



ALLIANCE INVESTMENT BANK

Alliance Investment Bank Berhad 197401004393 (21605-D)
A Participating Organisation of Bursa Malaysia Securities Berhad

BASEL II PILLAR 3 REPORT

FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

ALLIANCE INVESTMENT BANK BERHAD
197401004393 (21605-D)

CONTENTS	PAGE
1.0 Overview	1 - 2
1.1 Medium and Location of Disclosure	1
1.2 Basis of Disclosure	1
1.3 Comparative Information	1
1.4 Scope of Application	2
2.0 Capital	2 - 8
2.1 Capital Adequacy Ratios	3
2.2 Capital Structure	4
2.3 Risk-Weighted Assets and Capital Requirements	5 - 8
3.0 Credit Risk	9 - 22
3.1 Distribution of Credit Exposures	9 - 12
3.2 Impaired Loans, Advances and Financing and Allowance for Expected Credit Losses Analysis	13 - 15
3.3 Assignment of Risk Weights for Portfolios Under the Standardised Approach	16 - 19
3.4 Credit Risk Mitigation	20 - 21
3.5 Off-Balance Sheet Exposures and Counterparty Credit Risk	22
4.0 Market Risk	23 - 25
4.1 Traded Market Risk	23
4.2 Non-Traded Market Risk	24
4.3 Equity Exposures in Banking Book	25
5.0 Shariah Governance Disclosures	26 - 27

BASEL II PILLAR 3 REPORT
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

1.0 Overview

Bank Negara Malaysia's ("BNM") Capital Adequacy Frameworks require Alliance Investment Bank Berhad ("the Bank"), associate and joint venture ("the Economic Entity") to maintain an adequate level of capital to withstand potential losses arising from its operations. BNM's Capital Adequacy Frameworks covers three main aspects:

- (a) Pillar 1 - covers the calculation of risk-weighted assets for credit risk, market risk and operational risk;
- (b) Pillar 2 - involves assessment of other risks (e.g. interest rate risk in the banking book, liquidity risk and concentration risk) not covered under Pillar 1. This promotes the adoption of forward-looking approaches to capital management and stress testing/risk simulation techniques; and
- (c) Pillar 3 - covers disclosure and external communication of risk and capital information by banks.

The Pillar 3 Disclosure for the financial period ended 30 September 2022 for the Bank and the Economic Entity is in accordance with BNM's Risk-Weighted Capital Adequacy Framework ("RWCAF") – Disclosure Requirements (Pillar 3) and Capital Adequacy Framework for Islamic Banks ("CAFIB") – Disclosures Requirements (Pillar 3).

The Economic Entity has adopted the Standardised Approach for credit risk and market risk; and the Basic Indicator Approach for operational risk in determining the capital requirements of Pillar 1.

1.1 Medium and Location of Disclosure

The Pillar 3 Disclosure will be made available under the Investor Relations section of the Bank's website at www.alliancebank.com.my/investment/home and as a separate report in the annual and half-yearly financial reports.

1.2 Basis of Disclosure

The Economic Entity's Pillar 3 Disclosure is governed by the Bank's Pillar 3 Disclosure Policy. This policy outlines the minimum disclosure standards, the approach for determining the appropriateness of information disclosed and the internal controls over the disclosure process. Pillar 3 Disclosure is to be read in conjunction with the Economic Entity's and Bank's financial statements for the financial period ended 30 September 2022. Whilst this document discloses the Economic Entity's assets both in terms of exposures and capital requirements, the information disclosed herein may not be directly comparable with the information in the financial statements for the period ended 30 September 2022 published by the Economic Entity.

These disclosures have been reviewed and verified by an independent internal party and approved by the Group Risk Management Committee ("GRMC"), as delegated by the Board of Directors ("Board") of the Economic Entity.

1.3 Comparative Information

The corresponding Pillar 3 Disclosure in the preceding reporting period would be as at 31 March 2022.

ALLIANCE INVESTMENT BANK BERHAD
197401004393 (21605-D)

1.0 Overview (cont'd.)

1.4 Scope of Application

The Pillar 3 Disclosure was prepared on a consolidated basis comprises information on Alliance Investment Bank Berhad ("the Bank"), associate and joint venture. The Bank offers Conventional and Islamic banking services. The latter includes accepting deposits and providing financing under Shariah principles via its Islamic window. The Islamic Banking portion is not material and the Bank does not use Profit-sharing Investment Account ("PSIA") as a risk absorbent mechanism.

The quantitative information as at 30 September 2022 also reflects the following events which occurred within the reporting period:

- (a) The Bank had on 16 March 2022 obtained Vesting Order in Kuala Lumpur High Court and completed the transfer of the total assets and total liabilities of the Capital Market Business to Alliance Islamic Bank Berhad ("AIS") on 31 March 2022.
- (b) The Bank had on 21 June 2022 obtained Vesting Order in Kuala Lumpur High Court and completed the transfer of its stockbroking business to Phillip Capital Sdn. Bhd. (formerly known as Phillip Futures Sdn. Bhd.) on 30 July 2022.
- (c) On 26 September 2022, the Bank obtained an Order in Kuala Lumpur High Court confirming the Bank's proposed share capital reduction under Sections 115(a) and 116 of the Companies Act 2016 where the share capital and issued number of shares of the Bank shall be reduced from RM365,962,500 comprising 365,000,000 ordinary shares to RM215,962,500 comprising 215,000,000 ordinary shares, vide cancellation of 150,000,000 ordinary shares held by the Bank. The amount of RM150,000,000 arising from the said shares cancellation was returned to Alliance Bank Malaysia Berhad, the holding company of the Bank on 29 September 2022.

The basis of consolidation for the use of regulatory capital purposes is similar to that for financial accounting purposes. Investments in subsidiaries, associate and joint venture are deducted from regulatory capital.

There were no significant restrictions or other major impediments on transfer of funds or regulatory capital within the Economic Entity.

There were no capital deficiencies in any of the subsidiaries of the Economic Entity as at the end of the financial period.

2.0 Capital

The Economic Entity maintains a strong capital base to support its current activities and future growth, to meet regulatory capital requirements at all times and to buffer against potential losses.

The Group's Internal Capital Adequacy Assessment Process ("ICAAP") covers the following:

- (a) Assesses inherent risks in the business against risk captured under Pillar 1, and risks not sufficiently or not captured under Pillar 1;
- (b) Estimates the potential impact of extreme but plausible events on the Group's earnings, balance sheet and capital via stress testing;
- (c) Sets internal capital targets which include buffers to cushion potential stress losses and contingency plan(s) where warranted; and
- (d) Regularly monitors and reports portfolio risk profiles, required capital and available capital.

ICAAP results are regularly reported to GRMC and the Board to facilitate proactive capital management.

2.0 Capital (cont'd.)

2.1 Capital Adequacy Ratios

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

	<u>ECONOMIC ENTITY</u>		<u>BANK</u>	
	30 September 2022	31 March 2022	30 September 2022	31 March 2022
<u>(a) With transitional arrangements</u>				
<u>Before deducting proposed dividends</u>				
CET I capital ratio	118.795%	87.272%	118.869%	87.301%
Tier I capital ratio	118.795%	87.272%	118.869%	87.301%
Total capital ratio	119.327%	88.145%	119.402%	88.174%
<u>After deducting proposed dividends</u>				
CET I capital ratio	118.795%	87.272%	118.869%	87.301%
Tier I capital ratio	118.795%	87.272%	118.869%	87.301%
Total capital ratio	119.327%	88.145%	119.402%	88.174%
<u>(b) Without transitional arrangements</u>				
<u>Before deducting proposed dividends</u>				
CET I capital ratio	118.795%	87.211%	118.869%	87.240%
Tier I capital ratio	118.795%	87.211%	118.869%	87.240%
Total capital ratio	119.327%	88.084%	119.402%	88.113%
<u>After deducting proposed dividends</u>				
CET I capital ratio	118.795%	87.211%	118.869%	87.240%
Tier I capital ratio	118.795%	87.211%	118.869%	87.240%
Total capital ratio	119.327%	88.084%	119.402%	88.113%

The Economic Entity's and Bank's capital ratios have complied with the prescribed capital adequacy ratio under BNM's Capital Adequacy Framework.

2.0 Capital (cont'd.)

2.2 Capital Structure

The following tables present the components of Common Equity Tier I ("CET I"), Tier I and Tier II capital:

	<u>ECONOMIC ENTITY</u>		<u>BANK</u>	
	30 September	31 March	30 September	31 March
	2022	2022	2022	2022
	RM'000	RM'000	RM'000	RM'000
<u>CET I Capital/Tier 1 Capital</u>				
Paid-up share capital	215,962	365,962	215,962	365,962
Retained Profits	94,480	85,234	96,352	87,133
Financial Investments at Fair Value through Other Comprehensive Income ("FVOCI") Reserves	(8,894)	(247)	(8,894)	(247)
Regulatory Reserves (Note 1)	6,045	6,045	6,045	6,045
	<u>307,593</u>	<u>456,994</u>	<u>309,465</u>	<u>458,893</u>
(Less)/add: Regulatory adjustments				
- Goodwill and other intangibles	(21,246)	(21,606)	(23,805)	(24,166)
- Deferred tax assets	(4,642)	(5,180)	(4,642)	(5,180)
- Regulatory reserves (Note 1)	(6,045)	(6,045)	(6,045)	(6,045)
- Investment in associate and joint venture	(1,311)	(1,285)	(624)	(624)
- Transitional arrangements	-	295	-	295
Total CET I Capital/Total Tier I Capital	<u>274,349</u>	<u>423,173</u>	<u>274,349</u>	<u>423,173</u>
<u>Tier II Capital</u>				
Expected credit losses				
and regulatory reserves (Note 1 & Note 2)	1,230	4,231	1,230	4,231
Total Tier II Capital	<u>1,230</u>	<u>4,231</u>	<u>1,230</u>	<u>4,231</u>
Total Capital	<u>275,579</u>	<u>427,404</u>	<u>275,579</u>	<u>427,404</u>

Note 1: The Bank maintained its prudent stand in relation to maintaining the regulatory reserves to preserve the potential deterioration of credit quality, taking into consideration the impact of the unprecedented pandemic and the economic slowdown.

Note 2: Expected credit losses ("ECL") for S1 and S2 only.

2.0 Capital (cont'd.)

2.3 Risk-Weighted Assets ("RWA") and Capital Requirements

Regulatory Capital Requirements

The following tables present the minimum regulatory capital requirements of the Economic Entity and the Bank:

ECONOMIC ENTITY 30 September 2022 Exposure Class	Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
(a) <u>Credit Risk</u>				
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	338,016	338,016	-	-
Public Sector Entities	9,662	9,662	1,932	155
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks	16,803	16,803	3,568	285
Corporates	287,026	262,761	88,319	7,066
Regulatory Retail	-	-	-	-
Residential Mortgages	239	239	84	7
Other Assets	3,212	3,212	3,212	257
Defaulted Exposures	87	87	80	6
Total On-Balance Sheet Exposures	655,045	630,780	97,195	7,776
Off-Balance Sheet Exposures:				
Credit-Related Off-Balance Sheet Exposures	1,195	1,195	1,195	96
Total Off-Balance Sheet Exposures	1,195	1,195	1,195	96
Total On and Off-balance Sheet Exposures	656,240	631,975	98,390	7,872
(b) <u>Market Risk (Note 4.0)</u>				
	Long Position	Short Position		
Interest Rate Risk	-	-	-	-
Foreign Currency Risk	-	(22)	22	2
	-	(22)		
Option Risk			-	-
Total			22	2
(c) <u>Operational Risk</u>	-	-	132,532	10,603
Total	656,240	631,975	230,944	18,477

2.0 Capital (cont'd.)

2.3 RWA and Capital Requirements (cont'd.)

Regulatory Capital Requirements (cont'd.)

The following tables present the minimum regulatory capital requirements of the Economic Entity and the Bank (cont'd.):

BANK 30 September 2022 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
(a) Credit Risk				
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	338,016	338,016	-	-
Public Sector Entities	9,662	9,662	1,932	155
Banks, DFIs and Multilateral Development Banks	16,803	16,803	3,568	285
Corporates	287,026	262,761	88,319	7,066
Regulatory Retail	-	-	-	-
Residential Mortgages	239	239	84	7
Other Assets	3,212	3,212	3,212	257
Defaulted Exposures	87	87	80	6
Total On-Balance Sheet Exposures	<u>655,045</u>	<u>630,780</u>	<u>97,195</u>	<u>7,776</u>
Off-Balance Sheet Exposures:				
Credit-Related Off-Balance Sheet Exposures	1,195	1,195	1,195	96
Total Off-Balance Sheet Exposures	<u>1,195</u>	<u>1,195</u>	<u>1,195</u>	<u>96</u>
Total On and Off-balance Sheet Exposures	<u>656,240</u>	<u>631,975</u>	<u>98,390</u>	<u>7,872</u>
(b) Market Risk (Note 4.0)				
	Long Position	Short Position		
Interest Rate Risk	-	-	-	-
Foreign Currency Risk	-	(22)	22	2
	-	(22)		
Option Risk			-	-
Total			<u>22</u>	<u>2</u>
(c) Operational Risk				
	-	-	132,387	10,591
Total	<u>656,240</u>	<u>631,975</u>	<u>230,799</u>	<u>18,465</u>

2.0 Capital (cont'd.)

2.3 RWA and Capital Requirements (cont'd.)

Regulatory Capital Requirements (cont'd.)

The following tables present the minimum regulatory capital requirements of the Economic Entity and the Bank (cont'd.):

ECONOMIC ENTITY	Gross	Net	Risk-	Capital
31 March 2022	Exposures	Exposures	Weighted	Requirements
Exposure Class	RM'000	RM'000	Assets	RM'000
			RM'000	
(a) <u>Credit Risk</u>				
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	345,738	345,738	-	-
Public Sector Entities	3,055	3,055	611	49
Banks, DFIs and Multilateral Development Banks	50,785	50,785	21,240	1,699
Corporates	503,054	376,007	198,027	15,842
Regulatory Retail	11,122	2,079	1,559	125
Residential Mortgages	103	103	36	3
Other Assets	95,973	95,973	89,642	7,171
Defaulted Exposures	191	191	183	15
Total On-Balance Sheet Exposures	<u>1,010,021</u>	<u>873,931</u>	<u>311,298</u>	<u>24,904</u>
Off-Balance Sheet Exposures:				
Credit-related Off-balance				
Sheet Exposures	63,817	29,841	27,169	2,174
Total Off-Balance Sheet Exposures	<u>63,817</u>	<u>29,841</u>	<u>27,169</u>	<u>2,174</u>
Total On and Off-balance				
Sheet Exposures	<u>1,073,838</u>	<u>903,772</u>	<u>338,467</u>	<u>27,078</u>
(b) <u>Market Risk (Note 4.0)</u>				
	Long	Short		
	Position	Position		
Interest Rate Risk	-	-	-	-
Foreign Currency Risk	104	(180)	180	14
	104	(180)		
Option Risk			-	-
Total			<u>180</u>	<u>14</u>
(c) <u>Operational Risk</u>	-	-	146,243	11,699
Total	<u>1,073,838</u>	<u>903,772</u>	<u>484,890</u>	<u>38,791</u>

2.0 Capital (cont'd.)

2.3 RWA and Capital Requirements (cont'd.)

Regulatory Capital Requirements (cont'd.)

The following tables present the minimum regulatory capital requirements of the Economic Entity and the Bank (cont'd.):

BANK	Gross	Net	Risk-	Capital
31 March 2022	Exposures	Exposures	Weighted	Requirements
Exposure Class	RM'000	RM'000	Assets	RM'000
			RM'000	
(a) Credit Risk				
On-Balance Sheet Exposures:				
Sovereigns/Central Banks	345,738	345,738	-	-
Public Sector Entities	3,055	3,055	611	49
Bank, DFIs and Multilateral Development Banks	50,785	50,785	21,240	1,699
Corporates	503,054	376,007	198,027	15,842
Regulatory Retail	11,122	2,079	1,559	125
Residential Mortgages	103	103	36	3
Other Assets	95,973	95,973	89,642	7,171
Defaulted Exposures	191	191	183	15
Total On-Balance Sheet Exposures	<u>1,010,021</u>	<u>873,931</u>	<u>311,298</u>	<u>24,904</u>
Off-Balance Sheet Exposures:				
Credit-Related Off-Balance Sheet Exposures	63,817	29,841	27,169	2,174
Total Off-Balance Sheet Exposures	<u>63,817</u>	<u>29,841</u>	<u>27,169</u>	<u>2,174</u>
Total On and Off-balance Sheet Exposures	<u>1,073,838</u>	<u>903,772</u>	<u>338,467</u>	<u>27,078</u>
(b) Market Risk (Note 4.0)				
	Long	Short		
	Position	Position		
Interest Rate Risk	-	-	-	-
Foreign Currency Risk	104	(180)	180	14
	104	(180)		
Option Risk			-	-
Total			<u>180</u>	<u>14</u>
(c) Operational Risk				
	-	-	146,083	11,687
Total	<u>1,073,838</u>	<u>903,772</u>	<u>484,730</u>	<u>38,779</u>

Note: Under Islamic Banking, the Economic Entity does not use PSIA as a risk absorbent mechanism.

The Economic Entity and the Bank do not have exposure to any Large Exposure Risk for equity holdings as specified under BNM's Guidelines on Investment in Shares, Interest-in-Shares and Collective Investment

3.0 Credit Risk

3.1 Distribution of Credit Exposures

(a) Geographical Distribution

The following tables represent the Economic Entity's and the Bank's major types of gross credit exposure by geographical distribution. Exposures are allocated to the region in which the branch is located and are disclosed before taking into account any collateral held or other credit enhancements and after allowance for impairment, where appropriate.

ECONOMIC ENTITY/BANK

30 September 2022

Exposure class

On-balance Sheet Exposures:

	Geographical region			
	Northern RM'000	Central RM'000	Southern RM'000	Total RM'000
Sovereigns/Central Banks	-	338,016	-	338,016
Public Sector Entities	-	9,662	-	9,662
Banks, DFIs and Multilateral Development Banks	-	16,803	-	16,803
Corporates	-	287,026	-	287,026
Regulatory Retail	-	-	-	-
Residential Mortgages	-	239	-	239
Other Assets	-	3,212	-	3,212
Defaulted Exposures	-	87	-	87
Total On-Balance Sheet Exposures	-	655,045	-	655,045

Off-Balance Sheet Exposures:

Credit-Related Off-Balance

Sheet Exposures	-	1,195	-	1,195
Defaulted Exposures	-	-	-	-
Total Off-Balance Sheet Exposures	-	1,195	-	1,195

Total Credit Exposures

-	656,240	-	656,240
---	---------	---	---------

ECONOMIC ENTITY/BANK

31 March 2022

Exposure class

On-Balance Sheet Exposures:

	Geographical region			
	Northern RM'000	Central RM'000	Southern RM'000	Total RM'000
Sovereigns/Central Banks	-	345,738	-	345,738
Public Sector Entities	-	3,055	-	3,055
Banks, DFIs and Multilateral Development Banks	-	50,785	-	50,785
Corporates	51,360	423,318	28,376	503,054
Regulatory Retail	6,416	2,440	2,266	11,122
Residential Mortgages	-	103	-	103
Other Assets	4,960	90,642	371	95,973
Defaulted Exposures	-	191	-	191
Total On-balance Sheet Exposures	62,736	916,272	31,013	1,010,021

Off-Balance Sheet Exposures:

Credit-Related Off-Balance

Sheet Exposures	23,459	33,620	6,738	63,817
Defaulted Exposures	-	-	-	-
Total Off-Balance Sheet Exposures	23,459	33,620	6,738	63,817

Total Credit Exposures

86,195	949,892	37,751	1,073,838
--------	---------	--------	-----------

ALLIANCE INVESTMENT BANK BERHAD
197401004393 (21605-D)

3.0 Credit Risk (cont'd.)

3.1 Distribution of Credit Exposures (cont'd.)

(b) Industry Distribution

The following tables represent the Economic Entity's and the Bank's major types of gross credit exposure by sector. The analysis is based on the sector in which the customers are engaged.

	Government & Central Bank RM'000	Financial, Insurance, Business Services & Real Estate RM'000	Transport, Storage & Communication RM'000	Agriculture, Manufacturing, Wholesale & Retail Trade RM'000	Construction RM'000	Household RM'000	Others RM'000	Total RM'000
<u>ECONOMIC ENTITY/BANK</u>								
30 September 2022								
Exposure class								
Sovereigns/Central Banks	338,016	-	-	-	-	-	-	338,016
Public Sector Entities	-	9,662	-	-	-	-	-	9,662
Banks, DFIs and Multilateral Development Banks	-	16,803	-	-	-	-	-	16,803
Corporates	-	78,385	106,516	34,924	67,034	11	156	287,026
Regulatory Retail	-	-	-	-	-	-	-	-
Residential Mortgages	-	-	-	-	-	239	-	239
Other Assets	-	-	-	-	-	-	3,212	3,212
Defaulted Exposures	-	16	-	-	-	71	-	87
Total On-Balance Sheet Exposures	338,016	104,866	106,516	34,924	67,034	321	3,368	655,045
Credit-Related Off-Balance								
Sheet Exposures	-	525	-	-	670	-	-	1,195
Defaulted Exposures	-	-	-	-	-	-	-	-
Total Off-Balance Sheet Exposures	-	525	-	-	670	-	-	1,195
Total Credit Exposures	338,016	105,391	106,516	34,924	67,704	321	3,368	656,240

ALLIANCE INVESTMENT BANK BERHAD
197401004393 (21605-D)

3.0 Credit Risk (cont'd.)

3.1 Distribution of Credit Exposures (cont'd.)

(b) Industry Distribution (cont'd.)

The following tables represent the Economic Entity's and the Bank's major types of gross credit exposure by sector. The analysis is based on the sector in which the customers are engaged. (cont'd.)

	Government & Central Bank RM'000	Financial, Insurance, Business Services & Real Estate RM'000	Transport, Storage & Communication RM'000	Agriculture, Manufacturing, Wholesale & Retail Trade RM'000	Construction RM'000	Household RM'000	Others RM'000	Total RM'000
<u>ECONOMIC ENTITY/BANK</u>								
31 March 2022								
Exposure class								
Sovereigns/Central Banks	345,738	-	-	-	-	-	-	345,738
Public Sector Entities	-	3,055	-	-	-	-	-	3,055
Banks, DFIs and Multilateral								
Development Banks	-	50,785	-	-	-	-	-	50,785
Corporates	-	98,841	109,378	35,501	71,673	138,067	49,594	503,054
Regulatory Retail	-	-	-	-	-	11,122	-	11,122
Residential Mortgages	-	-	-	-	-	103	-	103
Other Assets	-	82,266	-	-	-	-	13,707	95,973
Defaulted Exposures	-	16	-	-	-	175	-	191
Total On-Balance Sheet Exposures	345,738	234,963	109,378	35,501	71,673	149,467	63,301	1,010,021
Credit-Related Off-Balance								
Sheet Exposures	-	7,949	-	701	4,901	49,208	1,058	63,817
Defaulted Exposures	-	-	-	-	-	-	-	-
Total Off-Balance Sheet Exposures	-	7,949	-	701	4,901	49,208	1,058	63,817
Total Credit Exposures	345,738	242,912	109,378	36,202	76,574	198,675	64,359	1,073,838

3.0 Credit Risk (cont'd.)

3.1 Distribution of Credit Exposures (cont'd.)

(c) Residual Contractual Maturity

The following tables represent the residual contractual maturity for major types of gross credit exposure for on-balance sheet financial assets of the Economic Entity and the Bank:

<u>ECONOMIC ENTITY/BANK</u>	<u>Up to 1 month</u>	<u>>1-3 months</u>	<u>>3-6 months</u>	<u>>6-12 months</u>	<u>>1 year</u>	<u>Total</u>
30 September 2022	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Exposure class						
Sovereigns/Central Banks	35	-	-	-	337,981	338,016
Public Sector Entities	9,662	-	-	-	-	9,662
Banks, DFIs and Multilateral						
Development Banks	11,708	-	-	-	5,095	16,803
Corporates	47,037	10,194	-	-	229,795	287,026
Regulatory Retail	-	-	-	-	-	-
Residential Mortgages	-	-	-	-	239	239
Other Assets	2,748	-	-	-	464	3,212
Defaulted Exposures	-	-	16	-	71	87
Total On-Balance Sheet Exposures	71,190	10,194	16	-	573,645	655,045

ECONOMIC ENTITY/BANK **31 March 2022**

Exposure class						
Sovereigns/Central Banks	40	-	-	-	345,698	345,738
Public Sector Entities	3,055	-	-	-	-	3,055
Banks, DFIs and Multilateral						
Development Banks	45,608	-	-	-	5,177	50,785
Corporates	256,232	-	-	10,314	236,508	503,054
Regulatory Retail	10,920	188	-	-	14	11,122
Residential Mortgages	-	-	-	-	103	103
Other Assets	19,324	-	-	-	76,649	95,973
Defaulted Exposures	-	-	-	16	175	191
Total On-Balance Sheet Exposures	335,179	188	-	10,330	664,324	1,010,021

3.0 Credit Risk (cont'd.)

3.2 Impaired Loans, Advances and Financing and Allowance for Expected Credit Losses Analysis

Impaired loans, advances and financing are exposures where the customers have failed to make a principal and/ or interest payment for more than three months. In addition, where customers are deemed incapable of continuing repayment obligations, the exposures will be judgmentally impaired. Where exposures are restructured or rescheduled due to increase in credit risk, the exposures are also classified as impaired.

Past Due but Not Impaired Loans, Advances and Financing Analysis

Past due but not impaired loans, advances and financing are loans where the customers have failed to make a principal and/or interest payment when contractually due, and include loans which are due one or more days after the contractual due date but not more than three months. Under MFRS 9, exposures more than 30 days past due are transferred to Stage 2. For loans that are structured to pay principal and/or interest at quarterly intervals or longer, a default of payment will trigger an impairment.

Impaired and Past Due Loans, Advances and Financing and Allowance for Expected Credit Losses - Industry Analysis

	Impaired Loans, Advances and Financing RM'000	Past Due Loan RM'000	12 months ECL (Stage 1) RM'000	Lifetime ECL Not-credit Impaired (Stage 2) RM'000	Lifetime ECL Credit Impaired (Stage 3) RM'000	ECL write-back (net) RM'000	Stage 3 write-off (net) RM'000
<u>ECONOMIC ENTITY/BANK</u>							
30 September 2022							
Financial, Insurance & Business							
Services and Real Estate	-	-	60	-	-	-	-
Agriculture, Manufacturing, Wholesale & Retail Trade	-	-	-	-	-	-	-
Construction	-	46,881	-	335	-	-	-
Household	71	152	-	-	-	-	-
Total	71	47,033	60	335	-	-	-

ECONOMIC ENTITY/BANK **31 March 2022**

Financial, Insurance & Business							
Services and Real Estate	-	-	110	-	-	-	-
Agriculture, Manufacturing, Wholesale & Retail Trade	-	-	-	-	-	-	-
Construction	-	-	-	437	-	-	-
Household	175	-	-	-	-	-	-
Total	175	-	110	437	-	-	-

3.0 Credit Risk (cont'd.)

3.2 Impaired Loans, Advances and Financing and Allowance for Expected Credit Losses Analysis (cont'd.)

Impaired and Past Due Loans, Advances and Financing and Allowance for Expected Credit Losses - Geographical

	Impaired Loans, Advances and Financing RM'000	Past Due Loan RM'000	12 months ECL (Stage 1) RM'000	Lifetime ECL Not-credit Impaired (Stage 2) RM'000	Lifetime ECL Credit Impaired (Stage 3) RM'000	ECL write-back (net) RM'000	Stage 3 write-off (net) RM'000
<u>ECONOMIC ENTITY/BANK</u>							
30 September 2022							
Northern region	-	-	-	-	-	-	-
Central region	71	47,033	60	335	-	-	-
Southern region	-	-	-	-	-	-	-
Sarawak region	-	-	-	-	-	-	-
Total	71	47,033	60	335	-	-	-

ECONOMIC ENTITY/BANK
31 March 2022

Northern region	-	-	-	-	-	-	-
Central region	175	-	110	437	-	-	-
Southern region	-	-	-	-	-	-	-
Sarawak region	-	-	-	-	-	-	-
Total	175	-	110	437	-	-	-

3.0 Credit Risk (cont'd.)

3.2 Impaired Loans, Advances and Financing and Allowance for Expected Credit Losses Analysis (cont'd.)

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

	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
<u>ECONOMIC ENTITY/BANK</u>				
At 1 April 2022	110	437	-	547
Total write-back from income statement due to change in credit risk	(50)	(102)	-	(152)
At 30 September 2022	60	335	-	395

	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
<u>ECONOMIC ENTITY/BANK</u>				
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 to income statement	(108)	(25)	-	(133)
At 31 March 2022	110	437	-	547

3.0 Credit Risk (cont'd.)

3.3 Assignment of Risk-Weights for Portfolios Under the Standardised Approach

The following tables represent the credit exposures by risk-weights and after credit risk mitigation:

		Exposures after netting and Credit risk mitigation						Total	
								Exposures	Total
								after	Risk-
								Netting and	Weighted
								Credit Risk	Assets
								Mitigation	Assets
								RM'000	RM'000
<u>ECONOMIC ENTITY/BANK</u>		Sovereigns	Public	Banks,		Regulatory	Residential	Other	
<u>30 September 2022</u>		/Central	Sector	DFIs and		Retail	Mortgages	Assets	
<u>Risk-Weights</u>		<u>Banks</u>	<u>Entities</u>	<u>Multilateral</u>	<u>Corporates</u>				
		RM'000	RM'000	Development	RM'000	RM'000	RM'000	RM'000	RM'000
				Banks					
0%	338,017	-	-	-	9,358	-	-	-	-
20%	-	9,661	16,109	206,355	-	-	-	-	46,425
35%	-	-	-	-	-	-	239	-	84
50%	-	-	694	16	-	-	-	-	355
75%	-	-	-	-	-	-	-	-	-
100%	-	-	-	48,243	-	-	71	3,212	51,526
150%	-	-	-	-	-	-	-	-	-
Total exposures	338,017	9,661	16,803	263,972	-	310	3,212	631,975	98,390
Risk-weighted assets by exposures	-	1,932	3,569	89,522	-	155	3,212	98,390	
Average risk-weight	-	20%	21%	34%	-	50%	100%	16%	
Deduction from Capital base	-	-	-	-	-	-	-	-	-

3.0 Credit Risk (cont'd.)

3.3 Assignment of Risk-Weights for Portfolios Under the Standardised Approach

The following tables represent the credit exposures by risk-weights and after credit risk mitigation (cont'd.):

		←----- Exposures after netting and Credit risk mitigation								
<u>ECONOMIC ENTITY/BANK</u>				Banks, DFIs and Multilateral Development Banks	Corporates	Regulatory Retail	Residential Mortgages	Other Assets	Total Exposures after Netting and Credit Risk Mitigation	Total Risk- Weighted Assets
31 March 2022	Sovereigns /Central Banks	Public Sector Entities		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Risk-Weights</u>	<u>RM'000</u>	<u>RM'000</u>								
0%	345,738	-	-	9,680	-	-	-	-	355,418	-
20%	-	3,055	13,843	210,376	-	-	-	7,913	235,187	47,037
35%	-	-	-	-	-	-	103	-	103	36
50%	-	-	36,942	16	-	-	-	-	36,958	18,479
75%	-	-	-	-	12,766	-	-	-	12,766	9,575
100%	-	-	-	175,105	-	-	175	88,060	263,340	263,340
150%	-	-	-	-	-	-	-	-	-	-
Total Exposures	345,738	3,055	50,785	395,177	12,766	278	95,973	903,772	338,467	
Risk-Weighted Assets by Exposures	-	611	21,240	217,188	9,575	211	89,643	338,467		
Average Risk-Weight	-	20%	42%	55%	75%	76%	93%	37%		
Deduction from Capital base	-	-	-	-	-	-	-	-		

3.0 Credit Risk (cont'd.)

3.3 Assignment of Risk-Weights for Portfolios Under the Standardised Approach (cont'd.)

For the purpose of determining counterparty risk-weights, the Economic Entity uses external credit assessments from Rating Agency Malaysia ("RAM"), Malaysian Rating Corporation Berhad ("MARC"), Standard and Poor's ("S&P"), Moody's, Fitch Ratings, and Rating and Investment Information, Inc ("R&I" [See Note 1]). In the context of the Economic Entity's portfolio, external credit assessments are mainly applicable to banks/financial institutions and rated corporations. The Economic Entity follows the process prescribed under BNM's Capital Adequacy Framework to map the ratings to the relevant risk-weights. The ratings are monitored and updated regularly to ensure that the latest and most appropriate risk-weights are applied in the capital computation.

The following tables show the rated credit exposures according to ratings by approved External Credit Assessment Institutions ("ECAIs"):

Long-Term Rating

Rating Category	S&P	Moody's	Fitch	RAM	MARC	R&I *
1	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AA3	AAA to AA-	AAA to AA-
2	A+ to A-	A1 to A3	A+ to A-	A+ to A3	A+ to A-	A+ to A-
3	BBB+ to BB-	Baa1 to Ba3	BBB+ to BB-	BBB1+ to BB3	BBB+ to BB-	BBB+ to BB-
4	B+ to D	B1 to C	B+ to D	B to D	B+ to D	B+ to D
5	Unrated					

Short-Term Rating

Rating Category	S&P	Moody's	Fitch	RAM	MARC	R&I *
1	A-1	P-1	F1+, F1	P-1	MARC-1	a-1+, a-1
2	A-2	P-2	F2	P-2	MARC-2	a-2
3	A-3	P-3	F3	P-3	MARC-3	a-3
4	Others	Others	B+ to D	NP	MARC-4	b, c
5	Unrated					

* Note 1: R&I rating is not recognised for Islamic debt securities.

ECONOMIC ENTITY/BANK

30 September 2022

Exposure Class	Rating Categories					Total
	1	2	3	4	5	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off-Balance Sheet Exposures						
(i) Exposures risk-weighted using Sovereigns and Central Banks rating						
Public Sector Entities	-	-	-	-	-	-
Sovereigns and Central Banks (See Note 2)	-	338,017	-	-	-	338,017
Corporates	-	9,358	-	-	-	9,358
Banks, DFIs and Multilateral Development Banks	-	-	-	-	-	-
	-	347,375	-	-	-	347,375
(ii) Exposures risk-weighted using Banking Institutions long-term rating						
Banks, DFIs and Multilateral Development Banks	5,094	11,708	-	-	-	16,802
Exposures risk-weighted using Banking Institutions short-term rating						
Banks, DFIs and Multilateral Development Banks	-	-	-	-	-	-
	5,094	11,708	-	-	-	16,802
(iii) Exposures risk-weighted using Corporate long-term rating						
Public Sector Entities	-	-	-	-	9,662	9,662
Corporates	206,355	-	-	-	72,525	278,880
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	-	-
Exposures risk-weighted using Corporate short-term rating						
Public Sector Entities	-	-	-	-	-	-
Corporates	-	-	-	-	-	-
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	-	-
	206,355	-	-	-	82,187	288,542

Note 2: The Federal Government and Central Bank of Malaysia are accorded 0% risk weight as provided under the Capital Adequacy Framework.

3.0 Credit Risk (cont'd.)

3.3 Assignment of Risk-Weights for Portfolios Under the Standardised Approach (cont'd.)

ECONOMIC ENTITY/BANK

31 March 2022

Exposure Class	Rating Categories					Total
	1	2	3	4	5	
	RM'000	RM'000	RM'000	RM'000	RM'000	
On and Off-Balance Sheet Exposures						
(i) Exposures risk-weighted using Sovereigns and Central Banks rating						
Public Sector Entities	-	-	-	-	-	-
Sovereigns and Central Banks (See Note 2)	-	345,738	-	-	-	345,738
Corporates	-	9,680	-	-	-	9,680
Banks, DFIs and Multilateral Development Banks	-	-	-	-	-	-
	-	355,418	-	-	-	355,418
(ii) Exposures risk-weighted using Banking Institutions long-term rating						
Banks, DFIs and Multilateral Development Banks	5,222	45,563	-	-	-	50,785
Exposures risk-weighted using Banking Institutions short-term rating						
Banks, DFIs and Multilateral Development Banks	-	-	-	-	-	-
	5,222	45,563	-	-	-	50,785
(iii) Exposures risk-weighted using Corporate long-term rating						
Public Sector Entities	-	-	-	-	3,055	3,055
Corporates	210,375	-	-	-	326,960	537,335
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	-	-
Exposures risk-weighted using Corporate short-term rating						
Public Sector Entities	-	-	-	-	-	-
Corporates	-	-	-	-	-	-
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	-	-
	210,375	-	-	-	330,015	540,390

Note 2: The Federal Government and Central Bank of Malaysia are accorded 0% risk weight as provided under the Capital Adequacy Framework.

3.0 Credit Risk (cont'd.)

3.4 Credit Risk Mitigation ("CRM")

As a practical approach towards mitigating credit risk, the Economic Entity accepts a wide range of collaterals. The main types of collateral acceptable to the Economic Entity include cash, guarantees, commercial and residential real estates, and physical collateral/ financial collateral, e.g. motor vehicles or shares. Guarantees are accepted only when the financial standing of the guarantors have been ascertained.

However, for capital computation purposes, the BNM's Capital Adequacy Framework apply more restrictive rules on collaterals that qualify as credit risk mitigants. As a result, not all of the collaterals accepted by the Economic Entity can be used to reduce our capital adequacy requirement.

The following tables represent the Economic Entity's/Bank's credit exposure including off-balance sheet items under the standardised approach, the total exposure (after, where applicable, eligible netting benefits) that is covered by eligible guarantees and credit derivatives; and eligible collateral after haircuts, allowed under the Capital Adequacy Framework.

<u>ECONOMIC ENTITY/BANK</u>	<u>Exposures</u>	<u>Exposures</u>	<u>Exposures</u>	<u>Exposures</u>
<u>30 September 2022</u>	<u>before CRM</u>	<u>covered by</u>	<u>covered by</u>	<u>covered by</u>
<u>Exposure Class</u>	<u>RM'000</u>	<u>guarantees/</u>	<u>eligible</u>	<u>other eligible</u>
		<u>credit</u>	<u>financial</u>	<u>collateral</u>
		<u>derivatives</u>	<u>collateral</u>	<u>collateral</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>Credit Risk</u>				
On-balance Sheet Exposures:				
Sovereigns/Central banks	338,016	-	-	-
Public Sector Entities	9,662	-	-	-
Banks, DFIs and Multilateral		-		
Development Banks	16,803			
Corporates	287,026	-	24,265	-
Regulatory Retail	-	-	-	-
Residential Mortgages	239	-	-	-
Other Assets	3,212	-	-	-
Defaulted Exposures	87	-	-	-
Total On-balance Sheet Exposures	655,045	-	24,265	-
Off-balance Sheet Exposures:				
Off-balance Sheet Exposures Other				
Than Over The Counter ("OTC")				
Derivatives Or Credit Derivatives	1,195	-	-	-
Defaulted Exposures	-	-	-	-
Total Off-balance Sheet Exposures	1,195	-	-	-
Total On and Off-balance Sheet				
Exposures	656,240	-	24,265	-

3.0 Credit Risk (cont'd.)

3.4 Credit Risk Mitigation ("CRM") (cont'd.)

<u>ECONOMIC ENTITY/BANK</u>	<u>Exposures</u>	<u>Exposures</u>	<u>Exposures</u>	<u>Exposures</u>
<u>31 March 2022</u>	<u>before CRM</u>	<u>covered by</u>	<u>covered by</u>	<u>covered by</u>
<u>Exposure Class</u>	<u>RM'000</u>	<u>guarantees/</u>	<u>eligible</u>	<u>other eligible</u>
		<u>credit</u>	<u>financial</u>	<u>collateral</u>
		<u>derivatives</u>	<u>collateral</u>	
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>Credit Risk</u>				
On-balance Sheet Exposures:				
Sovereigns/Central banks	345,738	-	-	-
Public Sector Entities	3,055	-	-	-
Banks, DFIs and Multilateral				
Development Banks	50,785	-	-	-
Corporates	503,054	-	127,047	-
Regulatory Retail	11,122	-	9,043	-
Residential Mortgages	103	-	-	-
Other Assets	95,973	-	-	-
Defaulted Exposures	191	-	-	-
Total On-balance Sheet Exposures	1,010,021	-	136,090	-
Off-balance Sheet Exposures:				
Off-balance Sheet Exposures Other				
Than Over The Counter ("OTC")				
Derivatives Or Credit Derivatives	63,817	-	33,976	-
Defaulted Exposures	-	-	-	-
Total Off-balance Sheet Exposures	63,817	-	33,976	-
Total On and Off-balance Sheet				
Exposures	1,073,838	-	170,066	-

3.0 Credit Risk (cont'd.)

3.5 Off-Balance Sheet Exposures and Counterparty Credit Risk

Off-balance sheet exposures of the Economic Entity and the Bank are mainly from the commitments to extend credit including the unutilised or undrawn portions of credit facilities.

The off-balance sheet exposures and their related counterparty credit risk of the Economic Entity and the Bank are as follows:

	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
<u>ECONOMIC ENTITY/BANK</u>			
30 September 2022			
<u>Credit-related exposures</u>			
Transaction-related contingent items	1,050	525	525
Irrevocable commitments to extend credit:			
- maturity not exceeding one year	-	-	-
- maturity exceeding one year	1,341	670	670
	<u>2,391</u>	<u>1,195</u>	<u>1,195</u>

ECONOMIC ENTITY/BANK

31 March 2022

Credit-related exposures

Transaction-related contingent items	1,050	525	525
Irrevocable commitments to extend credit:			
- maturity not exceeding one year	313,107	62,621	25,974
- maturity exceeding one year	1,341	671	670
	<u>315,498</u>	<u>63,817</u>	<u>27,169</u>

4.0 Market Risk

4.1 Traded Market Risk

Regulatory capital requirements

The RWA and capital requirements for the various categories of risk under market risk are as follows:

	<u>ECONOMIC ENTITY/BANK</u>	
	Risk- Weighted Assets RM'000	Capital Requirements RM'000
30 September 2022		
Interest rate risk		
- General Interest Rate Risk	-	-
- Specific Interest Rate Risk	-	-
	<u>-</u>	<u>-</u>
Foreign Exchange Risk	22	2
Option Risk	-	-
	<u>22</u>	<u>2</u>
31 March 2022		
Interest rate risk		
- General Interest Rate Risk	-	-
- Specific Interest Rate Risk	-	-
	<u>-</u>	<u>-</u>
Foreign Exchange Risk	180	14
Option Risk	-	-
	<u>180</u>	<u>14</u>

4.0 Market Risk (cont'd.)

4.2 Non-Traded Market Risk

4.2.1 Interest Rate Risk/Rate of Return Risk in the Banking Book

The following tables present the Economic Entity's and the Bank's projected sensitivity shock based on standard scenario as outlined in BNM's Reporting Requirements for Interest Rate/ Rate of Return Risk in the Banking Book Policy Document issued on 30 June 2020 across all maturities applied on the Economic Entity's and the Bank's interest sensitivity gap as at reporting date.

	MYR RM'000	USD RM'000	SGD RM'000	Other Foreign Currencies ("FCY") RM'000	Total RM'000
<u>ECONOMIC ENTITY/BANK</u>					
30 September 2022					
Impact on Net Interest Income ("NII")					
Parallel 200 bps up	(5,530)	-	-	-	(5,530)
Parallel 200 bps down	5,530	-	-	-	5,530
Impact on Economic Value ("EV")					
Parallel 200 bps up	(44,970)	-	-	-	(44,970)
Parallel 200 bps down	44,970	-	-	-	44,970
Steepener	(8,826)	-	-	-	(8,826)
Flattener	4,251	-	-	-	4,251
Short Rate Up	(26,599)	-	-	-	(26,599)
Short Rate Down	26,599	-	-	-	26,599
<u>ECONOMIC ENTITY/BANK</u>					
31 March 2022					
Impact on NII					
Parallel 200 bps up	(3,565)	4	-	3	(3,558)
Parallel 200 bps down	3,565	(4)	-	(3)	3,558
Impact on EV					
Parallel 200 bps up	(49,192)	-	-	-	(49,192)
Parallel 200 bps down	49,192	-	-	-	49,192
Steepener	(12,058)	-	-	-	(12,058)
Flattener	7,073	-	-	-	7,073
Short Rate Up	(28,015)	-	-	-	(28,015)
Short Rate Down	28,015	-	-	-	28,015

The reported amounts do not capture the impact of business growth or of management actions as the impact is based on the balance sheet as at reporting date. In reality, GALCO seeks to proactively change the profit attributable to interest rate risk to minimise losses and maximise revenue.

Actual dates may differ from contractual dates for both financing and deposit cash-flows owing to prepayments/premature withdrawals. When possible and material, financing prepayments and deposit premature withdrawals are generally estimated based on past statistics and trends. The impact on NII and EV are measured on a monthly basis for the Bank and quarterly for the Economic Entity, both of which are reported to GALCO and the Group Risk Management Committee.

4.0 Market Risk (cont'd.)

4.3 Equity Exposures in Banking Book

The Economic Entity and the Bank hold equity positions in the banking book as a result of debt to equity conversion, for social-economic purposes, or to maintain strategic relationships. All equities are held at fair value. For quoted equity, fair value is estimated based on quoted or observable market price at the end of the reporting period; and for those unquoted equity, the fair value is estimated using approved valuation techniques.

Any gains and losses arising from the returns and changes in fair value of these equities holdings are reflected in the Statement of Income.

The following table shows the equity exposures in banking book:

<u>ECONOMIC ENTITY/BANK</u>	30 September 2022		31 March 2022	
	Gross credit	Risk-weighted	Gross credit	Risk-weighted
	exposures	assets	exposures	assets
	RM'000	RM'000	RM'000	RM'000
Privately held				
For socio-economic purposes	-	-	74,353	74,353

Gains and Losses on Equity Exposures in The Banking Book

The table below presents the gains and losses on equity exposures in banking book:

<u>ECONOMIC ENTITY/BANK</u>	30 September	31 March
	2022	2022
	RM'000	RM'000
Unrealised gains recognised in revaluation reserve		
- Privately held equity investments	-	4,159

5.0 Shariah Governance Disclosures

Islamic Banking Business (Islamic window)

(a) Capital Adequacy Ratios

The capital adequacy ratios with and without transitional arrangements of the Economic Entity and the Bank are as follows:

	ECONOMIC ENTITY/ BANK	
	30 September 2022	31 March 2022
<u>With and without transitional arrangements</u>		
<u>Before deducting proposed dividends</u>		
CET I capital ratio	874.602%	819.012%
Tier I capital ratio	874.602%	819.012%
Total capital ratio	874.602%	819.012%
<u>After deducting proposed dividends</u>		
CET I capital ratio	874.602%	819.012%
Tier I capital ratio	874.602%	819.012%
Total capital ratio	874.602%	819.012%

The following tables present the components of Common Equity Tier I ("CET I"), Tier I and Tier II capital:

	ECONOMIC ENTITY/ BANK	
	30 September 2022	31 March 2022
	RM'000	RM'000
<u>CET I Capital/Tier 1 Capital</u>		
Funds allocated from Head Office	56,000	56,000
Retained profits	20,558	19,524
FVOCI reserves	(3,067)	(1,577)
	<u>73,491</u>	<u>73,947</u>
Less: Regulatory adjustments		
- Deferred tax assets	(969)	(498)
Total CET I Capital/Total Tier I Capital	<u>72,522</u>	<u>73,449</u>
<u>Tier II Capital</u>		
Expected credit losses		
and regulatory reserves (Note 1 & Note 2)	-	-
Total Capital Base	<u><u>72,522</u></u>	<u><u>73,449</u></u>

Note 1: The Bank maintained its prudent stand in relation to maintain the regulatory reserves to preserve the potential deterioration of credit quality, taking into consideration the impact of unprecedented pandemic and the economic slowdown.

Note 2: ECL for S1 and S2 only.

5.0 Shariah Governance Disclosures (cont'd.)

Islamic Banking Business (Islamic window) (cont'd.)

(b) Regulatory Capital Requirements

The following tables present the minimum regulatory capital requirement of the Economic Entity and Bank:

<u>ECONOMIC ENTITY/BANK</u>	Gross	Net	Risk-	Capital
30 September 2022	Exposures	Exposures	Weighted	Requirements
Exposure Class	RM'000	RM'000	Assets	RM'000
			RM'000	
(i) <u>Credit Risk</u>				
On-balance Sheet Exposures:				
Sovereigns/Central banks	59,687	59,687	-	-
Banks, DFIs and Multilateral				
Development Banks	9,981	9,981	1,996	160
Corporates	9,358	9,358	-	-
Other Assets	-	-	-	-
Total On-balance Sheet Exposures	<u>79,026</u>	<u>79,026</u>	<u>1,996</u>	<u>160</u>
Off-balance Sheet exposures:				
Credit-related off-balance sheet exposures	-	-	-	-
Total Off-balance Sheet Exposures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total On and Off-balance Sheet Exposures	<u>79,026</u>	<u>79,026</u>	<u>1,996</u>	<u>160</u>
(ii) Operational Risk	-	-	6,296	504
Total RWA and Capital Requirements	<u>79,026</u>	<u>79,026</u>	<u>8,292</u>	<u>664</u>

<u>ECONOMIC ENTITY/BANK</u>	Gross	Net	Risk-	Capital
31 March 2022	Exposures	Exposures	Weighted	Requirements
Exposure Class	RM'000	RM'000	Assets	RM'000
			RM'000	
(i) <u>Credit Risk</u>				
On-balance Sheet Exposures:				
Sovereigns/Central banks	61,509	61,509	-	-
Banks, DFIs and Multilateral				
Development Banks	8,438	8,438	1,688	135
Corporates	9,680	9,680	-	-
Other Assets	58	58	58	5
Total On-balance Sheet Exposures	<u>79,685</u>	<u>79,685</u>	<u>1,746</u>	<u>140</u>
Off-balance Sheet exposures:				
Credit-related off-balance sheet exposures	-	-	-	-
Total Off-balance Sheet Exposures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total On and Off-balance Sheet Exposures	<u>79,685</u>	<u>79,685</u>	<u>1,746</u>	<u>140</u>
(ii) Operational Risk	-	-	7,222	578
Total RWA and Capital Requirements	<u>79,685</u>	<u>79,685</u>	<u>8,968</u>	<u>718</u>

(c) Shariah Non-Compliant Income and Events

During the financial period, there were no Shariah non-compliance events detected from the ongoing reviews of the Bank's operational processes.