



AL RAJHI BANKING & INVESTMENT CORPORATION (MALAYSIA) BHD.
(Incorporated in Malaysia)
Co. Reg. No. 200501036909 (719057-X)

**INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED
31 MARCH 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 31 MARCH 2023

	Note	Group		Bank	
		Unaudited	Audited	Unaudited	Audited
		31 March 2023 RM'000	31 December 2022 RM'000	31 March 2023 RM'000	31 December 2022 RM'000
ASSETS					
Cash and short-term funds		175,516	88,704	175,516	88,704
Deposits and placements with banks and other financial institutions	9	499,634	602,841	499,634	602,841
Derivatives assets		370	479	370	479
Financial investment at amortised cost	10	1,757,594	1,409,865	1,757,594	1,409,865
Financial investments at fair value through other comprehensive income ("FVOCI")	11	1,865,680	1,962,633	1,865,680	1,962,633
Financing and advances	12	8,999,573	8,614,644	8,999,573	8,614,644
Other assets		41,900	34,148	41,454	33,800
Statutory deposit with Bank Negara Malaysia		142,584	201,655	142,584	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		12,284	10,955	12,284	10,955
Intangible assets		176,392	172,459	176,392	172,459
Right-of-use assets		12,209	13,655	12,209	13,655
Total Assets		13,828,633	13,256,935	13,828,187	13,256,587
LIABILITIES AND SHAREHOLDER'S EQUITY					
Liabilities					
Deposits from customers	13	9,443,309	9,038,699	9,443,309	9,038,699
Deposits and placements of banks and other financial institutions		1,494,833	1,742,444	1,494,833	1,742,444
Derivatives liabilities		1,534	-	1,534	-
Bills and acceptances payable	14	799	1,098	799	1,098
Recourse obligations on financing sold to Cagamas		599,529	336,099	599,530	336,099
Other liabilities		54,082	141,597	55,019	142,144
Lease liabilities		13,751	15,203	13,751	15,203
Subordinated Sukuk	15	940,487	936,453	940,487	936,453
Total Liabilities		12,548,324	12,211,593	12,549,262	12,212,140
Shareholder's equity					
Share capital		1,541,868	1,341,868	1,541,868	1,341,868
Reserves		(261,559)	(296,526)	(262,943)	(297,421)
Total Shareholder's Equity		1,280,309	1,045,342	1,278,925	1,044,447
Total Liabilities and Shareholder's Equity		13,828,633	13,256,935	13,828,187	13,256,587
COMMITMENTS AND CONTINGENCIES	22	6,416,665	5,586,658	6,416,665	5,586,658
CAPITAL ADEQUACY	24				
CET I/ Core capital ratio		11.147%	9.955%	11.140%	9.947%
Tier I Capital		14.402%	13.413%	14.396%	13.404%
Risk-weighted capital ratio		20.769%	20.161%	20.764%	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 31 MARCH 2023

Group	Note	Quarter Ended		Period Ended	
		31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
Operating revenue		180,127	97,954	180,127	97,954
Income derived from investment of depositors' funds and others	16	159,615	88,713	159,615	88,713
Income derived from investment of shareholder's funds	17	20,512	9,241	20,512	9,241
Allowance for expected credit losses on financial assets	18	(3,571)	(7,688)	(3,571)	(7,688)
Total distributable income		176,556	90,266	176,556	90,266
Income attributable to depositors	19	(94,473)	(39,170)	(94,473)	(39,170)
Total Net Income		82,083	51,096	82,083	51,096
Personnel expenses		(29,413)	(27,941)	(29,413)	(27,941)
Other overheads and expenditures		(27,274)	(19,091)	(27,274)	(19,091)
Profit before zakat and taxation		25,396	4,064	25,396	4,064
Zakat		-	-	-	-
Taxation		-	-	-	-
Net profit for the financial period		25,396	4,064	25,396	4,064
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		9,572	(4,260)	9,572	(4,260)
Other comprehensive income/(loss) for the net of tax		9,572	(4,260)	9,572	(4,260)
Total comprehensive income/(loss) for the financial period		34,967	(196)	34,967	(196)
Total comprehensive income/(loss) for the financial period attributable to equity holder of the Bank		34,967	(196)	34,967	(196)

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 31 MARCH 2023

Bank	Note	Quarter Ended		Period Ended	
		31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
Operating revenue		180,127	97,374	180,127	97,374
Income derived from investment of depositors' funds and others	16	159,615	88,713	159,615	88,713
Income derived from investment of shareholder's funds	17	20,512	8,661	20,512	8,661
Allowance for expected credit losses on financial assets	18	(3,571)	(7,688)	(3,571)	(7,688)
Total distributable income		176,556	89,686	176,556	89,686
Income attributable to depositors	19	(94,473)	(39,170)	(94,473)	(39,170)
Total Net Income		82,083	50,516	82,083	50,516
Personnel expenses		(29,306)	(27,923)	(29,306)	(27,923)
Other overheads and expenditures		(27,870)	(19,083)	(27,870)	(19,083)
Profit before zakat and taxation		24,907	3,510	24,907	3,510
Zakat		-	-	-	-
Taxation		-	-	-	-
Net profit for the financial period		24,907	3,510	24,907	3,510
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		9,572	(4,260)	9,572	(4,260)
Other comprehensive income/(loss) for the net of tax		9,572	(4,260)	9,572	(4,260)
Total comprehensive income/(loss) for the financial period		34,479	(750)	34,478	(750)
Total comprehensive income/(loss) for the financial period attributable to equity holder of the Bank		34,479	(750)	34,478	(750)

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 31 MARCH 2023

	Share capital RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Fair value reserve of financial investments at ("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	-	-	-	9,572	25,396	34,967
At 31 March 2023	1,541,868	13,206	10,000	(15,686)	(269,078)	1,280,309

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	-	-	-	9,572	24,907	34,478
At 31 March 2023	1,541,868	13,206	10,000	(15,686)	(270,462)	1,278,925

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 31 MARCH 2023

	Group		Bank	
	31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before zakat and taxation	25,396	4,064	24,907	3,510
Adjustments for:				
Depreciation of property and equipment	1,230	1,378	1,230	1,378
Depreciation of right-of-use ("ROU") assets	2,060	1,860	2,060	1,860
Amortisation of intangible assets	4,525	2,687	4,525	2,687
Finance charges on lease liabilities	123	69	123	69
Finance cost paid on Recourse Obligation				
Financing sold to Cagamas	1,408	-	1,408	-
Property and equipment written off	-	376	-	376
Allowance for expected credit losses on financial assets	3,571	10,244	3,571	10,244
Bad debts on financing - Written off	-	229	-	229
Allowance for doubtful debt	217	(3,085)	217	(3,085)
Gain on disposal of financial investment at FVOCI	(1,730)	-	(1,730)	-
Unrealised gain from foreign exchange translations	(3,185)	(321)	(3,185)	(321)
Operating cashflow before workings capital changes	33,613	17,501	33,124	16,947
(Increase)/decrease in operating activities				
Deposits and placements with banks and other financial institutions	106,392	(116,671)	106,392	(116,671)
Derivative assets	1,643	86	1,643	86
Financing and advances	(388,716)	(1,050,124)	(388,716)	(1,050,124)
Other assets	(7,753)	(6,859)	(7,655)	(6,783)
Statutory deposit with Bank Negara Malaysia	59,071	11,514	59,071	11,514
(Increase)/decrease in operating liabilities				
Deposits from customers	404,610	1,635,019	404,610	1,635,019
Deposits and placements of banks and other financial institutions	(247,611)	(354,117)	(247,611)	(354,117)
Bills and acceptances payable	(299)	(1,736)	(299)	(1,736)
Other liabilities	(82,265)	4,792	(81,874)	5,270
Net cash (used in)/generated from operating activities	(121,315)	139,405	(121,315)	139,405
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment	(2,559)	(1,447)	(2,559)	(1,447)
Purchase of intangible assets	(9,057)	(33,660)	(9,057)	(33,660)
Purchase of right of use assets ("ROU")	(614)	(6,839)	(614)	(6,839)
Issuance Subordinated Sukuk	-	112,501	-	112,501
Proceeds from disposal of financial investments at FVOCI	-	230,641	-	230,641
Purchase of financial investment at amortised cost	(347,729)	6,108	(347,729)	6,108
Purchase of financial investment at FVOCI	108,255	(417,734)	108,254	(417,734)
Net cash used in investing activities	(251,704)	(110,430)	(251,705)	(110,430)
CASH FLOWS FROM FINANCING ACTIVITY				
Proceeds from issuance of shares	200,000	-	200,000	-
Recourse obligations on financing sold to Cagamas	262,022	-	262,023	-
Lease payments	(2,192)	(2,137)	(2,192)	(2,137)
Net cash generated from/(used in) financing activities	459,830	(2,137)	459,831	(2,137)

INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE QUARTER ENDED 31 MARCH 2023

	Group		Bank	
	31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
NET INCREASE IN CASH AND SHORT-TERM FUNDS	86,811	26,838	86,811	26,838
Cash and cash equivalents at 1 January	88,704	70,277	88,704	70,277
Cash and cash equivalents at 31 March	<u>175,515</u>	<u>97,115</u>	<u>175,515</u>	<u>97,115</u>
Cash and cash equivalents comprise:				
Cash and short-term funds	175,516	97,115	175,516	97,115
Deposits and placements with banks and other financial institutions	499,634	562,666	499,634	562,666
	<u>675,150</u>	<u>659,781</u>	<u>675,150</u>	<u>659,781</u>
Less:				
Deposits and placements with banks and other financial institutions, with original maturity of more than three months	(499,634)	(562,666)	(499,634)	(562,666)
Cash and cash equivalents at 31 March	<u>175,516</u>	<u>97,115</u>	<u>175,516</u>	<u>97,115</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**

<i>MFRS 17 - Insurance Contracts</i>	1 January 2023
<i>Amendments to MFRS 17 Insurance Contracts :Initial Application of MFRS 17 and MFRS 9- Comparative information.</i>	1 January 2023
<i>Amendments to MFRS 101 : Disclosure of Accounting Policies</i>	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
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 16: Leases-Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 10 and MFRS 128: <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 1st Quarter ended 31 March 2023.

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank in the 1st Quarter ended 31 March 2023.

6. CHANGES IN ESTIMATE

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the 1st Quarter ended 31 March 2023.

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 1st Quarter ended 31 March 2023.

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 31 March 2023 RM'000	Audited 31 December 2022 RM'000
Foreign financial institutions	499,634	602,841

10. FINANCIAL INVESTMENT AT AMORTISED COST

	Group and Bank	
	Unaudited 31 March 2023 RM'000	Audited 31 December 2022 RM'000
At amortised cost		
Unquoted :		
Islamic government securities in Malaysia	894,933	794,603
Islamic private debt securities in Malaysia	422,765	222,107
Islamic private debt securities outside Malaysia	441,886	394,296
	<u>1,759,584</u>	<u>1,411,006</u>
Expected credit loss ("ECL")	(1,990)	(1,141)
	<u>1,757,594</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	849	-	-	849
Closing balance	<u>1,990</u>	<u>-</u>	<u>-</u>	<u>1,990</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 31 March 2023 RM'000	Audited 31 December 2022 RM'000
At fair value		
Quoted :		
Private debt securities	180,205	271,061
Islamic government securities in Malaysia	1,685,475	1,691,572
Total Financial Investments at FVOCI	<u>1,865,680</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.

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	(280)	-	-	(280)
Closing balance	<u>111</u>	<u>-</u>	<u>-</u>	<u>111</u>
	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	<u>391</u>	<u>-</u>	<u>-</u>	<u>391</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

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

Group and Bank	Unaudited 31 March 2023		
	Murabahah RM'000	Qard RM'000	Total financing and advances RM'000
At amortised cost			
Term Financing:			
Corporate financing	7,452,496	-	7,452,496
Home financing	814,085	-	814,085
Personal financing	717,941	-	717,941
Vehicle financing	14,487	-	14,487
SME financing	24,758	-	24,758
Shop-house financing	25,662	-	25,662
Cash line	103,674	-	103,674
Charge cards	-	103	103
Gross financing and advances	9,153,103	103	9,153,206
Less : Modification loss			(14,025)
			9,139,181
Less: Impairment allowance			
- Stage 1			(45,778)
- Stage 2			(56,036)
- Stage 3			(37,794)
Total net financing and advances			8,999,573

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	8,456,313	240,053	60,849	8,757,215
Transfer to stage 1	21,557	(20,353)	(1,204)	-
Transfer to stage 2	(56,392)	58,057	(1,665)	-
Transfer to stage 3	(2,697)	(29,714)	32,410	-
Financing derecognised during the period (other than write-off)	-	(81,491)	(14,161)	(95,652)
Write off	-	-	(12,380)	(12,380)
New financing originated or purchased	3,514,798	70,138	-	3,584,937
Changes to contractual cash flow (excluding derecognition)*	(3,093,267)	(4,607)	2,934	(3,094,939)
Gross carrying amount as at 31 March 2023	8,840,313	232,084	66,784	9,139,181

*Included in the changes to contractual cash flow (excluding derecognition) are the effects of modification loss of RM17,646,000.

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	<u>8,771,134</u>	<u>106</u>	<u>8,771,240</u>
Less : Modification loss			<u>(14,025)</u>
			8,757,215
Less: ECL			
- Stage 1			(44,548)
- Stage 2			(53,765)
- Stage 3			<u>(44,258)</u>
Total net financing and advances			<u>8,614,644</u>

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	<u>8,456,313</u>	<u>240,053</u>	<u>60,849</u>	<u>8,757,215</u>

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

	Group and Bank Unaudited 31 March 2023 RM'000	Audited 31 December 2022 RM'000
Domestic business enterprise	7,203,452	6,862,102
Individuals	1,558,529	1,534,943
Foreign entities	345,738	348,456
Domestic non-bank financial institutions	31,461	11,714
	<u>9,139,181</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)

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

	Group and Bank	
	Unaudited	Audited
	31 March	31 December
	2023	2022
	RM'000	RM'000
Fixed rate:		
Personal financing	710,884	683,179
Corporate financing	140,848	121,934
Vehicle financing	13,752	15,562
SME financing	11,440	11,715
Home financing	16,495	4,405
Charge card	103	106
Shop-house financing	1,445	319
Variable rate:		
Corporate financing	7,311,370	6,971,108
Home financing	791,800	807,131
Cash Line	103,674	104,113
Shop-house financing	24,052	24,243
SME financing	13,316	13,400
	<u>9,139,181</u>	<u>8,757,215</u>

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

	Group and Bank	
	Unaudited	Audited
	31 March	31 December
	2023	2022
	RM'000	RM'000
Due within three months	3,118,286	2,834,636
More than three months to one year	1,408,954	1,492,346
More than one year to five years	2,591,501	1,625,042
More than five years	2,020,439	2,805,191
	<u>9,139,181</u>	<u>8,757,215</u>

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

	Group and Bank	
	Unaudited	Audited
	31 March	31 December
	2023	2022
	RM'000	RM'000
Malaysia	8,851,340	8,408,758
Middle East	287,841	287,177
Other countries	110,387	61,279
	<u>9,139,181</u>	<u>8,757,215</u>

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

	Group and Bank	
	Unaudited	Audited
	31 March	31 December
	2023	2022
	RM'000	RM'000
Working capital	5,700,258	5,381,331
Purchase of property - residential property	811,796	815,174
Personal use	710,878	683,173
Others	743,208	657,427
Purchase of land	538,807	552,694
Construction	164,163	191,312
Purchase of industrial buildings and factories	147,417	149,302
Purchase of other non-residential property	123,818	123,806
Purchase of shophouses	44,913	45,312
Purchase of commercial complex	56,615	59,773
Purchase fixed assets (excluding land & building)	83,452	82,243
Purchase of vehicles	13,752	15,562
Charge card	103	106
	<u>9,139,181</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)

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

	Group and Bank Unaudited 31 March 2023 RM'000	Audited 31 December 2022 RM'000
Household	1,558,532	1,534,946
Wholesale & Retail trade	1,480,892	1,402,881
Real estate, renting and business activities	1,876,384	1,960,244
Manufacturing	1,480,883	1,497,470
Construction	963,579	851,014
Other business	859,418	591,115
Finance intermediation	319,302	298,891
Agriculture, hunting and related service activities	216,616	245,896
Transportation	112,419	119,681
Education, Health and Others	115,891	106,387
Mining and Quarrying	87,561	85,141
Hotel & restaurant	67,702	63,549
	<u>9,139,181</u>	<u>8,757,215</u>

(i) Movements in impaired financing and advances

	Group and Bank Unaudited 31 March 2023 RM'000	Audited 31 December 2022 RM'000
At 1 January	60,849	55,474
Impaired during the financial period / year	24,042	36,585
Reclassified as non impaired	(2,869)	(3,337)
Recoveries	(2,858)	(12,940)
Write-off	(12,380)	(14,933)
At 31 December	<u>66,784</u>	<u>60,849</u>
Ratio of net impaired financing and advances to gross financing and advances less individual impairment allowances	<u>0.32%</u>	<u>0.19%</u>

Included in amount classified as impaired during the financial period is profit accrued on impaired financing of RM6,649,000 (Dec 2022: RM5,084,000).

All impaired financing are within Malaysia.

(j) Movements in ECL for financing and advances:

	Group and Bank Unaudited 31 March 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	1,230	(2,032)
Net Stage 2 ECL provided during the financial period /year	2,272	28,461
Closing Balance	<u>101,815</u>	<u>98,313</u>
As % of total gross financing and advances less individual impairment allowances	<u>1.11%</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	2,345	23,298
Amount written off	(9,635)	(14,933)
Closing Balance	<u>36,968</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	14,025	(13,017)	(1,008)	-
Transferred to Lifetime ECL not credit impaired	(741)	2,287	(1,546)	-
Transferred to Lifetime ECL credit impaired	(64)	(9,699)	9,763	-
Financing derecognised during the period (other than write-offs)	(2,145)	(407)	(11,000)	(13,552)
Write-offs	-	-	(9,635)	(9,635)
New financing originated	5,073	79	-	5,152
Net remeasurement of allowances	(14,919)	23,029	6,962	15,072
Closing balance	<u>45,777</u>	<u>56,037</u>	<u>37,794</u>	<u>139,608</u>

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

	Group and Bank	
	Unaudited	Audited
	31 March	31 December
	2023	2022
	RM'000	RM'000
Working capital	43,147	37,570
Purchase of properties - residential	6,055	8,349
Personal use	17,322	14,772
Purchase of vehicles	103	52
Charge card	157	106
	<u>66,784</u>	<u>60,849</u>

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

	Group and Bank	
	Unaudited	Audited
	31 March	31 December
	2023	2022
	RM'000	RM'000
Construction	38,735	32,934
Household	23,637	23,279
Other business	4,412	4,636
	<u>66,784</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 BANK NEGARA

13. DEPOSITS FROM CUSTOMERS

(a) By type of deposit

	Note	Group and Bank	
		Unaudited 31 March 2023	Audited 31 December 2022
		RM'000	RM'000
Savings deposits			
Qard		98,327	97,181
Commodity Murabahah		117,163	111,591
Demand deposits			
Qard		277,686	315,158
Mudharabah	(a)	62	66
Commodity Murabahah		1,907,660	1,809,249
Term deposit			
Commodity Murabahah		7,041,377	6,704,222
General investment account			
Mudharabah	(a)	143	142
Wakalah		532	712
Other deposits		359	378
		<u>9,443,309</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 31 March 2023	Audited 31 December 2022
	RM'000	RM'000
Business enterprises	4,455,282	4,166,855
Government and statutory bodies	2,695,921	3,069,095
Non-bank financial institutions	227,541	356,048
Other entities	228,190	172,555
Individuals	518,157	426,012
Non resident	1,318,218	848,134
	<u>9,443,309</u>	<u>9,038,699</u>

(c) By maturity structure

	Group and Bank	
	Unaudited 31 March 2023	Audited 31 December 2022
	RM'000	RM'000
Due within three months	6,619,348	6,623,968
More than three months to one year	2,343,317	2,127,335
More than one year to five years	480,644	287,396
	<u>9,443,309</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
	31 March	31 December
	2023	2022
	RM'000	RM'000
Non-Mudharabah Funds		
Licensed Islamic banks	1,435,852	1,154,939
Licensed financial institutions	58,981	587,505
	<u>1,494,833</u>	<u>1,742,444</u>

15. SUBORDINATED SUKUK

	Group and Bank	
	Unaudited	Audited
	31 March	31 December
	2023	2022
	RM'000	RM'000
Tier I		
<i>Issued under the Sukuk Programme of up to SAR 300 million in nominal value</i>		
Subordinated Sukuk - Tranche 1	117,561	117,057
Subordinated Sukuk - Tranche 2	117,561	117,057
Subordinated Sukuk - Tranche 3	117,561	117,057
	<u>352,683</u>	<u>351,171</u>
Tier II		
<i>Issued under the Sukuk Programme of up to SAR 500 million in nominal value</i>		
Subordinated Sukuk - Tranche 1	293,902	292,641
Subordinated Sukuk - Tranche 2	117,561	117,057
Subordinated Sukuk - Tranche 3	176,341	175,584
	<u>587,805</u>	<u>585,282</u>
	<u>940,487</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	4,034	34,003
At closing period/year	<u>940,487</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.

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

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

	Group and Bank Quarter Ended		Group and Bank Period Ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
(i) General investment deposits	3	4	3	4
(ii) Other deposits	159,612	88,709	159,612	88,709
	<u>159,615</u>	<u>88,713</u>	<u>159,615</u>	<u>88,713</u>

(i) Income derived from investment of general investment deposits

	Group and Bank Quarter Ended		Group and Bank Period Ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing and advances	3	4	3	4
Money at call and deposit with financial institutions	-	-	-	-
Total finance income and hibah	<u>3</u>	<u>4</u>	<u>3</u>	<u>4</u>

(ii) Income derived from investment of other deposits

	Group and Bank Quarter Ended		Group and Bank Period Ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing and advances	126,026	71,263	126,026	71,263
Financial investment at amortised cost	15,267	5,245	15,267	5,245
Financial investments at fair value through other comprehensive income ("FVOCI")	12,071	10,338	12,071	10,338
Money at call and deposit with financial institutions	5,271	1,107	5,271	1,107
Accretion of discount	227	6	227	6
Effects of unwinding of modifications loss incurred during the financial period	750	750	750	750
	<u>159,612</u>	<u>88,709</u>	<u>159,612</u>	<u>88,709</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	
	31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
Finance income and hibah				
Money at call and deposit with financial institutions	1,348	277	1,348	277
Total finance income and hibah	1,348	277	1,348	277
Other operating income				
- Net (loss) / gain from foreign exchange translations				
- Realised	22	(8)	22	(8)
- Unrealised	3,163	329	3,163	329
- Rental income	531	505	531	505
- Realised gain on gold	85	55	85	55
- Gain on disposal of financial investment at FVOCI	1,730	-	1,730	-
- Others	103	70	103	70
Other income				
- Agency fees	-	577	-	577
- Service charges	634	973	634	973
- Commission received	12,896	6,463	12,896	6,463
	20,512	9,241	20,512	9,241

	Bank Quarter Ended		Bank Period Ended	
	31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
Finance income and hibah				
Money at call and deposit with financial institutions	1,347	277	1,347	277
Total finance income and hibah	1,347	277	1,347	277
Other operating income				
- Net (loss) / gain from foreign exchange translations				
- Realised	22	(8)	22	(8)
- Unrealised	3,163	329	3,163	329
- Rental income	531	505	531	505
- Realised gain on gold	85	55	85	55
- Gain on disposal of financial investment at FVOCI	1,730	-	1,730	-
- Others	103	70	103	70
Other income				
- Service charges	635	969	635	969
- Commission received	12,896	6,464	12,896	6,464
	20,512	8,661	20,512	8,661

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	
	31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
Financing and advances:				
(a) Stage 1				
- provided during the financial period	(1,360)	(3,241)	(1,360)	(3,241)
- written back during the financial period	130	696	130	696
Stage 2				
- provided during the financial period	(4,210)	(5,262)	(4,210)	(5,262)
- written back during the financial period	1,939	739	1,939	739
Stage 3				
- provided during the financial period	(11,198)	(3,398)	(11,198)	(3,398)
- written back during the financial period	8,853	217	8,853	217
	<u>(5,847)</u>	<u>(10,247)</u>	<u>(5,847)</u>	<u>(10,247)</u>
(b) Bad debts on financing:				
- recovered during the financial period	2,858	2,784	2,858	2,784
- written off during the financial period	-	(229)	-	(229)
Total	<u>2,858</u>	<u>2,555</u>	<u>2,858</u>	<u>2,555</u>
(c) Financial investment at amortised cost				
- Provided in the financial period	(849)	-	(849)	-
- written back during the financial period	-	15	-	15
Total	<u>(849)</u>	<u>15</u>	<u>(849)</u>	<u>15</u>
(d) Financial investment at FVOCI				
- Provided in the financial period	(36)	(83)	(36)	(83)
- written back during the financial period	316	30	316	30
Total	<u>280</u>	<u>(53)</u>	<u>280</u>	<u>(53)</u>
(e) Impairment allowance for off balance sheet				
- Provided in the financial period	(13)	-	(13)	-
- written back during the financial period	-	43	-	43
Total	<u>(13)</u>	<u>43</u>	<u>(13)</u>	<u>43</u>
Grand total	<u>(3,571)</u>	<u>(7,688)</u>	<u>(3,571)</u>	<u>(7,688)</u>

19. INCOME ATTRIBUTABLE TO DEPOSITORS

	Group and Bank		Group and Bank	
	Quarter Ended		Period Ended	
	31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
Deposits from customers				
- Non-Mudharabah	71,887	36,563	71,887	36,563
- Mudharabah	1	1	1	1
- Wakalah	3	3	3	3
	<u>71,891</u>	<u>36,567</u>	<u>71,891</u>	<u>36,567</u>
Deposits and placements of banks and other financial institutions				
- Non-Mudharabah	17,776	2,603	17,776	2,603
Profit paid - Cagamas Recourse Obligation	4,806		4,806	
	<u>94,473</u>	<u>39,170</u>	<u>94,473</u>	<u>39,170</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 PERSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 (“MFRS 134”) AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA MALAYSIA

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 as are as follows:

	Unaudited 31 March 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	391,413	195,707	195,707	336,612	168,306	168,306
Trade-related contingencies	75,953	15,191	15,191	48,600	9,720	9,720
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	4,115,650	823,130	814,680	4,025,844	805,151	788,409
- Maturity exceeding one year	465,263	232,631	230,064	464,158	232,074	229,291
Foreign exchange-related contracts	1,368,386	20,541	4,108	711,444	11,843	2,369
	6,416,665	1,287,200	1,259,750	5,586,658	1,227,094	1,198,095

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

23. FINANCIAL RISK MANAGEMENT

Market Risk - 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 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 31 March 2023									
Assets									
Cash and short term funds	60,004	-	-	-	-	115,512	-	175,516	-
Derivatives assets	-	-	-	-	-	370	-	370	-
Deposit and placement with other FI / Institutions	-	499,634	-	-	-	-	-	499,634	4.34
Financial investment at amortised cost	-	-	-	181,745	1,575,849	-	-	1,757,594	3.76
Financial investments at fair value through other comprehensive income (FVOCI)	-	20,383	40,171	753,763	1,051,363	-	-	1,865,680	2.73
Financing and advances									
- Performing ⁽¹⁾	1,253,607	1,846,186	1,409,349	2,572,158	2,005,124	(101,815)	-	8,984,609	4.88
- Non performing	18,681	24	226	29,980	17,872	(37,794)	-	28,989	
- Modification loss	-	-	-	-	-	(14,025)	-	(14,025)	
Other assets ⁽²⁾	-	-	-	-	-	518,058	-	518,058	
Right-of-use assets	-	-	-	-	-	12,209	-	12,209	
Total assets	1,332,292	2,366,227	1,449,746	3,537,646	4,650,208	492,515	-	13,828,634	

Note:

⁽¹⁾ This is arrived at after deducting the stage 1 and stage 2 ECL from the outstanding gross performing financing.

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

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

23. FINANCIAL RISK MANAGEMENT (Continued)

Market Risk - Profit Rate Risk (Continued)

Group (Continued)

Unaudited (Continued) 31 March 2023	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	2,222,824	1,951,167	2,343,317	480,645	-	2,445,356	-	9,443,309	3.17
Deposits and placements of banks and other financial institutions	527,948	952,130	-	7,505	7,250	-	-	1,494,833	5.09
Hedging financial instruments	-	-	-	-	-	1,534	-	1,534	
Bills and acceptance payable	-	-	-	-	-	799	-	799	
Recourse Obligations on Financing Sold to Cagamas	-	-	-	-	-	599,529	-	599,529	
Other liabilities	-	-	-	-	-	54,082	-	54,082	
Lease Liabilities	-	-	-	-	-	13,751	-	13,751	
Subordinated Sukuk	-	-	-	-	940,487	-	-	940,487	
Total liabilities	2,750,772	2,903,297	2,343,317	488,150	947,737	3,115,051	-	12,548,324	
Shareholders' fund	-	-	-	-	-	1,280,310	-	1,280,310	
Total liabilities and shareholders' fund	2,750,772	2,903,297	2,343,317	488,150	947,737	4,395,361	-	13,828,634	
On-balance sheet profit sensitivity gap	(1,418,480)	(537,070)	(893,571)	3,049,496	3,702,471	(3,902,846)	-		
Off-balance sheet profit sensitivity gap	-	-	-	-	-	6,214,344	-		
Total profit sensitivity gap	(1,418,480)	(537,070)	(893,571)	3,049,496	3,702,471	2,311,498	-		

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

23. FINANCIAL RISK MANAGEMENT (Continued)

Market Risk - 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									
31 March 2023									
Assets									
Cash and short term funds	60,004	-	-	-	-	115,512	-	175,516	-
Hedging financial instruments	-	-	-	-	-	370	-	370	-
Deposit and placement with other FI / Institutions	-	499,634	-	-	-	-	-	499,634	4.34
Financial investment at amortised cost	-	-	-	181,745	1,575,849	-	-	1,757,594	3.76
Financial investments at fair value through other comprehensive income (FVOCI)	-	20,383	40,171	753,763	1,051,363	-	-	1,865,680	2.73
Financing and advances									
- Performing ⁽¹⁾	1,253,607	1,846,186	1,409,349	2,572,158	2,005,123	(101,815)	-	8,984,608	4.88
- Non performing	18,682	24	226	29,980	17,872	(37,794)	-	28,990	
- Mod loss	-	-	-	-	-	(14,025)	-	(14,025)	
Other assets ⁽²⁾	-	-	-	-	-	517,612	-	517,612	
Right-of-use assets	-	-	-	-	-	12,209	-	12,209	
Total assets	1,332,293	2,366,227	1,449,746	3,537,646	4,650,207	492,069	-	13,828,188	

Note:

- (1) This is arrived at after deducting the stage 1 and stage 2 ECL from the outstanding gross performing financing.
(2) Other assets include property and equipment, intangible assets, deferred tax assets, investment properties and statutory deposits with Bank Negara Malaysia.

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

23. FINANCIAL RISK MANAGEMENT (Continued)

Market Risk - Profit Rate Risk (continued)

Bank (Continued)

Unaudited (Continued) 31 March 2023	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	2,222,824	1,951,167	2,343,317	480,645	-	2,445,356	-	9,443,309	3.17
Deposits and placements of banks and other financial institutions	527,948	952,130	-	7,505	7,250	-	-	1,494,833	5.09
Hedging financial instruments	-	-	-	-	-	1,534	-	1,534	
Bills and acceptance payable	-	-	-	-	-	799	-	799	
Recourse Obligations on Financing Sold to Cagamas	-	-	-	-	-	599,530	-	599,530	
Other liabilities	-	-	-	-	-	55,019	-	55,019	
Lease Liabilities	-	-	-	-	-	13,751	-	13,751	
Subordinated Sukuk	-	-	-	-	940,487	-	-	940,487	
Total liabilities	2,750,772	2,903,297	2,343,317	488,150	947,737	3,115,989	-	12,549,262	
Shareholders' fund	-	-	-	-	-	1,278,926	-	1,278,926	
Total liabilities and shareholders' fund	2,750,772	2,903,297	2,343,317	488,150	947,737	4,394,915	-	13,828,188	
On-balance sheet profit sensitivity gap	(1,418,479)	(537,070)	(893,571)	3,049,496	3,702,470	(3,902,846)	-		
Off-balance sheet profit sensitivity gap	-	-	-	-	-	6,214,344	-		
Total profit sensitivity gap	(1,418,479)	(537,070)	(893,571)	3,049,496	3,702,470	2,311,498	-		

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

23. FINANCIAL RISK MANAGEMENT (Continued)

Market Risk - 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									
Assets									
Cash and short term funds	-	-	-	-	-	88,704	-	88,704	-
Derivatives assets	-	-	-	-	-	479	-	479	-
Deposit and placement with other FI / 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	-	-	-	-	-	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 stage 1 and stage 2 ECL from the outstanding gross performing 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)

Market Risk - Profit Rate Risk (continued)

Group (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	-	-	-	-	-	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 PERSUANT 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)

Market Risk - 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									
Assets									
Cash and short term funds	-	-	-	-	-	88,704	-	88,704	-
Derivative assets	-	-	-	-	-	479	-	479	-
Deposits and placements with bank and other financial institutions	-	-	-	-	-	-	-	-	-
Financial investments at amortised cost	117,057	46,823	438,961	-	-	-	-	602,841	4.06
Financial investments at fair value through other comprehensive income ("FVOCI")	-	-	-	161,830	1,248,035	-	-	1,409,865	2.78
Financing and advances									
- Performing ⁽¹⁾	-	10,163	612,358	1,340,112	-	-	-	1,962,633	2.56
- Non performing	1,126,760	1,674,935	1,490,973	1,610,193	2,807,531	(98,313)	-	8,612,078	4.88
- Modification loss	-	-	-	-	-	16,591	-	16,591	-
Other assets ⁽²⁾	-	-	-	-	-	(14,025)	-	(14,025)	-
Right-of-use assets	-	-	-	-	-	563,766	-	563,766	-
Total assets	-	-	-	-	-	13,655	-	13,655	-
	1,243,817	1,731,921	2,542,292	3,112,135	4,055,566	570,857	-	13,256,587	

(1) This is arrived at after deducting the stage 1 and stage 2 ECL from the outstanding gross performing 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)

Market Risk - Profit Rate Risk (continued)

Bank (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)	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
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	-	-	-	-	-	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)	414,957	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)	414,957	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

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 31 March 2023 RM'000	Audited 31 December 2022 RM'000	Unaudited 31 March 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	(296,956)	(296,526)	(297,851)	(297,421)
	<u>1,244,912</u>	<u>1,045,342</u>	<u>1,244,017</u>	<u>1,044,447</u>
Less: Net deferred tax assets	(49,497)	(49,497)	(49,497)	(49,497)
Other CET 1 regulatory adjustment	12,182	15,210	12,182	15,210
Total CET 1 Capital	1,207,597	1,011,055	1,206,702	1,010,160
Additional Subordinated Sukuk	352,683	351,171	352,683	351,171
Total Tier 1 capital	1,560,280	1,362,226	1,559,385	1,361,331
Tier II capital				
General Provision	101,907	100,005	101,907	100,005
Subordinated Sukuk	587,805	585,282	587,805	585,282
Total Tier II capital	689,712	685,287	689,712	685,287
Capital base	2,249,992	2,047,513	2,249,097	2,046,618
CET 1 Capital	11.147%	9.955%	11.140%	9.947%
Tier 1 Capital	14.402%	13.413%	14.396%	13.404%
Total Capital	<u>20.769%</u>	<u>20.161%</u>	<u>20.764%</u>	<u>20.152%</u>

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

	Group		Bank	
	Unaudited 31 March 2023 RM'000	Audited 31 December 2022 RM'000	Unaudited 31 March 2023 RM'000	Audited 31 December 2022 RM'000
Credit risk	10,275,891	9,584,583	10,275,443	9,584,583
Market risk	141,863	146,520	141,863	146,520
Operational risk	415,834	424,706	414,463	424,706
	<u>10,833,588</u>	<u>10,155,809</u>	<u>10,831,769</u>	<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)

- (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 31 March 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	3,166,871	3,166,871	-	-
Banks, Development Financial Institutions ("DFIs") & MDBs	852,974	852,974	409,740	32,779
Corporate	8,474,245	8,269,442	7,787,382	622,991
Regulatory Retail	226,436	212,762	159,572	12,766
Residential Real Estate (RRE) Financing	807,239	807,239	383,002	30,640
Higher risk asset	490	490	735	59
Other assets	248,361	248,361	237,525	19,002
Defaulted Exposures	29,209	27,909	38,185	3,055
Total for On-Balance Sheet Exposures	13,805,825	13,586,048	9,016,141	721,292
<i>Off-Balance Sheet Exposures</i>				
Off-balance sheet exposures other than OTC derivatives or credit derivatives	1,287,200	1,287,200	1,259,750	100,780
Total for Off-Balance Sheet Exposures	1,287,200	1,287,200	1,259,750	100,780
Total On and Off-Balance Sheet Exposures	15,093,025	14,873,248	10,275,891	822,072
Market Risk				
Foreign Currency Risk	Long position 5,560	Short position -	5,560	445
Inventory Risk			136,303	10,904
Operational Risk			415,834	33,267
Total RWA and Capital Requirements			10,833,588	866,688

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)

- (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 March 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	3,166,871	3,166,871	-	-
Banks, Development				
Financial Institutions ("DFIs") & MDBs	852,974	852,974	409,740	32,779
Corporate	8,474,245	8,269,442	7,787,382	622,991
Regulatory Retail	226,436	212,762	159,572	12,766
Residential Real Estate (RRE) Financing	807,239	807,240	383,002	30,640
Higher risk asset	490	490	735	59
Other assets	247,915	247,914	237,078	18,966
Defaulted Exposures	29,209	27,909	38,185	3,055
Total for On-Balance Sheet Exposures	<u>13,805,379</u>	<u>13,585,602</u>	<u>9,015,693</u>	<u>721,256</u>
<i>Off-Balance Sheet Exposures</i>				
Off-balance sheet exposures other than OTC derivatives or credit derivatives				
	<u>1,287,200</u>	<u>1,287,200</u>	<u>1,259,750</u>	<u>100,780</u>
Total for Off-Balance Sheet Exposures	<u>1,287,200</u>	<u>1,287,200</u>	<u>1,259,750</u>	<u>100,780</u>
Total On and Off-Balance Sheet Exposures	<u>15,092,579</u>	<u>14,872,802</u>	<u>10,275,443</u>	<u>822,036</u>
Market Risk				
Foreign Currency Risk	5,560	-	5,560	445
Inventory Risk			136,303	10,904
Operational Risk			<u>414,463</u>	<u>33,157</u>
Total RWA and Capital Requirements			<u>10,831,769</u>	<u>866,542</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)

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

	Group 31 December 2022			
Exposure Class	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</i>				
Banks	3,022,327	3,022,327	-	-
<i>Banks, Development</i>				
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	-	-	-	-
Higher Risk Asset	799,534	799,534	378,232	30,259
Other assets	490	490	735	59
Defaulted Exposures	235,760	235,760	224,985	17,999
Total for On-Balance Sheet Exposures	16,362	16,362	12,087	967
<i>Off-Balance Sheet Exposures</i>				
<i>Off-balance sheet exposures other than OTC derivatives or credit derivatives</i>				
Total for Off-Balance Sheet Exposures	1,227,094	1,227,094	1,198,095	95,848
Total On and Off-Balance Sheet Exposures	13,088,780	12,887,397	8,386,488	670,920
Market Risk				
Foreign Currency Risk	Long position 6,043	Short position -	6,043	483
Inventory Risk			140,477	11,238
Operational Risk				
Total RWA and Capital Requirements			424,706	33,976
			10,155,809	812,466

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)

- (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 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)

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

Group

Unaudited
31 March 2023

Exposures after netting and credit risk mitigation ("CRM")

Risk weights	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	Total exposure after netting and CRM RM'000	Total weighted assets RM'000
Performing Exposures									
0%	3,166,871	-	-	-	-	-	10,836	3,177,707	-
20%	-	76,366	602,575	-	-	-	-	678,941	135,788
35%	-	-	-	-	584,827	-	-	584,827	204,689
50%	-	797,149	-	-	90,547	-	-	887,696	443,848
75%	-	-	-	247,849	4,676	-	-	252,525	189,394
100%	-	-	8,894,374	-	131,061	-	237,525	9,262,960	9,262,960
150%	-	-	-	-	-	684	-	684	1,026
Total	3,166,871	873,515	9,496,949	247,849	811,111	684	248,361	14,845,340	10,237,705
Defaulted Exposures									
50%	-	-	1,251	66	2,361	-	-	3,678	1,839
100%	-	-	2	-	-	-	-	2	2
150%	-	-	21,834	2,395	-	-	-	24,229	36,345
Total	-	-	23,087	2,461	2,361	-	-	27,909	38,186
Total Performing and Defaulted	3,166,871	873,515	9,520,036	250,310	813,472	684	248,361	14,873,249	10,275,891

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)

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

Bank

Unaudited
31 March 2023

Exposures after netting and credit risk mitigation ("CRM")

Risk weights	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	Total exposure after netting and CRM RM'000	Total weighted assets RM'000
Performing Exposures									
0%	3,166,871	-	-	-	-	-	10,836	3,177,707	-
20%	-	76,366	602,575	-	-	-	-	678,941	135,788
35%	-	-	-	-	584,827	-	-	584,827	204,689
50%	-	797,149	-	-	90,547	-	-	887,696	443,848
75%	-	-	-	247,849	4,676	-	-	252,525	189,394
100%	-	-	8,894,374	-	131,061	-	237,078	9,262,513	9,262,513
150%	-	-	-	-	-	684	-	684	1,026
Total	3,166,871	873,515	9,496,949	247,849	811,111	684	247,914	14,844,893	10,237,258
Defaulted Exposures									
50%	-	-	1,251	66	2,361	-	-	3,678	1,839
100%	-	-	2	-	-	-	-	2	2
150%	-	-	21,834	2,395	-	-	-	24,229	36,344
Total	-	-	23,087	2,461	2,361	-	-	27,909	38,185
Total Performing and Defaulted	3,166,871	873,515	9,520,036	250,310	813,472	684	247,914	14,872,802	10,275,443

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)

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

Group

Audited
31 December 2022

Exposures after netting and credit risk mitigation ("CRM")

Risk weights	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	Total exposure after netting and CRM RM'000	Total risk weighted 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 NEGARA MALAYSIA

24. CAPITAL ADEQUACY (Continued)

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

Bank

Audited

31 December 2022

Exposures after netting and credit risk mitigation ("CRM")

Risk weights	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	Total exposure after netting and CRM RM'000	Total risk weighted 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

24. CAPITAL ADEQUACY (Continued)

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

	Group Unaudited 31 March 2023	
	Principal RM'000	Risk-weighted RM'000
0%	3,177,707	-
20%	678,941	135,788
35%	584,827	204,689
50%	891,374	445,687
75%	252,525	189,394
100%	9,262,962	9,262,962
150%	24,913	37,371
Risk-weighted assets for credit risk	<u>14,873,249</u>	<u>10,275,891</u>
Large exposure risk-weighted assets for equity holdings		141,863
Risk-weighted assets for market risk		415,834
Risk-weighted assets for operational risk		<u>10,833,588</u>
Total risk-weighted assets		<u>10,833,588</u>

	Bank Unaudited 31 March 2023	
	Principal RM'000	Risk-weighted RM'000
0%	3,177,707	-
20%	678,941	135,788
35%	584,827	204,689
50%	891,374	445,687
75%	252,525	189,394
100%	9,262,515	9,262,515
150%	24,913	37,370
Risk-weighted assets for credit risk	<u>14,872,802</u>	<u>10,275,443</u>
Large exposure risk-weighted assets for equity holdings		141,863
Risk-weighted assets for market risk		414,463
Risk-weighted assets for operational risk		<u>10,831,769</u>
Total risk-weighted assets		<u>10,831,769</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	Disclosure on Off Balance and Counterparty Credit Risk					
	Unaudited			Audited		
	31 March 2023			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	391,413	195,707	195,707	336,612	168,306	168,306
Short term self liquidating trade related contingencies	75,953	15,191	15,191	48,600	9,720	9,720
Foreign exchange related contracts						
- One year or less	1,368,386	20,541	4,108	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	465,263	232,631	230,064	464,158	232,074	229,291
Other commitments, such as formal standby facilities and credit lines, with an original maturity up to one year	4,115,650	823,130	814,680	4,025,844	805,151	788,409
Foreign exchange related contracts	-	-	-	711,444	11,843	2,369
	<u>6,416,665</u>	<u>1,287,200</u>	<u>1,259,750</u>	<u>5,586,658</u>	<u>1,227,094</u>	<u>1,198,095</u>

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

25. SEGMENTAL INFORMATION

Group	Unaudited 31 March 2023				
	Retail banking RM'000	Treasury & money market RM'000	Corporate investment banking RM'000	Others RM'000	Total RM'000
Total revenue	44,990	67,263	67,855	18	180,127
Result					
Segment result	11,449	14,566	56,065	3	82,083
Unallocated corporate expenses	-	-	-	-	(56,688)
Profit before zakat and taxation					25,396
Zakat and taxation					-
Net profit for the financial period					25,396
Other information					
Segment assets	1,491,574	4,430,542	7,518,835	-	13,440,951
Unallocated corporate assets	-	-	-	-	387,682
Total assets					13,828,633
Segment liabilities	2,749,223	5,498,366	2,683,384	7,170	10,938,142
Unallocated corporate liabilities	-	-	-	-	1,610,182
Total liabilities					12,548,324
Other segment items					
Capital expenditure	319	-	273	-	592
Unallocated capital expenditure	-	-	-	-	161,031
					161,623
Depreciation and amortisation	1,137	47	134	-	1,319
Unallocated depreciation and amortisation	-	-	-	-	4,436
					5,754
Other non-cash (income)/expenses	11,252	569	(8,250)	-	3,571

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

25. SEGMENTAL INFORMATION (Continued)

Bank	Unaudited 31 March 2023				Total RM'000
	Retail banking RM'000	Treasury & money market RM'000	Corporate investment banking RM'000	Others RM'000	
Total revenue	44,990	67,263	67,855	18	180,127
Result					
Segment result	11,449	14,566	56,065	3	82,083
Unallocated corporate expenses					(57,176)
Profit before zakat and taxation					24,907
Zakat and taxation					-
Net profit for the financial period					24,907
Other information					
Segment assets	1,491,574	4,430,542	7,518,835		13,440,951
Unallocated corporate assets					387,236
Total assets					<u>13,828,187</u>
Segment liabilities	2,749,223	5,498,366	2,683,384	7,170	10,938,142
Unallocated corporate liabilities	-	-	-	-	1,611,120
Total liabilities					<u>12,549,262</u>
Other segment items					
Capital expenditure	319	-	273	-	592
Unallocated capital expenditure	-	-	-	-	161,031
					<u>161,623</u>
Depreciation and amortisation	1,137	47	134	-	1,319
Unallocated depreciation and amortisation	-	-	-	-	4,436
					<u>5,754</u>
Other non-cash (income)/expenses	11,252	569	(8,250)	-	3,571

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

25. SEGMENTAL INFORMATION (Continued)

Group	Unaudited 31 March 2022				Total RM'000
	Retail banking RM'000	Treasury & money market RM'000	Corporate investment banking RM'000	Others RM'000	
Total revenue	30,980	24,307	42,148	519	97,954
Result					
Segment result	15,484	8,255	26,838	519	51,096
Unallocated corporate expenses	-	-	-	-	(47,032)
Profit before zakat and taxation					4,064
Zakat and taxation					-
Net profit for the financial period					4,064
Other information					
Segment assets	1,398,401	3,151,984	5,638,818	-	10,189,203
Unallocated corporate assets	-	-	-	-	321,632
Total assets					10,510,835
Segment liabilities	2,826,043	2,839,579	3,400,548	-	9,066,169
Unallocated corporate liabilities	-	-	-	-	758,225
Total liabilities					9,824,394
Other segment items					
Capital expenditure	340	-	279	-	619
Unallocated capital expenditure	-	-	-	-	85,024
					85,643
Depreciation and amortisation	1,444	29	392	-	1,865
Unallocated depreciation and amortisation	-	-	-	-	2,200
					4,065
Other non-cash (income)/expenses	3,135	53	4,499	-	7,688

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

25. SEGMENTAL INFORMATION (Continued)

Bank	Unaudited 31 March 2022				Total RM'000
	Retail banking RM'000	Treasury & money market RM'000	Corporate investment banking RM'000	Others RM'000	
Total revenue	30,980	24,307	42,087	-	97,374
Result					
Segment result	15,484	8,255	26,777	-	50,516
Unallocated corporate expenses	-	-	-	-	(47,006)
Profit before zakat and taxation					3,510
Zakat and taxation	-	-	-	-	-
Net profit for the financial period					3,510
Other information					
Segment assets	1,398,401	3,151,984	5,638,817	-	10,189,202
Unallocated corporate assets	-	-	-	-	321,599
Total assets					10,510,801
Segment liabilities	2,826,043	2,839,579	3,400,548	-	9,066,169
Unallocated corporate liabilities	-	-	-	-	758,683
Total liabilities					9,824,852
Other segment items					
Capital expenditure	340	-	279	-	619
Unallocated capital expenditure	-	-	-	-	85,024
					85,643
Depreciation and amortisation	1,444	29	392	-	1,865
Unallocated depreciation and amortisation	-	-	-	-	2,200
					4,065
Other non-cash (income)/expenses	3,135	53	4,499	-	7,688

26. REVIEW OF PERFORMANCE FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2023 AGAINST THE CORRESPONDING FINANCIAL QUARTER OF THE PRECEDING YEAR

For the financial period ended 31 March 2023, the Group and Bank recorded a pre tax profit of RM25.4 million and RM24.9 million respectively as compared to a pre tax profit of RM4.1 million and RM3.5 million respectively in the preceding year's corresponding period.

27. 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.