

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 SEPTEMBER 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 SEPTEMBER 2023

	Note	Group		Bank	
		Unaudited 30 September 2023 RM'000	Audited 31 December 2022 RM'000	Unaudited 30 September 2023 RM'000	Audited 31 December 2022 RM'000
ASSETS					
Cash and short-term funds		80,642	88,704	80,642	88,704
Deposits and placements with banks and other financial institutions	9	777,876	602,841	777,876	602,841
Derivatives assets		-	479	-	479
Financial investment at amortised cost	10	2,439,749	1,409,865	2,439,749	1,409,865
Financial investments at fair value through other comprehensive income ("FVOCI")	11	1,878,459	1,962,633	1,878,459	1,962,633
Financing and advances	12	10,015,144	8,614,644	10,015,144	8,614,644
Other assets		114,538	34,148	113,937	33,800
Statutory deposit with Bank Negara Malaysia		227,911	201,655	227,911	201,655
Deferred tax assets		49,497	49,497	49,497	49,497
Investment in a subsidiary		-*	-*	-*	-*
Investment properties		95,400	95,400	95,400	95,400
Property and equipment		10,041	10,955	10,041	10,955
Intangible assets		182,030	172,459	182,030	172,459
Right-of-use assets		13,050	13,655	13,050	13,655
Total Assets		15,884,337	13,256,935	15,883,736	13,256,587
LIABILITIES AND SHAREHOLDER'S EQUITY					
Liabilities					
Deposits from customers	13	10,209,088	9,038,699	10,209,088	9,038,699
Deposits and placements of banks and other financial institutions	14	2,210,902	1,742,444	2,210,902	1,742,444
Derivatives Liabilities		2,007	-	2,007	-
Bills and acceptances payable		5,038	1,098	5,038	1,098
Recourse obligations on financing sold to Cagamas		593,310	336,099	593,310	336,099
Other liabilities		75,880	141,597	77,309	142,144
Lease liabilities		14,601	15,203	14,601	15,203
Subordinated Sukuk	15	1,449,536	936,453	1,449,536	936,453
Total Liabilities		14,560,362	12,211,593	14,561,791	12,212,140
Shareholder's equity					
Share capital		1,541,868	1,341,868	1,541,868	1,341,868
Reserves		(217,893)	(296,526)	(219,923)	(297,421)
Total Shareholder's Equity		1,323,975	1,045,342	1,321,945	1,044,447
Total Liabilities and Shareholder's Equity		15,884,337	13,256,935	15,883,736	13,256,587
COMMITMENTS AND CONTINGENCIES	21	6,642,766	5,586,658	6,642,766	5,586,658
CAPITAL ADEQUACY					
	23				
CET 1 / Core capital ratio		10.114%	9.955%	10.109%	9.947%
Tier 1 Capital		13.270%	13.413%	13.265%	13.404%
Risk-weighted capital ratio		23.326%	20.161%	23.324%	20.152%

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 SEPTEMBER 2023

Group	Note	Quarter Ended		Period Ended	
		30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Operating revenue		209,277	129,792	581,506	335,592
Income derived from investment of depositors' funds and others	16	188,946	122,117	524,144	311,983
Income derived from investment of shareholder's funds	17	20,331	7,675	57,362	23,609
Allowance for expected credit losses on financial assets	18	(2,208)	(8,509)	(3,875)	(23,273)
Total distributable income		207,069	121,283	577,631	312,319
Income attributable to depositors	19	(117,639)	(59,019)	(321,353)	(143,693)
Total Net Income		89,430	62,264	256,278	168,626
Personnel expenses		(36,461)	(34,412)	(100,834)	(94,614)
Other overheads and expenditures		(33,529)	(18,731)	(92,261)	(55,580)
Profit before zakat and taxation		19,440	9,121	63,183	18,432
Zakat		-	-	-	-
Taxation		-	-	-	-
Net profit for the financial period		19,440	9,121	63,183	18,432
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		3,093	(1,020)	15,450	(18,950)
Other comprehensive income/ (loss) for the financial period net of tax		3,093	(1,020)	15,450	(18,950)
Total comprehensive income/ (loss) for the financial period		22,533	8,101	78,633	(518)
Total comprehensive income/ (loss) for the financial period attributable to equity holder of the Bank		22,533	8,101	78,633	(518)

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 SEPTEMBER 2023

Bank	Note	Quarter Ended		Period Ended	
		30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Operating revenue		209,277	129,792	581,506	335,588
Income derived from investment of depositors' funds and others	16	188,946	122,117	524,144	311,983
Income derived from investment of shareholder's funds	17	20,331	7,675	57,362	23,605
Allowance for expected credit losses on financial assets	18	(2,208)	(8,509)	(3,875)	(23,273)
Total distributable income		207,069	121,283	577,631	312,315
Income attributable to depositors	19	(117,639)	(59,019)	(321,353)	(143,693)
Total Net Income		89,430	62,264	256,278	168,622
Personnel expenses		(36,430)	(34,386)	(100,672)	(94,538)
Other overheads and expenditures		(33,825)	(18,886)	(93,559)	(56,589)
Profit before zakat and taxation		19,175	8,992	62,048	17,495
Zakat		-	-	-	-
Taxation		-	-	-	-
Net profit for the financial period		19,175	8,992	62,048	17,495
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		3,093	(1,020)	15,450	(18,950)
Other comprehensive income/ (loss) for the financial period net of tax		3,093	(1,020)	15,450	(18,950)
Total comprehensive income/ (loss) for the financial period		22,268	7,972	77,498	(1,455)
Total comprehensive income/ (loss) for the financial attributable to equity holder of the Bank		22,268	7,972	77,498	(1,455)

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 SEPTEMBER 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	-	-	-	15,450	63,183	78,633
Transfer to Regulatory reserve	-	-	15,000	-	(15,000)	-
At 30 September 2023	1,541,868	13,206	25,000	(9,808)	(246,291)	1,323,975

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	-	-	-	15,450	62,048	77,498
Transfer to Regulatory reserve	-	-	15,000	-	(15,000)	-
At 30 September 2023	1,541,868	13,206	25,000	(9,808)	(248,321)	1,321,945

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 SEPTEMBER 2023

	Group		Bank	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before zakat and taxation	63,183	18,432	62,048	17,495
Adjustments for:				
Depreciation of property and equipment	4,050	4,084	4,050	4,084
Depreciation of right-of-use ("ROU") assets	5,875	5,345	5,875	5,345
Amortisation of intangible assets	18,313	8,052	18,313	8,052
Finance charges on lease liabilities	343	282	343	282
Property and equipment written off	4	86	4	86
Allowance for expected credit losses on financial assets	14,441	32,975	14,441	32,975
Bad debts on financing - Recovered	(10,567)	(9,702)	(10,567)	(9,702)
Allowance/(write-back) for doubtful debt	745	(351)	745	(351)
Gain on disposal of financial investment at FVOCI	(1,816)	-	(1,816)	-
Unrealised gain from foreign exchange translations	(18,542)	(1,390)	(18,542)	(1,390)
Operating cashflow before workings capital changes	<u>76,029</u>	<u>57,813</u>	<u>74,894</u>	<u>56,876</u>
(Increase)/decrease in operating activities				
Deposits and placements with banks and other financial institutions	(156,493)	(128,036)	(156,493)	(128,036)
Derivative assets	2,486	82	2,486	82
Financing and advances	(1,405,119)	(2,013,668)	(1,405,119)	(2,013,668)
Other assets	(80,390)	3,807	(80,138)	4,062
Statutory deposit with Bank Negara Malaysia	(26,256)	11,513	(26,256)	11,513
decrease/(Increase) in operating liabilities				
Deposits from customers	1,170,389	2,702,532	1,170,389	2,702,532
Deposits and placements of banks and other financial institutions	468,458	(71,478)	468,458	(71,478)
Bills and acceptances payable	3,940	(2,197)	3,940	(2,197)
Other liabilities	2,780	51,611	3,663	52,293
Cash generated from operating activities	<u>55,825</u>	<u>611,979</u>	<u>55,824</u>	<u>611,978</u>
Tax paid	-	-	-	-
Net cash generated from operating activities	<u>55,825</u>	<u>611,979</u>	<u>55,824</u>	<u>611,978</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment	(3,140)	(3,507)	(3,140)	(3,507)
Purchase of intangible assets	(27,884)	(82,776)	(27,884)	(82,776)
Purchase of right of use assets ("ROU")	(5,270)	(8,599)	(5,270)	(8,599)
Issuance Subordinated Sukuk	449,856	285,375	449,856	285,375
Proceeds from disposal of financial investments at FVOCI	1,867,250	-	1,867,250	-
Proceeds from disposal of financial investments at amortised cost	-	-	-	-
Purchase of financial investment at amortised cost	(1,029,884)	(725,462)	(1,029,884)	(725,462)
Purchase of financial investment at FVOCI	(1,765,811)	(237,960)	(1,765,810)	(237,960)
Net cash used in investing activities	<u>(514,882)</u>	<u>(772,930)</u>	<u>(514,882)</u>	<u>(772,930)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of shares	200,000	171,868	200,000	171,868
Recourse obligations on financing sold to Cagamas	257,211	-	257,211	-
Lease payments	(6,215)	(5,986)	(6,215)	(5,986)
Net cash generated from financing activities	<u>450,996</u>	<u>165,882</u>	<u>450,996</u>	<u>165,882</u>

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

	Group		Bank	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Net (decrease)/increase in cash and short-term funds	(8,062)	4,931	(8,062)	4,931
Cash and cash equivalents at 1 January	88,704	70,277	88,704	70,277
Cash and cash equivalents at 30 September	<u>80,642</u>	<u>75,208</u>	<u>80,642</u>	<u>75,208</u>
Cash and cash equivalents comprise:				
Cash and short-term funds	80,642	75,208	80,642	75,208
Deposits and placements with banks and other financial institutions	<u>777,876</u>	<u>575,100</u>	<u>777,876</u>	<u>575,100</u>
	858,518	650,308	858,518	650,308
Less:				
Deposits and placements with banks and other financial institutions, with original maturity of more than one months	<u>(777,876)</u>	<u>(575,100)</u>	<u>(777,876)</u>	<u>(575,100)</u>
Cash and cash equivalents at 30 September	<u>80,642</u>	<u>75,208</u>	<u>80,642</u>	<u>75,208</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 PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 ("MFRS 134") AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BNM

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 PERSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 ("MFRS 134") AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BNM (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 30 September 2023 through an issuance of additional 200,000,000 new ordinary shares at an issue price of RM1.00 each by cash.

Subordinated Sukuk Tier II

During the period, the Bank issued SAR360 million, nominal value of Subordinated Sukuk ("the Sukuk") under the shariah principle of Mudharabah to its holding company. The tenure of the Sukuk programme is 20 years from the date of first issuance.

The Sukuk qualify as Tier-II capital of the Issuer as per BNM's Risk-Weighted Capital Adequacy Framework for Islamic Banks.

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

9. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group and Bank	
	Unaudited 30 September 2023 RM'000	Audited 31 December 2022 RM'000
Foreign financial institutions	777,876	602,841

10. FINANCIAL INVESTMENT AT AMORTISED COST

	Group and Bank	
	Unaudited 30 September 2023 RM'000	Audited 31 December 2022 RM'000
At amortised cost		
Unquoted :		
Islamic government securities in Malaysia	1,339,618	794,603
Islamic private debt securities in Malaysia	473,705	222,107
Islamic private debt securities outside Malaysia	628,552	394,296
	<u>2,441,875</u>	<u>1,411,006</u>
Expected credit loss ("ECL")	(2,126)	(1,141)
	<u>2,439,749</u>	<u>1,409,865</u>

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

Group and Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2023	1,141	-	-	1,141
Net charge in allowance for expected credit losses for the period	985	-	-	985
Closing balance	<u>2,126</u>	<u>-</u>	<u>-</u>	<u>2,126</u>

Group and Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total 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>-</u>	<u>-</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	438,382	271,061
Islamic government securities in Malaysia	1,440,077	1,691,572
Total Financial Investments at FVOCI	<u>1,878,459</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

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	262	-	-	262
Closing balance	653	-	-	653
	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 September 2023		
	Murabahah RM'000	Qard RM'000	Total financing and advances RM'000
At amortised cost			
Term Financing:			
Corporate financing	8,346,542	-	8,346,542
Home financing	805,291	-	805,291
Personal financing	853,290	-	853,290
Vehicle financing	10,814	-	10,814
SME financing	19,839	-	19,839
Shop-house financing	39,154	-	39,154
Cash Line	85,251	-	85,251
Charge cards	-	96	96
Gross financing and advances	10,160,181	96	10,160,277
Less : Modification loss			(14,025)
			10,146,252
Less: Impairment allowance			
- Stage 1			(42,441)
- Stage 2			(52,454)
- Stage 3			(36,213)
Total net financing and advances			10,015,144

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	21,591	(19,444)	(2,147)	-
Transfer to stage 2	(177,692)	178,731	(1,039)	-
Transfer to stage 3	(16,056)	(3,183)	19,239	-
Financing derecognised during the period (other than write-off)	(4,384,230)	(138,369)	(23,370)	(4,545,969)
Write off	-	-	(24,702)	(24,702)
New financing originated or purchased	6,217,170	49,316	2,003	6,268,489
Changes to contractual cash flow (excluding derecognition)*	(287,754)	(31,222)	10,195	(308,781)
Gross carrying amount as at 30 September 2023	9,829,342	275,882	41,028	10,146,252

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

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 September 2023 RM'000	Audited 31 December 2022 RM'000
Domestic business enterprise	7,713,451	6,862,102
Individuals	1,694,901	1,534,943
Foreign entities	727,924	348,456
Domestic non-bank financial institutions	9,976	11,714
	10,146,252	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 BNM

12. FINANCING AND ADVANCES (Continued)

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

	Group and Bank	
	Unaudited	Audited
	30 September	31 December
	2023	2022
	RM'000	RM'000
Fixed rate:		
Personal financing	846,287	683,179
Corporate financing	135,175	121,934
Home financing	33,412	4,405
Vehicle financing	10,057	15,562
SME financing	9,976	11,715
Shop-house financing	15,406	319
Charge card	96	106
Variable rate:		
Corporate financing	8,211,088	6,971,108
Home financing	766,059	807,131
Shop-house financing	23,583	24,243
Cash Line	85,251	104,113
SME financing	9,861	13,400
	<u>10,146,252</u>	<u>8,757,215</u>

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

	Group and Bank	
	Unaudited	Audited
	30 September	31 December
	2023	2022
	RM'000	RM'000
Due within three months	3,470,934	2,834,636
More than three months to one year	1,447,403	1,492,346
More than one year to five years	1,854,741	1,625,042
More than five years	3,373,174	2,805,191
	<u>10,146,252</u>	<u>8,757,215</u>

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

	Group and Bank	
	Unaudited	Audited
	30 September	31 December
	2023	2022
	RM'000	RM'000
Malaysia	9,418,328	8,408,758
Middle East	305,853	287,177
Other countries	422,071	61,279
	<u>10,146,252</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 BNM

12. FINANCING AND ADVANCES (Continued)

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

	Group and Bank	
	Unaudited	Audited
	30 September	31 December
	2023	2022
	RM'000	RM'000
Working capital	6,129,400	5,381,331
Purchase of property - residential property	815,323	815,174
Personal use	846,463	683,173
Others	1,121,436	657,427
Purchase of land	589,960	552,694
Construction	138,627	191,312
Purchase of industrial buildings and factories	172,012	149,302
Purchase of other non-residential property	132,842	123,806
Purchase of shophouses	43,438	45,312
Purchase of commercial complex	73,190	59,773
Purchase fixed assets (excluding land & building)	73,395	82,243
Purchase of vehicles	10,068	15,562
Charge card	96	106
	<u>10,146,252</u>	<u>8,757,215</u>

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

	Group and Bank	
	Unaudited	Audited
	30 September	31 December
	2023	2022
	RM'000	RM'000
Household	1,694,900	1,534,946
Wholesale & Retail trade	1,388,978	1,402,881
Real estate, renting and business activities	1,780,469	1,960,244
Manufacturing	1,653,204	1,497,470
Construction	1,021,469	851,014
Other business	1,641,928	591,115
Finance intermediation	362,763	298,891
Agriculture, hunting and related service activities	224,550	245,896
Transportation	74,800	119,681
Education, Health and Others	125,988	106,387
Mining and Quarrying	113,462	85,141
Hotel & restaurant	63,740	63,549
	<u>10,146,252</u>	<u>8,757,215</u>

(i) Movements in impaired financing and advances

	Group and Bank	
	Unaudited	Audited
	30 September	31 December
	2023	2022
	RM'000	RM'000
At 1 January	60,849	55,474
Impaired during the financial period / year	18,634	36,585
Reclassified as non impaired	(3,186)	(3,337)
Recoveries	(10,567)	(12,940)
Write-off	(24,702)	(14,933)
At 31 December	<u>41,028</u>	<u>60,849</u>
Ratio of net impaired financing and advances to gross financing and advances less individual impairment allowances individual impairment allowances	<u>0.05%</u>	<u>0.19%</u>

Included in amount classified as impaired during the financial period is profit accrued on impaired financing of RM5,194,000 (Dec 2022: RM5,084,000).

All impaired financing are within Malaysia.

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

12. FINANCING AND ADVANCES (Continued)

(j) Movements in ECL for financing and advances:

	Group and Bank	
	Unaudited 30 September 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	(2,108)	(2,032)
Net Stage 2 ECL provided/(written back) during the financial period /year	(1,310)	28,461
Closing Balance	<u>94,895</u>	<u>98,313</u>
As % of total gross financing and advances less individual	<u>0.93%</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	16,656	23,298
Amount written off	(24,702)	(14,933)
Closing Balance	<u>36,213</u>	<u>44,258</u>

(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	23,294	(21,447)	(1,847)	-
Transferred to Lifetime ECL not credit impaired	(1,594)	2,590	(996)	-
Transferred to Lifetime ECL credit impaired	(286)	(2,695)	2,981	-
Financing derecognised during the period (other than write-offs)	(5,720)	(3,642)	(13,746)	(23,108)
Write-offs	-	-	(24,702)	(24,702)
New financing originated	11,169	3,601	2,741	17,511
Net remeasurement of allowances	(28,970)	20,282	27,524	18,836
Closing balance	<u>42,441</u>	<u>52,454</u>	<u>36,213</u>	<u>131,108</u>

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

	Group and Bank	
	Unaudited 30 September 2023 RM'000	Audited 31 December 2022 RM'000
Working capital	15,093	37,570
Purchase of properties - residential	8,547	8,349
Personal use	17,195	14,772
Purchase of vehicles	97	52
Charge card	96	106
	<u>41,028</u>	<u>60,849</u>

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

12. FINANCING AND ADVANCES (Continued)

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

	Group and Bank	
	Unaudited	Audited
	30 September	31 December
	2023	2022
	RM'000	RM'000
Household	25,936	23,279
Construction	15,092	32,934
Other business	-	4,636
	<u>41,028</u>	<u>60,849</u>

13. DEPOSITS FROM CUSTOMERS

(a) By type of deposit

		Group and Bank	
		Unaudited	Audited
		30 September	31 December
		2023	2022
		RM'000	RM'000
Savings deposits	Note		
Qard		85,838	97,181
Commodity Murabahah		371,324	111,591
Demand deposits			
Qard		215,441	315,158
Mudharabah	(a)	60	66
Commodity Murabahah		2,932,353	1,809,249
Term deposit			
Commodity Murabahah		6,590,332	6,704,222
General investment account			
Mudharabah	(a)	145	142
Wakalah		408	712
Other deposits		8,263	378
		<u>10,204,164</u>	<u>9,038,699</u>
At fair value through profit and loss			
Structured deposits	(b)	4,924	-
		<u>10,209,088</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) The Bank has issued structured deposits which are linked to index option and designated at fair value through profit and loss.

(b) By type of customer

	Group and Bank	
	Unaudited	Audited
	30 September	31 December
	2023	2022
	RM'000	RM'000
Business enterprises	4,380,785	4,166,855
Government and statutory bodies	3,065,941	3,069,095
Non resident	1,359,109	848,134
Individuals	933,066	426,012
Other entities	306,453	172,555
Non-bank financial institutions	163,733	356,048
	<u>10,209,088</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 BNM (CONTINUED)

13. DEPOSITS FROM CUSTOMERS (Continued)

(c) By maturity structure

	Group and Bank	
	Unaudited	Audited
	30 September	31 December
	2023	2022
	RM'000	RM'000
Due within three months	7,622,333	6,623,968
More than three months to one year	2,567,109	2,127,335
More than one year to five years	19,646	287,396
	<u>10,209,088</u>	<u>9,038,699</u>

14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group and Bank	
	Unaudited	Audited
	30 September	31 December
	2023	2022
	RM'000	RM'000
Non-Mudharabah Funds		
Licensed Islamic banks	1,892,544	1,154,939
Licensed financial institutions	318,358	587,505
	<u>2,210,902</u>	<u>1,742,444</u>

15. SUBORDINATED SUKUK

	Group and Bank	
	Unaudited	Audited
	30 September	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	124,960	117,057
Subordinated Sukuk - Tranche 2	124,960	117,057
Subordinated Sukuk - Tranche 3	124,960	117,057
	<u>374,880</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	312,400	292,641
Subordinated Sukuk - Tranche 2	124,960	117,057
Subordinated Sukuk - Tranche 3	187,440	175,584
	<u>624,800</u>	<u>585,282</u>
Issued under the Sukuk Programme of up to SAR 360 million in nominal value		
Subordinated Sukuk	449,856	-
	<u>449,856</u>	<u>-</u>
	<u>1,449,536</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	449,856	347,634
Non-cash changes:		
Exchange differences	63,227	34,003
At closing period/year	<u>1,449,536</u>	<u>936,453</u>

The Subordinated Sukuk qualifies as Tier I and Tier II 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.

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

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

	Group and Bank Quarter Ended		Group and Bank Period Ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
(i) General investment deposits	3	3	9	7
(ii) Other deposits	188,943	122,114	524,135	311,976
	<u>188,946</u>	<u>122,117</u>	<u>524,144</u>	<u>311,983</u>

(i) Income derived from investment of general investment deposits

	Group and Bank Quarter Ended		Group and Bank Period Ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing and advances	3	3	9	7
Money at call and deposit with financial institutions	-	-	-	-
Total finance income and hibah	<u>3</u>	<u>3</u>	<u>9</u>	<u>7</u>

(ii) Income derived from investment of other deposits

	Group and Bank Quarter Ended		Group and Bank Period Ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing and advances	145,342	96,051	408,664	247,316
Financial investment at amortised cost	21,669	9,855	55,476	21,198
Financial investments at fair value through other comprehensive income ("FVOCI")	14,052	12,183	38,975	34,431
Money at call and deposit with financial institutions	6,883	3,220	18,060	6,680
Accretion of discount	246	55	709	100
Effects of unwinding of modifications loss incurred during the financial period	751	750	2,251	2,251
	<u>188,943</u>	<u>122,114</u>	<u>524,135</u>	<u>311,976</u>

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

17. INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

	Group Quarter Ended		Group Period Ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Money at call and deposit with financial institutions	1,715	706	4,502	1,463
Total finance income and hibah	1,715	706	4,502	1,463
Other operating income				
- Net gain/(loss) from foreign exchange translations				
- Realised	17,387	(46)	17,369	(55)
- Unrealised	(10,106)	538	1,173	1,445
- Rental income	562	498	1,654	1,501
- Realised gain on gold	230	96	590	162
- Gain on disposal of financial investment at FVOCI	86	-	1,816	-
- Others	271	184	499	310
Other income				
- Service charges	506	536	1,615	1,934
- Commission received	1,999	3,300	9,235	11,399
- Fees	7,681	1,863	18,909	5,450
	20,331	7,675	57,362	23,609

	Bank Quarter Ended		Bank Period Ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Money at call and deposit with financial institutions	1,715	705	4,502	1,462
Total finance income and hibah	1,715	705	4,502	1,462
Other operating income				
- Net gain/(loss) from foreign exchange translations				
- Realised	17,387	(46)	17,369	(55)
- Unrealised	(10,106)	538	1,173	1,445
- Rental income	562	498	1,654	1,501
- Realised gain on gold	230	96	590	163
- Gain on disposal of financial investment at FVOCI	86	-	1,816	-
- Others	271	184	499	310
Other income				
- Service charges	506	537	1,615	1,930
- Commission received	1,999	3,300	9,235	11,399
- Fees	7,681	1,863	18,909	5,450
	20,331	7,675	57,362	23,605

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

18. ALLOWANCE FOR EXPECTED CREDIT LOSSES ON FINANCIAL ASSETS

	Group and Bank			
	Quarter Ended		Period Ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Financing and advances:				
(a) Stage 1				
- provided during the financial period	(951)	(1,034)	(485)	(2,683)
- written back during the financial period	-	2,876	2,592	4,146
Stage 2				
- provided during the financial period	4,620	(8,819)	(1,131)	(22,476)
- written back during the financial period	2,073	517	2,442	2,435
Stage 3				
- provided during the financial period	(11,067)	(4,382)	(27,216)	(13,921)
- written back during the financial period	-	191	10,559	917
	<u>(5,325)</u>	<u>(10,651)</u>	<u>(13,239)</u>	<u>(31,582)</u>
(b) Bad debts on financing:				
- recovered during the financial period	3,229	3,885	10,567	9,702
- written off during the financial period	-	-	-	-
Total	<u>3,229</u>	<u>3,885</u>	<u>10,567</u>	<u>9,702</u>
(c) Financial investment at amortised cost				
- Provided in the financial period	-	(1,735)	(986)	(1,675)
- written back during the financial period	27	-	-	-
Total	<u>27</u>	<u>(1,735)</u>	<u>(986)</u>	<u>(1,675)</u>
(d) Financial investment at FVOCI				
- Provided in the financial period	(214)	-	(615)	(83)
- written back during the financial period	37	6	353	188
Total	<u>(177)</u>	<u>6</u>	<u>(262)</u>	<u>105</u>
(e) Impairment allowance for off balance sheet				
- Provided in the financial period	-	(14)	-	-
- written back during the financial period	38	-	45	178
Total	<u>38</u>	<u>(14)</u>	<u>45</u>	<u>178</u>
Grand total	<u>(2,208)</u>	<u>(8,509)</u>	<u>(3,875)</u>	<u>(23,273)</u>

19. INCOME ATTRIBUTABLE TO DEPOSITORS

	Group and Bank		Group and Bank	
	Quarter Ended		Period Ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Deposits from customers				
- Non-Mudharabah	(92,356)	(50,888)	(245,327)	(128,278)
- Mudharabah	(1)	(1)	24	(3)
- Wakalah	(1)	(3)	(6)	(10)
	<u>(92,358)</u>	<u>(50,892)</u>	<u>(245,309)</u>	<u>(128,291)</u>
Deposits and placements of banks and other financial institutions				
- Non-Mudharabah	(19,247)	(8,127)	(59,170)	(15,402)
- Profit paid - Cagamas Recourse Obligation	(6,008)	-	(16,848)	-
	<u>(25,255)</u>	<u>(8,127)</u>	<u>(76,018)</u>	<u>(15,402)</u>
Structured Deposit				
- Non-Mudharabah	(26)	-	(26)	-
Total	<u>(117,639)</u>	<u>(59,019)</u>	<u>(321,353)</u>	<u>(143,693)</u>

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

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.

22. 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 September 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	403,379	201,690	201,690	336,612	168,306	168,306
Trade-related contingencies	111,342	22,268	22,268	48,600	9,720	9,720
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	3,681,849	736,370	735,674	4,025,844	805,151	788,409
- Maturity exceeding one year	587,453	293,727	292,865	464,158	232,074	229,291
Foreign exchange-related contracts	1,853,538	24,115	4,823	711,444	11,843	2,369
Equity related contracts	5,205	416	83	-	-	-
	6,642,766	1,278,586	1,257,403	5,586,658	1,227,094	1,198,095

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

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 September 2023	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Assets									
Cash and short term funds	-	-	-	-	-	80,642	-	80,642	-
Derivatives assets	-	-	-	-	-	-	-	-	-
Deposit and placement with other FI / Institutions	215,556	374,880	187,440	-	-	-	-	777,876	5.67
Financial investment at amortised cost	-	-	-	206,351	2,233,398	-	-	2,439,749	4.17
Financial investments at fair value through other comprehensive income ("FVOCI")	111,585	96,397.00	622,066	985,817	62,594	-	-	1,878,459	3.03
Financing and advances									
- Performing ⁽¹⁾	1,456,747	1,997,276	1,447,875	1,854,704	3,357,867	(94,894)	-	10,019,575	5.85
- Non performing ⁽¹⁾	17,372	40	130	5,077	23,188	(36,213)	-	9,594	
- Modification loss	-	-	-	-	-	(14,025)	-	(14,025)	
Other assets ⁽²⁾	-	-	-	-	-	679,417	-	679,417	
Right-of-use assets	-	-	-	-	-	13,050	-	13,050	
Total assets	1,801,260	2,468,593	2,257,511	3,051,949	5,677,047	627,977	-	15,884,337	

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 BNM (CONTINUED)

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 September 2023									
Liabilities									
Deposits from customers	1,505,032	2,461,848	2,567,109	19,646	-	3,655,453	-	10,209,088	3.15
Deposits and placements of banks and other financial institutions	1,055,163	718,988	-	429,501	7,250	-	-	2,210,902	5.22
Derivative liabilities	-	-	-	-	-	2,007	-	2,007	
Bills and acceptance payable	-	-	-	-	-	5,038	-	5,038	
Recourse Obligations on Financing Sold to Cagamas	-	-	-	-	-	593,310	-	593,310	
Other liabilities	-	-	-	-	-	75,880	-	75,880	
Lease Liabilities	-	-	-	-	-	14,601	-	14,601	
Subordinated Sukuk	-	-	-	-	1,449,536	-	-	1,449,536	
Total liabilities	2,560,195	3,180,836	2,567,109	449,147	1,456,786	4,346,289	-	14,560,362	
Shareholders' fund	-	-	-	-	-	1,323,975	-	1,323,975	
Total liabilities and shareholders' fund	2,560,195	3,180,836	2,567,109	449,147	1,456,786	5,670,264	-	15,884,337	
On-balance sheet profit sensitivity gap	(758,935)	(712,243)	(309,598)	2,602,802	4,220,261	(5,042,287)	-		
Off-balance sheet profit sensitivity gap	-	-	-	-	-	6,642,766	-		
Total profit sensitivity gap	(758,935)	(712,243)	(309,598)	2,602,802	4,220,261	1,600,479	-		

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

23. FINANCIAL RISK MANAGEMENT (Continued)

(d) Market Risk Management (Continued)

(iii) Profit Rate Risk (Continued)

Bank	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				
Unaudited 30 September 2023									
Assets									
Cash and short term funds	-	-	-	-	-	80,642	-	80,642	-
Derivatives assets	-	-	-	-	-	-	-	-	-
Deposit and placement with other FI/ Institutions	215,556	374,880	187,440	-	-	-	-	777,876	5.67
Financial investment at amortised cost	-	-	-	206,351	2,233,398	-	-	2,439,749	4.17
Financial investments at fair value through other comprehensive income ("FVOCI")	111,585	96,397	622,066	985,817	62,594	-	-	1,878,459	3.03
Financing and advances									
- Performing ⁽¹⁾	1,456,747	1,997,276	1,447,875	1,854,704	3,357,867	(94,894)	-	10,019,575	5.85
- Non performing ⁽¹⁾	17,372	40	130	5,077	23,188	(36,213)	-	9,594	
- Modification loss	-	-	-	-	-	(14,025)	-	(14,025)	
Other assets ⁽²⁾	-	-	-	-	-	678,816	-	678,816	
Right-of-use assets	-	-	-	-	-	13,050	-	13,050	
Total assets	1,801,260	2,468,593	2,257,511	3,051,949	5,677,047	627,376	-	15,883,736	

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 BNM (CONTINUED)

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 September 2023									
Liabilities									
Deposits from customers	1,505,032	2,461,848	2,567,109	19,646	-	3,655,453	-	10,209,088	3.15
Deposits and placements of banks and other financial institutions	1,055,163	718,988	-	429,501	7,250	-	-	2,210,902	5.22
Derivative liabilities	-	-	-	-	-	2,007	-	2,007	
Bills and acceptance payable	-	-	-	-	-	5,038	-	5,038	
Recourse Obligations on Financing Sold to Cagamas	-	-	-	-	-	593,310	-	593,310	
Other liabilities	-	-	-	-	-	77,309	-	77,309	
Lease Liabilities	-	-	-	-	-	14,601	-	14,601	
Subordinated Sukuk	-	-	-	-	1,449,536	-	-	1,449,536	
Total liabilities	2,560,195	3,180,836	2,567,109	449,147	1,456,786	4,347,718	-	14,561,791	
Shareholders' fund	-	-	-	-	-	1,321,945	-	1,321,945	
Total liabilities and shareholders' fund	2,560,195	3,180,836	2,567,109	449,147	1,456,786	5,669,663	-	15,883,736	
On-balance sheet profit sensitivity gap	(758,935)	(712,243)	(309,598)	2,602,802	4,220,261	(5,042,287)	-		
Off-balance sheet profit sensitivity gap	-	-	-	-	-	6,642,766	-		
Total profit sensitivity gap	(758,935)	(712,243)	(309,598)	2,602,802	4,220,261	1,600,479	-		

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

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 BNM (CONTINUED)

23. FINANCIAL RISK MANAGEMENT (Continued)

(d) Market Risk Management (Continued)

(iii) Profit Rate Risk (Continued)

Group (Continued)	Up to 1 month	> 1 -3 months	> 3 - 12 months	1 - 5 years	> 5 years	Non-profit sensitive	Trading book	Total	Average effective profit rate
Audited (Continued) 31 December 2022 (Continued)	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
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 BNM (CONTINUED)

23. FINANCIAL RISK MANAGEMENT (Continued)

(d) Market Risk Management (Continued)

(iii) Profit Rate Risk (Continued)

Bank	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⁾	-	-	-	-	-	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 BNM (CONTINUED)

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 GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BNM (CONTINUED)

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

	Group		Bank	
	Unaudited 30 September 2023 RM'000	Audited 31 December 2022 RM'000	Unaudited 30 September 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	(306,078)	(296,526)	(306,973)	(297,421)
	1,235,790	1,045,342	1,234,895	1,044,447
Less: Deferred tax	(49,497)	(49,497)	(49,497)	(49,497)
Other CET1 regulatory adjustment	15,134	15,210	15,134	15,210
Total CET 1 Capital	1,201,427	1,011,055	1,200,532	1,010,160
Additional Subordinated Sukuk	374,880	351,171	374,880	351,171
Total Tier 1 capital	1,576,307	1,362,226	1,575,412	1,361,331
Tier II capital				
General Provision	119,859	100,005	119,859	100,005
Subordinated Sukuk	1,074,656	585,282	1,074,656	585,282
Total Tier II capital	1,194,515	685,287	1,194,515	685,287
Capital base	2,770,822	2,047,513	2,769,927	2,046,618
CET 1 / Core capital ratio	10.114%	9.955%	10.109%	9.947%
Tier 1 Capital	13.270%	13.413%	13.265%	13.404%
Risk-weighted capital ratio	23.326%	20.161%	23.324%	20.152%

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

	Group		Bank	
	Unaudited 30 September 2023 RM'000	Audited 31 December 2022 RM'000	Unaudited 30 September 2023 RM'000	Audited 31 December 2022 RM'000
Credit risk	11,232,922	9,584,583	11,232,322	9,584,583
Market risk	192,992	146,520	192,992	146,520
Operational risk	452,535	424,706	450,806	424,706
	11,878,449	10,155,809	11,876,120	10,155,809

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

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	Group 30 September 2023			
	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	3,576,156	3,576,156	-	-
Banks, Development				
Financial Institutions ("DFIs") and Multilateral Development Bank ("MDBs")	1,161,310	1,161,312	487,420	38,994
Corporate	9,790,893	9,587,655	8,646,950	691,756
Regulatory Retail	209,922	206,277	154,709	12,377
Residential Real Estate ("RRE") Financing	791,347	791,346	374,793	29,983
Higher risk asset	522	522	783	63
Other assets	314,632	314,631	303,954	24,316
Defaulted Exposures	8,079	8,078	6,910	553
Total for On-Balance Sheet Exposures	<u>15,852,861</u>	<u>15,645,977</u>	<u>9,975,519</u>	<u>798,042</u>
<i>Off-Balance Sheet Exposures</i>				
Off-balance sheet exposures other than OTC derivatives or credit derivatives				
	1,278,586	1,278,586	1,257,403	100,592
Total for Off-Balance Sheet Exposures	<u>1,278,586</u>	<u>1,278,586</u>	<u>1,257,403</u>	<u>100,592</u>
Total On and Off-Balance Sheet Exposures	<u>17,131,447</u>	<u>16,924,563</u>	<u>11,232,922</u>	<u>898,634</u>
Market Risk				
	Long position	Short position		
Foreign Currency Risk	59,193	-	59,193	4,735
Inventory Risk			133,799	10,704
Operational Risk			452,535	36,203
Total RWA and Capital Requirements			<u>11,878,449</u>	<u>950,276</u>

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

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	<u>13,088,780</u>	<u>12,887,397</u>	<u>8,386,488</u>	<u>670,920</u>
<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	<u>1,227,094</u>	<u>1,227,094</u>	<u>1,198,095</u>	<u>95,848</u>
Total On and Off-Balance Sheet Exposures	<u>14,315,874</u>	<u>14,114,491</u>	<u>9,584,583</u>	<u>766,768</u>
Market Risk				
	Long position	Short position		
Foreign Currency Risk	6,043	-	6,043	483
Inventory Risk			140,477	11,238
Operational Risk				
			424,706	33,976
Total RWA and Capital Requirements			<u>10,155,809</u>	<u>812,465</u>

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

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	Bank 30 September 2023			
	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	3,522,021	3,522,021	-	-
Banks, Development				
Financial Institutions ("DFIs") and Multilateral Development Bank ("MDBs")	1,161,310	1,161,312	487,420	38,994
Corporate	9,790,893	9,587,655	8,646,950	691,756
Regulatory Retail	209,922	206,277	154,709	12,377
Residential Real Estate ("RRE") Financing				
Higher Risk Asset	791,347	791,346	374,793	29,983
Other assets	522	522	783	63
Defaulted Exposures	314,031	314,031	303,354	24,268
Total for On-Balance Sheet Exposures	8,079	8,078	6,910	553
<i>Off-Balance Sheet Exposures</i>				
Off-balance sheet exposures other than OTC derivatives or credit derivatives				
Total for Off-Balance Sheet Exposures	1,278,586	1,278,586	1,257,403	100,592
Total On and Off-Balance Sheet Exposures	17,076,711	16,869,828	11,232,322	898,586
Market Risk				
Foreign Currency Risk	Long position 59,193	Short position -	59,193	4,735
Inventory Risk			133,799	10,704
Operational Risk				
Total RWA and Capital Requirements			450,806	36,065
			11,876,120	950,090

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

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>				
<i>Sovereigns/Central Banks</i>				
Banks	3,022,327	3,022,327	-	-
<i>Banks, Development Financial Institutions ("DFIs") and Multilateral Development Bank ("MDBs")</i>				
	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
<i>Residential Real Estate ("RRE") Financing</i>				
	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>				
<i>Off-balance sheet exposures other than OTC derivatives or credit derivatives</i>				
	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				
	Long position	Short position		
Foreign Currency Risk	6,043	-	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 BNM (CONTINUED)

24. CAPITAL ADEQUACY (Continued)

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

Group

Unaudited

30 September 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%	3,576,156	-	-	-	-	-	10,677	3,586,833	-
20%	-	413,543	912,087	-	-	-	-	1,325,630	265,126
35%	-	-	-	-	568,349	-	-	568,349	198,922
50%	-	725,365	422,071	-	91,929	-	-	1,239,365	619,683
75%	-	-	-	212,694	4,647	-	-	217,341	163,006
100%	-	-	9,501,042	-	126,421	-	303,954	9,931,417	9,978,352
150%	-	-	-	-	-	615	-	615	923
Total	3,576,156	1,138,908	10,835,200	212,694	791,346	615	314,631	16,869,550	11,226,012
Defaulted Exposures									
35%	-	-	-	-	-	-	-	-	-
50%	-	-	1,265	117	956	-	-	2,338	1,169
100%	-	-	2	-	5,737	-	-	5,739	5,739
150%	-	-	1	-	-	-	-	1	2
Total	-	-	1,268	117	6,693	-	-	8,078	6,910
Total Performing and Defaulted	3,576,156	1,138,908	10,836,468	212,811	798,039	615	314,631	16,877,628	11,232,922

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

24. CAPITAL ADEQUACY (Continued)

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

Bank

Unaudited

30 September 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%	3,522,021	-	-	-	-	-	10,677	3,532,698	-
20%	-	413,543	912,087	-	-	-	-	1,325,630	265,126
35%	-	-	-	-	568,349	-	-	568,349	198,922
50%	-	725,365	422,071	-	91,929	-	-	1,239,365	619,683
75%	-	-	-	212,694	4,647	-	-	217,341	163,006
100%	-	-	9,501,042	-	126,421	-	303,354	9,930,817	9,977,752
150%	-	-	-	-	-	615	-	615	923
Total	3,522,021	1,138,908	10,835,200	212,694	791,346	615	314,031	16,814,815	11,225,412
Defaulted Exposures									
35%	-	-	-	-	-	-	-	-	-
50%	-	-	1,265	117	956	-	-	2,338	1,169
100%	-	-	2	-	5,737	-	-	5,739	5,739
150%	-	-	1	-	-	-	-	1	2
Total	-	-	1,268	117	6,693	-	-	8,078	6,910
Total Performing and Defaulted	3,522,021	1,138,908	10,836,468	212,811	798,039	615	314,031	16,822,893	11,232,322

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

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 BNM (CONTINUED)

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 BNM (CONTINUED)

24. CAPITAL ADEQUACY (Continued)

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

	Group Unaudited 30 September 2023	
	Principal RM'000	Risk-weighted RM'000
0%	3,586,833	-
20%	1,325,630	265,126
35%	568,349	198,922
50%	1,241,703	620,852
75%	217,341	163,006
100%	9,937,156	9,984,091
150%	616	925
Risk-weighted assets for credit risk	<u>16,877,628</u>	<u>11,232,922</u>
Large exposure risk-weighted assets for equity holdings		192,992
Risk-weighted assets for market risk		452,535
Risk-weighted assets for operational risk		<u>11,878,449</u>

	Bank Unaudited 30 September 2023	
	Principal RM'000	Risk-weighted RM'000
0%	3,532,698	-
20%	1,325,630	265,126
35%	568,349	198,922
50%	1,241,703	620,852
75%	217,341	163,006
100%	9,936,556	9,983,491
150%	616	925
Risk-weighted assets for credit risk	<u>16,822,893</u>	<u>11,232,322</u>
Large exposure risk-weighted assets for equity holdings		192,991
Risk-weighted assets for market risk		450,807
Risk-weighted assets for operational risk		<u>11,876,120</u>

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

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		
Risk-weighted assets for market risk		146,520
Risk-weighted assets for operational risk		<u>424,706</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		
Risk-weighted assets for market risk		146,520
Risk-weighted assets for operational risk		<u>424,706</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 BNM (CONTINUED)

24. CAPITAL ADEQUACY (Continued)

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

Group and Bank	Unaudited 30 September 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	403,379	201,690	201,690	336,612	168,306	168,306
Short term self liquidating trade related contingencies	111,342	22,268	22,268	48,600	9,720	9,720
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	3,681,849	736,370	735,674	464,158	232,074	229,291
Other commitments, such as formal standby facilities and credit lines, with an original maturity up to one year	587,453	293,727	292,865	4,025,844	805,151	788,409
Equity related contracts	5,205	416	83	-	-	-
Foreign exchange related contracts	1,853,538	24,115	4,823	711,444	11,843	2,369
	<u>6,642,766</u>	<u>1,278,586</u>	<u>1,257,403</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 BNM (CONTINUED)

26. SEGMENTAL INFORMATION

Group	Unaudited 30 September 2023				
	Retail banking RM'000	Treasury & money market RM'000	Corporate investment banking RM'000	Others RM'000	Total RM'000
Total revenue	98,687	136,592	344,574	1,654	581,506
Result					
Segment result	21,237	(51,446)	284,833	1,654	256,278
Unallocated corporate expenses					(193,095)
Profit before zakat and taxation					63,183
Zakat and taxation					-
Net profit for the financial period					63,183
Other information					
Segment assets	1,643,907	5,393,974	8,381,914	-	15,419,795
Unallocated corporate assets					464,542
Total assets					<u>15,884,337</u>
Segment liabilities	2,934,006	5,859,053	3,626,931	-	12,419,990
Unallocated corporate liabilities					2,140,372
Total liabilities					<u>14,560,362</u>
Other segment items					
Capital expenditure	5,905	-	2,636	-	8,541
Unallocated capital expenditure					172,487
					<u>181,029</u>
Depreciation and amortisation	26,888	199	949	-	28,036
Unallocated depreciation and amortisation					202
					<u>28,238</u>
Other non-cash (income)/expenses	12,200	1,248	(9,572)	-	3,875

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

26. SEGMENTAL INFORMATION (Continued)

Bank	Unaudited 30 September 2023				
	Retail banking RM'000	Treasury & money market RM'000	Corporate investment banking RM'000	Others RM'000	Total RM'000
Total revenue	98,687	136,592	344,574	1,653	581,506
Result					
Segment result	21,237	(51,445)	284,832	1,654	256,278
Unallocated corporate expenses					(194,229)
Profit before zakat and taxation					62,048
Zakat and taxation					-
Net profit for the financial period					62,048
Other information					
Segment assets	1,643,907	5,393,974	8,381,914		15,419,795
Unallocated corporate assets					463,941
Total assets					<u>15,883,736</u>
Segment liabilities	2,934,006	5,859,053	3,626,931	-	12,419,990
Unallocated corporate liabilities					2,141,801
Total liabilities					<u>14,561,791</u>
Other segment items					
Capital expenditure	5,905	-	2,636	-	8,541
Unallocated capital expenditure					172,487
					<u>181,029</u>
Depreciation and amortisation	26,888	199	949	-	28,036
Unallocated depreciation and amortisation					202
					<u>28,238</u>
Other non-cash (income)/expenses	12,200	1,248	(9,572)	-	3,875

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

26. SEGMENTAL INFORMATION (Continued)

Group	Unaudited 30 September 2022				
	Retail banking RM'000	Treasury & money market RM'000	Corporate investment banking RM'000	Others RM'000	Total RM'000
Total revenue	98,321	96,300	140,452	1,619	336,693
Result					
Segment result	34,781	33,742	99,585	1,619	169,727
Unallocated corporate expenses					(151,295)
Profit before zakat and taxation					18,432
Zakat and taxation					-
Net profit for the financial period					18,432
Other information					
Segment assets	1,466,707	3,915,254	6,508,318	-	11,890,279
Unallocated corporate assets					352,636
Total assets					12,242,915
Segment liabilities	3,523,700	1,247,743	5,644,878	-	10,416,321
Unallocated corporate liabilities					968,607
Total liabilities					11,384,928
Other segment items					
Capital expenditure	133,140	-	279	-	133,419
Unallocated capital expenditure					3,511
					136,930
Depreciation and amortisation	3,731	104	914	-	4,749
Unallocated depreciation and amortisation					7,388
					12,137
Other non-cash (income)/expenses	22,801	1,844	(1,373)	-	23,273

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

26. SEGMENTAL INFORMATION (Continued)

Bank	Unaudited 30 September 2022				
	Retail banking RM'000	Treasury & money market RM'000	Corporate investment banking RM'000	Others RM'000	Total RM'000
Total revenue	98,321	96,300	140,455	512	335,588
Result					
Segment result	34,781	33,742	99,588	512	168,622
Unallocated corporate expenses	-	-	-	-	(151,127)
Profit before zakat and taxation					17,495
Zakat and taxation					-
Net profit for the financial period					17,495
Other information					
Segment assets	1,466,707	3,915,254	6,508,318	-	11,890,279
Unallocated corporate assets					352,423
Total assets					12,242,702
Segment liabilities	3,523,700	1,247,743	5,644,878	-	10,416,322
Unallocated corporate liabilities					969,269
Total liabilities					11,385,590
Other segment items					
Capital expenditure	133,140	-	279	-	133,419
Unallocated capital expenditure					3,511
					136,930
Depreciation and amortisation	3,731	104	914	-	4,749
Unallocated depreciation and amortisation					7,388
					12,137
Other non-cash (income)/expenses	22,801	1,844	(1,373)	-	23,273

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

27. REVIEW OF PERFORMANCE FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2023 AGAINST THE CORRESPONDING FINANCIAL QUARTER OF THE PRECEDING YEAR

For the financial period ended 30 September 2023, the Group and Bank recorded a pre tax profit of RM63.2 million and RM62.0 million respectively as compared to a pre tax profit of RM18.4 million and RM17.5 million respectively in the preceding year's corresponding period.

28. 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.