

ALLIANCE BANK MALAYSIA BERHAD
198201008390 (88103-W)

(Incorporated in Malaysia)

Condensed Interim Financial Statements
Unaudited Statements of Financial Position as at 30 June 2023

	Note	GROUP		BANK	
		30 June 2023	31 March 2023	30 June 2023	31 March 2023
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds		2,669,466	3,570,656	1,702,593	2,425,584
Deposits and placements with banks and other financial institutions		-	88,553	-	88,553
Financial assets at fair value through profit or loss	A11	397,403	265,198	397,403	265,198
Financial investments at fair value through other comprehensive income	A12	9,741,351	8,484,398	7,733,571	6,182,516
Financial investments at amortised cost	A13	3,524,592	3,398,514	3,283,269	3,136,889
Derivative financial assets	B9	379,898	221,141	379,898	223,637
Loans, advances and financing	A14	48,614,274	47,926,003	36,631,640	35,790,763
Other assets	A15	720,323	548,647	749,940	689,276
Tax recoverable		41,739	20,712	16,001	1,574
Statutory deposits		999,967	979,601	752,467	728,111
Investments in subsidiaries		-	-	646,656	883,013
Investment in joint venture		1,106	1,094	-	-
Right-of-use assets		108,976	108,980	108,976	108,980
Property, plant and equipment		59,879	57,653	59,613	57,344
Deferred tax assets		177,093	198,920	123,457	141,327
Intangible assets		448,032	440,438	446,041	338,321
TOTAL ASSETS		67,884,099	66,310,508	53,031,525	51,061,086
LIABILITIES AND EQUITY					
Deposits from customers	A16	51,793,996	50,849,030	38,355,483	36,896,353
Deposits and placements of banks and other financial institutions	A17	1,661,774	1,719,284	1,486,743	1,536,202
Financial liabilities designated at fair value through profit or loss	A18	1,694,650	1,785,157	1,694,650	1,785,157
Obligations on securities sold under repurchase agreements		583,866	675,640	583,866	675,640
Derivative financial liabilities	B9	475,065	366,140	475,065	366,165
Recourse obligations on loans and financing sold to Cagamas		1,026,273	321,484	724,738	221,352
Lease liabilities		112,971	113,251	112,971	113,251
Other liabilities	A19	2,218,299	2,161,441	2,104,704	2,011,672
Provision for zakat		869	930	-	-
Subordinated obligations		1,561,027	1,571,502	1,459,299	1,471,252
TOTAL LIABILITIES		61,128,790	59,563,859	46,997,519	45,077,044
Share capital		1,548,106	1,548,106	1,548,106	1,548,106
Reserves		5,207,203	5,198,543	4,485,900	4,435,936
TOTAL EQUITY		6,755,309	6,746,649	6,034,006	5,984,042
TOTAL LIABILITIES AND EQUITY		67,884,099	66,310,508	53,031,525	51,061,086
COMMITMENTS AND CONTINGENCIES	A27	52,854,009	46,224,471	49,281,415	43,325,562
Net assets per share attributable to equity holders of the Bank (RM)*		4.36	4.36	3.90	3.87

* The net assets per share attributable to Equity holders of the Bank is computed as total capital and reserves attributable to the equity holders of the Bank divided by total number of ordinary shares in circulation.

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 March 2023.

ALLIANCE BANK MALAYSIA BERHAD

198201008390 (88103-W)

(Incorporated in Malaysia)

**Condensed Interim Financial Statements
Unaudited Consolidated Statements of Income
for the Financial Period Ended 30 June 2023**

	Note	1st Quarter Ended		Three Months Ended	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022
GROUP		RM'000	RM'000	RM'000	RM'000
Interest income	A20	568,271	438,549	568,271	438,549
Interest expense	A21	(263,255)	(148,175)	(263,255)	(148,175)
Net interest income		305,016	290,374	305,016	290,374
Net income from Islamic banking business	A22	100,345	106,433	100,345	106,433
		405,361	396,807	405,361	396,807
Fee and commission income	A23	59,531	57,718	59,531	57,718
Fee and commission expense	A23	(24,920)	(24,251)	(24,920)	(24,251)
Investment income	A23	34,690	30,770	34,690	30,770
Other (expense)/income	A23	(8,399)	13,029	(8,399)	13,029
Other operating income	A23	60,902	77,266	60,902	77,266
Net income		466,263	474,073	466,263	474,073
Other operating expenses	A24	(230,082)	(210,561)	(230,082)	(210,561)
Operating profit before allowances		236,181	263,512	236,181	263,512
(Allowance for)/write-back of expected credit losses on loans, advances and financing and other financial assets	A25	(34,698)	17,281	(34,698)	17,281
(Allowance for)/write-back of expected credit losses on financial investments	A26	(150)	64	(150)	64
Operating profit after allowances		201,333	280,857	201,333	280,857
Share of results of joint venture		13	15	13	15
Profit before taxation		201,346	280,872	201,346	280,872
Taxation and zakat	B6	(50,806)	(68,716)	(50,806)	(68,716)
Net profit for the financial period		150,540	212,156	150,540	212,156
Net profit for the financial period attributable to equity holders of the Bank		150,540	212,156	150,540	212,156
Earnings per share attributable to equity holders of the Bank:					
- Basic (sen)	B12(a)	9.7	13.7	9.7	13.7
- Diluted (sen)	B12(b)	9.7	13.7	9.7	13.7

ALLIANCE BANK MALAYSIA BERHAD**198201008390 (88103-W)**

(Incorporated in Malaysia)

Condensed Interim Financial Statements**Unaudited Consolidated Statements of Comprehensive Income****for the Financial Period Ended 30 June 2023**

	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
<u>GROUP</u>	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	150,540	212,156	150,540	212,156
Other comprehensive income/(expense):				
Items that may be reclassified subsequently to profit or loss:				
Revaluation reserve on financial investments at fair value through other comprehensive income ("FVOCI")	12,931	(145,836)	12,931	(145,836)
- Net gain/(loss) from change in fair value	16,679	(191,775)	16,679	(191,775)
- Realised gain transferred to statements of income on disposal	(15)	(31)	(15)	(31)
- Transfer (to)/from deferred tax	(3,999)	46,033	(3,999)	46,033
- Changes in expected credit losses	266	(63)	266	(63)
Net change in cash flow hedges	-	134	-	134
- Changes in cash flow hedges	-	176	-	176
- Transfer to deferred tax	-	(42)	-	(42)
Other comprehensive income/(expense), net of tax	12,931	(145,702)	12,931	(145,702)
Total comprehensive income for the financial period	163,471	66,454	163,471	66,454
Total comprehensive income for the financial period attributable to equity holders of the Bank	163,471	66,454	163,471	66,454

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 March 2023.

ALLIANCE BANK MALAYSIA BERHAD

198201008390 (88103-W)

(Incorporated in Malaysia)

**Condensed Interim Financial Statements
Unaudited Statements of Income
for the Financial Period Ended 30 June 2023**

	Note	1st Quarter Ended		Three Months Ended	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022
BANK		RM'000	RM'000	RM'000	RM'000
Interest income	A20	566,398	430,289	566,398	430,289
Interest expense	A21	(263,414)	(146,090)	(263,414)	(146,090)
Net interest income		302,984	284,199	302,984	284,199
Fee and commission income	A23	59,486	52,717	59,486	52,717
Fee and commission expense	A23	(24,920)	(22,466)	(24,920)	(22,466)
Investment income	A23	70,872	68,147	70,872	68,147
Other (expense)/income	A23	(3,663)	13,204	(3,663)	13,204
Other operating income	A23	101,775	111,602	101,775	111,602
Net income		404,759	395,801	404,759	395,801
Other operating expenses	A24	(185,684)	(163,557)	(185,684)	(163,557)
Operating profit before allowances (Allowance for)/write-back of expected credit losses on loans, advances and financing and other financial assets	A25	(17,441)	24,463	(17,441)	24,463
Allowance for expected credit losses on financial investments	A26	(145)	(272)	(145)	(272)
Profit before taxation		201,489	256,435	201,489	256,435
Taxation	B6	(39,797)	(53,365)	(39,797)	(53,365)
Net profit for the financial period		161,692	203,070	161,692	203,070
Net profit for the financial period attributable to equity holders of the Bank		161,692	203,070	161,692	203,070
Earnings per share attributable to equity holders of the Bank:					
- Basic (sen)	B12(a)	10.4	13.1	10.4	13.1
- Diluted (sen)	B12(b)	10.4	13.1	10.4	13.1

ALLIANCE BANK MALAYSIA BERHAD**198201008390 (88103-W)**

(Incorporated in Malaysia)

**Condensed Interim Financial Statements
Unaudited Statements of Comprehensive Income
for the Financial Period Ended 30 June 2023**

	1st Quarter Ended		Three Months Ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
BANK	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	161,692	203,070	161,692	203,070
Other comprehensive income/(expense):				
Items that may be reclassified subsequently to profit or loss:				
Revaluation reserve on financial investments at FVOCI	11,192	(109,967)	11,192	(109,967)
- Net gain/(loss) from change in fair value	14,115	(144,607)	14,115	(144,607)
- Realised gain transferred to statements of income on disposal	(15)	(31)	(15)	(31)
- Transfer (to)/from deferred tax	(3,171)	34,713	(3,171)	34,713
- Changes in expected credit losses	263	(42)	263	(42)
Net change in cash flow hedges	-	134	-	134
- Changes in cash flow hedges	-	176	-	176
- Transfer to deferred tax	-	(42)	-	(42)
Other comprehensive income/(expense), net of tax	11,192	(109,833)	11,192	(109,833)
Total comprehensive income for the financial period	172,884	93,237	172,884	93,237
Total comprehensive income for the financial period attributable to equity holders of the Bank	172,884	93,237	172,884	93,237

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 March 2023.

Condensed Interim Financial Statements
Unaudited Consolidated Statements of Changes in Equity for the Financial Period Ended 30 June 2023

	← Attributable to equity holders of the Bank →						Total equity
	Share capital	Regulatory reserves	Capital reserves	FVOCI reserves	Hedging reserves	Retained profits	
GROUP	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2023	1,548,106	257,241	100,150	(148,673)	-	4,989,825	6,746,649
Net profit for the financial year	-	-	-	-	-	150,540	150,540
Other comprehensive income	-	-	-	12,931	-	-	12,931
Total comprehensive income for the financial period	-	-	-	12,931	-	150,540	163,471
Transfer to regulatory reserves	-	40,033	-	-	-	(40,033)	-
Effect of return of capital from subsidiary	-	-	(90,132)	-	-	90,132	-
Dividends paid to shareholders	-	-	-	-	-	(154,811)	(154,811)
At 30 June 2023	1,548,106	297,274	10,018	(135,742)	-	5,035,653	6,755,309
At 1 April 2022	1,548,106	47,686	100,150	(144,227)	(253)	4,865,214	6,416,676
Net profit for the financial year	-	-	-	-	-	212,156	212,156
Other comprehensive (expense)/income	-	-	-	(145,836)	134	-	(145,702)
Total comprehensive (expense)/income for the financial period	-	-	-	(145,836)	134	212,156	66,454
Dividends paid to shareholders	-	-	-	-	-	(157,907)	(157,907)
At 30 June 2022	1,548,106	47,686	100,150	(290,063)	(119)	4,919,463	6,325,223

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 March 2023.

ALLIANCE BANK MALAYSIA BERHAD

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(Incorporated in Malaysia)

Condensed Interim Financial Statements

Unaudited Statements of Changes in Equity for the Financial Period Ended 30 June 2023 (Contd.)

	← Non-Distributable reserves →					Distributable reserves	Total equity
	Share capital	Regulatory reserves	Capital reserves	FVOCI reserves	Hedging reserves	Retained profits	
<u>BANK</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2023	1,548,106	231,857	15,515	(135,652)	-	4,324,216	5,984,042
Net profit for the financial year	-	-	-	-	-	161,692	161,692
Other comprehensive income	-	-	-	11,192	-	-	11,192
Total comprehensive income for the financial period	-	-	-	11,192	-	161,692	172,884
Transfer to regulatory reserves	-	19,348	-	-	-	(19,348)	-
Effect of business transfer from subsidiary	-	6,045	-	(831)	-	26,677	31,891
Effect of return of capital from subsidiary	-	-	(15,515)	-	-	15,515	-
Dividends paid to shareholders	-	-	-	-	-	(154,811)	(154,811)
At 30 June 2023	1,548,106	257,250	-	(125,291)	-	4,353,941	6,034,006
At 1 April 2022	1,548,106	41,641	15,515	(138,088)	(253)	4,270,419	5,737,340
Net profit for the financial year	-	-	-	-	-	203,070	203,070
Other comprehensive (expense)/income	-	-	-	(109,967)	134	-	(109,833)
Total comprehensive (expense)/income for the financial period	-	-	-	(109,967)	134	203,070	93,237
Dividends paid to shareholders	-	-	-	-	-	(157,907)	(157,907)
At 30 June 2022	1,548,106	41,641	15,515	(248,055)	(119)	4,315,582	5,672,670

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 March 2023.

Condensed Interim Financial Statements

Unaudited Condensed Statements of Cash Flows for the Financial Period Ended 30 June 2023

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Cash flows from operating activities				
Profit before taxation	201,346	280,872	201,489	256,435
Adjustments for:				
Accretion of discount less amortisation of premium of financial investments	(9,440)	(1,174)	(9,440)	(1,488)
Allowance for expected credit losses on loans, advances and financing	28,601	(12,818)	18,200	(17,686)
Allowance for/(write-back of) expected credit losses on commitments and contingencies	5,794	(735)	1,841	(2,204)
Allowance for/(write-back of) expected credit losses on financial investments	150	(64)	145	272
(Write-back of)/allowance for expected credit losses on other receivables	(444)	724	(222)	446
Write-back of expected credit losses on deposits and placements with banks	-	(8)	-	(8)
Amortisation of computer software	12,133	11,541	12,001	11,265
Depreciation of property, plant and equipment	5,330	5,012	5,281	4,926
Depreciation of right-of-use assets	6,860	6,439	6,860	6,419
Dividends from financial assets at fair value through profit or loss	(1,078)	(1,062)	(1,078)	(701)
Dividends from subsidiaries	-	-	(38,535)	(41,342)
Interest expense on lease liabilities	1,333	979	1,333	976
Interest expense on securities sold under repurchase agreement	3,897	-	3,897	-
Interest expense on subordinated obligations	15,035	15,350	15,061	15,398
Interest expense on recourse obligations on loans and financing sold to Cagamas	5,470	3,426	5,470	3,426
Interest income from financial investments at amortised cost	(28,401)	(17,768)	(29,843)	(19,315)
Interest income from financial investments at fair value through other comprehensive income	(68,078)	(68,741)	(68,078)	(63,781)
Gain on disposal of property, plant and equipment	-	15	-	15
Computer software written-off	-	1	-	1
Property, plant and equipment written-off	-	16	-	4
Net gain from sale of financial assets at fair value through profit or loss	(3,115)	(6,100)	(3,115)	(2,496)
Net gain from sale of financial investments at fair value through other comprehensive income	(15)	(31)	(15)	(31)
Net gain from sale of financial investments at amortised cost	-	(1,482)	-	(1,482)
Unrealised (gain)/loss arising from derivative instruments	(50,775)	65,316	(48,422)	65,316
Unrealised gain arising from financial assets at fair value through profit or loss	(595)	(464)	(595)	(464)
Net loss arising from hedging activities	-	176	-	176
Unrealised gain arising from financial liabilities designated at fair value through profit or loss	(8,619)	(59,461)	(8,619)	(59,461)
Share of results of joint venture	(13)	(15)	-	-
Zakat	-	(77)	-	-
Cash flows from operating activities before working capital changes carried forward	115,376	219,867	63,616	154,616

Condensed Interim Financial Statements

Unaudited Condensed Statements of Cash Flows for the Financial Period Ended 30 June 2023 (Contd.)

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Cash flows from operating activities (contd.)				
Cash flows from operating activities before working capital changes brought forward	115,376	219,867	63,616	154,616
Changes in working capital:				
Amounts due to clients and brokers	-	1,604	-	-
Deposits from customers	944,966	465,057	1,459,130	265,108
Deposits and placements of banks and other financial institutions	(57,510)	44,560	(49,459)	107,608
Deposits and placements with banks and other financial institutions	88,553	124,119	88,553	124,119
Financial assets at fair value through profit or loss	(127,149)	229,444	(127,149)	222,521
Financial liabilities designated at fair value through profit or loss	(81,888)	668,802	(81,888)	668,802
Loans, advances and financing	(716,872)	22,227	(859,077)	(147,066)
Other assets	(171,232)	(168,089)	(60,442)	(154,560)
Other liabilities	51,064	227,231	91,191	216,049
Obligations on securities sold under repurchase agreements	(91,926)	9,112	(91,926)	9,112
Statutory deposits	(20,366)	(1,663)	(24,356)	(662)
Cash generated (used in)/from operations	(66,984)	1,842,271	408,193	1,465,647
Tax expense and zakat paid	(54,070)	(70,227)	(39,525)	(54,536)
Net cash generated (used in)/from operating activities	<u>(121,054)</u>	<u>1,772,044</u>	<u>368,668</u>	<u>1,411,111</u>
Cash flows from investing activities				
Dividends from financial assets at fair value through profit or loss	1,078	1,062	1,078	701
Dividends from subsidiaries	-	-	38,535	41,342
Interest received from financial assets at fair value through profit or loss	(1,346)	880	(1,346)	880
Interest received from financial investments at fair value through other comprehensive income	67,590	83,883	65,143	78,547
Interest received from financial investments at amortised cost	22,854	18,522	26,303	18,467
Interest received for derivative instruments	943	5,173	1,061	4,521
Purchase of goodwill	-	-	(20,722)	-
Purchase of computer software	(19,727)	(7,262)	(19,996)	(7,115)
Purchase of property, plant and equipment	(7,556)	(8,569)	(7,550)	(8,525)
Proceeds from subsidiary capital repatriation	-	-	189,245	-
Proceeds from disposal of property, plant and equipment	-	155	-	155
Purchase of:				
- financial investments at fair value through other comprehensive income	(1,485,586)	(217,989)	(1,741,468)	(217,503)
- financial investments at amortised cost	(138,401)	(390,000)	(128,401)	(130,000)
Redemption/disposal of:				
- financial investments at fair value through other comprehensive income	240,922	520,317	202,581	219,876
- financial investments at amortised cost	32,308	415,159	-	152,556
Net cash (used in)/generated from investing activities	<u>(1,286,921)</u>	<u>421,331</u>	<u>(1,395,537)</u>	<u>153,902</u>

Condensed Interim Financial Statements

Unaudited Condensed Statements of Cash Flows for the Financial Period Ended 30 June 2023 (Contd.)

	GROUP		BANK	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities				
Dividends paid to shareholders of the company	(154,811)	(157,907)	(154,811)	(157,907)
Interest paid on obligation on securities sold under repurchase agreement	(3,745)	-	(3,745)	-
Interest paid on subordinated obligations	(25,510)	(26,091)	(27,014)	(27,574)
Interest paid on recourse obligations on loans and financing sold to Cagamas	(692)	(3,716)	(2,092)	(3,422)
Repayment from recourse obligations on loans and financing sold to Cagamas	700,011	(250,026)	500,008	-
Repayment of lease liabilities	(8,468)	(8,069)	(8,468)	(8,048)
Proceeds from issuance of subordinated notes	-	150,000	-	150,000
Net cash generating from/(used in) financing activities	<u>506,785</u>	<u>(295,809)</u>	<u>303,878</u>	<u>(46,951)</u>
Net change in cash and cash equivalents	(901,190)	1,897,566	(722,991)	1,518,062
Cash and cash equivalents at beginning of financial period	3,570,656	3,228,574	2,425,584	1,805,402
Cash and cash equivalents at end of financial period	<u>2,669,466</u>	<u>5,126,140</u>	<u>1,702,593</u>	<u>3,323,464</u>
Cash and cash equivalents comprise the following:				
Cash and short-term funds	<u>2,669,466</u>	<u>5,126,140</u>	<u>1,702,593</u>	<u>3,323,464</u>

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 March 2023.

Explanatory Notes

PART A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Guidelines on Financial Reporting Issued by Bank Negara Malaysia ("BNM")

A1 Basis of Preparation

The unaudited condensed interim financial statements for the financial period ended 30 June 2023 have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, financial investment at fair value through other comprehensive income, derivative financial instruments and financial liabilities designated at fair value through profit or loss that are measured at fair value.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB"), Chapter 9.22 of Bursa Malaysia Securities Berhad's Listing Requirements and should be read in conjunction with the audited annual financial statements of the Group and the Bank for the financial year ended 31 March 2023. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and Bank since the financial year ended 31 March 2023.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 March 2023 and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 April 2023:

- Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108 "Disclosure of Accounting Policies" and "Definition of Accounting Estimates"
- Amendments to MFRS 112 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The adoption of the above standards, amendments to published standards and interpretations to existing standards did not give rise to any significant impact on the financial statements of the Group and the Bank.

The preparation of unaudited condensed interim financial statements in conformity with the Malaysian Financial Reporting Standards 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 unaudited condensed interim financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's and the Bank's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

A2 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2023 was not qualified.

A3 Seasonality or Cyclicity of Operations

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical fluctuations during the financial period ended 30 June 2023.

A4 Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank during the financial period ended 30 June 2023.

A5 Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect during the financial period ended 30 June 2023.

A6 Issuance and Repayment of Debt and Equity Securities

There were no issuance nor repayment of debt and equity securities in the current financial period.

A7 Dividend Paid

A single tier second interim dividend of 10.00 sen per share, on 1,548,105,929 ordinary shares amounting to approximately RM154,811,000 in respect of financial year ended 31 March 2023, was paid on 28 June 2023.

A8 Significant Events

- (a) The Bank had on 2 March 2023 entered into an assets transfer agreement ("business transfer") with Alliance Investment Bank Berhad ("AIBB"), a wholly-owned subsidiary of the Bank to transfer the remaining assets and liabilities of AIBB (excluding certain excluded assets and liabilities) to the Bank. On 1 April 2023, the remaining assets and liabilities in AIBB were transferred to the Bank for a consideration based on an amount equal to the net asset value of the total assets and total liabilities.
- (b) The Bank and its wholly-owned subsidiaries namely, Alliance Investment Bank Berhad, Alliance Direct Marketing Sdn. Bhd., AllianceGroup Nominees (Tempatan) Sdn. Bhd. and AllianceGroup Nominees (Asing) Sdn. Bhd. had on 1 June 2023 completed the disposal of the entire 100% equity shareholding in Alliance Trustee Berhad to Areca Capital Sdn. Bhd. and its related corporations, namely Areca Capital International Limited, Areca Private Equity Sdn. Bhd., Areca Frontier Sdn. Bhd. and Areca Eco Sdn. Bhd.
- (c) The Bank had on 28 June 2023 subscribed for 25,890,575 ordinary shares at an issue price of RM1.4484 per share amounting to RM37,500,000 via right issue to its wholly owned subsidiary Alliance Islamic Bank Berhad.

A9 Material Events Subsequent to the End of the Financial Reporting Period

There were no material events subsequent to financial period ended 30 June 2023.

A10 Related Party Transactions

All related party transactions within the Group and the Bank have been entered into in the normal course of business.

A11 Financial Assets at Fair Value Through Profit or Loss ("FVTPL")

	GROUP		BANK	
	30 June 2023 RM'000	31 March 2023 RM'000	30 June 2023 RM'000	31 March 2023 RM'000
At fair value				
<u>Money market instruments:</u>				
Malaysian Government securities	10,819	-	10,819	-
Malaysian Government investment issues	126,517	5,177	126,517	5,177
	137,336	5,177	137,336	5,177
<u>Unquoted securities:</u>				
Shares	257,206	257,206	257,206	257,206
Corporate bonds and sukuk	2,861	2,815	2,861	2,815
	260,067	260,021	260,067	260,021
Total financial assets at FVTPL	397,403	265,198	397,403	265,198

A12 Financial Investments at Fair Value Through Other Comprehensive Income

	GROUP		BANK	
	30 June 2023 RM'000	31 March 2023 RM'000	30 June 2023 RM'000	31 March 2023 RM'000
At fair value - debt instruments				
<u>Money market instruments:</u>				
Malaysian Government securities	2,339,149	2,229,181	2,339,149	2,076,584
Malaysian Government investment issues	2,165,466	2,037,058	1,648,864	1,400,081
Negotiable instruments of deposits	398,428	-	200,004	-
Commercial papers	-	19,935	-	19,935
	4,903,043	4,286,174	4,188,017	3,496,600
<u>Quoted securities:</u>				
Shares	15	14	15	14
<u>Unquoted securities:</u>				
Corporate bonds and sukuk	4,838,293	4,198,210	3,545,539	2,685,902
Total financial investments at FVOCI	9,741,351	8,484,398	7,733,571	6,182,516

Movements in allowance for expected credit losses are as follows:

	12-Month ECL (Stage 1) RM'000	Lifetime ECL not-credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
GROUP				
At 1 April 2023	598	-	-	598
New financial investments originated or purchased	283	-	-	283
Financial investments derecognised other than write-off	(2)	-	-	(2)
Changes due to change in credit risk	(15)	-	-	(15)
Total charge to income statement	266	-	-	266
At 30 June 2023	864	-	-	864
At 1 April 2022	642	281	-	923
Transfer to Stage 1	19	(261)	-	(242)
New financial investments originated or purchased	134	-	-	134
Financial investments derecognised other than write-off	(14)	-	-	(14)
Changes due to change in credit risk	(183)	(20)	-	(203)
Total write-back from income statement	(44)	(281)	-	(325)
At 31 March 2023	598	-	-	598

A12 Financial Investments at Fair Value Through Other Comprehensive Income (Contd.)

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

	12-Month ECL (Stage 1) RM'000	Lifetime ECL not-credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
<u>BANK</u>				
At 1 April 2023	407	-	-	407
Effect of business transfer	54	-	-	54
New financial investments originated or purchased	277	-	-	277
Financial investments derecognised other than write-off	(1)	-	-	(1)
Changes due to change in credit risk	(13)	-	-	(13)
Total charge to income statement	263	-	-	263
At 30 June 2023	724	-	-	724
At 1 April 2022	451	121	-	572
Transfer to Stage 1	8	(111)	-	(103)
New financial investments originated or purchased	95	-	-	95
Financial investments derecognised other than write-off	(10)	-	-	(10)
Changes due to change in credit risk	(137)	(10)	-	(147)
Total write-back from income statement	(44)	(121)	-	(165)
At 31 March 2023	407	-	-	407

Note:

- (a) The transfers between stages are inclusive of net remeasurement of allowances.
(b) There were no credit impaired exposures of financial investments at FVOCI.

A13 Financial Investments at Amortised Cost

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2023 RM'000	31 March 2023 RM'000	30 June 2023 RM'000	31 March 2023 RM'000
At amortised cost				
<u>Money market instruments:</u>				
Malaysian Government securities	679,830	639,267	679,830	639,267
Malaysian Government investment issues	2,251,506	2,225,049	1,830,935	1,784,802
Negotiable instruments of deposits	-	-	205,463	203,374
Commercial papers	24,863	24,626	24,863	24,626
	2,956,199	2,888,942	2,741,091	2,652,069
<u>Unquoted securities:</u>				
Corporate bonds and sukuk	568,973	510,268	543,385	485,922
Allowance for expected credit losses	(580)	(696)	(1,207)	(1,102)
	568,393	509,572	542,178	484,820
Total financial investments at amortised cost	3,524,592	3,398,514	3,283,269	3,136,889

A13 Financial Investments at Amortised Cost (Contd.)

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

	12-Month ECL (Stage 1) RM'000	Lifetime ECL not-credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
GROUP				
At 1 April 2023	47	-	649	696
New financial investments originated or purchased	-	-	88	88
Financial investments derecognised other than write-off	-	-	(127)	(127)
Changes due to change in credit risk	(1)	-	(76)	(77)
Total write-back from income statement	(1)	-	(115)	(116)
At 30 June 2023	46	-	534	580
At 1 April 2022	1	-	830	831
New financial investments originated or purchased	636	-	-	636
Financial investments derecognised other than write-off	(1)	-	-	(1)
Changes due to change in credit risk	(589)	-	(181)	(770)
Total charge to/(write-back from) income statement	46	-	(181)	(135)
At 31 March 2023	47	-	649	696
BANK				
At 1 April 2023	676	-	426	1,102
Effect of business transfer	-	-	223	223
New financial investments originated or purchased	-	-	88	88
Financial investments derecognised other than write-off	-	-	(127)	(127)
Changes due to change in credit risk	(3)	-	(76)	(79)
Total write-back from income statement	(3)	-	(115)	(118)
At 30 June 2023	673	-	534	1,207
At 1 April 2022	326	-	556	882
New financial investments originated or purchased	868	-	-	868
Financial investments derecognised other than write-off	(327)	-	-	(327)
Changes due to change in credit risk	(191)	-	(130)	(321)
Total charge to/(write-back from) income statement	350	-	(130)	220
At 31 March 2023	676	-	426	1,102

Note:

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

A13 Financial Investments at Amortised Cost (Contd.)

(b) The Group's and the Bank's movement on gross exposure of financial investments at amortised cost that are credit impaired are as follows:

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2023 RM'000	31 March 2023 RM'000	30 June 2023 RM'000	31 March 2023 RM'000
At 1 April	649	846	426	556
Effect of business transfer	-	-	223	-
Write-back during the financial period	(115)	(197)	(115)	(130)
At 31 March	<u>534</u>	<u>649</u>	<u>534</u>	<u>426</u>

A14 Loans, Advances and Financing

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2023 RM'000	31 March 2023 RM'000	30 June 2023 RM'000	31 March 2023 RM'000
At amortised cost				
Overdrafts	2,880,664	3,153,486	1,703,156	1,864,344
Term loans/financing				
- Housing loans/financing	14,872,234	14,609,486	11,419,436	11,173,594
- Syndicated term loans/financing	484,316	350,000	484,316	350,000
- Hire purchase receivables	389,498	443,256	315,887	367,336
- Other term loans/financing	23,104,440	22,413,373	16,748,525	16,135,251
Bills receivables	477,369	499,143	465,316	482,096
Trust receipts	236,906	260,996	197,207	207,617
Claims on customers under acceptance credits	3,306,679	3,625,667	2,487,754	2,658,268
Staff loans/financing (Loan to Directors: RM Nil)	13,583	14,296	2,585	2,674
Credit/charge card receivables	574,730	551,399	574,730	551,399
Revolving credits	1,754,412	1,659,565	1,309,329	1,241,240
Share margin financing	1,655,115	1,486,840	1,655,115	1,486,840
Gross loans, advances and financing	<u>49,749,946</u>	<u>49,067,507</u>	<u>37,363,356</u>	<u>36,520,659</u>
Add: Sales commissions and handling fees	134,879	125,970	126,940	119,732
Less: Allowance for expected credit losses on loans, advances and financing	<u>(1,270,551)</u>	<u>(1,267,474)</u>	<u>(858,656)</u>	<u>(849,628)</u>
Total net loans, advances and financing	<u>48,614,274</u>	<u>47,926,003</u>	<u>36,631,640</u>	<u>35,790,763</u>

A14a By maturity structure:

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2023 RM'000	31 March 2023 RM'000	30 June 2023 RM'000	31 March 2023 RM'000
Within one year	11,230,440	11,550,557	8,697,977	8,711,167
One year to three years	2,057,465	1,839,195	1,702,640	1,478,327
Three years to five years	3,984,345	3,794,827	3,021,680	2,796,798
Over five years	32,477,696	31,882,928	23,941,059	23,534,367
Gross loans, advances and financing	<u>49,749,946</u>	<u>49,067,507</u>	<u>37,363,356</u>	<u>36,520,659</u>

A14 Loans, Advances and Financing (Contd.)

A14b By type of customers:

	GROUP		BANK	
	30 June 2023 RM'000	31 March 2023 RM'000	30 June 2023 RM'000	31 March 2023 RM'000
Domestic banking institutions	1,703	14	1,703	14
Domestic non-bank financial institutions	840,678	803,415	695,559	684,893
Domestic business enterprises				
- Small and medium enterprises	17,104,011	17,161,865	12,553,524	12,631,805
- Others	7,103,470	6,935,303	5,809,443	5,467,748
Government and statutory bodies	52,986	57,413	52,985	57,413
Individuals	24,011,375	23,489,829	17,700,859	17,141,960
Other domestic entities	13,340	13,371	2,798	2,568
Foreign entities	622,383	606,297	546,485	534,258
Gross loans, advances and financing	49,749,946	49,067,507	37,363,356	36,520,659

A14c By interest/profit rate sensitivity:

	GROUP		BANK	
	30 June 2023 RM'000	31 March 2023 RM'000	30 June 2023 RM'000	31 March 2023 RM'000
Fixed rate				
- Housing loans/financing	19,066	19,894	3,589	3,850
- Hire purchase receivables	386,282	439,355	312,670	363,435
- Other fixed rate loans/financing	8,012,546	8,266,809	5,596,043	5,656,836
Variable rate				
- Base lending rate plus	24,324,259	24,497,037	18,814,184	18,991,124
- Base rate plus	11,853,431	11,174,509	8,373,578	7,730,271
- Cost plus	5,154,362	4,669,903	4,263,292	3,775,143
Gross loans, advances and financing	49,749,946	49,067,507	37,363,356	36,520,659

A14d By economic purposes:

	GROUP		BANK	
	30 June 2023 RM'000	31 March 2023 RM'000	30 June 2023 RM'000	31 March 2023 RM'000
Purchase of securities	1,778,584	1,613,192	1,778,584	1,613,192
Purchase of transport vehicles	277,342	296,349	192,426	208,321
Purchase of landed property	24,194,868	23,763,899	18,650,261	18,329,293
of which: - Residential	15,523,528	15,278,815	12,018,581	11,789,395
- Non-residential	8,671,340	8,485,084	6,631,680	6,539,898
Purchase of fixed assets excluding land & buildings	321,378	357,304	255,174	292,587
Personal use	6,113,808	6,021,184	3,232,649	3,097,090
Credit card	574,730	551,399	574,730	551,399
Construction	1,176,436	1,116,977	983,490	950,416
Working capital	11,371,177	11,696,040	8,655,194	8,787,061
Others	3,941,623	3,651,163	3,040,848	2,691,300
Gross loans, advances and financing	49,749,946	49,067,507	37,363,356	36,520,659

A14 Loans, Advances and Financing (Contd.)

A14e By economic sectors:

	<u>GROUP</u>		<u>BANK</u>	
	30 June	31 March	30 June	31 March
	2023	2023	2023	2023
	RM'000	RM'000	RM'000	RM'000
Primary agriculture	1,136,417	1,176,855	723,248	752,668
Mining and quarrying	279,848	288,773	258,798	265,401
Manufacturing	4,696,969	4,893,124	3,448,364	3,554,490
Electricity, gas and water	93,567	91,415	84,160	78,699
Construction	1,878,743	1,890,776	1,465,845	1,411,008
Wholesale, retail trade, restaurants and hotels	8,844,879	8,869,244	6,622,691	6,655,675
Transport, storage and communication	877,357	851,868	679,778	641,696
Financing, insurance, real estate and business services	6,765,188	6,400,336	5,408,145	5,088,981
Community, social and personal services	542,243	508,307	424,307	395,140
Household	24,633,758	24,096,125	18,247,344	17,676,217
Others	977	684	676	684
Gross loans, advances and financing	49,749,946	49,067,507	37,363,356	36,520,659

A14f By geographical distribution:

	<u>GROUP</u>		<u>BANK</u>	
	30 June	31 March	30 June	31 March
	2023	2023	2023	2023
	RM'000	RM'000	RM'000	RM'000
Northern region	3,898,532	3,924,088	2,469,580	2,457,661
Central region	35,734,380	35,001,737	27,451,460	26,674,930
Southern region	5,526,104	5,529,522	4,202,436	4,185,073
Sabah region	3,340,926	3,344,047	2,257,130	2,251,279
Sarawak region	1,250,004	1,268,113	982,750	951,716
Gross loans, advances and financing	49,749,946	49,067,507	37,363,356	36,520,659

A14g Movements in credit impaired loans, advances and financing ("impaired loans") in Stage 3:

	<u>GROUP</u>		<u>BANK</u>	
	30 June	31 March	30 June	31 March
	2023	2023	2023	2023
	RM'000	RM'000	RM'000	RM'000
At beginning of financial year	1,232,773	853,266	879,717	574,757
Impaired during the financial period/year	339,038	1,289,124	211,960	875,777
Recovered during the financial period/year	(29,244)	(75,156)	(22,717)	(53,987)
Reclassified as unimpaired during the financial period/year	(164,618)	(532,102)	(99,534)	(345,465)
Financial assets derecognised other than write-off during the financial period/year	(15,483)	(97,179)	(9,920)	(70,122)
Amount written-off	(55,946)	(205,180)	(29,584)	(101,243)
At end of financial period	1,306,520	1,232,773	929,922	879,717
Gross impaired loans ratio	2.63%	2.51%	2.49%	2.41%
Net impaired loans ratio	1.43%	1.36%	1.26%	1.22%

A14 Loans, Advances and Financing (Contd.)

A14h Credit impaired loans analysed by economic purposes:

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2023 RM'000	31 March 2023 RM'000	30 June 2023 RM'000	31 March 2023 RM'000
Purchase of securities	522	512	522	512
Purchase of transport vehicles	18,213	16,939	15,831	14,408
Purchase of landed property	562,847	531,033	380,021	365,362
of which: - Residential	445,389	420,074	283,305	273,577
- Non-residential	117,458	110,959	96,716	91,785
Purchase of fixed assets excluding land & buildings	11,760	7,504	11,072	6,815
Personal use	286,192	271,710	138,700	128,180
Credit card	8,732	8,343	8,732	8,343
Construction	15,006	14,617	15,006	14,617
Working capital	312,925	302,733	276,866	267,507
Others	90,323	79,382	83,172	73,973
Gross impaired loans	1,306,520	1,232,773	929,922	879,717

A14i Credit impaired loans analysed by economic sectors:

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2023 RM'000	31 March 2023 RM'000	30 June 2023 RM'000	31 March 2023 RM'000
Primary agriculture	1,695	1,253	10	10
Mining and quarrying	1,653	1,690	1,653	1,690
Manufacturing	115,486	109,719	103,607	100,143
Electricity, gas and water	91	-	91	-
Construction	155,176	154,119	142,065	140,891
Wholesale, retail trade, restaurants and hotels	171,622	150,988	141,565	122,543
Transport, storage and communication	6,188	5,749	5,099	4,610
Financing, insurance, real estate and business services	84,162	79,605	83,093	78,776
Community, social and personal services	5,716	5,644	1,100	1,052
Household	764,731	724,006	451,639	430,002
Gross impaired loans	1,306,520	1,232,773	929,922	879,717

A14j Credit impaired loans by geographical distribution:

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2023 RM'000	31 March 2023 RM'000	30 June 2023 RM'000	31 March 2023 RM'000
Northern region	101,253	94,117	64,305	59,742
Central region	972,724	913,411	705,192	663,572
Southern region	172,904	172,504	124,351	121,736
Sabah region	50,447	45,698	28,043	28,216
Sarawak region	9,192	7,043	8,031	6,451
Gross impaired loans	1,306,520	1,232,773	929,922	879,717

A14 Loans, Advances and Financing (Contd.)

A14k Movements in the allowance for expected credit losses on loans, advances and financing are as follows:

	12-Month ECL (Stage 1) RM'000	Lifetime ECL not-credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
GROUP				
At 1 April 2023	171,832	523,852	571,790	1,267,474
Transfer to Stage 1	25,619	(64,865)	(13)	(39,259)
Transfer to Stage 2	(35,970)	133,095	(38,085)	59,040
Transfer to Stage 3	(773)	(75,751)	88,361	11,837
New financial assets originated or purchased	22,039	27,590	1,502	51,131
Financial assets derecognised other than write-off	(8,655)	(42,782)	(4,424)	(55,861)
Changes due to change in credit risk	(14,025)	7,462	8,222	1,659
Other adjustment	12	42	-	54
	(11,753)	(15,209)	55,563	28,601
Unwinding of discount	-	-	14,923	14,923
Total (write-back from)/charge to income statement	(11,753)	(15,209)	70,486	43,524
Write-off	-	(294)	(40,153)	(40,447)
At 30 June 2023	160,079	508,349	602,123	1,270,551
At 1 April 2022	270,674	557,650	331,518	1,159,842
Transfer to Stage 1	174,114	(305,106)	(19,728)	(150,720)
Transfer to Stage 2	(201,111)	498,496	(120,772)	176,613
Transfer to Stage 3	(1,896)	(366,161)	425,096	57,039
New financial assets originated or purchased	75,545	179,430	9,938	264,913
Financial assets derecognised other than write-off	(52,387)	(196,042)	(17,372)	(265,801)
Changes due to change in credit risk	(93,136)	158,320	17,373	82,557
Other adjustment	29	55	-	84
	(98,842)	(31,008)	294,535	164,685
Unwinding of discount	-	-	(4,490)	(4,490)
Total (write-back from)/charge to income statement	(98,842)	(31,008)	290,045	160,195
Other movements	-	-	100,512	100,512
Write-off	-	(2,790)	(150,285)	(153,075)
At 31 March 2023	171,832	523,852	571,790	1,267,474

A14 Loans, Advances and Financing (Contd.)

A14k Movements in the allowance for expected credit losses on loans, advances and financing are as follows: (contd.)

	12-Month ECL (Stage 1) RM'000	Lifetime ECL not-credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
<u>BANK</u>				
At 1 April 2023	105,782	302,859	440,987	849,628
Effect of business transfer	5	1,373	57	1,435
Transfer to Stage 1	14,535	(37,843)	(5)	(23,313)
Transfer to Stage 2	(19,962)	76,046	(22,429)	33,655
Transfer to Stage 3	(46)	(40,252)	51,738	11,440
New financial assets originated or purchased	16,228	19,352	1,103	36,683
Financial assets derecognised other than write-off	(5,734)	(28,850)	(3,085)	(37,669)
Changes due to change in credit risk	(9,943)	1,059	6,234	(2,650)
Other adjustment	12	42	-	54
	(4,910)	(10,446)	33,556	18,200
Unwinding of discount	-	-	11,450	11,450
Total (write-back from)/charge to income statement	(4,910)	(10,446)	45,006	29,650
Write-off	-	(101)	(21,956)	(22,057)
At 30 June 2023	100,877	293,685	464,094	858,656
At 1 April 2022	174,486	368,542	207,412	750,440
Transfer to Stage 1	103,292	(191,727)	(19,584)	(108,019)
Transfer to Stage 2	(110,870)	286,433	(73,557)	102,006
Transfer to Stage 3	(686)	(258,945)	305,969	46,338
New financial assets originated or purchased	52,352	155,973	5,126	213,451
Financial assets derecognised other than write-off	(36,206)	(169,757)	(10,068)	(216,031)
Changes due to change in credit risk	(76,615)	113,432	19,977	56,794
Other adjustment	29	55	-	84
	(68,704)	(64,536)	227,863	94,623
Unwinding of discount	-	-	(3,106)	(3,106)
Total (write-back from)/charge to income statement	(68,704)	(64,536)	224,757	91,517
Other movements	-	-	76,997	76,997
Write-off	-	(1,147)	(68,179)	(69,326)
At 31 March 2023	105,782	302,859	440,987	849,628

Note:

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

A15 Other Assets

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2023 RM'000	31 March 2023 RM'000	30 June 2023 RM'000	31 March 2023 RM'000
Other receivables	101,686	96,962	134,866	126,176
Collateral pledged for derivative transactions	258,507	158,626	258,507	158,626
Settlement account	343,169	285,085	343,169	285,085
Deposits	8,557	8,519	8,323	8,231
Prepayment	51,004	42,922	43,917	35,651
Amounts due from subsidiaries	-	-	592	114,232
Amount due from joint venture	330	-	330	-
	763,253	592,114	789,704	728,001
Less: Allowance for expected credit losses on other receivables [Note]	(42,930)	(43,467)	(39,764)	(38,725)
	720,323	548,647	749,940	689,276

Note:

Movements in allowance for expected credit losses on other receivables are as follows:

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2023 RM'000	31 March 2023 RM'000	30 June 2023 RM'000	31 March 2023 RM'000
<u>Lifetime ECL</u>				
At beginning of financial year	43,467	41,993	38,725	38,147
Effect of business transfer	-	-	1,305	-
New financial assets originated or purchased	15	1,826	(120)	170
Financial assets derecognised other than write-off	(1,361)	(2,378)	(945)	(338)
Changes due to change in credit risk	902	4,828	843	3,321
Total (write-back)/charge to income statement	(444)	4,276	(222)	3,153
Write-off	(93)	(2,802)	(44)	(2,575)
At end of financial period	42,930	43,467	39,764	38,725

As at 30 June 2023, the Group's and the Bank's gross exposure of other receivables that are under lifetime expected credit losses were at RM42,930,000 and RM39,764,000 (31 March 2023: RM43,467,000 and RM38,725,000) respectively.

A16 Deposits from Customers

A16a By type of deposits:

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2023 RM'000	31 March 2023 RM'000	30 June 2023 RM'000	31 March 2023 RM'000
Demand deposits	20,755,852	19,267,883	16,398,635	14,988,337
Savings deposits	2,002,816	2,026,815	1,602,097	1,618,996
Fixed/investment deposits	26,369,050	25,161,869	18,912,117	17,604,556
Money market deposits	2,474,688	3,991,002	1,251,044	2,283,003
Negotiable instruments of deposits	191,590	401,461	191,590	401,461
	<u>51,793,996</u>	<u>50,849,030</u>	<u>38,355,483</u>	<u>36,896,353</u>

A16b The maturity structure of fixed deposits, money market deposits and negotiable instruments of deposits are as follows:

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2023 RM'000	31 March 2023 RM'000	30 June 2023 RM'000	31 March 2023 RM'000
Due within six months	21,253,084	22,477,236	14,793,655	15,781,534
Six months to one year	7,475,704	6,770,360	5,512,620	4,458,201
One year to three years	303,794	303,643	45,730	46,192
Three years to five years	2,746	3,093	2,746	3,093
	<u>29,035,328</u>	<u>29,554,332</u>	<u>20,354,751</u>	<u>20,289,020</u>

A16c The deposits are sourced from the following types of customers:

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2023 RM'000	31 March 2023 RM'000	30 June 2023 RM'000	31 March 2023 RM'000
Domestic financial institutions	337,113	439,786	338,308	440,471
Domestic non-bank financial institutions	4,126,743	5,701,678	2,517,290	3,732,973
Government and statutory bodies	4,734,261	3,628,356	3,163,708	1,935,807
Business enterprises	17,599,932	17,292,460	13,253,723	12,885,486
Individuals	22,619,172	21,792,889	17,057,772	16,218,586
Foreign entities	873,498	795,224	763,557	693,188
Others	1,503,277	1,198,637	1,261,125	989,842
	<u>51,793,996</u>	<u>50,849,030</u>	<u>38,355,483</u>	<u>36,896,353</u>

A17 Deposits and Placements of Banks and Other Financial Institutions

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2023 RM'000	31 March 2023 RM'000	30 June 2023 RM'000	31 March 2023 RM'000
Licensed banks	280,558	403,166	280,558	403,166
Licensed investment banks	-	-	7,062	787
Bank Negara Malaysia	1,331,195	1,316,118	1,149,102	1,132,249
Other financial institutions	50,021	-	50,021	-
	1,661,774	1,719,284	1,486,743	1,536,202

A18 Financial Liabilities Designated at Fair Value Through Profit or Loss

Structured investments designated at fair value for the Group and the Bank include investments with embedded equity linked options, interest rate index linked options and foreign currency options.

The Group and the Bank designated certain structured investments at fair value through profit or loss. The structured investments are recorded at fair value.

The fair value changes of the structured investments that are attributable to the changes in own credit risk are not significant.

	<u>GROUP/BANK</u>	
	30 June 2023 RM'000	31 March 2023 RM'000
Structured investments	1,822,407	1,904,295
Fair value changes arising from designation at fair value through profit or loss	(127,757)	(119,138)
	1,694,650	1,785,157

A19 Other Liabilities

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2023 RM'000	31 March 2023 RM'000	30 June 2023 RM'000	31 March 2023 RM'000
Other payables	1,265,359	1,226,209	1,177,953	1,137,952
Bills payable	160,493	134,968	149,613	127,692
Collateral pledged for derivative transactions	301	26,334	301	26,334
Settlement account	25,393	39,507	25,393	39,507
Clearing account	189,895	229,586	153,809	197,503
Sundry deposits	63,450	59,812	51,610	50,998
Provision and accruals	79,973	167,097	78,463	156,844
Structured investments	398,331	248,611	398,331	248,611
Amounts due to subsidiaries	-	-	41,179	-
Amount due to joint venture	16	16	-	16
Allowance for expected credit losses on commitments and contingencies	35,088	29,301	28,052	26,215
	2,218,299	2,161,441	2,104,704	2,011,672

A19 Other Liabilities (Contd.)

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

	12-Month ECL (Stage 1) RM'000	Lifetime ECL not-credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
GROUP				
At 1 April 2023	5,005	22,447	1,849	29,301
Transfer to Stage 1	101	(1,665)	-	(1,564)
Transfer to Stage 2	(116)	2,254	(340)	1,798
Transfer to Stage 3	-	(107)	800	693
New financial assets originated or purchased	777	4,180	-	4,957
Financial assets derecognised other than write-off	(427)	(2,571)	(2,322)	(5,320)
Changes due to change in credit risk	(858)	3,981	2,094	5,217
Other adjustments	3	10	-	13
	(520)	6,082	232	5,794
Unwinding of discount	-	-	(7)	(7)
Total (write-back from)/charge to income statement	(520)	6,082	225	5,787
At 30 June 2023	4,485	28,529	2,074	35,088
At 1 April 2022	6,894	16,504	1,418	24,816
Transfer to Stage 1	613	(7,059)	(50)	(6,496)
Transfer to Stage 2	(661)	13,049	(393)	11,995
Transfer to Stage 3	-	(608)	1,509	901
New financial assets originated or purchased	4,477	5,320	16	9,813
Financial assets derecognised other than write-off	(2,433)	(8,228)	(2,342)	(13,003)
Changes due to change in credit risk	(3,893)	3,448	1,705	1,260
Other adjustments	8	21	-	29
	(1,889)	5,943	445	4,499
Unwinding of discount	-	-	(14)	(14)
Total (write-back from)/charge to income statement	(1,889)	5,943	431	4,485
At 31 March 2023	5,005	22,447	1,849	29,301

A19 Other Liabilities (Contd.)

(a) Movements in allowance for expected credit losses on commitments and contingencies are as follows: (contd.)

	12-Month ECL (Stage 1) RM'000	Lifetime ECL not-credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
<u>BANK</u>				
At 1 April 2023	4,296	20,290	1,629	26,215
Transfer to Stage 1	72	(1,353)	-	(1,281)
Transfer to Stage 2	(91)	1,844	(340)	1,413
Transfer to Stage 3	-	(59)	460	401
New financial assets originated or purchased	638	3,976	-	4,614
Financial assets derecognised other than write-off	(315)	(2,322)	(2,255)	(4,892)
Changes due to change in credit risk	(907)	331	2,150	1,574
Other adjustments	2	10	-	12
	(601)	2,427	15	1,841
Unwinding of discount	-	-	(4)	(4)
Total (write-back from)/charge to income statement	(601)	2,427	11	1,837
At 30 June 2023	3,695	22,717	1,640	28,052
At 1 April 2022	5,698	14,331	1,415	21,444
Transfer to Stage 1	553	(5,978)	(50)	(5,475)
Transfer to Stage 2	(601)	11,317	(288)	10,428
Transfer to Stage 3	-	(548)	1,081	533
New financial assets originated or purchased	3,690	4,777	16	8,483
Financial assets derecognised other than write-off	(1,900)	(7,117)	(927)	(9,944)
Changes due to change in credit risk	(3,151)	3,489	391	729
Other adjustments	7	19	-	26
	(1,402)	5,959	223	4,780
Unwinding of discount	-	-	(9)	(9)
Total (write-back from)/charge to income statement	(1,402)	5,959	214	4,771
At 31 March 2023	4,296	20,290	1,629	26,215

Note:

(a) The transfers between stages are inclusive of net remeasurement of allowances.

(b) As at 30 June 2023, the Group's and the Bank's gross exposure of commitments and contingencies that are credit impaired were at RM34,393,000 and RM33,324,000 (31 March 2023: RM38,680,000 and RM38,096,000) respectively.

A20 Interest Income

	1st Quarter Ended		Three Months Ended	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
GROUP				
Loans, advances and financing	440,527	339,865	440,527	339,865
Money at call and deposit placements with financial institutions	20,278	10,524	20,278	10,524
Financial investments at fair value through other comprehensive income	68,078	68,741	68,078	68,741
Financial investments at amortised cost	28,401	17,768	28,401	17,768
Others	1,547	477	1,547	477
	558,831	437,375	558,831	437,375
Accretion of discount less amortisation of premium (net)	9,440	1,174	9,440	1,174
	568,271	438,549	568,271	438,549
BANK				
Loans, advances and financing	437,160	334,652	437,160	334,652
Money at call and deposit placements with financial institutions	20,330	10,576	20,330	10,576
Financial investments at fair value through other comprehensive income	68,078	63,781	68,078	63,781
Financial investments at amortised cost	29,843	19,315	29,843	19,315
Others	1,547	477	1,547	477
	556,958	428,801	556,958	428,801
Accretion of discount less amortisation of premium (net)	9,440	1,488	9,440	1,488
	566,398	430,289	566,398	430,289

Note:

Included in interest income on loans, advances and financing is interest/profit on impaired loans/financing of the Group and the Bank of RM1,932,000 (30 June 2022: RM1,062,000).

A21 Interest Expense

	1st Quarter Ended		Three Months Ended	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
GROUP				
Deposits and placements of banks and other financial institutions	3,971	3,559	3,971	3,559
Deposits from customers	226,735	120,869	226,735	120,869
Recourse obligations on loans and financing sold to Cagamas	5,470	3,426	5,470	3,426
Subordinated obligations	15,035	15,350	15,035	15,350
Lease liabilities	1,333	979	1,333	979
Others	10,711	3,992	10,711	3,992
	263,255	148,175	263,255	148,175
BANK				
Deposits and placements of banks and other financial institutions	4,058	3,051	4,058	3,051
Deposits from customers	226,781	119,247	226,781	119,247
Recourse obligations on loans and financing sold to Cagamas	5,470	3,426	5,470	3,426
Subordinated obligations	15,061	15,398	15,061	15,398
Lease liabilities	1,333	976	1,333	976
Others	10,711	3,992	10,711	3,992
	263,414	146,090	263,414	146,090

A22 Net Income from Islamic Banking Business

	1st Quarter Ended		Three Months Ended	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
GROUP				
Income derived from investment of depositors' funds and others	189,060	151,459	189,060	151,459
Income derived from investment of Islamic Banking funds	17,925	15,278	17,925	15,278
Income attributable to the depositors and financial institutions	(106,640)	(60,304)	(106,640)	(60,304)
	100,345	106,433	100,345	106,433

Note:

Net income from Islamic banking business comprises income generated from AIS, and Islamic banking business of AIBB. Both AIS and AIBB are wholly-owned subsidiaries of the Bank.

A23 Other Operating Income

	1st Quarter Ended		Three Months Ended	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
GROUP				
(a) Fee and commission income:				
Commissions	22,971	21,857	22,971	21,857
Service charges and fees	9,695	6,172	9,695	6,172
Brokerage fees	-	4,584	-	4,584
Guarantee fees	3,552	3,362	3,552	3,362
Processing fees	4,636	718	4,636	718
Commitment fees	4,117	4,543	4,117	4,543
Cards related income	13,310	14,982	13,310	14,982
Other fee income	1,250	1,500	1,250	1,500
	59,531	57,718	59,531	57,718
(b) Fee and commission expense:				
Commissions expense	(355)	(363)	(355)	(363)
Service charges and fees expense	(562)	(501)	(562)	(501)
Brokerage fees expense	(25)	(1,798)	(25)	(1,798)
Guarantee fees expense	(4,044)	(3,776)	(4,044)	(3,776)
Cards related expense	(19,934)	(17,813)	(19,934)	(17,813)
	(24,920)	(24,251)	(24,920)	(24,251)
(c) Investment income:				
Realised gain arising from sale/redemption of:				
- Financial assets at fair value through profit or loss	3,115	6,100	3,115	6,100
- Financial investments at fair value through other comprehensive income	15	31	15	31
- Financial investments at amortised cost	-	1,482	-	1,482
- Derivative instruments	(29,507)	27,662	(29,507)	27,662
Marked-to-market revaluation gain/(loss):				
- Financial assets at fair value through profit or loss	595	464	595	464
- Derivative instruments	50,775	(65,316)	50,775	(65,316)
- Financial liabilities designated at fair value through profit or loss	8,619	59,461	8,619	59,461
Net loss arising from hedging activities	-	(176)	-	(176)
Gross dividend income from:				
- Financial assets at fair value through profit or loss	1,078	1,062	1,078	1,062
	34,690	30,770	34,690	30,770
(d) Other (expense)/income:				
Foreign exchange (loss)/gain	(14,651)	8,500	(14,651)	8,500
Rental income	21	22	21	22
Loss on disposal of property, plant and equipment	-	(15)	-	(15)
Others	6,231	4,522	6,231	4,522
	(8,399)	13,029	(8,399)	13,029
Total other operating income	60,902	77,266	60,902	77,266

A23 Other Operating Income (Contd.)

	1st Quarter Ended		Three Months Ended	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
<u>BANK</u>				
(a) <u>Fee and commission income:</u>				
Commissions	22,971	21,857	22,971	21,857
Service charges and fees	9,650	5,988	9,650	5,988
Guarantee fees	3,552	3,355	3,552	3,355
Processing fees	4,636	492	4,636	492
Commitment fees	4,117	4,543	4,117	4,543
Cards related income	13,310	14,982	13,310	14,982
Other fee income	1,250	1,500	1,250	1,500
	59,486	52,717	59,486	52,717
(b) <u>Fee and commission expense:</u>				
Commissions expense	(355)	(363)	(355)	(363)
Service charges and fees expense	(562)	(501)	(562)	(501)
Brokerage fees expense	(25)	(13)	(25)	(13)
Guarantee fees expense	(4,044)	(3,776)	(4,044)	(3,776)
Cards related expense	(19,934)	(17,813)	(19,934)	(17,813)
	(24,920)	(22,466)	(24,920)	(22,466)
(c) <u>Investment income:</u>				
Realised gain arising from sale/redemption of:				
- Financial assets at fair value through profit or loss	3,115	2,496	3,115	2,496
- Financial investments at fair value through other comprehensive income	15	31	15	31
- Financial investments at amortised cost	-	1,482	-	1,482
- Derivative instruments	(29,507)	27,662	(29,507)	27,662
Marked-to-market revaluation gain/(loss):				
- Financial assets at fair value through profit or loss	595	464	595	464
- Derivative instruments	48,422	(65,316)	48,422	(65,316)
- Financial liabilities designated at fair value through profit or loss	8,619	59,461	8,619	59,461
Net loss arising from hedging activities	-	(176)	-	(176)
Gross dividend income from:				
- Financial assets at fair value through profit or loss	1,078	701	1,078	701
- Subsidiaries	38,535	41,342	38,535	41,342
	70,872	68,147	70,872	68,147
(d) <u>Other (expense)/income:</u>				
Foreign exchange (loss)/gain	(14,651)	8,330	(14,651)	8,330
Rental income	254	498	254	498
Loss on disposal of property, plant and equipment	-	(15)	-	(15)
Others	10,734	4,391	10,734	4,391
	(3,663)	13,204	(3,663)	13,204
Total other operating income	101,775	111,602	101,775	111,602

A24 Other Operating Expenses

	1st Quarter Ended		Three Months Ended	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
GROUP				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	117,928	111,344	117,928	111,344
- Contribution to EPF	19,884	17,308	19,884	17,308
- Others	12,858	10,512	12,858	10,512
	150,670	139,164	150,670	139,164
<u>Establishment costs</u>				
- Depreciation of property, plant and equipment	5,330	5,012	5,330	5,012
- Depreciation of right-of-use assets	6,860	6,439	6,860	6,439
- Amortisation of computer software	12,133	11,541	12,133	11,541
- Rental of premises	451	512	451	512
- Water and electricity	1,870	1,744	1,870	1,744
- Repairs and maintenance	2,061	2,071	2,061	2,071
- Information technology expenses	19,813	18,750	19,813	18,750
- Others	2,554	2,763	2,554	2,763
	51,072	48,832	51,072	48,832
<u>Marketing expenses</u>				
- Promotion and advertisement	8,198	3,225	8,198	3,225
- Branding and publicity	706	1,119	706	1,119
- Others	2,630	939	2,630	939
	11,534	5,283	11,534	5,283
<u>Administration and general expenses</u>				
- Communication expenses	2,708	2,748	2,708	2,748
- Printing and stationery	446	324	446	324
- Insurance	3,599	3,581	3,599	3,581
- Professional fees	5,117	5,666	5,117	5,666
- Others	4,936	4,963	4,936	4,963
	16,806	17,282	16,806	17,282
Total other operating expenses	230,082	210,561	230,082	210,561

A24 Other Operating Expenses (Contd.)

	1st Quarter Ended		Three Months Ended	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
<u>BANK</u>				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	89,282	85,572	89,282	85,572
- Contribution to EPF	15,176	13,381	15,176	13,381
- Others	10,889	8,790	10,889	8,790
	115,347	107,743	115,347	107,743
<u>Establishment costs</u>				
- Depreciation of property, plant and equipment	5,281	4,926	5,281	4,926
- Depreciation of right-of-use assets	6,860	6,419	6,860	6,419
- Amortisation of computer software	12,001	11,265	12,001	11,265
- Rental of premises	360	441	360	441
- Water and electricity	1,472	1,338	1,472	1,338
- Repairs and maintenance	1,722	1,691	1,722	1,691
- Information technology expenses	12,635	11,181	12,635	11,181
- Others	2,061	2,320	2,061	2,320
	42,392	39,581	42,392	39,581
<u>Marketing expenses</u>				
- Promotion and advertisement	7,775	2,038	7,775	2,038
- Branding and publicity	714	932	714	932
- Others	956	32	956	32
	9,445	3,002	9,445	3,002
<u>Administration and general expenses</u>				
- Communication expenses	2,249	2,197	2,249	2,197
- Printing and stationery	329	244	329	244
- Insurance	2,570	2,696	2,570	2,696
- Professional fees	5,766	3,556	5,766	3,556
- Others	7,586	4,538	7,586	4,538
	18,500	13,231	18,500	13,231
Total other operating expenses	185,684	163,557	185,684	163,557

A26 Allowance for/(Write-back of) Expected Credit Losses on Financial Investments

	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<u>GROUP</u>				
Allowance made/(write-back of) expected credit losses:				
(a) Financial investments at fair value through other comprehensive income	266	(63)	266	(63)
(b) Financial investments at amortised cost	(116)	(1)	(116)	(1)
	150	(64)	150	(64)

	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<u>BANK</u>				
Allowance made/(write-back of) expected credit losses:				
(a) Financial investments at fair value through other comprehensive income	263	(42)	263	(42)
(b) Financial investments at amortised cost	(118)	314	(118)	314
	145	272	145	272

A27 Commitments and Contingencies

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

The off-balance sheet notional exposures of the Group and the Bank are as follows:

	GROUP		BANK	
	30 June 2023 RM'000	31 March 2023 RM'000	30 June 2023 RM'000	31 March 2023 RM'000
<u>Credit-related exposures</u>				
Direct credit substitutes	514,700	488,308	433,073	406,699
Transaction-related contingent items	692,437	666,236	609,568	592,687
Short-term self-liquidating trade-related contingencies	160,784	138,542	147,591	120,783
Forward assets purchase	55,966	241,988	45,992	226,988
Irrevocable commitments to extend credit:				
- maturity exceeding one year	3,586,382	3,162,549	3,074,394	2,665,690
- maturity not exceeding one year	11,500,473	10,812,148	8,627,530	8,300,015
Unutilised credit card lines	1,591,479	1,518,716	1,591,479	1,518,716
	18,102,221	17,028,487	14,529,627	13,831,578
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- one year or less	20,721,524	15,710,254	20,721,524	15,710,254
- over one year to three years	902,152	951,319	902,152	951,319
- over three years	359,163	381,600	359,163	381,600
Interest rate related contracts:				
- one year or less	1,978,094	2,312,715	1,978,094	2,312,715
- over one year to three years	2,746,366	2,532,107	2,746,366	2,532,107
- over three years	7,574,894	6,849,073	7,574,894	7,147,073
Equity related contracts				
- one year or less	327,475	340,226	327,475	340,226
- over one year to three years	142,120	118,690	142,120	118,690
	34,751,788	29,195,984	34,751,788	29,493,984
	52,854,009	46,224,471	49,281,415	43,325,562

A28 Segment Information

The following segment information has been prepared in accordance with MFRS 8 "Operating Segments", which defines the requirements for the disclosure of financial information of an entity's operating segments. The operating segments results are prepared and provided to the chief operating decision-maker based on the Group's internal management reporting reflective of the organisation's management reporting structure.

Based on the results presented to chief operating decision-maker, funds are allocated between segments and inter-segment funding cost transfers are reflected in net interest income. In addition to the operating segments, the segment information disclosed also includes inter-segment eliminations. Transactions between reportable segments are eliminated based on principles of consolidation as described in accounting policy. Intercompany transactions, balances and unrealised gains and losses on transactions between the Group's companies are eliminated in inter-segment eliminations.

The Group is organised into the following key operating segments:

(i) Consumer Banking

Consumer Banking provides a wide range of personal banking solutions covering mortgages, term loans, personal loans, hire purchase facilities, credit cards and wealth management (cash management, investment services, share trading, bancassurance and will writing). Consumer Banking customers are serviced via branch network, call centre, electronic/internet banking channels, and direct sales channels.

(ii) Business Banking

Business Banking segment covers Small and Medium Enterprises ("SME"), and Corporate and Commercial Banking. SME Banking customers comprise the self-employed, and small and medium scale enterprises. Corporate and Commercial Banking serves the public listed and large corporate business customers including family-owned businesses. Business Banking provides a wide range of products and services including loans, trade finance, cash management, treasury and structured solutions.

(iii) Financial Markets

Financial Markets provides foreign exchange, money market, hedging and investment (capital market instruments) solutions for banking customers. It also manages the assets and liabilities, liquidity and statutory reserve requirements of the banking entities in the Group.

(iv) Stockbroking and Corporate Advisory

Stockbroking and Corporate Advisory covers stockbroking activities and corporate advisory which includes initial public offering, equity fund raising, debt fund raising, mergers and acquisitions and corporate restructuring.

(v) Others

Others refer to mainly other business operations such as alternative distribution channels, trustee services and head office.

A28 Segment information (Contd.)

GROUP

	Consumer <u>Banking</u> RM'000	Business <u>Banking</u> RM'000	Financial <u>Markets</u> RM'000	Stockbroking and Corporate <u>Advisory</u> RM'000	<u>Others</u> RM'000	Total <u>Operations</u> RM'000	Inter-segment <u>Elimination</u> RM'000	Total <u>Total</u> RM'000
1st Quarter and three months ended 30 June 2023								
Net interest income								
- external income	109,580	116,562	77,124	83	(218)	303,131	1,885	305,016
- inter-segment	(18,166)	32,899	(14,733)	-	-	-	-	-
	91,414	149,461	62,391	83	(218)	303,131	1,885	305,016
Net income/(expense) from Islamic banking business	41,085	38,880	19,930	1,220	(26)	101,089	(744)	100,345
Other operating income/(expense)	27,911	42,316	(12,445)	145	1,520	59,447	1,455	60,902
Net income	160,410	230,657	69,876	1,448	1,276	463,667	2,596	466,263
Other operating expenses	(106,344)	(85,737)	(9,889)	(2,275)	(1,543)	(205,788)	29	(205,759)
Depreciation and amortisation	(12,144)	(10,599)	(1,452)	(150)	(336)	(24,681)	358	(24,323)
Operating profit/(loss) before allowance (Allowance for)/write-back from expected credit losses on loans, advances and financing and other financial assets	41,922	134,321	58,535	(977)	(603)	233,198	2,983	236,181
	(26,015)	(9,950)	60	351	856	(34,698)	-	(34,698)
Write-back of/(allowance for) expected credit losses on financial investments	-	1	(282)	-	(2,426)	(2,707)	2,557	(150)
Segment results	15,907	124,372	58,313	(626)	(2,173)	195,793	5,540	201,333
Share of results of joint venture								13
Taxation								(50,806)
Net profit for the financial year								150,540
Segment assets	25,514,735	25,187,895	17,340,909	17,127	359,940	68,420,606	(1,264,356)	67,156,250
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								1,106
Property, plant and equipment								59,879
Tax recoverable and deferred tax assets								218,832
Intangible assets								448,032
Total assets								67,884,099

A28 Segment information (Contd.)

GROUP

	Consumer <u>Banking</u> RM'000	Business <u>Banking</u> RM'000	Financial <u>Markets</u> RM'000	Stockbroking and Corporate <u>Advisory</u> RM'000	<u>Others</u> RM'000	Total <u>Operations</u> RM'000	Inter-segment <u>Elimination</u> RM'000	Total <u>Total</u> RM'000
1st Quarter and three months ended								
30 June 2022								
Net interest income								
- external income	97,141	128,249	62,195	1,412	33	289,030	1,344	290,374
- inter-segment	(13,797)	11,788	2,732	(723)	-	-	-	-
	83,344	140,037	64,927	689	33	289,030	1,344	290,374
Net income/(expense) from Islamic banking business	43,364	36,888	23,012	1,535	(32)	104,767	1,666	106,433
Other operating income	35,357	35,805	2,438	3,601	5,150	82,351	(5,085)	77,266
Net income	162,065	212,730	90,377	5,825	5,151	476,148	(2,075)	474,073
Other operating expenses	(90,771)	(70,864)	(10,197)	(8,226)	(8,599)	(188,657)	1,088	(187,569)
Depreciation and amortisation	(11,037)	(9,964)	(1,574)	(476)	(344)	(23,395)	403	(22,992)
Operating profit/(loss)	60,257	131,902	78,606	(2,877)	(3,792)	264,096	(584)	263,512
Write-back of/(allowance for) expected credit losses on loans, advances and financing and other financial assets	11,120	6,480	(38)	(281)	-	17,281	-	17,281
(Allowance for)/write-back of expected credit losses on financial assets	-	-	(252)	-	-	(252)	316	64
Segment result	71,377	138,382	78,316	(3,158)	(3,792)	281,125	(268)	280,857
Share of results of joint venture								15
Taxation								(68,716)
Net profit for the financial period								212,156
Segment assets	22,680,343	22,189,401	18,868,917	116,117	473,686	64,328,464	(1,938,981)	62,389,483
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								1,063
Property, plant and equipment								58,802
Tax recoverable and deferred tax assets								252,200
Intangible assets								427,923
Total assets								63,129,471

A29 Capital Adequacy

BNM's Transitional Arrangements for Regulatory Capital Treatment of Accounting Provisions took effect on 9 December 2020. This allows the Group and the Bank to add back a portion of Stage 1 ("S1") and Stage 2 ("S2") provisions with an "add-back factor" to the Common Equity Tier I ("CET I") capital from Financial Year 2021 to Financial Year 2024. The Group and the Bank have sufficient capital under both conditions with or without the Transitional Arrangement.

The capital adequacy ratios with and without transitional arrangements for the Group and the Bank are as follows:

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2023	31 March 2023	30 June 2023	31 March 2023
(i) With transitional arrangements				
<u>Before deducting proposed dividends</u>				
CET I capital ratio	13.749%	14.868%	13.859%	14.608%
Tier I capital ratio	14.569%	15.714%	14.628%	15.410%
Total capital ratio	18.506%	19.748%	19.042%	19.970%
<u>After deducting proposed dividends</u>				
CET I capital ratio	13.749%	14.494%	13.859%	14.111%
Tier I capital ratio	14.569%	15.340%	14.628%	14.913%
Total capital ratio	18.506%	19.374%	19.042%	19.473%
(ii) Without transitional arrangements				
<u>Before deducting proposed dividends</u>				
CET I capital ratio	13.308%	14.145%	13.541%	14.082%
Tier I capital ratio	14.128%	14.991%	14.311%	14.885%
Total capital ratio	18.065%	19.025%	18.725%	19.445%
<u>After deducting proposed dividends</u>				
CET I capital ratio	13.308%	13.771%	13.541%	13.586%
Tier I capital ratio	14.128%	14.617%	14.311%	14.388%
Total capital ratio	18.065%	18.651%	18.725%	18.948%

A29 Capital Adequacy (Contd.)

(a) Components of CET I, Tier I and Tier II capital under the revised Capital Adequacy Framework are as follows:

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2023 RM'000	31 March 2023 RM'000	30 June 2023 RM'000	31 March 2023 RM'000
<u>CET I Capital/Tier I Capital</u>				
Paid-up share capital	1,548,106	1,548,106	1,548,106	1,548,106
Retained profits	4,885,113	4,989,825	4,192,249	4,324,216
Regulatory reserves	297,274	257,241	257,250	231,857
FVOCI reserves	(136,606)	(149,271)	(126,014)	(136,059)
Capital reserves	10,018	100,150	-	15,515
	6,603,906	6,746,051	5,871,591	5,983,635
(Less)/add: Regulatory adjustments				
- Goodwill and other intangibles	(448,032)	(440,438)	(446,041)	(338,321)
- Deferred tax assets	(177,093)	(198,920)	(123,457)	(141,327)
- Regulatory reserves	(297,274)	(257,241)	(257,250)	(231,857)
- Investment in subsidiaries and joint venture	(1,106)	(1,094)	(646,656)	(883,013)
- Transitional arrangements	188,343	298,945	103,022	163,695
Total CET I Capital	5,868,744	6,147,303	4,501,209	4,552,812
Additional Tier I Capital Securities	349,915	349,895	250,000	250,000
Total Additional Tier I Capital	349,915	349,895	250,000	250,000
Total Tier I Capital	6,218,659	6,497,198	4,751,209	4,802,812
<u>Tier II Capital</u>				
Subordinated obligations	1,199,504	1,199,459	1,199,223	1,199,153
Expected credit losses and regulatory reserves	480,866	468,411	364,288	352,172
Less: Regulatory adjustment				
- Investment in Tier II capital instruments	-	-	(130,000)	(130,000)
Total Tier II Capital	1,680,370	1,667,870	1,433,511	1,421,325
Total Capital	7,899,029	8,165,068	6,184,720	6,224,137

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

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2023 RM'000	31 March 2023 RM'000	30 June 2023 RM'000	31 March 2023 RM'000
Credit risk	38,469,291	37,472,854	29,143,023	28,173,763
Market risk	608,361	316,648	608,230	316,525
Operational risk	3,605,837	3,556,380	2,728,196	2,677,121
Total RWA and capital requirements	42,683,489	41,345,882	32,479,449	31,167,409

A29 Capital Adequacy (Contd.)

(c) The capital adequacy ratios of the banking subsidiaries are as follows:

	Alliance Islamic Bank		Alliance Investment Bank	
	<u>Berhad</u>		<u>Berhad</u>	
	30 June	31 March	30 June	31 March
	2023	2023	2023	2023
(i) With transitional arrangements				
<u>Before deducting proposed dividends</u>				
CET I capital ratio	13.000%	13.717%	29.298%	99.686%
Tier I capital ratio	13.971%	14.694%	29.298%	99.686%
Total capital ratio	16.390%	17.122%	29.298%	100.257%
<u>After deducting proposed dividends</u>				
CET I capital ratio	13.000%	13.715%	29.298%	99.686%
Tier I capital ratio	13.971%	14.692%	29.298%	99.686%
Total capital ratio	16.390%	17.120%	29.298%	100.257%
(ii) Without transitional arrangements				
<u>Before deducting proposed dividends</u>				
CET I capital ratio	12.166%	12.401%	29.298%	99.300%
Tier I capital ratio	13.137%	13.377%	29.298%	99.300%
Total capital ratio	15.556%	15.806%	29.298%	99.871%
<u>After deducting proposed dividends</u>				
CET I capital ratio	12.166%	12.399%	29.298%	99.300%
Tier I capital ratio	13.137%	13.375%	29.298%	99.300%
Total capital ratio	15.556%	15.804%	29.298%	99.871%

A30 Fair Value Measurements

(a) Determination of fair value and fair value hierarchy

MFRS 13 Fair Value Measurement requires disclosure of financial instruments measured at fair value to be categorised according to a hierarchy of valuation techniques, whether the inputs used are observable or unobservable. The following levels of hierarchy are used for determining and disclosing the fair value of the financial instruments:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

(i) Financial instruments in Level 1

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

(ii) Financial instruments in Level 2

Where fair value is determined using quoted prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group and the Bank then determine fair value based upon valuation techniques that use market parameters, including but not limited to yield curves, volatilities and foreign exchange rates, as inputs. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high. These would include government securities, corporate private debt securities, corporate notes and most of the Group's and the Bank's derivatives.

(iii) Financial instruments in Level 3

The Group and the Bank classify financial instruments as Level 3 when there is reliance on unobservable inputs to the valuation model attributing to a significant contribution to the instrument value. Valuation reserves or pricing adjustments where applicable will be used to converge to fair value.

The valuation techniques and inputs used generally depend on the contractual terms and the risks inherent in the instrument as well as the availability of pricing information in the market. Principal techniques used include net tangible assets, net asset value, discounted cash flows, and other appropriate valuation models. These include private equity investments.

A30 Fair Value Measurements (Contd.)

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

The following tables show the Group's and the Bank's financial instruments which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy:

<u>GROUP</u> 30 June 2023	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>Assets</u>				
Financial assets at FVTPL				
- Money market instruments	-	137,336	-	137,336
- Unquoted securities	-	2,861	257,206	260,067
Financial investments at FVOCI				
- Money market instruments	-	4,903,043	-	4,903,043
- Quoted securities in Malaysia	15	-	-	15
- Unquoted securities	-	4,838,293	-	4,838,293
Derivative financial assets	-	379,898	-	379,898
<u>Liabilities</u>				
Financial liabilities designated at FVTPL				
Derivative financial liabilities	-	1,694,650	-	1,694,650
Derivative financial liabilities	-	475,065	-	475,065
<u>BANK</u> 30 June 2023	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>Assets</u>				
Financial assets at FVTPL				
- Money market instruments	-	137,336	-	137,336
- Unquoted securities	-	2,861	257,206	260,067
Financial investments at FVOCI				
- Money market instruments	-	4,188,017	-	4,188,017
- Quoted securities in Malaysia	15	-	-	15
- Unquoted securities	-	3,545,539	-	3,545,539
Derivative financial assets	-	379,898	-	379,898
<u>Liabilities</u>				
Financial liabilities designated at fair value through profit or loss				
Derivative financial liabilities	-	1,694,650	-	1,694,650
Derivative financial liabilities	-	475,065	-	475,065

A30 Fair Value Measurements (Contd.)

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

The following tables show the Group's and the Bank's financial instruments which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy (contd.):

<u>GROUP</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
31 March 2023	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets at FVTPL				
- Money market instruments	-	5,177	-	5,177
- Unquoted securities	-	2,815	257,206	260,021
Financial investments at FVOCI				
- Money market instruments	-	4,286,174	-	4,286,174
- Quoted securities in Malaysia	14	-	-	14
- Unquoted securities	-	4,198,210	-	4,198,210
Derivative financial assets	-	221,141	-	221,141
<u>Liabilities</u>				
Financial liabilities designated at FVTPL				
Derivative financial liabilities	-	1,785,157	-	1,785,157
Derivative financial liabilities	-	366,140	-	366,140
<u>BANK</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
31 March 2023	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets at FVTPL				
- Money market instruments	-	5,177	-	5,177
- Unquoted securities	-	2,815	257,206	260,021
Financial investments at FVOCI				
- Money market instruments	-	3,496,600	-	3,496,600
- Quoted securities in Malaysia	14	-	-	14
- Unquoted securities	-	2,685,902	-	2,685,902
Derivative financial assets	-	223,637	-	223,637
<u>Liabilities</u>				
Financial liabilities designated at fair value through profit or loss				
Derivative financial liabilities	-	1,785,157	-	1,785,157
Derivative financial liabilities	-	366,165	-	366,165

A30 Fair Value Measurements (Contd.)

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

The table below outlines the reconciliation of movements in Level 3 financial instruments:

	GROUP		BANK	
	30 June 2023 RM'000	31 March 2023 RM'000	30 June 2023 RM'000	31 March 2023 RM'000
At beginning of financial period/year	257,206	245,842	257,206	171,488
Acquisition during the period	-	-	-	71,035
Disposal during the period	-	(3,319)	-	-
Total gains recognised in statements of income				
- Revaluation gain from financial assets at FVTPL	-	14,686	-	14,686
- Write-off	-	(3)	-	(3)
At end of financial period/year	257,206	257,206	257,206	257,206

The Group's and the Bank's exposure to financial instruments measured using unobservable inputs ("Level 3") constitutes a small component of the Group's and the Bank's portfolio of financial instruments. Changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for Level 3 financial instruments.

A31 Offsetting Financial Assets And Financial Liabilities

In accordance with MFRS 132 Financial Instruments: Presentation, the Group and the Bank report financial assets and financial liabilities on a net basis on the statements of financial position, only if there is a legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The following table shows the impact of netting arrangements on:

- (i) all financial assets and liabilities that are reported net on the statements of financial position; and
- (ii) all financial assets and liabilities that are subject to enforceable master netting arrangements or similar agreements, but do not qualify for statements of financial position netting.

A31 Offsetting Financial Assets And Financial Liabilities (Contd.)

(a) Financial assets

	Gross amounts of recognised financial liabilities set off in the statements of financial position	Gross amounts of recognised financial assets	Net amounts of financial assets presented in the statements of financial position	Related amounts not set off in the statements of financial position		Net amount
	RM'000	RM'000	RM'000	Financial instruments RM'000	Cash collateral received RM'000	RM'000
GROUP						
30 June 2023						
Derivative financial assets	379,898	-	379,898	(99,383)	-	280,515
	<u>379,898</u>	<u>-</u>	<u>379,898</u>	<u>(99,383)</u>	<u>-</u>	<u>280,515</u>
BANK						
30 June 2023						
Derivative financial assets	379,898	-	379,898	(99,383)	-	280,515
	<u>379,898</u>	<u>-</u>	<u>379,898</u>	<u>(99,383)</u>	<u>-</u>	<u>280,515</u>
GROUP						
31 March 2023						
Derivative financial assets	221,141	-	221,141	(166,688)	(26,015)	28,438
Total	<u>221,141</u>	<u>-</u>	<u>221,141</u>	<u>(166,688)</u>	<u>(26,015)</u>	<u>28,438</u>
BANK						
31 March 2023						
Derivative financial assets	223,637	-	223,637	(166,688)	(26,015)	30,934
	<u>223,637</u>	<u>-</u>	<u>223,637</u>	<u>(166,688)</u>	<u>(26,015)</u>	<u>30,934</u>

A31 Offsetting Financial Assets And Financial Liabilities (Contd.)

(b) Financial liabilities

	Gross amounts of recognised financial assets set off in the statements of financial position RM'000	Gross amounts of recognised financial liabilities set off in the statements of financial position RM'000	Net amounts of financial liabilities presented in the statements of financial position RM'000	Related amounts not set off in the statements of financial position		Net amount RM'000
				Financial instruments RM'000	Cash collateral pledged RM'000	
<u>GROUP</u>						
30 June 2023						
Derivative financial liabilities	475,065	-	475,065	(99,383)	(258,507)	117,175
Total	<u>475,065</u>	<u>-</u>	<u>475,065</u>	<u>(99,383)</u>	<u>(258,507)</u>	<u>117,175</u>
<u>BANK</u>						
30 June 2023						
Derivative financial liabilities	475,065	-	475,065	(99,383)	(258,507)	117,175
	<u>475,065</u>	<u>-</u>	<u>475,065</u>	<u>(99,383)</u>	<u>(258,507)</u>	<u>117,175</u>
<u>GROUP</u>						
31 March 2023						
Derivative financial liabilities	366,140	-	366,140	(166,688)	(158,626)	40,826
Total	<u>366,140</u>	<u>-</u>	<u>366,140</u>	<u>(166,688)</u>	<u>(158,626)</u>	<u>40,826</u>
<u>BANK</u>						
31 March 2023						
Derivative financial liabilities	366,165	-	366,165	(166,688)	(158,626)	40,851
	<u>366,165</u>	<u>-</u>	<u>366,165</u>	<u>(166,688)</u>	<u>(158,626)</u>	<u>40,851</u>

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements, each agreement between the Group and the Bank and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

PART B - Explanatory Notes Pursuant To Appendix 9B Of Bursa Securities' Listing Requirements

B1 Financial Review for Financial Quarter and Financial Year to Date

<u>GROUP</u>	1st Quarter and Three Months Ended 30 June 2023 RM'000	1st Quarter and Three Months Ended 30 June 2022 RM'000	Changes %
Net income/revenue	466,263	474,073	(1.6)
Operating profit before allowance	236,181	263,512	(10.4)
Operating profit after allowance	201,333	280,857	(28.3)
Profit before taxation	201,346	280,872	(28.3)
Profit after taxation	150,540	212,156	(29.0)
Profit attributable to ordinary equity holders of the Bank	150,540	212,156	(29.0)
	1st Quarter Ended 30 June 2023 RM'000	4th Quarter Ended 31 March 2023 RM'000	Changes %
Net income/revenue	466,263	468,609	(0.5)
Operating profit before allowance	236,181	227,631	3.8
Operating profit after allowance	201,333	169,027	19.1
Profit before taxation	201,346	169,038	19.1
Profit after taxation	150,540	130,166	15.7
Profit attributable to ordinary equity holders of the Bank	150,540	130,166	15.7
	1st Quarter and Three Months Ended 30 June 2023 RM'000	1st Quarter and Three Months Ended 30 June 2022 RM'000	Changes %
Net income/revenue	404,759	395,801	2.3
Operating profit before allowance	219,075	232,244	(5.7)
Operating profit after allowance	201,489	256,435	(21.4)
Profit before taxation	201,489	256,435	(21.4)
Profit after taxation	161,692	203,070	(20.4)
Profit attributable to ordinary equity holders of the Bank	161,692	203,070	(20.4)
	1st Quarter Ended 30 June 2023 RM'000	4th Quarter Ended 31 March 2023 RM'000	Changes %
Net income/revenue	404,759	356,548	13.5
Operating profit before allowance	219,075	163,665	33.9
Operating profit after allowance	201,489	128,115	57.3
Profit before taxation	201,489	128,115	57.3
Profit after taxation	161,692	98,702	63.8
Profit attributable to ordinary equity holders of the Bank	161,692	98,702	63.8

B2 Review Of Performance

(a) Business Review for the Financial Period ended 30 June 2023

Profitability

The Group's net profit after taxation was RM150.5 million for the first financial quarter ended 30 June 2023, lower by RM61.6 million or 29.0% year-on-year ("YOY").

Net interest income improved by RM9.3 million or 2.4% YOY mainly due to higher loan growth and the increase in the Overnight Policy Rate ("OPR"). Net interest margin ("NIM") stood at 2.43% (Jun 22: 2.57%). NIM pressure will continue to remain due to deposit repricing and competition.

Loan Growth

Focused on the execution of the ACCELER8 strategic plan, the Group's loan, advances and financing grew by 7.9% YOY to RM49.8 billion. The growth was mainly driven by the small and medium enterprises ("SME"), commercial and consumer banking, which grew by 13.4%, 11.7% and 7.1%, respectively.

Other Operating Income

The Group recorded other operating income of RM64.9 million, lower by RM17.1 million or 20.8% YOY. The decrease was due to lower treasury and investment income, partly offset by higher processing fees and service charges.

Operating Expenses

Operating expenses increased by RM19.5 million or 9.3% YOY, mainly from the higher personnel cost, marketing cost and establishment cost. The cost-to-income ratio ("CIR") stood at 49.3% (Jun 22: 44.4%). The Group will continue to be vigilant in managing the cost for the financial year.

Asset Quality

The Group's allowance for expected credit losses on loans, advances, financing and other financial assets recorded a net charge of RM34.8 million, a decrease of RM52.2 million YOY mainly due to a recovery of RM17.3 million from a large account during the last corresponding quarter. The net credit cost recorded at 7.1bps (Jun 22: -3.8bps). Loan loss coverage (including regulatory reserves) was at 120.0% (Jun 22: 133.2%).

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

Healthy Funding and Liquidity Position

The Group's current account/savings account ("CASA") ratio stood at 43.9%. Its customer-based funding stood at RM53.7 billion. Through our funding strategy, the Group's liquidity coverage and loans-to-funds ratios stood at 163.2% and 85.8%, respectively.

Proactive Capital Management

We continued to maintain a robust capital position. The Common Equity Tier-1 ("CET 1") ratio stood at 13.7%, Tier-1 Capital Ratio at 14.6% and Total Capital Ratio at 18.5% respectively, well above regulatory requirements.

B2 Review Of Performance (Contd.)

(b) Performance by Business Segment and Subsidiary

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

The Consumer Banking segment recorded a profit before tax of RM15.9 million, a decrease of RM55.5 million YOY. Net income was lower by RM1.7 million or 1.0% to RM160.4 million mainly due to lower other operating income by RM7.5 million, offset by the increase in net interest income by RM5.9 million. Operating expenses were higher by RM16.7 million or 16.4%. Allowance for expected credit losses was higher by RM37.1 million. The segment assets recorded at RM25.5 billion.

The Business Banking segment, comprising corporate, commercial and SME banking, recorded a profit before tax of RM124.4 million, a decrease of RM14.0 million or 10.1% YOY. Net income increased by RM17.9 million or 8.4% to RM230.7 million due to higher net interest income by RM11.3 million and higher other operating income by RM6.7 million. Operating expenses increased by RM15.5 million or 19.2%. Allowance for expected credit losses was higher by RM16.4 million. Segment assets recorded at RM25.2 billion.

The Financial Markets segment recorded a profit before tax of RM58.3 million, a decrease of RM20.0 million or 25.5% YOY. Net income was lower by RM20.5 million or 22.7% due to lower net interest income by RM7.5 million and other operating income by RM13.0 million. Operating expenses recorded better by RM0.4 million or 3.7%. Segment assets recorded at RM17.3 billion.

The Islamic Banking segment, which consists of consumer banking, business banking and financial markets, recorded a net profit after taxation of RM29.2 million, lower by RM16.3 million or 35.8% YOY. Net income was lower by RM3.1 million or 3.0%. Net profit income was lower by RM4.7 million while other operating income was higher by RM1.6 million. Operating expenses increased by RM8.1 million or 22.3%. Allowance for expected credit losses stood at RM17.4 million. Total assets stood at RM16.0 billion.

B3 Comparison with Immediate Preceding Quarter (1QFY2024 vs 4QFY2023)

In comparison with the immediate preceding quarter, the Group's profit after taxation of RM150.5 million for the quarter was higher by RM20.4 million or 15.7% mainly due to lower operating expenses and lower allowance for expected credit losses.

Key Quarter-on-Quarter Performance Highlights

- Net interest income remained stable at RM401.4 million.
- NIM was at 2.43% (4QFY2023: 2.52%).
- Other operating income decreased by RM2.5 million or 3.8% mainly due to lower treasury and investment income offsetted by higher wealth management income, service charges and processing fees.
- Operating expenses were lower by RM10.9 million or 4.5% mainly from lower professional cost.
- Net credit cost was at 7.1bps (4QFY2023: 11.9bps).

B4 Prospect for the Current Financial Year

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

We expect Malaysia’s economic growth trajectory to be supported by sustained domestic demand due to the continued improvement of the labour market conditions. Nevertheless, we remain cautious and mindful of downside risks to growth stemming from external uncertainties especially escalating geopolitical tensions and tightening financial conditions.

Notwithstanding the above, under the ACCELER8 strategic plan, the Group expects to broaden its focus and expand into new areas beyond SMEs to accelerate its growth and pay more attention to consumer banking, wealth management and Islamic Banking. The Group will also continue to build strategic partnerships to widen its product offering and distribution, create more value for its customers and expand its business presence in fast-growing states and secondary cities to capture the growth opportunities of these economic corridors.

With prudent loans growth above the industry average, strong credit risk management, controlled loan loss provisions, strengthening the deposit/CASA proposition and cost management, the Group aims to launch itself into the top quartile in the industry for Return on Equity.

B5 Profit Forecast

There was no profit forecast issued by the Group and the Bank.

B6 Taxation

	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<u>GROUP</u>				
- Income tax	32,978	56,855	32,978	56,855
- Deferred tax	17,828	11,861	17,828	11,861
	<u>50,806</u>	<u>68,716</u>	<u>50,806</u>	<u>68,716</u>
<u>BANK</u>				
- Income tax	25,098	43,461	25,098	43,461
- Deferred tax	14,699	9,904	14,699	9,904
	<u>39,797</u>	<u>53,365</u>	<u>39,797</u>	<u>53,365</u>

The Group’s effective tax rate for the current financial year ended 30 June 2023 was higher than the current statutory tax rate of 24% mainly due to expenses not deductible for tax purposes for the financial period.

B7 Status of Corporate Proposals

There was no corporate proposal announced but not completed as at financial report date.

B8 Deposits from Customers, Deposits and Placements of Banks and Other Financial Institutions and Debts Securities

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2023 RM'000	31 March 2023 RM'000	30 June 2023 RM'000	31 March 2023 RM'000
(a) Deposits from customers				
Fixed deposits, negotiable instruments of deposits and money market deposits:				
- One year or less (short term)	28,728,788	29,247,596	20,306,275	20,239,735
- More than one year (medium/long term)	306,540	306,736	48,476	49,285
	29,035,328	29,554,332	20,354,751	20,289,020
Others	22,758,668	21,294,698	18,000,732	16,607,333
	51,793,996	50,849,030	38,355,483	36,896,353
(b) Deposits and placements of banks and other financial institutions				
- One year or less (short term)	349,234	426,719	345,748	412,116
- More than one year (medium/long term)	1,312,540	1,292,565	1,140,995	1,124,086
	1,661,774	1,719,284	1,486,743	1,536,202
(c) Subordinated obligations				
Tier II Subordinated Medium Term Notes (unsecured)				
- One year or less (short term)	-	-	-	-
- More than one year (medium/long term)	1,207,683	1,219,088	1,207,402	1,218,781
Additional Tier 1 Capital Securities (unsecured)				
- One year or less (short term)	203,322	200,335	101,875	100,391
- More than one year (medium/long term)	150,023	152,079	150,023	152,079
	1,561,027	1,571,502	1,459,299	1,471,252

B9 Derivative Financial Assets/(Liabilities)

Derivative financial instruments measured at fair value together with their corresponding contract/notional amounts:

GROUP	As at 30 June 2023			As at 31 March 2023		
	Contract/ notional amount RM'000	Fair value		Contract/ notional amount RM'000	Fair value	
	Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000	
Trading derivatives						
Foreign exchange contracts						
Currency forwards	5,009,255	170,499	(6,690)	4,217,222	35,688	(28,884)
- one year or less	4,273,033	160,321	(5,199)	3,557,478	35,488	(11,251)
- over one year to three years	544,814	10,060	(49)	461,159	200	(9,846)
- over three years	191,408	118	(1,442)	198,585	-	(7,787)
Currency swaps	15,088,993	132,647	(280,059)	11,811,185	88,267	(130,163)
- one year or less	14,563,901	131,561	(253,532)	11,138,010	79,857	(114,690)
- over one year to three years	357,338	7	(24,514)	490,160	2,378	(15,473)
- over three years	167,754	1,079	(2,013)	183,015	6,032	-
Currency spots						
- one year or less	638,841	923	(779)	408,652	572	(588)
Currency options						
- one year or less	1,245,750	3,600	(1,332)	606,114	1,022	(247)
	21,982,839	307,669	(288,860)	17,043,173	125,549	(159,882)
Interest rate related contracts						
Interest rate swaps	12,299,354	70,177	(137,201)	8,972,895	94,962	(120,208)
- one year or less	1,978,094	7,051	(5,105)	2,312,715	11,340	(2,089)
- over one year to three years	2,746,366	35,256	(26,079)	2,532,107	55,819	(31,022)
- over three years	7,574,894	27,870	(106,017)	4,128,073	27,803	(87,097)
Equity related contracts	469,595	2,052	(49,004)	458,916	605	(59,346)
- one year or less	327,475	613	(38,722)	340,226	178	(51,624)
- over one year to three years	142,120	1,439	(10,282)	118,690	427	(7,722)
Hedging derivatives						
Interest rate related contracts						
Interest rate swaps						
- over three years	-	-	-	2,721,000	25	(26,704)
Total derivatives assets/(liabilities)	34,751,788	379,898	(475,065)	29,195,984	221,141	(366,140)

B9 Derivative Financial Assets/(Liabilities) (Contd.)

Derivative financial instruments measured at fair value together with their corresponding contract/notional amounts:
(contd.)

	As at 30 June 2023			As at 31 March 2023		
	Contract/ notional amount RM'000	Assets RM'000	Liabilities RM'000	Contract/ notional amount RM'000	Assets RM'000	Liabilities RM'000
BANK						
Trading derivatives						
Foreign exchange contracts						
Currency forwards	5,009,255	170,499	(6,690)	4,217,222	35,688	(28,884)
- one year or less	4,273,033	160,321	(5,199)	3,557,478	35,488	(11,251)
- over one year to three years	544,814	10,060	(49)	461,159	200	(9,846)
- over three years	191,408	118	(1,442)	198,585	-	(7,787)
Currency swaps	15,088,993	132,647	(280,059)	11,811,185	88,267	(130,163)
- one year or less	14,563,901	131,561	(253,532)	11,138,010	79,857	(114,690)
- over one year to three years	357,338	7	(24,514)	490,160	2,378	(15,473)
- over three years	167,754	1,079	(2,013)	183,015	6,032	-
Currency spots						
- one year or less	638,841	923	(779)	408,652	572	(588)
Currency options						
- one year or less	1,245,750	3,600	(1,332)	606,114	1,022	(247)
	21,982,839	307,669	(288,860)	17,043,173	125,549	(159,882)
Interest rate related contracts						
Interest rate swaps	12,299,354	70,177	(137,201)	9,568,895	97,483	(122,729)
- one year or less	1,978,094	7,051	(5,105)	2,312,715	11,340	(2,089)
- over one year to three years	2,746,366	35,256	(26,079)	2,532,107	55,819	(31,022)
- over three years	7,574,894	27,870	(106,017)	4,724,073	30,324	(89,618)
Equity related contracts	469,595	2,052	(49,004)	458,916	605	(59,346)
- one year or less	327,475	613	(38,722)	340,226	178	(51,624)
- over one year to three years	142,120	1,439	(10,282)	118,690	427	(7,722)
Hedging derivatives						
Interest rate related contracts						
Interest rate swaps						
- over three years	-	-	-	2,423,000	-	(24,208)
Total derivatives assets/(liabilities)	34,751,788	379,898	(475,065)	29,493,984	223,637	(366,165)

(i) The Group's and the Bank's derivative are subject to credit risk, market risk and liquidity risk as follow:

Credit Risk

Credit risk is the risk of financial loss resulting from the failure of the Group's borrowers or counterparties to fulfil their contractual obligations to repay their loans or settle commitments. Exposure to credit risk may be categorised as primary or secondary. This exposure is monitored on an on-going basis against predetermined counterparty limits. As at 30 June 2023, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, were RM379,898,000 respectively (31 March 2023: RM221,141,000 and RM223,637,000 respectively). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

B9 Derivative Financial Assets/(Liabilities) (Contd.)

- (i) The Group's and the Bank's derivative are subject to credit risk, market risk and liquidity risk as follow: (contd.)

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 Group has established a framework of approved risk policies, measurement methodologies and risk limits as approved by the Group Risk Management Committee to manage market risk. Market risk arising from the trading activities is controlled via position limits, loss limits, sensitivity limits and valuation via daily mark-to-market, where available.

Liquidity Risk

Liquidity risk is the inability of the Group and the Bank to meet financial commitments when due.

The Group's and the Bank's liquidity risk profile are managed using liquidity risk management strategies set in the Liquidity Risk Management Policy. Liquidity Risk Measures are monitored against approved threshold by Group Assets and Liabilities Management Committee and Group Risk Management Committee. A contingency funding plan is also established by the Group and the Bank as a forward-looking measure to ensure that liquidity risk can be addressed according to the degrees of key risk indicators, and which incorporates alternative funding strategies which are ready to be implemented on a timely basis to mitigate the impact of unforeseen adverse changes in liquidity in the market place.

- (ii) Cash Requirements of the Derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as the fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Group's and the Bank's credit ratings. As at 30 June 2023, the Group and the Bank had posted cash collateral of RM258,507,000 (31 March 2023: RM158,626,000) on their derivative contracts.

- (iii) Related accounting policies

Derivative financial instruments are initially recognised at fair value, which is normally zero or negligible at inception except for options and subsequently re-measured at their fair value. The fair value of options at inception is normally equivalent to the premium received (for options written) or paid (for options purchased). All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value are recognised in the statement of comprehensive income.

Interest income and expenses associated with interest rate swaps are recognised over the life of the swap agreement as a component of investment income.

- (iv) There have been no changes since the end of the previous financial year in respect of the following:

- (a) the types of derivative financial contracts entered into and the rationale for entering into such contracts, as well as the expected benefits accruing from these contracts;
- (b) the risk management policies in place for mitigating and controlling the risks associated with these financial derivative contracts; and
- (c) the related accounting policies.

B9 Derivative Financial Assets/(Liabilities) (Contd.)

(iv) There have been no changes since the end of the previous financial year in respect of the following: (contd.)

The credit risk, market risk and liquidity risk associated with the derivatives and the policies in place for mitigating or controlling the risks with these derivatives are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 March 2023.

B10 Changes in Material Litigation

The Group and the Bank do not have any material litigation which would materially and adversely affect the financial position of the Group and the Bank for the current financial period ended 30 June 2023.

B11 Dividend Declared

No dividend has been declared during the current financial period ended 30 June 2023.

B12 Earnings Per Share

(a) Basic

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

	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
<u>GROUP</u>				
Net profit for the financial period attributable to equity holders of the Bank (RM'000)	150,540	212,156	150,540	212,156
Weighted average numbers of ordinary shares in issue ('000)	1,548,106	1,548,106	1,548,106	1,548,106
Basic earnings per share (sen)	9.7	13.7	9.7	13.7
<u>BANK</u>				
Net profit for the financial period attributable to equity holders of the Bank (RM'000)	161,692	203,070	161,692	203,070
Weighted average numbers of ordinary shares in issue ('000)	1,548,106	1,548,106	1,548,106	1,548,106
Basic earnings per share (sen)	10.4	13.1	10.4	13.1

B12 Earnings Per Share (Contd.)

(b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the financial period attributable to equity holders of the Bank and the weighted average number of ordinary shares in issue during the financial period have been adjusted for the dilutive effects of all potential ordinary shares (non-cumulative).

There were no dilutive potential ordinary shares outstanding as at 30 June 2023 and 30 June 2022 respectively. As a result, the dilutive earnings per share was equal to basic earnings per share for the financial period ended 30 June 2023 and 30 June 2022.

By Order of the Board

LEE WEI YEN (MAICSA 7001798) (SSM PC No. 202008002080)

Group Company Secretary

Kuala Lumpur

29 August 2023