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Corporate Information

BOARD OF DIRECTORS

Paisol bin Ahmad
Chairman
Non-Independent Non-Executive Director

Datuk Khatijah binti Ahmad
Non-Independent Non-Executive Director

Dato' Saiful Bahri bin Zainuddin
Independent Non-Executive Director

Khoo Guan Huat
Independent Non-Executive Director

Nor Rejina binti Abdul Rahim
Independent Non-Executive Director

RISK MANAGEMENT COMMITTEE

Khoo Guan Huat
Chairman
Independent Non-Executive Director

Dato' Saiful Bahri bin Zainuddin
Independent Non-Executive Director

Nor Rejina binti Abdul Rahim
Independent Non-Executive Director

AUDIT COMMITTEE

Nor Rejina binti Abdul Rahim
Chairman
Independent Non-Executive Director

Paisol bin Ahmad
Non-Independent Non-Executive Director

Khoo Guan Huat
Independent Non-Executive Director

NOMINATION & REMUNERATION COMMITTEE

Dato' Saiful Bahri bin Zainuddin
Chairman
Independent Non-Executive Director

Datuk Khatijah binti Ahmad
Non-Independent Non-Executive Director

Khoo Guan Huat
Independent Non-Executive Director

COMPANY SECRETARY

Siti Nurmazita binti Mustapha
(LS 0009160)(SSM PC No. 202008003099)

AUDITORS

PricewaterhouseCoopers
Level 10, 1 Sentral, Jalan Travers
Kuala Lumpur Sentral
PO Box 10192
50706 Kuala Lumpur

REGISTERED OFFICE

Level 13A, Menara IQ
Lingkaran TRX, Tun Razak Exchange
55188 Kuala Lumpur

Telephone : 603-2708 2800 (General)
603-2708 2808 (Treasury)

Facsimile : 603-2708 2801

Website : www.kaf.com.my

MANAGEMENT

Rohaizad bin Ismail
Chief Executive Officer

Thariq Usman bin Ahmad
Deputy Chief Executive Officer

Faisol Zulkifli
Chief Operating Officer

Syed Zambri bin Syed Zain
Treasury

Shaiful Hadi bin Shaharuddin
Islamic Banking

Zaidi bin Hamzah
Operations & Settlement

Abdul Saheed
Information Technology

Hayati binti Mohd Ali
Legal

Eisha Zulkifli
Human Resource

Nor Azlina binti Che Mat Zin
Accounts

Chen Kok Weng
Risk Management

Mohd Suapi bin Che Shafaii
Compliance

Mohd Zulnasri bin Mohamed Ali
Internal Audit

Directors' Report

for the financial year ended 30 June 2024

The Directors hereby submit their report and the audited financial statements of the Group and the Bank for the financial year ended 30 June 2024.

DIRECTORS OF THE BANK

The Directors in office during the financial year and during the year from the end of the financial year to the date of the report are:

Paisol bin Ahmad (<i>Chairman</i>)	<i>Non-Independent Non-Executive Director</i>
Datuk Khatijah binti Ahmad	<i>Non-Independent Non-Executive Director</i>
Dato' Saiful Bahri bin Zainuddin	<i>Independent Non-Executive Director</i>
Khoo Guan Huat	<i>Independent Non-Executive Director</i>
Nor Rejina binti Abdul Rahim	<i>Independent Non-Executive Director</i>

DIRECTORS OF THE SUBSIDIARIES

Directors of the subsidiaries who served during the financial year until the date of this report are:

Name of the Company	Directors
KAF Investment Funds Berhad	Datuk Khatijah Binti Ahmad (<i>Chairman</i>) Tan Sri Abu Talib Bin Othman Mohammed Reza Bin Tan Sri Abu Talib Mohd Hasnul Ismar Bin Mohd Ismail Nor Rejina Binti Abdul Rahim
KAF Seagroatt & Campbell Berhad	Dato' Ahmad Bin Kadis Datuk Khatijah Binti Ahmad Faisol Zulkifli
KAF Research Sdn Bhd	Mohammad Afiq bin Hussaini Harizal Amrin bin Mohammad Vincent Loo Yeong Hong (<i>Resigned w.e.f. 19 February 2024</i>) Tee Zhi Han (<i>Resigned w.e.f. 20 March 2024</i>)
KAF Trustee Berhad	Faisol Zulkifli Zaidi Bin Hamzah Mohd Kamal Bin Mohd Ali Ridzuan bin Ishak
KAF Capital Sdn Bhd	Dato' Ahmad Bin Kadis Thariq Usman Bin Ahmad Othman bin Mat Hussin
PT KAF Sekuritas Indonesia	Mangantar Hasaloan Napitupulu Ivonne Susan

Directors' Report

for the financial year ended 30 June 2024

Name of the Company

KAF Digital Berhad

Directors

Thariq Usman Bin Ahmad

Nik Johaan Bin Nik Hashim (*Resigned w.e.f. 11 April 2024*)

Datuk Ahmad Hizzad Bin Baharuddin

Ignatius Ong Ming Choy (*Appointed w.e.f. 1 July 2024*)

Putri Noor Shariza Binti Noordin Omar

(*Appointed w.e.f. 1 August 2024*)

None of the Bank and subsidiaries' Directors holding office as at 30 June 2024 had any interest in the ordinary shares of the Bank and of its related corporations during the financial year.

PRINCIPAL ACTIVITIES

The Bank is principally engaged in investment banking, Islamic banking and the provision of related financial services. The Group is involved in investment holding, stockbroking, management of unit trust funds, provision of corporate fund management, provision of investment advisory services, provision of research services and provision of nominee services.

There have been no significant changes to these principal activities during the financial year.

FINANCIAL RESULTS

	Group RM'000	Bank RM'000
Net profit for the financial year attributable to:		
Owners of the parent		
- from continuing operations	60,846	80,565
- from discontinued operations	86,326	-
Non-controlling interests		
- from continuing operations	1,273	-
Net profit for the financial year	148,445	80,565

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are as disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

There were no issuance of shares and debentures in the Bank during the financial year.

Directors' Report

for the financial year ended 30 June 2024

BUSINESS OUTLOOK FOR 2024/2025

The global economy experienced a slowdown in the second half of 2024, with major economies encountering challenges. However, we anticipate a modest recovery to take place in 2025. In advanced economies, stabilizing inflation and easing monetary policy are expected to support GDP growth. China's economic recovery will continue with more fiscal stimulus, although trade tensions with the US and its allies may hinder long-term growth prospects.

One of the main risks to the global outlook is the potential persistence of inflation, particularly in Europe. High inflation could limit income growth and restrict monetary easing. Policymakers will need to balance efforts to contain inflation without stifling growth. Political developments also pose a risk as new governments in key economies navigate challenges. A more isolationist trade stance or stronger anti-immigration policies could lead to economic pressures in developed markets, complicating recovery efforts. The outcome of the upcoming US election remains uncertain, making it challenging to predict its economic impact. A potential second Trump presidency could lead to higher tariffs and stricter immigration policies, resulting in slower growth and higher inflation. In contrast, a Harris presidency would likely maintain the status quo with minimal impact on US GDP growth.

There are some concerning signals from the global economy. Manufacturing activity has slowed, particularly in the US, unemployment rates have increased, and consumer loan delinquencies have risen in certain sectors. While these indicators warrant attention, they are not definitive signs of an impending recession. Broader economic trends, including credit conditions, employment, retail sales, and construction, still point to a positive outlook across advanced economies.

Inflation in most developed markets is expected to stabilize near central banks' 2% targets by 2025. While core inflation, particularly in services, remains elevated, the overall trend is moving in the right direction. Economies are not overheating, and inflation expectations are anchored at low levels. Softer labor markets are expected to ease wage growth pressures, helping to align inflation more closely with policy goals. However, upside risks to inflation remain, particularly in Europe, where recent wage agreements could challenge inflation management efforts.

For the fiscal year 2024/2025, we expect Malaysia's economy to expand between 4% to 5%, driven by external and internal factors. The recovery in trade and manufacturing, alongside resilient domestic demand driven by consumer and investment spending, will be key growth drivers. Recent constructive trends in trade and industrial production data, along with positive investment outcomes, reinforce our optimism. National infrastructure projects and business-friendly policies are expected to sustain economic momentum further.

Private consumption is projected to remain robust, buoyed by healthy labor market conditions. The services sector, particularly in retail, accommodation, and tourism, will benefit from continued expansion in consumer spending and improved tourism activities. Investment spending is also expected to remain solid, supported by government initiatives and national master plans.

Inflation in Malaysia remains manageable, at 1.8% year-on-year in the first half of 2024, down from 2.5% in 2023. Despite adjustments in taxes and utility prices, Bank Negara Malaysia (BNM) will likely keep interest rates steady for the remainder of the year, given the solid economic performance and manageable inflation risks. However, the impending cuts to fuel subsidies may push inflation higher, with BNM projecting inflation could rise to 3.5% after the subsidy adjustments. Nevertheless, we expect the central bank to hold the Overnight Policy Rate at 3.00% through FY24/25.

The Malaysian ringgit has benefited from expectations of lower interest rates in major economies, particularly the US, and Malaysia's strong economic fundamentals. Malaysia's positive economic prospects, supported by structural reforms and initiatives to attract capital flows, will continue to underpin the ringgit. We expect USD/MYR to trade in the range of 4.50 to 4.00 for FY24/25, reflecting sustained support from strong domestic growth drivers.

The Bank will dynamically manage its core Malaysian Government Securities (MGS) and equivalent sovereign sukuk portfolio. The Bank will also strategically manage its domestic Corporate Bond and Sukuk (formerly private debt securities) portfolio based on the forecast scenario of lower interest rates and fiscal deficit reduction to support the domestic bond market.

Directors' Report

for the financial year ended 30 June 2024

RATING BY RATING AGENCIES

Malaysian Rating Corporation Berhad has affirmed the long term and short term financial institution ratings of AA-/MARC-1 respectively on KAF Investment Bank Berhad on 19 October 2023.

DIRECTORS' BENEFITS

Since the end of the previous financial period, no Director has received or become entitled to receive a benefit (other than the benefits shown under Directors' remuneration) by reason of a contract made by the Bank or by a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial period was the Bank or any of its subsidiaries a party to any arrangements whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016 ("CA 2016"), none of the Directors who held office at the end of the financial period held any shares or debentures in the Bank and its related corporations during the financial period except as follows:

	Number of Ordinary Shares			
	At 1.7.2023	Bought	Sold	At 30.6.2024
Bank				
<i>KAF Investment Bank Berhad</i>				
Datuk Khatijah binti Ahmad				
- deemed interest (a)(i)	53,560,998	-	-	53,560,998
Holding company				
<i>AKKA Sdn Bhd</i>				
Datuk Khatijah binti Ahmad				
- direct interest	20,000,000	-	-	20,000,000
- deemed interest (a)(ii)	5,000,000	-	-	5,000,000

Note:-

- (a) Deemed to have interests through:
 - (i) AKKA Sdn Bhd and AKKA Holdings Sdn Bhd pursuant to Section 8 of CA 2016.
 - (ii) Her spouse and son pursuant to Section 59(11)(c) of CA 2016.
- (b) By virtue of her deemed interest in the shares of the Bank, Datuk Khatijah binti Ahmad is deemed to have interest in shares of the Bank's related corporations during the financial period to the extent of the Bank's interest, in accordance with Section 8 of CA 2016.
- (c) By virtue of her interest in the shares of Ultimate Holding Company ("UHC"), Datuk Khatijah binti Ahmad is deemed to have interest in shares of UHC's related corporations during the financial period to the extent of the UHC's interest, in accordance with Section 8 of CA 2016.

Directors' Report

for the financial year ended 30 June 2024

DIVIDENDS

The dividend paid or declared by the Bank since 30 June 2023 were as follows:

RM'000

In respect of the financial period ended 30 June 2023:

- Final single-tier dividend of 150.0 sen, paid on 21 December 2023

120,000

At the forthcoming Annual General Meeting, a final single tier dividend in respect of the current financial year of 37.5 sen amounting to RM30 million will be proposed to shareholders for approval. These financial statements do not reflect this final dividend which will be an appropriation of retained earnings.

DIRECTORS' REMUNERATION

The details of the Directors' remuneration paid or payable to the Directors of the Bank during the financial year/period are shown below:

	Group		Bank	
	Financial year ended 30.6.2024 RM'000	Financial period ended 30.6.2023 RM'000	Financial year ended 30.6.2024 RM'000	Financial period ended 30.6.2023 RM'000
Executive Directors				
Salaries and other remuneration	491	1,142	-	-
Non-Executive Directors				
Fees	772	820	470	470
	<u>1,263</u>	<u>1,962</u>	<u>470</u>	<u>470</u>

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Bank to acquire benefits by means of the acquisition of shares in or debentures of the Bank or any other body corporate.

No indemnity given or insurance effective for any Directors of the Bank.

HOLDING COMPANY

The Directors regard AKKA Sdn Bhd, a company incorporated in Malaysia as the holding company of the Bank.

OPTIONS GRANTED OVER UNISSUED SHARES

There were no options granted over unissued shares in the Bank during the financial year.

Directors' Report

for the financial year ended 30 June 2024

RESPONSIBILITY STATEMENT BY THE BOARD OF DIRECTORS

In the course of preparing the annual financial statements of the Bank, the Directors are collectively responsible in ensuring that these financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

It is the responsibility of the Directors to ensure that the financial reporting of the Bank presents a true and fair view of the financial position of the Bank as at 30 June 2024 and of the financial performance and cash flows of the Bank for the financial year ended 30 June 2024.

The financial statements are prepared on the going concern basis, and the Directors have ensured that proper accounting records are kept, applied the appropriate accounting policies on a consistent basis and made accounting estimates that are reasonable and fair so as to enable the preparation of the financial statements of the Bank with reasonable accuracy.

The Directors have also taken the necessary steps to ensure that appropriate systems are in place for the assets of the Bank to be properly safeguarded for the prevention and detection of fraud and other irregularities. The systems, by their nature, can only provide reasonable and not absolute assurance against material misstatements, whether due to fraud or error.

The Statement by Directors pursuant to Section 251 of the Companies Act 2016 is set out in page 120 of the financial statements.

CORPORATE GOVERNANCE STATEMENT

(a) Board Responsibility and Oversight

The Board of Directors ("Board") has overall responsibility for instituting an appropriate corporate governance framework, setting the strategic direction of the Group and the Bank and ensuring proper conduct of business with the long term objective of enhancing shareholder value, increasing customer trust and building a competitive organisation.

The Bank adopts the principles and best practices of corporate governance as recommended by the Corporate Governance Policy document issued by Bank Negara Malaysia.

The Board comprises five (5) members, made up of two (2) Non-Independent Non- Executive Director (including the Chairman) and three (3) Independent Non-Executive Directors. The composition of the Board is well-balanced and reflects a diverse mix of professional skills and experience, from finance and banking, to legal and corporate backgrounds. The Independent Directors are independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Group and the Bank. They fulfil their roles in the decision-making process of the Board through their unbiased participation and objective consideration of the issues.

The Board is responsible for the overall governance of the Group and the Bank, including its strategic direction, establishing goals for management and monitoring the achievement of these goals. The Board has a formal schedule of matters reserved for approval, performance targets, procedures for monitoring and control of operations, acquisitions and disposals above pre-determined thresholds and any substantial changes in the statement of financial position. The Board carries out various functions and responsibilities as laid down by guidelines and directives that are issued by BNM from time to time.

The Board receives reports on the progress of the Group and the Bank's business operations and minutes of meetings of Board Committees established by it for review at each of its meetings. At these meetings, the members also consider a variety of matters including the Bank's financial results, major investment and strategic decisions and corporate governance matters.

Directors' Report

for the financial year ended 30 June 2024

CORPORATE GOVERNANCE STATEMENT

(a) Board Responsibility and Oversight

The agenda for every Board meeting, together with management reports, proposal papers and supporting documents are distributed to the Directors in advance of all Board meetings, to allow time for appropriate review and to enable full discussion at the meetings. All proceedings from the Board meetings are recorded in the minutes which are properly kept.

There were six (6) Board meetings held during the financial year ended 30 June 2024. A summary of the attendance at Board meetings is set out below:

Name of Directors	No. of Meetings Attended
Paisol bin Ahmad (<i>Chairman</i>) (<i>Non-Independent Non-Executive Director</i>)	6 out of 6
Datuk Khatijah binti Ahmad (<i>Non-Independent Non-Executive Director</i>)	6 out of 6
Dato' Saiful Bahri bin Zainuddin (<i>Independent Non-Executive Director</i>)	5 out of 6
Khoo Guan Huat (<i>Independent Non-Executive Director</i>)	5 out of 6
Nor Rejina binti Abdul Rahim (<i>Independent Non-Executive Director</i>)	5 out of 6

The Board has established the following Board Committees to assist the Board in discharging their duties.

(b) Audit Committee

There were six (6) Audit Committee meetings held during the financial year ended 30 June 2024. A summary of the attendance at Audit Committee meetings is set out below:

Name	Position	No. of Meetings Attended
Nor Rejina binti Abdul Rahim (<i>Independent Non-Executive Director</i>)	Chairman	5 out of 6
Paisol bin Ahmad (<i>Non-Independent Non-Executive Director</i>)	Member	6 out of 6
Khoo Guan Huat (<i>Independent Non-Executive Director</i>)	Member	5 out of 6

The Audit Committee comprises all Non-Executive Directors, of which two (2) Independent Directors and one (1) Non-Independent Director. The Chairman of the Audit Committee is an Independent Non-Executive Director, and there are no alternate Directors who were appointed as members of the Audit Committee during the financial period. The Audit Committee meets at least once in every quarter and reports regularly to the Board.

Directors' Report

for the financial year ended 30 June 2024

The Audit Committee assists the Board in meeting its responsibilities in ensuring adequate and effective internal control, risk management and compliance with established policies and procedures. The Audit Committee also assists the Board in meeting its external financial reporting obligations and compliance with laws and regulations. The Audit Committee shall be directly responsible for the selection, oversight and remuneration of the external auditors.

Its principal functions are to:

- 1) Provide assistance to the Board of Directors in fulfilling their statutory and fiduciary responsibilities and in monitoring its accounting and financial reporting practices.
- 2) Determine that the Bank has adequate administrative, operational and internal accounting controls and that the Bank is operating in accordance with its prescribed procedures and code of conduct.
- 3) Serve as independent and objective party in the review of the financial information presented by management for distribution to shareholders and the public.
- 4) Provide independent oversight of the Bank's internal audit function and the external auditors.
- 5) Review the effectiveness of internal controls and risk management processes.
- 6) Review any related party transactions that may arise within the Bank.

(c) Nomination And Remuneration Committee

There were six (6) Nomination and Remuneration Committee ("NRC") meetings held during the financial year ended 30 June 2024. A summary of the attendance at NRC meetings is set out below:

Name	Position	No. of Meetings Attended
Dato' Saiful Bahri bin Zainuddin (Independent Non-Executive Director)	Chairman	6 out of 6
Datuk Khatijah binti Ahmad (Non-Independent Non-Executive Director)	Member	6 out of 6
Khoo Guan Huat (Independent Non-Executive Director)	Member	5 out of 6

The NRC comprises all Non-Executive Directors, of which two (2) Independent Directors and one (1) Non-Independent Director. The NRC is chaired by an Independent Non- Executive Director. The NRC meets at least once a year and at such other times, as the Chairman of NRC shall require.

The NRC review and recommend any proposed appointments and re-appointment of Directors for Board approval, prior to seeking approval from the BNM. The NRC also manages the overall composition of the Board, evaluation of performance and development of the Board.

The NRC is also responsible for formulating the remuneration policy and remuneration packages for Directors.

Directors' Report

for the financial year ended 30 June 2024

(d) Risk Management Committee

There were six (6) Risk Management Committee held during the financial year ended 30 June 2024. A summary of the attendance at Risk Management Committee meetings is set out below:

Name	Position	No. of Meetings Attended
Khoo Guan Huat (Independent Non-Executive Director)	Chairman	5 out of 6
Dato' Saiful Bahri bin Zainuddin (Independent Non-Executive Director)	Member	4 out of 6
Nor Rejina binti Abdul Rahim (Independent Non-Executive Director)	Member	5 out of 6

The Board, through the Risk Management Committee, maintains overall responsibility for risk oversight within the Bank. The Risk Management Committee ensures that the proper infrastructure, resources and systems are in place for effective risk management.

The Risk Management Committee is chaired by an Independent Director. It comprises all Non-Executive Directors of which three (3) committee members are Independent Directors. The Committee may invite any Director, Executive or other person to attend any meeting(s) of the Committee as it may from time to time consider desirable to assist the Committee in the attainment of its objectives. The Committee Secretary circulates such reports and minutes of the Risk Management Committee meetings as are appropriate to all members of the Committee.

The Committee meets with such frequency and at such times as it may determine but in any event, not less than once every quarter. The quorum for meetings is two Non-Executive Directors, including one Independent Non-Executive Director. At all meetings of the Committee, the Chairman of the Committee, if present, shall preside. If the Chairman is absent, the members present at the meeting shall elect a chairman of the meeting, who shall be an Independent Non-Executive Director.

The Board has established dedicated management committees with clear reporting structures, roles and responsibilities to manage major sources of risk. These committees, details of which are set out below, report to the Risk Management Committee of the Board:

- (i) Treasury Management Committee to manage assets and liabilities, market and liquidity risks;
- (ii) Investment Committee for market and liquidity risks; and
- (iii) Credit Committee for credit risk.

The Risk Management Department is responsible for implementing and monitoring compliance with risk policies set by the Risk Management Committee, and actively supports the Risk Management Committee through identifying and recommending tools and measures to augment the risk management process.

Directors' Report

for the financial year ended 30 June 2024

(e) Shariah Committee

The Board has established a Shariah Committee comprises the following members who have the necessary qualification, knowledge, expertise and experience in Islamic banking industry.

Dr. Asma Hakimah binti Ab Halim (*Chairman appointed w.e.f 18 March 2024*)

YBhg. Sahibus Samahah Dato' Associate Professor Dr. Miszairi bin Sitiris
(*reappointed and redesignated as member w.e.f 2 April 2024*)

Ustaz Muhammad Ameen bin Kamaruzaman

Ustaz Ahmad Hazim bin Alias (*Appointed w.e.f 3 October 2023*)

The Shariah Committee reports directly to the Board with its primary roles and responsibilities as follows:

- (i) advising the Board and Management and providing input to the Bank on the application of any rulings of the SAC or standards on Shariah matters to its operations, businesses, affairs and activities;
- (ii) endorsing Shariah related policies and guidelines;
- (iii) endorsing and validating relevant documentation in the proposal of new SPI products and services including contracts, agreements or other legal documentation used in executing SPI banking transactions;
- (iv) endorsing and validating product guidelines, marketing advertisements, sales illustrations and brochures related to Islamic products, services and activities;
- (v) assessing the work carried out by Shariah Review and Shariah Audit in order to ensure compliance with Shariah matters;
- (vi) assisting and advising related parties such as legal counsel, auditor or consultant on Shariah matters upon request;
- (vii) providing decision or advice on matters which requires a reference to be made to the Shariah Advisory Council of BNM ("SAC") on any Shariah matters which SC is not able to decide or SAC has not made any ruling;
- (viii) deliberating and affirming Shariah Non-Compliance finding by any relevant function; and
- (ix) endorsing a rectification measure to address a Shariah non-compliance event.

There were five (5) Shariah Committee meetings held during the financial year ended 30 June 2024. A summary of the attendance at Shariah Committee meetings is set out below:

Name	Position	No. of Meetings Attended
Dr. Asma Hakimah binti Ab Halim	Chairman	4 out of 5
YBhg. Sahibus Samahah Associate Professor Madya Dr. Miszairi bin Sitiris	Member	4 out of 5
Ustaz Muhammad Ameen bin Kamaruzaman	Member	5 out of 5
Ustaz Ahmad Hazim bin Alias	Member	3 out of 3

Directors' Report

for the financial year ended 30 June 2024

(f) Internal Audit

The Group and the Bank have in place an adequately resourced independent internal audit department, which provides independent assessment on the reliability, adequacy and effectiveness of the Bank's risk management, internal control and governance systems. The internal audit department observes the requirements set out by BNM in its Guidelines on Internal Audit Function of Licensed Institutions and the guidance set out by the Institute of Internal Auditors Malaysia.

The internal audit department adopts risk-based audit approach and prepares its audit strategy and plan based on the risk profiles of the Group and the Bank's major business units. Internal audit reports the outcome of its review on the Bank's internal control and risk management processes to the Audit Committee on a quarterly basis. The Audit Committee reviews the internal audit reports, audit recommendations and management's response to these recommendations.

(g) Management Reports

The Board meetings are structured around a pre-set agenda and reports for discussion, notation and approvals are circulated in advance of the meeting dates. To enable Directors to keep abreast with the performance of the Bank, reports submitted to the Board include:

- (i) Correspondences with BNM
- (ii) Monthly Financial Performance
- (iii) Monetary and Financial Developments
- (iv) Debt Capital Market Activities Report
- (v) Corporate Finance & Advisory Activities Report
- (vi) Treasury Activities Report
- (vii) Operations Activities Report
- (viii) Risk Management Report that covers market, credit and operational risks
- (ix) Minutes of Investment Committee meetings

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Bank were prepared, the Directors took reasonable steps:

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (ii) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Bank had been written down to an amount which the current assets might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances:

- (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent; or
- (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Bank misleading; or
- (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Bank misleading or inappropriate.

(c) At the date of this report, there does not exist:

- (i) any charge on the assets of the Group and of the Bank which has arisen since the end of the financial period which secures the liabilities of any other person; or
- (ii) any contingent liability of the Group and of the Bank which has arisen since the end of the financial period.

Directors' Report

for the financial year ended 30 June 2024

- (d) No contingent or other liability of any company in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the Directors, will or may affect the ability of the Bank and its subsidiaries to meet their obligations when they fall due.
- (e) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Bank which would render any amount stated in the respective financial statements misleading.
- (f) In the opinion of the Directors:
 - (i) except as disclosed in Note 38 and 39 to the financial statements, the results of the operations of the Group and of the Bank during the financial period were not substantially affected by any item, transaction or event of a material and unusual nature; and
 - (ii) there has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Bank for the financial period in which this report is made.

SUBSIDIARIES

Details of subsidiaries are set out in Note 11 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF1146), have indicated their willingness to accept reappointment.

The auditors' remuneration of the Group and the Bank are RM702,760 and RM417,800 respectively. No indemnity given or insurance effected for auditor of the Group and of the Bank.

This report was approved by the Board of Directors on 15 November 2024. Signed on behalf of the Board of Directors.

DATUK KHATIJAH BINTI AHMAD
DIRECTOR

Kuala Lumpur

PAISOL BIN AHMAD
DIRECTOR

Statements Of Financial Position

as at 30 June 2024

		Group		Bank	
		2024	2023	2024	2023
	Note	RM'000	RM'000	RM'000	RM'000
Assets					
Cash and short term funds	2	2,032,662	2,455,560	1,986,646	2,436,552
Statutory deposits with Bank Negara Malaysia	3	87,000	83,000	87,000	83,000
Fair value through profit or loss financial assets	4	495,742	352,254	403,011	318,930
Fair value through other comprehensive income financial assets	5	4,038,402	3,607,518	4,038,402	3,607,518
Financial assets at amortised cost	6	1,430,902	918,081	1,430,902	918,081
Corporate loan	7	25,080	35,153	25,080	35,153
Derivative assets	8	1	376	1	376
Receivables, deposits and prepayments	9	41,013	18,597	12,552	5,199
Amount due from subsidiary companies		-	-	45,921	18,047
Tax recoverable		9,033	3,837	7,675	947
Investment in subsidiaries	11	-	-	189,447	322,889
Investment in associates	12	-	47,055	306	531
Investment properties	13	110,231	108,162	-	-
Intangible assets	14	59,655	59,655	52,500	52,500
Property and equipment	15	20,245	32,546	17,086	30,192
Right-of-use assets	16	19,884	23,346	16,832	22,526
Disposal group and assets held for sale	17	-	78,116	-	-
Total assets		8,369,850	7,823,256	8,313,361	7,852,441
Liabilities					
Deposits from customers	18	5,816,342	4,798,188	5,854,543	4,893,028
Deposits and placements of banks and other financial institutions	19	1,085,903	1,531,461	1,085,903	1,531,461
Other liabilities	20	74,549	32,453	10,540	21,728
Provision for zakat		863	2,051	863	2,051
Deferred tax liabilities	10	688	2,857	1,441	3,162
Lease liabilities	16	18,503	21,581	15,797	20,470
Liabilities associated with disposal group	17	-	46,711	-	-
Total liabilities		6,996,848	6,435,302	6,969,087	6,471,900
Equity					
Share capital	21	80,000	80,000	80,000	80,000
Reserves	22	1,271,990	1,290,296	1,264,274	1,300,541
Total equity attributable to owners of the parent		1,351,990	1,370,296	1,344,274	1,380,541
Non-controlling interests		21,012	17,658	-	-
Total equity		1,373,002	1,387,954	1,344,274	1,380,541
Total equity and liabilities		8,369,850	7,823,256	8,313,361	7,852,441
Commitments and contingencies	34	76,555	263,917	76,555	263,917

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

Statements Of Comprehensive Income

for the financial year ended 30 June 2024

		Group		Bank	
		Financial year ended 30 June 2024 RM'000	Financial period ended 30 June 2023 RM'000	Financial year ended 30 June 2024 RM'000	Financial period ended 30 June 2023 RM'000
Continuing operations	Note				
Interest income	23a	249,017	220,643	248,716	221,022
Interest income for financial assets at fair value through profit or loss	23b	24,159	13,563	24,159	13,563
		273,176	234,206	272,875	234,585
Interest expense	24	(204,220)	(141,116)	(205,234)	(143,815)
		68,956	93,090	67,641	90,770
Other operating income	25	113,888	85,040	71,669	67,242
		182,844	178,130	139,310	158,012
Income from Islamic banking operations	37	35,021	79,585	35,021	79,585
		217,865	257,715	174,331	237,597
Other operating expenses	26	(125,125)	(86,592)	(63,703)	(47,548)
		92,740	171,123	110,628	190,049
Profit from operations					
Expected credit loss	29	(3,838)	(38)	(3,838)	(38)
Net increase in the net assets of associate		255	1,428	-	-
		89,157	172,513	106,790	190,011
Profit before taxation and zakat					
Taxation	30	(26,175)	(46,858)	(25,362)	(46,744)
Zakat	37n	(863)	(2,051)	(863)	(2,051)
		62,119	123,604	80,565	141,216
Profit for the financial year/period from continuing operations					
Discontinued operations					
Profit/(loss) for the financial year/period from discontinued operations	27	86,326	(5,995)	-	-
Profit for the financial year/period		148,445	117,609	80,565	141,216

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

Statements Of Comprehensive Income

for the financial year ended 30 June 2024

	Group		Bank	
	Financial year ended 30 June 2024	Financial period ended 30 June 2023	Financial year ended 30 June 2024	Financial period ended 30 June 2023
Note	RM'000	RM'000	RM'000	RM'000
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Fair value through other comprehensive income reserve				
- Net unrealised fair value (loss)/gain	(895)	99,166	(895)	99,166
- Expected credit loss	2,558	(38)	2,558	(38)
Income tax relating to net fair value changes	215	(23,800)	215	(23,800)
Currency translation reserve	1,081	2,099	-	-
Tax impact arising from disposal	1,290	-	1,290	-
Total comprehensive income for the financial year/period	152,694	195,036	83,733	216,544
Net profit for the financial year/period attributable to:				
Owners of the parent				
- from continuing operations	60,846	124,055	80,565	141,216
- from discontinued operations	86,326	(5,995)	-	-
Non-controlling interests				
- from continuing operations	1,273	(451)	-	-
	148,445	117,609	80,565	141,216
Total comprehensive income for the financial year/period attributable to:				
Owners of the parent				
- from continuing operations	65,095	201,482	83,733	216,544
- from discontinued operations	86,326	(5,995)	-	-
Non-controlling interests				
- from continuing operations	1,273	(451)	-	-
	152,694	195,036	83,733	216,544

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

Statements Of Comprehensive Income

for the financial year ended 30 June 2024

Attributable to owners of the parent

Group	Share capital RM'000	Regulatory reserve RM'000	Property revaluation reserve RM'000	Funds allocated to Islamic banking division RM'000	FVOCI reserve RM'000	Merger reserve RM'000	Other reserve RM'000	Currency Translation reserve RM'000	Retained earnings RM'000	Sub-total RM'000	Non-controlling interests RM'000	Total equity RM'000
2024												
At 1 July 2023	80,000	8,239	13,622	105,000	64	421	2,939	2,718	1,157,293	1,370,296	17,658	1,387,954
Net profit for the financial year	-	-	-	-	-	-	-	-	147,172	147,172	1,273	148,445
Other comprehensive income												
- Net unrealised fair value loss	-	-	-	-	(895)	-	-	-	-	(895)	-	(895)
- Income tax relating to net fair value changes	-	-	-	-	215	-	-	-	-	215	-	215
- Expected credit loss	-	-	-	-	2,558	-	-	-	-	2,558	-	2,558
Regulatory reserve	-	16,564	-	-	-	-	-	-	(16,564)	-	-	-
Currency translation reserve	-	-	-	-	-	-	-	1,081	-	1,081	-	1,081
Tax impact arising from disposal	-	-	1,290	-	-	-	-	-	-	1,290	-	1,290
Total comprehensive income for the financial year	-	16,564	1,290	-	1,878	-	-	1,081	130,608	151,421	1,273	152,694
Transactions with owners												
Transfer arising from disposal (Note 15)	-	-	(14,912)	-	-	-	-	-	14,912	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-	(1,513)	(4)	(48,210)	(49,727)	2,081	(47,646)
Dividends paid (Note 31)	-	-	-	-	-	-	-	-	(120,000)	(120,000)	-	(120,000)
At 30 June 2024	80,000	24,803	-	105,000	1,942	421	1,426	3,795	1,134,603	1,351,990	21,012	1,373,002

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

Statements Of Changes In Equity

for the financial year ended 30 June 2024

Attributable to owners of the parent

Group	Share capital RM'000	Regulatory reserve RM'000	Property revaluation reserve RM'000	Funds allocated to Islamic banking division RM'000	FVOCI reserve RM'000	Merger reserve RM'000	Other reserve RM'000	Currency Translation reserve RM'000	Retained earnings RM'000	Sub-total RM'000	Non-controlling interests RM'000	Total equity RM'000
2023												
At 1 June 2022	80,000	8,483	13,622	105,000	(75,264)	421	3,065	2,088	1,067,520	1,204,935	21,612	1,226,547
Net profit/(loss) for the financial period	-	-	-	-	-	-	-	-	118,060	118,060	(451)	117,609
Other comprehensive income/(loss)												
- Net unrealised fair value gain	-	-	-	-	99,166	-	-	-	-	99,166	-	99,166
- Income tax relating to net fair value changes	-	-	-	-	(23,800)	-	-	-	-	(23,800)	-	(23,800)
- Expected credit loss	-	-	-	-	(38)	-	-	-	-	(38)	-	(38)
Regulatory reserve	-	(244)	-	-	-	-	-	-	244	-	-	-
Currency translation reserve	-	-	-	-	-	-	-	630	1,469	2,099	-	2,099
Total comprehensive (loss)/income for the financial period	-	(244)	-	-	75,328	-	-	630	119,773	195,487	(451)	195,036
<i>Transactions with owners</i>												
Dividends paid (Note 31)	-	-	-	-	-	-	-	-	(30,000)	(30,000)	-	(30,000)
Capital reduction (Note 38)	-	-	-	-	-	-	(126)	-	-	(126)	(3,503)	(3,629)
At 30 June 2023	80,000	8,239	13,622	105,000	64	421	2,939	2,718	1,157,293	1,370,296	17,658	1,387,954

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

Statements Of Changes In Equity

for the financial year ended 30 June 2024

	Non-distributable				Distributable		Total
	Share capital	Regulatory reserve	Property revaluation reserve	FVOCI reserve	Funds allocated to Islamic Banking division	Retained earnings	
Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2024							
At 1 July 2023	80,000	8,239	13,622	1,788	105,000	1,171,892	1,380,541
Net profit for the financial year	-	-	-	-	-	80,565	80,565
Other comprehensive income							
- Net unrealised fair value gain	-	-	-	(895)	-	-	(895)
- Income tax relating to net fair value changes	-	-	-	215	-	-	215
- Expected credit loss	-	-	-	2,558	-	-	2,558
Regulatory reserve	-	16,564	-	-	-	(16,564)	-
Tax impact arising from disposal	-	-	1,290	-	-	-	1,290
Total comprehensive income for the financial year	-	16,564	1,290	1,878	-	64,001	83,733
Transfer arising from disposal (Note 15)	-	-	(14,912)	-	-	14,912	-
Transaction with owners							
Dividends paid (Note 31)	-	-	-	-	-	(120,000)	(120,000)
At 30 June 2024	80,000	24,803	-	3,666	105,000	1,130,805	1,344,274

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

Statements Of Changes In Equity

for the financial year ended 30 June 2024

	<i>Non-distributable</i>				<i>Distributable</i>		Total
	Share capital	Regulatory reserve	Property revaluation reserve	FVOCI reserve	Funds allocated to Islamic Banking division	Retained earnings	
Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2023							
At 1 June 2022	80,000	8,483	13,622	(73,540)	105,000	1,060,432	1,193,997
Net profit for the financial year	-	-	-	-	-	141,216	141,216
Other comprehensive income:							
- Net unrealised fair value gain	-	-	-	99,166	-	-	99,166
- Income tax relating to net fair value changes	-	-	-	(23,800)	-	-	(23,800)
- Expected credit loss	-	-	-	(38)	-	-	(38)
Regulatory reserve	-	(244)	-	-	-	244	-
Total comprehensive (loss)/income for the financial period	-	(244)	-	75,328	-	141,460	216,544
<i>Transaction with owners</i>							
Dividends paid (Note 31)	-	-	-	-	-	(30,000)	(30,000)
At 30 June 2023	80,000	8,239	13,622	1,788	105,000	1,171,892	1,380,541

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

Statements Of Cash Flow

for the financial year ended 30 June 2024

	Group		Bank	
	Financial year ended 30 June 2024 RM'000	Financial period ended 30 June 2023 RM'000	Financial year ended 30 June 2024 RM'000	Financial period ended 30 June 2023 RM'000
Cash flows from operating activities				
Profit before taxation and zakat from continuing operations	89,157	172,513	106,790	190,011
Profit before taxation and zakat and discontinued operations	86,815	(5,813)	-	-
Adjustments for:				
Amortisation of premium less accretion of discount	(4,200)	(15,499)	(4,200)	(15,499)
Depreciation of property and equipment	4,853	2,669	4,349	2,179
Write off of PPE	-	23	-	-
Depreciation of right-of-use assets	4,775	3,582	3,254	2,731
Credit loss expense on corporate loan	148	-	148	-
Gain on sale of property	(889)	-	(889)	-
Gain on sale of KAF Equities	(86,028)	-	-	-
Finance cost	932	310	660	268
Dividend from investment	(40)	-	(1,782)	-
Interest income	(279)	(379)	-	-
Fair value through profit or loss financial assets				
- Net realised gain	(14,936)	(11,849)	(8,419)	(10,596)
- Interest income	(24,159)	(13,563)	(24,159)	(13,563)
- Dividend income	(828)	(986)	(74)	(551)
Fair value through other comprehensive income financial assets				
- Net realised (gain)/loss	(56,287)	115,911	(56,287)	115,911
- Interest income	(134,070)	(139,573)	(134,070)	(139,573)
- Dividend income	(34,511)	(42,852)	(34,511)	(42,852)
- Credit loss expense on financial asset	2,558	38	2,558	38
Financial assets at amortised cost				
- Interest income	(46,872)	(10,870)	(46,872)	(10,870)
- Dividend income	(15,369)	-	(15,369)	-
Impairment of subsidiaries	-	-	3,179	-
Unrealised loss/(gain):				
- Fair value through profit or loss financial assets	1,351	5,317	403	3,508
- Fair value of derivatives	(1,096)	7,828	(1,096)	7,828
- Foreign exchange	(1,629)	15,364	(460)	15,374
	(230,604)	82,153	(206,847)	104,344
(Increase)/decrease in operating assets:				
Statutory deposits with Bank Negara Malaysia	(4,000)	(69,977)	(4,000)	(69,977)
Restricted cash	(31,630)	-	-	-
Cash and short-term funds with the original maturity of more than three months	(1,553,989)	-	(1,552,448)	-
Corporate loan	6,462	(19,584)	6,462	(19,584)
Fair value through profit or loss financial assets				
- Purchase	(3,334,865)	(4,216,881)	(3,332,808)	(4,216,881)
- Proceeds from disposal	3,257,888	4,283,974	3,257,888	4,283,974
- Interest received	23,014	11,085	23,014	11,085
- Dividend received	74	551	74	551
Other receivables and prepayments	(40,149)	(18,291)	(35,226)	(19,591)

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

Statements Of Cash Flow

for the financial year ended 30 June 2024

	Group		Bank	
	Financial year ended 30 June 2024 RM'000	Financial period ended 30 June 2023 RM'000	Financial year ended 30 June 2024 RM'000	Financial period ended 30 June 2023 RM'000
Increase/(decrease) in operating liabilities:				
Deposits from customers	942,938	526,625	961,515	521,451
Deposits and placements of banks and other financial institutions	(443,952)	625,468	(443,952)	625,468
Other liabilities	66,122	(540)	(10,092)	(17,101)
Derivative liabilities	375	(2,263)	375	(2,263)
Net cash (used in)/generated from operating activities before taxation	(1,342,316)	1,202,320	(1,336,045)	1,201,476
Interest received	259	252	-	-
Net tax paid	(32,036)	(41,628)	(32,307)	(40,036)
Zakat paid	(2,051)	(600)	(2,051)	(600)
Net cash (used in)/generated from operating activities				
- continuing operations	(1,376,144)	1,160,344	(1,370,403)	1,160,840
- discontinued operations	-	(1,923)	-	-
Net cash (used in)/generated from operating activities	(1,376,144)	1,158,421	(1,370,403)	1,160,840
Cash flows from investing activities				
Fair value through other comprehensive income financial assets				
- Purchase	(2,452,139)	(2,737,523)	(2,452,092)	(2,743,336)
- Proceeds from disposal	2,089,228	3,331,453	2,089,294	3,331,453
- Interest received	135,273	135,401	135,273	135,401
- Dividend received	26,211	42,164	26,211	42,164
Fair value through profit or loss financial assets				
- Purchase	(58,247)	(475)	-	-
- Proceeds from disposal	58,617	2,492	-	-
- Interest received	-	643	-	-
Financial assets at amortised cost				
- Purchase	(512,034)	(909,195)	(512,034)	(909,195)
- Interest received	46,878	1,963	46,878	1,963
- Dividend received	13,180	-	13,180	-
Investment in associate				
- Purchase	-	(3)	-	-
- Proceeds from disposal	-	4,835	-	-
- Gain on disposal	-	(46)	-	-
- Unrealised net increase in net investment in associates	(255)	(1,428)	-	-
Corporate loan				
- Interest received	2,168	1,947	2,298	1,947

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

Statements Of Cash Flow

for the financial year ended 30 June 2024

	Group		Bank	
	Financial year ended 30 June 2024 RM'000	Financial period ended 30 June 2023 RM'000	Financial year ended 30 June 2024 RM'000	Financial period ended 30 June 2023 RM'000
Sale of investment in subsidiaries				
- KAF Equities (Note 27)	140,796	-	-	-
Purchase of property and equipment	(9,075)	(14,134)	(7,904)	(13,584)
Purchase of investment building	(4,756)	-	-	-
Sale of property	17,550	-	17,550	-
Acquisition of a subsidiary (Note 11)	-	-	(27,770)	-
Dividend from investment	40	-	160,040	-
Net cash used in investing activities				
- continuing operations	(506,565)	(141,906)	(509,076)	(153,187)
- discontinued operations	-	(18,687)	-	-
Net cash used in investing activities	(506,565)	(160,593)	(509,076)	(153,187)
Cash flows from financing activities				
Share capital reduction	-	(3,628)	-	-
Dividends paid	(120,000)	(30,000)	(120,000)	(30,000)
Payment for lease liability	(4,361)	(5,163)	(2,894)	(5,058)
Net cash used in financing activities				
- continuing operations	(124,361)	(38,791)	(122,894)	(35,058)
- discontinued operations	-	(1,050)	-	-
Net cash used in financing activities	(124,361)	(39,841)	(122,894)	(35,058)
Effect of exchange rate differences	(1,447)	1,273	19	1,260
Net (decrease)/increase in cash and cash equivalents	(2,008,517)	959,260	(2,002,354)	973,855
Cash and cash equivalents at beginning of the financial year/period	2,455,560	1,496,300	2,436,552	1,462,697
Cash and cash equivalents at end of the financial year/period (notes 2(a))	447,043	2,455,560	434,198	2,436,552

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

Statements Of Cash Flow

for the financial year ended 30 June 2024

Reconciliation of liabilities arising from financing activities

The table below details changes in liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group and the Bank's statements of cash flows from financing activities.

	Group RM'000	Bank RM'000
<i>Lease liabilities</i>		
At 1 July 2023	21,581	20,470
New acquisition	351	(2,439)
Changes from financing cash flows	(4,361)	(2,894)
Finance cost for the financial year	932	660
At 30 June 2024	18,503	15,797
At 1 June 2022	1,737	981
New acquisition	24,697	24,279
Changes from financing cash flows	(5,163)	(5,058)
Finance cost for the financial period	310	268
At 30 June 2023	21,581	20,470

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

Summary Of Material Accounting Policies

for the financial year ended 30 June 2024

The following accounting policies have been used consistently in dealing with items that are considered material in relation to the financial statements, except as disclosed in the financial statements.

A. BASIS OF PREPARATION

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

The financial statements have been prepared under the historical cost convention, unless otherwise indicated in this summary of significant accounting policies.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires the Directors to exercise their judgement in the process of applying the Group 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 the estimates.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note X.

(a) Standards, amendments to published standards and interpretations that are effective

The Group and the Bank have applied the following amendments for the first time for the financial year beginning on 1 July 2023:

- MFRS 17 'Insurance Contracts' and its amendments
- Amendments to MFRS 101 and MFRS Practice Statement 2 'Disclosure of Accounting Policies'
- Amendments to MFRS 108 'Definition of Accounting Estimates'
- Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'
- Amendments to MFRS 112 'International Tax Reform-Pillar Two Model Rules'

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective

(i) Financial year beginning on/after 1 July 2024

- Amendments to MFRS 101 "Classification of liabilities as current or non-current"

The amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). In addition, the amendments clarify that when a liability could be settled by the transfer of an entity's own equity instruments (e.g. a conversion option in a convertible bond), conversion option meeting the definition of an equity instrument in MFRS 132 'Financial Instruments: Presentation' does not impact the current or non-current classification of the convertible instrument.

Summary Of Material Accounting Policies

for the financial year ended 30 June 2024

- Amendments to MFRS 101 “Non-current Liabilities with Covenants”

The amendments specify that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification of a liability as current or non-current, even if the covenant is only assessed after the reporting date.

Both amendments shall be applied retrospectively.

- Amendments to MFRS 16 “Lease Liability in a Sale and Leaseback”

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

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

- Amendments to MFRS 121 “Lack of Exchangeability”

Amendments to MFRS 121 “Lack of Exchangeability” Amendments to MFRS 121 “Lack of Exchangeability” (effective 1 January 2025) clarify that a currency is exchangeable when an entity is able to exchange it into another currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism that creates enforceable rights and obligations. If an entity can only obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, then the currency is not exchangeable. In such cases, the entity is required to estimate the spot exchange rate at the measurement date. The amendments do not specify how an entity estimates the spot exchange rate, but permit an entity to use observable exchange rate without adjustment or another estimation technique, provided it could meet the objective for estimating the spot exchange rate set out in the amendments.

The Group and the Bank will apply these amendments when effective. The adoption of the above standards, amendments to published standards and interpretations to existing standards are not anticipated to have any significant impact on the Group and the Bank’s financial statements in the year of initial application.

Summary Of Material Accounting Policies

for the financial year ended 30 June 2024

B. FOREIGN CURRENCIES

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. However, exchange differences are deferred in other comprehensive income when they arose from qualifying cash flow or net investment hedges or are attributable to items that form part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within other operating income.

Changes in the fair value of monetary securities denominated in foreign currency classified as debt instrument classified as at fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences relates to changes in amortised cost are recognised in profit or loss and other changes in carrying amount are recognised in other comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as at fair value through other comprehensive income, are included in other comprehensive income.

C. CONSOLIDATION

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition accounting method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Summary Of Material Accounting Policies

for the financial year ended 30 June 2024

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The Group applies predecessor accounting to account for business combinations under common control. Under predecessor accounting, assets and liabilities acquired are not restated to their respective fair values. They are recognised at the carrying amounts from the consolidated financial statements of the ultimate holding company of the Group and adjusted to conform with the accounting policies adopted by the Group. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities of the acquired entity is recognised as an adjustment to equity. No additional goodwill is recognised.

The Group applies predecessor accounting to account for business combinations under common control. Under predecessor accounting, assets and liabilities acquired are not restated to their respective fair values. They are recognised at the carrying amounts from the consolidated financial statements of the ultimate holding company of the Group and adjusted to conform with the accounting policies adopted by the Group. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities of the acquired entity is recognised as an adjustment to equity. No additional goodwill is recognised.

The acquired entity's results, assets and liabilities are consolidated from the date on which the business combination between entities under common control occurred. Consequently, the consolidated financial statements do not reflect the results of the acquired entity for the period before the transaction occurred. The comparative information is not restated.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statements of comprehensive income, statements of changes in equity and statements of financial position respectively.

(iii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

Summary Of Material Accounting Policies

for the financial year ended 30 June 2024

(iv) Disposal of subsidiaries

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Gain or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

(v) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment in an associate is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the associate in profit or loss, and the Group's share of movements in other comprehensive income of the associate in other comprehensive income. Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interests in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Group's investment in associates includes goodwill identified on acquisition.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. An impairment loss is recognised for the amount by which the carrying amount of the associate exceeds its recoverable amount. The Group presents the impairment loss in profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to equity account its associate because of a loss of significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Dilution gains or losses arising in investments in associates are recognised in profit or loss.

Summary Of Material Accounting Policies

for the financial year ended 30 June 2024

D. ASSETS HELD-FOR-SALE AND DISCONTINUED OPERATIONS

Non-current assets (or disposal groups) are classified as assets held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the non-current asset (or disposal group) is recognized at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised. Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of comprehensive income.

E. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES IN SEPARATE FINANCIAL STATEMENTS

In the Bank's separate financial statements, investments in subsidiaries and associates are stated at cost less accumulated impairment losses. At the end of financial period, the Bank assesses whether there is any indication of impairment. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

On disposal of investment in subsidiaries and associates, the difference between disposal proceeds and the carrying amount of the investments are recognised in profit or loss.

The amount due from subsidiaries of which the Bank does not expect repayment in the foreseeable future are considered as part of the Bank's investments in the subsidiaries.

F. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Summary Of Material Accounting Policies

for the financial year ended 30 June 2024

G. PROPERTY AND EQUIPMENT

Property and equipment are initially stated at cost. Land and buildings are subsequently shown at fair value, less subsequent depreciation and impairment losses. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property and equipment are stated at historical cost less accumulated depreciation and impairment losses. The cost of an item of property and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also include borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings.

Gains or losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss.

Freehold land is not depreciated as it has an infinite life. Other property and equipment are depreciated on the straight line method to allocate the cost or the revalued amounts, to their residual values over their estimated useful lives, summarised as follows:

Freehold Building	50 years
Office furniture and equipment	5 years
Renovations	5 years
Motor vehicles	5 years

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

At the end of the reporting period, the Group and the Bank assess whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. The accounting policy Note K on impairment of non-financial asset.

Summary Of Material Accounting Policies

for the financial year ended 30 June 2024

H. MERCHANT BANKING LICENCE

Intangible asset represents banking license granted by Bank Negara Malaysia and is stated at cost less accumulated impairment losses, if any. Intangible assets with an indefinite useful life are not amortised but are tested annually for impairment.

I. INVESTMENT PROPERTIES

Investment properties, comprising principally land, are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment properties are measured initially at its cost, including related transaction costs and borrowing costs if the investment property meets the definition of qualifying asset.

After initial recognition, investment properties are stated at cost less any accumulated depreciation and impairment losses.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment property is derecognised either when it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are included in profit or loss.

J. GOODWILL

Goodwill arises from a business combination and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree on the acquisition date.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Summary Of Material Accounting Policies

for the financial year ended 30 June 2024

K. IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life, for example goodwill or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to the property revaluation reserve surplus. Impairment loss on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to property revaluation reserve.

L. FINANCIAL ASSETS

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
- those to be measured at amortised cost

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest ("SPPI").

Summary Of Material Accounting Policies

for the financial year ended 30 June 2024

Debt instrument

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

There are three measurement categories into which the Group classifies its debt instruments:

(i) *Amortised cost*

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.

(ii) *Fair value through other comprehensive income ("FVOCI")*

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of comprehensive income.

(iii) *Fair value through profit or loss ("FVTPL")*

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Group may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes is recognised in profit or loss and presented net within other gains/(losses) in the period which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of comprehensive income.

Summary Of Material Accounting Policies

for the financial year ended 30 June 2024

(d) Subsequent measurement – Impairment

Impairment for debt instruments and financial guarantee contracts

The Group assesses on a forward looking basis the expected credit loss (“ECL”) associated with its debt instruments carried at amortised cost and at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group has three types of financial instruments that are subject to the ECL model:

- Trade receivables
- Contract assets
- Financial guarantee contracts

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group expects to receive, over the remaining life of the financial instrument. For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group expects to receive from the holder, the debtor or any other party.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(i) *General 3-stage approach for other receivables and financial guarantee contracts issued*

At each reporting date, the Group measures ECL through loss allowance at an amount equal to 12 month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required. Note 5 sets out the measurement details of ECL.

(ii) *Simplified approach for trade receivables, contract assets and lease receivables*

The Group applies the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and other assets.

Summary Of Material Accounting Policies

for the financial year ended 30 June 2024

Significant increase in credit risk

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of the debtor
- significant increases in credit risk on other financial instruments of the same debtor
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the Group and changes in the operating results of the debtor.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Definition of default and credit-impaired financial assets

The Group defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

The Group defines a financial instrument as default, when the counterparty fails to make contractual payment within 90 days of when they fall due.

Qualitative criteria:

The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group considers the following instances:

- the debtor is in breach of financial covenants;
- concessions have been made by the lender relating to the debtor's financial difficulty;
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the debtor is insolvent.

Financial instruments that are credit-impaired are assessed on individual basis.

Summary Of Material Accounting Policies

for the financial year ended 30 June 2024

Groupings of instruments for ECL measured on collective basis

(i) *Collective assessment*

For collective assessment of ECL examples of shared credit risk characteristic include but not limited to instrument, type, collateral type, credit risk ratings, industry, geographical location of borrowers amongst other.

(ii) *Individual assessment*

Trade receivables and other receivables which are in default or credit-impaired are assessed individually.

Write-off

(i) *Trade receivables and other receivables*

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery subject to EXCO's approval.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(ii) *Other receivables*

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery and approved by the EXCO.

M. FINANCIAL LIABILITIES

Financial liabilities are measured at amortised cost, except for trading liabilities and liabilities designated at fair value, which are held at fair value through profit or loss. Financial liabilities are initially recognised at fair value plus transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss. Financial liabilities are derecognised when extinguished.

(i) *Financial liabilities at fair value through profit or loss*

This category comprises two sub-categories: financial liabilities classified as held-for-trading, and financial liabilities designated at fair value through profit or loss upon initial recognition.

A financial liability is classified as held-for-trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking. Derivatives are also categorised as held-for-trading unless they are designated as hedges.

The Group and the Bank did not have any financial liabilities at fair value through profit or loss upon initial recognition during the financial period ended 30 June 2023 and 30 June 2024.

Summary Of Material Accounting Policies

for the financial year ended 30 June 2024

(ii) *Financial liabilities at amortised cost*

Financial liabilities are initially recognised at fair value plus transaction costs. Subsequently, financial liabilities are measured at amortised cost using the effective interest rate. The financial liabilities measured at amortised cost are ‘deposits from customers’ (Note 18), ‘deposits and placements of banks and other financial institutions’ (Note 19) and ‘other liabilities’ (Note 20).

N. DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair values at the end of each reporting period. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of any derivative are recognised immediately in the profit or loss.

O. LEASES

(a) *Accounting by lessee*

Leases are recognised as right-of-use (“ROU”) asset and a corresponding liability at the date on which the lease asset is available for use by the Group and the Bank (i.e. the commencement date).

Lease Term

In determining the lease term, the Group and the Bank consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group and the Bank reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and the Bank and affects whether the Group and the Bank are reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities.

ROU assets

ROU assets are initially measured at cost comprising the following:

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

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

Summary Of Material Accounting Policies

for the financial year ended 30 June 2024

Lease liabilities

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

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group and the Bank under residual value guarantees;
- The exercise price of a purchase and extension options if the Group and the Bank are reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group and the Bank exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group and the Bank, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

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

Variable lease that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

The Group and the Bank present the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the finance cost in the statement of comprehensive income.

Reassessment of lease liabilities

The Group and the Bank are also exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

Short-term lease and lease of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line bases as an expense in statement of comprehensive income.

(b) Accounting by lessor

Under MFRS 16, The Bank (acting as a sub-lessor) is required to assess the lease classification of sublease with reference to the ROU asset, not the underlying asset. On transition, the Bank reassessed the lease classification of a sublease contract previously classified as an operating lease under MFRS 117. The Bank concluded that the sublease is a finance lease under MFRS 16 and the sublease contract was accounted for a new finance lease entered into at the DIA.

Accordingly, the Bank derecognises the ROU asset related to the head lease, and recognises a receivable at an amount equal to the net investment in the sublease.

Summary Of Material Accounting Policies

for the financial year ended 30 June 2024

P. PROVISIONS

Provisions are recognised when:

- (i) the Group and the Bank have a present legal or constructive obligation as a result of past events;
- (ii) it is probable that an outflow of resources will be required to settle the obligation; and
- (iii) a reliable estimate of the amount of obligation can be made.

Where the Group and the Bank expect a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

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

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

Q. CURRENT AND DEFERRED INCOME TAX

Tax expense for the period comprises current and deferred tax. The income tax expenses or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting period in the country where the Group and the Bank operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred tax provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Summary Of Material Accounting Policies

for the financial year ended 30 June 2024

R. EMPLOYEE BENEFITS

Short-term employee benefit

Salaries, bonuses, paid annual leave and sick leave are measured on an undiscounted basis, and are accrued in the period which associated services are rendered by employees of the Group and the Bank. The liabilities are presented as other payables and accrued expenses in other liabilities in the statement of financial position.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group and the Bank have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plan

The Group and the Bank contribute to the Employees' Provident Fund ("EPF"), a defined contribution plan.

The Group and the Bank's contributions to defined contribution plan are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Bank have no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

S. CONTINGENT ASSETS AND LIABILITIES

The Group and the Bank do not recognise contingent assets and liabilities other than those arising from business combinations, but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Bank, or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Bank. The Group and the Bank do not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

T. RECOGNITION OF INTEREST INCOME AND EXPENSE / ISLAMIC FINANCING INCOME AND EXPENSE

Interest income and expense for all interest-bearing financial instruments are recognised as "interest income" and "interest expense" in the profit or loss using the effective interest rates of the financial assets or financial liabilities to which they relate. Interest income from financial assets at fair value to profit or loss is recognised as part of net gains or net losses on these financial instruments.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group and the Bank take into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

Summary Of Material Accounting Policies

for the financial year ended 30 June 2024

Income and expense from Islamic banking operations is recognised on accrual basis applying the profit rate method or hibah (if any)* in accordance with the principles of Shariah. Finance cost and income relating to Islamic banking operations are amortised using the profit rate method or hibah (if any)* in accordance with the principles of Shariah.

** hibah declared is at the Bank's sole discretion*

U. FAIR VALUE HIERARCHY

The Group and the Bank classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active market 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 (that is, as prices) or indirectly (that is, derived from prices)
- Level 3: Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Group and the Bank. The Group and the Bank consider observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

V. FEES AND OTHER INCOME

- (i) Fees received from capital market activities are recognised when the Group and the Bank's rights to receive payment is established.
- (ii) Income from Islamic banking operations is recognised on an accrual basis.
- (iii) Dividends are recognised when the right to receive payment is established. Dividend income received from subsidiary companies, financial assets at fair value through profit or loss and financial investments at fair value through other comprehensive income are recognised as non-interest income in statement of comprehensive income unless the dividend clearly represents a recovery of part of the cost of the investment.

Summary Of Material Accounting Policies

for the financial year ended 30 June 2024

W. SHARE CAPITAL

(i) *Classification*

Ordinary shares are classified as equity.

(ii) *Dividend distribution*

Distributions to holders of an equity instrument is recognised directly in equity and the corresponding liability is recognised in the period in which the dividends are approved.

X. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgement are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group and the Bank make estimates and assumptions concerning the future. However, the Directors are of the opinion that there are currently no estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial period.

Critical judgement in applying the Group and the Bank's accounting policies

In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy could materially affect the reported results and financial position of the Group and the Bank. However, the Directors are of the opinion that there are currently no accounting policies which require significant judgement to be exercised.

Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note L(d), which also set out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying in the accounting requirement for measuring ECL such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Detailed information about the judgements and estimates made by the Group and the Bank in the above area is set out in Note L(d).

Estimated impairment of goodwill

The Group test annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note J. The recoverable amounts of cash-generating units have been determined based on the higher of value-in-used and fair value less cost of disposal calculations.

Notes To The Financial Statements

for the financial year ended 30 June 2024

1. GENERAL INFORMATION

KAF Investment Bank Berhad is a limited liability company, incorporated and domiciled in Malaysia. The address of its registered office and principal place of business is as follows:

Level 13A, Menara IQ
Lingkaran TRX
Tun Razak Exchange
55188 Kuala Lumpur

The Bank is principally engaged in investment banking, Islamic banking and the provision of related financial services. The Group is involved in investment holding, stockbroking, management of unit trust funds, provision of corporate fund management, provision of investment advisory services, provision of research services and provision of nominee services. There have been no significant changes in these principal activities during the financial period.

2. CASH AND SHORT TERM FUNDS

	Group		Bank	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
(a)				
Cash and bank balances with banks and other financial institutions	19,098	22,272	6,323	7,994
Deposits and placements with financial institutions, with original maturity of less than three months	428,167	2,433,288	428,097	2,428,558
	447,265	2,455,560	434,420	2,436,552
Expected credit losses	(222)	-	(222)	-
Cash and cash equivalents	447,043	2,455,560	434,198	2,436,552
(b)				
Deposits and placements with financial institutions, with original maturity of more than three months	1,554,899	-	1,553,358	-
Expected credit losses	(910)	-	(910)	-
	1,553,989	-	1,552,448	-
Restricted cash	31,630	-	-	-
	1,585,619	-	1,552,448	-
Total cash and short term funds	2,032,662	2,455,560	1,986,646	2,436,552

Restricted cash represents amounts received from/due to investors for the creation and cancellation of units of the funds managed by the Group in accordance with Section 111 of the Capital Markets and Services Act 2007.

3. STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA

The deposits with Bank Negara Malaysia represent non-interest bearing statutory deposit maintained in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act, 2009, and the amount is determined based on set percentages of total eligible liabilities.

Notes To The Financial Statements

for the financial year ended 30 June 2024

4. FAIR VALUE THROUGH PROFIT OR LOSS FINANCIAL ASSETS

	Group		Bank	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
At fair value:				
Money market instruments in Malaysia				
- Malaysian Government securities	226,206	148,179	226,773	148,179
- Malaysian Government investment issues	134,409	121,317	133,842	121,317
	<u>360,615</u>	<u>269,496</u>	<u>360,615</u>	<u>269,496</u>
Unquoted securities in Malaysia				
- Private and Islamic debt securities	35,287	43,022	35,287	43,022
- Convertible bond	7,109	6,412	7,109	6,412
	<u>42,396</u>	<u>49,434</u>	<u>42,396</u>	<u>49,434</u>
Quoted securities in Malaysia				
- Shares	28,197	23,959	-	-
- Unit trust	64,534	9,365	-	-
	<u>92,731</u>	<u>33,324</u>	<u>-</u>	<u>-</u>
Total	<u>495,742</u>	<u>352,254</u>	<u>403,011</u>	<u>318,930</u>
Current	153,261	33,324	60,530	-
Non-current	<u>342,481</u>	<u>318,930</u>	<u>342,481</u>	<u>318,930</u>
Total	<u>495,742</u>	<u>352,254</u>	<u>403,011</u>	<u>318,930</u>

Notes To The Financial Statements

for the financial year ended 30 June 2024

5. FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME FINANCIAL ASSETS

	Group		Bank	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
At fair value:				
Money market instruments in Malaysia				
- Cagamas bonds	5,194	5,197	5,194	5,197
- Malaysian Government investment issues	1,946,812	1,488,536	1,946,812	1,488,536
- Malaysian Government securities	909,475	968,956	909,475	968,956
- Cagamas Debt Securities	-	42,627	-	42,627
	<u>2,861,481</u>	<u>2,505,316</u>	<u>2,861,481</u>	<u>2,505,316</u>
Unquoted securities in Malaysia				
- Private and Islamic debt securities	1,171,475	1,096,646	1,171,475	1,096,646
- Shares	5,446	5,556	5,446	5,556
	<u>1,176,921</u>	<u>1,102,202</u>	<u>1,176,921</u>	<u>1,102,202</u>
Total	<u>4,038,402</u>	<u>3,607,518</u>	<u>4,038,402</u>	<u>3,607,518</u>
Current	110,462	65,803	110,462	65,803
Non-current	<u>3,927,940</u>	<u>3,541,715</u>	<u>3,927,940</u>	<u>3,541,715</u>
Total	<u>4,038,402</u>	<u>3,607,518</u>	<u>4,038,402</u>	<u>3,607,518</u>

Included in the fair value through other comprehensive income financial assets are Malaysia Government Securities, which are pledged as collateral for obligations on securities sold under repurchase agreements for the Group and the Bank amounting to RM471,233,872 as at 30 June 2024 (30 June 2023: RM890,586,232).

Notes To The Financial Statements

for the financial year ended 30 June 2024

Movement in allowance for impairment which reflect the expected credit losses (“ECL”) model on impairment are as follows:

	12 Months ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
Group and Bank				
At 1 July 2023	131	-	78	209
Financial assets derecognised (other than write-offs)	(86)	-	-	(86)
New financial assets originated or purchased	1,092	-	-	1,092
Net remeasurement of loss allowances	1,621	-	-	1,621
At 30 June 2024	2,758	-	78	2,836

Group and Bank				
At 1 June 2022	140	-	107	247
Financial assets derecognised (other than write-offs)	(87)	-	(29)	(116)
New financial assets originated or purchased	78	-	-	78
At 30 June 2023	131	-	78	209

Movement in the carrying amount of FVOCI that contributed to changes in the expected credit losses:

Group and Bank				
At 1 July 2023	742,554	-	220	742,774
Financial assets derecognised (other than write-offs)	(166,165)	-	(33)	(166,198)
New financial assets originated or purchased	300,922	-	-	300,922
Net remeasurement of loss allowances	7,204	-	-	7,204
At 30 June 2024	884,515	-	187	884,702

Group and Bank				
At 1 June 2022	769,938	-	855	770,793
Financial assets derecognised (other than write-offs)	(354,242)	-	(635)	(354,877)
New financial assets originated or purchased	326,858	-	-	326,858
At 30 June 2023	742,554	-	220	742,774

Notes To The Financial Statements

for the financial year ended 30 June 2024

6. FINANCIAL ASSETS AT AMORTISED COST

	Group		Bank	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
At fair value				
Money market instruments in Malaysia				
- Malaysian Government securities	575,577	576,632	575,577	576,632
- Malaysian Government investment issues	855,325	341,449	855,325	341,449
Total	1,430,902	918,081	1,430,902	918,081
Current	-	-	-	-
Non-current	1,430,902	918,081	1,430,902	918,081
Total	1,430,902	918,081	1,430,902	918,081

7. CORPORATE LOAN

	Group		Bank	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
(i) By type				
Loans/financing	25,080	35,153	25,080	35,153
(ii) By type of customer				
Corporate	25,080	35,153	25,080	35,153
(iii) By interest/ profit rate/ sensitivity/ fixed rate				
By floating rate	-	7,979	-	7,979
	25,080	27,174	25,080	27,174
(iv) By sector				
Non-bank financial institution	25,080	27,174	25,080	27,174
Others	-	7,979	-	7,979
(v) Current	-	7,979	-	7,979
Non-current	25,080	27,174	25,080	27,174
Total	25,080	35,153	25,080	35,153

Notes To The Financial Statements

for the financial year ended 30 June 2024

8. DERIVATIVE ASSETS/(LIABILITIES)

Derivative financial instruments are financial instruments whose values change in response to changes in prices or rates (such as foreign exchange rates and interest rates) of the underlying instruments.

The table below shows the Group and the Bank's derivative financial instruments as at the date of statement of financial position. The contractual or underlying principal amounts of these derivative financial instruments and their corresponding gross positive (derivative financial asset) and gross negative (derivative financial liability) fair values at the date of statement of financial position are analysed below.

	Contract of underlying principal amount RM'000	Year-end fair value RM'000
Group and Bank		
2024		
Foreign exchange related contracts - Swaps	70,066	1
2023		
Foreign exchange related contracts - Swaps	127,883	376

9. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Trade				
Trade receivables	18,103	9,905	4,211	2,549
Non-trade				
Other receivables	18,262	6,053	5,713	505
Deposits and prepayment	4,648	2,639	2,628	2,145
	22,910	8,692	8,341	2,650
Total	41,013	18,597	12,552	5,199

Notes To The Financial Statements

for the financial year ended 30 June 2024

10. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred taxes relate to the same authority. The following amounts determined after approximate set-off, are shown in the statement of financial position:

	Group		Bank	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets, net	753	305	-	-
Deferred tax liabilities, net	(1,441)	(3,162)	(1,441)	(3,162)
Recoverable within 12 months	2,079	2,214	1,344	1,882
Settled more than 12 months	(2,767)	(5,071)	(2,785)	(5,044)
	(688)	(2,857)	(1,441)	(3,162)
Deferred tax assets before offsetting	2,079	2,214	1,344	1,882
Offsetting	(2,767)	(2,214)	(1,344)	(1,882)
Deferred tax assets after offsetting	-	-	-	-
Deferred tax liabilities before offsetting	(2,767)	(5,071)	(2,785)	(5,044)
Offsetting	2,079	2,214	1,344	1,882
Deferred tax liabilities after offsetting	(688)	(2,857)	(1,441)	(3,162)

The movements in deferred tax assets and liabilities during the financial period comprise the following:

Group	Revaluation of property and equipment RM'000	Property and equipment RM'000	Provisions RM'000	Fair value through other comprehensive income RM'000	Total RM'000
2024					
At 1 July 2023	(1,290)	(3,285)	2,219	(501)	(2,857)
Credited to profit or loss (Note 30)	-	798	(134)	-	664
Credited to reserve	1,290	-	-	215	1,505
At 30 June 2024	-	(2,487)	2,085	(286)	(688)
2023					
At 1 June 2022	(1,290)	(1,549)	2,865	23,299	23,325
Transfer to disposal group	-	151	(720)	-	(569)
Charged to profit or loss (Note 30)	-	(1,887)	74	-	(1,813)
Debited to reserve	-	-	-	(23,800)	(23,800)
At 30 June 2023	(1,290)	(3,285)	2,219	(501)	(2,857)

Notes To The Financial Statements

for the financial year ended 30 June 2024

The movements in deferred tax assets and liabilities during the financial period comprise the following:

Bank	Revaluation of property and equipment RM'000	Property and equipment RM'000	Provisions RM'000	Fair value through other comprehensive income RM'000	Total RM'000
2024					
At 1 July 2023	(1,290)	(3,255)	1,883	(500)	(3,162)
Credited to profit or loss (Note 30)	-	755	(539)	-	216
Credited to reserve	1,290	-	-	215	1,505
At 30 June 2024	-	(2,500)	1,344	(285)	(1,441)
2023					
At 1 June 2022	(1,290)	(1,366)	2,071	23,300	22,715
Charged to profit or loss (Note 30)	-	(1,889)	(188)	-	(2,077)
Debited to reserve	-	-	-	(23,800)	(23,800)
At 30 June 2023	(1,290)	(3,255)	1,883	(500)	(3,162)

11. INVESTMENT IN SUBSIDIARIES

	Bank	
	2024 RM'000	2023 RM'000
Unquoted shares / Unit trusts, at cost	322,889	322,889
Add: acquisition of a subsidiary (Note 38 (iii))	27,770	-
Less: return of capital from investment	(158,258)	-
Less: allowance for impairment losses	(2,954)	-
	<u>189,447</u>	<u>322,889</u>

During the financial year ended 30 June 2024, KAF-Seagroatt & Campbell Berhad ("KAFSC") has paid dividend of RM160.0 million to the Bank arising from the disposal of KAF Equities Sdn Bhd, KAF Nominees (Tempatan) Sdn Bhd and KAF Nominees (Asing) Sdn Bhd. The substance of the dividend distribution was a return of capital and the dividend was accounted for accordingly as a reduction in the cost of investment of KAFSC.

Notes To The Financial Statements

for the financial year ended 30 June 2024

Details of the subsidiaries are as follows:

Name of companies	Country of incorporation	Effective equity interest		Principal activities
		2024 %	2023 %	
KAF Seagroatt & Campbell Berhad	Malaysia	100.00	100.00	Investment holding
KAF Equities Sdn Bhd*	Malaysia	-	100.00	Stockbroker
KAF Research Sdn Bhd	Malaysia	100.00	100.00	Research house
KAF Nominees (Tempatan) Sdn Bhd*	Malaysia	-	100.00	Nominee service provider
KAF Nominees (Asing) Sdn Bhd*	Malaysia	-	100.00	Nominee service provider
Oxford Paradigm Sdn Bhd	Malaysia	100.00	100.00	Dormant
KAF Investment Funds Berhad	Malaysia	69.23	69.23	Management of unit trust funds, provision of corporate fund management and investment advisory services
KAF Trustee Berhad	Malaysia	54.00	100.00	Trustee services
KAF Capital Sdn Bhd	Malaysia	100.00	100.00	Dormant
KAF Digital Berhad	Malaysia	100.00	100.00	Financial services to carry business on digital Islamic banking and offer financial products and services
PTKAF Sekuritas Indonesia	Indonesia	98.43	98.43	Stockbroking
KAF Asia Equity Fund^	Guernsey	56.00	56.00	Unit trust
KTerra Sdn Bhd	Malaysia	100.00	-	Engaged in acquisition, holding, management and disposition of assets, investments, properties and securities

* The cashflow impact of the disposal is disclosed in Note 27.

^ Subsidiary audited by a firm other than member firms of PricewaterhouseCoopers International Limited.

Notes To The Financial Statements

for the financial year ended 30 June 2024

12. INVESTMENT IN ASSOCIATES

	Group		Bank	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Unquoted shares / Unit trusts, at cost	47,055	47,055	531	531
Less: disposal of investment	(47,055)	-	-	-
Less: allowance for impairment losses	-	-	(225)	-
Total	-	47,055	306	531

During the financial year ended 30 June 2024, the Group has disposed 214,321 units of KAF Money Market Fund ("KMMF") which resulted in realised gains of RM1.8 million. The remaining ownership interest of KMMF post the disposal was 7.24% whereby the investment has been subsequently accounted for as a financial assets at fair value through profit or loss.

The details of the associates for the Group and the Bank which is incorporated in Malaysia, is as follows:

Name	Principal activity	Incorporation	Ownership interest	
			2024	2023
			%	%
Group				
KAF Money Market Fund	Unit trust	Malaysia	7.24	31.62
Bank				
KAF Trustee Berhad	Trustee services	Malaysia	20.00	20.00

The Bank's share of revenue, profit, assets and liabilities of associate are as follows:

	2024	2023
	RM'000	RM'000
<i>KAF Money Market Fund</i>		
Revenue	-	1,549
Profit after taxation	-	1,297
Total assets	-	47,075
Total liabilities	-	20
<i>KAF Trustee Berhad</i>		
Revenue	92	80
Profit after taxation	32	22
Total assets	330	295
Total liabilities	16	13

Notes To The Financial Statements

for the financial year ended 30 June 2024

13. INVESTMENT PROPERTIES

	Group	
	2024	2023
	RM'000	RM'000
<i>Cost</i>		
At beginning of financial year	108,162	108,162
Addition	4,756	-
Disposal	(2,687)	-
	<u>110,231</u>	<u>108,162</u>
At end of financial year		
	<u>110,231</u>	<u>108,162</u>
Fair value	<u>138,256</u>	<u>115,250</u>

Investment properties comprise several pieces of freehold commercial and residential lands that are unoccupied and are held for capital appreciation. The fair values of investment properties located in Kuala Lumpur are based on valuations performed by Azmi & Co Sdn Bhd, a registered valuer and estate agency, on 19 April 2024.

The fair values of investment properties located in Bukit Lukut are based on valuations performed by Savills (Malaysia) Sdn Bhd, a registered valuer and estate agency, on 2 December 2021.

14. INTANGIBLE ASSET

	Goodwill	Merchant banking license	Computer software	Rights to manage unit trust fund	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Group					
<i>Cost/Carrying amount</i>					
At 1 July 2023	<u>6,937</u>	<u>52,500</u>	<u>563</u>	<u>218</u>	<u>60,218</u>
At 30 June 2024	<u>6,937</u>	<u>52,500</u>	<u>563</u>	<u>218</u>	<u>60,218</u>
<i>Accumulated amortisation</i>					
At 1 July 2023	<u>-</u>	<u>-</u>	<u>563</u>	<u>-</u>	<u>563</u>
At 30 June 2024	<u>-</u>	<u>-</u>	<u>563</u>	<u>-</u>	<u>563</u>
Net carrying amount as at 30 June 2024	<u>6,937</u>	<u>52,500</u>	<u>-</u>	<u>218</u>	<u>59,655</u>

Notes To The Financial Statements

for the financial year ended 30 June 2024

Group	Goodwill RM'000	Merchant banking license RM'000	Stock- broking license RM'000	Computer software RM'000	Rights to manage unit trust fund RM'000	Total RM'000
<i>Cost/Carrying amount</i>						
At 1 June 2022	6,937	52,500	2,000	563	-	62,000
Additions	-	-	-	-	218	218
Transfer to disposal group	-	-	(2,000)	-	-	(2,000)
At 30 June 2023	6,937	52,500	-	563	218	60,218
<i>Accumulated amortisation</i>						
At 1 June 2022	-	-	-	88	-	88
Charge for the financial period	-	-	-	475	-	475
At 30 June 2023	-	-	-	563	-	563
Net carrying amount as at 30 June 2023	6,937	52,500	-	-	218	59,655
Bank						
<i>Cost/Carrying amount</i>						
At 1 July 2023	-	52,500	-	-	-	52,500
At 30 June 2024	-	52,500	-	-	-	52,500
<i>Cost/Carrying amount</i>						
At 1 June 2022	-	52,500	-	-	-	52,500
At 30 June 2023	-	52,500	-	-	-	52,500

Notes To The Financial Statements

for the financial year ended 30 June 2024

(i) Goodwill

Impairment test for goodwill

The goodwill of RM3.8 million was recognised on 27 March 2021 for PT KAF Sekuritas Indonesia ("PT KAF"). For annual impairment testing purposes, the recoverable amount of the CGU is based on fair value less cost of disposal ("FVLCD") of PT KAF.

The key assumption used in the impairment test was FVLCD, which was based on comparable indicative Price to Book Value ("PBV") of 1.5 times from the listed stockbroking companies and a control premium from selling the equity stakes of 22% with adjusted discount for lack of marketability ("DLOM") of 2.5%. No impairment charge is required as the recoverable amount as at 30 June 2024 is higher than the carrying value of the intangible asset.

Any reasonable possible change in the key assumptions would not cause the carrying amount of the CGU to exceed its recoverable amount, which would warrant any impairment loss to be recognised.

The goodwill of RM3.2 million was recognised on 9 April 2013 due to the acquisition of KAF Investment Funds Berhad. For annual impairment testing purposes, the recoverable amount of the CGU is determined based on the value-in-use calculations, i.e. a discounted cash flows model using cash flow projections based on financial budget and projections approved by management. The key assumptions for the computation of value-in-use include the discount rate, cash flow projection and growth rates which are applied as follows:

(a) Discount rate

The discount rates of 8.04% and 8.36% (2023: 8.10% and 8.78%) for the unit trust business/rights to manage unit trust fund and private mandates business, respectively, are based on the pre-tax weighted average cost of capital plus an appropriate risk premium, that reflect risks relating to the CGU. The pre-tax weighted average cost of capital is generally derived from an appropriate capital asset pricing model, which itself depends on inputs reflecting a number of financial and economic variables including the risk-free rate in Malaysia.

(b) Cash flow projections and growth rate

The pre-tax cash flow projections are based on the financial budgets/forecasts covering a three-year period (2023: three-year period). Cash flows beyond the three-year period are assumed to grow at an estimated terminal growth rate on a perpetual basis which is based on indices of the respective instruments held by the CGUs. The estimated terminal growth rates used for value-in-use calculations are as follows:

	2024 %	2023 %
Private mandates business	3.07	0.74
Unit trust business	3.90	2.55

Impairment is recognised in the statement of comprehensive income when the carrying amount of a CGU exceeds its recoverable amount. This annual impairment test review reveals that there was no evidence of impairment as at 30 June 2024.

Any reasonable possible change in the key assumptions would not cause the carrying amount of the CGU (which includes the goodwill) to exceed its recoverable amount, which would warrant any impairment loss to be recognised.

Notes To The Financial Statements

for the financial year ended 30 June 2024

(ii) Merchant banking license

The merchant banking license represents contribution by the Bank to Bank Negara Malaysia to carry on merchant banking business and is deemed to have an indefinite useful life as there is no expiry date. The merchant banking license is not amortised and is assessed for impairment annually. The recoverable amount of the license has been assessed using the value-in-use method, by discounting the estimated cash flows based on three years financial budgets of the subsidiary. An impairment will be recognised only when the carrying amount of the license exceeds the recoverable amount. The key assumptions for the discount rate, cash flow projection and and growth rates used in the computation of value-in-use are applied as follows:

(a) Discount rate

The discount rate of 7.83% (2023: 8.21%) is based on the post-tax weighted average cost of capital plus an appropriate risk premium, that reflect risks relating to the CGU. The post-tax weighted average cost of capital is generally derived from an appropriate capital asset pricing model, which itself depends on inputs reflecting a number of financial and economic variables including the risk-free rate in Malaysia.

(b) Cash flow projections and growth rate

The post-tax cash flow projections are based on the financial budgets/forecasts covering a three-year period (2023: three-year period). Cash flows beyond the three-year period are assumed to grow at an estimated terminal growth rate on a perpetual basis which is based on the forecasted three-year average long-term gross domestic product growth rate in Malaysia. The estimated terminal growth rate used for value-in-use calculation is 1.96% (2023: 4.43%).

Impairment is recognised in the statement of comprehensive income when the carrying amount of a CGU exceeds its recoverable amount. This annual impairment test review reveals that there was no evidence of impairment as at 30 June 2024.

Any reasonable possible change in the key assumptions would not cause the carrying amount of the CGU (which includes the intangible asset) to exceed its recoverable amount, which would warrant any impairment loss to be recognised.

No impairment charge is required as the recoverable amount as at 30 June 2024 is higher than the carrying value of the intangible asset.

Notes To The Financial Statements

for the financial year ended 30 June 2024

15. PROPERTY AND EQUIPMENT

Group	Freehold land RM'000	Freehold building RM'000	Office furniture and equipment RM'000	Renovations RM'000	Motor vehicles RM'000	Total RM'000
<i>Cost</i>						
At 1 July 2023	15,000	2,000	16,259	11,602	843	45,704
Additions	-	-	6,371	2,210	712	9,293
Disposal	(15,000)	(2,000)	(219)	-	-	(17,219)
At 30 June 2024	-	-	22,411	13,812	1,555	37,778
<i>Accumulated depreciation</i>						
At 1 July 2023	-	286	10,816	1,483	573	13,158
Charge for the financial period	-	53	2,090	2,470	240	4,853
Disposal	-	(339)	(139)	-	-	(478)
At 30 June 2024	-	-	12,767	3,953	813	17,533
Net book value at 30 June 2024	-	-	9,644	9,859	742	20,245
<i>Cost</i>						
At 1 June 2022	15,000	2,000	25,947	677	1,263	44,887
Additions	-	-	3,479	10,940	-	14,419
Written-off	-	-	(1,849)	(15)	-	(1,864)
Transfer to disposal group	-	-	(11,318)	-	(420)	(11,738)
At 30 June 2023	15,000	2,000	16,259	11,602	843	45,704
<i>Accumulated depreciation</i>						
At 1 June 2022	-	148	21,543	634	776	23,101
Charge for the financial period	-	138	1,503	864	164	2,669
Written-off	-	-	(1,826)	(15)	-	(1,841)
Transfer to disposal group	-	-	(10,404)	-	(367)	(10,771)
At 30 June 2023	-	286	10,816	1,483	573	13,158
<i>Accumulated impairment losses</i>						
At 1 June 2022	-	-	97	-	-	97
Transfer to disposal group	-	-	(97)	-	-	(97)
At 30 June 2023	-	-	-	-	-	-
Net book value at 30 June 2023	15,000	1,714	5,443	10,119	270	32,546

Notes To The Financial Statements

for the financial year ended 30 June 2024

Bank	Freehold land RM'000	Freehold building RM'000	Office furniture and equipment RM'000	Renovations RM'000	Motor vehicles RM'000	Total RM'000
<i>Cost</i>						
At 1 July 2023	15,000	2,000	10,518	11,601	837	39,956
Additions	-	-	5,736	1,456	712	7,904
Disposal	(15,000)	(2,000)	(139)	-	-	(17,139)
At 30 June 2024	-	-	16,115	13,057	1,549	30,721
<i>Accumulated depreciation</i>						
At 1 July 2023	-	286	7,424	1,483	571	9,764
Charge for the financial year	-	53	1,632	2,425	239	4,349
Disposal	-	(339)	(139)	-	-	(478)
At 30 June 2024	-	-	8,917	3,908	810	13,635
Net book value at 30 June 2024	-	-	7,198	9,149	739	17,086
<i>Cost</i>						
At 1 June 2022	15,000	2,000	7,859	676	837	26,372
Additions	-	-	2,929	10,941	-	13,870
Written-off	-	-	(270)	(16)	-	(286)
At 30 June 2023	15,000	2,000	10,518	11,601	837	39,956
<i>Accumulated depreciation</i>						
At 1 June 2022	-	148	6,679	635	408	7,870
Charge for the financial period	-	138	1,015	864	163	2,180
Written-off	-	-	(270)	(16)	-	(286)
At 30 June 2023	-	286	7,424	1,483	571	9,764
Net book value at 30 June 2023	15,000	1,714	3,094	10,118	266	30,192

Notes To The Financial Statements

for the financial year ended 30 June 2024

Revaluation

The freehold land and building stated at Directors' valuation were first revalued on 16 April 1997 by the Directors based on a professional valuation carried out by an independent professional valuer on a fair market value basis. The valuation was updated based on a valuation by an independent professional valuer based on the comparison method on 30 March 2021.

On 20 September 2023, the Bank entered into a Sale and Purchase Agreement ("SPA") with AKKA Sdn Bhd to dispose the freehold land and building at the total purchase price of RM17.55 million.

Group	Freehold land RM'000	Freehold building RM'000	Office furniture and equipment RM'000	Renovations RM'000	Motor vehicles RM'000	Total RM'000
2024						
<i>Representing items at:</i>						
Cost	2,100	1,634	22,411	13,812	1,555	41,512
Directors' valuation	12,900	366	-	-	-	13,266
Disposal	(15,000)	(2,000)	-	-	-	(17,000)
	-	-	22,411	13,812	1,555	37,778
2023						
<i>Representing items at:</i>						
Cost	2,100	1,634	16,259	11,602	843	32,438
Directors' valuation	12,900	366	-	-	-	13,266
	15,000	2,000	16,259	11,602	843	45,704
Bank						
2024						
<i>Representing items at:</i>						
Cost	2,100	1,634	16,115	13,057	1,549	34,455
Directors' valuation	12,900	366	-	-	-	13,266
Disposal	(15,000)	(2,000)	-	-	-	(17,000)
	-	-	16,115	13,057	1,549	30,721
2023						
<i>Representing items at:</i>						
Cost	2,100	1,634	10,518	11,601	837	26,690
Directors' valuation	12,900	366	-	-	-	13,266
	15,000	2,000	10,518	11,601	837	39,956

Notes To The Financial Statements

for the financial year ended 30 June 2024

16. RIGHT OF USE ASSETS AND LEASE LIABILITIES

This note provides information for leases where the Group and the Bank are a lessee.

(a) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	Group		Bank	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
<i>Right-of-use assets</i>				
Buildings	19,807	23,231	16,787	22,462
Equipment	77	115	45	64
	<u>19,884</u>	<u>23,346</u>	<u>16,832</u>	<u>22,526</u>
<i>Lease liabilities</i>				
Current	6,404	5,734	3,423	4,819
Non-current	12,099	15,847	12,374	15,651
	<u>18,503</u>	<u>21,581</u>	<u>15,797</u>	<u>20,470</u>

There was 1 renewal agreement of right-of-use assets during the financial year ended 30 June 2024.

(b) Amounts recognised in the statement of comprehensive income

The statement of comprehensive income shows the following amounts relating to leases:

	Group		Bank	
	Financial year ended 30 June 2024	Financial period ended 30 June 2023	Financial year ended 30 June 2024	Financial period ended 30 June 2023
	RM'000	RM'000	RM'000	RM'000
<i>Depreciation charge of right-of-use assets</i>				
Buildings	4,737	3,541	3,236	2,711
Equipment	38	41	18	20
	<u>4,775</u>	<u>3,582</u>	<u>3,254</u>	<u>2,731</u>
<i>Finance cost</i>				
Buildings	928	304	658	265
Equipment	4	6	2	3
	<u>932</u>	<u>310</u>	<u>660</u>	<u>268</u>

Notes To The Financial Statements

for the financial year ended 30 June 2024

- (c) The nature of the Group and Bank's leasing activities recognised in the statement of financial position are described as below:

Right-of-use assets	No of leases	Range of remaining terms	Average remaining lease term
Group			
2024			
Buildings	9	1.0 – 5.8 years	1.6 years
Equipment	7	2.42 – 3.8 years	1.6 years
2023			
Buildings	7	1.0 – 5.8 years	1.6 years
Equipment	4	2.42 – 3.8 years	1.6 years
Bank			
2024			
Buildings	3	1.5 – 4.8 years	2.8 years
Equipment	2	1.6 – 2.8 years	2.2 years
2023			
Buildings	5	1.0 – 5.8 years	2.3 years
Equipment	2	2.6 – 3.8 years	3.2 years

- (d) Future minimum lease payments are as follows:

	Minimum lease payment due		
	Within 1 year	1 - 6 years	Total
	RM'000	RM'000	RM'000
Group			
2024			
Lease payment	7,496	13,615	21,111
Finance cost	900	1,708	2,608
Net present value	6,596	11,907	18,503
2023			
Lease payment	6,648	17,749	24,397
Finance cost	914	1,902	2,816
Net present value	5,734	15,847	21,581
Bank			
2024			
Lease payment	4,013	13,350	17,363
Finance cost	590	976	1,566
Net present value	3,423	12,374	15,797
2023			
Lease payment	5,579	17,188	22,767
Finance cost	760	1,537	2,297
Net present value	4,819	15,651	20,470

Notes To The Financial Statements

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17. DISPOSAL GROUP AND ASSETS HELD FOR SALE

The disposal group consists of KAF Equities Sdn Bhd, KAF Nominees (Asing) Sdn Bhd and KAF Nominees (Tempatan) Sdn Bhd ("KAF Equities Companies"). The results and cash flows of the KAF Equities Companies are presented as discontinued operations. The sale has been completed in the financial year ended 30 June 2024. The cashflow impact of the disposal is disclosed in Note 27.

18. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
(i) By type of deposits				
Fixed deposits	4,056,370	3,683,085	4,094,571	3,777,925
Qard deposits	1,387,588	864,986	1,387,588	864,986
Commodity Murabahah	372,384	250,117	372,384	250,117
	<u>5,816,342</u>	<u>4,798,188</u>	<u>5,854,543</u>	<u>4,893,028</u>
(ii) By type of customers				
Government and statutory bodies	2,851,139	2,266,378	2,851,139	2,266,378
Business enterprises	934,129	714,505	936,136	809,346
Domestic Non FI	1,779,885	1,601,386	1,816,079	1,601,385
Individuals	251,189	215,100	251,189	215,100
Others	-	819	-	819
	<u>5,816,342</u>	<u>4,798,188</u>	<u>5,854,543</u>	<u>4,893,028</u>
(iii) Maturity structure of deposits				
Due within three months	5,809,294	4,797,303	5,847,495	4,892,143
Three months to one year	7,048	885	7,048	885
	<u>5,816,342</u>	<u>4,798,188</u>	<u>5,854,543</u>	<u>4,893,028</u>

Notes To The Financial Statements

for the financial year ended 30 June 2024

19. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Deposit and placement with Bank Negara Malaysia	460,823	853,308	460,823	853,308
Licensed banks	625,080	620,740	625,080	620,740
Other financial institutions	-	57,413	-	57,413
	<u>1,085,903</u>	<u>1,531,461</u>	<u>1,085,903</u>	<u>1,531,461</u>
Current	<u>1,085,903</u>	<u>1,531,461</u>	<u>1,085,903</u>	<u>1,531,461</u>

20. OTHER LIABILITIES

	Group		Bank	
	Financial year ended 30 June 2024	Financial period ended 30 June 2023	Financial year ended 30 June 2024	Financial period ended 30 June 2023
	RM'000	RM'000	RM'000	RM'000
Balances due to clients and brokers	43,098	5,538	-	-
<i>Non-trade</i>				
Other payables and accrued expenses	<u>31,451</u>	<u>26,915</u>	<u>10,540</u>	<u>21,728</u>
	<u>74,549</u>	<u>32,453</u>	<u>10,540</u>	<u>21,728</u>

The amounts due to a subsidiary and related companies are unsecured, interest free and have no fixed terms of repayment.

21. SHARE CAPITAL

	2024		2023	
	Amount	Number of shares	Amount	Number of shares
	RM'000	'000	RM'000	'000
Issued and fully paid:				
Ordinary shares	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Bank.

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22. RESERVES

	Note	Group		Bank	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Property revaluation reserve	(i)	-	13,622	-	13,622
Regulatory reserve		24,803	8,239	24,803	8,239
FVOCI reserve	(ii)	1,942	64	3,666	1,788
Other reserve		1,426	2,939	-	-
Merger reserve		421	421	-	-
Currency translation reserve		3,795	2,718	-	-
Funds allocated to Islamic banking division		105,000	105,000	105,000	105,000
Retained earnings	(iii)	1,134,603	1,157,293	1,130,805	1,171,892
		<u>1,271,990</u>	<u>1,290,296</u>	<u>1,264,274</u>	<u>1,300,541</u>

- (i) Property revaluation reserve of the Group and the Bank are non-distributable, and it relates to the revaluation of freehold land and building of the Bank.
- (ii) The fair value through other comprehensive income reserve arises from the changes in the fair value of the fair value through other comprehensive income financial assets, and is not distributable as cash dividends.
- (iii) The Group and the Bank can distribute all of its retained earnings as at 30 June 2024 as single-tier dividends.

23a. INTEREST INCOME

	Group		Bank	
	Financial year ended 30 June 2024 RM'000	Financial period ended 30 June 2023 RM'000	Financial year ended 30 June 2024 RM'000	Financial period ended 30 June 2023 RM'000
Fair value through other comprehensive income financial assets	141,104	155,341	141,104	155,341
Financial assets at amortised cost	46,872	10,870	46,872	10,870
Money at call and deposits and placements with banks and other financial institutions	58,733	52,940	58,432	52,665
Loans, advance and financing	2,308	1,492	2,308	2,146
	<u>249,017</u>	<u>220,643</u>	<u>248,716</u>	<u>221,022</u>

Notes To The Financial Statements

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23b. INTEREST INCOME FOR FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Bank	
	Financial year ended 30 June 2024 RM'000	Financial period ended 30 June 2023 RM'000	Financial year ended 30 June 2024 RM'000	Financial period ended 30 June 2023 RM'000
Fair value through profit or loss financial assets	24,159	13,563	24,159	13,563

24. INTEREST EXPENSE

	Group		Bank	
	Financial year ended 30 June 2024 RM'000	Financial period ended 30 June 2023 RM'000	Financial year ended 30 June 2024 RM'000	Financial period ended 30 June 2023 RM'000
Deposit and placement of banks and other financial institutions	24,785	14,866	24,785	14,866
Deposits from customers	140,322	101,226	141,361	103,979
Interest on repo margin	39,088	24,970	39,088	24,970
Others	25	54	-	-
	204,220	141,116	205,234	143,815

Notes To The Financial Statements

for the financial year ended 30 June 2024

25. OTHER OPERATING INCOME

	Group		Bank	
	Financial year ended 30 June 2024 RM'000	Financial period ended 30 June 2023 RM'000	Financial year ended 30 June 2024 RM'000	Financial period ended 30 June 2023 RM'000
Fee income				
Agency fees	6,321	125	6,321	125
Underwriting fees	1,822	353	1,822	353
Corporate advisory fees	8,665	7,114	8,664	7,114
Commitment fees	4	-	4	7
Management fees	33,638	18,180	-	100
	<u>50,450</u>	<u>25,772</u>	<u>16,811</u>	<u>7,699</u>
Net income from securities				
Net realised gain/(loss) from FVTPL financial assets	16,022	(9,785)	8,324	(9,950)
Net realised gain from FVOCI financial assets	41,786	63,042	41,786	63,042
Net unrealised fair value (loss)/gain from FVTPL financial assets	(570)	1,708	403	3,508
	<u>57,238</u>	<u>54,965</u>	<u>50,513</u>	<u>56,600</u>
Other income				
Realised gain on disposal of investment in associate	1,798	-	-	-
Net realised gain on foreign currency exchange	516	8,165	515	7,002
Net realised loss on trading of derivatives	(57)	(280)	(57)	(280)
Net unrealised gain/(loss) on foreign currency exchange	460	(15,375)	460	(15,375)
Net unrealised (loss)/gain on fair value of derivatives	(1,096)	7,828	(1,096)	7,828
Dividend income	40	107	1,782	520
Distribution income	761	438	-	-
Brokerage earned	748	488	-	-
Gain on sales of property and equipment	889	-	889	-
Others	2,141	2,932	1,852	3,248
	<u>6,200</u>	<u>4,303</u>	<u>4,345</u>	<u>2,943</u>
Total	<u>113,888</u>	<u>85,040</u>	<u>71,669</u>	<u>67,242</u>

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for the financial year ended 30 June 2024

26. OTHER OPERATING EXPENSES

	Group		Bank	
	Financial year ended 30 June 2024 RM'000	Financial period ended 30 June 2023 RM'000	Financial year ended 30 June 2024 RM'000	Financial period ended 30 June 2023 RM'000
Establishment related expenses				
Rental of premises	46	416	-	-
Equipment rental	1,523	1,720	1,517	1,717
Depreciation of property and equipment	4,899	2,669	4,349	2,179
Depreciation of right-of-use assets	4,775	3,582	3,254	2,731
Repair and maintenance	1,963	2,691	233	426
Fixed assets written off	16	-	-	-
Others	354	190	354	331
	<u>13,576</u>	<u>11,268</u>	<u>9,707</u>	<u>7,384</u>
Promotion and marketing related expenses				
Advertising, travelling and entertainment	427	530	292	428
Brokerage fees	659	697	659	697
Others	3,322	81	3,157	26
	<u>4,408</u>	<u>1,308</u>	<u>4,108</u>	<u>1,151</u>
General administrative expenses				
Auditors' remuneration				
- statutory audit	608	638	398	309
- regulated related fees	-	205	-	190
- non audit fees	95	118	20	42
Maintenance expenses	11,434	3,841	2,549	2,117
Printing and stationery	424	358	280	218
Donation	-	11	-	-
Professional fees	12,151	9,473	4,598	483
Bank charges	872	692	856	650
Commission	13,066	2,437	-	-
Management fee	494	721	-	-
Subscription fee	13,555	7,192	957	1,013
Interest on leases	932	310	660	268
Impairment in investment in subsidiaries	-	31	3,179	-
Others	3,386	863	1,749	440
	<u>57,017</u>	<u>26,890</u>	<u>15,246</u>	<u>5,730</u>
Personnel expenses				
Salaries, bonuses and allowances	40,224	39,473	28,243	27,275
Directors' remuneration (Note 28(a))	772	820	470	470
EPF and SOCSO	4,544	4,575	3,581	3,445
Others	4,584	2,258	2,348	2,093
	<u>50,124</u>	<u>47,126</u>	<u>34,642</u>	<u>33,283</u>
Total	<u>125,125</u>	<u>86,592</u>	<u>63,703</u>	<u>47,548</u>

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27. DISCONTINUED OPERATIONS

On 7 April 2023, KAF Seagroatt & Campbell Berhad, a wholly-owned subsidiary of the Bank entered into a Sale and Purchase Agreement ("SPA") with CIMB Investment Bank Berhad, a wholly-owned subsidiary of CIMB Group Holdings Berhad, for the disposal of 100% of its equity interest in KAF Equities Companies.

Consequently, the results and cash flows of the KAF Equities Companies have been presented as discontinued operations in the financial statements of the Group. The sale has been completed in the financial year ended 30 June 2024.

Analysis of the results and cash flow information of the discontinued operations are as follows::

	Financial year ended 30 June 2024 RM'000	Group Financial period ended 30 June 2023 RM'000
<i>Statement of Profit or Loss</i>		
Interest income	28	129
Interest expense	-	-
Gross profit	28	129
Other operating income	15,742	18,435
Other operating expenses	15,770 (14,983)	18,564 (24,395)
Profit/(loss) before tax of discontinued operations	787	(5,831)
Taxation	(489)	(164)
Gain on disposal of subsidiaries	86,028	-
Profit/(loss) after tax from discontinued operations	86,326	(5,995)
<i>Statement of Cash Flows</i>		
Net cash used in operating activities	-	(1,923)
Net cash used in investing activities	-	(18,687)
Net cash used in financing activities	-	(1,050)
Net decrease in cash and cash equivalents	-	(21,660)
The net cash inflow arising from the disposal is as follows:		
Net assets disposed	58,672	-
Gain on disposal of subsidiaries	86,028	-
Sales consideration	144,700	-
Less: Deferred consideration	(3,904)	-
Net cash inflow on disposal of subsidiaries	140,796	-

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28. DIRECTORS' REMUNERATION AND SHARIAH COMMITTEES' REMUNERATION

a) Directors' remuneration

The aggregate remuneration of Non-Executive Directors of the Group and the Bank are as follows:

	Financial year ended 30 June 2024 RM'000	Financial period ended 30 June 2023 RM'000
Group		
<i>Non-Executive Directors</i>		
Paisol bin Ahmad	110	110
Datuk Khatijah binti Ahmad	180	180
Dato' Saiful Bahri bin Zainuddin	90	103
Khoo Guan Huat	90	90
Mohammad Ridzuan bin Abdul Aziz	-	62
Nor Rejina binti Abdul Rahim	130	28
Dato' Ahmad bin Kadis	30	50
Faisol Zulkifli	30	30
Mohd Kamal bin Mohd Ali	12	12
Ridzuan bin Ishak	12	-
Tee Zhi Han	8	13
Tan Sri Abu Talib bin Othman	40	50
Mohd Hasnul Ismar bin Mohd Ismail	40	40
Shahrizam bin A.Shukor	-	12
Chan Hwan Siung	-	40
	<u>772</u>	<u>820</u>
Bank		
<i>Non-Executive Directors</i>		
Paisol bin Ahmad	110	110
Datuk Khatijah binti Ahmad	90	90
Dato' Saiful Bahri bin Zainuddin	90	90
Khoo Guan Huat	90	90
Mohammad Ridzuan bin Abdul Aziz	-	62
Nor Rejina binti Abdul Rahim	90	28
	<u>470</u>	<u>470</u>

b) Shariah Committees' remuneration

The Shariah Committees' remuneration of the Group and the Bank are as follows:

	Financial year ended 30 June 2024 RM'000	Financial period ended 30 June 2023 RM'000
Group and Bank		
Shariah Committee - Fees	<u>100</u>	<u>100</u>

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29. EXPECTED CREDIT LOSS

	Group		Bank	
	Financial year ended 30 June 2024 RM'000	Financial period ended 30 June 2023 RM'000	Financial year ended 30 June 2024 RM'000	Financial period ended 30 June 2023 RM'000
Expected credit losses ("ECL") charged / (write-back):				
- FVOCI financial assets	2,558	(38)	2,558	(38)
- Corporate loan	148	76	148	76
- Cash and short-term funds	1,132	-	1,132	-
	<u>3,838</u>	<u>38</u>	<u>3,838</u>	<u>38</u>

30. TAXATION

	Group		Bank	
	Financial year ended 30 June 2024 RM'000	Financial period ended 30 June 2023 RM'000	Financial year ended 30 June 2024 RM'000	Financial period ended 30 June 2023 RM'000
Malaysian income tax				
- Current financial period	26,798	44,877	25,448	44,532
- Under provision in prior financial years	41	168	130	135
	<u>26,839</u>	<u>45,045</u>	<u>25,578</u>	<u>44,667</u>
Deferred tax expense (Note 10)	(664)	1,813	(216)	2,077
Deferred tax expense- prior year	526	-	526	-
	<u>26,175</u>	<u>46,858</u>	<u>25,362</u>	<u>46,744</u>

The explanation of the relationship between taxation and profit before taxation is as follows:

Profit before taxation and zakat	<u>89,157</u>	<u>172,513</u>	<u>106,790</u>	<u>190,011</u>
Income tax using Malaysian tax rate of 24% (2023: 24%)	21,398	41,403	25,630	45,603
Tax effects of:				
- Non-deductible expenses	8,211	4,477	1,834	486
- Non-taxable income	(1,759)	284	(641)	(134)
- Unabsorb tax losses	(45)	(128)	-	-
- Temporary differences not recognised in prior years	(1,671)	654	(1,591)	654
- Under provision of tax in prior financial year/period	41	168	130	135
	<u>26,175</u>	<u>46,858</u>	<u>25,362</u>	<u>46,744</u>

Notes To The Financial Statements

for the financial year ended 30 June 2024

	Group		Bank	
	Financial year ended 30 June 2024 RM'000	Financial period ended 30 June 2023 RM'000	Financial year ended 30 June 2024 RM'000	Financial period ended 30 June 2023 RM'000
Income tax expense is attributable to:				
Profit from continuing operations	25,686	52,853	25,362	46,744
Profit from discontinued operations (Note 27)	489	(5,995)	-	-
	<u>26,175</u>	<u>46,858</u>	<u>25,362</u>	<u>46,744</u>

31. DIVIDENDS PAID

	2024		2023	
Group and Bank	Gross dividend per share sen	Amount of dividend, net of tax RM'000	Gross dividend per share sen	Amount of dividend, net of tax RM'000
Final single-tier dividend for the financial period ended 30 June 2023	150.0	120,000	-	-
Final single-tier dividend for the financial year ended 31 May 2022	-	-	37.5	30,000
	<u>150.0</u>	<u>120,000</u>	<u>37.5</u>	<u>30,000</u>

At the forthcoming Annual General Meeting, a final single tier dividend in respect of the current financial year of 37.5 sen amounting to RM30 million will be proposed to shareholders for approval. These financial statements do not reflect this final dividend which will be an appropriation of retained earnings of the current financial period.

Notes To The Financial Statements

for the financial year ended 30 June 2024

32. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Related parties and relationships

The related parties of, and their relationships with the Bank, are as follows:

Relationship	Related parties
Ultimate holding company	AKKA Sdn Bhd
Related companies	AKKA Sdn Bhd and its subsidiaries which include KSEC Sdn Bhd's (formerly known as KAF Securities Sdn Bhd) subsidiaries.
Subsidiary companies	KAF Capital Sdn Bhd KAF Digital Berhad KAF-Seagroatt & Campbell Berhad and its subsidiaries.
Key management personnel	The key management personnel of the Group and the Bank includes Chief Executive Officer, Chief Operating Officer and all the Head of Departments of the Bank who make certain critical decisions in relation to the strategic direction of the Bank.

(b) Significant related party balances

Group	2024 RM'000	2023 RM'000
<i>Amount due (to)/from ultimate holding company</i>		
Deposits from customers	(55,726)	(76,508)
Other receivables	261	-
<i>Amount due (to)/from other related companies</i>		
Deposits from customers	(6,946)	(16,364)
Other receivables	171	-
Bank		
<i>Amount due (to)/from holding company</i>		
Deposits from customers	(62,671)	(92,872)
Other assets	432	-
<i>Amount due from/(to) subsidiary companies</i>		
Amount due from subsidiary companies	45,489	18,047
Deposits from customers	(36,388)	(94,839)

Notes To The Financial Statements

for the financial year ended 30 June 2024

(c) Significant related party transactions

In the normal course of business, the Group and the Bank undertake on agreed terms transactions with its related parties. The significant related party transactions are as follows:

	Financial year ended 30 June 2024 RM'000	Financial period ended 30 June 2023 RM'000
Group		
Interest on deposit from customers	(2,890)	(3,800)
Bank		
Commitment fees on revolving credit from a subsidiary	-	660
Interest on deposit from subsidiary companies	(1,055)	(2,753)
Interest on deposit from holding companies	(2,890)	(3,800)
Professional fee from a subsidiary	(300)	(325)

(d) Key management personnel

The remuneration of key management personnel are as follows:

	Group		Bank	
	Financial year ended 30 June 2024 RM'000	Financial period ended 30 June 2023 RM'000	Financial year ended 30 June 2024 RM'000	Financial period ended 30 June 2023 RM'000
Executive Directors				
Salaries, bonuses and other emoluments	491	1,118	-	-
Benefits-in-kind	-	24	-	-
	491	1,142	-	-
Non-Executive Directors				
Fees	772	820	470	470
Total Directors' remuneration	1,263	1,962	470	470
Other key management personnel				
Salaries, bonuses and other emoluments	8,585	10,419	4,416	3,771
Total	9,848	12,431	4,886	4,241

The above key management personnel's remuneration includes Directors' remuneration as disclosed in Note 28 (a).

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33. CAPITAL COMMITMENTS

— Group and Bank —
Financial Financial
year ended period ended
30 June 2024 30 June 2023
RM'000 RM'000

The projected capital plan for KAF Digital Berhad (200,000) (150,000)

Estimated initial commencement costs of KAF Digital Berhad will be from internal funds.

34. COMMITMENTS AND CONTINGENCIES

Group	2024			2023		
	Principal amount RM'000	Credit equivalent amount* RM'000	Risk weighted amount* RM'000	Principal amount RM'000	Credit equivalent amount* RM'000	Risk weighted amount* RM'000
Transaction related contingent items	3,068	1,534	1,534	3,034	1,516	1,516
Underwriting obligations	3,422	1,711	1,711	-	-	-
Foreign exchange related contracts	70,065	474	95	127,883	462	92
Other commitments with maturity over one year	-	-	-	133,000	66,500	66,500
	<u>76,555</u>	<u>3,719</u>	<u>3,340</u>	<u>263,917</u>	<u>68,478</u>	<u>68,108</u>
Bank						
Transaction related contingent items	3,068	1,534	1,534	3,034	1,516	1,516
Underwriting obligations	3,422	1,711	1,711	-	-	-
Foreign exchange related contracts	70,065	474	95	127,883	462	92
Other commitments with maturity over one year	-	-	-	133,000	66,500	66,500
	<u>76,555</u>	<u>3,719</u>	<u>3,340</u>	<u>263,917</u>	<u>68,478</u>	<u>68,108</u>

* The credit equivalent amount and the risk weighted amount are arrived at using the credit conversion factor and risk weights respectively, as per BNM guideline.

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35. FINANCIAL INSTRUMENTS

A Financial risk management objectives and policies

Overview and organisation

Risk is inherent in banking business and sound risk management is the cornerstone of prudent and successful banking.

In compliance with best practices under the Malaysian Code of Corporate Governance, the Board of Directors (“Board” or “BOD”) through the Risk Management Committee (“RMC”) are responsible for identifying principal risks and ensuring that there are ongoing processes to continuously manage the Bank’s risks actively according to the risk appetite of the Bank.

In addition to that, the Bank is to comply with the Risk Governance Guideline by Bank Negara Malaysia (“BNM”).

The RMC provides oversight and management of all risks in an integrated way. The Compliance Department (“CD”) and Risk Management Department (“RMD”) is independent of business units and reports directly to the RMC. Both the CD and RMD assist the RMC and Board in formulating risk related policies, advises the Board on the risk impact of business strategies, and reviews compliance by the management to the risk policy framework that is approved by the Board.

The RMC comprises Non-Executive Directors with at least four (4) members. Members of the RMC are Directors who are exclusively non-executive in all of their directorships within the Bank.

Overriding objectives of the RMC:

- (i) To provide oversight and governance of risks of the Bank;
- (ii) To oversee senior management’s activities in managing credit, market, liquidity, operational, legal and other risks and to ensure that the risk management process is in place and functioning; and
- (iii) To deliberate and make recommendation to the BOD in respect of risk management matters.

The primary responsibility for managing risks, however, rests with the respective heads of departments. They are best equipped to ensure that risk management and control are continuously focused on the way daily operations are conducted. There are continuous reviews of business activities and processes to identify significant risk areas and implement control procedures to operate within established corporate policies and limits. Additionally, the management of risks associated with financial instruments are continuously carried out in the Bank. The Board has set up policies and procedures to manage risks that may arise in connection with the use of financial instruments.

The Bank has policies and guidelines which set out the overall approach in managing risk, reporting lines, valuation methods and different types of risk reports to be used. This will enable the Bank to monitor and assess its trading and investment positions in a timely and accurate manner. The policies and guidelines are reviewed at least annually by the Board of Directors to ensure they remained effective and in line with current practice. The Credit Committee, Investment Committee (“IC”), Treasury Management Committee (“TMC”), Management Committee (“MC”) and Risk Management Department (“RMD”) are collectively responsible to manage overall operational, market, liquidity and credit risk of the Bank.

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Major areas of risk

As a banking institution with key activities covering corporate banking and advisory services, treasury products and services, the Bank is subject to business risks which are inherent in the financial services industry. Generally, these business risks can be classified as follows:

- (i) Market risk - the potential loss resulting from changing value of assets and liabilities caused by movements in bond prices, interest rates and currency exchange rates.
- (ii) Liquidity risk - the inability to maintain sufficient liquid assets and to meet the financial commitments and obligations to depositors as they fall due caused by mismatch between assets and liabilities in terms of sizes and maturities.
- (iii) Credit risk - the potential loss to the Bank as counterparty or issuers of securities fail to perform its contractual obligation. It arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL) and credit exposures to corporate customers.
- (iv) Operational risk - the risk of loss resulting from inadequate or failed internal processes, people, systems or external events as well as the risk of breaches of applicable laws and regulatory requirements.

Market risk management

The management of market risk lies with the Treasury Department as the first line of defence. Daily positions generally made up of marketable securities and foreign exchange instruments are managed prudently according to market conditions. Both the Investment Committee and The Treasury Management Committee oversee the market risk profile of the portfolios assisted by the Risk Management Department for information support. The trading book positions are marked to market on daily basis and controlled by daily cut loss limit to manage any adverse changes to the market value of the portfolio.

Currency risk

Currency risks are managed by the Treasury Department and overseen by Treasury Management Committee. Dealers are guided by intraday and overnight net open position limits set by the management. As foreign exchange rates are volatile, a stop loss limit is used to minimise any adverse impact of a change in foreign exchange rate on an open position held.

Interest rate risk

Market risks arising from interest rate movements affects the Bank by changing the market value of marketable securities held. Sensitivity of portfolio value against an increase or decrease in interest rates is used as a measure to determine the impact of interest rate risk exposure to the Bank.

Credit risk management

The management of credit risk are guided by the Credit Risk policy of the Bank. The Credit Committee and the Management Loan Committee are responsible for the approval of credit limits for issuers of securities, counterparties and corporate customers within the Board's prescribed parameters. Approved limits are tabled to the Board for notification.

The credit evaluation is performed by the Credit Research Department whereby the credit worthiness is assessed based on the ability of the issuers, counterparties and corporate customers to meet its financial obligations and takes into consideration of the management capabilities, current as well as its future financial condition. The Credit Research Department also employs external and internal risk ratings as part of the credit evaluation process.

Notes To The Financial Statements

for the financial year ended 30 June 2024

The management uses measures such as single customer exposure limit and credit concentration limit based on industry and credit ratings to measure credit risk. These credit limits are reviewed periodically to assess the credit quality of the issuers or counterparties over time. The Business units when dealing are required to observe the approved credit limit and the Risk Management Department will monitor for compliance.

At the date of the statement of financial position, the Bank has put in placed internal exposure limit to avoid any undue credit concentration.

For review and monitoring of credit risk the Bank also includes the use of watch list to identify problem credits and to undertake corrective or pre-emptive measures on the issuers/borrowers.

The Bank reports its expected credit loss under MFRS 9 for non-impaired credit exposure as Stage 1 and Stage 2 for significant increase in credit risk while impaired issuers/ borrowers will go to Stage 3.

Interest rate risk management

Interest rate risk is managed through the Investment Committee and Treasury Management Committee. Changes in interest rates affect the Bank's earnings by changing its net interest income and the level of other interest-sensitive income and operating expenses. Changes in interest rates also affect the underlying economic value of the Bank's assets, liabilities and off-balance sheet items. The standardised approach from Bank Negara Malaysia is used by the Bank to measure the interest rate risk in the banking book.

Liquidity risk management

The day-to-day funding requirement of the Bank is managed by the Treasury Department. The Treasury Management Committee will look at the balance sheet structure of the Bank and manage the mismatched between assets and liabilities based on changing market conditions over time with appropriate measures. These measures include holding sufficient liquid assets for any unanticipated future liquidity requirements and having a strong deposits base. The Bank is required to comply with the Liquidity Coverage Ratio ("LCR") and Net Stable Funding Ratio ("NSFR") from Bank Negara Malaysia for its liquidity reporting.

Operational risk

The Bank recognises that the importance of a well-managed banking operation is to cultivate an organisational wide discipline and prudent risk management culture among its staff.

Operational risks arise from inadequate or failed internal processes, people and systems or from external events. These risks are managed by the Bank through the following key measures:

- (i) Sound operational risk management practices in accordance with regulatory guidelines including policy on risk governance and compliance
- (ii) Board and senior management oversight and governance
- (iii) Establish clear reporting line and segregation of duties with well-defined responsibilities for all personnel concerned

The respective business units are primarily responsible for managing operational risk on a day-to-day basis.

The Bank has a Computer Disaster Recovery Plan ("CDRP") programme for its major critical business operations and activities. The CDRP programme is subject to regular testing as required by BNM as well to ensure efficiency, reliability and functionality to cater for any unexpected events.

The Bank continually refines and strengthens existing policies, procedures and internal controls measures; and continually conducts internal review, compliance monitoring, and audit to prevent and minimise unexpected losses.

Notes To The Financial Statements

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B. Market risk

Market risk sensitivity analysis is based on the changes in any key variable, like interest rates and foreign currency rates while holding other variables constant. The sensitivity analysis assumed a parallel shift in the key variables in order to project the impact on the Group and the Bank's assets and liabilities position as at 30 June 2023.

The scenarios are being simplified whereby it assumed that the key variable for all maturities shall move in the same direction and by the same magnitude and do not incorporate actions that would be otherwise taken by the business units and management to mitigate the effect of this movement in key variables. In reality, the Group and the Bank will proactively seek to ensure that any market risks will be managed accordingly.

(i) Interest rate sensitivity analysis

The following table shows the sensitivity of the Bank's profit after tax and its equity to an immediate parallel shift of up and down +/-50 basis point ('bps') in the interest rate.

Bank	Impact on profit after tax RM'000	Impact on equity RM'000
2024		
Revaluation of marketable securities		
+ 50 bps	(11,393)	(197,373)
- 50 bps	<u>12,030</u>	<u>209,393</u>
Interest rate/rate of return risk in banking book		
+ 150 bps	(62,693)	
- 150 bps	<u>62,693</u>	
2023		
Revaluation of marketable securities		
+ 50 bps	(7,137)	(144,628)
- 50 bps	<u>7,399</u>	<u>154,296</u>
Interest rate/rate of return risk in banking book		
+ 150 bps	(54,222)	
- 150 bps	<u>54,222</u>	

The results above represent financial assets and liabilities that have been prepared on the following basis:

Impact on the profit after tax is the sum of valuation changes on fixed income instruments held in the trading portfolio and earnings movement for all short term interest rate sensitive assets and liabilities (with maturity or re-pricing tenure of up to one year).

The impact on equity represents the changes in revaluation from the banking book portfolio comprising changes in fair value of the fixed income instruments held in the available-for-sale portfolio arising from the shift in the interest rate.

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for the financial year ended 30 June 2024

(ii) Foreign currency sensitivity analysis

The Group and the Bank are exposed to foreign currency risks when the Treasury money market activities hold non MYR positions. These positions include foreign currencies such as UK Pound Sterling, US Dollar, Euro, Japanese Yen, Swiss Franc, Singapore Dollar, Australian Dollar, Indonesia Rupiah and New Zealand Dollar. The foreign currency sensitivity represents the effect of an increase or decrease in the foreign currency spot rate while other variables remain constant.

Bank	Impact on profit after tax RM'000
2024	
+ 5%	(2,757)
- 5%	22,640
2023	
+ 5%	(1,327)
- 5%	477

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Interest rate risk

The table below summarises the Group and the Bank's exposure to interest rate risks. The carrying amount of assets and liabilities (includes non-financial instruments) are categorised by the earlier of contractual re-pricing or maturity dates:

Group – 2024	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000	Trading book RM'000	Total RM'000
Cash and cash equivalents	27,096	400,779	1,552,448	-	-	52,339	-	2,032,662
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	87,000	-	87,000
Fair value through profit or loss financial assets	-	-	-	-	-	92,731	403,011	495,742
Fair value through other comprehensive income financial assets	41,095	15,179	54,188	688,315	3,234,179	5,446	-	4,038,402
Financial assets at amortised cost	-	-	-	-	1,430,902	-	-	1,430,902
Corporate loan	-	-	-	25,080	-	-	-	25,080
Derivative assets	-	-	-	-	-	-	1	1
Other receivables and prepayments	-	-	-	-	-	41,013	-	41,013
Tax recoverable	-	-	-	-	-	9,033	-	9,033
Deferred tax assets	-	-	-	-	-	-	-	-
Property and equipment	-	-	-	-	-	20,245	-	20,245
Intangible assets	-	-	-	-	-	59,655	-	59,655
Investment properties	-	-	-	-	-	110,231	-	110,231
Right-of-use assets	-	-	-	-	-	19,884	-	19,884
Total assets	68,191	415,958	1,606,636	713,395	4,665,081	497,577	403,012	8,369,850
Deposits from customers	5,463,105	156,180	197,057	-	-	-	-	5,816,342
Deposits and placements of banks and other financial institutions	1,085,903	-	-	-	-	-	-	1,085,903
Other liabilities	-	-	-	-	-	74,549	-	74,549
Deferred tax liabilities	-	-	-	-	-	688	-	688
Provision for zakat	-	-	-	-	-	863	-	863
Lease liabilities	-	-	-	-	-	18,503	-	18,503
Liabilities associated with disposal group	-	-	-	-	-	-	-	-
Total liabilities	6,549,008	156,180	197,057	-	-	94,603	-	6,996,848
Total equity	-	-	-	-	-	1,373,002	-	1,373,002
Total equity and liabilities	6,549,008	156,180	197,057	-	-	1,467,605	-	8,369,850
Total interest sensitivity gap	(6,480,817)	259,778	1,409,579	713,395	4,665,081	(970,028)	403,012	

Notes To The Financial Statements

for the financial year ended 30 June 2024

Group – 2023	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000	Trading book RM'000	Total RM'000
Cash and cash equivalents	-	-	-	-	-	2,455,560	-	2,455,560
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	83,000	-	83,000
Fair value through profit or loss financial assets	-	-	-	-	-	33,324	318,930	352,254
Fair value through other comprehensive income financial assets	-	10,168	55,635	481,537	3,054,623	5,555	-	3,607,518
Financial assets at amortised cost	-	-	-	-	918,081	-	-	918,081
Corporate loan	-	-	-	35,153	-	-	-	35,153
Derivative assets	-	-	-	-	-	-	376	376
Other receivables and prepayments	-	-	-	-	-	18,597	-	18,597
Tax recoverable	-	-	-	-	-	3,837	-	3,837
Property and equipment	-	-	-	-	-	32,546	-	32,546
Intangible asset	-	-	-	-	-	59,655	-	59,655
Investment properties	-	-	-	-	-	108,162	-	108,162
Investment in associates	-	-	-	-	-	47,055	-	47,055
Right-of-use asset	-	-	-	-	-	23,346	-	23,346
Disposal group and asset held for sale	-	-	-	-	-	78,116	-	78,116
Total assets	-	10,168	55,635	516,690	3,972,704	2,948,753	319,306	7,823,256
Deposits from customers	4,543,382	82,743	172,063	-	-	-	-	4,798,188
Deposits and placements of banks and other financial institutions	1,531,461	-	-	-	-	-	-	1,531,461
Other liabilities	-	-	-	-	-	32,453	-	32,453
Deferred tax liabilities	-	-	-	-	-	2,857	-	2,857
Provision for zakat	-	-	-	-	-	2,051	-	2,051
Lease liabilities	-	-	-	-	-	21,581	-	21,581
Liabilities associated with disposal group	-	-	-	-	-	46,711	-	46,711
Total liabilities	6,074,843	82,743	172,063	-	-	105,653	-	6,435,302
Total equity	-	-	-	-	-	1,387,954	-	1,387,954
Total equity and liabilities	6,074,843	82,743	172,063	-	-	1,493,607	-	7,823,256
Total interest sensitivity gap	(6,074,843)	(72,575)	(116,428)	516,690	3,972,704	1,455,146	319,306	

Notes To The Financial Statements

for the financial year ended 30 June 2024

	Up to 1 month	>1-3 months	>3-12 months	1-5 years	Over 5 years	Non- interest sensitive	Trading book	Total
Bank – 2024	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short term funds	27,096	400,779	1,552,448	-	-	6,323	-	1,986,646
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	87,000	-	87,000
Fair value through profit or loss financial assets	-	-	-	-	-	-	403,011	403,011
Fair value through other comprehensive income financial assets	41,095	15,179	54,188	688,315	3,234,179	5,446	-	4,038,402
Financial assets at amortised cost	-	-	-	-	1,430,902	-	-	1,430,902
Corporate loan	-	-	-	25,080	-	-	-	25,080
Other receivables and prepayments	-	-	-	-	-	12,552	-	12,552
Amount due from subsidiary companies	-	-	-	-	-	45,921	-	45,921
Tax recoverable	-	-	-	-	-	7,675	-	7,675
Property and equipment	-	-	-	-	-	17,086	-	17,086
Intangible assets	-	-	-	-	-	52,500	-	52,500
Derivative assets	-	-	-	-	-	-	1	1
Investment in subsidiaries	-	-	-	-	-	189,447	-	189,447
Investment in associate	-	-	-	-	-	306	-	306
Right-of-use assets	-	-	-	-	-	16,832	-	16,832
Total assets	68,191	415,958	1,606,636	713,395	4,665,081	441,088	403,012	8,313,361
Deposits from customers	5,501,306	156,180	197,057	-	-	-	-	5,854,543
Deposits and placements of banks and other financial institutions	1,085,903	-	-	-	-	-	-	1,085,903
Other liabilities	-	-	-	-	-	10,540	-	10,540
Deferred tax liabilities	-	-	-	-	-	1,441	-	1,441
Provision for zakat	-	-	-	-	-	863	-	863
Lease liabilities	-	-	-	-	-	15,797	-	15,797
Total liabilities	6,587,209	156,180	197,057	-	-	28,641	-	6,969,087
Total equity	-	-	-	-	-	1,344,274	-	1,344,274
Total equity and liabilities	6,587,209	156,180	197,057	-	-	1,372,915	-	8,313,361
Total interest sensitivity gap	(6,519,018)	259,778	1,409,579	713,395	4,665,081	(931,827)	403,012	

Notes To The Financial Statements

for the financial year ended 30 June 2024

	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000	Trading book RM'000	Total RM'000
Bank – 2023								
Cash and cash equivalents	-	-	-	-	-	2,436,552	-	2,436,552
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	83,000	-	83,000
Fair value through profit or loss financial assets	-	-	-	-	-	-	318,930	318,930
Fair value through other comprehensive income financial assets	-	10,168	55,635	481,537	3,054,623	5,555	-	3,607,518
Financial assets at amortised cost	-	-	-	-	918,081	-	-	918,081
Corporate loan	-	-	-	35,153	-	-	-	35,153
Other receivables and prepayments	-	-	-	-	-	5,199	-	5,199
Amount due from subsidiary companies	-	-	-	-	-	18,047	-	18,047
Tax recoverable	-	-	-	-	-	947	-	947
Property and equipment	-	-	-	-	-	30,192	-	30,192
Intangible asset	-	-	-	-	-	52,500	-	52,500
Derivative assets	-	-	-	-	-	-	376	376
Investment in subsidiaries	-	-	-	-	-	322,889	-	322,889
Investment in associate	-	-	-	-	-	531	-	531
Right-of-use asset	-	-	-	-	-	22,526	-	22,526
Total assets	-	10,168	55,635	516,690	3,972,704	2,977,938	319,306	7,852,441
Deposits from customers	4,638,222	82,743	172,063	-	-	-	-	4,893,028
Deposits and placements of banks and other financial institutions	1,531,461	-	-	-	-	-	-	1,531,461
Other liabilities	-	-	-	-	-	21,728	-	21,728
Deferred tax liabilities	-	-	-	-	-	3,162	-	3,162
Provision for zakat	-	-	-	-	-	2,051	-	2,051
Lease liabilities	-	-	-	-	-	20,470	-	20,470
Total liabilities	6,169,683	82,743	172,063	-	-	47,411	-	6,471,900
Total equity	-	-	-	-	-	1,380,541	-	1,380,541
Total equity and liabilities	6,169,683	82,743	172,063	-	-	1,427,952	-	7,852,441
Total interest sensitivity gap	(6,169,683)	(72,575)	(116,428)	516,690	3,972,704	1,549,986	319,306	

Notes To The Financial Statements

for the financial year ended 30 June 2024

C. Liquidity risk

The table below analyses the carrying amount of assets and liabilities (includes non-financial instruments) based on the remaining contractual maturities:

Group – 2024	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1 year RM'000	No specific maturity RM'000	Total RM'000
Assets						
Cash and cash equivalents	27,096	400,779	1,552,448	-	52,339	2,032,662
Statutory deposits with BNM	-	-	-	-	87,000	87,000
Fair value through profit or loss financial assets	-	-	60,530	335,371	99,841	495,742
Fair value through other comprehensive income financial assets	41,095	15,179	54,188	3,922,494	5,446	4,038,402
Financial assets at amortised cost	-	-	-	1,430,902	-	1,430,902
Corporate loan	-	-	-	25,080	-	25,080
Receivables and prepayments	-	-	-	-	41,013	41,013
Derivative assets	-	-	-	-	1	1
Tax recoverable	-	-	-	-	9,033	9,033
Property and equipment	-	-	-	-	20,245	20,245
Intangible assets	-	-	-	-	59,655	59,655
Investment properties	-	-	-	-	110,231	110,231
Right-of use assets	-	-	-	-	19,884	19,884
Total assets	68,191	415,958	1,667,166	5,713,847	504,688	8,369,850
Liabilities						
Deposits from customers	5,463,105	156,180	197,057	-	-	5,816,342
Deposits and placements of banks and other financial institutions	1,085,903	-	-	-	-	1,085,903
Other liabilities	822	-	9,703	15	64,009	74,549
Deferred tax liabilities	-	-	-	-	688	688
Provision for zakat	-	-	-	-	863	863
Lease liabilities	-	-	-	-	18,503	18,503
Total liabilities	6,549,830	156,180	206,760	15	84,063	6,996,848

Notes To The Financial Statements

for the financial year ended 30 June 2024

Group – 2023	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1 year RM'000	No specific maturity RM'000	Total RM'000
Assets						
Cash and cash equivalents	-	-	-	-	2,455,560	2,455,560
Statutory deposits with BNM	-	-	-	-	83,000	83,000
Fair value through profit or loss financial assets	-	-	-	312,518	39,736	352,254
Fair value through other comprehensive income financial assets	-	10,168	55,635	3,536,160	5,555	3,607,518
Financial assets at amortised cost	-	-	-	918,081	-	918,081
Corporate loan	-	-	-	35,153	-	35,153
Receivables and prepayments	-	-	-	-	18,597	18,597
Derivative assets	-	-	-	-	376	376
Tax recoverable	-	-	-	-	3,837	3,837
Property and equipment	-	-	-	-	32,546	32,546
Intangible asset	-	-	-	-	59,655	59,655
Investment properties	-	-	-	-	108,162	108,162
Investment in associates	-	-	-	-	47,055	47,055
Right-of use asset	-	-	-	-	23,346	23,346
Disposal group and assets held for sale	-	-	-	-	78,116	78,116
Total assets	-	10,168	55,635	4,801,912	2,955,541	7,823,256
Liabilities						
Deposits from customers	4,543,382	82,743	172,063	-	-	4,798,188
Deposits and placements of banks and other financial institutions	1,531,461	-	-	-	-	1,531,461
Other liabilities	7,518	-	14,201	9	10,725	32,453
Deferred tax liabilities	-	-	-	-	2,857	2,857
Provision for zakat	-	-	-	-	2,051	2,051
Lease liabilities	-	-	-	-	21,581	21,581
Liabilities associated with disposal group	-	-	-	-	46,711	46,711
Total liabilities	6,082,361	82,743	186,264	9	83,925	6,435,302

Notes To The Financial Statements

for the financial year ended 30 June 2024

	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1 year RM'000	No specific maturity RM'000	Total RM'000
Bank – 2024						
Assets						
Cash and short term funds	27,096	400,779	1,552,448	-	6,323	1,986,646
Statutory deposits with BNM	-	-	-	-	87,000	87,000
Fair value through profit or loss financial assets	-	-	60,530	335,371	7,110	403,011
Fair value through other comprehensive income financial assets	41,095	15,179	54,188	3,922,494	5,446	4,038,402
Financial assets at amortised cost	-	-	-	1,430,902	-	1,430,902
Corporate loan	-	-	-	25,080	-	25,080
Other receivables and prepayments	-	-	-	-	12,552	12,552
Amount due from subsidiary companies	-	-	-	-	45,921	45,921
Tax recoverable	-	-	-	-	7,675	7,675
Property and equipment	-	-	-	-	17,086	17,086
Derivative assets	-	-	-	-	1	1
Intangible assets	-	-	-	-	52,500	52,500
Investment in subsidiaries	-	-	-	-	189,447	189,447
Investment in associate	-	-	-	-	306	306
Right-of-use assets	-	-	-	-	16,832	16,832
Total assets	68,191	415,958	1,667,166	5,713,847	448,199	8,313,361
Liabilities						
Deposits from customers	5,501,306	156,180	197,057	-	-	5,854,543
Deposits and placements of banks and other financial institutions	1,085,903	-	-	-	-	1,085,903
Other liabilities	822	-	9,703	15	-	10,540
Provision for zakat	-	-	-	-	863	863
Deferred tax liabilities	-	-	-	-	1,441	1,441
Lease liabilities	-	-	-	-	15,797	15,797
Total liabilities	6,588,031	156,180	206,760	15	18,101	6,969,087

Notes To The Financial Statements

for the financial year ended 30 June 2024

Bank – 2023	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1 year RM'000	No specific maturity RM'000	Total RM'000
Assets						
Cash and cash equivalents	-	-	-	-	2,436,552	2,436,552
Statutory deposits with BNM	-	-	-	-	83,000	83,000
Fair value through profit or loss financial assets	-	-	-	312,518	6,412	318,930
Fair value through other comprehensive income financial assets	-	10,168	55,635	3,536,160	5,555	3,607,518
Financial assets at amortised cost	-	-	-	918,081	-	918,081
Corporate loan	-	-	-	35,153	-	35,153
Other receivables and prepayments	-	-	-	-	5,199	5,199
Amount due from subsidiary companies	-	-	-	-	18,047	18,047
Tax recoverable	-	-	-	-	947	947
Property and equipment	-	-	-	-	30,192	30,192
Derivative assets	-	-	-	-	376	376
Intangible asset	-	-	-	-	52,500	52,500
Investment in subsidiaries	-	-	-	-	322,889	322,889
Investment in associate	-	-	-	-	531	531
Right-of-use asset	-	-	-	-	22,526	22,526
Total assets	-	10,168	55,635	4,801,912	2,984,726	7,852,441
Liabilities						
Deposits from customers	4,638,222	82,743	172,063	-	-	4,893,028
Deposits and placements of banks and other financial institutions	1,531,461	-	-	-	-	1,531,461
Other liabilities	7,518	-	14,201	9	-	21,728
Provision for zakat	-	-	-	-	2,051	2,051
Deferred tax liabilities	-	-	-	-	3,162	3,162
Lease liabilities	-	-	-	-	20,470	20,470
Total liabilities	6,177,201	82,743	186,264	9	25,683	6,471,900

Notes To The Financial Statements

for the financial year ended 30 June 2024

The following table presents the cash outflows for the Group and the Bank's financial liabilities by remaining contractual maturities on undiscounted basis. The balances in the table below will not agree to the balances reported in the statement of financial position as the table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments.

Group – 2024	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1 year RM'000	No specific maturity RM'000	Total RM'000
Liabilities						
Deposits from customers	5,572,387	88,752	202,924	-	-	5,864,063
Deposits and placements of banks and other financial institutions	1,087,150	-	-	-	-	1,087,150
Other liabilities*	4,909	5,592	9,702	14	53,761	73,978
Lease liabilities	333	1,004	2,687	15,433	506	19,963
Gross settled derivatives						
- Inflow	(70,100)	-	-	-	-	(70,100)
- Outflow	70,095	-	-	-	-	70,095
Total financial liabilities	6,664,774	95,348	215,313	15,447	54,267	7,045,149

* exclude zakat payable of RM763,490.

Group – 2023

Liabilities						
Deposits from customers	4,688,891	36,237	177,224	-	-	4,902,352
Deposits and placements of banks and other financial institutions	1,533,563	-	-	-	-	1,533,563
Other liabilities*	13,196	4,359	14,660	9	62	32,286
Lease liabilities	544	1,663	4,432	17,748	-	24,397
Gross settled derivatives						
- Inflow	(126,836)	-	-	-	-	(126,836)
- Outflow	126,446	-	-	-	-	126,446
Liabilities associated with disposal group	-	-	-	-	46,714	46,714
Total financial liabilities	6,235,814	42,259	196,316	17,757	46,776	6,538,922

* exclude zakat payable of RM165,000.

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for the financial year ended 30 June 2024

	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1 year RM'000	Total RM'000
Bank – 2024					
Liabilities					
Deposits from customers	5,572,387	88,752	202,924	-	5,864,063
Deposits and placements of banks and other financial institutions	1,087,150	-	-	-	1,087,150
Other liabilities*	822	-	9,538	14	10,374
Lease liabilities	334	1,003	2,675	13,351	17,363
Gross settled derivatives					
- Inflow	(70,100)	-	-	-	(70,100)
- Outflow	70,095	-	-	-	70,095
Total financial liabilities	6,660,688	89,755	215,137	13,365	6,978,945

* exclude zakat payable of RM763,490.

Bank – 2023

Liabilities					
Deposits from customers	4,688,891	36,237	177,224	-	4,902,352
Deposits and placements of banks and other financial institutions	1,533,563	-	-	-	1,533,563
Other liabilities*	7,518	-	14,036	9	21,563
Lease liabilities	465	1,395	3,720	17,188	22,768
Gross settled derivatives					
- Inflow	(126,836)	-	-	-	(126,836)
- Outflow	126,446	-	-	-	126,446
Total financial liabilities	6,230,047	37,632	194,980	17,197	6,479,856

* exclude zakat payable of RM165,000.

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for the financial year ended 30 June 2024

The following table presents the contractual expiry by maturity of the Group and the Bank's commitments and contingencies:

COMMITMENTS AND CONTINGENCIES	Less than 1 year RM'000	More than 1 year RM'000	Total RM'000
Group and Bank			
2024			
Transaction related contingent items	3,068	-	3,068
Underwriting obligations	3,422	-	3,422
Foreign exchange related contracts	70,065	-	70,065
Other commitments with maturity over one year	-	-	-
Total commitments and contingencies	76,555	-	76,555
2023			
Transaction related contingent items	3,034	-	3,034
Foreign exchange related contracts	127,883	-	127,883
Other commitments with maturity over one year	-	133,000	133,000
Total commitments and contingencies	130,917	133,000	263,917

D. Credit risk

(i) Maximum exposure to credit risk

The maximum exposure to credit risk at the date of the statement of financial position is the amounts on the statement of financial position as well as off-balance sheet financial instruments, without taking into account any collateral held or other credit enhancements. For contingent liabilities, the maximum exposure to credit risk is the maximum amount that the Group and the Bank would have to pay if the obligations of the instruments issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers. The table below shows the maximum exposure to credit risk for the Group and the Bank:

Group	2024 RM'000	2023 RM'000
Credit risk exposure relating to on-balance sheet assets:		
Cash and cash equivalents	2,032,662	2,455,560
Financial assets and investment portfolio:		
- Fair value through profit or loss financial assets	467,545	328,295
- Fair value through other comprehensive income financial assets	4,032,956	3,601,962
- Financial assets at amortised cost	1,430,902	918,081
Corporate loans	25,080	35,153
Derivative assets	1	376
Other financial assets*	39,152	15,710
	8,028,298	7,355,137
Credit risk exposure of off-balance sheet items:		
Commitments and contingencies	76,555	263,917
Total maximum credit risk exposure	8,104,853	7,619,054

* exclude prepayments of RM2,901,210 (2023: RM2,886,000).

Notes To The Financial Statements

for the financial year ended 30 June 2024

Bank	2024 RM'000	2023 RM'000
Credit risk exposure relating to on-balance sheet assets:		
Cash and cash equivalents	1,986,646	2,436,552
Financial assets and investment portfolio:		
- Fair value through profit or loss financial assets	403,011	318,930
- Fair value through other comprehensive income financial assets	4,032,956	3,601,962
- Financial assets at amortised cost	1,430,902	918,081
Corporate loan	25,080	35,153
Derivative assets	1	376
Other financial assets*	57,588	23,127
	<u>7,936,184</u>	<u>7,334,181</u>
Credit risk exposure of off-balance sheet items:		
Commitments and contingencies	<u>76,555</u>	<u>263,917</u>
Total maximum credit risk exposure	<u>8,012,739</u>	<u>7,598,098</u>

* exclude prepayments of RM882,000 (2023: RM118,000).

(ii) Credit quality

The credit quality of financial assets other than loans, advances and financing and other receivables are determined based on the ratings of counterparties as defined by Moody's or equivalent ratings of other international rating agencies as defined below:

- Aaa to Aa
- A1 to A3
- Baa1 to Ba3
- B1 to C
- P1 to P3

Notes To The Financial Statements

for the financial year ended 30 June 2024

Cash and cash equivalents, financial assets and investments portfolios, corporate loan and other financial assets of the Group and the Bank are summarised as follows:

Group	Cash and cash equivalents RM'000	Fair value through profit or loss financial assets RM'000	Fair value through other comprehensive income RM'000	Financial asset at amortised cost RM'000	Corporate loans RM'000	Other financial assets* RM'000	Derivative assets RM'000	Total RM'000
2024								
Neither past due nor impaired	2,032,662	467,545	4,032,956	1,430,902	25,080	39,152	1	8,028,298
2023								
Neither past due nor impaired	2,455,560	328,295	3,601,962	918,081	35,153	15,710	376	7,355,137

* exclude prepayments of RM2,901,210 (2023: RM2,886,000).

Bank	Cash and cash equivalents RM'000	Fair value through profit or loss financial assets RM'000	Fair value through other comprehensive income RM'000	Financial asset at amortised cost RM'000	Corporate loans RM'000	Other financial assets* RM'000	Derivative assets RM'000	Total RM'000
2024								
Neither past due nor impaired	1,986,646	403,011	4,032,956	1,430,902	25,080	57,588	1	7,936,184
2023								
Neither past due nor impaired	2,436,552	318,930	3,601,962	918,081	35,153	23,127	376	7,334,181

* exclude prepayments of RM882,000 (2023: RM118,000).

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for the financial year ended 30 June 2024

Analysis of cash and cash equivalents, financial assets and investments portfolios, loans, advances and financing and other financial assets which are neither past due nor impaired, for the Group and the Bank by rating agency designation as at 30 June 2023 are as follows:

Group	Cash and cash equivalents RM'000	Fair value through profit or loss financial assets RM'000	Fair value through other comprehensive income RM'000	Financial asset at amortised cost RM'000	Corporate loans RM'000	Other financial assets* RM'000	Derivative assets RM'000	Total RM'000
2024								
Aaa to Aa	23,633	-	1,131,418	-	-	-	-	1,155,051
A1 to A3	22,366	19,262	25,776	-	-	-	-	67,404
Baa1 to Ba3	-	16,025	19,476	-	-	-	-	35,501
P1 to P3	-	-	-	-	-	-	-	-
Unrated of which:	1,986,663	432,258	2,856,286	1,430,902	25,080	39,152	1	6,770,342
- Malaysian Government Securities	-	226,773	909,474	575,577	-	-	-	1,711,824
- Malaysian Government Investment Issues	-	133,842	1,946,812	855,325	-	-	-	2,935,979
- Private Debt Securities	-	-	-	-	-	-	-	-
- Others	1,986,663	71,643	-	-	25,080	39,152	1	2,122,539
	2,032,662	467,545	4,032,956	1,430,902	25,080	39,152	1	8,028,298

* exclude prepayments of RM2,901,210.

2023

Aaa to Aa	99,233	13,866	704,443	-	-	-	-	817,542
A1 to A3	14,124	14,212	26,033	-	-	-	-	54,369
Baa1 to Ba3	-	14,944	19,279	-	-	-	-	34,223
P1 to P3	-	-	-	-	-	-	-	-
Unrated of which:	2,342,203	285,273	2,852,207	918,081	35,153	15,710	376	6,449,003
- Malaysian Government Securities	-	148,179	968,956	576,632	-	-	-	1,693,767
- Malaysian Government Investment Issues	-	121,317	1,488,536	341,449	-	-	-	1,951,302
- Private Debt Securities	-	-	394,715	-	-	-	-	394,715
- Others	2,342,203	15,777	-	-	35,153	15,710	376	2,409,218
	2,455,560	328,295	3,601,962	918,081	35,153	15,710	376	7,355,137

* exclude prepayments of RM2,886,000.

Notes To The Financial Statements

for the financial year ended 30 June 2024

Bank	Cash and cash equivalents RM'000	Fair value through profit or loss financial assets RM'000	Fair value through other comprehensive income RM'000	Financial asset at amortised cost RM'000	Corporate loans RM'000	Other financial assets* RM'000	Derivative assets RM'000	Total RM'000
2024								
Aaa to Aa	-	-	1,131,418	-	-	-	-	1,131,418
A1 to A3	-	19,262	25,776	-	-	-	-	45,038
Baa1 to Ba3	-	16,025	19,476	-	-	-	-	35,501
P1 to P3	-	-	-	-	-	-	-	-
Unrated of which:	1,986,646	367,724	2,856,286	1,430,902	25,080	57,588	1	6,724,227
- Malaysian Government Securities	-	226,773	909,474	575,577	-	-	-	1,711,824
- Malaysian Government Investment Issues	-	133,842	1,946,812	855,325	-	-	-	2,935,979
- Private Debt Securities	-	-	-	-	-	-	-	-
- Others	1,986,646	7,109	-	-	25,080	57,588	1	2,081,870
	1,986,646	403,011	4,032,956	1,430,902	25,080	57,588	1	7,936,184

* exclude prepayments of RM882,000.

2023

Aaa to Aa	-	13,866	704,443	-	-	-	-	718,309
A1 to A3	-	14,212	26,033	-	-	-	-	40,245
Baa1 to Ba3	-	14,944	19,279	-	-	-	-	34,223
P1 to P3	-	-	-	-	-	-	-	-
Unrated of which:	2,436,552	275,908	2,852,207	918,081	35,153	23,127	376	6,541,404
- Malaysian Government Securities	-	148,179	968,956	576,632	-	-	-	1,693,767
- Malaysian Government Investment Issues	-	121,317	1,488,536	341,449	-	-	-	1,951,302
- Private Debt Securities	-	-	394,715	-	-	-	-	394,715
- Others	2,436,552	6,412	-	-	35,153	23,127	376	2,501,620
	2,436,552	318,930	3,601,962	918,081	35,153	23,127	376	7,334,181

* exclude prepayments of RM118,000.

Notes To The Financial Statements

for the financial year ended 30 June 2024

Group	Cash and cash equivalents	Fair value through profit or loss financial assets	Fair value through other comprehensive income	Financial asset at amortised cost	Corporate loans	Other financial assets*	Derivative assets	On-balance sheet total	Commitments and contingencies	Total
2024	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Agricultural	-	-	9,991	-	-	-	-	9,991	-	9,991
Manufacturing	-	-	10,088	-	-	-	-	10,088	-	10,088
Mining and quarrying	-	-	30,503	-	-	-	-	30,503	-	30,503
Electricity, gas and water	-	-	205,916	-	-	-	-	205,916	-	205,916
Construction	-	-	75,022	-	-	-	-	75,022	-	75,022
Real estate	-	-	92,564	-	-	-	-	92,564	-	92,564
Wholesale & retail trade and services	-	-	10,374	-	-	-	-	10,374	-	10,374
Transport, storage and communication	-	12,872	233,239	-	-	-	-	246,111	-	246,111
Finance, insurance and business services	2,032,646	86,948	487,693	-	25,080	-	1	2,632,368	76,555	2,708,923
Government and government agencies	-	360,615	2,872,431	1,430,902	-	-	-	4,663,948	-	4,663,948
Others	16	7,110	5,135	-	-	39,152	-	51,413	-	51,412
Total	2,032,662	467,545	4,032,956	1,430,902	25,080	39,152	1	8,028,298	76,555	8,104,853

* exclude prepayments of RM2,901,210.

2023

Agricultural	-	-	19,912	-	-	-	-	19,912	-	19,912
Manufacturing	-	-	9,979	-	-	-	-	9,979	-	9,979
Mining and quarrying	-	-	30,616	-	-	-	-	30,616	-	30,616
Electricity, gas and water	-	-	209,043	-	-	-	-	209,043	-	209,043
Construction	-	-	78,289	-	-	-	-	78,289	-	78,289
Real estate	-	-	81,648	-	-	-	-	81,648	-	81,648
Wholesale & retail trade and services	-	-	10,255	-	-	-	-	10,255	-	10,255
Transport, storage and communication	-	-	297,579	-	-	-	-	297,579	-	297,579
Finance, insurance and business services	2,453,657	28,846	370,296	-	35,153	3,919	376	2,892,247	263,917	3,156,164
Government and government agencies	-	283,362	2,494,345	918,081	-	-	-	3,695,788	-	3,695,788
Others	1,903	16,087	-	-	-	11,791	-	29,781	-	29,781
Total	2,455,560	328,295	3,601,962	918,081	35,153	15,710	376	7,355,137	263,917	7,619,054

* exclude prepayments of RM2,886,000.

Notes To The Financial Statements

for the financial year ended 30 June 2024

Bank	Cash and cash equivalents	Fair value through profit or loss financial assets	Fair value through other comprehensive income	Financial asset at amortised cost	Corporate loans	Other financial assets*	Derivative assets	On-balance sheet total	Com-mitments and con-tingencies	Total
2024	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Agricultural	-	-	9,991	-	-	-	-	9,991	-	9,991
Manufacturing	-	-	10,088	-	-	-	-	10,088	-	10,088
Mining and quarrying	-	-	30,503	-	-	-	-	30,503	-	30,503
Electricity, gas and water	-	-	205,916	-	-	-	-	205,916	-	205,916
Construction	-	-	75,022	-	-	-	-	75,022	-	75,022
Real estate	-	-	92,564	-	-	-	-	92,564	-	92,564
Wholesale & retail trade and services	-	-	10,374	-	-	-	-	10,374	-	10,374
Transport, storage and communication	-	12,872	233,239	-	-	-	-	246,111	-	246,111
Finance, insurance and business services	1,986,646	22,415	487,693	-	25,080	-	1	2,521,835	76,555	2,598,390
Government and government agencies	-	360,615	2,872,431	1,430,902	-	-	-	4,663,948	-	4,663,948
Others	-	7,109	5,135	-	-	57,588	-	69,832	-	69,832
Total	1,986,646	403,011	4,032,956	1,430,902	25,080	57,588	1	7,936,184	76,555	8,012,739

* exclude prepayments of RM882,000.

2023

Agricultural	-	-	19,912	-	-	-	-	19,912	-	19,912
Manufacturing	-	-	9,979	-	-	-	-	9,979	-	9,979
Mining and quarrying	-	-	30,616	-	-	-	-	30,616	-	30,616
Electricity, gas and water	-	-	209,043	-	-	-	-	209,043	-	209,043
Construction	-	-	78,289	-	-	-	-	78,289	-	78,289
Real estate	-	-	81,648	-	-	-	-	81,648	-	81,648
Wholesale & retail trade and services	-	-	10,255	-	-	-	-	10,255	-	10,255
Transport, storage and communication	-	-	297,579	-	-	-	-	297,579	-	297,579
Finance, insurance and business services	2,436,552	29,156	370,296	-	35,153	-	376	2,871,533	260,917	3,132,450
Government and government agencies	-	283,362	2,494,345	918,081	-	-	-	3,695,788	-	3,695,788
Others	-	6,412	-	-	-	23,127	-	29,539	-	29,539
Total	2,436,552	318,930	3,601,962	918,081	35,153	23,127	376	7,334,181	260,917	7,595,098

* exclude prepayments of RM118,000.

Notes To The Financial Statements

for the financial year ended 30 June 2024

E. Fair value risk

Fair value estimation of the financial instruments

Financial instruments comprise financial assets and financial liabilities. Fair value is the amount at which a financial asset could be exchanged or a financial liability settled, between knowledgeable and willing parties in an orderly transaction between market participants at the measurement date. The information presented herein represents the estimates of fair values as at the end of the financial period.

Where available, quoted and observable market prices are used as the measure of fair value. Where such quoted and observable market prices are not available, fair values are estimated based on the range of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the uncertainties and assumptions could materially affect these estimates and the resulting fair value estimates.

The carrying amounts of current assets and liabilities approximate their fair values due to the relatively short term nature of these financial instruments.

Fair value hierarchy

The different levels have been identified as follows:

- (i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities that the entity can access at the measurement date;
- (ii) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly; and
- (iii) Level 3 input are unobservable inputs that have been applied in the models to fair value the respective asset or liability.

The table below analyses financial instruments carried at fair value analysed by level within the fair value hierarchy:

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2024				
Financial assets:				
- Fair value through profit or loss financial assets	28,197	460,436	7,109	495,742
- Fair value through other comprehensive income financial assets	-	4,032,956	5,446	4,038,402
- Financial assets at amortised cost	-	1,430,902	-	1,430,902
	<u>28,197</u>	<u>5,924,294</u>	<u>12,555</u>	<u>5,965,046</u>
2023				
Financial assets:				
- Fair value through profit or loss financial assets	23,959	321,883	6,412	352,254
- Fair value through other comprehensive income financial assets	-	3,601,962	5,556	3,607,518
- Financial assets at amortised cost	-	918,081	-	918,081
	<u>23,959</u>	<u>4,841,926</u>	<u>11,968</u>	<u>4,877,853</u>

Notes To The Financial Statements

for the financial year ended 30 June 2024

Bank	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2024				
Financial assets:				
- Fair value through profit or loss financial assets	-	395,902	7,109	403,011
- Fair value through other comprehensive income financial assets	-	4,032,956	5,446	4,038,402
- Financial assets at amortised	-	1,430,902	-	1,430,902
	<u>-</u>	<u>5,859,760</u>	<u>12,555</u>	<u>5,872,315</u>
2023				
Financial assets:				
- Fair value through profit or loss financial assets	-	312,518	6,412	318,930
- Fair value through other comprehensive income financial assets	-	3,601,962	5,556	3,607,518
- Financial assets at amortised	-	918,081	-	918,081
	<u>-</u>	<u>4,832,561</u>	<u>11,968</u>	<u>4,844,529</u>

The investment in fair value through profit or loss and fair value through other comprehensive income financial assets within Level 3 have significant unobservable inputs, as they are traded infrequently. As observable prices are not available for this investment, the fair value of these instrument is derived based on the cost price paid upon acquisition.

The following table represents the movements in Level 3 financial instruments for the financial period ended 30 June 2024:

Group and Bank	2024 RM'000	2023 RM'000
<i>Fair value through profit or loss financial assets</i>		
At the beginning of financial year/period	6,412	5,639
Additions during the financial year/period	697	773
At the end of the financial year/period	<u>7,109</u>	<u>6,412</u>
<i>Fair value through other comprehensive income financial assets</i>		
At the beginning of financial year/period	5,556	5,610
Disposal during the financial year/period	(110)	(54)
At the end of the financial year/period	<u>5,446</u>	<u>5,556</u>

	Fair value RM'000	Valuation technique	Reasonable possible shift %	Change in valuation RM'000
2024				
Financial assets:				
- Fair value through profit or loss	7,109	Cost	+/-5%	355
- Fair value through other comprehensive income financial assets	5,446	Cost	+/-5%	272

Notes To The Financial Statements

for the financial year ended 30 June 2024

If the fair value estimation had been 5% higher/lower, with all other variables held constant, the Group and the Bank's profit after tax would have been RM355,463 and RM272,281 for financial assets through profit or loss and other comprehensive income respectively.

The fair values are based on the following methodologies and assumptions:

Valuation process applied by the Bank for Level 3 fair value

The Group and the Bank has an established framework in respect to the measurement of fair values of financial instruments. This includes a team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to senior management. The team regularly reviews significant unobservable inputs and valuation adjustments.

Cash, short-term funds and deposits and placements with financial institutions

For cash, short term funds and deposits and placements with financial institutions with maturities of less than one year, the carrying value is a reasonable estimate of fair value.

Fair value through profit and loss financial assets, fair value through other comprehensive income financial assets and investment in financial instruments

The fair value through profit or loss financial assets, fair value through other comprehensive income financial assets is based on observable market prices. Where there is no ready market in certain securities, fair values have been assessed by reference to market indicative interest yields or the valuations are maintained at their respective cost.

Corporate loans

For fixed rate loans, the fair value is estimated by discounting the estimated future cash flows using the prevailing market rates of loans with similar credit risks and maturities.

The fair values of impaired fixed rate loans are represented by their carrying amounts, net of impairment allowance.

Other financial assets and liabilities

The carrying value for other financial assets and liabilities included are assumed to approximate their fair values as these items are short term in nature.

Deposits from customers

For deposits from customers with maturities of less than one year, the carrying amounts are reasonable estimates of their fair values.

Deposits and placements of banks and other financial institutions

The estimated fair values of deposits and placements of banks and other financial institutions, with maturities of less than one year approximate the carrying values.

Notes To The Financial Statements

for the financial year ended 30 June 2024

36. CAPITAL ADEQUACY

The capital adequacy ratios of the Group and the Bank are computed in accordance with Bank Negara Malaysia's revised Risk Weighted Capital Adequacy Framework (RWCAF-Basel II) and Capital Adequacy Framework (Capital Component). The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8.0% for the risk-weighted capital ratio ("RWCR").

The detailed disclosures on the risk-weighted assets are presented in accordance with para 4.3 of Bank Negara Malaysia's – Risk Weighted Capital Adequacy Framework (Basel II) and Capital Adequacy Framework of Islamic Banks ("CAFIB") – Disclosure Requirements (Pillar 3).

	Credit Risk	Market Risk	Operational Risk
Approach	Standardised Approach	Standardised Approach	Basic Indicator Approach

Notes To The Financial Statements

for the financial year ended 30 June 2024

- (i) The capital adequacy ratio of the Group and the Bank are as follows:

Group	2024 RM'000	2023 RM'000
Common Equity Tier 1 Capital		
Share capital	80,000	80,000
Regulatory reserve	24,803	8,239
Property revaluation reserve	-	13,622
Fair value through other comprehensive income reserve	1,942	64
Other reserve	1,426	2,939
Merger reserve	421	421
Currency translation reserve	3,795	2,718
Funds allocated to Islamic banking division	105,000	105,000
Retained earnings	1,134,603	1,157,293
Regulatory adjustments	(85,525)	(81,551)
Common Equity Tier 1 Capital / Tier 1 Capital	1,266,465	1,288,745
Tier 1 Capital		
Qualifying CET 1 and additional Tier 1 Capital instruments held by third parties	-	-
Total Tier 1 Capital	1,266,465	1,288,745
Tier 2 Capital		
Qualifying CET 1, additional Tier 1 and Tier 2 Capital instruments held by third parties	-	-
Regulatory adjustment of Tier 2 Capital	-	6,130
General provision	8,356	9,938
Total Tier 2 Capital	8,356	16,068
Total Capital	1,274,821	1,304,813
Total risk weighted assets	1,446,804	1,474,496
	2024 %	2023 %
Before deducting proposed dividends		
Common Equity Tier 1 Capital	87.535	87.402
Tier 1 Capital	87.535	87.402
Total Capital	88.113	88.492
After deducting proposed dividends		
Common Equity Tier 1 Capital	85.462	79.264
Tier 1 Capital	85.462	79.264
Total Capital	86.039	80.354

Notes To The Financial Statements

for the financial year ended 30 June 2024

Bank

	2024	2023
	RM'000	RM'000
Common Equity Tier 1 Capital		
Share capital	80,000	80,000
Regulatory reserve	24,803	8,239
Property revaluation reserve	-	13,622
Fair value through other comprehensive income reserve	3,666	1,788
Funds allocated to Islamic banking division	105,000	105,000
Retained earnings	1,130,805	1,171,892
Regulatory adjustments	(269,072)	(398,763)
Common Equity Tier 1 Capital / Tier 1 Capital	<u>1,075,202</u>	<u>981,778</u>
Tier 2 Capital		
Regulatory adjustment of Tier 2 Capital	-	6,130
General provisions	8,168	9,861
Total Tier II capital	<u>8,168</u>	<u>15,991</u>
Total Capital	<u>1,083,370</u>	<u>997,769</u>
Total risk weighted assets	<u>1,138,215</u>	<u>1,230,653</u>
	2024	2023
	%	%
Before deducting proposed dividends		
Common Equity Tier 1 Capital	94.464	79.777
Tier 1 Capital	94.464	79.777
Total Capital	<u>95.181</u>	<u>81.076</u>
After deducting proposed dividends		
Common Equity Tier 1 Capital	91.828	70.026
Tier 1 Capital	91.828	70.026
Total Capital	<u>92.546</u>	<u>71.325</u>

Notes To The Financial Statements

for the financial year ended 30 June 2024

(ii) Breakdown of gross risk weighted assets in various categories of risk weights are as follows:

Group	2024		2023	
	Principal RM'000	Risk- weighted RM'000	Principal RM'000	Risk- weighted RM'000
0%	4,658,676	-	3,883,390	-
20%	2,895,888	579,178	3,137,513	627,503
50%	25,776	12,888	26,033	13,017
75%	57	43	-	-
100%	68,260	68,260	146,614	146,614
150%	5,423	8,135	5,246	7,869
	<u>7,654,080</u>	<u>668,504</u>	<u>7,198,796</u>	<u>795,003</u>
Risk weighted asset equivalent for market risk		442,784		341,643
Risk weighted asset equivalent for operational risk		335,516		337,851
		<u>1,446,804</u>		<u>1,474,496</u>
Bank				
0%	4,658,660	-	3,883,380	-
20%	2,835,996	567,199	3,111,159	622,232
50%	25,776	12,888	26,033	13,017
75%	57	43	-	-
100%	65,208	65,208	145,794	145,794
150%	5,423	8,135	5,246	7,869
	<u>7,591,120</u>	<u>653,473</u>	<u>7,171,612</u>	<u>788,912</u>
Risk weighted asset equivalent for market risk		273,877		190,473
Risk weighted asset equivalent for operational risk		210,865		251,269
		<u>1,138,215</u>		<u>1,230,654</u>

Notes To The Financial Statements

for the financial year ended 30 June 2024

37. OPERATIONS OF ISLAMIC BANKING (SKIM PERBANKAN ISLAM (SPI))

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	Note	2024 RM'000	2023 RM'000
Assets			
Cash and short term funds	(a)	400,085	800,114
Statutory deposits with Bank Negara Malaysia		20,000	20,000
Fair value through other comprehensive income financial assets	(b)	1,258,622	661,981
Financial assets at amortised cost	(c)	374,189	-
Other receivables and prepayments		1	1
		<u>2,052,897</u>	<u>1,482,096</u>
Total assets			
Liabilities			
Deposits from customers	(e)	1,759,972	1,115,103
Deposits and placements of banks and other financial institutions	(f)	-	57,413
Other liabilities	(g)	8,599	578
Provision for zakat	(h)	863	2,051
Deferred tax liabilities	(d)	3,189	3,082
		<u>1,772,623</u>	<u>1,178,227</u>
Total liabilities			
Islamic banking capital funds			
Islamic banking fund allocated		105,000	105,000
Reserves		175,274	198,869
		<u>280,274</u>	<u>303,869</u>
Total Islamic banking capital funds			
Total liabilities and Islamic banking capital funds		<u>2,052,897</u>	<u>1,482,096</u>

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

Notes To The Financial Statements

for the financial year ended 30 June 2024

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

	Note	Financial year ended 30 June 2024 RM'000	Financial period ended 30 June 2023 RM'000
Income derived from investment of depositors' funds and others	(j)	88,933	116,734
Less: Income attributable to depositors	(k)	(53,673)	(36,963)
Net income		35,260	79,771
Other operating expenses	(l)	(239)	(186)
Income from operations		35,021	79,585
ECL charge for credit impairment		(1,543)	(35)
Profit before taxation and zakat		33,478	79,550
Tax expense	(m)	(7,913)	(18,956)
Zakat	(n)	(863)	(2,051)
Net profit for the financial year/period		24,702	58,543
<i>Other comprehensive income:</i>			
Items that may be reclassified subsequently to profit or loss			
Fair value through other comprehensive income reserve			
- Net unrealised fair value gain		4,035	7,866
- Expected credit loss		(1,364)	(34)
- Income tax relating to net fair value changes		(968)	(1,888)
Other comprehensive income for the financial year/period, net of tax		1,703	5,944
Total comprehensive income for the financial year/period		26,405	64,487

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

Notes To The Financial Statements

for the financial year ended 30 June 2024

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024

		— Non-distributable —		— Distributable —	
		Islamic Banking fund allocated	Regulatory reserve	FVOCI reserve	Retained earnings
	Note	RM'000	RM'000	RM'000	RM'000
At 1 July 2023		105,000	2,824	9,818	186,227
Net profit for the financial year		-	-	-	24,702
<i>Other comprehensive income:</i>					
FVOCI reserve					
- Net unrealised fair value gain		-	-	4,035	-
- Income tax relating to net fair value changes		-	-	(968)	-
- Expected credit loss		-	-	(1,364)	-
Regulatory reserve		-	3,724	-	(3,724)
Total comprehensive income for the financial year		-	3,724	1,703	20,978
Dividend paid	(i)	-	-	-	(50,000)
At 30 June 2024		105,000	6,548	11,521	157,205
At 1 June 2022		105,000	1,150	3,874	139,358
Net profit for the financial period		-	-	-	58,543
<i>Other comprehensive income:</i>					
FVOCI reserve					
- Net unrealised fair value gain		-	-	7,866	-
- Income tax relating to net fair value changes		-	-	(1,888)	-
- Expected credit loss		-	-	(34)	-
Regulatory reserve		-	1,674	-	(1,674)
Total comprehensive income for the financial period		-	1,674	5,944	56,869
Dividend paid	(i)	-	-	-	(10,000)
At 30 June 2023		105,000	2,824	9,818	186,227

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

Notes To The Financial Statements

for the financial year ended 30 June 2024

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

	Financial year ended 30 June 2024 RM'000	Financial period ended 30 June 2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and zakat	33,477	79,550
Adjustments for:		
Amortisation of premium less accretion of discount	2,834	48
Dividend income		
- Fair value through profit or loss financial assets	(74)	(551)
- Fair value through other comprehensive income	(34,511)	(42,853)
- Financial assets amortised cost	(15,369)	-
Net realised gain from disposal		
- Fair value through profit or loss financial assets	-	(516)
- Fair value through other comprehensive income	(14,501)	(52,868)
Credit loss expense on financial assets	1,186	35
	(26,958)	(17,155)
<i>(Increase)/decrease in operating assets:</i>		
Statutory deposits with Bank Negara Malaysia	-	(16,000)
Cash and short term funds with the original maturity of more than three months	(199,923)	-
Fair value through profit or loss financial assets		
- Purchase	(39,885)	(392,331)
- Proceeds from disposal	39,885	392,847
- Dividend received	74	551
<i>Increase/(decrease) in operating liabilities:</i>		
Deposits from customers	587,456	221,169
Other liabilities	8,021	21
<i>Net cash generated from operating activities before income taxes and zakat paid</i>	368,670	189,102
Tax paid	(9,963)	(19,556)
<i>Net cash generated from operating activities</i>	358,707	169,546

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

Notes To The Financial Statements

for the financial year ended 30 June 2024

	Financial year ended 30 June 2024 RM'000	Financial period ended 30 June 2023 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Fair value through other comprehensive income		
- Purchase	(1,079,524)	(714,457)
- Proceeds from disposal	503,474	1,012,728
- Dividend received	26,211	42,164
Financial assets at amortised cost		
- Purchase	(372,828)	-
- Dividend received	14,008	-
Net cash (used in)/generated from investing activities	<u>(908,659)</u>	<u>340,435</u>
CASH FLOW FROM FINANCING ACTIVITY		
Dividend paid	<u>(50,000)</u>	<u>(10,000)</u>
Net cash used in financing activity	<u>(50,000)</u>	<u>(10,000)</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	<u>(599,952)</u>	<u>499,981</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR/PERIOD	<u>800,114</u>	<u>300,133</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR/PERIOD (NOTE (a)(i))	<u>200,162</u>	<u>800,114</u>

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

Notes To The Financial Statements

for the financial year ended 30 June 2024

NOTES TO THE SPI OPERATION FINANCIAL STATEMENTS 30 JUNE 2024

	2024 RM'000	2023 RM'000
(a) Cash and short term funds		
(i) Cash and bank balances with banks and other financial institutions	263	114
Deposits and placements with financial institutions, with original maturity of less than 3 months	200,000	800,000
	200,263	800,114
Expected credit losses	(101)	-
Cash and cash equivalents	200,162	800,114
(ii) Deposit and placement with financial institutions, with original maturity of more than 3 months	200,000	-
Expected credit losses	(77)	-
	199,923	-
Total cash and short term funds	400,085	800,114
(b) Fair value through other comprehensive income financial assets		
At fair value:		
- Islamic debts securities	611,555	546,701
- Islamic Government investment issues	647,067	115,280
	1,258,622	661,981
Current	10,144	-
Non-current	1,248,478	661,981
Total	1,258,622	661,981
(c) Financial assets at amortised cost		
At fair value:		
- Islamic Government investment issues	374,189	-
Non-current	374,189	-
(d) Deferred tax liabilities		
Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred taxes relate to the same authority. The following amounts determined after approximate set-off, are shown in the statement of financial position:		
	2024 RM'000	2023 RM'000
Deferred tax liabilities	(3,189)	(3,082)
Recoverable within 12 months	(3,189)	(3,082)
Deferred tax liabilities before offsetting	(3,189)	(3,082)
Deferred tax liabilities after offsetting	(3,189)	(3,082)

Notes To The Financial Statements

for the financial year ended 30 June 2024

The movements in deferred tax assets and liabilities during the financial period comprise the following:

	Fair value through other comprehensive income RM'000	Total RM'000
2024		
Balance at beginning of the financial year	(3,082)	(3,082)
Credited to reserve	(107)	(107)
Balance at end of the financial year	(3,189)	(3,189)
2023		
Balance at beginning of the financial period	(1,216)	(1,216)
Credited to reserve	(1,866)	(1,866)
Balance at end of the financial period	(3,082)	(3,082)
	2024 RM'000	2023 RM'000
(e) Deposits from customers		
<i>(i) By type of deposits</i>		
Qard deposits	1,387,588	864,986
Commodity Murabahah	372,384	250,117
	1,759,972	1,115,103
<i>(ii) By type of customers</i>		
Government and statutory bodies	1,091,275	484,791
Business enterprises	290,359	110,888
Domestic Non-FI	376,812	519,424
Individuals	1,526	-
	1,759,972	1,115,103
<i>(iii) Maturity structure of deposits</i>		
<u>Current</u>		
Due within three months	1,759,972	1,115,103
(f) Deposits from placements of banks and other financial institutions		
<u>Current</u>		
Licensed banks	-	57,413
(g) Other liabilities		
<u>Current</u>		
Other payables	8,599	578
Other provisions	179	-
(h) Provision for zakat		
Zakat	863	2,051

Notes To The Financial Statements

for the financial year ended 30 June 2024

(i) Dividends

	2024		2023	
	Gross dividend per share sen	Amount of dividend, net of tax RM'000	Gross dividend per share sen	Amount of dividend, net of tax RM'000
Final single-tier dividend for the financial year ended 30 June 2023	62.5	50,000	-	-
Final single-tier dividend for the financial year ended 31 May 2022	-	-	12.5	10,000
	<u>62.5</u>	<u>50,000</u>	<u>12.5</u>	<u>10,000</u>

No dividend proposed for the current financial year.

	Financial year ended 30 June 2024 RM'000	Financial period ended 30 June 2023 RM'000
(j) Income derived from investment of depositors' funds and others	<u>74,337</u>	<u>63,350</u>
<i>Finance income and hibah</i>		
Placement with financial institutions	27,215	20,214
Fair value through profit or loss financial assets	75	551
Fair value through other comprehensive income financial assets	31,678	42,585
Financial assets at amortised cost	<u>15,369</u>	<u>-</u>
Total finance income and hibah	74,337	63,350
<i>Other operating income</i>		
Net realised gain from sales of fair value through profit or loss financial assets	95	516
Net realised gain from sales of fair value through other comprehensive income financial assets	<u>14,501</u>	<u>52,868</u>
	<u>88,933</u>	<u>116,734</u>

Notes To The Financial Statements

for the financial year ended 30 June 2024

	Financial year ended 30 June 2024 RM'000	Financial period ended 30 June 2023 RM'000
(k) Income attributable to depositors		
Qard deposits		
- Deposits from customers	42,113	32,679
- Deposits and placements of banks and other financial institutions	2,515	309
	<u>44,628</u>	<u>32,988</u>
Comodity Murabahah deposits		
- Deposits from customers	7,349	2,728
- Deposits and placements of banks and other financial institutions	1,696	1,247
	<u>9,045</u>	<u>3,975</u>
	<u>53,673</u>	<u>36,963</u>
(l) Other operating expenses		
<i>General administrative expenses</i>		
Bank charges	130	92
Brokerage fees	109	94
	<u>239</u>	<u>186</u>
(m) Tax expense		
Malaysian income tax		
- Current financial year/period	7,913	18,956
Reconciliation of tax expense:		
Profit before taxation	33,478	79,550
Income tax using Malaysian tax rates of 24% (2023: 24%)	8,035	19,092
Tax effect of:		
- Non-taxable income	(122)	(136)
- Non-deductible expenses	-	-
	<u>7,913</u>	<u>18,956</u>
(n) Zakat		
Current financial year/period	863	2,051

Notes To The Financial Statements

for the financial year ended 30 June 2024

(o) Financial instruments

Profit rate risk

The table below summarises the Bank's exposure to profit rate risk. The carrying amount of assets and liabilities (includes non-financial instruments) are categorised by the earlier of contractual re-pricing or maturity dates:

	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non- profit sensitive RM'000	Trading book RM'000	Total RM'000
2024								
Cash and cash equivalents	399,821	-	-	-	-	264	-	400,085
Statutory deposits with BNM	-	-	-	-	-	20,000	-	20,000
Fair value through other comprehensive income	-	-	10,144	360,037	888,441	-	-	1,258,622
Financial assets at amortised cost	-	-	-	-	374,189	-	-	374,189
Other receivables and prepayments	-	-	-	-	-	1	-	1
Total assets	399,821	-	10,144	360,037	1,262,630	20,265	-	2,052,897
Deposits from customers	1,692,198	67,774	-	-	-	-	-	1,759,972
Deposit and placements of banks and other financial institutions	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	8,599	-	8,599
Provision for zakat	-	-	-	-	-	863	-	863
Deferred tax liabilities	-	-	-	-	-	3,189	-	3,189
Total liabilities	1,692,198	67,774	-	-	-	12,651	-	1,772,623
Total equity	-	-	-	-	-	280,274	-	280,274
Total equity and liabilities	1,692,198	67,774	-	-	-	292,925	-	2,052,897
Total profit sensitivity gap	(1,292,377)	(67,774)	10,144	360,037	1,262,630	(272,660)	-	-

Notes To The Financial Statements

for the financial year ended 30 June 2024

2023	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non- profit sensitive RM'000	Trading book RM'000	Total RM'000
Cash and cash equivalents	-	-	-	-	-	800,114	-	800,114
Statutory Deposits with BNM	-	-	-	-	-	20,000	-	20,000
Fair value through other comprehensive income	-	-	5,016	243,377	413,588	-	-	661,981
Other receivables and prepayments	-	-	-	-	-	1	-	1
Total assets	-	-	5,016	243,377	413,588	820,115	-	1,482,096
Deposits from customers	1,068,449	46,654	-	-	-	-	-	1,115,103
Deposit and placements of banks and other financial institutions	57,413	-	-	-	-	-	-	57,413
Other liabilities	-	-	-	-	-	578	-	578
Provision for zakat	-	-	-	-	-	2,051	-	2,051
Deferred tax liabilities	-	-	-	-	-	3,082	-	3,082
Total liabilities	1,125,862	46,654	-	-	-	5,711	-	1,178,227
Total equity	-	-	-	-	-	303,869	-	303,869
Total equity and liabilities	1,125,862	46,654	-	-	-	309,580	-	1,482,096
Total profit sensitivity gap	(1,125,862)	(46,654)	5,016	243,377	413,588	510,535	-	-

Notes To The Financial Statements

for the financial year ended 30 June 2024

(p) Capital adequacy

The capital adequacy ratios of the Bank are computed in accordance with Bank Negara Malaysia's revised Risk Weighted Capital Adequacy Framework (RWCAF-Basel II) and Capital Adequacy Framework (Capital Component). The Bank has adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8.0% for the risk-weighted capital ratio ("RWCR").

The detailed disclosures on the risk-weighted assets are presented in accordance with para 4.3 of Bank Negara Malaysia's – Risk Weighted Capital Adequacy Framework (Basel II) and Capital Adequacy Framework of Islamic Banks ("CAFIB") – Disclosure Requirements (Pillar 3).

	Credit Risk	Market Risk	Operational Risk
Approach	Standardised Approach	Standardised Approach	Basic Indicator Approach

(i) The capital adequacy ratio of the SPI operation of the Bank is as follows:

	2024 RM'000	2023 RM'000
Common Equity Tier 1 Capital		
Islamic banking fund allocated	105,000	105,000
Regulatory reserve	6,548	2,824
Retained earnings	157,205	186,227
Fair value through other comprehensive income reserve	11,521	9,818
Regulatory adjustments	(12,885)	(8,224)
Common Equity Tier 1 Capital	267,389	295,645
Tier 2 Capital		
General provisions	2,063	2,739
Total Tier 2 capital	2,063	2,739
Total Capital	269,452	298,384
Total risk weighted assets	205,711	263,676
	2024 %	2023 %
Before deducting proposed dividends		
Common Equity Tier 1 Capital	129.983	112.125
Total Capital	130.986	113.163
After deducting proposed dividends		
Common Equity Tier 1 Capital	129.983	93.162
Total Capital	130.986	94.201

Notes To The Financial Statements

for the financial year ended 30 June 2024

(ii) Breakdown of gross risk weighted assets in various categories of risk weights are as follows:

	2024		2023	
	Principal RM'000	Risk- weighted RM'000	Principal RM'000	Risk- weighted RM'000
0%	1,227,599	-	386,375	-
20%	825,297	165,059	1,095,719	219,144
	<u>2,052,896</u>	<u>165,059</u>	<u>1,482,094</u>	<u>219,144</u>
Risk weighted asset equivalent for market risk		-		-
Risk weighted asset equivalent for operational risk		40,652		44,532
		<u>205,711</u>		<u>263,676</u>

38. SIGNIFICANT EVENTS DURING THE CURRENT AND PRECEDING FINANCIAL YEAR

- (i) On 29 April 2022, the Bank received a letter from Bank Negara Malaysia informing that the Minister of Finance had on 28 April 2022, approved to grant a license under section 10(4) of the Islamic Financial Serviced Act 2016 to the proposed digital Islamic bank to carry on digital Islamic banking business subject to certain licensing conditions, in reference to the digital bank license application submitted by KAF Investment Bank Berhad-led consortium.

The Bank is currently in the process of setting up and operationalization, in preparation to commence the banking operations of the digital Islamic bank, subject to BNM's satisfaction of the operational readiness review on the proposed digital Islamic bank.

KAF Digital Berhad, a newly set up subsidiary of the Bank, will, upon issuance of the license by BNM, undertake the banking operations of the proposed digital Islamic bank.

- (ii) KAF-Seagroatt & Campbell Berhad ("KAFSC"), a wholly-owned subsidiary of the Bank had undertaken a selective capital reduction ("SCR") and repayment exercise pursuant to Section 116 of the Companies Act 2016 ("Act") at RM2.76 for each ordinary share of KAFSC held by the shareholders of KAFSC other than the Bank whose names appear in the Record of Depositors of KAFSC as at the entitlement date ("Entitled Shareholders").

The SCR was approved by the non-interested shareholders on 25 March 2022 and the High Court of Malaya granted an order confirming the reduction of the issued share capital of KAFSC pursuant to Section 116 of the Act ("Order") on 21 June 2022.

On 20 July 2022 following the payment made to the Entitled Shareholders on the even date Pursuant to the SCR, the share capital of the KAFSC of RM120,000,000.00 comprising 120,000,000 ordinary shares had been reduced to RM116,372,164.92 comprising 118,685,567 ordinary shares.

Notes To The Financial Statements

for the financial year ended 30 June 2024

- (iii) On 7 April 2023, KAFSC entered into a share purchase agreement with CIMB Investment Bank Berhad, a wholly-owned subsidiary of CIMB Group Holdings Berhad, for the disposal of 100% of its equity interest in KAF Equities Sdn Bhd, KAF Nominees (Asing) Sdn Bhd and KAF Nominees (Tempatan) Sdn Bhd (“Proposed Disposal”) for an indicative cash consideration of RM147.9 million.

As part of the Proposed Disposal, certain assets held by KAF Equities Sdn Bhd which are not subject to the Proposed Disposal are being “carved out” from the Proposed Disposal. The carved out assets include the following:

- (a) 98% shareholdings in PT KAF Sekuritas Indonesia to the Bank that amounted to RM27.7 million. The carve out has been completed on 30 January 2024;
- (b) 60% equity interests shareholdings in KAF Trustee Berhad to related companies within the Group. The carve out has been completed on 27 December 2023; and
- (c) Certain identified landed properties in Lukut to Kterra Sdn Bhd. As at 30 June 2024, the carve out is pending settlement.

The share purchase agreement has been completed on 8 February 2024. The final adjusted consideration was determined to be RM144.7 million, which includes RM141.6 million paid in cash and RM3.1 million as deferred consideration. As a result, the Group has recognised a realised gains on disposal the amounting to RM86.0 million.

- (iv) On 24 June 2024, KAFSC entered into a share purchase agreement with KAF Investment Funds Berhad, a 70%-owned subsidiary of KAFSC, for the acquisition of 20% of equity interest in KAF Trustee Berhad, for a cash consideration of RM260,280. As at 30 June 2024, the acquisition is pending completion.

39. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

As part of the operational readiness exercise and fulfilment of licensing conditions as set forth in the digital bank licensing framework, the Bank had on 17 October 2024 capitalised KAF Digital Berhad by an amount of RM200.0 million. Upon obtaining approval for operational commencement from BNM and award of banking license by the Minister of Finance, KAF Digital Berhad will begin its operations as KAF Digital Bank Berhad as a full-fledged digital Islamic Bank under IFSA 2013. This will allow the Group to enter into new market segments within the retail and MSME market, including serving the underserved and promoting financial inclusion, through the digital platform.

40. CHANGE OF FINANCIAL YEAR END

The Group and the Bank had changed their financial year end from 31 May to 30 June effective from the previous reporting period. Consequently, the comparative figures are the previous 13 months period from 1 June 2022 to 30 June 2023. The current financial statements are for a period of 12 months from 1 July 2023 to 30 June 2024. Due to the change in the financial year end, the amounts presented in the financial statements are not entirely comparable.

41. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 15 November 2024.

Statement By Directors

Pursuant To Section 251(2) Of The Companies Act, 2016

We, Datuk Khatijah binti Ahmad and Paisol bin Ahmad, two of the Directors of KAF Investment Bank Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 15 to 119 are drawn up so as to give a true and fair view of the financial position of the Group and of the Bank as at 30 June 2024 and financial performance of the Group and of the Bank for the financial year ended 30 June 2024 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution of the Directors dated 15 November 2024.

DATUK KHATIJAH BINTI AHMAD
DIRECTOR

PAISOL BIN AHMAD
DIRECTOR

Kuala Lumpur

Statutory Declaration

Pursuant To Section 251(1) Of The Companies Act, 2016

I, Datuk Khatijah binti Ahmad, the officer primarily responsible for the financial management of KAF Investment Bank Berhad, do solemnly and sincerely declare that, the financial statements set out on pages 15 to 119 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

DATUK KHATIJAH BINTI AHMAD

DIRECTOR

Subscribed and solemnly declared by the above-named Datuk Khatijah binti Ahmad at Kuala Lumpur in Malaysia on 15 November 2024.

BEFORE ME:

COMMISSIONER FOR OATHS

Independent Auditors' Report To The Members Of KAF Investment Bank Berhad (Incorporated in Malaysia) (Registration No. 197401003530 (20657 W))

Report on the audit of the Financial Statements

Our opinion

In our opinion, the financial statements of KAF Investment Bank Berhad (“the Bank”) and its subsidiaries (“the Group”) give a true and fair view of the financial position of the Group and of the Bank as at 30 June 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Bank, which comprise the statements of financial position as at 30 June 2024 of the Group and of the Bank, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the financial year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 15 to 119.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the “Auditors’ responsibilities for the audit of the financial statements” section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Bank in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors’ report thereon

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

Our opinion on the financial statements of the Group and of the Bank does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Bank, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Bank or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditors' Report To The Members Of KAF Investment Bank Berhad (Incorporated in Malaysia) (Registration No. 197401003530 (20657 W))

Responsibilities of the Directors for the financial statements

The Directors of the Bank are responsible for the preparation of the financial statements of the Group and of the Bank that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Bank that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Bank as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Bank, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Bank's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Independent Auditors' Report

To The Members Of KAF Investment Bank Berhad

(Incorporated in Malaysia)
(Registration No. 197401003530 (20657 W))

- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Bank or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Bank to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Bank, including the disclosures, and whether the financial statements of the Group and of the Bank represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 11 to the financial statements.

Other matters

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

PRICEWATERHOUSECOOPERS PLT

LLP0014401-LCA & AF 1146

Chartered Accountants

LEE TZE WOON KELVIN

03482/01/2026 J

Chartered Accountant

Kuala Lumpur

15 November 2024

Shariah Committee Report

(Incorporated in Malaysia)
(Registration No. 197401003530 (20657W))

In the Name of Allah, The Compassionate, The Most Merciful

Assalamualaikum Warahmatullahi Wabarakatuh

By virtue of our appointment as the Shariah Committee Members of the Skim Perbankan Islam (SPI) businesses of KAF Investment Bank Berhad (the Bank), we hereby confirm as follows:

We have reviewed the Shariah principles and the contracts relating to the Skim Perbankan Islam (SPI) related transactions and dealings entered into by the Bank from 1 July 2023 until 30 June 2024. During the year, we have concluded five (5) meetings to discuss, elaborate and review various documentation, transactions and operations of the Bank during the financial year ended 30 June 2023. In carrying out our roles and responsibilities, we have obtained all information and explanations necessary to provide sufficient evidence to reasonably ensure that the Bank has complied with applicable Shariah rulings and principles issued by regulatory bodies, including rulings made by the Shariah Advisory Council of Bank Negara Malaysia, as well as the internal Shariah resolutions made by us.

During the year, we have also extended our advice to KAF Digital Berhad, the Bank's subsidiary for the new proposed digital Islamic Bank, in discussing matters related to Islamic retail banking products and services including its relevant operations and further providing periodic oversight based on its relevant Management report to us in the process of establishing and operating the proposed new digital Islamic Bank.

The Bank has embarked on Shariah training as a yearly event to cultivate and reinforce robust Shariah compliance across its workforce. The training targets officers involved in the Bank's SPI operations and officers at KAF Digital Berhad. The Shariah Committee participated in delivering the training, along with officers from the Group Shariah Department. The training covered the Fundamentals of Shariah and Shariah Governance.

In addition to the above, we have performed oversight and assessed the work carried out by Shariah review and Shariah audit, which involved a review of sample transactions, the relevant documentation and procedures adopted by the Bank. The reports, together with the report by Shariah risk were deliberated in Shariah Committee meetings.

All in all, the Bank's Management is responsible for ensuring that the Bank conducts its SPI business in accordance with the Shariah principles. It is our responsibility to form an independent opinion of the state of Shariah compliance of the business and its operations of the SPI and advise the Board accordingly.

In this regard, it is our opinion that:

- a. The contracts, transactions and dealings entered into by the Bank that related with its SPI operations for the year ended 30 June 2024 that we have reviewed are in compliance with the Shariah principles.
- b. All the Shariah issues have been discussed to the best of our knowledge and resolved in Shariah Committee meetings;
- c. No Shariah non-compliant event was reported during the financial year ended 30 June 2024;
- d. The calculation of Zakat is in compliance with the profit and loss method at a Zakat rate of approximately 2.5775%;
- e. The Zakat is paid to the states' Zakat authorities where the portion of the contribution is returned to the Bank at the discretion of the Zakat centres for distribution to the asnaf identified by the Zakat Committee of the Bank and reported to the Shariah Committee; and
- f. To the best of our knowledge and, based on information provided to us, the operations of the Bank's SPI for the year ended 30 June 2024 have been conducted in conformity with the Shariah principles.

"ALLAH KNOWS BEST"

Chairman of the Shariah Committee:

DR. ASMA HAKIMAH BINTI AB HALIM

Members of the Shariah Committee:

**YBHG. SAHIBUS SAMAAH DATO' ASSOCIATE PROFESSOR
DR. MISZAIRI BIN SITIRIS**

USTAZ MUHAMMAD AMEEN BIN KAMARUZAMAN

USTAZ AHMAD HAZIM BIN ALIAS

Basel II Pillar 3 Disclosures

as at 30 June 2024

1.0 OVERVIEW

The Basel II capital adequacy framework for banking institution is described within three distinct Pillars. Pillar 1 sets the minimum capital requirements that banking institutions must hold against credit, market and operational risk assumed by the bank. Pillar 2 aims to ensure that banking institutions have adequate capital to support their operations at all times based on a supervisory review process. Pillar 3 focuses on disclosure requirements in respect of the capital and risk profile of the banking institutions. The disclosure herein by KAF Investment Bank Berhad and its subsidiary (“the Group”) and KAF Investment Bank Berhad (“the Bank”) is based on Bank Negara Malaysia Risk Weighted Capital Adequacy Framework (“BNM RWCAF”) Pillar 3 guidelines and for banking services conducted under the Islamic banking window the Capital Adequacy Framework for Islamic Banks (“CAFIB”) is used. The Group and the Bank adopted the Standardised Approach in calculating the capital requirement for credit risk and market risk and used the Basic Indicator Approach for operational risk according to Pillar 1 of BNM RWCAF.

The information mentioned here is also available in the external website of the Bank, (www.kaf.com.my).

2.0 SCOPE OF APPLICATION

The disclosures provided here have been prepared on a consolidated basis covering the Bank and the Group. The Bank refers to the investment banking services and Islamic banking services provided under the Bank’s Islamic banking window. The Group meanwhile refers to business of its subsidiary.

3.0 CAPITAL MANAGEMENT

The Bank has put in placed an Internal Capital Adequacy Assessment Process (“ICAAP”) policy for its capital management. The primary objective of capital management is to ensure KAF Investment Bank has sufficient capital to cover the risk associated with its activities at all times. During the annual capital planning exercise, the Bank reviews its business mix and identify all material risk to ensure capital levels remain sufficient to support its existing and future business. The forward-looking capital plan is prepared based on a 3-year period business plan, the current and future regulatory requirements, the internal capital target of the Bank and results of the stress test. The Board of Directors of the Bank sets a minimum internal capital target of twenty five percent which is above the minimum regulatory requirements. This ensures the Bank maintains a prudent capital to risk asset relationship. Comparison between actual reported risk weighted capital ratios and the internal target is reported during the Board of Directors meeting.

Basel II Pillar 3 Disclosures

as at 30 June 2024

3.1 Capital Adequacy Ratio

The following table presents the capital adequacy ratio of the Group and the Bank before and after proposed dividends.

Table 1(a): Capital Adequacy Ratio before and after proposed dividends for the Group

	2024 (%)	2023 (%)
Before deducting proposed dividends		
Common Equity Tier 1 Capital	87.54	87.40
Tier 1 Capital	87.54	87.40
Total Capital	88.11	88.49
After deducting proposed dividends		
Common Equity Tier 1 Capital	85.46	79.26
Tier 1 Capital	85.46	79.26
Total Capital	86.04	80.35

Table 1(b): Capital Adequacy Ratio before and after proposed dividends for the Bank

	2024 (%)	2023 (%)
Before deducting proposed dividends		
Common Equity Tier 1 Capital	94.46	79.78
Tier 1 Capital	94.46	79.78
Total Capital	95.18	81.08
After deducting proposed dividends		
Common Equity Tier 1 Capital	91.83	70.03
Tier 1 Capital	91.83	70.03
Total Capital	92.55	71.33

Table 1(c): Capital Adequacy Ratio before and after proposed dividends for the Bank - Islamic Banking Window

	2024 (%)	2023 (%)
Before deducting proposed dividends		
Common Equity Tier 1 Capital	129.98	112.12
Tier 1 Capital	129.98	112.12
Total Capital	130.99	113.16
After deducting proposed dividends		
Common Equity Tier 1 Capital	129.98	93.16
Tier 1 Capital	129.98	93.16
Total Capital	130.99	94.20

Basel II Pillar 3 Disclosures

as at 30 June 2024

3.2 Regulatory Capital Requirement

The table below sets out the risk weighted assets for each of the exposure class and the minimum capital to hold in accordance to BNM's requirement. The computation follows the standardised approach for credit risk and market risk and basic indicator approach for operational risk.

Table 2 (a): Disclosure on total risk weighted assets and minimum capital requirement for the Group

2024

Exposure Class	Gross Exposures/ EAD before CRM RM'000	Net Exposures/ EAD after CRM RM'000	Risk Weighted Assets RM'000	Total Risk Weighted Assets after effects of PSIA RM'000	Minimum Capital Requirement at 8% RM'000
1.0 Credit Risk					
Exposures under the Standardised Approach					
<i>On-Balance Sheet Exposures</i>					
Sovereigns/Central banks	4,376,474	4,376,474	-	-	-
Banks, DFIs and MDBs	2,442,105	2,442,105	488,422	488,422	39,073
Insurance Cos, Securities Firms & Fund Managers	10,260	10,260	2,052	2,052	164
Corporate	782,226	782,226	143,916	143,916	11,513
Other Assets	34,052	34,052	22,906	22,906	1,832
Equity Exposure	5,246	5,246	7,868	7,868	630
Total for On-Balance Sheet Exposures	7,650,363	7,650,363	665,164	665,164	53,212
<i>Off-Balance Sheet Exposures</i>					
Transaction related contingent items	1,534	1,534	1,534	1,534	123
Obligations under an on-going underwriting agreement	1,711	1,711	1,711	1,711	137
Foreign exchange related contracts	474	474	94	94	8
Total Off-Balance Sheet Exposures	3,719	3,719	3,339	3,339	268
Total On and Off-Balance Sheet Exposures	7,654,082	7,654,082	668,503	668,503	53,480
2.0 Market Risk (standardised approach)					
	Long position	Short position			
Interest Rate Risk	403,011	-	403,011	228,642	18,291
Equity Position Risk	92,731	-	92,731	185,462	14,837
Foreign Currency Risk	28,680	20,964	28,680	28,680	2,295
	524,422	20,964	524,422	442,784	35,422
3.0 Operational Risk (basic indicator approach)			335,516	335,516	26,841
4.0 Total RWA and Capital Requirements			1,446,803	1,446,803	115,744

Basel II Pillar 3 Disclosures

as at 30 June 2024

2023

Exposure Class	Gross Exposures/ EAD before CRM RM'000	Net Exposures/ EAD after CRM RM'000	Risk Weighted Assets RM'000	Total Risk Weighted Assets after effects of PSIA RM'000	Minimum Capital Requirement at 8% RM'000
1.0 Credit Risk					
Exposures under the Standardised Approach					
<i>On-Balance Sheet Exposures</i>					
Sovereigns/Central banks	3,458,725	3,458,725	-	-	-
Banks, DFIs and MDBs	2,657,153	2,657,153	525,402	525,402	42,033
Insurance Cos, Securities Firms & Fund Managers	10,341	10,341	2,068	2,068	165
Corporate	967,828	967,828	166,427	166,427	13,314
Other Assets	31,024	31,024	25,127	25,127	2,010
Equity Exposure	5,246	5,246	7,868	7,868	629
Total for On-Balance Sheet Exposures	7,130,316	7,130,316	726,893	726,893	58,151
<i>Off-Balance Sheet Exposures</i>					
Transaction related contingent items	1,517	1,517	1,517	1,517	121
Foreign exchange related contracts	462	462	92	92	7
Other commitment	66,500	66,500	66,500	66,500	5,320
Total Off-Balance Sheet Exposures	68,479	68,479	68,109	68,109	5,449
Total On and Off-Balance Sheet Exposures	7,198,795	7,198,795	795,002	795,002	63,600
2.0 Market Risk (standardised approach)					
	Long position	Short position			
Interest Rate Risk	318,930	-	318,930	149,430	11,955
Equity Position Risk	80,379	-	80,379	160,762	12,861
Foreign Currency Risk	31,451	18,684	31,451	31,451	2,516
	430,760	18,684	430,760	341,643	27,331
3.0 Operational Risk (basic indicator approach)			337,851	337,851	27,028
4.0 Total RWA and Capital Requirements			1,474,496	1,474,496	117,960

Basel II Pillar 3 Disclosures

as at 30 June 2024

Table 2 (b): Disclosure on total risk weighted assets and minimum capital requirement for the Bank

2024

Exposure Class	Gross Exposures/ EAD before CRM RM'000	Net Exposures/ EAD after CRM RM'000	Risk Weighted Assets RM'000	Total Risk Weighted Assets after effects of PSIA RM'000	Minimum Capital Requirement at 8% RM'000
1.0 Credit Risk					
Exposures under the Standardised Approach					
<i>On-Balance Sheet Exposures</i>					
Sovereigns/Central banks	4,376,474	4,376,474	-	-	-
Insurance Cos, Securities Firms & Fund Managers	10,260	10,260	2,052	2,052	164
Banks, DFIs and MDBs	2,396,106	2,396,106	479,220	479,220	38,337
Corporate	782,225	782,225	143,916	143,916	11,513
Other Assets	17,091	17,091	17,075	17,075	1,366
Equity Exposure	5,246	5,246	7,868	7,868	630
Total for On-Balance Sheet Exposures	7,587,402	7,587,402	650,131	650,131	52,010
<i>Off-Balance Sheet Exposures</i>					
Transaction related contingent items	1,534	1,534	1,534	1,534	123
Obligations under an on-going underwriting agreement	1,711	1,711	1,711	1,711	137
Foreign exchange related contracts	474	474	94	94	8
Total Off-Balance Sheet Exposures	3,719	3,719	3,339	3,339	268
Total On and Off-Balance Sheet Exposures	7,591,121	7,591,121	653,470	653,470	52,278
2.0 Market Risk (standardised approach)					
	Long position	Short position			
Interest Rate Risk	403,011	-	403,011	228,639	18,291
Foreign Currency Risk	16,657	45,235	45,235	45,238	3,619
	419,668	45,235	448,246	273,877	21,910
3.0 Operational Risk (basic indicator approach)			210,865	210,865	16,869
4.0 Total RWA and Capital Requirements			1,138,214	1,138,214	91,057

Basel II Pillar 3 Disclosures

as at 30 June 2024

2023

Exposure Class	Gross Exposures/ EAD before CRM RM'000	Net Exposures/ EAD after CRM RM'000	Risk Weighted Assets RM'000	Total Risk Weighted Assets after effects of PSIA RM'000	Minimum Capital Requirement at 8% RM'000
1.0 Credit Risk					
Exposures under the Standardised Approach					
<i>On-Balance Sheet Exposures</i>					
Sovereigns/Central banks	3,458,725	3,458,725	-	-	-
Insurance Cos, Securities Firms & Fund Managers	10,341	10,341	2,068	2,068	165
Banks, DFIs and MDBs	2,638,154	2,638,154	521,602	521,602	41,729
Corporate	967,828	967,828	166,428	166,428	13,315
Other Assets	22,838	22,838	22,836	22,836	1,827
Equity Exposure	5,246	5,246	7,868	7,868	629
Total for On-Balance Sheet Exposures	7,103,133	7,103,133	720,802	720,802	57,665
<i>Off-Balance Sheet Exposures</i>					
Transaction related contingent items	1,516	1,516	1,516	1,516	121
Foreign exchange related contracts	462	462	92	92	7
Other commitment	66,500	66,500	66,500	66,500	5,320
Total Off-Balance Sheet Exposures	68,479	68,479	68,109	68,109	5,448
Total On and Off-Balance Sheet Exposures	7,171,611	7,171,611	788,911	788,911	63,113
2.0 Market Risk (standardised approach)					
	Long position	Short position			
Interest Rate Risk	318,930	-	318,930	149,436	11,955
Foreign Currency Risk	19,114	41,039	41,039	41,037	3,283
	338,044	41,039	359,969	190,473	15,238
3.0 Operational Risk (basic indicator approach)			251,269	251,269	20,101
4.0 Total RWA and Capital Requirements			1,230,653	1,230,653	98,452

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as at 30 June 2024

Table 2 (c): Disclosure on total risk weighted assets and minimum capital requirement for the Bank - Islamic Banking Window

2024

Exposure Class	Gross Exposures/ EAD before CRM RM'000	Net Exposures/ EAD after CRM RM'000	Risk Weighted Assets RM'000	Total Risk Weighted Assets after effects of PSIA RM'000	Minimum Capital Requirement at 8% RM'000
1.0 Credit Risk					
Exposures under the Standardised Approach					
On-Balance Sheet Exposures					
Sovereigns/Central banks	1,041,344	1,041,344	-	-	-
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-
Banks, DFIs and MDBs	662,658	662,658	132,532	132,532	10,603
Corporate	348,895	348,895	32,528	32,528	2,602
Total for On-Balance Sheet Exposures	2,052,896	2,052,896	165,059	165,059	13,205
Total On and Off-Balance Sheet Exposures	2,052,896	2,052,896	165,059	165,059	13,205
2.0 Market Risk (standardised approach)					
	Long position	Short position			
Interest Rate Risk	-	-	-	-	-
3.0 Operational Risk (basic indicator approach)			40,652	40,652	3,252
4.0 Total RWA and Capital Requirements			205,711	205,711	16,456

Basel II Pillar 3 Disclosures

as at 30 June 2024

2023

Exposure Class	Gross Exposures/ EAD before CRM RM'000	Net Exposures/ EAD after CRM RM'000	Risk Weighted Assets RM'000	Total Risk Weighted Assets after effects of PSIA RM'000	Minimum Capital Requirement at 8% RM'000
1.0 Credit Risk					
Exposures under the Standardised Approach					
<i>On-Balance Sheet Exposures</i>					
Sovereigns/Central banks	135,384	135,384	-	-	-
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-
Banks, DFIs and MDBs	956,506	956,506	191,301	191,301	15,304
Corporate	390,204	390,204	27,843	27,843	2,227
Total for On-Balance Sheet Exposures	1,482,095	1,482,095	219,144	219,144	17,532
Total On and Off-Balance Sheet Exposures	1,482,095	1,482,095	219,144	219,144	17,532
2.0 Market Risk (standardised approach)					
	Long position	Short position			
Interest Rate Risk	-	-	-	-	-
3.0 Operational Risk (basic indicator approach)			44,532	44,532	3,562
4.0 Total RWA and Capital Requirements			263,676	263,676	21,094

Basel II Pillar 3 Disclosures

as at 30 June 2024

4.0 CAPITAL STRUCTURE

The capital structure of the Bank is primarily represented by Tier-1 capital based on Table 3(a) below. There is no issuance of Tier-2 capital under the current capital structure. The Bank aims to manage its capital prudently by ensuring the utilisation of capital goes towards supporting good quality assets and to maintain a healthy capital base against risk weighted assets.

Table 3(a): Summary of Capital Structure and Total Risk Weighted Assets for the Group

	2024 RM'000	2023 RM'000
Common Equity Tier 1 Capital		
Share capital	80,000	80,000
Property revaluation reserve	-	13,622
FVOCI reserve	1,941	63
Foreign exchange translation reserve	3,796	2,718
Regulatory reserve	24,803	8,239
Other reserve	1,425	2,939
Merger reserve	421	421
Funds allocated to Islamic Banking Division	105,000	105,000
Retained earnings	1,134,604	1,157,294
Regulatory adjustments	(85,525)	(81,550)
Common Equity Tier 1 Capital	<u>1,266,465</u>	<u>1,288,746</u>
Tier I Capital		
Qualifying CET 1 and additional Tier 1 Capital Instruments held by third parties	<u>-</u>	<u>-</u>
Additional Total Tier I Capital	<u>-</u>	<u>-</u>
Tier II Capital		
Qualifying CET 1, additional Tier 1 and Tier 2 Capital Instruments held by third parties	-	-
Loss provisions	8,356	9,937
Regulatory adjustment of Tier 2 Capital	<u>-</u>	<u>6,130</u>
Total Tier II Capital	<u>8,356</u>	<u>16,067</u>
Total Capital	<u>1,274,821</u>	<u>1,304,813</u>
Total risk weighed assets	<u>1,446,803</u>	<u>1,474,496</u>

Basel II Pillar 3 Disclosures

as at 30 June 2024

Table 3(b): Summary of Capital Structure and Total Risk Weighted Assets for the Bank

	2024 RM'000	2023 RM'000
Common Equity Tier 1 Capital		
Share capital	80,000	80,000
Property revaluation reserve	-	13,622
FVOCI reserve	3,666	1,787
Regulatory reserve	24,802	8,239
Funds allocated to Islamic Banking Division	105,000	105,000
Retained earnings	1,130,805	1,171,893
Regulatory adjustments	(269,072)	(398,764)
Common Equity Tier 1 Capital	<u>1,075,202</u>	<u>981,777</u>
Tier II Capital		
Loss provisions	8,168	9,861
Regulatory adjustment of Tier 2 Capital	-	6,130
Total Tier II Capital	<u>8,168</u>	<u>15,991</u>
Total Capital	<u>1,083,370</u>	<u>997,768</u>
Total risk weighed assets	<u>1,138,214</u>	<u>1,230,653</u>

Table 3(c): Summary of Capital Structure and Total Risk Weighted Assets for the Bank - Islamic Banking Window

	2024 RM'000	2023 RM'000
Common Equity Tier 1 Capital		
Islamic banking fund allocated	105,000	105,000
Retained earnings	157,205	186,228
FVOCI reserve	11,521	9,818
Regulatory reserve	6,548	2,824
Regulatory adjustments	(12,885)	(8,224)
Common Equity Tier 1 Capital	<u>267,389</u>	<u>295,646</u>
Tier II Capital		
Loss provisions	2,063	2,739
Total Tier II Capital	<u>2,063</u>	<u>2,739</u>
Total Capital	<u>269,452</u>	<u>298,385</u>
Total risk weighed assets	<u>205,711</u>	<u>263,676</u>

Basel II Pillar 3 Disclosures

as at 30 June 2024

5.0 RISK MANAGEMENT

In the Bank, the policy setting committee for risk lies with the Risk Management Committee (“RMC”). The committee is responsible for recommending all risk related policies in the Bank for Board approval. All new banking products will require approval from the Board which would assess the underlying risk before it can be traded by the relevant business unit. The principal objectives of the RMC are:-

- i) To undertake oversight functions on the risk management of the Bank;
- ii) To ensure management decisions are in line with the risk appetite and risk tolerance level of the Bank;
- iii) To deliberate and make recommendations to the Board of Directors in respect of risk management matters.

The implementation of risk policies and the management of risks for the Bank are subsequently delegated to management committees set up by the Bank. These committees perform the functions outline under their respective terms of reference which are briefly mentioned below:-

Table 4: Management Committees

Management Committee	Scope and Responsibility
Treasure Management Committee (TMC)	The management of assets and liabilities of the Bank relating to market risk and liquidity risk.
Investment Committee (IC)	Formulate investment strategy and assess market outlook.
Credit Committee (CC)	Management of credit risk and approval of credit limits and loans.
Management Committee (MC)	The management of operational risk arising from inadequate or failed internal processes, people and systems or from external events.

The management of risk for the Bank is further supported by Risk Management Department (“RMD”) which reports to the RMC. The RMD oversees the day-to-day compliance and risk management process so that the Bank operates within established risk policies and limits. RMD will also identify potential risk areas and implement control measures where necessary. All risk policies and procedures will be reviewed annually to ensure the policies are current and effective.

Each business units are required to assess their own risk profile on semi-annual basis during the strategic risk profile review. Business units, will review their existing risk and determine the effectiveness of the current controls and identify potential new risk arising from the current business activities. Risk identified will be ranked based on likelihood of occurrence and the extent of impact if occur. This information will then be used to determine the strategic profile of the Bank.

Part of the risk management function is to also ensure that the Bank has sufficient capital to support the operations from the various business units. The function of capital management is documented in the Internal Capital Adequacy Assessment Process (ICAAP) Policy of the Bank.

Basel II Pillar 3 Disclosures

as at 30 June 2024

6.0 CREDIT RISK MANAGEMENT

The Bank defines credit risk as the potential loss due to the adverse changes in the quality of counterparty or issuer of securities or other instruments held, that failed to honour its contractual obligations to the Bank. The source of credit risk for the Bank comes from the holdings and trading of marketable securities, settlement of transactions, lending activities and commitments arising from guarantee provided to clients.

The Bank manages its credit risk primarily through the Credit Committee and the exposures to credit risk are monitored on an ongoing basis by the RMD. Credit evaluations are required to be performed on all financial instruments purchased where possible. The credit worthiness of the issuers of financial instruments will be assessed on their ability to service and redeem the financial instruments based on their management capabilities and current and future financial positions. External risk ratings are used as part of the assessment if the financial instruments are accorded with an external rating. For financial instruments not accorded with external ratings, where possible an internal risk grading system would be used.

Credit reviews on the issuer of financial instruments are carried out at least annually and the frequency may increase if there is material information on the issuer that can affect their risk profile. The credit exposure of the Bank is represented by the tables provided below. The geographical breakdown refers to the origin country of the entity issuing the financial instruments while the sector breakdown and the maturity profile of the credit exposures are classified according to different types of asset classes.

The reporting of expected credit loss (ECL) for not impaired credit exposure follows the MFRS 9 method.

- a) For credit exposure where there has not been a significant increase in credit risk since initial recognition a Stage 1 ECL associated with the probability of default events occurring within the next 12 months will be recognized.
- b) For credit exposure where there has been a significant increase in credit risk since initial recognition a Stage 2 ECL associated with the probability of default events occurring within the lifetime will be recognized.

For financial assets that are credit impaired a Stage 3 ECL will be recognized when payment is 90 days past due.

Basel II Pillar 3 Disclosures

as at 30 June 2024

Table 5(a): Geographical Distribution of credit exposures for the Group

2024

Exposure Class	Malaysia RM'000	Other Countries RM'000
<i>On-Balance Sheet Exposures</i>		
Sovereign / Central banks	4,376,474	-
Banks, Development Financial Institution and MDBs	2,442,105	-
Insurance Cos, Securities Firms & Fund Managers	10,260	-
Corporates	736,996	45,230
Other assets	34,052	-
Equity Exposure	5,246	-
Total for On-Balance Sheet Credit Exposures	<u>7,605,133</u>	<u>45,230</u>
<i>Off-Balance Sheet Exposures</i>		
Transaction related contingent items	-	1,534
Obligations under an on-going underwriting agreement	1,711	-
Foreign exchange related contracts	-	474
Total for Off-Balance Sheet Credit Exposures	<u>1,711</u>	<u>2,008</u>
Total On and Off-Balance Sheet Credit Exposures	<u>7,606,844</u>	<u>47,238</u>

2023

Exposure Class	Malaysia RM'000	Other Countries RM'000
<i>On-Balance Sheet Exposures</i>		
Sovereign / Central banks	3,458,725	-
Banks, Development Financial Institution and MDBs	2,657,153	-
Insurance Cos, Securities Firms & Fund Managers	10,341	-
Corporates	922,515	45,312
Other assets	31,024	-
Equity Exposure	5,246	-
Total for On-Balance Sheet Credit Exposures	<u>7,085,004</u>	<u>45,312</u>
<i>Off-Balance Sheet Exposures</i>		
Transaction related contingent items	-	1,517
Foreign exchange related contracts	-	462
Other commitments	66,500	-
Total for Off-Balance Sheet Credit Exposures	<u>66,500</u>	<u>1,979</u>
Total On and Off-Balance Sheet Credit Exposures	<u>7,151,504</u>	<u>47,291</u>

Basel II Pillar 3 Disclosures

as at 30 June 2024

Table 5(b): Geographical Distribution of credit exposures for the Bank

2024

Exposure Class	Malaysia RM'000	Other Countries RM'000
<i>On-Balance Sheet Exposures</i>		
Sovereign / Central banks	4,376,474	-
Banks, Development Financial Institution and MDBs	2,396,106	-
Insurance Cos, Securities Firms & Fund Managers	10,260	-
Corporates	736,995	45,230
Other assets	17,091	-
Equity Exposure	5,246	-
Total for On-Balance Sheet Credit Exposures	<u>7,542,172</u>	<u>45,230</u>
<i>Off-Balance Sheet Exposures</i>		
Transaction related contingent items	-	1,534
Obligations under an on-going underwriting agreement	1,711	-
Foreign exchange related contracts	474	-
Total for Off-Balance Sheet Credit Exposures	<u>2,185</u>	<u>1,534</u>
Total On and Off-Balance Sheet Credit Exposures	<u>7,544,357</u>	<u>46,764</u>

2023

Exposure Class	Malaysia RM'000	Other Countries RM'000
<i>On-Balance Sheet Exposures</i>		
Sovereign / Central banks	3,458,725	-
Banks, Development Financial Institution and MDBs	2,638,154	-
Insurance Cos, Securities Firms & Fund Managers	10,341	-
Corporates	922,516	45,312
Other assets	22,838	-
Equity Exposure	5,246	-
Total for On-Balance Sheet Credit Exposures	<u>7,057,820</u>	<u>45,312</u>
<i>Off-Balance Sheet Exposures</i>		
Transaction related contingent items	-	1,517
Foreign exchange related contracts	-	462
Other commitments	66,500	-
Total for Off-Balance Sheet Credit Exposures	<u>66,500</u>	<u>1,979</u>
Total On and Off-Balance Sheet Credit Exposures	<u>7,124,320</u>	<u>47,291</u>

Basel II Pillar 3 Disclosures

as at 30 June 2024

Table 5(c): Geographical Distribution of credit exposures for the Bank - Islamic Banking Window

2024

Exposure Class	Malaysia RM'000	Other Countries RM'000
<i>On-Balance Sheet Exposures</i>		
Sovereign / Central banks	1,041,344	-
Banks, Development Financial Institution and MDBs	662,658	-
Corporates	348,895	-
Total for On-Balance Sheet Credit Exposures	2,052,896	-
Total On and Off-Balance Sheet Credit Exposures	2,052,896	-

2023

Exposure Class	Malaysia RM'000	Other Countries RM'000
<i>On-Balance Sheet Exposures</i>		
Sovereign / Central banks	135,384	-
Banks, Development Financial Institution and MDBs	956,506	-
Corporates	390,204	-
Total for On-Balance Sheet Credit Exposures	1,482,095	-
Total On and Off-Balance Sheet Credit Exposures	1,482,095	-

Basel II Pillar 3 Disclosures

as at 30 June 2024

Table 6(a): Distribution of credit exposures by sectors for the Group

2024

	Cash and Short Term Funds RM'000	Financial Assets at FVTPL RM'000	Financial Assets at FVOCI RM'000	Financial Assets at Amortised Cost RM'000	Corporate loans RM'000	Other financial assets RM'000	On- balance sheet total RM'000	Commit- ments and con- tingencies RM'000
Agriculture	-	-	9,991	-	-	-	9,991	-
Manufacturing	-	-	10,088	-	-	-	10,088	-
Mining and Quarrying	-	-	30,503	-	-	-	30,503	-
Electricity, gas and water	-	-	205,916	-	-	-	205,916	-
Construction	-	-	75,022	-	-	-	75,022	-
Real estate	-	-	92,564	-	-	-	92,564	-
Wholesale & retail trade and restaurants & hotels	-	-	10,374	-	-	-	10,374	-
Transport, storage and communication	-	12,872	233,239	-	-	-	246,111	-
Finance, insurance and business services	1,981,932	22,415	487,693	-	25,080	-	2,517,120	76,555
Government and government agencies	-	360,615	2,872,431	1,430,902	-	-	4,663,948	-
Others	-	99,840	10,581	-	-	56	110,477	-
Total	1,981,932	495,742	4,038,402	1,430,902	25,080	56	7,972,114	76,555

2023

	Cash and Short Term Funds RM'000	Financial Assets at FVTPL RM'000	Financial Assets at FVOCI RM'000	Financial Assets at Amortised Cost RM'000	Corporate loans RM'000	Other financial assets RM'000	On- balance sheet total RM'000	Commit- ments and con- tingencies RM'000
Agriculture	-	-	19,912	-	-	-	19,912	-
Manufacturing	-	-	9,979	-	-	-	9,979	-
Mining and Quarrying	-	-	30,616	-	-	-	30,616	-
Electricity, gas and water	-	-	209,043	-	-	-	209,043	-
Construction	-	-	78,289	-	-	-	78,289	-
Real estate	-	-	81,648	-	-	-	81,648	-
Wholesale & retail trade and restaurants & hotels	-	-	10,255	-	-	-	10,255	-
Transport, storage and communication	-	-	297,579	-	-	-	297,579	-
Finance, insurance and business services	2,433,388	29,156	370,296	-	35,153	-	2,867,993	263,917
Government and government agencies	-	283,362	2,494,345	918,081	-	-	3,695,788	-
Others	-	39,736	5,556	-	-	-	45,292	-
Total	2,433,388	352,254	3,607,518	918,081	35,153	-	7,346,394	263,917

Basel II Pillar 3 Disclosures

as at 30 June 2024

Table 6(b): Distribution of credit exposures by sectors for the Bank

2024

	Cash and Short Term Funds RM'000	Financial Assets at FVTPL RM'000	Financial Assets at FVOCI RM'000	Financial Assets at Amortised Cost RM'000	Corporate loans RM'000	Other financial assets RM'000	On- balance sheet total RM'000	Commit- ments and con- tingencies RM'000
Agriculture	-	-	9,991	-	-	-	9,991	-
Manufacturing	-	-	10,088	-	-	-	10,088	-
Mining and Quarrying	-	-	30,503	-	-	-	30,503	-
Electricity, gas and water	-	-	205,916	-	-	-	205,916	-
Construction	-	-	75,022	-	-	-	75,022	-
Real estate	-	-	92,564	-	-	-	92,564	-
Wholesale & retail trade and restaurants & hotels	-	-	10,374	-	-	-	10,374	-
Transport, storage and communication	-	12,872	233,239	-	-	-	246,111	-
Finance, insurance and business services	1,980,323	22,415	487,693	-	25,080	-	2,515,511	76,555
Government and government agencies	-	360,615	2,872,431	1,430,902	-	-	4,663,948	-
Others	-	7,109	10,581	-	-	56	17,746	-
Total	1,980,323	403,011	4,038,402	1,430,902	25,080	56	7,877,774	76,555

2023

	Cash and Short Term Funds RM'000	Financial Assets at FVTPL RM'000	Financial Assets at FVOCI RM'000	Financial Assets at Amortised Cost RM'000	Corporate loans RM'000	Other financial assets RM'000	On- balance sheet total RM'000	Commit- ments and con- tingencies RM'000
Agriculture	-	-	19,912	-	-	-	19,912	-
Manufacturing	-	-	9,979	-	-	-	9,979	-
Mining and Quarrying	-	-	30,616	-	-	-	30,616	-
Electricity, gas and water	-	-	209,043	-	-	-	209,043	-
Construction	-	-	78,289	-	-	-	78,289	-
Real estate	-	-	81,648	-	-	-	81,648	-
Wholesale & retail trade and restaurants & hotels	-	-	10,255	-	-	-	10,255	-
Transport, storage and communication	-	-	297,579	-	-	-	297,579	-
Finance, insurance and business services	2,428,558	29,156	370,296	-	35,153	-	2,863,163	263,917
Government and government agencies	-	283,362	2,494,345	918,081	-	-	3,695,788	-
Others	-	6,412	5,556	-	-	-	11,968	-
Total	2,428,558	318,930	3,607,518	918,081	35,153	-	7,308,240	263,917

Basel II Pillar 3 Disclosures

as at 30 June 2024

Table 6(c): Distribution of credit exposures by sectors for the Bank - Islamic Banking Window

2024

	Cash and Short Term Funds RM'000	FVTPL RM'000	FVOCI RM'000	Amortised Cost RM'000	Corporate loans RM'000	Other financial assets RM'000	On- balance sheet total RM'000	Commit- ments and contingencies RM'000
Agriculture	-	-	9,991	-	-	-	9,991	-
Construction	-	-	23,858	-	-	-	23,858	-
Electricity, gas and water	-	-	72,002	-	-	-	72,002	-
Finance, insurance and business services	399,822	-	272,962	-	-	-	672,784	-
Government and government agencies	-	-	647,067	374,189	-	-	1,021,256	-
Manufacturing	-	-	-	-	-	-	-	-
Mining and Quarrying	-	-	-	-	-	-	-	-
Real estate	-	-	25,615	-	-	-	25,615	-
Transport, storage and communication	-	-	207,127	-	-	-	207,127	-
Wholesale & retail trade and services	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Total	399,822	-	1,258,622	374,189	-	-	2,032,633	-

2023

	Cash and Short Term Funds RM'000	FVTPL RM'000	FVOCI RM'000	Amortised Cost RM'000	Corporate loans RM'000	Other financial assets RM'000	On- balance sheet total RM'000	Commit- ments and contingencies RM'000
Agriculture	-	-	14,896	-	-	-	14,896	-
Manufacturing	-	-	-	-	-	-	-	-
Electricity, gas and water	-	-	54,564	-	-	-	54,564	-
Construction	-	-	23,136	-	-	-	23,136	-
Real estate	-	-	15,394	-	-	-	15,394	-
Wholesale & retail trade and restaurants & hotels	-	-	-	-	-	-	-	-
Transport, storage and communication	-	-	271,912	-	-	-	271,912	-
Finance, insurance and business services	800,000	-	166,798	-	-	-	966,798	-
Government and government agencies	-	-	115,280	-	-	-	115,280	-
Others	-	-	-	-	-	-	-	-
Total	800,000	-	661,981	-	-	-	1,461,981	-

Basel II Pillar 3 Disclosures

as at 30 June 2024

Table 7(a): Distribution of credit exposures by residual maturity for the Group

2024

	Up to 1 Year RM'000	> 1 to 3 Years RM'000	> 3 to 5 Years RM'000	> 5 and Years RM'000	Total RM'000
Agriculture	-	9,991	-	-	9,991
Manufacturing	10,088	-	-	-	10,088
Mining and Quarrying	-	-	-	30,503	30,503
Electricity, gas and water	35,491	25,550	57,159	87,716	205,916
Construction	-	-	15,893	59,129	75,022
Real estate	56,329	5,100	25,985	5,150	92,564
Wholesale & retail trade and restaurants & hotels	-	-	5,189	5,185	10,374
Transport, storage and communication	5,039	31,242	61,721	148,109	246,111
Finance, insurance and business services	2,062,001	252,834	177,010	101,830	2,593,675
Government and government agencies	60,530	50,730	-	4,552,688	4,663,948
Others	-	-	5,135	105,342	110,477
Total	2,229,478	375,447	348,092	5,095,652	8,048,669

2023

	Up to 1 Year RM'000	> 1 to 3 Years RM'000	> 3 to 5 Years RM'000	> 5 and Years RM'000	Total RM'000
Agriculture	10,032	9,880	-	-	19,912
Manufacturing	-	9,979	-	-	9,979
Mining and Quarrying	-	-	-	30,616	30,616
Electricity, gas and water	10,168	51,110	15,024	132,741	209,043
Construction	5,127	-	10,577	62,585	78,289
Real estate	207	55,549	20,601	5,291	81,648
Wholesale & retail trade and restaurants & hotels	-	-	-	10,255	10,255
Transport, storage and communication	-	20,469	77,163	199,947	297,579
Finance, insurance and business services	2,737,574	143,955	75,959	174,422	3,131,910
Government and government agencies	-	115,181	10,156	3,570,451	3,695,788
Others	-	-	-	45,292	45,292
Total	2,763,108	406,123	209,480	4,231,600	7,610,311

Basel II Pillar 3 Disclosures

as at 30 June 2024

Table 7(b): Distribution of credit exposures by residual maturity for the Bank

2024

	Up to 1 Year RM'000	> 1 to 3 Years RM'000	> 3 to 5 Years RM'000	> 5 and Years RM'000	Total RM'000
Agriculture	-	9,991	-	-	9,991
Manufacturing	10,088	-	-	-	10,088
Mining and Quarrying	-	-	-	30,503	30,503
Electricity, gas and water	35,491	25,550	57,159	87,716	205,916
Construction	-	-	15,893	59,129	75,022
Real estate	56,329	5,100	25,985	5,150	92,564
Wholesale & retail trade and restaurants & hotels	-	-	5,189	5,185	10,374
Transport, storage and communication	5,039	31,242	61,721	148,109	246,111
Finance, insurance and business services	2,060,392	252,834	177,010	101,830	2,592,066
Government and government agencies	60,530	50,730	-	4,552,688	4,663,948
Others	-	-	5,135	12,611	17,746
Total	2,227,869	375,447	348,092	5,002,921	7,954,329

2023

	Up to 1 Year RM'000	> 1 to 3 Years RM'000	> 3 to 5 Years RM'000	> 5 and Years RM'000	Total RM'000
Agriculture	10,032	9,880	-	-	19,912
Manufacturing	-	9,979	-	-	9,979
Mining and Quarrying	-	-	-	30,616	30,616
Electricity, gas and water	10,168	51,110	15,024	132,741	209,043
Construction	5,127	-	10,577	62,585	78,289
Real estate	207	55,549	20,601	5,291	81,648
Wholesale & retail trade and restaurants & hotels	-	-	-	10,255	10,255
Transport, storage and communication	-	20,469	77,163	199,947	297,579
Finance, insurance and business services	2,732,744	143,955	75,959	174,422	3,127,080
Government and government agencies	-	115,181	10,156	3,570,451	3,695,788
Others	-	-	-	11,968	11,968
Total	2,758,278	406,123	209,480	4,198,276	7,572,157

Basel II Pillar 3 Disclosures

as at 30 June 2024

Table 7(c): Distribution of credit exposures by residual maturity for the Bank - Islamic Banking Window

2024

	Up to 1 Year RM'000	> 1 to 3 Years RM'000	> 3 to 5 Years RM'000	> 5 and Years RM'000	Total RM'000
Agriculture	-	9,991	-	-	9,991
Construction	-	-	-	23,858	23,858
Electricity, gas and water	-	-	-	72,002	72,002
Finance, insurance and business services	399,822	141,386	126,449	5,127	672,784
Government and government agencies	-	-	-	1,021,256	1,021,256
Manufacturing	-	-	-	-	-
Mining and Quarrying	-	-	-	-	-
Others	-	-	-	-	-
Real estate	10,144	5,100	5,221	5,150	25,615
Transport, storage and communication	-	10,168	61,721	135,238	207,127
Total	409,966	166,645	193,391	1,262,631	2,032,633

2023

	Up to 1 Year RM'000	> 1 to 3 Years RM'000	> 3 to 5 Years RM'000	> 5 and Years RM'000	Total RM'000
Agriculture	5,016	9,880	-	-	14,896
Manufacturing	-	-	-	-	-
Electricity, gas and water	-	-	-	54,566	54,566
Construction	-	-	-	23,136	23,136
Real estate	-	10,175	5,218	-	15,393
Wholesale & retail trade and restaurants & hotels	-	-	-	-	-
Transport, storage and communication	-	10,226	61,740	199,946	271,912
Finance, insurance and business services	800,000	120,871	25,268	20,659	966,798
Government and government agencies	-	-	-	115,280	115,280
Others	-	-	-	-	-
Total	805,016	151,152	92,226	413,587	1,461,981

Basel II Pillar 3 Disclosures

as at 30 June 2024

7.0 CREDIT RISK DISCLOSURE UNDER THE STANDARDISED APPROACH

The Group and the Bank adopts the Standardised Approach to calculate the capital requirement for credit risk. These are the following Eligible Credit Assessment Institutions (ECAIs) ratings used by the Bank which is provided in the BNM RWCAF guidelines.

Table 8: List of ECAIs Comparable by Rating Category

Rating Category	Standard & Poor's Rating Services (S&P)	Moody's Investors Service (Moody's)	Fitch Ratings (Fitch)	RAM Rating Services Berhad (RAM)	Malaysian Rating Corporation Berhad (MARC)
1	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AA3	AAA to AA-
2	A+ to A-	A1 to A3	A+ to A-	A1 to A3	A+ to A-
3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	BBB1 to BBB3	BBB+ to BBB-
4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	BB1 to BB3	BB+ to BB-
5	B+ to B-	B1 to B3	B+ to B-	B1 to B3	B+ to B-
6	CCC to D	Caa1 to C	CCC+ to D	C1 to D	C+ to D

The rating is applied to exposures from the following categories of counterparties for the computation of risk weighted assets for regulatory capital requirement:-

- Sovereign and Central Banks
- Banking Institutions
- Corporates
- Insurance Cos, Securities Firms & Fund Managers

Based on the above mentioned counterparties the Group and the Bank will map their respective ratings to the relevant risk weight provided by BNM and determine the risk weighted credit exposures. A summary of the rating and counterparty matrix are provided in the following table.

Table 9: Risk Weight According to Rating Categories and Counterparties

Rating Category	Sovereign and Central Banks	Banking Institutions			Corporate
		Risk Weight (original maturity of more than 6 months)	Risk Weight (original maturity of 6 months or less)	Risk Weight (original maturity of 3 months or less)	
1	0%	20%	20%	20%	20%
2	20%	50%	20%		50%
3	50%	50%	20%		100%
4	100%	100%	50%		100%
5	100%	100%	50%		150%
6	150%	150%	150%		150%

For short term exposures the counterparty ratings are map according to the following risk weight in accordance to BNM RWCAF guidelines.

Basel II Pillar 3 Disclosures

as at 30 June 2024

Table 10: Risk Weight for Short Term Exposure According to Rating Categories and Counterparties

Rating Category	Standard & Poor's Rating Services (S&P)	Moody's Investors Service (Moody's)	Fitch Ratings (Fitch)	RAM Rating Services Berhad (RAM)	Malaysian Rating Corporation Berhad (MARC)	Risk Weight
1	A-1	P-1	F1+, F1	P-1	MARC-1	20%
2	A-2	P-2	F2	P-2	MARC-2	50%
3	A-3	P-3	F3	P-3	MARC-3	100%
4	Others	Others	B to D	NP	MARC-4	150%

Generally, the credit rating refers to the credit exposure or issuer of financial instruments. In the event that no credit rating is available but the issue is guaranteed by a rated counterparty, the rating of the guarantor will be used to determine the risk weight of the exposure. For counterparty rated by more than one rating agencies, the lower rank rating will be used. The tables below summarised the total credit exposures of the Group and the Bank according to risk weight followed by the breakdown of exposure class ratings assigned by the ECAs.

Table 11(a): Disclosures On Risk Weights under the Standardised Approach for the Group

2024 Credit Exposure by Risk Weights

Exposures after Netting and Credit Risk Mitigation								
Risk Weights	Sovereigns & Central Banks	Banks, MDBs and FDIs	Insurance Cos, Securities Firms & Fund Managers	Corporates	Other Assets	Equity Exposures	Total Exposure after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
Performing Exposures								
0%	4,376,474	-	-	282,185	18	-	4,658,676	-
20%	-	2,442,579	10,260	429,156	13,893	-	2,895,888	579,178
50%	-	-	-	25,776	-	-	25,776	12,888
75%	-	-	-	-	57	-	57	43
100%	-	-	-	48,177	20,084	-	68,261	68,261
150%	-	-	-	-	-	5,246	5,246	7,868
Total	4,376,474	2,442,579	10,260	785,293	34,052	5,246	7,653,904	668,238
Defaulted Exposures								
100%	-	-	-	-	-	-	-	-
150%	-	-	-	177	-	-	177	265
Total	-	-	-	177	-	-	177	265
Grand Total	4,376,474	2,442,579	10,260	785,470	34,052	5,246	7,654,081	668,503

Basel II Pillar 3 Disclosures

as at 30 June 2024

2023 Credit Exposure by Risk Weights

Exposures after Netting and Credit Risk Mitigation								
Risk Weights	Sovereigns & Central Banks	Banks, MDBs and FDIs	Insurance Cos, Securities Firms & Fund Managers	Corporates	Other Assets	Equity Exposures	Total Exposure after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
Performing Exposures								
0%	3,458,725	30,144		394,508	12	-	3,883,390	-
20%	-	2,627,471	10,341	492,345	7,356	-	3,137,513	627,503
50%	-	-	-	26,033	-	-	26,033	13,017
100%	-	-	-	122,829	23,656	-	146,485	146,485
150%	-	-	-	-	-	5,246	5,246	7,868
Total	3,458,725	2,657,615	10,341	1,035,715	31,024	5,246	7,198,666	794,872
Defaulted Exposures								
100%	-	-	-	129	-	-	129	129
150%	-	-	-	-	-	-	-	-
Total	-	-	-	129	-	-	129	129
Grand Total	3,458,725	2,657,615	10,341	1,035,845	31,024	5,246	7,198,795	795,002

Basel II Pillar 3 Disclosures

as at 30 June 2024

Table 11(b): Disclosures On Risk Weights under the Standardised Approach for the Bank

2024 Credit Exposure by Risk Weights

Exposures after Netting and Credit Risk Mitigation								
Risk Weights	Sovereigns & Central Banks	Banks, MDBs and FDI's	Insurance Cos, Securities Firms & Fund Managers	Corporates	Other Assets	Equity Exposures	Total Exposure after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
Performing Exposures								
0%	4,376,474	-	-	282,185	2	-	4,658,660	-
20%	-	2,396,580	10,260	429,156	-	-	2,835,996	567,199
50%	-	-	-	25,776	-	-	25,776	12,888
75%	-	-	-	-	57	-	57	43
100%	-	-	-	48,177	17,032	-	65,209	65,209
150%	-	-	-	-	-	5,246	5,246	7,868
Total	4,376,474	2,396,580	10,260	785,293	17,091	5,246	7,590,944	653,207
Defaulted Exposures								
100%	-	-	-	177	-	-	177	265
150%	-	-	-	-	-	-	-	-
Total	-	-	-	177	-	-	177	265
Grand Total	4,376,474	2,396,580	10,260	785,470	17,091	5,246	7,591,121	653,472

2023 Credit Exposure by Risk Weights

Exposures after Netting and Credit Risk Mitigation								
Risk Weights	Sovereigns & Central Banks	Banks, MDBs and FDI's	Insurance Cos, Securities Firms & Fund Managers	Corporates	Other Assets	Equity Exposures	Total Exposure after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
Performing Exposures								
0%	3,458,725	30,144	-	394,508	2	-	3,883,380	-
20%	-	2,608,473	10,341	492,345	-	-	3,111,159	622,232
50%	-	-	-	26,033	-	-	26,033	13,017
100%	-	-	-	122,829	22,836	-	145,665	145,665
150%	-	-	-	-	-	5,246	5,246	7,868
Total	3,458,725	2,638,617	10,341	1,035,715	22,838	5,246	7,171,482	788,782
Defaulted Exposures								
100%	-	-	-	129	-	-	129	129
150%	-	-	-	-	-	-	-	-
Total	-	-	-	129	-	-	129	129
Grand Total	3,458,725	2,638,617	10,341	1,035,845	22,838	5,246	7,171,611	788,911

Basel II Pillar 3 Disclosures

as at 30 June 2024

Table 11(c): Disclosures On Risk Weights under the Standardised Approach for the Bank - Islamic Banking Window

2024 Credit Exposure by Risk Weights

Exposures after Netting and Credit Risk Mitigation						
Risk Weights	Sovereigns & Central Banks	Banks, MDBs and FDIs	Corporates	Other Assets	Total Exposure after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
Performing Exposures						
0%	1,041,344	-	186,255	-	1,227,599	-
20%	-	662,658	162,639	-	825,297	165,059
50%	-	-	-	-	-	-
100%	-	-	-	-	-	-
Total	1,041,344	662,658	348,895	-	2,052,896	165,059
Defaulted Exposures						
100%	-	-	-	-	-	-
150%	-	-	-	-	-	-
Total	-	-	-	-	-	-
Grand Total	1,041,344	662,658	348,895	-	2,052,896	165,059

2023 Credit Exposure by Risk Weights

Exposures after Netting and Credit Risk Mitigation						
Risk Weights	Sovereigns & Central Banks	Banks, MDBs and FDIs	Corporates	Other Assets	Total Exposure after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
Performing Exposures						
0%	135,384	-	250,991	-	386,375	-
20%	-	956,506	139,213	-	1,095,719	21,144
50%	-	-	-	-	-	-
100%	-	-	-	-	-	-
Total	135,384	956,506	390,204	-	1,482,095	219,144
Defaulted Exposures						
100%	-	-	-	-	-	-
150%	-	-	-	-	-	-
Total	-	-	-	-	-	-
Grand Total	135,384	956,506	390,204	-	1,482,095	219,144

Basel II Pillar 3 Disclosures

as at 30 June 2024

Table 12(a): Disclosures on Rated Exposures according to Rating by ECAIs for the Group

2024 Credit Exposure By Rating Category

Exposure Class	Ratings by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
On and Off-Balance-Sheet Exposures							
Sovereigns and Central Banks	-	-	-	-	-	-	4,376,474
Banks, MDBs and FDIs	-	2,442,579	-	-	-	-	-
Corporates	-	429,156	25,776	48,177	-	177	282,185
Insurance Cos, Securities Firms & Fund Managers	-	10,260	-	-	-	-	-
Equity Exposures	-	-	-	-	-	-	5,246
Total	-	2,881,995	25,776	48,177		177	4,663,905

2023 Credit Exposure By Rating Category

Exposure Class	Ratings by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
On and Off-Balance-Sheet Exposures							
Sovereigns and Central Banks	-	-	-	-	-	-	3,458,725
Banks, MDBs and FDIs	-	2,627,471	-	-	-	-	30,144
Corporates	-	492,345	26,033	122,829	-	129	394,508
Insurance Cos, Securities Firms & Fund Managers	-	10,341	-	-	-	-	-
Equity Exposures	-	-	-	-	-	-	5,246
Total	-	3,130,157	26,033	122,829	-	129	3,888,623

Basel II Pillar 3 Disclosures

as at 30 June 2024

Table 12(b): Disclosures on Rated Exposures according to Rating by ECAIs for the Bank

2024 Credit Exposure By Rating Category

Exposure Class	Ratings by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
On and Off-Balance-Sheet Exposures							
Sovereigns and Central Banks	-	-	-	-	-	-	4,376,474
Banks, MDBs and FDIs	-	2,396,580	-	-	-	-	-
Corporates	-	429,156	25,776	48,177	-	177	282,185
Insurance Cos, Securities Firms & Fund Managers	-	10,260	-	-	-	-	-
Equity Exposures	-	-	-	-	-	-	5,246
Total	-	2,835,996	25,776	48,177	-	177	4,663,905

2023 Credit Exposure By Rating Category

Exposure Class	Ratings by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
On and Off-Balance-Sheet Exposures							
Sovereigns and Central Banks	-	-	-	-	-	-	3,458,725
Banks, MDBs and FDIs	-	2,608,473	-	-	-	-	30,144
Corporates	-	492,345	26,033	122,829	-	129	394,508
Insurance Cos, Securities Firms & Fund Managers	-	10,341	-	-	-	-	-
Equity Exposures	-	-	-	-	-	-	5,246
Total	-	3,111,159	26,033	122,829	-	129	3,888,623

Basel II Pillar 3 Disclosures

as at 30 June 2024

Table 12(c): Disclosures on Rated Exposures according to Rating by ECAIs for the Bank – Islamic Banking Window

2024 Credit Exposure By Rating Category

Exposure Class	Ratings by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
On and Off-Balance-Sheet Exposures							
Sovereigns and Central Banks	-	-	-	-	-	-	1,041,344
Banks, MDBs and FDIs	-	662,658	-	-	-	-	-
Corporates	-	162,639	-	-	-	-	186,255
Total	-	825,297	-	-	-	-	1,227,599

2023 Credit Exposure By Rating Category

Exposure Class	Ratings by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
On and Off-Balance-Sheet Exposures							
Sovereigns and Central Banks	-	-	-	-	-	-	135,384
Banks, MDBs and FDIs	-	956,506	-	-	-	-	-
Corporates	-	139,213	-	-	-	-	250,991
Total	-	1,095,719	-	-	-	-	386,375

Basel II Pillar 3 Disclosures

as at 30 June 2024

8.0 CREDIT RISK MITIGATION DISCLOSURES

Credit exposures are largely confined to financial instruments. Mitigation of credit risk arising from these exposures may exist in the form of a third party guarantee and such credit support must cover for both the principal and interest amount. For approval of loans, the designated committee will be guided by the requirements set forth under the credit administration policies.

Table 13(a): Disclosure on Credit Risk Mitigation for the Group

2024

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees/ Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
Credit Risk				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	4,376,474	-	-	-
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-
Banks, Development Financial Institutions & MDBs	10,260	-	-	-
Corporates	2,442,105	-	-	-
Other Assets	782,226	-	-	-
Equity Exposure	34,052	-	-	-
	5,246			
Total for On-Balance Sheet Exposures	7,650,363	-	-	-
Off-Balance Sheet Exposures				
Transactions related contingent items	1,534	-	-	-
Obligations under an on-going underwriting agreement	1,711	-	-	-
Foreign exchange related contracts	474	-	-	-
Total for Off-Balance Sheet Exposures	3,719	-	-	-
Total On and Off-Balance Sheet Exposures	7,654,082	-	-	-

2023

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees/ Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
Credit Risk				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	3,458,725	-	-	-
Insurance Cos, Securities Firms & Fund Managers	10,341	-	-	-
Banks, Development Financial Institutions & MDBs	2,657,153	-	-	-
Corporates	967,828	-	-	-
Other Assets	31,024	-	-	-
Equity Exposure	5,246	-	-	-
Total for On-Balance Sheet Exposures	7,130,316	-	-	-
Off-Balance Sheet Exposures				
Transactions related contingent items	1,517	-	-	-
Foreign exchange related contracts	462	-	-	-
Other commitment	66,500	-	-	-
Total for Off-Balance Sheet Exposures	68,479	-	-	-
Total On and Off-Balance Sheet Exposures	7,198,795	-	-	-

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Table 13(b): Disclosure on Credit Risk Mitigation for the Bank

2024

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees/ Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
Credit Risk				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	4,376,474	-	-	-
Insurance Cos, Securities Firms & Fund Managers	10,260	-	-	-
Banks, Development Financial Institutions & MDBs	2,396,106	-	-	-
Corporates	782,225	-	-	-
Other Assets	17,091	-	-	-
Equity Exposure	5,246	-	-	-
Total for On-Balance Sheet Exposures	7,587,402	-	-	-
Off-Balance Sheet Exposures				
Transactions related contingent items	1,534	-	-	-
Obligations under an on-going underwriting agreement	1,711	-	-	-
Foreign exchange related contracts	474	-	-	-
Total for Off-Balance Sheet Exposures	3,719	-	-	-
Total On and Off-Balance Sheet Exposures	7,591,121	-	-	-

2023

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees/ Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
Credit Risk				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	3,458,725	-	-	-
Insurance Cos, Securities Firms & Fund Managers	10,341	-	-	-
Banks, Development Financial Institutions & MDBs	2,638,154	-	-	-
Corporates	967,828	-	-	-
Other Assets	22,838	-	-	-
Equity Exposure	5,246	-	-	-
Total for On-Balance Sheet Exposures	7,103,132	-	-	-
Off-Balance Sheet Exposures				
Transactions related contingent items	-	-	-	-
Foreign exchange related contracts	463	-	-	-
Other commitment	68,016	-	-	-
Total for Off-Balance Sheet Exposures	68,479	-	-	-
Total On and Off-Balance Sheet Exposures	7,171,611	-	-	-

Basel II Pillar 3 Disclosures

as at 30 June 2024

Table 13(c): Disclosure on Credit Risk Mitigation for the Bank - Islamic Banking Window

2024

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees/ Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
Credit Risk				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	1,041,344	-	-	-
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-
Banks, Development Financial Institutions & MDBs	662,658	-	-	-
Corporates	348,895	-	-	-
Total for On-Balance Sheet Exposures	2,052,896	-	-	-
Total On and Off-Balance Sheet Exposures	2,052,896	-	-	-

2023

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees/ Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
Credit Risk				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	135,384	-	-	-
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-
Banks, Development Financial Institutions & MDBs	956,506	-	-	-
Corporates	390,204	-	-	-
Total for On-Balance Sheet Exposures	1,482,094	-	-	-
Total On and Off-Balance Sheet Exposures	1,482,094	-	-	-

Basel II Pillar 3 Disclosures

as at 30 June 2024

9.0 DISCLOSURE FOR OFF-BALANCE SHEET EXPOSURES AND COUNTERPARTY CREDIT RISK (CCR)

The Group and the Bank does not undertake derivatives transactions which contribute to off-balance exposures and counterparty credit risk other than the normal foreign exchange spot and forward transactions. The Bank conducts repo transaction with Bank Negara Malaysia and other banking institutions which involved the posting of securities as collateral. These transactions are carried for funding purposes and are strictly guided by rules specified by BNM.

Table 14(a): Disclosure on Off-Balance Sheet and Counterparty Credit Risk for Group

2024

Description	Principal Amount	Credit Equivalent Amount	Risk Weighted Assets
Transactions related contingent items	3,068	1,534	1,534
Obligations under an on-going underwriting agreement	3,422	1,711	1,711
Foreign exchange related contracts - one year or less	70,065	474	95
Total	76,554	3,719	3,339

2023

Description	Principal Amount	Credit Equivalent Amount	Risk Weighted Assets
Transactions related contingent items	3,034	1,517	1,517
Foreign exchange related contracts - one year or less	127,883	462	92
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	133,000	66,500	66,500
Total	263,917	68,479	68,109

Table 14(b): Disclosure on Off-Balance Sheet and Counterparty Credit Risk for the Bank

2024

Description	Principal Amount	Credit Equivalent Amount	Risk Weighted Assets
Transactions related contingent items	3,068	1,534	1,534
Obligations under an on-going underwriting agreement	3,422	1,711	1,711
Foreign exchange related contracts - one year or less	70,065	474	95
Total	76,554	3,719	3,339

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as at 30 June 2024

2023

Description	Principal Amount	Credit Equivalent Amount	Risk Weighted Assets
Transactions related contingent items	3,034	1,517	1,517
Foreign exchange related contracts-one year or less	127,883	462	92
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	133,000	66,500	66,500
Total	263,917	68,479	68,109

10.0 MARKET RISK (DISCLOSURES FOR PORTFOLIO UNDER THE STANDARDISED APPROACH)

Market risk is defined as potential loss resulting from adverse movements in the level of market price, interest rates, foreign exchange rates and equity prices.

The Treasury Management Committee (TMC) is responsible for the overall management of market risk for the Bank. Market risk arising from trading activities are monitored through marked-to-market of trading portfolios against their predetermined market risk limits and are regularly reported to management.

The Group and the Bank uses the Standardised Approach from BNM RWCAF to calculate the market risk capital requirements for the trading portfolio.

The following tables summarised the minimum capital requirements for market risk based on the risk exposure type.

Table 15(a): Minimum Regulatory Requirement for Market Risk for the Group

2024

Exposure Type	Long Position RM'000	Short Position RM'000	Net Exposure RM'000	Risk Weighted Assets (RWA) RM'000	Total RWA after PSIA Requirement RM'000	Capital Requirement RM'000
Interest rate risk	403,011	-	403,011	228,642	228,642	18,291
Equity Position Risk	92,731	-	92,731	185,462	185,462	14,837
Foreign exchange risk	28,680	20,964	28,680	28,680	28,680	2,295
Total	524,422	20,964	524,422	442,784	442,784	35,422

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2023

Exposure Type	Long Position RM'000	Short Position RM'000	Net Exposure RM'000	Risk Weighted Assets (RWA) RM'000	Total RWA after PSIA RM'000	Capital Requirement RM'000
Interest rate risk	318,930	-	318,930	149,430	149,430	11,955
Equity Position Risk	80,379	-	80,379	160,762	160,762	12,861
Foreign exchange risk	31,451	18,684	31,451	31,451	31,451	2,516
Total	430,760	18,684	430,760	341,643	341,643	27,331

Table 15(b): Minimum Regulatory Requirement for Market Risk for the Bank

2024

Exposure Type	Long Position RM'000	Short Position RM'000	Net Exposure RM'000	Risk Weighted Assets (RWA) RM'000	Total RWA after PSIA RM'000	Capital Requirement RM'000
Interest rate risk	403,011	-	403,011	228,639	228,639	18,291
Foreign exchange risk	16,657	45,235	45,235	45,238	45,238	3,619
Total	419,668	45,235	448,246	273,877	273,877	21,910

2023

Exposure Type	Long Position RM'000	Short Position RM'000	Net Exposure RM'000	Risk Weighted Assets (RWA) RM'000	Total RWA after PSIA RM'000	Capital Requirement RM'000
Interest rate risk	318,930	-	318,930	149,436	149,436	11,955
Foreign exchange risk	19,114	41,039	41,039	41,037	41,037	3,283
Total	338,044	41,039	359,969	190,473	190,473	15,238

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as at 30 June 2024

Table 15(c): Minimum Regulatory Requirement for Market Risk for the Bank - Islamic Banking Window

2024

Exposure Type	Long Position RM'000	Short Position RM'000	Net Exposure RM'000	Risk Weighted Assets (RWA) RM'000	Total RWA after PSIA RM'000	Capital Requirement RM'000
Interest rate risk	-	-	-	-	-	-
Total	-	-	-	-	-	-

2023

Exposure Type	Long Position RM'000	Short Position RM'000	Net Exposure RM'000	Risk Weighted Assets (RWA) RM'000	Total RWA after PSIA RM'000	Capital Requirement RM'000
Interest rate risk	-	-	-	-	-	-
Total	-	-	-	-	-	-

11.0 DISCLOSURE FOR INTEREST RATE RISK/RATE OF RETURN RISK IN THE BANKING BOOK (IRR/RORBB)

The interest rate risk/rate of return risk in the banking book refers to the risk of decline in financial position of the bank due to changes in interest rates over time arising from activities such as deposits taking, lending and investment in marketable securities.

Exposure to interest rate risk in the banking book is managed by the Investment Committee and Treasury Management Committee. The Bank monitors the changes in earnings for near term effect and the economic value for long term effect using the BNM Standardized approach.

The Bank also adopts the BNM Standardised Measurement Approach to report the sensitivity of earnings in the banking book and the economic value of the bank to changes in interest rate.

Basel II Pillar 3 Disclosures

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The tables below present the effect on the banking book arising from a movement in interest rates.

Table 16: Interest Rate Risk/Rate of Return Risk in Banking Book (Effect on Earnings of Bank)

	2024		2023	
	Parallel 150 bps up RM'000	Parallel 150 bps down RM'000	Parallel 150 bps up RM'000	Parallel 150 bps down RM'000
MYR	-60,952	60,952	-52,456	52,456
USD	-1,553	1,553	-1,852	1,852
SGD	-104	104	-103	103
Others*	-84	84	189	-189
Total	-62,693	62,693	-54,222	54,222

* inclusive of GBP, IDR and other currencies.

Table 17: Interest Rate Risk/Rate of Return Risk in Banking Book (Effect on Economic Value of Bank)

	2024		2023	
	Parallel 150 bps up RM'000	Parallel 150 bps down RM'000	Parallel 150 bps up RM'000	Parallel 150 bps down RM'000
MYR	-828,140	828,140	-671,572	671,572
USD	-4,075	4,075	-4,318	4,318
SGD	6	-6	6	-6
Others*	-8	8	-76	76
Total	-832,218	832,218	-675,961	675,961

12.0 LIQUIDITY RISK MANAGEMENT

Liquidity risk is generated when mismatch exist between the assets and the liabilities in the portfolio in terms of sizes and maturities. The management of liquidity risk is guided by the Bank's liquidity risk policy. The policy contains various measures including early warning signals for liquidity stress, a contingency funding plan escalation process and a periodic review of the plan. In line with the regulatory Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) requirement the Bank will maintain sufficient liquid assets to provide for any unanticipated liquidity requirements over a 30-day horizon as well as sufficient stable funding over a 1-year horizon.

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as at 30 June 2024

13.0 OPERATIONAL RISK DISCLOSURES

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems, external events, breaches of applicable laws and regulatory requirements. The Bank adopts a preemptive approach where possible in managing its operational risk through the following measures:-

- Sound risk management practices in accordance with Basel II and regulatory guidelines;
- Board and senior management oversight;
- A well defined reporting structure for operational risk management; and
- Reporting of operational risk using key risk indicators.

Identification of operational risk and the formulation of applicable control measures are regularly carried during the strategic risk profiling exercise of the Bank. Existing control measures were reviewed and updated to ensure effectiveness; while obsolete procedures will be replaced.

For regulatory capital requirement of operational risk, the Bank adopts the Basic Indicator Approach as provided under the BNM RWCAF.

The table below indicates the capital requirement for operational risk under the basic indicator approach.

Table 18(a): Minimum Capital Requirement for Operational Risk for the Group

	2024		2023	
	Risk-Weighted Assets RM'000	Minimum Capital Requirement RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirement RM'000
Group	335,516	26,841	337,851	27,028

Table 18(b): Minimum Capital Requirement for Operational Risk for the Bank

	2024		2023	
	Risk-Weighted Assets RM'000	Minimum Capital Requirement RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirement RM'000
Bank	210,865	16,869	251,269	20,101

Table 18(c): Minimum Capital Requirement for Operational Risk for the Bank - Islamic Banking Window

	2024		2023	
	Risk-Weighted Assets RM'000	Minimum Capital Requirement RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirement RM'000
Bank	40,652	3,252	44,532	3,562

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14.0 EQUITY EXPOSURE IN BANKING BOOK

The equity exposure in banking book is comprise of privately held investment for strategic reason. The exposure is presented in the table below.

Table 19(a): Exposure in equity and gain or losses for the Group

	2024		2023	
Equity type	Risk-Weighted Assets RM'000	Minimum Capital Requirement RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirement RM'000
Privately held	5,246	7,868	5,246	7,868

Table 19(b): Exposure in equity and gain or losses for the Bank

	2024		2023	
Equity type	Risk-Weighted Assets RM'000	Minimum Capital Requirement RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirement RM'000
Privately held	5,246	7,868	5,246	7,868

Table 19(c): Exposure in equity and gain or losses for the Bank - Islamic Banking Window

	2024		2023	
Equity type	Risk-Weighted Assets RM'000	Minimum Capital Requirement RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirement RM'000
Privately held	-	-	-	-

Table 20(a): Gain or loss on equity exposure for the Group

	2024 RM'000	2023 RM'000
Cumulative realized gains arising from sales and liquidations	-	-
Total unrealised gain	-	-

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Table 20(b): Gain or loss on equity exposure for the Bank

	2024 RM'000	2023 RM'000
Cumulative realized gains arising from sales and liquidations	-	-
Total unrealised gain	-	-

Table 20(c): Gain or loss on equity exposure for the Bank - Islamic Banking Window

	2024 RM'000	2023 RM'000
Cumulative realized gains arising from sales and liquidations	-	-
Total unrealised gain	-	-

15.0 SHARIAH GOVERNANCE DISCLOSURE

For effective Shariah governance, a framework comprising a set of policies, a risk management oversight and reporting structure is put in place. This comprises the Board, an independent Shariah Committee, and the Management. Three lines of defence approach is adopted to manage the day-to-day Shariah compliance and its related risks. The business units typically represent the first line of defence, with support from Group Shariah that carries out Shariah advisory, research, and secretariat function. The second line of defence comprises Shariah compliance and risk management function, that carries out regular Shariah review and monitor control measures of Shariah compliance respectively. The third line of defence is internal audit function, that provides independent assessment on the effectiveness of the internal controls for Shariah compliance.

Under the Bank's SPI (Islamic Banking Window) portfolio, the Bank does not offer any investment account or product with a Profit Sharing Investment Account (PSIA) arrangement in FYE 2024.

There are no Shariah non-compliant (SNC) events and SNC income occurring during the period under review for the financial year ended (FYE) 30 June 2024, in accordance with the Shariah Committee Report FYE 2024.

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