

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

(Incorporated in Malaysia)

**Condensed Interim Financial Statements****Unaudited Statement of Financial Position as at 31 December 2023**

		<b>31 December</b>	31 March
		<b>2023</b>	2023
	Note	<b>RM'000</b>	RM'000
<b>ASSETS</b>			
Cash and short-term funds		<b>1,068,849</b>	1,474,713
Deposits and placements with banks and other financial institutions		<b>100,037</b>	-
Financial investments at fair value through other comprehensive income	A12	<b>2,401,099</b>	1,752,388
Financial investments at amortised cost	A13	<b>556,023</b>	596,779
Derivative financial assets	A14	-	25
Financing and advances	A15	<b>12,871,129</b>	12,149,772
Other assets	A16	<b>56,852</b>	12,255
Statutory deposits with Bank Negara Malaysia		<b>260,100</b>	244,900
Tax recoverable		-	1,094
Right-of-use assets		<b>834</b>	266
Property, plant and equipment		<b>182</b>	150
Deferred tax assets		<b>44,559</b>	44,039
Intangible assets		<b>2,303</b>	2,045
<b>TOTAL ASSETS</b>		<b>17,361,967</b>	16,278,426
<b>LIABILITIES AND EQUITY</b>			
Deposits from customers	A17	<b>14,801,081</b>	14,185,132
Deposits and placements of banks and other financial institutions	A18	<b>181,052</b>	195,431
Derivative financial liabilities	A14	-	2,496
Recourse obligation on financing sold to Cagamas		<b>502,867</b>	100,133
Lease liabilities		<b>1,011</b>	296
Other liabilities	A19	183,829	229,039
Provision for taxation		<b>3,372</b>	-
Provision for zakat		<b>1,004</b>	930
Subordinated Sukuk		<b>232,470</b>	232,259
<b>TOTAL LIABILITIES</b>		<b>15,906,686</b>	14,945,716
Share capital		<b>637,500</b>	600,000
Reserves		<b>817,781</b>	732,710
<b>TOTAL EQUITY</b>		<b>1,455,281</b>	1,332,710
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>17,361,967</b>	16,278,426
<b>COMMITMENTS AND CONTINGENCIES</b>	A27	<b>3,716,293</b>	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 31 December 2023**

	Note	3rd Quarter Ended		Nine Months Ended	
		31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Income derived from investment of depositors' funds and others	A20	211,518	186,183	600,419	506,852
Income derived from investment of shareholder's funds	A21	20,634	17,144	58,873	48,051
Allowance for expected credit losses on financing and advances and other financial assets	A22	(7,818)	(15,574)	(34,923)	(46,964)
(Allowance for)/write-back of expected credit losses on financial investments	A23	(21)	(15)	(35)	10
<b>Total distributable income</b>		<b>224,313</b>	<b>187,738</b>	<b>624,334</b>	<b>507,949</b>
Income attributable to the depositors and financial institutions	A24	(118,112)	(87,260)	(336,070)	(219,098)
<b>Total net income</b>		<b>106,201</b>	<b>100,478</b>	<b>288,264</b>	<b>288,851</b>
Other operating expenses	A25	(44,548)	(38,582)	(132,588)	(112,491)
<b>Profit before taxation</b>		<b>61,653</b>	<b>61,896</b>	<b>155,676</b>	<b>176,360</b>
Taxation and zakat		(15,207)	(15,302)	(38,595)	(43,425)
<b>Net profit for the financial period</b>		<b>46,446</b>	<b>46,594</b>	<b>117,081</b>	<b>132,935</b>
<b>Net profit for the financial period attributable to:</b>					
Equity holder of the Bank		46,446	46,594	117,081	132,935
Earnings per share attributable to:					
Equity holder of the Bank					
- Basic/diluted (sen)	A26	10.6	11.2	27.0	32.1

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 March 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 31 December 2023**

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>31 December 2023 RM'000</b>	<b>31 December 2022 RM'000</b>	<b>31 December 2023 RM'000</b>	<b>31 December 2022 RM'000</b>
<b>Net profit for the financial period</b>	<b>46,446</b>	46,594	<b>117,081</b>	132,935
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 gain/(loss) from change in fair value	<b>10,111</b>	16,305	<b>7,935</b>	(23,295)
- Realised gain/(loss) transferred to statement of income on disposal	<b>1,015</b>	-	<b>(498)</b>	-
- Transfer (to)/from deferred tax	<b>(2,671)</b>	(3,913)	<b>(1,785)</b>	5,591
- Changes in expected credit losses	<b>21</b>	15	<b>35</b>	(10)
Other comprehensive income/(expense), net of tax	<b>8,476</b>	12,407	<b>5,687</b>	(17,714)
<b>Total comprehensive income for the financial period</b>	<b>54,922</b>	59,001	<b>122,768</b>	115,221
<b>Total comprehensive income for the financial period attributable to:</b>				
Equity holder of the Bank	<b>54,922</b>	59,001	<b>122,768</b>	115,221

*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 31 December 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	-	-	-	117,081	117,081
Other comprehensive income	-	-	5,687	-	5,687
Total comprehensive income for the financial period	-	-	5,687	117,081	122,768
Transfer from regulatory reserves	-	(2,339)	-	2,339	-
Issue of ordinary shares	37,500	-	-	-	37,500
Dividend paid	-	-	-	(37,697)	(37,697)
<b>At 31 December 2023</b>	<b>637,500</b>	<b>17,000</b>	<b>(7,994)</b>	<b>808,775</b>	<b>1,455,281</b>
At 1 April 2022	600,000	-	(7,372)	668,707	1,261,335
Net profit for the financial period	-	-	-	132,935	132,935
Other comprehensive expense	-	-	(17,714)	-	(17,714)
Total comprehensive (expense)/income for the financial period	-	-	(17,714)	132,935	115,221
Dividend paid	-	-	-	(84,507)	(84,507)
At 31 December 2022	600,000	-	(25,086)	717,135	1,292,049

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 31 December 2023**

	<b>31 December 2023 RM'000</b>	31 December 2022 RM'000
Profit before taxation	<b>155,676</b>	176,360
Adjustments for non-cash items	<b>(50,963)</b>	(7,139)
Operating profit before changes in working capital	<b>104,713</b>	169,221
Changes in working capital	<b>(357,090)</b>	915,307
Tax expense and zakat paid	<b>(36,586)</b>	(38,126)
Net cash (used in)/generated from operating activities	<b>(288,963)</b>	1,046,402
Net cash used in investing activities	<b>(462,854)</b>	(75,572)
Net cash generated from/(used in) financing activities	<b>345,953</b>	(347,289)
Net change in cash and cash equivalents	<b>(405,864)</b>	623,541
Cash and cash equivalents at beginning of financial period	<b>1,474,713</b>	1,417,800
Cash and cash equivalents at end of financial period	<b><u>1,068,849</u></b>	<b><u>2,041,341</u></b>
Cash and cash equivalents comprise the following:		
Cash and short-term funds	<b><u>1,068,849</u></b>	<b><u>2,041,341</u></b>

*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 31 December 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 31 December 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 31 December 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 31 December 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 31 December 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 31 December 2023.

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

	<b>31 December 2023 RM'000</b>	31 March 2023 RM'000
<b>At fair value - debt instruments</b>		
<u>Money market instruments:</u>		
Malaysian Government investment issues	530,428	454,512
Negotiable instruments of deposits	697,771	-
	<u>1,228,199</u>	<u>454,512</u>
<u>Unquoted securities:</u>		
Sukuk	1,172,900	1,297,876
	<u>1,172,900</u>	<u>1,297,876</u>
Total financial investments at FVOCI	<u><u>2,401,099</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:

	<b>12-month ECL (Stage 1)</b>	
	<b>31 December 2023 RM'000</b>	<b>31 March 2023 RM'000</b>
At beginning of financial period/year	136	137
New financial assets originated or purchased	52	39
Financial assets derecognised other than write-off	(4)	(4)
Changes due to change in credit risk	(13)	(36)
Total charge to/(write-back from) income statement	35	(1)
At end of financial period/year	<u>171</u>	<u>136</u>

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**

	<b>31 December 2023 RM'000</b>	<b>31 March 2023 RM'000</b>
<b>At amortised cost</b>		
<u>Money market instruments:</u>		
Malaysian Government investment issues	399,398	440,246
	<u>399,398</u>	<u>440,246</u>
<u>Unquoted securities:</u>		
Sukuk	156,625	156,533
	<u>156,625</u>	<u>156,533</u>
Total financial investments at amortised cost	<u>556,023</u>	<u>596,779</u>

Movements in allowance for expected credit losses are as follows:

	<b>12-month ECL (Stage 1)</b>	
	<b>31 December 2023 RM'000</b>	<b>31 March 2023 RM'000</b>
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	<u>-</u>	<u>-</u>

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 31 December 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
<b>Hedging derivatives</b>						
Profit rate related contracts:						
Profit rate swaps	-	-	-	298,000	25	(2,496)
- over three years	-	-	-	298,000	25	(2,496)
<b>Total derivatives assets/(liabilities)</b>	-	-	-	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
	<b>31 December 2023</b>							
<b>At amortised cost</b>								
Cash line financing	17,436	1,170,400	-	-	11,265	-	-	1,199,101
Term financing								
- Housing financing	3,503,714	4,222	-	-	-	-	-	3,507,936
- Hire purchase receivables	(a) -	-	56,415	-	-	-	-	56,415
- Other term financing	1,702,934	5,186,036	-	-	-	-	60,756	6,949,726
Bills receivables	-	30,353	-	1,585	-	-	-	31,938
Trust receipts	-	-	-	43,711	-	-	-	43,711
Claims on customers under acceptance credits	-	-	-	843,973	-	86,568	-	930,541
Staff financing (Financing to Directors: RM Nil)	12,032	-	-	-	-	-	-	12,032
Revolving credits	(b) 53,210	389,598	-	-	-	-	-	442,808
Gross financing and advances	5,289,326	6,780,609	56,415	889,269	11,265	86,568	60,756	13,174,208
Add: Sales commission and handling fees								83,367
Less: Allowance for expected credit losses on financing and advances								(386,446)
<b>Total net financing and advances</b>								<b>12,871,129</b>

**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									
<b>At amortised cost</b>									
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:

	<b>31 December 2023 RM'000</b>	31 March 2023 RM'000
At beginning of financial period/year	<b>15,914</b>	25,947
Sources of Qard fund:		
- Shareholders' fund	<b>7,918</b>	37,385
Uses of Qard fund:		
- Purchase of landed property - Residential	<b>(522)</b>	(687)
- Personal use	<b>(4,658)</b>	(10,457)
- Working capital	<b>(7,387)</b>	(21,274)
- Other	-	(15,000)
At end of financial period/year	<u><b>11,265</b></u>	<u>15,914</u>

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

(ii) By maturity structure:

	<b>31 December 2023 RM'000</b>	31 March 2023 RM'000
Within one year	2,692,165	2,788,909
One year to three years	514,970	360,815
Three years to five years	756,820	997,929
Over five years	9,210,253	8,348,410
Gross financing and advances	<u><u>13,174,208</u></u>	<u><u>12,496,063</u></u>

(iii) By type of customers:

	<b>31 December 2023 RM'000</b>	31 March 2023 RM'000
Domestic non-bank financial institutions	269,591	118,521
Domestic business enterprises		
- Small and medium enterprises	5,039,704	4,530,060
- Others	1,233,595	1,417,081
Individuals	6,543,007	6,347,558
Other domestic entities	9,802	10,804
Foreign entities	78,509	72,039
Gross financing and advances	<u><u>13,174,208</u></u>	<u><u>12,496,063</u></u>

(iv) By profit rate sensitivity:

	<b>31 December 2023 RM'000</b>	31 March 2023 RM'000
Fixed rate		
- Housing financing	14,692	16,044
- Hire purchase receivables	56,415	75,920
- Other fixed rate financing	2,755,646	2,609,910
Variable rate		
- Base financing rate plus	5,905,072	5,505,893
- Base rate plus	3,565,232	3,444,162
- Cost plus	877,151	844,134
Gross financing and advances	<u><u>13,174,208</u></u>	<u><u>12,496,063</u></u>

(v) By economic purposes:

	<b>31 December 2023 RM'000</b>	31 March 2023 RM'000
Purchase of transport vehicles	71,138	88,027
Purchase of landed property	5,871,678	5,434,296
of which: - Residential	<u>3,564,163</u>	<u>3,489,110</u>
- Non-residential	<u>2,307,515</u>	<u>1,945,186</u>
Purchase of fixed assets excluding land & buildings	57,503	64,717
Personal use	3,070,224	2,924,093
Construction	203,950	166,561
Working capital	2,996,656	2,905,979
Others	903,059	912,390
Gross financing and advances	<u><u>13,174,208</u></u>	<u><u>12,496,063</u></u>

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

(vi) By economic sectors:

	<b>31 December 2023 RM'000</b>	31 March 2023 RM'000
Primary agriculture	437,459	424,186
Mining and quarrying	19,504	23,372
Manufacturing	1,388,592	1,338,633
Electricity, gas and water	14,700	12,717
Construction	476,060	433,063
Wholesale, retail trade, restaurants and hotels	2,394,239	2,213,570
Transport, storage and communication	232,984	210,172
Financing, insurance, real estate and business services	1,441,968	1,307,586
Community, social and personal services	147,186	113,167
Household	6,621,516	6,419,597
Gross financing and advances	<b>13,174,208</b>	<b>12,496,063</b>

(vii) By geographical distribution:

	<b>31 December 2023 RM'000</b>	31 March 2023 RM'000
Northern region	1,640,380	1,466,426
Central region	8,731,734	8,276,022
Southern region	1,344,904	1,344,449
Sabah region	1,147,782	1,092,768
Sarawak region	309,408	316,398
Gross financing and advances	<b>13,174,208</b>	<b>12,496,063</b>

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

	<b>31 December 2023 RM'000</b>	31 March 2023 RM'000
At beginning of financial period/year	352,834	278,334
Impaired during the financial period/year	358,484	413,169
Reclassified as unimpaired during the financial period/year	(233,672)	(186,506)
Recovered during the financial period/year	(19,902)	(21,169)
Financial assets derecognised other than write-off during the financial period/year	(29,933)	(27,056)
Amount written-off	(82,878)	(103,938)
At end of financial period/year	<b>344,933</b>	<b>352,834</b>
Gross impaired financing ratio	<b>2.62%</b>	2.82%
Net impaired financing ratio	<b>1.74%</b>	1.80%

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

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

	<b>31 December 2023 RM'000</b>	31 March 2023 RM'000
Purchase of transport vehicles	1,653	2,530
Purchase of landed property	170,618	165,449
of which: - Residential	145,939	146,275
- Non-residential	24,679	19,174
Purchase of fixed assets excluding land & buildings	-	689
Personal use	138,845	143,531
Working capital	23,303	35,226
Others	10,514	5,409
Gross impaired financing and advances	344,933	352,834

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

	<b>31 December 2023 RM'000</b>	31 March 2023 RM'000
Primary agriculture	1,738	1,242
Manufacturing	19,112	9,577
Construction	12,219	13,229
Wholesale, retail trade, restaurants and hotels	17,148	28,444
Transport, storage and communication	988	1,139
Financing, insurance, real estate and business services	1,110	829
Community, social and personal services	4,823	4,592
Household	287,795	293,782
Gross impaired financing and advances	344,933	352,834

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

	<b>31 December 2023 RM'000</b>	31 March 2023 RM'000
Northern region	39,305	34,375
Central region	256,225	249,617
Southern region	31,476	50,768
Sabah region	16,798	17,482
Sarawak region	1,129	592
Gross impaired financing and advances	344,933	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	31,846	(81,370)	(15)	(49,539)
Transfer to Stage 2	(39,518)	167,067	(58,582)	68,967
Transfer to Stage 3	(811)	(89,978)	101,318	10,529
New financial assets originated or purchased	27,729	21,387	2,350	51,466
Financial assets derecognised other than write-off	(9,049)	(34,455)	(7,875)	(51,379)
Changes due to change in credit risk	(8,919)	(560)	5,910	(3,569)
	1,278	(17,909)	43,106	26,475
Unwinding of discount	-	-	6,361	6,361
Total charge/(write-back from) to income statement	1,278	(17,909)	49,467	32,836
Write-off	-	(893)	(61,908)	(62,801)
<b>At 31 December 2023</b>	<b>67,320</b>	<b>200,821</b>	<b>118,305</b>	<b>386,446</b>
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**

	<b>31 December 2023 RM'000</b>	31 March 2023 RM'000
Other receivables	6,737	7,287
Deposits	93	93
Prepayment	2,523	7,269
Amount due from holding company	53,971	-
	<b>63,324</b>	<b>14,649</b>
Less:		
Allowance for expected credit losses on other receivables [Note]	<b>(6,472)</b>	<b>(2,394)</b>
	<b>56,852</b>	<b>12,255</b>

Note:

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

	<u>Lifetime ECL</u>	
	<b>31 December 2023 RM'000</b>	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	528	1,050
Financial assets derecognised other than write-off	(804)	(1,741)
Changes due to change in credit risk	4,354	1,104
Total charge to income statement	4,078	413
Write-	-	(220)
At end of financial period/year	<b>6,472</b>	<b>2,394</b>

As at 31 December 2023, the Bank's gross exposure of other receivables that are under lifetime expected credit losses was at RM7,213,000 (31 March 2023: RM2,824,000).

**A17 Deposits from Customers**

**A17a** By type of deposits:

	<b>31 December 2023 RM'000</b>	31 March 2023 RM'000
Demand deposits		
- Qard	4,308,293	3,988,431
- Tawarruq	436,360	313,943
Savings deposits		
- Qard	371,802	402,711
- Tawarruq	6,195	5,108
Term deposits		
- Tawarruq	8,444,249	7,439,686
- Negotiable Islamic Debt Certificate		
- Bai' Inah	309,667	203,373
- Money market deposits		
- Tawarruq	825,040	1,713,208
- Other deposits		
- Mudharabah	58,953	59,584
- Wakalah	31,281	32,049
- Qard	9,241	27,039
	<b>14,801,081</b>	<b>14,185,132</b>

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

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

	<b>31 December</b>	31 March
	<b>2023</b>	2023
	<b>RM'000</b>	RM'000
Due within six months	<b>8,198,662</b>	6,701,955
Six months to one year	<b>1,011,420</b>	2,312,160
One year to three years	<b>468,349</b>	257,450
Three years to five years	<b>-</b>	203,374
	<b><u>9,678,431</u></b>	<b><u>9,474,939</u></b>

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

	<b>31 December</b>	31 March
	<b>2023</b>	2023
	<b>RM'000</b>	RM'000
Domestic financial institutions	<b>332,460</b>	203,391
Domestic non-bank financial institutions	<b>1,245,455</b>	1,968,705
Government and statutory bodies	<b>1,881,375</b>	1,692,549
Business enterprises	<b>4,306,948</b>	4,435,343
Individuals	<b>6,648,570</b>	5,574,302
Foreign entities	<b>109,254</b>	102,047
Others	<b>277,019</b>	208,795
	<b><u>14,801,081</u></b>	<b><u>14,185,132</u></b>

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

	<b>31 December</b>	31 March
	<b>2023</b>	2023
	<b>RM'000</b>	RM'000
<b>Non-Mudharabah Fund</b>		
Licensed investment banks	<b>-</b>	11,561
Bank Negara Malaysia	<b>181,052</b>	183,870
	<b><u>181,052</u></b>	<b><u>195,431</u></b>

**A19 Other Liabilities**

	<b>31 December</b>	31 March
	<b>2023</b>	2023
	<b>RM'000</b>	RM'000
Other payables	<b>119,195</b>	130,009
Bills payable	<b>8,238</b>	7,311
Clearing account	<b>26,397</b>	32,041
Sundry deposits	<b>7,696</b>	8,814
Provision and accruals	<b>14,186</b>	8,639
Amount due to holding company	<b>-</b>	37,702
Amount due to related company	<b>3,462</b>	1,596
Allowance for expected credit losses on commitments and contingencies [Note]	<b>4,655</b>	2,927
	<b><u>183,829</u></b>	<b><u>229,039</u></b>



**A19 Other Liabilities (Contd.)**

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

	<b>12-month ECL (Stage 1) RM'000</b>	<b>Lifetime ECL not-credit impaired (Stage 2) RM'000</b>	<b>Lifetime ECL credit impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
At 1 April 2023	693	2,011	223	2,927
Transfer to Stage 1	125	(1,094)	-	(969)
Transfer to Stage 2	(109)	1,929	(56)	1,764
Transfer to Stage 3	-	(119)	711	592
New financial assets originated or purchased	817	555	-	1,372
Financial assets derecognised other than write-off	(405)	(4,138)	(251)	(4,794)
Changes due to change in credit risk	322	3,626	(176)	3,772
	750	759	228	1,737
Unwinding of discount	-	-	(9)	(9)
Total charge to income statement	750	759	219	1,728
<b>At 31 December 2023</b>	<b>1,443</b>	<b>2,770</b>	<b>442</b>	<b>4,655</b>
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 31 December 2023, the Bank's gross exposures of commitments and contingencies that are credit impaired was at RM1,930,000 (31 March 2023: RM584,000).

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

	3rd Quarter Ended		Nine Months Ended	
	31 December	31 December	31 December	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
(i) Term deposits	136,962	115,944	386,719	294,577
(ii) Other deposits	74,556	70,239	213,700	212,275
	<b>211,518</b>	<b>186,183</b>	<b>600,419</b>	<b>506,852</b>

(i) Income derived from investment of term deposits:

	3rd Quarter Ended		Nine Months Ended	
	31 December	31 December	31 December	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<b>Finance income and hibah</b>				
Financing and advances	107,597	89,829	302,922	231,174
Financial investments at fair value through other comprehensive income	10,492	10,224	32,423	28,523
Financial investments at amortised cost	3,379	2,128	10,228	4,247
Money at call and deposit placements with financial institutions	4,499	6,871	12,941	14,789
	<b>125,967</b>	<b>109,052</b>	<b>358,514</b>	<b>278,733</b>
Accretion of discount less amortisation of premium	6,828	2,558	15,705	5,929
Total finance income and hibah	<b>132,795</b>	<b>111,610</b>	<b>374,219</b>	<b>284,662</b>
<b>Other operating income</b>				
- Fee income	4,654	4,556	11,731	11,219
- Investment loss	(670)	(392)	(70)	(1,764)
- Other income	183	170	839	460
	<b>136,962</b>	<b>115,944</b>	<b>386,719</b>	<b>294,577</b>

Note:

Included in financing income on financing and advances for the current financial period was profit on impaired financing of the Bank amounting to RM1,333,000 (31 December 2022: RM936,000).

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

(ii) Income derived from investment of other deposits:

	3rd Quarter Ended		Nine Months Ended	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
<b>Finance income and hibah</b>				
Financing and advances	58,574	54,199	167,393	166,586
Financial investments at fair value through other comprehensive income	5,699	6,004	17,917	20,554
Financial investments at amortised cost	1,836	1,376	5,652	3,061
Money at call and deposit placements with financial institutions	2,448	4,361	7,151	10,657
	<u>68,557</u>	<u>65,940</u>	<u>198,113</u>	<u>200,858</u>
Accretion of discount less amortisation of premium	3,733	1,591	8,679	4,272
Total finance income and hibah	<u>72,290</u>	<u>67,531</u>	<u>206,792</u>	<u>205,130</u>
<b>Other operating income</b>				
- Fee income	2,540	2,786	6,483	8,084
- Investment loss	(373)	(180)	(39)	(1,271)
- Other income	99	102	464	332
	<u>74,556</u>	<u>70,239</u>	<u>213,700</u>	<u>212,275</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 RM737,000 (31 December 2022: RM674,000).

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

	3rd Quarter Ended		Nine Months Ended	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
<b>Finance income and hibah</b>				
Financing and advances	16,211	13,254	46,116	37,709
Financial investments at fair value through other comprehensive income	1,578	1,487	4,936	4,653
Financial investments at amortised cost	508	326	1,557	693
Money at call and deposit placements with financial institutions	677	1,042	1,970	2,412
	<u>18,974</u>	<u>16,109</u>	<u>54,579</u>	<u>45,467</u>
Accretion of discount less amortisation of premium	1,032	384	2,391	967
Total finance income and hibah	<u>20,006</u>	<u>16,493</u>	<u>56,970</u>	<u>46,434</u>
<b>Other operating income</b>				
- Fee income	703	677	1,786	1,830
- Investment loss	(103)	(51)	(11)	(288)
- Other income	28	25	128	75
	<u>20,634</u>	<u>17,144</u>	<u>58,873</u>	<u>48,051</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 RM203,000 (31 December 2022: RM153,000).

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

	3rd Quarter Ended		Nine Months Ended	
	31 December	31 December	31 December	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Allowance for/(write back of) expected credit losses on:				
(a) Financing and advances	7,228	16,629	26,475	46,640
(b) Commitments and contingencies on financing and advances	974	581	1,736	1,094
(c) Other receivables	233	225	4,078	697
	<u>8,435</u>	<u>17,435</u>	<u>32,289</u>	<u>48,431</u>
(d) Credit impaired on financing and advances				
- Recovered during the financial period	(6,973)	(8,005)	(18,523)	(17,854)
- Write-off during the financial period	6,356	6,144	21,157	16,387
	<u>7,818</u>	<u>15,574</u>	<u>34,923</u>	<u>46,964</u>

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

	3rd Quarter Ended		Nine Months Ended	
	31 December	31 December	31 December	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Allowance for/(write-back of) expected credit losses on financial investments at fair value through other comprehensive income	21	15	35	(10)
	<u>21</u>	<u>15</u>	<u>35</u>	<u>(10)</u>

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

	3rd Quarter Ended		Nine Months Ended	
	31 December	31 December	31 December	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Deposits from customers:				
- Mudharabah fund	441	416	1,301	1,078
- Non-Mudharabah fund	110,197	82,590	315,537	202,632
Deposits and placements of banks and other financial institutions:				
- Non-Mudharabah fund	64	204	358	692
Recourse obligation on financing sold to Cagamas	4,399	1,049	9,860	5,533
Subordinated Sukuk Murabahah	2,997	2,994	8,980	9,137
Lease liabilities	14	7	34	26
	<u>118,112</u>	<u>87,260</u>	<u>336,070</u>	<u>219,098</u>

**A25 Other Operating Expenses**

	3rd Quarter Ended		Nine Months Ended	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	23,834	19,776	72,062	58,487
- Contribution to EPF	3,864	3,180	11,752	9,362
- Others	2,769	2,518	7,587	6,084
	<b>30,467</b>	<b>25,474</b>	<b>91,401</b>	<b>73,933</b>
<u>Establishment costs</u>				
- Depreciation on property, plant and equipment	33	30	87	105
- Depreciation on right-of-use assets	119	132	569	369
- Amortisation of computer software	150	113	413	324
- Rental of premises	42	93	197	275
- Water and electricity	294	293	1,004	809
- Repairs and maintenance	700	404	1,473	1,042
- Information technology expenses	7,091	6,286	21,085	18,769
- Others [Note]	567	473	1,536	1,452
	<b>8,996</b>	<b>7,824</b>	<b>26,364</b>	<b>23,145</b>
<u>Marketing expenses</u>				
- Promotion and advertisement	589	665	884	2,085
- Branding and publicity	1,532	356	3,722	1,356
- Others	291	247	887	628
	<b>2,412</b>	<b>1,268</b>	<b>5,493</b>	<b>4,069</b>
<u>Administration and general expenses</u>				
- Communication expenses	499	550	1,479	1,360
- Printing and stationeries	109	63	264	192
- Insurance	959	898	2,947	2,681
- Professional fees	3,374	1,685	7,112	4,957
- Others	(2,268)	820	(2,472)	2,154
	<b>2,673</b>	<b>4,016</b>	<b>9,330</b>	<b>11,344</b>
Total other operating expenses	<b>44,548</b>	<b>38,582</b>	<b>132,588</b>	<b>112,491</b>

Note:

Included in the other operating expenses are the Shariah Committee members' remuneration of RM351,000 (31 December 2022: RM288,000).

**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:

	3rd Quarter Ended		Nine Months Ended	
	31 December	31 December	31 December	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<b>Sharing of Other Operating Expenses</b>				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	20,666	17,184	61,519	50,930
- Contribution to EPF	3,364	2,772	10,134	8,044
- Others	2,428	2,188	6,621	5,120
	<b>26,458</b>	<b>22,144</b>	<b>78,274</b>	<b>64,094</b>
<u>Establishment costs</u>				
- Rental of premises	42	93	197	275
- Water and electricity	285	287	980	791
- Repairs and maintenance	687	398	1,439	1,023
- Information technology expenses	7,030	6,218	20,877	18,421
- Others [Note]	566	473	1,535	1,452
	<b>8,610</b>	<b>7,469</b>	<b>25,028</b>	<b>21,962</b>
<u>Marketing expenses</u>				
- Promotion and advertisement	538	777	605	2,085
- Branding and publicity	1,536	182	3,688	961
- Others	249	219	787	591
	<b>2,323</b>	<b>1,178</b>	<b>5,080</b>	<b>3,637</b>
<u>Administration and general expenses</u>				
- Communication expenses	375	349	1,034	784
- Printing and stationeries	81	45	208	137
- Professional fees	1,752	965	3,937	2,782
- Others	(2,871)	424	(4,193)	1,081
	<b>(663)</b>	<b>1,783</b>	<b>986</b>	<b>4,784</b>
Total sharing of other operating expenses	<b>36,728</b>	<b>32,574</b>	<b>109,368</b>	<b>94,477</b>

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

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>31 December 2023</b>	31 December 2022	<b>31 December 2023</b>	31 December 2022
Net profit for the financial period attributable to equity holder of the Bank (RM'000)	<b>46,446</b>	46,594	<b>117,081</b>	132,935
Weighted average numbers of ordinary shares in issue ('000)	<b>440,139</b>	414,249	<b>433,517</b>	414,249
Basic/diluted earnings per share (sen)	<b>10.6</b>	11.2	<b>27.0</b>	32.1

**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:

	<b>31 December 2023 RM'000</b>	31 March 2023 RM'000
<u>Credit-related exposures</u>		
Direct credit substitutes	<b>89,319</b>	81,609
Transaction-related contingent items	<b>86,585</b>	72,678
Short-term self-liquidating trade-related contingencies	<b>17,206</b>	17,760
Forward assets purchase	-	15,000
Irrevocable commitments to extend credit:		
- maturity exceeding one year	<b>640,817</b>	495,519
- maturity not exceeding one year	<b>2,882,366</b>	2,512,133
	<b>3,716,293</b>	3,194,699
<u>Derivative financial instruments</u>		
Profit rate related contracts:		
- over three years	-	298,000
	-	298,000
	<b>3,716,293</b>	3,492,699

**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>31 December 2023</b>	31 March 2023
(i) With transitional arrangements		
<u>Before deducting proposed dividends</u>		
CET 1 capital ratio	<b>13.003%</b>	13.717%
Tier I capital ratio	<b>13.885%</b>	14.694%
Total capital ratio	<b>16.192%</b>	17.122%
<u>After deducting proposed dividends</u>		
CET 1 capital ratio	<b>13.003%</b>	13.715%
Tier 1 capital ratio	<b>13.885%</b>	14.692%
Total capital ratio	<b>16.192%</b>	17.120%
(ii) Without transitional arrangements		
<u>Before deducting proposed dividends</u>		
CET I capital ratio	<b>12.281%</b>	12.401%
Tier I capital ratio	<b>13.163%</b>	13.377%
Total capital ratio	<b>15.470%</b>	15.806%
<u>After</u>		
CET 1 capital ratio	<b>12.281%</b>	12.399%
Tier 1 capital ratio	<b>13.163%</b>	13.375%
Total capital ratio	<b>15.470%</b>	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:

	<b>31 December 2023 RM'000</b>	31 March 2023 RM'000
<b><u>CET I Capital</u></b>		
Paid-up share capital	<b>637,500</b>	600,000
Retained profits	<b>808,775</b>	727,052
Regulatory reserves	<b>17,000</b>	19,339
FVOCI reserves	<b>(8,165)</b>	(13,817)
	<b>1,455,110</b>	1,332,574
(Less)/add: Regulatory adjustments		
- Intangible assets	<b>(2,303)</b>	(2,045)
- Deferred tax assets	<b>(44,559)</b>	(44,039)
- Regulatory reserves	<b>(17,000)</b>	(19,339)
- Transitional arrangements	<b>81,795</b>	134,523
Total CET I Capital	<b>1,473,043</b>	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.)

	<b>31 December 2023 RM'000</b>	31 March 2023 RM'000
Additional Tier 1 Sukuk Wakalah	<b>99,940</b>	99,801
Total Additional Tier 1 Capital	<b>99,940</b>	99,801
Total Tier I Capital	<b>1,572,983</b>	1,501,475
<b><u>Tier II Capital</u></b>		
Subordinated Sukuk Murabahah	<b>130,000</b>	130,000
Expected credit losses and regulatory reserves	<b>131,279</b>	118,121
Total Tier II Capital	<b>261,279</b>	248,121
<b>Total Capital</b>	<b>1,834,262</b>	1,749,596

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

	<b>31 December 2023 RM'000</b>	31 March 2023 RM'000
Credit risk	<b>10,502,338</b>	9,449,676
Market risk	<b>12,884</b>	123
Operational risk	<b>813,150</b>	768,617
Total RWA and capital requirements	<b>11,328,372</b>	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
31 December 2023				
<u>Financial Assets</u>				
Financial investments at FVOCI				
- Money market instruments	-	1,228,199	-	1,228,199
- Unquoted securities	-	1,172,900	-	1,172,900
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 31 December 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
			Financial instruments RM'000	Cash collateral received RM'000	
31 December 2023					
Derivative financial assets	-	-	-	-	-
31 March 2023					
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	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	
31 December 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.

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

### **B1 Review of Performance for Financial Period Ended 31 December 2023**

#### Profitability

The Bank's net profit after taxation was RM117.1 million for the nine months ended 31 December 2023, lower by RM15.9 million or 11.9% year-on-year ("YOY").

Net profit income declined by RM15.2 million or 4.8% YOY due to higher funding cost offset with the higher financing income. Net profit margin ("NPM") stood at 2.48% (Dec 22: 2.76%).

#### Financing Growth

Focused on the execution of the ACCELER8 strategic plan, the Bank's financing and advances grew by 9.3% YOY to RM13.2 billion. The growth was mainly driven by the small and medium enterprises ("SME"), which grew by 26.8%.

#### Other Operating Income

The Bank recorded other operating income of RM21.3 million, an increase of RM2.6 million or 14.1% YOY. The increase is mainly due to better treasury and investment income and higher FX sales and trade fees.

#### Managing Operating Expenses

Operating expenses increased by RM20.1 million or 17.9%, mainly from higher personnel, marketing, and establishment costs. The cost-to-income ratio ("CIR") stood at 41.0% (Dec 22: 33.5%). 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 RM35.0 million, a decrease of RM12.0 million YOY. The net credit cost recorded at 27.2 bps (Dec 22: 39.6bps). Financing loss coverage (including regulatory reserves) was at 117.0% (Dec 22: 122.2%).

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 RM14.8 billion and the Bank maintained a high current account/savings account ("CASA") ratio of 34.6%. The Bank's liquidity coverage and financing-to-funds ratios stood at 164.8% and 83.3%, respectively.

#### Proactive Capital Management

We continued to maintain strong capital levels, with Common Equity Tier-1 ("CET 1") ratio at 13.0%, Tier-1 Capital Ratio at 13.9% 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 at 4.0%, compared to a growth of 8.7% in the preceding year. For 2024, BNM projects GDP growth to range between 4.0% to 5.0%.

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 has made substantial strides toward its Acceler8 strategy targets, majority of the transformation projects are on track and the key Pillars are yielding positive results.

The results from the ACCELER8 strategy remain on the uptrend, with positive momentum seen in the acquisition on new-to-bank business customers. SME financing continued its strong growth, outpacing the industry growth. The Corporate financing acceptance grew, forming a strong financing pipeline for the year. Additionally, the Bank intensified its cross-sell approach, which bolstered the business banking client fee income.

In the Islamic financing business, the Bank continues its momentum with a 9.3% YOY financing growth. We continue to scale the Bank’s flagship Halal in One programme which offers business owners venturing into the halal space end-to-end solutions including business advisory, business matching services, and Shariah-compliant financing.

The Bank will continue in expanding its business presence in fast-growing economic corridors and strengthen its footprint in Northern Peninsular and East Malaysia.

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