

**Bank Islam Malaysia Berhad [Registration No. 198301002944 (98127-X)]
(Incorporated in Malaysia)
Unaudited Interim Financial Statements**

Statements of Financial Position as at 30 June 2023

	Note	Group		Bank	
		30.06.2023 RM'000	31.12.2022 RM'000	30.06.2023 RM'000	31.12.2022 RM'000
Assets					
Cash and short-term funds	8	2,557,822	7,145,114	2,541,984	7,128,159
Financial assets at fair value through profit or loss (“FVTPL”)	9	1,680,084	299,128	1,653,341	272,735
Derivative financial assets	10	179,772	123,000	179,772	123,000
Financial assets at fair value through other comprehensive income (“FVOCI”)	11	12,106,296	12,093,417	12,107,183	12,094,304
Financial assets at amortised cost (“AC”)	12	3,477,222	3,055,256	3,477,222	3,055,256
Financing, advances and others	13	65,505,411	64,901,994	65,505,411	64,901,994
Other assets	14	335,901	600,746	261,551	501,471
Statutory deposits with Bank Negara Malaysia		970,771	950,508	970,771	950,508
Current tax assets		7,320	7,203	6,662	6,662
Deferred tax assets		170,133	212,349	169,161	211,377
Right-of-use assets	15	175,337	184,383	175,167	183,959
Investments in subsidiaries		-	-	105,905	100,905
Property and equipment		237,182	223,995	235,164	221,835
Intangible assets		49,122	54,578	49,122	54,578
Total assets		87,452,373	89,851,671	87,438,416	89,806,743
Liabilities and equity					
Deposits from customers	16	57,004,806	60,707,504	57,023,414	60,821,715
Investment accounts of customers	17	15,301,843	14,461,439	15,308,398	14,564,962
Deposits and placements of banks and other financial institutions		1,813,254	70,068	1,813,254	70,068
Derivative financial liabilities	10	127,580	137,324	127,580	137,324
Bills and acceptance payable		32,265	22,441	32,265	22,441
Recourse obligations on financing sold to Cagamas	B7(a)	2,004,329	3,005,343	2,004,329	3,005,343
Subordinated sukuk and capital securities	B7(b)	2,221,519	2,222,092	2,221,519	2,222,092
Other liabilities	18	1,312,668	2,070,964	1,291,505	1,910,462
Lease liabilities	15	290,592	295,585	290,451	295,167
Zakat and taxation		29,822	62,668	29,815	62,582
Total liabilities		80,138,678	83,055,428	80,142,530	83,112,156

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Statements of Financial Position as at 30 June 2023 (continued)

	Note	Group		Bank	
		30.06.2023 RM'000	31.12.2022 RM'000	30.06.2023 RM'000	31.12.2022 RM'000
Equity					
Share capital		3,888,725	3,645,043	3,888,725	3,645,043
Reserves		3,424,970	3,151,200	3,407,161	3,049,544
Total equity		<u>7,313,695</u>	<u>6,796,243</u>	<u>7,295,886</u>	<u>6,694,587</u>
Total liabilities and equity		<u>87,452,373</u>	<u>89,851,671</u>	<u>87,438,416</u>	<u>89,806,743</u>
Restricted investment accounts managed by the Bank	17(a)	7	43	7	43
Total Islamic banking asset owned and managed by the Bank		<u>87,452,380</u>	<u>89,851,714</u>	<u>87,438,423</u>	<u>89,806,786</u>
Commitments and Contingencies	30	<u>21,508,223</u>	<u>18,883,556</u>	<u>21,508,223</u>	<u>18,883,556</u>
Net assets per share attributable to equity holders of the Bank (RM)		<u>3.23</u>	<u>3.15</u>	<u>3.22</u>	<u>3.11</u>

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Statements of Profit or Loss for the six months ended 30 June 2023

Group	Note	3 months ended		6 months ended	
		30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Income derived from investment of depositors' funds	19	801,184	589,626	1,603,313	1,177,260
Income derived from investment account funds	20	186,084	147,985	360,494	251,036
Income derived from investment of shareholders' funds	21	133,133	84,879	260,336	167,584
Net allowance for impairment on financing and advances, net of recoveries	22	(61,631)	(33,822)	(123,601)	(77,131)
Net allowance for impairment on other financial assets		62	4,614	204	2,549
Direct expenses		(3,861)	(3,018)	(7,474)	(5,563)
Total distributable income		1,054,971	790,264	2,093,272	1,515,735
Wakalah fees from restricted investment accounts		-	21	11	49
Income attributable to depositors	23	(420,112)	(226,470)	(837,967)	(450,289)
Income attributable to investment account holders	24	(90,588)	(48,951)	(169,248)	(75,993)
Total net income		544,271	514,864	1,086,068	989,502
Personnel expenses	25	(216,471)	(187,394)	(428,809)	(365,938)
Other overhead expenses	26	(116,201)	(121,333)	(256,895)	(233,346)
		211,599	206,137	400,364	390,218
Finance cost	27	(27,453)	(24,941)	(54,694)	(49,698)
Profit before zakat and tax		184,146	181,196	345,670	340,520
Zakat		(3,750)	(3,732)	(7,500)	(7,481)
Tax expense	B5	(44,259)	(60,307)	(83,945)	(109,965)
Profit for the period		136,137	117,157	254,225	223,074
Earnings per share (sen)	B10			11.37	10.39

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Statements of Other Comprehensive Income for the six months ended 30 June 2023

Group	3 months ended		6 months ended	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Profit for the period	<u>136,137</u>	<u>117,157</u>	<u>254,225</u>	<u>223,074</u>
Other comprehensive income, net of tax:				
Items that are or may be reclassified subsequently to profit or loss				
Currency translation differences in respect of Labuan operations	(4,864)	247	(5,342)	8,693
Movement in fair value reserve (debt instruments):				
Net change in fair value	55,527	(149,348)	175,184	(209,161)
Changes in expected credit loss	62	(675)	204	(2,385)
Net amount transferred to profit or loss	(14,615)	-	(42,738)	(634)
Income tax effect relating to components of other comprehensive income	(9,834)	36,731	(31,836)	51,649
	<u>26,276</u>	<u>(113,045)</u>	<u>95,472</u>	<u>(151,838)</u>
Items that will not be reclassified to profit or loss				
Movement in fair value reserve (equity instruments):				
Net change in fair value	790	8,425	369	(1,596)
Other comprehensive income for the period, net of tax	<u>27,066</u>	<u>(104,620)</u>	<u>95,841</u>	<u>(153,434)</u>
Total comprehensive income for the period	<u>163,203</u>	<u>12,537</u>	<u>350,066</u>	<u>69,640</u>

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Statements of Profit or Loss for the six months ended 30 June 2023

Bank	Note	3 months ended		6 months ended	
		30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Income derived from investment of depositors' funds	19	801,184	589,626	1,603,313	1,177,260
Income derived from investment account funds	20	186,084	147,985	360,494	251,036
Income derived from investment of shareholders' funds	21	208,058	79,060	330,682	153,599
Net allowance for impairment on financing and advances, net of recoveries	22	(61,631)	(33,822)	(123,601)	(77,131)
Net allowance for impairment on other financial assets		62	4,614	204	2,549
Direct expenses		(3,861)	(3,018)	(7,474)	(5,563)
Total distributable income		1,129,896	784,445	2,163,618	1,501,750
Wakalah fees from restricted investment accounts		-	21	11	49
Income attributable to depositors	23	(420,209)	(226,516)	(838,124)	(450,386)
Income attributable to investment account holders	24	(90,988)	(49,555)	(170,384)	(77,130)
Total net income		618,699	508,395	1,155,121	974,283
Personnel expenses	25	(205,730)	(178,890)	(407,483)	(350,344)
Other overhead expenses	26	(119,299)	(122,333)	(263,589)	(232,013)
		293,670	207,172	484,049	391,926
Finance cost	27	(27,450)	(24,937)	(54,686)	(49,689)
Profit before zakat and tax		266,220	182,235	429,363	342,237
Zakat		(3,750)	(3,750)	(7,500)	(7,500)
Tax expense	B5	(44,145)	(60,058)	(83,720)	(108,923)
Profit for the period		218,325	118,427	338,143	225,814

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Statements of Other Comprehensive Income for the six months ended 30 June 2023

Bank	3 months ended		6 months ended	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Profit for the period	<u>218,325</u>	<u>118,427</u>	<u>338,143</u>	<u>225,814</u>
Other comprehensive income, net of tax:				
Items that are or may be reclassified subsequently to profit or loss				
Currency translation differences in respect of Labuan operations	(4,929)	208	(5,413)	8,646
Movement in fair value reserve (debt instruments):				
Net change in fair value	55,527	(149,372)	175,184	(209,185)
Changes in expected credit loss	62	(675)	204	(2,385)
Net amount transferred to profit or loss	(14,615)	-	(42,738)	(634)
Income tax effect relating to components of other comprehensive income	(9,834)	36,731	(31,836)	51,649
	<u>26,211</u>	<u>(113,108)</u>	<u>95,401</u>	<u>(151,909)</u>
Items that will not be reclassified to profit or loss				
Movement in fair value reserve (equity instruments):				
Net change in fair value	<u>790</u>	<u>8,449</u>	<u>369</u>	<u>(1,572)</u>
Other comprehensive income for the period, net of tax	<u>27,001</u>	<u>(104,659)</u>	<u>95,770</u>	<u>(153,481)</u>
Total comprehensive income for the period	<u>245,326</u>	<u>13,768</u>	<u>433,913</u>	<u>72,333</u>

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Bank Islam Malaysia Berhad [Registration No. 198301002944 (98127-X)]
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Unaudited Interim Financial Statements

Consolidated Statement of Changes in Equity for the six months ended 30 June 2023

Group	<i>← Attributable to equity holders →</i>			Total Equity RM'000
	<i>← Non-distributable →</i>	<i>Distributable</i>		
	Share capital RM'000	Other Reserves RM'000	Retained earnings RM'000	
At 1 January 2023	3,645,043	54,596	3,096,604	6,796,243
Profit for the period	-	-	254,225	254,225
Currency translation difference in respect of Labuan operations	-	(5,342)	-	(5,342)
Fair value reserve (debt instruments):				
Net change in fair value	-	175,184	-	175,184
Changes in expected credit loss	-	204	-	204
Net amount transferred to profit or loss	-	(42,738)	-	(42,738)
Income tax effect relating to components of other comprehensive income	-	(31,836)	-	(31,836)
Fair value reserve (equity instruments):				
Net change in fair value	-	369	-	369
Total comprehensive income for the period	-	95,841	254,225	350,066
Transfer to regulatory reserve	-	29,000	(29,000)	-
Dividends paid on ordinary shares	-	-	(76,296)	(76,296)
Issue of shares pursuant to Dividend Reinvestment Plan	243,682	-	-	243,682
At 30 June 2023	3,888,725	179,437	3,245,533	7,313,695

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Consolidated Statement of Changes in Equity for the six months ended 30 June 2023 (continued)

Group	<i>← Attributable to equity holders →</i>			Total Equity RM'000
	<i>← Non-distributable →</i>	<i>Distributable</i>		
	Share capital RM'000	Other Reserves RM'000	Retained earnings RM'000	
At 1 January 2022	3,445,757	(10,899)	2,965,080	6,399,938
Profit for the period	-	-	223,074	223,074
Currency translation difference in respect of Labuan operations	-	8,693	-	8,693
Fair value reserve (debt instruments):				
Net change in fair value	-	(209,161)	-	(209,161)
Changes in expected credit loss	-	(2,385)	-	(2,385)
Net amount transferred to profit or loss	-	(634)	-	(634)
Income tax effect relating to components of other comprehensive income	-	51,649	-	51,649
Fair value reserve (equity instruments):				
Net change in fair value	-	(1,596)	-	(1,596)
Total comprehensive income for the period	-	(153,434)	223,074	69,640
Transfer to regulatory reserve	-	40,000	(40,000)	-
Issue of shares pursuant to Dividend Reinvestment Plan	199,286	-	-	199,286
At 30 June 2022	3,645,043	(124,333)	3,148,154	6,668,864

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Statement of Changes in Equity for the six months ended 30 June 2023

	<i>← Attributable to equity holders →</i>			
	<i>← Non-distributable →</i>	<i>Distributable</i>		
Bank	Share capital RM'000	Other Reserves RM'000	Retained earnings RM'000	Total Equity RM'000
At 1 January 2023	3,645,043	(56,368)	3,105,912	6,694,587
Profit for the period			338,143	338,143
Currency translation difference in respect of Labuan operations	-	(5,413)	-	(5,413)
Fair value reserve (debt instruments):				
Net change in fair value	-	175,184	-	175,184
Changes in expected credit loss	-	204	-	204
Net amount transferred to profit or loss	-	(42,738)	-	(42,738)
Income tax effect relating to components of other comprehensive income	-	(31,836)	-	(31,836)
Fair value reserve (equity instruments):				
Net change in fair value	-	369	-	369
Total comprehensive income for the period	-	95,770	338,143	433,913
Transfer to regulatory reserve	-	29,000	(29,000)	-
Dividends paid on ordinary shares	-	-	(76,296)	(76,296)
Issue of shares pursuant to Dividend Reinvestment Plan	243,682	-	-	243,682
At 30 June 2023	3,888,725	68,402	3,338,759	7,295,886

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Statement of Changes in Equity for the six months ended 30 June 2023 (continued)

	<i>← Attributable to equity holders →</i>			
	<i>← Non-distributable →</i>	<i>Distributable</i>		
Bank	Share capital RM'000	Other Reserves RM'000	Retained earnings RM'000	Total Equity RM'000
At 1 January 2022	3,445,757	(121,843)	2,965,659	6,289,573
Profit for the period	-	-	225,814	225,814
Currency translation difference in respect of Labuan operations	-	8,646	-	8,646
Fair value reserve (debt instruments):				
Net change in fair value	-	(209,185)	-	(209,185)
Changes in expected credit loss	-	(2,385)	-	(2,385)
Net amount transferred to profit or loss	-	(634)	-	(634)
Income tax effect relating to components of other comprehensive income	-	51,649	-	51,649
Fair value reserve (equity instruments):				
Net change in fair value	-	(1,572)	-	(1,572)
Total comprehensive income for the period	-	(153,481)	225,814	72,333
Transfer to regulatory reserve	-	40,000	(40,000)	-
Issue of shares pursuant to Dividend Reinvestment Plan	199,286	-	-	199,286
At 30 June 2022	3,645,043	(235,324)	3,151,473	6,561,192

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Bank Islam Malaysia Berhad [Registration No. 198301002944 (98127-X)]**(Incorporated in Malaysia)****Unaudited Interim Financial Statements****Condensed Statements of Cash Flow for the financial year ended 30 June 2023**

	Group		Bank	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Profit before zakat and tax	345,670	340,520	429,363	342,237
Adjustment for:				
Depreciation of property and equipment	26,678	28,754	26,265	28,326
Amortisation of intangible assets	8,997	512	8,997	512
Depreciation of right-of-use assets	9,050	8,328	8,795	8,096
Property and equipment provision written off	336	183	336	2
Allowance for impairment on financing, advances and other	163,436	118,945	163,436	118,945
Net allowance for impairment on other financial assets	(204)	2,740	(204)	2,740
Reversal of impairment loss on other financial assets at amortised cost	-	(5,289)	-	(5,289)
Net gain on sale of financial assets at FVTPL	(3,475)	(736)	(3,475)	(736)
Net gain on sale of financial assets at FVOCI	(42,738)	(634)	(42,738)	(634)
Fair value (gain)/ loss on financial assets at FVTPL	(2,223)	29,778	(2,225)	29,807
Dividend from subsidiary	-	-	(80,000)	-
Dividends from financial assets at FVTPL	(1,168)	(7,945)	(817)	(7,759)
Income from rebate on investment in unit trust	-	-	(424)	(1,080)
Net derivatives gain	(1)	(2)	(1)	(2)
Finance cost on Subordinated Sukuk Murabahah	46,490	41,253	46,490	41,253
Profit expense on lease	8,204	8,445	8,196	8,436
Operating profit before changes in assets and liabilities	559,052	564,852	561,994	564,854
Changes in assets and liabilities:				
Deposits and placements of banks and other financial institutions	1,743,186	120,219	1,743,186	120,219
Financing, advances and others	(766,853)	(1,643,670)	(766,853)	(1,643,670)
Statutory deposits with Bank Negara Malaysia	(20,263)	10,839	(20,263)	10,839
Other financial asset at amortised cost	179,026	(67,260)	154,101	(71,816)
Deposits from customers	(3,702,698)	(2,448,096)	(3,798,301)	(2,458,657)
Investment Account	840,404	4,964,620	743,436	4,970,501
Bills and acceptance payables	9,824	3,821	9,824	3,821
Other liabilities	(543,886)	195,446	(404,545)	203,927
Recourse obligation on financing sold to Cagamas	(1,001,014)	-	(1,001,014)	-

Bank Islam Malaysia Berhad [Registration No. 198301002944 (98127-X)]**(Incorporated in Malaysia)****Unaudited Interim Financial Statements****Condensed Statements of Cash Flow for the financial year ended 30 June 2023
(continued)**

	Group		Bank	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Cash (used in)/ generated from operations	<u>(2,703,222)</u>	<u>1,700,771</u>	<u>(2,778,435)</u>	<u>1,700,018</u>
Zakat paid	(13,715)	(12,234)	(13,630)	(12,218)
Tax paid	(100,336)	(83,962)	(100,000)	(83,333)
Tax refund	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash (used in)/ generated from operating activities	<u>(2,817,272)</u>	<u>1,604,575</u>	<u>(2,892,065)</u>	<u>1,604,467</u>
Cash flows from investing activities				
Purchase of property and equipment	(40,182)	(52,184)	(39,920)	(51,907)
Purchase of intangible assets	(3,541)	-	(3,541)	-
Acquisition of subsidiaries, net of cash acquired	-	-	(5,000)	-
Dividend from subsidiary	-	-	80,000	-
Dividends from financial assets at FVTPL	1,168	7,945	817	7,759
Income from rebate on investment in unit trust	-	-	424	1,080
Net proceeds from disposal of securities	<u>(1,605,094)</u>	<u>477,212</u>	<u>(1,604,742)</u>	<u>477,372</u>
Net cash (used in)/ generated from investing activities	<u>(1,647,649)</u>	<u>432,973</u>	<u>(1,571,962)</u>	<u>434,304</u>
Cash flows from financing activities				
Dividend paid on ordinary shares	(56,762)	(27,607)	(56,762)	(27,607)
Finance cost paid on Subordinated Sukuk Murabahah	(47,063)	(41,322)	(47,063)	(41,322)
Payment of lease liabilities	<u>(13,200)</u>	<u>(15,095)</u>	<u>(12,915)</u>	<u>(14,810)</u>
Net cash used in financing activities	<u>(117,025)</u>	<u>(84,024)</u>	<u>(116,740)</u>	<u>(83,739)</u>
Net (decrease)/increase in cash and cash equivalents	(4,581,946)	1,953,524	(4,580,767)	1,955,032
Cash and cash equivalents as at beginning of year	7,145,114	5,222,848	7,128,159	5,204,364
Exchange difference on translation	<u>(5,346)</u>	<u>8,690</u>	<u>(5,408)</u>	<u>8,651</u>
Cash and cash equivalents as at end of period	<u>2,557,822</u>	<u>7,185,062</u>	<u>2,541,984</u>	<u>7,168,047</u>
Cash and cash equivalents comprise:	<u>2,557,822</u>	<u>7,185,062</u>	<u>2,541,984</u>	<u>7,168,047</u>
Cash and short term funds	<u>2,557,822</u>	<u>7,185,062</u>	<u>2,541,984</u>	<u>7,168,047</u>

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

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Unaudited Interim Financial Statements

Notes to the unaudited interim financial statements for the six months ended 30 June 2023

1. Basis of preparation

The unaudited interim financial statements of the Group and of the Bank for the six months ended 30 June 2023 have been prepared in accordance with the applicable requirements of MFRS 134: *Interim Financial Reporting* in Malaysia issued by Malaysian Accounting Standards Board (“MASB”), paragraph 9.22 of Bursa Malaysia Securities Berhad’s Listing Requirements, Financial Reporting for Islamic Banking Institution policy document issued by Bank Negara Malaysia (“BNM”), the provisions of the Companies Act 2016 and Shariah requirements.

The unaudited interim financial statements have been prepared under the historical cost convention except for derivative financial instruments, financial assets at fair value through profit or loss and financial assets through other comprehensive income, which have been measured at fair value.

The unaudited interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited financial statements of the Group and of the Bank for the financial year ended 31 December 2022. The explanatory notes attached to the unaudited interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Bank since the financial year ended 31 December 2022.

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the recent audited financial statements for the financial year ended 31 December 2022, except for the adoption of the following amendments to Malaysian Financial Reporting Standards (“MFRS”):

- Amendments to MFRS 101, *Classification of liabilities as current or non-current*
- Amendments to MFRS 101, *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 adoption of the above amendments to MFRSs do not have any significant impact to the financial results of the Group and the Bank.

2. Auditors’ report on preceding financial statements

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

3. Seasonal or cyclical factors

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors in the six months ended 30 June 2023.

4. Unusual items

There were no unusual items in the six months ended 30 June 2023.

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5. Changes in accounting estimates

There were no material changes in estimates of amounts reported in the prior financial year that have a material effect in the six months ended 30 June 2023.

6. Changes in debt and equity securities

On 31 January 2023, the Group and the Bank increased its issued and paid-up capital from 2,155,269,114 to 2,244,005,114 via the issuance of 88,736,000 new ordinary shares for a consideration of RM2.26 each arising from Dividend Reinvestment Plan.

On 15 May 2023, the Group and the Bank increased its issued and paid-up capital from 2,244,005,114 to 2,266,473,214 via the issuance of 22,468,100 new ordinary shares for a consideration of RM1.92 each arising from Dividend Reinvestment Plan.

There was no share buy-back during the six months ended 30 June 2023.

7. Subsequent events during the six months ended 30 June 2023

There was no subsequent event during the six months ended 30 June 2023.

8. Cash and short-term funds

	Group		Bank	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	840,788	817,436	836,771	816,234
Money at call and interbank placements with remaining maturity not exceeding three months	1,717,034	6,327,678	1,705,213	6,311,925
	<u>2,557,822</u>	<u>7,145,114</u>	<u>2,541,984</u>	<u>7,128,159</u>

9. Financial assets at fair value through profit and loss (“FVTPL”)

	Group		Bank	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Malaysian Government Investment Issues	677,381	-	677,381	-
Unit trust	244,605	244,260	217,871	217,877
Malaysian Islamic Treasury Bills	592,616	49,847	592,616	49,847
Bank Negara Monetary Notes	115,250	-	115,250	-
Islamic Commercial Papers	50,179	-	50,179	-
Corporate Sukuk	53	5,021	44	5,011
	<u>1,680,084</u>	<u>299,128</u>	<u>1,653,341</u>	<u>272,735</u>

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The following tables summarise the contractual or underlying principal amounts of derivative financial instruments held at fair value through profit or loss. The principal or contractual amounts of these instruments reflect the volume of transactions outstanding at financial position date, and do not represent amounts at risk.

Trading derivative financial instruments are revalued on a gross position and the unrealised gains or losses are reflected as derivative financial assets and liabilities respectively.

Group and Bank	30.06.2023			31.12.2022		
	Notional amount RM'000	Fair value		Notional amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Forward contracts	8,775,360	179,693	(127,523)	7,713,420	122,827	(137,223)
Profit rate swaps	23,081	79	(57)	42,286	173	(101)
	8,798,441	179,772	(127,580)	7,755,706	123,000	(137,324)

11. Financial assets at fair value through other comprehensive income (“FVOCI”)

	Group		Bank	
	30.06.2023 RM'000	31.12.2022 RM'000	30.06.2023 RM'000	31.12.2022 RM'000
Financial assets at FVOCI:				
(a) Debt instruments	12,029,888	12,017,378	12,029,888	12,017,378
(b) Equity instruments	76,408	76,039	77,295	76,926
	12,106,296	12,093,417	12,107,183	12,094,304

(a) Debt instrument at FVOCI

	Group and Bank	
	30.06.2023 RM'000	31.12.2022 RM'000
Corporate Sukuk	4,286,013	7,357,640
Malaysian Government Investment Issues	7,355,417	4,344,171
Malaysian Islamic Treasury Bills	198,872	315,567
Bank Negara Monetary Notes	189,586	-
	12,029,888	12,017,378

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11. Financial assets at fair value through other comprehensive income (“FVOCI”) (continued)

(a) Debt instrument at FVOCI (continued)

Movement of allowance for impairment on financial assets at FVOCI:

Group and Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2022	237	-	7,000	7,237
Transfer to Stage 2	(21)	21	-	-
Changes in credit risk	6	460	3,500	3,966
Purchases and origination	46	-	-	46
Derecognition and disposal	(37)	-	-	(37)
At 31 December 2022/1 January 2023	231	481	10,500	11,212
Transfer to Stage 1	40	(40)	-	-
Changes in credit risk	(49)	(158)	-	(207)
Purchases and origination	54	-	-	54
Derecognition and disposal	(51)	-	-	(51)
At 30 June 2023	225	283	10,500	11,008

(b) Equity instrument at FVOCI

	Group		Bank	
	30.06.2023 RM'000	31.12.2022 RM'000	30.06.2023 RM'000	31.12.2022 RM'000
Quoted Shares				
- outside Malaysia	<u>7,369</u>	<u>7,000</u>	<u>7,369</u>	<u>7,000</u>
Unquoted Shares				
- in Malaysia	69,023	69,023	69,910	69,910
- outside Malaysia	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>
	69,039	69,039	69,926	69,926
	76,408	76,039	77,295	76,926

12. Financial assets at amortised cost (“AC”)

	Group and Bank	
	30.06.2023 RM'000	31.12.2022 RM'000
<i>Debt instrument at amortised cost:</i>		
Malaysian Government Investment Issues	2,554,334	2,288,813
Corporate sukuk	823,548	668,595
Malaysian Islamic Treasury Bills	99,340	97,848
	3,477,222	3,055,256
Less: Allowance for impairment	-	-
	3,477,222	3,055,256

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13. Financing, advances and others

(a) By type and Shariah contract

Group and Bank	Bai' Bithaman Ajil	Murabahah	Bai' Al-Dayn	Bai' Al-Inah	At-Tawarruq	^Ijarah Muntahiah Bit-Tamleek	Istisna'	Total
30.06.2023	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At amortised cost								
Cash line	-	-	-	280	1,201,886	-	-	1,202,166
Term financing								
House financing	2,567,516	-	-	-	23,937,594	-	36,634	26,541,744
Syndicated financing	-	-	-	-	1,251,643	-	-	1,251,643
Leasing financing	-	-	-	-	-	76,933	-	76,933
Bridging financing	-	-	-	-	-	-	4,936	4,936
Personal financing	-	-	-	1,836	20,139,329	-	-	20,141,165
Other term financing	156,542	1,565,149	-	-	13,395,602	-	848	15,118,141
Staff financing	32,110	22,007	-	-	520,503	-	5,147	579,768
Credit cards	-	-	-	-	527,120	-	-	527,120
Trade bills discounted	-	557,905	153,692	-	21,175	-	-	732,772
Trust receipts	-	5,399	-	-	-	-	-	5,399
Pawn broking	-	-	-	-	155,609	-	-	155,609
	2,756,169	2,150,459	153,692	2,116	61,150,462	76,933	47,565	66,337,395
Allowance for impairment on financing, advances and others								
- Stage 1								(343,891)
- Stage 2								(240,863)
- Stage 3								(247,230)
Net financing, advances and others								65,505,411

^ Assets funded under *Ijarah* financing are owned by the Bank throughout the tenure of the *Ijarah* financing and ownership of the assets will be transferred to customer at the end of financing tenure for a token consideration or other amount as specified in the *Ijarah* financing contract.

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13. Financing, advances and others (continued)

(a) By type and Shariah contract (continued)

Group and Bank 31.12.2022	Bai' Bithaman Ajil RM'000	Murabahah RM'000	Bai' Al-Dayn RM'000	Bai' Al-Inah RM'000	At- Tawarruq RM'000	^Ijarah Muntahiah Bit-Tamleek RM'000	Istisna' RM'000	Total RM'000
At amortised cost								
Cash line	-	-	-	280	1,436,808	-	-	1,437,088
Term financing								
House financing	2,710,203	-	-	-	23,123,198	-	38,521	25,871,922
Syndicated financing	-	-	-	-	1,565,789	-	-	1,565,789
Leasing financing	-	-	-	-	-	81,238	-	81,238
Bridging financing	-	-	-	-	-	-	33,031	33,031
Personal financing	-	-	-	2,188	19,834,524	-	-	19,836,712
Other term financing	181,798	1,402,239	-	-	13,675,552	-	884	15,260,473
Staff financing	35,137	20,709	-	-	482,389	-	5,577	543,812
Credit cards	-	-	-	-	508,104	-	-	508,104
Trade bills discounted	-	539,190	89,410	-	20,388	-	-	648,988
Trust receipts	-	4,565	-	-	-	-	-	4,565
Pawn broking	-	-	-	-	150,135	-	-	150,135
	2,927,138	1,966,703	89,410	2,468	60,796,887	81,238	78,013	65,941,857
Allowance for impairment on financing, advances and others								
- Stage 1								(366,051)
- Stage 2								(224,397)
- Stage 3								(449,415)
Net financing, advances and others								64,901,994

^ Assets funded under *Ijarah* financing are owned by the Bank throughout the tenure of the *Ijarah* financing and ownership of the assets will be transferred to customer at the end of financing tenure for a token consideration or other amount as specified in the *Ijarah* financing contract.

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Included in financing, advances and others are house financing and personal financing that are used for the underlying assets of Unrestricted Investment Accounts (“URIA”) and financing sold to Cagamas with recourse to the Group and the Bank. The details are as follows:

	Note	Group		Bank	
		30.06.2023 RM'000	31.12.2022 RM'000	30.06.2023 RM'000	31.12.2022 RM'000
House financing					
Unrestricted					
Investment Accounts	17(a)	12,511,747	10,887,549	12,515,024	10,939,310
Sold to Cagamas with recourse	B7(a)	2,004,329	3,005,343	2,004,329	3,005,343
		<u>14,516,076</u>	<u>13,892,892</u>	<u>14,519,353</u>	<u>13,944,653</u>
Personal financing					
Unrestricted					
Investment Accounts	17(a)	2,790,096	3,573,890	2,793,374	3,625,652

(b) By type of customer

	Group and Bank	
	30.06.2023 RM'000	31.12.2022 RM'000
Domestic banking institutions	20	200,741
Domestic non-bank financial institutions	1,063,141	1,134,114
Domestic business enterprise	10,813,880	11,388,424
Small and medium industries	2,569,764	2,515,004
Government and statutory bodies	1,943,784	1,895,508
Individuals	49,790,843	48,636,547
Other domestic entities	16,074	15,991
Foreign entities	139,889	155,528
	<u>66,337,395</u>	<u>65,941,857</u>

(c) By profit rate sensitivity

	Group and Bank	
	30.06.2023 RM'000	31.12.2022 RM'000
Fixed rate		
House financing	949,162	960,743
Others	4,943,782	4,578,040
Floating rate		
House financing	26,230,303	25,607,476
Others	34,214,148	34,795,598
	<u>66,337,395</u>	<u>65,941,857</u>

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	Group and Bank	
	30.06.2023	31.12.2022
	RM'000	RM'000
Maturity within one year	5,814,057	5,683,188
More than one year to three years	1,832,354	2,353,259
More than three years to five years	3,726,493	3,886,072
More than five years	54,964,491	54,019,338
	<u>66,337,395</u>	<u>65,941,857</u>

(e) By geographical distribution

	Group and Bank	
	30.06.2023	31.12.2022
	RM'000	RM'000
Central Region	30,954,217	30,904,086
Eastern Region	10,157,070	9,980,174
Northern Region	8,926,433	8,825,148
Southern Region	11,295,927	11,281,525
East Malaysia Region	5,003,748	4,950,924
	<u>66,337,395</u>	<u>65,941,857</u>

(f) By sector

	Group and Bank	
	30.06.2023	31.12.2022
	RM'000	RM'000
Primary agriculture	867,019	876,964
Mining and quarrying	132,393	371,447
Manufacturing (including agro-based)	569,627	615,475
Electricity, gas and water	2,193,609	2,226,137
Wholesale & retail trade, and hotels & restaurants	1,233,251	1,208,104
Construction	1,680,219	1,967,534
Transport, storage and communications	2,826,918	2,829,640
Finance, insurance, real estate and business activities	4,363,897	4,724,887
Education, health and others	2,673,887	2,479,672
Household sectors	49,796,575	48,641,997
	<u>66,337,395</u>	<u>65,941,857</u>

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13. Financing, advances and others (continued)

(g) Movement in impaired financing and advances (“impaired financing”) are as follows:

	Group and Bank	
	30.06.2023	31.12.2022
	RM’000	RM’000
At 1 January 2023/ 2022	835,232	568,383
Classified as impaired during the period/ year	490,494	916,357
Reclassified as not impaired during the period/ year	(216,806)	(290,419)
Amount repaid	(51,976)	(107,468)
Amount written-off	(375,334)	(251,621)
At 30 June 2023/ 31 December 2022	<u>681,610</u>	<u>835,232</u>
Gross impaired financing as a percentage of gross financing, advances and others	<u>1.03%</u>	<u>1.27%</u>

The contractual amount outstanding on financing and advances that were written-off during the year are still subject to enforcement activity.

(h) Impaired financing by geographical distribution

	Group and Bank	
	30.06.2023	31.12.2022
	RM’000	RM’000
Central Region	301,176	510,998
Eastern Region	110,789	95,756
Northern Region	165,307	146,491
Southern Region	71,111	55,567
East Malaysia Region	33,227	26,420
	<u>681,610</u>	<u>835,232</u>

(i) Impaired financing by sector

	Group and Bank	
	30.06.2023	31.12.2022
	RM’000	RM’000
Primary agriculture	1,770	-
Mining and quarrying	225	257,925
Manufacturing (including agro-based)	37,314	37,452
Electricity, gas and water	2,458	467
Wholesale & retail trade, and hotels & restaurants	79,018	75,788
Construction	38,040	32,449
Transport, storage and communications	20,086	20,222
Finance, insurance, real estate and business activities	37,977	37,872
Education, health and others	3,784	2,158
Household sectors	460,938	370,899
	<u>681,610</u>	<u>835,232</u>

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13. Financing, advances and others (continued)

(j) Movement of allowance for impairment on financing, advances and others

Group and Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2022	487,308	303,998	272,660	1,063,966
Transfer to Stage 1	1,336	(1,194)	(142)	-
Transfer to Stage 2	(12,582)	13,174	(592)	-
Transfer to Stage 3	(1,753)	(16,769)	18,522	-
Net allowance made during the year	(149,026)	(56,960)	443,813	237,827
New financial assets originated or purchased	87,852	8,033	1,572	97,457
Financial assets that have been derecognised	(42,124)	(25,885)	(34,797)	(102,806)
Write-offs	-	-	(251,621)	(251,621)
Exchange differences	(4,960)	-	-	(4,960)
At 31 December 2022/1 January 2023	366,051	224,397	449,415	1,039,863
Transfer to Stage 1	818	(744)	(74)	-
Transfer to Stage 2	(13,319)	17,572	(4,253)	-
Transfer to Stage 3	(560)	(18,708)	19,268	-
Net allowance made during the period	(34,741)	18,387	160,272	143,918
New financial assets originated or purchased	41,052	3,695	883	45,630
Financial assets that have been derecognised	(19,429)	(3,736)	(2,947)	(26,112)
Write-offs	-	-	(375,334)	(375,334)
Exchange differences	4,019	-	-	4,019
At 30 June 2023	343,891	240,863	247,230	831,984

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14. Other assets

	Group		Bank	
	30.06.2023 RM'000	31.12.2022 RM'000	30.06.2023 RM'000	31.12.2022 RM'000
Other receivables	270,273	550,417	203,373	458,443
Deposit and prepayments	68,547	53,241	61,005	45,939
Related companies*	1,167	1,174	1,259	1,175
	<u>339,987</u>	<u>604,832</u>	<u>265,637</u>	<u>505,557</u>
Less: Allowance for impairment Stage 3				
- Other receivables	(4,086)	(4,086)	(4,086)	(4,086)
	<u>335,901</u>	<u>600,746</u>	<u>261,551</u>	<u>501,471</u>

* This relates to amounts due from holding and related companies that are unsecured, not subject to compensation charges for late payment and repayment is neither fixed nor expected.

15. Right-of-use assets and lease liabilities

The statement of financial position shows the following amounts relating to leases:

	Group		Bank	
	30.06.2023 RM'000	31.12.2022 RM'000	30.06.2023 RM'000	31.12.2022 RM'000
Right-of-use assets (Buildings)				
As at 1 January 2023/ 2022	184,383	196,000	183,959	195,614
Addition	-	5,569	-	5,059
Depreciation	(9,050)	(17,198)	(8,795)	(16,726)
Effects of movement in exchange rates	4	12	3	12
As at 30 June 2023/ 31 December 2022	<u>175,337</u>	<u>184,383</u>	<u>175,167</u>	<u>183,959</u>
Lease liabilities				
As at 1 January 2023/ 2022	295,585	303,448	295,167	302,984
Addition	-	5,569	-	5,059
Payment of lease liabilities	(13,200)	(30,240)	(12,915)	(29,669)
Finance cost	8,204	16,796	8,196	16,781
Effects of movement in exchange rates	3	12	3	12
As at 30 June 2023/ 31 December 2022	<u>290,592</u>	<u>295,585</u>	<u>290,451</u>	<u>295,167</u>

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16. Deposits from customers

a) By type and Shariah contract

	Group		Bank	
	30.06.2023 RM'000	31.12.2022 RM'000	30.06.2023 RM'000	31.12.2022 RM'000
Saving Deposit				
<i>Qard</i>	6,656,424	6,646,714	6,656,424	6,646,714
Demand Deposit				
<i>Qard</i>	11,924,715	13,724,699	11,931,303	13,830,033
Term Deposit	38,312,251	40,220,734	38,324,271	40,229,611
General Investment Deposit				
<i>Mudharabah</i>	103,156	118,094	103,156	118,094
Term Deposit – i				
<i>Tawarruq</i>	37,212,926	39,982,616	37,224,946	39,991,493
Negotiable Islamic Debt Certificates (NIDC)	996,169	120,024	996,169	120,024
Others	111,416	115,357	111,416	115,357
	<u>57,004,806</u>	<u>60,707,504</u>	<u>57,023,414</u>	<u>60,821,715</u>

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16. Deposits from customers (continued)

b) Maturity structure of term deposits are as follows:

	Group		Bank	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Due within six months	20,812,246	27,734,736	20,814,474	27,736,556
More than six months to one year	10,601,526	7,680,524	10,610,552	7,685,806
More than one year to three years	4,314,329	2,074,887	4,315,095	2,076,662
More than three years to five years	2,584,150	2,730,587	2,584,150	2,730,587
	<u>38,312,251</u>	<u>40,220,734</u>	<u>38,324,271</u>	<u>40,229,611</u>

c) By type of customers

	Group		Bank	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Domestic non-bank financial institutions	8,158,547	6,590,672	8,177,155	6,704,883
Business enterprises	15,912,669	21,229,580	15,912,669	21,229,580
Government and statutory bodies	18,849,681	20,848,877	18,849,681	20,848,877
Individuals	9,813,235	8,748,143	9,813,235	8,748,143
Domestic banking institutions	799,759	349,296	799,759	349,296
Others	3,470,915	2,940,936	3,470,915	2,940,936
	<u>57,004,806</u>	<u>60,707,504</u>	<u>57,023,414</u>	<u>60,821,715</u>

17. Investment accounts of customers

(a) By type and Shariah contract

	Group		Bank	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Unrestricted investment accounts				
Without maturity				
<i>Mudharabah</i>	9,721,651	7,313,658	9,721,651	7,313,658
- Saving	5,045,618	5,086,821	5,045,618	5,086,821
- Demand	4,676,033	2,226,837	4,676,033	2,226,837
With maturity				
<i>Wakalah</i>	5,580,192	7,147,781	5,586,747	7,251,304
	<u>15,301,843</u>	<u>14,461,439</u>	<u>15,308,398</u>	<u>14,564,962</u>
Investment portfolio:				
- House financing	12,511,747	10,887,549	12,515,024	10,939,310
- Personal financing	2,790,096	3,573,890	2,793,374	3,625,652
	<u>15,301,843</u>	<u>14,461,439</u>	<u>15,308,398</u>	<u>14,564,962</u>

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17. Investment accounts of customers (continued)

(a) By type and Shariah contract (continued)

	Group		Bank	
	30.06.2023 RM'000	31.12.2022 RM'000	30.06.2023 RM'000	31.12.2022 RM'000
Restricted investment accounts (“RIA”) managed by the Bank[^]				
With maturity				
<i>Wakalah</i>	<u>7</u>	<u>43</u>	<u>7</u>	<u>43</u>
Investment portfolio:				
- <i>Other term financing</i>	<u>7</u>	<u>43</u>	<u>7</u>	<u>43</u>

[^] The Bank has an arrangement with Lembaga Tabung Haji where the Bank acts as an investment agent to manage and administer the RIA.

(b) By type of customers

	Group		Bank	
	30.06.2023 RM'000	31.12.2022 RM'000	30.06.2023 RM'000	31.12.2022 RM'000
Individuals	5,264,832	5,390,121	5,264,832	5,390,121
Government and statutory bodies	7,573,480	5,359,249	7,573,480	5,359,249
Business enterprises	2,073,562	2,561,251	2,073,562	2,561,251
Non-bank financial institutions	208,954	971,742	215,509	1,075,265
International Islamic Bank	36,810	11,005	36,810	11,005
Others	<u>144,205</u>	<u>168,071</u>	<u>144,205</u>	<u>168,071</u>
	<u>15,301,843</u>	<u>14,461,439</u>	<u>15,308,398</u>	<u>14,564,962</u>

18. Other liabilities

	Group		Bank	
	30.06.2023 RM'000	31.12.2022 RM'000	30.06.2023 RM'000	31.12.2022 RM'000
Other payables	724,630	1,350,744	705,558	1,192,246
Advance payment	542,632	580,612	542,488	580,433
Accruals	<u>45,406</u>	<u>139,608</u>	<u>43,459</u>	<u>137,783</u>
	<u>1,312,668</u>	<u>2,070,964</u>	<u>1,291,505</u>	<u>1,910,462</u>

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19. Income derived from investment of depositors' funds

Group and Bank	3 months ended		6 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
(i) Saving and demand deposits	257,812	213,498	520,375	418,979
(ii) General investment deposits	1,752	1,880	3,606	3,642
(iii) Term deposit-i	524,710	364,608	1,058,550	734,307
(iv) Other deposits	16,910	9,640	20,782	20,332
	<u>801,184</u>	<u>589,626</u>	<u>1,603,313</u>	<u>1,177,260</u>

(i) Income derived from investment of saving and demand deposits

Group and Bank	3 months ended		6 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
<i>Finance income and hibah</i>				
Financing, advances and others	216,365	183,237	432,916	363,853
Financial assets:				
- at FVTPL	2,618	174	4,119	369
- at FVOCI	16,309	15,449	32,514	30,765
- at AC	8,417	3,833	16,099	6,469
Money at call and deposit with financial institutions	9,052	10,055	20,446	14,841
	<u>252,761</u>	<u>212,748</u>	<u>506,094</u>	<u>416,297</u>
<i>Other dealing income</i>				
Net gain/(loss) from sale of financial assets at FVTPL	869	(488)	1,176	239
Net (loss)/gain on revaluation of financial assets at FVTPL	(519)	1,238	(837)	2,222
	<u>350</u>	<u>750</u>	<u>339</u>	<u>2,461</u>
<i>Other operating income</i>				
Net gain from sale of financial assets at FVOCI	4,701	-	13,942	221
	<u>257,812</u>	<u>213,498</u>	<u>520,375</u>	<u>418,979</u>
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	7,786	5,040	12,210	7,899
<i>Unwinding of net modification loss</i>	<u>1,647</u>	<u>2,031</u>	<u>3,872</u>	<u>5,466</u>

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19. Income derived from investment of depositors' funds (continued)

(ii) Income derived from investment of general investment deposits

Group and Bank	3 months ended		6 months ended	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
<i>Finance income and hibah</i>				
Financing, advances and others	1,524	1,666	3,112	3,245
Financial assets:				
- at FVTPL	15	2	23	3
- at FVOCI	90	108	184	220
- at AC	46	27	91	46
Money at call and deposits with financial institutions	49	73	115	109
	<u>1,724</u>	<u>1,876</u>	<u>3,525</u>	<u>3,623</u>
<i>Other dealing income</i>				
Net gain/(loss) from sale of financial assets at FVTPL	5	(4)	6	1
Net (loss)/gain on revaluation of financial assets at FVTPL	(3)	8	(5)	16
	<u>2</u>	<u>4</u>	<u>1</u>	<u>17</u>
<i>Other operating income</i>				
Net gain from sale of financial assets at FVOCI	26	-	80	2
	<u>1,752</u>	<u>1,880</u>	<u>3,606</u>	<u>3,642</u>
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	43	35	69	56
<i>Unwinding of net modification loss</i>	9	14	22	39

(iii) Income derived from investment of term deposit-i

Group and Bank	3 months ended		6 months ended	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
<i>Finance income and hibah</i>				
Financing, advances and others	440,881	312,824	881,215	637,791
Financial assets:				
- at FVTPL	5,362	308	8,453	658
- at FVOCI	33,117	26,338	66,067	53,895
- at AC	17,114	6,592	32,740	11,334
Money at call and deposits with financial institutions	18,221	17,256	41,426	25,863
	<u>514,695</u>	<u>363,318</u>	<u>1,029,901</u>	<u>729,541</u>

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19. Income derived from investment of depositors' funds (continued)

(iii) Income derived from investment of term deposits (continued)

Group and Bank	3 months ended		6 months ended	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
<i>Other dealing income</i>				
Net gain/(loss) from sale of financial assets at FVTPL	1,690	(846)	2,254	474
Net (loss)/gain on revaluation of financial assets at FVTPL	(1,243)	2,136	(1,874)	3,894
	<u>447</u>	<u>1,290</u>	<u>380</u>	<u>4,368</u>
<i>Other operating income</i>				
Net gain from sale of financial assets at FVOCI	9,568	-	28,269	398
	<u>524,710</u>	<u>364,608</u>	<u>1,058,550</u>	<u>734,307</u>
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	16,213	8,729	25,230	13,883
<i>Unwinding of net modification loss</i>	<u>3,356</u>	<u>3,544</u>	<u>7,890</u>	<u>9,721</u>

(iv) Income derived from investment of other deposits

Group and Bank	3 months ended		6 months ended	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
<i>Finance income and hibah</i>				
Financing, advances and others	14,216	8,283	17,412	17,686
Financial assets:				
- at FVTPL	173	7	200	17
- at FVOCI	1,061	700	1,300	1,498
- at AC	547	169	661	305
Money at call and deposits with financial institutions	602	444	776	688
	<u>16,599</u>	<u>9,603</u>	<u>20,349</u>	<u>20,194</u>

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19. Income derived from investment of depositors' funds (continued)

(iv) Income derived from investment of other deposits (continued)

Group and Bank	3 months ended		6 months ended	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
<i>Other dealing income</i>				
Net gain/(loss) from sale of financial assets at FVTPL	41	(20)	39	22
Net (loss)/ gain on revaluation of financial assets at FVTPL	(50)	57	(53)	103
	<u>(9)</u>	<u>37</u>	<u>(14)</u>	<u>125</u>
<i>Other operating income</i>				
Net gain from sale of financial assets at FVOCI	320	-	447	13
	<u>16,910</u>	<u>9,640</u>	<u>20,782</u>	<u>20,332</u>
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	430	219	498	362
<i>Unwinding of net modification loss</i>	<u>110</u>	<u>88</u>	<u>143</u>	<u>254</u>

20. Income derived from investment account funds

Group and Bank	3 months ended		6 months ended	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Finance income				
Unrestricted investment accounts				
- <i>Mudharabah</i>	112,196	63,265	200,287	121,267
- <i>Wakalah</i>	72,498	82,884	156,610	126,067
Unwinding of net modification loss	1,390	1,836	3,597	3,702
	<u>186,084</u>	<u>147,985</u>	<u>360,494</u>	<u>251,036</u>

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21. Income derived from investment of shareholders' funds

Group	3 months ended		6 months ended	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
<i>Finance income and hibah</i>				
Financing, advances and others	3,564	3,425	6,941	6,417
Financial assets at FVOCI	45,950	41,304	92,482	81,720
Money at call and deposits with financial institutions	112	71	218	140
	<u>49,626</u>	<u>44,800</u>	<u>99,641</u>	<u>88,277</u>
<i>Other dealing income</i>				
Net gain/ (loss) from foreign exchange transactions	19,516	(8,602)	36,778	(12,227)
Net gain/ (loss) on revaluation of financial assets at FVTPL	2,579	(12,438)	4,992	(36,013)
Net derivatives gain	-	1	1	2
	<u>22,095</u>	<u>(21,039)</u>	<u>41,771</u>	<u>(48,238)</u>
<i>Other operating income</i>				
Gross dividend income from:				
- Quoted shares in Malaysia	-	-	-	6
- Unit trust in Malaysia	666	146	1,168	7,939
	<u>666</u>	<u>146</u>	<u>1,168</u>	<u>7,945</u>
<i>Fees and commission</i>				
Fees	47,275	43,289	90,369	88,986
Commission	7,412	9,859	15,350	15,745
Others	5,836	7,390	11,594	14,170
	<u>60,523</u>	<u>60,538</u>	<u>117,313</u>	<u>118,901</u>
<i>Other income</i>				
Rental income	188	187	369	387
Other income	35	247	74	312
	<u>223</u>	<u>434</u>	<u>443</u>	<u>699</u>
	<u>133,133</u>	<u>84,879</u>	<u>260,336</u>	<u>167,584</u>

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21. Income derived from investment of shareholders' funds (continued)

Bank	3 months ended		6 months ended	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
<i>Finance income and hibah</i>				
Financing, advances and others	3,564	3,425	6,941	6,417
Financial assets at FVOCI	45,950	41,304	92,482	81,720
Money at call and deposits with financial institutions	-	-	1	1
	<u>49,514</u>	<u>44,729</u>	<u>99,424</u>	<u>88,138</u>
<i>Other dealing income</i>				
Net gain/ (loss) from foreign exchange transactions	19,514	(8,596)	36,776	(12,221)
Net gain/ (loss) on revaluation of financial assets at FVTPL	2,577	(12,400)	4,994	(36,042)
Net derivatives gain	-	1	1	2
	<u>22,091</u>	<u>(20,995)</u>	<u>41,771</u>	<u>(48,261)</u>
<i>Other operating income</i>				
Gross dividend income from:				
- Unit trust in Malaysia	488	27	817	7,759
- Subsidiary	80,000	-	80,000	-
- Income from rebate on investment in unit trust	111	519	424	1,080
	<u>80,599</u>	<u>546</u>	<u>81,241</u>	<u>8,839</u>
<i>Fees and commission</i>				
Fees	44,066	38,448	83,918	76,312
Commission	7,917	11,198	16,487	18,770
Others	3,562	4,364	7,218	8,459
	<u>55,545</u>	<u>54,010</u>	<u>107,623</u>	<u>103,541</u>
<i>Other income</i>				
Rental income	289	538	569	1,091
Other income	20	232	54	251
	<u>309</u>	<u>770</u>	<u>623</u>	<u>1,342</u>
	<u>208,058</u>	<u>79,060</u>	<u>330,682</u>	<u>153,599</u>

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22. Net allowance for impairment on financing and advances

Group and Bank	3 months ended		6 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Net allowance for impairment on financing, advances and others				
- Stage 1	(4,329)	(32,772)	(13,118)	(61,223)
- Stage 2	(159)	(116,662)	18,346	(58,425)
- Stage 3	87,977	205,706	158,208	238,593
	<u>83,489</u>	<u>56,272</u>	<u>163,436</u>	<u>118,945</u>
Bad debts and financing recovered	(21,858)	(22,450)	(39,835)	(41,814)
	<u>61,631</u>	<u>33,822</u>	<u>123,601</u>	<u>77,131</u>

23. Income attributable to depositors

Group	3 months ended		6 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudharabah fund	180	319	406	674
- Non-Mudharabah fund	389,615	204,599	773,272	406,689
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	-	-	-	-
- Non-Mudharabah fund	3,842	219	4,485	240
Recourse obligation on financing sold to Cagamas	26,475	21,333	59,804	42,686
	<u>420,112</u>	<u>226,470</u>	<u>837,967</u>	<u>450,289</u>

Bank

Deposits from customers				
- Mudharabah fund	180	319	406	674
- Non-Mudharabah fund	389,712	204,645	773,429	406,786
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	-	-	-	-
- Non-Mudharabah fund	3,842	219	4,485	240
Recourse obligation on financing sold to Cagamas	26,475	21,333	59,804	42,686
	<u>420,209</u>	<u>226,516</u>	<u>838,124</u>	<u>450,386</u>

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24. Income attributable to investment account holders

Group	3 months ended		6 months ended	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Unrestricted investment accounts				
- <i>Mudharabah</i>	34,498	5,306	53,038	10,338
- <i>Wakalah</i>	56,090	43,645	116,210	65,655
	90,588	48,951	169,248	75,993

Bank

Unrestricted investment accounts				
- <i>Mudharabah</i>	34,498	5,306	53,038	10,338
- <i>Wakalah</i>	56,490	44,249	117,346	66,792
	90,988	49,555	170,384	77,130

25. Personnel expenses

Group	3 months ended		6 months ended	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Salaries, allowances and bonuses	168,420	141,966	328,486	276,204
Employees' Provident Fund	24,009	21,923	47,479	44,020
Other staff related costs	24,042	23,505	52,844	45,714
	216,471	187,394	428,809	365,938

Bank

Salaries, allowances and bonuses	159,749	135,058	311,485	263,622
Employees' Provident Fund	22,795	20,958	45,103	42,214
Other staff related costs	23,186	22,874	50,895	44,508
	205,730	178,890	407,483	350,344

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26. Other overhead expenses

Group	3 months ended		6 months ended	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
<i>Promotion</i>				
Credit and debit card expenses	16,305	13,054	33,418	25,840
Advertisement and publicity	4,782	4,330	11,645	6,211
Others	5,734	10,213	16,179	21,318
	<u>26,821</u>	<u>27,597</u>	<u>61,242</u>	<u>53,369</u>
<i>Establishment</i>				
Office rental	7,220	6,430	14,800	14,167
Depreciation of property and equipment	14,415	14,427	26,678	28,754
Amortisation of intangible assets	3,282	256	8,997	512
Depreciation right-of-use assets	4,526	4,164	9,050	8,328
Information technology expenses	15,664	21,099	43,367	42,712
Guarantee Fees	2,061	1,788	3,937	3,029
Security services	2,581	2,206	5,118	4,603
Utilities	3,127	2,574	5,559	5,702
Office maintenance	2,446	2,699	5,526	4,897
Rental of equipment	1,475	1,383	2,936	2,984
Takaful	3,104	3,870	6,252	5,866
Others	-	-	283	281
	<u>59,901</u>	<u>60,896</u>	<u>132,503</u>	<u>121,835</u>
<i>General expenses</i>				
Outsourcing fees and management fees	5,192	4,542	8,866	8,157
Recruitment expenses	1,249	1,490	3,095	2,396
Postage	1,638	3,151	3,372	5,967
Travelling	1,699	1,202	2,998	1,873
Office supplies	916	2,184	3,219	3,892
Storage expenses	611	295	1,496	1,554
Subscription fees	2,072	3,445	5,076	6,960
SMS service charges	6,453	6,663	12,680	11,155
Security services – cash in transit	1,237	1,456	2,444	2,026
Professional fees	1,533	1,874	3,547	2,947
Mobile banking expenses	1,675	1,311	3,130	2,321
Auditor's remuneration	1,179	987	2,429	2,148
Bank and other charges	998	1,343	3,160	2,794
Ta'widh and waiver	455	431	1,333	762
Others	2,572	2,466	6,305	3,190
	<u>29,479</u>	<u>32,840</u>	<u>63,150</u>	<u>58,142</u>
	<u>116,201</u>	<u>121,333</u>	<u>256,895</u>	<u>233,346</u>

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Bank	3 months ended		6 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
<i>Promotion</i>				
Credit and debit card expenses	16,305	13,054	33,418	25,840
Advertisement and publicity	4,774	4,296	11,623	6,133
Others	4,466	8,330	13,672	15,691
	25,545	25,680	58,713	47,664
<i>Establishment</i>				
Office rental	7,191	6,393	14,741	14,092
Depreciation of property and equipment	14,211	14,214	26,265	28,326
Amortisation of intangible assets	3,282	256	8,997	512
Depreciation right-of-use assets	4,398	4,048	8,795	8,096
Information technology expenses	15,664	21,099	43,367	42,712
Security services	2,581	2,206	5,118	4,603
Guarantee Fees	2,061	1,788	3,937	3,029
Utilities	3,069	2,507	5,452	5,567
Office maintenance	2,312	2,624	5,268	4,746
Rental of equipment	1,403	1,312	2,792	2,837
Takaful	3,086	3,856	6,222	5,837
Others	-	-	283	281
	59,258	60,303	131,237	120,638
<i>General expenses</i>				
Outsourcing fees and management fees	11,440	9,339	22,094	17,216
Recruitment expenses	1,249	1,490	3,095	2,396
Postage	1,638	3,151	3,372	5,967
Office supplies	896	2,163	3,189	3,845
Travelling	1,699	1,202	2,998	1,873
Storage expenses	611	295	1,496	1,554
Subscription fees	2,072	3,445	5,073	6,960
SMS service charges	6,453	6,663	12,680	11,155
Security services – cash in transit	1,237	1,456	2,444	2,026
Professional fees	1,434	1,724	3,354	2,633
Mobile banking expenses	1,675	1,311	3,130	2,321
Auditor's remuneration	1,107	937	2,306	1,854
Bank and other charges	998	1,343	3,160	2,794
Ta'widh and waiver	455	431	1,333	762
Others	1,532	1,400	3,915	355
	34,496	36,350	73,639	63,711
	119,299	122,333	263,589	232,013

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Group	Note	3 months ended		6 months ended	
		30.06.2023	30.06.2022	30.06.2023	30.06.2022
		RM'000	RM'000	RM'000	RM'000
Finance cost:					
- Subordinated sukuk and capital securities		23,374	20,740	46,490	41,253
- Profit expense on leases	15	<u>4,079</u>	<u>4,201</u>	<u>8,204</u>	<u>8,445</u>
		<u>27,453</u>	<u>24,941</u>	<u>54,694</u>	<u>49,698</u>

Bank

Finance cost:					
- Subordinated sukuk and capital securities		23,374	20,740	46,490	41,253
- Profit expense on leases	15	<u>4,076</u>	<u>4,197</u>	<u>8,196</u>	<u>8,436</u>
		<u>27,450</u>	<u>24,937</u>	<u>54,686</u>	<u>49,689</u>

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28. Segmental Reporting on Revenue, Profit and Assets

Group	Consumer Banking RM'000	Corporate and Commercial Banking RM'000	Treasury RM'000	Shareholders unit RM'000	Elimination RM'000	Total RM'000
<u>3 months ended 30 June 2023</u>						
Total Revenue	693,370	224,333	193,835	96,521	(87,658)	1,120,401
Net fund based income	301,530	143,364	19,131	46,764	-	510,789
Non-fund based income	46,513	8,557	35,091	95,912	(87,161)	98,912
Net income	348,043	151,921	54,222	142,676	(87,161)	609,701
Net allowance for impairment	(53,540)	(8,091)	62	-	-	(61,569)
Profit before overheads, zakat and tax	294,503	143,830	54,284	142,676	(87,161)	548,132
Operating expenses						(336,533)
Finance cost						(27,453)
Profit before zakat and tax						184,146
<u>3 months ended 30 June 2022</u>						
Total Revenue	554,547	156,760	104,001	14,407	(7,204)	822,511
Net fund based income	308,906	124,442	15,630	55,932	-	504,910
Non-fund based income	46,568	7,320	(18,840)	13,686	(6,554)	42,180
Net income	355,474	131,762	(3,210)	69,618	(6,554)	547,090
Net allowance for impairment	(10,745)	(23,095)	(675)	5,307	-	(29,208)
Profit before overheads, zakat and tax	344,729	108,667	(3,885)	74,925	(6,554)	517,882
Operating expenses						(311,745)
Finance cost						(24,941)
Profit before zakat and tax						181,196

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28. Segmental Reporting on Revenue, Profit and Assets (continued)

Group	Consumer Banking RM'000	Corporate and Commercial Banking RM'000	Treasury RM'000	Shareholders unit RM'000	Elimination RM'000	Total RM'000
<u>6 months ended 30 June 2023</u>						
Total Revenue	1,358,305	450,783	398,117	113,571	(96,622)	2,224,154
Net fund based income	564,559	281,783	33,748	132,699	-	1,012,789
Non-fund based income	88,699	18,300	80,419	112,061	(95,329)	204,150
Net income	653,258	300,083	114,167	244,760	(95,329)	1,216,939
Net allowance for impairment	(105,323)	(18,278)	204	-	-	(123,397)
Profit before overheads, zakat and tax	547,935	281,805	114,371	244,760	(95,329)	1,093,542
Operating expenses						(693,178)
Finance cost						(54,694)
Profit before zakat and tax						345,670
<u>6 months ended 30 June 2022</u>						
Total Revenue	1,074,961	308,347	188,262	38,412	(14,053)	1,595,929
Net fund based income	605,744	237,796	34,118	105,028	-	982,686
Non-fund based income	88,015	15,266	(40,540)	37,039	(12,819)	86,961
Net income	693,759	253,062	(6,422)	142,067	(12,819)	1,069,647
Net allowance for impairment	(32,150)	(45,000)	2,385	183	-	(74,582)
Profit before overheads, zakat and tax	661,609	208,062	(4,037)	142,250	(12,819)	995,065
Operating expenses						(604,847)
Finance cost						(49,698)
Profit before zakat and tax						340,520

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28. Segmental Reporting on Revenue, Profit and Assets (continued)

	Consumer Banking RM'000	Corporate and Commercial Banking RM'000	Treasury RM'000	Shareholders unit RM'000	Elimination RM'000	Total RM'000
<u>At 30 June 2023</u>						
Segment assets	49,294,582	16,210,829	19,122,731	291,614	(171,752)	84,748,004
Unallocated assets						<u>2,704,369</u>
Total assets						<u><u>87,452,373</u></u>
 <u>At 30 June 2022</u>						
Segment assets	46,052,901	13,625,592	20,385,679	372,502	(269,040)	80,167,634
Unallocated assets						<u>2,862,387</u>
Total assets						<u><u>83,030,021</u></u>

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29. Fair value of Financial Instruments

Fair value hierarchy

MFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources and unobservable inputs reflect the Group's market assumptions. The fair value hierarchy is as follows:

- Level 1 – Quoted price (unadjusted) in active markets for the identical assets or liabilities. This level includes quoted equity securities.
- 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). This level includes debt instruments, profit rates swap and structured debt. The sources of input parameters include Bank Negara Malaysia (BNM) indicative yields or counterparty credit risk.
- Level 3 – Inputs for asset or liability that are not based on observable market data (unobservable inputs). This level includes equity instruments and debt instruments with significant unobservable components.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position. The table does not include those short-term/on demand financial assets and financial liabilities where the carrying amounts are reasonable approximation of their fair values.

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29. Fair value of Financial Instruments (continued)

Fair value hierarchy (continued)

Group 30 June 2023 RM'000	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value	Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 3		
<i>Financial assets</i>							
Financial assets at FVTPL	-	1,680,084	-	1,680,084	-	1,680,084	1,680,084
Derivative financial assets	-	179,772	-	179,772	-	179,772	179,772
Financial assets at FVOCI	7,369	12,029,888	69,039	12,106,296	-	12,106,296	12,106,296
Financial assets at AC	-	-	-	-	3,449,925	3,449,925	3,477,222
Financing, advances and others	-	-	-	-	68,868,701	68,868,701	65,505,411
<i>Financial liabilities</i>							
Derivative financial liabilities	-	127,580	-	127,580	-	127,580	127,580
Recourse obligations on financing sold to Cagamas	-	-	-	-	2,019,015	2,019,015	2,004,329
Subordinated sukuk and capital securities	-	-	-	-	2,189,133	2,189,133	2,221,519
31 December 2022							
RM'000							
<i>Financial assets</i>							
Financial assets at FVTPL	-	299,128	-	299,128	-	299,128	299,128
Derivative financial assets	-	123,000	-	123,000	-	123,000	123,000
Financial assets at FVOCI	7,000	12,017,378	69,039	12,093,417	-	12,093,417	12,093,417
Financial assets at AC	-	-	-	-	3,008,360	3,008,360	3,055,256
Financing, advances and others	-	-	-	-	68,151,645	68,151,645	64,901,994
<i>Financial liabilities</i>							
Derivative financial liabilities	-	137,324	-	137,324	-	137,324	137,324
Recourse obligations on financing sold to Cagamas	-	-	-	-	3,011,090	3,011,090	3,005,343
Subordinated sukuk and capital securities	-	-	-	-	2,181,013	2,181,013	2,222,092

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29. Fair value of Financial Instruments (continued)

Fair value hierarchy (continued)

Bank 30 June 2023 RM'000	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value	Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 3		
<i>Financial assets</i>							
Financial assets at FVTPL	-	1,653,341	-	1,653,341	-	1,653,341	1,653,341
Derivative financial assets	-	179,772	-	179,772	-	179,772	179,772
Financial assets at FVOCI	7,369	12,029,888	69,926	12,107,183	-	12,107,183	12,107,183
Financial assets at AC	-	-	-	-	3,449,925	3,449,925	3,477,222
Financing, advances and others	-	-	-	-	68,868,701	68,868,701	65,505,411
<i>Financial liabilities</i>							
Derivative financial liabilities	-	127,580	-	127,580	-	127,580	127,580
Recourse obligations on financing sold to Cagamas	-	-	-	-	2,019,015	2,019,015	2,004,329
Subordinated sukuk and capital securities	-	-	-	-	2,189,133	2,189,133	2,221,519
31 December 2022							
RM'000							
<i>Financial assets</i>							
Financial assets at FVTPL	-	272,735	-	272,735	-	272,735	272,735
Derivative financial assets	-	123,000	-	123,000	-	123,000	123,000
Financial assets at FVOCI	7,000	12,017,378	69,926	12,094,304	-	12,094,304	12,094,304
Financial assets at AC	-	-	-	-	3,008,360	3,008,360	3,055,256
Financing, advances and others	-	-	-	-	68,151,645	68,151,645	64,901,994
<i>Financial liabilities</i>							
Derivative financial liabilities	-	137,324	-	137,324	-	137,324	137,324
Recourse obligations on financing sold to Cagamas	-	-	-	-	3,011,090	3,011,090	3,005,343
Subordinated sukuk and capital securities	-	-	-	-	2,181,013	2,181,013	2,222,092

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29. Fair value of Financial Instruments (continued)

Unobservable inputs used in measuring fair value

The following tables show the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

(a) Financial instruments carried at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets measured at FVOCI	Net tangible assets	Net tangible assets	Higher net tangible assets results in higher fair value

(b) Financial instruments not carried at fair value

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Other financial assets at amortised cost

The fair values of securities that are actively traded is determined by quoted mid prices. For non-actively traded securities, the fair values are estimated using valuation techniques such as discounted cash flows analysis. Where discounted cash flows technique is used, the estimated future cash flows are discounted using applicable prevailing market or indicative rates of similar instruments at the reporting date.

(ii) Financing, advances and others

The fair values of variable rate financing are estimated to approximate their carrying values. For fixed rate financing, the fair values are estimated based on expected future cash flows of contractual instalment payments, discounted at applicable and prevailing rates at reporting date offered for similar facilities to new borrowers with similar credit profiles. In respect of impaired financing, the fair values are deemed to approximate the carrying values which are net of impairment allowances.

(iii) Borrowings, subordinated sukuk and capital securities

The fair values of are estimated by discounting the expected future cash flows using the applicable prevailing profit rates for borrowings with similar risk profiles.

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30. Commitment and Contingencies

- a) The commitment and contingencies and their related counterparty credit risk for the Group and Bank are as follows:

As at 30 June 2023	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Asset RM'000	
<i>Credit related exposures</i>				
Direct credit substitutes	568,756	568,756	622,192	
Transaction related contingent items	1,098,656	549,328	571,718	
Short-term self-liquidating trade related contingencies	414,471	82,894	82,183	
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	1,297,602	648,801	547,347	
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	9,330,297	-	-	
	<u>12,709,782</u>	<u>1,849,779</u>	<u>1,823,440</u>	
	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Asset RM'000
<i>Derivative Financial Instruments</i>				
Foreign exchange related contracts				
- less than one year	8,775,360	179,693	272,034	237,731
Profit rate related contracts				
- less than one year	23,081	79	86	62
	<u>8,798,441</u>	<u>179,772</u>	<u>272,120</u>	<u>237,793</u>
Total	<u>21,508,223</u>	<u>179,772</u>	<u>2,121,899</u>	<u>2,061,233</u>

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30. Commitment and Contingencies (continued)

- a) The commitment and contingencies and their related counterparty credit risk for the Group and Bank are as follows (continued):

	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Asset RM'000
As at 31 December 2022			
<i>Credit related exposures</i>			
Direct credit substitutes	533,884	533,884	578,339
Transaction related contingent items	985,002	492,501	483,516
Short-term self-liquidating trade related contingencies	407,370	81,474	80,143
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:			
- exceeding one year	1,392,315	696,158	575,432
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	7,809,279	-	-
	<u>11,127,850</u>	<u>1,804,017</u>	<u>1,717,430</u>

	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Asset RM'000
<i>Derivative Financial Instruments</i>				
Foreign exchange related contracts				
- less than one year	7,713,420	122,827	212,579	78,664
Profit rate related contracts				
- one year to less than five years	42,286	173	501	325
	<u>7,755,706</u>	<u>123,000</u>	<u>213,080</u>	<u>78,989</u>
Total	<u>18,883,556</u>	<u>123,000</u>	<u>2,017,097</u>	<u>1,796,419</u>

- b) Contingent liabilities

The Group and the Bank has no disclosure on contingent liabilities other than as disclosed in Note B9(c). The possible obligation to settle the litigation claim are subject to decision by the court and as the case are still preliminary, the settlement to the litigation claim may not be probable at this juncture and therefore no provision is recognised in the interim financial statements.

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Total capital and capital adequacy ratios of the Bank have been computed based on BNM's Capital Adequacy Framework for Islamic Banks (Capital Components and Risk-Weighted Assets). The Bank has adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk.

The capital adequacy ratios of the Group and the Bank are set out below:

	Group		Bank	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
CET I capital ratio	13.927%	13.578%	13.548%	13.230%
Tier I capital ratio	14.970%	14.640%	14.596%	14.298%
Total capital ratio	19.648%	19.392%	19.289%	19.074%

The components of CET I, Tier I and Tier II capital:

	Group		Bank	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Paid-up share capital	3,888,725	3,645,043	3,888,725	3,645,043
Retained earnings	2,991,308	3,096,604	3,000,616	3,105,912
Other reserves	179,437	54,596	68,402	(56,368)
<u>Less:</u>				
Deferred tax assets	(170,133)	(212,349)	(169,161)	(211,377)
Investment in subsidiaries	-	-	(105,905)	(100,905)
Intangible assets	(49,122)	(54,578)	(49,122)	(54,578)
Regulatory reserves	(165,000)	(136,000)	(165,000)	(136,000)
Total CET I Capital	<u>6,675,215</u>	<u>6,393,316</u>	<u>6,468,555</u>	<u>6,191,727</u>
Capital securities	500,000	500,000	500,000	500,000
Total Tier I Capital	<u>7,175,215</u>	<u>6,893,316</u>	<u>6,968,555</u>	<u>6,691,727</u>
Subordinated sukuk	1,700,000	1,700,000	1,700,000	1,700,000
Loss provision ^	542,165	537,883	540,702	535,095
Total Tier II Capital	<u>2,242,165</u>	<u>2,237,883</u>	<u>2,240,702</u>	<u>2,235,095</u>
Total Capital	<u>9,417,380</u>	<u>9,131,199</u>	<u>9,209,257</u>	<u>8,926,822</u>

^ Impairment allowances on non-impaired financing and regulatory reserve, subject to maximum of 1.25% of total credit risk-weighted assets less credit absorbed by unrestricted investment accounts.

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31. Capital adequacy (continued)

The breakdown of risk-weighted assets by each major risk category is as follows:

	Group		Bank	
	30.06.2023 RM'000	31.12.2022 RM'000	30.06.2023 RM'000	31.12.2022 RM'000
Credit risk	54,234,700	53,650,821	54,123,015	53,513,221
Less : Credit risk absorbed by unrestricted investment accounts	(10,861,492)	(10,620,157)	(10,866,891)	(10,705,652)
	43,373,208	43,030,664	43,256,124	42,807,569
Market risk	415,199	84,876	415,199	84,876
Operational risk	4,141,125	3,971,313	4,073,001	3,909,361
	47,929,532	47,086,853	47,744,324	46,801,806

32. Credit Transactions and Exposures

	Group and Bank	
	30.06.2023 RM'000	31.12.2022 RM'000
Outstanding credit exposures with connected parties	2,392,263	1,952,597
% of outstanding credit exposures to connected parties as a proportion of total credit exposures	3.27%	2.69%
% of outstanding credit exposures to connected parties which is non- performing or in default	0.00%	0.00%

The above disclosure on Credit Transaction and Exposures with Connected Parties is presented in accordance with Para 9.1 of Bank Negara Malaysia's Revised Guidelines on Credit Transaction and Exposures with Connected Parties.

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Explanatory notes pursuant to Appendix 9B of the listing requirements of Bursa Malaysia Securities Berhad

B1. Performance review for the six months ended 30 June 2023

Current Year-to-date vs. Previous Year-to-date

	Group		Variance	
	6 months ended			
	30.06.2023	30.06.2022	RM'000	%
Key Profit or Loss Items:	RM'000	RM'000	RM'000	
Revenue	2,224,154	1,595,929	628,225	39.4
Net Income	1,216,939	1,069,647	147,292	13.8
Profit Before Zakat and Tax ("PBZT")	345,670	340,520	5,150	1.5
Profit After Zakat and Tax ("PAZT")	254,225	223,074	31,151	14.0

Bank Islam Group ("Bank Islam" or "the Group") posted a PBZT of RM345.7 million for the six months ended 30 June 2023, an increase of RM5.2 million or 1.5% as compared to the previous corresponding period in 2022. The increase was mainly contributed by higher net income, offset by higher net allowance for impairment on financing and higher total overheads. With the absence of one-off prosperity tax, PAZT has increased 14.0% to RM254.2 million for the period.

The performance translates to Group's earnings per share of 11.37 sen and annualised Return on Equity ("ROE") of 7.1% (after zakat and tax).

The increase in Group's net income was mainly due to higher non-fund-based income which improved by RM117.2 million or 134.8%, mostly driven by higher net gain from sale of financial assets at FVOCI, revaluation of financial assets at FVTPL and foreign exchange transactions. The net income further improved by higher net fund-based income which increased by RM30.1 million or 3.1% primarily driven by year-on-year ("YoY") financing growth.

The Group's net allowance for impairment on financing and advances increased by RM46.5 million or 60.2% to RM123.6 million as compared to the previous corresponding six months ended 30 June 2022.

Total overheads for the six months ended 30 June 2023 recorded an increase of RM88.3 million or 14.6% to RM693.2 million over the corresponding period in 2022. The increase in overhead expenses was due to higher personnel expenses and other general expenses by RM62.9 million and RM23.5 million respectively.

The Group's total assets grew year-on-year by 5.3% to stand at RM87.5 billion as of 30 June 2023 spur by growth in financing and investment securities. Net assets per share was at RM3.23.

Gross financing grew by 9.3% YoY to RM66.3 billion, while customer deposits and investment accounts stood at RM72.3 billion with a YoY increase of RM2.0 billion or 2.8%. This was mainly attributable to YoY growth of 6.4% or RM1.7 billion in total current and saving accounts and transactional investment accounts ("CASATIA") to stand at RM28.3 billion. This composition made a healthy level of 39.1% of total customer deposits and investment accounts.

As at 30 June 2023, the gross impaired financing ratio has improved at 1.03% compared to 1.27% at end December 2022.

The Group's Total Capital Ratio remained strong at 19.6% as at 30 June 2023.

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B1. Performance review for the six months ended 30 June 2023 (continued)

Current Year-to-date vs. Previous Year-to-date (continued)

Operating Segment

Consumer Banking's reported net income of RM653.3 million for the six months ended 30 June 2023, 5.8% lower than the corresponding period mainly due to lower net fund-based income. Segment assets for Consumer Banking as at end June 2023 stood at RM49.3 billion, a growth of 7.0%, driven by growth in house financing and personal financing.

Corporate and Commercial Banking recorded net income of RM300.1 million, higher by 18.6% from the corresponding period, attributed by both higher net fund-based income and higher non-fund-based income. Total segment assets grew 19.0% year-on-year to stand at RM16.2 billion.

Treasury registered a net income of RM114.2 million for the period, improved more than 100% as compared to the corresponding period spur by higher net gain from sale of financial assets at FVOCI, revaluation of financial assets at FVTPL and foreign exchange transactions. Treasury assets stood at RM19.1 billion.

Current Quarter vs. Previous Year Corresponding Quarter

	Group		Variance	
	3 months ended			
	30.06.2023	30.06.2022	RM'000	%
Key Profit or Loss Items:	RM'000	RM'000	RM'000	
Revenue	1,120,401	822,511	297,890	36.2
Net Income	609,701	547,090	62,611	11.4
Profit Before Zakat and Tax ("PBZT")	184,146	181,196	2,950	1.6
Profit After Zakat and Tax ("PAZT")	136,137	117,157	18,980	16.2

For the second quarter ended 30 June 2023 ("2Q2023"), Bank Islam Group achieved a PBZT of RM184.1 million, higher by RM2.9 million or 1.6% over the corresponding quarter last year ("2Q2022") of RM181.2 million. The increase in PBZT was mainly due to higher net income, offset by higher net allowance for impairment on financing and higher total overheads.

The Group's net income improved by RM62.6 million or 11.4% primarily due to higher non-fund-based income by RM56.7 million or 134.5% due to higher net gain from sale of financial assets at FVOCI, revaluation of financial assets at FVTPL and foreign exchange transactions. The net fund-based income increased by RM5.9 million or 1.2% mainly driven by financing growth.

The Group's net allowance for impairment on financing and advances increased by RM27.8 million or 82.2% to RM61.6 million as compared to 2Q2022 of RM33.8 million.

Total overheads were higher by RM24.8 million or 8.0% over 2Q2022 overheads mainly due to higher personnel expenses.

Operating Segment

Consumer Banking's reported a net income of RM348.0 million for the second quarter ended 30 June 2023 ("2Q2023"), 2.1% lower than the corresponding quarter last year ("2Q2022"), attributed by both lower net fund-based income and lower non-fund-based income.

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B1. Performance review for the six months ended 30 June 2023 (continued)

Current Quarter vs. Previous Year Corresponding Quarter (continued)

Operating Segment (continued)

Corporate and Commercial Banking achieved a net income of RM151.9 million, higher by 15.3% from 2Q2022, attributed by both higher net fund-based income and higher non-fund-based income.

Treasury registered a net income for 2Q2023 of RM54.2 million, improved more than 100% as compared to 2Q2022 due to higher net gain from sale of financial assets at FVOCI, revaluation of financial assets at FVTPL and foreign exchange transactions.

B2. Comparison with the preceding quarter's results for the three months performance (Second Quarter 2023 vs. First Quarter 2023)

	Group		Variance	
	3 months ended			
	30.06.2023	31.03.2022	RM'000	%
Key Profit or Loss Items:	RM'000	RM'000	RM'000	
Revenue	1,120,401	1,103,753	16,648	1.5
Net Income	609,701	607,238	2,463	0.4
Profit Before Zakat and Tax ("PBZT")	184,146	161,524	22,622	14.0
Profit After Zakat and Tax ("PAZT")	136,137	118,088	18,049	15.3

For the second quarter ended 30 June 2023 ("2Q2023"), the Group reported a PBZT of RM184.1 million, an increase of RM22.6 million or 14.0% against the preceding quarter ended 31 March 2023 ("1Q2023"). The increase in PBZT was mainly due to higher net income, mitigated by lower total overheads.

The increase in Group's net income was contributed by higher net fund-based income by RM8.8 million or 1.8%. However, it was offset by lower non-fund-based income of RM6.3 million or 6.0% mainly driven by lower net gain from sale of financial assets at FVOCI.

Total overheads were lower by RM20.1 million or 5.6% over 1Q2023 overheads mainly due to lower establishment expenses, general expenses and promotion expenses by RM14.5 million, RM7.9 million and RM 2.1 million respectively. The decreases were however offset by higher personnel expenses by RM4.1 million.

B3. Prospects for 2023

International Monetary Fund in their July 2023 World Economic Outlook Report had forecasted global growth to drop in growth from an estimated 3.5% in 2022 to 3.0% in 2023 and 2024. Undeniably, the cost-of-living crisis, further challenges in global financial conditions, prolonged Russia-Ukraine military conflicts, as well as banking stress in advanced economies have clouded the economic outlook.

Meanwhile, Malaysia's economy outlook for second half of 2023 is anticipated to be moderately positive but faces downside risk due to weaker global growth. Bank Negara Malaysia ("BNM") projects the economy to expand in the lower range of 4.0% and 5.0% this year compared to 8.7% in 2022 (BNM's Quarterly Bulletin for Second Quarter issued on 18 August 2023). The growth is supported by improving domestic demands, spurred by improved employment conditions and income levels. Long-term projects and the positive tourism trend are also expected to yield sustainable growth.

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B3. Prospects for 2023 (continued)

BIMB remained focus on its “LEAP25” five-year strategy roadmap while sustaining its financial performance and resilience. The Bank continues to enhance its financial solutions through Group Institutional Banking’s (“GIB”) Target Operating Model (“TOM”) and Group Retail Banking focus on customer-centricity. Digitalisation will be the primary enabler which has led to significant increase in users and transaction volume. BIMB is committed to improve its Net Income Margin (“NIM”) following the compression experienced in the first quarter of 2023 by continuous prudent management of liquidity and funding cost, accompanied by implementation of cost optimisation measures.

BIMB has identified five sustainability commitments as part of its LEAP25 roadmap. Aligned with its six Strategic Objectives, these commitments ensure sustainable growth whilst greatly contribute to society’s wellbeing. BIMB continues to offer financial products and services to uplift and empower local communities. Additionally, the social finance initiatives such as Sadaqa House and micro-entrepreneurial financing programme continue to drive the local communities’ socio-economic development. BIMB’s commitment to creating impactful social outcomes is reflected by the incorporation of blended finance and funding escalator models into its social offerings, which is designed to nurture the unbanked to become bankable. BIMB is one of the leading banks for financial inclusion, enabling effective and fair wealth circulation within the community. Since its inception in 2020 until 31 July 2023, Bank Islam has disbursed RM14 million in iTEKAD and funding escalator, directly benefitting 909 recipients and fostering 113 instances of upward mobility.

B4. Variance from profit forecast and profit guarantee

The Group neither made any profit forecast nor issued any profit guarantee.

B5. Tax expense

Major components of tax expense

Group	3 months ended		6 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM’000	RM’000	RM’000	RM’000
Malaysia income tax:				
Current year	51,403	54,314	73,632	91,162
Over provision in prior years	(23)	-	(28)	(10)
Deferred tax expense relating to origination and reversal of temporary differences arising from:				
Current year	(7,121)	5,983	10,380	18,344
Under/(Over) provision in prior years	-	10	(39)	469
	<u>44,259</u>	<u>60,307</u>	<u>83,945</u>	<u>109,965</u>

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B5. Tax expense (continued)

A reconciliation of effective tax expense for the Group is as follows:

Group	3 months ended		6 months ended	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Profit before tax	184,146	181,196	345,670	340,520
Income tax calculated using				
Malaysian tax rate of 24%	44,195	43,487	82,961	81,725
Impact of Prosperity Tax	-	15,897	-	26,414
Income not subject to tax	(19,462)	(207)	(19,542)	(233)
Non-deductible expenses	20,522	2,171	22,131	3,372
Zakat	(1,115)	(1,051)	(1,680)	(1,772)
Other items	142	-	142	-
(Over)/Under provision in prior years	(23)	10	(67)	459
	44,259	60,307	83,945	109,965

As per Finance Act 2021 gazetted on 31 December 2021, effective for Year of Assessment (“YA”) 2022, a special one-off tax (“Prosperity Tax”) was introduced on companies with chargeable income in excess of RM100.0 million. The excess is taxed at a rate of 33% (first RM100.0 million of chargeable income will be taxed at 24%). Prosperity Tax is no longer applicable for YA 2023.

B6. Status of corporate proposals

There has been no new corporate proposal since the date of last quarterly report.

B7. Borrowings, subordinated sukuk and capital securities

RM'000	As at 30.06.2023		
	Long term	Short term	Total borrowings
Secured			
- Recourse obligations on financing sold to Cagamas	1,500,000	504,329	2,004,329
Unsecured			
- Subordinated sukuk	1,700,000	12,542	1,712,542
- Capital securities	500,000	8,977	508,977
Total unsecured	2,200,000	21,519	2,221,519

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B7. Borrowings, subordinated sukuk and capital securities (continued)

RM'000	As at 31.12.2022		
	Long term	Short term	Total borrowings
Secured			
- Recourse obligations on financing sold to Cagamas	1,500,000	1,505,343	3,005,343
Unsecured			
- Subordinated sukuk	1,700,000	12,903	1,712,903
- Capital securities	500,000	9,189	509,189
Total unsecured	2,200,000	22,092	2,222,092

RM'000	As at 30.06.2022		
	Long term	Short term	Total borrowings
Secured			
- Recourse obligations on financing sold to Cagamas	500,000	1,501,720	2,001,720
Unsecured			
- Subordinated sukuk	2,000,000	14,780	2,014,780

The borrowings, subordinated sukuk and capital securities comprise the following:

- a) Recourse obligations on financing sold to Cagamas represents house financing accounts that are sold to Cagamas with recourse. Under the agreement, the Bank undertakes to administer the financing on behalf of Cagamas and to buy back any financing which are regarded as defective based on pre-determined and agreed-upon prudential criteria with recourse against the Bank. Such financing transactions and the obligation to buy back the financing are reflected as a liability on the statements of financial position.

The financing are not de-recognised and are analysed in Note 13(a). The details are as follows:

	Nominal value RM'000	Issue date	Maturity Date	Profit rate (% p.a.)
(i)	500,000	18 May 2021	18 May 2024	2.95
(ii)	1,000,000	4 November 2022	4 November 2027	4.83
(iii)	500,000	28 June 2023	28 June 2028	4.16

On 25 May 2023, the financing of RM1.5 billion has matured and the Bank has issued a new financing sold to Cagamas with recourse of RM500 million on 28 June 2023.

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B7. Borrowings, subordinated sukuk and capital securities (continued)

b) Subordinated sukuk and capital securities

	Nominal value RM'000	Issue date	First call date*	Maturity Date	Profit rate (% p.a.)#
Subordinated sukuk					
(i)	300,000	7 November 2018	7 December 2023	7 November 2028	5.15
(ii)	400,000	26 March 2020	26 March 2025	26 March 2030	3.75
(iii)	700,000	21 October 2020	21 October 2025	21 October 2030	3.60
(iv)	300,000	12 November 2021	12 November 2026	12 November 2031	4.10
Capital securities					
(v)	500,000	24 August 2022	24 August 2027	Perpetual	5.16

* Optional redemption date or any periodic payment date thereafter.

Accrued and payable semi-annually in arrears.

On 14 November 2022, the Bank has exercised the call option and redeemed RM300 million in nominal value of the Subordinated Sukuk Murabahah under the RM1.0 billion Subordinated Sukuk Murabahah Programme.

B8. Material litigation

- (a) On 20 August 2019, Bank Islam filed a civil suit against 5 Star Room Hotel Sdn Bhd ("Customer") and the guarantors, namely Tang Wooi Chon, Chunsi Kudkumkong, Tang Woan Rou and Tang Woanren (collectively be referred to as "the Defendants") claiming for an amount of RM120,738,812.69 being the outstanding financing facilities granted by Bank Islam to the Customer whose accounts had been defaulted.

On 8 November 2019, Bank Islam had filed an application for summary judgment (Order 14 ("O.14")). On 18 November 2019, Bank Islam had filed an application for striking out against the Defendants' Counter Claim (Order 18 ("O.18")).

On 4 December 2019, the Defendants had filed an application to transfer and consolidate the Kuala Lumpur case with the Alor Setar case ("the Application").

The High Court ("HC") had fixed 1 July 2020 for decision on O.14, O.18 and the Application.

The HC had allowed Bank Islam's application on O.14, O.18 and the Defendants' application to transfer this case to Alor Setar High Court was dismissed.

The HC also ordered the Defendants to pay costs of RM8,000.00 to Bank Islam.

Hence, the Summary Judgment was recorded against the Defendants and the Defendants' Counter Claim was struck out.

On 9 July 2020, the Defendants had filed an appeal to Court of Appeal ("COA") against the HC's decision.

On 19 August 2020, the Defendants had filed the application for stay of execution against the HC's decision.

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B8. Material litigation (continued)

(a) Continued...

On 1 October 2020, the HC had allowed the application with costs to be borne by Defendants.

On 27 October 2020, the COA had fixed for hearing (on the appeal) on 7 July 2021 and instructed the parties to file common bundle, written submissions and bundle of authorities by 16 June 2021.

On 7 July 2021, the COA had allowed Bank Islam's application to record summary judgment against the Appellants. Further the COA had allowed the Bank's application to strike out the Appellants' counterclaim and dismissed the Appellants' application to transfer and consolidate this case with the Alor Setar Suit. The COA had unanimously dismissed the appeal with costs of RM10,000.00, subject to allocator.

On 24 August 2021, the Defendants had filed the motion for leave to appeal to Federal Court ("FC").

The FC had fixed the case management on 23 September 2021. On 23 September 2021, the case management has been postponed to 29 September 2021. On 29 September 2021, the FC had instructed the Defendants to file Notice of Motion for leave at Federal Court and the case management is fixed on 14 October 2021.

On 14 October 2021, the Defendants requested time to file Notice of Motion for leave to appeal at FC. The FC had fixed the case management on 29 October 2021. On 29 October 2021, the FC had instructed parties to file Affidavit in reply to the Notice of Motion and fixed the case management on 24 November 2021.

On 24 November 2021, the FC had directed parties to file Written Submissions and Bundle of Authorities by 3 March 2022.

Hearing of Motion for Extension of Time to File Leave to Appeal to FC and Motion for Leave to Appeal to FC fixed on 21 March 2022. The Court fixed another hearing date on 27 May 2022.

There were 3 issues brought to the FC which were as follows:-

- (a) Allowing Bank Islam's application to record Summary Judgment under (O.14) against the Appellants;
- (b) Allowing Bank Islam's application to strike out the Appellants' counterclaim (O.18); and
- (c) Dismissing the Appellants' application to transfer and consolidate this case with the Alor Setar suit.

After hearing both parties, the FC was of the opinion that there is a novel issue in relation to whether there is a need to state the Ibra clause in the certificate of indebtedness. This relates to the above item (a) allowing Summary Judgment under O.14 and not relevant to the other 2 applications under (b) and (c).

The Motion was allowed only for limited issues related to Ibra clause with costs in the cause. A Notice of Appeal is required to be filed by the Customer within 14 days time. The Order in relation to item (b) and (c) above were fully concluded. Item (a) will proceed with full appeal at the FC on the issue as stated above.

The Appellant filed appeal to FC, the 1st Case Management of the appeal was fixed on 29 July 2022. The next Case Management fixed on 12 August 2022 for the Appellants to file record of appeal. Meanwhile, the Appellants filed a Motion to stay of execution of judgment dated 1 July 2020 and all foreclosure proceedings initiated by the Bank.

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B8. Material litigation (continued)

(a) Continued...

Hearing of the stay of execution was fixed on 4 October 2022. After hearing of the Motion to stay of execution, the FC has unanimously dismissed the stay of execution application. The proper appeal fixed for Case Management was on 14 October 2022. The FC further fixed on 28 November 2022 for hearing of appeal. Appellant appointed a new solicitor Dato' Seri Gopal Sri Ram to submit the appeal in the FC. The FC fixed for the hearing of appeal on 29 March 2023.

The Appellant requested to vacate the hearing of appeal in view of the passing of Dato' Seri Gopal Sri Ram. The FC then fixed on 16 June 2023 for hearing of the appeal.

On 16 June 2023, the Federal Court unanimously dismissed the appeal with costs of RM50,000.00 to be paid by the Appellant to the Bank.

Based on the above, the matter is considered as resolved.

(b) On 18 October 2021, Perbadanan Harta Intelek Malaysia ("Plaintiff") filed a civil suit against BIMB Investment Management Berhad ("First Defendant"), a wholly owned subsidiary of the Bank and Ahmad Azwan Bin Aboo Mansor ("Second Defendant").

Plaintiff pleaded that the Defendants are liable for loss and damage caused by the Defendants fraudulent misrepresentation, negligent misrepresentation, negligence and breach of statutory duty on the placement of deposit in the sum of RM85,530,000.00 by Plaintiff to First Defendant upon representation made by Second Defendant to Plaintiff.

The sealed Writ and Statement of Claim dated 18 October 2021 was served to Messrs Ganesan & Imohizam ("First Defendant's Solicitors") on 25 October 2021.

The Plaintiff claimed for the following:

- 1) RM43,958,509.29 being the difference between the balance sum and total principal sum deposited;
- 2) RM15,910,619.62 for lost of profit on deposit sum;
- 3) Alternatively, RM11,443,914.00 for lost of profit on deposit sum;
- 4) General damages;
- 5) Exemplary damages; and
- 6) Interest

The First Defendants Solicitors had entered Appearance on 8 November 2021 and has requested for an extension of two weeks from 24 November 2021 to file Defence. The Court fixed for next Case Management on 24 November 2021. On 24 November 2021, the Court directed First Defendant to file Defence on 8 December 2021 and Plaintiff to file Reply to Defence by 5 January 2022.

During the case management held on 18 July 2022, the Court made the following directions in relation to Enclosure 32 (First Defendant's Notice of Application seeking original documents for forensic examination:

- 1) Plaintiff shall file and serve its Affidavit in Reply on or before 29 July 2022;
- 2) First Defendant shall file and serve its Affidavit in Reply on or before 12 August 2022;
- 3) Both Parties shall file respective written submissions simultaneously on or before 23 August 2022;
- 4) Both Parties shall file respective written submissions in reply simultaneously on or before 30 August 2022.

The next Case Management is fixed on 26 April 2024, where the full trial of this suit has been scheduled on 27th, 28th and 29th of May 2024.

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B8. Material litigation (continued)

- (c) On 26 April 2022 a group of syndicated financiers including Bank Islam Malaysia Berhad, HSBC Amanah Malaysia Berhad, Ambank Islamic Berhad, MIDF Amanah Investment Bank Berhad, Standard Chartered Saadiq Berhad and United Overseas Bank (Malaysia) Berhad filed a winding up petition against Serba Dinamik Holdings Berhad (“Customer”) and Serba Dinamik Group Berhad, Serba Dinamik Sdn Bhd, Serba Dinamik Development Sdn Bhd, Serba Dinamik Controls Sdn Bhd (“Guarantors”).

The Customer defaulted on payment of Syndicated Term Financing which involved RM1.2 billion (Bank Islam exposure RM245 million). The Customer made an application to Court for an appointment of Interim Judicial Managers (“IJM”). However, the application on IJM was withdrawn by the Customer citing majority of the financiers were opposing on the appointment of the Customer’s choice of IJM and further indicated to Court that they will apply for Scheme of Arrangement under Section 366 instead.

Meanwhile, the syndicated financiers had proceeded with a winding up petition and appointment of an Interim Liquidator from PricewaterhouseCoopers Advisory Services Sdn Bhd (“PwC”) which were filed in April 2022. The matters contested by the Customer by filing stay, striking out and cross examination applications. The Court fixed hearing of the applications on 8 June 2022.

At the same time, the Customer had filed for the preliminary draft of Scheme of Arrangement (“SOA”) in the Commercial Court indicating the SOA proposal among others that payment will be made in tranches with full recovery expected by year 2025. There would be further discussions in respect to the detailed SOA proposal.

The SOA and other matters were fixed at the Creditors Meeting on 25 July 2022. The Court Convened Meeting (“CCM”) was concluded and majority of the scheme creditors attended have voted and supported the proposed SOA.

As the Customer had breached the terms of the Scheme, the solicitor for the Syndicated Financiers issued a letter to the Court to advise that there has been a breach of the Scheme or the Consent Order which entitling the Syndicated Financiers to move for the Interim Liquidator (“IL”). On 23 August 2022, the Court allowed for the application of the IL.

The Interim Liquidator appointed was Victor Saw Seng Kee, the licensed liquidator from PwC. The Guarantors filed an application to stay and discharge of the Court Order on the Appointment of IL and to modify the Scheme. The Court fixed for the Case Management (“CM”) on the application to stay and discharge on 15 September 2022 and hearing to modify the Scheme on 27 September 2022.

On CM date 18 October 2022, the solicitors for IL submitted that IL requires more time to complete their assessment on the viability of the Scheme and the Scheme funds. The IL was preparing an affidavit to update the Winding Up court on their current investigation status and indicated that they would extend this affidavit to the scheme court. The Judge fixed a CM date on 9 November 2022. At the Scheme Proceedings the Court ordered that all Originating Summons (“OS”) (OS 812, 813, 814, 815 (Serba Dinamik Development Sdn Bhd) and 816 (Serba Dinamik Controls Sdn Bhd) to be struck out with liberty to file afresh.

During the CM, IL indicated that they were taking instructions on the filing of an Affidavit in Reply and the Court directed for any replies to be filed within 14 days and fixed for hearing of the application on 10 January 2023 together with the Syndicated Financiers’ Winding Up Petition.

On 10 January 2023 the Winding Up order was granted against Serba Dinamik Holdings Bhd (“SDHB”), Serba Dinamik International Ltd (“SDIL”), Serba Dinamik Sdn Bhd (“SDSB”) and Serba Dinamik Group Berhad (“SDGB”) (collectively referred to as “Companies”).

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B8. Material litigation (continued)

(c) Continued...

The Companies filed appeal to the Court of Appeal against the dismissal of the Companies' application to adjourn the hearing of the Winding up petition and against the Winding up order dated 10 January 2023. The CM for the appeal was fixed on 11 April 2023.

In the meantime, the Companies sought for ad interim stay of the Winding Up Order pending disposal of the Stay Application. The Court was inclined to allow the ad interim stay. The proper hearing date for the Stay Application was fixed on 6 March 2023 and the decision was fixed on 16 March 2023 where the Court had dismissed the Stay Application.

Earlier on 7 July 2023, the High Court approved the application made by the approved liquidator's application for authorisation to continue the operations of Serba Dinamik Holdings Berhad and three liquidating companies for 365 days starting from 9 July 2023 to 8 July 2024.

The Companies filed appeal to the Court of Appeal against the dismissal of the Companies' application to adjourn the hearing of the Winding up petition and against the Winding up order dated 10 January 2023. The CM was fixed on 31 July 2023. During the CM date, the Court has fixed the hearing of the appeal on 25 June 2024.

Additionally, there were Notices of Creditors Meeting from the Liquidator which would be held as follows:-

- SDHB on 10 October 2023;
- SDGB and SDSB on 11 October 2023; and
- SDIL on 12 October 2023.

(d) Bank Islam ("the Bank") filed a civil suit against Burwood Group Limited ("Customer") and 8 others, namely Robert Kokshoorn, Anthony Richard Witham, George Mavrogenis, Ooi Joo Fong, Dato' Mohd Salleh Bin Yeop Abdul Rahman, Stephen Keith Lavender, BPA Group Limited and Dominic Andrla (collectively be referred to as "the Defendants") claiming for an amount of RM85,456,573.79 being the outstanding financing facilities granted by the Bank to the Customer whose accounts had been defaulted.

On 28 January 2022, the Bank filed civil suit against the Customer and all Guarantors. The latest summary updates of the suit are as follows:

- (i) On 25 August 2022, Judgement in Default ("JID") has been obtained against 2nd and 3rd Defendants.
- (ii) On 20 September 2022, JID has been obtained against 8th Defendant.
- (iii) On 31 May 2023, consent judgment entered between both parties and the 5th Defendant has made full payment and the case against 6th Defendant has been withdrawn as the 6th Defendant passed away.
- (iv) On 22 June 2023, JID has been obtained against 7th Defendant.
- (v) On 30 June 2023, the 9th Defendant has filed memorandum of appearance and the Bank's Solicitor filed an application for Summary Judgment (Order 14) against the 9th Defendant.
- (vi) Decision of the Summary Judgment for 1st and 4th has been fixed on 4 September 2023.

(e) Bank Islam ("the Bank") filed a civil suit against Sawit Raya Oil (Kelantan) Sdn Bhd, Tan See Meng, Tan See Nong and Sawit Raya Sdn Bhd ("the Defendants") to recover the outstanding amount of RM234,621,328.53 for the financing granted to the first Defendant. The Writ Summons and the Statement of Claim were filed on 1 July 2022. The court has directed the Defendants to file Statement of Defence on or before 23 August 2022 and Reply to Defence on or before 6 September 2022. Defendants to file Affidavit In Reply on or before 17 October 2022 and the Bank to file Affidavit In Reply on or before 31 October 2022. The next Case Management ("CM") was fixed on 3 November 2022.

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B8. Material litigation (continued)

(e) Continued...

The Court has directed parties to file Written Submission on or before 18 November 2022 and Submission in Reply on or before 25 November 2022. The hearing of the application for Summary Judgment (“Hearing”) has been fixed on 2 December 2022. The Hearing was postponed to 14 February 2023.

The Court has adjourned the hearing as the Defendants filed a Notice of Application to adduce an expert opinion. The next CM date was fixed on 27 February 2023 for the court to fix a date for the hearing of the said Notice of Application and Summary Judgment.

The Court has dismissed the Defendant's Application to adduce an expert opinion. The Court has fixed the hearing for the Bank's Summary Judgment application on 13 July 2023. The hearing on 13 July 2023 has been adjourned to 25 September 2023.

(f) On 24 November 2022, Chunsi Kudkumkong (“Plaintiff”) filed a civil suit against Bank Islam (“Defendant”). The Plaintiff is a Director, Chargor and Guarantor for the following facilities granted by Bank Islam to 5 Star Room Hotel Sdn. Bhd. (“Customer”):

- (a) Business Financing-i RM37,000,000.00;
- (b) Business Cash Line-i (1) RM5,000,000.00;
- (c) Business Cash Line-i (2) RM2,000,000.00;
- (d) Business Cash Line-i (3) RM5,000,000.00.

The Customer had, previously initiated a civil suit against Bank Islam and failed when the High Court and the Court of Appeal dismissed the Customer’s suit. The final decision was made by the Federal Court on 27 May 2022 whereby the Court also decided to dismiss the Customer’s suit.

In this suit, the Plaintiff claims for the following:

- (a) Damages RM50,000,000.00;
- (b) Restitution RM53,420,697.04;
- (c) Severe damages RM50,000,000.00;
- (d) Exemplary damages RM50,000,000.00; and
- (e) General damages.

The first Case Management (“CM”) was fixed on 22 December 2022. On the CM date before Deputy Registrar, the Plaintiff informed the Court that he would like to transfer this case from Alor Setar High Court to Kuala Lumpur High Court (“KLHC”). The Alor Setar High Court directed the Plaintiff to file the transfer application by 17 January 2023. The hearing for the Transfer Application to KLHC was fixed on 6 March 2023.

The Alor Setar High Court has allowed the Plaintiff’s application to transfer the proceeding to KLHC.

At KLHC, the Defendant’s application to strike out the Plaintiff’s Writ Summons and Statement of Claim was filed. The case fixed for CM on 05 September 2023.

(g) On 24 November 2022, Quantum Majesty Sdn Bhd (“Plaintiff”) filed a civil suit against Bank Islam (“Defendant”). The Plaintiff is the Chargor to a property charged to Bank Islam for the following financings granted by Bank Islam to 5 Star Room Hotel Sdn Bhd (“Customer”):

- (a) Business Financing-i RM37,000,000.00;
- (b) Business Cash Line-i (1) RM5,000,000.00;
- (c) Business Cash Line-i (2) RM2,000,000.00;
- (d) Business Cash Line-i (3) RM5,000,000.00.

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B8. Material litigation (continued)

(g) Continued...

The Customer had, previously initiated a civil suit against Bank Islam and failed when the High Court and the Court of Appeal dismissed the Customer's suit. The final decision was made by the Federal Court on 27 May 2022 whereby the Court decided to dismiss the Customer's suit.

In this suit, the Plaintiff claims for the following:

- (a) Damages RM500,000,000.00;
- (b) Restitution RM53,420,697.04;
- (c) Severe damages RM500,000,000.00;
- (d) Exemplary damages RM500,000,000.00; and
- (e) General damages.

The first Case Management ("CM") was fixed on 22 December 2022. On the CM date before Deputy Registrar, the Plaintiff informed the Court that they would like to transfer this case to Kuala Lumpur High Court ("KLHC"). The Court directed the Plaintiff to file the transfer application by 17 January 2023. The next CM date is fixed on 14 February 2023. The hearing for the Transfer Application to KLHC was fixed on 13 March 2023.

The Alor Setar High Court has allowed the Plaintiff's application to transfer the proceeding to KLHC.

At KLHC, The Defendant's application to strike out the Plaintiff's Writ Summons and Statement of Claim was filed. The KLHC has directed as follows:-

- (i) Plaintiff to file Affidavit in Reply on or before 21 August 2023;
- (ii) Defendant to file Affidavit in Reply on or before 4 September 2023;
- (iii) Parties to file Written Submission on or before 6 November 2023;
- (iv) Parties to file Written Submission in Reply on or before 20 November 2023; and
- (v) Hearing of the application to strike out the Plaintiff's Writ Summons and Statement of Claim was fixed on 12 December 2023.

(h) On 30 November 2022, Bank Islam ("the Bank") filed a civil suit against 1. Time Marine Services Sdn Bhd, 2. Omar Bin Khalid, 3. Azmel Hafiz Bin Azizt, and 4. Puteri Nazrahtul Binti Omar ("the Defendants") to recover the outstanding amount of RM19,985,772.78 for the financing granted to the first Defendant.

The Court has fixed for the Case Management ("CM") on 4 January 2023. The Court further fixed the CM on 17 February 2023 to record the Consent Judgment ("CJ"). The CJ has been recorded on the CM date.

Amongst the terms as stated in the CJ are as follows:

- (a) The Defendants to pay the outstanding balance of RM19,985,772.78 to the Bank; and
- (b) The Defendants to enter the payment arrangement with the Bank within 14 days from the CJ date.

The Defendant made a payment as per a new payment schedule that was approved by the Bank's Financing Committee "A" ("FCA") on 31 March 2023 which commenced in April 2023.

Based on the above, the matter is considered as resolved.

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B8. Material litigation (continued)

- (i) On 29 December 2022, 5 Star Room Hotel Sdn Bhd, Tan Wooi Chon, Chundsi Kudkumkong, Tan Woan Rou & Tan Woanren (“Plaintiff”) filed a civil suit against Bank Islam (“Defendant”). The first Plaintiff is Bank Islam’s Customer and the second to the fifth Plaintiffs are Guarantors for the following facilities granted by Bank Islam to the Customer:
- (a) Business Financing-i RM37,000,000.00;
 - (b) Business Cash Line-i (1) RM5,000,000.00;
 - (c) Business Cash Line-i (2) RM2,000,000.00;
 - (d) Business Cash Line-i (3) RM5,000,000.00.

This suit was different from the suit that was previously initiated by 5 Star Room against the Bank on 22 April 2019 and decided by the Court against 5 Start Room. In this suit, the Plaintiffs sought for an injunction from the Court to restrain Bank Islam from disposing or proceeding with foreclosure action against the charged properties charged to Bank Islam.

The Plaintiff claims for the following:

- (a) Damages RM300,000,000.00;
- (b) An injunction;
- (c) General damages;
- (d) Damages for breach of contract RM500,000,000.00;
- (e) Restitution RM53,420,697.04;
- (f) Punitive damages RM600,000,000.00;
- (g) Exemplary damages RM600,000,000.00; and
- (h) Cost.

The Case Management (“CM”) for the Writ was fixed on 8 March 2023. Meanwhile, the Plaintiff filed an Injunction Application whereby the CM was fixed on 13 March 2023. The hearing of the Injunction was fixed on 31 May 2023 and the decision was fixed on 26 July 2023 whereby the Court had dismissed the Plaintiffs' application with cost RM1,000. The next CM on 20 September 2023 to fix for the parties to update status of any interlocutory applications that intended to be filed.

B9. Dividend

- (a) On 30 January 2023, the Bank paid an interim dividend of 10.40 sen per ordinary share amounting RM224.1 million for the financial year ended 31 December 2022. From the total dividend amount, approximately 11% or RM23.6 million was distributed as cash dividend whilst the remaining 89% amounting to RM200.5 million was reinvested to subscribe for 88,736,000 new ordinary shares at RM2.26 each via the Dividend Reinvestment Plan (“DRP”). The new ordinary shares were listed on 31 January 2023.
- (b) On 27 February 2023, Board of Directors of Bank Islam Malaysia Berhad (“The Board”) had declared a second interim dividend of 3.40 sen per ordinary share amounting RM76.3 million for the financial year ended 31 December 2022. From the total dividend amount, approximately 43% or RM33.2 million was distributed as cash dividend whilst the remaining 57% amounting to RM43.1 million was reinvested to subscribe for 22,468,100 new ordinary shares at RM1.92 each via the Dividend Reinvestment Plan (“DRP”). The new ordinary shares were listed on 15 May 2023.

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Basic earnings per share is calculated by dividing the profit for the period attributable to ordinary equity holders of the parent by the number of average ordinary shares in issue during the period.

Group	3 months ended		6 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Net profit for the period under review attributable to equity holders of the parent	136,137	117,157	254,225	223,074
Number of ordinary shares	2,266,473	2,155,269	2,266,473	2,155,269
Number of average ordinary shares	2,255,610	2,155,269	2,235,132	2,146,496
Earnings per share (sen)	6.04	5.44	11.37	10.39

Diluted earnings per share

The Group has no dilution in its earnings per share in the current and the preceding financial period as there are no dilutive potential ordinary shares.

B11. Foreign exchange exposure/hedging policy

The breakdown of Group's net foreign exchange exposure in RM equivalent is as follows:

RM equivalent	30.06.2023	31.12.2022
	RM'000	RM'000
USD	48,778	109,297
EURO	(104,003)	(92,877)
Others	10,986	14,924

The Bank's exposure on USD and other currencies are mainly related to its Labuan branch operations and maintenance of foreign current accounts ("FCA").

B12. Material impairment of assets

The breakdown of the assets' carrying value in the book before impairment, impairment losses and carrying value in the book after impairment against its market value are as follows:

Group	As at 30 June 2023			
	Carrying value before impairment	Impairment losses	Carrying value after impairment	Market value
	RM'000	RM'000	RM'000	RM'000
Financing, advances and others	66,337,395	(831,984)	65,505,411	68,868,701

Group	As at 31 December 2022			
	Carrying value before impairment	Impairment losses	Carrying value after impairment	Market value
	RM'000	RM'000	RM'000	RM'000
Financing, advances and others	65,941,857	(1,039,863)	64,901,994	68,151,645

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B12. Material impairment of assets (continued)

At each reporting date, the Group first assesses individually whether objective evidence of impairment exists for significant financial assets and collectively for financial assets that are not individually significant. If it is determined that objective evidence of impairment exists, i.e. credit impaired, for an individually assessed financial assets measured at amortised cost and FVOCI, a lifetime ECL will be recognised for impairment loss which has been incurred.

The Group has considered the impact of the pandemic and has taken into account the economic and financial measures announced by the Government in estimating the ECL on the financial assets.

Under collective assessment, the Group applies a three-stage approach to measuring ECL on financial assets measured at amortised cost and FVOCI. Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

- i) Stage 1: 12-months ECL (“Stage 1”)
For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon recognition, the portion of lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.
- ii) Stage 2: Lifetime ECL - not credit impaired (“Stage 2”)
For exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.
- iii) Stage 3: Lifetime ECL - credit impaired (“Stage 3”)
Financial assets are assessed as credit impaired when one or more events that have a negative impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL is recognised.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience, informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly when it is more than 30 days past due. The Group also uses its internal credit risk grading system and external risk rating to assess deterioration in credit quality of a financial asset.

The Group assesses whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar risk characteristics, taking into account the asset type, industry, geographical location, collateral type, past-due status and other relevant factors. These characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the counterparty’s ability to pay all amounts due according to the contractual terms of the assets being evaluated.

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The Group holds derivative financial instruments to hedge its foreign currency and profit rate exposures.

	Notional amount 30.06.2023 RM'000	Fair value 30.06.2023 RM'000	Notional amount 31.12.2022 RM'000	Fair value 31.12.2022 RM'000
Trading derivatives				
Foreign exchange related contracts				
- Less than one year	8,775,360	52,170	7,713,420	(14,396)
Profit rate related contracts				
- Less than one year	23,081	22	-	-
- One year to 3 years	-	-	42,286	72
	8,798,441	52,192	7,755,706	(14,324)

Market risk

Market risk on derivatives is the potential loss to the value of these contracts due to changes in prices of the underlying item such as equities, interest rates, foreign exchange rates, credit spreads, commodities or other indices. The notional or contractual amounts provide only the volume of transactions outstanding at the reporting date and not the amount of risk. Exposure to market risk may be reduced through offsetting items from on and off-balance sheet positions. As at 30 June 2023, the amount of contracts which were not hedged and, hence, exposed to market risk was RM415.2 million (31 December 2022: RM84.9 million).

Credit risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Bank has a gain position. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices. As at 30 June 2023, the credit risk measured in terms of the cost to replace the profitable contracts, was RM272.1 million (31 December 2022: RM213.1 million).

Liquidity risk

Liquidity risk on derivatives is the risk that the derivatives position cannot be closed out promptly. Exposure to liquidity risk is reduced through contracting derivatives where the underlying items are widely traded.

Cash Requirements of the Derivatives

Cash requirement of the derivatives may arise from margin requirements to post cash collateral with counterparties as the fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit rating.

There have been no changes since the end of the previous financial year in respect of the following:

- a) The types of derivative financial contracts entered into and the rationale for entering into such contracts, as well as the expected benefits accruing from these contracts;
- b) The risk management policies in place for mitigating and control in the risk associated with these financial derivative contracts; and
- a) The related accounting policies.

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B14. The amounts of gains/losses arising from fair value changes of its financial liabilities for the current quarter and financial year to date

Derivative financial assets and liabilities are measured at fair value. Gain or loss arising from fair value changes of these instruments are as follows:

	3 months ended	6 months ended
	30.06.2023 RM'000	30.06.2023 RM'000
<i>Trading derivatives</i>		
Net loss arising from fair value changes from derivatives assets and liabilities	(18)	(46)

The Group holds derivative financial instruments to hedge its foreign currency and profit rate exposures. However, the Group elects not to apply hedge accounting. Hence, foreign exchange trading positions, including spot and forward contracts, are revalued at prevailing market rates at statement of financial position date and the resultant gains and losses for the financial year are recognised in the profit or loss.