

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

(Incorporated in Malaysia)

Condensed Interim Financial Statements**Unaudited Statement of Financial Position as at 30 June 2021**

		30 June	31 March
		2021	2021
	Note	RM'000	RM'000
ASSETS			
Cash and short-term funds		1,695,038	1,373,080
Deposits and placements with banks and other financial institutions		912	-
Financial investments at fair value through other comprehensive income	A12	2,095,440	2,199,728
Financial investments at amortised cost	A13	292,794	292,919
Financing and advances	A14	10,229,079	10,636,498
Other assets	A15	9,645	9,363
Statutory deposits with Bank Negara Malaysia		27,338	18,338
Tax recoverable		26,261	25,796
Right-of-use assets		576	640
Property, plant and equipment		199	174
Deferred tax assets		25,832	22,861
Intangible assets		1,066	920
TOTAL ASSETS		14,404,180	14,580,317
LIABILITIES AND EQUITY			
Deposits from customers	A16	12,082,655	12,259,341
Deposits and placements of banks and other financial institutions	A17	262,559	279,180
Recourse obligations on financing sold to Cagamas		350,444	350,400
Lease liabilities		619	661
Other liabilities	A18	252,580	260,631
Provision for zakat		798	847
Subordinated Sukuk		232,692	229,379
TOTAL LIABILITIES		13,182,347	13,380,439
Share capital		600,000	600,000
Reserves		621,833	599,878
TOTAL EQUITY		1,221,833	1,199,878
TOTAL LIABILITIES AND EQUITY		14,404,180	14,580,317
Restricted investment account ¹		24,795	34,379
Total Islamic Banking asset ¹		14,428,975	14,614,696
COMMITMENTS AND CONTINGENCIES	A26	2,697,298	2,403,611

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 2021.

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 2021

	Note	1st Quarter Ended		Three Months Ended	
		30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Income derived from investment of depositors' funds and others	A19	150,640	165,381	150,640	165,381
Income derived from investment of shareholder's funds	A20	14,659	13,965	14,659	13,965
Allowance for expected credit losses on financing and advances and other financial assets	A21	(40,647)	(33,651)	(40,647)	(33,651)
Allowance for expected credit losses on financial investments	A22	-	(78)	-	(78)
Total distributable income		124,652	145,617	124,652	145,617
Income attributable to the depositors and financial institutions	A23	(63,487)	(92,950)	(63,487)	(92,950)
Total net income		61,165	52,667	61,165	52,667
Other operating expenses	A24	(32,179)	(31,245)	(32,179)	(31,245)
Profit before taxation		28,986	21,422	28,986	21,422
Taxation		(7,374)	(5,556)	(7,374)	(5,556)
Net profit for the financial period		21,612	15,866	21,612	15,866
Net profit for the financial period attributable to:					
Equity holder of the Bank		21,612	15,866	21,612	15,866
Earnings per share attributable to:					
Equity holder of the Bank					
- Basic/diluted (sen)	A25	5.2	4.6	5.2	4.6

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 2021.

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 2021**

	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	21,612	15,866	21,612	15,866
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	9,491	45,102	9,491	45,102
- Realised gain transferred to statement of income on disposal	(9,045)	(2,796)	(9,045)	(2,796)
- Transfer to deferred tax	(107)	(10,153)	(107)	(10,153)
- Changes in expected credit losses	4	(12)	4	(12)
Other comprehensive income, net of tax	343	32,141	343	32,141
Total comprehensive income for the financial period	21,955	48,007	21,955	48,007
Total comprehensive income for the financial period attributable to:				
Equity holder of the Bank	21,955	48,007	21,955	48,007

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 2021.

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 2021

	← Non-distributable reserves →			Distributable reserves	Total equity RM'000
	Ordinary shares RM'000	Regulatory reserves RM'000	FVOCI reserves RM'000	Retained profits RM'000	
At 1 April 2021	600,000	-	34,989	564,889	1,199,878
Net profit for the financial period	-	-	-	21,612	21,612
Other comprehensive income	-	-	343	-	343
Total comprehensive income for the financial period	-	-	343	21,612	21,955
At 30 June 2021	600,000	-	35,332	586,501	1,221,833
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

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 2021.

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 2021**

	30 June 2021 RM'000	30 June 2020 RM'000
Profit before taxation	28,986	21,422
Adjustments for non-cash items	8,362	7,999
Operating profit before changes in working capital	37,348	29,421
Changes in working capital	159,713	487,523
Net tax paid	(10,919)	(5,838)
Zakat paid	(50)	(205)
Net cash generated from operating activities	186,092	510,901
Net cash generated from/(used in) investing activities	139,679	(140,439)
Net cash (used in)/generated from financing activities	(3,813)	294,463
Net change in cash and cash equivalents	321,958	664,925
Cash and cash equivalents at beginning of financial period	1,373,080	714,632
Cash and cash equivalents at end of financial period	1,695,038	1,379,557
Cash and cash equivalents comprise the following:		
Cash and short-term funds	1,695,038	1,379,557

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 2021.

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 ended 30 June 2021 have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and financial investments at fair value through other comprehensive income that are measured at fair value.

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

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of Alliance Islamic Bank Berhad ("the Bank") for the financial year ended 31 March 2021. 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 2021.

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 2021 and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 April 2021:

- Interest rate benchmark reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)

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

The preparation of unaudited condensed interim financial statements in conformity with the Malaysian Financial Reporting Standards requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed interim financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the 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 2021 was not qualified.

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 ended 30 June 2021.

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 ended 30 June 2021.

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 ended 30 June 2021.

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 ended 30 June 2021.

A7 Dividend Paid

No dividend has been paid during the first financial quarter ended 30 June 2021.

A8 Significant Events

There were no significant events during the first financial quarter ended 30 June 2021.

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 has been entered into in the normal course of business.

A11 Proposed Dividend

No dividend has been proposed or declared during the first financial quarter ended 30 June 2021.

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

	30 June 2021 RM'000	31 March 2021 RM'000
At fair value - debt instruments		
<u>Money market instruments:</u>		
Malaysian Government investment issues	732,915	982,411
Commercial papers	19,940	-
	752,855	982,411
<u>Unquoted securities:</u>		
Sukuk	1,342,585	1,217,317
	1,342,585	1,217,317
Total financial investments at FVOCI	2,095,440	2,199,728

A12 Financial Investments at Fair Value Through Other Comprehensive Income ("FVOCI") (Cont'd.)

Movements in allowance for expected credit losses are as follows:

	12-month ECL (Stage 1)	
	30 June 2021 RM'000	31 March 2021 RM'000
At beginning of financial period/year	17	37
Financial investments derecognised other than write-off	-	(7)
Changes due to change in credit risk	4	(13)
Total charge to/(write-back from) income statement	4	(20)
At end of financial period/year	<u>21</u>	<u>17</u>

A13 Financial Investments at Amortised Cost

	30 June 2021 RM'000	31 March 2021 RM'000
At amortised cost		
<u>Money market instruments:</u>		
Malaysian Government investment issues	<u>211,223</u>	212,469
	<u>211,223</u>	<u>212,469</u>
<u>Unquoted securities:</u>		
Sukuk	81,890	80,773
Less: Allowance for expected credit losses	(319)	(323)
	<u>81,571</u>	<u>80,450</u>
Total financial investments at amortised cost	<u>292,794</u>	<u>292,919</u>

Movements in allowance for expected credit losses are as follows:

	12-month ECL (Stage 1)	
	30 June 2021 RM'000	31 March 2021 RM'000
At beginning of financial period/year	323	225
Total (write-back from)/charge to income statement due to change in credit risk	(4)	98
At end of financial period/year	<u>319</u>	<u>323</u>

A14 Financing and Advances

By types and Shariah concepts:

<u>Notes</u>	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 2021								
At amortised cost								
Cash line financing	18,304	1,229,916	-	-	10,987	-	-	1,259,207
Term financing								
- Housing financing	3,468,481	-	-	-	-	-	-	3,468,481
- Hire purchase receivables (a)	-	-	147,087	-	-	-	-	147,087
- Other term financing	1,999,771	2,146,363	-	-	-	-	137,351	4,283,485
Bills receivables	-	-	-	35,461	-	-	-	35,461
Trust receipts	-	-	-	71,609	-	-	-	71,609
Claims on customers under acceptance credits	-	-	-	659,075	-	84,180	-	743,255
Staff financing (including financing to Directors of RM Nil)	14,807	-	-	-	-	-	-	14,807
Revolving credits (b)	104,171	423,965	-	-	-	-	-	528,136
Gross financing and advances	5,605,534	3,800,244	147,087	766,145	10,987	84,180	137,351	10,551,528
Add: Sales commission and handling fees								43,159
Less: Allowance for expected credit losses on financing and advances								(365,608)
Total net financing and advances								<u>10,229,079</u>

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A14 Financing and Advances (Cont'd.)
By types and Shariah concepts: (cont'd.)

	<u>Notes</u>	Bai` Bithaman		Al-Ijarah Thumma Al-Bai`/ AITAB		Murabahah		<u>Qard</u> RM'000	Bai`	Bai`	Total Financing and Advances RM'000
		<u>Ajil</u> RM'000	<u>Tawarrug</u> RM'000			<u>Al-Dayn</u> RM'000	<u>`Inah</u> RM'000				
31 March 2021											
At amortised cost											
Cash line financing		21,183	1,364,764	-	-	9,419	-	-	-	-	1,395,366
Term financing											
- Housing financing		3,502,427	-	-	-	-	-	-	-	-	3,502,427
- Hire purchase receivables	(a)	-	-	160,546	-	-	-	-	-	-	160,546
- Other term financing		2,032,240	2,098,013	-	-	-	-	-	146,579	-	4,276,832
Bills receivables		-	-	-	30,835	-	-	-	-	-	30,835
Trust receipts		-	-	-	61,000	-	-	-	-	-	61,000
Claims on customers under acceptance credits		-	-	-	655,028	-	97,388	-	-	-	752,416
Staff financing (including financing to Directors of RM Nil)		15,369	-	-	-	-	-	-	-	-	15,369
Revolving credits	(b)	153,117	583,268	-	-	-	-	-	-	-	736,385
Gross financing and advances		5,724,336	4,046,045	160,546	746,863	9,419	97,388	146,579			10,931,176
Add: Sales commission and handling fees											45,248
Less: Allowance for expected credit losses on financing and advances											(339,926)
Total net financing and advances											<u>10,636,498</u>

Notes:

(a) 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.

(b) 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 (Cont'd.)

(i) Purpose and source of fund for Qard Financing:

	30 June 2021 RM'000	31 March 2021 RM'000
At beginning of financial period/year	9,419	9,121
Sources of Qard fund:		
- Shareholders' fund	3,457	7,667
Uses of Qard fund:		
- Purchase of landed property - Non-residential	-	(513)
- Personal use	(455)	(272)
- Working capital	(1,434)	(5,990)
- Other	-	(594)
At end of financial period/year	<u>10,987</u>	<u>9,419</u>

(ii) By maturity structure:

	30 June 2021 RM'000	31 March 2021 RM'000
Within one year	2,680,514	3,009,379
One year to three years	355,194	413,495
Three years to five years	611,241	602,307
Over five years	6,904,579	6,905,995
Gross financing and advances	<u>10,551,528</u>	<u>10,931,176</u>

(iii) By type of customers:

	30 June 2021 RM'000	31 March 2021 RM'000
Domestic non-bank financial institutions	59,810	188,344
Domestic business enterprises		
- Small and medium enterprises	3,056,286	3,112,741
- Others	1,303,516	1,378,585
Individuals	6,025,524	6,149,459
Other domestic entities	21,811	22,342
Foreign entities	84,581	79,705
Gross financing and advances	<u>10,551,528</u>	<u>10,931,176</u>

(iv) By profit rate sensitivity:

	30 June 2021 RM'000	31 March 2021 RM'000
Fixed rate		
- Housing financing	20,869	21,694
- Hire purchase receivables	147,087	160,546
- Other fixed rate financing	1,955,747	2,080,693
Variable rate		
- Housing financing	3,455,815	3,489,155
- Other variable rate financing	4,972,010	5,179,088
Gross financing and advances	<u>10,551,528</u>	<u>10,931,176</u>

A14 Financing and Advances (Cont'd.)

(v) By economic purposes:

	30 June 2021 RM'000	31 March 2021 RM'000
Purchase of transport vehicles	125,763	139,514
Purchase of landed property	4,875,627	4,917,672
of which: - Residential	3,535,309	3,569,008
- Non-residential	1,340,318	1,348,664
Purchase of fixed assets excluding land & buildings	52,245	52,175
Personal use	2,515,194	2,591,889
Construction	102,844	102,824
Working capital	2,323,098	2,543,549
Others	556,757	583,553
Gross financing and advances	10,551,528	10,931,176

(vi) By economic sectors:

	30 June 2021 RM'000	31 March 2021 RM'000
Primary agriculture	426,646	407,696
Mining and quarrying	35,962	38,540
Manufacturing	1,165,184	1,158,867
Electricity, gas and water	2,380	2,170
Construction	270,104	259,435
Wholesale, retail trade, restaurants and hotels	1,454,839	1,530,989
Transport, storage and communication	130,293	143,355
Financing, insurance, real estate and business services	877,384	1,081,791
Community and recreation	78,631	77,769
Household	6,110,105	6,229,164
Others	-	1,400
Gross financing and advances	10,551,528	10,931,176

(vii) By geographical distribution:

	30 June 2021 RM'000	31 March 2021 RM'000
Northern region	948,230	975,765
Central region	7,076,113	7,270,717
Southern region	1,218,672	1,259,454
Sabah region	947,241	1,077,700
Sarawak region	361,272	347,540
Gross financing and advances	10,551,528	10,931,176

A14 Financing and Advances (Cont'd.)

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

	30 June 2021 RM'000	31 March 2021 RM'000
At beginning of financial period/year	296,686	232,569
Impaired during the financial period/year	78,912	318,798
Recovered during the financial period/year	(2,567)	(12,279)
Reclassified as unimpaired during the financial period/year	(62,694)	(133,063)
Financial assets derecognised other than write-off during the financial period/year	(15,963)	(48,458)
Amount written-off	(18,134)	(60,881)
At end of financial period/year	<u><u>276,240</u></u>	<u><u>296,686</u></u>
Gross impaired financing ratio	<u>2.62%</u>	2.71%
Net impaired financing ratio	<u>1.91%</u>	<u>2.00%</u>

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

	30 June 2021 RM'000	31 March 2021 RM'000
Purchase of transport vehicles	6,814	6,665
Purchase of landed property	137,192	152,362
of which: - Residential	<u>127,225</u>	<u>133,469</u>
- Non-residential	<u>9,967</u>	<u>18,893</u>
Purchase of fixed assets excluding land & buildings	357	357
Personal use	105,532	116,300
Working capital	23,363	18,010
Others	2,982	2,992
Gross impaired financing and advances	<u><u>276,240</u></u>	<u><u>296,686</u></u>

(x) Credit impaired loans analysed by economic sectors:

	30 June 2021 RM'000	31 March 2021 RM'000
Primary agriculture	1,111	1,116
Manufacturing	9,435	3,534
Construction	12,798	12,711
Wholesale, retail trade, restaurants and hotels	11,828	20,668
Transport, storage and communication	406	505
Financing, insurance, real estate and business services	591	1,185
Household	240,071	256,967
Gross impaired financing and advances	<u><u>276,240</u></u>	<u><u>296,686</u></u>

A14 Financing and Advances (Cont'd.)

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

	30 June 2021 RM'000	31 March 2021 RM'000
Northern region	24,720	25,489
Central region	193,193	220,773
Southern region	37,136	34,899
Sabah region	19,016	13,356
Sarawak region	2,175	2,169
Gross impaired financing and advances	<u>276,240</u>	<u>296,686</u>

A14 Financing and Advances (Cont'd.)

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

	12-month ECL (Stage 1) RM'000	Lifetime ECL Not-credit impaired (Stage 2) RM'000	Lifetime ECL Credit impaired (Stage 3) RM'000	Total RM'000
At 1 April 2021	76,562	183,648	79,716	339,926
Transfer to Stage 1	7,119	(40,768)	(5)	(33,654)
Transfer to Stage 2	(9,249)	89,361	(13,170)	66,942
Transfer to Stage 3	(15)	(27,402)	20,783	(6,634)
New financial assets originated or purchased	7,632	16,805	589	25,026
Financial assets derecognised other than write-off	(7,702)	(18,776)	(3,346)	(29,824)
Changes due to change in credit risk	(943)	13,259	2,452	14,768
	(3,158)	32,479	7,303	36,624
Unwinding of discount	-	-	(160)	(160)
Total (write-back from)/charge to income statement	(3,158)	32,479	7,143	36,464
Write-off	-	(54)	(10,728)	(10,782)
At 30 June 2021	73,404	216,073	76,131	365,608
At 1 April 2020	32,177	92,092	74,715	198,984
Transfer to Stage 1	58,333	(104,503)	(1,985)	(48,155)
Transfer to Stage 2	(37,986)	181,563	(26,188)	117,389
Transfer to Stage 3	(132)	(67,161)	90,610	23,317
New financial assets originated or purchased	23,992	38,450	4,030	66,472
Financial assets derecognised other than write-off	(21,759)	(48,005)	(11,264)	(81,028)
Changes due to change in credit risk	21,937	91,330	(7,488)	105,779
	44,385	91,674	47,715	183,774
Unwinding of discount	-	-	(3,304)	(3,304)
Total charge to income statement	44,385	91,674	44,411	180,470
Write-off	-	(118)	(39,410)	(39,528)
At 31 March 2021	76,562	183,648	79,716	339,926

Note:

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

A15 Other Assets

	30 June 2021 RM'000	31 March 2021 RM'000
Other receivables	8,918	8,968
Deposits	89	89
Prepayment	2,531	2,211
Amount due from related company	3	3
	11,541	11,271
Less:		
Allowance for expected credit losses on other receivables [Note]	(1,896)	(1,908)
	9,645	9,363

Note:

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

	Lifetime ECL	
	30 June 2021 RM'000	31 March 2021 RM'000
At beginning of financial period/year	1,908	1,749
Changes due to change in credit risk	(12)	159
At end of financial period/year	1,896	1,908

As at 30 June 2021, the Bank's gross exposure of other receivables that are under lifetime expected credit losses was at RM1,896,000 (31 March 2021: RM1,908,000).

A16 Deposits from Customers

A16a By type of deposits:

	30 June 2021 RM'000	31 March 2021 RM'000
Demand deposits		
- Qard	5,731,719	5,199,203
- Tawarruq	5,642	-
Savings deposits		
- Qard	456,702	439,865
- Tawarruq	115	-
Term deposits		
- Tawarruq	5,265,378	5,298,739
- Negotiable Islamic Debt Certificate		
- Bai' Inah	200,995	198,957
- Money market deposits		
- Tawarruq	288,133	1,005,008
- Other deposits		
- Mudharabah	66,454	66,707
- Wakalah	34,004	33,844
- Qard	33,513	17,018
	12,082,655	12,259,341

A16 Deposits from Customers (Cont'd.)

A16b The maturity structure of term deposits are as follows:

	30 June 2021 RM'000	31 March 2021 RM'000
Due within six months	4,315,923	5,362,668
Six months to one year	1,225,090	615,153
One year to three years	157,531	454,446
Three years to five years	189,933	188,006
	<u>5,888,477</u>	<u>6,620,273</u>

A16c By type of customers:

	30 June 2021 RM'000	31 March 2021 RM'000
Domestic financial institutions	189,330	187,404
Domestic non-bank financial institutions	870,889	1,389,218
Government and statutory bodies	2,093,609	2,127,711
Business enterprises	3,294,955	2,833,051
Individuals	5,399,057	5,451,478
Foreign entities	110,912	112,857
Others	123,903	157,622
	<u>12,082,655</u>	<u>12,259,341</u>

A17 Deposits and Placements of Banks and Other Financial Institutions

	30 June 2021 RM'000	31 March 2021 RM'000
Non-Mudharabah Fund		
Licensed investment banks	7,261	6,380
Bank Negara Malaysia	255,298	272,800
	<u>262,559</u>	<u>279,180</u>

A18 Other Liabilities

	30 June 2021 RM'000	31 March 2021 RM'000
Other payables	114,954	125,471
Bills payable	6,810	24,882
Clearing account	36,623	41,992
Sundry deposits	5,293	5,119
Provision and accruals	4,006	7,417
Amount due to holding company	61,831	32,354
Amount due to related company	421	297
Allowance for expected credit losses on commitments and contingencies [Note]	22,642	23,099
	<u>252,580</u>	<u>260,631</u>

A18 Other Liabilities (Cont'd.)

Note:

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

	12-month ECL (Stage 1) RM'000	Lifetime ECL Not-credit impaired (Stage 2) RM'000	Lifetime ECL Credit impaired (Stage 3) RM'000	Total RM'000
At 1 April 2021	1,647	21,451	1	23,099
Transfer to Stage 1	19	(129)	-	(110)
Transfer to Stage 2	(5)	105	-	100
New financial assets originated or purchased	199	49	-	248
Financial assets derecognised other than write-off	(132)	(294)	-	(426)
Changes due to change in credit risk	165	(446)	12	(269)
Total charge to/(write-back from) income statement	246	(715)	12	(457)
At 30 June 2021	1,893	20,736	13	22,642
At 1 April 2020	1,012	3,441	1	4,454
Transfer to Stage 1	472	(1,292)	-	(820)
Transfer to Stage 2	(172)	1,622	(2)	1,448
Transfer to Stage 3	-	(788)	1,621	833
New financial assets originated or purchased	667	439	-	1,106
Financial assets derecognised other than write-off	(407)	(1,109)	(1,618)	(3,134)
Changes due to change in credit risk	74	19,139	-	19,213
Other adjustments	1	(1)	-	-
	635	18,010	1	18,646
Unwinding of discount	-	-	(1)	(1)
Total charge to income statement	635	18,010	-	18,645
At 31 March 2021	1,647	21,451	1	23,099

As at 30 June 2021, the Bank's gross exposures of commitments and contingencies that are credit impaired was at RM141,000 (31 March 2021: RM2,672,000).

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

A19 Income Derived from Investment of Depositors' Funds and Others

	1st Quarter Ended		Three Months Ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Income derived from investment of:				
(i) Term deposits	75,133	110,663	75,133	110,663
(ii) Other deposits	75,507	54,718	75,507	54,718
	150,640	165,381	150,640	165,381

(i) Income derived from investment of term deposits:

	1st Quarter Ended		Three Months Ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Finance income and hibah				
Financing and advances	52,794	84,029	52,794	84,029
Financial investments at fair value through other comprehensive income	9,184	14,439	9,184	14,439
Financial investments at amortised cost	1,358	965	1,358	965
Money at call and deposit placements with financial institutions	3,247	4,234	3,247	4,234
	66,583	103,667	66,583	103,667
Accretion of discount less amortisation of premium	1,296	2,338	1,296	2,338
Total finance income and hibah	67,879	106,005	67,879	106,005
Other operating income				
- Fee income	2,476	2,815	2,476	2,815
- Investment income	4,111	1,725	4,111	1,725
- Other income	667	118	667	118
	75,133	110,663	75,133	110,663

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 RM90,000 (June 2020: RM755,000).

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

(ii) Income derived from investment of other deposits:

	1st Quarter Ended		Three Months Ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Finance income and hibah				
Financing and advances	53,057	41,548	53,057	41,548
Financial investments at fair value through other comprehensive income	9,229	7,140	9,229	7,140
Financial investments at amortised cost	1,365	477	1,365	477
Money at call and deposit placements with financial institutions	3,263	2,094	3,263	2,094
	66,914	51,259	66,914	51,259
Accretion of discount less amortisation of premium	1,303	1,156	1,303	1,156
Total finance income and hibah	68,217	52,415	68,217	52,415
Other operating income				
- Fee income	2,488	1,392	2,488	1,392
- Investment income	4,132	853	4,132	853
- Other income	670	58	670	58
	75,507	54,718	75,507	54,718

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 RM91,000 (June 2020: RM373,000).

A20 Income Derived from Investment of Shareholder's Funds

	1st Quarter Ended		Three Months Ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Finance income and hibah				
Financing and advances	10,301	10,604	10,301	10,604
Financial investments at fair value through other comprehensive income	1,792	1,822	1,792	1,822
Financial investments at amortised cost	265	122	265	122
Money at call and deposit placements with financial institutions	633	534	633	534
	12,991	13,082	12,991	13,082
Accretion of discount less amortisation of premium	253	295	253	295
Total finance income and hibah	13,244	13,377	13,244	13,377
Other operating income				
- Fee income	483	355	483	355
- Investment income	802	218	802	218
- Other income	130	15	130	15
	14,659	13,965	14,659	13,965

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 RM18,000 (June 2020: RM95,000).

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

	1st Quarter Ended		Three Months Ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Allowance for expected credit losses on:				
(a) Financing and advances				
- Allowance made during the financial period	36,624	26,573	36,624	26,573
(b) Credit impaired on financing and advances				
- Recovered during the financial period	(3,113)	(1,177)	(3,113)	(1,177)
- Write-off during the financial period	7,605	6,086	7,605	6,086
(c) Commitments and contingencies on financing and advances				
- (Write-back)/allowance made during the financial period	(457)	2,170	(457)	2,170
	<u>40,659</u>	<u>33,652</u>	<u>40,659</u>	<u>33,652</u>
Write-back of expected credit losses on other receivables	(12)	(1)	(12)	(1)
	<u>40,647</u>	<u>33,651</u>	<u>40,647</u>	<u>33,651</u>

A22 Allowance for Expected Credit Losses on Financial Investments

	1st Quarter Ended		Three Months Ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
(a) Financial investments at fair value through other comprehensive income				
- Allowance made/(write-back) during the financial period	4	(12)	4	(12)
(b) Financial investments at amortised cost				
- (Write-back)/allowance made during the financial period	(4)	90	(4)	90
	<u>-</u>	<u>78</u>	<u>-</u>	<u>78</u>

A23 Income Attributable to the Depositors and Financial Institutions

	1st Quarter Ended		Three Months Ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Deposits from customers:				
- Mudharabah fund	297	394	297	394
- Non-Mudharabah fund	55,182	79,946	55,182	79,946
Deposits and placements of banks and other financial institutions:				
- Non-Mudharabah fund	880	1,939	880	1,939
Financing sold to Cagamas	3,805	7,360	3,805	7,360
Subordinated sukuk	3,314	3,309	3,314	3,309
Lease liabilities	9	2	9	2
	<u>63,487</u>	<u>92,950</u>	<u>63,487</u>	<u>92,950</u>

A24 Other Operating Expenses

	1st Quarter Ended		Three Months Ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	17,752	16,643	17,752	16,643
- Contribution to EPF	2,804	2,716	2,804	2,716
- Others	1,408	1,522	1,408	1,522
	21,964	20,881	21,964	20,881
<u>Establishment costs</u>				
- Depreciation on property, plant and equipment	24	21	24	21
- Depreciation on right-of-use assets	64	68	64	68
- Amortisation of computer software	79	68	79	68
- Rental of premises	153	44	153	44
- Water and electricity	243	266	243	266
- Repairs and maintenance	482	481	482	481
- Information technology expenses	4,426	2,019	4,426	2,019
- Others [Note]	1,472	3,766	1,472	3,766
	6,943	6,733	6,943	6,733
<u>Marketing expenses</u>				
- Promotion and advertisement	34	212	34	212
- Branding and publicity	262	900	262	900
- Others	124	137	124	137
	420	1,249	420	1,249
<u>Administration and general expenses</u>				
- Communication expenses	537	487	537	487
- Printing and stationeries	77	77	77	77
- Insurance	456	445	456	445
- Professional fees	1,373	1,178	1,373	1,178
- Others	409	195	409	195
	2,852	2,382	2,852	2,382
Total other operating expenses	32,179	31,245	32,179	31,245

Note:

Included in the other operating expenses are the Shariah Committee members' remuneration of RM93,000 (30 June 2020: RM93,000).

A24 Other Operating Expenses (Cont'd.)

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 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
<u>Sharing of Other Operating Expenses</u>				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	16,231	15,325	16,231	15,325
- Contribution to EPF	2,560	2,499	2,560	2,499
- Others	1,363	1,450	1,363	1,450
	20,154	19,274	20,154	19,274
<u>Establishment costs</u>				
- Rental of premises	90	44	90	44
- Water and electricity	238	259	238	259
- Repairs and maintenance	478	476	478	476
- Information technology expenses	4,398	1,973	4,398	1,973
- Others [Note]	1,472	3,766	1,472	3,766
	6,676	6,518	6,676	6,518
<u>Marketing expenses</u>				
- Promotion and advertisement	96	175	96	175
- Branding and publicity	255	657	255	657
- Others	124	135	124	135
	475	967	475	967
<u>Administration and general expenses</u>				
- Communication expenses	352	324	352	324
- Printing and stationeries	60	62	60	62
- Professional fees	915	983	915	983
- Others	38	195	38	195
	1,365	1,564	1,365	1,564
Total sharing of other operating expenses	28,670	28,323	28,670	28,323

Note:

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

A25 Earnings Per Share

Basic/Diluted

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

	1st Quarter Ended		Three Months Ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Net profit for the financial period attributable to Equity holder of the Bank (RM'000)	<u>21,612</u>	<u>15,866</u>	<u>21,612</u>	<u>15,866</u>
Weighted average numbers of ordinary shares in issue ('000)	<u>414,249</u>	<u>345,045</u>	<u>414,249</u>	<u>345,045</u>
Basic/diluted earnings per share (sen)	<u>5.2</u>	<u>4.6</u>	<u>5.2</u>	<u>4.6</u>

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 2021 RM'000	31 March 2021 RM'000
<u>Commitments and contingencies</u>		
Direct credit substitutes	175,843	176,751
Transaction-related contingent items	61,923	61,668
Short-term self-liquidating trade-related contingencies	28,113	25,790
Irrevocable commitments to extend credit:		
- maturity exceeding one year	150,364	154,433
- maturity not exceeding one year	2,281,055	1,984,969
	<u>2,697,298</u>	<u>2,403,611</u>

A27 Capital Adequacy

The capital adequacy ratios of the Bank is 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 is computed using the Standardised Approach for credit risk and market risk, and the Basic Indicator Approach for operational risk.

The Bank has also adopted the transitional arrangements on provisions for expected credit losses in accordance with Bank Negara Malaysia's Transitional Arrangements for Regulatory Capital Treatment of Accounting Provisions effective on 9 December 2020.

This allow the Bank to add back a portion of Stage 1 ("S1") and Stage 2 ("S2") provisions with an "add-back factor", to the Common Equity Tier 1 ("CET 1") capital from Financial Year 2021 to Financial Year 2024.

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

	30 June 2021	31 March 2021
(i) <u>With transitional arrangements</u>		
CET I capital ratio	15.851%	15.035%
Tier I capital ratio	17.012%	16.158%
Total capital ratio	19.682%	18.783%
(ii) <u>Without transitional arrangements</u>		
CET I capital ratio	13.477%	13.065%
Tier I capital ratio	14.639%	14.188%
Total capital ratio	17.308%	16.813%

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

	30 June 2021 RM'000	31 March 2021 RM'000
<u>CET I Capital/Tier I Capital</u>		
Paid-up share capital	600,000	600,000
Retained profits	564,889	564,889
FVOCI reserves	35,311	34,972
	1,200,200	1,199,861
(Less)/add: Regulatory adjustments		
- Intangible assets	(1,066)	(920)
- Deferred tax assets	(25,832)	(22,861)
- 55% of FVOCI reserves	(19,421)	(19,234)
- Transitional arrangements	203,234	174,436
Total CET I Capital	1,357,115	1,331,282
Additional Tier 1 Sukuk Wakalah	99,469	99,436
Total Additional Tier 1 Capital	99,469	99,436
Total Tier I Capital	1,456,584	1,430,718

A27 Capital Adequacy (Cont'd.)

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

	30 June 2021 RM'000	31 March 2021 RM'000
<u>Tier II Capital</u>		
Subordinated Sukuk Murabahah	129,850	129,834
Expected credit losses and regulatory reserves	98,703	102,543
Total Tier II Capital	<u>228,553</u>	<u>232,377</u>
Total Capital	<u>1,685,137</u>	<u>1,663,095</u>

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

	30 June 2021 RM'000	31 March 2021 RM'000
Credit risk	7,896,260	8,203,348
Market risk	26	155
Operational risk	665,616	650,846
Total RWA and capital requirements	<u>8,561,902</u>	<u>8,854,349</u>

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.

A28 Fair Value Measurements

(a) Determination of fair value and the fair value hierarchy (Cont'd.)

(i) Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position. 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.

(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:

	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
30 June 2021				
<u>Financial Assets</u>				
Financial investments at FVOCI				
- Money market instruments	-	752,855	-	752,855
- Unquoted securities	-	1,342,585	-	1,342,585
<hr/> <hr/>				
31 March 2021				
<u>Financial Assets</u>				
Financial investments at FVOCI				
- Money market instruments	-	982,411	-	982,411
- Unquoted securities	-	1,217,317	-	1,217,317
<hr/> <hr/>				

There were no transfers between Level 1 and 2 of the fair value hierarchy for the Bank during the financial period/year ended 30 June 2021 and 31 March 2021.

PART B - Review of Performance & Current Year Prospect

B1 Review of Performance for Financial Period Ended 30 June 2021 ("1Q FY2022")

Profitability

The Bank recorded a net profit after tax of RM21.6 million for the first financial quarter ended 30 June 2021. The increase was RM5.7 million or 36.2% year-on-year ("YOY"). The higher profits were largely due to higher revenue from net profit income and other operating income.

Net profit income improved by RM7.0 million or 8.9% YOY. Net profit margin ("NPM") came in higher at 2.34%.

Financing Growth

The Bank's financing and advances declined by 3.5% YOY due to the soft economic environment over the year. Nevertheless, the Bank is committed to grow its financing and advances portfolios in FY2022.

Other Operating Income

The Bank recorded other operating income of RM16.0 million, higher by RM8.4 million YOY mainly contributed by higher treasury and investment income, and trade fees income.

Managing Operating Expenses

Operating expenses increased by RM0.9 million or 3.0%, mainly from compensation, establishment and administrative costs. Owing to an increase in revenue of 17.8%, cost-to-income ratio ("CIR") improved by 4.6% to 31.6%. The Bank will continue to focus on cost-saving efforts as we navigate through the COVID-19 pandemic.

Asset Quality

The Bank's allowance for expected credit losses on financing, advances and other debts increased by RM6.9 million to RM40.6 million as compared to the corresponding period last year. Given the impact of COVID-19 on the economy, included in the allowance for expected credit losses on financing, advances and other debts were reserves that the Bank continued to build up via management overlays amounting to RM29.8 million. As a result, the net credit cost recorded at 37.8bps for 1QFY2022. Financing loss coverage (including regulatory reserves) was at 132.4%.

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

Healthy Funding and Liquidity Position

The Bank's customer deposits stood at RM12.1 billion and maintained a high current account/savings account ("CASA") ratio of 51.3%. Through our funding strategy, the Bank's liquidity coverage and loans-to-funds ratios stood at 180.9% and 81.2% respectively. The Bank will continue to maintain healthy liquidity ratios and ensure a sufficient liquidity buffer to mitigate any payment shocks resulting from the uncertainties caused by COVID-19.

Prioritising Capital Conservation

The Bank will continue to prioritise capital conservation in order to support future business expansion, given the uncertainties caused by COVID-19. We continued to maintain strong capital levels, with Common Equity Tier-1 ("CET 1") ratio at 15.9%, Tier-1 Capital ratio at 17.0% and total capital ratio at 19.7%.

B2 Prospect for the Current Financial Period

For 2021, Bank Negara Malaysia (BNM) projects Malaysia's gross domestic product (GDP) growth to range between 6.0% and 7.5%, rebounding from the contraction of 5.6% in 2020. The forecast is subject to downward revision, given that the country is experiencing the escalation of COVID-19 infection cases coupled with prolonged re-imposition of various MCOs.

Given the ongoing impact of the COVID-19 pandemic, the Bank will continue to extend its Payment Relief Assistance ("PRA") packages to help individuals and businesses facing cash flow constraints. This is also in-line with the Government latest announcement of "PEMULIH" aid package where all borrowers (including micro entrepreneurs) are eligible for a six-month loan moratorium or 50% reduction in loan instalment.

With the continued restriction in physical movement, the Bank continues to focus on acquiring clients through digital channels. The Bank recently launched Alliance Digital SME unsecured loan for business owners in June 2021 to digitally acquire and serve smaller SME clients with an annual turnover between RM200,000 and RM5 million.

The Bank also rolled out various relief funds to support our customers impacted by the pandemic. The Bank has disbursed RM120 million through the Bank Negara Malaysia's Targeted Relief and Recovery Facility to help SMEs. The Bank will continue to facilitate applications for government relief funds such as the Targeted Relief and Recovery Facility, Micro Enterprises Facility and High Tech Facility on behalf of our customers.

Notwithstanding the above, the Bank will focus on growing the business in three areas:

- (i) Scale up SME and Consumer Banking, by equipping relationship managers with digital tools to serve high-value customers.
- (ii) Accelerate the cross-selling value propositions to our customers to increase market penetration and fee-based income.
- (iii) Enhance productivities and efficiencies by streamlining processes through centralising functions and improving branch productivity.

With these focus areas, and the Bank's continuing effort to apply prudent management practices, the Bank expects to deliver sustainable returns to our shareholders while strengthening our market presence.