

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

(Incorporated in Malaysia)

Condensed Interim Financial Statements**Unaudited Statement of Financial Position as at 30 September 2023**

		30 September	31 March
		2023	2023
	Note	RM'000	RM'000
ASSETS			
Cash and short-term funds		797,361	1,474,713
Financial investments at fair value through other comprehensive income	A12	2,326,687	1,752,388
Financial investments at amortised cost	A13	577,866	596,779
Derivative financial assets	A14	-	25
Financing and advances	A15	12,454,344	12,149,772
Other assets	A16	5,591	12,255
Statutory deposits with Bank Negara Malaysia		255,500	244,900
Tax recoverable		1,758	1,094
Right-of-use assets		953	266
Property, plant and equipment		183	150
Deferred tax assets		44,556	44,039
Intangible assets		2,061	2,045
TOTAL ASSETS		16,466,860	16,278,426
LIABILITIES AND EQUITY			
Deposits from customers	A17	14,025,826	14,185,132
Deposits and placements of banks and other financial institutions	A18	179,470	195,431
Derivative financial liabilities	A14	-	2,496
Recourse obligation on financing sold to Cagamas		301,509	100,133
Lease liabilities		1,151	296
Other liabilities	A19	325,273	229,039
Provision for zakat		868	930
Subordinated Sukuk		232,404	232,259
TOTAL LIABILITIES		15,066,501	14,945,716
Share capital		637,500	600,000
Reserves		762,859	732,710
TOTAL EQUITY		1,400,359	1,332,710
TOTAL LIABILITIES AND EQUITY		16,466,860	16,278,426
COMMITMENTS AND CONTINGENCIES	A27	3,626,452	3,492,699

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 2023.

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 2023**

	Note	2nd Quarter Ended		Six Months Ended	
		30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Income derived from investment of depositors' funds and others	A20	198,225	169,333	388,901	320,669
Income derived from investment of shareholder's funds	A21	19,726	16,275	38,239	30,907
Allowance for expected credit losses on financing and advances and other financial assets	A22	(9,686)	(24,207)	(27,105)	(31,390)
(Allowance for)/write-back of expected credit losses on financial investments	A23	(11)	12	(14)	25
Total distributable income		208,254	161,413	400,021	320,211
Income attributable to the depositors and financial institutions	A24	(109,775)	(69,968)	(217,958)	(131,838)
Total net income		98,479	91,445	182,063	188,373
Other operating expenses	A25	(43,397)	(37,403)	(88,040)	(73,909)
Profit before taxation		55,082	54,042	94,023	114,464
Taxation and zakat		(13,637)	(13,180)	(23,388)	(28,123)
Net profit for the financial period		41,445	40,862	70,635	86,341
Net profit for the financial period attributable to:					
Equity holder of the Bank		41,445	40,862	70,635	86,341
Earnings per share attributable to:					
Equity holder of the Bank					
- Basic/diluted (sen)	A26	9.4	9.9	16.5	20.8

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 2023.

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 2023**

	2nd Quarter Ended		Six Months Ended	
	30 September	30 September	30 September	30 September
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	41,445	40,862	70,635	86,341
Other comprehensive income/(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	(4,736)	(3,009)	(2,176)	(39,600)
- Realised loss transferred to statement of income on disposal	(1,513)	-	(1,513)	-
- Transfer from deferred tax	1,500	722	886	9,504
- Changes in expected credit losses	11	(12)	14	(25)
Other comprehensive expense, net of tax	(4,738)	(2,299)	(2,789)	(30,121)
Total comprehensive income for the financial period	36,707	38,563	67,846	56,220
Total comprehensive income for the financial period attributable to:				
Equity holder of the Bank	36,707	38,563	67,846	56,220

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 2023.

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 2023**

	Share capital RM'000	Regulatory reserves RM'000	Non-distributable reserves FVOCI reserves RM'000	Distributable reserves Retained profits RM'000	Total equity RM'000
At 1 April 2023	600,000	19,339	(13,681)	727,052	1,332,710
Net profit for the financial period	-	-	-	70,635	70,635
Other comprehensive expense	-	-	(2,789)	-	(2,789)
Total comprehensive (expense)/income for the financial period	-	-	(2,789)	70,635	67,846
Transfer from regulatory reserves	-	29,357	-	(29,357)	-
Issue of ordinary shares	37,500	-	-	-	37,500
Dividend paid	-	-	-	(37,697)	(37,697)
At 30 September 2023	637,500	48,696	(16,470)	730,633	1,400,359
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)
At 30 September 2022	600,000	-	(37,493)	713,706	1,276,213

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 2023.

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 2023

	30 September 2023 RM'000	30 September 2022 RM'000
Profit before taxation	94,023	114,464
Adjustments for non-cash items	(33,431)	(3,488)
Operating profit before changes in working capital	60,592	110,976
Changes in working capital	(411,365)	348,700
Tax expense and zakat paid	(23,746)	(20,579)
Net cash (used in)/generated from operating activities	(374,519)	439,097
Net cash (used in)/generated from investing activities	(454,913)	63,606
Net cash generated from/(used in) financing activities	152,080	(300,013)
Net change in cash and cash equivalents	(677,352)	202,690
Cash and cash equivalents at beginning of financial period	1,474,713	1,417,800
Cash and cash equivalents at end of financial period	797,361	1,620,490
	797,361	1,620,490

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 2023.

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 2023 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 2023. 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 2023.

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 2023 and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 April 2023:

- Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108 "Disclosure of Accounting Policies" and "Definition of Accounting Estimates"
- Amendments to MFRS 112 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

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 2023 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 2023.

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 2023.

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 financial period ended 30 September 2023.

A6 Issuance and Repayment of Debt and Equity Securities

The Bank had on 28 June 2023 increased its issued and paid up capital from RM600,000,000 (comprising 414,249,197 ordinary shares) to RM637,500,000 (comprising 440,139,772 ordinary shares) via issuance of 25,890,575 Right Issue at RM1.4484 per share to Alliance Bank Malaysia Berhad, the holding company of the Bank amounting to RM37,500,000.

A7 Dividend Paid

A single tier second interim dividend of 9.10 sen per share, on 414,249,197 ordinary shares amounting to approximately RM37,697,000 in respect of the financial year ended 31 March 2023, was paid on 28 June 2023.

A8 Significant Events

There were no significant event during the financial period ended 30 September 2023.

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

There were no material events subsequent to the end of financial reporting period that require disclosure or adjustment to the unaudited condensed interim financial statements.

A10 Related Party Transactions

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

A11 Proposed Dividend

No dividend has been proposed or declared during the current financial period ended 30 September 2023.

A12 Financial Investments at Fair Value Through Other Comprehensive Income

	30 September 2023 RM'000	31 March 2023 RM'000
At fair value - debt instruments		
<u>Money market instruments:</u>		
Malaysian Government investment issues	765,076	454,512
Commercial papers	40,316	-
Negotiable instruments of deposits	299,794	-
	<u>1,105,186</u>	<u>454,512</u>
<u>Unquoted securities:</u>		
Sukuk	1,221,501	1,297,876
	<u>1,221,501</u>	<u>1,297,876</u>
Total financial investments at FVOCI	<u><u>2,326,687</u></u>	<u><u>1,752,388</u></u>

A12 Financial Investments at Fair Value Through Other Comprehensive Income (contd.)

Movements in allowance for expected credit losses are as follows:

	12-month ECL (Stage 1)	
	30 September 2023 RM'000	31 March 2023 RM'000
At beginning of financial period/year	136	137
New financial assets originated or purchased	26	39
Financial assets derecognised other than write-off	(4)	(4)
Changes due to change in credit risk	(8)	(36)
Total charge to/(write-back from) income statement	14	(1)
At end of financial period/year	150	136

Note:

- (a) The transfers between stages are inclusive of net remeasurement of allowances.
(b) There were no credit impaired exposures during the financial period.

A13 Financial Investments at Amortised Cost

	30 September 2023 RM'000	31 March 2023 RM'000
At amortised cost		
<u>Money market instruments:</u>		
Malaysian Government investment issues	421,307	440,246
	421,307	440,246
<u>Unquoted securities:</u>		
Sukuk	156,559	156,533
	156,559	156,533
Total financial investments at amortised cost	577,866	596,779

Movements in allowance for expected credit losses are as follows:

	12-month ECL (Stage 1)	
	30 September 2023 RM'000	31 March 2023 RM'000
At beginning of financial period/year	-	-
New financial investments originated or purchased	-	412
Changes due to change in credit risk	-	(412)
Total write-back from income statement	-	-
At end of financial period/year	-	-

Note:

- (a) The transfers between stages are inclusive of net remeasurement of allowances.
(b) There were no credit impaired exposures during the financial period.

A14 Derivative Financial Assets/(Liabilities)

Derivative financial instruments are financial instruments whose values change in response to changes in prices or rates (such as foreign exchange rates, profit rates and equity prices) of the underlying instruments. These instruments allow the Bank and the banking customers to transfer, modify or reduce their foreign exchange and profit rate risk via hedge relationships. The Bank also transact in these instruments for proprietary trading purposes.

The table below shows the Bank's derivative financial instruments as at the financial period. The contractual or underlying notional amounts of these derivative financial instruments and their corresponding gross positive (derivative financial asset) and gross negative (derivative financial liability) fair values as at the financial period are analysed below.

	As at 30 September 2023 Fair value			As at 31 March 2023 Fair value		
	Contract/ notional amount RM'000	Assets RM'000	Liabilities RM'000	Contract/ notional amount RM'000	Assets RM'000	Liabilities RM'000
Hedging derivatives						
Profit rate related contracts:						
Profit rate swaps	-	-	-	298,000	25	(2,496)
- over three years	-	-	-	298,000	25	(2,496)
Total derivatives assets/(liabilities)	-	-	-	298,000	25	(2,496)

A15 Financing and Advances

By types and Shariah concepts:

Notes	Bai` Bithaman Ajil RM'000	Tawarruq RM'000	Al-Ijarah Thumma Al-Bai`/ AITAB RM'000	Murabahah RM'000	Qard RM'000	Bai` Al-Dayn RM'000	Bai` `Inah RM'000	Total Financing and Advances RM'000
	30 September 2023							
At amortised cost								
Cash line financing	15,455	1,187,423	-	-	13,787	-	-	1,216,665
Term financing								
- Housing financing	3,493,515	-	-	-	-	-	-	3,493,515
- Hire purchase receivables	(a) -	-	65,733	-	-	-	-	65,733
- Other term financing	1,751,246	4,796,303	-	-	-	-	67,912	6,615,461
Bills receivables	-	3,947	-	9,215	-	-	-	13,162
Trust receipts	-	-	-	46,421	-	-	-	46,421
Claims on customers under acceptance credits	-	-	-	805,315	-	96,337	-	901,652
Staff financing (Financing to Directors: RM Nil)	12,143	-	-	-	-	-	-	12,143
Revolving credits	(b) 33,114	387,264	-	-	-	-	-	420,378
Gross financing and advances	5,305,473	6,374,937	65,733	860,951	13,787	96,337	67,912	12,785,130
Add: Sales commission and handling fees								73,807
Less: Allowance for expected credit losses on financing and advances								(404,593)
Total net financing and advances								12,454,344

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 2023									
At amortised cost									
Cash line financing		20,645	1,252,583	-	-	15,914	-	-	1,289,142
Term financing									
- Housing financing		3,435,891	-	-	-	-	-	-	3,435,891
- Hire purchase receivables	(a)	-	-	75,920	-	-	-	-	75,920
- Other term financing		1,824,420	4,323,089	-	-	-	-	82,892	6,230,401
Bills receivables		-	-	-	17,047	-	-	-	17,047
Trust receipts		-	-	-	53,379	-	-	-	53,379
Claims on customers under acceptance credits		-	-	-	857,059	-	110,340	-	967,399
Staff financing (Financing to Directors: RM Nil)		11,560	-	-	-	-	-	-	11,560
Revolving credits	(b)	52,703	362,621	-	-	-	-	-	415,324
Gross financing and advances		5,345,219	5,938,293	75,920	927,485	15,914	110,340	82,892	12,496,063
Add: Sales commission and handling fees									70,120
Less: Allowance for expected credit losses on financing and advances									(416,411)
Total net financing and advances									<u>12,149,772</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:

	30 September 2023 RM'000	31 March 2023 RM'000
At beginning of financial period/year	15,914	25,947
Sources of Qard fund:		
- Shareholders' fund	5,208	37,385
Uses of Qard fund:		
- Purchase of landed property - Residential	-	(687)
- Personal use	(2,849)	(10,457)
- Working capital	(4,486)	(21,274)
- Other	-	(15,000)
At end of financial period/year	<u>13,787</u>	<u>15,914</u>

A15 Financing and Advances (Contd.)

(ii) By maturity structure:

	30 September 2023 RM'000	31 March 2023 RM'000
Within one year	2,639,462	2,788,909
One year to three years	386,713	360,815
Three years to five years	892,487	997,929
Over five years	8,866,468	8,348,410
Gross financing and advances	<u><u>12,785,130</u></u>	<u><u>12,496,063</u></u>

(iii) By type of customers:

	30 September 2023 RM'000	31 March 2023 RM'000
Domestic non-bank financial institutions	172,544	118,521
Domestic business enterprises		
- Small and medium enterprises	4,820,236	4,530,060
- Others	1,274,696	1,417,081
Individuals	6,429,399	6,347,558
Other domestic entities	10,151	10,804
Foreign entities	78,104	72,039
Gross financing and advances	<u><u>12,785,130</u></u>	<u><u>12,496,063</u></u>

(iv) By profit rate sensitivity:

	30 September 2023 RM'000	31 March 2023 RM'000
Fixed rate		
- Housing financing	15,262	16,044
- Hire purchase receivables	65,733	75,920
- Other fixed rate financing	2,598,947	2,609,910
Variable rate		
- Base financing rate plus	5,720,346	5,505,893
- Base rate plus	3,535,404	3,444,162
- Cost plus	849,438	844,134
Gross financing and advances	<u><u>12,785,130</u></u>	<u><u>12,496,063</u></u>

(v) By economic purposes:

	30 September 2023 RM'000	31 March 2023 RM'000
Purchase of transport vehicles	78,247	88,027
Purchase of landed property	5,681,893	5,434,296
of which: - Residential	<u>3,549,366</u>	<u>3,489,110</u>
- Non-residential	<u>2,132,527</u>	<u>1,945,186</u>
Purchase of fixed assets excluding land & buildings	60,257	64,717
Personal use	2,966,432	2,924,093
Construction	200,101	166,561
Working capital	2,883,938	2,905,979
Others	914,262	912,390
Gross financing and advances	<u><u>12,785,130</u></u>	<u><u>12,496,063</u></u>

A15 Financing and Advances (Contd.)

(vi) By economic sectors:

	30 September 2023 RM'000	31 March 2023 RM'000
Primary agriculture	435,600	424,186
Mining and quarrying	21,090	23,372
Manufacturing	1,427,763	1,338,633
Electricity, gas and water	8,833	12,717
Construction	431,997	433,063
Wholesale, retail trade, restaurants and hotels	2,286,436	2,213,570
Transport, storage and communication	214,857	210,172
Financing, insurance, real estate and business services	1,327,610	1,307,586
Community, social and personal services	123,441	113,167
Household	6,507,503	6,419,597
Gross financing and advances	12,785,130	12,496,063

(vii) By geographical distribution:

	30 September 2023 RM'000	31 March 2023 RM'000
Northern region	1,540,713	1,466,426
Central region	8,452,568	8,276,022
Southern region	1,338,374	1,344,449
Sabah region	1,159,601	1,092,768
Sarawak region	293,874	316,398
Gross financing and advances	12,785,130	12,496,063

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

	30 September 2023 RM'000	31 March 2023 RM'000
At beginning of financial period/year	352,834	278,334
Impaired during the financial period/year	256,261	413,169
Reclassified as unimpaired during the financial period/year	(149,928)	(186,506)
Recovered during the financial period/year	(11,927)	(21,169)
Financial assets derecognised other than write-off during the financial period/year	(18,376)	(27,056)
Amount written-off	(51,124)	(103,938)
At end of financial period/year	377,740	352,834
Gross impaired financing ratio	2.95%	2.82%
Net impaired financing ratio	1.91%	1.80%

A15 Financing and Advances (Contd.)

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

	30 September	31 March
	2023	2023
	RM'000	RM'000
Purchase of transport vehicles	1,877	2,530
Purchase of landed property	183,837	165,449
of which: - Residential	162,349	146,275
- Non-residential	21,488	19,174
Purchase of fixed assets excluding land & buildings	695	689
Personal use	147,559	143,531
Working capital	36,304	35,226
Others	7,468	5,409
Gross impaired financing and advances	377,740	352,834

(x) Credit impaired financing and advances analysed by economic sectors:

	30 September	31 March
	2023	2023
	RM'000	RM'000
Primary agriculture	1,679	1,242
Manufacturing	11,635	9,577
Construction	12,642	13,229
Wholesale, retail trade, restaurants and hotels	31,190	28,444
Transport, storage and communication	1,361	1,139
Financing, insurance, real estate and business services	1,084	829
Community, social and personal services	4,785	4,592
Household	313,364	293,782
Gross impaired financing and advances	377,740	352,834

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

	30 September	31 March
	2023	2023
	RM'000	RM'000
Northern region	35,232	34,375
Central region	273,096	249,617
Southern region	45,603	50,768
Sabah region	21,183	17,482
Sarawak region	2,626	592
Gross impaired financing and advances	377,740	352,834

A15 Financing and Advances (Contd.)

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

	12-month ECL <u>(Stage 1)</u> RM'000	Lifetime ECL not-credit impaired <u>(Stage 2)</u> RM'000	Lifetime ECL credit impaired <u>(Stage 3)</u> RM'000	<u>Total</u> RM'000
At 1 April 2023	66,042	219,623	130,746	416,411
Transfer to Stage 1	20,319	(52,555)	(12)	(32,248)
Transfer to Stage 2	(27,529)	108,611	(39,114)	41,968
Transfer to Stage 3	(784)	(64,167)	71,702	6,751
New financial assets originated or purchased	16,129	17,454	1,824	35,407
Financial assets derecognised other than write-off	(5,908)	(30,125)	(5,282)	(41,315)
Changes due to change in credit risk	(7,956)	9,489	7,150	8,683
	(5,729)	(11,293)	36,268	19,246
Unwinding of discount	-	-	5,336	5,336
Total (write-back from)/charge to income statement	(5,729)	(11,293)	41,604	24,582
Write-off	-	(381)	(36,019)	(36,400)
At 30 September 2023	60,313	207,949	136,331	404,593
At 1 April 2022	96,075	188,675	124,106	408,856
Transfer to Stage 1	70,822	(113,379)	(144)	(42,701)
Transfer to Stage 2	(90,241)	212,062	(47,216)	74,605
Transfer to Stage 3	(1,210)	(107,216)	119,127	10,701
New financial assets originated or purchased	23,193	23,457	4,813	51,463
Financial assets derecognised other than write-off	(16,177)	(26,284)	(7,304)	(49,765)
Changes due to change in credit risk	(16,420)	43,953	(2,604)	24,929
	(30,033)	32,593	66,672	69,232
Unwinding of discount	-	-	(1,384)	(1,384)
Total (write-back from)/charge to income statement	(30,033)	32,593	65,288	67,848
Other movements	-	-	23,458	23,458
Write-off	-	(1,645)	(82,106)	(83,751)
At 31 March 2023	66,042	219,623	130,746	416,411

Note:

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

A16 Other Assets

	30 September 2023 RM'000	31 March 2023 RM'000
Other receivables	7,286	7,287
Deposits	93	93
Prepayment	4,451	7,269
	11,830	14,649
Less:		
Allowance for expected credit losses on other receivables [Note]	(6,239)	(2,394)
	5,591	12,255

Note:

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

	<u>Lifetime ECL</u>	
	30 September 2023 RM'000	31 March 2023 RM'000
At beginning of financial period/year	2,394	1,747
Effect of business transfer	-	454
New financial assets originated or purchased	294	1,050
Financial assets derecognised other than write-off	(568)	(1,741)
Changes due to change in credit risk	4,119	1,104
Total charge to income statement	3,845	413
Write-off	-	(220)
At end of financial period/year	6,239	2,394

As at 30 September 2023, the Bank's gross exposure of other receivables that are under lifetime expected credit losses was at RM6,913,000 (31 March 2023: RM2,824,000).

A17 Deposits from Customers

A17a By type of deposits:

	30 September 2023 RM'000	31 March 2023 RM'000
Demand deposits		
- Qard	4,134,800	3,988,431
- Tawarruq	358,693	313,943
Savings deposits		
- Qard	380,902	402,711
- Tawarruq	5,927	5,108
Term deposits		
- Tawarruq	7,316,785	7,439,686
- Negotiable Islamic Debt Certificate		
- Bai' Inah	533,762	203,373
- Money market deposits		
- Tawarruq	1,136,485	1,713,208
- Other deposits		
- Mudharabah	58,922	59,584
- Wakalah	32,228	32,049
- Qard	67,322	27,039
	14,025,826	14,185,132

A17 Deposits from Customers (Contd.)

A17b The maturity structure of term deposits are as follows:

	30 September 2023 RM'000	31 March 2023 RM'000
Due within six months	7,495,313	6,701,955
Six months to one year	1,182,504	2,312,160
One year to three years	412,292	257,450
Three years to five years	55,395	203,374
	<u>9,145,504</u>	<u>9,474,939</u>

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

	30 September 2023 RM'000	31 March 2023 RM'000
Domestic financial institutions	533,762	203,391
Domestic non-bank financial institutions	1,198,316	1,968,705
Government and statutory bodies	2,170,460	1,692,549
Business enterprises	4,434,700	4,435,343
Individuals	5,379,658	5,574,302
Foreign entities	116,292	102,047
Others	192,638	208,795
	<u>14,025,826</u>	<u>14,185,132</u>

A18 Deposits and Placements of Banks and Other Financial Institutions

	30 September 2023 RM'000	31 March 2023 RM'000
Non-Mudharabah Fund		
Licensed investment banks	-	11,561
Bank Negara Malaysia	179,470	183,870
	<u>179,470</u>	<u>195,431</u>

A19 Other Liabilities

	30 September 2023 RM'000	31 March 2023 RM'000
Other payables	128,907	130,009
Bills payable	16,965	7,311
Clearing account	28,338	32,041
Sundry deposits	9,122	8,814
Provision and accruals	10,039	8,639
Amount due to holding company	125,921	37,702
Amount due to related company	2,296	1,596
Allowance for expected credit losses on commitments and contingencies [Note]	3,685	2,927
	<u>325,273</u>	<u>229,039</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 2023	693	2,011	223	2,927
Transfer to Stage 1	91	(732)	-	(641)
Transfer to Stage 2	(88)	1,156	(56)	1,012
Transfer to Stage 3	-	(60)	400	340
New financial assets originated or purchased	401	243	-	644
Financial assets derecognised other than write-off	(198)	(3,846)	(251)	(4,295)
Changes due to change in credit risk	159	3,667	(125)	3,701
Other adjustment	1	-	-	1
	366	428	(32)	762
Unwinding of discount	-	-	(4)	(4)
Total charge to/(write-back from) income statement	366	428	(36)	758
At 30 September 2023	1,059	2,439	187	3,685
At 1 April 2022	1,174	2,135	5	3,314
Transfer to Stage 1	60	(1,081)	-	(1,021)
Transfer to Stage 2	(60)	1,732	(105)	1,567
Transfer to Stage 3	-	(60)	429	369
New financial assets originated or purchased	787	543	-	1,330
Financial assets derecognised other than write-off	(528)	(1,111)	(1,415)	(3,054)
Changes due to change in credit risk	(741)	(149)	1,314	424
Other adjustment	1	2	-	3
	(481)	(124)	223	(382)
Unwinding of discount	-	-	(5)	(5)
Total (write-back from)/charge to income statement	(481)	(124)	218	(387)
At 31 March 2023	693	2,011	223	2,927

Note:

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

(b) As at 30 September 2023, the Bank's gross exposures of commitments and contingencies that are credit impaired was at RM1,051,000 (31 March 2023: RM584,000).

A20 Income Derived from Investment of Depositors' Funds and Others

	2nd Quarter Ended		Six Months Ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Income derived from investment of:				
(i) Term deposits	126,275	98,022	249,757	178,633
(ii) Other deposits	71,950	71,311	139,144	142,036
	198,225	169,333	388,901	320,669

(i) Income derived from investment of term deposits:

	2nd Quarter Ended		Six Months Ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Finance income and hibah				
Financing and advances	99,000	77,533	195,325	141,345
Financial investments at fair value through other comprehensive income	11,473	9,408	21,931	18,299
Financial investments at amortised cost	3,382	1,210	6,849	2,119
Money at call and deposit placements with financial institutions	2,997	4,726	8,442	7,918
	116,852	92,877	232,547	169,681
Accretion of discount less amortisation of premium	4,840	1,864	8,877	3,371
Total finance income and hibah	121,692	94,741	241,424	173,052
Other operating income				
- Fee income	3,596	3,679	7,077	6,663
- Investment gain/(loss)	804	(574)	600	(1,372)
- Other income	183	176	656	290
	126,275	98,022	249,757	178,633

Note:

Included in financing income on financing and advances for the current financial period was profit on impaired financing of the Bank amounting to RM947,000 (30 September 2022: RM570,000).

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 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Finance income and hibah				
Financing and advances	56,404	56,401	108,819	112,387
Financial investments at fair value through other comprehensive income	6,527	6,749	12,218	14,550
Financial investments at amortised cost	1,929	888	3,816	1,685
Money at call and deposit placements with financial institutions	1,740	3,495	4,703	6,296
	66,600	67,533	129,556	134,918
Accretion of discount less amortisation of premium	2,749	1,359	4,946	2,681
Total finance income and hibah	69,349	68,892	134,502	137,599
Other operating income				
- Fee income	2,049	2,680	3,943	5,298
- Investment gain/(loss)	445	(391)	334	(1,091)
- Other income	107	130	365	230
	71,950	71,311	139,144	142,036

Note:

Included in financing income on financing and advances for the current financial period was profit on impaired financing of the Bank amounting to RM528,000 (30 September 2022: RM453,000).

A21 Income Derived from Investment of Shareholder's Funds

	2nd Quarter Ended		Six Months Ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Finance income and hibah				
Financing and advances	15,463	12,873	29,905	24,455
Financial investments at fair value through other comprehensive income	1,790	1,552	3,358	3,166
Financial investments at amortised cost	529	202	1,049	367
Money at call and deposit placements with financial institutions	477	791	1,293	1,370
	18,259	15,418	35,605	29,358
Accretion of discount less amortisation of premium	754	309	1,359	583
Total finance income and hibah	19,013	15,727	36,964	29,941
Other operating income				
- Fee income	561	611	1,083	1,153
- Investment gain/(loss)	123	(92)	92	(237)
- Other income	29	29	100	50
	19,726	16,275	38,239	30,907

Notes:

Included in financing income on financing and advances for the current financial period was profit on impaired financing of the Bank amounting to RM145,000 (30 September 2022: RM99,000).

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

	2nd Quarter Ended		Six Months Ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Allowance for/(write back of) expected credit losses on:				
(a) Financing and advances	8,846	25,134	19,247	30,011
(b) Commitments and contingencies on financing and advances	(3,350)	(964)	762	513
(c) Other receivables	4,067	211	3,845	472
	<u>9,563</u>	<u>24,381</u>	<u>23,854</u>	<u>30,996</u>
(d) Credit impaired on financing and advances				
- Recovered during the financial period	(7,014)	(4,649)	(11,550)	(9,849)
- Write-off during the financial period	7,137	4,475	14,801	10,243
	<u>9,686</u>	<u>24,207</u>	<u>27,105</u>	<u>31,390</u>

A23 Allowance for/(write-back of) Expected Credit Losses on Financial Investments

	2nd Quarter Ended		Six Months Ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Allowance for/(write-back of) expected credit losses on financial investments at fair value through other comprehensive income	11	(12)	14	(25)
	<u>11</u>	<u>(12)</u>	<u>14</u>	<u>(25)</u>

A24 Income Attributable to the Depositors and Financial Institutions

	2nd Quarter Ended		Six Months Ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Deposits from customers:				
- Mudharabah fund	427	363	860	662
- Non-Mudharabah fund	103,188	65,302	205,340	120,042
Deposits and placements of banks and other financial institutions:				
- Non-Mudharabah fund	114	228	294	488
Recourse obligation on financing sold to Cagamas	3,015	1,050	5,461	4,484
Subordinated Sukuk Murabahah	3,019	3,016	5,983	6,143
Lease liabilities	12	9	20	19
	<u>109,775</u>	<u>69,968</u>	<u>217,958</u>	<u>131,838</u>

A25 Other Operating Expenses

	2nd Quarter Ended		Six Months Ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	23,766	19,861	48,228	38,711
- Contribution to EPF	3,709	3,289	7,888	6,182
- Others	2,913	2,123	4,818	3,566
	30,388	25,273	60,934	48,459
<u>Establishment costs</u>				
- Depreciation on property, plant and equipment	27	38	54	75
- Depreciation on right-of-use assets	172	121	450	237
- Amortisation of computer software	131	107	263	211
- Rental of premises	62	84	155	182
- Water and electricity	359	235	710	516
- Repairs and maintenance	429	370	773	638
- Information technology expenses	6,816	6,232	13,994	12,483
- Others [Note]	488	564	969	979
	8,484	7,751	17,368	15,321
<u>Marketing expenses</u>				
- Promotion and advertisement	(128)	255	295	1,420
- Branding and publicity	803	329	2,190	1,000
- Others	319	220	596	381
	994	804	3,081	2,801
<u>Administration and general expenses</u>				
- Communication expenses	558	376	980	810
- Printing and stationeries	75	77	155	129
- Insurance	959	898	1,988	1,783
- Professional fees	1,900	1,581	3,738	3,272
- Others	39	643	(204)	1,334
	3,531	3,575	6,657	7,328
Total other operating expenses	43,397	37,403	88,040	73,909

Note:

Included in the other operating expenses are the Shariah Committee members' remuneration of RM234,000 (30 September 2022: 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:

	2nd Quarter Ended		Six Months Ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
<u>Sharing of Other Operating Expenses</u>				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	19,967	17,131	40,853	33,746
- Contribution to EPF	3,135	2,734	6,770	5,272
- Others	2,566	1,718	4,193	2,932
	25,668	21,583	51,816	41,950
<u>Establishment costs</u>				
- Rental of premises	62	84	155	182
- Water and electricity	351	230	695	504
- Repairs and maintenance	420	363	752	625
- Information technology expenses	6,726	6,118	13,847	12,203
- Others [Note]	488	564	969	979
	8,047	7,359	16,418	14,493
<u>Marketing expenses</u>				
- Promotion and advertisement	(226)	227	67	1,308
- Branding and publicity	766	287	2,152	779
- Others	291	214	538	372
	831	728	2,757	2,459
<u>Administration and general expenses</u>				
- Communication expenses	410	238	659	435
- Printing and stationeries	62	55	127	92
- Professional fees	1,092	985	2,185	1,817
- Others	(573)	269	(1,322)	657
	991	1,547	1,649	3,001
Total sharing of other operating expenses	35,537	31,217	72,640	61,903

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

	2nd Quarter Ended		Six Months Ended	
	30 September	30 September	30 September	30 September
	2023	2022	2023	2022
Net profit for the financial period attributable to equity holder of the Bank (RM'000)	<u>41,445</u>	<u>40,862</u>	<u>70,635</u>	<u>86,341</u>
Weighted average numbers of ordinary shares in issue ('000)	<u>440,139</u>	<u>414,249</u>	<u>427,690</u>	<u>414,249</u>
Basic/diluted earnings per share (sen)	<u>9.4</u>	<u>9.9</u>	<u>16.5</u>	<u>20.8</u>

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

	30 September	31 March
	2023	2023
	RM'000	RM'000
<u>Credit-related exposures</u>		
Direct credit substitutes	86,635	81,609
Transaction-related contingent items	82,596	72,678
Short-term self-liquidating trade-related contingencies	18,156	17,760
Forward assets purchase	40,000	15,000
Irrevocable commitments to extend credit:		
- maturity exceeding one year	581,162	495,519
- maturity not exceeding one year	2,817,903	2,512,133
	<u>3,626,452</u>	<u>3,194,699</u>
<u>Derivative financial instruments</u>		
Profit rate related contracts:		
- over three years	-	298,000
	-	<u>298,000</u>
	<u>3,626,452</u>	<u>3,492,699</u>

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:

	30 September 2023	31 March 2023
(i) With transitional arrangements		
<u>Before deducting proposed dividends</u>		
CET 1 capital ratio	12.890%	13.717%
Tier I capital ratio	13.819%	14.694%
Total capital ratio	16.185%	17.122%
<u>After deducting proposed dividends</u>		
CET 1 capital ratio	12.890%	13.715%
Tier 1 capital ratio	13.819%	14.692%
Total capital ratio	16.185%	17.120%
(ii) Without transitional arrangements		
<u>Before deducting proposed dividends</u>		
CET I capital ratio	12.133%	12.401%
Tier I capital ratio	13.062%	13.377%
Total capital ratio	15.428%	15.806%
<u>After deducting proposed dividends</u>		
CET 1 capital ratio	12.133%	12.399%
Tier 1 capital ratio	13.062%	13.375%
Total capital ratio	15.428%	15.804%

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

	30 September 2023 RM'000	31 March 2023 RM'000
<u>CET I Capital</u>		
Paid-up share capital	637,500	600,000
Retained profits	730,633	727,052
Regulatory reserves	48,696	19,339
FVOCI reserves	(16,620)	(13,817)
	1,400,209	1,332,574
(Less)/add: Regulatory adjustments		
- Intangible assets	(2,061)	(2,045)
- Deferred tax assets	(44,556)	(44,039)
- Regulatory reserves	(48,696)	(19,339)
- Transitional arrangements	81,427	134,523
Total CET I Capital	1,386,323	1,401,674

A28 Capital Adequacy (Contd.)

- (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: (contd.)

	30 September 2023 RM'000	31 March 2023 RM'000
Additional Tier 1 Sukuk Wakalah	99,900	99,801
Total Additional Tier 1 Capital	99,900	99,801
Total Tier I Capital	1,486,223	1,501,475
<u>Tier II Capital</u>		
Subordinated Sukuk Murabahah	130,000	130,000
Expected credit losses and regulatory reserves	124,470	118,121
Total Tier II Capital	254,470	248,121
Total Capital	1,740,693	1,749,596

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

	30 September 2023 RM'000	31 March 2023 RM'000
Credit risk	9,957,562	9,449,676
Market risk	129	123
Operational risk	797,129	768,617
Total RWA and capital requirements	10,754,820	10,218,416

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 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 net tangible assets, net assets 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 2023				
<u>Financial Assets</u>				
Financial investments at FVOCI				
- Money market instruments	-	1,105,186	-	1,105,186
- Unquoted securities	-	1,221,501	-	1,221,501
31 March 2023				
<u>Financial Assets</u>				
Financial investments at FVOCI				
- Money market instruments	-	454,512	-	454,512
- Unquoted securities	-	1,297,876	-	1,297,876
Derivative financial assets	-	25	-	25
<u>Liabilities</u>				
Derivative financial liabilities	-	2,496	-	2,496

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 2023 and 31 March 2023.

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 RM'000	Gross amounts of recognised financial assets presented 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 received RM'000	
30 September 2023	-	-	-	-	-
Derivative financial assets	-	-	-	-	-
31 March 2023	25	-	25	-	25
Derivative financial assets	25	-	25	-	25

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	Related amounts not set off in the statement of financial position	Cash collateral pledged RM'000	Net amount RM'000
	<u>financial liabilities</u>	<u>position</u>	<u>instruments</u>	<u>pledged</u>	<u>amount</u>
30 September 2023					
Derivative financial liabilities	-	-	-	-	-
31 March 2023					
Derivative financial liabilities	(2,496)	-	(2,496)	-	(2,496)

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

	30 September 2023 RM'000	31 March 2023 RM'000
Outstanding credit exposures with connected parties	63,916	115,408
of which:		
Total credit exposure which is impaired or in default	-	194
Total credit exposures	17,660,762	17,362,764
Percentage of outstanding credit exposures to connected parties:		
- as a proportion of total credit exposures	0.36%	0.66%
- which is impaired or default	0.00%	0.00%

PART B - Review of Performance & Current Year Prospect

B1 Review of Performance for Financial Period Ended 30 September 2023

Profitability

The Bank's net profit after taxation was RM70.6 million for the first half ended 30 September 2023, lower by RM15.7 million or 18.2% year-on-year ("YOY").

Net profit income declined by RM13.8 million or 6.6% YOY due to higher funding cost offset with the higher financing income. Net profit margin ("NPM") stood at 2.44% (Sep 22: 2.78%).

Financing Growth

Focused on the execution of the ACCELER8 strategic plan, the Bank's financing and advances grew by 7.3% YOY to RM12.8 billion. The growth was mainly driven by the small and medium enterprises ("SME"), which grew by 27.2%.

Other Operating Income

The Bank recorded other operating income of RM14.3 million, an increase of RM3.3 million or 29.8% YOY. The increase was mainly due to better treasury and investment income and higher wealth management income and trade fees.

Managing Operating Expenses

Operating expenses increased by RM14.1 million or 19.1%, mainly from higher personnel, marketing, and establishment costs. The cost-to-income ratio ("CIR") stood at 42.1% (Sep 22: 33.6%). 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, advances and other financial assets recorded a charge of RM27.1 million, a decrease of RM4.3 million YOY. The net credit cost recorded at 21.5 bps (Sep 22: 26.6bps). Financing loss coverage (including regulatory reserves) was at 120.0% (Sep 22: 136.7%).

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

Healthy Funding and Liquidity Position

The Bank's customer deposits stood at RM14.0 billion and the Bank maintained a high current account/savings account ("CASA") ratio of 34.8%. The Bank's liquidity coverage and financing-to-funds ratios stood at 150.2% and 86.5%, respectively.

Proactive Capital Management

We continued to maintain strong capital levels, with Common Equity Tier-1 ("CET 1") ratio at 12.9%, Tier-1 Capital Ratio at 13.8% and Total Capital Ratio at 16.2%.

The Bank will continue to prioritise capital conservation in order to support future business expansion.

B2 Prospect for the Current Financial Period

For calendar year 2023, Bank Negara Malaysia (“BNM”) forecasts Malaysia’s gross domestic product (“GDP”) to grow 4.0%, compared to a growth of 8.7% in the preceding year.

We expect Malaysia’s economic growth trajectory to be supported by sustained domestic demand due to the continued improvement of the labour market conditions. Nevertheless, we remain cautious and mindful of downside risks to growth stemming from external uncertainties especially escalating geopolitical tensions and tightening financial conditions.

The Bank continues its strides towards achieving its ACCELER8 strategy targets in the second quarter, further evolving as a bank for the community.

The results from the ACCELER8 strategy remains on the uptrend, with positive momentum seen in the acquisition on new-to-bank business customers and the continued growth YOY in SME financing.

In line with the Bank’s aspiration of being an ESG-focused organisation, the Bank’s approved financing under the Alliance Bank Sustainability Assistance Programme is within the FY2024 green financing target.

The Bank will also continue to grow its distinctive value propositions for businesses through our flagship ‘Halal in One’ programme where it aims to provide financing of up to RM600 million in the current financial year and will extend our market access proposition regionally through our partners.

With prudent financing growth above the industry average, strong credit risk management, strengthen deposit/CASA proposition and cost management, the Bank aims to meet its performance guidance for the year.