

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

(Incorporated in Malaysia)

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

		<b>30 September</b>	31 March
		<b>2021</b>	2021
	Note	<b>RM'000</b>	RM'000
<b>ASSETS</b>			
Cash and short-term funds		<b>904,942</b>	1,373,080
Financial investments at fair value through other comprehensive income	A12	<b>2,071,917</b>	2,199,728
Financial investments at amortised cost	A13	<b>282,728</b>	292,919
Financing and advances	A14	<b>10,473,682</b>	10,636,498
Other assets	A15	<b>9,480</b>	9,363
Statutory deposits with Bank Negara Malaysia		<b>21,438</b>	18,338
Tax recoverable		<b>18,293</b>	25,796
Right-of-use assets		<b>512</b>	640
Property, plant and equipment		<b>237</b>	174
Deferred tax assets		<b>32,642</b>	22,861
Intangible assets		<b>1,012</b>	920
<b>TOTAL ASSETS</b>		<b>13,816,883</b>	14,580,317
<b>LIABILITIES AND EQUITY</b>			
Deposits from customers	A16	<b>11,496,465</b>	12,259,341
Deposits and placements of banks and other financial institutions	A17	<b>250,696</b>	279,180
Recourse obligations on financing sold to Cagamas		<b>350,483</b>	350,400
Lease liabilities		<b>551</b>	661
Other liabilities	A18	<b>249,332</b>	260,631
Provision for zakat		<b>798</b>	847
Subordinated Sukuk		<b>229,485</b>	229,379
<b>TOTAL LIABILITIES</b>		<b>12,577,810</b>	13,380,439
Share capital		<b>600,000</b>	600,000
Reserves		<b>639,073</b>	599,878
<b>TOTAL EQUITY</b>		<b>1,239,073</b>	1,199,878
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>13,816,883</b>	14,580,317
Restricted investment account <sup>1</sup>		<b>14,795</b>	34,379
Total Islamic Banking asset <sup>1</sup>		<b>13,831,678</b>	14,614,696
<b>COMMITMENTS AND CONTINGENCIES</b>	A26	<b>2,591,433</b>	2,403,611

<sup>1</sup> 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 September 2021**

	Note	2nd Quarter Ended		Six Months Ended	
		30 September 2021 RM'000	30 September 2020 RM'000	30 September 2021 RM'000	30 September 2020 RM'000
Income derived from investment of depositors' funds and others	A19	<b>134,338</b>	153,846	<b>284,978</b>	319,227
Income derived from investment of shareholder's funds	A20	<b>14,008</b>	13,827	<b>28,667</b>	27,792
Allowance for expected credit losses on financing and advances and other financial assets	A21	<b>(12,630)</b>	(49,380)	<b>(53,277)</b>	(83,031)
Write-back of/(allowance for) expected credit losses on financial investments	A22	<b>109</b>	32	<b>109</b>	(46)
<b>Total distributable income</b>		<b>135,825</b>	118,325	<b>260,477</b>	263,942
Income attributable to the depositors and financial institutions	A23	<b>(59,705)</b>	(82,815)	<b>(123,192)</b>	(175,765)
<b>Total net income</b>		<b>76,120</b>	35,510	<b>137,285</b>	88,177
Other operating expenses	A24	<b>(34,330)</b>	(27,911)	<b>(66,509)</b>	(59,156)
<b>Profit before taxation</b>		<b>41,790</b>	7,599	<b>70,776</b>	29,021
Taxation		<b>(10,521)</b>	(2,547)	<b>(17,895)</b>	(8,103)
<b>Net profit for the financial period</b>		<b>31,269</b>	5,052	<b>52,881</b>	20,918
<b>Net profit for the financial period attributable to:</b>					
Equity holder of the Bank		<b>31,269</b>	5,052	<b>52,881</b>	20,918
Earnings per share attributable to:					
Equity holder of the Bank					
- Basic/diluted (sen)	A25	<b>7.5</b>	1.5	<b>12.8</b>	6.1

*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 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 September 2021**

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September</b>	30 September	<b>30 September</b>	30 September
	<b>2021</b>	2020	<b>2021</b>	2020
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Net profit for the financial period</b>	<b>31,269</b>	5,052	<b>52,881</b>	20,918
Other comprehensive (expense)/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 (loss)/gain from change in fair value	<b>(16,020)</b>	23,411	<b>(6,529)</b>	68,513
- Realised gain transferred to statement of income on disposal	<b>(2,447)</b>	(1,429)	<b>(11,492)</b>	(4,225)
- Transfer from/(to) deferred tax	<b>4,432</b>	(5,276)	<b>4,325</b>	(15,429)
- Changes in expected credit losses	<b>6</b>	16	<b>10</b>	4
Other comprehensive (expense)/income, net of tax	<b>(14,029)</b>	16,722	<b>(13,686)</b>	48,863
<b>Total comprehensive income for the financial period</b>	<b>17,240</b>	21,774	<b>39,195</b>	69,781
<b>Total comprehensive income for the financial period attributable to:</b>				
Equity holder of the Bank	<b>17,240</b>	21,774	<b>39,195</b>	69,781

*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 September 2021**

	← Non-distributable reserves →			Distributable reserves	Total equity RM'000
	Share capital 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	-	-	-	52,881	52,881
Other comprehensive expense	-	-	(13,686)	-	(13,686)
Total comprehensive (expense)/income for the financial period	-	-	(13,686)	52,881	39,195
<b>At 30 September 2021</b>	<b>600,000</b>	<b>-</b>	<b>21,303</b>	<b>617,770</b>	<b>1,239,073</b>
At 1 April 2020	400,000	34,748	38,925	523,425	997,098
Net profit for the financial period	-	-	-	20,918	20,918
Other comprehensive income	-	-	48,863	-	48,863
Total comprehensive income for the financial period	-	-	48,863	20,918	69,781
Transfer from regulatory reserves	-	(34,748)	-	34,748	-
At 30 September 2020	400,000	-	87,788	579,091	1,066,879

*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 September 2021**

	<b>30 September 2021 RM'000</b>	30 September 2020 RM'000
Profit before taxation	<b>70,776</b>	29,021
Adjustments for non-cash items	<b>2,911</b>	41,276
Operating profit before changes in working capital	<b>73,687</b>	70,297
Changes in working capital	<b>(694,067)</b>	2,488
Net tax paid	<b>(15,849)</b>	(10,745)
Zakat paid	<b>(50)</b>	(205)
Net cash (used in)/generated from operating activities	<b>(636,279)</b>	61,835
Net cash generated from/(used in) investing activities	<b>182,385</b>	(199,357)
Net cash (used in)/generated from financing activities	<b>(14,244)</b>	282,381
Net change in cash and cash equivalents	<b>(468,138)</b>	144,859
Cash and cash equivalents at beginning of financial period	<b>1,373,080</b>	714,632
Cash and cash equivalents at end of financial period	<b>904,942</b>	859,491
	<b>904,942</b>	859,491

Cash and cash equivalents comprise the following:

Cash and short-term funds

*The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 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 current financial period ended 30 September 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)
- Amendment to MFRS 16 Leases - Covid-19-Related Rent Concessions beyond 30 June 2021

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 in the current financial period ended 30 September 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 in the current financial period ended 30 September 2021.

**A5 Changes in Estimates**

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the current financial period ended 30 September 2021.

**A6 Issuance and Repayment of Debt and Equity Securities**

There were no issuance nor repayment of debt and equity securities in the current financial period ended 30 September 2021.

**A7 Dividend Paid**

No dividend has been paid in the current financial period ended 30 September 2021.

**A8 Significant Events**

There were no significant events in the current financial period ended 30 September 2021.

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

On 29 October 2021, as part of the Budget 2022 speech by the Minister of Finance, the Government is proposing that a special one-off tax which is called "Cukai Makmur" be imposed on companies that generate chargeable income more than RM100 million during the period of the pandemic as follows:

- Chargeable income for the first RM100 million will be taxed at a rate of 24%; and
- The portion of chargeable income in excess of RM100 million will be taxed at a rate of 33%

The above proposal is effective for Year Assessment 2022 only.

The Bank is in the midst of assessing the impact of Cukai Makmur to the tax expense for the financial year ending 31 March 2022.

**A10 Related Party Transactions**

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

**A11 Proposed Dividend**

The Directors of the Bank have proposed a single tier first interim dividend of 5.10 sen per share on 414,249,197 ordinary shares amounting to approximately RM21,127,000 in respect financial year ending 31 March 2022.

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

	<b>30 September 2021 RM'000</b>	31 March 2021 RM'000
<b>At fair value - debt instruments</b>		
<u>Money market instruments:</u>		
Malaysian Government investment issues	692,663	982,411
Commercial papers	9,900	-
	<b>702,563</b>	<b>982,411</b>
<u>Unquoted securities:</u>		
Sukuk	1,369,354	1,217,317
	<b>1,369,354</b>	<b>1,217,317</b>
 Total financial investments at FVOCI	 <b>2,071,917</b>	 <b>2,199,728</b>

Movements in allowance for expected credit losses are as follows:

	<b>12-month ECL (Stage 1)</b>	
	<b>30 September 2021 RM'000</b>	31 March 2021 RM'000
At beginning of financial year	17	37
New financial investments originated or purchased	6	-
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	10	(20)
At end of financial period/year	<b>27</b>	<b>17</b>

**A13 Financial Investments at Amortised Cost**

	<b>30 September 2021 RM'000</b>	31 March 2021 RM'000
<b>At amortised cost</b>		
<u>Money market instruments:</u>		
Malaysian Government investment issues	211,305	212,469
	<b>211,305</b>	<b>212,469</b>
<u>Unquoted securities:</u>		
Sukuk	71,627	80,773
Less: Allowance for expected credit losses	(204)	(323)
	<b>71,423</b>	<b>80,450</b>
 Total financial investments at amortised cost	 <b>282,728</b>	 <b>292,919</b>

Movements in allowance for expected credit losses are as follows:

	<b>12-month ECL (Stage 1)</b>	
	<b>30 September 2021 RM'000</b>	31 March 2021 RM'000
At beginning of financial year	323	225
Total (write-back from)/charge to income statement due to change in credit risk	(119)	98
At end of financial period/year	<b>204</b>	<b>323</b>



**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
<b>30 September 2021</b>									
<b>At amortised cost</b>									
Cash line financing		17,639	1,294,926	-	-	9,778	-	-	1,322,343
Term financing									
- Housing financing		3,443,980	-	-	-	-	-	-	3,443,980
- Hire purchase receivables	(a)	-	-	133,004	-	-	-	-	133,004
- Other term financing		2,001,245	2,335,468	-	-	-	-	130,481	4,467,194
Bills receivables		-	-	-	21,909	-	-	-	21,909
Trust receipts		-	-	-	212,698	-	-	-	212,698
Claims on customers under acceptance credits		-	-	-	474,673	-	66,574	-	541,247
Staff financing (including financing to Directors of RM Nil)		13,773	-	-	-	-	-	-	13,773
Revolving credits	(b)	90,044	554,096	-	-	-	-	-	644,140
Gross financing and advances		<b>5,566,681</b>	<b>4,184,490</b>	<b>133,004</b>	<b>709,280</b>	<b>9,778</b>	<b>66,574</b>	<b>130,481</b>	<b>10,800,288</b>
Add: Sales commission and handling fees									48,492
Less: Allowance for expected credit losses on financing and advances									(375,098)
Total net financing and advances									<b><u>10,473,682</u></b>

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

	<u>Notes</u>	Bai`	Al-Ijarah		<u>Qard</u>	Bai`	Bai`	<u>Total Financing and Advances</u>
		Bithaman Ajil	Tawarruq	Thumma Al-Bai`/AITAB		Murabahah	Al-Dayn	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 March 2021								
<b>At amortised cost</b>								
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	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:

	<b>30 September 2021 RM'000</b>	31 March 2021 RM'000
At beginning of financial year	<b>9,419</b>	9,121
Sources of Qard fund:		
- Shareholders' fund	<b>4,598</b>	7,667
Uses of Qard fund:		
- Purchase of landed property - Non-residential	-	(513)
- Personal use	<b>(521)</b>	(272)
- Working capital	<b>(2,003)</b>	(5,990)
- Other	<b>(1,715)</b>	(594)
At end of financial period/year	<b><u>9,778</u></b>	<u>9,419</u>

(ii) By maturity structure:

	<b>30 September 2021 RM'000</b>	31 March 2021 RM'000
Within one year	<b>2,787,199</b>	3,009,379
One year to three years	<b>337,245</b>	413,495
Three years to five years	<b>617,931</b>	602,307
Over five years	<b>7,057,913</b>	6,905,995
Gross financing and advances	<b><u>10,800,288</u></b>	<u>10,931,176</u>

(iii) By type of customers:

	<b>30 September 2021 RM'000</b>	31 March 2021 RM'000
Domestic non-bank financial institutions	<b>106,677</b>	188,344
Domestic business enterprises		
- Small and medium enterprises	<b>3,268,870</b>	3,112,741
- Others	<b>1,276,528</b>	1,378,585
Individuals	<b>6,043,700</b>	6,149,459
Other domestic entities	<b>21,875</b>	22,342
Foreign entities	<b>82,638</b>	79,705
Gross financing and advances	<b><u>10,800,288</u></b>	<u>10,931,176</u>

(iv) By profit rate sensitivity:

	<b>30 September 2021 RM'000</b>	31 March 2021 RM'000
Fixed rate		
- Housing financing	<b>20,139</b>	21,694
- Hire purchase receivables	<b>133,004</b>	160,546
- Other fixed rate financing	<b>1,808,186</b>	2,080,693
Variable rate		
- Housing financing	<b>3,431,663</b>	3,489,155
- Other variable rate financing	<b>5,407,296</b>	5,179,088
Gross financing and advances	<b><u>10,800,288</u></b>	<u>10,931,176</u>

**A14 Financing and Advances (Cont'd.)**

(v) By economic purposes:

	<b>30 September 2021 RM'000</b>	31 March 2021 RM'000
Purchase of transport vehicles	113,265	139,514
Purchase of landed property	4,875,969	4,917,672
of which: - Residential	<b>3,509,993</b>	<b>3,569,008</b>
- Non-residential	<b>1,365,976</b>	<b>1,348,664</b>
Purchase of fixed assets excluding land & buildings	51,934	52,175
Personal use	2,565,802	2,591,889
Construction	111,151	102,824
Working capital	2,476,056	2,543,549
Others	606,111	583,553
Gross financing and advances	<b>10,800,288</b>	<b>10,931,176</b>

(vi) By economic sectors:

	<b>30 September 2021 RM'000</b>	31 March 2021 RM'000
Primary agriculture	421,112	407,696
Mining and quarrying	34,761	38,540
Manufacturing	1,265,829	1,158,867
Electricity, gas and water	3,513	2,170
Construction	289,376	259,435
Wholesale, retail trade, restaurants and hotels	1,499,951	1,530,989
Transport, storage and communication	124,039	143,355
Financing, insurance, real estate and business services	956,021	1,081,791
Community and recreation	79,344	77,769
Household	6,126,336	6,229,164
Others	6	1,400
Gross financing and advances	<b>10,800,288</b>	<b>10,931,176</b>

(vii) By geographical distribution:

	<b>30 September 2021 RM'000</b>	31 March 2021 RM'000
Northern region	1,000,047	975,765
Central region	7,175,895	7,270,717
Southern region	1,236,546	1,259,454
Sabah region	1,011,267	1,077,700
Sarawak region	376,533	347,540
Gross financing and advances	<b>10,800,288</b>	<b>10,931,176</b>

**A14 Financing and Advances (Cont'd.)**

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

	<b>30 September 2021 RM'000</b>	31 March 2021 RM'000
At beginning of financial year	296,686	232,569
Impaired during the financial period/year	147,439	318,798
Recovered during the financial period/year	(4,835)	(12,279)
Reclassified as unimpaired during the financial period/year	(105,320)	(133,063)
Financial assets derecognised other than write-off during the financial period/year	(23,360)	(48,458)
Amount written-off	(25,860)	(60,881)
At end of financial period/year	<b>284,750</b>	<b>296,686</b>
Gross impaired financing ratio	<b>2.64%</b>	2.71%
Net impaired financing ratio	<b>1.89%</b>	2.00%

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

	<b>30 September 2021 RM'000</b>	31 March 2021 RM'000
Purchase of transport vehicles	7,244	6,665
Purchase of landed property	133,332	152,362
of which: - Residential	<b>119,873</b>	<b>133,469</b>
- Non-residential	<b>13,459</b>	<b>18,893</b>
Purchase of fixed assets excluding land & buildings	357	357
Personal use	118,021	116,300
Working capital	23,244	18,010
Others	2,552	2,992
Gross impaired financing and advances	<b>284,750</b>	<b>296,686</b>

(x) Credit impaired loans analysed by economic sectors:

	<b>30 September 2021 RM'000</b>	31 March 2021 RM'000
Primary agriculture	1,097	1,116
Manufacturing	8,895	3,534
Construction	14,647	12,711
Wholesale, retail trade, restaurants and hotels	9,798	20,668
Transport, storage and communication	403	505
Financing, insurance, real estate and business services	566	1,185
Community and recreation	3,884	-
Household	245,460	256,967
Gross impaired financing and advances	<b>284,750</b>	<b>296,686</b>

**A14 Financing and Advances (Cont'd.)**

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

	<b>30 September</b>	31 March
	<b>2021</b>	2021
	<b>RM'000</b>	RM'000
Northern region	<b>29,549</b>	25,489
Central region	<b>196,548</b>	220,773
Southern region	<b>38,206</b>	34,899
Sabah region	<b>18,182</b>	13,356
Sarawak region	<b>2,265</b>	2,169
Gross impaired financing and advances	<b><u>284,750</u></b>	<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	24,737	(103,904)	(8)	(79,175)
Transfer to Stage 2	(16,998)	150,780	(22,270)	111,512
Transfer to Stage 3	(76)	(56,026)	39,544	(16,558)
New financial assets originated or purchased	14,986	35,337	2,985	53,308
Financial assets derecognised other than write-off	(12,595)	(39,109)	(5,383)	(57,087)
Changes due to change in credit risk	(4,677)	40,624	3,468	39,415
	5,377	27,702	18,336	51,415
Unwinding of discount	-	-	(838)	(838)
Total charge to income statement	5,377	27,702	17,498	50,577
Write-off	-	(342)	(15,063)	(15,405)
<b>At 30 September 2021</b>	<b>81,939</b>	<b>211,008</b>	<b>82,151</b>	<b>375,098</b>
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**

	<b>30 September 2021 RM'000</b>	31 March 2021 RM'000
Other receivables	8,564	8,968
Deposits	89	89
Prepayment	2,710	2,211
Amount due from related company	10	3
	<u>11,373</u>	<u>11,271</u>
Less:		
Allowance for expected credit losses on other receivables [Note]	<u>(1,893)</u>	<u>(1,908)</u>
	<u><b>9,480</b></u>	<u><b>9,363</b></u>

Note:

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

	<u>Lifetime ECL</u>	
	<b>30 September 2021 RM'000</b>	31 March 2021 RM'000
At beginning of financial year	1,908	1,749
Changes due to change in credit risk	(15)	159
At end of financial period/year	<u>1,893</u>	<u>1,908</u>

As at 30 September 2021, the Bank's gross exposure of other receivables that are under lifetime expected credit losses was at RM1,893,000 (31 March 2021: RM1,908,000).

**A16 Deposits from Customers**

**A16a** By type of deposits:

	<b>30 September 2021 RM'000</b>	31 March 2021 RM'000
Demand deposits		
- Qard	5,276,274	5,199,203
- Tawarruq	61,094	-
Savings deposits		
- Qard	463,012	439,865
- Tawarruq	384	-
Term deposits		
- Tawarruq	4,637,259	5,298,739
- Negotiable Islamic Debt Certificate		
- Bai' Inah	203,056	198,957
- Money market deposits		
- Tawarruq	706,904	1,005,008
- Other deposits		
- Mudharabah	66,327	66,707
- Wakalah	33,679	33,844
- Qard	48,476	17,018
	<u>11,496,465</u>	<u>12,259,341</u>



**A16 Deposits from Customers (Cont'd.)**

**A16b** The maturity structure of term deposits are as follows:

	<b>30 September 2021 RM'000</b>	31 March 2021 RM'000
Due within six months	4,058,061	5,362,668
Six months to one year	1,288,505	615,153
One year to three years	157,458	454,446
Three years to five years	191,677	188,006
	<b><u>5,695,701</u></b>	<b><u>6,620,273</u></b>

**A16c** By type of customers:

	<b>30 September 2021 RM'000</b>	31 March 2021 RM'000
Domestic financial institutions	191,275	187,404
Domestic non-bank financial institutions	1,064,710	1,389,218
Government and statutory bodies	1,641,697	2,127,711
Business enterprises	3,305,967	2,833,051
Individuals	5,046,888	5,451,478
Foreign entities	104,153	112,857
Others	141,775	157,622
	<b><u>11,496,465</u></b>	<b><u>12,259,341</u></b>

**A17 Deposits and Placements of Banks and Other Financial Institutions**

	<b>30 September 2021 RM'000</b>	31 March 2021 RM'000
<b>Non-Mudharabah Fund</b>		
Licensed investment banks	6,970	6,380
Bank Negara Malaysia	243,726	272,800
	<b><u>250,696</u></b>	<b><u>279,180</u></b>

**A18 Other Liabilities**

	<b>30 September 2021 RM'000</b>	31 March 2021 RM'000
Other payables	108,555	125,471
Bills payable	15,840	24,882
Clearing account	30,634	41,992
Sundry deposits	4,947	5,119
Provision and accruals	11,907	7,417
Amount due to holding company	54,236	32,354
Amount due to related company	505	297
Allowance for expected credit losses on commitments and contingencies [Note]	22,708	23,099
	<b><u>249,332</u></b>	<b><u>260,631</u></b>

**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	25	(162)	-	(137)
Transfer to Stage 2	(69)	294	(7)	218
Transfer to Stage 3	-	-	2	2
New financial assets originated or purchased	380	95	-	475
Financial assets derecognised other than write-off	(221)	(399)	(1)	(621)
Changes due to change in credit risk	(209)	(125)	6	(328)
Total write-back from income statement	(94)	(297)	-	(391)
<b>At 30 September 2021</b>	<b>1,553</b>	<b>21,154</b>	<b>1</b>	<b>22,708</b>
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 September 2021, the Bank's gross exposures of commitments and contingencies that are credit impaired was at RM67,000 (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**

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September 2021</b>	30 September 2020	<b>30 September 2021</b>	30 September 2020
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Income derived from investment of:				
(i) Term deposits	<b>65,004</b>	96,189	<b>140,137</b>	206,852
(ii) Other deposits	<b>69,334</b>	57,657	<b>144,841</b>	112,375
	<b>134,338</b>	153,846	<b>284,978</b>	319,227

(i) Income derived from investment of term deposits:

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September 2021</b>	30 September 2020	<b>30 September 2021</b>	30 September 2020
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Finance income and hibah</b>				
Financing and advances	<b>48,592</b>	74,428	<b>101,386</b>	158,457
Financial investments at fair value through other comprehensive income	<b>9,001</b>	13,476	<b>18,185</b>	27,915
Financial investments at amortised cost	<b>1,116</b>	1,677	<b>2,474</b>	2,642
Money at call and deposit placements with financial institutions	<b>2,438</b>	2,755	<b>5,685</b>	6,989
	<b>61,147</b>	92,336	<b>127,730</b>	196,003
Accretion of discount less amortisation of premium	<b>895</b>	737	<b>2,191</b>	3,075
Total finance income and hibah	<b>62,042</b>	93,073	<b>129,921</b>	199,078
<b>Other operating income</b>				
- Fee income	<b>1,859</b>	2,724	<b>4,335</b>	5,539
- Investment income	<b>1,024</b>	271	<b>5,135</b>	1,996
- Other income	<b>79</b>	121	<b>746</b>	239
	<b>65,004</b>	96,189	<b>140,137</b>	206,852

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 RM392,000 (September 2020: RM1,302,000).

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

(ii) Income derived from investment of other deposits:

	2nd Quarter Ended		Six Months Ended	
	30 September 2021 RM'000	30 September 2020 RM'000	30 September 2021 RM'000	30 September 2020 RM'000
<b>Finance income and hibah</b>				
Financing and advances	51,733	44,536	104,790	86,084
Financial investments at fair value through other comprehensive income	9,566	8,025	18,795	15,165
Financial investments at amortised cost	1,192	958	2,557	1,435
Money at call and deposit placements with financial institutions	2,613	1,703	5,876	3,797
	<b>65,104</b>	<b>55,222</b>	<b>132,018</b>	<b>106,481</b>
Accretion of discount less amortisation of premium	961	515	2,264	1,671
Total finance income and hibah	<b>66,065</b>	<b>55,737</b>	<b>134,282</b>	<b>108,152</b>
<b>Other operating income</b>				
- Fee income	1,992	1,617	4,480	3,009
- Investment income	1,175	231	5,307	1,084
- Other income	102	72	772	130
	<b>69,334</b>	<b>57,657</b>	<b>144,841</b>	<b>112,375</b>

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 RM405,000 (September 2020: RM707,000).

**A20 Income Derived from Investment of Shareholder's Funds**

	2nd Quarter Ended		Six Months Ended	
	30 September 2021 RM'000	30 September 2020 RM'000	30 September 2021 RM'000	30 September 2020 RM'000
<b>Finance income and hibah</b>				
Financing and advances	10,439	10,686	20,740	21,290
Financial investments at fair value through other comprehensive income	1,928	1,929	3,720	3,751
Financial investments at amortised cost	241	233	506	355
Money at call and deposit placements with financial institutions	530	405	1,163	939
	<b>13,138</b>	<b>13,253</b>	<b>26,129</b>	<b>26,335</b>
Accretion of discount less amortisation of premium	195	118	448	413
Total finance income and hibah	<b>13,333</b>	<b>13,371</b>	<b>26,577</b>	<b>26,748</b>
<b>Other operating income</b>				
- Fee income	404	389	887	744
- Investment income	248	50	1,050	268
- Other income	23	17	153	32
	<b>14,008</b>	<b>13,827</b>	<b>28,667</b>	<b>27,792</b>

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 RM80,000 (September 2020: RM175,000).

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

	2nd Quarter Ended		Six Months Ended	
	30 September 2021 RM'000	30 September 2020 RM'000	30 September 2021 RM'000	30 September 2020 RM'000
Allowance for expected credit losses on:				
(a) Financing and advances				
- Allowance made during the financial period	14,791	44,483	51,415	71,056
(b) Credit impaired on financing and advances				
- Recovered during the financial period	(2,155)	(3,097)	(5,268)	(4,274)
- Write-off during the financial period	(69)	2,525	7,536	8,611
(c) Commitments and contingencies on financing and advances				
- Allowance made/(write-back) during the financial period	66	5,344	(391)	7,514
	<u>12,633</u>	<u>49,255</u>	<u>53,292</u>	<u>82,907</u>
(Write-back of)/allowance for expected credit losses on other receivables	(3)	125	(15)	124
	<u>12,630</u>	<u>49,380</u>	<u>53,277</u>	<u>83,031</u>

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

	2nd Quarter Ended		Six Months Ended	
	30 September 2021 RM'000	30 September 2020 RM'000	30 September 2021 RM'000	30 September 2020 RM'000
(a) Financial investments at fair value through other comprehensive income				
- Allowance made during the financial period	6	16	10	4
(b) Financial investments at amortised cost				
- (Write-back)/allowance made during the financial period	(115)	(48)	(119)	42
	<u>(109)</u>	<u>(32)</u>	<u>(109)</u>	<u>46</u>

**A23 Income Attributable to the Depositors and Financial Institutions**

	2nd Quarter Ended		Six Months Ended	
	30 September 2021 RM'000	30 September 2020 RM'000	30 September 2021 RM'000	30 September 2020 RM'000
Deposits from customers:				
- Mudharabah fund	301	333	598	727
- Non-Mudharabah fund	51,669	70,492	106,851	150,438
Deposits and placements of banks and other financial institutions:				
- Non-Mudharabah fund	541	569	1,421	2,508
Financing sold to Cagamas	3,790	8,029	7,595	15,389
Subordinated sukuk	3,396	3,392	6,710	6,701
Lease liabilities	8	-	17	2
	<u>59,705</u>	<u>82,815</u>	<u>123,192</u>	<u>175,765</u>

**A24 Other Operating Expenses**

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September</b>	30 September	<b>30 September</b>	30 September
	<b>2021</b>	2020	<b>2021</b>	2020
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	<b>18,688</b>	13,709	<b>36,440</b>	30,352
- Contribution to EPF	<b>2,878</b>	2,632	<b>5,682</b>	5,348
- Others	<b>1,501</b>	1,883	<b>2,909</b>	3,405
	<b>23,067</b>	18,224	<b>45,031</b>	39,105
<u>Establishment costs</u>				
- Depreciation on property, plant and equipment	<b>26</b>	22	<b>50</b>	43
- Depreciation on right-of-use assets	<b>64</b>	68	<b>128</b>	136
- Amortisation of computer software	<b>64</b>	68	<b>143</b>	136
- Rental of premises	<b>84</b>	50	<b>237</b>	94
- Water and electricity	<b>305</b>	314	<b>548</b>	580
- Repairs and maintenance	<b>355</b>	590	<b>837</b>	1,071
- Information technology expenses	<b>5,969</b>	3,816	<b>10,395</b>	5,835
- Others [Note]	<b>410</b>	1,684	<b>1,882</b>	5,450
	<b>7,277</b>	6,612	<b>14,220</b>	13,345
<u>Marketing expenses</u>				
- Promotion and advertisement	<b>268</b>	79	<b>302</b>	291
- Branding and publicity	<b>507</b>	111	<b>769</b>	1,011
- Others	<b>69</b>	53	<b>193</b>	190
	<b>844</b>	243	<b>1,264</b>	1,492
<u>Administration and general expenses</u>				
- Communication expenses	<b>607</b>	664	<b>1,144</b>	1,151
- Printing and stationeries	<b>50</b>	70	<b>127</b>	147
- Insurance	<b>455</b>	450	<b>911</b>	895
- Professional fees	<b>1,203</b>	1,271	<b>2,576</b>	2,449
- Others	<b>827</b>	377	<b>1,236</b>	572
	<b>3,142</b>	2,832	<b>5,994</b>	5,214
Total other operating expenses	<b>34,330</b>	27,911	<b>66,509</b>	59,156

Note:

Included in the other operating expenses are the Shariah Committee members' remuneration of RM186,000 (30 September 2020: RM191,000).

**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:

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September</b>	30 September	<b>30 September</b>	30 September
	<b>2021</b>	2020	<b>2021</b>	2020
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b><u>Sharing of Other Operating Expenses</u></b>				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	<b>17,159</b>	12,244	<b>33,390</b>	27,569
- Contribution to EPF	<b>2,634</b>	2,397	<b>5,194</b>	4,896
- Others	<b>1,201</b>	1,411	<b>2,564</b>	2,861
	<b>20,994</b>	16,052	<b>41,148</b>	35,326
<u>Establishment costs</u>				
- Rental of premises	<b>147</b>	50	<b>237</b>	94
- Water and electricity	<b>302</b>	308	<b>540</b>	567
- Repairs and maintenance	<b>350</b>	584	<b>828</b>	1,060
- Information technology expenses	<b>5,930</b>	3,790	<b>10,328</b>	5,763
- Others [Note]	<b>410</b>	1,684	<b>1,882</b>	5,450
	<b>7,139</b>	6,416	<b>13,815</b>	12,934
<u>Marketing expenses</u>				
- Promotion and advertisement	<b>236</b>	65	<b>332</b>	240
- Branding and publicity	<b>359</b>	49	<b>614</b>	706
- Others	<b>69</b>	55	<b>193</b>	190
	<b>664</b>	169	<b>1,139</b>	1,136
<u>Administration and general expenses</u>				
- Communication expenses	<b>333</b>	401	<b>685</b>	725
- Printing and stationeries	<b>38</b>	58	<b>98</b>	120
- Professional fees	<b>733</b>	401	<b>1,648</b>	1,384
- Others	<b>411</b>	97	<b>449</b>	292
	<b>1,515</b>	957	<b>2,880</b>	2,521
Total sharing of other operating expenses	<b>30,312</b>	23,594	<b>58,982</b>	51,917

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.

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September</b>	30 September	<b>30 September</b>	30 September
	<b>2021</b>	2020	<b>2021</b>	2020
Net profit for the financial period attributable to Equity holder of the Bank (RM'000)	<u><b>31,269</b></u>	<u>5,052</u>	<u><b>52,881</b></u>	<u>20,918</u>
Weighted average numbers of ordinary shares in issue ('000)	<u><b>414,249</b></u>	<u>345,045</u>	<u><b>414,249</b></u>	<u>345,045</u>
Basic/diluted earnings per share (sen)	<u><b>7.5</b></u>	<u>1.5</u>	<u><b>12.8</b></u>	<u>6.1</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:

	<b>30 September</b>	31 March
	<b>2021</b>	2021
	<b>RM'000</b>	RM'000
<u>Commitments and contingencies</u>		
Direct credit substitutes	<b>173,254</b>	176,751
Transaction-related contingent items	<b>59,282</b>	61,668
Short-term self-liquidating trade-related contingencies	<b>35,300</b>	25,790
Irrevocable commitments to extend credit:		
- maturity exceeding one year	<b>191,015</b>	154,433
- maturity not exceeding one year	<b>2,132,582</b>	1,984,969
	<u><b>2,591,433</b></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:

	<b>30 September 2021</b>	31 March 2021
<b>(i) With transitional arrangements:</b>		
<u>Before deducting proposed dividends</u>		
CET I capital ratio	<b>15.879%</b>	15.035%
Tier I capital ratio	<b>17.007%</b>	16.158%
Total capital ratio	<b>19.634%</b>	18.783%
<u>After deducting proposed dividends</u>		
CET I capital ratio	<b>15.639%</b>	15.035%
Tier I capital ratio	<b>16.768%</b>	16.158%
Total capital ratio	<b>19.395%</b>	18.783%
<b>(ii) Without transitional arrangements:</b>		
<u>Before deducting proposed dividends</u>		
CET I capital ratio	<b>13.535%</b>	13.065%
Tier I capital ratio	<b>14.664%</b>	14.188%
Total capital ratio	<b>17.291%</b>	16.813%
<u>After deducting proposed dividends</u>		
CET I capital ratio	<b>13.296%</b>	13.065%
Tier I capital ratio	<b>14.424%</b>	14.188%
Total capital ratio	<b>17.051%</b>	16.813%

**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:

	<b>30 September 2021 RM'000</b>	31 March 2021 RM'000
<b><u>CET I Capital/Tier I Capital</u></b>		
Paid-up share capital	<b>600,000</b>	600,000
Retained profits	<b>617,770</b>	564,889
FVOCI reserves	<b>21,276</b>	34,972
	<b><u>1,239,046</u></b>	<u>1,199,861</u>
 (Less)/add: Regulatory adjustments		
- Intangible assets	<b>(1,012)</b>	(920)
- Deferred tax assets	<b>(32,642)</b>	(22,861)
- 55% of FVOCI reserves	<b>(11,702)</b>	(19,234)
- Transitional arrangements	<b>206,673</b>	174,436
Total CET I Capital	<b><u>1,400,363</u></b>	<u>1,331,282</u>
 Additional Tier 1 Sukuk Wakalah		
	<b>99,524</b>	99,436
Total Additional Tier 1 Capital	<b><u>99,524</u></b>	<u>99,436</u>
 Total Tier I Capital		
	<b><u>1,499,887</u></b>	<u>1,430,718</u>
 <b><u>Tier II Capital</u></b>		
Subordinated Sukuk Murabahah	<b>129,889</b>	129,834
Expected credit losses and regulatory reserves	<b>101,801</b>	102,543
Total Tier II Capital	<b><u>231,690</u></b>	<u>232,377</u>
 <b>Total Capital</b>		
	<b><u>1,731,577</u></b>	<u>1,663,095</u>

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

	<b>30 September 2021 RM'000</b>	31 March 2021 RM'000
Credit risk	<b>8,144,113</b>	8,203,348
Market risk	<b>82</b>	155
Operational risk	<b>674,863</b>	650,846
Total RWA and capital requirements	<b><u>8,819,058</u></b>	<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.

#### **(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.

**A28 Fair Value Measurements (Cont'd.)**

**(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 September 2021				
<u>Financial Assets</u>				
Financial investments at FVOCI				
- Money market instruments	-	<b>702,563</b>	-	<b>702,563</b>
- Unquoted securities	-	<b>1,369,354</b>	-	<b>1,369,354</b>
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

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

**A29 Credit Transactions And Exposures With Connected Parties**

	<b>30 September 2021 RM'000</b>	31 March 2021 RM'000
Outstanding credit exposures with connected parties	<b>210,553</b>	160,314
of which:		
Total credit exposure which is impaired or in default	<b>4</b>	-
Total credit exposures	<b>14,764,039</b>	15,453,640
Percentage of outstanding credit exposures to connected parties:		
- as a proportion of total credit exposures	<b>1.43%</b>	1.04%
- which is impaired or default	<b>0.00%</b>	0.00%

## **PART B - Review of Performance & Current Year Prospect**

### **B1 Review of Performance for Financial Period Ended 30 September 2021 ("1HFY2022")**

#### Profitability

The Bank recorded a net profit after tax of RM52.9 million for the six months ended 30 September 2021. The year-on-year ("YOY") increase was RM32.0 million. The higher profits were largely due to higher revenue from financing and non-financing activities and lower allowances for expected credit losses.

Net profit income improved by RM9.4 million or 5.9% YOY. Net profit margin ("NPM") came in higher at 2.32% (1HFY2021: 2.18%).

#### Financing Growth

The Bank's financing and advances declined by 1.2% due to the soft economic environment caused by the prolonged re-imposition of various Movement Control Orders (MCOs). Nevertheless, the Bank is committed to grow its financing and advances portfolios in the second half of FY2022.

#### Other Operating Income

The Bank recorded other operating income of RM22.9 million, higher by RM9.8 million or 75.3% YOY mainly contributed by higher treasury and investment income, and trade fee.

#### Managing Operating Expenses

Operating expenses increased by RM7.4 million or 12.4%, mainly from all lines of expenses. The cost-to-income ratio ("CIR") stood at 34.9%. 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 and advances for 1HFY2022 stood at RM53.2 million. Included in the allowance for expected credit losses on financing and advances for 1HFY2022 were reserves that the Bank continued to build up amounting to RM27.9 million via management overlays. The net credit cost was at 49.0bps for 1HFY2022 (1HFY2021: 76.8bps). Financing loss coverage (including regulatory reserves) was at 131.7%.

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 higher risk customer for calls or visits. Credit cost is managed by refining credit policies, tightening credit underwriting and increasing collection efforts.

#### Healthy Funding and Liquidity Position

The Bank's customer deposits stood at RM11.5 billion and maintained a high current account/savings account ("CASA") ratio of 50.5%. The Bank's liquidity coverage and loans-to-funds ratios stood at 148.5% and 87.3% 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 15.6%, Tier-1 Capital ratio at 16.8% and total capital ratio at 19.4%.

## **B2 Prospect for the Current Financial Period**

For 2021, Bank Negara Malaysia (BNM) projects Malaysia's gross domestic product (GDP) growth to range between 3.0% and 4.0% (previous forecast: 6.0% - 7.5%). Growth in 4Q21 is expected to be stronger following the relaxation of lockdown measures in recent months, the impact of ongoing policy measures and the resumption of large-scale infrastructure projects. On the external front, the recovery in global demand and the ongoing tech upcycle will stimulate Malaysia's economic growth, especially for manufacturing and export-oriented sectors.

Given the 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's announcement of the "PEMULIH" aid package where all borrowers (including micro entrepreneurs) are eligible for a six-month loan moratorium or 50% reduction in loan instalments.

The Bank also rolled out various relief funds to support our customers impacted by the pandemic. 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 and growing its Commercial teams.
- (ii) Accelerate the cross-selling value propositions to our customers to increase market penetration and fee-based income.
- (iii) Enhance productivity and efficiency 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.