

Unaudited Interim Financial Statements

Condensed consolidated statements of financial position
As at 30 September 2023

	Note	Group		Bank	
		30 September 2023 RM'000	31 December 2022 RM'000	30 September 2023 RM'000	31 December 2022 RM'000
Assets					
Cash and short-term funds	11	492,698	468,059	487,476	438,107
Financial assets at fair value through profit or loss ("FVTPL")	12	51,025	51,025	51,025	51,025
Financial investments at fair value through other comprehensive income ("FVOCI")	13	1,812,801	1,988,301	1,812,801	1,988,301
Financial investments at amortised cost	14	2,334,879	2,497,223	2,334,879	2,497,223
Loans, advances and financing	15	1,728,055	1,620,093	1,728,055	1,620,093
Derivative assets	19	8,773	11,778	8,773	11,778
Other assets	16	78,612	112,514	83,461	142,293
Statutory deposits with Bank Negara Malaysia		103,901	113,363	103,901	113,363
Investment in subsidiaries		-	-	-*	-*
Property, plant and equipment		1,287	106	1,287	106
Intangible assets		6,774	4,683	6,774	4,683
Right-of-use asset		533	2,132	533	2,132
Deferred tax assets		8,998	14,943	8,998	14,943
Total assets		6,628,336	6,884,220	6,627,963	6,884,047
Liabilities					
Deposits from customers	17	4,395,923	4,393,911	4,395,923	4,393,911
Deposits and placements of bank and other financial institutions	18	1,305,418	1,458,966	1,305,418	1,458,966
Other liabilities	20	49,527	94,957	49,518	94,950
Lease liabilities		561	2,200	561	2,200
Provision for taxation and zakat		782	1,253	761	1,250
Total liabilities		5,752,211	5,951,287	5,752,181	5,951,277
Equity					
Share capital		369,111	369,111	369,111	369,111
Reserves		507,014	563,822	506,671	563,659
Total equity		876,125	932,933	875,782	932,770
Total liabilities and equity		6,628,336	6,884,220	6,627,963	6,884,047
Commitments and contingencies	29	1,013,237	820,619	1,013,237	820,619

* Denotes RM4

The Condensed 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.

Unaudited Interim Financial Statements

Consolidated statements of profit or loss
For the nine months ended 30 September 2023

Group	Note	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
		30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Operating revenue		92,173	93,706	257,768	247,650
Interest income	21	27,655	19,665	79,100	58,920
Interest expense	22	(14,845)	(10,847)	(41,730)	(28,402)
Net interest income		12,810	8,818	37,370	30,518
Net income from Islamic Banking operation	34(p)	22,516	18,898	59,845	68,365
Non-interest income	23	5,195	26,320	11,226	42,670
		40,521	54,036	108,441	141,553
Operating expenses	24	(24,232)	(22,213)	(69,602)	(65,237)
Operating profit before allowances		16,289	31,823	38,839	76,316
Impairment loss written back/ (made) on:					
- loans, advances and financing	25	(101)	(4,267)	(1,112)	(9,390)
- financial investments	26	53	142	(220)	3,092
- other assets	27	(38)	493	243	567
Profit before taxation and zakat		16,203	28,191	37,750	70,585
Taxation		(4,061)	(7,411)	(9,678)	(17,903)
Zakat		(337)	(411)	(761)	(1,489)
Profit for the period attributable to equity holder of the Bank		11,805	20,369	27,311	51,193
Earnings per ordinary share (sen)					
- Basic and diluted	28	7.62	13.14	17.62	33.03

The Condensed 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.

Unaudited Interim Financial Statements

Consolidated statements of comprehensive income
For the nine months ended 30 September 2023

Group	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Profit for the period attributable to equity holder of the Bank	11,805	20,369	27,311	51,193
Other comprehensive income/ (loss) to be reclassified to profit or loss in subsequent periods:				
Changes in allowance for expected credit loss ("ECL") on financial investments at FVOCI	21	(30)	131	(56)
Net (loss)/gain on financial investment at FVOCI:				
- Transfer of gain to profit or loss upon disposal	(4)	(12)	(819)	(62)
- Fair value changes	2,101	1,798	16,569	(19,596)
Other comprehensive income/(loss) for the period, net of tax	2,118	1,756	15,881	(19,714)
Total comprehensive income for the period attributable to equity holder of Bank	13,923	22,125	43,192	31,479

The Condensed 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.

Unaudited Interim Financial Statements

Consolidated statements of profit or loss
For the nine months ended 30 September 2023

Bank	Note	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
		30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Operating revenue		92,089	93,610	257,516	247,463
Interest income	21	27,655	19,665	79,100	58,920
Interest expense	22	(14,845)	(10,847)	(41,730)	(28,402)
Net interest income		12,810	8,818	37,370	30,518
Net income from Islamic Banking operation	34(p)	22,516	18,898	59,845	68,365
Non-interest income	23	5,111	26,224	10,974	42,483
		40,437	53,940	108,189	141,366
Operating expenses	24	(24,227)	(22,208)	(69,587)	(65,222)
Operating profit before allowances		16,210	31,732	38,602	76,144
Impairment loss written back/ (made) on:					
- loans, advances and financing	25	(101)	(4,267)	(1,112)	(9,390)
- financial investments	26	53	142	(220)	3,092
- other assets	27	(38)	493	243	567
Profit before taxation and zakat		16,124	28,100	37,513	70,413
Taxation		(4,042)	(7,390)	(9,621)	(17,863)
Zakat		(337)	(411)	(761)	(1,489)
Profit for the period attributable to equity holder of the Bank		11,745	20,299	27,131	51,061

The Condensed 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.

Unaudited Interim Financial Statements

Consolidated statements of comprehensive income
For the nine months ended 30 September 2023

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Bank				
Profit for the period attributable to equity holder of the Bank	11,745	20,299	27,131	51,061
Other comprehensive income/ (loss) to be reclassified to profit or loss in subsequent periods:				
Changes in allowance for expected credit loss ("ECL")	21	(30)	131	(56)
Net (loss)/gain on financial investment at FVOCI:				
- Transfer of gain to profit or loss upon disposal	(4)	(12)	(819)	(62)
- Fair value changes	2,101	1,798	16,569	(19,596)
Other comprehensive income/(loss) for the period, net of tax	2,118	1,756	15,881	(19,714)
Total comprehensive income for the period attributable to equity holder of Bank	13,863	22,055	43,012	31,347

The Condensed 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.

Unaudited Interim Financial Statements

Consolidated statements of changes in equity
For the nine months ended 30 September 2023

Group	<----- Non-distributable ----->			Distributable	Total RM'000
	Share capital RM'000	Regulatory reserve# RM'000	FVOCI reserve^ RM'000	Retained profits RM'000	
At 1 January 2023	369,111	34,491	(28,227)	557,558	932,933
Profit for the financial period	-	-	-	27,311	27,311
Other comprehensive income for the period	-	-	15,881	-	15,881
Total comprehensive income for the period	-	-	15,881	27,311	43,192
Transactions with owner					
Transfer to regulatory reserve	-	2,195	-	(2,195)	-
Dividend (Note 7)	-	-	-	(100,000)	(100,000)
At 30 September 2023	<u>369,111</u>	<u>36,686</u>	<u>(12,346)</u>	<u>482,674</u>	<u>876,125</u>
At 1 January 2022	369,111	18,485	(14,721)	502,456	875,331
Profit for the financial period	-	-	-	51,193	51,193
Other comprehensive loss for the period	-	-	(19,714)	-	(19,714)
Total comprehensive (loss)/ income for the period	-	-	(19,714)	51,193	31,479
Transactions with owner					
Transfer to regulatory reserve	-	10,016	-	(10,016)	-
At 30 September 2022	<u>369,111</u>	<u>28,501</u>	<u>(34,435)</u>	<u>543,633</u>	<u>906,810</u>

The regulatory reserve is maintained in compliance with the revised Bank Negara Malaysia guidelines on Financial Reporting in which the Bank is required to maintain, in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserves of no less than 1% of total exposures, net of loss allowance for credit-impaired exposures.

^ The financial investments at FVOCI reserve arises from the change in the fair value of the underlying instruments and it is not distributable as cash dividends.

The Condensed 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.

Unaudited Interim Financial Statements

Consolidated statements of changes in equity
For the nine months ended 30 September 2023 (cont'd.)

Bank	←----- Non-distributable -----→			Distributable	Total RM'000
	Share capital RM'000	Regulatory reserve# RM'000	FVOCI reserve^ RM'000	Retained profits RM'000	
At 1 January 2023	369,111	34,491	(28,227)	557,395	932,770
Profit for the financial period	-	-	-	27,131	27,131
Other comprehensive income for the period	-	-	15,881	-	15,881
Total comprehensive income for the period	-	-	15,881	27,131	43,012
Transactions with owner					
Transfer to regulatory reserve	-	2,195	-	(2,195)	-
Dividend (Note 7)	-	-	-	(100,000)	(100,000)
At 30 September 2023	<u>369,111</u>	<u>36,686</u>	<u>(12,346)</u>	<u>482,331</u>	<u>875,782</u>
At 1 January 2022	369,111	18,485	(14,721)	502,435	875,310
Profit for the financial period	-	-	-	51,061	51,061
Other comprehensive loss for the period	-	-	(19,714)	-	(19,714)
Total comprehensive (loss)/ income for the period	-	-	(19,714)	51,061	31,347
Transactions with owner					
Transfer to regulatory reserve	-	10,016	-	(10,016)	-
At 30 September 2022	<u>369,111</u>	<u>28,501</u>	<u>(34,435)</u>	<u>543,480</u>	<u>906,657</u>

The regulatory reserve is maintained in compliance with the revised Bank Negara Malaysia guidelines on Financial Reporting in which the Bank is required to maintain, in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserves of no less than 1% of total exposures, net of loss allowance for credit-impaired exposures.

^ The financial investments at FVOCI reserve arises from the change in the fair value of the underlying instruments and it is not distributable as cash dividends.

The Condensed 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.

Unaudited Interim Financial Statements

Consolidated statements of cash flows
For the nine months ended 30 September 2023

	Note	Group		Bank	
		30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Profit before taxation and zakat		37,750	70,585	37,513	70,413
Adjustments for non-cash items		12,285	(19,119)	12,285	(19,119)
Operating profit before changes in working capital		50,035	51,466	49,798	51,294
Changes in working capital:					
Net changes in operating assets		277,715	(283,473)	302,702	(271,356)
Net changes in operating liabilities		(198,139)	(47,536)	(198,159)	(47,537)
Net cash generated from operating activities		129,611	(279,543)	154,341	(267,599)
Net cash used in investing activities		(4,972)	(1,662)	(4,972)	(1,662)
Net cash used in financing activities - Dividend paid		(100,000)	-	(100,000)	-
Net change in cash and cash equivalents		24,639	(281,205)	49,369	(269,261)
Cash and cash equivalents at beginning of the period		468,059	405,764	438,107	390,925
Cash and cash equivalents at end of the period	11	492,698	124,559	487,476	121,664
Cash and cash equivalents comprise of:					
Cash and short-term funds		492,698	124,559	487,476	121,664

The Condensed 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.

Unaudited Interim Financial Statements

Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134, Interim Financial Reporting ("MFRS 134"), IAS 34, Guidelines on Financial Reporting and Guidelines on Financial Reporting for Islamic Banking Institutions issued by Bank Negara Malaysia

1. Basis of preparation

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), IAS 34, Interim Financial Reporting issued by the International Accounting Standards Board ("IASB"), Bank Negara Malaysia ("BNM") Guidelines and the requirements of the Companies Act, 2016 in Malaysia. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited annual financial statements of the Group and the Bank for the financial year ended 31 December 2022.

The explanatory notes attached to the unaudited 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 the Bank since the financial year ended 31 December 2022.

2. Significant accounting policies

The accounting policies applied by the Group and the Bank in these condensed interim financial statements are the same as those applied by the Group and the Bank in their financial statements for the year ended 31 December 2022.

2.1 Adoption of Amendments and Annual Improvements to Standards

The Group and the Bank have adopted the following Amendments and Annual Improvements to Standards, with a date of initial application of 1 January 2023.

Description

- Amendments to MFRS 17: *Insurance Contracts*
- Amendments to MFRS 17: *Initial application of MFRS 17 and MFRS 9 - Comparative Information*
- Amendments to MFRS 101 and MFRS Practice Statement 2: *Disclosure of accounting policies*
- Amendments to MFRS 108: *Definition of accounting estimates*
- Amendments to MFRS 112: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The above adoption did not result in any material impact to the financial statements of the Group and the Bank.

Unaudited Interim Financial Statements

2. Significant accounting policies (cont'd.)

2.2 Standards issued but not yet effective

At the date of authorisation of the unaudited condensed interim financial statements, the following Standards were issued but not yet effective and have not been adopted by the Group and the Bank.

	Effective for financial periods beginning on or after
Amendments to MFRS 16: <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7: <i>Supplier Finance Agreements</i>	1 January 2024
Amendments to MFRS 121 : <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

3. Comments about seasonal or cyclical factors

The Group's and the Banks's performance is not materially affected by any seasonal or cyclical factors but is affected by the level of activities in the debt instruments and derivatives markets.

4. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter ended 30 September 2023.

5. Significant estimates and changes in estimates

There were no changes in estimates that have had any material effect on the quarter ended 30 September 2023.

6. Debt and equity instruments

There were no changes to the debt and equity instruments for the quarter ended 30 September 2023.

Unaudited Interim Financial Statements

7. Dividend paid/payable

A single-tier interim dividend in respect of the current financial year ended 31 December 2022 of 64.516 sen per share on 155,000,000 ordinary shares, amounting to a net dividend payable of RM100.0 million has been approved by the Board of Directors on 27 October 2022. On 14 February 2023, Bank Negara Malaysia ("BNM") approved this dividend. The dividend was paid on 30 March 2023.

8. 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.

9. Performance review

The Group and the Bank recorded a lower pre-tax profit of RM16.2 million for the third quarter ended 30 September 2023, as compared to the pre-tax profit of RM28.2 million recorded in the corresponding quarter ended 30 September 2022. The lower profit for the current period is mainly from lower net operating income by RM15.6 million and higher operating expenses by RM2.0 million offset with higher net interest income by RM2.1 million and lower net impairment loss made by RM3.5 million.

The pre-tax profit of the Group and the Bank for the nine months ended 30 September 2023 amounted to RM37.8 million, a decrease of RM32.8 million or 46.4% as compared to pre-tax profit of RM70.6 million recorded in the previous corresponding quarter ended 30 September 2022. The lower profit for the period is mainly from lower net interest income by RM8.3 million, lower net operating income by RM24.7 million and higher operating expenses by RM4.4 million offset with lower net impairment loss made by RM4.6 million.

10. Review for 2023

Malaysia's economic growth moderated to +2.9% year-over-year ("yoy"). Domestic demand remained as the major driver of growth during the quarter vis-à-vis downward drag from net exports. Despite the weaker-than-expected year-on-year growth, the sequential growth was still encouraging, supported by stronger quarterly increase in private consumption as well as rebounds in government spending and investment activities.

On the external front, real exports shrank steeper at -9.4%yoy, marking the second successive quarter of contractions. The drag was from sharp fall in real exports of goods (-14.8%yoy), even steeper decline compared to the drag from great lockdown during first year of the global pandemic (2Q2020: -14.5%yoy). This was also attributable to the sluggishness in the global manufacturing sector. However, services exports continued to increase robustly, growing by +41.4%yoy (1Q2023: +58.2%yoy), buoyed by the recovery of the tourism sector. Real imports also dropped sharply, falling at the fastest pace in 12 quarters at -9.7%yoy as the export-oriented sectors continued to slow and reduced purchases of intermediate goods. Consequently, the sharp fall in exports caused trade surplus to shrink to +RM13.9b (1Q2023: +RM21.3b; 2Q2022: +RM14.1b).

Unaudited Interim Financial Statements

10. Review for 2023 (cont'd.)

In the equities market, it was observed that performance of developing markets started to improve in 3Q2023 from growing expectation that the US Fed will finally pause its rate hike. This was strengthened by the skip in June-23 and later on in Sept-23. FBM KLCI climbed from its trough for the year, to post a +3.4%qoq rise in 3Q2023. Other markets such as Jakarta Composite Index and Singapore STI also registered a +4.2%qoq and +0.4%qoq respectively. Nevertheless, FBM KLCI still closed the quarter in negative territory on a year-to-date basis. Nevertheless, the mid-caps stocks have performed well thus far in CY23. FBM70 closed at its year high in 3Q2023 and registered +9.1%ytd rise.

Amongst the sectors that saw strong performance this year have been Property, Utilities, Construction and Energy sector. These sectors recorded double digit rise on a year-to-date basis. Meanwhile, those sectors that lagged behind were Finance, Healthcare, Industrial and Consumer. Based on this, it is not surprising that FBM KLCI have underperformed given the underperformance of its constituent sector while FBM70 have outperformed.

Meanwhile, it seems that foreign funds have changed its stance in 3Q2023 despite no definitive indication of a US rate pause. This is based on the net inflow amounting to RM2.23b in 3Q2023, a reversal of the net outflows of -RM1.87b and -RM2.33b in 1Q2023 and 2Q2023 respectively. The net inflow started in mid July-23 which coincided with the recovery in FBM KLCI.

During the third quarter of 2023 ("3Q2023"), despite the widening negative interest rate differential between Malaysia and the US, as well as continued weakening of the Ringgit which had surpassed RM4.70 against the US Dollar, the Malaysian financial market remained resilient with ample surplus liquidity in the banking system circa RM50.0 to 70.0 billion. As usual, the surplus liquidity was absorbed by Bank Negara Malaysia ("BNM") through its daily money tender operations. Meanwhile, the fixed deposit rates in general remained elevated in 3Q2023 amid continued stiff competition in deposit market among banks in order to retain customers and secure new ones.

On monetary policy, BNM decided to keep the Overnight Policy Rate ("OPR") unchanged at 3.00% throughout the 3Q2023, citing the headline and core inflation had continued to ease amid a more moderate cost condition. According to BNM, at the current OPR level, the stance of monetary policy remained supportive of the economy and consistent with the current assessment of the inflation and growth prospects.

While in the US, after a series of rapid rate hikes over the past 18 months, in a widely expected move, the US Federal Reserve ("Fed") left the target range for its benchmark rate unchanged at 5.25%-5.50% level in the September 2023's Federal Open Market Committee ("FOMC") meeting. The Fed also signalled that interest rates would need to stay higher for longer to contain inflation, though money markets were pricing in rate cuts from next year.

In fixed income market, a higher for longer interest rate regime indicated by the Fed had negatively impacted the bond market sentiment globally, pushing the 10-year US Treasury yield to a peak of 4.69%, a level that had not been seen since the 2007-2008 financial crisis, before closing the 3Q2023 at 4.58%. This sentiment had also contributed to the selloff of Malaysian

Unaudited Interim Financial Statements

10. Review for 2023 (cont'd.)

Government Securities (“MGS”) and Government Investment Issues (“GII”) in our local bond market by foreign players. The selloff saw the benchmark 10-year MGS closed the 3Q2023 at 3.98%, 17 basis points (“bps”) higher than the 3.81% level as at the close of 2Q2023.

Moving into the 4Q2023, the Ringgit is expected to remain weak and volatile, amid expectations of potentially tighter monetary policies and higher interest rate environment for longer period globally. Similarly, the local fixed income market is likely to face continued challenges given the persistent negative yield differentials should the Fed opt for another 25-bps hike in its target benchmark rate before the year-end 2023.

The Bank will remain vigilant in the evolving 2023 operating landscape, whilst maintaining a cautiously optimistic outlook. The Bank will strive to maintain a healthy balance between growth and diligence as it pursues its activities in 2023.

11. Cash and short-term funds

	Group		Bank	
	30 September 2023 RM'000	31 December 2022 RM'000	30 September 2023 RM'000	31 December 2022 RM'000
Cash and balances with banks and other financial institutions	85,998	40,959	80,776	11,007
Money at call and deposits placements maturing within one month	406,700	427,100	406,700	427,100
	<u>492,698</u>	<u>468,059</u>	<u>487,476</u>	<u>438,107</u>

As at reporting date, the dealer's representatives' and clients' monies held in trust by the Group and the Bank amounted to approximately RM11,811,000 and RM11,810,000 respectively (2022: RM7,966,000 and RM7,941,000 respectively). These amounts are excluded from the cash and short-term funds of the Group and of the Bank.

12. Financial assets at FVTPL

	Group and Bank	
	30 September 2023 RM'000	31 December 2022 RM'000
At fair value		
Unquoted instruments in Malaysia:		
Shares	<u>51,025</u>	<u>51,025</u>
	<u>51,025</u>	<u>51,025</u>

Unaudited Interim Financial Statements

13. Financial investments at FVOCI

	Group and Bank	
	30 September 2023 RM'000	31 December 2022 RM'000
At fair value		
Money market instruments:		
Government investment issues	863,181	1,372,282
	<u>863,181</u>	<u>1,372,282</u>
Unquoted instruments in Malaysia:		
Corporate bonds/sukuk	948,120	614,519
Shares	1,500	1,500
	<u>949,620</u>	<u>616,019</u>
	<u>1,812,801</u>	<u>1,988,301</u>

An analysis of changes in the corresponding ECL allowances in relation to FVOCI is as follows:

Group and Bank	Stage 1 Collective RM'000	Stage 3 Individual RM'000	Total RM'000
At 1 January 2023	227	14,196	14,423
Made [Note 26]	131	-	131
At 30 September 2023	<u>358</u>	<u>14,196</u>	<u>14,554</u>
At 1 January 2022	322	59,810	60,132
Written back	(95)	-	(95)
Written off	-	(45,614)	(45,614)
At 31 December 2022	<u>227</u>	<u>14,196</u>	<u>14,423</u>

There was no Stage 2 exposure as at 30 September 2023 and 31 December 2022.

Unaudited Interim Financial Statements

14. Financial investments at amortised cost

	Group and Bank	
	30 September 2023 RM'000	31 December 2022 RM'000
Money market instruments:		
Government investment issues	752,067	753,537
Malaysian Treasury Bills	49,904	99,701
	801,971	853,238
Unquoted instruments in Malaysia:		
Corporate bonds/sukuk	1,533,919	1,637,423
Loan stocks	-	9,822
	1,533,919	1,647,245
Less: ECL allowance	(1,011)	(3,260)
	2,334,879	2,497,223

An analysis of changes in the corresponding ECL allowances in relation to amortised cost is as follows:

Group and Bank	Stage 1 Collective RM'000	Stage 2 Collective RM'000	Stage 3 Individual RM'000	Total RM'000
At 1 January 2023	411	-	2,849	3,260
Made	600	-	-	600
Written back	-	-	(2,849)	(2,849)
At 30 September 2023	1,011	-	-	1,011
At 1 January 2022	507	2,426	7,132	10,065
Transfer	17	-	-	17
Written back	(113)	(2,426)	(4,283)	(6,822)
At 31 December 2022	411	-	2,849	3,260

Unaudited Interim Financial Statements

15. Loans, advances and financing

	Group and Bank	
	30 September 2023 RM'000	31 December 2022 RM'000
Term loans/financing		
Syndicated term loans/financing	410,768	492,928
Other term loans	423,448	395,710
	<u>834,216</u>	<u>888,638</u>
Margin accounts	974,140	810,767
Staff loans	128	183
	<u>1,808,484</u>	<u>1,699,588</u>
Gross loans, advances and financing	1,808,484	1,699,588
Less: ECL allowance	(80,429)	(79,495)
Net loans, advances and financing	<u>1,728,055</u>	<u>1,620,093</u>

The Group and the Bank operate principally in Malaysia and hence, disclosure of information by geographical area is not presented.

(a) Gross loans, advances and financing

(i) By types of customer

	Group and Bank	
	30 September 2023 RM'000	31 December 2022 RM'000
Domestic other non-bank financial institutions	39,877	44,988
Domestic business enterprises		
- Small medium enterprises	1,054,018	1,076,637
Individuals	714,589	577,963
Gross loans, advances and financing	<u>1,808,484</u>	<u>1,699,588</u>

Unaudited Interim Financial Statements

15. Loans, advances and financing (cont'd.)

(a) Gross loans, advances and financing (cont'd.)

(ii) By interest rate sensitivity

	Group and Bank	
	30 September 2023 RM'000	31 December 2022 RM'000
Fixed rate		
Staff loans	128	183
Margin accounts	974,140	810,767
Variable rate		
Cost-plus	834,216	888,638
Gross loans, advances and financing	1,808,484	1,699,588

(iii) By economic sector

	Group and Bank	
	30 September 2023 RM'000	31 December 2022 RM'000
Household	714,589	577,963
Finance, insurance and business services	489,788	546,718
Education, health and others	159,613	156,436
Transport, storage and communications	144,410	133,632
Construction	100,381	100,355
Electricity, gas and water supply	75,356	70,311
Manufacturing	54,073	53,736
Mining and quarrying	48,500	49,000
Wholesale, retail trade, restaurants and hotels	21,644	11,066
Others	130	371
Gross loans, advances and financing	1,808,484	1,699,588

Unaudited Interim Financial Statements

15. Loans, advances and financing (cont'd.)

(a) Gross loans, advances and financing (cont'd.)

(iv) By maturity profile

	Group and Bank	
	30 September 2023	31 December 2022
	RM'000	RM'000
Within one year	1,303,929	1,088,434
One year to five years	384,275	500,921
After five years	120,280	110,233
Gross loans, advances and financing	<u>1,808,484</u>	<u>1,699,588</u>

(b) Impaired loans, advances and financing ("ILs")

(i) Movements in ILs

	Group and Bank	
	30 September 2023	31 December 2022
	RM'000	RM'000
At 1 January	130,769	92,498
Classified as impaired	-	55,000
Recovered	(500)	(6,000)
Written off	-	(10,729)
	<u>130,269</u>	<u>130,769</u>
Less: ECL allowance	(75,541)	(75,383)
Net ILs	<u>54,728</u>	<u>55,386</u>
Ratio of net ILs to gross loans, advances and financing less ECL allowance (Stage 3)	<u>3.16%</u>	<u>3.41%</u>

Unaudited Interim Financial Statements

15. Loans, advances and financing (cont'd.)

(b) Impaired loans, advances and financing ("ILs") (cont'd.)

(ii) ILs by economic sector

	Group and Bank	
	30 September 2023 RM'000	31 December 2022 RM'000
Finance, insurance and business services	81,750	81,750
Mining and quarrying	48,500	49,000
Household	19	19
	<u>130,269</u>	<u>130,769</u>

(c) Movements in ECL allowances by class of financial assets

An analysis of changes in the corresponding ECL allowances in relation to loan, advances and financing is as follows:

Group and Bank	Stage 1 Collective RM'000	Stage 2 Individual RM'000	Stage 3 Individual RM'000	Total RM'000
At 1 January 2023	4,112	-	75,383	79,495
Transfer [Note 20 (c)]	414	-	-	414
Transfer to Stage 2	(604)	604	-	-
Made	718	-	158	876
Written back	(356)	-	-	(356)
At 30 September 2023	<u>4,284</u>	<u>604</u>	<u>75,541</u>	<u>80,429</u>
At 1 January 2022	9,993	1,934	72,061	83,988
Transfer	2,323	-	-	2,323
Transfer to Stage 3	-	(1,934)	1,934	-
Made	-	-	12,117	12,117
Written back	(8,204)	-	-	(8,204)
Written off	-	-	(10,729)	(10,729)
At 31 December 2022	<u>4,112</u>	<u>-</u>	<u>75,383</u>	<u>79,495</u>

Unaudited Interim Financial Statements

16. Other assets

	Note	Group		Bank	
		30 September 2023 RM'000	31 December 2022 RM'000	30 September 2023 RM'000	31 December 2022 RM'000
Interest/profit receivables		41,328	45,173	41,328	45,173
Amounts due from brokers and clients	(a)	17,466	38,923	17,466	38,923
Deposits, prepayments and other receivables		7,653	7,560	7,649	7,560
Less: ECL allowance	(b)	(1,659)	(1,902)	(1,659)	(1,902)
		<u>5,994</u>	<u>5,658</u>	<u>5,990</u>	<u>5,658</u>
Amount due from Danaharta		96,973	96,973	96,973	96,973
Less: ECL allowance		(96,973)	(96,973)	(96,973)	(96,973)
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amount due from related companies	(c)	963	767	963	767
Amount due from subsidiaries	(c)	-	-	4,853	29,784
Tax recoverable		12,861	21,993	12,861	21,988
		<u>78,612</u>	<u>112,514</u>	<u>83,461</u>	<u>142,293</u>

Unaudited Interim Financial Statements

16. Other assets (cont'd.)

- (a) Amounts due from brokers and clients

	Group and Bank	
	30 September 2023 RM'000	31 December 2022 RM'000
Brokers	282	795
Clients	17,184	38,128
	<u>17,466</u>	<u>38,923</u>

Brokers' and clients' debit balances arose from trading of securities through the Bank which are not yet due for settlement as at reporting date under the Rules of Bursa Malaysia Securities Berhad.

- (b) Deposits, prepayments and other receivables

- (i) ECL allowance

Group and Bank	Total RM'000
At 1 January 2023	1,902
Made	52
Written back	(295)
At 30 September 2023	<u>1,659</u>
At 1 January 2022	3,731
Written back	(400)
Written off	(1,429)
At 31 December 2022	<u>1,902</u>

- (c) The amounts due from related companies and subsidiaries arose mainly from expenses paid on behalf of the companies. These amounts are non-trade in nature, unsecured, interest-free and are repayable on demand.

Unaudited Interim Financial Statements

17. Deposits from customers

	Group and Bank	
	30 September 2023 RM'000	31 December 2022 RM'000
(a) By types of deposit		
Call deposits	71,076	66,890
Fixed deposits	4,324,847	4,327,021
	4,395,923	4,393,911
(b) By types of customer		
Business enterprises	2,094,683	2,242,218
Government and statutory bodies	2,298,440	2,148,935
Individual	2,800	2,758
	4,395,923	4,393,911
(c) The maturity structure of term deposits		
Due within six months	4,095,158	4,307,305
Six months to one year	300,765	86,606
	4,395,923	4,393,911

18. Deposits and placements of banks and other financial institutions

	Group and Bank	
	30 September 2023 RM'000	31 December 2022 RM'000
(a) Call deposits		
- Other financial institutions	35,161	55,574
(b) Fixed deposits		
- Licensed banks	-	162,000
- Other financial institutions	1,270,257	1,241,392
	1,270,257	1,403,392
	1,305,418	1,458,966

Unaudited Interim Financial Statements

19. Derivative assets

Group and Bank	Contract or underlying principal amount RM'000	Derivative assets RM'000
30 September 2023		
Interest rate related derivatives:		
- Interest rate swaps	300,000	8,773
31 December 2022		
Interest rate related derivatives:		
- Interest rate swaps	300,000	11,778

20. Other liabilities

	Note	Group		Bank	
		30 September 2023 RM'000	31 December 2022 RM'000	30 September 2023 RM'000	31 December 2022 RM'000
Amounts due to brokers and clients	(a)	20,170	44,436	20,170	44,436
Interest/profit payables		20,878	17,852	20,878	17,852
Accrued liabilities and other payables		3,829	26,110	3,825	26,110
Employee benefits		2,193	2,052	2,193	2,052
Amount due to immediate holding company	(b)	1,135	3,857	1,130	3,850
Amount due to related company	(b)	87	140	87	140
ECL allowances on loans, advances and financing commitments and financial investments	(c)	1,235	510	1,235	510
		<u>49,527</u>	<u>94,957</u>	<u>49,518</u>	<u>94,950</u>

Unaudited Interim Financial Statements

20. Other liabilities (cont'd.)

- (a) Amounts due to brokers and clients

	Group and Bank	
	30 September 2023 RM'000	31 December 2022 RM'000
Brokers	7,555	26,316
Clients	12,615	18,120
	<u>20,170</u>	<u>44,436</u>

Broker' and clients' credit balances arose from trading of securities through the Bank which are not yet due for settlement as at reporting date under the Rules of Bursa Malaysia Securities Berhad.

- (b) The amounts due to immediate holding company and related company are non-trade in nature, unsecured, interest-free and are repayable on demand.
- (c) Movements in the ECL allowances on loans, advances and financing commitments and financial investments are as follows:

Group and Bank	Loans, advances and financing commitments RM'000	Financial investments at amortised cost RM'000	Total RM'000
At 1 January 2023	510	-	510
Transfer [Note 15]	(414)	-	(414)
Made	1,165	3	1,168
Written back	(29)	-	(29)
At 30 September 2023	<u>1,232</u>	<u>3</u>	<u>1,235</u>
At 1 January 2022	1,262	17	1,279
Transfer	(2,323)	(17)	(2,340)
Made	2,052	-	2,052
Written back	(481)	-	(481)
At 31 December 2022	<u>510</u>	<u>-</u>	<u>510</u>

Unaudited Interim Financial Statements

21. Interest income

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Loans and advances				
- Interest income on non-impaired loans	21,035	12,962	59,014	37,794
Money at call and deposit placements with financial institutions	748	1,041	1,486	2,784
Financial investments at FVOCI				
- Interest income on non-impaired instruments	2,696	1,556	8,722	6,345
Financial investments at amortised cost				
- Interest income on non-impaired instruments	2,153	3,250	6,595	10,632
Derivative instruments	1,027	1	3,203	-
	<u>27,659</u>	<u>18,810</u>	<u>79,020</u>	<u>57,555</u>
Accretion of discount less amortisation of premium	(4)	855	80	1,365
	<u>27,655</u>	<u>19,665</u>	<u>79,100</u>	<u>58,920</u>

22. Interest expense

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Deposits from customers	11,449	8,650	31,826	22,847
Deposits and placements of bank and other financial institutions	3,387	2,195	9,844	5,263
Derivative instruments	(4)	(25)	1	193
	<u>14,832</u>	<u>10,820</u>	<u>41,671</u>	<u>28,303</u>
Lease liabilities	13	27	59	99
	<u>14,845</u>	<u>10,847</u>	<u>41,730</u>	<u>28,402</u>

Unaudited Interim Financial Statements

23. Non-interest income

Group	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Fee income:				
Fees on loans and advances	20	28	55	81
Corporate advisory fees	405	470	2,178	1,773
Underwriting fees	-	211	-	670
Brokerage commission	1,712	1,499	4,383	5,662
Rollover charges	1,474	753	3,558	2,811
Facility fee	875	1,137	1,335	1,210
Redemption fee	479	243	805	396
Placement fees	441	576	727	576
Other fee income	235	142	720	182
	<u>5,641</u>	<u>5,059</u>	<u>13,761</u>	<u>13,361</u>
Investment income:				
Net gain on sale of financial investments at FVOCI	3	7	68	18
Net gain on sale of financial investments at amortised cost	-	-	-	630
Net unrealised gain on revaluation of financial assets at FVTPL	-	20,780	-	20,780
Net unrealised (loss)/gain on revaluation of derivative instruments	(645)	248	(3,006)	7,073
	<u>(642)</u>	<u>21,035</u>	<u>(2,938)</u>	<u>28,501</u>
Gross dividends from:				
Financial investments at FVOCI	98	98	98	98
	<u>98</u>	<u>98</u>	<u>98</u>	<u>98</u>
Other income:				
Intercompany management fee	27	23	81	107
Others	71	105	224	603
	<u>98</u>	<u>128</u>	<u>305</u>	<u>710</u>
	<u>5,195</u>	<u>26,320</u>	<u>11,226</u>	<u>42,670</u>

Unaudited Interim Financial Statements

23. Non-interest income (contd.)

Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Fee income:				
Fees on loans and advances	20	28	55	81
Corporate advisory fees	405	470	2,178	1,773
Underwriting fees	-	211	-	670
Brokerage commission	1,712	1,499	4,383	5,662
Rollover charges	1,474	753	3,558	2,811
Facility fee	875	1,137	1,335	1,210
Redemption fee	479	243	805	396
Placement fees	441	576	727	576
Other fee income	217	125	648	134
	<u>5,623</u>	<u>5,042</u>	<u>13,689</u>	<u>13,313</u>
Investment income:				
Net gain on sale of financial investments at FVOCI	3	7	68	18
Net gain on sale of financial investments at amortised cost	-	-	-	630
Net unrealised gain on revaluation of financial assets at FVTPL	-	20,780	-	20,780
Net unrealised (loss)/gain on revaluation of derivative instruments	(645)	248	(3,006)	7,073
	<u>(642)</u>	<u>21,035</u>	<u>(2,938)</u>	<u>28,501</u>
Gross dividends from:				
Financial investments at FVOCI	98	98	98	98
	<u>98</u>	<u>98</u>	<u>98</u>	<u>98</u>
Other income:				
Intercompany management fee	27	23	81	107
Others	5	26	44	464
	<u>32</u>	<u>49</u>	<u>125</u>	<u>571</u>
	<u>5,111</u>	<u>26,224</u>	<u>10,974</u>	<u>42,483</u>

Unaudited Interim Financial Statements

24. Operating expenses

Group	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
(i) Staff costs:				
Wages, salaries and bonuses	11,539	11,535	34,363	32,904
Employees' benefits	47	52	142	158
Defined contribution plans	1,777	1,821	5,298	5,126
Social security costs	91	48	127	135
Other staff related expenses	1,420	1,014	3,293	2,756
	<u>14,874</u>	<u>14,470</u>	<u>43,223</u>	<u>41,079</u>
(ii) Establishment costs:				
Depreciation and amortisation	692	364	1,758	1,034
Depreciation of right-of-use assets	533	534	1,599	1,600
Rental of premises and office equipment	17	18	35	48
General repairs and maintenance	11	28	33	50
Insurance	-	(64)	243	141
Electricity	14	13	46	50
IT expenses	1,973	1,713	5,695	4,859
	<u>3,240</u>	<u>2,606</u>	<u>9,409</u>	<u>7,782</u>
(iii) Promotion and marketing -related expenses:				
Business promotion and advertisement	795	190	1,624	951
Entertainment	129	114	328	284
	<u>924</u>	<u>304</u>	<u>1,952</u>	<u>1,235</u>

Unaudited Interim Financial Statements

24. Operating expenses (cont'd.)

Group	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	RM'000	RM'000	RM'000	RM'000
(iv) Administrative and general expenses:				
Auditors' remuneration				
- Audit	89	73	266	221
Non-Executive Directors' remuneration	205	196	611	622
Management fees	3,657	3,750	10,915	11,190
Securities commission's levy	137	148	313	458
Brokerage fee	389	191	848	652
Bursa fee	76	79	221	199
License fee and stamp duty	44	4	135	167
Corporate dealers' and remisier' commissions	4	345	205	1,355
Professional fees	63	(68)	589	(66)
Regulatory expenses	51	(52)	267	30
Others	479	167	648	313
	<u>5,194</u>	<u>4,833</u>	<u>15,018</u>	<u>15,141</u>
	<u>24,232</u>	<u>22,213</u>	<u>69,602</u>	<u>65,237</u>

Unaudited Interim Financial Statements

24. Operating expenses (cont'd.)

Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
(i) Staff costs:				
Wages, salaries and bonuses	11,539	11,535	34,363	32,904
Employees' benefits	47	52	142	158
Defined contribution plans	1,777	1,821	5,298	5,126
Social security costs	91	48	127	135
Other staff related expenses	1,420	1,014	3,293	2,756
	<u>14,874</u>	<u>14,470</u>	<u>43,223</u>	<u>41,079</u>
(ii) Establishment costs:				
Depreciation and amortisation	692	364	1,758	1,034
Depreciation of right-of-use assets	533	534	1,599	1,600
Rental of premises and office equipment	17	-	35	-
General repairs and maintenance	11	28	33	50
Insurance	-	(64)	243	141
Electricity	14	13	46	50
IT expenses	1,973	1,713	5,695	4,859
	<u>3,240</u>	<u>2,606</u>	<u>9,409</u>	<u>7,782</u>
(iii) Promotion and marketing -related expenses:				
Business promotion and advertisement	795	190	1,624	951
Entertainment	129	114	328	284
	<u>924</u>	<u>304</u>	<u>1,952</u>	<u>1,235</u>

Unaudited Interim Financial Statements

24. Operating expenses (cont'd.)

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Bank				
(iv) Administrative and general expenses:				
Auditors' remuneration				
- Audit	89	73	266	221
Non-Executive Directors' remuneration	205	196	611	622
Management fees	3,652	3,745	10,900	11,175
Securities commission's levy	137	148	313	458
Brokerage fee	389	191	848	652
Bursa fees	76	79	221	199
License fee and stamp duty	44	4	135	167
Corporate dealers' and remisiers' commissions	4	345	205	1,355
Professional fees	63	(68)	589	(66)
Regulatory expenses	51	(52)	267	30
Others	479	167	648	313
	<u>5,189</u>	<u>4,828</u>	<u>15,003</u>	<u>15,126</u>
	<u>24,227</u>	<u>22,208</u>	<u>69,587</u>	<u>65,222</u>

Unaudited Interim Financial Statements

25. Impairment loss made on loans, advances and financing

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	RM'000	RM'000	RM'000	RM'000
ECL allowance				
- Made (Net)	(498)	(4,969)	(1,656)	(10,092)
Interest on impaired loans recovered	-	702	147	702
Bad debts recovered	397	-	397	-
	<u>(101)</u>	<u>(4,267)</u>	<u>(1,112)</u>	<u>(9,390)</u>

26. Impairment loss written back/(made) on financial investments

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	RM'000	RM'000	RM'000	RM'000
Financial investments at FVOCI [Note 13]	(21)	30	(131)	56
Financial investments at amortised cost [Note 14]	74	112	2,246	3,017
Interest on impaired financial investments recovered	-	-	-	19
Bad debts written off	-	-	(2,335)	-
	<u>53</u>	<u>142</u>	<u>(220)</u>	<u>3,092</u>

Unaudited Interim Financial Statements

27. Impairment loss (made)/written back on other assets

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	RM'000	RM'000	RM'000	RM'000
ECL allowance				
- Made	(38)	-	-	-
- Written back	-	493	243	567
	<u>(38)</u>	<u>493</u>	<u>243</u>	<u>567</u>

28. Basic earnings per ordinary shares

Group	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	RM'000	RM'000	RM'000	RM'000
Profit for the period	<u>11,805</u>	<u>20,369</u>	<u>27,311</u>	<u>51,193</u>
Weighted average number of ordinary shares	<u>155,000</u>	<u>155,000</u>	<u>155,000</u>	<u>155,000</u>
Basic and diluted earnings per ordinary share (sen)	<u>7.62</u>	<u>13.14</u>	<u>17.62</u>	<u>33.03</u>

Unaudited Interim Financial Statements

29. Commitments and contingencies

Group and Bank	<----- 30 September 2023 ----->			<----- 31 December 2022 ----->		
	Principal amount	Credit equivalent amount*	Risk-weighted amount*	Principal amount	Credit equivalent amount*	Risk-weighted amount*
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	58,500	58,500	58,500	63,500	63,500	63,500
Interest rate related contract with an original maturity of:						
- over one year to five years	300,000	14,243	2,849	300,000	18,180	3,636
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:						
- not exceeding one year	405,853	81,171	81,171	297,849	59,570	59,570
- exceeding one year	248,884	124,442	124,442	159,270	79,635	79,635
Total	1,013,237	278,356	266,962	820,619	220,885	206,341

* The credit equivalent and risk weighted amount are arrived at using the credit conversion factors and risk weights respectively as per Bank Negara Malaysia Guidelines.

30. Credit exposures arising from credit transactions with connected parties

	Group and Bank	
	30 September 2023	31 December 2022
	RM'000	RM'000
(i) Outstanding credit exposures with connected parties	237,129	225,871
(ii) Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	4.66%	4.86%
(iii) Percentage of outstanding credit exposures to connected parties which is impaired or in default	Nil	Nil

Unaudited Interim Financial Statements

31. Related party disclosures

(a) Significant related party transactions and balances

The following significant transactions between the Group and the Bank and related parties took place at arm's length during the financial period/year.

	Group and Bank	
	30 September 2023 RM'000	30 September 2022 RM'000
Penultimate holding company		
Income:		
Interest/profit income on financial investments	3,750	3,764
Brokerage fees earned	369	725
	<u> </u>	<u> </u>
Immediate holding company		
Income		
Fee income	3,000	-
	<u> </u>	<u> </u>
Expenditure:		
Management fees	10,900	11,175
	<u> </u>	<u> </u>
Other related companies		
Income:		
Interest/profit income on loans, advances and financing	4,174	2,979
Brokerage fees earned	292	796
Fee income	265	232
	<u> </u>	<u> </u>
Expenditure:		
Interest/profit expense on deposits	846	121
	<u> </u>	<u> </u>

Unaudited Interim Financial Statements

31. Related party disclosures (cont'd.)

(a) Significant related party transactions and balances (cont'd.)

In addition to the related party information disclosed elsewhere in the financial statements, the significant outstanding balances of the Group and of the Bank with their related parties are as follows:

	Group and Bank	
	30 September	31 December
	2023	2022
	RM'000	RM'000
Penultimate holding company		
Amount due from:		
Financial investments	100,000	100,000
Immediate holding company		
Amount due to:		
Other payables	1,130	3,850
Other related companies		
Amount due to:		
Deposits from customers	118,868	99,766
Deposits from placements of banks and other financial institutions	7,390	27,307
Other payables	210	183
Amount due from:		
Loans, advances and financing	100,000	100,000

Other related companies include companies within the Yayasan Pelaburan Bumiputra Group and companies related to the Directors of the Bank.

Unaudited Interim Financial Statements

32. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's and the Bank's assets and liabilities. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Group and Bank	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
30 September 2023				
Assets measured at fair value				
Financial assets at FVTPL				
- Unquoted instruments	-	-	51,025	51,025
Financial investments at FVOCI				
- Money market instruments	-	863,181	-	863,181
- Unquoted instruments	-	948,120	1,500	949,620
Derivative assets	-	8,773	-	8,773
Assets for which fair values are disclosed:				
Financial investments at amortised cost				
- Money market instruments	-	807,870	-	807,870
- Unquoted instruments	-	1,527,237	-	1,527,237
Loans, advances and financing				
- staff loans	-	96	-	96

Unaudited Interim Financial Statements

32. Fair value hierarchy (cont'd.)

Group and Bank	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2022				
Assets measured at fair value				
Financial assets at FVTPL				
- Unquoted instruments	-	-	51,025	51,025
Financial investments at FVOCI				
- Money market instruments	-	1,372,282	-	1,372,282
- Unquoted instruments	-	614,519	1,500	616,019
Derivative assets	-	11,778	-	11,778
Assets for which fair values are disclosed:				
Financial investments at amortised cost				
- Money market instruments	-	852,120	-	852,120
- Unquoted instruments	-	1,664,713	9,822	1,674,535
Loans, advances and financing				
- staff loans	-	133	-	133

There was no transfer between Level 1 and Level 2 of the fair value hierarchy during the financial period/year.

Unaudited Interim Financial Statements

32. Fair value hierarchy (cont'd.)

The following table shows a reconciliation of the opening and closing amounts of Level 3 financial instruments which are recorded at fair value:

Group and Bank	Unquoted instruments	
	Financial assets at FVTPL RM'000	Financial investment at FVOCI RM'000
At 1 January 2023 / 30 September 2023	51,025	1,500
At 1 January 2022	30,245	1,500
Revaluation gain	20,780	-
At 31 December 2022	51,025	1,500

There was no transfers between Level 2 and Level 3 during the current and previous financial years for the Group and the Bank.

Changing one or more of the unobservable inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

Unaudited Interim Financial Statements

33. Capital management

(i) The capital adequacy ratio of the Group and of the Bank are as follows:

	Group		Bank	
	30 September 2023 RM'000	31 December 2022 RM'000	30 September 2023 RM'000	31 December 2022 RM'000
<u>Tier 1 Capital</u>				
Common Equity Tier 1 ("CET1") Capital				
Ordinary shares	369,111	369,111	369,111	369,111
Regulatory reserve	36,686	34,491	36,686	34,491
FVOCI reserve	(12,346)	(28,227)	(12,346)	(28,227)
Retained profits	455,363	557,558	455,200	557,395
	<u>848,814</u>	<u>932,933</u>	<u>848,651</u>	<u>932,770</u>
Less: Regulatory adjustments	(52,458)	(54,117)	(52,458)	(54,117)
<i>Total CET1 Capital</i>	<u>796,356</u>	<u>878,816</u>	<u>796,193</u>	<u>878,653</u>
Total Tier 1 Capital	<u>796,356</u>	<u>878,816</u>	<u>796,193</u>	<u>878,653</u>
<u>Tier 2 Capital</u>				
Loss provision / loss provision and regulatory reserve	34,735	33,342	34,782	33,640
Total Tier 2 capital	<u>34,735</u>	<u>33,342</u>	<u>34,782</u>	<u>33,640</u>
Total Capital	<u>831,091</u>	<u>912,158</u>	<u>830,975</u>	<u>912,293</u>
Before deducting dividend				
CET1 Capital Ratio	24.904%	28.565%	24.869%	28.341%
Tier 1 Capital Ratio	24.904%	28.565%	24.869%	28.341%
Total Capital Ratio	25.990%	29.649%	25.955%	29.426%
After deducting dividend				
CET1 Capital Ratio	*	25.315%	*	25.115%
Tier 1 Capital Ratio	*	25.315%	*	25.115%
Total Capital Ratio	*	26.399%	*	26.200%

* There are no proposed dividends for period ended 30 September 2023.

Unaudited Interim Financial Statements

33. Capital management (cont'd.)

- (ii) Breakdown of gross risk-weighted assets in the various categories of risk-weights are as follows:

	Group		Bank	
	30 September 2023 RM'000	31 December 2022 RM'000	30 September 2023 RM'000	31 December 2022 RM'000
Total risk-weighted assets for credit risk	2,778,792	2,667,371	2,782,597	2,691,160
Total risk-weighted assets equivalent for market risk	59,008	65,224	59,008	65,224
Total risk-weighted assets equivalent for operational risk	359,951	343,931	359,951	343,931
	3,197,751	3,076,526	3,201,556	3,100,315

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI)

Condensed consolidated statements of financial position
As at 30 September 2023

	Note	Group and Bank	
		30 September 2023 RM'000	31 December 2022 RM'000
Assets			
Cash and short-term funds	(a)	477,163	444,261
Financial investments at FVOCI	(b)	1,566,184	1,682,322
Financial investments at amortised cost	(c)	2,091,979	2,189,606
Financing and advances	(d)	694,697	749,600
Other assets	(e)	41,483	50,027
Deferred tax assets		4,993	10,227
Total assets		4,876,499	5,126,043
Liabilities			
Deposits from customers	(f)	3,108,881	3,279,209
Deposits and placements of banks and other financial institutions	(g)	884,947	931,931
Other liabilities	(h)	164,179	168,540
Provision for taxation and zakat		761	1,250
Total liabilities		4,158,768	4,380,930
Islamic banking capital funds			
Islamic banking funds		426,600	426,600
Reserves		291,131	318,513
Total Islamic banking capital funds		717,731	745,113
Total liabilities and Islamic banking capital funds		4,876,499	5,126,043

The Condensed 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.

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI) (cont'd.)

Condensed consolidated statements of profit or loss
For the nine months ended 30 September 2023

Group and Bank	Note	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
		30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Income derived from investment of depositors' funds	(i)	45,446	39,990	136,739	123,210
Income derived from investment of Islamic Banking funds	(j)	13,877	7,731	30,784	22,957
Impairment loss made on financing and advances	(k)	(72)	(4,414)	(1,210)	(9,614)
Impairment loss written back/(made) on financial investments	(l)	7	132	(624)	1,926
Impairment loss (made)/written back on other assets	(m)	(118)	394	(147)	744
Total attributable income		59,140	43,833	165,542	139,223
Income attributable to depositors	(n)	(36,807)	(28,823)	(107,678)	(77,802)
Total net income		22,333	15,010	57,864	61,421
Operating expenses	(o)	(5,028)	(6,345)	(18,516)	(17,886)
Profit before taxation and zakat		17,305	8,665	39,348	43,535
Taxation		(4,233)	(5,807)	(9,856)	(14,131)
Zakat		(337)	(411)	(761)	(1,489)
Profit for the period		12,735	2,447	28,731	27,915

The Condensed 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.

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI) (cont'd.)

Condensed consolidated statements of comprehensive income
For the nine months ended 30 September 2023

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Profit for the period attributable to equity holder of the Bank	12,735	2,447	28,731	27,915
Other comprehensive income/ (loss) to be reclassified to profit or loss in subsequent periods:				
Changes in allowance for ECL for investments at FVOCI	22	(23)	143	(46)
Net (loss)/gain on financial investments at FVOCI				
- Transfer of gain to profit or loss upon disposal	(1)	(5)	(751)	(44)
- Fair value changes	1,303	1,439	14,495	(17,687)
Other comprehensive income/ (loss) for the period, net of tax	1,324	1,411	13,887	(17,777)
Total comprehensive income for the period attributable to equity holder of the Bank	14,059	3,858	42,618	10,138

The Condensed 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.

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI) (cont'd.)

Condensed consolidated statements of changes in equity
For the nine months ended 30 September 2023

Group and Bank	<----- Non-distributable ----->			Distributable	
	Islamic banking funds RM'000	Regulatory reserve# RM'000	FVOCI reserve^ RM'000	Retained profits RM'000	Total RM'000
At 1 January 2023	426,600	19,957	(26,498)	325,054	745,113
Profit for the financial period	-	-	-	28,731	28,731
Other comprehensive income for the financial period	-	-	13,887	-	13,887
Total comprehensive income for the financial period	-	-	13,887	28,731	42,618
Transactions with owner					
Transfer to regulatory reserve	-	1,105	-	(1,105)	-
Dividends (Note 7)	-	-	-	(70,000)	(70,000)
At 30 September 2023	426,600	21,062	(12,611)	282,680	717,731
At 1 January 2022	426,600	7,385	(14,385)	290,391	709,991
Profit for the financial period	-	-	-	27,915	27,915
Other comprehensive loss for the financial period	-	-	(17,777)	-	(17,777)
Total comprehensive (loss)/ income for the period	-	-	(17,777)	27,915	10,138
Transactions with owner					
Transfer to regulatory reserve	-	8,835	-	(8,835)	-
At 30 September 2022	426,600	16,220	(32,162)	309,471	720,129

The regulatory reserve is maintained in compliance with the revised Bank Negara Malaysia guidelines on Financial Reporting in which the Bank is required to maintain, in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserves of no less than 1% of total exposures, net of loss allowance for credit-impaired exposures.

^ The financial investments at FVOCI reserve arises from the change in the fair value of the underlying instruments and it is not distributable as cash dividends.

The Condensed 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.

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI) (cont'd.)

Condensed consolidated statements of cash flows
For the nine months ended 30 September 2023

	Note	Group and Bank	
		30 September 2023	30 September 2022
		RM'000	RM'000
Profit before taxation and zakat		39,348	43,535
Adjustments for non-cash items		9,467	11,569
Operating profit before changes in working capital		48,815	55,104
Changes in working capital:			
Net changes in operating assets		277,010	(226,421)
Net changes in operating liabilities		(222,923)	(148,489)
Net cash generated from operating activities		102,902	(319,806)
Net cash used in financing activities			
- Dividend paid		(70,000)	-
		(70,000)	-
Net change in cash and cash equivalents		32,902	(319,806)
Cash and cash equivalents at beginning of the period		444,261	338,172
Cash and cash equivalents at end of the period	34(a)	477,163	18,366
Cash and cash equivalents comprise of:			
Cash and short-term funds		477,163	18,366

The Condensed 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.

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(a) Cash and short-term funds

	Group and Bank	
	30 September 2023 RM'000	31 December 2022 RM'000
Cash and balances with banks and other financial institutions	90,163	17,761
Money at call and deposit placements maturing within one month	387,000	426,500
	<u>477,163</u>	<u>444,261</u>

(b) Financial investments at FVOCI

	Group and Bank	
	30 September 2023 RM'000	31 December 2022 RM'000
Money market instruments:		
Government investment issues	752,746	1,221,548
Corporate sukuk	813,438	460,774
	<u>1,566,184</u>	<u>1,682,322</u>

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(b) Financial investments at FVOCI (cont'd.)

An analysis of changes in the corresponding ECL allowances in relation to FVOCI is, as follows:

Group and Bank	Stage 1 Collective RM'000	Stage 3 Individual RM'000	Total RM'000
At 1 January 2023	185	8,112	8,297
Made [Note 34(l)]	143	-	143
At 30 September 2023	328	8,112	8,440
At 1 January 2022	270	8,112	8,382
Written back	(85)	-	(85)
At 31 December 2022	185	8,112	8,297

There was no Stage 2 exposure as at 30 September 2023 and 31 December 2022.

(c) Financial investments at amortised costs

	Group and Bank	
	30 September 2023 RM'000	31 December 2022 RM'000
Money market instruments:		
Government investment issues	731,759	733,141
Corporate sukuk	1,361,091	1,456,858
	2,092,850	2,189,999
Less: ECL allowance	(871)	(393)
	2,091,979	2,189,606

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(c) Financial investments at amortised costs (cont'd.)

An analysis of changes in the corresponding ECL allowances in relation to amortised cost is as follows:

Group and Bank	Stage 1 Collective RM'000	Stage 2 Collective RM'000	Total RM'000
At 1 January 2023	393	-	393
Made	478	-	478
At 30 September 2023	<u>871</u>	<u>-</u>	<u>871</u>
At 1 January 2022	380	1,884	2,264
Transfer	14	-	14
Written back	(1)	(1,884)	(1,885)
At 31 December 2022	<u>393</u>	<u>-</u>	<u>393</u>

There was no Stage 3 exposure as at 30 September 2023 and 31 December 2022.

(d) Financing and advances

	Group and Bank	
	30 September 2023 RM'000	31 December 2022 RM'000
Term financing		
- Syndicated term financing	410,768	492,928
- Other term financing	363,606	335,871
	<u>774,374</u>	<u>828,799</u>
Staff financing	34	23
Gross financing and advances	<u>774,408</u>	<u>828,822</u>
Less: ECL allowance	(79,711)	(79,222)
Net financing and advances	<u>694,697</u>	<u>749,600</u>

The Group and the Bank operate principally in Malaysia and hence, disclosure of information by geographical area is not presented.

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(d) Financing and advances (cont'd.)

(a) Gross financing and advances

(i) By types of customer

	Group and Bank	
	30 September 2023 RM'000	31 December 2022 RM'000
Domestic other non-bank financial institutions	39,877	44,988
Domestic business enterprises	734,497	783,811
Individuals	34	23
Gross financing and advances	774,408	828,822

(ii) By profit rate sensitivity

	Group and Bank	
	30 September 2023 RM'000	31 December 2022 RM'000
Fixed rate		
Staff financing	34	23
Variable rate		
Cost-plus	774,374	828,799
Gross financing and advances	774,408	828,822

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(d) Financing and advances (cont'd.)

(a) Gross financing and advances (cont'd.)

(iii) By economic sector

	Group and Bank	
	30 September	31 December
	2023	2022
	RM'000	RM'000
Finance, insurance and business services	231,984	314,877
Transport, storage and communications	144,410	133,632
Construction	100,381	100,355
Education, health and others	99,771	96,597
Electricity, gas and water supply	75,356	70,311
Manufacturing	54,073	53,736
Mining and quarrying	48,500	49,000
Wholesale & retail trade and restaurants and hotels	19,899	10,291
Household	34	23
Gross financing and advances	<u>774,408</u>	<u>828,822</u>

(iv) By maturity profile

	Group and Bank	
	30 September	31 December
	2023	2022
	RM'000	RM'000
Within one year	269,925	277,575
One year to five years	384,203	441,013
After five years	120,280	110,234
Gross financing and advances	<u>774,408</u>	<u>828,822</u>

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(d) Financing and advances (cont'd.)

(a) Gross financing and advances (cont'd.)

(v) By classification of Shariah contracts

	Group and Bank	
	30 September	31 December
	2023	2022
	RM'000	RM'000
Term financing		
Commodity Murabahah	774,374	828,799
Staff financing	34	23
Gross financing and advances	<u>774,408</u>	<u>828,822</u>

(b) Impaired financing and advances ("IF")

(i) Movements in IF

	Group and Bank	
	30 September	31 December
	2023	2022
	RM'000	RM'000
At 1 January	130,750	81,750
Classified as impaired	-	55,000
Recovered	(500)	(6,000)
	<u>130,250</u>	<u>130,750</u>
Less: ECL allowance	(75,522)	(75,364)
Net IF	<u>54,728</u>	<u>55,386</u>
Ratio of net IF to gross financing and advances less ECL allowance	<u>7.83%</u>	<u>7.35%</u>

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(d) Financing and advances (cont'd.)

(a) Gross financing and advances (cont'd.)

(ii) IF by economic sector

	Group and Bank	
	30 September 2023 RM'000	31 December 2022 RM'000
Finance, insurance and business services	81,750	81,750
Mining and quarrying	48,500	49,000
	<u>130,250</u>	<u>130,750</u>

(b) Movement in impairment allowances by class of financial assets

(i) ECL allowance

An analysis of changes in the corresponding ECL allowances in relation to financing and advances is as follows:

Group and Bank	Stage 1 Collective RM'000	Stage 2 Individual RM'000	Stage 3 Individual RM'000	Total RM'000
At 1 January 2023	3,858	-	75,364	79,222
Transfer [Note 34 (h)(ii)]	414	-	-	414
Transfer to Stage 2 Made	(604) 287	604 -	- 158	- 445
Written back	(370)	-	-	(370)
At 30 September 2023	<u>3,585</u>	<u>604</u>	<u>75,522</u>	<u>79,711</u>
At 1 January 2022	8,911	1,934	61,313	72,158
Transfer	2,323	-	-	2,323
Transfer to Stage 3 Made	- -	(1,934) -	1,934 12,117	- 12,117
Written back	(7,376)	-	-	(7,376)
At 31 December 2022	<u>3,858</u>	<u>-</u>	<u>75,364</u>	<u>79,222</u>

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(e) Other assets

	Note	Group and Bank	
		30 September 2023 RM'000	31 December 2022 RM'000
Other debtors, deposits and prepayments		2,728	1,468
Less: ECL allowance	(i)	(1,209)	(1,062)
		<u>1,519</u>	<u>406</u>
Profit receivables		36,070	39,496
Amounts due from clients	(ii)	1,071	8,309
Amount due from immediate holding company		2,823	1,816
		<u>41,483</u>	<u>50,027</u>

(i) Other debtors, deposits and prepayments

Movement in ECL allowance

Group and Bank	Total RM'000
At 1 January 2023	1,062
Made [Note 34(m)]	147
At 30 September 2023	<u>1,209</u>
At 1 January 2022	3,141
Written back	(741)
Written off	(1,338)
At 31 December 2022	<u>1,062</u>

(ii) Amounts due from clients

	Group and Bank	
	30 September 2023 RM'000	31 December 2022 RM'000
Clients	<u>1,071</u>	<u>8,309</u>
	<u>1,071</u>	<u>8,309</u>

Clients' debit balances arose from trading of securities through the Bank which are not yet due for settlement as at reporting date under the Rules of Bursa Malaysia Securities Berhad.

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(f) Deposits from customers

	Group and Bank	
	30 September 2023 RM'000	31 December 2022 RM'000
(i) By type of deposit		
Commodity Murabahah fund		
Term deposits	3,108,881	3,279,209
(ii) By type of customer		
Commodity Murabahah fund		
Business enterprises	1,162,197	1,388,711
Government and statutory bodies	1,946,684	1,890,498
	<u>3,108,881</u>	<u>3,279,209</u>
(iii) The maturity structure of term deposits		
Due within six months	2,808,117	3,196,649
Six months to one year	300,764	82,560
	<u>3,108,881</u>	<u>3,279,209</u>

(g) Deposits and placements of banks and other financial institutions

	Group and Bank	
	30 September 2023 RM'000	31 December 2022 RM'000
(i) By types of deposit		
Commodity Murabahah fund		
Term deposits	884,947	931,931
(ii) By type of customer		
Commodity Murabahah fund		
Other financial institutions	884,947	931,931

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(h) Other liabilities

	Note	Group and Bank	
		30 September 2023 RM'000	31 December 2022 RM'000
Profit payable to depositors		15,060	14,067
Amounts due to brokers and clients	(i)	1,030	8,293
Sundry creditors and accruals		7,844	20,778
ECL allowances on financing and advances commitments and financial investments	(ii)	1,139	415
Amount due to Head Office		139,106	124,987
		<u>164,179</u>	<u>168,540</u>

(i) Amounts due to brokers and clients

	Group and Bank	
	30 September 2023 RM'000	31 December 2022 RM'000
Brokers	146	7,163
Clients	884	1,130
	<u>1,030</u>	<u>8,293</u>

Brokers' and clients' credit balances arose from trading of securities through the Bank which are not yet due for settlement as at reporting date under the Rules of Bursa Malaysia Securities Berhad.

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(h) Other liabilities (cont'd.)

(ii) Movements in the ECL allowances on financing and advances commitments and financial investments are as follows:

Group and Bank	Financing and advances commitments RM'000	Financial investments at amortised cost RM'000	Total RM'000
Stage 1 Collective			
At 1 January 2023	415	-	415
Transfer [Note 34 (d)(b)(i)]	(414)	-	(414)
Made	1,142	3	1,145
Written back	(7)	-	(7)
At 30 September 2023	<u>1,136</u>	<u>3</u>	<u>1,139</u>
At 1 January 2022	1,261	14	1,275
Transfer	(2,323)	(14)	(2,337)
Made	1,818	-	1,818
Written back	(341)	-	(341)
At 31 December 2022	<u>415</u>	<u>-</u>	<u>415</u>

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(i) Income derived from investment of depositors' funds

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Finance income and hibah:				
Financing and advances	10,762	6,190	30,020	18,410
Money at call and deposit placements with financial institutions	1,932	2,120	5,484	5,460
Financial investments at FVOCI				
- Profit on non-impaired instruments	13,600	11,780	42,026	45,380
Financial investments at amortised costs				
- Profit on non-impaired instruments	20,804	19,350	62,431	58,120
- Profit on impaired instruments	-	-	3,515	-
	<u>47,098</u>	<u>39,440</u>	<u>143,476</u>	<u>127,370</u>
Accretion of discount less amortisation of premium	(1,653)	550	(7,449)	(4,530)
Total finance income and hibah	<u>45,445</u>	<u>39,990</u>	<u>136,027</u>	<u>122,840</u>
Other operating income:				
Net gain on sale of financial assets at FVTPL	-	-	-	330
Net gain on sale of financial investments at FVOCI	1	-	676	40
Net gain on sale of financial investments at amortised cost	-	-	36	-
	<u>1</u>	<u>-</u>	<u>712</u>	<u>370</u>
	<u>45,446</u>	<u>39,990</u>	<u>136,739</u>	<u>123,210</u>

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(j) Income derived from investment of Islamic Banking funds

Group and Bank	Individual Quarter 3 Months Ended		Cumulative quarter 9 Months Ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Finance income and hibah:				
Financing and advances	1,196	680	3,336	2,040
Money at call and deposit placements with financial institutions	215	233	609	606
Financial investments at FVOCI				
- Profit on non-impaired instruments	1,510	1,302	4,669	5,040
Financial investments at amortised costs				
- Profit on non-impaired instruments	2,312	2,159	6,937	6,462
- Profit on impaired instruments	-	-	391	-
	<u>5,233</u>	<u>4,374</u>	<u>15,942</u>	<u>14,148</u>
Accretion of discount less amortisation of premium	(185)	54	(828)	(506)
Total finance income and hibah	<u>5,048</u>	<u>4,428</u>	<u>15,114</u>	<u>13,642</u>
Other operating income:				
Net gain on sale of financial assets at FVTPL	-	-	-	33
Net gain on sale of financial investments at FVOCI	-	5	75	4
Net gain on sale of financial investments at amortised cost	-	-	4	4
	<u>-</u>	<u>5</u>	<u>79</u>	<u>41</u>

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(j) Income derived from investment of Islamic Banking funds (cont'd.)

Group and Bank	Individual Quarter 3 Months Ended		Cumulative quarter 9 Months Ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	RM'000	RM'000	RM'000	RM'000
Fees and others:				
Fee income				
- Fees on financing and advances	271	195	833	537
- Corporate advisory fees	5,784	2,119	10,234	6,152
- Brokerage commission	335	561	953	1,626
- Participation fees	106	106	317	317
- Placement fee	1,950	-	1,950	-
- Extension fee	300	160	1,107	160
- Other fee income	77	129	171	380
	<u>8,823</u>	<u>3,270</u>	<u>15,565</u>	<u>9,172</u>
Other income	6	28	26	102
	<u>8,829</u>	<u>3,298</u>	<u>15,591</u>	<u>9,274</u>
	<u>13,877</u>	<u>7,731</u>	<u>30,784</u>	<u>22,957</u>

(k) Impairment loss made on financing and advances

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	RM'000	RM'000	RM'000	RM'000
ECL allowance				
- Made	(72)	(5,116)	(1,210)	(10,316)
Profit on impaired financing recovered				
	-	702	-	702
	<u>(72)</u>	<u>(4,414)</u>	<u>(1,210)</u>	<u>(9,614)</u>

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(l) Impairment loss written back/(made) on financial investments

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	RM'000	RM'000	RM'000	RM'000
Financial investments at FVOCI [Note 34(b)]	(22)	23	(143)	46
Financial investments at amortised cost	29	109	(481)	1,880
	<u>7</u>	<u>132</u>	<u>(624)</u>	<u>1,926</u>

(m) Impairment loss (made)/written back on other assets

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	RM'000	RM'000	RM'000	RM'000
Other assets				
- (Made)/written back [Note 34(e)(i)]	(118)	394	(147)	744
	<u>(118)</u>	<u>394</u>	<u>(147)</u>	<u>744</u>

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(n) Income attributable to depositors

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	RM'000	RM'000	RM'000	RM'000
Commodity Murabahah fund				
Deposits from customers	29,763	23,067	85,798	63,372
Deposits and placements of banks and other financial institutions	7,044	5,756	21,880	14,430
	<u>36,807</u>	<u>28,823</u>	<u>107,678</u>	<u>77,802</u>

(o) Operating expenses

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	RM'000	RM'000	RM'000	RM'000
(i) Staff costs:				
Wages, salaries and bonuses	568	576	1,667	1,654
Social security costs	3	3	10	9
Defined contribution plan	113	118	329	329
Other staff related expenses	151	43	285	132
	<u>835</u>	<u>740</u>	<u>2,291</u>	<u>2,124</u>

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(o) Operating expenses (cont'd.)

Group and Bank	Individual Quarter		Cumulative Quarter	
	3 Months Ended		9 Months Ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
(ii) Establishment costs:				
Rental	4	11	7	15
IT expenses	121	143	324	571
Others	124	68	328	192
	<u>249</u>	<u>222</u>	<u>659</u>	<u>778</u>
(iii) Promotion and marketing related expenses				
Business promotion and advertisement	-	1	-	26
Entertainment	5	8	6	8
	<u>5</u>	<u>9</u>	<u>6</u>	<u>34</u>
(iv) Administrative and general expenses:				
Audit fees	53	77	159	202
Non-Executive Directors' remuneration	123	204	367	544
Management fees	3,446	4,948	10,279	11,367
Professional fees	-	-	-	-
Brokerage fees	89	112	305	318
Others	228	33	4,450	2,519
	<u>3,939</u>	<u>5,374</u>	<u>15,560</u>	<u>14,950</u>
	<u>5,028</u>	<u>6,345</u>	<u>18,516</u>	<u>17,886</u>

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(p) Net income from Islamic banking

For consolidation with conventional business, net income from operations of Islamic Banking comprises the followings:

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months 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 depositors' funds	45,446	39,990	136,739	123,210
Income derived from investment of Islamic banking funds	13,877	7,731	30,784	22,957
Less: Income attributable to depositors	(36,807)	(28,823)	(107,678)	(77,802)
	<u>22,516</u>	<u>18,898</u>	<u>59,845</u>	<u>68,365</u>

(q) Capital adequacy

(i) The capital adequacy ratio of the Group and of the Bank are as follows:

	Group and Bank	
	30 September 2023	31 December 2022
	RM'000	RM'000
<u>Tier 1 Capital</u>		
Common Equity Tier 1 ("CET1") Capital		
Islamic banking fund	426,600	426,600
Regulatory reserve	21,062	19,957
FVOCI reserve	(12,611)	(26,498)
Retained profits	253,949	325,054
	<u>689,000</u>	<u>745,113</u>
Less: Regulatory adjustments	(26,055)	(30,184)
Total CET 1 Capital, representing Total Tier 1 Capital	<u>662,945</u>	<u>714,929</u>
<u>Tier 2 Capital</u>		
Loss provision/loss provision and regulatory reserve	17,696	17,940
Total Tier 2 capital	<u>17,696</u>	<u>17,940</u>
Total Capital	<u>680,641</u>	<u>732,869</u>

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(q) Capital adequacy (cont'd.)

(i) The capital adequacy ratio of the Group and of the Bank are as follows: (cont'd.)

	Group and Bank	
	30 September 2023 RM'000	31 December 2022 RM'000
Before deducting dividend		
CET1 Capital Ratio	40.757%	43.583%
Tier 1 Capital Ratio	40.757%	43.583%
Total Capital Ratio	41.844%	44.677%
After deducting dividend		
CET1 Capital Ratio	*	39.316%
Tier 1 Capital Ratio	*	39.316%
Total Capital Ratio	*	40.410%

* There are no proposed dividends for period ended 30 September 2023.

(ii) Breakdown of gross risk-weighted assets in the various categories of risk-weights are as follows:

	Group and Bank	
	30 September 2023 RM'000	31 December 2022 RM'000
Total risk-weighted assets for credit risk	1,415,706	1,435,172
Total risk-weighted assets equivalent for operational risk	210,892	205,202
	<u>1,626,598</u>	<u>1,640,374</u>

Unaudited Interim Financial Statements

35. Changes in Group Structure

On 13 April 2023, BNM has granted its approval to Malaysia Building Society Berhad (“MBSB”) to acquire 100% shareholding in Malaysian Industrial Development Finance Berhad (“MIDF”) from MIDF’s immediate holding company, Permodalan Nasional Berhad (“PNB”).

Pursuant to the Share Purchase Agreement dated 9 June 2023 between PNB and MBSB (“SPA”), PNB has sold and transferred 480,355,627 ordinary shares in MIDF to MBSB and MBSB has purchased and accepted the transfer of such shares at the purchase consideration as agreed in the SPA and subject to the terms of the SPA.

On 2 October 2023, MBSB completed the acquisition of 480,355,627 ordinary shares in MIDF from PNB, representing 100% of the issued and paid-up share capital of MIDF, for a total consideration of RM1.01 billion comprising 1.05 billion new shares in MBSB at an issue price of RM0.9652 to PNB.

Following the above, MIDF is now a wholly owned subsidiary of MBSB. Consequently, the immediate holding company is MIDF, its penultimate holding company is MBSB and its ultimate holding body is Employee Provident Fund (“EPF”), a statutory body established under the Employee Provident Fund Act, 1991 (Act 452).

Unaudited Interim Financial Statements

I, Datuk Joseph Dominic Silva being the Chief Executive Officer primarily responsible for the financial management of MIDF Amanah Investment Bank Berhad, do hereby state that, the unaudited interim financial statements for the nine months ended 30 September 2023, as set out on pages 1 to 66 have been prepared from the Group and the Bank's accounting and other records and that to the best of my knowledge and belief, are drawn up so as to give a true and fair view of the state of affairs of the Group and the Bank as at 30 September 2023. The financial performance and cash flows of the Group and the Bank for the period ended on that date are prepared in accordance with the Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

A handwritten signature in black ink, appearing to read "Datuk Joseph Dominic Silva".

DATUK JOSEPH DOMINIC SILVA
CHIEF EXECUTIVE OFFICER

Date: 25 October 2023