

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

(Incorporated in Malaysia)

Condensed Interim Financial Statements**Unaudited Statement of Financial Position as at 30 June 2020**

		30 June	31 March
		2020	2020
	Note	RM'000	RM'000
ASSETS			
Cash and short-term funds		1,379,557	714,632
Financial investments at fair value through other comprehensive income	A12	2,356,428	2,301,866
Financial investments at amortised cost	A13	240,234	80,628
Financing and advances	A14	10,488,395	10,673,613
Other assets	A15	2,610	4,791
Statutory deposits with Bank Negara Malaysia		30,988	219,488
Tax recoverable		17,913	21,550
Right-of-use assets		68	136
Property, plant and equipment		233	236
Intangible assets		776	825
TOTAL ASSETS		14,517,202	14,017,765
LIABILITIES AND EQUITY			
Deposits from customers	A16	12,068,067	11,805,145
Deposits and placements of banks and other financial institutions	A17	240,182	220,851
Obligations on securities sold under repurchase agreements		-	148,082
Recourse obligation on financing sold to Cagamas		802,538	500,642
Lease liabilities		48	119
Other liabilities	A18	119,915	113,820
Deferred tax liabilities		7,923	1,688
Provision for zakat		1,040	1,245
Subordinated Sukuk		232,384	229,075
TOTAL LIABILITIES		13,472,097	13,020,667
Share capital		400,000	400,000
Reserves		645,105	597,098
TOTAL EQUITY		1,045,105	997,098
TOTAL LIABILITIES AND EQUITY		14,517,202	14,017,765
Restricted investment account ¹		64,795	74,795
Total Islamic Banking asset ¹		14,581,997	14,092,560
COMMITMENTS AND CONTINGENCIES	A26	2,552,207	2,438,545

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

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 2020

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

(Incorporated in Malaysia)

Condensed Interim Financial Statements**Unaudited Statement of Income****for the Financial Period Ended 30 June 2020**

	Note	1st Quarter Ended		Three Months Ended	
		30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Income derived from investment of depositors' funds and others	A19	165,381	156,054	165,381	156,054
Income derived from investment of shareholder's funds	A20	13,965	14,626	13,965	14,626
Allowance for expected credit losses on financing and advances and other financial assets	A21	(33,651)	(14,589)	(33,651)	(14,589)
Allowance for expected credit losses on financial investments	A22	(78)	(1)	(78)	(1)
Total distributable income		145,617	156,090	145,617	156,090
Income attributable to the depositors and financial institutions	A23	(92,950)	(89,136)	(92,950)	(89,136)
Total net income		52,667	66,954	52,667	66,954
Other operating expenses	A24	(31,245)	(29,600)	(31,245)	(29,600)
Profit before taxation		21,422	37,354	21,422	37,354
Taxation		(5,556)	(9,360)	(5,556)	(9,360)
Net profit for the financial period		15,866	27,994	15,866	27,994
Net profit for the financial period attributable to:					
Equity holder of the Bank		15,866	27,994	15,866	27,994
Earnings per share attributable to:					
Equity holder of the Bank					
- basic/diluted (sen)	A25	4.6	8.1	4.6	8.1

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 2020

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

(Incorporated in Malaysia)

Condensed Interim Financial Statements**Unaudited Statement of Comprehensive Income
for the Financial Period Ended 30 June 2020**

	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	15,866	27,994	15,866	27,994
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 from change in fair value	45,102	18,611	45,102	18,611
- Realised gain transferred to statement of income on disposal	(2,796)	(1,901)	(2,796)	(1,901)
- Transfer to deferred tax	(10,153)	(4,010)	(10,153)	(4,010)
- Changes in expected credit losses	(12)	1	(12)	1
Other comprehensive income, net of tax	32,141	12,701	32,141	12,701
Total comprehensive income for the financial period	48,007	40,695	48,007	40,695
Total comprehensive income for the financial period attributable to:				
Equity holder of the Bank	48,007	40,695	48,007	40,695

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 2020

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 30 June 2020

	← 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 2020	400,000	34,748	38,925	523,425	997,098
Net profit for the financial period	-	-	-	15,866	15,866
Other comprehensive income	-	-	32,141	-	32,141
Total comprehensive income for the financial period	-	-	32,141	15,866	48,007
Transfer from regulatory reserves	-	(34,748)	-	34,748	-
At 30 June 2020	400,000	-	71,066	574,039	1,045,105
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	-	-	-	27,994	27,994
Other comprehensive income	-	-	12,701	-	12,701
Total comprehensive income for the financial period	-	-	12,701	27,994	40,695
Transfer to regulatory reserves	-	341	-	(341)	-
Dividend paid	-	-	-	(27,604)	(27,604)
At 30 June 2019	400,000	9,401	31,535	522,967	963,903

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 2020

ALLIANCE ISLAMIC BANK BERHAD

200701018870 (776882-V)

(Incorporated in Malaysia)

**Condensed Interim Financial Statements
Unaudited Statement of Cash Flows
for the Financial Period Ended 30 June 2020**

	30 June 2020 RM'000	30 June 2019 RM'000
Profit before taxation	21,422	37,354
Adjustments for non-cash items	7,999	(24,343)
Operating profit before changes in working capital	29,421	13,011
Changes in working capital	487,523	142,674
Net tax paid	(5,838)	(12,642)
Zakat paid	(205)	(5)
Net cash generated from operating activities	510,901	143,038
Net cash (used in)/generated from investing activities	(140,439)	104,212
Net cash generated from/(used in) financing activities	294,463	(33,092)
Net change in cash and cash equivalents	664,925	214,158
Cash and cash equivalents at beginning of financial period	714,632	348,407
Cash and cash equivalents at end of financial period	1,379,557	562,565
Cash and cash equivalents comprise the following:		
Cash and short term funds	1,379,557	562,565

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 2020

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 first financial quarter and three months ended 30 June 2020 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 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 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

The adoption of the above standards, amendments to published standards and interpretation to existing standards did not have any significant impact on the Bank's financial statements.

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 2020 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 first financial quarter and three months ended 30 June 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 Bank during the first financial quarter and three months ended 30 June 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 first financial quarter and three months ended 30 June 2020.

A6 Issuance and Repayment of Debt and Equity Securities

There were no issuance nor repayment of debt and equity securities during the first financial quarter and three months ended 30 June 2020.

A7 Dividend Paid

No dividend has been paid for the first financial quarter and three months ended 30 June 2020.

A8 Material Events During The Financial Reporting Period

There were no material events during the first financial quarter and three months ended 30 June 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 Bank have been entered into in the normal course of business.

A11 Proposed Dividend

No dividend has been proposed or declared for the first financial quarter and three months ended 30 June 2020.

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

	30 June 2020 RM'000	31 March 2020 RM'000
At fair value		
<u>Money market instruments:</u>		
Malaysian Government investment issues	1,082,264	1,016,589
	1,082,264	1,016,589
<u>Unquoted securities:</u>		
Sukuk	1,274,164	1,285,277
	1,274,164	1,285,277
 Total financial investments at FVOCI	 2,356,428	 2,301,866

Movements in allowance for expected credit losses are as follows:

	12-Month ECL (Stage 1)	
	30 June 2020 RM'000	31 March 2020 RM'000
At beginning of financial period/year	37	39
New financial assets originated or purchased	(7)	7
Financial assets derecognised other than write-off	-	(1)
Changes due to change in credit risk	(5)	(8)
Total write-back from income statement	(12)	(2)
At end of financial period/year	25	37

A13 Financial Investments at Amortised Cost

	30 June 2020 RM'000	31 March 2020 RM'000
At amortised cost		
<u>Money market instruments:</u>		
Malaysian Government investment issues	158,460	-
	158,460	-
<u>Unquoted securities:</u>		
Sukuk	82,089	80,853
Allowance for expected credit losses	(315)	(225)
	81,774	80,628
 Total financial investments at amortised cost	 240,234	 80,628

Movements in allowance for expected credit losses are as follows:

	12-Month ECL (Stage 1)	
	30 June 2020 RM'000	31 March 2020 RM'000
At beginning of financial period/year	225	-
New financial assets originated or purchased	-	109
Changes due to change in credit risk	90	116
Total charge to income statement	90	225
At end of financial period/year	315	225

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
30 June 2020								
At amortised cost								
Cash line financing	20,561	1,576,286	-	-	8,776	-	-	1,605,623
Term financing								
- Housing financing	3,470,285	-	-	-	-	-	-	3,470,285
- Hire purchase receivables ¹	-	-	204,639	-	-	-	-	204,639
- Other term financing	1,905,315	1,871,379	-	-	-	-	165,442	3,942,136
Bills receivables	-	-	-	17,708	-	-	-	17,708
Trust receipts	-	-	-	421,107	-	-	-	421,107
Claims on customers under acceptance credits	-	-	-	388,238	-	47,253	-	435,491
Staff financing (including financing to Directors of RM Nil)	15,164	-	-	-	-	-	-	15,164
Revolving credits ²	203,787	338,381	-	-	-	-	-	542,168
Gross financing and advances	5,615,112	3,786,046	204,639	827,053	8,776	47,253	165,442	10,654,321
Add: Sales commission and handling fees								50,139
Less: Allowances for expected credit losses on financing and advances								(216,065)
Total net financing and advances								<u>10,488,395</u>

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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 2020								
At amortised cost								
Cash line financing	31,036	1,658,404	-	-	9,121	-	-	1,698,561
Term financing								
- Housing financing	3,419,778	-	-	-	-	-	-	3,419,778
- Hire purchase receivables ¹	-	-	214,832	-	-	-	-	214,832
- Other term financing	1,890,964	1,816,986	-	-	-	-	171,694	3,879,644
Bills receivables	-	-	-	49,096	-	-	-	49,096
Trust receipts	-	-	-	54,216	-	-	-	54,216
Claims on customers under acceptance credits	-	-	-	687,009	-	111,683	-	798,692
Staff financing (including financing to Directors of RM Nil)	15,779	-	-	-	-	-	-	15,779
Revolving credits ²	210,845	478,513	-	-	-	-	-	689,358
Gross financing and advances	5,568,402	3,953,903	214,832	790,321	9,121	111,683	171,694	10,819,956
Add: Sales commission and handling fees								52,641
Less: Allowance for expected credit losses on financing and advances								(198,984)
Total net financing and advances								<u>10,673,613</u>

a) 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 RM64,795,000 as at 30 June 2020 (31 March 2020: RM74,795,000).

b) As at 30 June 2020, the modification loss arising from the 6-month payment moratorium amounting to RM36.9 million for the Bank is netted off against the gross financing and advances balance.

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.

A14 Financing and Advances (Contd.)

(i) Purpose and source of fund for Qard Financing

	30 June 2020 RM'000	31 March 2020 RM'000
At beginning of financial period/year	9,121	5,124
Sources of Qard fund:		
- Shareholders' fund	2,113	13,089
Uses of Qard fund:		
- Personal use	(217)	(462)
- Working capital	(2,241)	(8,630)
At end of financial period/year	<u>8,776</u>	<u>9,121</u>

(ii) By maturity structure:

	30 June 2020 RM'000	31 March 2020 RM'000
Within one year	3,081,060	3,345,242
One year to three years	433,915	354,037
Three years to five years	613,624	685,056
Over five years	6,525,722	6,435,621
Gross financing and advances	<u>10,654,321</u>	<u>10,819,956</u>

(iii) By type of customers:

	30 June 2020 RM'000	31 March 2020 RM'000
Domestic non-bank financial institutions	34,819	64,816
Domestic business enterprises		
- Small and medium enterprises	2,714,941	2,710,603
- Others	1,617,866	1,817,910
Individuals	6,183,423	6,123,563
Other domestic entities	23,914	24,507
Foreign entities	79,358	78,557
Gross financing and advances	<u>10,654,321</u>	<u>10,819,956</u>

(iv) By profit rate sensitivity:

	30 June 2020 RM'000	31 March 2020 RM'000
Fixed rate		
- House financing	23,935	24,161
- Hire purchase receivables	204,621	214,811
- Other fixed rate financing	2,037,832	2,142,414
Variable rate		
- House financing	3,455,135	3,404,507
- Other variable rate financing	4,932,798	5,034,063
Gross financing and advances	<u>10,654,321</u>	<u>10,819,956</u>

A14 Financing and Advances (Contd.)

(v) By economic purposes:

	30 June 2020 RM'000	31 March 2020 RM'000
Purchase of transport vehicles	178,162	188,433
Purchase of landed property	4,900,939	4,835,794
of which: - Residential	3,545,474	3,494,678
- Non-residential	1,355,465	1,341,116
Purchase of fixed assets excluding land & buildings	56,812	57,272
Personal use	2,623,302	2,604,777
Construction	100,078	96,629
Working capital	2,281,011	2,522,151
Others	514,017	514,900
Gross financing and advances	10,654,321	10,819,956

(vi) By economic sectors:

	30 June 2020 RM'000	31 March 2020 RM'000
Primary agriculture	414,483	396,825
Mining and quarrying	47,057	47,680
Manufacturing	1,024,228	1,149,925
Electricity, gas and water	708	649
Wholesale, retail trade, restaurant and hotels	1,437,111	1,500,755
Construction	243,405	277,987
Transport, storage and communication	164,363	175,991
Financing, insurance and business services	985,571	990,721
Community and recreation	72,777	73,942
Household	6,262,781	6,202,120
Others	1,837	3,361
Gross financing and advances	10,654,321	10,819,956

(vii) By geographical distribution:

	30 June 2020 RM'000	31 March 2020 RM'000
Northern region	941,523	968,397
Central region	7,323,208	7,363,319
Southern region	1,263,822	1,279,947
Sabah region	881,610	887,967
Sarawak region	244,158	320,326
Gross financing and advances	10,654,321	10,819,956

A14 Financing and Advances (Contd.)

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

	30 June 2020 RM'000	31 March 2020 RM'000
At beginning of financial period/year	232,569	106,925
Impaired during the financial period/year	11,443	331,156
Reclassified as unimpaired during the financial period/year	(18,740)	(104,984)
Recovered during the financial period/year	(1,305)	(12,048)
Financial assets derecognised other than write-off during the financial period/year	(2,912)	(35,961)
Amount written-off	(14,273)	(52,519)
At end of financial period/year	206,782	232,569
Gross impaired financing as a % of gross financing and advances	1.94%	2.15%

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

	30 June 2020 RM'000	31 March 2020 RM'000
Purchase of transport vehicles	5,445	5,844
Purchase of landed property	109,575	116,660
of which: - Residential	82,642	89,331
- Non-residential	26,933	27,329
Purchase of fixed assets excluding land & buildings	352	352
Personal use	61,513	81,327
Working capital	27,248	25,738
Others	2,649	2,648
Gross impaired financing and advances	206,782	232,569

A14 Financing and Advances (Contd.)

(x) Credit impaired loans analysed by economic sectors:

	30 June 2020 RM'000	31 March 2020 RM'000
Primary agriculture	1,128	1,128
Manufacturing	7,931	7,901
Wholesale, retail trade, restaurants and hotels	33,163	31,689
Construction	14,154	14,170
Transport, storage and communication	2,048	2,048
Financing, insurance, real estate and business services	1,199	1,201
Household	147,159	174,432
Gross impaired financing and advances	<u><u>206,782</u></u>	<u><u>232,569</u></u>

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

	30 June 2020 RM'000	31 March 2020 RM'000
Northern region	22,597	24,885
Central region	153,526	173,305
Southern region	21,163	24,060
Sabah region	7,372	8,175
Sarawak region	2,124	2,144
Gross impaired financing and advances	<u><u>206,782</u></u>	<u><u>232,569</u></u>

A14 Financing and Advances (Contd.)

(xii) 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 2020	32,177	92,092	74,715	198,984
Transfer to Stage 1	981	(4,829)	(2)	(3,850)
Transfer to Stage 2	(13,128)	44,009	(4,027)	26,854
Transfer to Stage 3	(58)	(1,331)	2,437	1,048
New financial assets originated or purchased	4,088	8,315	932	13,335
Financial assets derecognised other than write-off	(3,836)	(9,322)	(817)	(13,975)
Changes due to change in credit risk	2,121	2,616	(1,576)	3,161
	(9,832)	39,458	(3,053)	26,573
Unwinding of discount	-	-	(1,223)	(1,223)
Total (write-back from)/charge to income statement	(9,832)	39,458	(4,276)	25,350
Write-off	-	(14)	(8,255)	(8,269)
30 June 2020	22,345	131,536	62,184	216,065
At 1 April 2019	23,032	69,895	45,583	138,510
Transfer to Stage 1	9,779	(49,268)	(550)	(40,039)
Transfer to Stage 2	(15,292)	88,314	(29,801)	43,221
Transfer to Stage 3	(17)	(53,130)	103,693	50,546
New financial assets originated or purchased	22,190	26,224	6,939	55,353
Financial assets derecognised other than write-off	(9,007)	(24,059)	(9,259)	(42,325)
Changes due to change in credit risk	1,495	34,637	(324)	35,808
	9,148	22,718	70,698	102,564
Unwinding of discount	-	-	(2,799)	(2,799)
Total charge to income statement	9,148	22,718	67,899	99,765
Write-off	(3)	(521)	(38,767)	(39,291)
At 31 March 2020	32,177	92,092	74,715	198,984

A15 Other Assets

	30 June 2020 RM'000	31 March 2020 RM'000
Other receivables	2,311	4,406
Deposits	89	89
Prepayment	1,955	2,042
Amount due from related company	3	3
	4,358	6,540
Less:		
Allowance for expected credit losses on other receivables [Note (a)]	(1,748)	(1,749)
	2,610	4,791

Note:

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

	<u>Lifetime ECL</u>	
	30 June 2020 RM'000	31 March 2020 RM'000
At beginning of financial period/year	1,749	1,641
Changes due to change in credit risk	(1)	108
At end of financial period/year	1,748	1,749

As at 30 June 2020, the Bank's gross exposure of other receivables that are under lifetime ECL was at RM1,748,000 (31 March 2020: RM1,749,000).

A16 Deposits from Customers

	30 June 2020 RM'000	31 March 2020 RM'000
Demand deposits		
- Qard	3,548,236	3,422,562
Savings deposits		
- Qard	384,607	339,006
Term deposits		
- Commodity Murabahah	6,894,675	6,364,480
- Negotiable Islamic Debt Certificate		
- Bai' Inah	512,109	512,193
- Money market deposits		
- Commodity Murabahah	590,787	1,043,198
- Other deposits		
- Mudharabah	74,061	77,304
- Wakalah	34,335	34,292
- Qard	29,257	12,110
	12,068,067	11,805,145

A16 Deposits from Customers (Contd.)

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

	30 June 2020 RM'000	31 March 2020 RM'000
Due within six months	4,939,055	4,998,550
Six months to one year	2,219,987	1,985,271
One year to three years	870,596	854,103
Three years to five years	105,586	205,653
	<u>8,135,224</u>	<u>8,043,577</u>

(ii) By type of customers:

	30 June 2020 RM'000	31 March 2020 RM'000
Domestic financial institutions	500,891	501,083
Government and statutory bodies	2,185,557	1,889,921
Business enterprises	3,987,163	4,171,591
Individuals	4,537,181	4,145,593
Domestic non-bank financial institutions	646,181	881,043
Foreign entities	117,738	101,894
Others	93,356	114,020
	<u>12,068,067</u>	<u>11,805,145</u>

A17 Deposits and Placements of Banks and Other Financial Institutions

	30 June 2020 RM'000	31 March 2020 RM'000
Non-Mudharabah Fund		
Licensed investment banks	41,367	209,689
Bank Negara Malaysia	198,815	11,162
	<u>240,182</u>	<u>220,851</u>

A18 Other Liabilities

	30 June 2020 RM'000	31 March 2020 RM'000
Other payables	25,043	49,118
Bills payable	4,862	5,712
Clearing account	34,280	23,418
Sundry deposits	4,775	4,521
Provision and accruals	3,600	7,891
Amount due to holding company	39,190	17,871
Amount due to related company	1,541	835
Allowance for expected credit losses on commitments and contingencies [Note (a)]	6,624	4,454
	<u>119,915</u>	<u>113,820</u>

Included as part of Other Liabilities is the deferred benefit recognised on the government financing scheme at below market/concession rates amounting RM434,000 for the Bank. The deferred amount will be amortised over the tenure of the government financing scheme.

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 2020	1,012	3,441	1	4,454
Transfer to Stage 1	35	(309)	-	(274)
Transfer to Stage 2	(77)	639	(2)	560
Transfer to Stage 3	-	-	1	1
New financial assets originated or purchased	164	58	-	222
Financial assets derecognised other than write-off	(95)	(93)	-	(188)
Changes due to change in credit risk	269	1,580	-	1,849
Total charge to/(write-back from) income statement	296	1,875	(1)	2,170
At 30 June 2020	1,308	5,316	-	6,624
At 1 April 2019	712	3,182	105	3,999
Transfer to Stage 1	445	(3,605)	-	(3,160)
Transfer to Stage 2	(204)	2,674	(1)	2,469
Transfer to Stage 3	(1)	-	4	3
New financial assets originated or purchased	321	1,840	-	2,161
Financial assets derecognised other than write-off	(205)	(811)	(105)	(1,121)
Changes due to change in credit risk	(57)	161	(9)	95
Other adjustments	1	-	-	1
	300	259	(111)	448
Unwinding of discount	-	-	7	7
Total charge to/(write-back from) income statement	300	259	(104)	455
At 31 March 2020	1,012	3,441	1	4,454

As at 30 June 2020, the gross exposures of financing commitments and financial guarantee contracts that are credit impaired was at RM882,000 (31 March 2020: RM1,009,000).

A19 Income Derived from Investment of Depositors' Funds and Others

	1st Quarter Ended		Three Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Income derived from investment of:				
(i) Term deposits	110,663	105,469	110,663	105,469
(ii) Other deposits	54,718	50,585	54,718	50,585
	165,381	156,054	165,381	156,054

(i) Income derived from investment of term deposits:

	1st Quarter Ended		Three Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Finance income and hibah				
Financing and advances	84,029	80,846	84,029	80,846
Financial investments at fair value through other comprehensive income	14,439	13,241	14,439	13,241
Financial investments at amortised cost	965	-	965	-
Money at call and deposit placements with financial institutions	4,234	1,333	4,234	1,333
	103,667	95,420	103,667	95,420
Accretion of discount less amortisation of premium	2,338	4,065	2,338	4,065
Total finance income and hibah	106,005	99,485	106,005	99,485
Other operating income				
- Fee income	2,815	4,352	2,815	4,352
- Investment income	1,725	1,655	1,725	1,655
- Other income/(expense)	118	(23)	118	(23)
	110,663	105,469	110,663	105,469

Included in financing income earned on financing and advances for the current financial period:

- a) Financing accrued on impaired financing of the Bank amounting to RM755,000 (30 June 2019: RM410,000).
- b) The Bank granted an automatic moratorium on certain financing repayments/payments by individuals and small and medium enterprises (SMEs) for a period of six months from 1 April 2020. The automatic moratorium was applicable to financing that are not in arrears exceeding 90 days and denominated in Malaysian Ringgit. This measure was to assist borrowers experiencing temporary financial constraints due to the COVID-19 pandemic. As a result of the payment moratorium, the Bank recognised a loss of RM22.7 million arising from the modification of cash flows of the financing.

The Bank also received government financing scheme for the purpose of on lending/financing to SMEs at below market/concession rate. The lending/financing by the Bank is to provide support for SMEs in sustaining business operations, safeguard jobs and encourage domestic investments during the COVID-19 pandemic. The benefit arising from the government financing scheme amounting to RM22.5 million for the Bank is applied to address the financial and accounting impact incurred for COVID-19 related relief measures.

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

(ii) Income derived from investment of other deposits:

	1st Quarter Ended		Three Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Finance income and hibah				
Financing and advances	41,548	38,775	41,548	38,775
Financial investments at fair value through other comprehensive income	7,140	6,351	7,140	6,351
Financial investments at amortised cost	477	-	477	-
Money at call and deposit placements with financial institutions	2,094	639	2,094	639
	51,259	45,765	51,259	45,765
Accretion of discount less amortisation of premium	1,156	1,950	1,156	1,950
Total finance income and hibah	52,415	47,715	52,415	47,715
Other operating income				
- Fee income	1,392	2,087	1,392	2,087
- Investment income	853	794	853	794
- Other income/(expense)	58	(11)	58	(11)
	54,718	50,585	54,718	50,585

Included in financing income earned on financing and advances for the current financial period:

- a) Financing accrued on impaired financing of the Bank amounting to RM373,000 (30 June 2019: RM197,000).
- b) The Bank granted an automatic moratorium on certain financing repayments/payments by individuals and SMEs for a period of six months from 1 April 2020. The automatic moratorium was applicable to financing that are not in arrears exceeding 90 days and denominated in Malaysian Ringgit. This measure was to assist borrowers experiencing temporary financial constraints due to the COVID-19 pandemic. As a result of the payment moratorium, the Bank recognised a loss of RM11.3 million arising from the modification of cash flows of the financing.

The Bank also received government financing scheme for the purpose of on lending/financing to SMEs at below market/concession rate. The lending/financing by the Bank is to provide support for SMEs in sustaining business operations, safeguard jobs and encourage domestic investments during the COVID-19 pandemic. The benefit arising from the government financing scheme amounting to RM11.2 million for the Bank is applied to address the financial and accounting impact incurred for COVID-19 related relief measures.

A20 Income Derived from Investment of Shareholder's Funds

	1st Quarter Ended		Three Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Finance income and hibah				
Financing and advances	10,604	11,211	10,604	11,211
Financial investments at fair value through other comprehensive income	1,822	1,836	1,822	1,836
Financial investments at amortised cost	122	-	122	-
Money at call and deposit placements with financial institutions	534	185	534	185
	13,082	13,232	13,082	13,232
Accretion of discount less amortisation of premium	295	564	295	564
Total finance income and hibah	13,377	13,796	13,377	13,796
Other operating income				
- Fee income	355	603	355	603
- Investment income	218	230	218	230
- Other income/(expense)	15	(3)	15	(3)
	13,965	14,626	13,965	14,626

Included in financing income earned on financing and advances for the current financial period:

- a) Financing accrued on impaired financing of the Bank amounting to RM95,000 (30 June 2019: RM57,000).
- b) The Bank granted an automatic moratorium on certain financing repayments/payments by individuals and SMEs for a period of six months from 1 April 2020. The automatic moratorium was applicable to financing that are not in arrears exceeding 90 days and denominated in Malaysian Ringgit. This measure was to assist borrowers experiencing temporary financial constraints due to the COVID-19 pandemic. As a result of the payment moratorium, the Bank recognised a loss of RM2.9 million arising from the modification of cash flows of the financing.

The Bank also received government financing scheme for the purpose of on lending/financing to SMEs at below market/concession rate. The lending/financing by the Bank is to provide support for SMEs in sustaining business operations, safeguard jobs and encourage domestic investments during the COVID-19 pandemic. The benefit arising from the government financing scheme amounting to RM2.9 million for the Bank is applied to address the financial and accounting impact incurred for COVID-19 related relief measures.

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

	1st Quarter Ended		Three Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Allowance for expected credit losses on:				
(a) Financing and advances				
- Net charge during the financial period	26,573	12,986	26,573	12,986
(b) Credit impaired on financing and advances				
- Recovered	(1,177)	(3,044)	(1,177)	(3,044)
- Written-off	6,086	4,369	6,086	4,369
(c) Commitments and contingencies on financing and advances				
- Net charge during the financial period	2,170	249	2,170	249
	33,652	14,560	33,652	14,560
Allowance for expected credit losses on other receivables	(1)	29	(1)	29
	33,651	14,589	33,651	14,589

A22 Allowance for Expected Credit Losses on Financial Investments

	1st Quarter Ended		Three Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Allowance for expected credit losses on:				
Financial investments at fair value through other comprehensive income	(12)	1	(12)	1
Financial investments at amortised cost	90	-	90	-
	78	1	78	1

A23 Income Attributable to the Depositors and Financial Institutions

	1st Quarter Ended		Three Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Deposits from customers:				
- Mudharabah fund	394	628	394	628
- Non-Mudharabah fund	79,946	78,735	79,946	78,735
Deposits and placements of banks and other financial institutions:				
- Non-Mudharabah fund	1,939	908	1,939	908
Financing sold to Cagamas	7,360	5,512	7,360	5,512
Other Borrowings	-	42	-	42
Subordinated Sukuk	3,309	3,306	3,309	3,306
Lease liabilities	2	5	2	5
	92,950	89,136	92,950	89,136

A24 Other Operating Expenses

	1st Quarter Ended		Three Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	16,643	15,023	16,643	15,023
- Contribution to EPF	2,716	2,412	2,716	2,412
- Others	1,522	2,014	1,522	2,014
	20,881	19,449	20,881	19,449
<u>Establishment costs</u>				
- Depreciation on property, plant and equipment	21	33	21	33
- Depreciation on right-of-use assets	68	71	68	71
- Amortisation of computer software	68	81	68	81
- Rental	44	617	44	617
- Repairs and maintenance	481	572	481	572
- Water and electricity	266	300	266	300
- Information technology expenses	2,019	2,126	2,019	2,126
- Others [Note (a)]	3,766	2,828	3,766	2,828
	6,733	6,628	6,733	6,628
<u>Marketing expenses</u>				
- Promotion and advertisement	212	23	212	23
- Branding and publicity	900	853	900	853
- Others	137	185	137	185
	1,249	1,061	1,249	1,061
<u>Administration and general expenses</u>				
- Communication expenses	487	492	487	492
- Printing and stationeries	77	98	77	98
- Insurance	445	408	445	408
- Professional fees	1,178	1,001	1,178	1,001
- Others	195	463	195	463
	2,382	2,462	2,382	2,462
Total other operating expenses	31,245	29,600	31,245	29,600

Included in the other operating expenses are the Shariah Committee members' remuneration of RM93,000 (30 June 2019: RM80,000).

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:

	1st Quarter Ended		Three Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Sharing of Other Operating Expenses				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	15,325	13,640	15,325	13,640
- Contribution to EPF	2,499	2,195	2,499	2,195
- Others	1,450	1,777	1,450	1,777
	19,274	17,612	19,274	17,612
<u>Establishment costs</u>				
- Rental	44	1,252	44	1,252
- Repairs and maintenance	476	568	476	568
- Water and electricity	259	294	259	294
- Information technology expenses	1,973	2,108	1,973	2,108
- Others [Note (a)]	3,766	2,189	3,766	2,189
	6,518	6,411	6,518	6,411
<u>Marketing expenses</u>				
- Promotion and advertisement	175	11	175	11
- Branding and publicity	657	627	657	627
- Others	135	156	135	156
	967	794	967	794
<u>Administration and general expenses</u>				
- Communication expenses	324	258	324	258
- Printing and stationeries	62	59	62	59
- Professional fees	983	555	983	555
- Others	195	201	195	201
	1,564	1,073	1,564	1,073
Total sharing of other operating expenses	28,323	25,890	28,323	25,890

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.

	1st Quarter Ended		Three Months Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Net profit for the financial period attributable to Equity holder of the Bank (RM'000)	15,866	27,994	15,866	27,994
Weighted average numbers of ordinary shares in issue ('000)	345,045	345,045	345,045	345,045
Basic/diluted earnings per share (sen)	4.6	8.1	4.6	8.1

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:

	30 June 2020 RM'000	31 March 2020 RM'000
<u>Commitments and contingencies</u>		
Direct credit substitutes	190,154	191,836
Transaction-related contingent items	61,228	60,380
Short-term self-liquidating trade-related contingencies	20,414	20,026
Irrevocable commitments to extend credit:		
- maturity exceeding one year	279,927	367,450
- maturity not exceeding one year	2,000,484	1,798,853
Total	2,552,207	2,438,545

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(Incorporated in Malaysia)

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:

	30 June 2020	31 March 2020
<u>Before deducting proposed dividends</u>		
CET I capital ratio	11.269%	10.507%
Tier I capital ratio	12.400%	11.617%
Total capital ratio	15.041%	14.233%
<u>After deducting proposed dividends</u>		
CET I capital ratio	11.269%	10.507%
Tier I capital ratio	12.400%	11.617%
Total capital ratio	15.041%	14.233%
	30 June 2020	31 March 2020
	RM'000	RM'000
<u>CET I Capital</u>		
Paid-up share capital	400,000	400,000
Retained profits	558,173	523,425
Regulatory reserves	-	34,748
FVOCI reserves	71,041	38,888
	1,029,214	997,061
Less: Regulatory adjustments		
- Intangible assets	(776)	(825)
- 55% of FVOCI reserves	(39,073)	(21,388)
- Regulatory reserves	-	(34,748)
Total CET I Capital	989,365	940,100
Additional Tier 1 Sukuk Wakalah	99,300	99,271
Total Additional Tier 1 Capital	99,300	99,271
Total Tier I Capital	1,088,665	1,039,371
<u>Tier II Capital</u>		
Subordinated Sukuk Murabahah	129,746	129,733
Expected credit losses and regulatory reserves	102,162	104,399
Total Tier II Capital	231,908	234,132
Total Capital	1,320,573	1,273,503

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

	30 June 2020	31 March 2020
	RM'000	RM'000
Credit risk	8,172,952	8,351,930
Operational risk	606,653	595,399
Total RWA and capital requirements	8,779,605	8,947,329

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
30 June 2020				
Assets				
Financial investments at FVOCI				
- Money market instruments	-	1,082,264	-	1,082,264
- Unquoted securities	-	1,274,164	-	1,274,164
31 March 2020				
Assets				
Financial investments at FVOCI				
- Money market instruments	-	1,016,589	-	1,016,589
- Unquoted securities	-	1,285,277	-	1,285,277

There were no transfers between Levels 1 and 2 of the fair value hierarchy for the Bank during the financial period/year ended 30 June 2020 and 31 March 2020.

PART B - Review of Performance & Current Year Prospect

B1 Review of Performance

Profitability

The Bank recorded a net profit after tax (NPAT) of RM15.9 million the first financial quarter ending 30 June 2020, RM12.1 million or 43.3% lower year-on-year (YOY). The lower profits were largely due to higher credit costs.

Despite a series of overnight policy rate (OPR) cuts, net profit income grew by RM7.0 million or 9.7% to RM78.8 million. Net profit margin (NPM) recorded at 2.18%.

Better Financing Growth

The Bank continued to focus on financing origination from Small Medium Enterprise (“SME”) banking and consumer banking while undertaking a series of credit underwriting policy tightening to strengthen the booking quality in the face of the COVID-19 related risks. Gross financing and advances grew 10.5% YOY to RM10.7 billion. SME loans expanded by 13.3% YOY. In addition, consumer banking grew 13.3% YOY mainly from Alliance ONE Account and personal financing.

Other Operating Income

The Bank recorded other operating income of RM7.5 million, a decline of RM2.1 million or 22.0% YOY. Unit trust and trade fee income decreased by RM2.8 million mainly due to challenging external environment, offset by an increased in insurance underwriting revenue of RM0.6 million.

Operating Expenses

Other operating expenses increased by RM1.6 million or 5.6% YOY mainly due to continued investment in sales force expansion and IT infrastructure. As part of cost savings initiatives, we will be more stringent in hiring and managing discretionary expenses for the rest of the year.

Asset Quality

In anticipation of the economic impact from COVID-19, the Bank has made further credit impairment provisions focused on the more severely affected industries. As a result, the Bank’s 1QFY21 has recorded a net credit cost of 31.3bps.

We have enhanced our credit risk framework in each line of business by stratifying customers according to effective risk levels, and have prioritized customer calls or visits. We have used our diagnostic tools to determine whether borrowers’ risk level is high, medium or low risk, and based on the results we have launched a relief assistance program to help borrowers while managing the Bank’s credit risk.

The Bank will continue to intensify proactive credit management including refinement of credit policies, tightening of credit underwriting and increased collection efforts to control credit cost. Financing loss coverage was stable at 104.5%.

Healthy Funding and Liquidity Position

We have grown our deposits base despite the challenging environment and increased our CASA ratio from 30.1% to 32.6%. Total customer deposits stood at RM12.1 billion, marking a 15.7% growth. Term deposits grew RM0.6 billion or 10.1% YOY.

The Bank’s liquidity coverage ratio and financing to fund ratio remained healthy at 251.9% and 78.8% respectively. The Bank will continue to maintain ample liquidity ratios, and ensure a sufficient liquidity buffer to mitigate the risk of any payment shock resulting from the automatic moratorium.

The Bank maintained a Total Capital ratio of 15.0%, with a Common Equity Tier 1 Capital ratio of 11.3% and Tier 1 Capital ratio at 12.4% as at 30 June 2020.

B2 Current Year Prospect

As we move forward into 2020, the effects of the COVID-19 pandemic and the decline of oil and commodity prices are likely to lead to slower overall financing growth and increased credit stress for the Bank. In addition, the lowered OPR will impact our net profit margin. As such, we have implemented strategies to help mitigate the impact on the Bank and our stakeholders throughout this crisis.

- For our customers, we are committed to helping them manage the headwinds through the 6-month automatic financing moratorium announced by the Government. We have also designed restructuring and rescheduling options for all customers.
- For the Bank, we will be paying close attention to managing our credit and liquidity risks. We will also be working out details of post-moratorium repayment arrangements with our customers. Addressing the needs of our customers at this juncture will help us strengthen our relationships for the long term success of both the Bank and our clients.
- The COVID-19 pandemic and its economic consequences result in a broad range of possible macro-economic outcomes, and in an unusual level of uncertainty for loan repayments cash flows. This may lead to additional potential credit impairment provisions.
- To support our communities, we raised RM300,000 via SocioBiz to help medical front liners and the COVID-19 relief efforts of 11 social enterprises.
- For our employees, we have activated operations in separate locations for critical departments and enforced work-from-home arrangements for more than 65% of our staff to ensure their safety while essential services continue with minimal interruption. We have also enhanced hygiene measures within the working environment and encouraged virtual meetings. In addition to this, we provided expanded medical benefits to include medical claims for treatment of confirmed COVID-19 cases.

The Bank continues to maintain ample liquidity coverage and financing to funds ratio. In addition, we will ensure cash levels at our branches and self-service terminals remain sufficient at all times. We will also remain vigilant in managing our credit portfolios and conservative in our provisioning practices.