

Condensed Interim Financial Statements
Unaudited Statements of Financial Position as at 31 December 2020

	Note	<u>GROUP</u>		<u>BANK</u>	
		31 December 2020 RM'000	31 March 2020 RM'000	31 December 2020 RM'000	31 March 2020 RM'000
ASSETS					
Cash and short-term funds		66,244	44,783	66,244	44,783
Amounts due from clients and brokers	A12	89,441	51,165	89,441	51,165
Financial assets at fair value through profit or loss	A13	70,194	64,392	70,194	64,392
Financial investments at fair value through other comprehensive income	A14	916,646	1,381,815	916,646	1,381,815
Financial investments at amortised cost	A15	16	16	16	16
Loans, advances and financing	A16	253,084	292,575	253,084	292,575
Other assets	A17	10,638	8,926	10,638	8,926
Tax recoverable		-	1,934	-	1,934
Statutory deposits with Bank Negara Malaysia		-	29,106	-	29,106
Investment in an associate		289	286	230	230
Investment in joint venture		976	903	394	394
Right-of-use assets		2,443	672	2,443	672
Property, plant and equipment		413	430	413	430
Intangible assets		23,636	24,578	26,195	27,138
TOTAL ASSETS		1,434,020	1,901,581	1,435,938	1,903,576
LIABILITIES AND EQUITY					
Deposits from customers	A18	337,374	485,007	337,374	485,007
Deposits and placements of banks and other financial institutions	A19	509,053	692,678	509,053	692,678
Amounts due to clients and brokers	A20	39,363	22,292	39,363	22,292
Lease liabilities		2,526	629	2,526	629
Other liabilities	A21	39,660	35,468	39,660	35,468
Provision for taxation		8,650	-	8,650	-
Deferred tax liabilities		11,127	6,669	11,127	6,669
TOTAL LIABILITIES		947,753	1,242,743	947,753	1,242,743
Share capital		365,962	365,962	365,962	365,962
Reserves		120,305	292,876	122,223	294,871
TOTAL EQUITY		486,267	658,838	488,185	660,833
TOTAL LIABILITIES AND EQUITY		1,434,020	1,901,581	1,435,938	1,903,576
COMMITMENTS AND CONTINGENCIES	A30	345,847	388,760	345,847	388,760

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

Condensed Interim Financial Statements
Unaudited Consolidated Statements of Income
for the Financial Period Ended 31 December 2020

GROUP	Note	3rd Quarter Ended		Nine Months Ended	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
		RM'000	RM'000	RM'000	RM'000
Interest income	A22	12,251	20,016	42,779	62,006
Interest expense	A23	(3,437)	(11,074)	(14,770)	(34,417)
Net interest income		8,814	8,942	28,009	27,589
Net income from Islamic banking business	A34	683	1,415	6,042	5,262
		9,497	10,357	34,051	32,851
Fee and commission income		21,151	8,256	58,773	25,658
Fee and commission expense		(8,498)	(1,909)	(22,340)	(6,027)
Investment income		12,990	1,200	21,202	8,430
Other income		491	257	1,293	825
Other operating income	A24	26,134	7,804	58,928	28,886
Net income		35,631	18,161	92,979	61,737
Other operating expenses	A25	(8,822)	(11,297)	(27,830)	(32,284)
Operating profit before allowances		26,809	6,864	65,149	29,453
Write-back of/(allowance for) expected credit losses on loans, advances and financing and other financial assets	A26	315	(51)	312	638
Write-back of/(allowance for) expected credit losses on financial investments	A27	66	9,784	80	(13,986)
Allowance for impairment losses on non-financial assets	A28	-	-	-	(5,302)
Operating profit after allowances		27,190	16,597	65,541	10,803
Share of results in an associate		2	1	4	4
Share of results of joint venture		20	35	73	84
Profit before taxation		27,212	16,633	65,618	10,891
Taxation		(5,469)	(3,763)	(13,188)	(2,738)
Net profit for the financial period		21,743	12,870	52,430	8,153
Net profit for the financial period attributable to:					
Equity holder of the Bank		21,743	12,870	52,430	8,153
Earnings per share attributable to Equity holder of the Bank:					
- Basic/diluted (sen)	A29	6.0	3.5	14.4	2.2

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 March 2020.

Condensed Interim Financial Statements
Unaudited Consolidated Statements of Comprehensive Income
for the Financial Period Ended 31 December 2020

	3rd Quarter Ended		Nine Months Ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
GROUP	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	21,743	12,870	52,430	8,153
Other comprehensive (expense)/income:				
Items that may be classified subsequently to profit or loss:				
Revaluation reserve on financial investments at fair value through other comprehensive income ("FVOCI")				
- Net (loss)/gain from change in fair value	(4,616)	(1,355)	36,612	25,218
- Realised gain transferred to statement of income on disposal	(12,990)	-	(18,180)	(2,952)
- Transfer from/(to) deferred tax	4,225	325	(4,424)	(5,344)
- Changes in expected credit losses	(66)	39	(80)	(9,461)
Other comprehensive (expense)/income, net of tax	(13,447)	(991)	13,928	7,461
Total comprehensive income for the financial period	8,296	11,879	66,358	15,614
Total comprehensive income for the financial period attributable to:				
Equity holder of the Bank	8,296	11,879	66,358	15,614

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Condensed Interim Financial Statements
Unaudited Statements of Income
for the Financial Period Ended 31 December 2020

	Note	3rd Quarter Ended		Nine Months Ended	
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BANK					
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Net interest income		8,814	8,942	28,009	27,589
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		9,497	10,357	34,051	32,851
Fee and commission income		21,151	8,256	58,773	25,658
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Investment income		12,990	1,200	21,202	8,430
Other income		491	257	1,293	825
Other operating income	A24	26,134	7,804	58,928	28,886
Net income		35,631	18,161	92,979	61,737
Other operating expenses	A25	(8,822)	(11,297)	(27,830)	(32,284)
Operating profit before allowances		26,809	6,864	65,149	29,453
Write-back of/(allowance for) expected credit losses on loans, advances and financing and other financial assets	A26	315	(51)	312	638
Write-back of/(allowance for) expected credit losses on financial investments	A27	66	9,784	80	(13,986)
Allowance for impairment losses on non-financial assets	A28	-	-	-	(5,302)
Operating profit after allowances		27,190	16,597	65,541	10,803
Taxation		(5,469)	(3,763)	(13,188)	(2,738)
Net profit for the financial period		21,721	12,834	52,353	8,065
Net profit for the financial period attributable to:					
Equity holder of the Bank		21,721	12,834	52,353	8,065
Earnings per share attributable to Equity holder of the Bank:					
- Basic/diluted (sen)	A29	6.0	3.5	14.3	2.2

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 March 2020.

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Condensed Interim Financial Statements
Unaudited Statements of Comprehensive Income
for the Financial Period Ended 31 December 2020

	3rd Quarter Ended		Nine Months Ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
<u>BANK</u>	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	21,721	12,834	52,353	8,065
Other comprehensive (expense)/income:				
Items that may be classified subsequently to profit or loss:				
Revaluation reserve on FVOCI				
- Net (loss)/gain from change in fair value	(4,616)	(1,355)	36,612	25,218
- Realised gain transferred to statement of income on disposal	(12,990)	-	(18,180)	(2,952)
- Transfer from/(to) deferred tax	4,225	325	(4,424)	(5,344)
- Changes in expected credit losses	(66)	39	(80)	(9,461)
Other comprehensive (expense)/income, net of tax	(13,447)	(991)	13,928	7,461
Total comprehensive income for the financial period	8,274	11,843	66,281	15,526
Total comprehensive income for the financial period attributable to:				
Equity holder of the Bank	8,274	11,843	66,281	15,526

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 March 2020.

ALLIANCE INVESTMENT BANK BERHAD
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Condensed Interim Financial Statements
Unaudited Consolidated Statements of Changes in Equity for the Financial Period Ended 31 December 2020

	← Attributable to Equity holder of the Bank →				
	Ordinary shares	Regulatory reserves	FVOCI reserves	Retained profits	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000
GROUP					
At 1 April 2020	365,962	7,540	26,449	258,887	658,838
Net profit for the financial period	-	-	-	52,430	52,430
Other comprehensive income	-	-	13,928	-	13,928
Total comprehensive income for the financial period	-	-	13,928	52,430	66,358
Transfer from regulatory reserves	-	(1,250)	-	1,250	-
Dividends paid	-	-	-	(238,929)	(238,929)
At 31 December 2020	365,962	6,290	40,377	73,638	486,267
At 1 April 2019					
As previously stated	365,962	8,539	21,446	250,537	646,484
Effect of adoption of MFRS 16	-	-	-	(61)	(61)
As restated	365,962	8,539	21,446	250,476	646,423
Net profit for the financial period	-	-	-	8,153	8,153
Other comprehensive income	-	-	7,461	-	7,461
Total comprehensive income for the financial period	-	-	7,461	8,153	15,614
Transfer to regulatory reserves	-	350	-	(350)	-
Liquidation of subsidiary	-	-	-	(1,553)	(1,553)
At 31 December 2019	365,962	8,889	28,907	256,726	660,484

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Condensed Interim Financial Statements
Unaudited Statements of Changes in Equity for the Financial Period Ended 31 December 2020

	<u>Non-distributable reserves</u>			<u>Distributable reserves</u>	<u>Total equity</u> RM'000
	<u>Ordinary shares</u> RM'000	<u>Regulatory reserves</u> RM'000	<u>FVOCI reserves</u> RM'000	<u>Retained profits</u> RM'000	
<u>BANK</u>					
At 1 April 2020	365,962	7,540	26,449	260,882	660,833
Net profit for the financial period	-	-	-	52,353	52,353
Other comprehensive income	-	-	13,928	-	13,928
Total comprehensive income for the financial period	-	-	13,928	52,353	66,281
Transfer from regulatory reserves	-	(1,250)	-	1,250	-
Dividends paid	-	-	-	(238,929)	(238,929)
At 31 December 2020	365,962	6,290	40,377	75,556	488,185
At 1 April 2019					
As previously stated	365,962	8,539	21,446	251,616	647,563
Effect of adoption of MFRS 16	-	-	-	(61)	(61)
As restated	365,962	8,539	21,446	251,555	647,502
Net profit for the financial period	-	-	-	8,065	8,065
Other comprehensive income	-	-	7,461	-	7,461
Total comprehensive income for the financial period	-	-	7,461	8,065	15,526
Transfer to regulatory reserves	-	350	-	(350)	-
At 31 December 2019	365,962	8,889	28,907	259,270	663,028

Condensed Interim Financial Statements

Unaudited Condensed Statements of Cash Flows for the Financial Period Ended 31 December 2020

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Profit before taxation	65,618	10,891	65,541	10,803
Adjustments for non-cash items	(55,160)	(28,619)	(55,083)	(28,531)
Operating profit/(loss) before changes in working capital	10,458	(17,728)	10,458	(17,728)
Changes in working capital	(282,211)	14,613	(282,211)	14,613
Net tax paid	(2,569)	(4,835)	(2,569)	(4,835)
Net cash used in operating activities	(274,322)	(7,950)	(274,322)	(7,950)
Net cash generated from investing activities	534,376	18,767	534,376	19,151
Net cash used in financing activities	(238,593)	(347)	(238,593)	(347)
Net change in cash and cash equivalents	21,461	10,470	21,461	10,854
Cash and cash equivalents at beginning of financial period	44,783	36,373	44,783	35,989
Cash and cash equivalents at end of financial period	66,244	46,843	66,244	46,843
Cash and cash equivalent comprise the following:				
Cash and short-term funds	66,244	46,843	66,244	46,843

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Explanatory Notes

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

A1 Basis of Preparation

The unaudited condensed interim financial statements for the third financial quarter and nine months ended 31 December 2020 have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and financial investments at fair value through other comprehensive income that are measured at fair value.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB").

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of Alliance Investment Bank Berhad ("the Bank") and the Group for the financial year ended 31 March 2020. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the financial year ended 31 March 2020.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 March 2020 and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 April 2020:

- Amendments to MFRS 3 "Definition of a Business"
- Amendments to MFRS 101 "Presentation of Financial Statements" and MFRS 108 "Accounting Policies, Changes in Accounting Estimates and Errors"
- Revised Conceptual Framework
- Amendments to MFRS 9, MFRS 139 and MFRS 7 "Interest Rate Benchmark Reform"

The adoption of the above standards, amendments to published standards and interpretation to existing standards are not expected to have any significant impact on the financial statements of the Group and the Bank.

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

A2 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the annual financial statements for the financial year ended 31 March 2020 was not qualified.

A3 Seasonality or Cyclicity of Operations

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical fluctuations during the third financial quarter and nine months ended 31 December 2020.

A4 Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank during the third financial quarter and nine months ended 31 December 2020.

A5 Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect during the third financial quarter and nine months ended 31 December 2020.

A6 Issuance and Repayment of Debt and Equity Securities

There were no issuance nor repayment of debt and equity securities during the third financial quarter and nine months ended 31 December 2020.

A7 Dividends Paid

Dividends paid during the financial period ended 31 December 2020 were as follows:

- (a) A single tier interim dividend of 2.28 sen per share, on 365,000,000 ordinary shares amounting to RM8,322,000 in respect of the financial year ended 31 March 2020, was paid on 9 July 2020.
- (b) A single tier special dividend of 54.79 sen per share on 365,000,000 ordinary shares amounting to RM199,984,000 in respect of the financial year ended 31 March 2021, was paid on 18 December 2020.
- (c) A single tier first interim dividend of 8.39 sen per share on 365,000,000 ordinary shares amounting to RM30,623,000 in respect of the financial year ended 31 March 2021, was paid on 18 December 2020.

A8 Significant Events

There were no significant events for the third financial quarter and nine months ended 31 December 2020.

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

There were no material events subsequent to the end of the financial reporting period that require disclosure or adjustment to the unaudited condensed interim financial statements.

A10 Related Party Transactions

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

A11 Proposed Dividend

No dividend has been proposed or declared for the third financial quarter ended 31 December 2020.

A12 Amounts Due From Clients and Brokers

	<u>GROUP/BANK</u>	
	31 December 2020 RM'000	31 March 2020 RM'000
Due from clients	85,898	51,168
Due from brokers	3,543	-
	<u>89,441</u>	<u>51,168</u>
Less: Allowance for expected credit losses	-	(3)
	<u><u>89,441</u></u>	<u><u>51,165</u></u>

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

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

A12 Amounts Due From Clients and Brokers (Contd.)

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

	<u>GROUP/BANK</u>	
	31 December 2020 RM'000	31 March 2020 RM'000
At beginning of financial period/year	3	839
(Write-back of)/allowance made during the financial period/year (net)	(3)	3
Write-off during the financial period/year	-	(839)
At end of financial period/year	<u>-</u>	<u>3</u>

As at 31 December 2020, the Group's and the Bank's gross exposure of amounts due from clients and brokers that are credit impaired was at RM Nil (31 March 2020: RM20,000).

A13 Financial Assets at Fair Value Through Profit or Loss ("FVTPL")

	<u>GROUP/BANK</u>	
	31 December 2020 RM'000	31 March 2020 RM'000
At fair value		
<u>Unquoted securities:</u>		
Shares	70,194	64,392
Total financial assets at FVTPL	<u>70,194</u>	<u>64,392</u>

A14 Financial Investments at Fair Value Through Other Comprehensive Income ("FVOCI")

	<u>GROUP/BANK</u>	
	31 December 2020 RM'000	31 March 2020 RM'000
At fair value - debt instruments		
<u>Money market instruments:</u>		
Malaysian Government securities	98,716	206,333
Malaysian Government investment issues	172,668	326,011
Commercial papers	-	29,685
	<u>271,384</u>	<u>562,029</u>
<u>Unquoted securities:</u>		
Corporate bonds and sukuk	645,262	819,786
	<u>645,262</u>	<u>819,786</u>
Total financial investments at FVOCI	<u>916,646</u>	<u>1,381,815</u>

A14 Financial Investments at Fair Value Through Other Comprehensive Income ("FVOCI") (Contd.)

Movements in allowance for expected credit losses are as follows:

	12 months ECL (Stage 1) RM'000	Lifetime ECL Not-credit Impaired (Stage 2) RM'000	Lifetime ECL Credit Impaired (Stage 3) RM'000	Total RM'000
GROUP/BANK				
At 1 April 2020	241	57	-	298
Transfer to Stage 1	17	(183)	-	(166)
Transfer to Stage 2	(17)	367	-	350
Financial assets derecognised other than write-off	(40)	-	-	(40)
Changes due to change in credit risk	(173)	(51)	-	(224)
Total (write-back from)/charge to income statement	(213)	133	-	(80)
At 31 December 2020	28	190	-	218
At 1 April 2019	248	116	9,410	9,774
New financial assets originated or purchased	9	-	-	9
Financial assets derecognised other than write-off	(2)	-	-	(2)
Changes due to change in credit risk	(14)	(59)	-	(73)
Total write-back from income statement	(7)	(59)	-	(66)
Write-off	-	-	(9,410)	(9,410)
At 31 March 2020	241	57	-	298

The Group's and the Bank's gross exposure of the financial investments at FVOCI that are credit impaired are as follows:

	GROUP/BANK	
	31 December 2020 RM'000	31 March 2020 RM'000
At beginning of financial period/year	-	9,410
Write-off during the financial period/year	-	(9,410)
At end of financial period/year	-	-

A15 Financial Investments at Amortised Cost

	GROUP/BANK	
	31 December 2020 RM'000	31 March 2020 RM'000
At amortised cost		
<u>Unquoted securities:</u>		
Corporate bonds and sukuk	291	24,413
Less: Allowance for expected credit losses	(275)	(24,397)
Total financial investments at amortised cost	16	16

A15 Financial Investments at Amortised Cost (Contd.)

Movements in allowance for expected credit losses are as follows:

GROUP/BANK	12 months ECL	Lifetime ECL	Lifetime ECL	Total
	(Stage 1)	Not-credit Impaired (Stage 2)	Credit Impaired (Stage 3)	
	RM'000	RM'000	RM'000	RM'000
At 1 April 2020	-	-	24,397	24,397
Write-off	-	-	(24,122)	(24,122)
At 31 December 2020	-	-	275	275
At 1 April 2019	-	270	12,899	13,169
Transfer to Stage 3	-	(826)	25,000	24,174
New financial assets originated or purchased	-	-	196	196
Financial assets derecognised other than write-off	(3)	-	(196)	(199)
Changes due to change in credit risk	3	556	(10,894)	(10,335)
Total (write-back from)/charge to income statement	-	(270)	14,106	13,836
Write-off	-	-	(2,608)	(2,608)
At 31 March 2020	-	-	24,397	24,397

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

	GROUP/BANK	
	31 December 2020	31 March 2020
	RM'000	RM'000
At beginning of financial period/year	24,413	17,271
Impaired during the financial period/year	-	25,000
Write-back during the financial period/year	-	(15,250)
Write-off during the financial period/year	(24,122)	(2,608)
At end of financial period/year	291	24,413

A16 Loans, Advances and Financing

	GROUP/BANK	
	31 December 2020	31 March 2020
	RM'000	RM'000
At amortised cost		
Term loans	79,754	128,453
- Syndicated term loans	-	42,486
- Other term loans	79,754	85,967
Staff loans (Directors loan: RM Nil)	116	127
Revolving credits	8,008	8,008
Share margin financing	165,885	157,030
Gross loans, advances and financing	253,763	293,618
Less: Allowance for expected credit losses on loans, advances and financing	(679)	(1,043)
Total net loans, advances and financing	253,084	292,575

A16 Loans, Advances and Financing (Contd.)

(i) By maturity structure:

	<u>GROUP/BANK</u>	
	31 December	31 March
	2020	2020
	RM'000	RM'000
Within one year	217,714	165,380
One year to three years	35,640	43,860
Three years to five years	157	41,589
Over five years	252	42,789
Gross loans, advances and financing	<u>253,763</u>	<u>293,618</u>

(ii) By type of customers:

	<u>GROUP/BANK</u>	
	31 December	31 March
	2020	2020
	RM'000	RM'000
Domestic business enterprises		
- Small and medium enterprises	4,081	4,585
- Others	104,217	153,687
Individuals	143,625	133,611
Other domestic entities	1,711	1,714
Foreign entities	129	21
Gross loans, advances and financing	<u>253,763</u>	<u>293,618</u>

(iii) By interest/profit rate sensitivity:

	<u>GROUP/BANK</u>	
	31 December	31 March
	2020	2020
	RM'000	RM'000
Fixed rate	2,343	1,223
Variable rate		
- Base lending rate plus	36,140	25,729
- Base rate plus	127,685	130,383
- Cost plus	87,595	136,283
Gross loans, advances and financing	<u>253,763</u>	<u>293,618</u>

(iv) By economic purposes:

	<u>GROUP/BANK</u>	
	31 December	31 March
	2020	2020
	RM'000	RM'000
Purchase of securities	165,886	157,030
Purchase of landed property	437	43,282
of which: - Residential	437	796
- Non-residential	-	42,486
Working capital	8,008	8,008
Others	79,432	85,298
Gross loans, advances and financing	<u>253,763</u>	<u>293,618</u>

A16 Loans, Advances and Financing (Contd.)

(v) By economic sectors:

	GROUP/BANK	
	31 December	31 March
	2020	2020
	RM'000	RM'000
Manufacturing	36,081	41,903
Construction	51,990	52,419
Financing, insurance, real estate and business services	20,227	21,463
Community, social and personal services	-	42,486
Household	143,754	133,632
Others	1,711	1,715
Gross loans, advances and financing	253,763	293,618

(vi) By geographical distribution:

	GROUP/BANK	
	31 December	31 March
	2020	2020
	RM'000	RM'000
Northern region	35,492	19,960
Central region	196,548	262,726
Southern region	21,723	10,932
Gross loans, advances and financing	253,763	293,618

(vii) Movements in credit impaired loans, advances and financing ("impaired loans") under stage 3:

	GROUP/BANK	
	31 December	31 March
	2020	2020
	RM'000	RM'000
At beginning of financial period/year	428	553
Impaired during the financial period/year	29	231
Recovered during the financial period/year	(186)	(56)
Reclassified as unimpaired during the financial period/year	(32)	(171)
Financial assets derecognised other than write-off during the financial period/year	(81)	-
Amount written-off during the financial period/year	(78)	(129)
At end of financial period/year	80	428
Gross impaired loans as % of gross loans, advances and financing	0.03%	0.15%

(viii) Credit impaired loans analysed by economic purposes:

	GROUP/BANK	
	31 December	31 March
	2020	2020
	RM'000	RM'000
Purchase of landed properties	80	428
<i>of which: - Residential</i>	80	428
Gross impaired loans	80	428

A16 Loans, Advances and Financing (Contd.)

(ix) Credit impaired loans analysed by economic sectors:

	GROUP/BANK	
	31 December	31 March
	2020	2020
	RM'000	RM'000
Household	80	428
Gross impaired loans	80	428

(x) Credit impaired loans analysed by geographical distribution:

	GROUP/BANK	
	31 December	31 March
	2020	2020
	RM'000	RM'000
Central region	80	428
Gross impaired loans	80	428

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

GROUP/BANK	12 months ECL (Stage 1) RM'000	Lifetime ECL Not-credit Impaired (Stage 2) RM'000	Lifetime ECL Credit Impaired (Stage 3) RM'000	Total RM'000
At 1 April 2020	701	-	342	1,043
Transfer to Stage 2	(222)	787	-	565
New financial assets originated or purchased	48	-	-	48
Financial assets derecognised other than write-off	(181)	-	(81)	(262)
Changes due to change in credit risk	(150)	(304)	(183)	(637)
Total (write-back from)/charge to income statement	(505)	483	(264)	(286)
Write-off	-	-	(78)	(78)
At 31 December 2020	196	483	-	679
At 1 April 2019	512	-	552	1,064
Transfer to Stage 2	-	1	(103)	(102)
Transfer to Stage 3	-	(1)	-	(1)
New financial assets originated or purchased	97	-	-	97
Financial assets derecognised other than write-off	(107)	-	-	(107)
Changes due to change in credit risk	199	-	21	220
Total charge to/(write-back from) income statement	189	-	(82)	107
Write-off	-	-	(128)	(128)
At 31 March 2020	701	-	342	1,043

A17 Other Assets

	GROUP/BANK	
	31 December	31 March
	2020	2020
	RM'000	RM'000
Other receivables, deposits and prepayments	13,005	11,202
Less: Allowance for expected credit losses on other receivables [Note (a)]	(2,367)	(2,276)
	10,638	8,926

Note:

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

	GROUP/BANK	
	Lifetime ECL	
	31 December	31 March
	2020	2020
	RM'000	RM'000
At beginning of financial period/year	2,276	2,097
New financial assets originated or purchased	148	251
Financial assets derecognised other than write-off	(171)	(179)
Changes due to change in credit risk	114	107
Total charge to income statement	91	179
At end of financial period/year	2,367	2,276

As at 31 December 2020, the Group's and the Bank's gross exposure of other receivables that are under lifetime expected credit losses was at RM2,367,000 (31 March 2020: RM2,276,000).

A18 Deposits from Customers

	GROUP/BANK	
	31 December	31 March
	2020	2020
	RM'000	RM'000
Fixed deposits	199,709	277,025
Money market deposits	137,665	207,982
	337,374	485,007

(i) By type of customers:

	31 December	31 March
	2020	2020
	RM'000	RM'000
Business enterprises	155,211	213,747
Domestic non-bank financial institutions	182,163	271,260
	337,374	485,007

A18 Deposits from Customers (Contd.)

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

	31 December 2020 RM'000	31 March 2020 RM'000
Due within six months	337,374	485,007

A19 Deposits and Placements of Banks and Other Financial Institutions

	<u>GROUP/BANK</u>	
	31 December 2020 RM'000	31 March 2020 RM'000
Licensed banks	378,933	442,541
Licensed investment banks	130,120	250,137
	509,053	692,678

A20 Amounts Due To Clients And Brokers

	<u>GROUP/BANK</u>	
	31 December 2020 RM'000	31 March 2020 RM'000
Due to clients	39,363	18,133
Due to brokers	-	4,159
	39,363	22,292

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

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

Following the issuance of FRSIC Consensus 18, the Group and the Bank no longer recognise trust monies balances in the statement of financial position, as the Group and the Bank do not have any control over the trust monies to obtain the future economic benefits embodied in the trust monies. The trust monies maintained by the Group and the Bank amounting to RM133,319,000 (31 March 2020: RM100,252,000) have been excluded accordingly.

A21 Other Liabilities

	GROUP/BANK	
	31 December 2020 RM'000	31 March 2020 RM'000
Other payables	23,879	21,799
Provision and accruals	5,200	6,723
Remisier's accounts	9,065	6,452
Amount due to joint venture	125	138
Amount due to related company	3	3
Amount due to holding company	1,328	254
Allowance for expected credit losses on commitments and contingencies	60	99
	39,660	35,468

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

GROUP/BANK	12 months ECL (Stage 1) RM'000	Lifetime ECL Not-credit impaired (Stage 2) RM'000	Total RM'000
	At 1 April 2020	99	-
Transfer to Stage 2	(7)	36	29
New financial assets originated or purchased	1	-	1
Financial assets derecognised other than write-off	(7)	-	(7)
Changes due to change in credit risk	(62)	-	(62)
Total (write-back from)/charge to income statement	(75)	36	(39)
At 31 December 2020	24	36	60
At 1 April 2019	24	-	24
New financial assets originated or purchased	34	-	34
Financial assets derecognised other than write-off	(3)	-	(3)
Changes due to change in credit risk	44	-	44
Total charge to income statement	75	-	75
At 31 March 2020	99	-	99

A22 Interest Income

	3rd Quarter Ended		Nine Months Ended	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
GROUP/BANK				
Loans, advances and financing	3,333	6,516	10,507	20,526
Money at call and deposit placements with financial institutions	19	38	56	122
Financial investments at FVOCI	9,046	13,288	32,259	39,396
Financial investments at amortised cost	-	142	-	1,123
	12,398	19,984	42,822	61,167
Amortisation of premium less accretion of discount (net)	(147)	32	(43)	839
	12,251	20,016	42,779	62,006

A23 Interest Expense

	3rd Quarter Ended		Nine Months Ended	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
GROUP/BANK				
Deposits and placements of banks and other financial institutions	1,667	5,444	7,899	14,776
Deposits from customers	1,733	5,614	6,821	19,580
Lease liabilities	37	16	50	61
	3,437	11,074	14,770	34,417

A24 Other Operating Income

	3rd Quarter Ended		Nine Months Ended	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
GROUP/BANK				
(a) <u>Fee and commission income:</u>				
Brokerage fees	17,723	6,134	51,902	18,645
Corporate advisory fees	791	1,324	2,712	2,884
Guarantee fees	7	7	20	20
Processing fees	250	116	620	304
Arrangement and related fees	743	178	1,458	1,777
Service charges and fees	240	93	638	268
Underwriting commissions and placement fees	1,397	404	1,423	1,760
	21,151	8,256	58,773	25,658
(b) <u>Fee and commission expense:</u>				
Brokerage fees expense	(8,498)	(1,909)	(22,340)	(6,027)
(c) <u>Investment income:</u>				
Gain arising from sale/redemption of:				
- Financial assets at fair value through profit or loss	-	-	-	120
- Financial investments at fair value through other comprehensive income	12,990	-	14,850	2,952
Unrealised gain from revaluation of:				
- Financial assets at fair value through profit or loss	-	-	5,802	3,608
Gross dividend income from:				
- Financial assets at fair value through profit or loss	-	1,200	550	1,750
	12,990	1,200	21,202	8,430
(d) <u>Other income:</u>				
Foreign exchange gain	297	63	639	259
Other non-operating income	194	194	654	566
	491	257	1,293	825
Total other operating income	26,134	7,804	58,928	28,886

A25 Other Operating Expenses

	3rd Quarter Ended		Nine Months Ended	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
GROUP/BANK				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	4,573	5,196	13,624	15,425
- Contribution to EPF	722	828	2,249	2,455
- Others	355	759	1,606	2,262
	5,650	6,783	17,479	20,142
<u>Establishment costs</u>				
- Depreciation of property, plant and equipment	64	86	210	274
- Depreciation of right-of-use assets	258	275	802	842
- Amortisation of computer software	303	309	920	897
- Rental	11	53	32	308
- Water and electricity	95	133	330	406
- Repairs & maintenance	46	92	115	134
- Information technology expenses	1,195	1,123	3,792	3,352
- Others	18	433	419	1,092
	1,990	2,504	6,620	7,305
<u>Marketing expenses</u>				
- Advertisement and publicity	47	219	161	425
- Research cost	336	415	996	1,204
- Others	27	106	103	272
	410	740	1,260	1,901
<u>Administration and general expenses</u>				
- Communication expenses	142	69	429	280
- Printing and stationeries	13	14	46	40
- Professional fees	195	696	939	1,307
- Others	422	491	1,057	1,309
	772	1,270	2,471	2,936
Total other operating expenses	8,822	11,297	27,830	32,284

A26 (Write-back of)/Allowance for Expected Credit Losses on Loans, Advances and Financing and Other Financial Assets

	3rd Quarter Ended		Nine Months Ended	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
GROUP/BANK				
(Write-back of)/allowance for expected credit losses on:				
(a) Loans, advances and financing				
- Write-back during the financial period	(343)	(48)	(286)	(220)
(b) Credit impaired loans, advances and financing				
- Recovered during the financial period	(1)	(2)	(75)	(535)
- Write-off during the financial period	-	-	-	1
(c) Commitments and contingencies on loans, advances and financing				
- (Write-back)/allowance made during the financial period	(2)	15	(39)	8
	(346)	(35)	(400)	(746)
Allowance for/(write-back of) expected credit losses on:				
(a) Other receivables	31	86	91	108
(b) Amounts due from clients and brokers	-	-	(3)	-
	(315)	51	(312)	(638)

A27 (Write-back of)/Allowance for Expected Credit Losses on Financial Investments

	3rd Quarter Ended		Nine Months Ended	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
GROUP/BANK				
(a) Financial investments at fair value through other comprehensive income				
- (Write-back)/allowance made during the financial period	(66)	39	(80)	(51)
(b) Financial investments at amortised cost				
- (Write-back)/allowance made during the financial period	-	(9,823)	-	14,029
- Commitments and contingencies	-	-	-	8
	(66)	(9,784)	(80)	13,986

A28 Allowance for Impairment Losses on Non-Financial Assets

	3rd Quarter Ended		Nine Months Ended	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
GROUP/BANK				
Intangible assets - goodwill	-	-	-	5,302

A29 Earnings Per Share

Basic/Diluted

Basic/diluted earnings per share are calculated by dividing profit for the financial period attributable to Equity holder of the Group and the Bank by the weighted average number of ordinary shares in issue during the financial period.

	3rd Quarter Ended		Nine Months Ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
GROUP				
Net profit for the financial period attributable to Equity holder of the Bank (RM'000)	21,743	12,870	52,430	8,153
Weighted average numbers of ordinary shares in issued ('000)	365,000	365,000	365,000	365,000
Basic/diluted earnings per share (sen)	6.0	3.5	14.4	2.2
BANK				
Net profit for the financial period attributable to Equity holder of the Bank (RM'000)	21,721	12,834	52,353	8,065
Weighted average numbers of ordinary shares in issued ('000)	365,000	365,000	365,000	365,000
Basic/diluted earnings per share (sen)	6.0	3.5	14.3	2.2

A30 Commitments and Contingencies

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

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

	GROUP/BANK	
	31 December 2020	31 March 2020
	RM'000	RM'000
<u>Commitments and Contingencies</u>		
Transaction-related contingent items	1,050	1,575
Obligations under an on-going underwriting agreement	20,000	51,150
Irrevocable commitments to extend credit:		
- maturity not exceeding one year	323,456	334,694
- maturity exceeding one year	1,341	1,341
Total	345,847	388,760

A31 Capital Adequacy

The capital adequacy ratios of the Group and the Bank are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework. The Framework sets out the approach for computing regulatory capital adequacy ratios, as well as the levels of those ratios at which banking institutions are required to operate. The framework is to strengthen capital adequacy standards, in line with the requirements set forth under Basel III. The risk-weighted assets of the Group and the Bank are computed using the Standardised Approach for credit risk and market risk, and the Basic Indicator Approach for operational risk.

The Group and the Bank have also adopted the transitional arrangements on provisions for expected credit losses in accordance with Bank Negara Malaysia's Transitional Arrangements for Regulatory Capital Treatment of Accounting Provisions effective on 9 December 2020, with four financial year base reference date as at 1 January 2020 and add-back factor percentage.

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

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2020	31 March 2020	31 December 2020	31 March 2020
With transitional arrangements:				
CET 1 capital ratio	73.992%	-	73.969%	-
Tier 1 capital ratio	73.992%	-	73.969%	-
Total capital ratio	74.903%	-	74.880%	-
Without transitional arrangements:				
<u>Before deducting proposed dividends</u>				
CET 1 capital ratio	73.948%	98.780%	73.925%	98.737%
Tier 1 capital ratio	73.948%	98.780%	73.925%	98.737%
Total capital ratio	74.858%	99.725%	74.835%	99.682%
<u>After deducting proposed dividends</u>				
CET 1 capital ratio	73.948%	97.288%	73.925%	97.246%
Tier 1 capital ratio	73.948%	97.288%	73.925%	97.246%
Total capital ratio	74.858%	98.233%	74.835%	98.190%

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

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2020 RM'000	31 March 2020 RM'000	31 December 2020 RM'000	31 March 2020 RM'000
<u>CET I Capital/Tier I Capital</u>				
Paid-up share capital	365,962	365,962	365,962	365,962
Retained profits	51,896	258,887	53,835	260,882
Regulatory reserves	6,290	7,540	6,290	7,540
FVOCI reserves	40,159	26,151	40,159	26,151
	464,307	658,540	466,246	660,535
(Less)/add: Regulatory adjustments				
- Goodwill and other intangibles	(23,636)	(24,578)	(26,195)	(27,138)
- 55% of FVOCI reserves	(22,087)	(14,383)	(22,087)	(14,383)
- Regulatory reserves	(6,290)	(7,540)	(6,290)	(7,540)
- Investment in associate and joint venture	(1,265)	(1,189)	(624)	(624)
- Additional Tier 1 Sukuk Wakalah	-	(60,000)	-	(60,000)
- Transitional arrangements	247	-	247	-
Total CET I Capital / Total Tier I Capital	411,276	550,850	411,297	550,850

A31 Capital Adequacy (Contd.)

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

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2020 RM'000	31 March 2020 RM'000	31 December 2020 RM'000	31 March 2020 RM'000
<u>Tier II Capital</u>				
Expected credit losses and regulatory reserves	5,061	5,269	5,061	5,269
Total Tier II Capital	5,061	5,269	5,061	5,269
Total Capital	416,337	556,119	416,358	556,119

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

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2020 RM'000	31 March 2020 RM'000	31 December 2020 RM'000	31 March 2020 RM'000
Credit risk	404,878	421,514	404,878	421,514
Market risk	350	22	350	22
Operational risk	150,610	136,115	150,809	136,358
Total RWA and capital requirements	555,838	557,651	556,037	557,894

A32 Fair Value Measurements

(a) Determination of fair value and fair value hierarchy

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

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

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

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

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

(i) Financial instruments in Level 1

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

(ii) Financial instruments in Level 2

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

(iii) Financial instruments in Level 3

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

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

A32 Fair Value Measurements (Contd.)

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

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

	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>GROUP/BANK</u>				
31 December 2020				
Financial Assets				
Financial assets at fair value through profit or loss				
- Unquoted securities	-	-	70,194	70,194
Financial investments at fair value through other comprehensive income				
- Money market instruments	-	271,384	-	271,384
- Unquoted securities	-	645,262	-	645,262
<hr/>				
31 March 2020				
Financial Assets				
Financial assets at fair value through profit or loss				
- Unquoted securities	-	-	64,392	64,392
Financial investments at fair value through other comprehensive income				
- Money market instrument	-	562,029	-	562,029
- Unquoted securities	-	819,786	-	819,786
<hr/>				

There were no transfers between levels 1 and 2 of the fair value hierarchy for the Group and the Bank during the financial period/year ended 31 December 2020 and 31 March 2020.

Reconciliation of movements in Level 3 financial instruments:

	<u>GROUP/BANK</u>	
	31 December	31 March
	2020	2020
	RM'000	RM'000
At beginning of financial period/year	64,392	60,784
Total gain recognised in:		
- Statement of income		
(i) Unrealised gain from revaluation	5,802	3,608
At end of financial period/year	<u>70,194</u>	<u>64,392</u>

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

A33 Offsetting Financial Assets And Financial Liabilities

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

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

(a) Financial assets

	Gross amounts of recognised financial assets <u>RM'000</u>	Gross amounts of recognised financial liabilities set off in the statement of financial position <u>RM'000</u>	Net amounts of financial assets presented in the statement of financial position <u>RM'000</u>
<u>GROUP/BANK</u>			
31 December 2020			
Amounts due from clients and brokers	159,205	(69,764)	89,441
Total	<u>159,205</u>	<u>(69,764)</u>	<u>89,441</u>
31 March 2020			
Amounts due from clients and brokers	84,014	(32,849)	51,165
Total	<u>84,014</u>	<u>(32,849)</u>	<u>51,165</u>

(b) Financial liabilities

	Gross amounts of recognised financial liabilities <u>RM'000</u>	Gross amounts of recognised financial assets set off in the statement of financial position <u>RM'000</u>	Net amounts of financial liabilities presented in the statement of financial position <u>RM'000</u>
<u>GROUP/BANK</u>			
31 December 2020			
Amounts due to clients and brokers	109,127	(69,764)	39,363
Total	<u>109,127</u>	<u>(69,764)</u>	<u>39,363</u>
31 March 2020			
Amounts due to clients and brokers	55,141	(32,849)	22,292
Total	<u>55,141</u>	<u>(32,849)</u>	<u>22,292</u>

A34 Islamic Banking Business

A34a Unaudited Statements of Financial Position as at 31 December 2020

		GROUP/BANK	
		31 December	31 March
		2020	2020
Note		RM'000	RM'000
ASSETS			
Cash and short-term funds		36,386	11,176
Financial investments at fair value through other comprehensive income	A34d	44,422	107,472
Other assets		13	4,768
Total Assets		80,821	123,416
LIABILITIES AND ISLAMIC BANKING FUNDS			
Other liabilities		133	-
Provision for taxation		5,339	3,839
Deferred tax liabilities		319	237
Total Liabilities		5,791	4,076
Islamic Banking Funds		56,000	56,000
Reserves		19,030	63,340
Total Islamic Banking Funds		75,030	119,340
TOTAL LIABILITES AND ISLAMIC BANKING FUNDS		80,821	123,416

A34 Islamic Banking Business (Contd.)

A34b Unaudited Consolidated Statements of Comprehensive Income for the Financial Period Ended 31 December 2020

	3rd Quarter Ended		Nine Months Ended	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
GROUP/BANK				
Income derived from investment of Islamic Banking Funds	683	1,415	6,042	5,266
Total distributable income	683	1,415	6,042	5,266
Income attributable to the depositors and financial institutions	-	-	-	(4)
Total net income	683	1,415	6,042	5,262
Other operating expenses	-	(1)	(3)	(8)
(Allowance for)/write-back of expected credit losses on financial investments	-	(79)	211	(211)
Profit before taxation	683	1,335	6,250	5,043
Taxation	(164)	(320)	(1,499)	(1,210)
Net profit after taxation	519	1,015	4,751	3,833
Other comprehensive (expense)/income:				
Items that may be classified subsequently to profit or loss:				
Revaluation reserve on financial investments at FVOCI				
- Net (loss)/gain from change in fair value	(451)	(292)	3,675	2,706
- Realised gain transferred to statement of income on disposal	-	-	(3,330)	(1,003)
- Transfer from/(to) deferred tax	108	70	(83)	(409)
- Changes in expected credit losses	-	79	(211)	211
Other comprehensive (expense)/income, net of tax	(343)	(143)	51	1,505
Total comprehensive income for the financial period	176	872	4,802	5,338
Net income from Islamic banking business stated in the consolidated statement of comprehensive income is derived from:				
Income derived from investment of Islamic Banking Funds	683	1,415	6,042	5,266
Income attributable to depositors and financial institutions	-	-	-	(4)
	683	1,415	6,042	5,262

A34 Islamic Banking Business (Contd.)

A34c Unaudited Statement of Changes in Equity for the Financial Period Ended 31 December 2020

	← Non-distributable reserves →			Distributable reserves	Total equity RM'000
	Funds allocated from Head Office (HO) RM'000	Regulatory reserves RM'000	FVOCI reserves RM'000	Retained profits RM'000	
<u>GROUP/BANK</u>					
At 1 April 2020	56,000	48	960	62,332	119,340
Net profit for the financial period	-	-	-	4,751	4,751
Other comprehensive income	-	-	51	-	51
Total comprehensive income for the financial period	-	-	51	4,751	4,802
Transfer from regulatory reserves	-	(48)	-	48	-
Dividends paid	-	-	-	(49,112)	(49,112)
At 31 December 2020	56,000	-	1,011	18,019	75,030
At 1 April 2019	56,000	-	(4)	57,489	113,485
Net profit for the financial period	-	-	-	3,833	3,833
Other comprehensive income	-	-	1,505	-	1,505
Total comprehensive income for the financial period	-	-	1,505	3,833	5,338
Transfer to regulatory reserves	-	51	-	(51)	-
At 31 December 2019	56,000	51	1,501	61,271	118,823

A34d Financial Investments at Fair Value Through Other Comprehensive Income ("FVOCI")

	<u>GROUP/BANK</u>	
	31 December 2020 RM'000	31 March 2020 RM'000
At fair value - debt instruments		
<u>Money market instruments:</u>		
Malaysian Government investment issues	33,988	10,995
	<u>33,988</u>	<u>10,995</u>
<u>Unquoted securities:</u>		
Sukuk	10,434	96,477
	<u>10,434</u>	<u>96,477</u>
Total financial investments at FVOCI	<u>44,422</u>	<u>107,472</u>

Movements in allowance for expected credit losses are as follows:

	12 months ECL (Stage 1)	
	31 December 2020 RM'000	31 March 2020 RM'000
<u>GROUP/BANK</u>		
At beginning of financial period/year	211	-
Financial assets derecognised other than write-off	(34)	-
Changes due to change in credit risk	(177)	55
Other adjustments	-	156
Total (write-back from)/charge to income statement	(211)	211
At end of financial period/year	<u>-</u>	<u>211</u>

A34 Islamic Banking Business (Contd.)

A34e Capital Adequacy

The capital adequacy ratios of the Group and the Bank are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework. The Framework sets out the approach for computing regulatory capital adequacy ratios, as well as the levels of those ratios at which banking institutions are required to operate. The framework is to strengthen capital adequacy standards, in line with the requirements set forth under Basel III. The risk-weighted assets of the Group and the Bank are computed using the Standardised Approach for credit risk and market risk, and the Basic Indicator Approach for operational risk.

The capital adequacy ratios of the islamic banking business are as follows:

	GROUP/BANK	
	31 December	31 March
	2020	2020
<u>Before deducting proposed dividends</u>		
CET 1 capital ratio	465.367%	272.347%
Tier 1 capital ratio	465.367%	272.347%
Total capital ratio	465.367%	273.076%
<u>After deducting proposed dividends</u>		
CET 1 capital ratio	465.367%	249.652%
Tier 1 capital ratio	465.367%	249.652%
Total capital ratio	465.367%	250.381%

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

	GROUP/BANK	
	31 December	31 March
	2020	2020
	RM'000	RM'000
<u>CET I Capital/Tier 1 Capital</u>		
Funds allocated from Head Office	56,000	56,000
Retained profits	17,501	62,332
FVOCI reserves	1,011	749
Regulatory reserves	-	48
	74,512	119,129
Less: Regulatory adjustments		
- 55% of FVOCI reserves	(556)	(412)
- Regulatory reserves	-	(48)
- Additional Tier 1 Sukuk Wakalah	-	(60,000)
Total CET I Capital / Total Tier I Capital	73,956	58,669
<u>Tier II Capital</u>		
Expected credit losses	-	157
Total Capital Base	73,956	58,826

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

	GROUP/BANK	
	31 December	31 March
	2020	2020
	RM'000	RM'000
Credit risk	7,286	12,560
Operational risk	8,606	8,982
Total RWA and capital requirements	15,892	21,542

PART B – Review of Performance & Current Year Prospect

B1 Review of Performance

Profitability:

The Bank's net profit after taxation grew RM44.3 million year-on-year ("YOY") to RM52.4 million for the nine months ended 31 December 2020 due to higher other operating income from brokerage, lower operating expenses and lower credit cost.

Net income reported a growth of 50.6% or RM31.2 million YOY driven by higher other operating income while net interest income was lower by RM1.1 million. Net interest margin ("NIM") improved to 2.61%.

Loans Growth:

Gross loans and advances declined by 31.5% to RM253.8 million mainly due to corporate loans' repayment.

Higher Other Operating Income:

Other operating income increased by RM32.4 million to RM62.3 million mainly due to higher brokerage fees in line with higher Bursa trading volume and higher investment income.

Operating Expenses:

Operating expenses decreased by 13.8% or RM4.5 million from all lines of expenses. Cost to income ratio was lower at 29.9%, an improvement of 22.4%.

Asset Quality:

Credit cost has improved as compared to the last corresponding period where the Bank had taken an impairment for a RM25.0 million debt instrument and goodwill impairment of RM5.3 million.

Proactive Capital Management:

With the upstream of dividend by RM230.0 million, both Total Capital and Common Equity Tier 1 continues to remain strong at 74.9% and 74.0% respectively as at 31 December 2020.

B2 Current Year Prospect

On a quarter-on-quarter basis, Malaysia's 3rd Quarter 2020 (July to September) gross domestic product ("GDP") grew 21.3%, registering a significant rebound from -15.9% in 2nd Quarter 2020 (April to June). This is in line with the easing of movement restrictions that has led to the gradual resumption of economic activity. The government's timely policy actions such as the introduction of stimulus measures as well as easing monetary policy have provided impetus for the economic recovery in 3rd Quarter 2020. The government projects Malaysia's GDP to rebound between 6.5% and 7.5% YOY in 2021 as economic activity regains momentum.

The stockbroking business has seen increased volatility in the 2nd Half of 2020 (July to December) leading to an increase in fee income for FYE2021 from this business segment.

We will continue to prioritise the health and safety of our employees. Our focus remains on helping our clients emerge from this challenging period on a better footing. We expect the Group's performance to be satisfactory for FYE2021.