

# AFFIN Islamic Bank Berhad

Registration no. 200501027372 (709506-V)

## Condensed Interim Financial Statements

### Unaudited Statements of Financial Position as at 31 December 2021

	Note	Economic Entity		The Bank	
		31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
<b>ASSETS</b>					
Cash and short-term funds		2,240,427	2,794,278	2,240,427	2,794,278
Deposits and placements with banks and other financial institutions		50,008	50,058	50,008	50,058
Derivative financial assets	13	11,436	11,558	11,436	11,558
Financial investments at fair value through other comprehensive income ('FVOCI')	14	-	2,828,166	-	2,828,166
Financial investments at amortised cost ('AC')	15	3,464,981	-	3,464,981	-
Financing and other financing	16	22,570,323	19,380,090	22,570,323	19,380,090
Other assets	17	77,711	64,563	77,711	64,563
Amount due from joint ventures	18	15,737	15,073	15,737	15,073
Deferred tax assets		22,484	12,390	22,484	12,390
Property and equipment		1,328	1,383	1,328	1,383
Right-of-use assets		632	1,085	632	1,085
Intangible assets		345	558	345	558
<b>TOTAL ASSETS</b>		<b>28,455,412</b>	<b>25,159,202</b>	<b>28,455,412</b>	<b>25,159,202</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	19	21,990,129	18,665,991	21,990,129	18,665,991
Investment accounts of customers	20	1,329	2,151	1,329	2,151
Deposits and placements of banks and other financial institutions	21	358,050	1,225,873	358,050	1,225,873
Investment accounts due to designated financial institutions	22	1,831,585	1,751,038	1,831,585	1,751,038
Recourse obligation on financing sold to Cagamas Berhad	23	50,033	50,034	50,033	50,034
Derivative financial liabilities	24	10,659	25,572	10,659	25,572
Other liabilities	25	188,453	67,912	188,453	67,912
Amount due to holding company		758,812	299,815	758,812	299,815
Provision for taxation		8,033	6,234	8,033	6,234
Lease liabilities	26	666	2,433	666	2,433
Subordinated term financing and medium term notes	27	1,111,034	1,111,034	1,111,034	1,111,034
<b>TOTAL LIABILITIES</b>		<b>26,308,783</b>	<b>23,208,087</b>	<b>26,308,783</b>	<b>23,208,087</b>
Share capital		1,060,000	1,060,000	1,060,000	1,060,000
Reserves	28	1,086,629	891,115	1,086,629	891,115
<b>TOTAL EQUITY</b>		<b>2,146,629</b>	<b>1,951,115</b>	<b>2,146,629</b>	<b>1,951,115</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>28,455,412</b>	<b>25,159,202</b>	<b>28,455,412</b>	<b>25,159,202</b>
<b>COMMITMENTS AND CONTINGENCIES</b>					
	39	5,075,670	4,357,811	5,075,670	4,357,811
<b>CAPITAL ADEQUACY RATIOS</b>					
<i>With transitional arrangements</i>					
CET 1 capital ratio		12.138%	12.234%	12.138%	12.234%
Tier 1 capital ratio		13.873%	14.226%	13.873%	14.226%
Total capital ratio		19.027%	20.271%	19.027%	20.271%
<b>Net assets per share attributable to equity holder of the Bank (RM)</b>		<b>2.03</b>	<b>1.84</b>	<b>2.03</b>	<b>1.84</b>

# AFFIN Islamic Bank Berhad

Registration no. 200501027372 (709506-V)

## Condensed Interim Financial Statements

### Unaudited Income Statements for the Financial Period Ended 31 December 2021

	Note	Economic Entity Individual Quarter Ended		Economic Entity Cumulative Quarter Ended	
		31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
Income derived from investment of depositors' funds and others	30	251,667	224,802	905,858	951,973
Income derived from investment of investment account funds	31	20,198	21,438	74,195	96,333
Income derived from investment of shareholders' funds	32	23,000	22,564	82,912	98,512
Modification loss	33	(2,495)	(1,612)	(2,495)	(31,066)
Allowances for impairment losses on financing and other financing	34	11,747	(22,975)	(37,519)	(91,061)
Allowance for impairment losses on other assets	35	11	(4,226)	(1,333)	(16,506)
<b>Total distributable income</b>		<b>304,128</b>	239,991	<b>1,021,618</b>	1,008,185
Income attributable to the depositors and others	36	(117,997)	(119,621)	(456,090)	(578,810)
Income attributable to the investment account holders		(17,338)	(20,218)	(67,165)	(83,302)
<b>Total net income</b>		<b>168,793</b>	100,152	<b>498,363</b>	346,073
Other operating expenses	37	(62,555)	(60,944)	(246,211)	(245,535)
		<b>106,238</b>	39,208	<b>252,152</b>	100,538
Share of associate's results		-	-	-	(750)
<b>Profit before zakat and taxation</b>		<b>106,238</b>	39,208	<b>252,152</b>	99,788
Zakat		(1,830)	-	(3,660)	(2,540)
<b>Profit before taxation</b>		<b>104,408</b>	39,208	<b>248,492</b>	97,248
Taxation		(19,834)	(18,235)	(57,897)	(40,356)
<b>Net profit after zakat and taxation</b>		<b>84,574</b>	20,973	<b>190,595</b>	56,892
<b>Attributable to:</b>					
Equity holder of the Bank		<b>84,574</b>	20,973	<b>190,595</b>	56,892
<b>Earnings per share (sen):</b>					
- Basic	38	<b>8.0</b>	2.0	<b>18.0</b>	5.4

# AFFIN Islamic Bank Berhad

Registration no. 200501027372 (709506-V)

## Condensed Interim Financial Statements

### Unaudited Statements of Comprehensive Income for the Financial Period Ended 31 December 2021

	Economic Entity Individual Quarter Ended		Economic Entity Cumulative Quarter Ended	
	31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
<b>Profit after zakat and taxation</b>	<b>84,574</b>	20,973	<b>190,595</b>	56,892
<b>Other comprehensive income:</b>				
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Net fair value change in				
- financial investments at FVOCI	<b>135,686</b>	(16,795)	<b>12,801</b>	67,993
Net credit impairment losses change in financial investments at FVOCI	<b>(1,777)</b>	366	<b>(3,120)</b>	2,837
Net gains on financial investments at FVOCI reclassified to profit or loss on disposal	<b>1</b>	(5,101)	<b>(2,223)</b>	(103,846)
Deferred tax on				
- financial investments at FVOCI	<b>(32,565)</b>	5,255	<b>(2,539)</b>	8,605
Other comprehensive income/(loss) for the financial year, net of tax	<b>101,345</b>	(16,275)	<b>4,919</b>	(24,411)
<b>Total comprehensive income for the financial year</b>	<b>185,919</b>	4,698	<b>195,514</b>	32,481
<b>Total comprehensive income for the financial year attributable to:</b>				
Equity holder of the Bank	<b>185,919</b>	4,698	<b>195,514</b>	32,481

# AFFIN Islamic Bank Berhad

Registration no. 200501027372 (709506-V)

## Condensed Interim Financial Statements

### Unaudited Income Statements for the Financial Period Ended 31 December 2021

	Note	The Bank Individual Quarter Ended		The Bank Cumulative Quarter Ended	
		31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
Income derived from investment of depositors' funds and others	30	<b>251,667</b>	224,802	<b>905,858</b>	951,973
Income derived from investment of investment account funds	31	<b>20,198</b>	21,438	<b>74,195</b>	96,333
Income derived from investment of shareholders' funds	32	<b>23,000</b>	22,564	<b>82,912</b>	98,512
Modification loss	33	<b>(2,495)</b>	(1,612)	<b>(2,495)</b>	(31,066)
Allowances for impairment losses on financing and other financing	34	<b>11,747</b>	(22,975)	<b>(37,519)</b>	(91,061)
Allowance for impairment losses on other assets	35	<b>11</b>	(5,626)	<b>(1,333)</b>	(17,906)
<b>Total distributable income</b>		<b>304,128</b>	238,591	<b>1,021,618</b>	1,006,785
Income attributable to the depositors and others	36	<b>(117,997)</b>	(119,621)	<b>(456,090)</b>	(578,810)
Income attributable to the investment account holders		<b>(17,338)</b>	(20,218)	<b>(67,165)</b>	(83,302)
<b>Total net income</b>		<b>168,793</b>	98,752	<b>498,363</b>	344,673
Other operating expenses	37	<b>(62,555)</b>	(60,944)	<b>(246,211)</b>	(245,535)
<b>Profit before zakat and taxation</b>		<b>106,238</b>	37,808	<b>252,152</b>	99,138
Zakat		<b>(1,830)</b>	-	<b>(3,660)</b>	(2,540)
<b>Profit before taxation</b>		<b>104,408</b>	37,808	<b>248,492</b>	96,598
Taxation		<b>(19,834)</b>	(18,235)	<b>(57,897)</b>	(40,356)
<b>Net profit after zakat and taxation</b>		<b>84,574</b>	19,573	<b>190,595</b>	56,242
<b>Attributable to:</b>					
Equity holder of the Bank		<b>84,574</b>	19,573	<b>190,595</b>	56,242
<b>Earnings per share (sen):</b>					
- Basic	38	<b>8.0</b>	1.8	<b>18.0</b>	5.3

# AFFIN Islamic Bank Berhad

Registration no. 200501027372 (709506-V)

## Condensed Interim Financial Statements

### Unaudited Statements of Comprehensive Income for the Financial Period Ended 31 December 2021

	The Bank		The Bank	
	Individual Quarter Ended	Individual Quarter Ended	Cumulative Quarter Ended	Cumulative Quarter Ended
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
<b>Profit after zakat and taxation</b>	<b>84,574</b>	19,573	<b>190,595</b>	56,242
<b>Other comprehensive income:</b>				
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Net fair value change in				
- financial investments at FVOCI	<b>135,686</b>	(16,795)	<b>12,801</b>	67,993
Net credit impairment losses change in financial investments at FVOCI	<b>(1,777)</b>	366	<b>(3,120)</b>	2,837
Net gains on financial investments at FVOCI reclassified to profit or loss on disposal	<b>1</b>	(5,101)	<b>(2,223)</b>	(103,846)
Deferred tax on				
- financial investments at FVOCI	<b>(32,565)</b>	5,255	<b>(2,539)</b>	8,605
Other comprehensive income/(loss) for the financial year, net of tax	<b>101,345</b>	(16,275)	<b>4,919</b>	(24,411)
<b>Total comprehensive income for the financial year</b>	<b>185,919</b>	3,298	<b>195,514</b>	31,831
<b>Total comprehensive income for the financial year attributable to:</b>				
Equity holder of the Bank	<b>185,919</b>	3,298	<b>195,514</b>	31,831

# AFFIN Islamic Bank Berhad

Registration no. 200501027372 (709506-V)

## Condensed Interim Financial Statements

### Unaudited Statements of Changes In Equity for the Financial Period Ended 31 December 2021

	<----- Attributable to Equity Holder of the Bank ----->				
Economic Entity	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Total Equity RM'000
<b>At 1 January 2021</b>	<b>1,060,000</b>	<b>(4,919)</b>	<b>127,093</b>	<b>768,941</b>	<b>1,951,115</b>
Net profit for the financial year	-	-	-	190,595	190,595
Other comprehensive income (net of tax)					
- Financial investments at FVOCI	-	4,919	-	-	4,919
Total comprehensive income	-	4,919	-	190,595	195,514
Transfer from regulatory reserves	-	-	(21,480)	21,480	-
<b>At 31 December 2021</b>	<b>1,060,000</b>	<b>-</b>	<b>105,613</b>	<b>981,016</b>	<b>2,146,629</b>
Economic Entity	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Total Equity RM'000
<b>At 1 January 2020</b>	<b>1,060,000</b>	<b>19,492</b>	<b>236,882</b>	<b>602,260</b>	<b>1,918,634</b>
Net profit for the financial year	-	-	-	56,892	56,892
Other comprehensive income (net of tax)					
- Financial investments at FVOCI	-	(24,411)	-	-	(24,411)
Total comprehensive income	-	(24,411)	-	56,892	32,481
Transfer from regulatory reserves	-	-	(109,789)	109,789	-
<b>At 31 December 2020</b>	<b>1,060,000</b>	<b>(4,919)</b>	<b>127,093</b>	<b>768,941</b>	<b>1,951,115</b>

# AFFIN Islamic Bank Berhad

Registration no. 200501027372 (709506-V)

## Condensed Interim Financial Statements

### Unaudited Statements of Changes In Equity for the Financial Period Ended 31 December 2021

	<----- Non-distributable ----->			< Distributable >	
	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Total Equity RM'000
<b>The Bank</b>					
<b>At 1 January 2021</b>	<b>1,060,000</b>	<b>(4,919)</b>	<b>127,093</b>	<b>768,941</b>	<b>1,951,115</b>
Net profit for the financial year	-	-	-	<b>190,595</b>	<b>190,595</b>
Total comprehensive income	-	-	-	<b>190,595</b>	<b>190,595</b>
Transfer from regulatory reserves	-	-	<b>(21,480)</b>	<b>21,480</b>	-
<b>At 31 December 2021</b>	<b>1,060,000</b>	<b>-</b>	<b>105,613</b>	<b>981,016</b>	<b>2,141,710</b>
<b>The Bank</b>					
<b>At 1 January 2020</b>	<b>1,060,000</b>	<b>19,492</b>	<b>236,882</b>	<b>602,910</b>	<b>1,919,284</b>
Net profit for the financial year	-	-	-	56,242	56,242
Other comprehensive income (net of tax)					
- Financial investments at FVOCI	-	(24,411)	-	-	(24,411)
Total comprehensive income	-	(24,411)	-	56,242	31,831
Transfer from regulatory reserves	-	-	(109,789)	109,789	-
<b>At 31 December 2020</b>	<b>1,060,000</b>	<b>(4,919)</b>	<b>127,093</b>	<b>768,941</b>	<b>1,951,115</b>

# AFFIN Islamic Bank Berhad

Registration no. 200501027372 (709506-V)

## Condensed Interim Financial Statements

### Unaudited Statements of Cash Flows for the Financial Period Ended 31 December 2021

	Economic Entity		The Bank	
	31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Profit before taxation</b>	<b>248,492</b>	97,248	<b>248,492</b>	96,598
Adjustments for items not involving the movement of cash and cash equivalents:				
	<b>1,069</b>	26,187	<b>1,069</b>	26,837
Operating profit before changes in working capital	<b>249,561</b>	123,435	<b>249,561</b>	123,435
Net changes in operating assets	<b>(3,232,252)</b>	(417,762)	<b>(3,232,248)</b>	(417,762)
Net changes in operating liabilities	<b>3,113,485</b>	1,830,311	<b>3,111,735</b>	1,830,311
Tax and Zakat paid	<b>(71,979)</b>	(27,273)	<b>(71,979)</b>	(27,273)
<b>Net cash generated from operating activities</b>	<b>58,815</b>	1,508,711	<b>58,815</b>	1,508,711
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Finance income and hibah received from				
- financial investments at FVOCI	<b>105,041</b>	95,295	<b>105,041</b>	95,295
Purchase of financial investments at FVOCI	<b>(769,483)</b>	(3,554,748)	<b>(769,483)</b>	(3,554,748)
Purchase of financial investments at AC	<b>(100,730)</b>	-	<b>(100,730)</b>	-
Disposal of financial investments at FVOCI	<b>228,086</b>	3,173,416	<b>228,086</b>	3,173,416
Purchase of property and equipment	<b>(396)</b>	(500)	<b>(396)</b>	(500)
<b>Net cash used in investing activities</b>	<b>(537,482)</b>	(286,537)	<b>(537,482)</b>	(286,537)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from recourse obligation on financing sold to Cagamas Berhad	-	50,000	-	50,000
Profit payment from recourse obligation on financing sold to cagamas Berhad	<b>(1,238)</b>	-	<b>(1,238)</b>	-
Profit payment from subordinated term financing and medium term notes	<b>(57,350)</b>	(57,350)	<b>(57,350)</b>	(57,350)
Lease payments	<b>(1,805)</b>	(1,158)	<b>(1,805)</b>	(1,158)
<b>Net cash used in financing activities</b>	<b>(60,393)</b>	(8,508)	<b>(60,393)</b>	(8,508)
Net (decrease)/increase in cash and cash equivalents	<b>(539,060)</b>	1,213,666	<b>(539,060)</b>	1,213,666
Effects of foreign exchange	<b>(14,791)</b>	(8,256)	<b>(14,791)</b>	(8,256)
Cash and cash equivalents at beginning of the financial year	<b>2,794,278</b>	1,588,868	<b>2,794,278</b>	1,588,868
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	<b>2,240,427</b>	2,794,278	<b>2,240,427</b>	2,794,278
<u>Cash and cash equivalents comprise the following:</u>				
Cash and short-term funds	<b>2,240,427</b>	2,794,278	<b>2,240,427</b>	2,794,278



## 1 BASIS OF PREPARATION

The unaudited condensed interim financial statements for the financial period under review have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values :

- (i) financial assets at FVTPL,
- (ii) financial investments at AC, and
- (iii) derivative financial instruments.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Policy Document on Financial Reporting issued by Bank Negara Malaysia ("BNM").

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2021. The explanatory notes to the interim financial statements provide an explanation of events and transactions that are significant to an understanding in the financial position and performance of the Bank since the financial year ended 31 December 2021.

## 2 ACCOUNTING POLICIES

- (a) **Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank and are effective**

**Accounting standards, annual improvements and amendments to MFRS which are effective for the Group and the Bank for the financial period beginning on or after 1 January 2021:**

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 'Profit Rate Benchmark Reform - Phase 2'

The Bank have adopted 'Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 'Profit Rate Benchmark Reform - Phase 2' for the first time in the December 2021 financial statements, which resulted in changes in accounting policies.

### **Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 'Profit Rate Benchmark Reform - Phase 2'**

The Group and the Bank have adopted the Phase 2 amendments and applied the practical expedient to update the effective profit rate to account for the changes in contractual cash flows that is a direct consequence of interbank offered rate ('IBOR') reform. As a result, no immediate gain or loss is recognised in profit or loss.

The amendments also provide reliefs that enable and require the Group to continue the MFRS 9 hedge accounting in circumstances when the Bank updates the hedge documentation to reflect changes in hedged items and hedging instruments which are required by IBOR reform.

The adoption of the amendments has no impact on the opening retained earnings as at 1 January 2021 because none of the IBOR-based contracts of the Group and the Bank were modified in 2020. For contracts modified as a result of IBOR reform during the year, the Group and the Bank applies the Phase 2 amendments.

## 2 ACCOUNTING POLICIES (Continue)

### (b) Changes in regulatory requirements

#### **Enhanced Additional Measures issued by Bank Negara Malaysia ('BNM')**

During the financial year 2021, BNM had announced an enhanced additional measures to facilitate repayment assistance to customers affected by the Covid-19 pandemic. The measures which are aimed to support economic recovery of individuals and SMEs, including microenterprises are set out as follows:

#### **Targeted repayment assistance ("TRA") and moratorium**

(i) *Extension of TRA under Perlindungan Ekonomi dan Rakyat Malaysia ('PERMAI')*

Extension of TRA under PERMAI was announced on 18 January 2021. This extension applied to all TRA schemes where all customers may apply for 3-month deferment of instalment or a 50% reduction in their monthly instalment payment for a period of 6 months. The TRA applicable to all B40 (ie; registered recipient of Bantuan Sara Hidup ('BSH') or Bantuan Prihatin Rakyat ('BPR')), M40 (ie; recipients of Bantuan Prihatin Nasional ('BPN')) and microenterprises with financing facilities of not more than RM150,000, whose financing were approved on or before 30 September 2020 and not in arrears for more than 90 days.

(ii) *TRA under Program Strategik Memperkasa Rakyat dan Ekonomi Tambahan ('PEMERKASA+')*

TRA under PEMERKASA+ was announced on 31 May 2021. The TRA was applicable to all customers who have lost their employment, B40 customers registered under BSH/BPR, SMEs and microenterprises with financing facilities of not more than RM150,000 whose financing were approved on or before 30 June 2021 and not in arrears for more than 90 days. All these affected customers may opt for 3-month deferment of instalment or a 50% reduction in their monthly instalment payment for a period of 6 months.

(iii) *Six-month moratorium under Perlindungan Rakyat dan Pemulihan Ekonomi ('PEMULIH')*

The six-month moratorium under PEMULIH was announced on 28 June 2021. This moratorium is applicable to any applies to any financing approved on or before 30 June 2021 that is not in arrears exceeding 90 days as at the date of their application, denominated in Malaysian Ringgit and foreign currency and the customers not a bankrupt or under bankruptcy proceedings. Under this PEMULIH, all individual, SMEs and microenterprises may opt for 6-month deferment of instalment or 50% reduction in their monthly instalment payment for a period of 6 months, with non-compounding profit or any penalty profit during the moratorium period.

The above TRA/moratorium exclude the credit card balances. For outstanding credit card balances, customers shall have the option to convert their outstanding balance into a term financing of tenure of not more than 3 years.

#### **Waiver of Profit**

On 14 October 2021, BNM had announced that B50 income categories who are affected by the Covid-19 pandemic and under an existing repayment assistance programme, may apply for a comprehensive extended financial assistance scheme called Financial Management and Resilience Programme ('URUS') managed by Agensi Kaunseling dan Pengurusan Kredit ('AKPK') effective from 15 November 2021 until 31 January 2022. Under URUS, AKPK will provide a personalised financial plan that will encompass options of either a waiver of an profit for a period of 3-months or a 3-months profit waiver together with reduced instalments for a period of up to

Customers who are not eligible for URUS may apply for assistance under AKPK's Financial Resilience Support Scheme ('FIRST'), which includes features such as reduced instalments, extended financing tenures and financial resilience support programmes. In addition, for eligible B50 customers who have signed up for the Bank's flood relief assistance programmes, the URUS application closing date has been extended to 31 July 2022, or upon the expiry of the flood relief assistance programme, whichever is earlier.

### **3 AUDITOR'S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2020 was not subjected to any qualification.

### **4 SEASONAL OR CYCLICAL FACTORS**

The operations of the Bank are generally not affected by any seasonal or cyclical factors but in tandem with the country's

### **5 ITEMS OF UNUSUAL NATURE, SIZE AND INCIDENCE AFFECTING NET ASSETS, EQUITY, NET INCOME OR CASH FLOWS**

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Bank during the financial period under review.

### **6 CHANGES IN ESTIMATES**

There were no material changes in estimates of amounts reported in prior financial period that have a material effect during the financial period under review.

### **7 DEBTS AND EQUITY SECURITIES**

There were no purchases or disposal of quoted securities for the quarter ended 31 December 2021 other than in the ordinary course of business.

### **8 DIVIDENDS PAID**

No dividend has been paid during the financial period under review.

### **9 SUBSEQUENT MATERIAL EVENT**

There is no material subsequent event after the quarter ended 31 December 2021 that have material financial impact.

### **10 CHANGES IN THE COMPOSITION OF THE BANK**

There are no changes in the composition of the Bank between now and 31 December 2020 audited accounts.

### **11 PURCHASE AND SALE OF QUOTED SECURITIES**

There were no purchases or disposals of quoted securities for the quarter ended 31 December 2021 other than in the ordinary course of business.

### **12 STATUS OF CORPORATE PROPOSAL**

There were no corporate proposals announced but not completed during the period ended 31 December 2021.

### 13 DERIVATIVE FINANCIAL ASSETS

	Economic Entity and The Bank			
	31/12/2021		31/12/2020	
	Contract/ notional amount RM'000	Assets RM'000	Contract/ notional amount RM'000	Assets RM'000
<b>At fair value</b>				
Foreign exchange derivatives				
- Currency forwards	678,459	11,436	392,631	11,558
	<u>678,459</u>	<u>11,436</u>	<u>392,631</u>	<u>11,558</u>

### 14 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ('FVOCI')

	Economic Entity and The Bank	
	31/12/2021 RM'000	31/12/2020 RM'000
<b>At fair value</b>		
Malaysian Government investment issues	-	1,187,871
Unquoted securities:		
Corporate Sukuk in Malaysia	-	1,640,295
	<u>-</u>	<u>2,828,166</u>

During the financial year 2021, the Bank has reclassified its previous financial investments at FVOCI to AC.

Movements in allowances for impairment which reflect the ECL model on impairment are as follows:

	12-Month	Lifetime ECL	Lifetime ECL	Total
	ECL	not credit impaired	credit impaired	
	Stage 1	Stage 2	Stage 3	
	RM'000	RM'000	RM'000	RM'000
<b>Economic Entity and The Bank</b>				
<b>31/12/2021</b>				
At beginning of the financial period	3,120	-	-	3,120
Financial assets derecognised (other than write-off)	(55)	-	-	(55)
New financial assets originated or purchased	95	-	-	95
Changes due to change in credit risk	(1,414)	-	-	(1,414)
Reclassification to AC	(1,746)	-	-	(1,746)
<b>At end of the financial period</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	12-Month	Lifetime ECL	Lifetime ECL	Total
	ECL	not credit impaired	credit impaired	
	Stage 1	Stage 2	Stage 3	
	RM'000	RM'000	RM'000	RM'000
<b>Economic Entity and The Bank</b>				
<b>31/12/2020</b>				
At beginning of the financial year	283	-	-	283
Financial assets derecognised (other than write-off)	(2,802)	-	-	(2,802)
New financial assets originated or purchased	458	-	-	458
Changes due to change in credit risk	4,971	-	-	4,971
Changes in model/risk parameters	210	-	-	210
<b>At end of the financial year</b>	<u>3,120</u>	<u>-</u>	<u>-</u>	<u>3,120</u>

## 15 FINANCIAL INVESTMENTS AT AMORTISED COST ('AC')

	<b>Economic Entity and The Bank</b>	
	31/12/2021	31/12/2020
	RM'000	RM'000
<b>At amortised cost</b>		
Malaysian Government treasury bills	97,747	-
Malaysian Government investment issues	1,569,676	-
BNM Sukuk	10,299	-
Unquoted securities:		
Corporate bonds/sukuk in Malaysia	1,791,047	-
Less: Expected Credit Losses	(3,788)	-
	<b>3,464,981</b>	<b>-</b>

During the financial year 2021, the Bank has reclassified its previous financial investments at FVOCI to AC.

Movements in allowances for impairment which reflect the ECL model on impairment are as follows:

	12-Month	Lifetime ECL	Lifetime ECL	Total
	ECL	not credit	credit	
	Stage 1	impaired	impaired	Total
	RM'000	RM'000	RM'000	RM'000
<b>Economic Entity and Bank</b>				
<b>2021</b>				
At beginning of the financial year	-	-	-	-
Financial assets derecognised (other than write-off)	(44)	-	-	(44)
New financial assets originated or purchased	642	-	-	642
Net remeasurement of loss allowance	1,444	-	-	1,444
Reclassification from FVOCI	1,746	-	-	1,746
<b>At end of the financial year</b>	<b>3,788</b>	<b>-</b>	<b>-</b>	<b>3,788</b>

## 16 FINANCING AND OTHER FINANCING

### (i) By type

	<b>Economic Entity and The Bank</b>	
	<b>31/12/2021</b>	<b>31/12/2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Cashline	<b>651,183</b>	466,589
Term financing		
- House financing	<b>8,443,386</b>	7,732,796
- Hire purchase receivables	<b>4,561,420</b>	4,022,480
- Syndicated financing	<b>869,857</b>	759,504
- Business term financing	<b>6,221,332</b>	4,954,997
Bills receivables	<b>92,878</b>	8,429
Trust receipts	<b>13,142</b>	13,140
Claims on customers under acceptances credits	<b>701,318</b>	508,029
Staff financing (of which RM Nil to Directors)	<b>104,165</b>	85,141
Credit/charge cards receivables	<b>44,830</b>	38,076
Revolving financing	<b>1,070,514</b>	975,306
<b>Gross financing and other financing</b>	<b>22,774,025</b>	19,564,487
Less: ECL	<b>(203,702)</b>	(184,397)
<b>Total net financing and other financing</b>	<b>22,570,323</b>	19,380,090

Included in business term financing as at reporting date is RM56.5 million (2020: RM55.2 million) of term financing disbursed by the Bank to joint venture with AFFIN-i Nadayu Sdn Bhd.

### (ii) By maturity structure

	<b>Economic Entity and The Bank</b>	
	<b>31/12/2021</b>	<b>31/12/2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Maturing within one year	<b>2,720,697</b>	2,167,842
One year to three years	<b>632,881</b>	497,543
Three years to five years	<b>2,454,747</b>	2,493,251
Over five years	<b>16,965,700</b>	14,405,851
	<b>22,774,025</b>	19,564,487

## 16 FINANCING AND OTHER FINANCING (continued)

### (iii) By contract

#### Economic Entity and The Bank 31/12/2021

	Al-Bai		Al-Ijarah			Musyarakah	Istisna'	Others	Total
	Bithaman Ajil	Ijarah	Thumma Al-Bai	Murabahah	Tawarruq				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cashline	-	-	-	-	639,969	-	-	11,214	651,183
Term financing	-	-	-	-	-	-	-	-	-
- House financing	576,717	-	-	-	147,531	7,719,138	-	-	8,443,386
- Hire purchase receivables	-	-	4,561,420	-	-	-	-	-	4,561,420
- Syndicated financing	-	298,147	-	-	571,710	-	-	-	869,857
- Business term financing	76,711	535,848	-	194,001	3,788,670	1,088,634	537,468	-	6,221,332
Bills receivables	-	-	-	71,614	-	-	-	21,264	92,878
Trust receipts	-	-	-	13,142	-	-	-	-	13,142
Claims on customers under acceptances credits	-	-	-	-	-	-	-	-	-
	-	-	-	701,318	-	-	-	-	701,318
Staff financing	3,140	-	-	20,822	29,706	50,497	-	-	104,165
Credit/charge cards receivables	-	-	-	-	-	-	-	44,830	44,830
Revolving financing	-	-	-	-	1,070,451	-	-	63	1,070,514
<b>Gross financing and other financing</b>	<b>656,568</b>	<b>833,995</b>	<b>4,561,420</b>	<b>1,000,897</b>	<b>6,248,037</b>	<b>8,858,269</b>	<b>537,468</b>	<b>77,371</b>	<b>22,774,025</b>

#### Economic Entity and The Bank 31/12/2020

	Al-Bai		Al-Ijarah			Musyarakah	Istisna'	Others	Total
	Bithaman Ajil	Ijarah	Thumma Al-Bai	Murabahah	Tawarruq				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cashline	-	-	-	-	443,131	-	-	23,458	466,589
Term financing	-	-	-	-	-	-	-	-	-
- House financing	624,289	-	-	-	109,272	6,999,235	-	-	7,732,796
- Hire purchase receivables	-	-	4,022,480	-	-	-	-	-	4,022,480
- Syndicated financing	-	-	-	-	759,504	-	-	-	759,504
- Business term financing	121,298	861,733	-	226,018	2,245,939	966,271	533,018	720	4,954,997
Bills receivables	-	-	-	3,261	-	-	-	5,168	8,429
Trust receipts	-	-	-	13,140	-	-	-	-	13,140
Claims on customers under acceptances credits	-	-	-	-	508,029	-	-	-	508,029
Staff financing	3,865	-	-	18,751	22,177	40,348	-	-	85,141
Credit/charge cards receivables	-	-	-	-	38,076	-	-	-	38,076
Revolving financing	-	-	-	-	975,306	-	-	-	975,306
<b>Gross financing and other financing</b>	<b>749,452</b>	<b>861,733</b>	<b>4,022,480</b>	<b>769,199</b>	<b>4,593,405</b>	<b>8,005,854</b>	<b>533,018</b>	<b>29,346</b>	<b>19,564,487</b>

**16 FINANCING AND OTHER FINANCING (continued)**

	<b>Economic Entity and The Bank</b>	
	<b>31/12/2021 RM'000</b>	<b>31/12/2020 RM'000</b>
<b>(iv) <u>By type of customer</u></b>		
Domestic non-banking institutions		
- Others	<b>44,632</b>	48,305
Domestic business enterprises		
- Small medium enterprises	<b>2,550,698</b>	2,100,434
- Others	<b>4,472,997</b>	4,011,059
Government and statutory bodies	<b>753,625</b>	710,245
Individuals	<b>14,792,334</b>	12,427,101
Other domestic entities	<b>222</b>	508
Foreign entities	<b>159,517</b>	266,835
	<b>22,774,025</b>	19,564,487
<b>(v) <u>By profit rate sensitivity</u></b>		
Fixed rate		
- House financing	<b>41,326</b>	41,875
- Hire purchase receivables	<b>4,561,420</b>	4,022,480
- Other fixed rate financing	<b>1,023,189</b>	707,099
Variable rate		
- BFR plus	<b>14,169,939</b>	12,143,474
- Cost-plus	<b>2,978,151</b>	2,649,559
	<b>22,774,025</b>	19,564,487
<b>(vi) <u>By economic sector</u></b>		
Primary agriculture	<b>736,883</b>	778,346
Mining and quarrying	<b>146,541</b>	242,201
Manufacturing	<b>1,128,004</b>	881,806
Electricity, gas and water supply	<b>384,412</b>	381,561
Construction	<b>615,576</b>	574,845
Real estate	<b>1,554,651</b>	1,564,841
Wholesale & retail trade and restaurants & hotels	<b>1,121,415</b>	749,260
Transport, storage and communication	<b>519,323</b>	334,878
Finance, takaful and business services	<b>597,901</b>	392,124
Education, health and others	<b>1,122,737</b>	1,181,146
Household	<b>14,846,582</b>	12,483,479
	<b>22,774,025</b>	19,564,487
<b>(vii) <u>By economic purpose</u></b>		
Purchase of securities	<b>641,100</b>	390,285
Purchase of transport vehicles	<b>4,767,396</b>	4,078,560
Purchase of landed property of which:		
- Residential	<b>8,610,977</b>	7,910,750
- Non-residential	<b>2,360,103</b>	2,303,988
Fixed assets other than land and building	<b>75,975</b>	79,361
Personal use	<b>1,077,910</b>	203,042
Credit/charge card	<b>44,830</b>	38,076
Consumer durable	<b>-</b>	72
Construction	<b>901,544</b>	922,421
Working capital	<b>3,755,424</b>	3,248,466
Others	<b>538,766</b>	389,466
	<b>22,774,025</b>	19,564,487



## 16 FINANCING AND OTHER FINANCING (continued)

### (viii) By geographical distribution

	<b>Economic Entity and The Bank</b>	
	31/12/2021 RM'000	31/12/2020 RM'000
Perlis	100,396	163,132
Kedah	967,657	821,156
Pulau Pinang	1,276,419	997,635
Perak	674,639	576,561
Selangor	7,576,803	6,558,963
Wilayah Persekutuan	4,426,864	3,898,850
Negeri Sembilan	1,172,100	1012321
Melaka	373,759	275,943
Johor	2,712,627	2,394,578
Pahang	827,390	670,627
Terengganu	791,523	518,449
Kelantan	420,398	270,662
Sarawak	623,299	576,670
Sabah	810,158	802,649
Labuan	19,989	26,287
Outside Malaysia	4	4
	<b>22,774,025</b>	<b>19,564,487</b>

### (ix) Movements of impaired financing

	<b>Economic Entity and The Bank</b>	
	31/12/2021 RM'000	31/12/2020 RM'000
At beginning of the financial year	315,471	607,312
Classified as impaired	314,867	121,621
Reclassified as non-impaired	(113,207)	(103,492)
Amount recovered	(115,731)	(214,880)
Amount written-off	(19,814)	(95,090)
<b>At end of the financial year</b>	<b>381,586</b>	<b>315,471</b>
Ratio of gross impaired financing, advances and other financing to gross financing and other financing*	<b>1.11%</b>	<b>1.77%</b>

\* For the Bank, RIA excluded in the ratio calculation amounting to RM1,834.6 million (2020: RM1,754.9 million) with impaired financing amounting to RM149.9 million (2020: RM Nil million).

The Bank may write-off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off during the year ended 31 December 2021 for the bank is RM19,814,000 (2020: RM95,090,000). The Bank still seek to recover the amounts that is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

**16 FINANCING AND OTHER FINANCING (continued)**

**(x) Impaired financing by economic sector**

	<b>Economic Entity and The Bank</b>	
	<b>31/12/2021</b>	31/12/2020
	<b>RM'000</b>	RM'000
Primary agriculture	<b>184</b>	145
Mining and quarrying	<b>24,342</b>	31
Manufacturing	<b>2,319</b>	60,136
Electricity, gas and water supply	<b>-</b>	45
Construction	<b>2,990</b>	3,131
Real estate	<b>41,109</b>	12,039
Wholesale & retail trade and restaurants & hotels	<b>2,577</b>	1,380
Transport, storage and communication	<b>200,429</b>	75,334
Finance, takaful and business services	<b>872</b>	431
Education, health and others	<b>619</b>	192
Household	<b>106,145</b>	162,607
	<b>381,586</b>	315,471

**(xi) Impaired financing by economic purpose**

	<b>Economic Entity and The Bank</b>	
	<b>31/12/2021</b>	31/12/2020
	<b>RM'000</b>	RM'000
Purchase of securities	<b>95</b>	34
Purchase of transport vehicles	<b>169,737</b>	22,533
Purchase of landed property of which:		
- Residential	<b>82,848</b>	136,711
- Non-residential	<b>67,927</b>	18,953
Personal use	<b>3,429</b>	1,276
Credit/charge card	<b>280</b>	131
Construction	<b>1,236</b>	57,183
Working capital	<b>56,034</b>	78,640
Others	<b>-</b>	10
	<b>381,586</b>	315,471

**(xii) Impaired financing by geographical distribution**

	<b>Economic Entity and The Bank</b>	
	<b>31/12/2021</b>	31/12/2020
	<b>RM'000</b>	RM'000
Perlis	<b>2,590</b>	2,461
Kedah	<b>7,207</b>	7,298
Pulau Pinang	<b>7,314</b>	6,522
Perak	<b>55,052</b>	81,627
Selangor	<b>76,670</b>	80,662
Wilayah Persekutuan	<b>18,182</b>	90,039
Negeri Sembilan	<b>11,792</b>	17,180
Melaka	<b>2,220</b>	2,019
Johor	<b>43,030</b>	17,183
Pahang	<b>1,732</b>	1,600
Terengganu	<b>151,892</b>	3,519
Kelantan	<b>2,143</b>	3,245
Sarawak	<b>44</b>	338
Sabah	<b>1,718</b>	1,778
	<b>381,586</b>	315,471

## 16 FINANCING AND OTHER FINANCING (continued)

### (xiii) Movements in expected credit losses for financing and other financing

<b>Economic Entity and The Bank 31/12/2021</b>	<b>12 - Month ECL Stage 1 RM'000</b>	<b>Lifetime ECL not credit impaired Stage 2 RM'000</b>	<b>Lifetime ECL credit impaired Stage 3 RM'000</b>	<b>Total RM'000</b>
At beginning of the financial year	47,261	54,706	82,430	184,397
Total transfer between stages due to change in credit risk:	18,194	11,148	(29,342)	-
- Transfer to 12-month ECL (Stage 1)	22,251	(16,921)	(5,330)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(3,934)	33,849	(29,915)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(123)	(5,780)	5,903	-
Financing derecognised (other than write-off)	(33,764)	(1,221)	(2,145)	(37,130)
New financing originated or purchased	40,560	687	-	41,247
Changes due to change in credit risk	676	11,539	22,499	34,714
Write-off	-	-	(19,527)	(19,527)
Other adjustments	1	-	-	1
<b>At end of the financial year</b>	<b>72,928</b>	<b>76,859</b>	<b>53,915</b>	<b>203,702</b>

<b>Economic Entity and The Bank 31/12/2020</b>	<b>12 - Month ECL Stage 1 RM'000</b>	<b>Lifetime ECL not credit impaired Stage 2 RM'000</b>	<b>Lifetime ECL credit impaired Stage 3 RM'000</b>	<b>Total RM'000</b>
At beginning of the financial year	51,043	17,171	104,356	172,570
Total transfer between stages due to change in credit risk:	10,438	14,072	(24,510)	-
- Transfer to 12-month ECL (Stage 1)	18,731	(14,585)	(4,146)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(8,276)	30,441	(22,165)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(17)	(1,784)	1,801	-
Financing derecognised (other than write-off)	(26,531)	(2,557)	(2,595)	(31,683)
New financing originated or purchased	29,947	981	106	31,034
Changes due to change in credit risk	(2,291)	28,623	87,699	114,031
Changes in models/risk parameters	(15,345)	(3,584)	(251)	(19,180)
Write-off	-	-	(82,488)	(82,488)
Other adjustments	-	-	113	113
<b>At end of the financial year</b>	<b>47,261</b>	<b>54,706</b>	<b>82,430</b>	<b>184,397</b>

**17 OTHER ASSETS**

	<b>Economic Entity and The Bank</b>	
	<b>31/12/2021</b>	31/12/2020
	<b>RM'000</b>	RM'000
Other debtors	<b>57,834</b>	58,902
Deposits and prepayments	<b>638</b>	788
Cheque clearing accounts	<b>14,366</b>	-
Foreclosed properties (a)	<b>4,873</b>	4,873
	<b>77,711</b>	64,563

**(a) Movements in foreclosed properties**

At beginning/end of the financial year	<b>4,873</b>	4,873
--	--------------	-------

**18 AMOUNT DUE FROM JOINT VENTURES**

	<b>Economic Entity and The Bank</b>	
	<b>31/12/2021</b>	31/12/2020
	<b>RM'000</b>	RM'000
Advances to joint ventures	<b>60,000</b>	59,060
Expected credit losses (a)	<b>(44,263)</b>	(43,987)
	<b>15,737</b>	15,073

**(a) Movements in expected credit losses**

	<b>Lifetime ECL credit impaired Stage 3</b>	
	<b>31/12/2021</b>	31/12/2020
	<b>RM'000</b>	RM'000
At beginning of the financial year	<b>43,987</b>	28,738
Allowance made	<b>276</b>	15,249
At end of the financial year	<b>44,263</b>	43,987

The advances to joint ventures are unsecured, bear no profit rate and payable on demand.

## 19 DEPOSITS FROM CUSTOMERS

		<b>Economic Entity and The Bank</b>	
		<b>31/12/2021</b>	<b>31/12/2020</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>(i)</b>	<b><u>By type of deposit</u></b>		
	<b>Qard</b>		
	Demand deposits	4,476,588	3,539,236
	Savings deposits	952,617	1,005,821
		<u>5,429,205</u>	<u>4,545,057</u>
	<b>Mudarabah</b>		
	General investment deposits	41,235	57,313
	<b>Tawarruq</b>		
	Murabahah term deposits	14,669,830	13,333,675
	Commodity Murabahah	1,122,215	516,492
	Savings deposits	159,324	102,574
	Demand deposit	568,320	110,880
		<u>16,519,689</u>	<u>14,063,621</u>
		<u>21,990,129</u>	<u>18,665,991</u>
<b>(ii)</b>	<b><u>By maturity structure of Murabahah term deposits and general investment deposits</u></b>		
	Due within six months	9,160,116	8,831,048
	Six months to one year	4,980,812	3,731,511
	One year to three years	567,584	822,817
	Three years to five years	2,553	5,612
		<u>14,711,065</u>	<u>13,390,988</u>
<b>(iii)</b>	<b><u>By type of customer</u></b>		
	Government and statutory bodies	8,583,944	6,651,501
	Business enterprise	4,919,831	4,215,444
	Individuals	7,448,586	6,972,875
	Domestic banking institutions	259	7,826
	Domestic non-banking financial institutions	682,330	484,295
	Foreign entities	111,313	133,648
	Others entities	243,866	200,402
		<u>21,990,129</u>	<u>18,665,991</u>

## 20 INVESTMENT ACCOUNTS OF CUSTOMERS

	Economic Entity and The Bank	
	31/12/2021 RM'000	31/12/2020 RM'000
(i) <b><u>By type of deposit</u></b>		
Mudarabah	1,329	2,151
(ii) <b><u>Maturity structure of investment accounts</u></b>		
Six months to one year	-	377
One year to three years	-	-
Three years to five years	1,329	1,774
	<b>1,329</b>	<b>2,151</b>
(iii) <b><u>By type of customer</u></b>		
Individuals	631	1,085
Other entities	698	1,066
	<b>1,329</b>	<b>2,151</b>
(iv) <b><u>By contract</u></b>		
Business Term Financing	1,329	2,151
(v) <b><u>Movements in investment accounts</u></b>		
At beginning of the financial year	2,151	1,447
New placement	-	1,905
Redemption	(818)	(1,201)
Finance expense on RIA	90	285
Profit distributed	(94)	(285)
At end of the financial year	<b>1,329</b>	<b>2,151</b>

### Profit Sharing Ratio ("PSR") and Rate of Return ("ROR")

	Economic Entity and The Bank			
	2021		2020	
	Average profit sharing ratio (PSR) %	Average rate of return (ROR) %	Average profit sharing ratio (PSR) %	Average rate of return (ROR) %
<u>Due within:</u>				
Due within six months	-	-	-	-
Six months to one year	-	-	85	5.70
One year to three years	85	5.58	-	-
Three years to five years	-	-	85	5.58

## 21 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Economic Entity and The Bank	
	31/12/2021 RM'000	31/12/2020 RM'000
<b>Qard</b>		
Licensed banks	-	201,505
<b>Tawarruq</b>		
Licensed banks	-	200,912
Licensed investment banks	14,106	3,115
Other financial institutions	343,944	820,341
	<b>358,050</b>	<b>1,024,368</b>
	<b>358,050</b>	<b>1,225,873</b>
<b>Maturity structure of deposits are as follows:</b>		
Due within six months	<b>358,050</b>	<b>1,225,873</b>

## 22 INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTIONS

	<b>Economic Entity and The Bank</b>	
	31/12/2021	31/12/2020
	RM'000	RM'000
<b>Mudarabah</b>		
Licensed banks	<b>1,831,585</b>	1,751,038

### Profit Sharing Ratio ("PSR") and Rate of Return ("ROR")

	<b>Economic Entity and The Bank</b>			
	31/12/2021		31/12/2020	
	Average profit sharing ratio (PSR) %	Average rate of return (ROR) %	Average profit sharing ratio (PSR) %	Average rate of return (ROR) %
<u>Due within:</u>				
One month	-	-	70	0.89
Three to six months	-	-	89	5.56
Six months to one year	<b>78</b>	<b>4.45</b>	70	2.68
One year to three years	<b>95</b>	<b>4.71</b>	84	4.49
Three years to five years	<b>89</b>	<b>4.73</b>	89	4.85
Five years and above				

The above table provides analysis of PSR and ROR as at reporting date into relevant maturity tenures based on remaining contractual maturities.

Inclusive of RIA placed by the holding company amounting to RM1,831.6 million. These investments are used to fund certain specific financing. The RIA is a contract based on the Mudarabah principle between two parties to finance a financing where the investor (i.e. 'AFFIN Bank Berhad') solely provides capital and the business venture is managed solely by the entrepreneur (i.e. 'the Bank'). The profit of the business venture is shared between both parties based on pre-agreed ratio. Losses shall be borne by the investor.

	<b>Economic Entity and The Bank</b>	
	31/12/2021	31/12/2020
	RM'000	RM'000
<b>Movements in investment accounts</b>		
At beginning of the financial year	<b>1,751,039</b>	1,918,295
New placement	<b>234,689</b>	196,746
Redemption	<b>(158,296)</b>	(356,601)
Finance expense on RIA	<b>67,627</b>	74,203
Profit distributed	<b>(66,958)</b>	(75,807)
Exchange difference	<b>3,484</b>	(5,798)
At end of the financial year	<b>1,831,585</b>	1,751,038

**23 RECURSE OBLIGATION ON FINANCING SOLD TO CAGAMAS BERHAD**

	<b>Economic Entity and The Bank</b>	
	<b>31/12/2021</b>	<b>31/12/2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Recourse obligation on financing sold to Cagamas Berhad	<b>50,033</b>	50,034
<b>Movement in recourse obligation on financing sold to Cagamas Berhad</b>		
At beginning of financial year	<b>50,034</b>	-
Proceeds	-	50,000
Profit payment	<b>(1,238)</b>	-
Profit expense	<b>1,237</b>	34
<b>At end of financial year</b>	<b>50,033</b>	50,034

This represents the proceeds received from housing financing sold directly to Cagamas Berhad with recourse to the Bank. Under this agreement, the Bank undertakes to administer the financing on behalf of Cagamas Berhad and to buy back any financing which is regarded as defective based on prudential criteria set by Cagamas Berhad. Such financing transactions and the obligation to buy back the financing are reflected as a financial liability on the statements of financial position and stated at amortised cost.

**24 DERIVATIVE FINANCIAL LIABILITIES**

	<b>Economic Entity and The Bank</b>			
	<b>31/12/2021</b>		<b>31/12/2020</b>	
<b>At fair value</b>	<b>Contract/ notional amount RM'000</b>	<b>Liabilities RM'000</b>	<b>Contract/ notional amount RM'000</b>	<b>Liabilities RM'000</b>
Foreign exchange derivatives				
- Currency forwards	<b>1,071,727</b>	<b>10,659</b>	819,530	25,572
	<b>1,071,727</b>	<b>10,659</b>	819,530	25,572



## 25 OTHER LIABILITIES

	<b>Economic Entity and The Bank</b>	
	<b>31/12/2021 RM'000</b>	<b>31/12/2020 RM'000</b>
Bank Negara Malaysia and Credit Guarantee Corporation Funding programmes	9,941	1,599
Margin and collateral deposits	18,056	18,263
Other creditors and accruals	4,247	10,909
Sundry creditors	137,397	18,692
Provision for zakat	2,337	1,925
Defined contribution plan (a)	1,214	1,415
Accrued employee benefits	4,893	4,746
Charity funds (b)	14	35
Unearned income	4,688	6,346
Financing commitments (c)	5,666	3,982
	<b>188,453</b>	<b>67,912</b>

### (a) Defined contribution plan

The Bank contributes to the Employee Provident Fund ('EPF'), the national defined contribution plan. Once the contributions have been paid, the Bank has no further payment obligations.

### (b) Charity funds

	<b>Economic Entity and The Bank</b>	
	<b>31/12/2021 RM'000</b>	<b>31/12/2020 RM'000</b>
<u>Sources and uses of charity funds</u>		
At beginning of the financial year	35	52
Sources of charity funds		
- Non-Islamic/prohibited income	5	-
- AFFIN Barakah Charity Account-i	4	24
Uses of charity funds		
- Contribution to medical aid	-	30
- Contribution to education	10	-
- Contribution to program/event - Covid-19	20	11
	<b>30</b>	<b>41</b>
<b>At end of the financial year</b>	<b>14</b>	<b>35</b>

The source of charity funds come from the following categories:

- (i) Sources from Shariah non-compliant events.
- (ii) AFFIN Barakah Charity Account-i refers to a savings account with element of "Save and Donate" by transferring the earned Hibah\* to charity with the flexibility to change the percentage of contribution agreed by the depositor.  
(\*Hibah refers to the historical Hibah paid to the depositor at the Bank's discretion.)
- (iii) Any other charity allocation by the Bank or funds collected from customers/depositors.

The charity fund was channeled to a number of charitable or public purposes; for example, centres for disabled children and the less fortunate and are inclusive of non-Muslims.

### (c) Movements in expected credit losses

	<b>Economic Entity and The Bank</b>	
	<b>31/12/2021 RM'000</b>	<b>31/12/2020 RM'000</b>
At beginning of the financial year	3,982	6,515
Net remeasurement of loss allowance	1,490	799
New financing commitments and financial guarantees	1,714	940
Financing commitment/financial guarantees derecognised	(1,520)	(4,493)
Changes in model/risk parameters	-	221
<b>At end of the financial year</b>	<b>5,666</b>	<b>3,982</b>

## 26 LEASE LIABILITIES

	Economic Entity and The Bank	
	31/12/2021 RM'000	31/12/2020 RM'000
At beginning of financial year	2,433	1,568
Additions	-	1,932
Finance expense	38	91
Lease payment	(1,805)	(1,158)
<b>At end of the financial year</b>	<b>666</b>	<b>2,433</b>

## 27 SUBORDINATED TERM FINANCING AND MEDIUM TERM NOTES

	Economic Entity and The Bank	
	31/12/2021 RM'000	31/12/2020 RM'000
Medium Term Notes ("MTN") Tier-2 Sukuk Murabahah (a)	807,609	807,609
Additional Tier-1 Sukuk Wakalah ("AT1S") (b)	303,425	303,425
	<b>1,111,034</b>	<b>1,111,034</b>

(a) The Bank had on 23 October 2018, issued a MTN Tier-2 Sukuk Murabahah of RM800.0 million out of its approved BASEL III Compliant MTN programme ('Sukuk Programme') of up to RM5.0 billion in nominal value. The Sukuk Murabahah was issued for a tenure of 10 years from the issue date on a 10-year non-callable 5-year basis, at a profit rate of 5.05%. The Sukuk Murabahah was issued for the purpose of general banking business and working capital requirements of the Bank.

(b) The Bank had on 18 October 2018, issued a tranche of AT1S of RM300.0 million out of its Sukuk Programme. The Sukuk Wakalah was on a perpetual non-callable 5-year basis, at a profit rate of 5.65%. The Sukuk Wakalah was issued for the purpose of general banking business and working capital requirements of the Bank.

## 28 RESERVES

	Economic Entity		The Bank	
	31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
Retained profits	981,016	768,941	981,016	768,941
FVOCI revaluation reserves (a)	-	(4,919)	-	(4,919)
Regulatory reserves (b)	105,613	127,093	105,613	127,093
	<b>1,086,629</b>	<b>891,115</b>	<b>1,086,629</b>	<b>891,115</b>

(a) FVOCI revaluation reserves represent the unrealised gains or losses arising from the change in fair value of investments classified as financial investment at FVOCI. The losses are transferred to the income statement upon disposal or when the securities become impaired. The depositors' portion of net unrealised gains or losses on financial investments at FVOCI at the end of financial year is NIL in 2021 (2020: Net unrealised loss RM8,780,247).

(b) Pursuant to BNM Financial Reporting policy dated 27 September 2019, the Group and the Bank must maintain, in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserves of no less than 1% all credit exposures, net of loss allowance for credit-impaired exposures.

**29 INCOME FROM ISLAMIC BANKING BUSINESS**

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended 31/12/2021	31/12/2020	Cumulative Quarter Ended 31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	251,667	224,802	905,858	951,973
Income derived from investment of investment account funds	20,198	21,438	74,195	96,333
Income derived from investment of shareholders' funds	23,000	22,564	82,912	98,512
Income attributable to depositors and others	(117,997)	(119,621)	(456,090)	(57,810)
Income attributable to investment account holders	(17,338)	(20,218)	(67,165)	(83,302)
	<b>159,530</b>	<b>128,965</b>	<b>539,710</b>	<b>1,005,706</b>

**30 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS**

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended 31/12/2021	31/12/2020	Cumulative Quarter Ended 31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
- General investment deposits (i)	167,122	153,878	603,664	672,568
- Other deposits (ii)	84,545	70,924	302,194	279,405
	<b>251,667</b>	<b>224,802</b>	<b>905,858</b>	<b>951,973</b>

**30 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS (continued)**

**(i) INCOME DERIVED FROM INVESTMENT OF GENERAL INVESTMENT DEPOSITS**

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended 31/12/2021	31/12/2020	Cumulative Quarter Ended 31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
<b>Finance income and hibah</b>				
Financing and other financing	134,338	125,109	490,008	507,130
Financial investments at FVOCI	10,153	14,855	54,529	56,845
Financial investments at AC	7,662	-	7,877	-
Money at call and deposits with other financial institutions	6,654	6,500	27,578	32,305
	<u>158,807</u>	<u>146,464</u>	<u>579,992</u>	<u>596,280</u>
Accretion of discount less amortisation of premium	(3,558)	(2,629)	(10,851)	(7,120)
Total finance income and hibah	<u>155,249</u>	<u>143,835</u>	<u>569,141</u>	<u>589,160</u>
<b>Other operating income</b>				
Fee income:				
Commission	2,100	858	6,582	3,001
Service charges and fees	1,797	2,274	5,986	6,890
Guarantee fees	1,376	779	3,310	2,540
	<u>5,273</u>	<u>3,911</u>	<u>15,878</u>	<u>12,431</u>
Commission paid on will/wasiat	(2)	(2)	(9)	(10)
Gain on sale of financial investments at FVOCI	(1)	2,652	1,227	60,047
	<u>(1)</u>	<u>2,652</u>	<u>1,227</u>	<u>60,047</u>
Other income:				
Foreign exchange profit/(loss)				
- realised	3,458	8,875	(1,789)	13,049
- unrealised	(483)	(6,264)	8,400	(4,842)
Other non-operating income	3,628	871	10,816	2,733
	<u>6,603</u>	<u>3,482</u>	<u>17,427</u>	<u>10,940</u>
<b>Total income derived from investment of general investment deposits</b>	<u>167,122</u>	<u>153,878</u>	<u>603,664</u>	<u>672,568</u>

**30 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS (continued)**

**(ii) INCOME DERIVED FROM INVESTMENT OF OTHER DEPOSITS**

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended 31/12/2021	31/12/2020	Cumulative Quarter Ended 31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
<b>Finance income and hibah</b>				
Financing and other financing	67,971	57,129	245,298	210,676
Financial investments at FVOCI	5,172	6,738	27,297	23,616
Financial investments at AC	3,836	-	3,943	-
Money at call and deposits with other financial institutions	3,374	3,048	13,806	13,420
	<b>80,353</b>	66,915	<b>290,344</b>	247,712
Accretion of discount less amortisation of premium	(1,796)	(1,153)	(5,432)	(2,958)
Total finance income and hibah	<b>78,557</b>	65,762	<b>284,912</b>	244,754
<b>Other operating income</b>				
Fee income:				
Commission	1,060	386	3,295	1,247
Service charges and fees	908	1,007	2,997	2,862
Guarantee fees	693	347	1,657	1,056
	<b>2,661</b>	1,740	<b>7,949</b>	5,165
Commission paid on will/wasiat	(2)	(1)	(5)	(4)
Income from financial instruments:				
Gain on sale of financial investments at FVOCI	2	1,876	614	24,945
	<b>2</b>	1,876	<b>614</b>	24,945
Other income:				
Foreign exchange profit/(loss)				
- realised	1,721	3,743	(895)	5,421
- unrealised	(224)	(2,583)	4,205	(2,011)
Other non-operating income	1,830	387	5,414	1,135
	<b>3,327</b>	1,547	<b>8,724</b>	4,545
<b>Total income derived from investment of other deposits</b>	<b>84,545</b>	70,924	<b>302,194</b>	279,405

### 31 INCOME DERIVED FROM INVESTMENT OF INVESTMENT ACCOUNT FUNDS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended 31/12/2021 RM'000	31/12/2020 RM'000	Cumulative Quarter Ended 31/12/2021 RM'000	31/12/2020 RM'000
<b>Finance income and hibah</b>				
Financing and other financing	16,232	17,476	60,226	72,637
Financial investments at FVOCI	1,213	2,079	6,702	8,142
Financial investments at AC	941	-	968	-
Money at call and deposits with other financial institutions	802	901	3,390	4,627
	<b>19,188</b>	20,456	<b>71,286</b>	85,406
Accretion of discount less amortisation of premium	(432)	(372)	(1,334)	(1,020)
Total finance income and hibah	<b>18,756</b>	20,084	<b>69,952</b>	84,386
<b>Other operating income</b>				
Fee income:				
Commission	255	121	809	430
Service charges and fees	218	320	736	987
Guarantee fees	168	110	407	364
	<b>641</b>	551	<b>1,952</b>	1,781
Commission paid on will/wasiat	-	-	(1)	(1)
Income from financial instruments:				
Gain on sale of financial investments at FVOCI	(1)	314	151	8,601
	<b>(1)</b>	314	<b>151</b>	8,601
Other income:				
Foreign exchange profit/(loss)				
- realised	429	1,266	(220)	1,869
- unrealised	(67)	(899)	1,032	(694)
Other non-operating income	440	122	1,329	391
	<b>802</b>	489	<b>2,141</b>	1,566
<b>Total income derived from investment of investment account funds</b>	<b>20,198</b>	21,438	<b>74,195</b>	96,333

### 32 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended 31/12/2021 RM'000	31/12/2020 RM'000	Cumulative Quarter Ended 31/12/2021 RM'000	31/12/2020 RM'000
<b>Finance income and hibah</b>				
Financing and other financing	18,489	18,343	67,301	74,280
Financial investments at FVOCI	1,399	2,178	7,489	8,326
Financial investments at AC	1,052	-	1,082	-
Money at call and deposits with other financial institutions	916	954	3,788	4,732
	<u>21,856</u>	<u>21,475</u>	<u>79,660</u>	<u>87,338</u>
Accretion of discount less amortisation of premium	(490)	(385)	(1,491)	(1,043)
Total finance income and hibah	<u>21,366</u>	<u>22,044</u>	<u>78,169</u>	<u>86,295</u>
<b>Other operating income</b>				
Fee income:				
Commission	289	126	904	440
Service charges and fees	247	333	822	1,009
Guarantee fees	190	114	455	372
	<u>726</u>	<u>573</u>	<u>2,181</u>	<u>1,821</u>
Commission paid on will/wasiat	-	-	(1)	(1)
Income from financial instruments:				
Gain on sale of financial investments at FVOCI	-	391	169	8,795
	<u>-</u>	<u>391</u>	<u>169</u>	<u>8,795</u>
Other income:				
Foreign exchange profit/(loss)				
- realised	474	1,300	(246)	1,911
- unrealised	(65)	(917)	1,154	(709)
Other non-operating income	499	127	1,486	400
	<u>908</u>	<u>510</u>	<u>2,394</u>	<u>1,602</u>
<b>Total income derived from investment of shareholders' fund</b>	<u>23,000</u>	<u>23,518</u>	<u>82,912</u>	<u>98,512</u>

### 33 MODIFICATION LOSS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended 31/12/2021 RM'000	31/12/2020 RM'000	Cumulative Quarter Ended 31/12/2021 RM'000	31/12/2020 RM'000
<b>Modification loss</b>	<u>2,495</u>	<u>1,612</u>	<u>2,495</u>	<u>31,066</u>

In financial year 2020, the Bank granted an automatic moratorium on certain financing payments, by individuals and SMEs for a period of six months from 1 April 2020. In 2021, the Bank have granted multiple repayment assistance on selected customers including PERMAI, PERMAKASA+ and PEMULIH.

### 34 ALLOWANCES FOR IMPAIRMENT LOSSES ON FINANCING AND OTHER FINANCING

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended 31/12/2021	31/12/2020	Cumulative Quarter Ended 31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Expected credit loss made on/(written-back):				
- Financing and other financing	(13,793)	24,822	38,832	94,202
- Securities	1,076	(300)	668	2,837
- Financing commitments and financial guarantees	1,631	(441)	1,684	(2,533)
Bad financing		-		-
- recovered	(734)	(1,148)	(4,034)	(3,821)
- written-off	73	42	369	376
	<b>(11,747)</b>	<b>22,975</b>	<b>37,519</b>	<b>91,061</b>

### 35 ALLOWANCE FOR IMPAIRMENT LOSSES ON OTHER ASSETS

	Economic Entity		Economic Entity	
	Individual Quarter Ended 31/12/2021	31/12/2020	Cumulative Quarter Ended 31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment for amount due from joint ventures and associate	<b>(11)</b>	5,626	<b>1,333</b>	17,906
	The Bank		The Bank	
	Individual Quarter Ended 31/12/2021	31/12/2020	Cumulative Quarter Ended 31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment for amount due from joint ventures, associate and other assets	<b>(11)</b>	4,226	<b>1,333</b>	16,506

### 36 INCOME ATTRIBUTABLE TO DEPOSITORS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended 31/12/2021	31/12/2020	Cumulative Quarter Ended 31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudarabah	227	271	967	1,348
- Non-Mudarabah	100,431	102,143	379,228	503,350
Deposits and placements of banks and other financial institutions				
- Mudarabah	2,680	2,836	17,246	16,628
Finance expense-Subordinated term financing and medium term notes	14,337	14,338	57,350	57,350
Others	322	33	1,299	134
	<b>117,997</b>	<b>119,621</b>	<b>456,090</b>	<b>578,810</b>



### 37 OTHER OPERATING EXPENSES

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
<u>Personnel costs</u>				
Wages, salaries and bonuses	29,209	31,736	117,156	125,002
Defined contribution plan ('EPF')	4,878	5,294	19,810	20,840
Other personnel costs	4,217	4,076	15,457	16,219
	<b>38,304</b>	<b>41,106</b>	<b>152,423</b>	<b>162,061</b>
<u>Establishment costs</u>				
Equipment rental	1,038	143	4,181	574
Repair and maintenance	7,067	6,471	28,407	25,603
Depreciation of property and equipment	108	134	467	654
Amortisation of intangible assets	294	53	453	213
Depreciation of right-of-use assets	(127)	115	213	1,019
IT consultancy fees	4,606	4,327	18,477	17,343
Dataline rental	1,804	1,397	7,155	5,658
Security services	1,486	655	6,554	2,800
Electricity, water and sewerage	1,159	1,446	4,847	5,958
Licence fee	68	88	278	348
Takaful and indemnities	1,142	(6)	4,579	2,102
Other establishment costs	853	569	2,248	2,257
	<b>19,498</b>	<b>15,392</b>	<b>77,859</b>	<b>64,529</b>
<u>Marketing expenses</u>				
Business promotion and advertisement	465	251	683	585
Entertainment	70	113	270	454
Traveling and accommodation	243	309	948	1,262
Commissions expenses	-	79	-	340
Brokerage expenses	278	291	898	938
Other marketing expenses	81	204	104	1,227
	<b>1,137</b>	<b>1,247</b>	<b>2,903</b>	<b>4,806</b>
<u>Administration and general expenses</u>				
Telecommunication expenses	347	487	1,400	1,986
Auditors' remuneration	291	(192)	319	363
Professional fees	664	781	2,237	2,819
Property and equipment written-off	-	1	1	2
Mail and courier charges	499	223	1,953	895
Stationery and consumables	447	671	3,161	3,002
Directors' fees and allowances	733	152	1,507	1,868
Shariah fees	132	127	431	492
Donations	32	57	208	353
Settlement, clearing and bank charges	508	393	1,756	1,591
Stamp duties	-	-	2	5
GST Input tax-non recoverable	-	11	-	11
Other administration and general expenses	(37)	551	51	815
	<b>3,616</b>	<b>3,262</b>	<b>13,026</b>	<b>14,202</b>
<b>Total other operating expenses</b>	<b>62,555</b>	<b>61,007</b>	<b>246,211</b>	<b>245,598</b>

### 38 EARNINGS PER SHARE

The basic earnings per ordinary share for the Economic Entity and the Bank have been calculated based on the net profit attributable to ordinary equity holder of the Economic Entity and the Bank by the weighted average number of shares in issue during the financial year.

	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
<b>Economic Entity</b>				
Net profit attributable to equity holder of the Bank (RM'000)	<b>84,574</b>	20,973	<b>190,595</b>	56,892
Weighted average number of ordinary shares in issue ('000)	<b>1,060,000</b>	1,060,000	<b>1,060,000</b>	1,060,000
Basic earnings per share (sen)	<b>8.0</b>	2.0	<b>18.0</b>	5.4
<b>The Bank</b>				
Net profit attributable to equity holder of the Bank (RM'000)	<b>84,574</b>	19,573	<b>190,595</b>	56,242
Weighted average number of ordinary shares in issue ('000)	<b>1,060,000</b>	1,060,000	<b>1,060,000</b>	1,060,000
Basic earnings per share (sen)	<b>8.0</b>	1.8	<b>18.0</b>	5.3

### 39 COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions. These commitments and contingencies are not secured over the assets of the Bank.

The commitments and contingencies consist of:

	Economic Entity and The Bank Principal Amount	
	31/12/2021 RM'000	31/12/2020 RM'000
Direct credit substitutes *	<b>91,921</b>	68,709
Transaction-related contingent items	<b>409,317</b>	368,737
Short-term self-liquidating trade related contingencies	<b>260,650</b>	294,032
Irrevocable commitments to extend credit		
- maturity less than one year	<b>1,522,266</b>	1,372,672
- maturity more than one year	<b>826,881</b>	831,745
Unutilised credit card lines	<b>214,449</b>	209,755
Foreign exchange related contracts #		
- less than one year	<b>1,750,186</b>	1,212,161
	<b>5,075,670</b>	4,357,811

\* Included in direct credit substitutes as above are financial guarantee contracts of RM91.9 million at the Bank (2020: RM68.7million), of which fair value at the time of issuance is zero.

# The fair value of these derivatives have been recognised as "derivative financial assets" and "derivative financial liabilities" in the statement of financial position.

#### **40 FAIR VALUE MEASUREMENTS**

Fair value is defined as the price that would be received to sell as an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or

Level 3 Valuations derived from valuation techniques in which one or more significant inputs are not based on observable

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include actively traded listed equities and actively exchange-traded derivatives.

Where fair value is determined using unquoted market price in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Bank then determines fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). Such inputs are generally determined based on observable inputs of a similar nature, historical observations on the level of the input or other analytical techniques.

This category includes unquoted shares held for socio-economic reasons. Fair values for shares held for socio economic reasons are based on the net tangible assets of the affected companies. The Bank's exposure to financial instruments classified as Level 3 comprised a small number of financial instruments which constitute an insignificant component of the Bank's portfolio of financial instruments. Hence, changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

The Bank recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. Transfers between fair value hierarchy primarily due to change in the level of trading activity, change in observable market activity related to an input, reassessment of available pricing information and change in the significance of the unobservable input. There were no transfers between Level 1, 2 and 3 of the fair value hierarchy during the financial year (2020: Nil).

#### 40 FAIR VALUE MEASUREMENTS (continued)

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Economic Entity and The Bank</b>				
<b>31/12/2021</b>				
<b>Financial Assets</b>				
Derivative financial assets	-	11,436	-	11,436
<b>Financial Liabilities</b>				
Derivative financial liabilities	-	10,659	-	10,659
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Economic Entity and The Bank</b>				
<b>31/12/2020</b>				
<b>Financial Assets</b>				
Derivative financial assets	-	11,558	-	11,558
Financial investments at FVOCI				
- Money market instruments	-	1,187,871	-	1,187,871
- Corporate Sukuk	-	1,640,295	-	1,640,295
	-	2,839,724	-	2,839,724
<b>Financial Liabilities</b>				
Derivative financial liabilities	-	25,572	-	25,572

#### Effect of changes in significant unobservable assumptions to reasonably possible alternatives

As at reporting date, financial instruments measured with valuation techniques using significant unobservable inputs (Level 3) mainly include unquoted shares held for socio-economic purposes.

#### 41 CAPITAL ADEQUACY

The capital adequacy ratios of the Bank are computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks (Capital Components) dated 9 December 2020.

The Bank is currently adopting the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk. The minimum capital adequacy requirement for Common Equity Tier 1 Capital Ratio ('CET 1'), Tier 1 Capital Ratio and Total Capital Ratio are 7.00%, 8.50% and 10.50% respectively for 2019 onwards.

The Bank has elected to apply BNM's transitional arrangement for four financial years beginning on 1 January 2020. Under the transitional arrangements, a financial institution is allowed to add-back the amount of loss allowance measured at an amount equal to 12-month and lifetime expected credit losses to the extent they are ascribed to non-credit-impaired exposures (which is Stage 1 and Stage 2 provisions), to CET 1 capital.

#### 41 CAPITAL ADEQUACY (continued)

##### a) The components of CET 1, Tier 1 and Tier 2 capital:

	Economic Entity		The Bank	
	31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
<u>CET 1</u>				
Paid-up share capital	1,060,000	1,060,000	1,060,000	1,060,000
Retained profits	981,016	768,941	981,016	768,941
FVOCI revaluation reserves	-	(4,919)	-	(4,919)
	<b>2,041,016</b>	1,824,022	<b>2,041,016</b>	1,824,022
Less: Regulatory adjustments:				
- Intangible assets	(345)	(558)	(345)	(558)
- Deferred tax assets	(22,484)	(12,390)	(22,484)	(12,390)
- Other CET 1 transitional adjustment	81,108	31,418	81,108	31,418
Total CET 1 Capital	<b>2,099,295</b>	1,842,492	<b>2,099,295</b>	1,842,492
Additional Tier 1 capital	300,000	300,000	300,000	300,000
Total Tier 1 capital	<b>2,399,295</b>	2,142,492	<b>2,399,295</b>	2,142,492
<u>Tier 2 capital</u>				
Subordinated medium term financing	800,000	800,000	800,000	800,000
Expected loss provision #	91,378	110,509	91,378	110,509
Total Tier 2 capital	<b>891,378</b>	910,509	<b>891,378</b>	910,509
<b>Total Capital</b>	<b>3,290,673</b>	3,053,001	<b>3,290,673</b>	3,053,001

##### b) The breakdown of risk-weighted assets:

Credit risk	16,484,875	14,342,941	16,484,875	14,342,941
Market risk	31,243	19,079	31,243	19,079
Operational risk	778,585	698,564	778,585	698,564
<b>Total risk-weighted assets</b>	<b>17,294,703</b>	15,060,584	<b>17,294,703</b>	15,060,584

##### c) Capital adequacy ratios:

<u>With transitional arrangements</u>				
CET 1 capital ratio	12.138%	12.234%	12.138%	12.234%
Tier 1 capital ratio	13.873%	14.226%	13.873%	14.226%
Total capital ratio	19.027%	20.271%	19.027%	20.271%
<u>Without transitional arrangements</u>				
CET 1 capital ratio	11.669%	12.025%	11.669%	12.025%
Tier 1 capital ratio	13.404%	14.017%	13.404%	14.017%
Total capital ratio	19.027%	20.271%	19.027%	20.271%

# Qualifying loss provisions are restricted to allowances on the unimpaired portion of the financing and other financing.

In accordance with BNM's Guidelines on Investment Account, the credit and market risk weighted on the assets funded by the RIA are excluded from calculation of capital adequacy. As at 31 December 2021, RIA assets excluded from Total Capital Ratio calculation amounted to RM1,834.6 million (2020: RM1,754.9 million).

## **42 REVIEW OF PERFORMANCE OF THE BANK**

### **Analysis of financial performance of current period-to-date vs previous corresponding period-to-date**

The Bank recorded a profit before tax of RM248.5 million for the twelve-months financial period ended 31 December 2021, an increase of RM151.9 million or 157.2% as compared to RM96.6 million registered in the previous corresponding period. This was due to higher net financing and other income by RM83.6 million and lower allowance for impairment losses of RM70.1 million.

Net financing and other income increased by RM83.5 million or 18.4% as compared to the same period last year of RM453.6 million. Allowance for impairment losses decreased by RM70.1 million or 64.3% to RM38.9 million as compared to RM109.0 million recorded in the previous corresponding period ended 31 December 2020.

Gross financing and other financing grew by 16.4% year-on-year to RM22.8 billion. Customer deposits increased by 17.8% year-on-year to RM22.0 billion, whilst CASA ratio stood at 29.4% as at 31 December 2021.

CET1, Tier 1 Capital Ratio and Total Capital Ratio were 12.138%, 13.873% and 19.027% respectively as at 31 December 2021.

### **Analysis of financial performance of current quarter vs previous corresponding quarter**

The Bank showed a profit before tax of RM104.4 million for the current quarter ended 31 December 2021, higher by RM65.2 million or 166% against the quarter ended 31 December 2020 of RM39.2 million. This was due to lower allowance for impairment losses of RM39.0 million and higher net financing and other income of RM29.7 million, offset by higher other operating expenses of RM1.6 million.

Net financing and other income for the current quarter ended 31 December 2021 increased by RM29.7 million or 23.3% to RM157 million, attributed to higher financing income of RM20.8 million, offset by lower gains on disposal of financial instruments of RM4.4 million.

Allowance for impairment losses was lower by RM39.0 million or 143% to a writeback of RM11.8 million as compared to RM27.2 million charge recorded in the same quarter last year.

### **Analysis of financial performance of current quarter vs preceding quarter**

The Bank posted a profit before tax of RM104.4 million for the current quarter under review, higher by RM47.1 million or 82.2% against the preceding quarter ended 30 September 2021 of RM57.3 million. This was attributed to lower allowance for impairment losses of RM20.8 million.

#### 43 PROSPECTS FOR FINANCIAL YEAR 2022

The global outlook for 2022 remains uncertain with renewed Covid-19 outbreaks due to Omicron and other new virus variants, lingering supply bottlenecks and the risk of stagflation. These risks have resulted in the World Bank lowering its global growth forecast to 4.1% in 2022 and 3.2% in 2023.

Prospects in Malaysia are more promising as the World Bank forecasted a GDP growth of 5.8%, to be fuelled by the resumption of all economic and social activities in the fourth quarter of 2021. With 80% of the population vaccinated and strong assurances from the Government that any future movement control orders would be targeted rather than widespread, consumer demand is expected to increase with investors' confidence. Malaysia's economy is expected to face challenges from events such as the slower than expected recovery, increased commodity price volatility and limited fiscal space.

The banking sector is expected to grow in line with the economy and should see improved growth in 2022 after two difficult years dealing with Covid-19 related issues. The recovering economy, potential rate increase and expectations of a lower credit provision is expected to bring positive change to the sector. The banking system has remained resilient through pandemic challenges, supported by healthy liquidity and capital buffers to absorb potential losses and support lending activities. This is supported by proactive monitoring by Bank Negara Malaysia ("BNM"), continued repayment and debt rehabilitation assistance for targeted customers via the Credit Counselling and Debt Management Agency.

The Bank is optimistic about its growth prospects for 2022 as the economy continues to recover. Financing growth is expected to improve compared to 2021, to be in step with GDP growth. The downside risks are expected to be from customers who have yet to benefit from any economic recovery and are under the repayment assistance programmes. 2022 will see new entrants to the banking scene as five new digital banking licences will be issued to new players. In the near term the outlook for the Bank is not expected to be impacted by these new entrants.

#### 44 CREDIT EXPOSURES ARISING FROM TRANSACTIONS WITH CONNECTED PARTIES

The following credit exposures are based on Bank Negara Malaysia's revised Guidelines on Credit Transaction and Exposures with Connected Parties for Islamic Banks, which are effective 1 January 2008.

	<b>Economic Entity and the Bank</b>	
	<b>31/12/2021</b>	<b>31/12/2020</b>
i) The aggregate value of outstanding credit exposures with connected parties (RM'000)	1,574,984	1,152,420
ii) The percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	5.05%	4.00%
iii) The percentage of outstanding credit exposures with connected parties which is non-performing or in default	Nil	Nil