

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

(Incorporated in Malaysia)

**Condensed Interim Financial Statements****Unaudited Statement of Financial Position as at 30 September 2022**

		<b>30 September</b>	31 March
		<b>2022</b>	2022
	Note	<b>RM'000</b>	RM'000
<b>ASSETS</b>			
Cash and short-term funds		<b>1,620,490</b>	1,417,800
Financial investments at fair value through other comprehensive income	A12	<b>1,709,606</b>	1,868,764
Financial investments at amortised cost	A13	<b>309,775</b>	210,114
Derivative financial assets	A14	<b>1,581</b>	-
Financing and advances	A15	<b>11,599,130</b>	11,332,012
Other assets	A16	<b>15,395</b>	21,954
Statutory deposits with Bank Negara Malaysia		<b>54,838</b>	30,438
Right-of-use assets		<b>526</b>	384
Property, plant and equipment		<b>184</b>	198
Deferred tax assets		<b>52,950</b>	41,558
Intangible assets		<b>1,628</b>	1,444
<b>TOTAL ASSETS</b>		<b>15,366,103</b>	14,924,666
<b>LIABILITIES AND EQUITY</b>			
Deposits from customers	A17	<b>13,214,871</b>	12,612,943
Deposits and placements of banks and other financial institutions	A18	<b>201,604</b>	216,232
Derivative financial liabilities	A14	<b>236</b>	-
Recourse obligations on financing sold to Cagamas		<b>100,128</b>	350,449
Lease liabilities		<b>553</b>	411
Other liabilities	A19	<b>328,209</b>	250,941
Provision for taxation		<b>11,125</b>	1,529
Provision for zakat		<b>968</b>	1,162
Subordinated Sukuk		<b>232,196</b>	229,664
<b>TOTAL LIABILITIES</b>		<b>14,089,890</b>	13,663,331
Share capital		<b>600,000</b>	600,000
Reserves		<b>676,213</b>	661,335
<b>TOTAL EQUITY</b>		<b>1,276,213</b>	1,261,335
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>15,366,103</b>	14,924,666
<b>COMMITMENTS AND CONTINGENCIES</b>	A27	<b>3,392,831</b>	2,437,452

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 2022.

**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 2022**

	Note	2nd Quarter Ended		Six Months Ended	
		30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
Income derived from investment of depositors' funds and others	A20	<b>169,333</b>	134,338	<b>320,669</b>	284,978
Income derived from investment of shareholder's funds	A21	<b>16,275</b>	14,008	<b>30,907</b>	28,667
Allowance for expected credit losses on financing and advances and other financial assets	A22	<b>(24,207)</b>	(12,630)	<b>(31,390)</b>	(53,277)
Write-back of expected credit losses on financial investments	A23	<b>12</b>	109	<b>25</b>	109
<b>Total distributable income</b>		<b>161,413</b>	135,825	<b>320,211</b>	260,477
Income attributable to the depositors and financial institutions	A24	<b>(69,968)</b>	(59,705)	<b>(131,838)</b>	(123,192)
<b>Total net income</b>		<b>91,445</b>	76,120	<b>188,373</b>	137,285
Other operating expenses	A25	<b>(37,403)</b>	(34,330)	<b>(73,909)</b>	(66,509)
<b>Profit before taxation</b>		<b>54,042</b>	41,790	<b>114,464</b>	70,776
Taxation		<b>(13,180)</b>	(10,521)	<b>(28,123)</b>	(17,895)
<b>Net profit for the financial period</b>		<b>40,862</b>	31,269	<b>86,341</b>	52,881
<b>Net profit for the financial period attributable to equity holder of the Bank</b>		<b>40,862</b>	31,269	<b>86,341</b>	52,881
Earnings per share attributable to equity holder of the Bank					
- Basic/diluted (sen)	A26	<b>9.9</b>	7.5	<b>20.8</b>	12.8

*The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 2022.*

**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 2022**

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September</b>	30 September	<b>30 September</b>	30 September
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Net profit for the financial period</b>	<b>40,862</b>	31,269	<b>86,341</b>	52,881
Other comprehensive expense:				
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 from change in fair value	<b>(3,009)</b>	(16,020)	<b>(39,600)</b>	(6,529)
- Realised gain transferred to statement of income on disposal	-	(2,447)	-	(11,492)
- Transfer from deferred tax	<b>722</b>	4,432	<b>9,504</b>	4,325
- Changes in expected credit losses	<b>(12)</b>	6	<b>(25)</b>	10
Other comprehensive expense, net of tax	<b>(2,299)</b>	(14,029)	<b>(30,121)</b>	(13,686)
<b>Total comprehensive income for the financial period</b>	<b>38,563</b>	17,240	<b>56,220</b>	39,195
<b>Total comprehensive income for the financial period attributable to equity holder of the Bank</b>	<b>38,563</b>	17,240	<b>56,220</b>	39,195

*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 2022.*

**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 2022**

	Share capital RM'000	Non-distributable reserves FVOCI reserves RM'000	Distributable reserves Retained profits RM'000	Total equity RM'000
At 1 April 2022	600,000	(7,372)	668,707	1,261,335
Net profit for the financial period	-	-	86,341	86,341
Other comprehensive expense	-	(30,121)	-	(30,121)
Total comprehensive (expense)/income for the financial period	-	(30,121)	86,341	56,220
Dividend paid	-	-	(41,342)	(41,342)
<b>At 30 September 2022</b>	<b>600,000</b>	<b>(37,493)</b>	<b>713,706</b>	<b>1,276,213</b>
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
At 30 September 2021	600,000	21,303	617,770	1,239,073

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 2022.

**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 2022**

	<b>30 September 2022 RM'000</b>	30 September 2021 RM'000
Profit before taxation	<b>114,464</b>	70,776
Adjustments for non-cash items	<b>(3,488)</b>	2,911
Operating profit before changes in working capital	<b>110,976</b>	73,687
Changes in working capital	<b>348,700</b>	(694,067)
Net tax paid	<b>(20,385)</b>	(15,849)
Zakat paid	<b>(194)</b>	(50)
Net cash generated/(used in) from operating activities	<b>439,097</b>	(636,279)
Net cash generated from investing activities	<b>63,606</b>	182,385
Net cash used in financing activities	<b>(300,013)</b>	(14,244)
Net change in cash and cash equivalents	<b>202,690</b>	(468,138)
Cash and cash equivalents at beginning of financial year	<b>1,417,800</b>	1,373,080
Cash and cash equivalents at end of financial period	<b>1,620,490</b>	904,942
Cash and cash equivalents comprise the following:		
Cash and short-term funds	<b>1,620,490</b>	904,942

*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 2022.*

## **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 financial period ended 30 September 2022 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 the Bank for the financial year ended 31 March 2022. 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 2022.

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 2022 and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 April 2022:

- Amendment to MFRS 16 "COVID-19-Related Rent Concessions beyond 30 June 2021";
- Amendments to MFRS 3 "Reference to the Conceptual Framework";
- Amendments to MFRS 116 "Proceeds before intended use";
- Amendments to MFRS 137 "Onerous Contracts - Cost of Fulfilling a Contract";
- Annual improvements to MFRS 9 "Fees in the 10% test for derecognition of financial liabilities";
- Annual Improvements to MFRS 1 "Subsidiary as First-time Adopter"; and
- Annual Improvements to Illustrative Examples accompanying MFRS 16 Leases: Lease Incentives.

The adoption of the above standards, amendments to published standards and interpretation to existing standards did not give rise to 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 from those estimates.

#### **A2 Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2022 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 financial period ended 30 September 2022.

#### **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 financial period ended 30 September 2022.

**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 current financial period ended 30 September 2022.

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

There were no issuance nor repayment of debt and equity securities during the financial period ended 30 September 2022 other than disclosed below:

The Bank had on 29 April 2022:

- (i) Fully redeemed its existing RM130.0 million Unrated Subordinated Sukuk Murabahah ("Subordinated Sukuk Murabahah") which was issued on 29 September 2017 under Alliance Islamic's Subordinated Sukuk Murabahah Programme of up to RM180.0 million in nominal value; and
- (ii) Completed the issuance of RM130.0 million Rated Tier 2 Subordinated Sukuk Murabahah ("T2 Sukuk Murabahah") pursuant to Alliance Islamic's Tier 2 Subordinated Sukuk Murabahah Programme of up to RM800.0 million in nominal value.

The details of the T2 Sukuk Murabahah issuance are summarised as follow:

Nominal Amount	Tenure	Call Date	Coupon Rate
RM130.0 million	Ten (10)-years Non-Callable Five Year (5)-years	29 April 2027 and thereafter on every profit payment date	4.45% p.a

**A7 Dividend Paid**

A single tier second interim dividend of 9.98 sen per share, on 414,249,197 ordinary shares amounting to approximately RM41,342,000 in respect of the financial year ended 31 March 2022, was paid on 16 June 2022.

**A8 Significant Events**

Alliance Investment Bank Berhad ("AIBB"), a related company of the Bank had obtained Vesting Order from the High Court of Malaya on 16 March 2022 and completed the transfer of the Captial Markets Business to the Bank on 31 March 2022.

**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**

The Directors of the Bank have proposed a single tier first interim dividend of 10.42 sen per share on 414,249,197 ordinary shares amounting to approximately RM43,165,000 in respect of the financial year ending 31 March 2023.

**A12 Financial Investments at Fair Value Through Other Comprehensive Income**

	<b>30 September 2022 RM'000</b>	31 March 2022 RM'000
<b>At fair value - debt instruments</b>		
<u>Money market instruments:</u>		
Malaysian Government investment issues	<b>493,020</b>	507,192
	<b>493,020</b>	507,192
<u>Unquoted securities:</u>		
Sukuk	<b>1,216,586</b>	1,361,572
	<b>1,216,586</b>	1,361,572
 Total financial investments at FVOCI	 <b>1,709,606</b>	 1,868,764

Movements in allowance for expected credit losses are as follows:

	<b>12-month ECL (Stage 1)</b>	
	<b>30 September 2022 RM'000</b>	31 March 2022 RM'000
At beginning of financial year	137	17
New financial assets originated or purchased	(1)	9
Changes due to change in credit risk	(24)	111
Total (write-back from)/charge to income statement	(25)	120
At end of financial period/year	<b>112</b>	<b>137</b>

**A13 Financial Investments at Amortised Cost**

	<b>30 September 2022 RM'000</b>	31 March 2022 RM'000
<b>At amortised cost</b>		
<u>Money market instruments:</u>		
Malaysian Government investment issues	<b>239,577</b>	210,114
	<b>239,577</b>	210,114
<u>Unquoted securities:</u>		
Sukuk	<b>70,198</b>	-
	<b>70,198</b>	-
 Total financial investments at amortised cost	 <b>309,775</b>	 210,114

Movements in allowance for expected credit losses are as follows:

	<b>12-month ECL (Stage 1)</b>	
	<b>30 September 2022 RM'000</b>	31 March 2022 RM'000
At beginning of financial year	-	323
Financial assets derecognised other than write-off	-	(104)
Changes due to change in credit risk	-	(219)
Total write-back from income statement	-	(323)
At end of financial period/year	<b>-</b>	<b>-</b>



**A14 Derivative Financial Assets/(Liabilities)**

Derivative financial instruments measured at fair value together with their corresponding contract/notional amounts:

	As at 30 September 2022			As at 31 March 2022		
	Fair value			Fair value		
	Contract/ notional amount RM'000	Assets RM'000	Liabilities RM'000	Contract/ notional amount RM'000	Assets RM'000	Liabilities RM'000
<b>Hedging derivatives</b>						
Interest rate related contracts:						
Interest rate swaps	298,000	1,581	(236)	-	-	-
- over three years	298,000	1,581	(236)	-	-	-
<b>Total derivatives assets/(liabilities)</b>	<b>298,000</b>	<b>1,581</b>	<b>(236)</b>	<b>-</b>	<b>-</b>	<b>-</b>

**A15 Financing and Advances**

By types and Shariah concepts:

Notes	Bai` Bithaman Ajl 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 2022</b>							
<b>At amortised cost</b>								
Cash line financing	17,795	1,140,751	-	-	11,188	-	-	1,169,734
Term financing								
- Housing financing	3,413,542	-	-	-	-	-	-	3,413,542
- Hire purchase receivables (a)	-	-	87,441	-	-	-	-	87,441
- Other term financing	1,875,609	3,897,013	-	-	-	-	98,383	5,871,005
Bills receivables	-	-	-	5,741	-	-	-	5,741
Trust receipts	-	-	-	57,356	-	-	-	57,356
Claims on customers under acceptance credits	-	-	-	731,081	-	99,090	-	830,171
Staff financing (Financing to Directors: RM Nil)	11,784	-	-	-	-	-	-	11,784
Revolving credits (b)	67,301	396,313	-	-	-	-	-	463,614
Gross financing and advances	5,386,031	5,434,077	87,441	794,178	11,188	99,090	98,383	11,910,388
Add: Sales commission and handling fees								66,940
Less: Allowance for expected credit losses on financing and advances								(378,198)
Total net financing and advances								<u>11,599,130</u>

**A15 Financing and Advances (Contd.)**

By types and Shariah concepts: (contd.)

	<u>Notes</u>	Bai` Bithaman Ajil RM'000	Tawarrug RM'000	Al-Ijarah Thumma Al-Bai`/ AITAB RM'000	Murabahah RM'000	Qard RM'000	Bai` Al-Dayn RM'000	Bai` `Inah RM'000	Total Financing and Advances RM'000
31 March 2022									
<b>At amortised cost</b>									
Cash line financing		20,393	1,297,767	-	-	25,947	-	-	1,344,107
Term financing									
- Housing financing		3,420,671	-	-	-	-	-	-	3,420,671
- Hire purchase receivables	(a)	-	-	107,513	-	-	-	-	107,513
- Other term financing		1,954,568	3,182,093	-	-	-	-	114,499	5,251,160
Bills receivables		-	-	-	10,741	-	-	-	10,741
Trust receipts		-	-	-	62,542	-	-	-	62,542
Claims on customers under acceptance credits		-	-	-	831,761	-	84,732	-	916,493
Staff financing (Financing to Directors: RM Nil)		12,742	-	-	-	-	-	-	12,742
Revolving credits	(b)	74,552	486,562	-	-	-	-	-	561,114
Gross financing and advances		5,482,926	4,966,422	107,513	905,044	25,947	84,732	114,499	11,687,083
Add: Sales commission and handling fees									53,785
Less: Allowance for expected credit losses on financing and advances									(408,856)
Total net financing and advances									<u>11,332,012</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.

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

	<b>30 September 2022 RM'000</b>	31 March 2022 RM'000
At beginning of financial year	<b>25,947</b>	9,419
Sources of Qard fund:		
- Shareholders' fund	<b>8,257</b>	26,587
Uses of Qard fund:		
- Personal use	<b>(4,606)</b>	(925)
- Working capital	<b>(3,410)</b>	(7,419)
- Other	<b>(15,000)</b>	(1,715)
At end of financial period/year	<u><b>11,188</b></u>	<u>25,947</u>

**A15 Financing and Advances (Contd.)**

(ii) By maturity structure:

	<b>30 September 2022 RM'000</b>	31 March 2022 RM'000
Within one year	2,578,596	2,939,386
One year to three years	324,468	349,330
Three years to five years	1,068,716	874,456
Over five years	7,938,608	7,523,911
Gross financing and advances	<u><u>11,910,388</u></u>	<u><u>11,687,083</u></u>

(iii) By type of customers:

	<b>30 September 2022 RM'000</b>	31 March 2022 RM'000
Domestic non-bank financial institutions	81,273	164,716
Domestic business enterprises		
- Small and medium enterprises	4,019,675	3,743,743
- Others	1,299,589	1,474,826
Individuals	6,415,643	6,206,464
Other domestic entities	20,104	21,275
Foreign entities	74,104	76,059
Gross financing and advances	<u><u>11,910,388</u></u>	<u><u>11,687,083</u></u>

(iv) By profit rate sensitivity:

	<b>30 September 2022 RM'000</b>	31 March 2022 RM'000
Fixed rate		
- Housing financing	17,288	18,808
- Hire purchase receivables	87,441	107,513
- Other fixed rate financing	2,518,798	2,386,512
Variable rate		
- Base financing rate plus	5,104,332	4,883,098
- Base rate plus	3,378,457	3,322,756
- Cost plus	804,072	968,396
Gross financing and advances	<u><u>11,910,388</u></u>	<u><u>11,687,083</u></u>

(v) By economic purposes:

	<b>30 September 2022 RM'000</b>	31 March 2022 RM'000
Purchase of transport vehicles	72,768	89,548
Purchase of landed property	5,147,362	5,021,554
of which: - Residential	<u>3,467,818</u>	<u>3,473,658</u>
- Non-residential	<u>1,679,544</u>	<u>1,547,896</u>
Purchase of fixed assets excluding land & buildings	62,802	52,162
Personal use	3,001,574	2,769,411
Construction	129,947	122,880
Working capital	2,634,331	2,778,741
Others	861,604	852,787
Gross financing and advances	<u><u>11,910,388</u></u>	<u><u>11,687,083</u></u>

**A15 Financing and Advances (Contd.)**

(vi) By economic sectors:

	<b>30 September 2022 RM'000</b>	31 March 2022 RM'000
Primary agriculture	381,954	390,416
Mining and quarrying	28,013	31,260
Manufacturing	1,253,615	1,398,406
Electricity, gas and water	22,620	4,615
Construction	437,176	367,185
Wholesale, retail trade, restaurants and hotels	1,861,695	1,758,036
Transport, storage and communication	173,479	168,058
Financing, insurance, real estate and business services	1,162,451	1,200,432
Community, social and personal services	99,639	86,151
Household	6,489,746	6,282,524
Gross financing and advances	<b>11,910,388</b>	<b>11,687,083</b>

(vii) By geographical distribution:

	<b>30 September 2022 RM'000</b>	31 March 2022 RM'000
Northern region	1,317,272	1,172,168
Central region	7,980,455	7,748,939
Southern region	1,309,430	1,286,911
Sabah region	1,036,285	1,083,936
Sarawak region	266,946	395,129
Gross financing and advances	<b>11,910,388</b>	<b>11,687,083</b>

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

	<b>30 September 2022 RM'000</b>	31 March 2022 RM'000
At beginning of financial year	278,334	296,686
Impaired during the financial period/year	163,375	340,327
Recovered during the financial period/year	(9,204)	(264,435)
Reclassified as unimpaired during the financial period/year	(75,678)	(11,161)
Financial assets derecognised other than write-off during the financial period/year	(11,304)	(43,739)
Amount written-off	(68,898)	(39,344)
At end of financial period/year	<b>276,625</b>	<b>278,334</b>
Gross impaired financing ratio	<b>2.32%</b>	2.38%
Net impaired financing ratio	<b>1.56%</b>	1.33%

**A15 Financing and Advances (Contd.)**

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

	<b>30 September 2022 RM'000</b>	31 March 2022 RM'000
Purchase of transport vehicles	3,450	4,700
Purchase of landed property	133,084	120,039
of which: - Residential	119,989	105,049
- Non-residential	13,095	14,990
Purchase of fixed assets excluding land & buildings	703	593
Personal use	109,045	77,964
Working capital	26,682	57,294
Others	3,661	17,744
Gross impaired financing and advances	276,625	278,334

(x) Credit impaired loans analysed by economic sectors:

	<b>30 September 2022 RM'000</b>	31 March 2022 RM'000
Primary agriculture	1,074	1,083
Manufacturing	4,509	8,883
Construction	12,982	51,691
Wholesale, retail trade, restaurants and hotels	19,903	23,032
Transport, storage and communication	537	553
Financing, insurance, real estate and business services	547	556
Community, social and personal services	3,882	3,884
Household	233,191	188,652
Gross impaired financing and advances	276,625	278,334

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

	<b>30 September 2022 RM'000</b>	31 March 2022 RM'000
Northern region	29,202	26,958
Central region	189,690	189,154
Southern region	41,219	45,620
Sabah region	14,902	15,249
Sarawak region	1,612	1,353
Gross impaired financing and advances	276,625	278,334

**A15 Financing and Advances (Contd.)**

(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 2022	<b>96,075</b>	<b>188,675</b>	<b>124,106</b>	<b>408,856</b>
Transfer to Stage 1	<b>35,521</b>	<b>(50,969)</b>	<b>(14)</b>	<b>(15,462)</b>
Transfer to Stage 2	<b>(44,734)</b>	<b>90,358</b>	<b>(17,218)</b>	<b>28,406</b>
Transfer to Stage 3	<b>(572)</b>	<b>(43,111)</b>	<b>47,942</b>	<b>4,259</b>
New financial assets originated or purchased	<b>13,273</b>	<b>6,460</b>	<b>2,166</b>	<b>21,899</b>
Financial assets derecognised other than write-off	<b>(9,534)</b>	<b>(9,222)</b>	<b>(3,460)</b>	<b>(22,216)</b>
Changes due to change in credit risk	<b>(3,188)</b>	<b>17,842</b>	<b>(1,529)</b>	<b>13,125</b>
	<b>(9,234)</b>	<b>11,358</b>	<b>27,887</b>	<b>30,011</b>
Unwinding of discount	-	-	<b>(97)</b>	<b>(97)</b>
Total (write-back from)/charge to income statement	<b>(9,234)</b>	<b>11,358</b>	<b>27,790</b>	<b>29,914</b>
Write-off	-	<b>(689)</b>	<b>(59,883)</b>	<b>(60,572)</b>
<b>At 30 September 2022</b>	<b>86,841</b>	<b>199,344</b>	<b>92,013</b>	<b>378,198</b>
At 1 April 2021	76,562	183,648	79,716	339,926
Transfer to Stage 1	52,439	(185,682)	(18)	(133,261)
Transfer to Stage 2	(33,096)	287,650	(81,477)	173,077
Transfer to Stage 3	(181)	(150,739)	132,225	(18,695)
New financial assets originated or purchased	31,490	62,388	5,659	99,537
Financial assets derecognised other than write-off	(22,993)	(60,265)	(10,007)	(93,265)
Changes due to change in credit risk	(8,146)	52,609	22,335	66,798
	19,513	5,961	68,717	94,191
Unwinding of discount	-	-	(109)	(109)
Total charge to income statement	19,513	5,961	68,608	94,082
Write-off	-	(934)	(24,218)	(25,152)
At 31 March 2022	<b>96,075</b>	<b>188,675</b>	<b>124,106</b>	<b>408,856</b>

Note:

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

**A16 Other Assets**

	<b>30 September 2022 RM'000</b>	31 March 2022 RM'000
Other receivables	<b>13,048</b>	19,452
Deposits	<b>93</b>	89
Prepayment	<b>4,705</b>	4,157
Amount due from related company	<b>2</b>	3
	<b>17,848</b>	23,701
Less: Allowance for expected credit losses on other receivables [Note]	<b>(2,453)</b>	(1,747)
	<b>15,395</b>	21,954

Note:

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

	<u>Lifetime ECL</u>	
	<b>30 September 2022 RM'000</b>	31 March 2022 RM'000
At beginning of financial year	<b>1,747</b>	1,908
Effect of business transfer	<b>454</b>	-
Total charge to income statement due to change in credit risk	<b>472</b>	4
Write-off	<b>(220)</b>	(165)
At end of financial period/year	<b>2,453</b>	1,747

As at 30 September 2022, the Bank's gross exposure of other receivables that are under lifetime expected credit losses was at RM2,453,000 (31 March 2022: RM1,747,000).

**A17 Deposits from Customers**

**A17a** By type of deposits:

	<b>30 September 2022 RM'000</b>	31 March 2022 RM'000
Demand deposits		
- Qard	<b>4,528,355</b>	5,081,276
- Tawarruq	<b>271,886</b>	176,614
Savings deposits		
- Qard	<b>435,275</b>	447,690
- Tawarruq	<b>2,977</b>	1,523
Term deposits		
- Tawarruq	<b>5,766,410</b>	5,705,450
- Negotiable Islamic Debt Certificate		
- Bai' Inah	<b>298,199</b>	195,226
- Money market deposits		
- Tawarruq	<b>1,732,124</b>	885,550
- Other deposits		
- Mudharabah	<b>62,336</b>	63,185
- Wakalah	<b>32,016</b>	32,235
- Qard	<b>85,293</b>	24,194
	<b>13,214,871</b>	12,612,943

**A17 Deposits from Customers (Contd.)**

**A17b** The maturity structure of term deposits are as follows:

	<b>30 September 2022 RM'000</b>	31 March 2022 RM'000
Due within six months	<b>6,432,381</b>	5,464,366
Six months to one year	<b>981,162</b>	1,138,967
One year to three years	<b>363,525</b>	106,878
Three years to five years	<b>199,310</b>	195,629
	<b><u>7,976,378</u></b>	<u>6,905,840</u>

**A17c** The deposits are sourced from the following type of customers:

	<b>30 September 2022 RM'000</b>	31 March 2022 RM'000
Domestic financial institutions	<b>298,215</b>	195,409
Domestic non-bank financial institutions	<b>1,801,637</b>	1,311,222
Government and statutory bodies	<b>1,254,012</b>	1,447,574
Business enterprises	<b>4,171,129</b>	3,888,639
Individuals	<b>5,399,695</b>	5,483,490
Foreign entities	<b>95,073</b>	108,461
Others	<b>195,110</b>	178,148
	<b><u>13,214,871</u></b>	<u>12,612,943</u>

**A18 Deposits and Placements of Banks and Other Financial Institutions**

	<b>30 September 2022 RM'000</b>	31 March 2022 RM'000
<b>Non-Mudharabah Fund</b>		
Licensed investment banks	<b>9,981</b>	8,438
Bank Negara Malaysia	<b>191,623</b>	207,794
	<b><u>201,604</u></b>	<u>216,232</u>

**A19 Other Liabilities**

	<b>30 September 2022 RM'000</b>	31 March 2022 RM'000
Other payables	<b>137,080</b>	112,079
Bills payable	<b>4,712</b>	7,754
Clearing account	<b>39,943</b>	56,863
Sundry deposits	<b>5,325</b>	5,161
Provision and accruals	<b>12,465</b>	16,156
Amount due to holding company	<b>121,002</b>	41,292
Amount due to related company	<b>3,855</b>	8,322
Allowance for expected credit losses on commitments and contingencies	<b>3,827</b>	3,314
	<b><u>328,209</u></b>	<u>250,941</u>



**A19 Other Liabilities (Contd.)**

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 2022	1,174	2,135	5	3,314
Transfer to Stage 1	17	(313)	-	(296)
Transfer to Stage 2	(22)	725	(1)	702
Transfer to Stage 3	-	(16)	95	79
New financial assets originated or purchased	412	143	-	555
Financial assets derecognised other than write-off	(239)	(201)	(1,292)	(1,732)
Changes due to change in credit risk	(223)	67	1,357	1,201
Other adjustment	2	2	-	4
Total (write-back from)/charge to income statement	(53)	407	159	513
<b>At 30 September 2022</b>	<b>1,121</b>	<b>2,542</b>	<b>164</b>	<b>3,827</b>
At 1 April 2021	1,647	21,451	1	23,099
Transfer to Stage 1	68	(669)	-	(601)
Transfer to Stage 2	(98)	798	(7)	693
Transfer to Stage 3	-	(111)	6	(105)
New financial assets originated or purchased	749	385	-	1,134
Financial assets derecognised other than write-off	(395)	(19,671)	-	(20,066)
Changes due to change in credit risk	(797)	(48)	5	(840)
Total (write-back from)/charge to income statement	(473)	(19,316)	4	(19,785)
At 31 March 2022	1,174	2,135	5	3,314

Note:

(a) The transfers between stages are inclusive of net remeasurement of allowances.

(b) As at 30 September 2022, the Bank's gross exposures of commitments and contingencies that are credit impaired was at RM333,000 (31 March 2022: RM198,000).

**A20 Income Derived from Investment of Depositors' Funds and Others**

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September</b>	30 September	<b>30 September</b>	30 September
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Income derived from investment of:				
(i) Term deposits	<b>98,022</b>	65,004	<b>178,633</b>	140,137
(ii) Other deposits	<b>71,311</b>	69,334	<b>142,036</b>	144,841
	<b>169,333</b>	134,338	<b>320,669</b>	284,978

(i) Income derived from investment of term deposits:

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September</b>	30 September	<b>30 September</b>	30 September
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Finance income and hibah</b>				
Financing and advances	<b>77,533</b>	48,592	<b>141,345</b>	101,386
Financial investments at fair value through other comprehensive income	<b>9,408</b>	9,001	<b>18,299</b>	18,185
Financial investments at amortised cost	<b>1,210</b>	1,116	<b>2,119</b>	2,474
Money at call and deposit placements with financial institutions	<b>4,726</b>	2,438	<b>7,918</b>	5,685
	<b>92,877</b>	61,147	<b>169,681</b>	127,730
Accretion of discount less amortisation of premium	<b>1,864</b>	895	<b>3,371</b>	2,191
Total finance income and hibah	<b>94,741</b>	62,042	<b>173,052</b>	129,921
<b>Other operating income</b>				
- Fee income	<b>3,679</b>	1,859	<b>6,663</b>	4,335
- Investment (loss)/gain	<b>(574)</b>	1,024	<b>(1,372)</b>	5,135
- Other income	<b>176</b>	79	<b>290</b>	746
	<b>98,022</b>	65,004	<b>178,633</b>	140,137

Note:

Included in financing income on financing and advances for the current financial period was profit on impaired financing of the Bank amounting to RM543,000 (30 September 2021: RM392,000).

**A20 Income Derived from Investment of Depositors' Funds and Others (Contd.)**

(ii) Income derived from investment of other deposits:

	2nd Quarter Ended		Six Months Ended	
	30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
<b>Finance income and hibah</b>				
Financing and advances	56,401	51,733	112,387	104,790
Financial investments at fair value through other comprehensive income	6,749	9,566	14,550	18,795
Financial investments at amortised cost	888	1,192	1,685	2,557
Money at call and deposit placements with financial institutions	3,495	2,613	6,296	5,876
	<u>67,533</u>	<u>65,104</u>	<u>134,918</u>	<u>132,018</u>
Accretion of discount less amortisation of premium	1,359	961	2,681	2,264
Total finance income and hibah	<u>68,892</u>	<u>66,065</u>	<u>137,599</u>	<u>134,282</u>
<b>Other operating income</b>				
- Fee income	2,680	1,992	5,298	4,480
- Investment (loss)/gain	(391)	1,175	(1,091)	5,307
- Other income	130	102	230	772
	<u>71,311</u>	<u>69,334</u>	<u>142,036</u>	<u>144,841</u>

Note:

Included in financing income on financing and advances for the current financial period was profit on impaired financing of the Bank amounting to RM432,000 (30 September 2021: RM405,000).

**A21 Income Derived from Investment of Shareholder's Funds**

	2nd Quarter Ended		Six Months Ended	
	30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
<b>Finance income and hibah</b>				
Financing and advances	12,873	10,439	24,455	20,740
Financial investments at fair value through other comprehensive income	1,552	1,928	3,166	3,720
Financial investments at amortised cost	202	241	367	506
Money at call and deposit placements with financial institutions	791	530	1,370	1,163
	<u>15,418</u>	<u>13,138</u>	<u>29,358</u>	<u>26,129</u>
Accretion of discount less amortisation of premium	309	195	583	448
Total finance income and hibah	<u>15,727</u>	<u>13,333</u>	<u>29,941</u>	<u>26,577</u>
<b>Other operating income</b>				
- Fee income	611	404	1,153	887
- Investment (loss)/gain	(92)	248	(237)	1,050
- Other income	29	23	50	153
	<u>16,275</u>	<u>14,008</u>	<u>30,907</u>	<u>28,667</u>

Notes:

Included in financing income on financing and advances for the current financial period was profit on impaired financing of the Bank amounting to RM94,000 (30 September 2021: RM80,000).

**A22 Allowance for Expected Credit Losses on Financing and Advances and Other Financial Assets**

	2nd Quarter Ended		Six Months Ended	
	30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
Allowance for expected credit losses on:				
(a) Financing and advances				
- Allowance made during the financial period	25,134	14,791	30,011	51,415
(b) Credit impaired on financing and advances				
- Recovered during the financial period	(4,649)	(2,155)	(9,849)	(5,268)
- Write-off during the financial period	4,475	(69)	10,243	7,536
(c) Commitments and contingencies on financing and advances				
- (Write-back)/allowance made during the financial period	(964)	66	513	(391)
	<u>23,996</u>	<u>12,633</u>	<u>30,918</u>	<u>53,292</u>
Allowance for/(write-back of) expected credit losses on other receivables	211	(3)	472	(15)
	<u>24,207</u>	<u>12,630</u>	<u>31,390</u>	<u>53,277</u>

**A23 Write-back of Expected Credit Losses on Financial Investments**

	2nd Quarter Ended		Six Months Ended	
	30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
(a) Financial investments at fair value through other comprehensive income				
- (Write-back)/allowance made during the financial period	(12)	6	(25)	10
(b) Financial investments at amortised cost				
- Write-back during the financial period	-	(115)	-	(119)
	<u>(12)</u>	<u>(109)</u>	<u>(25)</u>	<u>(109)</u>

**A24 Income Attributable to the Depositors and Financial Institutions**

	2nd Quarter Ended		Six Months Ended	
	30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
Deposits from customers:				
- Mudharabah fund	363	301	662	598
- Non-Mudharabah fund	65,302	51,669	120,042	106,851
Deposits and placements of banks and other financial institutions:				
- Non-Mudharabah fund	228	541	488	1,421
Recourse obligations on financing sold to Cagamas	1,050	3,790	4,484	7,595
Subordinated sukuk	3,016	3,396	6,143	6,710
Lease liabilities	9	8	19	17
	<u>69,968</u>	<u>59,705</u>	<u>131,838</u>	<u>123,192</u>

**A25 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>2022</b>	2021	<b>2022</b>	2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	<b>19,861</b>	18,688	<b>38,711</b>	36,440
- Contribution to EPF	<b>3,289</b>	2,878	<b>6,182</b>	5,682
- Others	<b>2,123</b>	1,501	<b>3,566</b>	2,909
	<b>25,273</b>	23,067	<b>48,459</b>	45,031
<u>Establishment costs</u>				
- Depreciation on property, plant and equipment	<b>38</b>	26	<b>75</b>	50
- Depreciation on right-of-use assets	<b>121</b>	64	<b>237</b>	128
- Amortisation of computer software	<b>107</b>	64	<b>211</b>	143
- Rental of premises	<b>84</b>	84	<b>182</b>	237
- Water and electricity	<b>235</b>	305	<b>516</b>	548
- Repairs and maintenance	<b>370</b>	355	<b>638</b>	837
- Information technology expenses	<b>6,232</b>	5,969	<b>12,483</b>	10,395
- Others [Note]	<b>564</b>	410	<b>979</b>	1,882
	<b>7,751</b>	7,277	<b>15,321</b>	14,220
<u>Marketing expenses</u>				
- Promotion and advertisement	<b>255</b>	268	<b>1,420</b>	302
- Branding and publicity	<b>329</b>	507	<b>1,000</b>	769
- Others	<b>220</b>	69	<b>381</b>	193
	<b>804</b>	844	<b>2,801</b>	1,264
<u>Administration and general expenses</u>				
- Communication expenses	<b>376</b>	607	<b>810</b>	1,144
- Printing and stationeries	<b>77</b>	50	<b>129</b>	127
- Insurance	<b>898</b>	455	<b>1,783</b>	911
- Professional fees	<b>1,581</b>	1,203	<b>3,272</b>	2,576
- Others	<b>643</b>	827	<b>1,334</b>	1,236
	<b>3,575</b>	3,142	<b>7,328</b>	5,994
Total other operating expenses	<b>37,403</b>	34,330	<b>73,909</b>	66,509

Note:

Included in the other operating expenses are the Shariah Committee members' remuneration of RM186,000 (30 September 2021: RM186,000).

**A25 Other Operating Expenses (Contd.)**

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

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September</b>	30 September	<b>30 September</b>	30 September
	<b>2022</b>	2021	<b>2022</b>	2021
	<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	17,131	17,159	33,746	33,390
- Contribution to EPF	2,734	2,634	5,272	5,194
- Others	1,718	1,201	2,932	2,564
	<b>21,583</b>	20,994	<b>41,950</b>	41,148
<u>Establishment costs</u>				
- Rental of premises	84	147	182	237
- Water and electricity	230	302	504	540
- Repairs and maintenance	363	350	625	828
- Information technology expenses	6,118	5,930	12,203	10,328
- Others [Note]	564	410	979	1,882
	<b>7,359</b>	7,139	<b>14,493</b>	13,815
<u>Marketing expenses</u>				
- Promotion and advertisement	227	236	1,308	332
- Branding and publicity	287	359	779	614
- Others	214	69	372	193
	<b>728</b>	664	<b>2,459</b>	1,139
<u>Administration and general expenses</u>				
- Communication expenses	238	333	435	685
- Printing and stationeries	55	38	92	98
- Professional fees	985	733	1,817	1,648
- Others	269	411	657	449
	<b>1,547</b>	1,515	<b>3,001</b>	2,880
Total sharing of other operating expenses	<b>31,217</b>	30,312	<b>61,903</b>	58,982

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.

**A26 Earnings Per Share**

**Basic/Diluted**

Basic/diluted earnings per share is calculated by dividing profit for the financial period attributable to ordinary 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 2022</b>	30 September 2021	<b>30 September 2022</b>	30 September 2021
Net profit for the financial period attributable to equity holder of the Bank (RM'000)	<b>40,862</b>	31,269	<b>86,341</b>	52,881
Weighted average numbers of ordinary shares in issue ('000)	<b>414,249</b>	414,249	<b>414,249</b>	414,249
Basic/diluted earnings per share (sen)	<b>9.9</b>	7.5	<b>20.8</b>	12.8

**A27 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 off-balance sheet notional exposures of the Bank are as follows:

	<b>30 September 2022 RM'000</b>	31 March 2022 RM'000
<u>Credit-related exposures</u>		
Direct credit substitutes	<b>79,841</b>	70,235
Transaction-related contingent items	<b>65,559</b>	61,208
Short-term self-liquidating trade-related contingencies	<b>19,165</b>	19,250
Irrevocable commitments to extend credit:		
- maturity exceeding one year	<b>440,478</b>	283,555
- maturity not exceeding one year	<b>2,489,788</b>	2,003,204
	<b>3,094,831</b>	2,437,452
<u>Derivative financial instruments</u>		
Profit rate related contracts:		
- over three years	<b>298,000</b>	-
	<b>3,392,831</b>	2,437,452

**A28 Capital Adequacy**

BNM's Transitional Arrangements for Regulatory Capital Treatment of Accounting Provisions took effect on 9 December 2020. This allows 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 I ("CET I") capital from Financial Year 2021 to Financial Year 2024. The Bank has sufficient capital under both conditions with or without the Transitional Arrangement.

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

	<b>30 September 2022</b>	31 March 2022
(i) With transitional arrangements		
<u>Before deducting proposed dividends</u>		
CET 1 capital ratio	<b>13.979%</b>	14.904%
Tier I capital ratio	<b>15.005%</b>	15.966%
Total capital ratio	<b>17.500%</b>	18.510%
<u>After deducting proposed dividends</u>		
CET 1 capital ratio	<b>13.534%</b>	14.463%
Tier 1 capital ratio	<b>14.561%</b>	15.525%
Total capital ratio	<b>17.055%</b>	18.069%
(ii) Without transitional arrangements		
<u>Before deducting proposed dividends</u>		
CET I capital ratio	<b>12.581%</b>	12.995%
Tier I capital ratio	<b>13.608%</b>	14.057%
Total capital ratio	<b>16.102%</b>	16.601%
<u>After deducting proposed dividends</u>		
CET 1 capital ratio	<b>12.136%</b>	12.554%
Tier 1 capital ratio	<b>13.163%</b>	13.616%
Total capital ratio	<b>15.658%</b>	16.160%

(a) Components of CET I, Tier I and Tier II capital under the revised Capital Adequacy Framework are as follows:

	<b>30 September 2022 RM'000</b>	31 March 2022 RM'000
<b><u>CET I Capital/Total Capital</u></b>		
Paid-up share capital	<b>600,000</b>	600,000
Retained profits	<b>713,706</b>	668,707
FVOCI reserves	<b>(37,605)</b>	(7,509)
	<b>1,276,101</b>	1,261,198
(Less)/add: Regulatory adjustments		
- Intangible assets	<b>(1,628)</b>	(1,444)
- Deferred tax assets	<b>(52,950)</b>	(41,558)
- Transitional arrangements	<b>135,692</b>	178,984
Total CET I Capital	<b>1,357,215</b>	1,397,180
Additional Tier 1 Sukuk Wakalah	<b>99,706</b>	99,613
Total Additional Tier 1 Capital	<b>99,706</b>	99,613
Total Tier I Capital	<b>1,456,921</b>	1,496,793



**A28 Capital Adequacy (Contd.)**

- (a) Components of CET I, Tier I and Tier II capital under the revised Capital Adequacy Framework are as follows: (contd.)

	<b>30 September 2022 RM'000</b>	31 March 2022 RM'000
<b><u>Tier II Capital</u></b>		
Subordinated Sukuk Murabahah	<b>130,000</b>	129,943
Expected credit losses and regulatory reserves	<b>112,173</b>	108,506
Total Tier II Capital	<b><u>242,173</u></b>	<u>238,449</u>
<b>Total Capital</b>	<b><u>1,699,094</u></b>	<u>1,735,242</u>

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

	<b>30 September 2022 RM'000</b>	31 March 2022 RM'000
Credit risk	<b>8,973,838</b>	8,680,495
Market risk	<b>42</b>	58
Operational risk	<b>735,384</b>	694,112
Total RWA and capital requirements	<b><u>9,709,264</u></b>	<u>9,374,665</u>

**A29 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.

**A29 Fair Value Measurements (Contd.)**

**(a) Determination of fair value and the fair value hierarchy (Contd.)**

**(i) Financial instruments in Level 1**

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

**(ii) Financial instruments in Level 2**

Where fair value is determined using quoted prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Bank then determines fair value based upon valuation techniques that use market parameters, including but not limited to yield curves, volatilities and foreign exchange rates, as inputs. 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 derivatives.

**(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 net tangible assets, net asset value, 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 September 2022				
<u>Assets</u>				
Financial investments at FVOCI				
- Money market instruments	-	493,020	-	493,020
- Unquoted securities	-	1,216,586	-	1,216,586
Derivative assets	-	1,581	-	1,581
<u>Liabilities</u>				
Derivative liabilities	-	236	-	236

**A29 Fair Value Measurements (Contd.)**

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

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: (contd.)

	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
31 March 2022				
<u>Assets</u>				
Financial investments at FVOCI				
- Money market instruments	-	507,192	-	507,192
- Unquoted securities	-	1,361,572	-	1,361,572
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

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 2022 and 31 March 2022.

**A30 Offsetting Financial Assets And Financial Liabilities**

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

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

**(a) Financial assets**

	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not set off in the statement of financial position		Net amount
	Gross amounts of recognised financial assets	statement of financial position	Financial instruments	Cash collateral received	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>BANK</u>					
30 September 2022					
Derivative financial assets	<u>1,581</u>	-	<u>1,581</u>	-	<u>1,581</u>
31 March 2022					
Derivative financial assets	<u>-</u>	-	<u>-</u>	-	<u>-</u>

**A30 Offsetting Financial Assets And Financial Liabilities (Contd.)**

**(b) Financial liabilities**

	Gross amounts of recognised financial assets set off in the statement of financial position RM'000	Gross amounts of recognised financial liabilities presented in the statement of financial position RM'000	Net amounts of financial liabilities set off in the statement of financial position RM'000	Related amounts not set off in the statement of financial position		Net amount RM'000
				Financial instruments RM'000	Cash collateral pledged RM'000	
<u>BANK</u>						
30 September 2022						
Derivative financial liabilities	<b>(236)</b>	-	<b>(236)</b>	-	-	<b>(236)</b>
31 March 2022						
Derivative financial liabilities	-	-	-	-	-	-

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements, each agreement between the Bank and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

**A31 Credit Transactions And Exposures With Connected Parties**

	<b>30 September 2022 RM'000</b>	31 March 2022 RM'000
Outstanding credit exposures with connected parties	<b>78,507</b>	232,594
of which:		
Total credit exposure which is impaired or in default	-	1
Total credit exposures	<b>16,390,847</b>	15,764,982
Percentage of outstanding credit exposures to connected parties:		
- as a proportion of total credit exposures	<b>0.48%</b>	1.48%
- 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 2022 ("1HFY2023")**

#### Profitability

The Bank's net profit after taxation was RM86.3 million for the six month ended 30 September 2022, an increase of RM33.5 million or 63.3% year-on-year ("YOY"). The higher profits were largely due to higher revenue from financing activities and lower allowances for expected credit losses.

Net profit income improved by RM41.2 million or 24.6% YOY due to higher financing growth and Overnight Policy Rate ("OPR") hikes. Net profit margin ("NPM") came in higher at 2.78% (1HFY2022: 2.32%).

#### Financing Growth

The Bank's financing and advances continue to grow by 10.3% YOY to RM11.9 billion mainly driven by the Small and Medium Enterprise ("SME"), Commercial and Consumer segments.

#### Other Operating Income

The Bank recorded other operating income of RM11.0 million, lower by RM11.9 million or 52.0% YOY mainly due to lower treasury and investment income arising from the challenging investment environment, partly offset by higher corporate advisory fees, processing fees and trade fees.

#### Managing Operating Expenses

Operating expenses increased by RM7.4 million or 11.1%, mainly from higher personnel cost, marketing cost, administrative and establishment cost. The cost-to-income ratio ("CIR") stood at 33.6% (1HFY2022: 34.9%). The Bank will continue to be vigilant on managing the cost for the financial year.

#### Asset Quality

The Bank's allowance for expected credit losses on financing and advances and other financial assets recorded a charge of RM31.4 million, a decrease of RM21.8 million or 41.0% YOY. The net credit cost recorded at 26.6bps (1HFY2022: 49.0bps). Financing loss coverage (including regulatory reserves) was at 136.7% (1HFY2022: 131.7%).

#### Healthy Funding and Liquidity Position

The Bank's customer deposits stood at RM13.2 billion and the Bank maintained a high current account/savings account ("CASA") ratio of 39.6%. The Bank's liquidity coverage and financing-to-funds ratios stood at 136.4% and 86.6% respectively. The Bank will continue to maintain healthy liquidity ratios and ensure sufficient liquidity buffers.

#### Proactive Capital Management

The Bank will continue to prioritise capital conservation in order to support future business expansion. We continued to maintain strong capital levels, with Common Equity Tier-1 ("CET 1") ratio at 13.5%, Tier-1 Capital ratio at 14.6% and Total Capital Ratio at 17.1%.

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

The Ministry of Finance (MOF) projects strong gross domestic product (GDP) growth of 6.5% - 7.0% in 2022 (prev. projection: 5.3% - 6.3%) for Malaysia. This is attributed to stronger domestic demand, favourable labour market conditions and improvement in international travel activities.

The MOF expects inflation of 3.3% for this year. Further upward pressure is expected in 3Q2022 due to the removal of the electricity discount under the PEMULIH package in place last year, cost-pass through effects, currency weakness and increasing demand-driven pressure.

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

- (i) Acquiring more customers by scaling up the Bank's core segments of SME and Consumer Banking, adding on sales force capacity and improving productivity by equipping relationship managers with digital tools to serve high-value customers. The Bank will also focus on securing more customers via digital channels and diversifying our corporate customer base by focusing on family owned corporates;
- (ii) Capitalising on our Consumer and Business Banking franchises, we will focus on accelerating cross-selling value propositions to our customers to increase market penetration and generate fee-based income; and
- (iii) Enhancing productivity and efficiencies by streamlining processes, automating through digital tools/channels, centralising functions and improving branch productivity.

In addition to the above, the Bank will continue to focus on managing its asset quality by continuing to prioritise customer engagement and continue managing its loan portfolio with refined credit underwriting to support the above business growth.

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