ALLIANCE INVESTMENT BANK

REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

ALLIANCE INVESTMENT BANK BERHAD
197401004393 (21605-D)
(Incorporated in Malaysia)

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ALLIANCE INVESTMENT BANK BERHAD
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(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Economic Entity and the Bank for the financial year ended 31 March 2022.

PRINCIPAL ACTIVITIES

The Bank is principally engaged in the investment banking business including Islamic Banking Business, provision of stock-broking services and related financial services. There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	ECONOMIC ENTITY	BANK
	RM'000	RM'000
Profit before taxation	41,333	41,332
Taxation	(8,295)	(8,295)
Net profit for the financial year	33,038	33,037

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.

DIVIDEND

The amount of dividend declared and paid by the Bank since 31 March 2021 was as follows:

	RM'000
A single tier second interim dividend of 5.74 sen per share, on 365,000,000 shares in respect of the financial year ended 31 March 2021, was paid on 28 June 2021.	20,951

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

ISSUE OF SHARES AND DEBENTURES

There were no new issue of shares and debentures during the financial year.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Economic Entity 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 Economic Entity and of the Bank inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Economic Entity 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 Economic Entity 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 Economic Entity and of the Bank misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

As at the date of this report, there does not exist:

(i) any charge on the assets of the Economic Entity and 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 Economic Entity and 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 Economic Entity 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 Economic Entity 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 Economic Entity 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 Economic Entity and of the Bank during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in Note 45 to the financial statements; and

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

ALLIANCE INVESTMENT BANK BERHAD
197401004393 (21605-D)
(Incorporated in Malaysia)

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:

Lee Ah Boon
Mazidah Binti Abdul Malik
Datin Ooi Swee Lian

DIRECTORS' REMUNERATION

Details of Directors' Remuneration are set out in Note 36 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 36 to the financial statements) by reason of a contract made by the Bank or its subsidiary or its holding company or subsidiary of the holding company 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, share options and share grants in the Bank or its subsidiaries or its holding company or subsidiaries of the holding company during the financial year.

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

Profitability

The Bank's net profit after taxation was RM33.0 million for the full year ended 31 March 2022, lower by RM18.7 million or 36.1% year-on-year ("YOY"). The decrease was largely due to lower revenue.

Net interest income was recorded at RM25.4 million, lower by RM13.0 million or 33.9% YOY. Nevertheless, the interest margin (NIM) recorded higher at 2.65% (FY2021: 2.58%).

Other operating income was recorded at RM56.5 million, lower by RM17.9 million or 24.0% mainly from lower brokerage fees and treasury and investment income. The decrease was offset by higher arrangement fees.

Operating expenses was lower by RM7.3 million or 15.1%. The cost to income ratio stood at 50.4% (FY2021: 43.1%).

Proactive Capital Management

Both Total Capital and Common Equity Tier-1 ("CET 1") continue to remain strong at 88.1% and 87.3% respectively as at 31 March 2022.

ECONOMIC OUTLOOK AND PROSPECTS FOR FYE 31 MARCH 2023

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

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

BUSINESS OUTLOOK FOR FYE 31 MARCH 2023

As part of the Economic Entity's broader strategy to accelerate the momentum of its core businesses, the Economic Entity on the 2 December 2021 announced the sale of the stockbroking business and the transfer of capital markets business to Alliance Islamic Bank Berhad.

The transfer of capital markets business was completed on the 1st April, 2022. The completion of the business sale of the stockbroking business to Phillip Capital Group is still ongoing and is expected to be completed within the financial year ending 31 March 2023. Upon completion of the business sale, the Economic Entity intends to enter into a strategic stockbroking partnership arrangement with Phillip Capital Group. This will enable the Economic Entity's customer to gain access to regional trading platforms and a broad range of global investment products.

The excess capital from the sale of the stockbroking business will be redeployed to accelerate growth in the Economic Entity's core business.

Notwithstanding the above, we will continue to run the business as usual till the completion of the sale of the stockbroking business where we will prioritise the needs of our clients and our employees.

RATING BY EXTERNAL RATING AGENCY

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

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

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

HOLDING COMPANY

The holding company of the Bank is Alliance Bank Malaysia Berhad, a bank incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 26 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 45 to the financial statements.

SUBSEQUENT EVENTS

The events subsequent to the end of the financial reporting period are disclosed in Note 46 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 resolution of the Directors.

Mazidah Binti Abdul Malik

Datin Ooi Swee Lian

9 June 2022

ALLIANCE INVESTMENT BANK BERHAD
197401004393 (21605-D)
(Incorporated in Malaysia)

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

We, Mazidah Binti Abdul Malik and Datin Ooi Swee Lian, being two of the Directors of Alliance Investment Bank Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 11 to 113 are drawn up so as to give a true and fair view of the financial position of the Economic Entity and of the Bank as at 31 March 2022 and the financial performance of the Economic Entity and of the Bank for the financial year ended 31 March 2022 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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

Mazidah Binti Abdul Malik **Datin Ooi Swee Lian**

9 June 2022

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 Investment Bank Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 11 to 113 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the
abovenamed Ronnie Royston Fernandiz at
Kuala Lumpur in the Federal Territory
on 9 June 2022

Ronnie Royston Fernandiz
MIA Membership No. (CA 13837)

Before me,

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF ALLIANCE INVESTMENT BANK BERHAD
(Incorporated in Malaysia)
Company No. 197401004393 (21605-D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Alliance Investment Bank Berhad ("the Bank") give a true and fair view of the financial position of the Economic Entity and of the Bank as at 31 March 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Economic Entity and of the Bank, which comprise the statements of financial position as at 31 March 2022 of the Economic Entity 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 Economic Entity 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 11 to 113.

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 Economic Entity 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.

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

Information other than the financial statements and auditors' report thereon

The Directors of the Bank are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Economic Entity and of the Bank and our auditors' report thereon.

Our opinion on the financial statements of the Economic Entity 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 Economic Entity 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 Economic Entity 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 Economic Entity 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 Economic Entity and of the Bank that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF ALLIANCE INVESTMENT BANK BERHAD
(Incorporated in Malaysia)
(Company No. 197401004393 (21605-D))

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Economic Entity 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 Economic Entity 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 Economic Entity's and of 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 Economic Entity's and of 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 Economic Entity 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 Economic Entity 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 Economic Entity and of the Bank, including the disclosures, and whether the financial statements of the Economic Entity 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 Economic Entity to express an opinion on the financial statements of the Economic Entity. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

Auditors’ responsibilities for the audit of the financial statements (contd.)

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

ONG CHING CHUAN
02907/11/2023 J
Chartered Accountant

Kuala Lumpur
9 June 2022

ALLIANCE INVESTMENT BANK BERHAD
197401004393 (21605-D)
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2022

		ECONOMIC ENTITY		BANK	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds	3	8,378	56,058	8,378	56,058
Amounts due from clients and brokers	4	-	105,041	-	105,041
Financial assets at fair value through profit or loss	5	74,353	70,194	74,353	70,194
Financial investments at fair value through other comprehensive income	6	570,931	921,075	570,931	921,075
Financial investments at amortised cost	7	16	16	16	16
Loans, advances and financing	8	124,514	262,747	124,514	262,747
Other assets	9	1,897	11,364	1,897	11,364
Tax recoverable		3,055	-	3,055	-
Investment in an associate	10	237	290	230	230
Investment in joint venture	11	1,048	994	394	394
Right-of-use assets	12	1,499	2,387	1,499	2,387
Property, plant and equipment	13	108	878	108	878
Deferred tax Assets	14	5,180	-	5,180	-
Intangible assets	15	21,585	22,332	24,145	24,892
		812,801	1,453,376	814,700	1,455,276
Assets held for sale	30	224,506	-	224,506	-
TOTAL ASSETS		1,037,307	1,453,376	1,039,206	1,455,276
LIABILITIES AND EQUITY					
Deposits from customers	16	356,370	338,287	356,370	338,287
Deposits and placements of banks and other financial institutions	17	143,451	528,128	143,451	528,128
Amounts due to clients and brokers	18	-	63,416	-	63,416
Lease liabilities	19	1,597	2,457	1,597	2,457
Other liabilities	20	20,702	51,622	20,702	51,622
Provision for taxation		-	761	-	761
Deferred tax liabilities	14	-	2,311	-	2,311
		522,120	986,982	522,120	986,982
Liabilities held for sale	30	57,980	-	57,980	-
TOTAL LIABILITIES		580,100	986,982	580,100	986,982
Share capital	21	365,962	365,962	365,962	365,962
Reserves	22	91,245	100,432	93,144	102,332
TOTAL EQUITY		457,207	466,394	459,106	468,294
TOTAL LIABILITIES AND EQUITY		1,037,307	1,453,376	1,039,206	1,455,276
COMMITMENTS AND CONTINGENCIES	40	315,498	327,127	315,498	327,127

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

ALLIANCE INVESTMENT BANK BERHAD
197401004393 (21605-D)
(Incorporated in Malaysia)

STATEMENTS OF INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

		ECONOMIC ENTITY		BANK	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
Interest income	23	30,720	51,473	30,720	51,473
Interest expense	24	(10,570)	(18,763)	(10,570)	(18,763)
Net interest income		20,150	32,710	20,150	32,710
Net income from Islamic banking business	47	2,663	6,567	2,663	6,567
		22,813	39,277	22,813	39,277
Fee and commission income	25	30	261	30	261
Investment income	25	23,562	21,202	23,617	21,202
Other income	25	67	37	67	37
Other operating income	25	23,659	21,500	23,714	21,500
Net income		46,472	60,777	46,527	60,777
Other operating expenses	26	(4,631)	(10,153)	(4,631)	(10,153)
Operating profit before allowances		41,841	50,624	41,896	50,624
Write-back of expected credit losses on loans, advances and financing and other financial assets	27	1,117	140	1,117	140
(Allowance for)/write-back of expected credit losses on financial investments	28	(78)	163	(78)	163
Operating profit after allowances		42,880	50,927	42,935	50,927
Share of results in an associate	10	2	4	-	-
Share of results of joint venture	11	54	91	-	-
Profit before taxation from continuing operations		42,936	51,022	42,935	50,927
Taxation	29	(8,604)	(10,583)	(8,604)	(10,583)
Net profit from continuing operations		34,332	40,439	34,331	40,344
Net (loss)/profit from discontinued operation	31	(1,294)	11,255	(1,294)	11,255
Net profit for the financial year		33,038	51,694	33,037	51,599
Net profit for the financial year attributable to:					
Equity holder of the Bank		33,038	51,694	33,037	51,599
Earnings/(loss) per share attributable to Equity holder of the Bank:					
Continuing operations basic/diluted (sen)	32	9.41	11.08		
Discontinued operations basic/diluted (sen)	32	(0.35)	3.08		
		9.06	14.16		

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

ALLIANCE INVESTMENT BANK BERHAD
197401004393 (21605-D)
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	ECONOMIC ENTITY		BANK	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial year	33,038	51,694	33,037	51,599
Other comprehensive expense:				
Items that may be reclassified subsequently to profit or loss:				
Revaluation reserve on financial investments at fair value through other comprehensive expense				
- Net (loss)/gain from change in fair value	(9,272)	11,540	(9,272)	11,540
- Realised gain transferred to statements of income on disposal	(18,823)	(18,180)	(18,823)	(18,180)
- Transfer from deferred tax	6,743	1,594	6,743	1,594
- Changes in expected credit losses	78	(163)	78	(163)
Other comprehensive expense, net of tax	(21,274)	(5,209)	(21,274)	(5,209)
Total comprehensive income for the financial year:				
Continuing operations	13,058	35,230	13,057	35,135
Discontinued operations	(1,294)	11,255	(1,294)	11,255
	11,764	46,485	11,763	46,390
Total comprehensive income for the financial year attributable to:				
Equity holder of the Bank	11,764	46,485	11,763	46,390

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

ALLIANCE INVESTMENT BANK BERHAD
197401004393 (21605-D)
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	Attributable to Equity holder of the Bank				
	Ordinary shares RM'000	Regulatory reserves RM'000	FVOCI reserves RM'000	Retained profits RM'000	Total equity RM'000
Economic Entity					
At 1 April 2021	365,962	6,434	21,240	72,758	466,394
Net profit for the financial year	-	-	-	33,038	33,038
Other comprehensive expense	-	-	(21,274)	-	(21,274)
Total comprehensive (expense)/income	-	-	(21,274)	33,038	11,764
Transfer from regulatory reserves	-	(389)	-	389	-
Dividends paid	-	-	-	(20,951)	(20,951)
At 31 March 2022	365,962	6,045	(34)	85,234	457,207
At 1 April 2020	365,962	7,540	26,449	258,887	658,838
Net profit for the financial year	-	-	-	51,694	51,694
Other comprehensive expense	-	-	(5,209)	-	(5,209)
Total comprehensive (expense)/income	-	-	(5,209)	51,694	46,485
Transfer from regulatory reserves	-	(1,106)	-	1,106	-
Dividends paid	-	-	-	(238,929)	(238,929)
At 31 March 2021	365,962	6,434	21,240	72,758	466,394

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

ALLIANCE INVESTMENT BANK BERHAD
197401004393 (21605-D)
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTD.)

	← Non-distributable reserves		→	Distributable reserves	
	Ordinary shares	Regulatory reserves	FVOCI reserves	Retained profits	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000
Bank					
At 1 April 2021	365,962	6,434	21,240	74,658	468,294
Net profit for the financial year	-	-	-	33,037	33,037
Other comprehensive expense	-	-	(21,274)	-	(21,274)
Total comprehensive (expense)/income	-	-	(21,274)	33,037	11,763
Transfer from regulatory reserves	-	(389)	-	389	-
Dividends paid	-	-	-	(20,951)	(20,951)
At 31 March 2022	365,962	6,045	(34)	87,133	459,106
At 1 April 2020	365,962	7,540	26,449	260,882	660,833
Net profit for the financial year	-	-	-	51,599	51,599
Other comprehensive expense	-	-	(5,209)	-	(5,209)
Total comprehensive (expense)/income	-	-	(5,209)	51,599	46,390
Transfer from regulatory reserves	-	(1,106)	-	1,106	-
Dividends paid	-	-	-	(238,929)	(238,929)
At 31 March 2021	365,962	6,434	21,240	74,658	468,294

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

ALLIANCE INVESTMENT BANK BERHAD
197401004393 (21605-D)
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	ECONOMIC ENTITY		BANK	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation from:				
Continuing operations	42,936	51,022	42,935	50,927
Discontinued operations	(1,603)	13,672	(1,603)	13,672
Adjustments for:				
Accretion of discount less amortisation of premium of financial investments	638	157	638	157
Depreciation of property, plant and equipment	720	836	720	836
Depreciation of right-of-use assets	1,034	1,058	1,034	1,058
Amortisation of computer software	750	1,143	750	1,143
Dividends received from financial assets at fair value through profit or loss	(580)	(550)	(580)	(550)
Property, plant and equipment written-off	-	4	-	4
Net gain from sale of financial investments at fair value through other comprehensive income	(18,823)	(14,850)	(18,823)	(14,850)
Net gain from sale of financial assets at fair value through profit or loss	(381)	-	(381)	-
Unrealised gain from revaluation of financial assets at fair value through profit or loss	(4,159)	(5,802)	(4,159)	(5,802)
Write-back of expected credit losses on loans, advances and financing	(135)	(283)	(135)	(283)
Write-back of expected credit losses on other receivables	(567)	111	(567)	111
(Write-back of)/allowance for expected credit losses on amounts due from clients and brokers	3	(3)	3	(3)
(Write-back of)/allowance for expected credit losses on commitments and contingencies	(1)	(39)	(1)	(39)
Allowance for/(write-back of) expected credit losses on financial investments	78	(163)	78	(163)
Share of results of associate	(2)	(4)	-	-
Share of results of joint venture	(54)	(91)	-	-
Interest expense on lease liabilities	135	87	135	87
Interest income from financial investments at fair value through other comprehensive income	(22,742)	(40,862)	(22,742)	(40,862)
Dividend from associate	-	-	(55)	-
Cash flow from operating activities before working capital changes	(2,753)	5,443	(2,753)	5,443
Changes in working capital:				
Deposits from customers	18,083	(146,720)	18,083	(146,720)
Deposits and placements of banks and other financial institutions	(384,677)	(164,550)	(384,677)	(164,550)
Other liabilities	(1,570)	16,193	(1,570)	16,193
Financial assets at fair value through profit or loss	381	-	381	-
Loans, advances and financing	16,962	30,110	16,962	30,110
Other assets	(422)	(2,549)	(422)	(2,549)
Amounts due from clients and brokers	14,986	(12,749)	14,986	(12,749)
Statutory deposits with Bank Negara Malaysia	-	29,106	-	29,106
Cash used in operations	(339,010)	(245,716)	(339,010)	(245,716)
Tax paid	(12,859)	(13,068)	(12,859)	(13,068)
Net cash used in operating activities	(351,869)	(258,784)	(351,869)	(258,784)

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

ALLIANCE INVESTMENT BANK BERHAD
197401004393 (21605-D)
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTD.)

	ECONOMIC ENTITY		BANK	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividend from associate	55	-	55	-
Purchase of property, plant and equipment	(40)	(66)	(40)	(66)
Purchase of intangible assets	(22)	(119)	(22)	(119)
Purchase of:				
- financial investments at fair value through other comprehensive income	(92,660)	(57,444)	(92,660)	(57,444)
Redemption/disposal of:				
- financial investments at fair value through other comprehensive income	428,229	521,568	428,229	521,568
Net dividends received from financial investments at fair value through profit or loss	580	550	580	550
Interest income from financial investments at fair value through other comprehensive income	27,407	45,531	27,407	45,531
Net cash generated from investing activities	363,549	510,020	363,549	510,020
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid to holding company	(20,951)	(238,929)	(20,951)	(238,929)
Repayment of lease liabilities	(1,140)	(1,032)	(1,140)	(1,032)
Net cash used in financing activities	(22,091)	(239,961)	(22,091)	(239,961)
NET CHANGES IN CASH AND CASH EQUIVALENTS FROM:	(10,411)	11,275	(10,411)	11,275
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	56,058	44,783	56,058	44,783
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	45,647	56,058	45,647	56,058
Cash and cash equivalents comprise from:				
Cash and Short term funds (Note 3)	8,378	56,058	8,378	56,058
Cash and Short term funds under Assets Held for Sale (Note 30)	37,269	-	37,269	-
	45,647	56,058	45,647	56,058

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTD.)

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

	Lease Liabilities	
	2022	2021
	RM'000	RM'000
ECONOMIC ENTITY/BANK		
At 1 April	2,457	629
Transferred to liabilities held for sale	-	-
Cash flow		
- Repayment of lease liabilities	(1,140)	(1,032)
Non cash changes		
- Interest accrued	135	87
- Additions, remeasurement and termination of contracts	371	2,773
At 31 March	1,823	2,457
Lease liabilities comprise of:		
Lease liabilities (Note 19)	1,597	2,457
Lease liabilities under Liabilities Held For Sale (Note 30)	226	-
	1,823	2,457

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

NOTES TO THE FINANCIAL STATEMENTS AS AT - 31 MARCH 2022

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The Bank is principally engaged in the investment banking business including Islamic banking business, provision of stock-broking services and related financial services.

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

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 holding company of the Bank is Alliance Bank Malaysia Berhad, a bank incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

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

The financial statements of the Economic Entity as at the financial year ended 31 March 2022 comprise the Bank and its equity accounted investment entities as disclosed in Note 10 and 11.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

Malaysian Financial Reporting Standards ("MFRS") Framework

The financial statements of the Economic Entity and of the Bank have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Economic Entity 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 Economic Entity. Islamic banking business refers generally to the acceptance of deposits and granting of financing under the Shariah principles.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(a) Basis of Preparation (contd.)

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

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

(i) Annual testing for impairment of goodwill (Note 15) - the measurement of the recoverable amount of cash-generating units is determined based on the value-in-use method, which requires the use of estimates for cash flow projections approved by the Board of Directors covering a 4-year period, estimated growth rates for cash flows beyond the fourth year are extrapolated in perpetuity and discount rates are applied to the cash flow projections. A sensitivity assessment has been performed by stressing of the estimated growth rates and discount rates by a certain percentage.

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

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

The sensitivity effect on the macroeconomic factor is further disclosed in Note 37(a)(vi).

Some of the areas of significant judgements involved in the measurement of expected credit losses are detailed as follows:

- Significant increase in credit risk [Note 37(a)(iv)(a)];
- Development of ECL models and assumption for the measurement of ECL;
- Determining the number and relative weightings of forward-looking scenarios ECL; and
- Establishing groups of similar financial assets for the purpose of measuring the ECL on a collective basis.

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

The new accounting standards, amendments and improvements to published standards and interpretations that are effective for the Economic Entity and the Bank's for the financial year beginning on or after 1 April 2021 are as follows:

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

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

During the financial year the Bank has entered into a business sale and purchase agreement ("BSPA") as disclosed in Note 30 and Note 31. In accordance to the MFRS 5, the assets and liabilities of these proposals are classified under assets and liabilities held for sale in the statements of financial position; and the Profit and Loss for the above proposals are classified under discontinued operation in the statements of income.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(a) Basis of Preparation (contd.)

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

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

Financial year beginning after 1 April 2022

(i) Annual improvements to MFRS 9 "Fees in the 10% Test for Derecognition of Financial Liabilities"

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

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

(ii) Amendments to MFRS 3 "Reference to the Conceptual Framework"

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

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

The amendments shall be applied prospectively.

(iii) Amendments to MFRS 116 "Proceeds before Intended Use"

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

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

The amendments shall be applied retrospectively.

(iv) Amendments to MFRS 137 "Onerous Contracts - Cost of Fulfilling a Contract"

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

The amendments shall be applied prospectively.

Financial year beginning after 1 April 2023

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(a) Basis of Preparation (contd.)

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

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

<u>Financial year beginning after 1 April 2023 (contd.)</u>

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

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

The amendments shall be applied retrospectively.

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

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

  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 Estimate"

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(b) Economic Entities

(i) Associates

Associates are all entities over which the Bank 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 Bank's share of the post-acquisition profits or losses of the associate in profit or loss, and the Bank'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 Bank'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 Bank's net investment in the associate, the Bank does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Bank's investment in associates includes goodwill identified on acquisition.

The Bank 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 Bank and its associate are recognised in the Economic Entity's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised gains on transactions between the Bank and its associates are eliminated to the extent of the Bank'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 Bank.

When the Bank 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 profit or loss. 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 Bank had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

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 profit or loss where appropriate.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(b) Economic Entities (contd.)

(ii) Joint Arrangements

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Bank 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 Bank's share of the post-acquisition profits or losses of the joint venture in profit or loss, and the Bank'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 Bank'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 Bank's net investment in the joint venture, the Bank does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

The Bank 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 Bank and its joint ventures are eliminated to the extent of the Bank’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 Bank.

When the Bank 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 profit or loss. 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 Bank had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to statements of income.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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

In the Bank's separate financial statements, investments in 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(j)(ii)(b). On disposal of investments in joint ventures and associates, the difference between disposal proceeds and the carrying amounts of the investments is recognised in the statements of income.

(d) Intangible Assets

(i) Goodwill

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

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

(ii) Computer Software

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

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

Costs associated with maintaining computer software programmes are recognised as expenses as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Economic Entity, 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 (CONTD.)

(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 the 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 Economic Entity and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in the statements of income during the financial year in which they are incurred.

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(f) Financial Assets

(i) Classification

The Economic Entity and the Bank classify the financial assets in the following measurement

- 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 Economic Entity 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 Economic Entity's and the Bank's business model is achieved both by collecting contractual cash flows and selling financial assets.

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

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

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

(ii) Recognition and Initial Measurement

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

At initial recognition, the Economic Entity 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 profit or loss.

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 (CONTD.)

(f) Financial Assets (contd.)

(iii) Subsequent Measurement

Debt instruments

There are three measurement categories into which the Economic Entity 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 and interest/profit income 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/profit. Foreign exchange gains and losses are presented in other operating income and impairment expenses are presented as a separate line item in the statement of income and statement of comprehensive income.

(iii) FVTPL

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Economic Entity 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 Economic Entity and the Bank subsequently measure all equity investments at fair value where the Economic Entity's and the Bank's management has elected to present fair value gains and losses on equity investments through profit and loss. 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 profit or loss as other operating income when the Economic Entity's and the Bank's right to receive payments is established.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(f) Financial Assets (contd.)

(iv) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Economic Entity 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 Economic Entity 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) 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.

(h) 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 Economic Entity and deposits of and amounts due to dealer representative in accordance with the Rules of Bursa Securities. Bad debts are written off when all recovery actions have been fully exhausted.

(i) Other Assets

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

(j) Impairment of Assets

(i) Impairment of Financial Assets

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

The Economic Entity and the Bank have four types of 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(j) Impairment of Assets (contd.)

(i) Impairment of Financial Assets (contd.)

(a) General 3-stage approach

At each reporting date, the Economic Entity and the Bank measures 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 judgementally impaired.

Measurement of ECL is set out in Note 37.

(b) Simplified approach for other receivables

The Economic Entity 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 the accounts are short-term repayment and forward-looking element will not be considered.

(c) Writeoff

The Economic Entity and the Bank writeoff 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 Economic Entity and the Bank may writeoff financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously writtenoff will result in bad debts recoveries.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(j) Impairment of Assets (contd.)

(ii) Impairment of Non-Financial Assets

(a) Goodwill/Intangible assets

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

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

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

(b) Other non-financial assets

Other non-financial assets such as property, plant and equipment, computer software 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(k) Financial Liabilities

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

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

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

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

The component of fair value changes relating to the Economic Entity'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 profit, but are transferred to retained earnings when realised.

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

(l) Repurchase Agreements

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

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

(m) Provisions

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(n) Leases

Lease in which the Economic Entity and the Bank are a Lessee

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

Contracts may contain both lease and non-lease components. The Economic Entity 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 Economic Entity and the Bank are a lessee, it has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

(i) Lease Term

In determining the lease term, the Economic Entity 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 Economic Entity 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 Economic Entity and the Bank and affects whether the Economic Entity 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) Right-of-Use ("ROU") Assets

ROU assets are initially measured at cost comprising the following:

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(n) Leases (contd.)

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

(iii) Lease Liabilities

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

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Economic Entity and the Bank under residual value guarantees;
- The exercise price of a purchase and extension options if the Economic Entity and the Bank are reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Economic Entity 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 Economic Entity and the Bank, the lessee’s incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

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

The Economic Entity 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.

(o) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(o) Share Capital (contd.)

(iv) Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- The profit attributable to owner of the Economic Entity 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.

(p) 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 or, where appropriate, a shorter period to the net carrying amount of the loans/financing. When calculating the effective interest/profit rate, the Economic Entity 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/profit 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 income continues to be accrued using the rate of interest/profit used to discount the future cash flows for the purposes of measuring the impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(p) Revenue Recognition (contd.)

(ii) Recognition of Fees and Other Income

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

For transaction-based fee and commission income, it is recognised on the completion of the transaction. Such fees include fees related to the completion of corporate advisory fees, brokerage income, loan arrangement fees and commissions, management and participation fees and underwriting commissions. 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.

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 profit or loss upon disposal of securities, as the difference between net disposal proceeds and the 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.

(q) Recognition of Interest and Financing Expenses

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

(r) Foreign Currencies

(i) Functional and Presentation Currency

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

(ii) Transactions and Balances

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(r) Foreign currencies (contd.)

(ii) Transactions and Balances (contd.)

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 profit or loss, 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.

(s) Current and Deferred Income Tax

Income tax on the profit or loss 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.

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.

(t) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(u) 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 Economic Entity 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 Economic Entity 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").

(v) Contingent Assets and Contingent Liabilities

The Economic Entity 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 Economic Entity 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 Economic Entity and the Bank. The Economic Entity and the Bank do not recognise contingent assets but disclose its existence where inflows of economic benefits are probable, but not virtually certain.

(w) Financial Guarantee Contracts

Financial guarantee contracts are contracts that require the Economic Entity 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(x) Non-Current Assets/Disposal Groups Held For Sale and Discontinued Operations

Non-current assets/disposal groups are classified as assets held for sale and to be measured at the lower of carrying amount and fair value less cost to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use.

An impairment loss is recognised for any initial or subsequent write-down of the assets to fair value less costs to sell. Recognised a gain for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss that has been recognised previously. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business. The results of discontinued operations are presented separately in the statements of income.

3. CASH AND SHORT-TERM FUNDS

	ECONOMIC ENTITY/BANK	
	2022	2021
	RM'000	RM'000
Cash and balances with banks and other financial institutions	481	45,010
Money at call and deposit placements maturing within one month	7,897	11,048
	8,378	56,058

Included in the cash and short-term funds of the Economic Entity and the Bank are accounts held-in-trust for remisiers amounting to RM Nil (2021: RM9,274,000).

4. AMOUNTS DUE FROM CLIENTS AND BROKERS

	ECONOMIC ENTITY/BANK	
	2022	2021
	RM'000	RM'000
Due from clients	-	105,041
	-	105,041

These balances represent amounts receivable 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.

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

Movements in the allowance for expected credit losses are as follows:

	Lifetime ECL	
	2022	2021
	RM'000	RM'000
ECONOMIC ENTITY/BANK		
At 1 April	-	3
Write-back during the financial year (net)	-	(3)
At 31 March	-	-

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

	ECONOMIC ENTITY/BANK	
	2022	2021
	RM'000	RM'000
At fair value		
Unquoted securities:		
Shares	74,353	70,194
Total financial assets at FVTPL	74,353	70,194

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

	ECONOMIC ENTITY/BANK	
	2022	2021
	RM'000	RM'000
At fair value - debt instruments		
Money market instruments:		
Malaysian Government securities	163,173	95,086
Malaysian Government investment issues	182,525	199,551
	345,698	294,637
Unquoted securities:		
Corporate bonds and sukuk	225,233	626,438
	225,233	626,438
Total financial investments at FVOCI	570,931	921,075

Movements in the allowance for expected credit losses are as follows:

	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
ECONOMIC ENTITY/BANK				
At 1 April 2021	18	117	-	135
Financial assets derecognised other than write-off	(2)	(14)	-	(16)
Changes due to change in credit risk	37	57	-	94
Total charge to income statement	35	43	-	78
At 31 March 2022	53	160	-	213

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

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

	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
ECONOMIC ENTITY/BANK				
At 1 April 2020	241	57	-	298
Transfer to Stage 1	17	(183)	-	(166)
Transfer to Stage 2	(17)	367	-	350
Financial assets derecognised other than write-off	(40)	-	-	(40)
Changes due to change in credit risk	(183)	(124)	-	(307)
Total (write-back from)/charge to income statement	(223)	60	-	(163)
At 31 March 2021	18	117	-	135

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.

7. FINANCIAL INVESTMENTS AT AMORTISED COST

	ECONOMIC ENTITY/BANK 2022 RM'000	2021 RM'000
At amortised cost		
Unquoted securities:		
Corporate bonds	291	291
Less: Allowance for expected credit losses	(275)	(275)
	16	16
Total financial investments at amortised cost	16	16

Movements in allowance for expected credit losses are as follows:

	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
ECONOMIC ENTITY/BANK				
At 1 April 2021/ 31 March 2022	-	-	275	275

7. FINANCIAL INVESTMENTS AT AMORTISED COST (CONTD.)

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

	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 2020	-	-	24,397	24,397
New financial assets originated or purchased	-	-	196	196
Financial assets derecognised other than write-off during the financial year	-	-	(196)	(196)
Total charge to income statement	-	-	-	-
Write-off	-	-	(24,122)	(24,122)
At 31 March 2021	-	-	275	275

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

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

	ECONOMIC ENTITY/BANK 2022 RM'000	2021 RM'000
At 1 April	291	24,413
New financial assets originated or purchased	-	196
Write-off during the financial year	-	(24,122)
Financial assets derecognised other than write-off	-	(196)
At 31 March	291	291

8. LOANS, ADVANCES AND FINANCING

	ECONOMIC ENTITY/BANK	
	2022	2021
	RM'000	RM'000
At amortised cost		
Term loans	70,820	78,441
Staff loans (Directors loan: RM Nil)	87	107
Revolving credits	3,001	8,008
Share margin financing	51,153	176,873
Gross loans, advances and financing	125,061	263,429
Less: Allowance for expected credit losses on loans, advances and financing	(547)	(682)
Total net loans, advances and financing	124,514	262,747

(i) By maturity structure:

	ECONOMIC ENTITY/BANK	
	2022	2021
	RM'000	RM'000
Within one year	98,000	228,744
One year to three years	26,828	34,385
Three years to five years	73	101
Over five years	160	199
Gross loans, advances and financing	125,061	263,429

(ii) By type of customer:

	ECONOMIC ENTITY/BANK	
	2022	2021
	RM'000	RM'000
Domestic business enterprises		
- Small and medium enterprises	-	3,964
- Others	93,035	106,456
Individuals	32,026	151,222
Other domestic entities	-	1,734
Foreign entities	-	53
Gross loans, advances and financing	125,061	263,429

(iii) By interest/profit rate sensitivity:

	ECONOMIC ENTITY/BANK	
	2022	2021
	RM'000	RM'000
Fixed rate	87	2,154
Variable rate		
- Base lending rate plus	31	35,551
- Base rate plus	51,223	139,436
- Cost plus	73,720	86,288
Gross loans, advances and financing	125,061	263,429

8. LOANS, ADVANCES AND FINANCING (CONTD.)

(iv) By economic purposes:

	ECONOMIC ENTITY/BANK 2022 RM'000	2021 RM'000
Purchase of securities	51,153	176,871
Purchase of landed property - Residential	294	371
Working capital	3,001	8,008
Others	70,613	78,179
Gross loans, advances and financing	125,061	263,429

(v) By economic sector:

	ECONOMIC ENTITY/BANK 2022 RM'000	2021 RM'000
Manufacturing	-	34,848
Construction	50,603	52,030
Financing, insurance, real estate and business services	42,431	23,543
Household	32,027	151,274
Others	-	1,734
Gross loans, advances and financing	125,061	263,429

(vi) By geographical distribution:

	ECONOMIC ENTITY/BANK 2022 RM'000	2021 RM'000
Northern region	-	35,415
Central region	125,061	198,214
Southern region	-	29,800
Gross loans, advances and financing	125,061	263,429

8. LOANS, ADVANCES AND FINANCING (CONTD.)

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

	ECONOMIC ENTITY/BANK	
	2022	2021
	RM'000	RM'000
At 1 April	182	428
Impaired during the financial year	20	131
Recovered during the financial year	-	(186)
Reclassified as unimpaired during the financial year	(27)	(32)
Financial assets derecognised other than write-off during the financial year	-	(81)
Amount written-off	-	(78)
At 31 March	175	182
Gross impaired loans ratio %	0.14%	0.07%
Net impaired loans ratio %	0.14%	0.07%

The Economic Entity 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 RM Nil (2021: RM78,000) for the Economic Entity and the Bank. The Economic Entity and the Bank still seek to recover amounts that are legally owed in full, but which have been partially or fully written off and are still subject to enforcement activity.

(viii) Credit impaired loans analysed by economic purposes:

	ECONOMIC ENTITY/BANK	
	2022	2021
	RM'000	RM'000
Purchase of landed properties - Residential	175	182
Gross impaired loans	175	182

(ix) Credit impaired loans analysed by economic sectors:

	ECONOMIC ENTITY/BANK	
	2022	2021
	RM'000	RM'000
Household	175	182
Gross impaired loans	175	182

(x) Credit impaired loans analysed by geographical distribution:

	ECONOMIC ENTITY/BANK	
	2022	2021
	RM'000	RM'000
Central region	175	182
Gross impaired loans	175	182

8. LOANS, ADVANCES AND FINANCING (CONTD.)

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

Impact of movements in gross carrying amount on expected credit loss

	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
ECONOMIC ENTITY/BANK				
At 1 April 2021	220	462	-	682
Transferred to assets held for sale	(2)	-	-	(2)
Financial assets derecognised other than write-off	(33)	-	-	(33)
Changes due to change in credit risk	(75)	(25)	-	(100)
Total write-back from income statement	(108)	(25)	-	(133)
At 31 March 2022	110	437	-	547

Stage 1 expected credit losses ("ECL") for the Economic Entity decreased by RM0.1 mil as a result of loans, advances and financing having movement in the existing account balances during the financial year, and loans, advances and financing that were fully repaid, accounts closed.

Stage 2 ECL decreased by RM0.03 mil, as a result of loans, advances and financing having movement in the existing account balances during the financial year.

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.

	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
ECONOMIC ENTITY/BANK				
At 1 April 2020	701	-	342	1,043
Transfer to Stage 2	(222)	787	-	565
Transfer to Stage 3	-	(2)	-	(2)
New financial assets originated or purchased	48	-	-	48
Financial assets derecognised other than write-off	(181)	-	(81)	(262)
Changes due to change in credit risk	(126)	(323)	(183)	(632)
Total (write-back from)/charge to income statement	(481)	462	(264)	(283)
Write-off	-	-	(78)	(78)
At 31 March 2021	220	462	-	682

8. LOANS, ADVANCES AND FINANCING (CONTD.)

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

Impact of movements in gross carrying amount on expected credit loss

Stage 1 ECL for the Bank decreased by RM0.5 million as a result of loans, advances and financing migrated to Stage 2 and Stage 3 due to the deterioration in credit quality.

Stage 2 ECL increased by RM0.5 million, as a result of loans, advances and financing migrated from the above mentioned Stage 1 where increased in credit risk were observed on certain Business Banking customers. The increase was partly offset by repayment and movement in customer account balances during the financial year.

Stage 3 ECL for the Bank decreased by RM0.3 million, from loans, advances and financing accounts that were fully repaid or written off. The decrease was partly offset by the accounts migrated from Stage 1 and Stage 2.

Total ECL movements in 2021 is also affected by the changes in forward-looking economic inputs and increased pre-emptive overlay provision from the estimated impacts of the COVID-19 pandemic.

9. OTHER ASSETS

	ECONOMIC ENTITY		BANK	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Other receivables, deposits and prepayments	2,490	13,751	2,490	13,751
Less: Allowance for expected credit losses on other receivables [Note (a)]	(593)	(2,387)	(593)	(2,387)
	1,897	11,364	1,897	11,364

Note:

(a) Movements in the allowance for expected credit losses on other receivables as follows:

	Lifetime ECL	
	2022	2021
	RM'000	RM'000
ECONOMIC ENTITY/BANK		
At 1 April	2,387	2,276
Transferred to assets held for sale	(62)	-
New financial assets originated or purchased	55	170
Financial assets derecognised other than write-off	(65)	(265)
Changes due to change in credit risk	(957)	206
Total charge to income statement	(967)	111
Write-off	(765)	-
At 31 March	593	2,387

As at 31 March 2022, the Economic Entity and the Bank's gross exposure of other receivables that are under lifetime expected credit losses was at RM593,000 (2021: RM2,387,000).

10. INVESTMENT IN AN ASSOCIATE

	ECONOMIC ENTITY		BANK	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Unquoted shares				
At 1 April	290	286	230	230
Share of results	2	4	-	-
Dividend paid	(55)	-	-	-
At 31 March	237	290	230	230
Represented by:				
Share of net tangible assets	237	290		

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

Name	Principal activities	Effective/direct equity interest 2022	Effective/direct equity interest 2021
Alliance Trustee Berhad	Trustee services	20%	20%

Alliance Trustee Berhad is jointly held by the Bank and the following related companies:

	Effective/direct equity interest	
	2022	2021
Alliance Bank Malaysia Berhad	100%	100%
Alliance Direct Marketing Sdn. Bhd.	20%	20%
Alliance Group Nominees (Tempatan) Sdn. Bhd.	20%	20%
Alliance Group Nominees (Asing) Sdn. Bhd.	20%	20%

	ECONOMIC ENTITY	
	2022	2021
	RM'000	RM'000
Assets and Liabilities		
Current assets		
Cash and short-term funds	139	208
Other current assets	951	1,146
Total current assets	1,090	1,354
Non-current assets	100	100
Total assets	1,190	1,454
Current liabilities		
Other current liabilities	7	6
Total liabilities	7	6
Net assets	1,183	1,448

10. INVESTMENT IN AN ASSOCIATE (CONTD.)

	ECONOMIC ENTITY	
	2022	2021
	RM'000	RM'000
The summarised statement of comprehensive income is as follows:		
Revenue	19	30
Profit before tax for the financial year	13	24
Profit after tax for the financial year	11	18
Reconciliation of summarised financial information:		
The above profit includes the following:		
Taxation	(2)	(6)

	ECONOMIC ENTITY	
	2022	2021
	RM'000	RM'000
Net assets		
At 1 April	1,448	1,430
Profit after tax for the financial year	11	18
Dividend paid	(276)	-
At 31 March	1,183	1,448
Carrying value at 20% share of the equity interest of the associate	237	290

11. INVESTMENT IN JOINT VENTURE

	ECONOMIC ENTITY		BANK	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
At 1 April	994	903	394	394
Share of results	54	91	-	-
At 31 March	1,048	994	394	394
Represented by:				
Share of net tangible assets	1,048	994		

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

Name	Principal activities	Effective equity interest	
		2022	2021
AllianceDBS Research Sdn. Bhd.	Research and stock analysis	51%	51%

11. INVESTMENT IN JOINT VENTURE (CONTD.)

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

	ECONOMIC ENTITY	
	2022	2021
	RM'000	RM'000
Assets and Liabilities		
Current assets		
Cash and short term funds	2,358	2,575
Other current assets	296	588
Total current assets	2,654	3,163
Non-current assets	308	650
Total assets	2,962	3,813
Current liabilities		
Other liabilities (non trade)	783	1,450
Total current liabilities	783	1,450
Non-current liabilities	125	414
Total liabilities	908	1,864
Net assets	2,054	1,949
The summarised statement of comprehensive income is as follows:		
Revenue	4,002	4,998
Profit before tax for the financial year	154	235
Profit after tax for the financial year	105	178
The above profit includes the following:		
Depreciation and amortisation	(7)	(23)
Taxation	(49)	(57)

Reconciliation of summarised financial information:

	ECONOMIC ENTITY	
	2022	2021
	RM'000	RM'000
Net assets		
At 1 April	1,949	1,771
Profit for the financial year	105	178
At 31 March	2,054	1,949
Carrying value at 51% share of the equity interest of a joint venture	1,048	994

12. RIGHT-OF-USE ASSETS

ECONOMIC ENTITY/BANK Premises	2022 RM'000	2021 RM'000
Cost		
At 1 April	6,154	3,381
Transferred to assets held for sale	(372)	-
Addition	-	72
Remeasurement	159	2,701
At 31 March	5,941	6,154
Accumulated Depreciation		
At 1 April	3,767	2,709
Transferred to assets held for sale	(279)	-
Charge for the financial year	954	1,058
At 31 March	4,442	3,767
Net Carrying Amount	1,499	2,387

13. PROPERTY, PLANT AND EQUIPMENT

ECONOMIC ENTITY/BANK 2022	Renovations RM'000	Office equipment and furniture RM'000	Computer equipment RM'000	Total RM'000
Cost				
At 1 April 2021	2,422	2,137	2,937	7,496
Transferred to assets held for sale	(1,109)	(331)	(419)	(1,859)
Additions	-	-	3	3
Written-off	(125)	-	-	(125)
At 31 March 2022	1,188	1,806	2,521	5,515
Accumulated Depreciation				
At 1 April 2021	2,385	1,987	2,246	6,618
Transferred to assets held for sale	(1,094)	(281)	(367)	(1,742)
Charge for the financial year	9	71	576	656
Written-off	(125)	-	-	(125)
At 31 March 2022	1,175	1,777	2,455	5,407
Net Carrying Amount	13	29	66	108

13. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

ECONOMIC ENTITY/BANK 2021	Renovations RM'000	Office equipment and furniture RM'000	Computer equipment RM'000	Total RM'000
Cost				
At 1 April 2020	2,412	2,132	1,049	5,593
Additions	24	5	37	66
Transfer	-	-	1,851	1,851
Written-off	(14)			(14)
At 31 March 2021	2,422	2,137	2,937	7,496
Accumulated Depreciation				
At 1 April 2020	2,343	1,840	980	5,163
Charge for the financial year	52	147	637	836
Transfer	-	-	629	629
Written-off	(10)	-	-	(10)
At 31 March 2021	2,385	1,987	2,246	6,618
Net Carrying Amount	37	150	691	878

14. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to setoff 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:

	ECONOMIC ENTITY/BANK	
	2022 RM'000	2021 RM'000
Deferred tax assets/(liabilities), net	5,180	(2,311)
	5,180	(2,311)

Movements on deferred tax:

	ECONOMIC ENTITY/BANK	
	2022 RM'000	2021 RM'000
At 1 April	(2,311)	(6,669)
Recognised in statements of income (Note 29)	748	2,764
Recognised in equity	6,743	1,594
At 31 March	5,180	(2,311)

14. DEFERRED TAX (CONTD.)

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

	ECONOMIC ENTITY/BANK 2022 RM'000	ECONOMIC ENTITY/BANK 2021 RM'000
Deferred tax assets	5,235	4,490
Deferred tax liabilities	(55)	(6,801)
	5,180	(2,311)

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

ECONOMIC ENTITY/BANK Deferred tax assets/ (liabilities)	Allowance for expected credit losses RM'000	Other liabilities RM'000	Leases RM'000	Financial investments at fair value through other comprehensive income RM'000	Property, plant and equipment RM'000	Total RM'000
At 1 April 2021	125	4,327	38	(6,665)	(136)	(2,311)
Recognised in statements of income	35	625	7	-	81	748
Recognised in equity	-	-	-	6,743	-	6,743
At 31 March 2022	160	4,952	45	78	(55)	5,180
ECONOMIC ENTITY/BANK						
At 1 April 2020	115	1,721	11	(8,259)	(257)	(6,669)
Recognised in statements of income	10	2,606	27	-	121	2,764
Recognised in equity	-	-	-	1,594	-	1,594
At 31 March 2021	125	4,327	38	(6,665)	(136)	(2,311)

Note: Other liabilities include provisions and deferred income.

15. INTANGIBLE ASSETS

	ECONOMIC ENTITY		BANK	
	2022	2021	2022	2021
Goodwill	RM'000	RM'000	RM'000	RM'000
Cost:				
At 1 April/31 March	63,870	63,870	71,760	71,760
Accumulated impairment losses:				
At 1 April/ 31 March	(43,148)	(43,148)	(48,478)	(48,478)
Net carrying amount	20,722	20,722	23,282	23,282
Computer software				
Cost:				
At 1 April	8,214	9,946	8,214	9,946
Transferred to assets held for sale	(16)	-	(16)	-
Additions	2	119	2	119
Transfer	-	(1,851)	-	(1,851)
At 31 March	8,200	8,214	8,200	8,214
Accumulated amortisation:				
At 1 April	(6,604)	(6,090)	(6,604)	(6,090)
Transferred to assets held for sale	15	-	15	-
Charge for the financial year	(748)	(1,143)	(748)	(1,143)
Transfer	-	629	-	629
At 31 March	(7,337)	(6,604)	(7,337)	(6,604)
Net carrying amount	863	1,610	863	1,610
Total carrying amount	21,585	22,332	24,145	24,892

(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 Economic Entity's cash-generating units ("CGUs") that are expected to benefit from the synergies of the acquisitions, identified according to the business segments as follows:

	ECONOMIC ENTITY		BANK	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Financial markets	20,722	20,722	23,282	23,282
	20,722	20,722	23,282	23,282

15. INTANGIBLE ASSETS (CONTD.)

(a) Impairment test on Goodwill (contd.)

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

	ECONOMIC ENTITY/BANK	
	2022	2021
	%	%
Financial markets	6.44	8.42

(ii) Cash flow projections and growth rate

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

Cash flows beyond the fourth year are extrapolated in perpetuity using terminal growth rate at 4.2% (2021: 4.0%), representing the forecasted Gross Domestic Product ("GDP") growth rate of the country for all CGUs.

(b) Sensitivity to changes in assumptions

The management is of the view that changes in any of 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 rate at 2.8% (2021: 1.22%) or the discount rate at 8.2% (2021: 11.56%) for Financial Market CGU which resulted in a break-even point between the carrying amount and recoverable amount.

16. DEPOSITS FROM CUSTOMERS

	ECONOMIC ENTITY/BANK	
	2022	2021
	RM'000	RM'000
Fixed deposits	223,457	208,244
Money market deposits	72,879	130,043
Negotiable instruments of deposits	60,034	-
	356,370	338,287

16. DEPOSITS FROM CUSTOMERS (CONTD.)

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

	ECONOMIC ENTITY/BANK	
	2022 RM'000	2021 RM'000
Due within six months	356,370	338,287

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

	ECONOMIC ENTITY/BANK	
	2022 RM'000	2021 RM'000
Government and statutory bodies	16,982	-
Business enterprises	74,283	132,867
Domestic financial institutions	60,034	-
Domestic non-bank financial institutions	205,071	205,420
	356,370	338,287

17. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	ECONOMIC ENTITY/BANK	
	2022 RM'000	2021 RM'000
Licensed banks	80,008	187,966
Licensed investment banks	23,441	340,162
Other financial institutions	40,002	-
	143,451	528,128

18. AMOUNTS DUE TO CLIENTS AND BROKERS

	ECONOMIC ENTITY/BANK	
	2022 RM'000	2021 RM'000
Due to clients	-	57,554
Due to brokers	-	5,862
	-	63,416

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

The Economic Entity's and the Bank's normal trade credit terms for trade payable for non-margin client is two (2) market days according to Bursa's FDSS trading rules.

Following the issuance of FRSIC Consensus 18, the Economic Entity and the Bank no longer recognises trust monies balances in the statements of financial position, as the Economic Entity and the Bank do 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 Economic Entity and the Bank amounting to RM Nil (2021: RM123,393,000) have been excluded accordingly.

19. LEASE LIABILITIES

	ECONOMIC ENTITY/BANK	
	2022 RM'000	2021 RM'000
At 1 April	2,457	629
Transferred to liabilities held for sale	(88)	-
Additions	-	72
Interest expense	116	87
Lease payment	(1,047)	(1,032)
Remeasurement	159	2,701
At 31 March	1,597	2,457

Note:

The Economic Entity and the Bank lease premises. Rental contracts are typically made for the periods ranging from 2 to 3 years but may have extension options.

Extension and termination options are included in a number of leases across the Economic Entity and the Bank. The Economic Entity 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 Economic Entity and the Bank. The majority of extension and termination options held are exercisable only by the Economic Entity and the Bank and not by the respective lessors.

In cases in which the Economic Entity 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.

20. OTHER LIABILITIES

		ECONOMIC ENTITY/BANK	
	Note	2022 RM'000	2021 RM'000
Other payables		1,061	25,484
Provision and accruals		19,130	16,629
Remisier's accounts		-	9,274
Amount due to joint venture	(a)	115	129
Amount due to other related company	(a)	3	3
Amount due to holding company	(a)	338	43
Allowance for expected credit losses on commitments and contingencies	(b)	55	60
		20,702	51,622

20. OTHER LIABILITIES (CONTD.)

Note:

(a) The amount due to joint venture, other related companies and holding company are unsecured, interest free and repayable upon demand.

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

	12 months ECL (Stage 1) RM'000	Lifetime ECL Non-credit Impaired (Stage 2) RM'000	Lifetime ECL Credit Impaired (Stage 3) RM'000	Total RM'000
ECONOMIC ENTITY/BANK				
At 1 April 2021	18	42	-	60
Transferred to liabilities held for sale	(1)	-	-	(1)
Net write-back from income statement	-	(4)	-	(4)
At 31 March 2022	17	38	-	55
ECONOMIC ENTITY/BANK				
At 1 April 2020	99	-	-	99
Transfer to Stage 2	(7)	36	-	29
New financial assets originated or purchased	1	-	-	1
Financial assets derecognised other than write-off	(8)	-	-	(8)
Changes due to change in credit risk	(67)	6	-	(61)
Total (write-back from)/charge to income statement	(81)	42	-	(39)
At 31 March 2021	18	42	-	60

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

21. SHARE CAPITAL

	ECONOMIC ENTITY/BANK			
	2022		2021	
	Number of ordinary shares '000	RM'000	Number of ordinary shares '000	RM'000
Ordinary shares issued:				
At 1 April/31 March	365,000	365,962	365,000	365,962

22. RESERVES

	Note	ECONOMIC ENTITY 2022 RM'000	ECONOMIC ENTITY 2021 RM'000	BANK 2022 RM'000	BANK 2021 RM'000
Non-distributable:					
Regulatory reserves	(a)	6,045	6,434	6,045	6,434
FVOCI reserves	(b)	(34)	21,240	(34)	21,240
		6,011	27,674	6,011	27,674
Distributable:					
Retained profits		85,234	72,758	87,133	74,658
		91,245	100,432	93,144	102,332

Notes:

(a) Regulatory reserves represent the Economic Entity’s and the Bank’s compliance with BNM Revised Policy Documents in Financial Reporting and Financial Reporting for Islamic Banking Institutions effective 1 January 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) 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 statement of income upon disposal and the cumulative allowance for credit losses on debt instruments.

23. INTEREST INCOME

	ECONOMIC ENTITY/BANK 2022 RM'000	ECONOMIC ENTITY/BANK 2021 RM'000
Loans, advances and financing	8,615	10,759
Money at call and deposit placements with financial institutions	1	9
Financial investments at fair value through other comprehensive income	22,742	40,862
	31,358	51,630
Accretion of discount less amortisation of premium (net)	(638)	(157)
	30,720	51,473

24. INTEREST EXPENSE

	ECONOMIC ENTITY/BANK 2022 RM'000	ECONOMIC ENTITY/BANK 2021 RM'000
Deposits and placements of banks and other financial institutions	4,259	10,197
Deposits from customers	6,195	8,487
Lease liabilities	116	79
	10,570	18,763

25. OTHER OPERATING INCOME

	ECONOMIC ENTITY		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
(a) Fee and commission income:				
Guarantee fees	26	26	26	26
Arrangement and related fees	4	235	4	235
	30	261	30	261
(b) Investment income:				
Gain arising from sale/redemption of:				
- Financial investments at fair value through other comprehensive income	18,823	14,850	18,823	14,850
Unrealised gain from revaluation of:				
- Financial assets at fair value through profit or loss	4,159	5,802	4,159	5,802
Gross dividend income from:				
- Financial assets at fair value through profit or loss	580	550	580	550
- Associate	-	-	55	-
	23,562	21,202	23,617	21,202
(c) Other income:				
Foreign exchange gain	67	20	67	20
Others	-	17	-	17
	67	37	67	37
Total other operating income	23,659	21,500	23,714	21,500

26. OTHER OPERATING EXPENSES

	ECONOMIC ENTITY/BANK	
	2022	2021
	RM'000	RM'000
Personnel costs		
- Salaries, allowances and bonuses	929	758
- Contribution to EPF	138	130
- Others	34	1,232
	1,101	2,120
Establishment costs		
- Depreciation of property, plant and equipment	656	216
- Depreciation of right-of-use assets	954	947
- Amortisation of computer software	748	1,139
- Water and electricity	1	9
- Repairs and maintenance	10	52
- Information technology expenses	626	853
- Others	88	195
	3,083	3,411
Marketing expenses		
- Advertisement and publicity	11	65
- Others	1	-
	12	65
Administration and general expenses		
- Communication expenses	7	5
- Printing and stationeries	3	-
- Professional fees	153	1,847
- Others	272	2,705
	435	4,557
Total other operating expenses	4,631	10,153

Included in the other operating expenses are the following (Included discontinued operations):

Auditors' remuneration		
- statutory audit fees	250	254
- audit related services	83	79
- tax compliance fees	36	36
- tax related fees	6	20
Property, plant and equipment written-off	-	4

27. WRITE-BACK OF EXPECTED CREDIT LOSSES ON LOANS, ADVANCES AND FINANCING AND OTHER FINANCIAL ASSETS

	ECONOMIC ENTITY/BANK	
	2022	2021
	RM'000	RM'000
(Write-back of)/allowance for expected credit losses on		
(a) Loan, advances and financing		
- Write-back during the financial year	(133)	(100)
(b) Credit impaired loans, advances and financing		
- Recovered during the financial year	(13)	(76)
(c) Commitment and contingencies on loans, advances and financing		
- (Write-back)/allowance during the financial year	(4)	36
	(150)	(140)
(d) Other receivables		
Write-back during the financial year	(967)	-
	(1,117)	(140)

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

	ECONOMIC ENTITY/BANK	
	2022	2021
	RM'000	RM'000
Financial investments at fair value through other comprehensive income		
- Allowance made/(write-back) during the financial year	78	(163)

29. TAXATION

	ECONOMIC ENTITY		BANK	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Income Tax				
Current financial year	9,724	16,720	9,724	16,720
Over provision in prior years	(681)	(956)	(681)	(956)
	9,043	15,764	9,043	15,764
Deferred tax (Note 14)				
Current financial year	(863)	(2,784)	(863)	(2,784)
Under provision in prior years	115	20	115	20
	(748)	(2,764)	(748)	(2,764)
	8,295	13,000	8,295	13,000
Tax expense attributable to:				
Continuing operations	8,604	10,583	8,604	10,583
Discontinued operations	(309)	2,417	(309)	2,417
	8,295	13,000	8,295	13,000

Income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 24%) on the estimated assessable profit for the financial year.

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 Economic Entity and of the Bank is as follows:

	ECONOMIC ENTITY		BANK	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit before taxation from:				
Continuing operations	42,936	51,022	42,935	50,927
Discontinued operations	(1,603)	13,672	(1,603)	13,672
	41,333	64,694	41,332	64,599
Taxation at Malaysian statutory tax rate of 24% (2021: 24%)	9,920	15,527	9,920	15,504
Income not subject to tax	(1,151)	(1,714)	(1,151)	(1,691)
Expenses not deductible for tax purposes	92	123	92	123
Over provision of tax expense in prior year	(566)	(936)	(566)	(936)
Tax expense for the financial year	8,295	13,000	8,295	13,000

30. Assets and Liabilities Classified as Held for Sale

On 2 December 2021, the Board of Directors of the Alliance Bank Malaysia Berhad (ABMB), the holding company of Alliance Investment Bank Berhad ("the Bank") announced that the Bank has entered into a conditional business sale and purchase agreement (BSPA) with Phillip Futures Sdn Bhd (PFSB) for the proposed disposal of the Bank’s stockbroking business (as a going concern), subsisting as at the specified transfer point, together with the assets and liabilities as specified in the BSPA (Proposed Disposal of Stockbroking Business) for a cash consideration based on an aggregate of:

(a) an amount in cash equal to the net asset value of the Stockbroking Business as at the completion date of the Proposed Disposal of Stockbroking Business; and

(b) an amount in cash equal to 60% of the aggregate brokerage fee in respect of all brokerage transactions concluded by PFSB in respect of the 12-month period from the specified transfer point until the date that is the 12-month anniversary of the completion date less the brokerage transaction costs; and less an amount in cash equal to the receivable shortfall.

In connection with the Proposed Disposal of Stockbroking Business, the Bank has also on 2 December 2021 entered into a separate conditional business sale and purchase agreement with Alliance Islamic Bank Berhad (AIS), a wholly owned subsidiary of ABMB, for the transfer of the Bank’s corporate finance, equity capital markets and debt capital markets business (excluding all non-Shariah compliant mandates) (Capital Markets Business) to AIS, for a cash consideration based on an amount equal to the net asset value taking into consideration the total assets and total liabilities of the Capital Markets Business.

Subsequently on 31 March 2022, ABMB announced that AIBB had completed the transfer of its corporate finance, equity and debt capital markets to AIS on 31 March 2022.

The assets and liabilities of the Proposed Disposal of Stockbroking and Proposed Capital Markets Business Transfer are as follows:

ECONOMIC ENTITY/BANK	2022 RM'000
ASSETS	
Cash and short-term funds	37,269
Amounts due from clients and brokers	55,040
Loans, advances and financing	121,406
Other assets	10,455
Right-of-use assets	226
Property, plant and equipment	89
Intangible assets	21
TOTAL ASSETS	224,506
LIABILITIES	
Amounts due to clients and brokers	28,404
Lease liabilities	226
Other liabilities	29,350
TOTAL LIABILITIES	57,980

31. Discontinued Operations

The Proposed Disposal of Stockbroking Business and Proposed Capital Markets Business Transfer as disclosed in Note 30 were reclassified as discontinued operations in the statements of income. The comparative in the statements of income has also disclosed the discontinued operation seperately from the continuing operations.

Profit attributable to the discontinued operation are as follows:

	ECONOMIC ENTITY		BANK	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest income	2,567	2,416	2,567	2,416
Interest expense	(19)	(8)	(19)	(8)
Net interest income	2,548	2,408	2,548	2,408
Fee and commission income	44,750	77,709	44,750	77,709
Fee and commission expense	(13,860)	(29,958)	(13,860)	(29,958)
Investment income	381	-	381	-
Other income	1,587	1,813	1,587	1,813
Other operating income	32,858	49,564	32,858	49,564
Net income	35,406	51,972	35,406	51,972
Other operating expenses	(36,624)	(38,450)	(36,624)	(38,450)
Operating profit before allowances	(1,218)	13,522	(1,218)	13,522
(Allowance for)/write-back of expected credit losses on loans, advances and financing and other financial assets	(385)	150	(385)	150
(Loss)/profit before taxation from discontinued operations	(1,603)	13,672	(1,603)	13,672
Taxation	309	(2,417)	309	(2,417)
Net (loss)/profit from discontinued operations	(1,294)	11,255	(1,294)	11,255
Net cash inflow/(outflow) from operating activities	7,275	(54,755)	7,275	(54,755)
Net cash outflow from financing activities	(93)	(97)	(93)	(97)
Net increase/(decrease) in cash from discontinued operations	7,182	(54,852)	7,182	(54,852)

32. EARNINGS PER SHARE

Basic/Diluted

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

	ECONOMIC ENTITY	
	2022	2021
	RM'000	RM'000
Net profit attributable to Equity holder of the Bank from:		
Continuing operations	34,332	40,439
Discontinued operations	(1,294)	11,255
	33,038	51,694
	2022	2021
	'000	'000
Numbers of ordinary shares in issued	365,000	365,000
	2022	2021
	Sen	Sen
Basic/diluted earnings/(loss) per share from:		
Continuing operations	9.41	11.08
Discontinued operations	(0.35)	3.08
	9.06	14.16

33. DIVIDEND

	2022	2021
	RM'000	RM'000
Dividends on ordinary shares:		
An interim dividend of 2.28 sen per share, on 365,000,000 ordinary shares declared in financial year ended 31 March 2020, was paid on 9 July 2020.	-	8,322
Special dividend of 54.79 sen per share, on 365,000,000 ordinary shares declared in financial year ended 31 March 2021, was paid on 18 December 2020.	-	199,984
First interim dividend of 8.39 sen per share, on 365,000,000 ordinary shares declared in financial year ended 31 March 2021, was paid on 18 December 2020.	-	30,623
Second interim dividend of 5.74 sen per share, on 365,000,000 ordinary shares declared in financial year ended 31 March 2021, was paid on 28 June 2021.	20,951	-
	20,951	238,929

34. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

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

The related parties of, and their relationship with, 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 Economic Entity and of the Bank, directly or indirectly, including Executive Directors and Non-Executive Directors of the Economic Entity and of the Bank (including close members of their families). Other members of key management personnel of the Economic Entity and of the Bank are the Business Support Heads who report directly to Chief Executive Officer or to the Board Committees (including close members of their families).
- Holding company	Holding company of the Bank as disclosed in Note 39.
- Other related companies	Related companies of the Bank as disclosed in Note 39.
- Associate	Associate of the Bank as disclosed in Note 10.
- Joint venture	Joint venture of the Bank as disclosed in Note 11.

	ECONOMIC ENTITY/BANK	
	2022	2021
	RM'000	RM'000
(a) Transactions		
Interest income		
- other related companies	294	2,484
Other income		
- holding company	171	300
Interest expenses		
- holding company	(220)	(2,133)
- other related companies	(71)	(141)
- joint venture	(37)	(39)
Dividend paid		
- holding company	(20,951)	(238,929)
Overhead expenses		
- holding company	(9,941)	(9,649)
- other related companies	(38)	(38)
- joint venture [Note]	(1,070)	(1,251)

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

	ECONOMIC ENTITY/BANK	
	2022	2021
	RM'000	RM'000
(b) Balances		
Money at call and deposit placements with financial institutions		
- holding company	32,015	46,215
Deposits and placements with banks and other financial institutions		
- other related companies	8,438	6,380
Deposits from customers		
- other related companies	(25,491)	(23,633)
- joint venture	(2,201)	(2,102)
Deposits and placements of banks and other financial institutions		
- holding company	(60,034)	(67,653)
Other liabilities		
- holding company	(338)	(43)
- other related companies	(3)	(3)
- joint venture	(115)	(129)
Lease liabilities		
- holding company	(1,224)	(1,135)

Note:
The Economic Entity and the Bank have paid RM1,128,000 (2021: RM1,391,000) to the joint venture for the research services provided, where it was jointly held by the Bank and DBS Vickers Securities Pte. Ltd., a company incorporated in Singapore.

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

(c) Compensation of key management personnel

Remuneration of Chief Executive Officer ("CEO") and Non-Executive Directors excluding past Directors for the year are as follows:

	ECONOMIC ENTITY/BANK	
	2022	2021
	RM'000	RM'000
CEO and other key management:		
Short-term employee benefits		
- Salary and other remuneration	4,157	3,664
- Contribution to EPF	591	571
- Benefits-in-kind	11	12
	4,759	4,247
Non-Executive Directors:		
Short-term employee benefits		
- Fees payable	395	395
- Allowances	102	112
	497	507
Included in the total key management personnel are:		
CEO and Non-Executive Directors' remuneration excluding past CEO and Non-Executive Directors (Note 36)	1,447	1,422

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

	2022				2021			
	Number	Unrestricted	Number	Deferred	Number	Unrestricted	Number	Deferred
ECONOMIC ENTITY/BANK		RM'000		RM'000		RM'000		RM'000
Fixed remuneration								
Cash		4,117		-		3,952		-
		4,117		-		3,952		-
Variable remuneration								
Cash	7	1,113	2	26	7	776	3	26
		1,113		26		776		26
Total fixed & variable remuneration		5,230		26		4,728		26

35. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

	ECONOMIC ENTITY/BANK	
	2022	2021
	RM'000	RM'000
Outstanding credit exposures with connected parties	29,815	19,691
of which: Total credit exposure which is impaired or default	-	-
Total credit exposures	1,073,839	1,503,165
Percentage of outstanding credit exposures to connected parties		
- as a proportion of total credit exposures	2.78%	1.31%
- which is impaired or in default	-	-

The disclosure on Credit Transactions and Exposures with Connected Parties above is presented in accordance with para 9.1 of BNM's received 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 relative;

(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.

36. CEO AND DIRECTORS' REMUNERATION

Remuneration in aggregate for CEO/Non-Executive Directors charged to the statements of income for the year is as follows:

	ECONOMIC ENTITY/BANK	
	2022	2021
	RM'000	RM'000
Chief Executive Officer		
- Salary and other remuneration	635	551
- Bonuses	190	244
- Contribution to EPF	123	117
- Benefits-in-kind	2	3
	950	915
Non-Executive Directors		
- Fees payable	395	395
- Allowances	102	112
	497	507
Past CEO		
- Salary and other remuneration	-	235
- Bonuses	-	700
- Contribution to EPF	-	118
- Benefits-in-kind	-	3
	-	1,056
	1,447	2,478
Total Directors' remuneration excluding benefits-in-kind	1,445	2,472

Note:

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

(b) Directors of the Economic Entity 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 Economic Entity and the Bank, provided that such Directors has not acted negligently, fraudulently or dishonestly, or is in breach of his or her duty of trust. The total apportioned amount of insurance effected for Directors under the Economic Entity and the Bank is RM4,000 (2021: RM4,000).

36. CEO AND DIRECTORS' REMUNERATION (CONTD.)

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

ECONOMIC ENTITY/BANK 2022	Salary and other remuneration RM'000	Bonuses RM'000	Contribution to EPF RM'000	Fees Payable RM'000	Allowances RM'000	Benefits-in-kind RM'000	Total RM'000
Chief Executive Officer:							
Ng Chow Hon	635	190	123	-	-	2	950
	635	190	123	-	-	2	950
Non-Executive Directors:							
Lee Ah Boon	-	-	-	180	21	-	201
Mazidah Binti Abdul Malik	-	-	-	125	54	-	179
Datin Ooi Swee Lian	-	-	-	90	27	-	117
	-	-	-	395	102	-	497
Total CEO and Directors' remuneration	635	190	123	395	102	2	1,447

ECONOMIC ENTITY/BANK 2021	Salary and other remuneration RM'000	Bonuses RM'000	Contribution to EPF RM'000	Fees Payable RM'000	Allowances RM'000	Benefits-in-kind RM'000	Total RM'000
Chief Executive Officer:							
Ng Chow Hon	551	244	117	-	-	3	915
	551	244	117	-	-	3	915
Non-Executive Directors:							
Lee Ah Boon	-	-	-	180	24	-	204
Mazidah Binti Abdul Malik	-	-	-	125	62	-	187
Datin Ooi Swee Lian	-	-	-	90	26	-	116
	-	-	-	395	112	-	507
Past Chief Executive Officer:							
Mahesh s/o Shri Pranlal Rupawalla	235	700	118	-	-	3	1,056
	235	700	118	-	-	3	1,056
Total CEO and Directors' remuneration	786	944	235	395	112	6	2,478

37. FINANCIAL RISK MANAGEMENT POLICIES

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

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

The Economic Entity manages risk within clearly defined guidelines that are approved by the Board of Directors. In addition, the Board of Directors of the Economic Entity 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 Economic Entity 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 Economic Entity’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 Economic Entity are guided by the Economic Entity’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 40 to the financial statements.

(i) Maximum exposure to credit risk

The following table presents the Economic Entity'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.

37. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(a) Credit Risk (contd.)

(i) Maximum exposure to credit risk (contd.)

	ECONOMIC ENTITY/BANK	
	2022	2021
	RM'000	RM'000
Credit risk exposure: on-balance sheet		
Cash and short-term funds (exclude cash in hand)	8,378	56,058
Amounts due from clients and brokers	-	105,041
Financial investments at fair value through other comprehensive income	570,931	921,075
Financial investments at amortised cost	16	16
Loans, advances and financing	124,514	262,747
Other assets (exclude prepayment)	1,522	10,007
Asset held for sale	222,798	-
	928,159	1,354,944
Credit risk exposure: off-balance sheet		
Credit related commitments and contingencies	315,498	327,127
Total off-balance sheet	315,498	327,127
Total maximum exposure	1,243,657	1,682,071

37. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(a) Credit Risk (contd.)

(ii) Credit risk concentrations

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

ECONOMIC ENTITY/BANK 2022	Government and Central Bank RM'000	Financial, Insurance, Business Services and Real Estate RM'000	Transport, Storage and Communication Services RM'000	Agriculture, Manufacturing, Wholesale & 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)	40	8,338	-	-	-	-	-	8,378
Financial investments at fair value through other comprehensive income (exclude equity securities)	345,698	60,368	109,378	35,008	20,479	-	-	570,931
Financial investments at amortised cost	-	16	-	-	-	-	-	16
Loans, advances and financing	-	42,321	-	-	50,166	32,027	-	124,514
Other assets (exclude prepayment)	-	-	-	-	-	-	1,522	1,522
Asset held for sale	-	38,488	-	494	591	117,392	65,833	222,798
Total on-balance sheet	345,738	149,531	109,378	35,502	71,236	149,419	67,355	928,159
Credit related commitments and contingencies	-	38,166	-	3,506	22,495	246,041	5,290	315,498
Total off-balance sheet	-	38,166	-	3,506	22,495	246,041	5,290	315,498
Total credit risk	345,738	187,697	109,378	39,008	93,731	395,460	72,645	1,243,657

ECONOMIC ENTITY/BANK 2021	Government and Central Bank RM'000	Financial, Insurance, Business Services and Real Estate RM'000	Transport, Storage and Communication Services RM'000	Agriculture, Manufacturing, Wholesale & 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)	43	56,015	-	-	-	-	-	56,058
Amounts due from clients and brokers	-	-	-	-	-	-	105,041	105,041
Financial investments at fair value through other comprehensive income (exclude equity securities)	201,627	230,413	384,378	47,159	57,498	-	-	921,075
Financial investments at amortised cost	-	16	-	-	-	-	-	16
Loans, advances and financing	-	23,514	-	34,658	51,568	151,274	1,733	262,747
Other assets (exclude prepayment)	-	-	-	-	-	-	10,007	10,007
Total on-balance sheet	201,670	309,958	384,378	81,817	109,066	151,274	116,781	1,354,944
Credit related commitments and contingencies	-	53,510	-	2,012	21,638	244,700	5,267	327,127
Total off-balance sheet	-	53,510	-	2,012	21,638	244,700	5,267	327,127
Total credit risk	201,670	363,468	384,378	83,829	130,704	395,974	122,048	1,682,071

37. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(a) Credit Risk (contd.)

(iii) Collaterals

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

	ECONOMIC ENTITY/BANK	
	2022	2021
	RM'000	RM'000
Gross loans, advances and financing comprise of:		
Gross loans, advances and financing (Note 8)	125,061	263,429
Gross loans, advances and financing under Assets Held For Sale (Note 30)	121,406	-
Less: Allowance for expected credit losses	(547)	(682)
Net loans, advances and financing	245,920	262,747
Percentage of collateral held for loans, advances and financing	73.9%	71.6%

(iv) Credit risk measurement

The Economic Entity and the Bank adopt the following judgements and assumptions on measurement of expected credit loss ("ECL"):

(a) Definition of significant increase in credit risk

The Economic Entity 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 Economic Entity and the Bank compare the risk of a default occurring on the financial asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following events are taken into consideration during the assessment:

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

37. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(a) Credit Risk (contd.)

(iv) Credit risk measurement (contd.)

(b) Definition of credit impaired financial assets (contd.)

Evidence that a financial asset is credit impaired includes observable data about the following events:

Qualitative criteria:
- Significant financial difficulty of the issuer or the borrower;
- Breach of contract such as a default of past due event;
- Concessions have been made by the lender relating to the borrower's financial difficulty;
- Indications that the borrower will enter into bankruptcy/winding up or other financia 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 Expected Credit Loss ("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 on 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, expresed 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 was based on historic default data using a chain ladder methodology to construct a lifetime default emergence curve.

Loss given default ("LGD")

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

37. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(a) Credit Risk (contd.)

(iv) Credit risk measurement (contd.)

(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 projected optimistic or positive economic outlook or forecast; and
- Negative Case - based upon projected pessimistic or negative economic outlook or forecast.

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

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

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

	Weighted Average Forecast		
MEV	2024	2023	2022
(% Year on Year)	%	%	%
GDP Growth Rate	4.8	4.7	5.9
Producer Price Index	1.4	2.2	5.2
Consumer Price Index	2.3	2.5	2.6
Credit Consumption	2.5	2.5	2.5
Unemployment Rates	3.6	3.6	3.8
House Price Index	3.1	3.0	2.7

(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 Economic Entity and the Bank sometimes renegotiate or otherwise modify the contractual cash flows of loans to customers. When this happens, the Economic Entity 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 Economic Entity 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 flows at the original effective interest/profit rate. The Economic Entity and the Bank monitor the subsequent performance of modified assets. The risk of default of such loans after modification are assessed and compared with the risk under the original terms at initial recognition.

The Economic Entity 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.

37. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(a) Credit Risk (contd.)

(iv) Credit risk measurement (contd.)

(f) Modification of financial assets (contd.)

If the terms are substantially different from the original terms, the Economic Entity and the Bank derecognise the original financial asset, recognise a new asset and recalculate a new effective interest/profit rate for 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 Economic Entity 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.

(v) Credit quality

Upon the adoption of MFRS 9, the Economic Entity 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 (CC+ to CC-)	Borrower which is in 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 judmentally impaired due to lack of capacity to fulfil financial commitments.

Other financial assets are categorised in the following manner:

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

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

37. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(a) Credit Risk (contd.)

(v) Credit quality (contd.)

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

ECONOMIC ENTITY/BANK 2022	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Cash and short-term funds (exclude cash in hand)				
Investment graded	7,898	-	-	7,898
Sovereign/Government-backed	40	-	-	40
Unrated	440	-	-	440
Net carrying amount	8,378	-	-	8,378
Financial investments at fair value through other comprehensive income (exclude equity securities)				
Investment graded	190,288	25,264	-	215,552
Sovereign/Government-backed	355,379	-	-	355,379
Gross carrying amount	545,667	25,264	-	570,931
Expected credit losses [Note (a)]	(53)	(160)	-	(213)
Financial investments at amortised cost				
Credit Impaired	-	-	291	291
Gross carrying amount	-	-	291	291
Expected credit losses	-	-	(275)	(275)
Net carrying amount	-	-	16	16
Loans, advances and financing				
Low	77,919	-	-	77,919
Medium	-	46,848	-	46,848
Unrated	119	-	-	119
Credit Impaired	-	-	175	175
Gross carrying amount	78,038	46,848	175	125,061
Expected credit losses	(110)	(437)	-	(547)
Net carrying amount	77,928	46,411	175	124,514
Credit related commitment and contingencies				
Low	313,107	-	-	313,107
Medium	1,050	1,341	-	2,391
Gross carrying amount	314,157	1,341	-	315,498
Expected credit losses	(21)	(38)	-	(59)

Note (a): 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.

37. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(a) Credit Risk (contd.)

(v) Credit quality (contd.)

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

Simplified Approach

ECONOMIC ENTITY/BANK 2022	Current RM'000	More than 90 days past due RM'000	Total RM'000
Other assets (exclude prepayment)			
Gross carrying amount	1,522	593	2,115
Expected credit losses	-	(593)	(593)
Net carrying amount	1,522	-	1,522

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Asset held for sale				
Cash and short-term funds (exclude cash in hand)				
Investment graded	540	-	-	540
Unrated	36,729	-	-	36,729
Net carrying amount	37,269	-	-	37,269
Loans, advances and financing				
Low	121,406	-	-	121,406
Gross carrying amount	121,406	-	-	121,406
Expected credit losses	-	-	-	-
Net carrying amount	121,406	-	-	121,406

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

	Current RM'000	More than 90 days past due RM'000	Total RM'000
Other assets (exclude prepayment)			
Gross carrying amount	9,083	462	9,545
Expected credit losses	-	(462)	(462)
Net carrying amount	9,083	-	9,083

37. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(a) Credit Risk (contd.)

(v) Credit quality (contd.)

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

ECONOMIC ENTITY/BANK 2021	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Cash and short-term funds (exclude cash in hand)				
Investment graded	6,380	-	-	6,380
Sovereign/Government-backed	43	-	-	43
Unrated	49,635	-	-	49,635
Net carrying amount	56,058	-	-	56,058
Financial investments at fair value through other comprehensive income (exclude equity securities)				
Investment graded	239,258	66,768	-	306,026
Sovereign/Government-backed	615,049	-	-	615,049
Gross carrying amount	854,307	66,768	-	921,075
Expected credit losses [Note (a)]	(18)	(117)	-	(135)
Financial investments at amortised cost				
Credit Impaired	-	-	291	291
Gross carrying amount	-	-	291	291
Expected credit losses	-	-	(275)	(275)
Net carrying amount	-	-	16	16

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Loans, advances and financing				
Low	216,236	-	-	216,236
Medium	-	46,823	-	46,823
Unrated	188	-	-	188
Credit Impaired	-	-	182	182
Gross carrying amount	216,424	46,823	182	263,429
Expected credit losses	(220)	(462)	-	(682)
Net carrying amount	216,204	46,361	182	262,747

Note (a): 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.

37. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(a) Credit Risk (contd.)

(v) Credit quality (contd.)

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

ECONOMIC ENTITY/BANK 2021	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Credit related commitment and contingencies				
Low	304,736	-	-	304,736
Medium	1,050	1,341	-	2,391
Unrated	20,000	-	-	20,000
Gross carrying amount	325,786	1,341	-	327,127
Expected credit losses	(18)	(42)	-	(60)

Simplified Approach	Current to less than 16 days past due RM'000	16 days to 30 days past due RM'000	More than 30 days past due RM'000	Total RM'000
Amounts due from clients and brokers				
Gross/Net carrying amount	104,929	112	-	105,041
Expected credit losses	-	-	-	-
Net carrying amount	104,929	112	-	105,041

	Current RM'000	More than 90 days past due RM'000	Total RM'000
Other assets (exclude prepayment)			
Gross carrying amount	10,007	2,387	12,394
Expected credit losses	-	(2,387)	(2,387)
Net carrying amount	10,007	-	10,007

(vi) Sensitivity test

The Economic Entity 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 Economic Entity 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:

ECONOMIC ENTITY/BANK

2022 Measurement variables	Percentage Point Change (%)	+ RM'000	- RM'000
Non-retail			
Producer Price Index	3.1	46	(40)

2021 Measurement variables	Percentage Point Change (%)	+ RM'000	- RM'000
Non-retail			
GDP Growth	4.0	(48)	(68)

37. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(b) Market Risk

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

The Economic Entity 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, sensitivity limits, loss limits and regular revaluation of positions versus market prices, where available.

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

Market Risk Factors

(i) Interest/profit rate risk

As a subset of market risk, interest/profit rate risk refers to the volatility in net interest/profit income as a result of changes in interest/profit rate of return and shifts in the composition of the assets and liabilities. Interest rate/rate of return risk is managed through interest/profit rate sensitivity analysis. The sensitivity in net interest/profit income from interest/profit rate movement is monitored and reported to the Management. In addition to pre-scheduled meetings, Group Assets and Liabilities Management Committee ("GALCO") will also deliberate on revising the Economic Entity'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 Economic Entity and the Bank are exposed to various risks associated with the effects of fluctuations in the prevailing levels of market 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 outcome 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.

37. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(b) Market Risk (contd.)

Market Risk Factors (contd.)

(i) Interest rate/profit rate risk

	← Non-trading book						→		
ECONOMIC ENTITY/BANK	**Up to 1 month RM'000**	**>1-3 months RM'000**	**>3-6 months RM'000**	**>6-12 months RM'000**	**>1-5 years RM'000**	**Over 5 years RM'000**	**Non-interest/ profit sensitive RM'000**	**Trading book RM'000**	**Total RM'000**
2022									
Assets									
Cash and short-term funds	7,896	-	-	-	-	-	482	-	8,378
Financial assets at fair value through profit or loss	-	-	-	-	-	-	74,353	-	74,353
Financial assets at fair value through other comprehensive income	-	-	-	10,144	315,821	240,026	4,940	-	570,931
Financial investments at amortised cost	-	-	-	-	-	-	16	-	16
Loans, advances and financing	124,848	-	-	-	87	-	(421) *	-	124,514
Other financial assets	-	-	-	-	-	-	1,522	-	1,522
Asset held for sale	162,881	-	-	-	-	-	59,917	-	222,798
Total financial assets	295,625	-	-	10,144	315,908	240,026	140,809	-	1,002,512
Liabilities									
Deposits from customers	233,499	62,500	60,000	-	-	-	371	-	356,370
Deposits and placements of banks and other financial institutions	143,440	-	-	-	-	-	11	-	143,451
Lease liabilities	86	173	264	540	534	-	-	-	1,597
Other financial liabilities	-	-	-	-	-	-	1,572	-	1,572
Liabilities held for sale	6	12	18	37	154	-	56,202	-	56,429
Total financial liabilities	377,031	62,685	60,282	577	688	-	58,156	-	559,419
On-balance sheet profit sensitivity gap	(81,406)	(62,685)	(60,282)	9,567	315,220	240,026	82,653	-	443,093

37. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(b) Market Risk (contd.)

Market Risk Factors (contd.)

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

ECONOMIC ENTITY/BANK	Non-trading book								
	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest/ profit sensitive RM'000	Trading book RM'000	Total RM'000
2021									
Assets									
Cash and short-term funds	55,454	-	-	-	-	-	604	-	56,058
Amounts due from clients and brokers	6,180	-	-	-	-	-	98,861	-	105,041
Financial assets at fair value through profit or loss	-	-	-	-	-	-	70,194	-	70,194
Financial assets at fair value through other comprehensive income	50,092	-	-	50,466	395,859	415,053	9,605	-	921,075
Financial investments at amortised cost	-	-	-	-	-	-	16	-	16
Loans, advances and financing	263,728	-	-	-	65	42	(1,088) *	-	262,747
Other financial assets	-	-	-	-	-	-	10,007	-	10,007
Total financial assets	375,454	-	-	50,466	395,924	415,095	188,199	-	1,425,138
Liabilities									
Deposits from customers	322,857	15,000	-	-	-	-	430	-	338,287
Deposits and placements of banks and other financial institutions	527,650	-	-	-	-	-	478	-	528,128
Amounts due to clients and brokers	-	-	-	-	-	-	63,416	-	63,416
Lease liabilities	90	95	263	504	1,505	-	-	-	2,457
Other financial liabilities	-	-	-	-	-	-	34,993	-	34,993
Total financial liabilities	850,597	15,095	263	504	1,505	-	99,317	-	967,281
On-balance sheet profit sensitivity gap	(475,143)	(15,095)	(263)	49,962	394,419	415,095	88,882	-	457,857

Note:
* Impaired loans and ECL of the Economic Entity and the Bank are classified under the non-interest/profit sensitive column.

37. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(b) Market Risk (contd.)

Market Risk Factors (contd.)

(ii) Foreign exchange risk

Foreign exchange risk refers to the risk that fair value or future cash flows of financial instruments will fluctuate because of the movements in the exchange rates for foreign exchange positions taken by the Economic Entity 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 and Hong Kong Dollars. The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the Economic Entity and the Bank.

ECONOMIC ENTITY/BANK	US Dollars RM'000	Australian Dollars RM'000	Singapore Dollars RM'000	Hong Kong Dollars RM'000	Total RM'000
2022					
Assets					
Cash and short-term funds	204	18	25	151	398
Amount due from clients and brokers	475	4	-	212	691
Total financial assets	679	22	25	363	1,089
Liabilities					
Amounts due to clients and brokers	567	-	17	277	861
Other financial liabilities	292	3	1	6	302
Total financial liabilities	859	3	18	283	1,163
On-balance sheet open position	(180)	19	7	80	(74)
Net open position	(180)	19	7	80	(74)

ECONOMIC ENTITY/BANK	US Dollars RM'000	Australian Dollars RM'000	Singapore Dollars RM'000	Hong Kong Dollars RM'000	Total RM'000
2021					
Assets					
Cash and short-term funds	1,180	-	-	89	1,269
Amounts due from clients and brokers	-	-	-	31	31
Total financial assets	1,180	-	-	120	1,300
Liabilities					
Amounts due to clients and brokers	1,032	-	-	81	1,113
Other financial liabilities	20	-	-	1	21
Total financial liabilities	1,052	-	-	82	1,134
On-balance sheet open position	128	-	-	38	166
Net open position	128	-	-	38	166

37. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(b) Market Risk (contd.)

Market Risk Measures

(iii) Value at risk ('VaR')

VaR reflects the maximum potential loss of value of a portfolio resulting from market movements within a specified probability of occurrence (level of confidence) for a specific period of time (holding period). For the Economic Entity 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 Economic Entity's and the Bank's VaR profile by financial instrument types for the Trading Portfolio:

ECONOMIC ENTITY/BANK	Balance	Average for the year	Minimum	Maximum
	RM'000	RM'000	RM'000	RM'000
2022				
Government securities	(1,057)	(1,481)	(1,057)	(2,162)
Private debt securities	(548)	(739)	(548)	(918)
2021				
Government securities	(2,197)	(4,401)	(2,197)	(5,332)
Private debt securities	(920)	(2,046)	(920)	(2,709)

(iv) Interest/profit rate risk sensitivity

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

Impact on the net profit after tax is measured using Earing-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 Economic Entity and the Bank by taking into consideration the repricing or remaining maturity of the product.

Impact on the equity represents the changes in fair value of financial investment at fair value through other comprehensive income portfolio arising from shifts in interest/profit rate.

	2022		**2021**	
	ECONOMIC ENTITY/BANK		**ECONOMIC ENTITY/BANK**	
	- 200 bps	**+ 200 bps**	**- 100 bps**	**+ 100 bps**
	Increase/(decrease)		**Increase/(decrease)**	
	RM'000	RM'000	RM'000	RM'000
Impact on net profit after tax	2,704	(2,704)	7,220	(7,220)
Impact on equity	37,970	(34,188)	62,777	(55,102)

37. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(b) Market Risk (contd.)

Market Risk Measures (contd.)

(v) Other risk measures

(i) Stress test

Stress testing is normally used by banks to gauge their potential vulnerability to exceptional but plausible events. The Economic Entity 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 Economic Entity'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 Economic Entity'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 Economic Entity'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 Economic Entity'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 Economic Entity 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 Economic Entity to meet financial commitments when due.

The Economic Entity's and the Bank's liquidity risk profile are managed using liquidity risk management strategies set in the Liquidity Risk Management Policy. Liquidity Risk Measures are monitored against approved thresholds by Group Assets and Liabilities Committee ("GALCO") and Group Risk Management Committee ("GRMC"). A contingency funding plan is also established by the Economic Entity 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.

37. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(c) Liquidity risk (contd.)

Liquidity Risk Measures

(i) Liquidity risk for assets and liabilities based on remaining contractual maturities

The maturities of on-balance sheet assets and liabilities as well as other off-balance sheet assets and liabilities, commitments and counter-guarantees are important factors in assessing the liquidity of the Economic Entity and the Bank. The table below provides an analysis of assets and liabilities into relevant maturity terms based on remaining contractual maturities:

	Up to 1 month	>1-3 months	>3-6 months	>6-12 months	>1 year	No specific maturity	Total
ECONOMIC ENTITY	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2022							
Assets							
Cash and short-term funds	8,378	-	-	-	-	-	8,378
Financial assets at fair value through profit or loss	-	-	-	-	-	74,353	74,353
Financial assets at fair value through other comprehensive income	919	2,655	1,366	10,144	555,847	-	570,931
Financial investments at amortised cost	-	-	-	16	-	-	16
Loans, advances and financing	97,564	-	-	-	26,950	-	124,514
Other financial and non-financial assets	1,612	-	-	-	-	32,997	34,609
Assets held for sale	223,893	188	-	-	-	425	224,506
Total assets	332,366	2,843	1,366	10,160	582,797	107,775	1,037,307
Liabilities							
Deposits from customers	233,769	62,567	60,034	-	-	-	356,370
Deposits and placements of banks and other financial institutions	143,451	-	-	-	-	-	143,451
Lease liabilities	86	173	264	540	534	-	1,597
Other financial and non-financial liabilities	4,740	34	15,910	-	18	-	20,702
Liabilities held for sale	50,818	12	18	36	156	6,940	57,980
Total liabilities	432,864	62,786	76,226	576	708	6,940	580,100
Net maturity mismatch	(100,498)	(59,943)	(74,860)	9,584	582,089	100,835	457,207

37. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(c) Liquidity risk (contd.)

Liquidity Risk Measures (contd.)

(i) Liquidity risk for assets and liabilities based on remaining contractual maturities (contd.)

The maturities of on-balance sheet assets and liabilities as well as other off-balance sheet assets and liabilities, commitments and counter-guarantees are important factors in assessing the liquidity of the Economic Entity and the Bank. The table below provides an analysis of assets and liabilities into relevant maturity terms based on remaining contractual maturities: (contd.)

ECONOMIC ENTITY	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
2021							
Assets							
Cash and short-term funds	56,058	-	-	-	-	-	56,058
Amounts due from clients and brokers	105,041	-	-	-	-	-	105,041
Financial assets at fair value through profit or loss	-	-	-	-	-	70,194	70,194
Financial assets at fair value through other comprehensive income	53,634	3,054	3,009	50,466	810,912	-	921,075
Financial investments at amortised cost	-	-	-	16	-	-	16
Loans, advances and financing	228,207	-	-	-	34,540	-	262,747
Other financial and non-financial assets	43	-	-	-	1,358	36,844	38,245
Total assets	442,983	3,054	3,009	50,482	846,810	107,038	1,453,376
Liabilities							
Deposits from customers	323,284	15,003	-	-	-	-	338,287
Deposits and placements of banks and other financial institutions	528,128	-	-	-	-	-	528,128
Amounts due to clients and brokers	63,416	-	-	-	-	-	63,416
Lease liabilities	90	95	263	504	1,505	-	2,457
Other financial and non-financial liabilities	29,773	-	-	-	21	24,900	54,694
Total liabilities	944,691	15,098	263	504	1,526	24,900	986,982
Net maturity mismatch	(501,708)	(12,044)	2,746	49,978	845,284	82,138	466,394

37. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(c) Liquidity risk (contd.)

Liquidity Risk Measures (contd.)

(i) Liquidity risk for assets and liabilities based on remaining contractual maturities (contd.)

The maturities of on-balance sheet assets and liabilities as well as other off-balance sheet assets and liabilities, commitments and counter-guarantees are important factors in assessing the liquidity of the Economic Entity and the Bank. The table below provides an analysis of assets and liabilities into relevant maturity terms based on remaining contractual maturities: (contd.)

BANK	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
2022							
Assets							
Cash and short-term funds	8,378	-	-	-	-	-	8,378
Financial assets at fair value through profit or loss	-	-	-	-	-	74,353	74,353
Financial assets at fair value through other comprehensive income	919	2,655	1,366	10,144	555,847	-	570,931
Financial investments at amortised cost	-	-	-	16	-	-	16
Loans, advances and financing	97,564	-	-	-	26,950	-	124,514
Other financial and non-financial assets	1,612	-	-	-	-	34,896	36,508
Assets held for sale	223,893	188	-	-	-	425	224,506
Total assets	332,366	2,843	1,366	10,160	582,797	109,674	1,039,206
Liabilities							
Deposits from customers	233,769	62,567	60,034	-	-	-	356,370
Deposits and placements of banks and other financial institutions	143,451	-	-	-	-	-	143,451
Lease Liabilities	86	173	264	540	534	-	1,597
Other financial and non-financial liabilities	4,740	34	15,910	-	18	-	20,702
Liabilities held for sale	50,818	12	18	36	156	6,940	57,980
Total liabilities	432,864	62,786	76,226	576	708	6,940	580,100
Net maturity mismatch	(100,498)	(59,943)	(74,860)	9,584	582,089	102,734	459,106

37. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(c) Liquidity risk (contd.)

Liquidity Risk Measures (contd.)

(i) Liquidity risk for assets and liabilities based on remaining contractual maturities (contd.)

The maturities of on-balance sheet assets and liabilities as well as other off-balance sheet assets and liabilities, commitments and counter-guarantees are important factors in assessing the liquidity of the Economic Entity and the Bank. The table below provides an analysis of assets and liabilities into relevant maturity terms based on remaining contractual maturities: (contd.)

BANK	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
2021							
Assets							
Cash and short-term funds	56,058	-	-	-	-	-	56,058
Amounts due from clients and brokers	105,041	-	-	-	-	-	105,041
Financial assets at fair value through profit or loss	-	-	-	-	-	70,194	70,194
Financial assets at fair value through other comprehensive income	53,634	3,054	3,009	50,466	810,912	-	921,075
Financial investments at amortised cost	-	-	-	16	-	-	16
Loans, advances and financing	228,207	-	-	-	34,540	-	262,747
Other financial and non-financial assets	43	-	-	-	1,358	38,744	40,145
Total assets	442,983	3,054	3,009	50,482	846,810	108,938	1,455,276
Liabilities							
Deposits from customers	323,284	15,003	-	-	-	-	338,287
Deposits and placements of banks and other financial institutions	528,128	-	-	-	-	-	528,128
Amounts due to clients and brokers	63,416	-	-	-	-	-	63,416
Lease liabilities	90	95	263	504	1,505	-	2,457
Other financial and non-financial liabilities	29,773	-	-	-	21	24,900	54,694
Total liabilities	944,691	15,098	263	504	1,526	24,900	986,982
Net maturity mismatch	(501,708)	(12,044)	2,746	49,978	845,284	84,038	468,294

37. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(c) Liquidity risk (contd.)

Liquidity Risk Measures (contd.)

(ii) Contractual maturity of financial liabilities on an undiscounted basis

The table below presents the cash flows payable by the Economic Entity and the Bank under financial liabilities by remaining contractual maturities at the end of the reporting period. The amount disclosed in the table are the contractual undiscounted cash flows of all financial liabilities.

ECONOMIC ENTITY/BANK	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
2022								
Liabilities								
Deposits from customers	233,929	62,820	60,626	-	-	-	-	357,375
Deposits and placements of banks and other financial institutions	143,486	-	-	-	-	-	-	143,486
Lease liabilities	94	189	283	566	641	-	-	1,773
Other financial liabilities	24,493	34	15,910	-	-	-	-	40,437
Liabilities held for sale	29,559	14	21	42	167	-	6,940	36,743
Total financial liabilities	431,561	63,057	76,840	608	808	-	6,940	579,814
Credit risk exposure of off-balance sheet								
Credit related commitments and contingencies	313,107	-	-	-	2,391	-	-	315,498

ECONOMIC ENTITY/BANK	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
2021								
Liabilities								
Deposits from customers	323,473	15,048	-	-	-	-	-	338,521
Deposits and placements of banks and other financial institutions	528,353	-	-	-	-	-	-	528,353
Amounts due to clients and brokers	63,416	-	-	-	-	-	-	63,416
Lease liabilities	102	118	296	559	1,673	-	-	2,748
Other financial liabilities	26,290	-	-	-	21	-	25,311	51,622
Total financial liabilities	941,634	15,166	296	559	1,694	-	25,311	984,660
Credit risk exposure of off-balance sheet								
Credit related commitments and contingencies	324,736	-	-	-	2,391	-	-	327,127

37. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(d) Operational and Shariah Non-Compliance Risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. The definition of operational risk includes legal risk, but excludes strategic and reputational risk. Operational risk includes Shariah non-compliance risk arises which from the Economic Entity’s failure to comply with the Shariah rules and principles determined by the relevant Shariah advisory councils.

Economic Entity Operational Risk of Economic Entity Risk Management formulates and implements operational risk framework within the Economic Entity while the line of businesses in conjunction with the Risk Control 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 Economic Entity, determining control gaps, assessing potential loss and enhancing controls to mitigate the risks.

The main activities undertaken by the Economic Entity 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 Economic Entity and the Bank apply the Basic Indicator Approach for operational risk capital charge computation.

38. CAPITAL COMMITMENTS

	ECONOMIC ENTITY/BANK	
	2022	2021
	RM'000	RM'000
Capital expenditure:		
Authorised and contracted for	18	7
Authorised and not contracted for	1,484	1,484
	1,502	1,491

The capital commitments mainly consist of computer software and property, plant and equipment.

39. HOLDING AND RELATED COMPANIES

The holding company of the Bank is Alliance Bank Malaysia Berhad, a bank incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

Related companies in these financial statements refer to subsidiaries of Alliance Bank Malaysia Berhad.

40. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Economic Entity 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 and their related counterparty credit risk of the Economic Entity and the Bank are as follows:

	2022 Principal Amount RM'000	2021 Principal Amount RM'000
ECONOMIC ENTITY/BANK		
Credit-related exposures		
Transaction-related contingent items	1,050	1,050
Obligations under an ongoing underwriting agreement	-	20,000
Irrevocable commitments to extend credit:		
- maturity not exceeding one year	313,107	304,736
- maturity exceeding one year	1,341	1,341
Total	315,498	327,127

41. CAPITAL ADEQUACY

BNM's Transitional Arrangements for Regulatory Capital Treatment of Accounting Provisions took effect on 9 December 2020. This allows the Economic Entity 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 Economic Entity 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 Economic Entity and the Bank are as follows:

	ECONOMIC ENTITY		BANK	
	2022	2021	2022	2021
(i) With transitional arrangements:				
Before deducting proposed dividends				
CET I capital ratio	87.272%	72.608%	87.301%	72.580%
Tier I capital ratio	87.272%	72.608%	87.301%	72.580%
Total capital ratio	88.145%	73.534%	88.174%	73.506%
After deducting proposed dividends				
CET I capital ratio	87.272%	69.026%	87.301%	69.000%
Tier I capital ratio	87.272%	69.026%	87.301%	69.000%
Total capital ratio	88.145%	69.953%	88.174%	69.926%

41. CAPITAL ADEQUACY (CONTD.)

The capital adequacy ratios with and without transitional arrangements for the Economic Entity and the Bank are as follows: (contd.)

	ECONOMIC ENTITY		BANK	
	2022	2021	2022	2021
(ii) Without transitional arrangements:				
Before deducting proposed dividends				
CET I capital ratio	87.211%	72.578%	87.240%	72.550%
Tier I capital ratio	87.211%	72.578%	87.240%	72.550%
Total capital ratio	88.084%	73.504%	88.113%	73.476%
After deducting proposed dividends				
CET I capital ratio	87.211%	68.997%	87.240%	68.970%
Tier I capital ratio	87.211%	68.997%	87.240%	68.970%
Total capital ratio	88.084%	69.923%	88.113%	69.896%

(a) Components of Common Equity Tier I ("CET I"), Tier I and Tier II capital under the Capital Adequacy Framework with transitional arrangements are as follows:

	ECONOMIC ENTITY		BANK	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
CET I Capital				
Paid-up share capital	365,962	365,962	365,962	365,962
Retained profits	85,234	72,758	87,133	74,658
FVOCI reserves	(247)	21,105	(247)	21,105
Regulatory reserves	6,045	6,434	6,045	6,434
	456,994	466,259	458,893	468,159
(Less)/add: Regulatory adjustments				
- Goodwill and other intangibles	(21,606)	(22,332)	(24,166)	(24,892)
- Deferred tax assets	(5,180)	-	(5,180)	-
- 55% of FVOCI reserve	-	(11,608)	-	(11,608)
- Investment in associate and joint venture	(1,285)	(1,284)	(624)	(624)
- Regulatory reserves	(6,045)	(6,434)	(6,045)	(6,434)
- Transitional arrangements	295	175	295	175
Total CET I Capital/Total Tier I Capital	423,173	424,776	423,173	424,776
Tier II Capital				
Expected credit losses and regulatory reserve	4,231	5,421	4,231	5,421
Total Tier II Capital	4,231	5,421	4,231	5,421
Total Capital	427,404	430,197	427,404	430,197

41. CAPITAL ADEQUACY (CONTD.)

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

	ECONOMIC ENTITY		BANK	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Credit risk	338,467	433,700	338,467	433,700
Market risk	180	174	180	174
Operational risk	146,243	151,155	146,083	151,379
Total RWA and capital requirements	484,890	585,029	484,730	585,253

Detail information on risk exposure above is presented in the Bank's Pillar 3 report.

42. CAPITAL

In managing its capital, the Economic Entity's and the Bank's objectives are:

- to maintain sufficient capital resources to meet the regulatory capital requirements as set forth by BNM;
- to maintain sufficient capital resources to support the Economic Entity’s and the Bank's risk appetite and to enable future business growth; and
- to meet the expectations of key stakeholders, including shareholders, investors, regulators and rating agencies.

In line with this, the Economic Entity and the Bank 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 Economic Entity and the Bank carries out stress testing to estimate the potential impact of extreme, but plausible, events on the Economic Entity’s and the Bank's earnings, balance sheet and capital. The results of the stress tests are to facilitate the formulation of action plan(s) in advance if the stress tests reveal that the Economic Entity’s and the Bank's capital will be adversely affected. The results of the stress test are tabled to the Group Risk Management Committee for approval.

The Economic Entity'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.

43. 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 Economic Entity and the Bank recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

(i) Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis. This includes listed equities and corporate debt securities which are actively traded.

(ii) Financial instruments in Level 2

Where fair value is determined using quoted prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Economic Entity 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 and corporate notes.

(iii) Financial instruments in Level 3

The Economic Entity and the Bank classifies 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 asset, net asset value, discounted cash flows, and other appropriate valuation models. These include private equity investments.

43. FAIR VALUE MEASUREMENTS (CONTD.)

(b) Financial instruments measured at fair value and the fair value hierarchy

The following tables show the Economic Entity'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:

ECONOMIC ENTITY/BANK	Level 1	Level 2	Level 3	Total
2022	RM'000	RM'000	RM'000	RM'000
Financial Assets				
Financial assets at FVTPL				
- Unquoted securities	-	-	74,353	74,353
Financial investments at FVOCI				
- Money market instruments	-	345,698	-	345,698
- Unquoted securities	-	225,233	-	225,233

ECONOMIC ENTITY/BANK	Level 1	Level 2	Level 3	Total
2021	RM'000	RM'000	RM'000	RM'000
Financial Assets				
Financial assets at FVTPL				
- Unquoted securities	-	-	70,194	70,194
Financial investments at FVOCI				
- Money market instruments	-	294,637	-	294,637
- Unquoted securities	-	626,438	-	626,438

There were no transfers between levels of the fair value hierarchy for the Economic Entity and the Bank during the financial years ended 31 March 2022 and 31 March 2021.

Reconciliation of movements in Level 3 financial instruments:

	ECONOMIC ENTITY/BANK	
	2022	2021
	RM'000	RM'000
At 1 April	70,194	64,392
Statements of income		
- Unrealised gain from revaluation	4,159	5,802
At 31 March	74,353	70,194

The Group's and the Bank's exposure to financial instruments measured using unobservable inputs (Level 3) constitutes a small component of the Economic Entity'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.

Description	Fair value assets 2022	Fair value assets 2021	Valuation techniques	Unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
	RM'000	RM'000			
ECONOMIC ENTITY/BANK					
Unquoted securities	74,353	70,194	Net tangible assets	Net tangible assets	Higher net tangible assets results in higher fair value

43. FAIR VALUE MEASUREMENTS (CONTD.)

(c) Fair values of financial instruments not carried at fair value

The following table summarises the carrying amounts and the fair values of financial instruments of the Economic Entity and the Bank which are not carried at fair value in the statements of financial position. It does not include those short term/on demand financial assets and liabilities where the carrying amounts are reasonable approximate to their fair values.

	Fair value				Carrying
ECONOMIC ENTITY/BANK	Level 1	Level 2	Level 3	Total	amount
2022	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets					
Financial investments at amortised cost	-	16	-	16	16
Loans, advances and financing	-	-	246,468	246,468	245,920
Financial liabilities					
Deposits and placements of banks and other financial institutions	-	140,956	-	140,956	143,451

	Fair value				Carrying
ECONOMIC ENTITY/BANK	Level 1	Level 2	Level 3	Total	amount
2021	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets					
Financial investments at amortised cost	-	16	-	16	16
Loans, advances and financing	-	-	263,430	263,430	262,747
Financial liabilities					
Deposits and placements of banks and other financial institutions	-	518,688	-	518,688	528,128

Note: The fair value of the other assets and other liabilities, which are considered short term in nature, are estimated to be approximately their carrying values.

43. FAIR VALUE MEASUREMENTS (CONTD.)

(c) Fair values of financial instruments not carried at fair value (contd.)

The methods and assumptions used in estimating the fair values of financial instruments are as follows:

(i) Financial investments 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 end of the reporting period offered to new borrowers with similar credit profiles. In respect of impaired loans, the fair values represented by their carrying values, net of impairment allowances, being the expected recoverable amount.

(iii) Deposits from customers, deposits and placements of banks and other financial institutions

The fair values of deposit liabilities payable on demand, 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.

44. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

In accordance with MFRS 132 Financial Instruments: Presentation, the Economic Entity 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.

44. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTD.)

(a) Financial assets

	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the statements of financial position	Net amounts of financial assets presented in the statements of financial position
	RM'000	RM'000	RM'000
ECONOMIC ENTITY/BANK			
2022			
Amounts due from clients and brokers	84,883	(29,843)	55,040
Total	84,883	(29,843)	55,040
ECONOMIC ENTITY/BANK			
2021			
Amounts due from clients and brokers	193,562	(88,521)	105,041
Total	193,562	(88,521)	105,041

(b) Financial liabilities

	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the statements of financial position	Net amounts of financial liabilities presented in the statements of financial position
	RM'000	RM'000	RM'000
ECONOMIC ENTITY/BANK			
2022			
Amounts due to clients and brokers	58,247	(29,843)	28,404
Total	58,247	(29,843)	28,404
ECONOMIC ENTITY/BANK			
2021			
Amounts due to clients and brokers	151,937	(88,521)	63,416
Total	151,937	(88,521)	63,416

There were no enforceable master netting arrangements or similar arrangements between the Bank and the counterparty that allows for net settlement of financial assets and liabilities.

45. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant events for the Economic Entity and the Bank are disclosed in Note 30 and Note 31.

46. SUBSEQUENT EVENTS

On 31 March 2022, the total assets and total liabilites of the Captial Markets Business were fully transferred to Alliance Islamic Bank Berhad ("AIS").

47. ISLAMIC BANKING BUSINESS

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2022

	Note	ECONOMIC ENTITY/BANK 2022 RM'000	2021 RM'000
ASSETS			
Cash and short-term funds	(a)	8,458	6,404
Financial investments at fair value through other comprehensive income	(b)	71,168	73,447
Other assets	(c)	59	14
Deferred tax assets	(d)	498	36
Total Assets		80,183	79,901
LIABILITIES AND ISLAMIC BANKING FUNDS			
Other liabilities		4,800	132
Provision for taxation		1,436	5,465
Total Liabilities		6,236	5,597
Islamic Banking Funds		56,000	56,000
Reserves		17,947	18,304
		73,947	74,304
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		80,183	79,901

47. ISLAMIC BANKING BUSINESS (CONTD.)

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

		ECONOMIC ENTITY/BANK	
		2022	2021
	Note	RM'000	RM'000
Income derived from investment of Islamic Banking funds	(e)	2,660	6,567
Income derived from investment of depositors' funds and others	(f)	6	-
Total distributable/net income		2,666	6,567
Income attributable to the depositors and financial institutions	(g)	(3)	-
Total net income		2,663	6,567
Other operating expenses	(h)	(6)	(2)
Allowance for expected credit losses on financial investments	(i)	-	211
Profit before taxation		2,657	6,776
Taxation	(j)	(638)	(1,626)
Net profit for the financial year		2,019	5,150
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Revaluation reserve on financial investments at fair value through other comprehensive income			
- Net (loss)/gain from change in fair value		(1,925)	2,194
- Realised gain transferred to statement of income on disposal		-	(3,330)
- Transfer from deferred tax		462	273
- Changes in expected credit losses		-	(211)
Other comprehensive expense, net of tax		(1,463)	(1,074)
Total comprehensive income for the financial year		556	4,076

Net income from Islamic banking business stated in the consolidated statement of income is derived from:

	2022	2021
Income derived from investment of Islamic banking funds	2,660	6,567
Income derived from investment of depositors' funds and others	6	-
Income attributable to the depositors and financial institutions	(3)	-
	2,663	6,567

47. ISLAMIC BANKING BUSINESS (CONTD.)

STATEMENT OF CHANGES IN ISLAMIC BANKING FUNDS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

		← Non-distributable reserves →		Distributable reserves	
	Funds allocated from Head Office (HO) RM'000	Regulatory reserves RM'000	FVOCI reserves RM'000	Retained profits RM'000	Total RM'000
ECONOMIC ENTITY/BANK					
At 1 April 2021	56,000	-	(114)	18,418	74,304
Net profit for the financial year	-	-	-	2,019	2,019
Other comprehensive expense	-	-	(1,463)	-	(1,463)
Total comprehensive (expense) /income	-	-	(1,463)	2,019	556
Dividends paid	-	-	-	(913)	(913)
At 31 March 2022	56,000	-	(1,577)	19,524	73,947
At 1 April 2020	56,000	48	960	62,332	119,340
Net profit for the financial year	-	-	-	5,150	5,150
Other comprehensive expense	-	-	(1,074)	-	(1,074)
Total comprehensive (expense)/ income	-	-	(1,074)	5,150	4,076
Transfer to regulatory reserves	-	(48)	-	48	-
Dividends paid	-	-	-	(49,112)	(49,112)
At 31 March 2021	56,000	-	(114)	18,418	74,304

47. ISLAMIC BANKING BUSINESS (CONTD.)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	ECONOMIC ENTITY/BANK	
	2022	2021
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,657	6,776
Adjustments for:-		
Accretion of discount less amortisation of premium of securities	352	252
Income from financial investments at fair value through other comprehensive income	(2,876)	(5,922)
Allowance for expected credit losses on financial investments	-	(211)
Operating profit before working capital changes	133	895
Changes in working capital:		
Other assets	(45)	4,754
Other liabilities	4,668	132
Cash generated from operations	4,756	5,781
Tax or zakat paid	(4,666)	-
Net cash generated from operating activities	90	5,781
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial investments at fair value through other comprehensive income (net of proceeds from disposal)	-	36,380
Income from financial investments at fair value through other comprehensive income	2,877	2,179
Net cash generated from investing activities	2,877	38,559
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to holding company	(913)	(49,112)
Net cash used in financing activity	(913)	(49,112)
NET CHANGES IN CASH AND CASH EQUIVALENTS	2,054	(4,772)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	6,404	11,176
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	8,458	6,404

Cash and cash equivalents comprise the following:

Cash and short term funds	8,458	6,404

47. ISLAMIC BANKING BUSINESS (CONTD.)

(a) Cash and short-term funds

	ECONOMIC ENTITY/BANK	
	2022	2021
	RM'000	RM'000
Cash and balances with banks and other financial institutions	21	23
Money at call and deposit placements maturing within one month	8,437	6,381
	8,458	6,404

(b) Financial investments at fair value through other comprehensive income ("FVOCI")

	ECONOMIC ENTITY/BANK	
	2022	2021
	RM'000	RM'000
At fair value		
Money market instruments:		
Malaysian Government investment issues	61,488	63,554
	61,488	63,554
Unquoted securities:		
Sukuk	9,680	9,893
	9,680	9,893
Total financial investments at fair value through other comprehensive income	71,168	73,447

Movements in allowance for expected credit losses are as follows:

	12 months ECL (Stage 1)	
	2022	2021
	RM'000	RM'000
ECONOMIC ENTITY/BANK		
At 1 April	-	211
Financial assets derecognised other than write-off	-	(35)
Changes due to change in credit risk	-	(176)
Total (write-back)/charge to income statement	-	(211)
At 31 March	-	-

(c) Other assets

	ECONOMIC ENTITY/BANK	
	2022	2021
	RM'000	RM'000
Other debtors, deposits and prepayments	59	14

47. ISLAMIC BANKING BUSINESS (CONTD.)

(d) Deferred tax

	ECONOMIC ENTITY/BANK 2022 RM'000	ECONOMIC ENTITY/BANK 2021 RM'000
Deferred tax assets, net	498	36

	ECONOMIC ENTITY/BANK 2022 RM'000	ECONOMIC ENTITY/BANK 2021 RM'000
At 1 April	36	(237)
Recognised in equity	462	273
At 31 March	498	36

ECONOMIC ENTITY/BANK

Deferred tax assets	Financial investments at fair value through other comprehensive income RM'000	Total RM'000
At 1 April 2021	36	36
Recognised in equity	462	462
At 31 March 2022	498	498
At 1 April 2020	(237)	(237)
Recognised in equity	273	273
At 31 March 2021	36	36

(e) Income derived from investment of Islamic Banking funds

	ECONOMIC ENTITY/BANK 2022 RM'000	ECONOMIC ENTITY/BANK 2021 RM'000
Finance income and hibah		
Financial investments at fair value through other comprehensive income	2,869	2,592
Money at call and deposit with financial institutions	142	897
	3,011	3,489
Accretion of discount less amortisation of premium (net)	(351)	(252)
Total finance income and hibah	2,660	3,237
Investment income	-	3,330
	2,660	6,567

(f) Income derived from investment of depositors' funds and others

	ECONOMIC ENTITY/BANK 2022 RM'000	ECONOMIC ENTITY/BANK 2021 RM'000
Finance income and hibah		
Financial investments at fair value through other comprehensive income	7	-
Accretion of discount less amortisation of premium (net)	(1)	-
Total finance income and hibah	6	-

47. ISLAMIC BANKING BUSINESS (CONTD.)

(g) Income attributable to depositors and financial institutions

	ECONOMIC ENTITY/BANK	
	2022	2021
	RM'000	RM'000
Deposits and placements of banks and other financial institutions		
- Non-Mudharabah Fund	3	-
	3	-

(h) Other operating expenses

	ECONOMIC ENTITY/BANK	
	2022	2021
	RM'000	RM'000
Administration and general expenses	6	2

(i) Allowance for expected credit losses on financial investments

	ECONOMIC ENTITY/BANK	
	2022	2021
	RM'000	RM'000
Financial investments at fair value through other comprehensive income		
- Allowance made during the financial year	-	(211)

(j) Taxation

	ECONOMIC ENTITY/BANK	
	2022	2021
	RM'000	RM'000
Income tax:		
Current year	638	1,626

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

	ECONOMIC ENTITY/BANK	
	2022	2021
	RM'000	RM'000
Profit before taxation	2,657	6,776
Taxation at Malaysian statutory tax rate of 24% (2021: 24%)	638	1,626
Tax expense for the year	638	1,626

47. ISLAMIC BANKING BUSINESS (CONTD.)

(k) Profit Rate Risk

The following tables indicate the effective profit rates at the end of reporting period and the periods in which the financial instruments re-price or mature, whichever is earlier.

ECONOMIC ENTITY/BANK	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-profit sensitive RM'000	Total RM'000
2022								
Assets								
Cash and short-term funds	8,436	-	-	-	-	-	22	8,458
Financial investments at fair value through other comprehensive income	-	-	-	-	10,110	60,370	688	71,168
Other financial assets	-	-	-	-	-	-	59	59
Total financial assets	8,436	-	-	-	10,110	60,370	769	79,685
Liabilities								
Other financial liabilities	-	-	-	-	-	-	4,800	4,800
Total financial liabilities	-	-	-	-	-	-	4,800	4,800
On-balance sheet profit sensitivity gap	8,436	-	-	-	10,110	60,370	(4,031)	74,885

47. ISLAMIC BANKING BUSINESS (CONTD.)

(k) Profit Rate Risk (contd.)

The following tables indicate the effective profit rates at the end of reporting period and the periods in which the financial instruments re-price or mature, whichever is earlier. (contd.)

ECONOMIC ENTITY/BANK	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-profit sensitive RM'000	Total RM'000
2021								
Assets								
Cash and short-term funds	6,380	-	-	-	-	-	24	6,404
Financial investments at fair value through other comprehensive income	-	-	-	-	10,465	62,292	690	73,447
Other financial assets	-	-	-	-	-	-	14	14
Total financial assets	6,380	-	-	-	10,465	62,292	728	79,865
Liabilities								
Other financial liabilities	-	-	-	-	-	-	132	132
Total financial liabilities	-	-	-	-	-	-	132	132
On-balance sheet profit sensitivity gap	6,380	-	-	-	10,465	62,292	596	79,733

47. ISLAMIC BANKING BUSINESS (CONTD.)

(l) Capital Adequacy

BNM's Transitional Arrangements for Regulatory Capital Treatment of Accounting Provisions took effect on 9 December 2020. This allows the Economic Entity 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 Economic Entity 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 Economic Entity and Bank are as follows:

	ECONOMIC ENTITY/BANK	
	2022	2021
With and without transitional arrangements:		
Before deducting proposed dividends		
CET I capital ratio	819.012%	776.781%
Tier I capital ratio	819.012%	776.781%
Total capital ratio	819.012%	776.781%
After deducting proposed dividends		
CET I capital ratio	819.012%	767.231%
Tier I capital ratio	819.012%	767.231%
Total capital ratio	819.012%	767.231%

(i) Components of Common Equity Tier I ("CET I"), Tier I and Tier II capital under the Capital Adequacy Framework with transitional arrangements are as follows:

	ECONOMIC ENTITY/BANK	
	2022 RM'000	2021 RM'000
CET I Capital		
Funds allocated from Head Office	56,000	56,000
Retained profits	19,524	18,418
FVOCI reserves	(1,577)	(114)
	73,947	74,304
Less: Regulatory adjustments		
- Deferred tax assets	(498)	(36)
Total CET I Capital/Total Tier I Capital	73,449	74,268
Tier II Capital/Total Capital Base	73,449	74,268

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

	ECONOMIC ENTITY/BANK	
	2022 RM'000	2021 RM'000
Credit risk	1,746	1,291
Operational risk	7,222	8,270
Total RWA and capital requirements	8,968	9,561