ALLIANCE INVESTMENT BANK

REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

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 2023.

PRINCIPAL ACTIVITIES

The Bank is principally engaged in the investment banking business including Islamic Banking Business, and the provision of related financial services. During the financial year, the Bank had transferred of its corporate finance, equity and debt capital market business to Alliance Islamic Bank Berhad, on 1 April 2022 and disposed its stockbroking business to Phillip Capital Sdn. Bhd. (formerly known as Phillip Futures Sdn. Bhd.) on 31 July 2022.

On 22 March 2023, the Bank obtained the Vesting Order from the Kuala Lumpur High Court for the transfer of the remaining assets and liabilities of the Bank to Alliance Bank Malaysia Berhad ("ABMB"), the holding company of the Bank, based on the net asset value on 31 March 2023. The effective transfer date is on 1 April 2023. The details are set out in Note 45 to the financial statements.

FINANCIAL RESULTS

	ECONOMIC ENTITY RM'000	BANK RM'000
Profit before taxation	15,018	14,970
Taxation	(3,542)	(3,542)
Net profit for the financial year	11,476	11,428

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 Directors had declared a single tier interim dividend of 35.39 sen per share, on 215,000,000 ordinary shares amounting to RM76,089,000 in respect of the financial year ended 31 March 2023. The declared dividend was approved by Bank Negara Malaysia ("BNM") on 28 February 2023 and paid on 20 April 2023. The accompanying financial statements has reflected this dividend.

The Directors do not propose any final dividend in respect of the financial year ended 31 March 2023.

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 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 44 and 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.

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
Rustam Bin Mohd Idris (appointed on 5 August 2022)
Ooi Swee Lian (resigned on 8 August 2022)

DIRECTORS' REMUNERATION

The Directors' remuneration for the financial year amounted to RM609,000. Details of Directors' Remuneration are set out in Note 35 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 35 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 2023

Profitability

The Bank's net profit after taxation was RM11.5 million for the financial year ended 31 March 2023, lower by RM21.6 million or 65.3% year-on-year ("YOY"). The decrease was largely due to lower revenue.

Net interest income recorded at RM18.3 million. It was lower by RM7.0 million or 27.7% YOY. The net interest margin ("NIM") stood at 2.57% (FY2022: 2.65%).

Other operating income recorded at RM12.4 million, lower by RM44.1 million or 78.1% mainly from lower treasury and investment income, and lower brokerage and arrangement fees that resulted from the disposal of the capital markets and stockbroking businesses.

Operating expenses were lower by RM26.5 million or 64.2%. The cost-to-income ratio ("CIR") stood at 48.2% (FY2022: 50.4%).

Proactive Capital Management

Both Total Capital Ratio and Common Equity Tier-1 ratio continued to remain strong at 100.2% and 99.6% respectively as at 31 March 2023.

ECONOMIC AND BUSINESS OUTLOOK FOR NEXT FINANCIAL YEAR

For 2023, Bank Negara Malaysia ("BNM") forecasts Malaysia's gross domestic product ("GDP") growth to range between 4% and 5%, compared to a growth of 8.7% in the preceding year.

We expect Malaysia's economy growth trajectory to be underpinned by sustained tailwinds from domestic demand due to the continued improvement of the labour market conditions. On the back of healthy economic growth, we believe that further normalisation to the Overnight Policy Rate ("OPR") will continue this year as the existing OPR of 2.75% remains below the pre-pandemic level.

Nevertheless, we remain cautious and mindful of downside risks to growth stemming from external uncertainties especially escalating geopolitical tensions and tightening financial conditions.

The Bank has completed the sale of its Stockbroking business and will transfer the residual assets and liabilities to Alliance Bank Malaysia Berhad ("ABMB"), the holding company of the Bank.

The proceeds from the sale will be repatriated to ABMB via a capital reduction. Upon completion of the above, the Bank will proceed to wind down all its operation.

RATING BY EXTERNAL RATING AGENCY

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

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

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

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

Total auditors' remuneration for the Bank for the financial year ended 31 March 2023 are RM321,000. Details of auditors' remuneration are set out in Note 27 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 44 to the financial statements.

SUBSEQUENT EVENTS

The events subsequent to the end of the financial reporting period are disclosed in Note 45 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.

Rustam Bin Mohd Idris | **Mazidah Binti Abdul Malik**

31 May 2023

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

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

We, Rustam Bin Mohd Idris and Mazidah Binti Abdul Malik, 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 111 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 2023 and the financial performance of the Economic Entity and of the Bank for the financial year ended 31 March 2023 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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

Rustam Bin Mohd Idris **Mazidah Binti Abdul Malik**
31 May 2023

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, Ronnie Royston Fernandiz, being the Officer primarily responsible for the financial management of Alliance Investment Bank Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 11 to 111 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the
abovenamed Ronnie Royston Fernandiz at
Kuala Lumpur in the Federal Territory
on 31 May 2023

Ronnie Royston Fernandiz
MIA Membership No. (CA 13837)

Before me,

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 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Economic Entity and of the Bank, which comprise the statements of financial position as at 31 March 2023 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 111.

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.

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.)

<u>Auditors' responsibilities for the audit of the financial statements (contd.)</u>

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
31 May 2023

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2023

		ECONOMIC ENTITY		BANK	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS AND LIABILITIES HELD FOR SALE					
Cash and short-term funds	3	13,084	45,647	13,084	45,647
Amounts due from clients and brokers	4	-	55,040	-	55,040
Financial assets at fair value through profit or loss	5	-	74,353	-	74,353
Financial investments at fair value through other comprehensive income	6	548,448	570,931	548,448	570,931
Financial investments at amortised cost	7	-	16	-	16
Loans, advances and financing	8	49,350	245,920	49,350	245,920
Other assets	9	3,727	12,352	3,727	12,352
Tax recoverable		9,227	3,055	9,227	3,055
Statutory deposit with Bank Negara Malaysia	10	6,490	-	6,490	-
Investment in an associate	11	239	237	230	230
Investment in joint venture	12	1,094	1,048	394	394
Right-of-use assets	13	30	1,725	30	1,725
Property, plant and equipment	14	55	197	55	197
Deferred tax Assets	15	1,856	5,180	1,856	5,180
Intangible assets	16	21,067	21,606	23,627	24,166
TOTAL ASSETS HELD FOR SALE		654,667	1,037,307	656,518	1,039,206
LIABILITIES AND EQUITY					
Deposits from customers	17	-	356,370	-	356,370
Deposits and placements of banks and other financial institutions	18	329,859	143,451	329,859	143,451
Amounts due to clients and brokers	19	-	28,404	-	28,404
Lease liabilities	20	113	1,823	113	1,823
Other liabilities	21	82,685	50,052	82,685	50,052
TOTAL LIABILITY HELD FOR SALE		412,657	580,100	412,657	580,100
Share capital	22	215,962	365,962	215,962	365,962
Reserves	23	26,048	91,245	27,899	93,144
TOTAL EQUITY		242,010	457,207	243,861	459,106
TOTAL LIABILITIES AND EQUITY		654,667	1,037,307	656,518	1,039,206
COMMITMENTS AND CONTINGENCIES	39	2,391	315,498	2,391	315,498

Note:
As disclosed in Note 45 to the financial statements, the Economic Entity and the Bank will transfer it's remaining assets and liabilities to ABMB. The Bank had on 22 March 2023 obtained the Vesting Order in Kuala Lumpur High Court for the transfer of the assets and liabilities. The effective transfer date is on 1 April 2023.

Consequentially, the assets and liabilities of the Economic Entity and the Bank are classified under assets and liabilities held for sale in the statements of financial position; and the Profit and Loss are classified under discontinued operation in the statements of income in accordance to MFRS 5: Non-current Assets Held for Sale and Discontinued Operations.

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 2023

		ECONOMIC ENTITY		BANK	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
DISCONTINUED OPERATIONS					
Interest income	24	24,163	33,287	24,163	33,287
Interest expense	25	(8,597)	(10,589)	(8,597)	(10,589)
Net interest income		15,566	22,698	15,566	22,698
Net income from Islamic banking business	46	2,761	2,663	2,761	2,663
		18,327	25,361	18,327	25,361
Fee and commission income	26	6,184	44,780	6,184	44,780
Fee and commission expense	26	(2,483)	(13,860)	(2,483)	(13,860)
Investment income	26	4,074	23,943	4,074	23,998
Other income	26	4,596	1,654	4,596	1,654
Other operating income	26	12,371	56,517	12,371	56,572
Net income		30,698	81,878	30,698	81,933
Other operating expenses	27	(14,781)	(41,255)	(14,781)	(41,255)
Operating profit before allowances		15,917	40,623	15,917	40,678
(Allowance for)/write-back of expected credit losses on loans,advances and financing and other financial assets	28	(1,158)	732	(1,158)	732
Write-back of/(allowance for) expected credit losses on financial investments	29	211	(78)	211	(78)
Operating profit after allowances		14,970	41,277	14,970	41,332
Share of results in an associate	11	2	2	-	-
Share of results of joint venture	12	46	54	-	-
Profit before taxation		15,018	41,333	14,970	41,332
Taxation	30	(3,542)	(8,295)	(3,542)	(8,295)
Net profit for the financial year		11,476	33,038	11,428	33,037
Net profit for the financial year attributable to:					
Equity holder of the Bank		11,476	33,038	11,428	33,037
Earnings per share attributable to Equity holder of the Bank:	31				
- Basic (sen)		3.97	9.06		
- Diluted (sen)		3.97	9.06		

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 2023

	ECONOMIC ENTITY		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
DISCONTINUED OPERATIONS				
Net profit for the financial year	11,476	33,038	11,428	33,037
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 ("FVOCI")				
- Net loss from change in fair value	(449)	(9,272)	(449)	(9,272)
- Realised gain transferred to statements of income on disposal	(110)	(18,823)	(110)	(18,823)
- Transfer from deferred tax	134	6,743	134	6,743
- Changes in expected credit losses	(159)	78	(159)	78
Other comprehensive expense, net of tax	(584)	(21,274)	(584)	(21,274)
Total comprehensive income for the financial year	10,892	11,764	10,844	11,763
Total comprehensive income for the financial year attributable to:				
Equity holder of the Bank	10,892	11,764	10,844	11,763

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 2023

	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
DISCONTINUED OPERATIONS					
Economic Entity					
At 1 April 2022	365,962	6,045	(34)	85,234	457,207
Net profit for the financial year	-	-	-	11,476	11,476
Other comprehensive expense	-	-	(584)	-	(584)
Total comprehensive (expense)/income	-	-	(584)	11,476	10,892
Dividend payable	-	-	-	(76,089)	(76,089)
Capital repatriation to holding company	(150,000)	-	-	-	(150,000)
At 31 March 2023	215,962	6,045	(618)	20,621	242,010
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 (Note 32)	-	-	-	(20,951)	(20,951)
At 31 March 2022	365,962	6,045	(34)	85,234	457,207

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (CONTD.)

	← Non-distributable reserves →			Distributable reserves	
	Ordinary shares RM'000	Regulatory reserves RM'000	FVOCI reserves RM'000	Retained profits RM'000	Total equity RM'000
DISCONTINUED OPERATIONS					
Bank					
At 1 April 2022	365,962	6,045	(34)	87,133	459,106
Net profit for the financial year	-	-	-	11,428	11,428
Other comprehensive expense	-	-	(584)	-	(584)
Total comprehensive (expense)/income	-	-	(584)	11,428	10,844
Dividend payable	-	-	-	(76,089)	(76,089)
Capital repatriation to holding company	(150,000)	-	-	-	(150,000)
At 31 March 2023	215,962	6,045	(618)	22,472	243,861
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 (Note 32)	-	-	-	(20,951)	(20,951)
At 31 March 2022	365,962	6,045	(34)	87,133	459,106

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 2023

	ECONOMIC ENTITY		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
DISCONTINUED OPERATIONS				
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	15,018	41,333	14,970	41,332
Adjustments for:				
Accretion of discount less amortisation of premium of financial investments	1,281	638	1,281	638
Depreciation of property, plant and equipment	71	720	71	720
Depreciation of right-of-use assets	392	1,034	392	1,034
Amortisation of computer software	514	750	514	750
Dividends received from financial assets at fair value through profit or loss	(360)	(580)	(360)	(580)
Computer software written-off	6	-	6	-
Property, plant and equipment written-off	35	-	35	-
Net gain from sale of financial investments at fair value through other comprehensive income	(110)	(18,823)	(110)	(18,823)
Net gain from sale of financial assets at fair value through profit or loss	(3,604)	(381)	(3,604)	(381)
Unrealised gain from revaluation of financial assets at fair value through profit or loss	-	(4,159)	-	(4,159)
Write-back of expected credit losses on loans, advances and financing	831	(135)	831	(135)
Allowance for/(write-back of) expected credit losses on other receivables	710	(567)	710	(567)
Allowance for expected credit losses on amounts due from clients and brokers	-	3	-	3
Allowance for/(write-back of) expected credit losses on commitments and contingencies	100	(1)	100	(1)
(Write-back of)/allowance for expected credit losses on financial investments	(211)	78	(211)	78
Share of results of associate	(2)	(2)	-	-
Share of results of joint venture	(46)	(54)	-	-
Interest expense on lease liabilities	25	135	25	135
Interest income from financial investments at fair value through other comprehensive income	(19,687)	(22,742)	(19,687)	(22,742)
Dividend from associate	-	-	-	(55)
Cash flow from operating activities before working capital changes	(5,037)	(2,753)	(5,037)	(2,753)
Changes in working capital:				
Deposits from customers	(356,370)	18,083	(356,370)	18,083
Deposits and placements of banks and other financial institutions	186,408	(384,677)	186,408	(384,677)
Other liabilities	(43,556)	(1,570)	(43,556)	(1,570)
Financial assets at fair value through profit or loss	77,957	381	77,957	381
Loans, advances and financing	195,740	16,962	195,740	16,962
Other assets	7,793	(421)	7,793	(421)
Amounts due from clients and brokers	26,636	14,986	26,636	14,986
Statutory deposit with Bank Negara Malaysia	(6,490)	-	(6,490)	-
Cash used in operations	83,081	(339,009)	83,081	(339,009)
Tax paid	(6,136)	(12,859)	(6,136)	(12,859)
Net cash used in operating activities	76,945	(351,868)	76,945	(351,868)

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 2023 (CONTD.)

	ECONOMIC ENTITY		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
DISCONTINUED OPERATIONS				
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividend from associate	-	55	-	55
Purchase of property, plant and equipment	(54)	(39)	(54)	(39)
Purchase of intangible assets	(2)	(24)	(2)	(24)
Proceeds from disposal of property, plant and equipment	90	-	90	-
Proceeds from disposal of computer software	21	-	21	-
Purchase of:				
- financial investments at fair value through other comprehensive income	-	(92,660)	-	(92,660)
Redemption/disposal of:				
- financial investments at fair value through other comprehensive income	20,497	428,229	20,497	428,229
- financial investments at amortised cost	68	-	68	-
Net dividends received from financial investments at fair value through profit or loss	360	580	360	580
Interest income from financial investments at fair value through other comprehensive income	19,944	27,407	19,944	27,407
Net cash generated from investing activities	40,924	363,548	40,924	363,548
CASH FLOWS FROM FINANCING ACTIVITIES				
Capital repatriation to holding company	(150,000)	-	(150,000)	-
Dividend paid to holding company	-	(20,951)	-	(20,951)
Repayment of lease liabilities	(432)	(1,140)	(432)	(1,140)
Net cash used in financing activities	(150,432)	(22,091)	(150,432)	(22,091)
NET CHANGES IN CASH AND CASH EQUIVALENTS FROM:	(32,563)	(10,411)	(32,563)	(10,411)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	45,647	56,058	45,647	56,058
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	13,084	45,647	13,084	45,647
Cash and cash equivalents comprise from:				
Cash and Short term funds (Note 3)	13,084	45,647	13,084	45,647

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (CONTD.)

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

	Lease Liabilities	
	2023	2022
	RM'000	RM'000
DISCONTINUED OPERATIONS		
ECONOMIC ENTITY/BANK		
At 1 April	1,823	2,457
Cash flow		
- Repayment of lease liabilities	(432)	(1,140)
Non cash changes		
- Interest accrued	25	135
- Additions, remeasurement and termination of contracts	(1,303)	371
At 31 March	113	1,823

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

NOTES TO THE FINANCIAL STATEMENTS AS AT - 31 MARCH 2023

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The Bank is principally engaged in the investment banking business including Islamic Banking Business and the provision of related financial services. During the financial year, the Bank had transferred its corporate finance, equity and debt capital market business to Alliance Islamic Bank Berhad on 1 April 2022 and its stockbroking business to Phillip Capital Sdn. Bhd. (formerly known as Phillip Futures Sdn. Bhd.) on 31 July 2022.

On 22 March 2023, the Bank obtained the Vesting Order from the Kuala Lumpur High Court for the transfer of the remaining assets and liabilities of the Bank to ABMB based on the net asset value on 31 March 2023. The effective transfer date is on 1 April 2023. The details are set out in Note 45 to the financial statements.

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 ABMB, 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 31 May 2023.

The financial statements of the Economic Entity as at the financial year ended 31 March 2023 comprise the Bank and its equity accounted investment entities as disclosed in Note 11 and 12.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

Malaysian Financial Reporting Standards ("MFRS") Framework

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

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

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

The preparation of the financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires the Directors to exercise their judgement in the process of applying the 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 16) - 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 for ABMB 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 require the use of significant assumptions about future economic conditions and credit behaviour.

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

The sensitivity effect on the macroeconomic factor is further disclosed in Note 36(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 36(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 ECL on a collective basis.

As disclosed in Note 45 to the financial statements, the Economic Entity and the Bank will transfer it's remaining assets and liabilities to ABMB, the holding company of the Bank. The Bank had on 22 March 2023 obtained the Vesting Order in Kuala Lumpur High Court for the transfer of the assets and liabilities. The effective transfer date is on 1 April 2023.

Consequentially, the assets and liabilities of the Economic Entity and the Bank are classified under assets and liabilities held for sale in the statements of financial position; and the Profit and Loss are classified under discontinued operation in the statements of income in accordance to MFRS 5: Non-current Assets Held for Sale and Discontinued Operations.

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 for the financial year beginning on 1 April 2022 are as follows:

- Amendment to MFRS 16 "COVID-19-Related Rent Concessions beyond 30 June 2021"
- Amendments to MFRS 3 "Reference to the Conceptual Framework"
- Amendments to MFRS 116 "Proceeds before Intended Use"
- Amendments to MFRS 137 "Onerous Contracts - Cost of Fulfilling a Contract"
- Annual Improvements to MFRS 9 "Fees in the 10% Test for Derecognition of Financial Liabilities"

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(a) Basis of Preparation (contd.)

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

The new accounting standards, amendments and improvements to published standards and interpretations that are effective for the Economic Entity and the Bank for the financial year beginning on 1 April 2022 are as follows: (contd.)

- Annual Improvements to MFRS 1 "Subsidiary as First-time Adopter"
- Annual Improvements to Illustrative Example accompanying MFRS 16 Leases: Lease Incentives

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

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:

<u>Financial year beginning after 1 April 2023</u>

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

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

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

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

- Amendments to MFRS 108 "Definition of Accounting Estimates"

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

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

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.)

Financial year beginning after 1 April 2023 (contd.)

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

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

Financial year beginning after 1 April 2024

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

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

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

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

(ii) Amendments to MFRS 16 "Lease Liability in a Sale and Leaseback"

The amendments specify the measurement of the lease liability arising in a sale and leaseback transaction that satisfies the requirements in MFRS 15 "Revenue from Contracts with Customers" is to be accounted for as a sale. In accordance with the amendments, the seller-lessee shall determine the “lease payments” or “revised lease payments” in a way that it does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use it retains.

The amendments shall be applied retrospectively to sale and leaseback transactions entered into after the date when the seller-lessee initially applied MFRS 16.

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 categories:

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

For financial assets measured at fair value, gains and losses will either be recorded in statements of income or statements of other comprehensive income ("OCI"). For investment in debt instruments, this will depend on the business model in which the investment is held. For investment in equity instruments, it is determined by the irrevocable election at the time of initial recognition to account for the equity investment at FVTPL by the 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 Malaysia 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's and the Bank's financial assets that are subjected to the ECL model include financial assets classified at amortised cost, debt instruments measured at FVOCI, loans commitments, financial guarantee contracts and other commitments.

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 are judgementally impaired.

Measurement of ECL is set out in Note 36.

(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) Write-off

The Economic Entity and the Bank write-off financial assets, in whole or in part, when all practical recovery efforts have been exhausted and it is concluded that there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of borrower’s sources of income or assets to generate sufficient future cash flows to repay the amount. The Economic Entity and the Bank may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in bad debts recoveries.

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 is allocated to CGUs which are expected to benefit from the synergies of the business combination or the intangible asset.

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

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

(b) Other non-financial assets

Other non-financial assets such as property, plant and equipment, computer software 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 is reflected as an asset in the statements of financial position and measured at amortised cost.

Conversely, obligations on financial instruments sold under repurchase agreements are instruments which the 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") assets 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) ROU Assets

ROU assets are initially measured at cost comprising the following:

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

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

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

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, the interest income continues to be accrued using the rate of interest/profit used to discount the future cash flows for the purpose of measuring the impairment.

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

For transaction-based fee and commission income, it is recognised on the completion of the transaction. Such fees include fees related to the completion of corporate advisory fees, brokerage income, loan arrangement fees and commissions, management and participation fees 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 ("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	
	2023 RM'000	2022 RM'000
Cash and balances with banks and other financial institutions	736	28,094
Money at call and deposit placements maturing within one month	12,348	17,553
	13,084	45,647

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 (2022: RM8,001,000).

4. AMOUNTS DUE FROM CLIENTS AND BROKERS

	ECONOMIC ENTITY/BANK	
	2023 RM'000	2022 RM'000
Due from clients	-	47,130
Due from brokers	-	7,913
	-	55,043
Less: Allowance for expected credit losses	-	(3)
	-	55,040

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 Fixed Delivery and Settlement System ("FDSS") trading rules.

4. AMOUNTS DUE FROM CLIENTS AND BROKERS (CONTD.)

The movements in the allowance for expected credit losses are as follows:

	Lifetime ECL	
	2023	2022
	RM'000	RM'000
ECONOMIC ENTITY/BANK		
At 1 April	3	-
Effect of business disposal	(3)	-
Allowance made during the financial year (net)	-	3
At 31 March	-	3

As at 31 March 2023, the Economic Entity's and the Bank's gross exposure of amounts due from clients and brokers that are credit impaired was at RM Nil (2022: RM3,000).

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

	ECONOMIC ENTITY/BANK	
	2023	2022
	RM'000	RM'000
At fair value		
Unquoted securities:		
Shares	-	74,353
Total financial assets at FVTPL	-	74,353

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

	ECONOMIC ENTITY/BANK	
	2023	2022
	RM'000	RM'000
At fair value - debt instruments		
Money market instruments:		
Malaysian Government securities	152,597	163,173
Malaysian Government investment issues	182,466	182,525
	335,063	345,698
Unquoted securities:		
Corporate bonds and sukuk	213,385	225,233
	213,385	225,233
Total financial investments at FVOCI	548,448	570,931

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

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 2022	53	160	-	213
Transfer to Stage 1	11	(149)	-	(138)
Changes due to change in credit risk	(10)	(11)	-	(21)
Total charge to/(write-back from) income statement	1	(160)	-	(159)
At 31 March 2023	54	-	-	54

	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

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 2023 RM'000	2022 RM'000
At amortised cost		
Unquoted securities:		
Corporate bonds	223	291
Allowance for expected credit losses	(223)	(275)
Total financial investments at amortised cost	-	16

7. FINANCIAL INVESTMENTS AT AMORTISED COST (CONTD.)

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 2022	-	-	275	275
Total write-back from income statement due to changes in credit risk	-	-	(52)	(52)
At 31 March 2023	-	-	223	223

	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

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 2023 RM'000	2022 RM'000
At 1 April	291	291
Write-back during the financial year	(68)	-
At 31 March	223	291

8. LOANS, ADVANCES AND FINANCING

At amortised cost	ECONOMIC ENTITY/BANK 2023 RM'000	2022 RM'000
Term loans	47,722	70,820
Staff loans (Directors loan: RM Nil)	62	87
Revolving credits	3,001	3,001
Share margin financing	-	172,559
Gross loans, advances and financing	50,785	246,467
Less: Allowance for expected credit losses on loans, advances and financing	(1,435)	(547)
Total net loans, advances and financing	49,350	245,920

(i) By maturity structure:

	ECONOMIC ENTITY/BANK 2023 RM'000	2022 RM'000
Within one year	50,480	219,406
One year to three years	53	26,828
Three years to five years	100	73
Over five years	152	160
Gross loans, advances and financing	50,785	246,467

(ii) By type of customer:

	ECONOMIC ENTITY/BANK 2023 RM'000	2022 RM'000
Domestic business enterprises		
- Small and medium enterprises	-	2,303
- Others	50,474	93,035
Individuals	311	149,079
Other domestic entities	-	1,710
Foreign entities	-	340
Gross loans, advances and financing	50,785	246,467

(iii) By interest/profit rate sensitivity:

	ECONOMIC ENTITY/BANK 2023 RM'000	2022 RM'000
Fixed rate	63	1,828
Variable rate		
- Base lending rate plus	20	34,551
- Base rate plus	77	136,368
- Cost plus	50,625	73,720
Gross loans, advances and financing	50,785	246,467

8. LOANS, ADVANCES AND FINANCING (CONTD.)

(iv) By economic purposes:

	ECONOMIC ENTITY/BANK 2023 RM'000	ECONOMIC ENTITY/BANK 2022 RM'000
Purchase of securities	-	172,559
Purchase of landed property - Residential	311	294
Working capital	3,001	3,001
Others	47,473	70,613
Gross loans, advances and financing	50,785	246,467

(v) By economic sector:

	ECONOMIC ENTITY/BANK 2023 RM'000	ECONOMIC ENTITY/BANK 2022 RM'000
Manufacturing	-	494
Construction	46,705	51,194
Financing, insurance, real estate and business services	3,769	43,650
Household	311	149,419
Others	-	1,710
Gross loans, advances and financing	50,785	246,467

(vi) By geographical distribution:

	ECONOMIC ENTITY/BANK 2023 RM'000	ECONOMIC ENTITY/BANK 2022 RM'000
Northern region	-	44,632
Central region	50,785	174,766
Southern region	-	27,069
Gross loans, advances and financing	50,785	246,467

8. LOANS, ADVANCES AND FINANCING (CONTD.)

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

	ECONOMIC ENTITY/BANK	
	2023	2022
	RM'000	RM'000
At 1 April	175	182
Impaired during the financial year	178	20
Reclassified as unimpaired during the financial year	(131)	(27)
At 31 March	222	175
Gross impaired loans ratio	0.44%	0.07%
Net impaired loans ratio	0.33%	0.07%

(viii) Credit impaired loans analysed by economic purposes:

	ECONOMIC ENTITY/BANK	
	2023	2022
	RM'000	RM'000
Purchase of landed properties - Residential	222	175
Gross impaired loans	222	175

(ix) Credit impaired loans analysed by economic sectors:

	ECONOMIC ENTITY/BANK	
	2023	2022
	RM'000	RM'000
Household	222	175
Gross impaired loans	222	175

(x) Credit impaired loans analysed by geographical distribution:

	ECONOMIC ENTITY/BANK	
	2023	2022
	RM'000	RM'000
Central region	222	175
Gross impaired loans	222	175

8. LOANS, ADVANCES AND FINANCING (CONTD.)

(xi) 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
ECONOMIC ENTITY/BANK				
At 1 April 2022	110	437	-	547
Financial assets derecognised other than write-off	(4)	-	-	(4)
Changes due to change in credit risk	(101)	936	-	835
Total (write-back from)/charge to income statement	(105)	936	-	831
Other movements	-	-	57	57
At 31 March 2023	5	1,373	57	1,435

Impact of movements in gross carrying amount on expected credit loss

Stage 1 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 increased by RM0.9 mil, as a result of loans, advances and financing having movement in the existing account balances during the financial year.

Total ECL movements in 2023 is also affected by the changes in forward-looking economic inputs.

	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
Financial assets derecognised other than write-off	(33)	-	-	(33)
Changes due to change in credit risk	(77)	(25)	-	(102)
Total write-back from income statement	(110)	(25)	-	(135)
At 31 March 2022	110	437	-	547

Impact of movements in gross carrying amount on expected credit loss

Stage 1 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.

9. OTHER ASSETS

	ECONOMIC ENTITY		BANK	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Other receivables, deposits and prepayments	5,032	13,407	5,032	13,407
Less: Allowance for expected credit losses on other receivables [Note (a)]	(1,305)	(1,055)	(1,305)	(1,055)
	3,727	12,352	3,727	12,352

Note:

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

	Lifetime ECL	
	2023 RM'000	2022 RM'000
ECONOMIC ENTITY/BANK		
At 1 April	1,055	2,387
Effect of business transfer	(454)	-
New financial assets originated or purchased	607	390
Financial assets derecognised other than write-off	(299)	(669)
Changes due to change in credit risk	402	(288)
Total charge to/(write-back from) income statement	710	(567)
Write-off	(6)	(765)
At 31 March	1,305	1,055

As at 31 March 2023, the Economic Entity's and the Bank's gross exposure of other receivables that are under lifetime expected credit losses were at RM1,305,000 (2022: RM1,055,000).

10. STATUTORY DEPOSITS

Non-interest bearing statutory deposits for the Economic Entity and the Bank of RM6,490,000 (2022: RM Nil) respectively are maintained with BNM in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act 2009, the amounts of which are determined as a set percentage of total eligible liabilities.

11. INVESTMENT IN AN ASSOCIATE

	ECONOMIC ENTITY		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Unquoted shares				
At 1 April	237	290	230	230
Share of results	2	2	-	-
Dividend paid	-	(55)	-	-
At 31 March	239	237	230	230
Represented by:				
Share of net tangible assets	239	237		

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

Name	Principal activities	Effective/direct equity interest 2023	Effective/direct equity interest 2022
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	
	2023	2022
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	
	2023	2022
	RM'000	RM'000
Assets and Liabilities		
Current assets		
Cash and short-term funds	149	139
Other current assets	953	951
Total current assets	1,102	1,090
Non-current assets	100	100
Total assets	1,202	1,190
Current liabilities		
Other current liabilities	7	7
Total liabilities	7	7
Net assets	1,195	1,183

11. INVESTMENT IN AN ASSOCIATE (CONTD.)

	ECONOMIC ENTITY	
	2023	2022
	RM'000	RM'000
The summarised statement of comprehensive income is as follows:		
Revenue	24	19
Profit before tax for the financial year	17	13
Profit after tax for the financial year	12	11
Reconciliation of summarised financial information:		
The above profit includes the following:		
Taxation	(5)	(2)

	ECONOMIC ENTITY	
	2023	2022
	RM'000	RM'000
Net assets		
At 1 April	1,183	1,448
Profit after tax for the financial year	12	11
Dividend paid	-	(276)
At 31 March	1,195	1,183
Carrying value at 20% share of the equity interest of the associate	239	237

12. INVESTMENT IN JOINT VENTURE

	ECONOMIC ENTITY		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At 1 April	1,048	994	394	394
Share of results	46	54	-	-
At 31 March	1,094	1,048	394	394
Represented by:				
Share of net tangible assets	1,094	1,048		

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

Name	Principal activities	Effective equity interest	
		2023	2022
AllianceDBS Research Sdn. Bhd.	Research and stock analysis	51%	51%

12. INVESTMENT IN JOINT VENTURE (CONTD.)

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

	ECONOMIC ENTITY	
	2023	2022
	RM'000	RM'000
Assets and Liabilities		
Current assets		
Cash and short term funds	2,244	2,358
Other current assets	82	296
Total current assets	2,326	2,654
Non-current assets	307	308
Total assets	2,633	2,962
Current liabilities		
Other liabilities (non trade)	447	783
Total current liabilities	447	783
Non-current liabilities	41	125
Total liabilities	488	908
Net assets	2,145	2,054
The summarised statement of comprehensive income is as follows:		
Revenue	2,693	4,002
Profit before tax for the financial year	123	154
Profit after tax for the financial year	91	105
The above profit includes the following:		
Depreciation and amortisation	(1)	(7)
Taxation	(32)	(49)

Reconciliation of summarised financial information:

	ECONOMIC ENTITY	
	2023	2022
	RM'000	RM'000
Net assets		
At 1 April	2,054	1,949
Profit for the financial year	91	105
At 31 March	2,145	2,054
Carrying value at 51% share of the equity interest of a joint venture	1,094	1,048

13. RIGHT-OF-USE ASSETS

ECONOMIC ENTITY/BANK Premises	2023 RM'000	2022 RM'000
Cost		
At 1 April	6,526	6,154
Remeasurement	(901)	372
Termination	(1,105)	-
At 31 March	4,520	6,526
Accumulated Depreciation		
At 1 April	4,801	3,767
Charge for the financial year	392	1,034
Termination	(703)	-
At 31 March	4,490	4,801
Net Carrying Amount	30	1,725

14. PROPERTY, PLANT AND EQUIPMENT

ECONOMIC ENTITY/BANK 2023	Renovations RM'000	Office equipment and furniture RM'000	Computer equipment RM'000	Total RM'000
Cost				
At 1 April 2022	2,044	2,134	2,926	7,104
Additions	30	8	16	54
Disposal	(826)	(333)	(411)	(1,570)
Written-off	(1,191)	(1,698)	(484)	(3,373)
At 31 March 2023	57	111	2,047	2,215
Accumulated Depreciation				
At 1 April 2022	2,023	2,074	2,810	6,907
Charge for the financial year	5	10	56	71
Disposal	(819)	(307)	(354)	(1,480)
Written-off	(1,178)	(1,676)	(484)	(3,338)
At 31 March 2023	31	101	2,028	2,160
Net Carrying Amount	26	10	19	55

14. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

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
Additions	-	-	39	39
Written-off	(378)	(3)	(50)	(431)
At 31 March 2022	2,044	2,134	2,926	7,104
Accumulated Depreciation				
At 1 April 2021	2,385	1,987	2,246	6,618
Charge for the financial year	16	90	614	720
Written-off	(378)	(3)	(50)	(431)
At 31 March 2022	2,023	2,074	2,810	6,907
Net Carrying Amount	21	60	116	197

15. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The net deferred tax assets and liabilities shown in the statements of financial position after appropriate offsetting are as follows:

	ECONOMIC ENTITY/BANK	
	2023 RM'000	2022 RM'000
Deferred tax assets, net	1,856	5,180
	1,856	5,180

Movements on deferred tax:

	ECONOMIC ENTITY/BANK	
	2023 RM'000	2022 RM'000
At 1 April	5,180	(2,311)
Recognised in statements of income (Note 30)	(3,458)	748
Recognised in equity	134	6,743
At 31 March	1,856	5,180

15. DEFERRED TAX (CONTD.)

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

	ECONOMIC ENTITY/BANK	
	2023	2022
	RM'000	RM'000
Deferred tax assets	1,923	5,235
Deferred tax liabilities	(67)	(55)
	1,856	5,180

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting 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 2022	160	4,952	45	78	(55)	5,180
Recognised in statements of income	43	(3,485)	(4)	-	(12)	(3,458)
Recognised in equity	-	-	-	134	-	134
At 31 March 2023	203	1,467	41	212	(67)	1,856
ECONOMIC ENTITY/BANK						
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

Note:
Other liabilities include provisions and deferred income.

16. INTANGIBLE ASSETS

	ECONOMIC ENTITY		BANK	
	2023	2022	2023	2022
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	8,238	8,214	8,238	8,214
Additions	2	24	2	24
Disposal	(36)	-	(36)	-
Written-off	(2,637)	-	(2,637)	-
At 31 March	5,567	8,238	5,567	8,238
Accumulated amortisation:				
At 1 April	(7,354)	(6,604)	(7,354)	(6,604)
Charge for the financial year	(514)	(750)	(514)	(750)
Disposal	15	-	15	-
Written-off	2,631	-	2,631	-
At 31 March	(5,222)	(7,354)	(5,222)	(7,354)
Net carrying amount	345	884	345	884
Total carrying amount	21,067	21,606	23,627	24,166

(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	
	2023	2022	2023	2022
	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

16. 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 the ABMB's Board of Directors. The key assumptions for the computation of value-in-use include the discount rates, cash flow projection and growth rates applied are as follows:

(i) Discount rate

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

	ECONOMIC ENTITY/BANK	
	2023	2022
	%	%
Financial markets	7.23	6.44

(ii) Cash flow projections and growth rate

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

Cash flows beyond the fourth year are extrapolated in perpetuity using terminal growth rate at 4.1% (2022: 4.2%), representing the forecasted Gross Domestic Product ("GDP") growth rate of the country for 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 1.7% (2022: 2.8%) or the discount rate at 10.0% (2022: 8.2%) for Financial Market CGU which resulted in a break-even point between the carrying amount and recoverable amount.

17. DEPOSITS FROM CUSTOMERS

	ECONOMIC ENTITY/BANK	
	2023	2022
	RM'000	RM'000
Fixed deposits	-	223,457
Money market deposits	-	72,879
Negotiable instruments of deposits	-	60,034
	-	356,370

17. DEPOSITS FROM CUSTOMERS (CONTD.)

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

	ECONOMIC ENTITY/BANK	
	2023	2022
	RM'000	RM'000
Due within six months	-	356,370

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

	ECONOMIC ENTITY/BANK	
	2023	2022
	RM'000	RM'000
Government and statutory bodies	-	16,982
Business enterprises	-	74,283
Domestic financial institutions	-	60,034
Domestic non-bank financial institutions	-	205,071
	-	356,370

18. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	ECONOMIC ENTITY/BANK	
	2023	2022
	RM'000	RM'000
Licensed banks	329,859	80,008
Licensed investment banks	-	23,441
Other financial institutions	-	40,002
	329,859	143,451

19. AMOUNTS DUE TO CLIENTS AND BROKERS

	ECONOMIC ENTITY/BANK	
	2023	2022
	RM'000	RM'000
Due to clients	-	28,404

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

The 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 Malaysia Securities Berhad's FDSS trading rules.

Following the issuance of the Financial Reporting Standards Implementation Committee ("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 (2022: RM92,813,000) have been excluded accordingly.

20. LEASE LIABILITIES

	ECONOMIC ENTITY/BANK	
	2023	2022
	RM'000	RM'000
At 1 April	1,823	2,457
Termination	(402)	-
Interest expense	25	135
Lease payment	(432)	(1,140)
Remeasurement	(901)	371
At 31 March	113	1,823

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.

21. OTHER LIABILITIES

		ECONOMIC ENTITY/BANK	
		2023	2022
	Note	RM'000	RM'000
Other payables		177	20,855
Provision and accruals		6,260	20,681
Remisier's accounts		-	8,001
Amount due to joint venture	(a)	-	115
Amount due to other related company	(a)	-	3
Amount due to holding company	(a)	76,089	338
Allowance for expected credit losses on commitments and contingencies	(b)	159	59
		82,685	50,052

21. 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.

The amount is inclusive of RM76,089,000 of dividend payable to holding company.

(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 2022	18	41	-	59
Financial assets derecognised other than write-off	(5)	-	-	(5)
Changes due to change in credit risk	(3)	108	-	105
(Write-back from)/charge to income statement	(8)	108	-	100
At 31 March 2023	10	149	-	159
ECONOMIC ENTITY/BANK				
At 1 April 2021	18	42	-	60
Net write-back from income statement due to change in credit risk	-	(1)	-	(1)
At 31 March 2022	18	41	-	59

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

22. SHARE CAPITAL

	ECONOMIC ENTITY/BANK 2023 Number of ordinary shares '000	2023 RM'000	2022 Number of ordinary shares '000	2022 RM'000
Ordinary shares issued:				
At 1 April/31 March	215,000	215,962	365,000	365,962

23. RESERVES

		ECONOMIC ENTITY		BANK	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
Non-distributable:					
Regulatory reserves	(a)	6,045	6,045	6,045	6,045
FVOCI reserves	(b)	(618)	(34)	(618)	(34)
		5,427	6,011	5,427	6,011
Distributable:					
Retained profits		20,621	85,234	22,472	87,133
		26,048	91,245	27,899	93,144

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.

24. INTEREST INCOME

	ECONOMIC ENTITY/BANK	
	2023	2022
	RM'000	RM'000
Loans, advances and financing	5,698	11,142
Money at call and deposit placements with financial institutions	59	41
Financial investments at fair value through other comprehensive income	19,687	22,742
	25,444	33,925
Accretion of discount less amortisation of premium (net)	(1,281)	(638)
	24,163	33,287

25. INTEREST EXPENSE

	ECONOMIC ENTITY/BANK	
	2023	2022
	RM'000	RM'000
Deposits and placements of banks and other financial institutions	5,888	4,259
Deposits from customers	2,684	6,195
Lease liabilities	25	135
	8,597	10,589

26. OTHER OPERATING INCOME

	ECONOMIC ENTITY		BANK	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
(a) Fee and commission income:				
Brokerage fees	5,483	33,971	5,483	33,971
Corporate advisory fees	-	3,943	-	3,943
Guarantee fees	26	26	26	26
Arrangement and related fees	392	4,479	392	4,479
Processing fees	147	641	147	641
Service charges and fees	136	599	136	599
Underwriting commissions and placement fees	-	1,121	-	1,121
	6,184	44,780	6,184	44,780
(b) Fee and commission expense:				
Brokerage fees expense	(2,483)	(13,860)	(2,483)	(13,860)
(c) Investment income:				
Gain arising from sale/redemption of:				
- Financial investments at fair value through other comprehensive income	110	18,823	110	18,823
- Financial assets at fair value through profit or loss	3,604	381	3,604	381
Unrealised gain from revaluation of:				
- Financial assets at fair value through profit or loss	-	4,159	-	4,159
Gross dividend income from:				
- Financial assets at fair value through profit or loss	360	580	360	580
- Associate	-	-	-	55
	4,074	23,943	4,074	23,998
(d) Other income:				
Foreign exchange gain	180	973	180	973
Others	4,416	681	4,416	681
	4,596	1,654	4,596	1,654
Total other operating income	12,371	56,517	12,371	56,572

27. OTHER OPERATING EXPENSES

	ECONOMIC ENTITY/BANK	
	2023	2022
	RM'000	RM'000
Personnel costs		
- Salaries, allowances and bonuses	5,840	19,861
- Contribution to EPF	900	3,117
- Others	(491)	4,476
	6,249	27,454
Establishment costs		
- Depreciation of property, plant and equipment	71	720
- Depreciation of right-of-use assets	392	1,034
- Amortisation of computer software	514	750
- Rental	27	42
- Water and electricity	150	270
- Repairs and maintenance	(51)	172
- Information technology expenses	3,400	5,920
- Others	122	99
	4,625	9,007
Marketing expenses		
- Advertisement and publicity	36	240
- Research cost	327	1,122
- Others	31	71
	394	1,433
Administration and general expenses		
- Communication expenses	281	552
- Printing and stationeries	14	41
- Professional fees	1,993	1,222
- Others	1,225	1,546
	3,513	3,361
Total other operating expenses	14,781	41,255

Included in the other operating expenses are the following:

	2023 RM'000	2022 RM'000
Auditors' remuneration		
- Statutory audit fees	110	250
- Audit related services	166	83
- Tax compliance fees	38	36
- Tax related fees	7	6
Property, plant and equipment written-off	35	-

28. ALLOWANCE FOR / (WRITE-BACK OF) EXPECTED CREDIT LOSSES ON LOANS, ADVANCES AND FINANCING AND OTHER FINANCIAL ASSETS

	ECONOMIC ENTITY/BANK	
	2023	2022
	RM'000	RM'000
Allowance/(write-back of) for expected credit losses on		
(a) Loan, advances and financing		
- Allowance during the financial year	831	(135)
(b) Credit impaired loans, advances and financing		
- Recovered during the financial year	(483)	(32)
(c) Commitment and contingencies on loans, advances and financing		
- Allowance/(write-back) during the financial year	100	(1)
	448	(168)
(d) Other receivables		
- Allowance/(write-back) during the financial year	710	(567)
(e) Amounts due from clients and brokers	-	3
	1,158	(732)

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

	ECONOMIC ENTITY/BANK	
	2023	2022
	RM'000	RM'000
(a) Financial investments at fair value through other comprehensive income		
- (Write-back)/allowance made during the financial year	(159)	78
(b) Financial investments at amortised cost		
- Write-back during the financial year	(52)	-
	(211)	78

30. TAXATION

	ECONOMIC ENTITY		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Income Tax				
Current financial year	702	9,724	702	9,724
Over provision in prior years	(618)	(681)	(618)	(681)
	84	9,043	84	9,043
Deferred tax (Note 15)				
Current financial year	3,195	(863)	3,195	(863)
Under provision in prior years	263	115	263	115
	3,458	(748)	3,458	(748)
	3,542	8,295	3,542	8,295

Income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 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 are as follows:

	ECONOMIC ENTITY		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	15,018	41,333	14,970	41,332
Taxation at Malaysian statutory tax rate of 24% (2022: 24%)	3,604	9,920	3,593	9,920
Income not subject to tax	(1,758)	(1,151)	(1,747)	(1,151)
Expenses not deductible for tax purposes	2,051	92	2,051	92
Over provision of tax expense in prior year	(355)	(566)	(355)	(566)
Tax expense for the financial year	3,542	8,295	3,542	8,295

31. 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	
	2023	2022
	RM'000	RM'000
Profit for the year attributable to equity holders of the Bank	11,476	33,038
	2023	2022
	'000	'000
Numbers of ordinary shares in issued	289,384	365,000
	2023	2022
	Sen	Sen
Basic/diluted earnings per share	3.97	9.06

32. DIVIDEND

	2023	2022
	RM'000	RM'000
Dividends on ordinary shares:		
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

The Directors had declared a single tier interim dividend of 35.39 sen per share, on 215,000,000 ordinary shares amounting to RM76,089,000 in respect of the financial year ended 31 March 2023. The declared dividend was approved by Bank Negara Malaysia ("BNM") on 28 February 2023 and paid on 20 April 2023. The accompanying financial statements has reflected this dividend.

The Directors do not propose any final dividend in respect of the financial year ended 31 March 2023.

33. 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 38.
- Other related companies	Related companies of the Bank as disclosed in Note 38.
- Associate	Associate of the Bank as disclosed in Note 11.
- Joint venture	Joint venture of the Bank as disclosed in Note 12.

	ECONOMIC ENTITY/BANK	
	2023	2022
	RM'000	RM'000
(a) Transactions		
Interest income		
- holding company	27	-
- other related companies	247	294
Other income		
- holding company	-	171
- other related companies	79	-
Interest expenses		
- holding company	(3,130)	(220)
- other related companies	(59)	(71)
- joint venture	(18)	(37)
Dividend paid		
- holding company	-	(20,951)
Overhead expenses		
- holding company	(3,092)	(9,941)
- other related companies	(13)	(38)
- joint venture [Note]	437	(1,070)

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

	ECONOMIC ENTITY/BANK	
	2023	2022
	RM'000	RM'000
(b) Balances		
Money at call and deposit placements with financial institutions		
- holding company	1,489	32,015
Deposits and placements with banks and other financial institutions		
- other related companies	11,561	8,438
Deposits from customers		
- other related companies	-	(25,491)
- joint venture	-	(2,201)
Deposits and placements of banks and other financial institutions		
- holding company	(329,859)	(60,034)
Other assets		
- holding company	23	-
Other liabilities		
- holding company	(76,744)	(338)
- other related companies	-	(3)
- joint venture	-	(115)
Lease liabilities		
- holding company	(411)	(1,224)

Note:
The Economic Entity and the Bank have paid RM1,547,000 (2022: RM1,128,000) 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.

33. 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	
	2023	2022
	RM'000	RM'000
CEO and other key management:		
Short-term employee benefits		
- Salary and other remuneration	2,775	4,157
- Contribution to EPF	244	591
- Benefits-in-kind	4	11
	3,023	4,759
Non-Executive Directors:		
Short-term employee benefits		
- Fees payable	402	395
- Allowances	152	102
	554	497
Included in the total key management personnel are:		
CEO and Non-Executive Directors' remuneration excluding past CEO and Non-Executive Directors (Note 35)	1,676	1,447

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

	2023				2022			
	Number	Unrestricted	Number	Deferred	Number	Unrestricted	Number	Deferred
ECONOMIC ENTITY/BANK		RM'000		RM'000		RM'000		RM'000
Fixed remuneration								
Cash		2,878		-		4,117		-
		2,878		-		4,117		-
Variable remuneration								
Cash	4	670	1	29	7	1,113	2	26
		670		29		1,113		26
Total fixed & variable remuneration		3,548		29		5,230		26

34. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

	ECONOMIC ENTITY/BANK	
	2023	2022
	RM'000	RM'000
Outstanding credit exposures with connected parties	29,960	29,815
of which: Total credit exposure which is impaired or default	-	-
Total credit exposures	633,201	1,073,839
Percentage of outstanding credit exposures to connected parties		
- as a proportion of total credit exposures	4.73%	2.78%
- 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.

35. CEO AND DIRECTORS' REMUNERATION

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

	ECONOMIC ENTITY/BANK	
	2023	2022
	RM'000	RM'000
Chief Executive Officer		
- Salary and other remuneration	642	635
- Bonuses	336	190
- Contribution to EPF	141	123
- Benefits-in-kind	3	2
	1,122	950
Non-Executive Directors		
- Fees payable	402	395
- Allowances	152	102
	554	497
Past Director		
- Fees payable	36	-
- Allowances	19	-
	55	-
	1,731	1,447
Total Directors' remuneration excluding benefits-in-kind	1,728	1,445

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 amounts of insurance effected under the Economic Entity and the Bank were at RM5,000 (2022: RM4,000).

35. 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	Salary and other remuneration	Bonuses	Contribution to EPF	Fees Payable	Allowances	Benefits-in-kind	Total
2023	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Chief Executive Officer:							
Ng Chow Hon	642	336	141	-	-	3	1,122
	642	336	141	-	-	3	1,122
Non-Executive Directors:							
Lee Ah Boon	-	-	-	200	32	-	232
Mazidah Binti Abdul Malik	-	-	-	135	100	-	235
Rustam Bin Mohd Idris	-	-	-	67	20	-	87
	-	-	-	402	152	-	554
Past Director:							
Datin Ooi Swee Lian	-	-	-	36	19	-	55
	-	-	-	36	19	-	55
Total CEO and Directors' remuneration	642	336	141	438	171	3	1,731

ECONOMIC ENTITY/BANK	Salary and other remuneration	Bonuses	Contribution to EPF	Fees Payable	Allowances	Benefits-in-kind	Total
2022	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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

36. 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 cover 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 39 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.

36. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(a) Credit Risk (contd.)

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

	ECONOMIC ENTITY/BANK	
	2023 RM'000	2022 RM'000
Credit risk exposure: on-balance sheet		
Cash and short-term funds (exclude cash in hand)	13,084	45,647
Amounts due from clients and brokers	-	55,040
Financial investments at fair value through other comprehensive income	548,448	570,931
Financial investments at amortised cost	-	16
Loans, advances and financing	49,350	245,920
Statutory deposits with Bank Negara Malaysia	6,490	-
Other assets (exclude prepayment)	3,724	10,605
	621,096	928,159
Credit risk exposure: off-balance sheet		
Credit related commitments and contingencies	2,391	315,498
Total off-balance sheet	2,391	315,498
Total maximum exposure	623,487	1,243,657

36. 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 2023	Government and Central Bank RM'000	Financial, Insurance, Business Services and Real Estate RM'000	Transport, Storage and Communication Services RM'000	Agriculture, Manufacturing, Wholesale & 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)	34	13,050	-	-	-	-	-	13,084
Financial investments at fair value through other comprehensive income (exclude equity securities)	335,063	121,945	71,615	9,732	10,093	-	-	548,448
Financial investments at amortised cost	-	-	-	-	-	-	-	-
Loans, advances and financing	-	3,764	-	-	45,332	254	-	49,350
Statutory deposits	6,490	-	-	-	-	-	-	6,490
Other assets (exclude prepayment)	-	-	-	-	-	-	3,724	3,724
Total on-balance sheet	341,587	138,759	71,615	9,732	55,425	254	3,724	621,096
Credit related commitments and contingencies	-	1,050	-	-	1,341	-	-	2,391
Total off-balance sheet	-	1,050	-	-	1,341	-	-	2,391
Total credit risk	341,587	139,809	71,615	9,732	56,766	254	3,724	623,487

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	45,607	-	-	-	-	-	45,647
Amounts due from clients and brokers	-	-	-	-	-	-	55,040	55,040
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	-	43,540	-	494	50,757	149,419	1,710	245,920
Other assets (exclude prepayment)	-	-	-	-	-	-	10,605	10,605
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

36. 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, quoted shares, other financial instruments or deposits.

	ECONOMIC ENTITY/BANK	
	2023	2022
	RM'000	RM'000
Gross loans, advances and financing comprise of:		
Gross loans, advances and financing (Note 8)	50,785	246,467
Less: Allowance for expected credit losses	(1,435)	(547)
Net loans, advances and financing	49,350	245,920
Percentage of collateral held for loans, advances and financing	8.03%	73.9%

(iv) Credit risk measurement

The Economic Entity and the Bank adopt the following judgements and assumptions on measurement of 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. The Economic Entity and the Bank consider 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:

<u>Quantitative criteria:</u>
A financial asset is classified as credit impaired when the counterparty fails to make contractual payment.

36. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(a) Credit Risk (contd.)

(iv) Credit risk measurement (contd.)

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

Qualitative criteria:
- Significant financial difficulty of the issuer or the borrower;
- Breach of contract such as a default of past due event;
- Concessions have been made by the lender relating to the borrower's financial difficulty;
- Indications that the borrower will enter into bankruptcy/winding up or other financial restructuring;
- Disappearance of an active market for that financial asset; or
- Purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

(c) Measurement of ECL

ECL is measured by three components, i.e. exposure at default, probability of default and loss given default.

Exposure at default ("EAD")

EAD for non-retail portfolio is calculated based 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 and loss given charge off), collateral type, and defaulted exposure relative to original exposure amount and months in default.

36. 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	2025	2024	2023
(% Year on Year)	%	%	%
GDP Growth Rate	4.3	4.3	4.1
Producer Price Index	0.2	1.6	2.4
Consumer Price Index	2.2	2.1	3.2
Industrial Production Index	4.2	4.2	3.8
Unemployment Rates	3.6	3.6	3.6
Credit Consumption	2.5	2.6	3.0
House Price Index	2.5	2.5	2.4

(e) Grouping of exposure for ECL measured on collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

The appropriateness of groupings is monitored and reviewed on a periodic basis.

(f) Modification of financial assets

The 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.

36. 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 (CCC+ to CCC-)	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 the simplified model approach.

36. 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 2023	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	12,347	-	-	12,347
Sovereign/Government-backed	34	-	-	34
Unrated	703	-	-	703
Net carrying amount	13,084	-	-	13,084
Financial investments at fair value through other comprehensive income (exclude equity securities)				
Investment graded	203,619	-	-	203,619
Sovereign/Government-backed	344,829	-	-	344,829
Gross carrying amount	548,448	-	-	548,448
Expected credit losses [Note (a)]	(54)	-	-	(54)
Financial investments at amortised cost				
Credit Impaired	-	-	223	223
Gross carrying amount	-	-	223	223
Expected credit losses	-	-	(223)	(223)
Net carrying amount	-	-	-	-
Loans, advances and financing				
Low	3,769	-	-	3,769
Medium	-	46,705	-	46,705
Unrated	83	6	-	89
Credit Impaired	-	-	222	222
Gross carrying amount	3,852	46,711	222	50,785
Expected credit losses	(5)	(1,373)	(57)	(1,435)
Net carrying amount	3,847	45,338	165	49,350
Statutory deposits with Bank Negara Malaysia				
Sovereign/Government backed	6,490	-	-	6,490
Gross carrying amount	6,490	-	-	6,490
Expected credit losses	-	-	-	-
Net carrying amount	6,490	-	-	6,490
Credit related commitment and contingencies				
Low	-	-	-	-
Medium	1,050	1,341	-	2,391
Gross carrying amount	1,050	1,341	-	2,391
Expected credit losses	(10)	(149)	-	(159)

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.

36. 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 2023	Current RM'000	More than 90 days past due RM'000	Total RM'000
Other assets (exclude prepayment)			
Gross carrying amount	3,724	1,305	5,029
Expected credit losses	-	(1,305)	(1,305)
Net carrying amount	3,724	-	3,724

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	8,438	-	-	8,438
Sovereign/Government-backed	40	-	-	40
Unrated	37,169	-	-	37,169
Net carrying amount	45,647	-	-	45,647
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

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Loans, advances and financing				
Low	199,325	-	-	199,325
Medium	-	46,848	-	46,848
Unrated	119	-	-	119
Credit Impaired	-	-	175	175
Gross carrying amount	199,444	46,848	175	246,467
Expected credit losses	(110)	(437)	-	(547)
Net carrying amount	199,334	46,411	175	245,920

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.

36. 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 2022	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
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)

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	10,605	1,055	11,660
Expected credit losses	-	(1,055)	(1,055)
Net carrying amount	10,605	-	10,605

(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

2023 Measurement variables	MEV Change (%)/Percentage Point Change (p.p)	+ RM'000	- RM'000
Non-retail			
Unemployment rate	0.6 p.p	214	(158)
Producer price index	3.8%	46	(38)

2022 Measurement variables	MEV Change (%)/Percentage Point Change (p.p)	+ RM'000	- RM'000
Non-retail			
Unemployment rate	0.6 p.p	44	(34)
GDP growth	6.2%	46	(40)

36. 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 meeting, the 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.

36. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(b) Market Risk (contd.)

Market Risk Factors (contd.)

(i) Interest rate/profit rate risk

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
2023									
Assets									
Cash and short-term funds	12,348	-	-	-	-	-	736	-	13,084
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	-	-	5,064	365,105	178,279	-	-	548,448
Loans, advances and financing	50,500	-	-	-	63	-	(1,213) *	-	49,350
Other financial assets	-	-	-	-	-	-	10,214	-	10,214
Total financial assets	62,848	-	-	5,064	365,168	178,279	9,737	-	621,096
Liabilities									
Deposits and placements of banks and other financial institutions	329,859	-	-	-	-	-	-	-	329,859
Lease liabilities	113	-	-	-	-	-	-	-	113
Other financial liabilities	-	-	-	-	-	-	76,425	-	76,425
Total financial liabilities	329,972	-	-	-	-	-	76,425	-	406,397
On-balance sheet profit sensitivity gap	(267,124)	-	-	5,064	365,168	178,279	(66,688)	-	214,699

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

36. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(b) Market Risk (contd.)

Market Risk Factors (contd.)

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

	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	45,165	-	-	-	-	-	482	-	45,647
Amounts due from clients and brokers	4,206	-	-	-	-	-	50,834	-	55,040
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	246,254	-	-	-	87	-	(421)*	-	245,920
Other financial assets	-	-	-	-	-	-	10,605	-	10,605
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
Amounts due to clients and brokers	-	-	-	-	-	-	28,404	-	28,404
Lease liabilities	92	185	282	576	688	-	-	-	1,823
Other financial liabilities	-	-	-	-	-	-	29,371	-	29,371
Total financial liabilities	377,031	62,685	60,282	576	688	-	58,157	-	559,419
On-balance sheet profit sensitivity gap	(81,406)	(62,685)	(60,282)	9,568	315,220	240,026	82,652	-	443,093

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

36. 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
2023					
Liabilities					
Other financial liabilities	-	-	-	-	-
Total financial liabilities	-	-	-	-	-
On-balance sheet open position	-	-	-	-	-
Net open position	-	-	-	-	-

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
Amounts 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)

36. 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
2023				
Government securities	(1,406)	(1,458)	(1,293)	(1,524)
Private debt securities	(710)	(798)	(710)	(869)
2022				
Government securities	(1,057)	(1,481)	(1,057)	(2,162)
Private debt securities	(548)	(739)	(548)	(918)

(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.

	2023		**2022**	
	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	4,026	(4,026)	2,704	(2,704)
Impact on equity	39,547	(33,021)	37,970	(34,188)

36. 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 GALCO and 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.

36. 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 the assets and liabilities 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:

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
2023							
Assets							
Cash and short-term funds	13,084	-	-	-	-	-	13,084
Financial assets at fair value through other comprehensive income	919	2,478	1,276	5,037	538,738	-	548,448
Loans, advances and financing	45,332	-	-	3,770	248	-	49,350
Other financial and non-financial assets	4,977	-	-	9,227	-	29,581	43,785
Total assets	64,312	2,478	1,276	18,034	538,986	29,581	654,667
Liabilities							
Deposits and placements of banks and other financial institutions	329,859	-	-	-	-	-	329,859
Lease liabilities	113	-	-	-	-	-	113
Other financial and non-financial liabilities	79,340	10	3,328	-	7	-	82,685
Total liabilities	409,312	10	3,328	-	7	-	412,657
Net maturity mismatch	(345,000)	2,468	(2,052)	18,034	538,979	29,581	242,010

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36. 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 the assets and liabilities 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
2022							
Assets							
Cash and short-term funds	45,647	-	-	-	-	-	45,647
Amounts due from clients and brokers	55,040	-	-	-	-	-	55,040
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	218,782	188	-	-	26,950	-	245,920
Other financial and non-financial assets	11,978	-	-	-	-	33,422	45,400
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
Amounts due to clients and brokers	28,404	-	-	-	-	-	28,404
Lease liabilities	92	185	282	576	688	-	1,823
Other financial and non-financial liabilities	27,148	34	15,910	-	20	6,940	50,052
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

36. 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 the assets and liabilities 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
2023							
Assets							
Cash and short-term funds	13,084	-	-	-	-	-	13,084
Financial assets at fair value through other comprehensive income	919	2,478	1,276	5,037	538,738	-	548,448
Loans, advances and financing	45,332	-	-	3,770	248	-	49,350
Other financial and non-financial assets	4,977	-	-	9,227	-	31,432	45,636
Total assets	64,312	2,478	1,276	18,034	538,986	31,432	656,518
Liabilities							
Deposits and placements of banks and other financial institutions	329,859	-	-	-	-	-	329,859
Lease Liabilities	113	-	-	-	-	-	113
Other financial and non-financial liabilities	79,340	10	3,328	-	7	-	82,685
Total liabilities	409,312	10	3,328	-	7	-	412,657
Net maturity mismatch	(345,000)	2,468	(2,052)	18,034	538,979	31,432	243,861

36. 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 the assets and liabilities 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	45,647	-	-	-	-	-	45,647
Amounts due from clients and brokers	55,040	-	-	-	-	-	55,040
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	218,782	188	-	-	26,950	-	245,920
Other financial and non-financial assets	11,978	-	-	-	-	35,321	47,299
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
Amounts due to clients and brokers	28,404	-	-	-	-	-	28,404
Lease liabilities	92	185	282	576	688	-	1,823
Other financial and non-financial liabilities	27,148	34	15,910	-	20	6,940	50,052
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

36. 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
2023								
Liabilities								
Deposits and placements of banks and other financial institutions	329,910	-	-	-	-	-	-	329,910
Lease liabilities	119	-	-	-	-	-	-	119
Other financial liabilities	79,152	10	3,314	-	3	-	-	82,479
Total financial liabilities	409,181	10	3,314	-	3	-	-	412,508
Credit risk exposure of off-balance sheet								
Credit related commitments and contingencies	-	-	1,050	-	1,341	-	-	2,391

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
Amounts due to clients and brokers	28,404	-	-	-	-	-	-	28,404
Lease liabilities	101	203	304	608	808	-	-	2,024
Other financial liabilities	25,641	34	15,910	-	-	-	6,940	48,525
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

36. 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.

37. CAPITAL COMMITMENTS

There is no capital commitments during the financial year.

38. 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.

39. 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 of the Economic Entity and the Bank are as follows:

	2023 Principal Amount	2022 Principal Amount
ECONOMIC ENTITY/BANK	RM'000	RM'000
Credit-related exposures		
Transaction-related contingent items	1,050	1,050
Irrevocable commitments to extend credit:		
- maturity not exceeding one year	-	313,107
- maturity exceeding one year	1,341	1,341
Total	2,391	315,498

40. 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	
	2023	2022	2023	2022
(i) With transitional arrangements:				
Before deducting proposed dividends				
CET I capital ratio	99.627%	87.272%	99.686%	87.301%
Tier I capital ratio	99.627%	87.272%	99.686%	87.301%
Total capital ratio	100.198%	88.145%	100.257%	88.174%
After deducting proposed dividends				
CET I capital ratio	99.627%	87.272%	99.686%	87.301%
Tier I capital ratio	99.627%	87.272%	99.686%	87.301%
Total capital ratio	100.198%	88.145%	100.257%	88.174%

40. 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	
	2023	2022	2023	2022
(ii) Without transitional arrangements:				
Before deducting proposed dividends				
CET I capital ratio	99.241%	87.211%	99.300%	87.240%
Tier I capital ratio	99.241%	87.211%	99.300%	87.240%
Total capital ratio	99.812%	88.084%	99.871%	88.113%
After deducting proposed dividends				
CET I capital ratio	99.241%	87.211%	99.300%	87.240%
Tier I capital ratio	99.241%	87.211%	99.300%	87.240%
Total capital ratio	99.812%	88.084%	99.871%	88.113%

(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	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
CET I Capital				
Paid-up share capital	215,962	365,962	215,962	365,962
Retained profits	20,621	85,234	22,472	87,133
FVOCI reserves	(672)	(247)	(672)	(247)
Regulatory reserves	6,045	6,045	6,045	6,045
	241,956	456,994	243,807	458,893
(Less)/add: Regulatory adjustments				
- Goodwill and other intangibles	(21,067)	(21,606)	(23,627)	(24,166)
- Deferred tax assets	(1,856)	(5,180)	(1,856)	(5,180)
- Investment in associate and joint venture	(1,333)	(1,285)	(624)	(624)
- Regulatory reserves	(6,045)	(6,045)	(6,045)	(6,045)
- Transitional arrangements	823	295	823	295
Total CET I Capital/Total Tier I Capital	212,478	423,173	212,478	423,173
Tier II Capital				
Expected credit losses and regulatory reserve	1,218	4,231	1,218	4,231
Total Tier II Capital	1,218	4,231	1,218	4,231
Total Capital	213,696	427,404	213,696	427,404

40. CAPITAL ADEQUACY (CONTD.)

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

	ECONOMIC ENTITY		BANK	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Credit risk	97,469	338,467	97,469	338,467
Market risk	83	180	83	180
Operational risk	115,721	146,243	115,596	146,083
Total RWA and capital requirements	213,273	484,890	213,148	484,730

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

41. CAPITAL

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

(a) to maintain sufficient capital resources to meet the regulatory capital requirements as set forth by BNM;

(b) to maintain sufficient capital resources to support the Economic Entity’s and the Bank's risk appetite and to enable future business growth; and

(c) to meet the expectations of key stakeholders, including shareholders, investors, regulators and rating agencies.

In line with this, the 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.

42. 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.

42. 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
2023	RM'000	RM'000	RM'000	RM'000
Financial Assets				
Financial investments at FVOCI				
- Money market instruments	-	335,063	-	335,063
- Unquoted securities	-	213,385	-	213,385

ECONOMIC ENTITY/BANK	Level 1	Level 2	Level 3	Total
2022				
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

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 2023 and 31 March 2022.

Reconciliation of movements in Level 3 financial instruments:

	ECONOMIC ENTITY/BANK	
	2023	2022
	RM'000	RM'000
At 1 April	74,353	70,194
Disposal during the year	(74,353)	
Statements of income		
- Unrealised gain from revaluation	-	4,159
At 31 March	-	74,353

The Economic Entity'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 2023	Fair value assets 2022	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	Net tangible assets	Net tangible assets	Higher net tangible assets results in higher fair value

42. 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
2023	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets					
Loans, advances and financing	-	-	50,728	50,728	49,350
Financial liabilities					
Deposits and placements of banks and other financial institutions	-	320,812	-	320,812	329,859

	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

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.

42. 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, will be the expected recoverable amount.

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

The fair values of deposit liabilities payable on demand, 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.

43. 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.

(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			
2023			
Amounts due from clients and brokers	-	-	-
Total	-	-	-
ECONOMIC ENTITY/BANK			
2022			
Amounts due from clients and brokers	84,883	(29,843)	55,040
Total	84,883	(29,843)	55,040

(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			
2023			
Amounts due to clients and brokers	-	-	-
Total	-	-	-
ECONOMIC ENTITY/BANK			
2022			
Amounts due to clients and brokers	58,247	(29,843)	28,404
Total	58,247	(29,843)	28,404

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.

44. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) The Bank has completed the transfer of the Capital Market Business to Alliance Islamic Bank Berhad ("AIS") on 1 April 2022.

(b) The Bank has completed the transfer of its stockbroking business to Phillip Capital Sdn. Bhd. (formerly known as Phillip Futures Sdn. Bhd.) on 31 July 2022.

(c) On 29 September 2022, the Bank completed its share capital reduction exercise where the share capital and issued number of shares of the Bank was reduced from RM365,962,500 (comprising 365,000,000 ordinary shares) to RM215,962,500 (comprising 215,000,000 ordinary shares) via cancellation of 150,000,000 ordinary shares held by ABMB, the holding company of the Bank, and the amount of RM150,000,000 arising from the shares cancellation was returned to ABMB.

45. SUBSEQUENT EVENTS

(a) The Bank had on 2 March 2023 entered into an assets transfer agreement with ABMB to transfer the remaining assets and liabilities (excluding certain excluded assets and liabilities) to ABMB for a consideration based on an amount equal to the net asset value of the assets and liabilities as at the completion date.

In this respect, the Bank had on 22 March 2023 obtained a vesting order from the High Court of Malaya for the transfer of the assets and liabilities to ABMB. The effective transfer date is on 1 April 2023.

Consequentially, the assets and liabilities of the Economic Entity and the Bank are classified under assets and liabilities held for sale in the statements of financial position; and the Profit and Loss are classified under discontinued operation in the statements of income in accordance to MFRS 5: Non-current Assets Held for Sale and Discontinued Operations.

(b) On 23 May 2023, the Bank obtained an Order from the High Court of Malaya 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 RM215,962,500 (comprising 215,000,000 ordinary shares) to RM4,962,500 (comprising 4,000,000 ordinary shares) via cancellation of 211,000,000 ordinary shares held by ABMB. The amount of RM211,000,000 arising from the said shares cancellation was returned to ABMB on 29 May 2023.

(c) The Bank had on 26 May 2023, entered into a share sale and purchase agreement with Areca Private Equity Sdn. Bhd. to dispose the Bank's 20% equity shareholding in Alliance Trustee Berhad comprising 46,000 shares for a consideration based on an amount equal to the net asset value of Alliance Trustee Berhad as at the completion date.

46. ISLAMIC BANKING BUSINESS

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023

		ECONOMIC ENTITY/BANK	
		2023	2022
	Note	RM'000	RM'000
ASSETS AND LIABILITIES HELD FOR SALE			
Cash and short-term funds	(a)	11,579	8,458
Financial investments at fair value through other comprehensive income	(b)	71,679	71,168
Other assets	(c)	-	59
Deferred tax assets	(d)	289	498
TOTAL ASSETS HELD FOR SALE		83,547	80,183
LIABILITIES AND ISLAMIC BANKING FUNDS			
Other liabilities		4,741	4,800
Provision for taxation		2,098	1,436
TOTAL LIABILITIES HELD FOR SALE		6,839	6,236
Islamic Banking Funds		56,000	56,000
Reserves		20,708	17,947
		76,708	73,947
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		83,547	80,183

Note:

As disclosed in Note 45 to the financial statements, the Economic Entity and the Bank will transfer it's remaining assets and liabilities to ABMB, the holding company of the Bank. The Bank had on 22 March 2023 obtained the Vesting Order in Kuala Lumpur High Court for the transfer of the assets and liabilities. The effective date is on 1 April 2023.

Consequentially, the assets and liabilities of the Economic Entity and the Bank are classified under assets and liabilities held for sale in the statements of financial position; and the Profit and Loss are classified under discontinued operation in the statements of income in accordance to MFRS 5: Non-current Assets Held for Sale and Discontinued Operations.

46. ISLAMIC BANKING BUSINESS (CONTD.)

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

		ECONOMIC ENTITY/BANK	
		2023	2022
	Note	RM'000	RM'000
DISCONTINUED OPERATIONS			
Income derived from investment of Islamic Banking funds	(e)	2,761	2,660
Income derived from investment of depositors' funds and others	(f)	-	6
Total distributable/net income		2,761	2,666
Income attributable to the depositors and financial institutions	(g)	-	(3)
Total net income		2,761	2,663
Other operating expenses	(h)	(1)	(6)
Profit before taxation		2,760	2,657
Taxation	(i)	(662)	(638)
Net profit for the financial year		2,098	2,019
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 gain/(loss) from change in fair value		872	(1,925)
- Transfer (to)/from deferred tax		(209)	462
Other comprehensive income/(expense), net of tax		663	(1,463)
Total comprehensive income for the financial year		2,761	556

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

	2023	2022
Income derived from investment of Islamic banking funds	2,761	2,660
Income derived from investment of depositors' funds and others	-	6
Income attributable to the depositors and financial institutions	-	(3)
	2,761	2,663

46. ISLAMIC BANKING BUSINESS (CONTD.)

STATEMENT OF CHANGES IN ISLAMIC BANKING FUNDS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

		Non-distributable reserves	Distributable reserves	
	Funds allocated from Head Office (HO)	FVOCI reserves	Retained profits	Total
ECONOMIC ENTITY/BANK	RM'000	RM'000	RM'000	RM'000
DISCONTINUED OPERATIONS				
At 1 April 2022	56,000	(1,577)	19,524	73,947
Net profit for the financial year	-	-	2,098	2,098
Other comprehensive income	-	663	-	663
Total comprehensive income	-	663	2,098	2,761
At 31 March 2023	56,000	(914)	21,622	76,708
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

46. ISLAMIC BANKING BUSINESS (CONTD.)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	ECONOMIC ENTITY/BANK	
	2023	2022
	RM'000	RM'000
DISCONTINUED OPERATIONS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,760	2,657
Adjustments for:-		
Accretion of discount less amortisation of premium of securities	362	352
Income from financial investments at fair value through other comprehensive income	(2,875)	(2,876)
Operating profit before working capital changes	247	133
Changes in working capital:		
Other assets	59	(45)
Other liabilities	(59)	4,668
Cash generated from operations	247	4,756
Tax or zakat paid	-	(4,666)
Net cash generated from operating activities	247	90
CASH FLOWS FROM INVESTING ACTIVITIES		
Income from financial investments at fair value through other comprehensive income	2,874	2,877
Net cash generated from investing activities	2,874	2,877
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to holding company	-	(913)
Net cash used in financing activity	-	(913)
NET CHANGES IN CASH AND CASH EQUIVALENTS	3,121	2,054
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	8,458	6,404
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	11,579	8,458

Cash and cash equivalents comprise the following:

Cash and short term funds	11,579	8,458

46. ISLAMIC BANKING BUSINESS (CONTD.)

(a) Cash and short-term funds

	ECONOMIC ENTITY/BANK	
	2023	2022
	RM'000	RM'000
Cash and balances with banks and other financial institutions	18	21
Money at call and deposit placements maturing within one month	11,561	8,437
	11,579	8,458

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

	ECONOMIC ENTITY/BANK	
	2023	2022
	RM'000	RM'000
At fair value		
Money market instruments:		
Malaysian Government investment issues	61,913	61,488
	61,913	61,488
Unquoted securities:		
Sukuk	9,766	9,680
	9,766	9,680
Total financial investments at fair value through other comprehensive income	71,679	71,168

There is no movements in allowance for expected credit losses on FVOCI.

(c) Other assets

	ECONOMIC ENTITY/BANK	
	2023	2022
	RM'000	RM'000
Other debtors, deposits and prepayments	-	59

46. ISLAMIC BANKING BUSINESS (CONTD.)

(d) Deferred tax

	ECONOMIC ENTITY/BANK	
	2023	2022
	RM'000	RM'000
Deferred tax assets, net	289	498

	ECONOMIC ENTITY/BANK	
	2023	2022
	RM'000	RM'000
At 1 April	498	36
Recognised in equity	(209)	462
At 31 March	289	498

ECONOMIC ENTITY/BANK

Deferred tax assets	Financial investments at fair value through other comprehensive income RM'000	Total RM'000
At 1 April 2022	498	498
Recognised in equity	(209)	(209)
At 31 March 2023	289	289
At 1 April 2021	36	36
Recognised in equity	462	462
At 31 March 2022	498	498

(e) Income derived from investment of Islamic Banking funds

	ECONOMIC ENTITY/BANK	
	2023	2022
	RM'000	RM'000
Finance income and hibah		
Financial investments at fair value through other comprehensive income	2,875	2,869
Money at call and deposit with financial institutions	248	142
	3,123	3,011
Accretion of discount less amortisation of premium (net)	(362)	(351)
Total finance income and hibah	2,761	2,660

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

	ECONOMIC ENTITY/BANK	
	2023	2022
	RM'000	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

46. ISLAMIC BANKING BUSINESS (CONTD.)

(g) Income attributable to depositors and financial institutions

	ECONOMIC ENTITY/BANK	
	2023	2022
	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	
	2023	2022
	RM'000	RM'000
Administration and general expenses	1	6

(i) Taxation

	ECONOMIC ENTITY/BANK	
	2023	2022
	RM'000	RM'000
Income tax:		
Current year	662	638

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	
	2023	2022
	RM'000	RM'000
Profit before taxation	2,760	2,657
Taxation at Malaysian statutory tax rate of 24% (2022: 24%)	662	638
Tax expense for the year	662	638

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46. ISLAMIC BANKING BUSINESS (CONTD.)

(j) 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
2023								
Assets								
Cash and short-term funds	11,561	-	-	-	-	-	18	11,579
Financial investments at fair value through other comprehensive income	-	-	-	-	10,079	61,600	-	71,679
Total financial assets	11,561	-	-	-	10,079	61,600	18	83,258
Liabilities								
Other financial liabilities	-	-	-	-	-	-	4,741	4,741
Total financial liabilities	-	-	-	-	-	-	4,741	4,741
On-balance sheet profit sensitivity gap	11,561	-	-	-	10,079	61,600	(4,723)	78,517

46. ISLAMIC BANKING BUSINESS (CONTD.)

(j) 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
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

46. ISLAMIC BANKING BUSINESS (CONTD.)

(k) 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	
	2023	2022
With and without transitional arrangements:		
Before deducting proposed dividends		
CET I capital ratio	989.243%	819.012%
Tier I capital ratio	989.243%	819.012%
Total capital ratio	989.243%	819.012%
After deducting proposed dividends		
CET I capital ratio	989.243%	819.012%
Tier I capital ratio	989.243%	819.012%
Total capital ratio	989.243%	819.012%

(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	
	2023 RM'000	2022 RM'000
CET I Capital		
Funds allocated from Head Office	56,000	56,000
Retained profits	21,622	19,524
FVOCI reserves	(914)	(1,577)
	76,708	73,947
Less: Regulatory adjustments		
- Deferred tax assets	(289)	(498)
Total CET I Capital/Total Tier I Capital	76,419	73,449
Tier II Capital/Total Capital Base	76,419	73,449

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

	ECONOMIC ENTITY/BANK	
	2023 RM'000	2022 RM'000
Credit risk	2,312	1,746
Operational risk	5,413	7,222
Total RWA and capital requirements	7,725	8,968