

AFFIN Islamic Bank Berhad
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION as at 31 March 2021

	Note	Economic Entity		The Bank	
		31/03/2021 RM'000	31/12/2020 RM'000	31/03/2021 RM'000	31/12/2020 RM'000
ASSETS					
Cash and short-term funds		2,846,366	2,794,278	2,846,366	2,794,278
Deposits and placements with banks and other financial institutions		-	50,058	-	50,058
Derivative financial assets	13	6,581	11,558	6,581	11,558
Financial investments at fair value through other comprehensive income ('FVOCI')	14	2,659,223	2,828,166	2,659,223	2,828,166
Financing, advances and other financing	15	19,870,024	19,380,090	19,870,024	19,380,090
Other assets	16	64,392	64,563	64,392	64,563
Amount due from joint ventures	17	15,591	15,073	15,591	15,073
Deferred tax assets		48,579	12,390	48,579	12,390
Property and equipment		1,293	1,383	1,293	1,383
Right-of-use assets		972	1,085	972	1,085
Intangible assets		505	558	505	558
TOTAL ASSETS		25,513,526	25,159,202	25,513,526	25,159,202
LIABILITIES AND EQUITY					
Deposits from customers	18	19,036,631	18,665,991	19,036,631	18,665,991
Investment accounts of customers	19	1,877	2,151	1,877	2,151
Deposits and placements of banks and other financial institutions	20	1,357,815	1,225,873	1,357,815	1,225,873
Investment accounts due to designated financial institutions	21	1,756,263	1,751,038	1,756,263	1,751,038
Recourse obligation on financing sold to Cagamas Berhad	22	50,341	50,034	50,341	50,034
Derivative financial liabilities	23	6,453	25,572	6,453	25,572
Other liabilities	24	78,469	67,912	78,469	67,912
Amount due to holding company		227,125	299,815	227,125	299,815
Provision for taxation		5,987	6,234	5,987	6,234
Lease liabilities	25	2,324	2,433	2,324	2,433
Subordinated term financing and medium term notes	26	1,125,372	1,111,034	1,125,372	1,111,034
TOTAL LIABILITIES		23,648,657	23,208,087	23,648,657	23,208,087
Share capital		1,060,000	1,060,000	1,060,000	1,060,000
Reserves	27	804,869	891,115	804,869	891,115
TOTAL EQUITY		1,864,869	1,951,115	1,864,869	1,951,115
TOTAL LIABILITIES AND EQUITY		25,513,526	25,159,202	25,513,526	25,159,202
COMMITMENTS AND CONTINGENCIES					
	36	4,249,714	4,357,811	4,249,714	4,357,811
CAPITAL ADEQUACY RATIOS					
CET1 capital ratio		11.543%	12.234%	11.543%	12.234%
Tier 1 capital ratio	39	13.523%	14.226%	13.523%	14.226%
Total capital ratio		19.305%	20.271%	19.305%	20.271%

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INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS *for the financial quarter ended 31 March 2021*

	Note	Economic Entity Individual Quarter Ended		Economic Entity Cumulative Quarter Ended	
		31/03/2021 RM'000	31/03/2020 RM'000	31/03/2021 RM'000	31/03/2020 RM'000
Income derived from investment of depositors' funds and others	29	206,733	251,827	206,733	251,827
Income derived from investment of investment account funds	30	18,506	26,679	18,506	26,679
Income derived from investment of shareholders' funds	31	20,200	27,444	20,200	27,444
Allowances for impairment losses on financing, advances and other financing	32	(25,174)	(38,444)	(25,174)	(38,444)
Allowance for impairment losses on other assets	33	-	(1,015)	-	(1,015)
Total distributable income		220,265	266,491	220,265	266,491
Income attributable to the depositors and others	34	(124,792)	(184,428)	(124,792)	(184,428)
Total net income		95,473	82,063	95,473	82,063
Other operating expenses	35	(62,523)	(62,055)	(62,523)	(62,055)
		32,950	20,008	32,950	20,008
Share of associate's results		-	(750)	-	(750)
Profit before zakat and taxation		32,950	19,258	32,950	19,258
Zakat		-	-	-	-
Profit before taxation		32,950	19,258	32,950	19,258
Taxation		(8,945)	(6,191)	(8,945)	(6,191)
Net profit after zakat and taxation		24,005	13,067	24,005	13,067
Attributable to:					
Equity holder of the Bank		24,005	13,067	24,005	13,067
Earnings per share (sen):					
- Basic		2.3	1.2	2.3	1.2

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
for the financial quarter ended 31 March 2021 (continued)

	Economic Entity		Economic Entity	
	Individual Quarter Ended 31/03/2021 RM'000	31/03/2020 RM'000	Cumulative Quarter Ended 31/03/2021 RM'000	31/03/2020 RM'000
Profit after zakat and taxation	24,005	13,067	24,005	13,067
Other comprehensive income:				
Items that may be reclassified subsequently to profit and loss:				
Net fair value change in				
- financial investments at FVOCI	(142,279)	(54,054)	(142,279)	(54,054)
Net credit impairment losses change in financial investments at FVOCI	(848)	126	(848)	126
Net (gains)/losses on financial investments at FVOCI reclassified to profit or loss on disposal	(1,672)	(34,534)	(1,672)	(34,534)
Deferred tax on				
- financial investments at FVOCI	34,548	21,261	34,548	21,261
Other comprehensive income for the financial period, net of tax	(110,251)	(67,201)	(110,251)	(67,201)
Total comprehensive income for the financial period	(86,246)	(54,134)	(86,246)	(54,134)
Attributable to equity holder of the Bank:				
- Total comprehensive income	(86,246)	(54,134)	(86,246)	(54,134)

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INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS *for the financial quarter ended 31 March 2021*

(continued)

	Note	The Bank		The Bank	
		Individual Quarter Ended	Individual Quarter Ended	Cumulative Quarter Ended	Cumulative Quarter Ended
		31/03/2021	31/03/2020	31/03/2021	31/03/2020
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	29	206,733	251,827	206,733	251,827
Income derived from investment of investment account funds	30	18,506	26,679	18,506	26,679
Income derived from investment of shareholders' funds	31	20,200	27,444	20,200	27,444
Allowances for impairment losses on financing, advances and other financing	32	(25,174)	(38,444)	(25,174)	(38,444)
Allowance for impairment losses on other assets	33	-	(1,015)	-	(1,015)
Total distributable income		220,265	266,491	220,265	266,491
Income attributable to the depositors and others	34	(124,792)	(184,428)	(124,792)	(184,428)
Total net income		95,473	82,063	95,473	82,063
Other operating expenses	35	(62,523)	(62,055)	(62,523)	(62,055)
Profit before zakat and taxation		32,950	20,008	32,950	20,008
Zakat		-	-	-	-
Profit before taxation		32,950	20,008	32,950	20,008
Taxation		(8,945)	(6,191)	(8,945)	(6,191)
Net profit after zakat and taxation		24,005	13,817	24,005	13,817
Attributable to:					
Equity holder of the Bank		24,005	13,817	24,005	13,817
Earnings per share (sen):					
- Basic		2.3	1.3	2.3	1.3

The unaudited interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2020.

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
for the financial quarter ended 31 March 2021 (continued)

	The Bank		The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
Profit after zakat and taxation	24,005	13,817	24,005	13,817
Other comprehensive income:				
Items that may be reclassified subsequently to profit and loss:				
Net fair value change in				
- financial investments at FVOCI	(142,279)	(54,054)	(142,279)	(54,054)
Net credit impairment losses change in financial investments at FVOCI	(848)	126	(848)	126
Net (gains)/losses on financial investments at FVOCI reclassified to profit or loss on disposal	(1,672)	(34,534)	(1,672)	(34,534)
Deferred tax on				
- financial investments at FVOCI	34,548	21,261	34,548	21,261
Other comprehensive income for the financial period, net of tax	(110,251)	(67,201)	(110,251)	(67,201)
Total comprehensive income for the financial period	(86,246)	(53,384)	(86,246)	(53,384)
Attributable to equity holder of the Bank:				
- Total comprehensive income	(86,246)	(53,384)	(86,246)	(53,384)

AFFIN Islamic Bank Berhad

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INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF CHANGES IN EQUITY***for the financial quarter ended 31 March 2021*

	Attributable to Equity Holder of the Bank				
	Share capital	FVOCI revaluation reserves	Regulatory reserves	Retained profits	Total Equity
Economic Entity	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	1,060,000	(4,919)	127,093	768,941	1,951,115
Net profit for the financial period	-	-	-	24,005	24,005
Other comprehensive income (net of tax)					
- Financial investments at FVOCI	-	(110,251)	-	-	(110,251)
Total comprehensive income for the financial period	-	(110,251)	-	24,005	(86,246)
Transfer from regulatory reserves	-	-	(33,092)	33,092	-
At 31 March 2021	1,060,000	(115,170)	94,001	826,038	1,864,869
Economic Entity	Share capital	FVOCI revaluation reserves	Regulatory reserves	Retained profits	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2020	1,060,000	19,492	236,882	602,260	1,918,634
Net profit for the financial period	-	-	-	13,067	13,067
Other comprehensive income (net of tax)					
- Financial investments at FVOCI	-	(67,201)	-	-	(67,201)
Total comprehensive income for the financial period	-	(67,201)	-	13,067	(54,134)
Transfer to regulatory reserves	-	-	(17,926)	17,926	-
At 31 March 2020	1,060,000	(47,709)	218,956	633,253	1,864,500

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INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF CHANGES IN EQUITY***for the financial quarter ended 31 March 2021 (continued)*

	Non-distributable			Distributable	
	Share capital	FVOCI revaluation reserves	Regulatory reserves	Retained profits	Total Equity
The Bank	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	1,060,000	(4,919)	127,093	768,941	1,951,115
Net profit for the financial period	-	-	-	24,005	24,005
Other comprehensive income (net of tax)					
- Financial investments at FVOCI	-	(110,251)	-	-	(110,251)
Total comprehensive income for the financial period	-	(110,251)	-	24,005	(86,246)
Transfer from regulatory reserves	-	-	(33,092)	33,092	-
At 31 March 2021	1,060,000	(115,170)	94,001	826,038	1,864,869

	Non-distributable			Distributable	
	Share capital	FVOCI revaluation reserves	Regulatory reserves	Retained profits	Total Equity
The Bank	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2020	1,060,000	19,492	236,882	602,910	1,919,284
Net profit for the financial period	-	-	-	13,817	13,817
Other comprehensive income (net of tax)					
- Financial investments at FVOCI	-	(67,201)	-	-	(67,201)
Total comprehensive income for the financial period	-	(67,201)	-	13,817	(53,384)
Transfer to regulatory reserves	-	-	(17,926)	17,926	-
At 31 March 2020	1,060,000	(47,709)	218,956	634,653	1,865,900

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOW for the financial quarter ended 31 March 2021

	Economic Entity		The Bank	
	31/03/2021 RM'000	31/03/2020 RM'000	31/03/2021 RM'000	31/03/2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	32,950	19,258	32,950	20,008
Adjustments for items not involving the movement of cash and cash equivalents:				
Finance income and hibah from:				
- financial investments at FVOCI	(21,470)	(22,171)	(21,470)	(22,171)
Gain on sale/redemption:				
- financial investments at FVOCI	(1,618)	(33,787)	(1,618)	(33,787)
Loss on unrealised foreign exchange	(14,142)	(7,032)	(14,142)	(7,032)
Depreciation of property and equipment	130	182	130	182
Amortisation of intangible assets	53	53	53	53
Depreciation-Lease Premises Rental	114	335	114	335
Expected credit losses ('ECL') made on:				
- financing, advances and other financing	27,455	39,505	27,455	39,505
- securities and placements	(848)	126	(848)	126
- financing commitments and financial guarantees	296	(505)	296	(505)
Bad debt on financing written-off	3	194	3	194
Allowance for impairment losses on other assets	-	1,015	-	1,015
Profit expense - Subordinated term financing and medium term notes	14,337	14,338	14,337	14,338
Finance expense on lease liabilities	11	20	11	20
Profit expense - Recourse obligation on financing sold to Cagamas Berhad				
	307	-	307	-
Share of joint venture's results	-	750	-	-
Operating profit before changes in working capital	37,578	12,281	37,578	12,281
Decrease/(Increase) in operating assets:				
Deposits and placements with banks and other financial institutions				
	50,058	-	50,058	-
Financing, advances and other financing	(517,392)	(152,173)	(517,392)	(152,173)
Other assets	174	21,044	174	21,044
Statutory deposits with Bank Negara Malaysia	-	526,000	-	526,000
Amount due from holding company	-	53,946	-	53,946
Amount due from joint ventures	737	(1,117)	737	(1,117)
Amount due from associate	(1,256)	-	(1,256)	-
Derivative financial instruments	(14,142)	(7,032)	(14,142)	(7,032)

The unaudited interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2020.

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INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF CASH FLOW for the financial quarter ended 31 March 2021***(continued)*

	Economic Entity		The Bank	
	31/03/2021 RM'000	31/03/2020 RM'000	31/03/2021 RM'000	31/03/2020 RM'000
<i>Decrease/(Increase) in operating liabilities:</i>				
Deposits from customers	370,640	1,044,948	370,640	1,044,948
Investment accounts of customers	(274)	(268)	(274)	(268)
Deposits and placements of banks and other financial institutions	131,942	(384,561)	131,942	(384,561)
Investment accounts due to designated financial institutions	5,225	(30,027)	5,225	(30,027)
Amount due to holding company	(72,690)	21,396	(72,690)	21,396
Other liabilities	10,444	(311,064)	10,444	(311,064)
Cash generated from operations	1,044	793,373	1,044	793,373
Zakat paid	(182)	258	(182)	258
Tax paid	(10,833)	(9,083)	(10,833)	(9,083)
Net cash generated from/(used in) operating activities	(9,971)	784,548	(9,971)	784,548
CASH FLOWS FROM INVESTING ACTIVITIES				
Finance income and hibah received from:				
- financial investments at FVOCI	27,453	23,542	27,453	23,542
Purchase of financial investments at FVOCI	(171,540)	(2,922,851)	(171,540)	(2,922,851)
Disposal of financial investments at FVOCI	192,165	2,732,068	192,165	2,732,068
Purchase of property and equipment	(41)	(41)	(41)	(41)
Net cash generated from/(used in) investing activities	48,037	(167,282)	48,037	(167,282)
CASH FLOWS FROM FINANCING ACTIVITIES				
Lease payments	(120)	(311)	(120)	(311)
Net cash used in financing activities	(120)	(311)	(120)	(311)
Net increase in cash and cash	37,946	616,955	37,946	616,955
Effects of foreign exchange	14,142	7,032	14,142	7,032
Cash and cash equivalents at beginning of the financial period	2,794,278	1,588,868	2,794,278	1,588,868
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	2,846,366	2,212,855	2,846,366	2,212,855
ANALYSIS OF CASH AND CASH EQUIVALENTS				
Cash and short-term funds	2,846,366	2,212,855	2,846,366	2,212,855

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MFRS 134 INTERIM FINANCIAL REPORTING - 31 March 2021

1 BASIS OF PREPARATION

The unaudited 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 fair value through profit or loss ("FVTPL"),
- (ii) financial investments at fair value through other comprehensive income ("FVOCI"), 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 2020. 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 2020.

2 ACCOUNTING POLICIES

The significant accounting policies and methods of computation applied in the condensed interim financial statements are consistent with those applied in the annual financial statements for the financial year ended 31 December 2020, except for the adoption of 'Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform - Phase 2' that are effective for the Bank for the financial period beginning on or after 1 January 2021.

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 economic situation.

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.

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7 CHANGES IN DEBTS AND EQUITY SECURITIES

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

8 DIVIDENDS

There were no interim dividend declared.

9 SUBSEQUENT MATERIAL EVENT

There is no material subsequent event after the quarter ended 31 March 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 March 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 March 2021.

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MFRS 134 INTERIM FINANCIAL REPORTING - 31 March 2021

13 DERIVATIVE FINANCIAL ASSETS

	Economic Entity and The Bank			
	31/03/2021		31/12/2020	
	Contract/ notional amount RM'000	Assets RM'000	Contract/ notional amount RM'000	Assets RM'000
At fair value				
Foreign exchange derivatives				
- Currency forwards	561,764	6,581	392,631	11,558
	<u>561,764</u>	<u>6,581</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	
	31/03/2021 RM'000	31/12/2020 RM'000
At fair value		
Money market instruments:		
Malaysian Government investment issues	1,164,669	1,187,871
	<u>1,164,669</u>	<u>1,187,871</u>
Unquoted securities:		
Corporate Sukuk in Malaysia	1,494,554	1,640,295
	<u>2,659,223</u>	<u>2,828,166</u>

Upon adoption of MFRS9, the expected credit losses in relation to financial instruments at FVOCI are recorded in FVOCI reserves. Movement in allowances for impairment which reflect the expected credit losses ("ECL") model on impairment are as follows:

	Lifetime ECL			
	12-Month ECL Stage 1 RM'000	not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
	Economic Entity and The Bank			
31/03/2021				
At beginning of the financial year	3,120	-	-	3,120
Changes due to change in credit risk	(848)	-	-	(848)
At end of the financial year	<u>2,272</u>	<u>-</u>	<u>-</u>	<u>2,272</u>
Economic Entity and The Bank				
31/12/2020				
At beginning of the financial year	283	-	-	283
Financial assets derecognised during the financial year (other than write-offs)	(2,802)	-	-	(2,802)
New financial assets originated or purchased	458	-	-	458
Changes in fair value	4,971	-	-	4,971
Changes in model/risk parameters	210	-	-	210
At end of the financial year	<u>3,120</u>	<u>-</u>	<u>-</u>	<u>3,120</u>

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15 FINANCING, ADVANCES AND OTHER FINANCING

(i) By type

	Economic Entity and The Bank	
	31/03/2021	31/12/2020
	RM'000	RM'000
Cash line	455,637	466,589
Term financing		
- House financing	7,927,358	7,732,796
- Hire purchase receivables	4,101,940	4,022,480
- Syndicated financing	752,562	759,504
- Business term financing	5,128,500	4,954,997
Bills receivables	27,972	8,429
Trust receipts	17,621	13,140
Claims on customers under acceptances credits	549,960	508,029
Staff financing (of which RM Nil to Directors)	89,773	85,141
Credit/charge card	38,699	38,076
Revolving credit	985,156	975,306
Gross financing, advances and other financing	20,075,178	19,564,487
Less:		
Allowance for impairment losses		
- Expected credit losses ("ECL")	(205,154)	(184,397)
Total net financing, advances and other financing	19,870,024	19,380,090

Included in business term financing as at reporting date is RM55.2 million (31 December 2020: RM55.2 million) of term financing disbursed by the Bank to joint venture with AFFIN-i Nadayu Sdn Bhd.

(ii) By maturity structure

	Economic Entity and The Bank	
	31/03/2021	31/12/2020
	RM'000	RM'000
Maturing within one year	2,240,405	2,167,842
One year to three years	486,885	497,543
Three years to five years	2,518,755	2,493,251
Over five years	14,829,133	14,405,851
	20,075,178	19,564,487

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15 FINANCING, ADVANCES AND OTHER FINANCING (continued)

(iii) By contract

Economic Entity and The Bank
31/03/2021
RM'000

	Al- Bai Bithaman Ajil	Ijarah	Al-Ijarah Thumma Al-Bai	Murabahah	Tawarruq	Musarakah	Istisna'	Others	Total
Cash line	-	-	-	-	436,695	-	-	18,942	455,637
Term financing									
House financing	609,261	-	-	-	119,373	7,198,724	-	-	7,927,358
Hire purchase receivables	-	-	4,101,940	-	-	-	-	-	4,101,940
Syndicated financing	-	304,584	-	-	447,978	-	-	-	752,562
Business term financing	118,456	551,737	-	402,950	2,508,058	1,007,882	539,036	381	5,128,500
Bills receivables	-	-	-	21,078	-	-	-	6,894	27,972
Trust receipts	-	-	-	17,621	-	-	-	-	17,621
Claims on customers under acceptance credits	-	-	-	549,960	-	-	-	-	549,960
Staff financing	3,540	-	-	19,139	24,232	42,862	-	-	89,773
Credit/charge cards	-	-	-	-	38,699	-	-	-	38,699
Revolving credit	-	-	-	-	985,156	-	-	-	985,156
Total Financing	731,257	856,321	4,101,940	1,010,748	4,560,191	8,249,468	539,036	26,217	20,075,178

Economic Entity and The Bank
31/12/2020
RM'000

	Al- Bai Bithaman Ajil	Ijarah	Al-Ijarah Thumma Al-Bai	Murabahah	Tawarruq	Musarakah	Istisna'	Others	Total
Cash line	-	-	-	-	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 acceptance credits	-	-	-	508,029	-	-	-	-	508,029
Staff financing	3,865	-	-	18,751	22,177	40,348	-	-	85,141
Credit/charge cards	-	-	-	-	38,076	-	-	-	38,076
Revolving credit	-	-	-	-	975,306	-	-	-	975,306
Total Financing	749,452	861,733	4,022,480	769,199	4,593,405	8,005,854	533,018	29,346	19,564,487

(iv) By type of customer

	Economic Entity and The Bank	
	31/03/2021	31/12/2020
	RM'000	RM'000
Domestic non-banking institutions		
- Others	47,039	48,305
Domestic business enterprises		
- Small medium enterprises	2,237,018	2,100,434
- Others	4,010,194	4,011,059
Government and statutory bodies	700,464	710,245
Individuals	12,812,993	12,427,101
Other domestic entities	267	508
Foreign entities	267,203	266,835
	20,075,178	19,564,487

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15 FINANCING, ADVANCES AND OTHER FINANCING (continued)

(v) **By profit rate sensitivity**

	Economic Entity and The Bank	
	31/03/2021	31/12/2020
	RM'000	RM'000
Fixed rate		
- House financing	41,961	41,875
- Hire purchase receivables	4,101,940	4,022,480
- Other fixed rate financing	818,126	839,503
Variable rate		
- BFR plus	12,461,501	12,011,070
- Cost-plus	2,651,650	2,649,559
	20,075,178	19,564,487

(vi) **By economic sector**

	Economic Entity and The Bank	
	31/03/2021	31/12/2020
	RM'000	RM'000
Primary agriculture	776,553	778,346
Mining and quarrying	235,571	242,201
Manufacturing	927,691	881,806
Electricity, gas and water supply	397,699	381,561
Construction	511,991	574,845
Real estate	1,610,284	1,564,841
Wholesale & retail trade and restaurants & hotels	859,002	749,260
Transport, storage and communication	355,895	334,878
Finance, takaful/insurance and business services	350,853	392,124
Education, health and others	1,180,551	1,181,146
Household	12,869,088	12,483,479
	20,075,178	19,564,487

(vii) **By economic purpose**

	Economic Entity and The Bank	
	31/03/2021	31/12/2020
	RM'000	RM'000
Purchase of securities	387,685	390,285
Purchase of transport vehicles	4,158,585	4,078,560
Purchase of landed property of which:		
- Residential	8,095,361	7,910,750
- Non-residential	2,319,698	2,303,988
Fixed assets other than land and building	76,241	79,361
Personal use	313,152	203,042
Credit/charge card	38,699	38,076
Consumer durable	16	72
Construction	934,729	922,421
Working capital	3,352,621	3,248,466
Others	398,391	389,466
	20,075,178	19,564,487

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15 FINANCING, ADVANCES AND OTHER FINANCING (continued)

(viii) **By geographical distribution**

	Economic Entity and The Bank	
	31/03/2021	31/12/2020
	RM'000	RM'000
Perlis	164,635	163,132
Kedah	852,601	821,156
Pulau Pinang	1,022,609	997,635
Perak	586,224	576,561
Selangor	6,657,080	6,558,963
Wilayah Persekutuan	4,038,181	3,898,850
Negeri Sembilan	1,037,698	1,012,321
Melaka	289,296	275,943
Johor	2,463,261	2,394,578
Pahang	718,383	670,627
Terengganu	549,384	518,449
Kelantan	303,474	270,662
Sarawak	585,571	576,670
Sabah	780,508	802,649
Labuan	26,271	26,287
Outside Malaysia	2	4
	20,075,178	19,564,487

(ix) **Movements of impaired financing**

	Economic Entity and The Bank	
	31/03/2021	31/12/2020
	RM'000	RM'000
At beginning of the financial year	315,471	607,312
Classified as impaired	41,999	121,621
Reclassified as non-impaired	(37,050)	(103,492)
Amount recovered	(10,273)	(214,880)
Amount written-off	(6,716)	(95,090)
At end of the financial year	303,431	315,471
Ratio of gross impaired financing, advances and other financing to gross financing, advances and other financing (exclude restricted investment accounts)	1.66%	1.77%

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15 FINANCING, ADVANCES AND OTHER FINANCING (continued)

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

	Economic Entity and The Bank	
	31/03/2021	31/12/2020
	RM'000	RM'000
Primary agriculture	346	145
Mining and quarrying	-	31
Manufacturing	64,628	60,136
Electricity, gas and water supply	24	45
Construction	3,098	3,131
Real estate	12,045	12,039
Wholesale & retail trade and restaurants & hotels	2,029	1,380
Transport, storage and communication	75,588	75,334
Finance, takaful/insurance and business services	810	431
Education, health and others	149	192
Household	144,714	162,607
	303,431	315,471

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

	Economic Entity and The Bank	
	31/03/2021	31/12/2020
	RM'000	RM'000
Purchase of securities	109	34
Purchase of transport vehicles	19,363	22,533
Purchase of landed property of which:		
- Residential	123,038	136,711
- Non-residential	17,712	18,953
Personal use	2,302	1,276
Credit/charge card	404	131
Construction	57,228	57,183
Working capital	83,264	78,640
Others	11	10
	303,431	315,471

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

	Economic Entity and The Bank	
	31/03/2021	31/12/2020
	RM'000	RM'000
Perlis	2,486	2,461
Kedah	7,518	7,298
Pulau Pinang	7,088	6,522
Perak	80,549	81,627
Selangor	77,746	80,662
Wilayah Persekutuan	86,334	90,039
Negeri Sembilan	15,418	17,180
Melaka	1,489	2,019
Johor	15,046	17,183
Pahang	1,814	1,600
Terengganu	3,033	3,519
Kelantan	2,865	3,245
Sarawak	354	338
Sabah	1,691	1,778
	303,431	315,471

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15 FINANCING, ADVANCES AND OTHER FINANCING (continued)

(xiii) Movement in expected credit losses for financing, advances and other financing

Economic Entity and The Bank 31/03/2021	12 - Month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
At beginning of the financial year	47,261	54,706	82,430	184,397
Total transfer between stages	4,965	5,086	(10,051)	-
Due to change in credit risk :-				
- Transfer to 12-month ECL (Stage 1)	6,055	(3,882)	(2,173)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(1,089)	10,869	(9,780)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(1)	(1,901)	1,902	-
Financing, advances and other financing derecognised during the financial year (other than write-offs)	(8,643)	(238)	(596)	(9,477)
New financing, advances and other financing originated or purchased	9,872	185	82	10,139
Changes due to change in credit risk	6,507	1,992	18,294	26,793
Write-offs	-	-	(6,698)	(6,698)
At end of the financial year	59,962	61,731	83,461	205,154
Economic Entity and The Bank 31/12/2020	12 - Month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
At beginning of the financial year	51,043	17,171	104,356	172,570
Total transfer between stages	10,438	14,072	(24,510)	-
Due to change in credit risk :-				
- 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, advances and other financing derecognised during the financial year (other than write-offs)	(26,531)	(2,557)	(2,595)	(31,683)
New financing, advances and other 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-offs	-	-	(82,488)	(82,488)
Other adjustments	-	-	113	113
At end of the financial year	47,261	54,706	82,430	184,397

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16 OTHER ASSETS

Economic Entity and The Bank	
31/03/2021	31/12/2020
RM'000	RM'000
Other debtors	58,902
Deposits and prepayments	788
Foreclosed properties (a)	4,873
	<u>64,563</u>

Other debtors
Deposits and prepayments
Foreclosed properties (a)

58,902
788
4,873
64,563

(a) Foreclosed properties

At beginning/end of the financial period

4,873 4,873

17 AMOUNT DUE FROM JOINT VENTURES

Economic Entity and The Bank	
31/03/2021	31/12/2020
RM'000	RM'000
Advances to joint ventures	59,060
Expected credit losses (a)	(43,987)
	<u>15,073</u>

Advances to joint ventures
Expected credit losses (a)

59,060
(43,987)
15,073

Lifetime ECL credit impaired Stage 3
RM'000

Lifetime ECL credit impaired Stage 3
RM'000

(a) Movement in expected credit losses

At beginning of the financial period
Allowance made during the financial period
At end of the financial period

43,987 28,738
- 15,249
43,987 43,987

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

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18 DEPOSITS FROM CUSTOMERS

(i) By type of deposit

	Economic Entity and The Bank	
	31/03/2021 RM'000	31/12/2020 RM'000
Qard		
Demand deposits	3,684,039	3,539,236
Savings deposits	1,014,900	1,005,821
	<u>4,698,939</u>	<u>4,545,057</u>
Mudarabah		
General investment deposits	57,109	57,313
Tawarruq		
Murabahah term deposits	12,474,955	13,333,675
Commodity Murabahah	1,239,387	516,492
Savings deposits	128,741	102,574
Demand deposit	437,500	110,880
	<u>14,280,583</u>	<u>14,063,621</u>
	<u>19,036,631</u>	<u>18,665,991</u>

(ii) Maturity structure of Murabahah term deposits and general investment deposits

	Economic Entity and The Bank	
	31/03/2021 RM'000	31/12/2020 RM'000
Due within six months	6,405,809	8,831,048
Six months to one year	5,453,540	3,731,511
One year to three years	667,360	822,817
Three years to five years	5,355	5,612
	<u>12,532,064</u>	<u>13,390,988</u>

(iii) By type of customer

	Economic Entity and The Bank	
	31/03/2021 RM'000	31/12/2020 RM'000
Government and statutory bodies	6,567,919	6,651,501
Business enterprise	4,282,145	4,215,444
Individuals	7,499,587	6,972,875
Domestic banking institutions	1,985	7,826
Domestic non-banking financial institutions	356,937	484,295
Foreign entities	123,631	133,648
Others entities	204,427	200,402
	<u>19,036,631</u>	<u>18,665,991</u>

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19 INVESTMENT ACCOUNTS OF CUSTOMERS

	Economic Entity and The Bank	
	31/03/2021 RM'000	31/12/2020 RM'000
Mudarabah	1,877	1,447
Movement in investment accounts		
At beginning of the financial year	2,151	1,447
New placement during the financial year	-	1,905
Redemption during the financial year	(273)	(1,201)
Finance expense on RIA	27	285
Profit distributed	(28)	(285)
At end of the financial year	1,877	2,151

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

	Economic Entity and The Bank			
	31/03/2021	31/12/2020		
	Average profit sharing ratio (PSR) %	Average rate of return (ROR) %	Average profit sharing ratio (PSR) %	Average rate of return (ROR) %
Investment accounts:				
Due within:				
Due within six months	85	5.00	-	-
Six months to one year	-	-	85	7.06
One year to three years	-	-	85	6.43
Three years to five years	85	6.00	-	-

20 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Economic Entity and The Bank	
	31/03/2021 RM'000	31/12/2020 RM'000
Qard		
Licensed banks	-	201,505
	-	201,505
Tawarruq		
Licensed banks	150,328	200,912
Licensed investment banks	53,064	3,115
Other financial institutions	1,154,423	820,341
	1,357,815	1,024,368
	1,357,815	1,225,873
Maturity structure of deposits are as follows:		
Due within six months	1,357,815	1,225,873
	1,357,815	1,225,873

21 INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTIONS

	Economic Entity and The Bank	
	31/03/2021 RM'000	31/12/2020 RM'000
Mudarabah		
Licensed banks	1,756,263	1,751,038

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21 INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTIONS (continued)

	Economic Entity and The Bank	
	31/03/2021 RM'000	31/12/2020 RM'000
Maturity structure of investment accounts are as follows:		
Due within six months	56,943	16,129
Six months to one year	-	40,488
One year to three years	21,280	24,849
Three years to five years	601,967	602,311
Five years and above	1,076,073	1,067,261
	1,756,263	1,751,038
Movement in investment accounts		
At beginning of the financial year	1,751,038	1,918,295
New placement during the financial year	10,637	196,746
Redemption during the financial year	(12,015)	(356,601)
Finance expense on RIA	16,355	74,203
Profit distributed	(16,410)	(75,807)
Exchange difference	6,658	(5,798)
At end of the financial year	1,756,263	1,751,038

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

	Economic Entity and The Bank			
	31/03/2021		31/12/2020	
	Average profit sharing ratio (PSR) %	Average rate of return (ROR) %	Average profit sharing ratio (PSR) %	Average rate of return (ROR) %
Investment accounts:				
Due within:				
One to three months	-	-	70	0.89
Three to six months	89	0.05	-	-
Six months to one year	-	-	89	5.56
One year to three years	70	2.27	70	2.68
Three years to five years	84	4.39	84	4.49
Five years and above	89	4.67	89	4.85

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

Inclusive of RIA placed by the holding company amounting to RM1,756.0 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.

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22 RECOURSE OBLIGATION ON FINANCING SOLD TO CAGAMAS BERHAD

	Economic Entity and The Bank			
	31/03/2021		31/12/2020	
	RM'000		RM'000	
Recourse obligation on financing sold to Cagamas Berhad	50,341		50,034	
	At			At
	1 January	Cash flow	Profit	31 March
	2021	RM'000	expense	2021
	RM'000	RM'000	RM'000	RM'000
Recourse obligation on financing sold to Cagamas Berhad	50,034	-	307	50,341
	At			At
	1 January	Cash flow	Profit	31 December
	2020	RM'000	expense	2020
	RM'000	RM'000	RM'000	RM'000
Recourse obligation on financing sold to Cagamas Berhad	-	50,000	34	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 liability on the statements of financial position. These financial liabilities are stated at amortised cost.

23 DERIVATIVE FINANCIAL LIABILITIES

	Economic Entity and The Bank			
	31/03/2021		31/12/2020	
	Contract/ notional amount RM'000	Liabilities RM'000	Contract/ notional amount RM'000	Liabilities RM'000
At fair value				
Foreign exchange derivatives				
- Currency forwards	520,303	6,453	819,530	25,572
	520,303	6,453	819,530	25,572

24 OTHER LIABILITIES

	Economic Entity and The Bank	
	31/03/2021	31/12/2020
	RM'000	RM'000
Bank Negara Malaysia and Credit Guarantee Corporation Funding programmes	1,580	1,599
Margin and collateral deposits	18,459	18,263
Other creditors and accruals	6,229	10,909
Cheque clearing accounts	1,909	-
Sundry creditors	32,447	18,692
Provision for zakat	1,744	1,925
Defined contribution plan (a)	1,691	1,415
Accrued employee benefits	2,873	4,746
Charity funds (b)	26	35
Unearned income	7,234	6,346
Financing commitments (c)	4,277	3,982
	78,469	67,912

(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.

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24 OTHER LIABILITIES (continued)

(b) Charity funds

	Economic Entity and The Bank	
	31/03/2021	31/12/2020
	RM'000	RM'000
Sources and uses of charity funds		
At beginning of the financial year	35	52
Sources of charity funds		
- AFFIN Barakah Charity Account-i	1	24
Uses of charity funds		
- Contribution to medical aid	-	30
- Contribution to education	10	-
- Contribution to program/event	-	11
	<u>10</u>	<u>41</u>
At end of the financial year	<u>26</u>	<u>35</u>

The source of charity funds come from the following categories:

- a) Sources from Shariah non-compliant events.
- b) 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.)
- c) 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) Movement in expected credit losses

	Economic Entity and The Bank	
	31/03/2021	31/12/2020
	RM'000	RM'000
At beginning of the financial year	3,982	6,515
Net remeasurement of loss allowance	(25)	(3,694)
Changes in model/risk parameters	-	221
New financing commitments and financial guarantees issued during the financial year	320	940
At end of the financial year	<u>4,277</u>	<u>3,982</u>

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25 LEASE LIABILITIES

	Economic Entity and The Bank	
	31/03/2021	31/12/2020
	RM'000	RM'000
At beginning of financial year, on adoption of MFRS 16	2,433	1,568
Addition	-	1,932
Finance expense	11	91
Lease payment	(120)	(1,158)
At end of the financial year	2,324	2,433

26 SUBORDINATED TERM FINANCING AND MEDIUM TERM NOTES

	Economic Entity and The Bank	
	31/03/2021	31/12/2020
	RM'000	RM'000
(a) Medium Term Notes ("MTN") Tier-2 Sukuk Murabahah	817,709	807,609
(b) Additional Tier-1 Sukuk Wakalah ("AT1S")	307,663	303,425
	1,125,372	1,111,034

	At 1 January 2021 RM'000	Cash flow RM'000	Profit expense RM'000	At 31 March 2021 RM'000
MTN Tier-2 Sukuk Murabahah	807,609	-	10,100	817,709
AT1S	303,425	-	4,238	307,663
	1,111,034	-	14,338	1,125,372

	At 1 January 2020 RM'000	Cash flow RM'000	Profit expense RM'000	At 31 December 2020 RM'000
MTN Tier-2 Sukuk Murabahah	807,609	(40,400)	40,400	807,609
AT1S	303,425	(16,950)	16,950	303,425
	1,111,034	(57,350)	57,350	1,111,034

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26 SUBORDINATED TERM FINANCING AND MEDIUM TERM NOTES (continued)

- (a) The Bank had on 23 October 2018 issued MTN Tier-2 Sukuk Murabahah of RM800.0 million each out of its approved BASEL III Compliant MTN programme of up to RM800.0 million in nominal value. The Sukuk is 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 is issued for the purpose of general banking business and working capital requirements of the Bank.
- (b) The Bank had on 18 October 2018 issued AT1S of RM300 million out of its approved BASEL III Compliant AT1S programme of up to RM300 million in nominal value. The AT1S was on perpetual non-callable 5-year basis, at a profit rate of 5.65%. The AT1S was issued for the purpose of general banking business and working capital requirements of the Bank.

27 RESERVES

	Economic Entity		The Bank	
	31/03/2021	31/12/2020	31/03/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Retained profits (a)	826,038	768,941	826,038	768,941
FVOCI revaluation reserves (b)	(115,170)	(4,919)	(115,170)	(4,919)
Regulatory reserves	94,001	127,093	94,001	127,093
	804,869	891,115	804,869	891,115

- (a) As at 31 March 2021, the Bank has tax exempt account balance of RM38,018,355 (2020: RM38,018,355) under Section 12 of the Income Tax (Amendment) Act 1999, subject to agreement by the Inland Revenue Board.
- (b) Fair value reserves represent the unrealised gains or losses arising from the change in fair value of investments classified as financial investment at FVOCI. Losses are transferred in 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 net unrealised loss of RM130,157,531 in 2021 (2020: Net unrealised loss RM8,780,247).

28 INCOME FROM ISLAMIC BANKING BUSINESS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended	Individual Quarter Ended	Cumulative Quarter Ended	Cumulative Quarter Ended
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	206,733	251,827	206,733	251,827
Income derived from investment of investment account funds	18,506	26,679	18,506	26,679
Income derived from investment of shareholders' funds	20,200	27,444	20,200	27,444
Income attributable to depositors	(124,792)	(184,428)	(124,792)	(184,428)
	120,647	121,522	120,647	121,522

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29 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended 31/03/2021 RM'000	31/03/2020 RM'000	Cumulative Quarter Ended 31/03/2021 RM'000	31/03/2020 RM'000
Income derived from investment of:				
- General investment deposits (i)	135,410	183,532	135,410	183,532
- Other deposits (ii)	71,323	68,295	71,323	68,295
	<u>206,733</u>	<u>251,827</u>	<u>206,733</u>	<u>251,827</u>

(i) INCOME DERIVED FROM INVESTMENT OF GENERAL INVESTMENT DEPOSITS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended 31/03/2021 RM'000	31/03/2020 RM'000	Cumulative Quarter Ended 31/03/2021 RM'000	31/03/2020 RM'000
Finance income and hibah				
Financing, advances and other financing	110,892	136,726	110,892	136,726
Financial investments at FVOCI	14,262	14,122	14,262	14,122
Money at call and deposits with other financial institutions	5,096	7,230	5,096	7,230
	<u>130,250</u>	<u>158,078</u>	<u>130,250</u>	<u>158,078</u>
Accretion of discount less amortisation of premium	(2,417)	(822)	(2,417)	(822)
Total finance income and hibah	<u>127,833</u>	<u>157,256</u>	<u>127,833</u>	<u>157,256</u>
Other operating income				
Fee income:				
Commission	1,103	699	1,103	699
Service charges and fees	1,409	1,436	1,409	1,436
Guarantee fees	644	571	644	571
	<u>3,156</u>	<u>2,706</u>	<u>3,156</u>	<u>2,706</u>
Commission paid on will/wasiat	(2)	(1)	(2)	(1)
Income from financial instruments:				
Gain on sale of financial investments at FVOCI	893	20,268	893	20,268
	<u>893</u>	<u>20,268</u>	<u>893</u>	<u>20,268</u>
Other income:				
Foreign exchange profit/(loss)				
- realised	(6,418)	(1,574)	(6,418)	(1,574)
- unrealised	7,802	4,218	7,802	4,218
Other non-operating income	2,146	659	2,146	659
	<u>3,530</u>	<u>3,303</u>	<u>3,530</u>	<u>3,303</u>
Total income derived from investment of general investment deposits	<u>135,410</u>	<u>183,532</u>	<u>135,410</u>	<u>183,532</u>

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29 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	
	31/03/2021 RM'000	31/03/2020 RM'000	31/03/2021 RM'000	31/03/2020 RM'000
Finance income and hibah				
Financing, advances and other financing	58,409	50,878	58,409	50,878
Financial investments at FVOCI	7,512	5,255	7,512	5,255
Money at call and deposits with other financial institutions	2,684	2,690	2,684	2,690
	68,605	58,823	68,605	58,823
Accretion of discount less amortisation of premium	(1,273)	(306)	(1,273)	(306)
Total finance income and hibah	67,332	58,517	67,332	58,517
Other operating income				
Fee income:				
Commission	581	260	581	260
Service charges and fees	742	534	742	534
Guarantee fees	339	213	339	213
	1,662	1,007	1,662	1,007
Commission paid on will/wasiat	(1)	-	(1)	-
Income from financial instruments:				
Gain on sale of financial investments at FVOCI	470	7,542	470	7,542
	470	7,542	470	7,542
Other income:				
Foreign exchange profit/(loss)				
- realised	(3,380)	(586)	(3,380)	(586)
- unrealised	4,110	1,570	4,110	1,570
Other non-operating income	1,130	245	1,130	245
	1,860	1,229	1,860	1,229
Total income derived from investment of other deposits	71,323	68,295	71,323	68,295

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30 INCOME DERIVED FROM INVESTMENT OF INVESTMENT ACCOUNT FUNDS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended 31/03/2021	31/03/2020	Cumulative Quarter Ended 31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing, advances and other financing	15,155	19,875	15,155	19,875
Financial investments at FVOCI	1,949	2,053	1,949	2,053
Money at call and deposits with other financial institutions	696	1,051	696	1,051
	<u>17,800</u>	<u>22,979</u>	<u>17,800</u>	<u>22,979</u>
Accretion of discount less amortisation of premium	(330)	(120)	(330)	(120)
Total finance income and hibah	<u>17,470</u>	<u>22,859</u>	<u>17,470</u>	<u>22,859</u>
Other operating income				
Fee income:				
Commission	151	102	151	102
Service charges and fees	193	209	193	209
Guarantee fees	88	83	88	83
	<u>432</u>	<u>394</u>	<u>432</u>	<u>394</u>
Commission paid on will/wasiat	-	-	-	-
Income from financial instruments:				
Gain on sale of financial investments at FVOCI	122	2,946	122	2,946
	<u>122</u>	<u>2,946</u>	<u>122</u>	<u>2,946</u>
Other income:				
Foreign exchange profit/(loss)				
- realised	(877)	(229)	(877)	(229)
- unrealised	1,066	613	1,066	613
Other non-operating income	293	96	293	96
	<u>482</u>	<u>480</u>	<u>482</u>	<u>480</u>
Total income derived from investment of investment account funds	<u>18,506</u>	<u>26,679</u>	<u>18,506</u>	<u>26,679</u>

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31 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing, advances and other financing	16,542	20,445	16,542	20,445
Financial investments at FVOCI	2,128	2,112	2,128	2,112
Money at call and deposits with other financial institutions	760	1,081	760	1,081
	19,430	23,638	19,430	23,638
Accretion of discount less amortisation of premium	(361)	(123)	(361)	(123)
Total finance income and hibah	19,069	23,515	19,069	23,515
Other operating income				
Fee income:				
Commission	165	105	165	105
Service charges and fees	210	215	210	215
Guarantee fees	96	85	96	85
	471	405	471	405
Commission paid on will/wasiat	-	(2)	-	(2)
Income from financial instruments:				
Gain on sale of financial investments at FVOCI	133	3,031	133	3,031
	133	3,031	133	3,031
Other income:				
Foreign exchange profit/(loss)				
- realised	(957)	(235)	(957)	(235)
- unrealised	1,164	631	1,164	631
Other non-operating income	320	99	320	99
	527	495	527	495
Total income derived from investment of shareholders' fund	20,200	27,444	20,200	27,444

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MFRS 134 INTERIM FINANCIAL REPORTING - 31 March 2021**32 ALLOWANCES FOR IMPAIRMENT LOSSES ON FINANCING, ADVANCES AND OTHER FINANCING**

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
Expected credit loss ("ECL") made on/(written-back):				
- Financing, advances and other financing	27,455	39,505	27,455	39,505
- Securities	(848)	126	(848)	126
- Financing commitments and financial guarantees	296	(505)	296	(505)
Bad debts and financing				
- recovered	(1,732)	(876)	(1,732)	(876)
- written-off	3	194	3	194
	25,174	38,444	25,174	38,444

33 ALLOWANCE FOR IMPAIRMENT LOSSES ON OTHER ASSETS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	Financial 31/03/2021	Corresponding 31/03/2020	Financial 31/03/2021	Corresponding 31/03/2020
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment for amount due from joint ventures and associate	-	1,015	-	1,015

34 INCOME ATTRIBUTABLE TO DEPOSITORS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudarabah	302	391	302	391
- Non-Mudarabah	90,202	144,445	90,202	144,445
Deposits and placements of banks and other financial institutions				
- Mudarabah	3,185	2,937	3,185	2,937
Finance expense-Subordinated term financing and medium term notes	14,337	14,338	14,337	14,338
Restricted investment account - Mudarabah	16,449	22,291	16,449	22,291
Others	317	26	317	26
	124,792	184,428	124,792	184,428

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35 OTHER OPERATING EXPENSES

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended 31/03/2021	31/03/2020	Cumulative Quarter Ended 31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
Personnel costs (a)	39,491	40,579	39,491	40,579
Establishment costs (b)	19,283	16,672	19,283	16,672
Marketing expenses (c)	521	1,392	521	1,392
Administrative and general expenses (d)	3,228	3,412	3,228	3,412
	62,523	62,055	62,523	62,055

(a) Personnel costs

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended 31/03/2021	31/03/2020	Cumulative Quarter Ended 31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
Wages, salaries and bonuses	30,316	31,382	30,316	31,382
Defined contribution plan ('EPF')	5,174	5,219	5,174	5,219
Other personnel costs	4,001	3,978	4,001	3,978
	39,491	40,579	39,491	40,579

(b) Establishment costs

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended 31/03/2021	31/03/2020	Cumulative Quarter Ended 31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
Equipment rental	1,050	217	1,050	217
Repair and maintenance	6,956	6,024	6,956	6,024
Depreciation of property and equipment	130	182	130	182
Amortisation of intangible assets	53	53	53	53
Depreciation of right-of-use assets	114	335	114	335
IT consultancy fees	4,615	4,343	4,615	4,343
Dataline rental	1,794	1,441	1,794	1,441
Security services	1,680	1,229	1,680	1,229
Electricity, water and sewerage	1,217	1,323	1,217	1,323
Licence fee	71	91	71	91
Insurance/takaful and indemnities	649	1,019	649	1,019
Other establishment costs	954	415	954	415
	19,283	16,672	19,283	16,672

(c) Marketing expenses

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended 31/03/2021	31/03/2020	Cumulative Quarter Ended 31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
Business promotion and advertisement	94	33	94	33
Entertainment	69	114	69	114
Traveling and accommodation	238	344	238	344
Commissions expenses	(521)	92	(521)	92
Brokerage expenses	295	276	295	276
Other marketing expenses	346	533	346	533
	521	1,392	521	1,392

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35 OTHER OPERATING EXPENSES (continued)

(d) Administration and general expenses

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
Telecommunication expenses	365	498	365	498
Auditors' remuneration	116	180	116	180
Professional fees	523	509	523	509
Mail and courier charges	474	224	474	224
Stationery and consumables	823	683	823	683
Directors' fees and allowances	344	559	344	559
Shariah fees	111	150	111	150
Donations	56	-	56	-
Settlement, clearing and bank charges	386	383	386	383
GST Input tax-non recoverable	-	14	-	14
Other administration and general expenses	30	212	30	212
	3,228	3,412	3,228	3,412

36 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	
	31/03/2021	31/12/2020
	Principal amount RM'000	Principal amount RM'000
Direct credit substitutes (*)	72,273	68,709
Transaction-related contingent items	349,388	368,737
Short-term self-liquidating trade related contingencies	274,915	294,032
Irrevocable commitments to extend credit:		
- maturity less than one year	1,468,509	1,372,672
- maturity more than one year	793,978	831,745
Unutilised credit card lines	208,583	209,755
Foreign exchange related contracts (#):		
- less than one year	1,082,068	1,212,161
	4,249,714	4,357,811

* Included in direct credit substitutes as above are financial guarantee contracts of RM72.2million at the Bank (31 December 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 and disclosed in Note 13 and 23 to the financial statements.

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37 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 indirectly.

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

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 (31 December 2020: Nil).

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
Economic Entity and The Bank				
31/03/2021				
Assets				
Derivative financial assets	-	6,581	-	6,581
Financial investments at FVOCI				
- Money market instruments	-	1,164,669	-	1,164,669
- Corporate Sukuk	-	1,494,554	-	1,494,554
	<u>-</u>	<u>2,665,804</u>	<u>-</u>	<u>2,665,804</u>
Liabilities				
Derivative financial liabilities	-	6,453	-	6,453
	<u>-</u>	<u>6,453</u>	<u>-</u>	<u>6,453</u>

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37 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 (continued):

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Economic Entity and The Bank 31/12/2020				
Assets				
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
Liabilities				
Derivative financial liabilities	-	25,572	-	25,572
	-	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.

Qualitative information about the fair value measurements using significant unobservable inputs (Level 3):

Description	Fair value assets		Valuation techniques	Unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
	31/03/2021 RM'000	31/12/2020 RM'000			
Economic Entity and The Bank					
Financial investments at FVOCI					
Unquoted shares	-	-	Net tangible assets	Net tangible assets	Higher net tangible assets results in higher fair value

In estimating its significance, the Bank used an approach that is currently based on methodologies used for fair value adjustments. These adjustments reflects the values that the Bank estimate is appropriate to adjust from the valuations produced to reflect for uncertainties in the inputs used. The methodologies used can be a statistical or other relevant approved techniques.

38 CAPITAL MANAGEMENT

The capital adequacy ratios of the Bank are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (Capital Components) dated 09 December 2020.

The Bank is currently adopting the Standardised Approach for Credit Risk and Market Risk, the Basic Indicator Approach for Operational Risk. In line with the transitional arrangements under the Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (Capital Components), the minimum capital adequacy requirement for Common Equity Tier 1 Capital Ratio ("CET1") and Tier 1 Capital Ratio are 7.00% and 8.50% respectively for the financial year ended 31 March 2021. The minimum regulatory capital adequacy requirement is at 10.50% for total capital ratio.

The table in Note 39 summarises the composition of regulatory capital and the ratios of the Bank for the financial quarter ended 31 March 2021.

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39 CAPITAL ADEQUACY

The capital adequacy ratios are as follows:

	Economic Entity		The Bank	
	* 31/03/2021 RM'000	31/12/2020 RM'000	* 31/03/2021 RM'000	31/12/2020 RM'000
Paid-up share capital	1,060,000	1,060,000	1,060,000	1,060,000
Retained profits	802,033	768,941	802,033	768,941
FVOCI revaluation reserves	(115,170)	(4,919)	(115,170)	(4,919)
	1,746,863	1,824,022	1,746,863	1,824,022
Less:				
Intangible assets	(505)	(558)	(505)	(558)
Deferred tax assets	(48,579)	(12,390)	(48,579)	(12,390)
Other CET1 transitional adjustment	51,555	31,418	51,555	31,418
CET1 Capital	1,749,334	1,842,492	1,749,334	1,842,492
Additional Tier 1 capital				
Sukuk Wakalah	300,000	300,000	300,000	300,000
	300,000	300,000	300,000	300,000
Total Tier 1 capital	2,049,334	2,142,492	2,049,334	2,142,492
Subordinated medium term financing	800,000	800,000	800,000	800,000
Expected loss provision #	76,259	110,509	76,259	110,509
Tier II capital	876,259	910,509	876,259	910,509
Total capital	2,925,593	3,053,001	2,925,593	3,053,001
<u>With transitional arrangements</u>				
CET1 capital ratio	11.543%	12.234%	11.543%	12.234%
Tier 1 capital ratio	13.523%	14.226%	13.523%	14.226%
Total capital ratio	19.305%	20.271%	19.305%	20.271%
<u>Without transitional arrangements</u>				
CET1 capital ratio	11.203%	12.025%	11.203%	12.025%
Tier 1 capital ratio	13.183%	14.017%	13.183%	14.017%
Total capital ratio	19.305%	20.271%	19.305%	20.271%
Risk-weighted assets for:				
Credit risk	14,408,462	14,342,941	14,408,462	14,342,941
Market risk	34,477	19,079	34,477	19,079
Operational risk	711,680	698,564	711,680	698,564
Total risk-weighted assets	15,154,619	15,060,584	15,154,619	15,060,584

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

* 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 addback 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 CET1 capital.

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 March 2021, RIA assets excluded from Total Capital Ratio calculation amounted to RM1,766,007,089 (31 December 2020: RM1,754,875,226).

AFFIN Islamic Bank Berhad
(Incorporated in Malaysia)

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40 REVIEW OF PERFORMANCE OF THE BANK

Analysis of financial performance of current financial quarter comparing to previous financial quarter.

The Bank posted a profit before tax of RM32.9million for the financial period ended 31 March 2021, a decrease of RM6.3 million or 16.1% compared to the previous financial quarter.

Net financing income and other operating income for the financial year ended 31 March 2021 was RM120.6 million, a decline of RM6.8 million or 5.3% from RM127.4 million in the previous financial quarter.

Overhead expenses for the financial quarter recorded an increase of RM1.6 million or 2.6% to RM62.5 million as compared to RM60.9 million in the previous financial quarter.

Allowance for impairment on financing, advances and other assets declined by RM2.0 million to RM25.2 million as compared to the previous financial quarter of RM27.2 million.

Analysis of financial performance of current quarter comparing to previous year's corresponding quarter

The Bank posted a profit before tax of RM32.9 million for the financial period ended 31 March 2021, an increase of RM12.9 million or 64.5% compared to the previous corresponding financial year.

Allowance for impairment on financing, advances and other assets decreased by RM14.2 million to RM25.2 million as compared to RM39.4 million the previous corresponding financial year ended 31 March 2020.

Net financing income and other operating income for the financial year ended 31 March 2021 was RM120.6 million, a decline of RM0.9 million or 0.7% from RM121.5 million in the previous corresponding financial year.

Overhead expenses for the financial year recorded an increase of RM0.4 million or 0.6% to RM62.5 million as compared RM62.1 million in the previous financial year.

41 PROSPECTS FOR FINANCIAL YEAR 2021

Bank Negara Malaysia has forecasted Malaysia's economy to grow between 6.0% to 7.5% in 2021 on the back of stronger domestic demand. There are also expectations of improvement in income and employment levels arising from less stringent mobility restrictions due to Covid-19 in 2021 compared to the previous year. Nevertheless, the Bank continues to take a cautious stance for 2021 as full economic recovery would likely be dependent on the vaccination programme rolled out by the government and the ability to contain the Covid-19 spread. The Bank will remain focused on AFFIN BANK Group's transformation programme and the ongoing initiatives amongst which is the push for digital transformation. The Bank's strategic focus will remain on sustaining stable profitability through the preservation of asset quality as it continues to grow its asset base while maintaining effective cost structures. Ongoing initiatives of the Bank include the deposit and funding strategy, growing fee income and focusing on high yielding products.

The Bank remains ready to help its customers who are affected by the recent COVID-19 pandemic and the various mobility restrictions over the course of the year. To that end, we will continue to engage our customers and where required, to provide them with financial relief assistance in the form of the Bank's Financial Assistance and Installment Relief ("FAIR") programme.