

ALLIANCE ISLAMIC BANK BERHAD**200701018870 (776882-V)**

(Incorporated in Malaysia)

Condensed Interim Financial Statements**Unaudited Statement of Financial Position as at 31 December 2019**

		31 December	31 March
		2019	2019
	Note	RM'000	RM'000
ASSETS			
Cash and short-term funds		219,084	348,407
Financial investments at fair value through other comprehensive income	A12	2,255,799	2,100,887
Financial investments at amortised cost	A13	61,950	-
Financing and advances	A14	10,187,694	9,306,879
Other assets	A15	4,030	2,261
Statutory deposits with Bank Negara Malaysia		326,488	335,388
Tax recoverable		23,672	3,912
Right-of-use assets		212	-
Property, plant and equipment		255	332
Deferred tax assets		-	11,156
Intangible assets		893	897
TOTAL ASSETS		13,080,077	12,110,119
LIABILITIES AND EQUITY			
Deposits from customers	A16	10,962,023	9,932,901
Deposits and placements of banks and other financial institutions	A17	227,099	243,731
Recourse obligation on financing sold to Cagamas		500,638	500,592
Lease liabilities		225	-
Other liabilities	A18	158,823	252,529
Provision for zakat		567	686
Deferred tax liabilities		6,517	-
Subordinated Sukuk		232,254	228,855
TOTAL LIABILITIES		12,088,146	11,159,294
Share capital		400,000	400,000
Reserves		591,931	550,825
TOTAL EQUITY		991,931	950,825
TOTAL LIABILITIES AND EQUITY		13,080,077	12,110,119
Restricted investment account ¹		150,000	179,795
Total Islamic Banking asset ¹		13,230,077	12,289,914
COMMITMENTS AND CONTINGENCIES	A26	2,565,212	2,290,438

¹ The disclosure is in accordance with the requirements of Bank Negara Malaysia's Guidelines on Financial Reporting for Islamic Banking Institutions.

ALLIANCE ISLAMIC BANK BERHAD

200701018870 (776882-V)

(Incorporated in Malaysia)

Condensed Interim Financial Statements

Unaudited Statement of Income

for the Financial Period Ended 31 December 2019

	Note	3rd Quarter Ended		Nine Months Ended	
		31 December 2019 RM'000	31 December 2018 RM'000	31 December 2019 RM'000	31 December 2018 RM'000
Income derived from investment of depositors' funds and others	A19	172,306	148,148	486,870	436,106
Income derived from investment of shareholder's funds	A20	15,274	14,244	44,190	40,675
Allowance for expected credit losses on financing and advances and other financial assets	A21	(23,624)	(8,399)	(66,618)	(22,894)
Write-back of/(allowance for) expected credit losses on financial investments	A22	27	8	(67)	28
Total distributable income		163,983	154,001	464,375	453,915
Wakalah fees income from investment account		-	-	-	205
Income attributable to the depositors and financial institutions	A23	(98,233)	(80,369)	(281,774)	(249,607)
Total net income		65,750	73,632	182,601	204,513
Other operating expenses	A24	(32,392)	(26,962)	(94,507)	(78,757)
Profit before taxation		33,358	46,670	88,094	125,756
Taxation		(8,317)	(11,289)	(22,219)	(29,776)
Net profit for the financial period		25,041	35,381	65,875	95,980
Net profit for the financial period attributable to:					
Equity holder of the Bank		25,041	35,381	65,875	95,980
Earnings per share attributable to Equity holder of the Bank - basic/diluted (sen)	A25	7.3	10.3	19.1	27.8

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 2019

ALLIANCE ISLAMIC BANK BERHAD**200701018870 (776882-V)**

(Incorporated in Malaysia)

Condensed Interim Financial Statements**Unaudited Statement of Comprehensive Income
for the Financial Period Ended 31 December 2019**

	3rd Quarter Ended		Nine Months Ended	
	31 December	31 December	31 December	31 December
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	25,041	35,381	65,875	95,980
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Revaluation reserve on financial investments at fair value through other comprehensive income ("FVOCI")				
- Net gain/(loss) from change in fair value	1,056	(714)	36,805	6,020
- Realised (gain)/loss transferred to statement of income on disposal and impairment	(4,278)	76	(6,179)	(528)
- Transfer from/(to) deferred tax	774	153	(7,350)	(1,318)
- Changes in expected credit losses	(9)	(8)	(1)	(28)
Other comprehensive income, net of tax	(2,457)	(493)	23,275	4,146
Total comprehensive income for the financial period	22,584	34,888	89,150	100,126
Total comprehensive income for the financial period attributable to:				
Equity holder of the Bank	22,584	34,888	89,150	100,126

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 2019

ALLIANCE ISLAMIC BANK BERHAD

200701018870 (776882-V)

(Incorporated in Malaysia)

Condensed Interim Financial Statements

Unaudited Statement of Changes in Equity for the Financial Period Ended 31 December 2019

	← Non-distributable reserves →			Distributable reserve	Total equity RM'000
	Ordinary shares RM'000	Regulatory reserves RM'000	FVOCI reserves RM'000	Retained profits RM'000	
At 1 April 2019					
As previously stated	400,000	9,060	18,834	522,931	950,825
Effects of adoption of MFRS 16	-	-	-	(13)	(13)
As restated	400,000	9,060	18,834	522,918	950,812
Net profit for the financial period	-	-	-	65,875	65,875
Other comprehensive income	-	-	23,275	-	23,275
Total comprehensive income for the financial period	-	-	23,275	65,875	89,150
Transfer to regulatory reserves	-	12,219	-	(12,219)	-
Dividend paid	-	-	-	(48,031)	(48,031)
At 31 December 2019	400,000	21,279	42,109	528,543	991,931

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 2019

ALLIANCE ISLAMIC BANK BERHAD

200701018870 (776882-V)

(Incorporated in Malaysia)

Condensed Interim Financial Statements

Unaudited Statement of Changes in Equity for the Financial Period Ended 31 December 2019 (Contd.)

	← Non-distributable reserves →				Distributable reserve	Total equity RM'000
	Ordinary shares RM'000	Regulatory reserves RM'000	FVOCI reserves RM'000	Revaluation reserves RM'000	Retained profits RM'000	
At 1 April 2018						
As previously stated	400,000	21,430	-	246	498,216	919,892
Effects of adoption of MFRS 9	-	(21,430)	319	(246)	(25,300)	(46,657)
As restated	400,000	-	319	-	472,916	873,235
Net profit for the financial period	-	-	-	-	95,980	95,980
Other comprehensive income	-	-	4,146	-	-	4,146
Total comprehensive income for the financial period	-	-	4,146	-	95,980	100,126
Transfer to regulatory reserves	-	8,530	-	-	(8,530)	-
Dividend paid	-	-	-	-	(56,794)	(56,794)
At 31 December 2018	400,000	8,530	4,465	-	503,572	916,567

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 2019

ALLIANCE ISLAMIC BANK BERHAD**200701018870 (776882-V)**

(Incorporated in Malaysia)

Condensed Interim Financial Statements**Unaudited Statement of Cash Flows****for the Financial Period Ended 31 December 2019**

	31 December 2019 RM'000	31 December 2018 RM'000
Profit before taxation	88,094	125,756
Adjustments for non-cash items	(2,647)	(40,510)
Operating profit before changes in working capital	85,447	85,246
Changes in working capital	(20,454)	(726,626)
Net tax paid	(31,570)	(24,902)
Zakat paid	(158)	(134)
Net cash generated from/(used in) operating activities	33,265	(666,416)
Net cash used in investing activities	(91,238)	(225,535)
Net cash used in financing activities	(71,350)	(76,924)
Net change in cash and cash equivalents	(129,323)	(968,875)
Cash and cash equivalents at beginning of financial period	348,407	1,290,567
Cash and cash equivalents at end of financial period	219,084	321,692
	219,084	321,692

Cash and cash equivalents comprise the following:

Cash and short term funds

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 2019

Explanatory Notes

PART A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Guidelines on Financial Reporting for Islamic Banking Institutions 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 2019 have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and financial investments 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 Islamic Bank Berhad ("the Bank") for the financial year ended 31 March 2019. 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 Bank since the financial year ended 31 March 2019.

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 2019, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 April 2019:

- MFRS 16 "Leases"
- Amendments to MFRS 9 "Prepayment Features with Negative Compensation"
- Annual Improvements to MFRSs 2015 - 2017 Cycles
 - Amendments to MFRS 3 "Business Combinations"
 - Amendments to MFRS 11 "Joint Arrangements"
 - Amendments to MFRS 112 "Income Taxes"
 - Amendments to MFRS 123 "Borrowing Costs"
- IC Interpretation 23 "Uncertainty over Income Tax Treatments"

The adoption of the above standards, amendments to published standards and interpretation to existing standards are not anticipated to have any significant impact on the financial statements of the Bank other than the adoption of MFRS 16 where the impact are shown in Note A29.

The following MFRS have been issued by the MASB and are effective for annual periods commencing on or after 1 April 2020, and have yet to be adopted by the Bank:

- Amendments to MFRS 3 "Definition of a Business" (effective from 1 January 2020)

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 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 audited annual financial statements for the financial year ended 31 March 2019 was not subject to any qualification.

A3 Seasonality or Cyclicity of Operations

The operations of the Bank was not materially affected by any seasonal or cyclical fluctuations during the third financial quarter and nine months ended 31 December 2019.

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 Bank during the third financial quarter and nine months ended 31 December 2019.

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 2019.

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 2019.

A7 Dividend Paid

During the nine months ended 31 December 2019:

- (a) A single tier second interim dividend of 8.00 sen on 345,045,045 ordinary shares amounting to RM27,604,000 in respect of financial year ended 31 March 2019, was paid on 20 June 2019.
- (b) A single tier first interim dividend of 5.92 sen on 345,045,045 ordinary shares amounting to RM20,427,000 in respect of financial year ending 31 March 2020, was paid on 23 December 2019.

A8 Material Event During The Financial Reporting Period

The Bank had on 22 April 2019 entered into an exclusive 15-year bancatakaful agreement with Zurich General Takaful Malaysia Berhad. The agreement will see the Bank strengthen its position in providing end-to-end financing solutions for both individuals and small and medium enterprise (SME) community.

A9 Material Event Subsequent to the end of the Financial Reporting Period

There was no material event 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 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 and nine months ended 31 December 2019.

A12 Financial Investments at Fair Value through Other Comprehensive Income ("FVOCI")

	31 December 2019 RM'000	31 March 2019 RM'000
At fair value		
<u>Money market instruments:</u>		
Malaysian Government investment issues	1,016,928	1,064,786
	1,016,928	1,064,786
<u>Unquoted securities:</u>		
Sukuk	1,238,871	1,036,101
	1,238,871	1,036,101
Total financial investments at FVOCI	2,255,799	2,100,887

Movements in allowance for expected credit losses are as follows:

	12-Month ECL (Stage 1)	
	31 December 2019 RM'000	31 March 2019 RM'000
At beginning of financial period/year		
As previously stated	39	-
Effects of adoption of MFRS 9	-	73
As restated	39	73
New financial assets originated or purchased	8	7
Financial assets derecognised other than write-off	-	(15)
Changes due to change in credit risk	(9)	(26)
Total write-back from income statement	(1)	(34)
At end of financial period/year	38	39

A13 Financial Investments at Amortised Cost

	31 December 2019 RM'000	31 March 2019 RM'000
At amortised cost		
<u>Unquoted securities:</u>		
Sukuk	62,018	-
Allowance for expected credit losses	(68)	-
Total financial investments at amortised cost	61,950	-

Movements in allowance for expected credit losses are as follows:

	12-Month ECL (Stage 1)	
	31 December 2019 RM'000	31 March 2019 RM'000
At beginning of financial period/year	-	-
New financial assets originated or purchased	85	-
Changes due to change in credit risk	(17)	-
Total charge to income statement	68	-
At end of financial period/year	68	-

A14 Financing and Advances

By types and Shariah concepts:

	Bai` Bithaman Ajil RM'000	Tawarruq RM'000	Al-Ijarah Thumma Al-Bai` / AITAB RM'000	Murabahah RM'000	Qard RM'000	Bai` Al-Dayn RM'000	Bai` `Inah RM'000	Total Financing and Advances RM'000
31 December 2019								
At amortised cost								
Cash line financing	39,054	1,622,852	-	-	7765	-	-	1,669,671
Term financing								
- Housing financing	3,360,132	-	-	-	-	-	-	3,360,132
- Hire purchase receivables ¹	-	-	233,982	-	-	-	-	233,982
- Other term financing	1,885,068	1,674,176	-	-	-	-	181,878	3,741,122
Bills receivables	-	-	-	49,924	-	-	-	49,924
Trust receipts	-	-	-	44,582	-	-	-	44,582
Claims on customers under acceptance credits	-	-	-	641,395	-	98,416	-	739,811
Staff financing (including financing to Directors of RM Nil)	16,292	-	-	-	-	-	-	16,292
Revolving credits ²	278,064	173,477	-	-	-	-	-	451,541
Gross financing and advances	5,578,610	3,470,505	233,982	735,901	7,765	98,416	181,878	10,307,057
Add: Sales commission and handling fees								52,420
Less: Allowances for expected credit losses on financing and advances								(171,783)
Total net financing and advances								<u>10,187,694</u>

A14 Financing and Advances (Contd.)

By types and Shariah concepts (Contd.):

	Bai` Bithaman Ajil RM'000	Tawarruq RM'000	Al-Ijarah Thumma Al-Bai`/ AITAB RM'000	Murabahah RM'000	Qard RM'000	Bai` Al-Dayn RM'000	Bai` `Inah RM'000	Total Financing and Advances RM'000
31 March 2019								
At amortised cost								
Cash line financing	96,749	1,340,827	-	-	5,124	-	-	1,442,700
Term financing								
- Housing financing	2,948,273	-	-	-	-	-	-	2,948,273
- Hire purchase receivables ¹	-	-	296,474	-	-	-	-	296,474
- Other term financing	1,948,379	1,204,830	-	-	-	-	214,502	3,367,711
Bills receivables	-	-	-	12,081	-	-	-	12,081
Trust receipts	-	-	-	39,565	-	-	-	39,565
Claims on customers under acceptance credits	-	-	-	683,926	-	86,195	-	770,121
Staff financing (including financing to Directors of RM Nil)	16,777	-	-	-	-	-	-	16,777
Revolving credits ²	287,995	215,115	-	-	-	-	-	503,110
Gross financing and advances	5,298,173	2,760,772	296,474	735,572	5,124	86,195	214,502	9,396,812
Add: Sales commission and handling fees								48,577
Less: Allowance for expected credit losses on financing and advances								(138,510)
Total net financing and advances								<u>9,306,879</u>

¹ Included hire purchase receivables under Al-Ijarah Thumma Al-Bai` ("AITAB") which is the contract of lease ending transfer of ownership from the lessor to the lessee in the form of sale transaction, which may take place at the end of the Ijarah period or at any point of time during the period, subject to the agreed terms and conditions between the contracting parties.

² The total Financing and Advances under Bai` Bithaman Ajil ("BBA") includes Revolving Credit-I (Murabahah) which substantively adopts a BBA product structure.

The Bank has entered into an arrangement on Commodity Murabahah Term Financing ("CMTF") with Alliance Bank Malaysia Berhad ("ABMB"), the holding company of the Bank, where ABMB will provide the funds, while the assets are managed by the Bank (as the Wakeel or agent) based on the Wakalah principle. The risk and rewards of the underlying assets are recognised and borne by ABMB. Hence, the underlying assets and allowances for expected credit losses are recognised and accounted for by ABMB. The total net financing and advances for CMTF was at RM150,000,000 as at 31 December 2019 (31 March 2019: RM 179,795,000).

A14 Financing and Advances (Contd.)

(i) Purpose and source of fund for Qard Financing

	31 December 2019 RM'000	31 March 2019 RM'000
At beginning of financial period/year	5,124	982
Sources of Qard fund:		
- Shareholders' fund	18,302	14,454
Uses of Qard fund:		
- Purchase of non-residential landed property	(3)	(192)
- Personal use	(664)	(3,017)
- Working capital	(14,994)	(7,103)
At end of financial period/year	<u>7,765</u>	<u>5,124</u>

(ii) By maturity structure:

	31 December 2019 RM'000	31 March 2019 RM'000
Within one year	3,008,486	2,806,896
One year to three years	404,323	432,115
Three years to five years	634,120	682,581
Over five years	6,260,128	5,475,220
Gross financing and advances	<u>10,307,057</u>	<u>9,396,812</u>

(iii) By type of customers:

	31 December 2019 RM'000	31 March 2019 RM'000
Domestic non-bank financial institutions	57,506	57,081
Domestic business enterprises		
- Small and medium enterprises	2,547,234	2,358,476
- Others	1,614,750	1,728,815
Individuals	5,983,260	5,154,376
Other domestic entities	25,059	13,330
Foreign entities	79,248	84,734
Gross financing and advances	<u>10,307,057</u>	<u>9,396,812</u>

(iv) By profit rate sensitivity:

	31 December 2019 RM'000	31 March 2019 RM'000
Fixed rate		
- House financing	24,770	27,105
- Hire purchase receivables	233,960	296,447
- Other fixed rate financing	2,086,889	2,044,961
Variable rate		
- House financing	3,344,427	2,931,296
- Other variable rate financing	4,617,011	4,097,003
Gross financing and advances	<u>10,307,057</u>	<u>9,396,812</u>

A14 Financing and Advances (Contd.)

(v) By economic purposes:

	31 December 2019 RM'000	31 March 2019 RM'000
Purchase of transport vehicles	206,826	281,168
Purchase of landed property	4,749,070	4,271,410
of which: - Residential	3,432,191	3,010,880
- Non-residential	1,316,879	1,260,530
Purchase of fixed assets excluding land & buildings	58,639	38,956
Personal use	2,510,862	2,048,622
Construction	79,750	56,228
Working capital	2,228,193	2,171,438
Others	473,717	528,990
Gross financing and advances	10,307,057	9,396,812

(vi) By geographical distribution:

	31 December 2019 RM'000	31 March 2019 RM'000
Northern region	921,358	821,198
Central region	7,016,494	6,386,035
Southern region	1,271,095	1,253,223
Sabah region	873,040	693,573
Sarawak region	225,070	242,783
Gross financing and advances	10,307,057	9,396,812

(vii) Movements in credit impaired financing and advances ("impaired financing") in Stage 3

	31 December 2019 RM'000	31 March 2019 RM'000
At beginning of financial period/year		
As previously stated	106,925	104,232
Effects of adoption of MFRS 9	-	178
As restated	106,925	104,410
Impaired during the financial period/year	236,597	189,668
Reclassified as unimpaired during the financial period/year	(71,930)	(104,932)
Recovered during the financial period/year	(8,473)	(24,828)
Financial assets derecognised during the financial period/year		
other than write-off	(30,521)	(10,151)
Amount written-off	(40,496)	(47,242)
At end of financial period/year	192,102	106,925
Gross impaired financing as a % of gross financing and advances	1.86%	1.14%

A14 Financing and Advances (Contd.)

(viii) Movements in allowance for expected credit losses on financing and advances 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
At 1 April 2019	23,032	69,895	45,583	138,510
Transfer to Stage 1	5,279	(25,492)	(545)	(20,758)
Transfer to Stage 2	(10,430)	60,830	(21,693)	28,707
Transfer to Stage 3	(8)	(39,642)	74,463	34,813
New financial assets originated or purchased	16,075	18,435	6,106	40,616
Financial assets derecognised other than write-off	(7,189)	(16,970)	(7,459)	(31,618)
Changes due to change in credit risk	(4,785)	15,733	2,172	13,120
	(1,058)	12,894	53,044	64,880
Unwinding of discount	-	-	(1,673)	(1,673)
Total (write-back from)/charge to income statement	(1,058)	12,894	51,371	63,207
Write-off	(3)	(163)	(29,768)	(29,934)
31 December 2019	21,971	82,626	67,186	171,783
At 1 April 2018				
As previously stated under MFRS 139				86,206
Effects of adoption of MFRS 9				37,209
As restated	22,429	66,027	34,959	123,415
Transfer to Stage 1	9,004	(41,354)	(1,341)	(33,691)
Transfer to Stage 2	(15,260)	78,803	(31,276)	32,267
Transfer to Stage 3	(33)	(48,822)	75,489	26,634
New financial assets originated or purchased	23,766	33,937	8,018	65,721
Financial assets derecognised other than write-off	(12,600)	(33,939)	(2,918)	(49,457)
Changes due to change in credit risk	(4,274)	15,369	(2,598)	8,497
	603	3,994	45,374	49,971
Unwinding of discount	-	-	(1,533)	(1,533)
Total charge to income statement	603	3,994	43,841	48,438
Write-off	-	(126)	(33,217)	(33,343)
At 31 March 2019	23,032	69,895	45,583	138,510

A14 Financing and Advances (Contd.)

(ix) Credit impaired financing and advances by economic purposes:

	31 December 2019 RM'000	31 March 2019 RM'000
Purchase of transport vehicles	5,274	2,309
Purchase of landed property	96,113	49,337
of which: - Residential	68,730	23,445
- Non-residential	27,383	25,892
Purchase of fixed assets excluding land & buildings	269	641
Personal use	66,214	33,299
Working capital	21,648	18,697
Others	2,584	2,642
Gross impaired financing and advances	192,102	106,925

(x) Credit impaired financing and advances by geographical distribution:

	31 December 2019 RM'000	31 March 2019 RM'000
Northern region	23,634	9,793
Central region	139,105	79,488
Southern region	20,025	14,188
Sabah region	8,285	2,762
Sarawak region	1,053	694
Gross impaired financing and advances	192,102	106,925

A15 Other Assets

	31 December 2019 RM'000	31 March 2019 RM'000
Other receivables	3,577	3,508
Deposits	89	89
Prepayment	2,091	305
Amount due from related company	3	-
	5,760	3,902
Less:		
Allowance for expected credit losses on other receivables [Note (a)]	(1,730)	(1,641)
	4,030	2,261

Note:

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

	Lifetime ECL	
	31 December 2019 RM'000	31 March 2019 RM'000
At beginning of financial period/year	1,641	1,404
Changes due to change in credit risk	89	237
At end of financial period/year	1,730	1,641

As at 31 December 2019, the Bank's gross exposure of other receivables that are under lifetime ECL was at RM1,730,000 (31 March 2019: RM1,641,000).

A16 Deposits from Customers

	31 December 2019 RM'000	31 March 2019 RM'000
Demand deposits		
- Qard	3,333,711	2,724,725
Savings deposits		
- Qard	317,987	320,557
Term deposits		
- Commodity Murabahah	6,567,582	5,452,519
- Negotiable Islamic Debt Certificate		
- Bai' Inah	462,073	805,845
- Money market deposits		
- Commodity Murabahah	146,925	261,717
- Other deposits		
- Mudharabah	77,939	95,537
- Wakalah	34,146	39,744
- Qard	21,660	232,257
	10,962,023	9,932,901

(i) The maturity structure of term deposits are as follows:

	31 December 2019 RM'000	31 March 2019 RM'000
Due within six months	4,574,849	4,020,974
Six months to one year	1,824,648	1,838,605
One year to three years	555,290	672,770
Three years to five years	355,538	355,270
	7,310,325	6,887,619

(ii) By type of customers:

	31 December 2019 RM'000	31 March 2019 RM'000
Domestic financial institutions	451,071	795,162
Government and statutory bodies	2,066,347	2,475,387
Business enterprises	3,755,940	3,646,508
Individuals	4,340,012	2,720,243
Domestic non-bank financial institutions	165,555	134,874
Foreign entities	93,529	70,963
Others	89,569	89,764
	10,962,023	9,932,901

A17 Deposits and Placements of Banks and Other Financial Institutions

	31 December	31 March
	2019	2019
	RM'000	RM'000
Non-Mudharabah Fund		
Licensed investment banks	8,580	-
Bank Negara Malaysia	218,519	243,731
	227,099	243,731

A18 Other Liabilities

	31 December	31 March
	2019	2019
	RM'000	RM'000
Other payables	57,649	42,613
Bills payable	15,255	8,474
Clearing account	51,010	50,063
Sundry deposits	4,909	5,257
Provision and accruals	6,347	8,609
Amount due to holding company	18,159	132,364
Amount due to related company	986	1,150
Allowance for expected credit losses on commitments and contingencies [Note (a)]	4,508	3,999
	158,823	252,529

A18 Other Liabilities (Contd.)

Note (a):

Movements in allowance for expected credit losses on commitments and contingencies 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
At 1 April 2019	712	3,182	105	3,999
Transfer to Stage 1	123	(1,425)	-	(1,302)
Transfer to Stage 2	(143)	1,476	-	1,333
Transfer to Stage 3	-	-	1	1
New financial assets originated or purchased	240	1,734	-	1,974
Financial assets derecognised other than write-off	(163)	(630)	(104)	(897)
Changes due to change in credit risk	(228)	(370)	(9)	(607)
	(171)	785	(112)	502
Unwinding of discount	-	-	7	7
Total (write-back from)/charge to income statement	(171)	785	(105)	509
At 31 December 2019	541	3,967	-	4,508
At 1 April 2018				
As previously stated under MFRS 139	-	-	-	-
Effects of adoption of MFRS 9	793	5,707	9,960	16,460
As restated	793	5,707	9,960	16,460
Transfer to Stage 1	156	(1,806)	-	(1,650)
Transfer to Stage 2	(139)	1,306	(6)	1,161
Transfer to Stage 3	-	(12)	229	217
New financial assets originated or purchased	560	1,549	-	2,109
Financial assets derecognised other than write-off	(360)	(1,771)	(9,693)	(11,824)
Changes due to change in credit risk	(299)	(1,798)	(378)	(2,475)
Other adjustments	1	7	-	8
	(81)	(2,525)	(9,848)	(12,454)
Unwinding of discount	-	-	(7)	(7)
Total write-back from income statement	(81)	(2,525)	(9,855)	(12,461)
At 31 March 2019	712	3,182	105	3,999

As at 31 December 2019, the gross exposures of financing commitments and financial guarantee contracts that are credit impaired was at RM1,286,000 (31 March 2019: RM1,979,000).

A19 Income Derived from Investment of Depositors' Funds and Others

	3rd Quarter Ended		Nine Months Ended	
	31 December	31 December	31 December	31 December
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
(i) Term deposits	115,373	95,554	327,337	290,604
(ii) Other deposits	56,933	52,594	159,533	145,502
	172,306	148,148	486,870	436,106

(i) Income derived from investment of term deposits:

	3rd Quarter Ended		Nine Months Ended	
	31 December	31 December	31 December	31 December
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing and advances	87,251	73,021	250,553	215,045
Financial investments at fair value through other comprehensive income	14,771	11,837	42,401	35,075
Financial investments at amortised cost	724	-	1,244	-
Money at call and deposit placements with financial institutions	2,158	1,240	4,388	11,821
	104,904	86,098	298,586	261,941
Accretion of discount less amortisation of premium	3,557	5,028	11,233	16,541
Total finance income and hibah	108,461	91,126	309,819	278,482
Other operating income				
- Fee income	4,442	4,311	13,335	11,175
- Investment income	2,351	(46)	4,034	505
- Other income	119	163	149	442
	115,373	95,554	327,337	290,604

Included in financing income earned on financing and advances for the current financial period is financing accrued on impaired financing of the Bank amounting to RM1,027,000 (31 December 2018: RM675,000).

A19 Income Derived from Investment of Depositors' Funds and Others (Contd.)

(ii) Income derived from investment of other deposits:

	3rd Quarter Ended		Nine Months Ended	
	31 December 2019 RM'000	31 December 2018 RM'000	31 December 2019 RM'000	31 December 2018 RM'000
Finance income and hibah				
Financing and advances	43,064	40,020	122,110	107,670
Financial investments at fair value through other comprehensive income	7,291	6,493	20,665	17,562
Financial investments at amortised cost	354	-	606	-
Money at call and deposit placements with financial institutions	1,060	879	2,139	5,919
	51,769	47,392	145,520	131,151
Accretion of discount less amortisation of premium	1,759	2,798	5,475	8,282
Total finance income and hibah	53,528	50,190	150,995	139,433
Other operating income				
- Fee income	2,195	2,326	6,499	5,595
- Investment income/(loss)	1,152	(10)	1,966	253
- Other income	58	88	73	221
	56,933	52,594	159,533	145,502

Included in financing income earned on financing and advances for the current financial period is financing accrued on impaired financing of the Bank amounting to RM501,000 (31 December 2018: RM338,000).

A20 Income Derived from Investment of Shareholder's Funds

	3rd Quarter Ended		Nine Months Ended	
	31 December 2019 RM'000	31 December 2018 RM'000	31 December 2019 RM'000	31 December 2018 RM'000
Finance income and hibah				
Financing and advances	11,546	10,853	33,824	30,099
Financial investments at fair value through other comprehensive income	1,955	1,760	5,724	4,909
Financial investments at amortised cost	97	-	168	-
Money at call and deposit placements with financial institutions	288	221	592	1,655
	13,886	12,834	40,308	36,663
Accretion of discount less amortisation of premium	470	755	1,517	2,315
Total finance income and hibah	14,356	13,589	41,825	38,978
Other operating income				
- Fee income	587	634	1,800	1,564
- Investment income	315	(3)	545	71
- Other income	16	24	20	62
	15,274	14,244	44,190	40,675

Included in financing income earned on financing and advances for the current financial period is financing accrued on impaired financing of the Bank amounting to RM138,000 (31 December 2018: RM93,000).

A21 Allowance for Expected Credit Losses on Financing and Advances and Other Financial Assets

	3rd Quarter Ended		Nine Months Ended	
	31 December 2019 RM'000	31 December 2018 RM'000	31 December 2019 RM'000	31 December 2018 RM'000
Allowance for expected credit losses on:				
(a) Financing and advances				
- Net charge during the financial period	23,215	8,360	64,880	36,054
(b) Credit impaired on financing and advances				
- Recovered	(3,508)	(2,986)	(9,900)	(12,191)
- Written-off	3,351	3,916	11,047	10,595
(c) Commitments and contingencies on financing and advances				
- Net charge/(Write-back) during the financial period	539	(926)	502	(11,757)
	<u>23,597</u>	<u>8,364</u>	<u>66,529</u>	<u>22,701</u>
Allowance for expected credit losses on other receivables	27	35	89	193
	<u>23,624</u>	<u>8,399</u>	<u>66,618</u>	<u>22,894</u>

A22 (Write-back of)/Allowance for Expected Credit Losses on Financial Investments

	3rd Quarter Ended		Nine Months Ended	
	31 December 2019 RM'000	31 December 2018 RM'000	31 December 2019 RM'000	31 December 2018 RM'000
(Write-back of)/allowance for expected credit losses on:				
Financial investments at fair value through other comprehensive income	(9)	(8)	(1)	(28)
Financial investments at amortised cost	(18)	-	68	-
	<u>(27)</u>	<u>(8)</u>	<u>67</u>	<u>(28)</u>

A23 Income Attributable to the Depositors and Financial Institutions

	3rd Quarter Ended		Nine Months Ended	
	31 December 2019 RM'000	31 December 2018 RM'000	31 December 2019 RM'000	31 December 2018 RM'000
Deposits from customers:				
- Mudharabah fund	568	780	1,760	2,219
- Non-Mudharabah fund	87,908	71,395	250,237	222,732
Deposits and placements of banks and other financial institutions:				
- Non-Mudharabah fund	934	866	3,201	2,729
Financing sold to Cagamas	5,479	5,514	16,495	16,483
Other Borrowings	-	-	42	-
Subordinated Sukuk	3,344	1,814	10,039	5,444
	<u>98,233</u>	<u>80,369</u>	<u>281,774</u>	<u>249,607</u>

A24 Other Operating Expenses

	3rd Quarter Ended		Nine Months Ended	
	31 December 2019 RM'000	31 December 2018 RM'000	31 December 2019 RM'000	31 December 2018 RM'000
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	16,617	13,296	49,337	39,939
- Contribution to EPF	2,713	2,126	7,993	6,304
- Others	2,241	1,668	6,243	4,825
	21,571	17,090	63,573	51,068
<u>Establishment costs</u>				
- Depreciation on property, plant and equipment	25	32	91	89
- Depreciation on right-of-use assets	71	-	212	-
- Amortisation of computer software	68	80	221	240
- Rental	451	1,234	3,011	3,732
- Repairs and maintenance	281	410	1,261	1,357
- Water and electricity	302	324	901	929
- Information technology expenses	2,273	1,566	6,440	4,751
- Others [Note (a)]	3,188	2,395	7,366	5,728
	6,659	6,041	19,503	16,826
<u>Marketing expenses</u>				
- Promotion and advertisement	509	448	632	976
- Branding and publicity	703	503	2,283	1,198
- Others	200	205	612	488
	1,412	1,156	3,527	2,662
<u>Administration and general expenses</u>				
- Communication expenses	381	461	1,314	1,555
- Printing and stationeries	91	96	280	313
- Insurance	370	263	1,147	819
- Professional fees	1,329	1,134	3,479	2,866
- Others	579	721	1,684	2,648
	2,750	2,675	7,904	8,201
Total other operating expenses	32,392	26,962	94,507	78,757

Included in the other operating expenses are the Shariah Committee members' remuneration of RM244,000 (31 December 2018: RM230,000).

A24 Other Operating Expenses (Contd.)

The following represents a detailed breakdown of the Bank's share of the holding company's other operating expenses included within the Bank's total other operating expenses:

	3rd Quarter Ended		Nine Months Ended	
	31 December	31 December	31 December	31 December
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<u>Sharing of Other Operating Expenses</u>				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	15,136	12,003	44,546	35,965
- Contribution to EPF	2,474	1,922	7,244	5,684
- Others	1,958	1,526	5,686	4,218
	19,568	15,451	57,476	45,867
<u>Establishment costs</u>				
- Rental	451	1,156	3,011	3,500
- Repairs and maintenance	274	401	1,244	1,338
- Water and electricity	298	311	883	901
- Information technology expenses	2,247	1,539	6,373	4,683
- Others [Note (a)]	3,176	2,390	7,338	5,637
	6,446	5,797	18,849	16,059
<u>Marketing expenses</u>				
- Promotion and advertisement	459	355	482	770
- Branding and publicity	422	428	1,107	1,110
- Others	317	205	587	481
	1,198	988	2,176	2,361
<u>Administration and general expenses</u>				
- Communication expenses	271	290	878	978
- Printing and stationeries	80	72	230	231
- Professional fees	830	509	2,245	1,678
- Others	204	211	447	629
	1,385	1,082	3,800	3,516
Total sharing of other operating expenses	28,597	23,318	82,301	67,803

Note (a): Being substantially cross-charge amount for using the fixed assets of the holding company. This includes computer software, computer equipment, furniture and fittings.

A25 Earnings Per Share

Basic/Diluted

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

	3rd Quarter Ended		Nine Months Ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Net profit for the financial period attributable to Equity holder of the Bank (RM'000)	25,041	35,381	65,875	95,980
Weighted average numbers of ordinary shares in issue ('000)	345,045	345,045	345,045	345,045
Basic/diluted earnings per share (sen)	7.3	10.3	19.1	27.8

A26 Commitments and Contingencies

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

The notional amounts of the commitments and contingencies of the Bank are as follows:

	31 December 2019 RM'000	31 March 2019 RM'000
<u>Commitments and contingencies</u>		
Direct credit substitutes	189,444	160,578
Transaction-related contingent items	58,667	68,909
Short-term self-liquidating trade-related contingencies	16,337	46,589
Irrevocable commitments to extend credit:		
- maturity exceeding one year	398,267	415,302
- maturity not exceeding one year	1,902,497	1,599,060
Total	2,565,212	2,290,438

A27 Capital Adequacy

The capital adequacy ratios of the Bank are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks. 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 Bank are computed using the Standardised Approach for credit risk and market risk, and the Basic Indicator Approach for operational risk.

(a) The capital adequacy ratios of the Bank are as follows:

	31 December 2019	31 March 2019
<u>Before deducting proposed dividends</u>		
CET I capital ratio	10.715%	11.690%
Tier I capital ratio	11.869%	12.950%
Total capital ratio	14.542%	15.762%
<u>After deducting proposed dividends</u>		
CET I capital ratio	10.715%	11.339%
Tier I capital ratio	11.869%	12.599%
Total capital ratio	14.542%	15.411%
	31 December 2019 RM'000	31 March 2019 RM'000
<u>CET I Capital</u>		
Paid-up share capital	400,000	400,000
Retained profits	503,502	522,931
Regulatory reserves	21,279	9,060
FVOCI reserves	42,071	18,795
	966,852	950,786
Less: Regulatory adjustments		
- Intangible assets	(893)	(897)
- Deferred tax assets	-	(11,156)
- 55% of FVOCI reserves	(23,139)	(10,337)
- Regulatory reserves	(21,279)	(9,060)
Total CET I Capital	921,541	919,336
Additional Tier 1 Sukuk Wakalah	99,220	99,113
Total Additional Tier 1 Capital	99,220	99,113
Total Tier I Capital	1,020,761	1,018,449
<u>Tier II Capital</u>		
Subordinated Sukuk Murabahah	129,696	129,634
Expected credit losses and regulatory reserves	100,211	91,478
Total Tier II Capital	229,907	221,112
Total Capital	1,250,668	1,239,561

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

	31 December 2019 RM'000	31 March 2019 RM'000
Credit risk	8,016,898	7,318,223
Operational risk	583,444	546,146
Total RWA and capital requirements	8,600,342	7,864,369

A28 Fair Value Measurements

(a) Determination of fair value and the fair value hierarchy

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

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

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

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

The Bank recognises 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 reporting 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 Bank then determines 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, corporate notes and repurchase agreements.

(iii) Financial instruments in Level 3

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

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

A28 Fair Value Measurements (Contd.)

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

The following tables show 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:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2019				
Assets				
Financial investments at FVOCI				
- Money market instruments	-	1,016,928	-	1,016,928
- Unquoted securities	-	1,238,871	-	1,238,871
<hr/>				
31 March 2019				
Assets				
Financial investments at FVOCI				
- Money market instruments	-	1,064,786	-	1,064,786
- Unquoted securities	-	1,036,101	-	1,036,101
<hr/>				

There were no transfers between Levels 1 and 2 of the fair value hierarchy for the Bank during the financial period/year ended 31 December 2019 and 31 March 2019.

A29 Changes in Accounting Policy

The Bank has adopted MFRS16 “Leases” issued by MASB with its mandatory adoption date of 1 April 2019.

MFRS 16 “Leases” supersedes MFRS 117 “Leases” and the related interpretations. As permitted by MFRS 16, the Bank has adopted the simplified retrospective approach and will not restate comparative amounts for the year prior to first adoption.

Under MFRS 117 “Leases”, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

The Bank recognised lease liabilities in relation to leases which had previously been classified as operating leases under MFRS 117 “Leases”. These liabilities were measured at the present value of the remaining lease payments, discounted by the Bank’s borrowing rate (5.52% - 5.53%) as at 1 April 2019. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period.

Right-of-use assets were measured on a retrospective basis as if the new rules had always been applied. The right-of-use asset is depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis.

The Bank leases various office premises. In determining the lease term, all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option are considered. 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 terminated).

Payments associated with leases where does not have the right to control the use of an identified asset, short-term leases and leases of low-value assets are recognised as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The adoption of MFRS 16 has resulted in a decrease of RM13,000 in the Bank’s retained profits as at 1 April 2019.

The financial impacts are as follows:

Statement of Financial Position as at 1 April 2019

	<u>As previously stated</u> RM'000	Adoption of <u>MFRS 16</u> RM'000	<u>As restated</u> RM'000
Assets			
Right-of-use assets	-	424	424
Deferred tax assets	11,156	4	11,160
Liabilities			
Lease liabilities	-	441	441
Equity			
Retained profits	522,931	(13)	522,918

PART B - Review of Performance & Current Year Prospect

B1 Review of Performance

Profitability

The Bank's Net Profit After Taxation was recorded at RM65.9 million for the nine months ended 31st December 2019 ("9MFY20"). The decline of RM30.1 million or 31.4% year-on-year ("YOY") was mainly due to higher credit costs.

Operating profit before allowance grew RM6.2 million, or 4.1% YOY. Net income grew by RM21.9 million or 9.6% to RM249.3 million driven by net finance income growth of RM13.6 million or 6.6% YOY from the gross financing. Net profit margin ("NPM") decreased by 8 bps YOY to 2.36%.

Better Financing Growth

Gross financing and advances grew 16.8% YOY to RM10.3 billion, driven by the SME and Consumer portfolios. Financing for SMEs expanded RM311.8 million or 16.5% YOY, while consumer personal financing grew by RM79.7 million or 7.3% YOY. AOA financing increased RM1.2 billion or 90.4% YOY.

Higher Other Operating Income

The Bank recorded other operating income of RM28.4 million, an increase of RM8.3 million or 41.4% YOY, contributed by higher treasury and investment income of RM5.4 million, wealth management and other fee income of RM3.2 million.

Operating Expenses

Cost to income ratio ("CIR") was within expectations at 37.9%. The Bank continues to invest in human capital and IT infrastructure to support the bank's initiatives and comply with regulatory requirements.

Asset Quality

9MFY20 annualised net credit cost was 90.0bps, an increase of 54.1 bps YOY. The increase was stemming from a few large accounts and the mortgage portfolio.

Gross impaired financing ("GIF") ratio increased by 75 bps YOY to 1.86%. The increase was mainly from the residential properties portfolio, as well as a few large business accounts. This was partly mitigated by repayments in the non-residential properties portfolio and several business accounts.

The Bank continues to intensify proactive credit management including refinement of credit policy, tightening of credit underwriting and increase collection efforts to control credit costs.

Financing loss coverage (including Regulatory Reserve) remained stable at 100.5%.

Healthy Funding and Liquidity Position

The Bank's funding position remains healthy despite the intense market competition for deposits. Customer based funding increased by 21.7% YOY to RM10.5 billion, mostly from consumer segment deposits. The Bank was able to maintain high Current Account/Savings Account ("CASA") ratio of 33.3% driven by the growth in Alliance SavePlus Account balances. Term deposits grew RM1.4 billion or 26% YOY.

The Bank's liquidity coverage and financing to funds ratios remain healthy at 196.9% and 85.9% respectively.

Proactive Capital Management

We continue to maintain our strong capital levels, with Common Equity Tier-1 ("CET 1") ratio at 10.7%, Tier-1 Capital ratio at 11.9% and Total Capital ratio at 14.5%.

B2 Current Year Prospect

The outlook for the Islamic Banking industry is expected to be marked by steady growth in the consumer financing segment, and moderated by softening in the business financing segment.

The Bank's products, distribution, and marketing efforts will remain aligned with the Group's strategic propositions encompassing Alliance One Account, SME financing, and Alliance@Work; and with the Group's deposit garnering and cross selling initiatives. The Bank will also continue rolling out initiatives to enhance brand visibility in affinity market segments.

The Bank is focused on building capabilities around serving the Halal SME sector better, as well as developing value-based (VBI) propositions focused on empowering social businesses that generate positive impact to the society and environment.

In view of the slower economic growth rate and challenging credit environment, we remain vigilant in managing our credit portfolios and conservative in our provisioning practices.