
Financial liabilities designated at fair value through profit or loss	7,206	40,366	109,073	129,365	1,499,147	-	1,785,157
Obligation on securities sold under repurchase agreements	290,947	384,693	-	-	-	-	675,640
Recourse obligations on loans and financing sold to Cagamas	-	1,348	-	220,004	-	-	221,352
Lease liabilities	2,632	4,865	6,181	6,552	93,021	-	113,251
Subordinated obligations	19,628	2,079	391	100,000	1,349,154	-	1,471,252
Other financial and non-financial liabilities	1,374,130	50,467	167,720	26,938	758,582	-	2,377,837
<b>Total liabilities</b>	<b>25,461,116</b>	<b>5,649,704</b>	<b>4,145,534</b>	<b>4,947,413</b>	<b>4,873,277</b>	<b>-</b>	<b>45,077,044</b>
<b>Net maturity mismatch</b>	<b>(16,313,469)</b>	<b>(3,643,470)</b>	<b>(3,291,591)</b>	<b>(4,191,964)</b>	<b>30,902,475</b>	<b>2,522,061</b>	<b>5,984,042</b>



## 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 the on-balance sheet assets and liabilities are important factors in assessing the liquidity of the Group and the Bank. The table below provides an analysis of assets and liabilities into relevant maturity terms based on remaining contractual maturities: (cont'd)

BANK 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
<b>Assets</b>							
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 Other financial and non-financial assets	5,515,188	1,522,015	622,922	172,551	25,775,521	-	33,608,197
	454,988	12,750	13,489	14,063	108,711	1,836,700	2,440,701
<b>Total assets</b>	<b>7,836,528</b>	<b>1,921,969</b>	<b>851,922</b>	<b>688,126</b>	<b>34,167,054</b>	<b>2,008,201</b>	<b>47,473,800</b>
<b>Liabilities</b>							
Deposits from customers	24,689,510	3,899,855	3,383,360	3,501,660	56,883	-	35,531,268
Deposits and placements of bank 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
<b>Total liabilities</b>	<b>25,960,915</b>	<b>3,940,634</b>	<b>3,699,691</b>	<b>4,250,816</b>	<b>3,884,404</b>	<b>-</b>	<b>41,736,460</b>
<b>Net maturity mismatch</b>	<b>(18,124,387)</b>	<b>(2,018,665)</b>	<b>(2,847,769)</b>	<b>(3,562,690)</b>	<b>30,282,650</b>	<b>2,008,201</b>	<b>5,737,340</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

## 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 2023	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
<b>Non derivative financial liabilities</b>								
Deposits from customers	31,100,210	6,924,043	5,894,846	6,946,189	261,025	-	-	51,126,313
Deposits and placements of banks and other financial institutions	647,700	104,606	5,683	11,662	598,150	694,343	-	2,062,144
Financial liabilities designated at fair value through profit or loss	12,765	65,843	149,095	195,015	1,663,192	44,641	-	2,130,551
Obligation on securities sold under repurchase agreements	-	675,640	-	-	-	-	-	675,640
Recourse obligations on loans and financing sold to Cagamas	-	3,139	3,210	224,260	105,240	-	-	335,849
Lease liabilities	3,071	5,709	7,363	8,727	53,494	54,850	-	133,214
Subordinated obligations	22,900	4,114	5,999	232,874	1,083,088	504,775	-	1,853,750
Other financial liabilities	1,292,714	1,073	143,684	-	37,365	-	-	1,474,836
	33,079,360	7,784,167	6,209,880	7,618,727	3,801,554	1,298,609	-	59,792,297
<u>Items not recognised in the statements of financial position</u>								
Financial guarantees	25,676	89,452	98,159	178,821	95,761	521	-	488,390
Credit related commitments and contingencies	12,464,987	96,538	81,409	122,831	3,522,171	252,161	-	16,540,097
	12,490,663	185,990	179,568	301,652	3,617,932	252,682	-	17,028,487
<b>Derivatives financial liabilities</b>								
<u>Derivatives settled on a net basis</u>								
Interest rate derivatives and equity option	16	59	11,951	23,794	41,616	1,649	-	79,085
Net (inflow)/outflow	16	59	11,951	23,794	41,616	1,649	-	79,085
<u>Derivatives settled on a gross basis</u>								
Outflow	65,958	35,550	24,585	7,787	21,073	3,772	-	158,725
Inflow	(73,362)	(20,437)	(2,578)	(6,113)	(21,974)	(1,166)	-	(125,630)
	(7,404)	15,113	22,007	1,674	(901)	2,606	-	33,095

## 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 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
<b>Non derivative financial liabilities</b>								
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
<u>Items not recognised in the statements of financial position</u>								
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
<b>Derivatives financial liabilities</b>								
<u>Derivatives settled on a net basis</u>								
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)
<u>Derivatives settled on a gross basis</u>								
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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

## 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 2023	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
<b>Non derivative financial liabilities</b>								
Deposits from customers	23,472,720	5,097,547	3,916,331	4,564,462	49,997	-	-	37,101,057
Deposits and placements of banks and other financial institutions	304,537	100,573	1,303	6,330	576,375	547,683	-	1,536,801
Financial liabilities designated at fair value through profit or loss	12,765	65,843	149,095	195,015	1,663,192	44,641	-	2,130,551
Obligation on securities sold under repurchase agreements	-	-	675,640	-	-	-	-	675,640
Recourse obligations on loans and financing sold to Cagamas	-	2,092	2,163	222,166	-	-	-	226,421
Lease liabilities	3,071	5,709	7,363	8,727	53,494	54,850	-	133,214
Subordinated obligations	22,900	4,114	2,999	130,106	1,083,088	504,775	-	1,747,982
Other financial liabilities	1,242,044	1,023	126,066	-	37,340	-	-	1,406,473
	25,058,037	5,276,901	4,880,960	5,126,806	3,463,486	1,151,949	-	44,958,139
<b>Items not recognised in the statements of financial position</b>								
Financial guarantees	19,102	75,479	84,401	145,292	81,911	521	-	406,706
Credit related commitments and contingencies	9,942,912	73,587	78,081	115,118	2,978,552	236,622	-	13,424,872
	9,962,014	149,066	162,482	260,410	3,060,463	237,143	-	13,831,578
<b>Derivatives financial liabilities</b>								
Derivatives settled on a net basis	16	59	11,951	23,794	41,616	1,649	-	79,085
Interest rate derivatives and equity option	16	59	11,951	23,794	41,616	1,649	-	79,085
Net (inflow)/outflow								
Derivatives settled on a gross basis	65,958	35,550	24,585	7,787	21,073	3,772	-	158,725
Outflow	(73,362)	(20,437)	(2,578)	(6,113)	(21,974)	(1,166)	-	(125,630)
Inflow	(7,404)	15,113	22,007	1,674	(901)	2,606	-	33,095

## 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
<b>Non derivative financial liabilities</b>								
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
<b>Items not recognised in the statements of financial position</b>								
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
<b>Derivatives financial liabilities</b>								
<b>Derivatives settled on a net basis</b>								
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)
<b>Derivatives settled on a gross basis</b>								
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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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### 43. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (d) Operational and Shariah Non-Compliance Risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. The definition of operational risk includes legal risk, but excludes strategic and reputational risk. Operational risk includes Shariah non-compliance risk which arises from the Group's failure to comply with the Shariah rules and principles determined by the relevant Shariah advisory councils.

Group Operational Risk of Group Risk Management formulates and implements operational risk framework within the Group while the line of businesses in conjunction with the Risk and Compliance Officers are responsible for the management of their day-to-day operational and Shariah non-compliance risks.

Operational and Shariah non-compliance risk management is a continual cyclic process which includes risk identification, assessment, control, mitigation and monitoring. This includes analysing the risk profile of the Group, determining control gaps, assessing potential loss and enhancing controls to mitigate the risks.

The main activities undertaken by the Group and the Bank in managing operational and Shariah non-compliance risks include the identification of risks and controls, monitoring of key risk indicators, reviews of policies and procedures, operational risk and Shariah non-compliance risk awareness training, and business continuity management.

The Group and the Bank apply the Basic Indicator Approach for operational risk capital charge computation.

### 44. CAPITAL COMMITMENTS

	GROUP		BANK	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Capital expenditure:				
Authorised and contracted for	22,499	14,281	22,032	13,789
Authorised but not contracted for	94,120	34,392	94,046	33,294
	<b>116,619</b>	48,673	<b>116,078</b>	47,083

The capital commitments mainly consist of computer software and property, plant and equipment.

#### 45. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

The off-balance sheet notional exposures of the Group and the Bank are as follows:

	GROUP		BANK	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<u>Credit-related exposures</u>				
Direct credit substitutes [Note (a)]	488,308	498,689	406,699	428,454
Transaction-related contingent items [Note (a)]	666,236	561,778	592,687	499,745
Short-term self-liquidating trade-related contingencies	138,542	211,549	120,783	192,299
Forward assets purchase	241,988	-	226,988	-
Irrevocable commitments to extend credit:				
- maturity exceeding one year	3,162,549	1,747,771	2,665,690	1,462,876
- maturity not exceeding one year	10,812,148	10,049,097	8,300,015	7,732,786
Unutilised credit card lines	1,518,716	1,333,057	1,518,716	1,333,057
	<b>17,028,487</b>	<b>14,401,941</b>	<b>13,831,578</b>	<b>11,649,217</b>
<u>Derivative financial instruments [Note (b)]</u>				
Foreign exchange related contracts:				
- one year or less	15,710,254	10,370,880	15,710,254	10,370,880
- over one year to three years	951,319	917,134	951,319	917,134
- over three years	381,600	257,757	381,600	257,757
Interest rate related contracts:				
- one year or less	2,312,715	2,158,436	2,312,715	2,158,436
- over one year to three years	2,532,107	3,307,815	2,532,107	3,307,815
- over three years	6,849,073	1,948,660	7,147,073	1,948,660
Equity related contracts:				
- one year or less	340,226	332,492	340,226	332,492
- over one year to three years	118,690	216,080	118,690	216,080
	<b>29,195,984</b>	<b>19,509,254</b>	<b>29,493,984</b>	<b>19,509,254</b>
	<b>46,224,471</b>	<b>33,911,195</b>	<b>43,325,562</b>	<b>31,158,471</b>

#### Note:

- (a) Included in direct credit substitutes and transaction-related contingent items are financial guarantee contracts of RM488,390,000 and RM406,706,000 (2022: RM498,532,000 and RM428,401,000) for the Group and the Bank respectively, of which the fair value at the time of issuance is RM Nil.
- (b) These derivatives are valued on gross position basis and the unrealised gains or losses have been reflected in the statements of income and statements of financial position as derivatives financial assets and derivatives financial liabilities. The fair value of derivatives are disclosed under Note 9.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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### 46. CAPITAL ADEQUACY

BNM's Transitional Arrangements for Regulatory Capital Treatment of Accounting Provisions took effect on 9 December 2020. This allows the Group and the Bank to add back a portion of Stage 1 ("S1") and Stage 2 ("S2") provisions with an "add-back factor" to the Common Equity Tier I ("CET I") capital from Financial Year 2021 to Financial Year 2024. The Group and the Bank have sufficient capital under both conditions with or without the Transitional Arrangement.

The capital adequacy ratios with and without transitional arrangements for the Group and the Bank are as follows:

	GROUP		BANK	
	2023	2022	2023	2022
(i) With transitional arrangements				
<u>Before deducting proposed dividends</u>				
CET I capital ratio	<b>14.868%</b>	16.372%	<b>14.608%</b>	15.614%
Tier I capital ratio	<b>15.714%</b>	17.287%	<b>15.410%</b>	16.489%
Total capital ratio	<b>19.748%</b>	21.401%	<b>19.970%</b>	21.134%
<u>After deducting proposed dividends</u>				
CET I capital ratio	<b>14.494%</b>	15.959%	<b>14.111%</b>	15.061%
Tier I capital ratio	<b>15.340%</b>	16.874%	<b>14.913%</b>	15.936%
Total capital ratio	<b>19.374%</b>	20.988%	<b>19.473%</b>	20.581%
(ii) Without transitional arrangements				
<u>Before deducting proposed dividends</u>				
CET I capital ratio	<b>14.145%</b>	14.993%	<b>14.082%</b>	14.397%
Tier I capital ratio	<b>14.991%</b>	15.908%	<b>14.885%</b>	15.272%
Total capital ratio	<b>19.025%</b>	20.173%	<b>19.445%</b>	20.137%
<u>After deducting proposed dividends</u>				
CET I capital ratio	<b>13.771%</b>	14.580%	<b>13.586%</b>	13.844%
Tier I capital ratio	<b>14.617%</b>	15.495%	<b>14.388%</b>	14.719%
Total capital ratio	<b>18.651%</b>	19.760%	<b>18.948%</b>	19.584%

## 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b><u>CET I Capital</u></b>				
Paid-up share capital	1,548,106	1,548,106	1,548,106	1,548,106
Retained profits	4,989,825	4,865,214	4,324,216	4,270,419
Regulatory reserves	257,241	47,686	231,857	41,641
Hedging reserves	-	(253)	-	(253)
FVOCI reserves	(149,271)	(145,150)	(136,059)	(138,660)
Capital reserves	100,150	100,150	15,515	15,515
	<b>6,746,051</b>	6,415,753	<b>5,983,635</b>	5,736,768
(Less)/add: Regulatory adjustments				
- Goodwill and other intangibles	(440,438)	(432,205)	(338,321)	(330,151)
- Deferred tax assets	(198,920)	(203,285)	(141,327)	(143,544)
- 55% of FVOCI reserves	-	-	-	-
- Regulatory reserves	(257,241)	(47,686)	(231,857)	(41,641)
- Investment in subsidiaries, associate and joint venture	(1,094)	(1,048)	(883,013)	(1,109,102)
- Transitional arrangements	298,945	527,033	163,695	347,580
Total CET I Capital	<b>6,147,303</b>	6,258,562	<b>4,552,812</b>	4,459,910
Additional Tier I Capital Securities	349,895	349,753	250,000	249,888
Total Additional Tier I Capital	<b>349,895</b>	349,753	<b>250,000</b>	249,888
Total Tier I Capital	<b>6,497,198</b>	6,608,315	<b>4,802,812</b>	4,709,798
<b><u>Tier II Capital</u></b>				
Subordinated obligations	1,199,459	1,199,264	1,199,153	1,198,848
Expected credit losses and regulatory reserves	468,411	373,502	352,172	258,031
Less: Regulatory adjustments				
- Investment in Tier II capital instruments	-	-	(130,000)	(130,000)
Total Tier II Capital	<b>1,667,870</b>	1,572,766	<b>1,421,325</b>	1,326,879
<b>Total Capital</b>	<b>8,165,068</b>	8,181,081	<b>6,224,137</b>	6,036,677

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Credit risk	<b>37,472,854</b>	34,492,797	<b>28,173,763</b>	25,662,376
Market risk	<b>316,648</b>	353,608	<b>316,525</b>	353,574
Operational risk	<b>3,556,380</b>	3,381,129	<b>2,677,121</b>	2,547,781
Total RWA and capital requirements	<b>41,345,882</b>	38,227,534	<b>31,167,409</b>	28,563,731

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	
	2023	2022	2023	2022
(i) With transitional arrangements				
<u>Before deducting proposed dividends</u>				
CET I capital ratio	<b>13.717%</b>	14.904%	<b>99.686%</b>	87.301%
Tier I capital ratio	<b>14.694%</b>	15.966%	<b>99.686%</b>	87.301%
Total capital ratio	<b>17.122%</b>	18.510%	<b>100.257%</b>	88.174%
<u>After deducting proposed dividends</u>				
CET I capital ratio	<b>13.715%</b>	14.463%	<b>99.686%</b>	87.301%
Tier I capital ratio	<b>14.692%</b>	15.525%	<b>99.686%</b>	87.301%
Total capital ratio	<b>17.120%</b>	18.069%	<b>100.257%</b>	88.174%
(ii) Without transitional arrangements				
<u>Before deducting proposed dividends</u>				
CET I capital ratio	<b>12.401%</b>	12.995%	<b>99.300%</b>	87.240%
Tier I capital ratio	<b>13.377%</b>	14.057%	<b>99.300%</b>	87.240%
Total capital ratio	<b>15.806%</b>	16.601%	<b>99.871%</b>	88.113%
<u>After deducting proposed dividends</u>				
CET I capital ratio	<b>12.399%</b>	12.554%	<b>99.300%</b>	87.240%
Tier I capital ratio	<b>13.375%</b>	13.616%	<b>99.300%</b>	87.240%
Total capital ratio	<b>15.804%</b>	16.160%	<b>99.871%</b>	88.113%

## 47. CAPITAL

In managing its capital, the Group's objectives are:

- (a) to maintain sufficient capital resources to meet the regulatory capital requirements as set forth by BNM;
- (b) to maintain sufficient capital resources to support the Group's risk appetite and to enable future business growth; and
- (c) to meet the expectations of key stakeholders, including shareholders, investors, regulators and rating agencies.

In line with this, the Group aims to maintain capital adequacy ratios that are comfortably above the regulatory requirement, while balancing shareholders' desire for sustainable returns and high standards of prudence.

The Group carries out stress testing to estimate the potential impact of extreme, but plausible, events on the Group's earnings, balance sheet and capital. The results of the stress test are to facilitate the formation of action plan(s) in advance if the stress test reveals that the Group's capital will be adversely affected. The results of the stress test are tabled to the Group Risk Management Committee for approval.

The Group's and the Bank's regulatory capital are determined under BNM's Capital Adequacy Framework and their capital ratios complied with the prescribed capital adequacy ratios.

## 48. FAIR VALUE MEASUREMENTS

### (a) Determination of fair value and the fair value hierarchy

MFRS 13 "Fair Value Measurement" requires disclosure of financial instruments measured at fair value to be categorised according to a hierarchy of valuation techniques, whether the inputs used are observable or unobservable. The following levels of hierarchy are used for determining and disclosing the fair value of the financial instruments:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group and the Bank recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 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 (CONTD)

## (b) Financial instruments measured at fair value and the fair value hierarchy

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

<b>GROUP 2023</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total RM'000</b>
<u>Assets</u>				
Financial assets at FVTPL				
- Money market instruments	-	5,177	-	5,177
- Unquoted securities	-	2,815	257,206	260,021
Financial investments at FVOCI				
- Money market instruments	-	4,286,174	-	4,286,174
- Quoted securities in Malaysia	14	-	-	14
- Unquoted securities	-	4,198,210	-	4,198,210
Derivative financial assets	-	221,141	-	221,141
<u>Liabilities</u>				
Financial liabilities designated at fair value through profit or loss	-	1,785,157	-	1,785,157
Derivative financial liabilities	-	366,140	-	366,140

<b>GROUP 2022</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total RM'000</b>
<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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 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)

<b>BANK 2023</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total RM'000</b>
<u>Assets</u>				
Financial assets at FVTPL				
- Money market instruments	-	5,177	-	5,177
- Unquoted securities	-	2,815	257,206	260,021
Financial investments at FVOCI				
- Money market instruments	-	3,496,600	-	3,496,600
- Quoted securities in Malaysia	14	-	-	14
- Unquoted securities	-	2,685,902	-	2,685,902
Derivative financial assets	-	223,637	-	223,637
<u>Liabilities</u>				
Financial liabilities designated at fair value through profit or loss	-	1,785,157	-	1,785,157
Derivative financial liabilities	-	366,165	-	366,165

<b>BANK 2022</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total RM'000</b>
<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

There were no transfers between levels of the fair value hierarchy for the Group and the Bank during the financial years ended 31 March 2023 and 31 March 2022.



## 48. FAIR VALUE MEASUREMENTS (CONTD)

## (b) Financial instruments measured at fair value and the fair value hierarchy (cont'd)

The table below outlines the reconciliation of movements in Level 3 financial instruments:

	GROUP		BANK	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 April	245,842	224,676	171,488	154,482
Acquisition during the year	-	-	71,035	-
Disposal during the year	(3,319)	-	-	-
Total gains recognised in statements of income				
(i) Revaluation gain from financial assets at FVTPL	14,686	21,166	14,686	17,006
(ii) Write-off	(3)	-	(3)	-
At 31 March	257,206	245,842	257,206	171,488

The Group's and the Bank's exposure to financial instruments measured using unobservable inputs (Level 3) constitutes a small component of the Group's and the Bank's portfolio of financial instruments. Changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the Level 3 financial instruments.

Qualitative information about the fair value measurements using significant unobservable inputs (Level 3):

Description	Fair value assets		Valuation techniques	Unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
	2023 RM'000	2022 RM'000			
<u>GROUP</u>					
Financial assets at FVTPL					
Unquoted securities	257,206	245,842	Net tangible assets	Net tangible assets	Higher net tangible assets results in higher fair value
<u>BANK</u>					
Financial assets at FVTPL					
Unquoted securities	257,206	171,488	Net tangible assets	Net tangible assets	Higher net tangible assets results in higher fair value

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 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 2023	Fair value				Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
<b>Financial assets</b>					
Financial investments at amortised cost	-	3,402,261	-	3,402,261	3,398,514
Loans, advances and financing	-	-	48,404,953	48,404,953	47,926,003
<b>Financial liabilities</b>					
Deposits from customers	-	50,851,474	-	50,851,474	50,849,030
Deposits and placements of banks and other financial institutions	-	1,705,993	-	1,705,993	1,719,284
Obligations on securities sold under repurchase agreements	-	675,242	-	675,242	675,640
Recourse obligations on loans and financing sold to Cagamas	-	320,020	-	320,020	321,484
Subordinated obligations	-	1,546,945	-	1,546,945	1,571,502

GROUP 2022	Fair value				Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
<b>Financial assets</b>					
Financial investments at amortised cost	-	2,103,803	-	2,103,803	2,129,608
Loans, advances and financing	-	-	45,494,485	45,494,485	45,123,745
<b>Financial liabilities</b>					
Deposits from customers	-	48,187,042	-	48,187,042	48,186,371
Deposits and placements of banks and other financial institutions	-	1,677,607	-	1,677,607	1,688,994
Recourse obligations on loans and financing sold to Cagamas	-	654,701	-	654,701	650,564
Subordinated obligations	-	1,548,959	-	1,548,959	1,572,785

## 48. FAIR VALUE MEASUREMENTS (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 2023	Fair value				Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
<b>Financial assets</b>					
Financial investments at amortised cost	-	3,130,757	-	3,130,757	3,136,889
Loans, advances and financing	-	-	36,109,817	36,109,817	35,790,763
<b>Financial liabilities</b>					
Deposits from customers	-	36,896,560	-	36,896,560	36,896,353
Deposits and placements of banks and other financial institutions	-	1,534,141	-	1,534,141	1,536,202
Obligations on securities sold under repurchase agreements	-	675,242	-	675,242	675,640
Recourse obligations on loans and financing sold to Cagamas	-	220,018	-	220,018	221,352
Subordinated obligations	-	1,449,153	-	1,449,153	1,471,252
<b>BANK 2022</b>					
	Fair value				Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
<b>Financial assets</b>					
Financial investments at amortised cost	-	2,219,783	-	2,219,783	2,244,436
Loans, advances and financing	-	-	33,837,792	33,837,792	33,608,197
<b>Financial liabilities</b>					
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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 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, will be the expected recoverable amount.

(iii) Deposits from customers, deposits and placements of banks and other financial institutions

The fair values of deposit liabilities payable on demand (demand and savings deposits), or deposits with maturity of less than one year are estimated to approximate their carrying amounts. The fair values of fixed deposits with remaining maturities of more than one year are estimated based on expected future cash flows discounted at applicable prevailing rates offered for deposits of similar remaining maturities. For negotiable instruments of deposits, the fair values are estimated based on quoted or observable market prices as at the end of the reporting period. Where such quoted or observable market prices are not available, the fair values of negotiable instruments of deposits are estimated using the discounted cash flow technique.

(iv) Recourse obligations on loans and financing sold to Cagamas

The fair values of recourse obligations on loans and financing sold to Cagamas are determined based on the discounted cash flows of future instalment payments at applicable prevailing Cagamas rates as at the end of the reporting period.

(v) Other borrowings and subordinated obligations

The fair value of the other borrowings and subordinated bonds/notes is estimated based on the discounted cash flows techniques using the current yield curve appropriate for the remaining term to maturity.

#### 49. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

In accordance with MFRS 132 “Financial Instruments: Presentation”, the Group and the Bank report financial assets and financial liabilities on a net basis on the statements of financial position, only if there is a legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The following table shows the impact of netting arrangements on:

- (i) all financial assets and liabilities that are reported net on the statements of financial position; and
- (ii) all financial assets and liabilities that are subject to enforceable master netting arrangements or similar agreements, but do not qualify for statements of financial position netting.

##### (a) Financial assets

	Gross amounts of recognised financial assets RM'000	Gross amounts of recognised financial liabilities set off in the statements of financial position RM'000	Net amounts of financial assets presented in the statements of financial position RM'000	Related amounts not set off in the statements of financial position		Net amount RM'000
				Financial instruments RM'000	Cash collateral received RM'000	
<b>GROUP 2023</b>						
Derivative financial assets	221,141	-	221,141	(166,688)	(26,015)	28,438
<b>GROUP 2022</b>						
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
<b>BANK 2023</b>						
Derivative financial assets	223,637	-	223,637	(166,688)	(26,015)	30,934
<b>BANK 2022</b>						
Derivative financial assets	86,294	-	86,294	(59,617)	(12,370)	14,307

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 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		Net amount RM'000
				Financial instruments RM'000	Cash collateral pledged RM'000	
<b>GROUP 2023</b>						
Derivative financial liabilities	366,140	-	366,140	(166,688)	(158,626)	40,826
<b>GROUP 2022</b>						
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
<b>BANK 2023</b>						
Derivative financial liabilities	366,165	-	366,165	(166,688)	(158,626)	40,851
<b>BANK 2022</b>						
Derivative financial liabilities	212,588	-	212,588	(59,617)	(118,485)	34,486

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements, each agreement between the Group and the Bank and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

## 50. SEGMENT INFORMATION

The following segment information has been prepared in accordance with MFRS 8 “Operating Segments”, which defines the requirements for the disclosure of financial information of an entity’s operating segments. The operating segments results are prepared and provided to the chief operating decision-maker based on the Group’s internal management reporting reflective of the organisation’s management reporting structure.

Based on the results presented to the chief operating decision-maker, funds are allocated between segments and inter-segment funding cost transfers are reflected in net interest income. In addition to the operating segments, the segment information disclosed also includes inter-segment eliminations. Transactions between reportable segments are eliminated based on principles of consolidation as described in accounting policy. Intercompany transactions, balances and unrealised gains and losses on transactions between the Group’s companies are eliminated in inter-segment eliminations.

The Group is organised into the following key operating segments:

(i) Consumer Banking

Consumer Banking provides a wide range of personal banking solutions covering mortgages, term loans, personal loans, hire purchase facilities, credit cards and wealth management (cash management, investment services, share trading, bancassurance and will writing). Consumer Banking customers are serviced via branch network, call centre, electronic/internet banking channels, and direct sales channels.

(ii) Business Banking

Business Banking segment covers SME, and Corporate and Commercial Banking. SME Banking customers comprise the self-employed, and small and medium scale enterprises. Corporate and Commercial Banking serves the public-listed and large corporate business customers including family-owned businesses. Business Banking provides a wide range of products and services including loans, trade finance, cash management, treasury and structured solutions.

(iii) Financial Markets

Financial Markets provides foreign exchange, money market, hedging and investment (capital market instruments) solutions for banking customers. It also manages the assets and liabilities, liquidity and statutory reserve requirements of the banking entities in the Group.

(iv) Stockbroking and Corporate Advisory

Stockbroking and Corporate Advisory covers stockbroking activities and corporate advisory which includes initial public offering, equity fund raising, debt fund raising, mergers and acquisitions and corporate restructuring.

(v) Others

Others refers to mainly other business operations such as alternative distribution channels, trustee services and head office.







## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AS AT 31 MARCH 2023

### 51. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (i) Alliance Investment Bank Berhad ("AIBB"), a wholly-owned subsidiary of the Bank, has completed the transfer of its stockbroking business to Phillip Capital Sdn. Bhd. (formerly known as Phillip Futures Sdn. Bhd.) on 31 July 2022.
- (ii) On 29 September 2022, AIBB completed its share capital reduction exercise where the share capital and issued number of shares of AIBB was reduced from RM365,962,500 comprising 365,000,000 ordinary shares to RM215,962,500 comprising 215,000,000 ordinary shares via cancellation of 150,000,000 ordinary shares held by the Bank, and the amount of RM150,000,000 arising from the shares cancellation was returned to the Bank.

### 52. SUBSEQUENT EVENTS

- (i) The Bank had on 2 March 2023 entered into an assets transfer agreement with AIBB to transfer the remaining assets and liabilities of AIBB (excluding certain excluded assets and liabilities) to the Bank for a consideration based on an amount equal to the net asset value of the total assets and total liabilities as at the completion date.

In this respect, AIBB had on 22 March 2023 obtained a vesting order from the High Court of Malaya for the transfer of the assets and liabilities to the Bank. The effective transfer date is on 1 April 2023.

- (ii) On 23 May 2023, AIBB obtained an Order from the High Court of Malaya confirming AIBB's proposed share capital reduction under Section 115(a) and 116 of the Companies Act 2016 where the share capital and issued number of shares of AIBB shall be reduced from RM215,962,500 comprising 215,000,000 ordinary shares to RM4,962,500 comprising 4,000,000 ordinary shares via cancellation of 211,000,000 ordinary shares held by the Bank. The amount of RM211,000,000 arising from the said shares cancellation was returned to the Bank on 29 May 2023.
- (iii) The Bank and its wholly-owned subsidiaries namely, Alliance Investment Bank Berhad, Alliance Direct Marketing Sdn. Bhd., AllianceGroup Nominees (Tempatan) Sdn. Bhd. and AllianceGroup Nominees (Asing) Sdn. Bhd. had on 26 May 2023, entered into a share sale and purchase agreement for the disposal of their entire equity shareholding (each holding 20% respectively) in Alliance Trustee Berhad, a wholly-owned subsidiary of the Bank, to Areca Capital Sdn. Bhd. and its related corporations, namely Areca Capital International Limited, Areca Private Equity Sdn. Bhd., Areca Frontier Sdn. Bhd. and Areca Eco Sdn. Bhd.. The consideration is based on an amount equal to the net asset value of Alliance Trustee Berhad as the completion date.



## ALLIANCE BANK

Alliance Bank Malaysia Berhad

198201008390 (88103-W)

# BASEL II PILLAR 3 REPORT

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# BASEL II PILLAR 3 REPORT

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 1.0 OVERVIEW

Bank Negara Malaysia (“BNM”)’s Capital Adequacy Frameworks require Alliance Bank Malaysia Berhad (“Bank”) and its subsidiaries (“Group”) to maintain an adequate level of capital to withstand potential losses arising from its operations. BNM’s Capital Adequacy Frameworks cover three main aspects:

- (a) Pillar 1 - covers the calculation of risk-weighted assets for credit risk, market risk and operational risk;
- (b) Pillar 2 - involves assessment of other risks (e.g. interest rate risk in the banking book, liquidity risk and concentration risk) not covered under Pillar 1. This promotes the adoption of forward-looking approaches to capital management and stress testing/risk simulation techniques; and
- (c) Pillar 3 - covers disclosure and external communication of risk and capital information by banks.

The Pillar 3 Disclosure for the financial year ended 31 March 2023 for the Bank and the Group is in accordance with BNM’s Risk-Weighted Capital Adequacy Framework (“RWCAF”) – Disclosure Requirements (Pillar 3) and Capital Adequacy Framework for Islamic Banks (“CAFIB”) – Disclosures Requirements (Pillar 3).

The Group has adopted the Standardised Approach for credit risk and market risk; and the Basic Indicator Approach for operational risk in determining the capital requirements of Pillar 1.

#### 1.1 Medium and Location of Disclosure

The Pillar 3 Disclosure will be made available under the Investor Relations section of the Group’s website at <http://www.alliancebank.com.my/home.aspx> and as a separate report in the annual and half-yearly financial reports.

#### 1.2. Basis of Disclosure

The Group’s Pillar 3 Disclosure is governed by the Bank’s Pillar 3 Disclosure Policy. This policy outlines the minimum disclosure standards, the approach for determining the appropriateness of information disclosed and the internal controls over the disclosure process. Pillar 3 Disclosure is to be read in conjunction with the Group’s and Bank’s financial statements for the financial year ended 31 March 2023. 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 2023 published by the Group.

These disclosures have been reviewed and verified by an independent internal party and approved by the Board of Directors (“Board”) of the Group.

#### 1.3 Comparative Information

The corresponding Pillar 3 Disclosure in the preceding reporting period would be as at 31 March 2022.

## 1.0 OVERVIEW (CONT'D)

### 1.4 Scope of Application

The Pillar 3 Disclosure was prepared on a consolidated basis comprising information on Alliance Bank Malaysia Berhad (“Bank”), its subsidiaries, associate companies and joint ventures. The Group offers Conventional and Islamic banking services. The latter includes accepting deposits and providing financing under Shariah principles via the Bank’s wholly-owned subsidiary, Alliance Islamic Bank Berhad (“AISB”).

The quantitative information as at 31 March 2023 also reflects the following events which occurred within reporting period:

- (a) Alliance Investment Bank Berhad (“AIBB”), a wholly-owned subsidiary of the Bank, has completed the transfer of its stockbroking business to Phillip Capital Sdn. Bhd. (formerly known as Philip Futures Sdn. Bhd.) on 30 July 2022.
- (b) On 26 September 2022, AIBB obtained an Order in Kuala Lumpur High Court confirming AIBB’s proposed share capital reduction under Sections 115(a) and 116 of the Companies Act 2016 where the share capital and issued number of shares of AIBB shall be reduced from RM365,962,500 comprising 365,000,000 ordinary shares to RM215,962,500 comprising 215,000,000 ordinary shares, via cancellation of 150,000,000 ordinary shares held by the Bank. The amount of RM150,000,000 arising from the said shares cancellation was returned to the Bank on 29 September 2022.

Subsequently, AIBB had on 2 March 2023 entered into an asset transfer agreement with the Bank for a consideration based on an amount equal to the net asset value taking into consideration the total assets and total liabilities.

AIBB also had on 22 March 2023 obtained the Vesting Order in the Kuala Lumpur High Court for the transfer of the assets and liabilities. The effective transfer date is on 1 April 2023. There were no material impact to the Group.

The basis of consolidation for the use of regulatory capital purposes is similar to that for financial accounting purposes. Investments in subsidiaries, associate companies and joint ventures are deducted from regulatory capital.

The Bank did not experience any significant restrictions or other major impediments on the transfer of funds or regulatory capital within the Group.

There were no capital deficiencies in any of the subsidiaries of the Group as at financial year end.

## 2.0 CAPITAL

The Group maintains a strong capital base to support its current activities and future growth, to meet regulatory capital requirements at all times and to buffer against potential losses.

The Group’s Internal Capital Adequacy Assessment Process (“ICAAP”) covers the following:

- (a) Assesses inherent risks in the business against risk captured under Pillar 1, and risks not sufficiently or not captured under Pillar 1;
- (b) Estimates the potential impact of extreme but plausible events on the Group’s earnings, balance sheet and capital via stress testing;
- (c) Sets internal capital targets which include buffers to cushion potential stress losses and contingency plan(s) where warranted; and
- (d) Regularly monitors and reports portfolio risk profiles, required capital and available capital.

ICAAP results are regularly reported to Group Risk Management Committee (“GRMC”) and the Board to facilitate proactive capital management.

## BASEL II PILLAR 3 REPORT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 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	
	2023	2022	2023	2022
(i) With Transitional Arrangements				
<u>Before Deducting Proposed Dividends</u>				
CET I Capital Ratio	<b>14.868%</b>	16.372%	<b>14.608%</b>	15.614%
Tier I Capital Ratio	<b>15.714%</b>	17.287%	<b>15.410%</b>	16.489%
Total Capital Ratio	<b>19.748%</b>	21.401%	<b>19.970%</b>	21.134%
<u>After Deducting Proposed Dividends</u>				
CET I Capital Ratio	<b>14.494%</b>	15.959%	<b>14.111%</b>	15.061%
Tier I Capital Ratio	<b>15.340%</b>	16.874%	<b>14.913%</b>	15.936%
Total Capital Ratio	<b>19.374%</b>	20.988%	<b>19.473%</b>	20.581%
(ii) Without Transitional Arrangements				
<u>Before Deducting Proposed Dividends</u>				
CET I Capital Ratio	<b>14.145%</b>	14.993%	<b>14.082%</b>	14.397%
Tier I Capital Ratio	<b>14.991%</b>	15.908%	<b>14.885%</b>	15.272%
Total Capital Ratio	<b>19.025%</b>	20.173%	<b>19.445%</b>	20.137%
<u>After Deducting Proposed Dividends</u>				
CET I Capital Ratio	<b>13.771%</b>	14.580%	<b>13.586%</b>	13.844%
Tier I Capital Ratio	<b>14.617%</b>	15.495%	<b>14.388%</b>	14.719%
Total Capital Ratio	<b>18.651%</b>	19.760%	<b>18.948%</b>	19.584%



## 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	
	2023	2022	2023	2022
(i) With Transitional Arrangements				
<u>Before Deducting Proposed</u>				
<u>Dividends</u>				
CET I Capital Ratio	<b>13.717%</b>	14.904%	<b>99.686%</b>	87.301%
Tier I Capital Ratio	<b>14.694%</b>	15.966%	<b>99.686%</b>	87.301%
Total Capital Ratio	<b>17.122%</b>	18.510%	<b>100.257%</b>	88.174%
<u>After Deducting Proposed</u>				
<u>Dividends</u>				
CET I Capital Ratio	<b>13.715%</b>	14.463%	<b>99.686%</b>	87.301%
Tier I Capital Ratio	<b>14.692%</b>	15.525%	<b>99.686%</b>	87.301%
Total Capital Ratio	<b>17.120%</b>	18.069%	<b>100.257%</b>	88.174%
(ii) Without Transitional Arrangements				
<u>Before Deducting Proposed</u>				
<u>Dividends</u>				
CET I Capital Ratio	<b>12.401%</b>	12.995%	<b>99.300%</b>	87.240%
Tier I Capital Ratio	<b>13.377%</b>	14.057%	<b>99.300%</b>	87.240%
Total Capital Ratio	<b>15.806%</b>	16.601%	<b>99.871%</b>	88.113%
<u>After Deducting Proposed</u>				
<u>Dividends</u>				
CET I Capital Ratio	<b>12.399%</b>	12.554%	<b>99.300%</b>	87.240%
Tier I Capital Ratio	<b>13.375%</b>	13.616%	<b>99.300%</b>	87.240%
Total Capital Ratio	<b>15.804%</b>	16.160%	<b>99.871%</b>	88.113%

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 (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b><u>CET I Capital /Tier I Capital</u></b>				
Paid-Up Share Capital	1,548,106	1,548,106	1,548,106	1,548,106
Retained Profits	4,989,825	4,865,214	4,324,216	4,270,419
Regulatory Reserves (Note 1)	257,241	47,686	231,857	41,641
Hedging Reserves	-	(253)	-	(253)
Financial Investments at Fair Value Through Other Comprehensive Income ("FVOCI") Reserves	(149,271)	(145,150)	(136,059)	(138,660)
Capital Reserves	100,150	100,150	15,515	15,515
	<b>6,746,051</b>	6,415,753	<b>5,983,635</b>	5,736,768
(Less)/Add: Regulatory Adjustments				
- Goodwill and Other Intangibles	(440,438)	(432,205)	(338,321)	(330,151)
- Deferred Tax Assets	(198,920)	(203,285)	(141,327)	(143,544)
- 55% of FVOCI Reserves	-	-	-	-
- Regulatory Reserves (Note 1)	(257,241)	(47,686)	(231,857)	(41,641)
- Investment in Subsidiaries, Associate and Joint Venture	(1,094)	(1,048)	(883,013)	(1,109,102)
- Transitional Arrangements	298,945	527,033	163,695	347,580
Total CET I Capital	<b>6,147,303</b>	6,258,562	<b>4,552,812</b>	4,459,910
Additional Tier I Capital Securities	349,895	349,753	250,000	249,888
Total Additional Tier I Capital	<b>349,895</b>	349,753	<b>250,000</b>	249,888
Total Tier I Capital	<b>6,497,198</b>	6,608,315	<b>4,802,812</b>	4,709,798
<b><u>Tier II Capital</u></b>				
Subordinated Obligations	1,199,459	1,199,264	1,199,153	1,198,848
Expected Credit Losses and Regulatory Reserves (Note 1 & Note 2)	468,411	373,502	352,172	258,031
Less: Regulatory Adjustments				
- Investment in Tier II Capital Instruments	-	-	(130,000)	(130,000)
Total Tier II Capital	<b>1,667,870</b>	1,572,766	<b>1,421,325</b>	1,326,879
<b>Total Capital</b>	<b>8,165,068</b>	8,181,081	<b>6,224,137</b>	6,036,677

Note 1: The Bank maintained its prudent stand in relation to maintaining the regulatory reserves to preserve the potential deterioration of credit quality.

Note 2: Expected Credit Losses ("ECL") for S1 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 2023 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
(a) <u>Credit Risk</u>				
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	10,033,638	10,033,638	-	-
Public Sector Entities	640,350	640,350	17,650	1,412
Banks, Development Financial Institutions (“DFIs”) and Multilateral Development Banks	1,869,210	1,869,210	398,539	31,883
Insurance Companies, Securities Firms and Fund Managers	87,632	87,057	82,669	6,614
Corporates	22,246,629	20,926,235	16,651,212	1,332,097
Regulatory Retail	13,001,176	11,959,910	8,723,717	697,897
Residential Mortgages	16,227,654	16,217,909	6,472,427	517,794
Higher Risk Assets	4,740	4,740	7,110	569
Other Assets	1,201,152	1,201,152	679,406	54,352
Defaulted Exposures	661,334	658,233	563,583	45,087
<b>Total On-Balance Sheet Exposures</b>	<b>65,973,515</b>	<b>63,598,434</b>	<b>33,596,313</b>	<b>2,687,705</b>
Off-Balance Sheet Exposures:				
Credit-Related Off-Balance Sheet Exposures	5,128,643	4,521,260	3,589,739	287,179
Derivative Financial Instruments	922,950	922,950	275,237	22,019
Defaulted Exposures	7,800	7,795	11,565	925
<b>Total Off-Balance Sheet Exposures</b>	<b>6,059,393</b>	<b>5,452,005</b>	<b>3,876,541</b>	<b>310,123</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>72,032,908</b>	<b>69,050,439</b>	<b>37,472,854</b>	<b>2,997,828</b>
(b) <u>Market Risk (Section 5.0)</u>				
	<b>Long Position</b>	<b>Short Position</b>		
Interest Rate Risk	27,565,310	(27,555,042)	266,101	21,288
Foreign Exchange Risk	36,639	(48,882)	48,884	3,911
	27,601,949	(27,603,924)		
Option Risk			1,663	133
<b>Total</b>			<b>316,648</b>	<b>25,332</b>
(c) <u>Operational Risk</u>				
			3,556,380	284,510
<b>Total</b>	<b>72,032,908</b>	<b>69,050,439</b>	<b>41,345,882</b>	<b>3,307,670</b>

## BASEL II PILLAR 3 REPORT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 2.0 CAPITAL (CONT'D)

#### 2.3 Risk-Weighted Assets ("RWA") and Capital Requirements (cont'd)

##### Regulatory Capital Requirements (cont'd)

The following tables present the minimum regulatory capital requirements of the Group and the Bank (cont'd):

BANK 2023 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
(a) <u>Credit Risk</u>				
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	7,077,581	7,077,581	-	-
Public Sector Entities	361,324	361,324	11,817	945
Banks, DFIs and Multilateral Development Banks	2,515,766	2,515,766	598,952	47,916
Insurance Companies, Securities Firms and Fund Managers	56,699	56,124	53,671	4,294
Corporates	16,550,663	15,364,654	12,453,126	996,250
Regulatory Retail	9,570,461	8,621,370	6,068,793	485,503
Residential Mortgages	11,864,766	11,855,530	4,724,529	377,962
Higher Risk Assets	3,846	3,846	5,769	462
Other Assets	1,195,492	1,195,492	673,746	53,900
Defaulted Exposures	439,174	436,073	384,423	30,754
<b>Total On-Balance Sheet Exposures</b>	<b>49,635,772</b>	<b>47,487,760</b>	<b>24,974,826</b>	<b>1,997,986</b>
Off-Balance Sheet Exposures:				
Credit-Related Off-Balance Sheet Exposures	4,241,140	3,697,434	2,904,996	232,400
Derivative Financial Instruments	937,367	937,367	282,445	22,595
Defaulted Exposures	7,732	7,727	11,496	920
<b>Total Off-Balance Sheet Exposures</b>	<b>5,186,239</b>	<b>4,642,528</b>	<b>3,198,937</b>	<b>255,915</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>54,822,011</b>	<b>52,130,288</b>	<b>28,173,763</b>	<b>2,253,901</b>
(b) <u>Market Risk (Section 5.0)</u>				
	<b>Long Position</b>	<b>Short Position</b>		
Interest Rate Risk	27,565,310	(27,555,042)	266,101	21,288
Foreign Exchange Risk	36,722	(48,759)	48,761	3,901
	27,602,032	(27,603,801)		
Option Risk			1,663	133
<b>Total</b>			<b>316,525</b>	<b>25,322</b>
(c) <u>Operational Risk</u>				
			2,677,121	214,170
<b>Total</b>	<b>54,822,011</b>	<b>52,130,288</b>	<b>31,167,409</b>	<b>2,493,393</b>

## 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 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	9,060,236	9,060,236	-	-
Public Sector Entities	684,403	684,403	42,664	3,413
Banks, 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
<b>Total On-Balance Sheet Exposures</b>	<b>61,501,438</b>	<b>59,077,668</b>	<b>31,450,353</b>	<b>2,516,028</b>
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
<b>Total Off-Balance Sheet Exposures</b>	<b>4,457,949</b>	<b>3,883,914</b>	<b>3,042,444</b>	<b>243,395</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>65,959,387</b>	<b>62,961,582</b>	<b>34,492,797</b>	<b>2,759,423</b>
(b) <u>Market Risk (Section 5.0)</u>				
	<b>Long Position</b>	<b>Short Position</b>		
Interest Rate Risk	20,468,534	(20,157,895)	293,037	23,443
Foreign Exchange Risk	51,453	(60,578)	60,571	4,846
	20,519,987	(20,218,473)		
Option Risk			-	-
<b>Total</b>			<b>353,608</b>	<b>28,289</b>
(c) <u>Operational Risk</u>				
<b>Total</b>			<b>3,381,129</b>	<b>270,490</b>
<b>Total</b>	<b>65,959,387</b>	<b>62,961,582</b>	<b>38,227,534</b>	<b>3,058,202</b>

## BASEL II PILLAR 3 REPORT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 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, 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
<b>Total On-Balance Sheet Exposures</b>	<b>45,813,843</b>	<b>43,737,181</b>	<b>23,155,359</b>	<b>1,852,428</b>
Off-Balance Sheet Exposures:				
Credit-Related Off-Balance Sheet Exposures				
Derivative Financial Instruments	486,471	486,471	165,831	13,266
Defaulted Exposures	853	849	1,271	102
<b>Total Off-Balance Sheet Exposures</b>	<b>3,747,140</b>	<b>3,252,432</b>	<b>2,507,017</b>	<b>200,561</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>49,560,983</b>	<b>46,989,613</b>	<b>25,662,376</b>	<b>2,052,989</b>
(b) <u>Market Risk (Section 5.0)</u>				
	<b>Long Position</b>	<b>Short Position</b>		
Interest Rate Risk	20,468,534	(20,157,895)	293,037	23,443
Foreign Exchange Risk	51,553	(60,543)	60,537	4,843
	20,520,087	(20,218,438)		
Option Risk			-	-
<b>Total</b>			<b>353,574</b>	<b>28,286</b>
(c) <u>Operational Risk</u>				
<b>Total</b>	<b>49,560,983</b>	<b>46,989,613</b>	<b>28,563,731</b>	<b>2,285,097</b>

Note: Under Islamic banking, the Group does not use Profit-sharing Investment Account ("PSIA") as a risk absorbent mechanism.

The Group and the Bank do not have exposure to any Large Exposure Risk for equity holdings as specified under BNM's Guidelines on Investment in Shares, Interest-in-Shares and Collective Investment Schemes.

### 3.0 RISK MANAGEMENT

The Board and the Management of Alliance Bank Malaysia Berhad 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) 1<sup>st</sup> Line of Defence, whereby the risk taking role is played by Business Units and aided by Business Support functions;
- (b) 2<sup>nd</sup> Line of Defence, whereby the independent risk control role is played by Group Risk Management and Group Compliance (inclusive of the Shariah Review Team); and
- (c) 3<sup>rd</sup> Line of Defence, whereby the independent risk assurance role is played by Group Internal Audit.

The governance structure adopted within the Group provides a transparent and effective system that promotes active involvement from the Board and Senior Management in the risk management process to ensure a uniform view of risk across the Group.

The Board established the GRMC to assist the Board to oversee risk-related and compliance-related frameworks, strategies, policies and methodologies.

The Executive Risk Management Committee ("ERMC") and other Management Committees oversee and advise the Management on risk-related matters including risk policies, to support the sustainability of the Bank.

#### 3.3 Risk Strategy

The Bank establishes appropriate risk governance, processes and controls in order to pursue its strategic business objectives with confidence, to protect its balance sheet and stakeholders' interest, and to deliver sustainable profitability. While it may not be possible or feasible to eliminate all inherent risks within the Bank, a set of risk mitigation techniques has been established to reduce the impact of these risks.

#### 3.4 Risk Appetite

Risk Appetite describes the high-level risk parameters and thresholds the Bank is willing to assume in pursuit of its strategic business objectives. These high-level thresholds are then cascaded, where appropriate, into more granular limits and targets across the various portfolios and business units.



## BASEL II PILLAR 3 REPORT (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 3.0 RISK MANAGEMENT (CONT'D)

#### 3.5 Risk Culture

Our Board members, Senior Management and staff are all ambassadors of the Bank's risk culture. Hence, the Bank employs the key elements of leadership, supervision, guidance, counselling and communication to shape and cultivate a desirable risk culture.

#### 3.6 Risk Management Process

The Bank's risk management process embeds the Bank's culture and practices. It starts with risk identification, followed by risk assessment, risk mitigation and control, risk monitoring, risk reporting, escalation and disclosure. The risk management processes of different types of risk are explained in the following sections.

### 4.0 CREDIT RISK

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

#### ***Credit Risk Management***

The Board, via the GRMC, established a Credit Risk Management Framework ("CRMF") which outlines the broad principles for managing credit risk of the Group.

Credit approval is under the purview of the Executive Committee, Group Management Credit Committee and Credit Underwriters, depending on the size and complexity of the loans.

Retail loans are subject to portfolio reviews and corporate loans are subject to periodic individual borrower or group reviews. The Portfolio Review Committee for the respective lines of business, assisted by embedded risk units, helps to manage the portfolio quality, and formulates action plans to manage identified risks. The process also ensures alignment of business strategy with the Bank's risk appetite.

Potential problem loans or issues related to portfolios are identified through our Early Warning Framework and thematic reviews, where applicable. Impaired loans are recovered internally or through authorised agents.

In the aspect of credit risk measurement, quantitative tools such as application and behavioural scorecards (for retail loans) and credit rating model (for corporate loans) play an integral role in supporting risk informed pricing, underwriting and portfolio management strategies. In order to manage model risk and ensure that the models remain fit-for-purpose, periodic model validations of all credit models are carried out by an independent validation team within Group Risk Management. The broad principles and framework governing the validation of credit models are set out in the Independent Model Validation Framework. Validation covers both quantitative and qualitative aspects of the model, such as back-testing to assess model performance and accuracy, as well as qualitative evaluation of rating system operations, model design, governance and data quality.

Entity-level Risk Dashboards are escalated to the 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 (CONT'D)

##### ***Credit Risk Management (cont'd)***

Group Risk Management also performs periodic post approval credit reviews on a sampling basis covering the Consumer, small and medium enterprises (“SMEs”), Corporate and Commercial portfolios to independently assess the quality of credit practices across the Group. The review reports are presented to the GRMC and Group Audit Committee for their notation. Status of all outstanding issues are tracked until closure.

Stress testing is used to identify potential vulnerable risk areas of the Bank’s portfolios to stress events and assess the impact to earnings and capital. Stress tests are performed using a variety of market and economic assumptions to assess possible vulnerability and to formulate effective mitigation actions when required. Sensitivity analyses are conducted to assess the potential effect of individual risk factors.

Group Internal Audit reviews the Bank’s credit processes regularly and recommends corrective measures or enhancements. These reviews provide Senior Management with the assurance that the policies, processes and guidelines are adhered to.

##### ***Impaired Loans and Provisions***

Past due accounts are loan accounts with any payment of principal and/or interest due and not paid, but are not classified as impaired. Loans are classified as impaired if the mandatory impairment thresholds are exceeded or judgmentally impaired when there are reasonable grounds to believe that the borrower may not be able to repay the entire loan amount.

Provisions for expected credit losses are carried out based on the MFRS 9 approach, loans with defined risk characteristics are transferred to Stage 2 and provisions are estimated based on potential losses for the remaining lifetime of the exposures. Impaired loans are classified as Stage 3 under MFRS 9. Loans that are not classified as Stage 2 or 3 will remain in Stage 1 where provisions will be estimated based on the probability of default over the next 12 months.

Please refer to Note 2(k)(i) of the audited financial statements for accounting policies on impairment of financial assets.

## BASEL II PILLAR 3 REPORT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 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 2023	Geographical Region						Total RM'000
	Northern RM'000	Central RM'000	Southern RM'000	Sabah RM'000	Sarawak RM'000	Outside Malaysia RM'000	
<b>Exposure Class</b>							
Sovereigns/Central Banks	-	10,033,638	-	-	-	-	10,033,638
Public Sector Entities	-	630,310	-	10,040	-	-	640,350
Banks, DFIs and Multilateral Development Banks	-	1,746,398	-	80,158	5,014	37,640	1,869,210
Insurance Companies, Securities Firms and Fund Managers	9,028	77,091	1,402	98	13	-	87,632
Corporates	1,809,721	16,605,900	1,692,335	1,434,337	704,336	-	22,246,629
Regulatory Retail	1,364,525	8,526,976	1,635,543	1,044,381	429,751	-	13,001,176
Residential Mortgages	639,282	12,726,294	2,012,818	726,136	123,124	-	16,227,654
Higher Risk Assets	163	908	2,515	-	1,154	-	4,740
Other Assets	-	1,201,152	-	-	-	-	1,201,152
Defaulted Exposures	43,389	492,034	100,529	22,252	3,130	-	661,334
<b>Total On-Balance Sheet Exposures</b>	<b>3,866,108</b>	<b>52,040,701</b>	<b>5,445,142</b>	<b>3,317,402</b>	<b>1,266,522</b>	<b>37,640</b>	<b>65,973,515</b>
<b>Credit-Related Off-Balance Sheet Exposures</b>							
Credit-Related Off-Balance Sheet Exposures	430,555	3,809,067	429,609	301,725	157,687	-	5,128,643
Derivative Financial Instruments	-	922,950	-	-	-	-	922,950
Defaulted Exposures	322	5,490	1,612	366	10	-	7,800
<b>Total Off-Balance Sheet Exposures</b>	<b>430,877</b>	<b>4,737,507</b>	<b>431,221</b>	<b>302,091</b>	<b>157,697</b>	<b>-</b>	<b>6,059,393</b>
<b>Total Credit Exposures</b>	<b>4,296,985</b>	<b>56,778,208</b>	<b>5,876,363</b>	<b>3,619,493</b>	<b>1,424,219</b>	<b>37,640</b>	<b>72,032,908</b>

## 4.0 CREDIT RISK (CONT'D)

### 4.1 Distribution of Credit Exposures (cont'd)

#### (a) Geographical Distribution (cont'd)

The following tables represent the Group's and the Bank's major types of gross credit exposure by geographical distribution. Exposures are allocated to the region in which the branch is located and are disclosed before taking into account any collateral held or other credit enhancements and after allowance for impairment, where appropriate. (cont'd)

BANK 2023	Geographical Region						Total RM'000
	Northern RM'000	Central RM'000	Southern RM'000	Sabah RM'000	Sarawak RM'000	Outside Malaysia RM'000	
<b>Exposure Class</b>							
Sovereigns/Central Banks	-	7,077,581	-	-	-	-	7,077,581
Public Sector Entities	-	361,310	-	14	-	-	361,324
Banks, DFIs and Multilateral Development Banks	-	2,397,968	-	80,158	-	37,640	2,515,766
Insurance Companies, Securities Firms and Fund Managers	20	55,166	1,402	98	13	-	56,699
Corporates	1,078,850	12,765,814	1,266,372	925,108	514,519	-	16,550,663
Regulatory Retail	817,635	6,474,727	1,183,749	751,754	342,596	-	9,570,461
Residential Mortgages	497,526	9,213,033	1,600,626	464,462	89,119	-	11,864,766
Higher Risk Assets	-	356	2,336	-	1,154	-	3,846
Other Assets	-	1,195,492	-	-	-	-	1,195,492
Defaulted Exposures	26,212	324,676	75,154	10,352	2,780	-	439,174
<b>Total On-Balance Sheet Exposures</b>	<b>2,420,243</b>	<b>39,866,123</b>	<b>4,129,639</b>	<b>2,231,946</b>	<b>950,181</b>	<b>37,640</b>	<b>49,635,772</b>
Credit-Related Off-Balance Sheet Exposures	290,790	3,301,496	337,800	202,007	109,047	-	4,241,140
Derivative Financial Instruments	-	937,367	-	-	-	-	937,367
Defaulted Exposures	321	5,423	1,612	366	10	-	7,732
<b>Total Off-Balance Sheet Exposures</b>	<b>291,111</b>	<b>4,244,286</b>	<b>339,412</b>	<b>202,373</b>	<b>109,057</b>	<b>-</b>	<b>5,186,239</b>
<b>Total Credit Exposures</b>	<b>2,711,354</b>	<b>44,110,409</b>	<b>4,469,051</b>	<b>2,434,319</b>	<b>1,059,238</b>	<b>37,640</b>	<b>54,822,011</b>

## BASEL II PILLAR 3 REPORT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 4.0 CREDIT RISK (CONT'D)

#### 4.1 Distribution of Credit Exposures (cont'd)

##### (a) Geographical Distribution (cont'd)

The following tables represent the Group's and the Bank's major types of gross credit exposure by geographical distribution. Exposures are allocated to the region in which the branch is located and are disclosed before taking into account any collateral held or other credit enhancements and after allowance for impairment, where appropriate. (cont'd)

GROUP 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	
<b>Exposure Class</b>							
Sovereigns/Central Banks	-	9,060,236	-	-	-	-	9,060,236
Public Sector Entities Banks, DFIs and Multilateral	-	594,080	-	90,323	-	-	684,403
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
<b>Total On-Balance</b>							
Sheet Exposures	3,414,689	48,037,903	5,399,348	3,318,628	1,277,962	52,908	61,501,438
<b>Credit-Related Off-Balance</b>							
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
<b>Total Off-Balance</b>							
Sheet Exposures	360,474	3,341,429	354,561	275,704	125,781	-	4,457,949
<b>Total Credit Exposures</b>							
	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	
<b>Exposure Class</b>							
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
<b>Total On-Balance</b>							
<b>Sheet Exposures</b>	2,212,830	36,325,163	4,100,285	2,239,613	883,044	52,908	45,813,843
<b>Credit-Related Off-Balance</b>							
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
<b>Total Off-Balance</b>							
<b>Sheet Exposures</b>	237,674	2,950,351	262,499	192,345	104,271	-	3,747,140
<b>Total Credit Exposures</b>							
	2,450,504	39,275,514	4,362,784	2,431,958	987,315	52,908	49,560,983

# BASEL II PILLAR 3 REPORT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

## 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 2023	Government & Central Bank RM'000	Financial, Insurance, Business Services & Real Estate RM'000	Transport, Storage & Communication RM'000	Agriculture, Manufacturing, Wholesale & Retail Trade RM'000	Construction RM'000	Household RM'000	Others RM'000	Total RM'000
Sovereigns/Central Banks	10,033,638	-	-	-	-	-	-	10,033,638
Public Sector Entities	-	582,943	-	-	-	-	57,407	640,350
Banks, DFIs and Multilateral Development Banks	-	1,869,210	-	-	-	-	-	1,869,210
Insurance Companies, Securities Firms and Fund Managers	-	82,292	-	5,340	-	-	-	87,632
Corporates	-	7,427,077	1,950,692	10,377,826	1,447,453	745,589	297,992	22,246,629
Regulatory Retail	-	1,164,447	156,911	4,893,974	377,007	6,258,252	150,585	13,001,176
Residential Mortgages	-	-	-	-	-	16,227,654	-	16,227,654
Higher Risk Assets	-	-	-	-	-	4,740	-	4,740
Other Assets	-	257,220	-	-	-	-	943,932	1,201,152
Defaulted Exposures	-	44,262	1,746	107,030	17,564	487,318	3,414	661,334
<b>Total On-Balance Sheet Exposures</b>	<b>10,033,638</b>	<b>11,427,451</b>	<b>2,109,349</b>	<b>15,384,170</b>	<b>1,842,024</b>	<b>23,723,553</b>	<b>1,453,330</b>	<b>65,973,515</b>
Credit-Related Off-Balance Sheet Exposures	-	894,418	85,131	1,759,133	547,586	1,753,586	88,789	5,128,643
Derivative Financial Instruments	65,534	727,287	-	-	-	-	130,129	922,950
Defaulted Exposures	-	365	35	2,347	4,834	219	-	7,800
<b>Total Off-Balance Sheet Exposures</b>	<b>65,534</b>	<b>1,622,070</b>	<b>85,166</b>	<b>1,761,480</b>	<b>552,420</b>	<b>1,753,805</b>	<b>218,918</b>	<b>6,059,393</b>
<b>Total Credit Exposures</b>	<b>10,099,172</b>	<b>13,049,521</b>	<b>2,194,515</b>	<b>17,145,650</b>	<b>2,394,444</b>	<b>25,477,358</b>	<b>1,672,248</b>	<b>72,032,908</b>



## 4.0 CREDIT RISK (CONT'D)

## 4.1 Distribution of Credit Exposures (cont'd)

## (b) Industry Distribution (cont'd)

The following tables represent the Group's and the Bank's major types of gross credit exposure by sector. The analysis is based on the sector in which the customers are engaged (cont'd):

BANK 2023	Government & Central Bank RM'000	Financial, Insurance, Business Services & Real Estate RM'000	Transport, Storage & Communication RM'000	Agriculture, Manufacturing, Wholesale & Retail Trade RM'000	Construction RM'000	Household RM'000	Others RM'000	Total RM'000
<b>Exposure Class</b>								
Sovereigns/Central Banks	7,077,581	-	-	-	-	-	-	7,077,581
Public Sector Entities	-	303,917	-	-	-	-	57,407	361,324
Banks, DFIs and Multilateral Development Banks	-	2,515,766	-	-	-	-	-	2,515,766
Insurance Companies, Securities Firms and Fund Managers	-	56,699	-	-	-	-	-	56,699
Corporates	-	5,601,596	1,341,512	7,593,058	1,054,449	739,334	220,714	16,550,663
Regulatory Retail	-	897,740	126,805	3,626,914	248,478	4,551,530	118,994	9,570,461
Residential Mortgages	-	-	-	-	-	11,864,766	-	11,864,766
Higher Risk Assets	-	-	-	-	-	3,846	-	3,846
Other Assets	-	257,219	-	-	-	-	938,273	1,195,492
Defaulted Exposures	-	44,178	1,295	93,633	16,337	283,549	182	439,174
<b>Total On-Balance Sheet Exposures</b>	<b>7,077,581</b>	<b>9,677,115</b>	<b>1,469,612</b>	<b>11,313,605</b>	<b>1,319,264</b>	<b>17,443,025</b>	<b>1,335,570</b>	<b>49,635,772</b>
Credit-Related Off-Balance Sheet Exposures	-	765,060	66,678	1,280,440	474,918	1,574,366	79,678	4,241,140
Derivative Financial Instruments	65,534	741,704	-	-	-	-	130,129	937,367
Defaulted Exposures	-	365	35	2,347	4,834	151	-	7,732
<b>Total Off-Balance Sheet Exposures</b>	<b>65,534</b>	<b>1,507,129</b>	<b>66,713</b>	<b>1,282,787</b>	<b>479,752</b>	<b>1,574,517</b>	<b>209,807</b>	<b>5,186,239</b>
<b>Total Credit Exposures</b>	<b>7,143,115</b>	<b>11,184,244</b>	<b>1,536,325</b>	<b>12,596,392</b>	<b>1,799,016</b>	<b>19,017,542</b>	<b>1,545,377</b>	<b>54,822,011</b>

# BASEL II PILLAR 3 REPORT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

## 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 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
<b>Exposure Class</b>								
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
<b>Total On-Balance Sheet Exposures</b>	<b>9,060,236</b>	<b>9,769,415</b>	<b>2,279,775</b>	<b>14,503,213</b>	<b>1,856,801</b>	<b>22,744,655</b>	<b>1,287,343</b>	<b>61,501,438</b>
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
<b>Total Off-Balance Sheet Exposures</b>	<b>18,379</b>	<b>789,491</b>	<b>34,819</b>	<b>1,535,999</b>	<b>495,626</b>	<b>1,465,157</b>	<b>118,478</b>	<b>4,457,949</b>
<b>Total Credit Exposures</b>	<b>9,078,615</b>	<b>10,558,906</b>	<b>2,314,594</b>	<b>16,039,212</b>	<b>2,352,427</b>	<b>24,209,812</b>	<b>1,405,821</b>	<b>65,959,387</b>

## 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
<b>Exposure Class</b>								
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
<b>Total On-Balance Sheet Exposures</b>	<b>6,548,855</b>	<b>7,847,453</b>	<b>1,662,873</b>	<b>10,828,701</b>	<b>1,375,632</b>	<b>16,408,065</b>	<b>1,142,264</b>	<b>45,813,843</b>
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
<b>Total Off-Balance Sheet Exposures</b>	<b>18,379</b>	<b>720,042</b>	<b>26,325</b>	<b>1,149,958</b>	<b>438,925</b>	<b>1,277,824</b>	<b>115,687</b>	<b>3,747,140</b>
<b>Total Credit Exposures</b>	<b>6,567,234</b>	<b>8,567,495</b>	<b>1,689,198</b>	<b>11,978,659</b>	<b>1,814,557</b>	<b>17,685,889</b>	<b>1,257,951</b>	<b>49,560,983</b>

## BASEL II PILLAR 3 REPORT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 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 exposure for on-balance sheet financial assets of the Group and the Bank.

GROUP 2023	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1 year RM'000	Total RM'000
<b>Exposure Class</b>						
Sovereigns/Central Banks	1,974,311	111,393	20,292	338,600	7,589,042	10,033,638
Public Sector Entities	10,040	-	100,709	20,712	508,889	640,350
Banks, DFIs and Multilateral Development Banks	1,591,505	108,488	789	10,113	158,315	1,869,210
Insurance Companies, Securities Firms and Fund Managers	75,134	3,800	-	-	8,698	87,632
Corporates	4,466,867	1,958,095	915,769	408,119	14,497,779	22,246,629
Regulatory Retail	2,404,495	340,048	149,588	80,449	10,026,596	13,001,176
Residential Mortgages	812,148	426	535	3,541	15,411,004	16,227,654
Higher Risk Assets	-	-	-	22	4,718	4,740
Other Assets	643,798	9,091	9,997	9,207	529,059	1,201,152
Defaulted Exposures	78,346	1,724	295	1,035	579,934	661,334
<b>Total On-Balance Sheet Exposures</b>	<b>12,056,644</b>	<b>2,533,065</b>	<b>1,197,974</b>	<b>871,798</b>	<b>49,314,034</b>	<b>65,973,515</b>
<b>BANK 2023</b>						
<b>Exposure Class</b>						
Sovereigns/Central Banks	499,565	81,010	-	318,185	6,178,821	7,077,581
Public Sector Entities	14	-	-	1,574	359,736	361,324
Banks, DFIs and Multilateral Development Banks	2,029,474	108,488	-	5,049	372,755	2,515,766
Insurance Companies, Securities Firms and Fund Managers	52,636	-	-	-	4,063	56,699
Corporates	3,379,691	1,498,643	701,889	379,474	10,590,966	16,550,663
Regulatory Retail	1,984,740	257,324	109,601	56,648	7,162,148	9,570,461
Residential Mortgages	334,850	417	479	3,267	11,525,753	11,864,766
Higher Risk Assets	-	-	-	22	3,824	3,846
Other Assets	650,051	7,587	8,164	6,745	522,945	1,195,492
Defaulted Exposures	63,822	1,660	214	403	373,075	439,174
<b>Total On-Balance Sheet Exposures</b>	<b>8,994,843</b>	<b>1,955,129</b>	<b>820,347</b>	<b>771,367</b>	<b>37,094,086</b>	<b>49,635,772</b>

## 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 (cont'd).

<b>GROUP 2022</b>	<b>Up to 1 month RM'000</b>	<b>&gt;1-3 months RM'000</b>	<b>&gt;3-6 months RM'000</b>	<b>&gt;6-12 months RM'000</b>	<b>&gt;1 year RM'000</b>	<b>Total RM'000</b>
<b>Exposure Class</b>						
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
<b>Total On-Balance Sheet Exposures</b>	<b>11,579,614</b>	<b>2,510,517</b>	<b>893,137</b>	<b>862,872</b>	<b>45,655,298</b>	<b>61,501,438</b>
<b>BANK 2022</b>						
<b>Exposure Class</b>						
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
<b>Total On-Balance Sheet Exposures</b>	<b>7,797,256</b>	<b>1,899,096</b>	<b>711,400</b>	<b>703,545</b>	<b>34,702,546</b>	<b>45,813,843</b>

## BASEL II PILLAR 3 REPORT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 4.0 CREDIT RISK (CONT'D)

#### 4.2 Impaired Loans, Advances and Financing and Allowance for ECL Analysis

Impaired loans, advances and financing are exposures where the customers have failed to make a principal and/or interest payment for more than three months. In addition, where customers are deemed incapable of continuing repayment obligations, the exposures will be judgmentally impaired. Where exposures are restructured or rescheduled due to increase in credit risk, the exposures are also classified as impaired.

#### Past Due but Not Impaired Loans, Advances and Financing Analysis

Past due but not impaired loans, advances and financing are loans where the customers have failed to make a principal and/or interest payment when contractually due, and include loans which are due one or more days after the contractual due date but not more than three months. Under MFRS 9, exposures more than 30 days past due are transferred to Stage 2. For loans that are structured to pay principal and/or interest at quarterly intervals or longer, a default of payment will trigger an impairment.

#### Impaired and Past Due Loans, Advances and Financing and Allowance for ECL – Industry Analysis

GROUP 2023	Impaired Loans, Advances and Financing RM'000	Past Due Loan RM'000	12 months ECL (Stage 1) RM'000	Lifetime ECL	Lifetime ECL	Stage 3 ECL charged (net) RM'000	Stage 3 write-off (net) RM'000
				Not-credit Impaired (Stage 2) RM'000	Credit Impaired (Stage 3) RM'000		
Financial, Insurance & Business Services and Real Estate	79,605	81,580	8,131	14,637	35,374	28,969	(1,129)
Transport, Storage & Communication	5,749	15,604	1,174	5,394	3,991	1,979	(0)
Agriculture, Manufacturing, Wholesale & Retail Trade	263,650	421,625	22,454	69,682	156,806	86,931	(22,305)
Construction	154,119	138,795	2,099	36,681	136,572	111,161	(41,058)
Household	724,006	1,293,244	137,451	391,736	236,830	164,665	(84,760)
Others	5,644	19,772	523	5,722	2,217	1,342	(1,033)
<b>Total</b>	<b>1,232,773</b>	<b>1,970,620</b>	<b>171,832</b>	<b>523,852</b>	<b>571,790</b>	<b>395,047</b>	<b>(150,285)</b>
<b>BANK</b>							
<b>2023</b>							
Financial, Insurance & Business Services and Real Estate	78,776	71,659	6,174	11,975	34,628	28,660	(1,129)
Transport, Storage & Communication	4,610	12,742	933	5,050	3,326	1,614	(0)
Agriculture, Manufacturing, Wholesale & Retail Trade	224,387	348,136	16,902	56,383	130,929	76,382	(18,198)
Construction	140,890	99,710	1,612	22,020	124,569	110,028	(581)
Household	430,002	847,468	79,714	204,975	146,665	87,573	(47,238)
Others	1,052	14,161	447	2,456	870	603	(1,033)
<b>Total</b>	<b>879,717</b>	<b>1,393,876</b>	<b>105,782</b>	<b>302,859</b>	<b>440,987</b>	<b>304,860</b>	<b>(68,179)</b>

## 4.0 CREDIT RISK (CONT'D)

## 4.2 Impaired Loans, Advances and Financing and Allowance for ECL Analysis (cont'd)

## Impaired and Past Due Loans, Advances and Financing and Allowance for ECL – Industry Analysis (cont'd)

GROUP 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) (net) RM'000	Stage 3 write-off (net) 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)
<b>Total</b>	<b>853,266</b>	<b>1,427,926</b>	<b>270,674</b>	<b>557,650</b>	<b>331,518</b>	<b>133,635</b>	<b>(81,700)</b>
<b>BANK</b>							
<b>2022</b>							
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)
<b>Total</b>	<b>574,757</b>	<b>1,076,698</b>	<b>174,486</b>	<b>368,542</b>	<b>207,412</b>	<b>64,917</b>	<b>(57,481)</b>



## BASEL II PILLAR 3 REPORT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 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 ECL – Geographical

GROUP 2023	Impaired Loans, Advances and Financing RM'000	Past Due Loan RM'000	12 months ECL (Stage 1) RM'000	Lifetime ECL		Stage 3 ECL charged (net) RM'000	Stage 3 write-off for the year RM'000
				Not-credit Impaired (Stage 2) RM'000	Credit Impaired (Stage 3) RM'000		
Northern Region	94,117	158,014	13,326	32,327	50,782	25,262	(9,817)
Central Region	913,411	1,472,801	129,489	420,027	421,517	317,672	(121,577)
Southern Region	172,504	182,047	19,427	44,744	72,091	31,871	(15,677)
Sabah Region	45,698	113,223	7,334	20,771	23,485	19,200	(2,895)
Sarawak Region	7,043	44,535	2,256	5,983	3,915	1,042	(319)
<b>Total</b>	<b>1,232,773</b>	<b>1,970,620</b>	<b>171,832</b>	<b>523,852</b>	<b>571,790</b>	<b>395,047</b>	<b>(150,285)</b>

##### BANK 2023

Northern Region	59,742	106,462	8,024	18,684	33,596	17,930	(7,431)
Central Region	663,572	1,040,810	77,736	237,554	339,182	244,676	(48,120)
Southern Region	121,736	121,442	13,612	27,936	46,631	25,546	(11,659)
Sabah Region	28,216	87,095	4,726	14,141	17,905	15,583	(799)
Sarawak Region	6,451	38,067	1,684	4,544	3,673	1,125	(170)
<b>Total</b>	<b>879,717</b>	<b>1,393,876</b>	<b>105,782</b>	<b>302,859</b>	<b>440,987</b>	<b>304,860</b>	<b>(68,179)</b>

## 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 ECL – Geographical (cont'd)

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 (net) RM'000	Stage 3 write-off (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)
<b>Total</b>	<b>853,266</b>	<b>1,427,926</b>	<b>270,674</b>	<b>557,650</b>	<b>331,518</b>	<b>133,635</b>	<b>(81,700)</b>
<b>BANK</b>							
<b>2022</b>							
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)
<b>Total</b>	<b>574,757</b>	<b>1,076,698</b>	<b>174,486</b>	<b>368,542</b>	<b>207,412</b>	<b>64,917</b>	<b>(57,481)</b>

## BASEL II PILLAR 3 REPORT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 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 ECL on loans, advances and financing are as follows:

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

Note: The transfers 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 ECL on loans, advances and financing are as follows (cont'd):

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

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











## BASEL II PILLAR 3 REPORT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 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 Berhad (“MARC”), Standard and Poor’s (“S&P”), Moody’s, Fitch Ratings, and Rating and Investment Information, Inc. (“R&I” [See Note 1]). In the context of the Group’s portfolio, external credit assessments are mainly applicable to banks/financial institutions and rated corporations. The Group follows the process prescribed under BNM’s Capital Adequacy Framework to map the ratings to the relevant risk-weights. The ratings are monitored and updated regularly to ensure that the latest and most appropriate risk-weights are applied in the capital computation.

The following tables show the rated credit exposures according to ratings by approved External Credit Assessment Institutions (“ECAIs”):

##### Long-Term Rating

Rating Category	S&P	Moody’s	Fitch	RAM	MARC	R&I*
1	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AA3	AAA to AA-	AAA to AA-
2	A+ to A-	A1 to A3	A+ to A-	A+ to A3	A+ to A-	A+ to A-
3	BBB+ to BB-	Baa1 to Ba3	BBB+ to BB-	BBB1+ to BB3	BBB+ to BB-	BBB+ to BB-
4	B+ to D	B1 to C	B+ to D	B to D	B+ to D	B+ to D
5	Unrated					

##### Short-Term Rating

Rating Category	S&P	Moody’s	Fitch	RAM	MARC	R&I*
1	A-1	P-1	F1+, F1	P-1	MARC-1	a-1+, a-1
2	A-2	P-2	A-2	P-2	MARC-2	a-2
3	A-3	P-3	F3	P-3	MARC-3	a-3
4	Others	Others	B to D	NP	MARC-4	b, c
5	Unrated					

\* Note 1: R&I rating is not recognised for Islamic debt securities.

## 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 External Credit Assessment Institutions (“ECAIs”) (cont'd):

#### GROUP 2023

Exposure Class	Rating Categories					Total
	1	2	3	4	5	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>On and Off Balance-Sheet Exposures</b>						
<b>(i) Exposures risk-weighted using Sovereigns and Central Banks rating</b>						
Public Sector Entities	-	552,100	-	-	-	552,100
Sovereigns and Central Banks (See Note 2)	-	10,099,172	-	-	-	10,099,172
Corporates	-	1,719,660	-	-	-	1,719,660
Banks, DFIs and Multilateral Development Banks	-	4,990	-	-	-	4,990
<b>Total</b>	-	<b>12,375,922</b>	-	-	-	<b>12,375,922</b>
<b>(ii) Exposures risk-weighted using Banking Institutions long-term rating</b>						
Banks, DFIs and Multilateral Development Banks	1,601,135	494,507	705	-	739,330	2,835,677
<b>Exposures risk-weighted using Banking Institutions short-term rating</b>						
Banks, DFIs and Multilateral Development Banks	-	-	-	-	-	-
<b>Total</b>	<b>1,601,135</b>	<b>494,507</b>	<b>705</b>	<b>-</b>	<b>739,330</b>	<b>2,835,677</b>
<b>(iii) Exposures risk-weighted using Corporate long-term rating</b>						
Public Sector Entities	-	-	-	-	202,049	202,049
Corporates	2,507,980	-	-	-	20,444,716	22,952,696
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	116,055	116,055
<b>Exposures risk-weighted using Corporate short-term rating</b>						
Public Sector Entities	-	-	-	-	-	-
Corporates	-	-	-	-	-	-
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	-	-
<b>Total</b>	<b>2,507,980</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,762,820</b>	<b>23,270,800</b>

Note 2: The Federal Government and Central Bank of Malaysia are accorded 0% risk weight as provided under the Capital Adequacy Framework.

## BASEL II PILLAR 3 REPORT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 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 2023

Exposure Class	Rating Categories					Total
	1	2	3	4	5	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>On and Off Balance-Sheet Exposures</b>						
<b>(i) Exposures risk-weighted using Sovereigns and Central Banks rating</b>						
Public Sector Entities	-	302,238	-	-	-	302,238
Sovereigns and Central Banks (See Note 2)	-	7,143,114	-	-	-	7,143,114
Corporates	-	1,155,040	-	-	-	1,155,040
Banks, DFIs and Multilateral Development Banks	-	-	-	-	-	-
<b>Total</b>	-	<b>8,600,392</b>	-	-	-	<b>8,600,392</b>
<b>(ii) Exposures risk-weighted using Banking Institutions long-term rating</b>						
Banks, DFIs and Multilateral Development Banks	1,580,849	1,185,858	705	-	733,317	3,500,729
<b>Exposures risk-weighted using Banking Institutions short-term rating</b>						
Banks, DFIs and Multilateral Development Banks	-	-	-	-	-	-
<b>Total</b>	<b>1,580,849</b>	<b>1,185,858</b>	<b>705</b>	-	<b>733,317</b>	<b>3,500,729</b>
<b>(iii) Exposures risk-weighted using Corporate long-term rating</b>						
Public Sector Entities	-	-	-	-	140,885	140,885
Corporates	1,664,943	-	-	-	15,585,960	17,250,903
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	75,224	75,224
<b>Exposures risk-weighted using Corporate short-term rating</b>						
Public Sector Entities	-	-	-	-	-	-
Corporates	-	-	-	-	-	-
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	-	-
<b>Total</b>	<b>1,664,943</b>	-	-	-	<b>15,802,069</b>	<b>17,467,012</b>

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 2022

Exposure Class	Rating Categories					Total
	1	2	3	4	5	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>On and Off Balance-Sheet Exposures</b>						
<b>(i) Exposures risk-weighted using Sovereigns and Central Banks rating</b>						
Public Sector Entities	-	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
<b>Total</b>	-	10,962,734	-	-	-	10,962,734
<b>(ii) Exposures risk-weighted using Banking Institutions long-term rating</b>						
Banks, DFIs and Multilateral Development Banks	664,369	580,810	521	-	185,780	1,431,480
<b>Exposures risk-weighted using Banking Institutions short-term rating</b>						
Banks, DFIs and Multilateral Development Banks	19,966	-	-	-	-	19,966
<b>Total</b>	684,335	580,810	521	-	185,780	1,451,446
<b>(iii) Exposures risk-weighted using Corporate long-term rating</b>						
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
<b>Exposures risk-weighted using Corporate short-term rating</b>						
Public Sector Entities	-	-	-	-	-	-
Corporates	-	-	-	-	-	-
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	-	-
<b>Total</b>	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 (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 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 2022

Exposure Class	Rating Categories					Total
	1	2	3	4	5	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>On and Off Balance-Sheet Exposures</b>						
<b>(i) Exposures risk-weighted using Sovereigns and Central Banks rating</b>						
Public Sector Entities	-	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	-	-	-	-	-	-
<b>Total</b>	-	7,759,536	-	-	-	7,759,536
<b>(ii) Exposures risk-weighted using Banking Institutions long-term rating</b>						
Banks, DFIs and Multilateral Development Banks	649,103	909,378	521	-	179,831	1,738,833
<b>Exposures risk-weighted using Banking Institutions short-term rating</b>						
Banks, DFIs and Multilateral Development Banks	19,966	-	-	-	-	19,966
<b>Total</b>	669,069	909,378	521	-	179,831	1,758,799
<b>(iii) Exposures risk-weighted using Corporate long-term rating</b>						
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
<b>Exposures risk-weighted using Corporate short-term rating</b>						
Public Sector Entities	-	-	-	-	-	-
Corporates	-	-	-	-	-	-
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	-	-
<b>Total</b>	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.

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 (CONTD)

### 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 Framework applies more restrictive rules on collaterals that qualify as credit risk mitigants. As a result, not all of the collaterals accepted by the Group can be used to reduce our capital adequacy requirement.

The following tables represent the Group’s/Bank’s credit exposure including off-balance sheet items under the standardised approach, the total exposure (after, where applicable, eligible netting benefits) that is covered by eligible guarantees and credit derivatives; and eligible collateral after haircuts, allowed under the Capital Adequacy Framework.

GROUP 2023	Exposures before CRM RM’000	Exposures covered by guarantees/ credit derivatives (Note 1) RM’000	Exposures covered by eligible financial collateral RM’000	Exposures covered by other eligible collateral RM’000
<b>Credit Risk</b>				
<b>Exposure Class</b>				
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	10,033,638	-	-	-
Public Sector Entities	640,350	-	-	-
Banks, DFIs and Multilateral Development Banks	1,869,210	-	-	-
Insurance Companies, Securities Firms and Fund Managers	87,632	4,456	575	-
Corporates	22,246,629	623,508	1,320,394	-
Regulatory Retail	13,001,176	1,284,883	1,041,266	-
Residential Mortgages	16,227,654	3,248	9,745	-
Higher Risk Assets	4,740	-	-	-
Other Assets	1,201,152	-	-	-
Defaulted Exposures	661,334	12,959	3,101	-
<b>Total On-Balance Sheet Exposures</b>	<b>65,973,515</b>	<b>1,929,054</b>	<b>2,375,081</b>	<b>-</b>
Off-Balance Sheet Exposures:				
Off-Balance Sheet Exposures other than Over The Counter (“OTC”) Derivatives or Credit Derivatives	6,051,593	25,174	607,383	-
Defaulted Exposures	7,800	-	5	-
<b>Total Off-Balance Sheet Exposures</b>	<b>6,059,393</b>	<b>25,174</b>	<b>607,388</b>	<b>-</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>72,032,908</b>	<b>1,954,228</b>	<b>2,982,469</b>	<b>-</b>

Note 1: The exposures covered by guarantees/credit derivative refer to the exposures guaranteed by eligible guarantors.



## BASEL II PILLAR 3 REPORT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 4.0 CREDIT RISK (CONT'D)

#### 4.4 Credit Risk Mitigation ("CRM") (cont'd)

BANK 2023	Exposures before CRM RM'000	Exposures covered by guarantees/ credit derivatives (Note 1) RM'000	Exposures covered by eligible financial collateral RM'000	Exposures covered by other eligible collateral RM'000
<b>Credit Risk</b>				
<b>Exposure Class</b>				
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	7,077,581	-	-	-
Public Sector Entities	361,324	-	-	-
Banks, DFIs and Multilateral Development Banks	2,515,766	-	-	-
Insurance Companies, Securities Firms and Fund Managers	56,699	2,521	575	-
Corporates	16,550,663	475,243	1,186,009	-
Regulatory Retail	9,570,461	1,049,569	949,091	-
Residential Mortgages	11,864,766	2,180	9,236	-
Higher Risk Assets	3,846	-	-	-
Other Assets	1,195,492	-	-	-
Defaulted Exposures	439,174	12,439	3,101	-
<b>Total On-Balance Sheet Exposures</b>	<b>49,635,772</b>	<b>1,541,952</b>	<b>2,148,012</b>	<b>-</b>
Off-Balance Sheet Exposures:				
Off-Balance Sheet Exposures Other Than OTC Derivatives or Credit Derivatives	5,178,507	16,246	543,706	-
Defaulted Exposures	7,732	-	5	-
<b>Total Off-Balance Sheet Exposures</b>	<b>5,186,239</b>	<b>16,246</b>	<b>543,711</b>	<b>-</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>54,822,011</b>	<b>1,558,198</b>	<b>2,691,723</b>	<b>-</b>

Note 1: The exposures covered by guarantees/credit derivative refer to the exposures guaranteed by eligible guarantors.

## 4.0 CREDIT RISK (CONT'D)

## 4.4 Credit Risk Mitigation ("CRM") (cont'd)

GROUP 2022	Exposures before CRM RM'000	Exposures covered by guarantees/ credit derivatives (Note 1) RM'000	Exposures covered by eligible financial collateral RM'000	Exposures covered by other eligible collateral RM'000
<b>Credit Risk</b>				
<b>Exposure Class</b>				
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	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	-
<b>Total On-Balance Sheet Exposures</b>	<b>61,501,438</b>	<b>1,503,465</b>	<b>2,423,770</b>	<b>-</b>
Off-Balance Sheet Exposures:				
Off-Balance Sheet Exposures other than OTC Derivatives or Credit Derivatives	4,457,041	8,472	574,031	-
Defaulted Exposures	908	-	4	-
<b>Total Off-Balance Sheet Exposures</b>	<b>4,457,949</b>	<b>8,472</b>	<b>574,035</b>	<b>-</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>65,959,387</b>	<b>1,511,937</b>	<b>2,997,805</b>	<b>-</b>

Note 1: The exposures covered by guarantees/credit derivative refer to the exposures guaranteed by eligible guarantors.

## BASEL II PILLAR 3 REPORT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 4.0 CREDIT RISK (CONT'D)

#### 4.4 Credit Risk Mitigation ("CRM") (cont'd)

BANK 2022	Exposures before CRM RM'000	Exposures covered by guarantees/ credit derivatives (Note 1) RM'000	Exposures covered by eligible financial collateral RM'000	Exposures covered by other eligible collateral RM'000
<b>Credit Risk</b>				
<b>Exposure Class</b>				
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	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	-
<b>Total On-Balance Sheet Exposures</b>	<b>45,813,843</b>	<b>1,267,956</b>	<b>2,076,662</b>	<b>-</b>
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	-
<b>Total Off-Balance Sheet Exposures</b>	<b>3,747,140</b>	<b>3,500</b>	<b>494,708</b>	<b>-</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>49,560,983</b>	<b>1,271,456</b>	<b>2,571,370</b>	<b>-</b>

Note 1: The exposures covered by guarantees/credit derivative refer to 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 could default before the final settlement of the transaction’s cash flows. Unlike a loan where the credit risk is unilateral, i.e. only the lending bank faces the risk of loss, CCR on derivatives creates bilateral risk of loss. This means either party of the transaction can incur losses depending on the market value of the derivative, which can vary over time with the movement of underlying market factors.

For derivatives, the Group is not exposed to credit risk for the full face value of the contracts. CCR is limited to the potential cost of replacing the cash-flow if the counterparty defaults. As such, the credit equivalent amount will depend, *inter alia*, on the maturity of the contract and on the volatility of the rates underlying that type of instrument.

Derivatives are mainly utilised for hedging purposes with minimal trading exposures. CCR arising from the derivatives is managed via counterparty limits, which are set based on the counterparty’s size and credit rating. These limits are monitored daily by Group Risk Management.

CCR is further mitigated via netting agreements, e.g. under the International Swaps and Derivatives Association (“ISDA”) master agreement. The ISDA agreement contractually binds both parties to apply close-out netting across all outstanding transactions covered by this agreement should either party default or other such predetermined credit events occur.

CCR is measured via the current exposure method whereby the credit equivalent exposure for derivatives is the sum of the positive mark-to-market exposure plus the potential future exposure which is equivalent to an add-on factor multiplied by the notional amount. The add-on factors are as stipulated by BNM.

## BASEL II PILLAR 3 REPORT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 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 2023	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
<u>Credit-Related Exposures</u>				
Direct Credit Substitutes	488,308	-	488,025	380,393
Transaction-Related Contingent Items	666,236	-	333,118	200,333
Short-Term Self-Liquidating				
Trade-Related Contingencies	138,542	-	27,708	24,599
Forward Asset Purchase	241,237	-	241,237	48,247
Irrevocable Commitments to Extend Credit:				
- Maturity exceeding one year	3,162,549	-	1,580,210	1,166,734
- Maturity not exceeding one year	10,812,148	-	2,162,402	1,549,268
Unutilised Credit Card Lines	1,518,716	-	303,743	231,730
	<b>17,027,736</b>	<b>-</b>	<b>5,136,443</b>	<b>3,601,304</b>
<u>Derivative Financial Instruments</u>				
Foreign Exchange Related Contracts:				
- One year or less	15,710,254	116,939	286,328	77,469
- Over one year to three years	951,319	2,578	62,508	34,771
- Over three years	381,600	6,032	38,950	20,994
Interest Rate Related Contracts:				
- One year or less	2,312,715	11,340	20,497	5,004
- Over one year to three years	2,532,107	55,819	130,573	30,422
- Over three years	6,849,073	27,828	353,382	98,452
Equity Related Contracts:				
- One year or less	340,226	178	20,790	5,628
- Over one year to three years	118,690	427	9,922	2,497
	<b>29,195,984</b>	<b>221,141</b>	<b>922,950</b>	<b>275,237</b>
	<b>46,223,720</b>	<b>221,141</b>	<b>6,059,393</b>	<b>3,876,541</b>

## 4.0 CREDIT RISK (CONT'D)

## 4.5 Off-Balance Sheet Exposures and Counterparty Credit Risk (cont'd)

<b>BANK 2023</b>	<b>Principal Amount RM'000</b>	<b>Positive Fair Value of Derivative Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk- Weighted Assets RM'000</b>
<u>Credit-Related Exposures</u>				
Direct Credit Substitutes	406,699	-	406,416	313,376
Transaction-Related Contingent Items	592,687	-	296,343	176,806
Short-Term Self-Liquidating				
Trade-Related Contingencies	120,783	-	24,157	21,661
Forward Asset Purchase	226,237	-	226,237	45,247
Irrevocable Commitments to Extend Credit:				
- Maturity exceeding one year	2,665,690	-	1,332,000	976,847
- Maturity not exceeding one year	8,300,015	-	1,659,977	1,150,998
Unutilised Credit Card Lines	1,518,716	-	303,743	231,557
	<b>13,830,827</b>	<b>-</b>	<b>4,248,873</b>	<b>2,916,492</b>
<u>Derivative Financial Instruments</u>				
Foreign Exchange Related Contracts:				
- One year or less	15,710,254	116,939	286,328	77,469
- Over one year to three years	951,319	2,578	62,508	34,771
- Over three years	381,600	6,032	38,950	20,994
Interest Rate Related Contracts:				
- One year or less	2,312,715	11,340	20,497	5,004
- Over one year to three years	2,532,107	55,819	130,573	30,422
- Over three years	7,147,073	30,324	367,798	105,660
Equity Related Contracts:				
- One year or less	340,226	178	20,790	5,628
- Over one year to three years	118,690	427	9,922	2,497
	<b>29,493,984</b>	<b>223,637</b>	<b>937,366</b>	<b>282,445</b>
	<b>43,324,811</b>	<b>223,637</b>	<b>5,186,239</b>	<b>3,198,937</b>

## BASEL II PILLAR 3 REPORT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 4.0 CREDIT RISK (CONT'D)

#### 4.5 Off-Balance Sheet Exposures and Counterparty Credit Risk (cont'd)

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	-	-	-	-
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)

<b>BANK 2022</b>	<b>Principal Amount RM'000</b>	<b>Positive Fair Value of Derivative Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk- Weighted Assets RM'000</b>
<u>Credit-Related Exposures</u>				
Direct Credit Substitutes	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	-	-	-	-
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 (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

#### 5.0 MARKET RISK

Market risk is defined as the risk of losses in on-balance sheet and off-balance sheet positions arising from movements in market prices such as interest rate/profit rates, foreign exchange rates and equity prices.

##### 5.1 Market Risk Management

The Board, via the GRMC provides oversight on market risk management activities. Its responsibilities include reviewing and approving risk management policies, risk exposures and limits whilst ensuring the necessary infrastructure and resources are in place.

At Senior Management level, the Group Assets and Liabilities Management Committee (“GALCO”) manages the Group’s market risk by reviewing and recommending market risk frameworks and policies; ensuring that market risk limits and parameters are within the approved thresholds; and aligning market risk management with business strategy and planning.

Organisationally, market risks are managed collectively via the Three Lines of Defence concept. Group Financial Markets, as the risk taking unit assumes ownership of the risk and manages the risk within the approved policies, risk limits and parameters as set by the GRMC or GALCO. The risk control function is undertaken by Group Risk Management which provides independent monitoring, valuation and reporting of the market exposures. This is supplemented by periodic review by Group Internal Audit.

##### 5.2 Traded Market Risk

For the Group, market risk is managed using an integrated approach which involves the following processes:

- (a) Identification of market risk in new products and changes in risk profiles of existing exposure;
- (b) Assessment of the type and magnitude of market risks which takes into account the activity and market role undertaken;
- (c) Adoption of various market risk measurement tools and techniques to quantify market risk exposure; and
- (d) Scheduled and exception reporting on market risk exposures.

Market risk exists in the Group’s activities in fixed income securities, foreign exchange and financial derivatives, which are transacted primarily by Group Financial Markets (treasury) department. Trading positions are held intentionally for short-term resale and with the intent of benefiting from actual or expected short-term price movements while banking book positions are held until maturity or as available-for-sale. Hence, these positions are susceptible to market movements.

## 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, ERMC and GRMC. The risk measures are outlined below:

- (a) Value-at-Risk ("VaR"): The Group has adopted the historical simulation approach where historical scenarios are generated based on actual past market movements. A snapshot of the end-of-day's positions is taken and full revaluation of the treasury positions is performed for each day's historical scenario versus the previous day's position. The VaR estimate is derived from the value of the 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.

#### ***Hedging Policies and Strategies***

The Group had established a policy which outlines the broad principles and policies governing hedging activities by the Group. Generally, the Group enters into hedges to manage or reduce risk exposures. All hedging strategies in the trading and banking book are approved by the GALCO and monitored independently by Group Market Risk Management. Further, all hedging strategies are designated upfront and recorded separately under the hedging portfolios. Hedging positions and effectiveness, if any, are monitored and reported monthly to Senior Management.

## BASEL II PILLAR 3 REPORT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 5.0 MARKET RISK (CONT'D)

#### 5.2 Traded Market Risk (cont'd)

##### *Hedging Policies and Strategies (cont'd)*

The following actions describe the financial hedges that may be entered into to mitigate the interest rate risk exposures of the Group and Bank.

(a) Fair value hedge

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

(b) Cash flow hedge

The Group and the Bank use foreign currency swaps (hedging instrument) to hedge the foreign exchange risks (USD) arising from the foreign currency interbank borrowing (hedged item) denominated in USD.

##### **Market Risk Capital Charge**

For the Group, the market risk charge is computed on the standardised approach and the capital charges are mainly on the fixed income securities, foreign exchange and financial derivatives portfolios, if any.

##### **Regulatory Capital Requirements**

The risk-weighted assets and capital requirements for the various categories of risk under market risk are as follows:

	GROUP		BANK	
	Risk-Weighted Assets RM'000	Capital Requirements RM'000	Risk-Weighted Assets RM'000	Capital Requirements RM'000
<b>2023</b>				
Interest Rate Risk				
- General Interest Rate Risk	265,538	21,243	265,538	21,243
- Specific Interest Rate Risk	563	45	563	45
	<b>266,101</b>	<b>21,288</b>	<b>266,101</b>	<b>21,288</b>
Foreign Exchange Risk	48,884	3,911	48,761	3,901
Option Risk	1,663	133	1,663	133
	<b>316,648</b>	<b>25,332</b>	<b>316,525</b>	<b>25,322</b>
<b>2022</b>				
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	-	-	-	-
	<b>353,608</b>	<b>28,289</b>	<b>353,574</b>	<b>28,286</b>

## 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 banking book (“IRR/RORBB”) is the risk that occurs when movements in interest rates affect a banking organisation’s earnings or economic value. Interest rate/profit rate changes affect the Group’s earnings by altering interest rate-sensitive income and expenses, affecting its net interest income (“NII”). It also affects the underlying value of banking assets, liabilities and off-balance sheet instruments as the present value of future cash flows changes when there are changes in the interest rate/profit rate.

#### **Risk Governance**

IRR/RORBB is managed collectively by GALCO, Group Financial Markets, Group Finance and Group Risk Management. Each of these parties has clearly defined roles and responsibilities to provide oversight and manage IRR/RORBB within the defined framework and structure as approved by the GRMC/Board. GALCO assumes the overall responsibility in managing IRR/RORBB by setting the directions, strategy and risk limits/parameters for the Bank/Group. Group Financial Markets is tasked to execute the strategies as approved by GALCO to manage the assets/liabilities as well as the funding and liquidity needs of the Bank/Group where the Group and its entities have operated above the minimum regulatory requirements for Liquidity Coverage Ratio (“LCR”) and Net Stable Funding Ratio (“NSFR”). Group Finance and Group Risk Management 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, and complemented by regular monitoring and reporting;
- (b) Checking to ensure that IRR/RORBB is accurately measured and any mismatches identified, reviewed and reported monthly to GALCO;
- (c) Setting of proper gapping limits and the limits monitored closely; and
- (d) Practising comprehensive IRR/RORBB reporting and review process, with aggregated information and supporting details to facilitate the assessment of the Group’s sensitivity to changes in market conditions.

## BASEL II PILLAR 3 REPORT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 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 measure the asset-liability impact of adverse interest rate/profit rate movements on the economic value of the Bank's capital; and
- (d) Product behavioural testing is applied regularly to ensure the risk assessment is able to withstand any market interest rate changes within the risk tolerance of the Bank.

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)

*IRR/RORBB Management (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 2023	MYR RM'000	USD RM'000	SGD RM'000	Other Foreign Currencies ("FCY") RM'000	Total RM'000
<b>Impact on NII</b>					
Parallel 200 bps up	268,477	29,755	(4,136)	(8,075)	286,021
Parallel 200 bps down	(268,477)	(29,755)	4,136	8,075	(286,021)
<b>Impact on EV</b>					
Parallel 200 bps up	(360,381)	11,343	2,812	9,971	(336,255)
Parallel 200 bps down	360,381	(11,343)	(2,812)	(9,971)	336,255
Steeper	(528,035)	(4,995)	(1,143)	(4,954)	(539,127)
Flattener	456,269	7,548	1,564	7,197	472,578
Short Rate Up	(13,482)	11,502	2,189	10,622	10,831
Short Rate Down	13,482	(11,502)	(2,189)	(10,622)	(10,831)
<b>BANK 2023</b>					
<b>Impact on NII</b>					
Parallel 200 bps up	210,984	29,755	(4,136)	(8,075)	228,528
Parallel 200 bps down	(210,984)	(29,755)	4,136	8,075	(228,528)
<b>Impact on EV</b>					
Parallel 200 bps up	(234,571)	11,343	2,812	9,970	(210,446)
Parallel 200 bps down	234,571	(11,343)	(2,812)	(9,970)	210,446
Steeper	(380,484)	(4,995)	(1,143)	(4,954)	(391,576)
Flattener	332,877	7,548	1,564	7,198	349,187
Short Rate Up	8,773	11,502	2,189	10,622	33,086
Short Rate Down	(8,773)	(11,502)	(2,189)	(10,622)	(33,086)



## BASEL II PILLAR 3 REPORT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 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 2022	MYR RM'000	USD RM'000	SGD RM'000	Other FCY RM'000	Total RM'000
<b>Impact on NII</b>					
Parallel 200 bps up	218,322	9,519	(1,180)	(3,041)	223,620
Parallel 200 bps down	(218,322)	(9,519)	1,180	3,041	(223,620)
<b>Impact on EV</b>					
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
<b>BANK 2022</b>					
<b>Impact on NII</b>					
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)
<b>Impact on EV</b>					
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

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 (CONTD)

### 5.3 Non-Traded Market Risk (cont'd)

#### 5.3.2 BNM Liquidity Coverage Ratio ("LCR")

Liquidity risk can be defined as the risk where an entity is unable to fund increases in assets and meet financial obligations as they come due without incurring unacceptable losses. Liquidity risk measures are usually expressed in the form of various liquidity risk measurement ratios and triggers.

It is essential to adopt a conservative and prudent approach in the measurement of liquidity risk. This is achieved by the establishment of robust liquidity risk management policies, measures and strategies that are complemented by regular monitoring and reporting process.

The liquidity risk management references BNM's LCR to gauge its liquidity exposure, complemented with BNM's Net Stable Funding Ratio ("NSFR") which requires the Group to maintain sufficient liquidity, including a cushion of unencumbered, High Quality Liquid Assets ("HQLA") to withstand a range of stress events.

The Group is in compliance with the minimum regulatory requirements ratio to LCR and NSFR within the period from April 2022 to March 2023.

### 5.4 Equity Exposures in the Banking Book

The Group and the Bank hold equity positions in the banking book as a result of debt to equity conversion, for social-economic purposes, or to maintain strategic relationships. All equities are held at fair value. For quoted equities, fair value is estimated based on quoted or observable market price at the end of the reporting period. For unquoted equities, the fair value is estimated using approved valuation techniques.

Any gains and losses arising from the returns and changes in fair value of these equities holdings are reflected in the revaluation reserve and statement of income accordingly.

The following table shows the equity exposures in the banking book:

	GROUP		BANK	
	Gross credit exposures RM'000	Risk-weighted assets RM'000	Gross credit exposures RM'000	Risk-weighted assets RM'000
<b>2023</b>				
<b>Publicly traded</b>				
Holding of Equity Investments	14	14	14	14
<b>Privately held</b>				
For Socio-Economic Purposes	257,206	257,206	257,206	257,206
Not for Socio-Economic Purposes	-	-	-	-
	<b>257,220</b>	<b>257,220</b>	<b>257,220</b>	<b>257,220</b>
<b>2022</b>				
<b>Publicly traded</b>				
Holding of Equity Investments	13	13	13	13
<b>Privately held</b>				
For Socio-Economic Purposes	245,839	245,839	171,485	171,485
Not for Socio-Economic Purposes	3	5	3	5
	<b>245,855</b>	<b>245,857</b>	<b>171,501</b>	<b>171,503</b>

## BASEL II PILLAR 3 REPORT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 5.0 MARKET RISK (CONT'D)

#### 5.4 Equity Exposures in the Banking Book (cont'd)

The table below presents the movements on equity exposures in the banking book:

	GROUP		BANK	
	2023 RM'000	2022 RM'000	2023 RM'000	2023 RM'000
<b>Publicly Traded</b>				
- Unrealised gains/(losses) recognised in revaluation reserve	1	(2)	1	(2)
<b>Privately Held</b>				
<b>For Socio-Economic Purposes</b>				
- Acquisition during the year	-	-	71,034	-
- Disposal during the year	(3,319)	-	-	-
- Unrealised gains recognised in the statement of comprehensive income	14,686	21,166	14,686	17,006
	11,367	21,166	85,720	17,006
- Realised gains recognised in the statement of comprehensive income	3,604	-	-	-
<b>Not for Socio-Economic Purposes</b>				
- Write off during the year	(3)	-	(3)	-

### 6.0 OPERATIONAL RISK

Operational risk is the risk of direct or indirect financial loss resulting from inadequate or failed internal processes, people and systems or from external events. It includes legal risk but excludes strategic and reputational risks.

#### **Operational Risk Management**

Management, escalation and reporting of operational risks are instituted through the Group Operational and Technology Risk Management Committee ("GOTRC"), ERM, and GRMC as well as the Board.

The Board, via GRMC provides oversight on operational risk management activities.

At Senior Management level, GOTRC manages the day-to-day operational risk exposures. The roles and responsibilities of GOTRC include:

- Providing strategic guidance on operational issues and monitoring the implementation of 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 (CONTD)

The Group's operational risk management process is depicted in the table below:

<b>Identification</b>	Identify the various risks inherent to each product, process and activity, as well as adverse trends of risk parameters
<b>Assessment</b>	<ul style="list-style-type: none"> <li>- Risk Control Self-Assessment ("RCSA")</li> <li>- Control Self-Assessment ("CSA")</li> <li>- Key Risk Indicators ("KRI")</li> <li>- Loss Event Data ("LED")</li> <li>- Stress Testing and Scenario Analysis ("SA")</li> </ul>
<b>Mitigation &amp; Control</b>	<ul style="list-style-type: none"> <li>- Set risk mitigation measures and controls</li> <li>- Insurance/takaful</li> <li>- Outsourcing</li> <li>- Business Continuity Management</li> </ul>
<b>Reporting</b>	<ul style="list-style-type: none"> <li>- Escalate and highlight regular operational risk reports to Senior Management and the Board</li> <li>- Highlight new/emerging risk areas and the controls in place</li> </ul>
<b>Disclosure</b>	Provide regular risk disclosure to regulators through the Pillar 3 disclosure report and regulatory reports on operational risk, e.g. ORION/FIBOX reporting.

The customary tools employed by the Group for the management of operational risk are:

- (a) **RCSA** - An operational risk tool that is used to identify and assess risks inherent in the Group's operations and to evaluate the overall effectiveness of the internal controls in mitigating the identified risks;
- (b) **CSA** - Complements the RCSA process by validating the effectiveness of the controls measures identified and highlighting control lapses;
- (c) **KRI** - A quantitative and statistical parameter, often financial in nature and focuses on business processes and activities to identify emerging risks and potential changes in operational risk profiles;
- (d) **LED** - The process of collecting, evaluating, monitoring and reporting operational risk events, loss amount and irregularities; and
- (e) **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 Assets ("RWA").

## BASEL II PILLAR 3 REPORT (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

#### 7.0 SHARIAH GOVERNANCE DISCLOSURES

Shariah Non-Compliance Risk is the risk of loss that arises from failure to comply with Shariah rules and principles as determined by the Shariah Advisory Council of BNM and AISB's Shariah Committee. To manage the risks, AISB has adopted the following guiding principles:

- (a) A sound Shariah Compliance Framework which governs the operations of AISB and outlines the roles of key functionalities within AISB, 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 AISB'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 disclosure.
- (c) Appointment of a qualified Shariah Committee member who also serves as AISB's 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 AISB. 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, two instances of Shariah non-compliance were detected from the ongoing reviews of AISB's operational processes. The Shariah non-compliance events had been tracked and escalated to the Shariah Committee and the Board, and immediate actions were taken to rectify the events. The Shariah non-compliant income of RM100.54 had been donated to charity and/or refunded to the affected customers in accordance with the Shariah Committee's decision.

# LIST OF PROPERTIES

AS AT 31 MARCH 2023

No	Location	Current Use	Year of Purchase <sup>1</sup>	Tenure	Remaining Lease Period (Expiry Year)	Age of Property (Years) <sup>2</sup>	Built-Up Area (Sq Ft) <sup>3</sup>	Net Book Value (RM'000) <sup>4</sup>
1.	1, Jalan Tembaga SD5/2A Bandar Sri Damansara 52100 Kepong, Kuala Lumpur	Alliance Bank's branch/office premises	1991	Freehold	–	30	9,179	635
2.	150 - 152, Jalan Cerdas Taman Connaught 56000 Kuala Lumpur	Alliance Bank's branch/office premises	1997	Leasehold 99 years	55 years 2078	44	11,704	1,987
3.	43 & 45, Jalan Bunga Tanjung 6A Taman Putra 68000 Ampang, Selangor	Alliance Bank's branch/office premises	1998	Leasehold 99 years	58 years 2081	41	8,120	997
4.	1960 E & F, Jalan Stadium 05100 Alor Setar, Kedah	Alliance Bank's branch/office premises	1979	Leasehold 60 years	16 years 2039	44	4,537	291
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	–	29	6,103	1,467
6.	70 & 71, Block 10 Jalan Laksamana Cheng Ho 93200 Kuching, Sarawak	Alliance Bank's branch/office premises	2007	Leasehold 60 years	46 years 2069	17	9,405	1,799
7.	B-400, Jalan Beserah 25300 Kuantan, Pahang	Alliance Bank's branch/office premises	1996	Freehold	–	32	6,688	301
8.	LG134/LG135/G128/F89 Holiday Plaza Jalan Dato Sulaiman 80250 Johor Bahru, Johor	Alliance Bank's e-Lobby	1984	Freehold	–	38	5,414	685
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	–	30	24,334	1,165
10.	3 & 5, Jalan Bentara 1 Tun Aminah 81300 Johor Bahru, Johor	Alliance Bank's branch/office premises	1996	Freehold	–	40	5,412	711
11.	Unit 01-G & 01-1, Seremban City Jalan Tunku Munawir 70000 Seremban Negeri Sembilan	Alliance Bank's branch/office premises	1997	Freehold	–	24	7,277	1,223
12.	101 & 103, Jalan Melaka Raya 24 Taman Melaka Raya 75000 Melaka	Alliance Bank's branch/office premises	1995	Leasehold 99 years	71 years 2094	26	8,640	482
13.	Lot 7 & 9, Block D Nountun Industrial Estate 89350 Inanam Kota Kinabalu, Sabah	Alliance Bank's branch/office premises	1995	Leasehold 999 years	900 years 2923	23	7,495	792

## LIST OF PROPERTIES (CONT'D)

AS AT 31 MARCH 2023

No	Location	Current Use	Year of Purchase <sup>1</sup>	Tenure	Remaining Lease Period (Expiry Year)	Age of Property (Years) <sup>2</sup>	Built-Up Area (Sq Ft) <sup>3</sup>	Net Book Value (RM'000) <sup>4</sup>
14.	Lot 4-6, Block K Sinsuran Complex 58000 Kota Kinabalu, Sabah	Alliance Bank's branch/office premises	1980	Leasehold 99 years	48 years 2071	43	13,979	256
15.	Lot 1086, Jalan Utara W.D.T. 127 91009 Tawau, Sabah	Alliance Bank's branch/office premises	1981	Leasehold 99 years	37 years 2060	60	14,948	360
16.	Lot 8, Block A Beaufort Jaya Commercial Centre 89808 Beaufort, Sabah	Alliance Bank's branch/office premises	1984	Leasehold 999 years	878 years 2901	37	4,500	185
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	57 years 2080	38	4,800	327
18.	1 & 2, Block A, Jalan Jungkat Pangie Light Industrial Complex 89909 Tenom, Sabah	Alliance Bank's branch/office premises	1993	Leasehold 999 years	901 years 2924	29	7,085	241
19.	17, 19 & 21, Jalan USJ 9/5N, USJ 9 47620 Subang Jaya, Selangor	Alliance Bank's branch/office premises	1996	Freehold	–	27	12,864	1,803
20.	59-61, Jalan Tiga 90702 Sandakan, Sabah	Alliance Bank's branch/office premises	1963	Leasehold 999 years	866 years 2889	64	9,900	610
21.	MPWPL U 0072 & 0073 Jalan Merdeka 87008 Labuan	Alliance Bank's branch/office premises	1979, 1984	Leasehold 99 years	34, 40 years 2057, 2063	57	5,800	536
22.	84, Jalan Gaya 88000 Kota Kinabalu, Sabah	Alliance Bank's branch/office premises	1985	Leasehold 999 years	859 years 2882	65	10,040	1,584
23.	45, Jalan Sungai Besi Indah 1/21 43300 Balakong, Selangor	Alliance Bank's branch/office premises	2001	Leasehold 99 years	68 years 2091	22	9,706	1,140
24.	3, Jalan SS 15/2A Wisma Projass (3 Alliance) 47500 Subang Jaya, Selangor	Alliance Bank's branch/office premises	2005	Freehold	–	38	35,926	5,450

### Notes:

- <sup>1</sup> The Year of Purchase is based on Sale & Purchase Agreement. In the event that Sale & Purchase Agreement is not available, it is based on the date of registration of ownership specified in the title document
- <sup>2</sup> The Age of Property is based on Certificate of Fitness for Occupation. In the event that the Certificate of Fitness for Occupation is not available, it is based on the issuance date of the title document
- <sup>3</sup> The Built-Up Area is based on the valuation report conducted in May 2019
- <sup>4</sup> Net Book Value as at 31 March 2023 (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](http://www.alliancebank.com.my)



**ALLIANCE  
ISLAMIC BANK**

## ALLIANCE ISLAMIC BANK BERHAD

### HEAD OFFICE

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Fax : 03-2698 4691

[www.alliancebank.com.my/islamic/home](http://www.alliancebank.com.my/islamic/home)

## BRANCHES

### KEDAH

#### Alor Setar

1960 E & F, Jalan Stadium  
05100 Alor Setar, Kedah  
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, Lebu 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 8B  
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  
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**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

**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

## DIRECTORY (CONT'D)

### SABAH (cont'd)

#### Kudasang

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 : 082-233 312

#### 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



**ALLIANCE**  
RESEARCH

#### ALLIANCE RESEARCH SDN BHD

19th Floor, Menara Multi-Purpose, Capital Square  
No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur  
Tel : 03-2604 3915



**ALLIANCE**  
INVESTMENT BANK

#### ALLIANCE INVESTMENT BANK BERHAD

19th Floor, Menara Multi-Purpose Capital Square  
No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur  
Tel : 03-2604 3333

# ANALYSIS OF SHAREHOLDINGS

AS AT 18 MAY 2023

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	:	25,709

## Shareholdings Distribution Schedule

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
Less than 100	2,054	7.99	36,089	*
100 - 1,000	6,139	23.88	4,589,589	0.30
1,001 - 10,000	13,163	51.20	56,994,961	3.68
10,001 - 100,000	3,719	14.47	110,418,259	7.13
100,001 - less than 5% of issued shares	631	2.45	700,644,616	45.26
5% and above of issued shares	3	0.01	675,422,415	43.63
<b>Total</b>	<b>25,709</b>	<b>100</b>	<b>1,548,105,929</b>	<b>100.00</b>

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	146,989,640	9.49
3. IFAST NOMINEES (TEMPATAN) SDN BHD GLOBAL SUCCESS NETWORK SDN BHD	78,575,000	5.08
4. FOCUS ASIA STRATEGIES LTD	73,528,700	4.75
5. MEDIMETRO (M) SDN BHD	56,000,000	3.62
6. FIELDS EQUITY MANAGEMENT LTD	31,470,900	2.03
7. EDEN ENGINEERING SDN BHD	19,700,000	1.27
8. CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD	18,899,500	1.22
9. HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	15,895,017	1.03
10. MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PUBLIC REGULAR SAVINGS FUND (N14011940100)	15,044,700	0.97
11. HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	13,890,553	0.90
12. CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 19)	12,892,400	0.83

## ANALYSIS OF SHAREHOLDINGS (CONT'D)

AS AT 18 MAY 2023

Name	No. of Shares Held	% of Issued Shares
13. CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	12,544,400	0.81
14. CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	12,435,400	0.80
15. CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	10,785,900	0.70
16. HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK JULIUS BAER & CO. LTD. (SINGAPORE BCH)	9,500,000	0.61
17. CARTABAN NOMINEES (TEMPATAN) SDN BHD PRUDENTIAL ASSURANCE MALAYSIA BERHAD FOR PRULINK STRATEGIC FUND	8,687,600	0.56
18. CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND WTAU FOR WISDOMTREE EMERGING MARKETS SMALLCAP DIVIDEND FUND	8,611,100	0.56
19. CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	8,471,200	0.55
20. CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (CIMB-PRIN)	7,851,700	0.51
21. CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR NORGES BANK (FI 17)	7,606,315	0.49
22. CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND J724 FOR SPDR PORTFOLIO EMERGING MARKETS ETF	7,315,221	0.47
23. CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	6,893,300	0.45
24. HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD FIDUCIARY TRUST COMPANY INSTITUTIONAL TOTAL INTERNATIONAL STOCK MARKET INDEX TRUST II	6,440,500	0.42
25. CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (PRINCIPAL EQITS)	5,958,200	0.38
26. CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 3)	5,390,000	0.35
27. CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	5,305,900	0.34
28. DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTPRING INVESTMENTSSMAL-CAP FUND	5,273,100	0.34
29. CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LSF)	4,993,000	0.32
30. AMANAHRAYA TRUSTEES BERHAD ASN UMBRELLA FOR ASN SARA (MIXED ASSET CONSERVATIVE) 1	4,698,200	0.30
<b>Total</b>	<b>1,071,505,221</b>	<b>69.21</b>

## SUBSTANTIAL SHAREHOLDERS

AS AT 18 MAY 2023

Name of Substantial Shareholder	No. of Ordinary Shares					
	Direct Interest	% of Issued Shares	Indirect Interest	% of Issued Shares	Total	% of Issued Shares
Vertical Theme Sdn Bhd	449,857,775	29.06	-	-	449,857,775	29.06
Langkah Bahagia Sdn Bhd	-	-	449,857,775 <sup>1</sup>	29.06	449,857,775	29.06
Duxton Investments Pte Ltd	-	-	449,857,775 <sup>1</sup>	29.06	449,857,775	29.06
Ong Beng Seng	-	-	449,857,775 <sup>2</sup>	29.06	449,857,775	29.06
Ong Tiong Sin	-	-	449,857,775 <sup>2</sup>	29.06	449,857,775	29.06
Seow Lun Hoo	-	-	449,857,775 <sup>2</sup>	29.06	449,857,775	29.06
Fullerton Financial Holdings Pte Ltd	-	-	449,857,775 <sup>3</sup>	29.06	449,857,775	29.06
Fullerton Management Pte Ltd	-	-	449,857,775 <sup>4</sup>	29.06	449,857,775	29.06
Temasek Holdings (Private) Limited	-	-	449,857,775 <sup>5</sup>	29.06	449,857,775	29.06
Singapore Minister for Finance	-	-	449,857,775 <sup>6</sup>	29.06	449,857,775	29.06
Employees Provident Fund Board	157,690,340	10.19	-	-	157,690,340	10.19
Global Success Network Sdn Bhd	78,575,000	5.08	-	-	78,575,000	5.08
Lee Thiam Wah	-	-	78,575,000 <sup>7</sup>	5.08	78,575,000	5.08
Ng Lee Tieng	-	-	78,575,000 <sup>8</sup>	5.08	78,575,000	5.08

### Notes:

<sup>1</sup> Deemed interested by virtue of Section 8 of the Companies Act 2016 held through Vertical Theme Sdn Bhd.

<sup>2</sup> Deemed interested by virtue of Section 8 of the Companies Act 2016 held through Langkah Bahagia Sdn Bhd.

<sup>3</sup> Deemed interested by virtue of Section 8 of the Companies Act 2016 held through Duxton Investments Pte Ltd.

<sup>4</sup> Deemed interested by virtue of Section 8 of the Companies Act 2016 held through Fullerton Financial Holdings Pte Ltd.

<sup>5</sup> Deemed interested by virtue of Section 8 of the Companies Act 2016 held through Fullerton Management Pte Ltd.

<sup>6</sup> Deemed interested by virtue of Section 8 of the Companies Act 2016 held through Temasek Holdings (Private) Limited.

<sup>7</sup> Indirect interest held through his shareholding in Global Success Network Sdn Bhd.

<sup>8</sup> Indirect interest held through her spouse's interest in Global Success Network Sdn Bhd.

## DIRECTORS' SHAREHOLDINGS

AS AT 18 MAY 2023

None of the Directors have any interest in the shares of the Bank as at 18 May 2023.



## SENIOR MANAGEMENT'S SHAREHOLDINGS

AS AT 18 MAY 2023

Save as disclosed below, none of the other Senior Management including the Group Chief Executive Officer have any interest in the shares of the Bank or in any of the Bank's related corporation as at 18 May 2023:

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	-	-
Lee Wei Yen	219,800	0.01	-	-
Peter Fong Seow Loong	69,500	*	-	-
Rizal IL-Ehzan Fadil Azim	47,500	*	-	-
Ronnie Royston Fernandiz	-	-	2,000 <sup>#</sup>	*
Tan Eng Kiang	79,600	0.01	-	-

Note:

\* *Negligible*

<sup>#</sup> *Indirect interest held through his spouse.*

# NOTICE OF 41<sup>ST</sup> ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the 41<sup>st</sup> Annual General Meeting (“AGM”) of Alliance Bank Malaysia Berhad (“the Bank”) will be held as a virtual meeting through live streaming and online remote voting from the broadcast venue at the Junior Ballroom, Level 2, InterContinental Kuala Lumpur, 168, Jalan Ampang, 50450 Kuala Lumpur on Wednesday, 26 July 2023 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 2023 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) Mr. Lee Boon Huat   | <b>Ordinary Resolution 1</b> |
| (ii) Mr. Lum Piew   | <b>Ordinary Resolution 2</b> |
| (iii) Mr. Tan Chian Khong   | <b>Ordinary Resolution 3</b> |
| 3. To re-elect Puan Mazidah binti Abdul Malik who retires pursuant to Article 93 of the Bank’s Constitution.  | <b>Ordinary Resolution 4</b> |
| 4. To approve the payment of Directors’ fees and Board Committees’ fees to the Non-Executive Directors for the period from the 41 <sup>st</sup> AGM until the next AGM of the Bank.   | <b>Ordinary Resolution 5</b> |
| 5. To approve the payment of Directors’ benefits (other than Directors’ fees and Board Committees’ fees) to the Non-Executive Directors of up to RM1,800,000 for the period from the 41 <sup>st</sup> AGM until the next AGM of the Bank. | <b>Ordinary Resolution 6</b> |
| 6. To re-appoint PricewaterhouseCoopers PLT as Auditors of the Bank and to authorise the Directors to fix their remuneration.   | <b>Ordinary Resolution 7</b> |
| 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  
26 June 2023

## NOTICE OF 41<sup>ST</sup> ANNUAL GENERAL MEETING (CONT'D)

### Notes:

#### 1. Virtual AGM

- 1.1 The 41<sup>st</sup> AGM of the Bank will be conducted on a virtual basis through live streaming and online remote voting via 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 41<sup>st</sup> AGM to register, participate and vote remotely via the RPV facilities.
- 1.2 The broadcast venue of the 41<sup>st</sup> AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Article 66 of the Bank’s Constitution which require the Chairman of the meeting to be present at the main venue of the meeting. **No shareholders and proxies from the public shall be physically present at the broadcast venue.**

#### 2. Proxy

- 2.1 A Member entitled to attend, participate, speak and vote at the meeting is entitled to appoint a proxy or proxies to attend, participate, speak and vote in his/her stead. A proxy may but need not be a member of the Bank.
- 2.2 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. Please follow the procedures provided in the Administrative Details of the 41<sup>st</sup> AGM in order to deposit the Proxy form electronically.
- 2.7 By submitting the duly executed Form of Proxy, the member and his/her proxy(ies) consent to the Bank (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for the purposes of the 41<sup>st</sup> AGM and any adjournment thereof.
- 2.8 A Member whose name appears on the Record of Depositors as at 17 July 2023 shall be regarded as a member entitled to attend, participate, speak and vote at the meeting or appoint a proxy or proxies to attend, participate, speak and vote in his/her stead.

#### 3. Voting by Poll

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 41<sup>st</sup> AGM of the Bank shall be put to the vote by way of a poll.

#### 4. Audited Financial Statements for the financial year ended 31 March 2023

This Agenda item is laid before the 41<sup>st</sup> AGM pursuant to Section 340(1)(a) of the Companies Act 2016, and does not require a formal approval of the shareholders. As such, it is meant for discussion only and will not be put forward for voting.

## 5. Ordinary Resolutions 1, 2, 3 and 4 – Re-election of Directors

Shareholders' approval is sought for the re-election of the following Directors:

- (a) Mr. Lee Boon Huat (Ordinary Resolution 1)
- (b) Mr. Lum Piew (Ordinary Resolution 2)
- (c) Mr. Tan Chian Khong (Ordinary Resolution 3)
- (d) Puan Mazidah binti Abdul Malik (Ordinary Resolution 4)

Mr. Lee Boon Huat, Mr. Lum Piew and Mr. Tan Chian Khong retire pursuant to Article 87 of the Bank's Constitution and being eligible have offered themselves for re-election at the 41<sup>st</sup> AGM.

The Group Nomination and Remuneration Committee, having reviewed the performance and contribution of Mr. Lee Boon Huat, Mr. Lum Piew and Mr. Tan Chian Khong respectively, was satisfied that each of them has performed and contributed to the effectiveness of the Board as a whole.

Puan Mazidah binti Abdul Malik, who was appointed as an Independent Director of the Bank on 30 May 2023, retires pursuant to Article 93 of the Bank's Constitution and being eligible, has offered herself for re-election.

The Board recommends shareholders to vote in favour of the re-election of Mr. Lee Boon Huat, Mr. Lum Piew, Mr. Tan Chian Khong and Puan Mazidah binti Abdul Malik respectively.

The profiles of Directors seeking re-election are set out in the Statement Accompanying the Notice of 41<sup>st</sup> AGM.

## 6. Ordinary Resolutions 5 & 6 – Directors' Remuneration

### (i) Ordinary Resolution 5 – Payment of Directors' fees and Board Committees' fees to Non-Executive Directors for the period from the 41<sup>st</sup> AGM until the next AGM of the Bank

Shareholders' approval is sought for the proposed payment of Directors' fees and Board Committees' fees to Non-Executive Directors for the period from the 41<sup>st</sup> AGM until the next AGM of the Bank based on the current fee structure below. If Ordinary Resolution 5 is passed at the 41<sup>st</sup> AGM, the payment of Directors' fees and Board Committees' fees will be paid to the Non-Executive Directors on a quarterly basis after they have rendered their services to the Bank throughout the relevant period.

<u>Annual Directors' Fees</u>	
- Non-Executive Chairman	RM320,000
- Non-Executive Director	RM150,000
<u>Annual Board Committees' Fees</u>	
- Chairman	RM50,000
- Member	RM35,000

### (ii) Ordinary Resolution 6 – Payment of Directors' benefits (other than Directors' fees and Board Committees' fees) to Non-Executive Directors up to RM1,800,000 for the period from the 41<sup>st</sup> AGM until the next AGM of the Bank

The Non-Executive Directors' benefits (other than Directors' fees and Board Committees' fees) comprise sitting allowances and other benefits, as set out below:

- (a) Sitting allowance – RM2,500 per meeting
- (b) Any Non-Executive Director, including the Board Chairman, who retires from the Board upon completion of his/her term of service 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.

## NOTICE OF 41<sup>ST</sup> ANNUAL GENERAL MEETING (CONT'D)

### **7. Ordinary Resolution 7 – Re-appointment of Auditors**

The Group Audit Committee (“Group AC”) had, at its meeting held on 25 April 2023 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.

The Board had, at its meeting held on 27 April 2023 approved the re-appointment of PwC as External Auditors of the Bank as recommended by the Group AC for shareholders’ approval at the 41<sup>st</sup> AGM of the Bank.

Shareholders’ approval is also sought under Ordinary Resolution 7 to authorise the Directors to fix the External Auditors’ remuneration.

# STATEMENT ACCOMPANYING NOTICE OF 41<sup>ST</sup> ANNUAL GENERAL MEETING

(PURSUANT TO PARAGRAPH 8.27(2) OF BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS)

- (i) No individual is seeking election as a Director at the 41<sup>st</sup> AGM of the Bank.
- (ii) The profiles of the Directors who are standing for re-election at the 41<sup>st</sup> AGM are set out below:

**(a) Mr. Lee Boon Huat**

Senior Independent Director  
Chairman of the Group Risk Management Committee  
Member of the Executive Committee  
Singaporean/Male/Aged 65

**Date of Appointment to the Board:**

7 April 2015

**Qualification:**

- Bachelor of Business (Accounting), Western Australia Institute of Technology, Australia

Mr. Lee Boon Huat has extensive experience in the financial services industry. He has served with the Monetary Authority of Singapore, Hong Kong and Shanghai Banking Corporation, Canadian Imperial Bank of Commerce and Chemical Bank. He held several posts at Standard Chartered Bank including Head of Global Markets (South East Asia), Head of Global Markets (Middle East), and Chief Operating Officer (South East Asia) from 1998 to 2012.

Mr. Lee serves as a Director of Technological and Commercial Joint-stock Bank (listed on the Ho Chi Minh City Stock Exchange) and ordinary member of Singapore Institute of Directors.

**(b) Mr. Lum Piew**

Independent Director  
Member of the Group Risk Management Committee  
Member of the Group Information Technology Committee  
Malaysian/Male/Aged 54

**Date of Appointment to the Board:**

1 July 2020

**Qualification:**

- Bachelor of Science (Computer and Information Sciences), The National University of Singapore, Singapore

Mr. Lum Piew has over 32 years of experience in the consulting and technology industry. He began his career as a consultant at Andersen Consulting (renamed to Accenture in 2001) in 1992. By 2004,

he had risen through the ranks to become Managing Director in the Communications, Media and Technology Industry Group. His experience covers management consulting, system integration, outsourcing, and digital transformation serving clients across telecommunications, media and internet companies. He held the position until his retirement in 2016.

Mr. Lum is a Non-Independent Non-Executive Director of Cloudaron Group Berhad which is listed on Bursa Malaysia.

**(c) Mr. Tan Chian Khong**

Independent Director  
Chairman of the Group Audit Committee  
Member of the Executive Committee  
Singaporean/Male/Aged 67

**Date of Appointment to the Board:**

26 September 2017

**Qualification:**

- Bachelor of Accountancy, National University of Singapore
- Master of Business Administration, University of South Australia
- Master of International Environmental Management, University of Adelaide, Australia
- Member of the American Institute of Certified Public Accountants
- Fellow of the Institute of Singapore Chartered Accountants and of CPA Australia

Mr. Tan Chian Khong has 35 years of experience in the audit industry. He was a partner at Ernst & Young LLP from July 1996 till his retirement in June 2016.

Mr. Tan serves as an Independent Director in four (4) 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 Gambling 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.

## STATEMENT ACCOMPANYING NOTICE OF 41<sup>ST</sup> ANNUAL GENERAL MEETING (CONT'D)

(PURSUANT TO PARAGRAPH 8.27(2) OF BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS)

**(d) Puan Mazidah binti Abdul Malik**

Independent Director

Member of the Group Risk Management Committee

Malaysian/Female/Aged 64

**Date of Appointment to the Board:**

30 May 2023

**Qualification:**

- Bachelor in Business Administration, Ohio University, USA
- Master of Law Executive (Banking Law), International Islamic University, Malaysia
- Certificate in Islamic Financial Planning, Islamic Banking and Finance Institute, Malaysia

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 and other central banks.

In 2001, she was assigned to Labuan Offshore Financial Services Authority (LOFSA) as Director, Corporate Affairs with the responsibility of promoting Labuan locally and internationally as a choice offshore jurisdiction. In 2006, 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 Alliance Investment Bank Berhad and Prudential BSN Takaful Berhad and Senior Independent Director of OSK Ventures International Berhad which is listed on Bursa Malaysia.

**The retiring Directors do not have any conflicts of interest or any family relationship with any other Directors and/or major shareholders of the Bank, and that they 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 41<sup>ST</sup> ANNUAL GENERAL MEETING

Date and Time of Meeting	: <b>Wednesday, 26 July 2023 at 10.00 a.m.</b>
Remote Participation and Voting Platform	: <b><a href="https://alliancebank.vote2u.app/">https://alliancebank.vote2u.app/</a></b>
Domain Registration Number with MYNIC	: <b>D6A471702</b>
Broadcast Venue	: <b>Junior Ballroom, Level 2 InterContinental Kuala Lumpur 165 Jalan Ampang 50450 Kuala Lumpur</b>

The 41<sup>st</sup> Annual General Meeting (“AGM”) of Alliance Bank Malaysia Berhad (“the Bank”) will be held on a virtual basis through live streaming and online remote voting using the **Vote2U** online platform at **<https://alliancebank.vote2u.app/>**

### Entitlement to Participate and Vote Remotely

A shareholder whose name appears in the Record of Depositors as at **17 July 2023** shall be regarded as a shareholder entitled to participate and vote at the 41<sup>st</sup> 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 41<sup>ST</sup> AGM

Kindly note that the quality of the live streaming is highly dependent on the bandwidth and stability of the internet connection of shareholders and proxies.

To participate in the 41<sup>st</sup> AGM, please follow the procedures summarised below:

#### Step 1 – Before the Day of the 41<sup>st</sup> 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"> <li>• Individual Shareholders</li> </ul> | <p>a. Access website at <b><a href="https://alliancebank.vote2u.app/">https://alliancebank.vote2u.app/</a></b></p> <p>b. Click the &lt;&lt;<b>Sign Up</b>&gt;&gt; button to sign up as a user.</p> <p>c. Read and indicate your acceptance of the “Privacy Policy” and “Terms &amp; Conditions” on the small box <input type="checkbox"/>. Then click the &lt;&lt;<b>Next</b>&gt;&gt; button.</p> <p>d. Fill in your details [(i) ensure email address is valid, &amp; (ii) create your own password]. Then click the &lt;&lt;<b>Continue</b>&gt;&gt; button.</p> <p>e. Upload your MyKAD (front only) (for Malaysians) or Passport (for non-Malaysians). Then click the &lt;&lt;<b>Submit</b>&gt;&gt; button.</p> <p>f. Your registration will be verified and an email notification will be provided.</p> |
|---|---|

## ADMINISTRATIVE DETAILS

### – THE 41<sup>ST</sup> ANNUAL GENERAL MEETING (CONT'D)

B. REGISTRATION OF PROXY	
<p>i. Electronic lodgement of Proxy Form (e-Proxy) no later than <b>Monday, 24 July 2023 at 10.00 a.m.</b></p> <ul style="list-style-type: none"> <li>• Individual Shareholders</li> </ul>	<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 &lt;&lt;<b>Register a Proxy</b>&gt;&gt; button</p> <p>d. Read and indicate your acceptance of the “Declarations” on the small box <input type="checkbox"/>. Then click the &lt;&lt;<b>Next</b>&gt;&gt; button.</p> <p>e. Select/add your Central Depository System (“<b>CDS</b>”) account number and number of shares.</p> <p>f. Click the &lt;&lt;<b>Appoint Proxy</b>&gt;&gt; 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 &lt;&lt;<b>Submit</b>&gt;&gt; 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 <b>Monday, 24 July 2023 at 10.00 a.m.</b></p> <ul style="list-style-type: none"> <li>• Individual Shareholders;</li> <li>• Corporate Shareholders;</li> <li>• Authorised Nominee; and</li> <li>• Exempt Authorised Nominee</li> </ul>	<p>a. Complete the following details on the hardcopy of the Proxy Form:</p> <ul style="list-style-type: none"> <li>- Name of the Proxy(ies).</li> <li>- MyKAD (for Malaysians)/Passport (for non-Malaysians) number of the Proxy(ies).</li> <li>- Email address and telephone number of the Proxy(ies).</li> </ul> <p>b. Enclose the following documents with the original Proxy Form:</p> <ul style="list-style-type: none"> <li>- A copy of the Proxy(ies’) MyKAD (for Malaysians)/ Passport (for non-Malaysians)</li> </ul> <p>c. Deposit the original 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 Agmo Digital Solutions Sdn Bhd if registration is approved.</p>
C. REVOCATION OF PROXY	
<p>i. Revoke a Proxy electronically</p> <ul style="list-style-type: none"> <li>• Individual Shareholders who have appointed Proxy(ies) through e-Proxy</li> </ul>	<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 &lt;&lt;<b>Revoke a Proxy</b>&gt;&gt; button.</p>

<p>ii. Revoke a Proxy</p> <ul style="list-style-type: none"> <li>• Individual Shareholders;</li> <li>• Corporate Shareholders;</li> <li>• Authorised Nominee; and</li> <li>• Exempt Authorised Nominee;</li> </ul> <p>who have/has appointed Proxy(ies) using hardcopy of Proxy Form</p>	<p>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.</p>
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## Step 2 – On the Day of the 41<sup>st</sup> 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 Wednesday, 26 July 2023**, i.e. one (1) hour before the commencement of the 41<sup>st</sup> 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 << <b>Watch Live</b> >> button to view the live streaming.
ii. Ask Question(s) (Real-Time)	<p>a. Click the &lt;&lt;<b>Ask Question</b>&gt;&gt; button to pose question(s).</p> <p>b. Type in your question and click the &lt;&lt;<b>Submit</b>&gt;&gt; button.</p> <p><u>Note:</u> The Chairman of the meeting/Board of Directors will endeavour to respond to questions submitted by remote shareholders and proxies during the 41<sup>st</sup> AGM. Should there be any time constraints, the responses will be emailed to you at the earliest practicable time after the 41<sup>st</sup> AGM.</p>
iii. Remote Voting	<p>a. On the main page, scroll down and click the &lt;&lt;<b>Confirm Details &amp; Start Voting</b>&gt;&gt; button.</p> <p>b. To vote, select your voting choice from the options provided. A confirmation screen will appear to show your selected vote. Click the &lt;&lt;<b>Next</b>&gt;&gt; button to continue voting for all resolutions.</p> <p>c. After you have completed voting, a Voting Summary page will appear to show all the resolutions with your voting choices. Click the &lt;&lt;<b>Confirm</b>&gt;&gt; button to submit your vote.</p> <p><u>Notes:</u></p> <ul style="list-style-type: none"> <li>- You can proceed to vote on the resolutions and submit your votes at any time from the commencement of the 41<sup>st</sup> AGM at 10.00 a.m. until the end of the voting session, which will be announced by the Chairman of the meeting.</li> <li>- Once you have confirmed and submitted your votes, you will not be able to change your voting choices.</li> </ul>
iv. View Voting Results	On the main page, scroll down and click the << <b>View Voting Results</b> >> button.
v. End of Meeting	<p>a. Upon the announcement by the Chairman of the meeting of the conclusion of the Meeting, the live streaming will be terminated.</p> <p>b. You may log out from Vote2U.</p>

## ADMINISTRATIVE DETAILS – THE 41<sup>ST</sup> 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 41<sup>st</sup> AGM online.

In accordance with the Securities Commission's Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers dated 7 April 2022, only essential individuals are permitted to be physically present at the Broadcast Venue, namely the Chairman of the meeting, Directors, Chief Executive Officer, Chief Financial Officer, Auditors, Company Secretary, Independent Scrutineer, Management and those involved in organising and conducting the virtual meeting. **In this regard, no Shareholders and Proxies will be physically present nor allowed to enter the Broadcast Venue.**

#### No Recording or Photography of the 41<sup>st</sup> AGM Proceedings

No recording or photography of the 41<sup>st</sup> AGM proceedings is allowed without the prior written permission of the Bank.

#### No e-Voucher, Gift or Food Voucher

There will be no e-Voucher, gift or food voucher for Shareholders and Proxies who participate at the 41<sup>st</sup> AGM.

#### Enquiry

For any enquiry relating to the 41<sup>st</sup> AGM of the Bank, please contact our Share Registrar, ShareWorks Sdn Bhd, during office hours (8:30 a.m. to 5:30 p.m.) from Monday to Friday (except for public holidays):

Telephone No. : 03-6201 1120 / 03-6206 1743 / 03-6206 1364

Email : ir@shareworks.com.my

For any enquiry relating to the Vote2U online platform or if you encounter any issues with the login process or need further clarification on the steps to connect to the live streaming and online voting, please contact Agmo Digital Solutions Sdn Bhd's Helpdesk during office hours (8:30 a.m. to 5:30 p.m.) from Monday to Friday:

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 41<sup>st</sup> Annual General Meeting (“AGM”) of the Bank, to be held on a virtual basis through live streaming and online remote voting from the broadcast venue at Junior Ballroom, Level 2, InterContinental Kuala Lumpur, 165, Jalan Ampang, 50450 Kuala Lumpur on Wednesday, 26 July 2023 at 10.00 a.m. and at any adjournment thereof.

NO.	RESOLUTIONS	*FOR	*AGAINST
1.	Re-election of Mr. Lee Boon Huat as Director.		
2.	Re-election of Mr. Lum Piew as Director.		
3.	Re-election of Mr. Tan Chian Khong as Director.		
4.	Re-election of Puan Mazidah binti Abdul Malik as Director.		
5.	Payment of Directors’ fees and Board Committees’ fees to the Non-Executive Directors for the period from the 41 <sup>st</sup> AGM until the next AGM of the Bank.		
6.	Payment of Directors’ benefits (other than Directors’ fees and Board Committees’ fees) of up to an amount of RM1,800,000 for the period from the 41 <sup>st</sup> AGM until the next AGM of the Bank.		
7.	Re-appointment of PricewaterhouseCoopers PLT as Auditors of the Bank and granting authority to the Directors to fix their remuneration.		

\* Please indicate with an “X” how you wish your vote to be cast. If no specific direction as to voting is given, the proxy(ies) will vote or abstain at his/her/their discretion.

As witness my/our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2023.

\_\_\_\_\_  
Signature of Member

Shareholding represented by Proxy	
Proxy 1	%
Proxy 2	%
Total	%

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**Notes:**

1. The broadcast venue of the 41<sup>st</sup> AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Article 66 of the Bank's Constitution, which require the Chairman of the meeting to be present at the main venue of the meeting. **No shareholders 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 41<sup>st</sup> AGM and any adjournment thereof.
9. A Member whose name appears in the General Meeting Record of Depositors as at 17 July 2023 shall be regarded as a Member entitled to attend, participate, speak and vote at the meeting or appoint a proxy or proxies to attend, participate, speak and vote in his/her stead.

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Affix Stamp

The Share Registrar of  
ALLIANCE BANK MALAYSIA BERHAD

**SHAREWORKS SDN BHD**  
No. 2-1, Jalan Sri Hartamas 8  
Sri Hartamas  
50480 Kuala Lumpur

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[www.alliancebank.com.my](http://www.alliancebank.com.my)



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Alliance Bank Malaysia Berhad

**ALLIANCE BANK MALAYSIA BERHAD** (88103-W)

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No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, Malaysia.  
Tel : 03-2604 3333 Fax : 03-2694 6200