

مصرف الراجحي
alrajhi bank



AL RAJHI BANKING & INVESTMENT CORPORATION (MALAYSIA) BHD.

(Incorporated in Malaysia)

Co. Reg. No. 200501036909 (719057-X)

**INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED
30 JUNE 2023**

Registered Office

Ground Floor, East Block
Wisma Golden Eagle Realty
142-B Jalan Ampang
50450 Kuala Lumpur

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2023

Note	Group		Bank	
	Unaudited	Audited	Unaudited	Audited
	30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
ASSETS				
	568,332	88,704	568,332	88,704
Cash and short-term funds				
Deposits and placements with banks and other financial institutions	9	529,154	602,841	529,154
Derivatives assets		-	479	-
Financial investment at amortised cost	10	2,037,012	1,409,865	2,037,012
Financial investments at fair value through other comprehensive income ("FVOCI")	11	2,100,383	1,962,633	2,100,383
Financing and advances	12	9,236,653	8,614,644	9,236,653
Other assets		124,794	34,148	124,271
Statutory deposit with Bank Negara Malaysia		194,541	201,655	194,541
Deferred tax assets		49,497	49,497	49,497
Investment in a subsidiary		_*	_*	_*
Investment properties		95,400	95,400	95,400
Property and equipment		11,007	10,955	11,007
Intangible assets		177,371	172,459	177,371
Right-of-use assets		12,059	13,655	12,059
Total Assets		15,136,203	13,256,935	15,135,680
LIABILITIES AND SHAREHOLDER'S EQUITY				
Liabilities				
Deposits from customers	13	10,536,152	9,038,699	10,536,152
Deposits and placements of banks and other financial institutions	14	1,622,760	1,742,444	1,622,760
Derivatives Liabilities		3,578	-	3,578
Bills and acceptances payable		4,367	1,098	4,367
Recourse obligations on financing sold to Cagamas		596,584	336,099	596,584
Other liabilities		61,690	141,597	62,932
Lease liabilities		13,576	15,203	13,576
Subordinated Sukuk	15	996,054	936,453	996,054
Total Liabilities		13,834,761	12,211,593	13,836,003
Shareholder's equity				
Share capital		1,541,868	1,341,868	1,541,868
Reserves		(240,426)	(296,526)	(242,191)
Total Shareholder's Equity		1,301,442	1,045,342	1,299,677
Total Liabilities and Shareholder's Equity		15,136,203	13,256,935	15,135,680
COMMITMENTS AND CONTINGENCIES				
	21	6,702,797	5,586,658	6,702,797
CAPITAL ADEQUACY				
	23			
CET 1 / Core capital ratio		10.589%	9.955%	10.584%
Tier 1 Capital		13.883%	13.413%	13.878%
Risk-weighted capital ratio		20.329%	20.161%	20.324%

The interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2022.

*The amount is significantly below the rounding threshold.

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS
FOR THE QUARTER ENDED 30 JUNE 2023

Group	Note	Quarter Ended		Period Ended	
		30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Operating revenue		192,102	108,715	372,229	206,669
Income derived from investment of depositors' funds and others	16	175,583	101,153	335,198	189,866
Income derived from investment of shareholder's funds	17	16,519	7,562	37,031	16,803
Writeback/ (Allowance) for expected credit losses on financial assets	18	1,905	(7,076)	(1,666)	(14,764)
Total distributable income		194,007	101,639	370,564	191,906
Income attributable to depositors	19	(109,242)	(45,504)	(203,715)	(84,674)
Total Net Income		84,765	56,135	166,849	107,232
Personnel expenses		(34,960)	(32,261)	(64,373)	(60,202)
Other overheads and expenditures		(31,458)	(18,627)	(58,732)	(37,719)
Profit before zakat and taxation		18,347	5,247	43,743	9,311
Zakat		-	-	-	-
Taxation		-	-	-	-
Net profit for the financial period		18,347	5,247	43,743	9,311
Other comprehensive income /(loss)					
Items that may be reclassified subsequently to profit or loss					
Financial investment held at fair value through other comprehensive income:					
- Net unrealised gain/ (loss) on changes in fair value		2,785	(13,670)	12,357	(17,930)
Other comprehensive income/ (loss) for the net of tax		2,785	(13,670)	12,357	(17,930)
Total comprehensive income/ (loss) for the financial period		21,132	(8,423)	56,100	(8,619)
Total comprehensive income/ (loss) for the financial period attributable to equity holder of the Bank		21,132	(8,423)	56,100	(8,619)

The interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2022.

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS
FOR THE QUARTER ENDED 30 JUNE 2023

Bank	Note	Quarter Ended		Period Ended	
		30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Operating revenue		192,102	108,422	372,229	205,796
Income derived from investment of depositors' funds and others	16	175,583	101,153	335,198	189,866
Income derived from investment of shareholder's funds	17	16,519	7,269	37,031	15,930
Writeback/ (Allowance) for expected credit losses on financial assets	18	1,905	(7,076)	(1,666)	(14,764)
Total distributable income		194,007	101,346	370,564	191,033
Income attributable to depositors	19	(109,242)	(45,504)	(203,715)	(84,674)
Total Net Income		84,765	55,842	166,849	106,359
Personnel expenses		(34,935)	(32,229)	(64,241)	(60,152)
Other overheads and expenditures		(31,863)	(18,620)	(59,734)	(37,703)
Profit before zakat and taxation		17,967	4,993	42,874	8,504
Zakat		-	-	-	-
Taxation		-	-	-	-
Net profit for the financial period		17,967	4,993	42,874	8,504
Other comprehensive income /(loss)					
Items that may be reclassified subsequently to profit or loss					
Financial investment held at fair value through other comprehensive income:					
- Net unrealised gain/ (loss) on changes		2,785	(13,670)	12,357	(17,930)
Other comprehensive income/ (loss) for the net of tax		2,785	(13,670)	12,357	(17,930)
Total comprehensive income/ (loss) for the financial period		20,752	(8,677)	55,231	(9,426)
Total comprehensive income/ (loss) for the financial period attributable to equity holder of the Bank		20,752	(8,677)	55,231	(9,426)

The interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2022.

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 JUNE 2023

	Share capital RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Fair value reserve of financial investments ("FVOCI") RM'000	Accumulated losses RM'000	Total RM'000
Group						
At 1 January 2022	1,000,000	13,206	-	(13,358)	(313,211)	686,637
Issue of share capital	341,868	-	-	-	-	341,868
Total comprehensive income for the financial year	-	-	-	(11,900)	28,737	16,837
Transfer to Regulatory reserve	-	-	10,000	-	(10,000)	-
At 31 December 2022	1,341,868	13,206	10,000	(25,258)	(294,474)	1,045,342
Group						
At 1 January 2023	1,341,868	13,206	10,000	(25,258)	(294,474)	1,045,342
Issue of share capital	200,000	-	-	-	-	200,000
Total comprehensive income for the financial period	-	-	-	12,357	43,743	56,100
Transfer to Regulatory reserve	-	-	8,000	-	(8,000)	-
At 30 June 2023	1,541,868	13,206	18,000	(12,902)	(258,730)	1,301,442
Bank						
At 1 January 2022	1,000,000	13,206	-	(13,358)	(313,149)	686,699
Issue of share capital	341,868	-	-	-	-	341,868
Total comprehensive income for the financial year	-	-	-	(11,900)	27,780	15,880
Transfer to Regulatory reserve	-	-	10,000	-	(10,000)	-
At 31 December 2022	1,341,868	13,206	10,000	(25,258)	(295,369)	1,044,447
Bank						
At 1 January 2023	1,341,868	13,206	10,000	(25,258)	(295,369)	1,044,447
Issue of share capital	200,000	-	-	-	-	200,000
Total comprehensive income for the financial period	-	-	-	12,357	42,874	55,231
Transfer to Regulatory reserve	-	-	8,000	-	(8,000)	-
At 30 June 2023	1,541,868	13,206	18,000	(12,902)	(260,495)	1,299,677

The interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2022.

INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE QUARTER ENDED 30 JUNE 2023

	Group		Bank	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before zakat and taxation	43,743	9,311	42,874	8,504
Adjustments for:				
Depreciation of property and equipment	2,693	2,714	2,693	2,714
Depreciation of right-of-use ("ROU") assets	3,891	3,366	3,891	3,366
Amortisation of intangible assets	11,634	5,346	11,634	5,346
Finance charges on lease liabilities	221	154	221	154
Finance cost paid on Recourse Obligation				
Financing sold to Cagamas	10,840	-	10,840	-
Property and equipment written off	4	86	4	86
Allowance for expected credit losses				
on financial assets	9,004	20,581	9,004	20,581
Bad debts on financing - Recovered	(7,338)	(5,817)	(7,338)	(5,817)
Allowance for doubtful debt	551	(406)	551	(406)
Gain on disposal of financial investment at FVOCI	(1,730)	-	(1,730)	-
Unrealised gain from foreign exchange translations	(11,261)	(898)	(11,261)	(898)
Operating cashflow before workings capital changes	<u>62,253</u>	<u>34,436</u>	<u>61,383</u>	<u>33,629</u>
(Increase)/decrease in operating activities				
Deposits and placements with banks and other financial institutions	84,948	(231,149)	84,948	(231,149)
Derivative assets	4,057	74	4,057	74
Financing and advances	(624,226)	(1,498,813)	(624,226)	(1,498,813)
Other assets	(90,646)	(2,025)	(90,471)	(1,946)
Statutory deposit with Bank Negara Malaysia	7,114	11,514	7,114	11,514
(Increase)/decrease in operating liabilities				
Deposits from customers	1,497,453	1,608,212	1,497,453	1,608,212
Deposits and placements of banks and other financial institutions	(119,684)	338,054	(119,684)	338,054
Bills and acceptances payable	3,269	2,269	3,269	2,269
Other liabilities	(18,011)	32,925	(17,317)	33,654
Cash generated from operating activities	<u>806,527</u>	<u>295,497</u>	<u>806,527</u>	<u>295,497</u>
Tax paid	-	-	-	-
Net cash generated from operating activities	<u>806,527</u>	<u>295,497</u>	<u>806,527</u>	<u>295,497</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment	(2,749)	(2,355)	(2,749)	(2,355)
Purchase of intangible assets	(16,546)	(65,224)	(16,546)	(65,224)
Purchase of right of use assets ("ROU")	(2,295)	(10,356)	(2,295)	(10,356)
Issuance Subordinated Sukuk	-	245,623	-	245,623
Proceeds from disposal of financial investments at FVOCI	1,867,250	359,074	1,867,250	359,074
Proceeds from disposal of financial investments at amortised cost	-	218,049	-	218,049
Purchase of financial investment at amortised cost	(627,147)	(470,552)	(627,147)	(470,552)
Purchase of financial investment at FVOCI	(1,990,913)	(582,544)	(1,990,913)	(582,544)
Net cash used in investing activities	<u>(772,400)</u>	<u>(308,286)</u>	<u>(772,400)</u>	<u>(308,286)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of shares	200,000	58,125	200,000	58,125
Recourse obligations on financing sold to Cagamas	249,644	-	249,644	-
Lease payments	(4,143)	(3,755)	(4,143)	(3,755)
Net cash generated from financing activities	<u>445,501</u>	<u>54,370</u>	<u>445,501</u>	<u>54,370</u>

INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE QUARTER ENDED 30 JUNE 2023

	Group		Bank	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Net increase/(decrease) in cash and short-term funds	479,628	41,581	479,628	41,581
Cash and cash equivalents at 1 January	88,704	70,277	88,704	70,277
Cash and cash equivalents at 30 June	<u>568,332</u>	<u>111,858</u>	<u>568,332</u>	<u>111,858</u>
Cash and cash equivalents comprise:				
Cash and short-term funds	568,332	111,858	568,332	111,858
Deposits and placements with banks and other financial institutions	529,154	677,721	529,154	677,721
	<u>1,097,486</u>	<u>789,579</u>	<u>1,097,486</u>	<u>789,579</u>
Less:				
Deposits and placements with banks and other financial institutions, with original maturity of more than one months	<u>(529,154)</u>	<u>(677,721)</u>	<u>(529,154)</u>	<u>(677,721)</u>
Cash and cash equivalents at 30 June	<u>568,332</u>	<u>111,858</u>	<u>568,332</u>	<u>111,858</u>

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2022

EXPLANATORY NOTES PERSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 (“MFRS 134”) AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA MALAYSIA

1. BASIS OF PREPARATION

The unaudited condensed interim financial statements have been prepared in accordance with the applicable requirements of MFRS 134: Interim Financial Reporting in Malaysia issued by Malaysian Accounting Standards Board (MASB), Financial Reporting for Islamic Banking Institution policy issued by Bank Negara Malaysia (BNM) and Shariah requirements.

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2022. The explanatory notes attached to the consolidated condensed 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 Group and of the Bank since the year ended 31 December 2022.

2. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed interim financial statement are consistent with those adopted in the preparation of the Group's audited financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023.

New standards, interpretations and amendments issued has been applied consistently in the preparation of these interim financial statements effective 1 January 2023.

MFRSs, Amendments to MFRSs and Interpretations	Effective for financial period beginning on or after
MFRS 17 - Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts :Initial Application of MFRS 17 and MFRS 9- Comparative information.	1 January 2023
Amendments to MFRS 101 : Disclosure of Accounting Policies	1 January 2023
<i>Amendments to MFRS 108 : Definition of Accounting Estimates</i>	1 January 2023
<i>Amendments to MFRS 112 : Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023

New and amendment to MFRSs issued but not effective

The standards and interpretations that are issued and which are applicable the Group and the Bank, but not yet effective up to the date of issuance of the Group's and the Bank's financial statements are disclosed below. The Group and the Bank intend to adopt these standards, if applicable, when they become effective.

MFRSs, Amendments to MFRSs and Interpretations	Effective for financial period beginning on or after
<i>Amendments to MFRS 101: Classification of Liabilities as Current or Non-current</i>	1 January 2024
<i>Amendments to MFRS 16: Leases-Lease Liability in a Sale and Leaseback</i>	1 January 2024
<i>Amendments to MFRS 10 and MFRS 128:</i> <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be announced

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 ("MFRS 134") AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA MALAYSIA (CONTINUED)

3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2022 was not qualified.

4. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors in the current financial period.

5. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting the assets, liabilities, equity, net income of the Group and the Bank in the current financial period.

6. CHANGES IN ESTIMATE

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

7. DEBT AND EQUITY SECURITIES

The share capital of the Group and the Bank has increased from RM1,341,867,800 as at 31 December 2022 to RM1,541,867,800 as at 31 March 2023 through an issuance of additional 200,000,000 new ordinary shares at an issue price of RM1.00 each by cash.

8. DIVIDENDS PAID

There were no dividends paid during the current financial period.

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 ("MFRS 134") AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA

9. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group and Bank	
	Unaudited 30 June 2023 RM'000	Audited 31 December 2022 RM'000
Foreign financial institutions	529,154	602,841

10. FINANCIAL INVESTMENT AT AMORTISED COST

	Group and Bank	
	Unaudited 30 June 2023 RM'000	Audited 31 December 2022 RM'000
At amortised cost		
Unquoted :		
Islamic government securities in Malaysia	946,658	794,603
Islamic private debt securities in Malaysia	465,584	222,107
Islamic private debt securities outside Malaysia	626,923	394,296
	<u>2,039,165</u>	<u>1,411,006</u>
Expected credit loss ("ECL")	(2,153)	(1,141)
	<u>2,037,012</u>	<u>1,409,865</u>

Movement in ECL for financial investments at amortised cost is as follows:

Group and Bank	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2023	1,141	-	-	1,141
Net charge in allowance for expected credit losses for the period	1,012	-	-	1,012
Closing balance	<u>2,153</u>	-	-	<u>2,153</u>

Group and Bank	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	81	-	-	81
Net charge in allowance for expected credit losses for the year	1,060	-	-	1,060
At 31 December 2022	<u>1,141</u>	-	-	<u>1,141</u>

11. FINANCIAL INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

	Group and Bank	
	Unaudited 30 June 2023 RM'000	Audited 31 December 2022 RM'000
At fair value		
Quoted :		
Private debt securities	356,686	271,061
Islamic government securities in Malaysia	1,743,697	1,691,572
Total Financial Investments at FVOCI	<u>2,100,383</u>	<u>1,962,633</u>

The following expected credit losses ("ECL") for financial investment quoted for government securities and treasury bills were not recognised in the statement of financial position as the carrying amount of financial investment is equivalent to their fair value.

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 ("MFRS 134") AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA

11. FINANCIAL INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI) (Continued)

Movements in ECL for financial investments at FVOCI is as follows:

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2023	391	-	-	391
Net charge in allowance for expected credit losses for the period	85	-	-	85
Closing balance	476	-	-	476
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2022	139	-	-	139
Net charge in allowance for expected credit losses for the year	252	-	-	252
At 31 December 2022	391	-	-	391

12. FINANCING AND ADVANCES

(a) Financing and advances analysed by types and Shariah contracts are as follows:

Group and Bank	Unaudited 30 June 2023		
	Murabahah RM'000	Qard RM'000	Total financing and advances RM'000
At amortised cost			
Term Financing:			
Corporate financing	7,649,610	-	7,649,610
Home financing	807,260	-	807,260
Personal financing	797,871	-	797,871
Vehicle financing	12,753	-	12,753
SME financing	23,090	-	23,090
Shop-house financing	31,165	-	31,165
Cash Line	62,621	-	62,621
Charge cards	-	100	100
Gross financing and advances	9,384,370	100	9,384,470
Less : Modification loss			(14,025)
			9,370,445
Less: Impairment allowance			
- Stage 1			(39,001)
- Stage 2			(59,146)
- Stage 3			(35,645)
Total net financing and advances			9,236,653

Movement in gross financing and advances

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount at 1 January 2023	8,456,313	240,053	60,849	8,757,215
Transfer to stage 1	20,302	(19,183)	(1,119)	-
Transfer to stage 2	(162,470)	164,815	(2,345)	-
Transfer to stage 3	(14,523)	(8,126)	22,650	-
Financing derecognised during the period (other than write-off)	(4,255,234)	(135,566)	(20,367)	(4,411,167)
Write off	-	-	(16,692)	(16,692)
New financing originated or purchased	5,194,583	105,419	228	5,300,230
Changes to contractual cash flow (excluding derecognition)*	(243,831)	(17,914)	2,604	(259,140)
Gross carrying amount as at 30 June 2023	8,995,140	329,498	45,807	9,370,445

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 ("MFRS 134") AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA

12. FINANCING AND ADVANCES (Continued)

(a) Financing and advances analysed by types and Shariah contracts are as follows (Continued):

	Murabahah RM'000	Qard RM'000	Audited 31 December 2022 Total financing and advances RM'000
At amortised cost			
Term Financing:			
Corporate financing	7,093,319	-	7,093,319
Personal financing	690,183	-	690,183
Home financing	817,356	-	817,356
SME financing	25,117	-	25,117
Vehicle financing	16,320	-	16,320
Shop-house financing	24,726	-	24,726
Cash Line	104,113	-	104,113
Charge cards	-	106	106
Gross financing and advances	8,771,134	106	8,771,240
Less : Modification loss			(14,025)
			8,757,215
Less: ECL			
- Stage 1			(44,548)
- Stage 2			(53,765)
- Stage 3			(44,258)
Total net financing and advances			8,614,644

Movement in gross financing and advances:

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount at				
1 January 2022	5,749,367	273,044	55,474	6,077,885
Transfer to stage 1	32,753	(30,195)	(2,558)	-
Transfer to stage 2	(63,772)	64,551	(779)	-
Transfer to stage 3	(8,512)	(3,223)	11,735	-
Financing derecognised during the period (other than write-off)	(2,910,429)	(164,684)	(861)	(3,075,974)
Write off	-	-	(14,933)	(14,933)
New financing originated	5,908,101	119,989	6,498	6,034,588
Changes to contractual cash flow (excluding derecognition)	(251,195)	(19,429)	6,273	(264,351)
Gross carrying amount as at 31 December 2022	8,456,313	240,053	60,849	8,757,215

(b) The gross financing and advances analysed by type of customers are as follows:

	Group and Bank	
	Unaudited 30 June 2023 RM'000	Audited 31 December 2022 RM'000
Domestic business enterprise	7,430,032	6,862,102
Individuals	1,635,402	1,534,943
Foreign entities	287,841	348,456
Domestic non-bank financial institutions	10,581	11,714
	9,363,857	8,757,215

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 ("MFRS 134") AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA

12. FINANCING AND ADVANCES (Continued)

(c) The gross financing and advances analysed by profit rate sensitivity are as follows:

	Group and Bank	
	Unaudited 30 June 2023 RM'000	Audited 31 December 2022 RM'000
Fixed rate:		
Personal financing	790,867	683,179
Corporate financing	140,951	121,934
Vehicle financing	11,996	15,562
SME financing	10,578	11,715
Home financing	22,803	4,405
Charge card	100	106
Shop-house financing	7,186	319
Variable rate:		
Corporate financing	7,508,382	6,971,108
Home financing	778,637	807,131
Shop-house financing	23,814	24,243
Cash Line	62,621	104,113
SME financing	12,510	13,400
	<u>9,370,445</u>	<u>8,757,215</u>

(d) The gross financing and advances analysed by maturity structure are as follows:

	Group and Bank	
	Unaudited 30 June 2023 RM'000	Audited 31 December 2022 RM'000
Due within three months	3,166,056	2,834,636
More than three months to one year	1,588,060	1,492,346
More than one year to five years	1,756,217	1,625,042
More than five years	2,860,112	2,805,191
	<u>9,370,445</u>	<u>8,757,215</u>

(e) The gross financing and advances analysed by geographical distribution are as follows :

	Group and Bank	
	Unaudited 30 June 2023 RM'000	Audited 31 December 2022 RM'000
Malaysia	9,082,604	8,408,758
Middle East	287,841	287,177
Other countries	-	61,279
	<u>9,370,445</u>	<u>8,757,215</u>

(f) The gross financing and advances analysed by economic purpose are as follows:

	Group and Bank	
	Unaudited 30 June 2023 RM'000	Audited 31 December 2022 RM'000
Working capital	5,862,592	5,381,331
Purchase of property - residential property	804,779	815,174
Personal use	790,861	683,173
Others	702,946	657,427
Purchase of land	521,936	552,694
Construction	159,889	191,312
Purchase of industrial buildings and factories	188,213	149,302
Purchase of other non-residential property	128,408	123,806
Purchase of shophouses	44,411	45,312
Purchase of commercial complex	75,096	59,773
Purchase fixed assets (excluding land & building)	79,219	82,243
Purchase of vehicles	11,996	15,562
Charge card	100	106
	<u>9,370,445</u>	<u>8,757,215</u>

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 ("MFRS 134") AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA

12. FINANCING AND ADVANCES (Continued)

(g) The gross financing and advances analysed by sectors are as follows:

	Group and Bank	
	Unaudited 30 June 2023 RM'000	Audited 31 December 2022 RM'000
Household	1,635,402	1,534,946
Wholesale & Retail trade	1,369,075	1,402,881
Real estate, renting and business activities	1,826,635	1,960,244
Manufacturing	1,584,380	1,497,470
Construction	954,495	851,014
Other business	1,087,899	591,115
Finance intermediation	315,449	298,891
Agriculture, hunting and related service activities	223,602	245,896
Transportation	64,574	119,681
Education, Health and Others	115,499	106,387
Mining and Quarrying	127,639	85,141
Hotel & restaurant	65,798	63,549
	<u>9,370,445</u>	<u>8,757,215</u>

(i) Movements in impaired financing and advances

	Group and Bank	
	Unaudited 30 June 2023 RM'000	Audited 31 December 2022 RM'000
At 1 January	60,849	55,474
Impaired during the financial period / year	12,453	36,585
Reclassified as non impaired	(3,464)	(3,337)
Recoveries	(7,338)	(12,940)
Write-off	(16,692)	(14,933)
At 31 December	<u>45,807</u>	<u>60,849</u>
Ratio of net impaired financing and advances to gross financing and advances less	<u>0.11%</u>	<u>0.19%</u>

Included in amount classified as impaired during the financial period is profit accrued on impaired financing of RM5,335,000 (Dec 2022: RM5,084,000).

All impaired financing are within Malaysia.

(j) Movements in ECL for financing and advances:

	Group and Bank	
	Unaudited 30 June 2023 RM'000	Audited 31 December 2022 RM'000
ECL/ Collective assessment allowance- Stage 1 and 2		
At 1 January		
Stage 1 ECL	44,548	46,580
Stage 2 ECL	53,765	25,304
Net Stage 1 ECL provided during the financial period/year	(3,059)	(2,032)
Net Stage 2 ECL provided/(written back) during the financial period /year	5,382	28,461
Closing Balance	<u>100,636</u>	<u>98,313</u>
As % of total gross financing and advances less individual impairment allowances	<u>1.07%</u>	<u>1.13%</u>

ECL/ Individual assessment allowance- Stage 3

At 1 January	44,258	35,893
Net Stage 3 ECL provided during financial period/year	5,593	23,298
Amount written off	(16,695)	(14,933)
Closing Balance	<u>33,156</u>	<u>44,258</u>

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 (“MFRS 134”) AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA

12. FINANCING AND ADVANCES (Continued)

(k) Movements in ECL for financing and advances:

Group and Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January	44,548	53,765	44,258	142,571
Changes due to financial assets recognised in the opening balance :				
Transferred to 12-mth ECL	23,097	(22,379)	(718)	-
Transferred to Lifetime ECL not credit impaired	(1,809)	4,174	(2,365)	-
Transferred to Lifetime ECL credit impaired	(336)	(6,927)	7,263	-
Financing derecognised during the period (other than write-offs)	(5,151)	(3,244)	(13,169)	(21,564)
Write-offs	-	-	(16,695)	(16,695)
New financing originated	8,254	1,712	216	10,183
Net remeasurement of allowances	(29,603)	32,046	16,854	19,297
Closing balance	39,001	59,146	35,645	133,792

(l) Impaired financing analysed by economic purpose are as follows:

	Group and Bank	
	Unaudited 30 June 2023 RM'000	Audited 31 December 2022 RM'000
Working capital	17,269	37,570
Purchase of properties - residential	8,200	8,349
Personal use	20,117	14,772
Purchase of vehicles	122	52
Charge card	100	106
	45,807	60,849

(m) Impaired financing analysed by sector are as follows:

	Group and Bank	
	Unaudited 30 June 2023 RM'000	Audited 31 December 2022 RM'000
Household	28,538	23,279
Construction	17,269	32,934
Other business	-	4,636
	45,807	60,849

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 ("MFRS 134") AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA

13. DEPOSITS FROM CUSTOMERS

(a) By type of deposit

		Group and Bank	
		Unaudited	Audited
		30 June	31 December
		2023	2022
		RM'000	RM'000
	Note		
Savings deposits			
Qard		94,562	97,181
Commodity Murabahah		217,795	111,591
Demand deposits			
Qard		252,868	315,158
Mudharabah	(a)	60	66
Commodity Murabahah		2,276,478	1,809,249
Term deposit			
Commodity Murabahah		7,689,525	6,704,222
General investment account			
Mudharabah	(a)	144	142
Wakalah		406	712
Other deposits			
		4,314	378
		<u>10,536,152</u>	<u>9,038,699</u>

Note:

(a) In line with the Bank's IFSA Transition Plan as communicated to BNM, the Bank will continue to include the balances relating to its general investment account and demand deposits based on mudharabah principles, as part of deposits from customers. This is because these products were approved prior to the IFSA and the investment account guideline and are being solely used as securities against financing facility provided to the customers. The balances will continue to reduce until full settlement of the related financing.

(b) By type of customer

		Group and Bank	
		Unaudited	Audited
		30 June	31 December
		2023	2022
		RM'000	RM'000
Business enterprises		4,959,608	4,166,855
Government and statutory bodies		2,966,571	3,069,095
Non resident		1,290,967	848,134
Non-bank financial institutions		374,573	356,048
Other entities		241,522	172,555
Individuals		702,911	426,012
		<u>10,536,152</u>	<u>9,038,699</u>

(c) By maturity structure

		Group and Bank	
		Unaudited	Audited
		30 June	31 December
		2023	2022
		RM'000	RM'000
Due within three months		7,018,230	6,623,968
More than three months to one year		3,361,611	2,127,335
More than one year to five years		156,311	287,396
		<u>10,536,152</u>	<u>9,038,699</u>

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 ("MFRS 134") AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA

14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group and Bank	
	Unaudited	Audited
	30 June	31 December
	2023	2022
	RM'000	RM'000
Non-Mudharabah Funds		
Licensed Islamic banks	1,459,137	1,154,939
Licensed financial institutions	163,623	587,505
	<u>1,622,760</u>	<u>1,742,444</u>

15. SUBORDINATED SUKUK

	Group and Bank	
	Unaudited	Audited
	30 June	31 December
	2023	2022
	RM'000	RM'000
Tier I		
Issued under the Sukuk Programme of up to SAR 300 million in nominal value		
Subordinated Sukuk - Tranche 1	124,507	117,057
Subordinated Sukuk - Tranche 2	124,507	117,057
Subordinated Sukuk - Tranche 3	124,507	117,057
	<u>373,520</u>	<u>351,171</u>
Tier II		
Issued under the Sukuk Programme of up to SAR 500 million in nominal value		
Subordinated Sukuk - Tranche 1	311,267	292,641
Subordinated Sukuk - Tranche 2	124,507	117,057
Subordinated Sukuk - Tranche 3	186,760	175,584
	<u>622,534</u>	<u>585,282</u>
	<u>996,054</u>	<u>936,453</u>

The movements in the subordinated sukuk are as follows:

At 1 January	936,453	554,816
Issuance during the period/year	-	347,634
Non-cash changes:		
Exchange differences	59,602	34,003
At closing period/year	<u>996,054</u>	<u>936,453</u>

The Subordinated Sukuk qualifies as Tier I capital for the computation of the regulatory capital of the Bank in accordance with the Capital Adequacy Framework (Capital Components) for Islamic Banks issued by BNM.

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16. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS

	Group and Bank Quarter Ended		Group and Bank Period Ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
(i) General investment deposits	3	-	6	4
(ii) Other deposits	175,580	101,153	335,192	189,862
	<u>175,583</u>	<u>101,153</u>	<u>335,198</u>	<u>189,866</u>

(i) Income derived from investment of general investment deposits

	Group and Bank Quarter Ended		Group and Bank Period Ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing and advances	3	-	6	4
Money at call and deposit with financial institutions	-	-	-	-
Total finance income and hibah	<u>3</u>	<u>-</u>	<u>6</u>	<u>4</u>

(ii) Income derived from investment of other deposits

	Group and Bank Quarter Ended		Group and Bank Period Ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing and advances	137,296	80,002	263,322	151,265
Financial investment at amortised cost	18,540	6,098	33,807	11,343
Financial investments at fair value through other comprehensive income ("FVOCI")	12,852	11,910	24,923	22,248
Money at call and deposit with financial institutions	5,906	2,354	11,177	3,460
Accretion of discount	236	39	463	46
Effects of unwinding of modifications loss incurred during the financial period	750	750	1,500	1,500
	<u>175,580</u>	<u>101,153</u>	<u>335,192</u>	<u>189,862</u>

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 ("MFRS 134") AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA

17. INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

	Group Quarter Ended		Group Period Ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Money at call and deposit with financial institutions	1,439	480	2,787	757
Total finance income and hibah	1,439	480	2,787	757
Other operating income				
- Net gain/(loss) from foreign exchange translations				
- Realised	40	-	(18)	(8)
- Unrealised	8,036	577	11,279	906
- Rental income	561	498	1,092	1,003
- Realised gain on gold	275	11	360	66
- Gain on disposal of financial investment at FVOCI	-	-	1,730	-
- Others	126	56	228	126
Other income				
- Agency fees	-	293	-	869
- Service charges	474	425	1,109	1,398
- Commission received	2,083	2,097	7,235	3,587
- Fees	3,485	3,125	11,229	8,099
	16,519	7,562	37,031	16,803

	Bank Quarter Ended		Bank Period Ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Money at call and deposit with financial institutions	1,439	480	2,786	757
Total finance income and hibah	1,439	480	2,786	757
Other operating income				
- Net gain/(loss) from foreign exchange translations				
- Realised	40	-	(18)	(8)
- Unrealised	8,036	577	11,279	906
- Rental income	561	498	1,092	1,003
- Realised gain on gold	275	12	360	67
- Gain on disposal of financial investment at FVOCI	-	-	1,730	-
- Others	126	55	229	126
Other income				
- Service charges	474	425	1,110	1,393
- Commission received	2,083	2,097	7,235	3,587
- Fees	3,485	3,125	11,228	8,099
	16,519	7,269	37,031	15,930

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 ("MFRS 134") AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA

18. ALLOWANCE FOR EXPECTED CREDIT LOSSES ON FINANCIAL ASSETS

	Group and Bank			
	Quarter Ended		Period Ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Financing and advances:				
(a) Stage 1				
- provided during the financial period	1,245	1,592	(115)	(1,649)
- written back during the financial period	3,044	573	3,174	1,269
Stage 2				
- provided during the financial period	(1,541)	(8,394)	(5,751)	(13,656)
- written back during the financial period	(1,569)	1,178	370	1,918
Stage 3				
- provided during the financial period	(6,393)	(6,142)	(17,592)	(9,539)
- written back during the financial period	3,146	508	11,999	726
	<u>(2,068)</u>	<u>(10,685)</u>	<u>(7,916)</u>	<u>(20,931)</u>
(b) Bad debts on financing:				
- recovered during the financial period	4,480	3,033	7,338	5,817
- written off during the financial period	-	229	-	-
Total	<u>4,480</u>	<u>3,262</u>	<u>7,338</u>	<u>5,817</u>
(c) Financial investment at amortised cost				
- Provided in the financial period	(164)	-	(1,012)	-
- written back during the financial period	-	45	-	60
Total	<u>(164)</u>	<u>45</u>	<u>(1,012)</u>	<u>60</u>
(d) Financial investment at FVOCI				
- Provided in the financial period	(365)	-	(401)	(83)
- written back during the financial period	-	152	317	182
Total	<u>(365)</u>	<u>152</u>	<u>(84)</u>	<u>99</u>
(e) Impairment allowance for off balance sheet				
- Provided in the financial period	-	-	-	-
- written back during the financial period	22	150	7	192
Total	<u>22</u>	<u>150</u>	<u>7</u>	<u>192</u>
Grand total	<u>1,905</u>	<u>(7,076)</u>	<u>(1,666)</u>	<u>(14,764)</u>

19. INCOME ATTRIBUTABLE TO DEPOSITORS

	Group and Bank		Group and Bank	
	Quarter Ended		Period Ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Non-Mudharabah	81,059	40,827	152,946	77,390
- Mudharabah	1	1	2	2
- Wakalah	2	4	5	7
	<u>81,062</u>	<u>40,832</u>	<u>152,953</u>	<u>77,399</u>
Deposits and placements of banks and other financial institutions				
- Non-Mudharabah	22,147	4,672	39,923	7,275
Profit paid - Cagamas Recourse Obligation	6,033	-	10,839	-
	<u>109,242</u>	<u>45,504</u>	<u>203,715</u>	<u>84,674</u>

20. SUBSEQUENT EVENTS

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

21. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group since the last audited financial statements as at 31 December 2022.

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 ("MFRS 134") AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK

21. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group and the Bank made various commitments and incurred certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

The commitments and contingencies and the related risk-weighted exposures of the Group and the Bank are as follows:

	Unaudited 30 June 2023			Audited 31 December 2022		
	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Group and Bank						
Transaction-related contingent items	407,388	203,694	203,694	336,612	168,306	168,306
Trade-related contingencies	46,083	9,217	9,217	48,600	9,720	9,720
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	4,276,246	855,249	846,791	4,025,844	805,151	788,409
- Maturity exceeding one year	622,422	311,210	309,931	464,158	232,074	229,291
Foreign exchange-related contracts	1,350,658	20,165	4,033	711,444	11,843	2,369
	<u>6,702,797</u>	<u>1,399,535</u>	<u>1,373,666</u>	<u>5,586,658</u>	<u>1,227,094</u>	<u>1,198,095</u>

22. CREDIT EXPOSURE ARISING FROM CREDIT TRANSACTIONS WITH CONNECTED PARTIES

	Group and Bank	
	Unaudited 30 June 2023	Audited December 2022
Outstanding credit exposures with connected parties (RM'000)	16,208	14,853
Percentage of outstanding credit exposures to connected parties as proportion of capital base	0.7%	0.7%
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	0.1%	0.1%
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	0.0%	0.0%

The disclosure on Credit Transactions and Exposures with Connected Parties above is presented in accordance with paragraph 9.1 of Bank Negara Malaysia's revised policy document on Credit Transactions and Exposures with Connected

23. FINANCIAL RISK MANAGEMENT

(a) Overview

The Group's risk management practice seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its key areas of credit, market, liquidity and operational risks.

(b) Financial instrument by category

The table below provide an analysis of financial instruments categorised as follows:

- Financial investments at amortised cost;
- Financial investments assets at fair value through other comprehensive income ("FVOCI"); and
- Other financial liabilities ("Other FL").

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23. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial instrument by category (continued)

Group Unaudited 30 June 2023	Carrying amount RM'000	FVOCI RM'000	Amortised Cost RM'000	Other FL RM'000
Financial Assets				
Cash and short term funds	568,332	-	568,332	-
Deposits and placements with banks and other financial institutions	529,154	-	529,154	-
Derivatives assets	-	-	-	-
Financial investment at amortised cost	2,037,012	-	2,037,012	-
Financial assets at fair value through profit or loss other comprehensive income (FVOCI)	2,100,383	2,100,383	-	-
Financing and advances	9,236,653	-	9,236,653	-
Other assets	24,719	-	24,719	-
Statutory deposits with BNM	194,541	-	194,541	-
	<u>14,496,253</u>	<u>2,100,383</u>	<u>12,395,870</u>	<u>-</u>
Financial Liabilities				
Deposits from customers	10,536,152	-	-	10,536,152
Deposits and placements of banks and other financial institutions	1,622,760	-	-	1,622,760
Derivatives liabilities	3,578	-	-	3,578
Bills and acceptances payable	4,367	-	-	4,367
Recourse Obligations on Financing Sold to Cagamas	596,584	-	-	596,584
Other liabilities	49,744	-	-	49,744
Lease Liabilities	13,576	-	-	13,576
Subordinated Sukuk	996,054	-	-	996,054
	<u>13,822,815</u>	<u>-</u>	<u>-</u>	<u>13,822,815</u>

-Others assets include sundry deposits, sundry debtors, receivables and also allowance for doubtful debts.

-Other liabilities include sundry creditors and amount due to holding company

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 (“MFRS 134”) AND
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23. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial instrument by category (continued)

Group Audited 31 December 2022	Carrying amount RM'000	FVOCI RM'000	Amortised Cost RM'000	Other FL RM'000
Financial Assets				
Cash and short term funds	88,704	-	88,704	-
Deposits and placements with banks and other financial institutions	602,841	-	602,841	-
Derivative assets	479	-	479	-
Financial investments at amortised cost	1,409,865	-	1,409,865	-
Financial investments at fair value through other comprehensive income (FVOCI)	1,962,633	1,962,633	-	-
Financing and advances	8,614,644	-	8,614,644	-
Other assets	14,582	-	14,582	-
Statutory deposits with BNM	201,655	-	201,655	-
	<u>12,895,403</u>	<u>1,962,633</u>	<u>10,932,770</u>	<u>-</u>
Financial Liabilities				
Deposits from customers	9,038,699	-	-	9,038,699
Deposits and placements of banks and other financial institutions	1,742,444	-	-	1,742,444
Hedging financial instruments	-	-	-	-
Bills and acceptances payable	1,098	-	-	1,098
Recourse Obligations on Financing Sold to Cagamas	336,099	-	-	336,099
Other liabilities	82,838	-	-	82,838
Lease liabilities	15,203	-	-	15,203
Subordinated Sukuk	936,453	-	-	936,453
	<u>12,152,834</u>	<u>-</u>	<u>-</u>	<u>12,152,834</u>

-Others assets include sundry deposits, sundry debtors, receivables and also allowance for doubtful debts.

-Other liabilities include sundry creditors and amount due to holding company

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 (“MFRS 134”) AND
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23. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial instrument by category (continued)

	Carrying amount RM'000	FVOCI RM'000	Amortised Cost RM'000	Other FL RM'000
Bank				
Unaudited				
30 June 2023				
Financial Assets				
Cash and short term funds	568,332	-	568,332	-
Deposits and placements with banks and other financial institutions	529,154	-	529,154	-
Derivative assets	-	-	-	-
Financial investment at amortised cost	2,037,012	-	2,037,012	-
Financial investments at fair value through other comprehensive income (FVOCI)	2,100,383	2,100,383	-	-
Financing and advances	9,236,653	-	9,236,653	-
Other assets	24,719	-	24,719	-
Statutory deposits with BNM	194,541	-	194,541	-
	<u>14,690,794</u>	<u>2,100,383</u>	<u>12,590,411</u>	<u>-</u>
Financial Liabilities				
Deposits from customers	10,536,152	-	-	10,536,152
Deposits and placements of banks and other financial institutions	1,622,760	-	-	1,622,760
Derivatives liabilities	3,578	-	-	3,578
Bills and acceptances payable	4,367	-	-	4,367
Recourse Obligations on Financing Sold to Cagamas	596,584	-	-	596,584
Other liabilities	49,744	-	-	49,744
Lease Liabilities	13,576	-	-	13,576
Subordinated Sukuk	996,054	-	-	996,054
	<u>13,822,815</u>	<u>-</u>	<u>-</u>	<u>13,822,815</u>

-Others assets include sundry deposits, sundry debtors, receivables and also allowance for doubtful debts.

-Other liabilities include sundry creditors and amount due to holding company

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 ("MFRS 134") AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA

23. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial instrument by category (continued)

	Carrying amount RM'000	FVOCI RM'000	Amortised Cost RM'000	Other FL RM'000
Bank				
Audited				
31 December 2022				
Financial Assets				
Cash and short term funds	88,704	-	88,704	-
Deposits and placements with banks and other financial institutions	602,841	-	602,841	-
Derivative assets	479	-	479	-
Financial investments at amortised cost	1,409,865	-	1,409,865	-
Financial investments at fair value through other comprehensive income (FVOCI)	1,962,633	1,962,633	-	-
Financing and advances	8,614,644	-	8,614,644	-
Other assets	14,582	-	14,582	-
Statutory deposits with BNM	201,655	-	201,655	-
	12,895,403	1,962,633	10,932,770	-
Financial Liabilities				
Deposits from customers	9,038,699	-	-	9,038,699
Deposits and placements of banks and other financial institutions	1,742,444	-	-	1,742,444
Hedging financial instruments	-	-	-	-
Bills and acceptances payable	1,098	-	-	1,098
Recourse Obligations on Financing Sold to Cagamas	336,099	-	-	336,099
Other liabilities	83,383	-	-	83,383
Lease liabilities	15,203	-	-	15,203
Subordinated Sukuk	936,453	-	-	936,453
	12,153,379	-	-	12,153,379

-Others assets include sundry deposits, sundry debtors, receivables and also allowance for doubtful debts.

-Other liabilities include sundry creditors and amount due to holding company

(c) Credit Risk Management

(i) Credit Risk management overview

Credit risk is the potential loss of revenue as a result of defaults by borrowers or counterparties through the Group's and the Bank's financing, trading and investing activities. The primary exposure to credit risk arises through its financing and advances as well as financial transactions with counterparties including interbank money market activities and debt securities. The amount of credit exposure is represented by the carrying amounts of the assets in the statement of financial position.

The management of credit risk is governed by credit policies and guidelines documenting the financing standards, discretionary power for financing approval, credit risk rating, collateral and valuation, review, and restructuring of problematic and delinquent financing. The management of counterparties are guided by counterparty limit, counterparty ratings, tenure and types of permissible transactions and these are subject to regular review.

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 ("MFRS 134") AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA

23. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit Risk Management (Continued)

(ii) Maximum exposure to credit risk

The maximum exposure to credit risk at the statement of financial position date is the amount on the statement of financial position as well as off balance sheet financial instruments, without taking into account of any collateral held or credit enhancements. For contingent liabilities, the maximum exposure to credit risk is the maximum that the Bank would have to pay if the obligations of the instruments issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers.

Group and the Bank	30 June 2023 RM'000	31 December 2022 RM'000
Credit risk exposure relating to on-balance sheet assets:		
Cash and short term funds	568,332	88,704
Deposits and placements with banks and other financial institutions	529,154	602,841
Derivatives assets	-	479
Financial assets at fair value through profit or loss	-	-
Financial investments at amortised cost	2,037,012	1,409,865
Financial investments at fair value through other comprehensive income ("FVOCI")	2,100,383	1,962,633
Net financing and advances	9,236,653	8,614,644
Statutory deposit with BNM	194,541	201,655
Other assets	24,719	14,582
	<u>14,690,794</u>	<u>12,895,403</u>
Credit risk exposure of off-balance sheet items:		
Commitment and contingencies	6,702,797	5,586,658
Total maximum credit risk exposure	<u>21,393,591</u>	<u>18,482,061</u>

Bank

Credit risk exposure relating to on-balance sheet assets:		
Cash and short-term funds	568,332	88,704
Deposits and placements with banks and other financial institutions	529,154	602,841
Derivatives assets	-	479
Financial assets at fair value through profit or loss	-	-
Financial investments at amortised cost	2,037,012	1,409,865
Financial investments at fair value through other comprehensive income ("FVOCI")	2,100,383	1,962,633
Net financing and advances	9,236,653	8,614,644
Statutory deposit with BNM	194,541	201,655
Other assets	24,719	14,582
	<u>14,690,794</u>	<u>12,895,403</u>
Credit risk exposure of off-balance sheet items:		
Commitment and contingencies	6,702,797	5,586,658
Total maximum credit risk exposure	<u>21,393,591</u>	<u>18,482,061</u>

The financial effect of collateral (quantification of the extent to which collateral and other credit enhancements mitigate credit risk) held for financing and advances as at 30 June 2023 for the Bank is 60.6% (31 December 2022: 60.8%). The financial effect of collateral held for the other financial assets is not significant.

(iii) Credit Risk Concentration

A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic and other conditions. The Group and the Bank analysed the credit risk concentration by industry and geographic segments in which the customer is engaged.

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 (“MFRS 134”) AND POLICY DOCUMENT ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA MALAYSIA

23. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit Risk Management (Continued)

(iii) Credit Risk Concentration (Continued)

(a) Credit Risk - Credit Risk Concentration - By Industry Analysis

Group and Bank	Cash and Short term funds RM'000	Deposits and placements with banks and other financial institutions RM'000	Derivatives assets RM'000	Financial investment at amortised cost RM'000	Financial investments at FVOCI RM'000	Net financing and advances RM'000	Statutory deposits with BNM RM'000	Other assets RM'000	Total RM'000
<u>Unaudited</u>									
<u>30 June 2023</u>									
Household	-	-	-	-	-	1,561,958	-	-	1,561,958
Wholesale and retail trade and hotel and restaurant	-	-	-	-	-	1,425,187	-	-	1,425,187
Finance, insurance, real estate and business activities	-	-	-	-	-	1,826,635	-	-	1,826,635
Manufacturing	-	-	-	-	-	1,579,017	-	-	1,579,017
Construction	-	-	-	-	-	934,914	-	-	934,914
Finance intermediation	568,332	529,154	-	2,037,012	2,100,383	291,983	194,541	-	5,721,405
Education, health and others	-	-	-	-	-	114,500	-	-	114,500
Agriculture, hunting and related service activities	-	-	-	-	-	222,661	-	-	222,661
Transportation	-	-	-	-	-	64,388	-	-	64,388
Mining and quarrying	-	-	-	-	-	127,511	-	-	127,511
Other business	-	-	-	-	-	1,087,900	-	24,719	1,112,619
Total	568,332	529,154	-	2,037,012	2,100,383	9,236,654	194,541	24,719	14,690,794

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23. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit Risk Management (continued)

(iii) Credit Risk Concentration (Continued)

(a) Credit Risk - Credit Risk Concentration - By Industry Analysis (Continued)

Group and Bank	Cash and Short term funds RM'000	Deposits and placements with banks and other financial institutions RM'000	Derivatives assets RM'000	Financial investment at amortised cost RM'000	Financial investments at FVOCI RM'000	Net financing and advances RM'000	Statutory deposits with BNM RM'000	Other assets RM'000	Total RM'000
<u>Audited</u>									
<u>31 December 2022</u>									
Household	-	-	-	-	-	1,462,534	-	-	1,462,534
Wholesale and retail trade and hotel and restaurant	-	-	-	-	-	1,456,484	-	-	1,456,484
Finance, insurance, real estate and business activities	88,704	602,841	479	1,409,865	1,962,633	2,235,677	201,655	-	6,501,854
Manufacturing	-	-	-	-	-	1,495,091	-	-	1,495,091
Construction	-	-	-	-	-	820,655	-	-	820,655
Education, health and others	-	-	-	-	-	105,446	-	-	105,446
Agriculture, hunting and related service activities	-	-	-	-	-	243,557	-	-	243,557
Transportation	-	-	-	-	-	119,085	-	-	119,085
Mining and quarrying	-	-	-	-	-	85,000	-	-	85,000
Other business	-	-	-	-	-	591,115	-	14,581	605,696
Total	88,704	602,841	479	1,409,865	1,962,633	8,614,644	201,655	14,581	12,895,402

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 ("MFRS 134") AND
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23. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit Risk Management (Continued)

(iii) Credit Risk Concentration (Continued)

(b) Credit Risk - Credit Risk Concentration - By Geographical Analysis

<u>Unaudited</u> <u>30 June 2023</u>	Malaysia RM'000	Saudi Arabia RM'000	Other countries RM'000	Total RM'000
<u>Group and Bank</u>				
Cash and short term funds	559,014	665	8,653	568,332
Deposits and placements with banks and other financial institutions	-	253,557	275,597	529,154
Derivatives assets	-	-	-	-
Financial investment at amortised cost	1,410,089	626,923	-	2,037,012
Financial investments at fair value through other comprehensive income ("FVOCI")	2,100,383	-	-	2,100,383
Net financing and advances	8,931,783	-	304,870	9,236,653
Statutory deposits with BNM	194,541	-	-	194,541
Other assets	24,719	-	-	24,719
Total	13,220,529	881,145	589,120	14,690,794

<u>Audited</u> <u>31 December 2022</u>	Malaysia RM'000	Saudi Arabia RM'000	Other countries RM'000	Total RM'000
<u>Group and Bank</u>				
Cash and short term funds	43,080	1,588	44,036	88,704
Deposits and placements with banks and other financial institutions	-	427,256	175,585	602,841
Derivatives assets	479	-	-	479
Financial investments at amortised cost	1,015,569	394,296	-	1,409,865
Financial investments at fair value through other comprehensive income ("FVOCI")	1,962,633	-	-	1,962,633
Net financing and advances	8,327,468	-	287,176	8,614,644
Statutory deposits with BNM	201,655	-	-	201,655
Other assets	14,581	-	-	14,581
Total	11,565,465	823,140	506,797	12,895,402

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23. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit Risk Management (Continued)

(iv) Collateral

The main types of collateral obtained by the Group and the Bank to mitigate credit risk are as follows:

- for home financing: charges over the properties
- for shop-house financing: charges over the properties being financed
- for vehicle financing: charges over the vehicles financed
- for corporate and SME financing: charges over business assets such as premises or deposits.

(v) Credit quality of financial assets

For the purposes of disclosure relating to MFRS 7, all financial assets are categorised into the following:

- neither past due nor impaired
- past due but not impaired
- impaired

The Group and the Bank assesses credit quality of financing and advances using internal rating techniques tailored to the various categories of products and counterparties. These techniques have been developed internally and combine statistical analysis with credit officers' judgment.

Internal ratings

Description

- | | |
|------------------------|--|
| - Investment grade | Strong(est) credit quality which is associated with general standards of investment grade as per defined by international rating agency such as Standard and Poor's ("S&P"), Moody's, Fitch, and Japan Credit Rating Agency ("JCR"). |
| - Non-Investment grade | Weaker credit quality which is associated with general standards of non-investment grade as per defined by international rating agency such as Standard and Poor's ("S&P"), Moody's, Fitch, and Japan Credit Rating Agency ("JCR"). |

The credit quality of financial assets other than financing and advances are determined based on the ratings of counterparties as defined by Moody's or equivalent ratings of other international rating agencies as defined below:

- AAA to AA3
- A1 to A3
- Baa1 to Baa3
- P1 to P3
- Non rated

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23. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit Risk Management (continued)

(vi) Credit quality of financial assets - net financing and advances

	Group and Bank	
	Unaudited 30 June 2023 RM'000	Audited 31 Dec 2022 RM'000
Neither past due nor impaired	8,965,279	8,427,830
Past due but not impaired	373,384	282,561
Impaired	45,807	60,849
Gross financing and advances	9,384,470	8,771,240
Less:		
Collective impairment allowance	(100,636)	(98,313)
Individual impairment allowance	(33,156)	(44,258)
Modification loss	(14,025)	(14,025)
Net financing and advances	9,236,653	8,614,644

The ageing of financing and advances as at the end of the financial period / year are as follows:

	Group and Bank	
	Unaudited 30 June 2023 RM'000	Audited 31 Dec 2022 RM'000
Current	8,965,279	8,427,830
Past due 1-30 days	343,733	256,737
Past due 31-90 days	29,651	25,824
Past due more than 90 days	45,807	60,849
	9,384,470	8,771,240
Collective impairment	(100,636)	(98,313)
Individual impairments	(33,156)	(44,258)
Modification loss	(14,025)	(14,025)
Net financing and advances	9,236,653	8,614,644

(viii) Credit quality of impaired financial assets

(a) Impaired financial assets analysed by geographic purpose are as follows:

	Financing & advances RM'000	Financial assets/ investments portfolios RM'000	Total RM'000
Unaudited			
30 June 2023			
Malaysia	45,807	-	45,807
	45,807	-	45,807
Audited			
31 December 2022			
Malaysia	60,849	-	60,849
	60,849	-	60,849

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23. FINANCIAL RISK MANAGEMENT (Continued)

(viii) Credit quality of impaired financial assets (continued)

(b) Impaired financial assets analysed by industry sector are as follows:

	Financing & advances RM'000	Financial assets/ investments portfolios RM'000	Total RM'000
<u>Unaudited</u>			
<u>30 June 2023</u>			
Construction	17,269	-	17,269
Household	28,538	-	28,538
Other business	-	-	-
Manufacturing	-	-	-
	<u>45,807</u>	<u>-</u>	<u>45,807</u>

	Financing & advances RM'000	Financial assets/ investments portfolios RM'000	Total RM'000
<u>Audited</u>			
<u>31 December 2022</u>			
Construction	32,934	-	32,934
Household	23,279	-	23,279
Other business	4,636	-	4,636
Manufacturing	-	-	-
	<u>60,849</u>	<u>-</u>	<u>60,849</u>

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23. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit Risk Management (Continued)

(vii) Credit quality of financial assets - securities portfolio and other financial assets

	Cash and Short term funds RM'000	Deposits and placement of banks and other financial institutions RM'000	Derivatives assets RM'000	Financial assets/ investments portfolios RM'000	Statutory deposit with BNM RM'000	Other assets RM'000
Unaudited						
30 June 2023						
Group and Bank						
Neither past due nor impaired	568,332	529,154	-	4,137,395	194,541	24,719
Audited						
31 December 2022						
Group and Bank						
Neither past due nor impaired	88,704	602,841	479	3,372,498	201,655	14,582

(a) Analysed by rating agency designation are as follows:

	Cash and Short term funds RM'000	Deposits and placement of banks and other financial institutions RM'000	Derivatives assets RM'000	Financial assets/ investments portfolios RM'000	Statutory deposit with BNM RM'000	Other assets RM'000
Unaudited						
30 June 2023						
Group and Bank						
AAA to A-	550,754	311,267	-	1,447,040	-	-
BBB+ to B-	5,318	217,887	-	2,690,355	194,541	-
Unrated	12,260	-	-	-	-	24,719
	568,332	529,154	-	4,137,395	194,541	24,719
Audited						
31 December 2022						
Group and Bank						
AAA to A-	75,722	339,464	-	886,719	-	-
BBB+ to B-	2,078	263,377	-	2,486,175	201,655	-
Unrated	10,904	-	479	-	-	14,582
	88,705	602,841	479	3,372,894	201,655	14,582

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23. FINANCIAL RISK MANAGEMENT (Continued)

(d) Market Risk Management

(i) Profit rate sensitivity analysis

Group and Bank	Unaudited 30 June 2023		Audited 31 December 2022	
	Impact on profit after tax RM'000	Impact on equity RM'000	Impact on profit after tax RM'000	Impact on equity RM'000
+1%	8,811	(89,310)	4,414	(61,455)
- 1%	(8,811)	89,310	(4,414)	61,455

(ii) Foreign currency sensitivity analysis

The foreign currency sensitivity represents the effect of the appreciation or depreciation of the foreign currency rates on the consolidated currency position, while other variables remain constant.

Group and Bank	30 June 2023 Impact on loss after			31 December 2022 Impact on profit after		
	Net currency exposures RM'000	tax and equity 5% RM'000	-5% RM'000	Net currency exposures RM'000	tax and equity 5% RM'000	-5% RM'000
EUR	471	24	(24)	604	30	(30)
AUD	92	5	(5)	88	4	(4)
HKD	114	6	(6)	383	19	(19)
SAR	9,652	483	(483)	3,159	158	(158)
USD	(10,615)	(531)	531	(4,249)	(212)	212
Others	783	39	(39)	1,809	91	(91)
	496	25	(25)	1,794	90	(90)

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23. FINANCIAL RISK MANAGEMENT (Continued)

(d) Market Risk Management (Continued)

(iii) Profit Rate Risk

The Group is exposed to various risks associated with the effects of fluctuations in the prevailing levels of yield/profit rate on its financial position. The rate of return risk is the potential impact of market factors affecting rates on returns in comparison with the expected rates of return for investment account holders. Yield/profit rate is monitored and managed by the ALCO to protect the income of its operations. The assets and liabilities at carrying amount are categorised by the earlier of the next contractual repricing dates and maturity dates as follows:

Group	Non-trading book					Non-profit sensitive	Trading book	Total	Average effective profit rate
	Up to 1 month	> 1 -3 months	> 3 - 12 months	1 - 5 years	> 5 years				
Unaudited 30 June 2023	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%	
Assets									
Cash and short term funds	500,041	-	-	-	-	68,291	-	568,332	-
Derivatives assets	-	-	-	-	-	-	-	-	-
Deposit and placement with other FI / Institutions	186,761	62,253	280,140	-	-	-	-	529,154	4.34
Financial investment at amortised cost	-	-	-	206,678	1,830,334	-	-	2,037,012	4.08
Financial investments at fair value through other comprehensive income ("FVOCI")	192,413	197,679.00	664,825	983,111	62,355	-	-	2,100,383	2.86
Financing and advances									
- Performing ⁽¹⁾	1,353,217	1,795,657	1,588,570	1,756,103	2,845,116	(98,147)	-	9,240,516	4.88
- Non performing ⁽¹⁾	17,372.48	39.91	129.54	5,077.23	23,187.89	(35,645)	-	10,162	
- Modification loss	-	-	-	-	-	(14,025)	-	(14,025)	
Other assets ⁽²⁾	-	-	-	-	-	652,610	-	652,610	
Right-of-use assets	-	-	-	-	-	12,059	-	12,059	
Total assets	2,249,804	2,055,629	2,533,665	2,950,969	4,760,993	585,143	-	15,136,203	

Note:

⁽¹⁾ This is arrived at after deducting the ECL from the outstanding gross financing.

⁽²⁾ Other assets include property and equipment, intangible assets, deferred tax assets, investment properties and statutory deposits with Bank Negara Malaysia.

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 ("MFRS 134") AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA MALAYSIA

23. FINANCIAL RISK MANAGEMENT (Continued)

(d) Market Risk Management (Continued)

(iii) Profit Rate Risk (Continued)

Group (Continued)	Up to 1 month RM'000	> 1 -3 months RM'000	> 3 - 12 months RM'000	1 - 5 years RM'000	> 5 years RM'000	Non-profit sensitive RM'000	Trading book RM'000	Total RM'000	Average effective profit rate %
Unaudited (Continued) 30 June 2023									
Liabilities									
Deposits from customers	1,998,346	2,132,708	3,361,611	156,311	-	2,887,176	-	10,536,152	3.26
Deposits and placements of banks and other financial institutions	1,372,361	235,649	-	7,500	7,250	-	-	1,622,760	5.41
Derivative liabilities	-	-	-	-	-	3,578	-	3,578	
Bills and acceptance payable	-	-	-	-	-	4,367	-	4,367	
Recourse Obligations on Financing Sold to Cagamas	-	-	-	-	-	596,584	-	596,584	
Other liabilities	-	-	-	-	-	61,690	-	61,690	
Lease Liabilities	-	-	-	-	-	13,576	-	13,576	
Subordinated Sukuk	-	-	-	-	996,054	-	-	996,054	
Total liabilities	3,370,707	2,368,357	3,361,611	163,811	1,003,304	3,566,971	-	13,834,761	
Shareholders' fund	-	-	-	-	-	1,301,442	-	1,301,442	
Total liabilities and shareholders' fund	3,370,707	2,368,357	3,361,611	163,811	1,003,304	4,868,413	-	15,136,203	
On-balance sheet profit sensitivity gap	(1,120,903)	(312,728)	(827,946)	2,787,158	3,757,689	(4,283,270)	-		
Off-balance sheet profit sensitivity gap	-	-	-	-	-	6,702,797	-		
Total profit sensitivity gap	(1,120,903)	(312,728)	(827,946)	2,787,158	3,757,689	2,419,527	-		

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 ("MFRS 134") AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA MALAYSIA

23. FINANCIAL RISK MANAGEMENT (Continued)

(d) Market Risk Management (Continued)

(iii) Profit Rate Risk (Continued)

Bank	Non-trading book					Non-profit sensitive	Trading book	Total	Average effective profit rate
	Up to 1 month	> 1 -3 months	> 3 - 12 months	1 - 5 years	> 5 years				
Unaudited 30 June 2023	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Assets									
Cash and short term funds	500,041	-	-	-	-	68,291	-	568,332	-
Deposit and placement with other FI/ Institutions	186,761	62,253	280,140	-	-	-	-	529,154	4.34
Financial investment at amortised cost	-	-	-	206,677	1,830,335	-	-	2,037,012	4.08
Financial investments at fair value through other comprehensive income ("FVOCI")	192,413	197,679	664,825	983,111	62,355	-	-	2,100,383	2.86
Financing and advances									
- Performing ⁽¹⁾	1,353,217	1,795,657	1,588,570	1,756,103	2,845,116	(98,147)	-	9,240,516	4.88
- Non performing ⁽¹⁾	17,372	40	130	5,077	23,188	(35,645)	-	10,162	
- Modification loss	-	-	-	-	-	(14,025)	-	(14,025)	
Other assets ⁽²⁾	-	-	-	-	-	652,087	-	652,087	
Right-of-use assets	-	-	-	-	-	12,059	-	12,059	
Total assets	2,249,804	2,055,629	2,533,665	2,950,968	4,760,994	584,620	-	15,135,680	

Note:

⁽¹⁾ This is arrived at after deducting the ECL from the outstanding gross financing.

⁽²⁾ Other assets include property and equipment, intangible assets, deferred tax assets, investment properties and statutory deposits with Bank Negara Malaysia.

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 ("MFRS 134") AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA MALAYSIA

23. FINANCIAL RISK MANAGEMENT (Continued)

(d) Market Risk Management (Continued)

(iii) Profit Rate Risk (Continued)

Bank (Continued)	Up to 1 month RM'000	> 1 -3 months RM'000	> 3 - 12 months RM'000	1 - 5 years RM'000	> 5 years RM'000	Non-profit sensitive RM'000	Trading book RM'000	Total RM'000	Average effective profit rate %
Unaudited (Continued) 30 June 2023									
Liabilities									
Deposits from customers	1,998,346	2,132,708	3,361,611	156,311	-	2,887,176	-	10,536,152	3.26
Deposits and placements of banks and other financial institutions	1,372,361	235,649	-	7,500	7,250	-	-	1,622,760	5.41
Derivative liabilities	-	-	-	-	-	3,578	-	3,578	
Bills and acceptance payable	-	-	-	-	-	4,367	-	4,367	
Recourse Obligations on Financing Sold to Cagamas	-	-	-	-	-	596,584	-	596,584	
Other liabilities	-	-	-	-	-	62,932	-	62,932	
Lease Liabilities	-	-	-	-	-	13,576	-	13,576	
Subordinated Sukuk	-	-	-	-	996,054	-	-	996,054	
Total liabilities	3,370,707	2,368,357	3,361,611	163,811	1,003,304	3,568,213	-	13,836,003	
Shareholders' fund	-	-	-	-	-	1,299,677	-	1,299,677	
Total liabilities and shareholders' fund	3,370,707	2,368,357	3,361,611	163,811	1,003,304	4,867,890	-	15,135,680	
On-balance sheet profit sensitivity gap	(1,120,903)	(312,728)	(827,946)	2,787,157	3,757,690	(4,283,270)	-		
Off-balance sheet profit sensitivity gap	-	-	-	-	-	6,702,797	-		
Total profit sensitivity gap	(1,120,903)	(312,728)	(827,946)	2,787,157	3,757,690	2,419,527	-		

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 ("MFRS 134") AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA MALAYSIA

23. FINANCIAL RISK MANAGEMENT (Continued)

(d) Market Risk Management (Continued)

(iii) Profit Rate Risk (Continued)

Group	Non-trading book					Non-profit sensitive RM'000	Trading book RM'000	Total RM'000	Average effective profit rate %
	Up to 1 month RM'000	> 1 -3 months RM'000	> 3 - 12 months RM'000	1 - 5 years RM'000	> 5 years RM'000				
Audited 31 December 2022 (Continued)									
Assets									
Cash and short-term funds	-	-	-	-	-	88,704	-	88,704	-
Derivatives assets	-	-	-	-	-	479	-	479	-
Deposits and placements with bank and other financial institutions	117,057	46,823	438,961	-	-	-	-	602,841	4.06
Financial investments at amortised cost	-	-	-	161,830	1,248,035	-	-	1,409,865	2.78
Financial investments at fair value through other comprehensive income ("FVOCI")	-	10,163	612,358	1,340,112	-	-	-	1,962,633	2.56
Financing and advances	-	-	-	-	-	-	-	-	-
- Performing(1)	1,126,760	1,674,935	1,490,972	1,610,193	2,807,531	(98,313)	-	8,612,078	4.88
- Non-performing(1)	-	-	-	-	-	16,591	-	16,591	-
- Modification loss	-	-	-	-	-	(14,025)	-	(14,025)	-
Other assets(2)	-	-	-	-	-	564,114	-	564,114	-
Right-of-use assets	-	-	-	-	-	13,655	-	13,655	-
Total assets	1,243,817	1,731,921	2,542,291	3,112,135	4,055,566	571,205	-	13,256,935	

Note:

(1) This is arrived at after deducting the ECL from the outstanding gross financing.

(2) Other assets include property and equipment, intangible assets, deferred tax assets, investment properties and statutory deposits with Bank Negara Malaysia.

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 ("MFRS 134") AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA MALAYSIA

23. FINANCIAL RISK MANAGEMENT (Continued)

(d) Market Risk Management (Continued)

(iii) Profit Rate Risk (Continued)

Group (Continued)	Up to 1 month RM'000	> 1 -3 months RM'000	> 3 - 12 months RM'000	1 - 5 years RM'000	> 5 years RM'000	Non-profit sensitive RM'000	Trading book RM'000	Total RM'000	Average effective profit rate %
Audited (Continued) 31 December 2022 (Continued)									
Liabilities									
Deposits from customers	1,428,195	2,823,427	2,127,335	287,396	-	2,372,346	-	9,038,699	2.27
Deposits and placements of banks and other financial institutions	1,285,125	442,569	-	7,500	7,250	-	-	1,742,444	3.81
Bills and acceptance payable	-	-	-	-	-	1,098	-	1,098	
Recourse Obligations on Financing Sold to Cagamas	-	-	-	-	-	336,099	-	336,099	
Other liabilities	-	-	-	-	-	141,597	-	141,597	
Lease liabilities	-	-	-	-	-	15,203	-	15,203	
Subordinated Sukuk	-	-	-	-	936,453	-	-	936,453	
Total liabilities	2,713,320	3,265,996	2,127,335	294,896	943,703	2,866,343	-	12,211,593	
Shareholders' fund	-	-	-	-	-	1,045,342	-	1,045,342	
Total liabilities and shareholders' fund	2,713,320	3,265,996	2,127,335	294,896	943,703	3,911,685	-	13,256,935	
On-balance sheet profit sensitivity gap	(1,469,503)	(1,534,075)	414,956	2,817,239	3,111,863	(3,340,480)	-		
Off-balance sheet profit sensitivity gap	-	-	-	-	-	5,586,658	-		
Total profit sensitivity gap	(1,469,503)	(1,534,075)	414,956	2,817,239	3,111,863	2,246,178	-		

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 ("MFRS 134") AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA MALAYSIA

23. FINANCIAL RISK MANAGEMENT (Continued)

(d) Market Risk Management (Continued)

(iii) Profit Rate Risk (Continued)

Bank	Non-trading book					Non-profit sensitive	Trading book	Total	Average effective profit rate
	Up to 1 month	> 1 -3 months	> 3 - 12 months	1 - 5 years	> 5 years				
Audited 31 December 2022 (Continued)	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Assets									
Cash and short-term funds	-	-	-	-	-	88,704	-	88,704	-
Derivatives assets	-	-	-	-	-	479	-	479	-
Deposits and placements with bank and other financial institutions	117,057	46,823	438,961	-	-	-	-	602,841	4.06
Financial investments at amortised cost	-	-	-	161,830	1,248,035	-	-	1,409,865	2.78
Financial investments at fair value through other comprehensive income ("FVOCI")	-	10,163	612,358	1,340,112	-	-	-	1,962,633	2.56
Financing and advances									
- Performing ⁽¹⁾	1,126,760	1,674,935	1,490,972	1,610,193	2,807,531	(98,313)	-	8,612,078	4.88
- Non-performing ⁽¹⁾	-	-	-	-	-	16,591	-	16,591	
- Modification loss	-	-	-	-	-	(14,025)	-	(14,025)	
Other assets ⁽²⁾	-	-	-	-	-	563,766	-	563,766	
Right-of-use assets	-	-	-	-	-	13,655	-	13,655	
Total assets	1,243,817	1,731,921	2,542,291	3,112,135	4,055,566	570,857	-	13,256,587	

⁽¹⁾ This is arrived at after deducting the ECL from the outstanding gross financing.

⁽²⁾ Other assets include property and equipment, intangible assets, deferred tax assets, investment properties and statutory deposits with Bank Negara Malaysia.

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 ("MFRS 134") AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA MALAYSIA

23. FINANCIAL RISK MANAGEMENT (Continued)

(d) Market Risk Management (Continued)

(iii) Profit Rate Risk (Continued)

Audited (Continued) 31 December 2022 (Continued)	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	1 - 5 years RM'000	> 5 years RM'000	Non-profit sensitive RM'000	Trading book RM'000	Total RM'000	Average effective profit rate %
Liabilities									
Deposits from customers	1,428,195	2,823,427	2,127,335	287,396	-	2,372,346	-	9,038,699	2.27
Deposits and placements of banks and other financial institutions	1,285,125	442,569	-	7,500	7,250	-	-	1,742,444	3.81
Bills and acceptance payable	-	-	-	-	-	1,098	-	1,098	
Recourse obligations on financing sold to Cagamas	-	-	-	-	-	336,099	-	336,099	
Other liabilities	-	-	-	-	-	142,144	-	142,144	
Lease liabilities	-	-	-	-	-	15,203	-	15,203	
Subordinated Sukuk	-	-	-	-	936,453	-	-	936,453	
Total liabilities	2,713,320	3,265,996	2,127,335	294,896	943,703	2,866,890	-	12,212,140	
Shareholders' fund	-	-	-	-	-	1,044,447	-	1,044,447	
Total liabilities and shareholders' fund	2,713,320	3,265,996	2,127,335	294,896	943,703	3,911,337	-	13,256,587	
On-balance sheet profit sensitivity gap	(1,469,503)	(1,534,075)	414,956	2,817,239	3,111,863	(3,340,480)	-		
Off-balance sheet profit sensitivity gap	-	-	-	-	-	5,586,658	-		
Total profit sensitivity gap	(1,469,503)	(1,534,075)	414,956	2,817,239	3,111,863	2,246,178	-		

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 ("MFRS 134") AND POLICY DOCUMENT ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA MALAYSIA

23. FINANCIAL RISK MANAGEMENT (Continued)

(e) Operational Risk Management

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This risk is managed through established operational risk management processes, proper monitoring and reporting of the business units' adherence to established risk policies, procedures and limits by independent control and support units, and oversight provided by the management and the Board.

The operational risk management processes encompass appropriate documentation of processes and procedures within the framework of system of internal controls, regular disaster recovery and business continuity planning and simulations, self-compliance audit and internal audit.

(f) Liquidity Risk

Liquidity risk relates to the ability of the Group and of the Bank to maintain sufficient liquid assets to meet financial commitments and obligations when they fall due at a reasonable cost. The Assets and Liabilities Management Committee is the primary party responsible for liquidity management based on guidelines approved by the Risk Management Committee. The management of the liquidity risk is aligned to the New Liquidity Framework issued by BNM supplemented by liquidity risk management control and limits and a liquidity stress testing program. Liquidity limits are set for cash flow mismatches. In addition, liquidity trigger limits and concentration ratios are in place to serve as liquidity early warning indicators.

The table below analyses assets and liabilities (includes non-financial instruments) based on the remaining contractual maturity on discounted basis:

Group Unaudited 30 June 2023	Up to 7 days RM'000	> 7 days - 1 month RM'000	> 1 - 3 months RM'000	> 3 - 6 months RM'000	> 6 - 12 months RM'000	> 1 year RM'000	Total RM'000
Assets							
Cash and short term funds	-	568,332	-	-	-	-	568,332
Derivative assets	-	-	-	-	-	-	-
Deposits and placements of banks and other financial	-	186,761	62,253	217,887	62,253	-	529,154
Financial investment at amortised cost	-	-	-	-	-	2,037,012	2,037,012
Financial investments at fair value through other comprehensive income ("FVOCI")	-	192,412	197,679	161,179	503,646	1,045,467	2,100,383
Financing and advances	357,190	1,013,284	1,795,581	1,604,194	24,144	4,442,260	9,236,653
Other assets	124,129	-	-	-	519	345,480	470,128
Total assets	675,860	1,960,789	2,055,513	1,983,260	590,562	7,870,219	15,136,203
Liabilities							
Deposits from customers	723,473	839,521	973,172	965,320	277,775	6,756,891	10,536,152
Deposits and placements of banks and other financial institutions	347,511	1,024,850	235,649	-	-	14,750	1,622,760
Derivative liabilities	-	-	-	-	-	3,578	3,578
Bills and acceptance payable	4,367	-	-	-	-	-	4,367
Recourse Obligations on Financing Sold to Cagamas	-	-	-	-	596,584	-	596,584
Other liabilities	61,619	-	71	-	-	-	61,690
Lease liabilities	-	-	-	-	-	13,576	13,576
Subordinated Sukuk	-	-	-	-	-	996,054	996,054
Total liabilities	1,136,970	1,864,371	1,208,892	965,320	874,359	7,784,849	13,834,761
Shareholders' fund	-	-	-	-	-	1,301,442	1,301,442
Total liabilities and shareholders' fund	1,136,970	1,864,371	1,208,892	965,320	874,359	9,086,291	15,136,203
Net (liabilities)/assets maturity mismatch	(461,110)	96,418	846,621	1,017,940	(283,797)	(1,216,072)	

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 ("MFRS 134") AND POLICY DOCUMENT ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA MALAYSIA

23. FINANCIAL RISK MANAGEMENT (Continued)

(f) Liquidity Risk (Continued)

Group (continued) Audited 31 December 2022 (Continued)	Up to 7 days RM'000	> 7 days - 1 month RM'000	> 1 - 3 months RM'000	> 3 - 6 months RM'000	> 6 - 12 months RM'000	> 1 year RM'000	Total RM'000
Assets							
Cash and short term funds	88,704	-	-	-	-	-	88,704
Deposits and placements of banks and other financial	117,056	-	46,823	-	438,962	-	602,841
Derivative assets	-	-	479	-	-	-	479
Financial investments at amortised cost	-	-	-	-	-	1,409,865	1,409,865
Financial investments at fair value through other comprehensive income ("FVOCI")	-	-	10,163	60,008	552,350	1,340,111	1,962,633
Financing and advances	307,280	852,464	1,674,859	1,434,114	57,514	4,288,413	8,614,645
Statutory deposits with BNM	201,655	-	-	-	-	-	201,655
Other assets	3,168	-	29,524	-	284	343,136	376,113
Total assets	717,863	852,464	1,761,848	1,494,122	1,049,110	7,381,526	13,256,935
Liabilities							
Deposits from customers	2,836,499	966,303	2,821,166	1,275,105	852,230	287,396	9,038,699
Deposits and placements of banks and other financial institutions	527,919	757,206	442,569	-	-	14,750	1,742,444
Bills and acceptance payable	1,098	-	-	-	-	-	1,098
Recourse obligations on financing sold to Cagamas	-	-	-	-	336,099	-	336,099
Other liabilities	56,394	-	71,189	-	-	14,015	141,598
Lease liabilities	-	-	-	-	-	15,202	15,202
Subordinated Sukuk	-	-	-	-	-	936,453	936,453
Total liabilities	3,421,910	1,723,508	3,334,924	1,275,105	1,188,329	1,267,816	12,211,593
Shareholders' fund	-	-	-	-	-	1,045,342	1,045,342
Total liabilities and shareholders' fund	3,421,910	1,723,508	3,334,924	1,275,105	1,188,329	2,313,158	13,256,935
Net (liabilities)/assets maturity mismatch	(2,704,047)	(871,044)	(1,573,076)	219,017	(139,219)	5,068,367	

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 ("MFRS 134") AND POLICY DOCUMENT ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA MALAYSIA

23. FINANCIAL RISK MANAGEMENT (Continued)

(f) Liquidity Risk (Continued)

Bank Unaudited 30 June 2023	Up to 7 days RM'000	> 7 days - 1 month RM'000	> 1 - 3 months RM'000	> 3 - 6 months RM'000	> 6 - 12 months RM'000	> 1 year RM'000	Total RM'000
Assets							
Cash and short term funds	-	568,332	-	-	-	-	568,332
Derivative assets	-	-	-	-	-	-	-
Deposits and placements of banks and other financial	-	186,760	62,253	217,887	62,253	-	529,154
Financial investment at amortised cost	-	-	-	-	-	2,037,012	2,037,012
Financial investments at fair value through other comprehensive income (FVOCI)	-	192,412	197,679	161,179	503,646	1,045,467	2,100,383
Financing and advances	357,191	1,013,284	1,795,581	1,604,194	24,144	4,442,260	9,236,653
Statutory deposits with BNM	194,541	-	-	-	-	-	194,541
Other assets	123,606	-	-	-	519	345,479	469,605
Total assets	675,338	1,960,789	2,055,514	1,983,259	590,563	7,870,217	15,135,680
Liabilities							
Deposits from customers	723,472	839,521	973,172	965,320	277,775	6,756,892	10,536,152
Deposits and placements of banks and other financial institutions	347,511	1,024,850	235,649	-	-	14,750	1,622,760
Derivative liabilities	-	-	-	-	-	3,578	3,578
Bills and acceptance payable	4,367	-	-	-	-	-	4,367
Recourse Obligations on Financing Sold to Cagamas	-	-	-	-	596,584	-	596,584
Other liabilities	62,860	-	72	-	-	-	62,932
Lease liabilities	-	-	-	-	-	13,576	13,576
Subordinated Sukuk	-	-	-	-	-	996,054	996,054
Total liabilities	1,138,210	1,864,371	1,208,893	965,320	874,359	7,784,850	13,836,003
Shareholders' fund	-	-	-	-	-	1,299,677	1,299,677
Total liabilities and shareholders' fund	1,138,210	1,864,371	1,208,893	965,320	874,359	9,084,527	15,135,680
Net (liabilities)/assets maturity mismatch	(462,871)	96,418	846,620	1,017,939	(283,796)	(1,214,310)	

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 ("MFRS 134") AND POLICY DOCUMENT ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA MALAYSIA

23. FINANCIAL RISK MANAGEMENT (Continued)

(f) Liquidity Risk (Continued)

Bank (continued) Audited 31 December 2022 (Continued)	Up to 7 days RM'000	> 7 days - 1 month RM'000	> 1 - 3 months RM'000	> 3 - 6 months RM'000	> 6 - 12 months RM'000	> 1 year RM'000	Total RM'000
Assets							
Cash and short term funds	88,704	-	-	-	-	-	88,704
Deposits and placements of banks and other financial	117,057	-	46,823	-	438,961	-	602,841
Derivative assets	-	-	479	-	-	-	479
Financial investments at amortised cost	-	-	-	-	-	1,409,865	1,409,865
Financial investments at fair value through other comprehensive income ("FVOCI")	-	-	10,163	60,008	552,350	1,340,112	1,962,633
Financing and advances	307,280	852,464	1,674,859	1,434,114	57,514	4,288,413	8,614,644
Statutory deposits with BNM	201,655	-	-	-	-	-	201,655
Other assets	3,168	-	29,176	-	284	343,138	375,766
Total assets	717,864	852,464	1,761,500	1,494,122	1,049,109	7,381,527	13,256,587
Liabilities							
Deposits from customers	2,836,499	966,303	2,821,166	1,275,105	852,230	287,396	9,038,699
Deposits and placements of banks and other financial institutions	527,919	757,206	442,569	-	-	14,750	1,742,444
Bills and acceptance payable	1,098	-	-	-	-	-	1,098
Recourse Obligations on Financing Sold to Cagamas	-	-	-	-	336,099	-	336,099
Other liabilities	56,396	-	71,732	-	-	14,015	142,144
Lease liabilities	-	-	-	-	-	15,203	15,203
Subordinated sukuk	-	-	-	-	-	936,453	936,453
Total liabilities	3,421,912	1,723,509	3,335,467	1,275,105	1,188,329	1,267,817	12,212,140
Shareholders' fund	-	-	-	-	-	1,044,447	1,044,447
Total liabilities and shareholders' fund	3,421,912	1,723,509	3,335,467	1,275,105	1,188,329	2,312,264	13,256,587
Net (liabilities)/assets maturity mismatch	(2,704,048)	(871,044)	(1,573,967)	219,016	(139,220)	5,069,262	

(g) Capital Management Policy

Capital risk is defined as the risk that the Group and the Bank has insufficient capital to provide a sufficient resource to absorb predetermined levels of losses or that the capital structure is inefficient.

Capital risk appetite is set by the Board and reported through various metrics that enable the Group and the Bank to manage capital constraints and shareholder expectations. The Assets and Liabilities Management Committee regularly revise performance against risk appetite.

A capital exposure arises where the Group and the Bank has insufficient regulatory capital resources to support its strategic objectives and plans, and to meet external shareholder requirements and expectations. The Group's capital management policy is focused on optimising value for shareholders.

Capital Management and Basel II

The infrastructure implementation that has been completed has already yielded significant benefits to the Group and the Bank and puts the businesses on an advanced footing to:

- Enhance our economic capital management;
- Refine risk based pricing methods for the products and services; and
- Improve asset quality across the businesses of the Group and the Bank.

The Group and the Bank continues to develop sustainable capabilities for continuous improvements in the use and adoption of the advanced approaches of the Basel II capital accord. The Group and Bank had obtained BNM's approval to apply the Standardised Approach for Credit Risk.

EXPLANATORY NOTES PERSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 ("MFRS 134") AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA MALAYSIA

24. CAPITAL ADEQUACY

- a) The capital adequacy ratios of the Group and the Bank below are disclosed pursuant to the requirements of Bank Negara Malaysia's Risk Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirements (Pillar 3):

	Group		Bank	
	Unaudited 30 June 2023 RM'000	Audited 31 December 2022 RM'000	Unaudited 30 June 2023 RM'000	Audited 31 December 2022 RM'000
CET 1 / Tier 1 capital				
Paid-up share capital	1,541,868	1,341,868	1,541,868	1,341,868
Reserves	(302,171)	(296,526)	(303,066)	(297,421)
	1,239,697	1,045,342	1,238,802	1,044,447
Less: Deferred tax	(49,497)	(49,497)	(49,497)	(49,497)
Other CET1 regulatory adjustment	10,602	15,210	10,602	15,210
Total CET 1 Capital	1,200,802	1,011,055	1,199,907	1,010,160
Additional Subordinated Sukuk	373,520	351,171	373,520	351,171
Total Tier 1 capital	1,574,322	1,362,226	1,573,427	1,361,331
Tier II capital				
General Provision	108,327	100,005	108,327	100,005
Subordinated Sukuk	622,534	585,282	622,534	585,282
Total Tier II capital	730,861	685,287	730,861	685,287
Capital base	2,305,183	2,047,513	2,304,288	2,046,618
CET 1 / Core capital ratio	10.589%	9.955%	10.584%	9.947%
Tier 1 Capital	13.883%	13.413%	13.878%	13.404%
Risk-weighted capital ratio	20.329%	20.161%	20.324%	20.152%

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

	Group		Bank	
	Unaudited 30 June 2023 RM'000	Audited 31 December 2022 RM'000	Unaudited 30 June 2023 RM'000	Audited 31 December 2022 RM'000
Credit risk	10,768,434	9,584,583	10,767,910	9,584,583
Market risk	146,036	146,520	146,036	146,520
Operational risk	425,130	424,706	423,548	424,706
	11,339,600	10,155,809	11,337,494	10,155,809

EXPLANATORY NOTES PERSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 ("MFRS 134") AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA MALAYSIA

24. CAPITAL ADEQUACY (Continued)

- (b) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category for the current financial period are as follows:

Exposure Class	Gross exposures RM'000	Net exposures RM'000	Group 30 June 2023	
			Risk weighted assets RM'000	Capital requirements RM'000
Credit Risk				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	3,945,047	3,945,047	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Bank ("MDBs")	859,390	859,391	426,900	34,152
Corporate	8,938,177	8,757,217	8,099,400	647,952
Regulatory Retail	239,284	227,076	170,307	13,625
Residential Real Estate ("RRE") Financing	792,746	792,747	374,953	29,996
Higher risk asset	523	523	784	63
Other assets	323,793	323,794	312,675	25,014
Defaulted Exposures	10,162	10,162	9,749	780
Total for On-Balance Sheet Exposures	15,109,122	14,915,957	9,394,768	751,582
<i>Off-Balance Sheet Exposures</i>				
Off-balance sheet exposures other than OTC derivatives or credit derivatives	1,399,535	1,399,535	1,373,666	109,893
Total for Off-Balance Sheet Exposures	1,399,535	1,399,535	1,373,666	109,893
Total On and Off-Balance Sheet Exposures	16,508,657	16,315,492	10,768,434	861,475
Market Risk				
Foreign Currency Risk	Long position 11,403	Short position -	11,403	912
Inventory Risk			134,633	10,771
Operational Risk			425,130	34,010
Total RWA and Capital Requirements			11,339,600	907,168

EXPLANATORY NOTES PERSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 ("MFRS 134") AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA MALAYSIA

24. CAPITAL ADEQUACY (Continued)

- (b) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category for the current financial year are as follows:

Exposure Class	Group 31 December 2022			
	Gross exposures RM'000	Net exposures RM'000	Risk weighted assets RM'000	Capital requirements RM'000
Credit Risk				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	3,022,327	3,022,327	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Bank ("MDBs")	948,110	948,110	391,133	31,291
Corporate	7,854,707	7,659,740	7,225,510	578,041
Regulatory Retail	211,490	205,074	153,806	12,304
Residential Real Estate ("RRE") Financing	799,534	799,534	378,232	30,259
Higher risk asset	490	490	735	59
Other assets	235,760	235,760	224,985	17,999
Defaulted Exposures	16,362	16,362	12,087	967
Total for On-Balance Sheet Exposures	13,088,780	12,887,397	8,386,488	670,920
<i>Off-Balance Sheet Exposures</i>				
Off-balance sheet exposures other than OTC derivatives or credit derivatives	1,227,094	1,227,094	1,198,095	95,848
Total for Off-Balance Sheet Exposures	1,227,094	1,227,094	1,198,095	95,848
Total On and Off-Balance Sheet Exposures	14,315,874	14,114,491	9,584,583	766,768
Market Risk				
Foreign Currency Risk	Long position 6,043	Short position -	6,043	483
Inventory Risk			140,477	11,238
Operational Risk			424,706	33,976
Total RWA and Capital Requirements			10,155,809	812,465

EXPLANATORY NOTES PERSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 ("MFRS 134") AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA MALAYSIA

24. CAPITAL ADEQUACY (Continued)

- (b) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category for the current financial period are as follows: (continued)

Exposure Class	Gross exposures RM'000	Net exposures RM'000	Risk weighted assets RM'000	Bank
				30 June 2023 Capital requirements RM'000
Credit Risk				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central				
Banks	3,945,047	3,945,047	-	-
Banks, Development				
Financial Institutions ("DFIs") and Multilateral Development Bank ("MDBs")	859,390	859,391	426,900	34,152
Corporate	8,938,177	8,757,217	8,099,400	647,952
Regulatory Retail	239,284	227,076	170,307	13,625
Residential Real Estate				
("RRE") Financing	792,746	792,747	374,953	29,996
Higher Risk Asset	523	523	784	63
Other assets	323,269	323,270	312,151	24,972
Defaulted Exposures	10,162	10,162	9,749	780
Total for On-Balance Sheet Exposures	15,108,598	14,915,433	9,394,244	751,540
<i>Off-Balance Sheet Exposures</i>				
Off-balance sheet exposures other than OTC derivatives or credit derivatives				
Total for Off-Balance Sheet Exposures	1,399,535	1,399,535	1,373,666	109,893
Total On and Off-Balance Sheet Exposures	16,508,133	16,314,968	10,767,910	861,433
Market Risk				
	Long position	Short position		
Foreign Currency Risk	11,403	-	11,403	912
Inventory Risk			134,633	10,771
Operational Risk				
Total RWA and Capital Requirements			423,548	33,884
			11,337,494	907,000

EXPLANATORY NOTES PERSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 ("MFRS 134") AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA MALAYSIA

24. CAPITAL ADEQUACY (Continued)

- (b) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category for the current financial year are as follows: (continued)

Exposure Class	Bank 31 December 2022			
	Gross exposures RM'000	Net exposures RM'000	Risk weighted assets RM'000	Capital requirements RM'000
Credit Risk				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	3,022,327	3,022,327	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Bank ("MDBs")	948,110	948,110	391,133	31,291
Corporate	7,854,707	7,659,740	7,225,510	578,041
Regulatory Retail	211,490	205,074	153,806	12,304
Residential Real Estate ("RRE") Financing	799,534	799,534	378,232	30,259
Higher Risk Asset	490	490	735	59
Other assets	235,760	235,760	224,985	17,999
Defaulted Exposures	16,362	16,362	12,087	967
Total for On-Balance Sheet Exposures	13,088,780	12,887,397	8,386,488	670,920
<i>Off-Balance Sheet Exposures</i>				
Off-balance sheet exposures other than OTC derivatives or credit derivatives	1,227,094	1,227,094	1,198,095	95,848
Total for Off-Balance Sheet Exposures	1,227,094	1,227,094	1,198,095	95,848
Total On and Off-Balance Sheet Exposures	14,315,874	14,114,491	9,584,583	766,768
Market Risk				
Foreign Currency Risk	Long position 6,043	Short position -	6,043	483
Inventory Risk			140,477	11,238
Operational Risk			424,706	33,976
Total RWA and Capital Requirements			10,155,809	812,466

EXPLANATORY NOTES PERSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 ("MFRS 134") AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA MALAYSIA

24. CAPITAL ADEQUACY (Continued)

(c) The breakdown of credit risk disclosed by risk-weights (including deducted exposures) are as follows:

Group

Unaudited
30 June 2023

Risk weights	Exposures after netting and credit risk mitigation ("CRM")							Total exposure after netting and CRM RM'000	Total weighted assets RM'000
	Sovereigns/ Central Bank RM'000	Banks, DFIs & MDBs RM'000	Corporate RM'000	Regulatory Retail RM'000	Residential Real Estate RM'000	Higher Risk Assets RM'000	Other assets RM'000		
Performing Exposures									
0%	3,945,047	-	-	-	-	-	11,119	3,956,166	-
20%	-	29,484	822,271	-	-	-	-	851,755	170,351
35%	-	-	-	-	568,384	-	-	568,384	198,934
50%	-	850,072	-	-	94,358	-	-	944,430	472,215
75%	-	-	-	266,214	4,661	-	-	270,875	203,156
100%	-	-	9,275,085	-	125,344	-	312,675	9,713,104	9,713,104
150%	-	-	-	-	-	616	-	616	924
Total	3,945,047	879,556	10,097,356	266,214	792,747	616	323,794	16,305,330	10,758,684
Defaulted Exposures									
35%	-	-	-	-	-	-	-	-	-
50%	-	-	1,362	124	1,533	-	-	3,019	1,510
100%	-	-	2	2	4,946	-	-	4,950	4,950
150%	-	-	-	2,193	-	-	-	2,193	3,290
Total	-	-	1,364	2,319	6,479	-	-	10,162	9,750
Total Performing and Defaulted	3,945,047	879,556	10,098,720	268,533	799,226	616	323,794	16,315,492	10,768,434

EXPLANATORY NOTES PERSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 ("MFRS 134") AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA MALAYSIA

24. CAPITAL ADEQUACY (Continued)

(c) The breakdown of credit risk disclosed by risk-weights (including deducted exposures) are as follows:

Bank

Unaudited
30 June 2023

Risk weights	Exposures after netting and credit risk mitigation ("CRM")							Total exposure after netting and CRM RM'000	Total weighted assets RM'000
	Sovereigns/ Central Bank RM'000	Banks, DFIs & MDBs RM'000	Corporate RM'000	Regulatory Retail RM'000	Residential Real Estate RM'000	Higher Risk Assets RM'000	Other assets RM'000		
Performing Exposures									
0%	3,945,047	-	-	-	-	-	11,119	3,956,166	-
20%	-	29,484	822,271	-	-	-	-	851,755	170,351
35%	-	-	-	-	568,384	-	-	568,384	198,934
50%	-	850,072	-	-	94,358	-	-	944,430	472,215
75%	-	-	-	266,214	4,661	-	-	270,875	203,156
100%	-	-	9,275,085	-	125,344	-	312,151	9,712,580	9,712,580
150%	-	-	-	-	-	616	-	616	924
Total	3,945,047	879,556	10,097,356	266,214	792,747	616	323,270	16,304,806	10,758,160
Defaulted Exposures									
35%	-	-	-	-	-	-	-	-	-
50%	-	-	1,362	124	1,533	-	-	3,019	1,510
100%	-	-	2	2	4,946	-	-	4,950	4,950
150%	-	-	-	2,193	-	-	-	2,193	3,290
Total	-	-	1,364	2,319	6,479	-	-	10,162	9,750
Total Performing and Defaulted	3,945,047	879,556	10,098,720	268,533	799,226	616	323,270	16,314,968	10,767,910

EXPLANATORY NOTES PERSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 ("MFRS 134") AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA MALAYSIA

24. CAPITAL ADEQUACY (Continued)

(c) The breakdown of credit risk disclosed by risk-weights (including deducted exposures) are as follows:

Group

Audited

31 December 2022

Risk weights	Exposures after netting and credit risk mitigation ("CRM")							Total exposure after netting and CRM RM'000	Total risk weighted assets RM'000
	Sovereigns/ Central Bank RM'000	Banks, DFIs & MDBs RM'000	Corporate RM'000	Regulatory Retail RM'000	Residential Real Estate RM'000	Higher Risk Assets RM'000	Other assets RM'000		
Performing Exposures									
0%	3,022,327	-	-	-	-	-	10,774	3,033,101	-
20%	-	288,248	552,788	-	-	-	-	841,036	168,207
35%	-	-	-	-	580,809	-	-	580,809	203,283
50%	-	671,705	-	-	90,239	-	-	761,944	380,972
75%	-	-	-	241,573	4,613	-	-	246,186	184,640
100%	-	-	8,281,669	-	127,714	-	224,985	8,634,368	8,634,368
150%	-	-	-	-	-	684	-	684	1,026
Total	3,022,327	959,953	8,834,457	241,573	803,375	684	235,759	14,098,128	9,572,496
Defaulted Exposures									
35%	-	-	-	-	-	-	-	-	-
50%	-	-	7,262	93	3,317	-	-	10,672	5,336
100%	-	-	3,571	-	-	-	-	3,571	3,571
150%	-	-	-	2,120	-	-	-	2,120	3,180
Total	-	-	10,833	2,213	3,317	-	-	16,363	12,087
Total Performing and Defaulted	3,022,327	959,953	8,845,290	243,786	806,692	684	235,759	14,114,491	9,584,583

EXPLANATORY NOTES PERSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 ("MFRS 134") AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA MALAYSIA

24. CAPITAL ADEQUACY (Continued)

(c) The breakdown of credit risk disclosed by risk-weights (including deducted exposures) are as follows:

Bank

Audited
31 December 2022

Risk weights	Exposures after netting and credit risk mitigation ("CRM")							Total exposure after netting and CRM RM'000	Total risk weighted assets RM'000
	Sovereigns/ Central Bank RM'000	Banks, DFIs & MDBs RM'000	Corporate RM'000	Regulatory Retail RM'000	Residential Real Estate RM'000	Higher Risk Assets RM'000	Other assets RM'000		
Performing Exposures									
0%	3,022,327	-	-	-	-	-	10,774	3,033,101	-
20%	-	288,248	552,788	-	-	-	-	841,036	168,207
35%	-	-	-	-	580,809	-	-	580,809	203,283
50%	-	671,705	-	-	90,239	-	-	761,944	380,972
75%	-	-	-	241,573	4,613	-	-	246,186	184,640
100%	-	-	8,281,669	-	127,714	-	224,985	8,634,368	8,634,368
150%	-	-	-	-	-	684	-	684	1,026
Total	3,022,327	959,953	8,834,457	241,573	803,375	684	235,759	14,098,128	9,572,496
Defaulted Exposures									
35%	-	-	-	-	-	-	-	-	-
50%	-	-	7,262	93	3,317	-	-	10,672	5,336
100%	-	-	3,571	-	-	-	-	3,571	3,571
150%	-	-	-	2,120	-	-	-	2,120	3,180
Total	-	-	10,833	2,213	3,317	-	-	16,363	12,087
Total Performing and Defaulted	3,022,327	959,953	8,845,290	243,786	806,692	684	235,759	14,114,491	9,584,583

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 (“MFRS 134”) AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK

24. CAPITAL ADEQUACY (Continued)

(d) The breakdown of risk-weighted assets by risk-weights are as follows:

	Group Unaudited 30 June 2023	
	Principal RM'000	Risk-weighted RM'000
0%	3,956,166	-
20%	851,755	170,351
35%	568,384	198,934
50%	947,449	473,725
75%	270,875	203,156
100%	9,718,054	9,718,054
150%	2,809	4,214
Risk-weighted assets for credit risk	<u>16,315,492</u>	<u>10,768,434</u>
Large exposure risk-weighted assets for equity holdings		
Risk-weighted assets for market risk		146,037
Risk-weighted assets for operational risk		<u>425,130</u>
Total risk-weighted assets		<u>11,339,600</u>

	Bank Unaudited 30 June 2023	
	Principal RM'000	Risk-weighted RM'000
0%	3,956,166	-
20%	851,755	170,351
35%	568,384	198,934
50%	947,449	473,725
75%	270,875	203,156
100%	9,717,530	9,717,530
150%	2,809	4,214
Risk-weighted assets for credit risk	<u>16,314,968</u>	<u>10,767,910</u>
Large exposure risk-weighted assets for equity holdings		
Risk-weighted assets for market risk		146,036
Risk-weighted assets for operational risk		<u>423,548</u>
Total risk-weighted assets		<u>11,337,494</u>

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 (“MFRS 134”) AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK

24. CAPITAL ADEQUACY (Continued)

(d) The breakdown of risk-weighted assets by risk-weights are as follows:

	Group Audited 31 December 2022	
	Principal RM'000	Risk-weighted RM'000
0%	3,033,101	-
20%	841,036	168,207
35%	580,809	203,283
50%	772,616	386,308
75%	246,186	184,640
100%	8,637,939	8,637,939
150%	2,804	4,206
Risk-weighted assets for credit risk	<u>14,114,491</u>	<u>9,584,583</u>
Large exposure risk-weighted assets for equity holdings		146,520
Risk-weighted assets for market risk		424,706
Risk-weighted assets for operational risk		<u>10,155,809</u>
Total risk-weighted assets		<u>10,155,809</u>

	Bank Audited 31 December 2022	
	Principal RM'000	Risk-weighted RM'000
0%	3,033,102	-
20%	841,036	168,207
35%	580,809	203,283
50%	772,616	386,308
75%	246,186	184,640
100%	8,637,938	8,637,939
150%	2,804	4,206
Risk-weighted assets for credit risk	<u>14,114,491</u>	<u>9,584,583</u>
Large exposure risk-weighted assets for equity holdings		146,520
Risk-weighted assets for market risk		424,706
Risk-weighted assets for operational risk		<u>10,155,809</u>
Total risk-weighted assets		<u>10,155,809</u>

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 (“MFRS 134”) AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA MALAYSIA

24. CAPITAL ADEQUACY (Continued)

(e) Disclosure on off balance sheet and counterparty credit risk are as follows:

Group and Bank	Unaudited 30 June 2023			Audited 31 December 2022		
	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Transaction-related contingent items	407,388	203,694	203,694	336,612	168,306	168,306
Short term self liquidating trade related contingencies	46,083	9,217	9,217	48,600	9,720	9,720
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	622,422	311,210	309,931	464,158	232,074	229,291
Other commitments, such as formal standby facilities and credit lines, with an original maturity up to one year	4,276,246	855,249	846,791	4,025,844	805,151	788,409
Foreign exchange related contracts	1,350,658	20,165	4,033	711,444	11,843	2,369
	<u>6,702,797</u>	<u>1,399,535</u>	<u>1,373,666</u>	<u>5,586,658</u>	<u>1,227,094</u>	<u>1,198,095</u>

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 (“MFRS 134”) AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK

24. SEGMENTAL INFORMATION

Group	Unaudited 30 June 2023				
	Retail banking RM'000	Treasury & money market RM'000	Corporate investment banking RM'000	Others RM'000	Total RM'000
Total revenue	87,603	143,391	139,334	1,902	372,229
Result					
Segment result	35,271	25,557	104,635	1,385	166,848
Unallocated corporate expenses					(123,105)
Profit before zakat and taxation					43,743
Zakat and taxation					-
Net profit for the financial period					43,743
Other information					
Segment assets	1,572,055	5,418,303	7,675,716	-	14,666,075
Unallocated corporate assets					470,128
Total assets					15,136,203
Segment liabilities	2,754,061	5,584,388	3,732,387	88,076	12,158,912
Unallocated corporate liabilities					1,675,849
Total liabilities					13,834,761
Other segment items					
Capital expenditure	5,465	-	2,636	-	8,101
Unallocated capital expenditure					161,198
					169,300
Depreciation and amortisation	3,322	130	615	-	4,066
Unallocated depreciation and amortisation					13,973
					18,040
Other non-cash (income)/expenses	(10,238)	(1,215)	9,787	-	(1,666)

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 (“MFRS 134”) AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK

24. SEGMENTAL INFORMATION (Continued)

Bank	Unaudited 30 June 2023				
	Retail banking RM'000	Treasury & money market RM'000	Corporate investment banking RM'000	Others RM'000	Total RM'000
Total revenue	87,603	143,391	139,334	1,902	372,229
Result					
Segment result	35,271	25,557	104,635	1,385	166,848
Unallocated corporate expenses					(123,974)
Profit before zakat and taxation					42,874
Zakat and taxation					-
Net profit for the financial period					42,874
Other information					
Segment assets	1,572,055	5,418,302	7,675,716		14,666,074
Unallocated corporate assets					469,606
Total assets					15,135,680
Segment liabilities	2,754,061	5,584,388	3,732,387	88,076	12,158,912
Unallocated corporate liabilities					1,677,091
Total liabilities					13,836,003
Other segment items					
Capital expenditure	5,465	-	2,636	-	8,101
Unallocated capital expenditure					161,198
					169,300
Depreciation and amortisation	3,322	130	615	-	4,066
Unallocated depreciation and amortisation					13,973
					18,040
Other non-cash (income)/expenses	(10,238)	(1,215)	9,787	-	(1,666)

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 (“MFRS 134”) AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK

24. SEGMENTAL INFORMATION (Continued)

Group	Unaudited 30 June 2022				
	Retail banking RM'000	Treasury & money market RM'000	Corporate investment banking RM'000	Others RM'000	Total RM'000
Total revenue	62,341	53,779	89,728	821	206,669
Result					
Segment result	27,134	19,777	59,499	821	107,232
Unallocated corporate expenses					(97,920)
Profit before zakat and taxation					9,311
Zakat and taxation					-
Net profit for the financial period					9,311
Other information					
Segment assets	1,414,170	3,569,096	6,053,570	-	11,036,835
Unallocated corporate assets					347,579
Total assets					11,384,414
Segment liabilities	2,625,037	2,559,730	4,546,763	3	9,731,533
Unallocated corporate liabilities					916,737
Total liabilities					10,648,270
Other segment items					
Capital expenditure	340	-	279	-	619
Unallocated capital expenditure					118,069
					118,688
Depreciation and amortisation	3,041	82	448	-	3,571
Unallocated depreciation and amortisation					4,488
					8,059
Other non-cash (income)/expenses	(9,611)	99	(5,252)	-	(14,764)

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 (“MFRS 134”) AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK

24. SEGMENTAL INFORMATION (Continued)

Bank	Unaudited 30 June 2022				
	Retail banking RM'000	Treasury & money market RM'000	Corporate investment banking RM'000	Others RM'000	Total RM'000
Total revenue	62,341	53,779	89,676	-	205,796
Result					
Segment result	27,134	19,777	59,446	-	106,358
Unallocated corporate expenses					(97,854)
Profit before zakat and taxation					8,503
Zakat and taxation					-
Net profit for the financial period					8,503
Other information					
Segment assets	1,414,170	3,569,096	6,053,570	-	11,036,835
Unallocated corporate assets					347,541
Total assets					11,384,376
Segment liabilities	2,625,037	2,559,730	4,546,763	3	9,731,533
Unallocated corporate liabilities					917,446
Total liabilities					10,648,979
Other segment items					
Capital expenditure	340	-	279	-	619
Unallocated capital expenditure					118,069
					118,688
Depreciation and amortisation	3,041	82	448	-	3,571
Unallocated depreciation and amortisation					4,488
					8,059
Other non-cash (income)/expenses	(9,611)	99	(5,252)	-	(14,764)

EXPLANATORY NOTES PERSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 (“MFRS 134”) AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK

25. REVIEW OF PERFORMANCE FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2023 AGAINST THE CORRESPONDING FINANCIAL QUARTER OF THE PRECEDING YEAR

For the financial period ended 30 June 2023, the Group and Bank recorded a pre tax profit of RM43.7 million and RM42.9 million respectively as compared to a pre tax profit of RM9.3 million and RM8.5 million respectively in the preceding year's corresponding period.

26. PROSPECTS FOR 2023

After an encouraging performance in 2022 with GDP growth of 8.7%, Malaysia domestic economy is expected to moderate with GDP expected to grow between 4% to 5% in 2023. This is in line with the slowdown in global economic amid further escalation of geopolitical tensions and rising interest rates, however Malaysia's GDP growth expectations are favourable against global peers. The recently announced Budget 2023 emphasized on strategies to drive domestic economic growth. It is expected that a steady domestic demand will be able to mitigate the impact from the anticipated global slowdown.

With the expected moderate growth, the Bank is set to optimise its overall operations supported by the digital bank, Rize that allows for scalability of target segments allowing for overall balance of the banking book in the medium term. In addition, the Bank is expected to grow the corporate business in selective manner as well as strengthening head-office synergies. The Bank will also continue to maintain continually improving governance, improve overall operational efficiencies, and further optimise its costs.