

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

Statements of Financial Position as at 31 March 2024

	Note	Group		Bank	
		31.03.2024 RM'000	31.12.2023 RM'000	31.03.2024 RM'000	31.12.2023 RM'000
Assets					
Cash and short-term funds	8	3,226,398	4,714,465	3,206,166	4,678,243
Financial assets at fair value through profit or loss ("FVTPL")	9	1,908,751	1,215,769	1,594,295	914,246
Derivative financial assets	10	53,156	68,412	53,156	68,412
Financial assets at fair value through other comprehensive income ("FVOCI")	11	13,262,787	12,520,208	13,264,146	12,521,567
Financial assets at amortised cost ("AC")	12	3,175,145	3,120,230	3,175,145	3,120,230
Financing, advances and others	13	66,998,129	66,817,115	66,998,129	66,817,115
Other assets	14	737,063	863,813	638,287	763,308
Statutory deposits with Bank Negara Malaysia		970,517	989,407	970,517	989,407
Current tax assets		7,215	7,184	6,662	6,662
Deferred tax assets		146,607	174,728	145,988	173,756
Right-of-use assets	15	166,136	167,436	163,575	166,624
Investments in subsidiaries		-	-	344,049	344,049
Property and equipment		272,350	252,753	269,846	250,279
Intangible assets		52,123	50,354	52,123	50,354
Total assets		<u>90,976,377</u>	<u>90,961,874</u>	<u>90,882,084</u>	<u>90,864,252</u>
Liabilities and equity					
Deposits from customers	16	59,107,952	59,016,131	59,151,830	59,042,581
Investment accounts of customers	17	17,306,592	17,073,156	17,362,844	17,092,594
Deposits and placements of banks and other financial institutions		300,446	351,787	300,446	351,787
Derivative financial liabilities	10	36,210	56,548	36,210	56,548
Bills and acceptance payable		18,379	15,614	18,379	15,614
Recourse obligations on financing sold to Cagamas	B7(a)	2,004,328	2,004,329	2,004,328	2,004,329
Subordinated sukuk and capital securities	B7(b)	2,327,156	2,323,540	2,327,156	2,323,540
Other liabilities	18	2,132,047	2,399,093	1,964,156	2,276,009
Lease liabilities	15	280,447	281,174	277,626	280,359
Zakat and taxation		11,313	40,290	11,297	40,279
Total liabilities		<u>83,524,870</u>	<u>83,561,662</u>	<u>83,454,272</u>	<u>83,483,640</u>

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	Note	Group		Bank	
		31.03.2024 RM'000	31.12.2023 RM'000	31.03.2024 RM'000	31.12.2023 RM'000
Equity attributable to equity holders of the Bank					
Share capital		3,888,725	3,888,725	3,888,725	3,888,725
Reserves		3,561,222	3,511,487	3,539,087	3,491,887
		<u>7,449,947</u>	<u>7,400,212</u>	<u>7,427,812</u>	<u>7,380,612</u>
Non-controlling interest		1,560	-	-	-
		<u>7,451,507</u>	<u>7,400,212</u>	<u>7,427,812</u>	<u>7,380,612</u>
Total liabilities and equity		<u>90,976,377</u>	<u>90,961,874</u>	<u>90,882,084</u>	<u>90,864,252</u>
Total Islamic banking asset owned and managed by the Bank		<u>90,976,377</u>	<u>90,961,874</u>	<u>90,882,084</u>	<u>90,864,252</u>
Commitments and contingencies	30	<u>22,277,670</u>	<u>21,482,102</u>	<u>22,277,670</u>	<u>21,482,102</u>
Net assets per share attributable to equity holders of the Bank (RM)		<u>3.29</u>	<u>3.27</u>	<u>3.28</u>	<u>3.26</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 2023.

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Statements of Profit or Loss for the first quarter and financial period ended 31 March 2024

	Note	Group		Bank	
		3 months ended		3 months ended	
		31.03.2024	31.03.2023	31.03.2024	31.03.2023
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	19	821,286	802,129	821,286	802,129
Income derived from investment account funds	20	186,255	174,410	186,255	174,410
Income derived from investment of shareholders' funds	21	136,963	127,311	125,612	122,624
Net allowance for impairment on financing and advances, net of recoveries	22	(42,289)	(61,970)	(42,289)	(61,970)
Net allowance for impairment on other financial assets		101	142	101	142
Direct expenses		(4,365)	(3,613)	(4,365)	(3,613)
Total distributable income		1,097,951	1,038,409	1,086,600	1,033,722
Wakalah fees from restricted investment accounts		-	11	-	11
Income attributable to depositors	23	(421,160)	(417,855)	(421,478)	(417,915)
Income attributable to investment account holders	24	(105,564)	(78,660)	(105,997)	(79,396)
Total net income		571,227	541,905	559,125	536,422
Personnel expenses	25	(222,964)	(212,338)	(209,694)	(201,753)
Other overhead expenses	26	(143,930)	(140,802)	(149,663)	(144,290)
Finance cost	27	(28,175)	(27,241)	(28,144)	(27,236)
Profit before zakat and tax		176,158	161,524	171,624	163,143
Zakat		(3,750)	(3,750)	(3,750)	(3,750)
Tax expense	B5	(41,676)	(39,686)	(41,215)	(39,575)
Profit for the period		130,732	118,088	126,659	119,818
Attributable to:					
Equity holders of the Bank		129,172	118,088	126,659	119,818
Non-controlling interest		1,560	-	-	-
Profit for the period		130,732	118,088	126,659	119,818
Earnings per share (sen)	B10	5.70	5.33		

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Statements of Other Comprehensive Income for the first quarter and financial period ended 31 March 2024

	Group		Bank	
	3 months ended		3 months ended	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	RM'000	RM'000	RM'000	RM'000
Profit for the period	<u>130,732</u>	<u>118,088</u>	<u>126,659</u>	<u>119,818</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	(3,609)	(478)	(3,631)	(484)
Movement in fair value reserve (debt instruments):				
Net change in fair value	31,444	119,657	31,444	119,657
Changes in expected credit loss	101	142	101	142
Net amount transferred to profit or loss	(7,026)	(28,123)	(7,026)	(28,123)
Income tax effect relating to components of other comprehensive income	(5,961)	(22,002)	(5,961)	(22,002)
	<u>14,949</u>	<u>69,196</u>	<u>14,927</u>	<u>69,190</u>
Items that will not be reclassified to profit or loss				
Movement in fair value reserve (equity instruments):				
Net change in fair value	1,259	(421)	1,259	(421)
Other comprehensive income for the period, net of tax	<u>16,208</u>	<u>68,775</u>	<u>16,186</u>	<u>68,769</u>
Total comprehensive income for the period	<u>146,940</u>	<u>186,863</u>	<u>142,845</u>	<u>188,587</u>
Attributable to:				
Equity holders of the Bank	145,380	186,863	142,845	188,587
Non-controlling interest	1,560	-	-	-
Total comprehensive income for the period	<u>146,940</u>	<u>186,863</u>	<u>142,845</u>	<u>188,587</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 2023.

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Consolidated Statement of Changes in Equity for the financial period ended 31 March 2024

Group	← Attributable to equity holders →		Retained earnings RM'000	Non-controlling interest RM'000	Total equity RM'000
	Non-distributable	Distributable			
	Share capital RM'000	Other reserves RM'000			
At 1 January 2024	3,888,725	254,478	3,257,009	-	7,400,212
Profit for the period	-	-	129,172	1,560	130,732
Currency translation difference in respect of Labuan operations	-	(3,609)	-	-	(3,609)
Fair value reserve (debt instruments):					
Net change in fair value	-	31,444	-	-	31,444
Changes in expected credit loss	-	101	-	-	101
Net amount transferred to profit or loss	-	(7,026)	-	-	(7,026)
Income tax effect relating to components of other comprehensive income	-	(5,961)	-	-	(5,961)
Fair value reserve (equity instruments):					
Net change in fair value	-	1,259	-	-	1,259
Total comprehensive income for the period	-	16,208	129,172	1,560	146,940
Transfer to regulatory reserve	-	22,000	(22,000)	-	-
Dividends paid on ordinary shares	-	-	(95,645)	-	(95,645)
At 31 March 2024	3,888,725	292,686	3,268,536	1,560	7,451,507

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Consolidated Statement of Changes in Equity for the financial period ended 31 March 2024 (continued)

Group	← Attributable to equity holders →			Total Equity RM'000
	← Non-distributable → Share capital RM'000	Other Reserves RM'000	Distributable Retained earnings RM'000	
At 1 January 2023	3,645,043	54,596	3,096,604	6,796,243
Profit for the period	-	-	118,088	118,088
Currency translation difference in respect of Labuan operations	-	(478)	-	(478)
Fair value reserve (debt instruments):				
Net change in fair value	-	119,657	-	119,657
Changes in expected credit loss	-	142	-	142
Net amount transferred to profit or loss	-	(28,123)	-	(28,123)
Income tax effect relating to components of other comprehensive income	-	(22,002)	-	(22,002)
Fair value reserve (equity instruments):				
Net change in fair value	-	(421)	-	(421)
Total comprehensive income for the period	-	68,775	118,088	186,863
Transfer to regulatory reserve	-	24,300	(24,300)	-
Issue of shares pursuant to Dividend Reinvestment Plan	200,543	-	-	200,543
At 31 March 2023	3,845,586	147,671	3,190,392	7,183,649

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 2023.

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Statement of Changes in Equity for the financial year ended 31 March 2024

	<i>← Attributable to equity holders →</i>			<i>→</i>
	<i>← Non-distributable →</i>	<i>Distributable</i>		
Bank	Share capital	Other Reserves	Retained earnings	Total equity
	RM'000	RM'000	RM'000	RM'000
At 1 January 2024	3,888,725	143,590	3,348,297	7,380,612
Profit for the period	-	-	126,659	126,659
Currency translation difference in respect of Labuan operations		(3,631)	-	(3,631)
Fair value reserve (debt instruments):				
Net change in fair value	-	31,444	-	31,444
Changes in expected credit loss	-	101	-	101
Net amount transferred to profit or loss	-	(7,026)	-	(7,026)
Income tax effect relating to components of other comprehensive income	-	(5,961)	-	(5,961)
Fair value reserve (equity instruments):				
Net change in fair value	-	1,259	-	1,259
Total comprehensive income for the period	-	16,186	126,659	142,845
Transfer to regulatory reserve	-	22,000	(22,000)	-
Dividends paid on ordinary shares	-	-	(95,645)	(95,645)
At 31 March 2024	3,888,725	181,776	3,357,311	7,427,812

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Statement of Changes in Equity for the financial year ended 31 March 2024 (continued)

	←— <i>Attributable to equity holders</i> —→			→
	← Non-distributable →	Distributable		
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			119,818	119,818
Currency translation difference in respect of Labuan operations	-	(484)	-	(484)
Fair value reserve (debt instruments):				
Net change in fair value	-	119,657	-	119,657
Changes in expected credit loss	-	142	-	142
Net amount transferred to profit or loss	-	(28,123)	-	(28,123)
Income tax effect relating to components of other comprehensive income	-	(22,002)	-	(22,002)
Fair value reserve (equity instruments):				
Net change in fair value	-	(421)	-	(421)
Total comprehensive income for the period	-	68,769	119,818	188,587
Transfer to regulatory reserve	-	24,300	(24,300)	-
Issue of shares pursuant to Dividend Reinvestment Plan	200,543	-	-	200,543
At 31 March 2023	3,845,586	36,701	3,201,430	7,083,717

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Statements of Cash Flow for the financial year ended 31 March 2024

	Group		Bank	
	31.03.2024 RM'000	31.03.2023 RM'000	31.03.2024 RM'000	31.03.2023 RM'000
Profit before zakat and tax	176,158	161,524	171,624	163,143
Adjustment for:				
Depreciation of property and equipment	13,653	12,263	13,539	12,054
Amortisation of intangible assets	3,796	5,715	3,796	5,715
Depreciation of right-of-use assets	4,499	4,524	4,416	4,397
Property and equipment provision written-off	2	169	2	169
Allowance for impairment on financing, advances and others	68,268	79,947	68,268	79,947
Net allowance for impairment on other financial assets	(101)	(142)	(101)	(142)
Net gain on sale of financial assets at FVTPL	(409)	(870)	(695)	(870)
Net gain on sale of financial assets at FVOCI	(7,026)	(28,123)	(7,026)	(28,123)
Fair value gain loss on financial assets at FVTPL	(2,580)	(1,459)	(356)	(1,463)
Dividends from financial assets at FVTPL	(589)	(502)	(464)	(329)
Dividend from financial assets at FVOCI	(494)	-	(322)	-
Income from rebate on investment in unit trust	-	(313)	(129)	(313)
Net derivatives gain	-	(1)	-	(1)
Finance cost on sukuk and capital securities	24,208	23,116	24,208	23,116
Profit expense on lease	3,967	4,125	3,936	4,120
Operating profit before changes in assets and liabilities	283,352	259,973	280,696	261,420
Changes in assets and liabilities:				
Deposits and placements of banks and other financial institutions	(51,341)	(20,047)	(51,341)	(20,047)
Financing, advances and others	(249,282)	(303,357)	(249,282)	(303,357)
Statutory deposits with Bank Negara Malaysia	18,890	(87,705)	18,890	(87,705)
Other financial asset at amortised cost	101,800	312,717	100,071	265,814
Deposits from customers	91,821	(3,424,132)	109,249	(3,524,171)
Investment account of customers	233,436	6,044,460	270,250	6,058,356
Bills and acceptance payables	2,765	(1,754)	2,765	(1,754)
Other liabilities	(382,781)	(483,663)	(427,837)	(352,710)

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Statements of Cash Flow for the financial year ended 31 March 2024 (continued)

	Group		Bank	
	31.03.2024 RM'000	31.03.2023 RM'000	31.03.2024 RM'000	31.03.2023 RM'000
Cash generated from operations	48,660	2,296,492	53,461	2,295,846
Zakat paid	(11,432)	(13,630)	(11,432)	(13,630)
Tax paid	(40,848)	(66,814)	(40,714)	(66,667)
Net cash (used in)/ generated from operating activities	(3,620)	2,216,048	1,315	2,215,549
Cash flows from investing activities				
Purchase of property and equipment	(33,244)	(22,149)	(33,103)	(21,959)
Purchase of intangible assets	(5,565)	-	(5,565)	-
Dividends from financial assets at FVTPL	589	502	464	329
Dividend from financial assets at FVOCI	494	-	322	-
Income from rebate on investment in unit trust	-	313	129	313
Net proceeds from disposal/ (purchase) of securities	(1,414,376)	(1,279,186)	(1,403,381)	(1,279,014)
Net cash used in investing activities	(1,452,102)	(1,300,520)	(1,441,134)	(1,300,331)
Cash flows from financing activities				
Dividend paid on ordinary shares	-	(224,148)	-	(224,148)
Proceeds from issuance of ordinary shares pursuant to Dividend Reinvestment Plan	-	200,543	-	200,543
Finance cost paid on sukuk and capital securities	(20,592)	(20,485)	(20,592)	(20,485)
Payment of lease liabilities	(8,143)	(7,661)	(8,036)	(7,519)
Net cash used in financing activities	(28,735)	(51,751)	(28,628)	(51,609)
Net (decrease)/ increase in cash and cash equivalents	(1,484,457)	863,777	(1,468,447)	863,609
Cash and cash equivalents as at beginning of year	4,714,465	7,145,114	4,678,243	7,128,159
Exchange difference on translation	(3,610)	(478)	(3,630)	(483)
Cash and cash equivalents as at end of period	3,226,398	8,008,413	3,206,166	7,991,285

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Notes to the unaudited interim financial statements for the three months ended 31 March 2024

1. Basis of preparation

The unaudited interim financial statements of the Group and of the Bank for the financial period ended 31 March 2024 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 2023. 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 2023.

The material 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 2023, 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* (2020 amendments) and *Non-current Liabilities with Covenants* (2022 amendments)
- Amendments to MFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 107 and MFRS 7, *Supplier Finance Arrangements*

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 2023 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 financial period ended 31 March 2024.

4. Unusual items

There were no unusual items in the financial period ended 31 March 2024.

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 financial period ended 31 March 2024.

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6. Changes in debt and equity securities

There were no changes to debt and equity securities and no share buy-back during the financial period ended 31 March 2024.

7. Subsequent events during the three months ended 31 March 2024

There were no subsequent events during the financial period ended 31 March 2024.

8. Cash and short-term funds

	Group		Bank	
	31.03.2024	31.12.2023	31.03.2024	31.12.2023
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	1,089,090	936,629	1,075,442	933,427
Money at call and interbank placements with remaining maturity not exceeding three months	<u>2,137,308</u>	<u>3,777,836</u>	<u>2,130,724</u>	<u>3,744,816</u>
	<u>3,226,398</u>	<u>4,714,465</u>	<u>3,206,166</u>	<u>4,678,243</u>

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

	Group		Bank	
	31.03.2024	31.12.2023	31.03.2024	31.12.2023
	RM'000	RM'000	RM'000	RM'000
Malaysian Government Investment Issues	944,640	417,999	944,640	417,999
Unit trust	22,503	21,799	7,577	6,997
Malaysian Islamic Treasury Bills	49,770	-	49,770	-
Bank Negara Monetary Notes	482,164	489,246	482,164	489,246
Islamic Commercial Papers	110,140	-	110,140	-
Corporate Sukuk	<u>299,534</u>	<u>286,725</u>	<u>4</u>	<u>4</u>
	<u>1,908,751</u>	<u>1,215,769</u>	<u>1,594,295</u>	<u>914,246</u>

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10. Derivative financial assets/ liabilities

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	31.03.2024			31.12.2023		
	Notional amount	Fair value		Notional amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Forward contracts	8,867,892	53,156	(36,210)	8,651,500	68,402	(56,539)
Profit rate swaps	-	-	-	3,343	10	(9)
	8,867,892	53,156	(36,210)	8,654,843	68,412	(56,548)

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

	Group		Bank	
	31.03.2024	31.12.2023	31.03.2024	31.12.2023
	RM'000	RM'000	RM'000	RM'000
Financial assets at FVOCI:				
(a) Debt instruments	13,171,746	12,430,426	13,171,746	12,430,426
(b) Equity instruments	91,041	89,782	92,400	91,141
	13,262,787	12,520,208	13,264,146	12,521,567

(a) Debt instrument at FVOCI

	Group and Bank	
	31.03.2024	31.12.2023
	RM'000	RM'000
Malaysian Government Investment Issues	5,469,069	4,550,080
Corporate Sukuk	7,303,072	7,320,739
Bank Negara Monetary Notes	349,502	399,534
Islamic Commercial Papers	50,103	160,073
	13,171,746	12,430,426

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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 2023	231	481	10,500	11,212
Transfer to Stage 1	40	(40)	-	-
Changes in credit risk	(51)	(86)	4,336	4,199
Purchases and origination	86	-	-	86
Derecognition and disposal	(78)	(65)	-	(143)
At 31 December 2023/ 1 January 2024	228	290	14,836	15,354
Changes in credit risk	(34)	(76)	-	(110)
Purchases and origination	15	-	-	15
Derecognition and disposal	(6)	-	-	(6)
At 31 March 2024	203	214	14,836	15,253

(b) Equity instrument at FVOCI

	Group		Bank	
	31.03.2024 RM'000	31.12.2023 RM'000	31.03.2024 RM'000	31.12.2023 RM'000
Quoted Shares				
- outside Malaysia	<u>7,576</u>	<u>6,317</u>	<u>7,576</u>	<u>6,317</u>
Unquoted Shares				
- in Malaysia	83,448	83,448	84,807	84,807
- outside Malaysia	<u>17</u>	<u>17</u>	<u>17</u>	<u>17</u>
	<u>83,465</u>	<u>83,465</u>	<u>84,824</u>	<u>84,824</u>
	<u>91,041</u>	<u>89,782</u>	<u>92,400</u>	<u>91,141</u>

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

	Group and Bank	
	31.03.2024 RM'000	31.12.2023 RM'000
Debt instrument at amortised cost:		
Malaysian Government Investment Issues	2,016,084	1,875,465
Corporate sukuk	769,923	745,458
Bank Negara negotiable notes	299,582	499,307
Malaysian Islamic Treasury Bills	89,556	-
	<u>3,175,145</u>	<u>3,120,230</u>

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13. Financing, advances and others

(a) By type and Shariah contract

Group and Bank 31.03.2024	Bai' Bithaman Ajil RM'000	Murabahah RM'000	Bai' Inah RM'000	Bai' Al-Dayn RM'000	At-Tawarruq RM'000	^Ijarah Muntahiah Bit- Tamleek RM'000	Istisna' RM'000	Total RM'000
At amortised cost								
Cash line	-	-	-	-	1,327,320	-	-	1,327,320
Term financing								
House financing	2,381,096	-	-	-	24,825,580	-	34,508	27,241,184
Syndicated financing	-	-	-	-	1,041,086	-	-	1,041,086
Leasing financing	-	-	-	-	-	121,564	-	121,564
Bridging financing	-	-	-	-	-	-	609	609
Personal financing	-	-	1,005	-	20,515,554	-	-	20,516,559
Other term financing	135,615	1,957,144	118	-	13,415,096	-	749	15,508,722
Staff financing	28,718	26,213	-	-	580,511	-	4,538	639,980
Credit cards	-	-	-	-	543,778	-	-	543,778
Trade bills discounted	-	579,095	-	57,180	38,458	-	-	674,733
Trust receipts	-	5,025	-	-	-	-	-	5,025
Pawn broking	-	-	-	-	169,453	-	-	169,453
	2,545,429	2,567,477	1,123	57,180	62,456,836	121,564	40,404	67,790,013

Allowance for impairment on financing, advances and others

- Stage 1

(296,701)

- Stage 2

(279,062)

- Stage 3

(216,121)

Net financing, advances and others

66,998,129

^ 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 31.12.2023	Bai' Bithaman Ajil RM'000	Murabahah RM'000	Bai' Al-Dayn RM'000	At-Tawarruq RM'000	^Ijarah Muntahiah Bit-Tamleek RM'000	Istisna' RM'000	Total RM'000
At amortised cost							
Cash line	-	-	-	1,512,926	-	-	1,512,926
Term financing							
House financing	2,449,530	-	-	24,568,611	-	35,525	27,053,666
Syndicated financing	-	-	-	1,049,780	-	-	1,049,780
Leasing financing	-	-	-	-	127,324	-	127,324
Bridging financing	-	-	-	-	-	2,074	2,074
Personal financing	-	-	-	20,284,237	-	-	20,284,237
Other term financing	142,781	1,797,505	-	13,586,508	-	812	15,527,606
Staff financing	29,867	24,074	-	559,185	-	4,756	617,882
Credit cards	-	-	-	544,179	-	-	544,179
Trade bills discounted	-	622,819	69,839	35,244	-	-	727,902
Trust receipts	-	8,003	-	-	-	-	8,003
Pawn broking	-	-	-	169,210	-	-	169,210
	<u>2,622,178</u>	<u>2,452,401</u>	<u>69,839</u>	<u>62,309,880</u>	<u>127,324</u>	<u>43,167</u>	<u>67,624,789</u>

Allowance for impairment on financing, advances and others

- Stage 1	(302,306)
- Stage 2	(292,717)
- Stage 3	(212,651)
	<u>66,817,115</u>

Net financing, advances and others

- [^] 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 of and Shariah contract (continued)

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	
		31.03.2024 RM'000	31.12.2023 RM'000	31.03.2024 RM'000	31.12.2023 RM'000
House financing					
Unrestricted					
Investment					
Accounts	17(a)	13,890,676	13,356,777	13,918,802	13,366,496
Sold to Cagamas					
with recourse	B7(a)	2,004,328	2,004,329	2,004,328	2,004,329
		<u>15,895,004</u>	<u>15,361,106</u>	<u>15,923,130</u>	<u>15,370,825</u>
Personal financing					
Unrestricted					
Investment					
Accounts	17(a)	3,415,916	3,716,379	3,444,042	3,726,098

(b) By type of customer

	Group and Bank	
	31.03.2024 RM'000	31.12.2023 RM'000
Domestic banking institutions	55	200,052
Domestic non-bank financial institutions	801,163	804,182
Domestic business enterprise	10,896,162	11,095,362
Small and medium industries	2,650,513	2,739,497
Government and statutory bodies	2,037,099	1,910,528
Individuals	51,306,812	50,718,810
Other domestic entities	10,644	18,008
Foreign entities	87,565	138,350
	<u>67,790,013</u>	<u>67,624,789</u>

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13. Financing, advances and others (continued)

(c) By profit rate sensitivity

	Group and Bank	
	31.03.2024	31.12.2023
	RM'000	RM'000
Fixed rate		
House financing	939,958	940,957
Others	5,288,097	6,299,591
Floating rate		
House financing	26,996,515	26,802,712
Others	34,565,443	33,581,529
	<u>67,790,013</u>	<u>67,624,789</u>

(d) By remaining contractual maturity

	Group and Bank	
	31.03.2024	31.12.2023
	RM'000	RM'000
Maturity within one year	6,519,334	6,895,986
More than one year to three years	1,845,963	1,772,141
More than three years to five years	3,822,743	3,865,750
More than five years	55,601,973	55,090,912
	<u>67,790,013</u>	<u>67,624,789</u>

(e) By geographical distribution

	Group and Bank	
	31.03.2024	31.12.2023
	RM'000	RM'000
Central Region	31,787,341	31,685,138
Eastern Region	10,204,616	10,201,039
Northern Region	9,186,757	9,175,037
Southern Region	11,527,869	11,468,449
East Malaysia Region	5,083,430	5,095,126
	<u>67,790,013</u>	<u>67,624,789</u>

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13. Financing, advances and others (continued)

(f) By sector

	Group and Bank	
	31.03.2024	31.12.2023
	RM'000	RM'000
Primary agriculture	824,416	842,037
Mining and quarrying	108,895	127,543
Manufacturing (including agro-based)	593,863	607,523
Electricity, gas and water supply	2,486,648	2,358,054
Wholesale & retail trade, and hotels & restaurants	1,424,817	1,257,455
Construction	1,227,239	1,470,233
Transport, storage and communications	2,678,733	2,801,628
Finance, insurance, real estate and business activities	5,491,163	5,804,729
Education, health and others	1,640,932	1,630,380
Household sectors	51,313,307	50,725,207
	<u>67,790,013</u>	<u>67,624,789</u>

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

	Group and Bank	
	31.03.2024	31.12.2023
	RM'000	RM'000
At 1 January 2024/ 2023	635,966	835,232
Classified as impaired during the year	231,227	909,473
Reclassified as not impaired during the year	(111,882)	(475,758)
Amount repaid	(30,483)	(126,281)
Amount written-off	(82,962)	(506,700)
At 31 March 2024/ 31 December 2023	<u>641,866</u>	<u>635,966</u>
Gross impaired financing as a percentage of gross financing, advances and others	<u>0.95%</u>	<u>0.94%</u>

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

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13. Financing, advances and others (continued)

(h) Impaired financing by geographical distribution

	Group and Bank	
	31.03.2024	31.12.2023
	RM'000	RM'000
Central Region	262,733	255,845
Eastern Region	118,805	123,232
Northern Region	152,374	152,661
Southern Region	74,099	73,459
East Malaysia Region	33,855	30,769
	<u>641,866</u>	<u>635,966</u>

(i) Impaired financing by sector

	Group and Bank	
	31.03.2024	31.12.2023
	RM'000	RM'000
Primary agriculture	891	815
Mining and quarrying	109	106
Manufacturing (including agro-based)	37,294	36,476
Electricity, gas and water	2,556	2,415
Wholesale & retail trade, and hotels & restaurants	89,668	88,658
Construction	43,092	34,675
Transport, storage and communications	19,472	7,286
Finance, insurance, real estate and business activities	49,960	52,966
Education, health and others	14,950	7,633
Household sectors	383,874	404,936
	<u>641,866</u>	<u>635,966</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 2023	366,051	224,397	449,415	1,039,863
Transfer to Stage 1	5,248	(4,869)	(379)	-
Transfer to Stage 2	(15,402)	18,391	(2,989)	-
Transfer to Stage 3	(1,109)	(13,217)	14,326	-
Changes in credit risk	(101,889)	62,188	283,606	243,905
New financial assets originated or purchased	98,761	10,256	1,971	110,988
Financial assets that have been derecognised	(50,975)	(14,822)	(16,206)	(82,003)
Write-offs	-	-	(506,700)	(506,700)
Exchange differences	1,621	-	-	1,621
At 31 December 2023/1 January 2024	302,306	282,324	223,044	807,674
Transfer to Stage 1	4,292	(4,261)	(31)	-
Transfer to Stage 2	(6,046)	9,129	(3,083)	-
Transfer to Stage 3	(461)	(25,127)	25,588	-
Changes in credit risk	(15,129)	16,807	54,503	56,181
New financial assets originated or purchased	22,382	2,889	2,020	27,291
Financial assets that have been derecognised	(9,547)	(2,699)	(2,958)	(15,204)
Write-offs	-	-	(82,962)	(82,962)
Exchange differences	(1,096)	-	-	(1,096)
At 31 March 2024	296,701	279,062	216,121	791,884

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14. Other assets

	Group		Bank	
	31.03.2024 RM'000	31.12.2023 RM'000	31.03.2024 RM'000	31.12.2023 RM'000
Other receivables	664,584	797,740	577,579	702,631
Deposit and prepayments	69,528	68,579	62,340	61,563
Related companies*	6,593	1,136	2,010	2,756
	<u>740,705</u>	<u>867,455</u>	<u>641,929</u>	<u>766,950</u>
Less: Allowance for impairment				
Stage 3				
- Other receivables	<u>(3,642)</u>	<u>(3,642)</u>	<u>(3,642)</u>	<u>(3,642)</u>
	<u>737,063</u>	<u>863,813</u>	<u>638,287</u>	<u>763,308</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	
	31.03.2024 RM'000	31.12.2023 RM'000	31.03.2024 RM'000	31.12.2023 RM'000
Right-of-use assets				
(Buildings)				
As at 1 January 2024/ 2023	167,436	184,383	166,624	183,959
Addition	3,193	1,148	1,361	268
Depreciation	(4,499)	(18,095)	(4,416)	(17,603)
Effects of movement in exchange rates	6	-	6	-
As at 31 March 2024/ 31 December 2023	<u>166,136</u>	<u>167,436</u>	<u>163,575</u>	<u>166,624</u>
Lease liabilities				
As at 1 January 2024/ 2023	281,174	295,585	280,359	295,167
Addition	3,443	1,148	1,361	268
Payment of lease liabilities	(8,143)	(31,756)	(8,036)	(31,257)
Finance cost	3,967	16,213	3,936	16,197
Effects of movement in exchange rates	6	(16)	6	(16)
As at 31 March 2024/ 31 December 2023	<u>280,447</u>	<u>281,174</u>	<u>277,626</u>	<u>280,359</u>

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16. Deposits from customers

a) By type and Shariah contract

	Group		Bank	
	31.03.2023 RM'000	31.12.2023 RM'000	31.03.2024 RM'000	31.12.2023 RM'000
Saving Deposit				
<i>Qard</i>	6,505,855	6,335,945	6,505,855	6,335,945
Demand Deposit				
<i>Qard</i>	13,624,812	14,409,951	13,630,364	14,427,425
Term Deposit	38,867,106	38,154,123	38,905,432	38,163,099
General Investment Deposit <i>Mudharabah</i>	98,321	98,453	98,321	98,453
Term Deposit – i <i>Tawarruq</i>	38,648,761	37,586,078	38,687,087	37,595,054
Negotiable Islamic Debt Certificates (NIDC)	120,024	469,592	120,024	469,592
Others	110,179	116,112	110,179	116,112
	<u>59,107,952</u>	<u>59,016,131</u>	<u>59,151,830</u>	<u>59,042,581</u>

b) Maturity structure of term deposits are as follows:

	Group		Bank	
	31.03.2024 RM'000	31.12.2023 RM'000	31.03.2024 RM'000	31.12.2023 RM'000
Due within six months	17,936,563	18,671,414	17,937,962	18,672,999
More than six months to one year	10,210,400	9,079,915	10,236,508	9,086,529
More than one year to three years	8,271,795	7,945,453	8,282,614	7,946,230
More than three years to five years	2,448,348	2,457,341	2,448,348	2,457,341
	<u>38,867,106</u>	<u>38,154,123</u>	<u>38,905,432</u>	<u>38,163,099</u>

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16. Deposits from customers (continued)

c) By type of customers

	Group		Bank	
	31.03.2024 RM'000	31.12.2023 RM'000	31.03.2024 RM'000	31.12.2023 RM'000
Domestic non-bank financial institutions	7,908,740	8,588,760	7,952,618	8,615,210
Business enterprises	18,194,668	19,003,287	18,194,668	19,003,287
Government and statutory bodies	18,719,369	17,652,496	18,719,369	17,652,496
Individuals	10,898,267	9,964,048	10,898,267	9,964,048
Domestic banking institutions	1,707	151,135	1,707	151,135
Others	3,385,201	3,656,405	3,385,201	3,656,405
	<u>59,107,952</u>	<u>59,016,131</u>	<u>59,151,830</u>	<u>59,042,581</u>

17. Investment accounts of customers

(a) By type and Shariah contract

	Group		Bank	
	31.03.2024 RM'000	31.12.2023 RM'000	31.03.2024 RM'000	31.12.2023 RM'000
Unrestricted investment accounts				
Without maturity				
<i>Mudharabah</i>	10,474,759	9,640,398	10,474,759	9,640,398
- <i>Saving</i>	5,157,886	4,988,665	5,157,886	4,988,665
- <i>Demand</i>	5,316,873	4,651,733	5,316,873	4,651,733
With maturity				
<i>Wakalah</i>	6,831,833	7,432,758	6,888,085	7,452,196
	<u>17,306,592</u>	<u>17,073,156</u>	<u>17,362,844</u>	<u>17,092,594</u>
Investment portfolio:				
- <i>House financing</i>	13,890,676	13,356,777	13,918,802	13,366,496
- <i>Personal financing</i>	3,415,916	3,716,379	3,444,042	3,726,098
	<u>17,306,592</u>	<u>17,073,156</u>	<u>17,362,844</u>	<u>17,092,594</u>

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17. Investment accounts of customers (continued)

(b) By type of customers

	Group		Bank	
	31.03.2024 RM'000	31.12.2023 RM'000	31.03.2024 RM'000	31.12.2023 RM'000
Individuals	5,482,580	5,307,749	5,482,580	5,307,749
Government and statutory bodies	8,300,862	7,144,465	8,300,862	7,144,465
Business enterprises	1,797,689	2,390,058	1,797,689	2,390,058
Non-bank financial institutions	1,533,592	2,067,393	1,589,844	2,086,831
Others	191,869	163,491	191,869	163,491
	<u>17,306,592</u>	<u>17,073,156</u>	<u>17,362,844</u>	<u>17,092,594</u>

18. Other liabilities

	Group		Bank	
	31.03.2024 RM'000	31.12.2023 RM'000	31.03.2024 RM'000	31.12.2023 RM'000
Other payables	1,348,642	1,398,449	1,296,969	1,340,407
Dividend payable	95,645	285,349	95,645	285,349
Advance payment	531,993	555,746	531,864	555,596
Accruals	41,492	95,924	39,678	94,657
Other liabilities due to third party investors	114,275	63,625	-	-
	<u>2,132,047</u>	<u>2,399,093</u>	<u>1,964,156</u>	<u>2,276,009</u>

19. Income derived from investment of depositors' funds

Group and Bank

	3 months ended	
	31.03.2024 RM'000	31.03.2023 RM'000
Income derived from investment of:		
(i) Saving and demand deposits	275,107	262,563
(ii) General investment deposits	1,709	1,854
(iii) Term deposit-i	541,113	533,840
(iv) Other deposits	3,357	3,872
	<u>821,286</u>	<u>802,129</u>

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

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

Group and Bank	3 months ended	
	31.03.2024	31.03.2023
	RM'000	RM'000
Finance income and hibah		
Financing, advances and others	232,967	216,551
Financial assets:		
- at FVTPL	3,668	1,501
- at FVOCI	19,836	16,205
- at AC	9,837	7,682
Money at call and deposit with financial institutions	6,272	11,394
	272,580	253,333
Other dealing income		
Net gain from sale of financial assets at FVTPL	231	307
Net loss on revaluation of financial assets at FVTPL	(66)	(318)
	165	(11)
Other operating income		
Net gain from sale of financial assets at FVOCI	2,362	9,241
	275,107	262,563
<i>of which</i>		
<i>Financing income earned on impaired financing</i>	5,089	4,424
<i>Unwinding of net modification loss</i>	1,580	2,225

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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	
	31.03.2024	31.03.2023
	RM'000	RM'000
<i>Finance income and hibah</i>		
Financing, advances and others	1,496	1,588
Financial assets:		
- at FVTPL	19	8
- at FVOCI	100	94
- at AC	50	45
Money at call and deposits with financial institutions	31	66
	1,696	1,801
<i>Other dealing income</i>		
Net gain from sale of financial assets at FVTPL	1	1
Net loss on revaluation of financial assets at FVTPL	-	(2)
	1	(1)
<i>Other operating income</i>		
Net gain from sale of financial assets at FVOCI	12	54
	1,709	1,854
<i>of which</i>		
<i>Financing income earned on impaired financing</i>	26	26
<i>Unwinding of net modification loss</i>	8	13

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

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

Group and Bank	3 months ended	
	31.03.2024 RM'000	31.03.2023 RM'000
<i>Finance income and hibah</i>		
Financing, advances and others	458,283	440,334
Financial assets:		
- at FVTPL	7,257	3,091
- at FVOCI	39,056	32,950
- at AC	19,365	15,626
Money at call and deposits with financial institutions	12,227	23,205
	<u>536,188</u>	<u>515,206</u>
<i>Other dealing income</i>		
Net gain from sale of financial assets at FVTPL	461	564
Net loss on revaluation of financial assets at FVTPL	(159)	(631)
	<u>302</u>	<u>(67)</u>
<i>Other operating income</i>		
Net gain from sale of financial assets at FVOCI	4,622	18,701
	<u>4,622</u>	<u>18,701</u>
<i>Other Income</i>		
Gain on disposal of leased assets	1	-
	<u>1</u>	<u>-</u>
	<u>541,113</u>	<u>533,840</u>
<i>of which</i>		
<i>Financing income earned on impaired financing</i>	10,033	9,017
<i>Unwinding of net modification loss</i>	3,112	4,534
	<u>3,112</u>	<u>4,534</u>

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

(iv) Income derived from investment of other deposits

Group and Bank	3 months ended	
	31.03.2024 RM'000	31.03.2023 RM'000
<i>Finance income and hibah</i>		
Financing, advances and others	2,837	3,196
Financial assets:		
- at FVTPL	38	27
- at FVOCI	236	239
- at AC	117	114
Money at call and deposits with financial institutions	96	174
	<u>3,324</u>	<u>3,750</u>
<i>Other dealing income</i>		
Net gain/(loss) from sale of financial assets at FVTPL	2	(2)
Net gain/ (loss) on revaluation of financial assets at FVTPL	1	(3)
	<u>3</u>	<u>(5)</u>
<i>Other operating income</i>		
Net gain from sale of financial assets at FVOCI	30	127
	<u>30</u>	<u>127</u>
	<u>3,357</u>	<u>3,872</u>
<i>of which</i>		
<i>Financing income earned on impaired financing</i>	57	68
<i>Unwinding of net modification loss</i>	19	33
	<u>19</u>	<u>33</u>

20. Income derived from investment account funds

Group and Bank	3 months ended	
	31.03.2024 RM'000	31.03.2023 RM'000
Finance income		
Unrestricted investment accounts		
- <i>Mudharabah</i>	109,732	88,091
- <i>Wakalah</i>	75,626	84,112
Unwinding of net modification loss	897	2,207
	<u>186,255</u>	<u>174,410</u>

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21. Income derived from investment of shareholders' funds

	Group		Bank	
	3 months ended		3 months ended	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	RM'000	RM'000	RM'000	RM'000
<i>Finance income and hibah</i>				
Financing, advances and others	3,638	3,377	3,638	3,377
Financial assets:				
Financial assets at FVTPL	1,878	-	-	-
Financial assets at FVOCI	49,054	46,532	49,054	46,532
Money at call and deposits with financial institutions	1,006	106	-	1
	55,576	50,015	52,692	49,910
<i>Other dealing income</i>				
Net gain from foreign exchange transactions	13,468	17,262	13,452	17,262
Net loss from sale of financial assets FVTPL	(286)	-	-	-
Net gain on revaluation of financial assets at FVTPL	2,804	2,413	580	2,417
Net derivatives gain	-	1	-	1
	15,986	19,676	14,032	19,680
<i>Other operating income</i>				
Gross dividend income from:				
Financial assets at FVTPL	589	502	464	329
Financial assets at FVOCI	494	-	322	-
Income from rebate on investment in unit trust	-	313	129	313
	1,083	815	915	642
<i>Fees and commission</i>				
Fees	50,315	42,494	46,244	39,852
Commission	8,565	7,938	9,928	8,570
Others	5,184	6,153	1,453	3,656
	64,064	56,585	57,625	52,078
<i>Other income</i>				
Rental income	184	181	290	280
Other income	70	39	58	34
	254	220	348	314
	136,963	127,311	125,612	122,624

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22. Net allowance for impairment on financing and advances

Group and Bank	3 months ended	
	31.03.2024 RM'000	31.03.2023 RM'000
Net allowance for impairment on financing, advances and others		
- Stage 1	(2,294)	(8,789)
- Stage 2	16,997	18,505
- Stage 3	53,565	70,231
	<u>68,268</u>	<u>79,947</u>
Bad debts and financing recovered	(25,979)	(17,977)
	<u>42,289</u>	<u>61,970</u>

23. Income attributable to depositors

	Group		Bank	
	31.03.2024 RM'000	31.03.2023 RM'000	31.03.2024 RM'000	31.03.2023 RM'000
Deposits from customers				
- Mudharabah fund	285	226	285	226
- Non-Mudharabah fund	397,228	383,657	397,546	383,717
-				
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	-	2	-	2
- Non-Mudharabah fund	2,730	641	2,730	641
Recourse obligation on financing sold to Cagamas	20,917	33,329	20,917	33,329
	<u>421,160</u>	<u>417,855</u>	<u>421,478</u>	<u>417,915</u>

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24. Income attributable to investment account holders

	Group		Bank	
	3 months ended		3 months ended	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	RM'000	RM'000	RM'000	RM'000
Unrestricted investment accounts				
- <i>Mudharabah</i>	33,797	18,540	33,797	18,540
- <i>Wakalah</i>	71,767	60,120	72,200	60,856
	105,564	78,660	105,997	79,396

25. Personnel expenses

	Group		Bank	
	3 months ended		3 months ended	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonuses	169,625	160,066	159,270	151,736
Employees' Provident Fund	25,525	23,470	24,086	22,308
Other staff related costs	27,814	28,802	26,338	27,709
	222,964	212,338	209,694	201,753

26. Other overhead expenses

	Group		Bank	
	3 months ended		3 months ended	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	RM'000	RM'000	RM'000	RM'000
<i>Promotion</i>				
Credit and debit card expenses	20,095	17,113	20,095	17,113
Advertisement and publicity	3,253	6,949	3,104	6,848
Others	8,796	10,446	7,124	9,206
	32,144	34,508	30,323	33,167

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26. Other overhead expenses (continued)

	Group		Bank	
	3 months ended		3 months ended	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	RM'000	RM'000	RM'000	RM'000
<i>Establishment</i>				
Depreciation of property and equipment	13,653	12,263	13,539	12,054
Amortisation of intangible assets	3,796	5,715	3,796	5,715
Depreciation right-of-use assets	4,499	4,524	4,416	4,397
Office rental	7,877	7,580	7,918	7,550
Information technology expenses	37,613	27,916	37,408	27,704
Guarantee Fees	1,803	1,876	1,803	1,876
Security services	2,564	2,537	2,564	2,537
Utilities	2,823	2,451	2,794	2,383
Office maintenance	2,999	3,080	2,921	2,956
Rental of equipment	1,768	1,431	1,728	1,389
Takaful	2,210	3,148	2,193	3,136
Others	281	283	281	283
	<u>81,886</u>	<u>72,804</u>	<u>81,361</u>	<u>71,980</u>
<i>General expenses</i>				
Outsourcing fees	2,065	3,674	9,744	10,654
Recruitment expenses	1,726	1,846	1,726	1,846
Postage	2,101	2,452	2,096	2,437
Office supplies	2,003	2,303	1,986	2,293
Travelling	1,676	1,439	1,619	1,369
Storage expenses	1,053	889	1,048	885
Subscription fees	2,820	3,531	2,182	3,001
SMS service charges	4,634	6,227	4,634	6,227
Security services for cash in transit	1,060	1,207	1,060	1,207
Professional fees	3,706	2,577	3,542	2,432
Mobile banking expenses	2,423	1,853	2,423	1,853
Processing charges	1,088	518	1,088	518
Bank and other charges	1,883	1,464	1,876	1,459
Property and equipment written off	2	169	2	169
Ta'widh and waiver	821	878	821	878
Others	839	2,463	2,132	1,915
	<u>29,900</u>	<u>33,490</u>	<u>37,979</u>	<u>39,143</u>
	<u>143,930</u>	<u>140,802</u>	<u>149,663</u>	<u>144,290</u>

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27. Finance cost

Group

	Note	3 months ended	
		31.03.2024 RM'000	31.03.2023 RM'000
Finance cost:			
- Subordinated sukuk and capital securities		24,208	23,116
- Profit expense on leases	15	3,967	4,125
		<u>28,175</u>	<u>27,241</u>

Bank

Finance cost:			
- Subordinated sukuk and capital securities		24,208	23,116
- Profit expense on leases	15	3,936	4,120
		<u>28,144</u>	<u>27,236</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 31 March 2024</u>						
Total Revenue	718,906	223,874	188,334	26,455	(13,065)	1,144,504
Net fund based income	354,538	160,505	38,504	(24,652)	-	528,895
Non-fund based income	47,667	9,638	21,074	22,820	(12,314)	88,885
Net income	402,205	170,143	59,578	(1,832)	(12,314)	617,780
Net allowance for impairment	(22,627)	(19,662)	101	-	-	(42,188)
Profit before overheads, zakat and tax	379,578	150,481	59,679	(1,832)	(12,314)	575,592
Operating expense, direct expense and finance cost						(399,434)
Profit before zakat and tax						176,158
<u>3 months ended 31 March 2023</u>						
Total Revenue	664,935	226,450	204,282	17,050	(8,856)	1,103,861
Net fund based income	263,029	138,419	14,617	85,935	-	502,000
Non-fund based income	42,186	9,743	45,328	16,149	(8,060)	105,346
Net income	305,215	148,162	59,945	102,084	(8,060)	607,346
Net allowance for impairment	(51,783)	(10,187)	142	-	-	(61,828)
Profit before overheads, zakat and tax	253,432	137,975	60,087	102,084	(8,060)	545,518
Operating expense, direct expense and finance cost						(383,994)
Profit before zakat and tax						161,524

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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 31 March 2024</u>						
Segment assets	50,846,017	16,152,112	20,217,465	949,067	(510,725)	87,653,936
Unallocated assets						<u>3,322,441</u>
Total assets						<u><u>90,976,377</u></u>
<u>At 31 December 2023</u>						
Segment assets	50,229,853	16,587,262	20,482,625	455,488	(447,144)	87,308,084
Unallocated assets						<u>3,653,790</u>
Total assets						<u><u>90,961,874</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 31 March 2024 RM'000	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value Level 3	Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total			
Financial assets							
Financial assets at FVTPL	-	1,908,751	-	1,908,751	-	1,908,751	1,908,751
Derivative financial assets	-	53,156	-	53,156	-	53,156	53,156
Financial assets at FVOCI	7,576	13,171,746	83,465	13,262,787	-	13,262,787	13,262,787
Financial assets at AC	-	-	-	-	3,148,080	3,148,080	3,175,145
Financing, advances and others	-	-	-	-	70,725,339	70,725,339	66,998,129
Financial liabilities							
Derivative financial liabilities	-	36,210	-	36,210	-	36,210	36,210
Recourse obligations on financing sold to Cagamas	-	-	-	-	2,030,380	2,030,380	2,004,328
Subordinated sukuk and capital securities	-	-	-	-	2,306,373	2,306,373	2,327,156
31 December 2023							
RM'000							
Financial assets							
Financial assets at FVTPL	-	1,180,099	-	1,180,099	-	1,180,099	1,180,099
Derivative financial assets	-	68,412	-	68,412	-	68,412	68,412
Financial assets at FVOCI	6,317	12,430,426	83,465	12,520,208	-	12,520,208	12,520,208
Financial assets at AC	-	-	-	-	3,107,799	3,107,799	3,120,230
Financing, advances and others	-	-	-	-	70,406,543	70,406,543	66,817,115
Financial liabilities							
Derivative financial liabilities	-	56,548	-	56,548	-	56,548	56,548
Recourse obligations on financing sold to Cagamas	-	-	-	-	2,029,840	2,029,840	2,004,329
Subordinated sukuk and capital securities	-	-	-	-	2,306,829	2,306,829	2,323,540

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29. Fair value of Financial Instruments (continued)

Fair value hierarchy (continued)

Bank 31 March 2024 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		
Financial assets							
Financial assets at FVTPL	-	1,594,295	-	1,594,295	-	1,594,295	1,594,295
Derivative financial assets	-	53,156	-	53,156	-	53,156	53,156
Financial assets at FVOCI	7,576	13,171,746	84,824	13,264,146	-	13,264,146	13,264,146
Financial assets at AC	-	-	-	-	3,148,080	3,148,080	3,175,145
Financing, advances and others	-	-	-	-	70,725,339	70,725,339	66,998,129
Financial liabilities							
Derivative financial liabilities	-	36,210	-	36,210	-	36,210	36,210
Recourse obligations on financing sold to Cagamas	-	-	-	-	2,030,380	2,030,380	2,004,328
Subordinated sukuk and capital securities	-	-	-	-	2,306,373	2,306,373	2,327,156
31 December 2023							
RM'000							
Financial assets							
Financial assets at FVTPL	-	914,246	-	914,246	-	914,246	914,246
Derivative financial assets	-	68,412	-	68,412	-	68,412	68,412
Financial assets at FVOCI	6,317	12,430,426	84,824	12,521,567	-	12,521,567	12,521,567
Financial assets at AC	-	-	-	-	3,107,799	3,107,799	3,120,230
Financing, advances and others	-	-	-	-	70,406,543	70,406,543	66,817,115
Financial liabilities							
Derivative financial liabilities	-	56,548	-	56,548	-	56,548	56,548
Recourse obligations on financing sold to Cagamas	-	-	-	-	2,029,840	2,029,840	2,004,329
Subordinated sukuk and capital securities	-	-	-	-	2,306,829	2,306,829	2,323,540

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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 are 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 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 31 March 2024	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Asset RM'000
<i>Credit related exposures</i>			
Direct credit substitutes	577,743	577,743	634,417
Transaction related contingent items	1,202,761	601,380	654,833
Short-term self-liquidating trade related contingencies	331,915	66,383	65,293
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:			
- exceeding one year	953,043	476,521	405,880
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	10,344,316	-	-
	<u>13,409,778</u>	<u>1,722,027</u>	<u>1,760,423</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	8,821,610	53,156	171,446
- one year to less than five years	46,282	-	2,314
	<u>8,867,892</u>	<u>53,156</u>	<u>173,760</u>
Total	<u>22,277,670</u>	<u>53,156</u>	<u>1,895,787</u>
			<u>1,874,218</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):

As at 31 December 2023	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Asset RM'000
<i>Credit related exposures</i>			
Direct credit substitutes	565,760	565,760	624,984
Transaction related contingent items	1,155,677	577,839	621,457
Short-term self-liquidating trade related contingencies	313,275	62,655	65,329
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:			
- exceeding one year	1,074,826	537,413	451,996
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	9,717,721	-	-
	<u>12,827,259</u>	<u>1,743,667</u>	<u>1,763,766</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	8,651,500	68,402	177,339	82,196
Profit rate related contracts				
- one year to less than five years	3,343	10	5	3
	<u>8,654,843</u>	<u>68,412</u>	<u>177,344</u>	<u>82,199</u>
Total	<u>21,482,102</u>	<u>68,412</u>	<u>1,921,011</u>	<u>1,845,965</u>

- b) Contingent liabilities

The Group and the Bank has no disclosure on contingent liabilities other than as disclosed in Note B8(b). 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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31. Capital adequacy

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	
	31.03.2024	31.12.2023	31.03.2024	31.12.2023
CET I capital ratio	13.877%	14.124%	13.297%	13.530%
Tier I capital ratio	14.879%	15.132%	14.309%	14.548%
Total capital ratio	19.608%	19.893%	19.079%	19.347%

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

	Group		Bank	
	31.03.2024	31.12.2023	31.03.2024	31.12.2023
	RM'000	RM'000	RM'000	RM'000
Paid-up share capital	3,888,725	3,888,725	3,888,725	3,888,725
Retained earnings	3,139,364	3,257,009	3,230,652	3,348,297
Other reserves	292,686	254,478	181,776	143,590
<u>Less:</u>				
Deferred tax assets	(146,607)	(174,728)	(145,988)	(173,756)
Investment in subsidiaries	-	-	(344,049)	(344,049)
Intangible assets	(52,123)	(50,354)	(52,123)	(50,354)
Regulatory reserves	(189,000)	(167,000)	(189,000)	(167,000)
55% of fair value reserves	(4,666)	-	(4,666)	-
Total CET I Capital	6,928,379	7,008,130	6,565,327	6,645,453
Capital securities	500,000	500,000	500,000	500,000
Total Tier I Capital	7,428,379	7,508,130	7,065,327	7,145,453
Subordinated sukuk	1,800,000	1,800,000	1,800,000	1,800,000
Loss provision ^	561,145	562,500	555,312	557,168
Total Tier II Capital	2,361,145	2,362,500	2,355,312	2,357,168
Total Capital	9,789,524	9,870,630	9,420,639	9,502,621

^ 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	
	31.03.2024 RM'000	31.12.2023 RM'000	31.03.2024 RM'000	31.12.2023 RM'000
Credit risk	57,280,734	56,803,773	56,857,837	56,390,694
Less : Credit risk absorbed by unrestricted investment accounts	(12,389,143)	(11,803,750)	(12,432,838)	(11,817,298)
	44,891,591	45,000,023	44,424,999	44,573,396
Market risk	758,558	392,042	758,558	392,042
Operational risk	4,275,247	4,225,384	4,192,185	4,150,406
	49,925,396	49,617,449	49,375,742	49,115,844

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

B1. Performance review for the three months ended 31 March 2024

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

	Group		Variance	
	3 months ended			
	31.03.2024	31.03.2023	RM'000	%
Key Profit or Loss Items:	RM'000	RM'000	RM'000	%
Revenue	1,144,504	1,103,861	40,643	3.7
Net Income	617,780	607,346	10,434	1.7
Profit Before Zakat and Tax ("PBZT")	176,158	161,524	14,634	9.1
Profit After Zakat and Tax ("PAZT")	130,732	118,088	12,644	10.7
Net profit attributable to equity holders of the Bank ("PATAMI")	129,172	118,088	11,084	9.4

Bank Islam Group ("Bank Islam" or "the Group") achieved a PATAMI of RM129.2 million for the three months ended 31 March 2024, an improvement by 9.4% over the previous corresponding period in 2023. The increase was driven by higher net income and lower net allowance for impairment on financing, offset by higher total overheads.

The performance translated to Group's earnings per share of 5.70 sen and annualised Return on Equity ("ROE") of 7.7%.

The increase in Group's net income was mainly due to higher net fund-based income which improved by RM26.9 million or 5.4%, driven by year-on-year ("YoY") financing and investment securities growth. The net income was however offset by lower non-fund-based income which decreased by RM16.5 million or 15.6% due to lower net gain from sale of financial assets at FVOCI and lower net gain from foreign exchange transactions.

The Group's net allowance for impairment on financing and advances declined by RM19.7 million or 31.8% to RM42.3 million as compared to the previous corresponding three months ended 31 March 2023.

Total overheads for the three months ended 31 March 2024 recorded an increase of RM14.5 million or 4.1% to RM371.3 million over the previous corresponding period in 2023. The increase in overhead expenses was mainly due to higher personnel expenses and establishment expenses by RM10.6 million and RM9.1 million respectively.

The Group's total assets stood at RM91.0 billion as at 31 March 2024, spurred by growth in financing and investment securities, of which, was offset by the decline in cash and short term fund. Net assets per share was at RM3.29.

Gross financing grew by 2.4% YoY to RM67.8 billion, while customer deposits and investment accounts stood at RM76.4 billion. Current and saving accounts and transactional investment accounts ("CASATIA") of RM30.6 billion at end March 2024 remain at healthy level of 40.1% of total customer deposits and investment accounts.

As at 31 March 2024, the gross impaired financing ratio was 0.95% compared to 0.94% at end December 2023.

The Group's Total Capital Ratio remained strong at 19.6% as at 31 March 2024.

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B1. Performance review for the three months ended 31 March 2024 (continued)

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

Operating Segment

Consumer Banking's recorded a net income of RM402.2 million for the three months ended 31 March 2024, of which, RM97.0 million or 31.8% higher than previous corresponding period in 2023. This was contributed by both higher net fund-based income and non-fund-based income.

Corporate and Commercial Banking registered a net income of RM170.1 million, higher by 14.8% compared to the previous corresponding period in 2023. This was mainly attributed by higher net fund-based income.

Treasury reported a net income of RM59.6 million for the period which indicated a slight decline of 0.6% as compared to the previous corresponding period in 2023 despite significantly higher net fund-based income for the quarter. This was offset by lower net gain from sale of financial assets at FVOCI and lower net gain from foreign exchange transactions.

B2. Comparison with the preceding quarter's results for the three months performance (First Quarter 2024 vs. Fourth Quarter 2023)

	Group		Variance	
	3 months ended			
	31.03.2024	31.12.2023	RM'000	%
Key Profit or Loss Items:	RM'000	RM'000	RM'000	
Revenue	1,144,504	1,166,732	(22,228)	-1.9
Net Income	617,780	639,841	(22,061)	-3.4
Profit Before Zakat and Tax ("PBZT")	176,158	204,053	(27,895)	-13.7
Profit After Zakat and Tax ("PAZT")	130,732	158,284	(27,552)	-17.4
Net profit attributable to equity holders of the Bank ("PATAMI")	129,172	158,284	(29,112)	-18.4

For the first quarter ended 31 March 2024 ("1Q2024"), the Group recorded a PBZT of RM176.2 million, a decrease of RM27.9 million or 13.7% against the preceding quarter ended 31 December 2023 ("4Q2023"). The decrease in PBZT was mainly due to lower net income and higher net allowance for impairment on financing, mitigated by lower total overheads.

The decrease in Group's net income was mostly contributed by lower non-fund-based income of RM22.1 million or 19.9%, of which, mainly due to lower net gain from foreign exchange transactions, lower income from fees and commission, lower net gain from sale of financial assets of FVOCI and lower net gain on revaluation of financial assets at FVTPL.

The Group's net allowance for impairment on financing and advances increased by RM31.9 million to RM42.3 million as compared to 4Q2023 of RM10.4 million.

Total overheads were lower by RM20.6 million or 5.2% compared to 4Q2023 overheads mainly due to lower general expenses, promotion expenses, personnel expenses and establishment expenses by RM7.2 million, RM4.9 million, RM3.7 million and RM2.0 million respectively.

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B3. Prospects for 2024

Malaysia's economy is expected to pick up pace in 2024 with growth expected to be between 4.0% to 5.0% as reported in BNM's Economic & Monetary Review 2023 published on March 2024. This is fuelled by sustained employment and wage growth, rebound in tourism activities, recovery in electronics and electrical exports, and the implementation of infrastructure projects as outlined in the National Development Plans and the National Budget 2024.

Bank Islam is committed to long-term financial stability by balancing strategic growth with prudent asset quality management. This includes actively supporting the implementation of new business models to diversify customer solutions by offering innovative products and services, which will set the Bank apart in the competitive market. Moreover, the Bank looks to enhance its non fund-based income and strives to exceed the industry-average financing growth and at the same time, expands its wealth management offerings and solidify its position in the retail market. The Bank's focus will also be on fostering growth in CASATIA, leveraging strategic partnerships and promoting cashless transactions, especially within the retail and SME sectors.

The Bank anticipates improved earnings growth as it expands its financing volume. Net Income Margin (NIM) is forecasted to stabilise, supported by ongoing efforts and the expectation of an unchanged Overnight Policy Rate (OPR) in 2024. Managing NIM is a primary focus, with emphasis on rebalancing the funding composition. Financing growth for the year will be propelled by both retail and non-retail portfolios. In addition, the Group will be focusing on cost optimisation via various initiatives. This is to ensure meaningful spending being made on areas that matter with the right benefits to be garnered.

Customer-centricity remains a key priority for the Bank, especially in the area of leveraging digital innovations to enhance customer experience, prioritising speed, and adaptability in its service offerings. Through the adoption of a holistic customer journey approach and the evolution of branch offerings and processes, the Bank aims to utilise its digital resources to maximise the positive attributes of technology. This will also enable the Bank to deeply engage with its customers through customer insights' gathering and analysis, supporting efforts to enhance NIM and offering the right value propositions to customers.

Beyond pure financial performance, the Bank continues its focus on its sustainability commitments, most notably in addressing climate change, supporting underserved communities, and addressing ESG impacts arising from its operations and financing exposures. Sadaqa House and MicroBangKIT financing remain the Bank's focal points in driving its community empowerment initiative bolstering its lead in social finance standing. The Bank's sustainability and climate-related efforts include further enhancements on climate risk management in line with current regulations, enhancing processes for gathering Scope 1 and 2 emissions data, and compilation of Scope 3 emissions data by the end of 2024. Concurrently, the Bank has embarked an internal Diversity, Equity, and Inclusion (DEI) initiative in line with the Bank's Sustainability Plan that serves as a guiding framework for its environmental, social, and ethical practices. Anchored on its six strategic objectives, the Bank remains steadfast in staying on the course towards its LEAP25 goals.

B4. Variance from profit forecast and profit guarantee

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

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B5. Tax expense

Major components of tax expense

Group	3 months ended	
	31.03.2024	31.03.2023
	RM'000	RM'000
Malaysia income tax:		
Current year	19,520	22,229
Over provision in prior years	(4)	(5)
Deferred tax expense relating to origination and reversal of temporary differences arising from:		
Current year	21,807	17,501
Under/(Over) provision in prior years	353	(39)
	41,676	39,686

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

Group	3 months ended	
	31.03.2024	31.03.2023
	RM'000	RM'000
Profit before tax	176,158	161,524
Income tax calculated using Malaysian tax rate of 24%	42,278	38,766
Income not subject to tax	(1,741)	(80)
Non-deductible expenses	1,493	1,609
Zakat	(703)	(565)
Under/(Over) provision in prior years	349	(44)
	41,676	39,686

B6. Status of corporate proposals

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

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B7. Borrowings, subordinated sukuk and capital securities

RM'000	As at 31.03.2024		
	Long term	Short term	Total borrowings
Secured			
- Recourse obligations on financing sold to Cagamas	1,500,000	504,328	2,004,328
Unsecured			
- Subordinated sukuk	1,800,000	24,682	1,824,682
- Capital securities	500,000	2,474	502,474
Total unsecured	2,300,000	27,156	2,327,156

RM'000	As at 31.12.2023		
	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	1,800,000	14,351	1,814,351
- Capital securities	500,000	9,189	509,189
Total unsecured	2,300,000	23,540	2,323,540

RM'000	As at 31.03.2023		
	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	22,178	1,722,178
- Capital securities	500,000	2,545	502,545
Total unsecured	2,200,000	24,723	2,224,723

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.

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

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

a) Continued...

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.

b) Subordinated sukuk and capital securities

	Nominal value RM'000	Issue date	First call date*	Maturity Date	Profit rate (% p.a.)#
Subordinated sukuk					
(i)	400,000	26 March 2020	26 March 2025	26 March 2030	3.75
(ii)	700,000	21 October 2020	21 October 2025	21 October 2030	3.60
(iii)	300,000	2 November 2021	12 November 2026	12 November 2031	4.10
(iv)	400,000	17 October 2023	17 October 2028	17 October 2033	4.70
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 7 November 2023, the Bank has exercised the call option and redeemed RM300 million in nominal value of the Subordinated Sukuk Murabahah under the RM10.0 billion Subordinated Sukuk Murabahah Programme.

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B8. Material litigation

- (a) 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 Abou 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 & Irmohizam (“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 full trial of this suit has been scheduled on 27th, 28th and 29th of May 2024.

- (b) 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.

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B8. Material litigation (continued)

(b) Continued...

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").

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.

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B8. Material litigation (continued)

(b) Continued...

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 was held as follows:-

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

The above meetings were fixed for the appointment of the Committee of Inspection ("COI") where on the meeting date, Bank Islam has been appointed as the committee under the COI for the above four (4) companies.

The Court on 27 October 2023 allowed the application made by Liquidator to confirm the SDHB's COI. The First COI meeting was called on 14 November 2023 among others to update the committee on the progress made by the Liquidator, discussion on Liquidator Fees and Strategies moving forward. The subsequent COI meeting was held on 29 March 2024 for update on the Liquidator remuneration. The next COI meeting will be held on 31 May 2024.

(c) 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 4 September 2023, the Court allowed the Bank's Summary Judgment application for 1st and 4th Defendants. The Defendants filed appeal to the Court of Appeal on 2 October 2023. The Court fixed on 5 March 2024 for Case Management ("CM"). Hearing of the Defendants' appeal is fixed on 15 August 2024.
- (vi) On 30 October 2023, the Court fixed for CM on the Bank's application for Summary Judgment (Order 14) against the 9th Defendant. The Defendant filed an application to set aside the service Writ Summons, hearing on 30 October 2023 and the decision was fixed on 24 November 2023 where the Court allowed the Defendant's application, and the case was fixed for CM on 22 December 2023, 30 January 2024 and 7 March 2024. The Court fixed 22 August 2024 for hearing of the Order 14.

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B8. Material litigation (continued)

- (d) 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.

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 Order 14. The Court has dismissed the Defendant's Application to adduce an expert opinion.

The Court has fixed the hearing for the Bank's Order 14 application on 13 July 2023. The hearing on 13 July 2023 has been adjourned to 25 September 2023. The Court further adjourned the hearing for Order 14 to 22 February 2024. The next hearing was adjourned to 21 March 2024 and was further postponed to 22 August 2024.

- (e) 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 Star 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.

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B8. Material litigation (continued)

(e) Continued...

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 CM on 20 September 2023 was fixed for the parties to file any interlocutory applications.

The Court has fixed 13 November 2023 as the CM for the Bank to serve the Striking Out application to the Plaintiff and for the Plaintiff to appoint a new solicitor as the current solicitor passed away. The CM was fixed on 9 January 2024 and 26 February 2024. The hearing of the Defendant's Striking Out Application was fixed on 7 April 2024, however it was postponed to 13 June 2024.

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.
- (c) On 12 January 2024, the Bank paid an interim cash dividend of 12.59 sen per ordinary share amounting RM285.4 million for the financial year ended 31 December 2023.
- (d) On 5 April 2024, the Bank paid a second interim cash dividend of 4.22 sen per ordinary share amounting RM95.6 million for the financial year ended 31 December 2023.

B10. Earnings per share

Basic earnings per share

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	
	31.03.2024 RM'000	31.03.2023 RM'000
Net profit for the period under review attributable to equity holders of the parent	129,172	118,088
Number of ordinary shares	2,266,473	2,244,005
Number of average ordinary shares	<u>2,266,473</u>	<u>2,214,426</u>
Earnings per share (sen)	<u>5.70</u>	<u>5.33</u>

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B10. Earnings per share (continued)

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:

	31.03.2024	31.12.2023
RM equivalent	RM'000	RM'000
USD	88,708	91,306
EURO	(100,881)	(100,901)
Others	8,714	18,339

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:

	As at 31 March 2024			
Group	Carrying value before impairment RM'000	Impairment losses RM'000	Carrying value after impairment RM'000	Market value RM'000
Financing, advances and others	67,790,013	(791,884)	66,998,129	70,725,339

	As at 31 December 2023			
Group	Carrying value before impairment RM'000	Impairment losses RM'000	Carrying value after impairment RM'000	Market value RM'000
Financing, advances and others	67,624,789	(807,674)	66,817,115	70,406,543

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.

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B12. Material impairment of assets (continued)

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.

B13. Derivatives

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

	Notional amount 31.03.2024 RM’000	Fair value 31.03.2024 RM’000	Notional amount 31.12.2023 RM’000	Fair value 31.12.2023 RM’000
Trading derivatives				
Foreign exchange related contracts				
- Less than one year	8,821,610	17,035	8,651,500	11,863
- One year to 3 years	46,282	(89)	-	-
Profit rate related contracts				
- Less than one year	-	-	3,343	1
	8,867,892	16,946	8,654,843	11,864

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B13. Derivatives (continued)

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 31 March 2024, the amount of contracts which were not hedged and, hence, exposed to market risk was RM758.6 million (31 December 2023: RM392.0 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 31 March 2024, the credit risk measured in terms of the cost to replace the profitable contracts, was RM173.8 million (31 December 2023: RM177.3 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
- c) 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. 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.

For current quarter ended 31 March 2024, the net losses arising from fair value changes of financial assets and liabilities was immaterial.