

AFFIN Islamic Bank Berhad

Registration no. 200501027372 (709506-V)

Condensed Interim Financial Statements

Unaudited Statements of Financial Position as at 31 March 2022

	Note	Economic Entity		The Bank	
		31/03/2022 RM'000	31/12/2021 RM'000	31/03/2022 RM'000	31/12/2021 RM'000
ASSETS					
Cash and short-term funds		2,593,179	2,240,427	2,593,179	2,240,427
Deposits and placements with banks and other financial institutions		-	50,008	-	50,008
Derivative financial assets	13	5,058	11,436	5,058	11,436
Financial investments at amortised cost ('AC')	14	4,636,565	3,464,981	4,636,565	3,464,981
Financing and other financing	15	23,377,679	22,570,323	23,377,679	22,570,323
Other assets	16	77,849	77,711	77,849	77,711
Amount due from holding company		183,133	-	183,133	-
Amount due from joint ventures	17	16,133	15,737	16,133	15,737
Deferred tax assets		23,556	22,484	23,556	22,484
Statutory deposits with Bank Negara Malaysia		36,458	-	36,458	-
Property and equipment		1,325	1,328	1,325	1,328
Right-of-use assets		519	632	519	632
Intangible assets		292	345	292	345
TOTAL ASSETS		30,951,746	28,455,412	30,951,746	28,455,412
LIABILITIES AND EQUITY					
Deposits from customers	18	24,675,050	21,990,129	24,675,050	21,990,129
Investment accounts of customers	19	1,213	1,329	1,213	1,329
Deposits and placements of banks and other financial institutions	20	867,337	358,050	867,337	358,050
Investment accounts due to designated financial institutions	21	1,890,087	1,831,585	1,890,087	1,831,585
Recourse obligation on financing sold to Cagamas Berhad		50,343	50,033	50,343	50,033
Derivative financial liabilities	22	5,330	10,659	5,330	10,659
Other liabilities	23	122,971	188,453	122,971	188,453
Amount due to holding company		-	758,812	-	758,812
Provision for taxation		3,254	8,033	3,254	8,033
Lease liabilities	24	551	666	551	666
Subordinated term financing and medium term notes	25	1,125,372	1,111,034	1,125,372	1,111,034
TOTAL LIABILITIES		28,741,508	26,308,783	28,741,508	26,308,783
Share capital		1,060,000	1,060,000	1,060,000	1,060,000
Reserves	26	1,150,238	1,086,629	1,150,238	1,086,629
TOTAL EQUITY		2,210,238	2,146,629	2,210,238	2,146,629
TOTAL LIABILITIES AND EQUITY		30,951,746	28,455,412	30,951,746	28,455,412
COMMITMENTS AND CONTINGENCIES					
	36	5,568,599	5,075,670	5,568,599	5,075,670
CAPITAL ADEQUACY RATIOS					
<u>With transitional arrangements</u>					
CET 1 capital ratio		11.746%	12.138%	11.746%	12.138%
Tier 1 capital ratio		13.425%	13.873%	13.425%	13.873%
Total capital ratio		18.587%	19.027%	18.587%	19.027%
Net assets per share attributable to equity holder of the Bank (RM)					
		2.09	2.03	2.09	2.03

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Unaudited Income Statements for the Financial Quarter Ended 31 March 2022

	Note	Economic Entity Individual Quarter Ended		Economic Entity Cumulative Quarter Ended	
		31/03/2022	31/03/2021	31/03/2022	31/03/2021
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	28	245,233	206,733	245,233	206,733
Income derived from investment of investment account funds	29	18,954	18,506	18,954	18,506
Income derived from investment of shareholders' funds	30	22,132	20,200	22,132	20,200
Modification loss	31	(14)	-	(14)	-
Allowances for impairment losses on financing and other financing	32	6,212	(25,174)	6,212	(25,174)
Total distributable income		292,517	220,265	292,517	220,265
Income attributable to the depositors and others	33	(122,123)	(108,343)	(122,123)	(108,343)
Income attributable to the investment account holders		(17,884)	(16,449)	(17,884)	(16,449)
Total net income		152,510	95,473	152,510	95,473
Other operating expenses	34	(67,442)	(62,523)	(67,442)	(62,523)
Profit before zakat and taxation		85,068	32,950	85,068	32,950
Zakat		-	-	-	-
Profit before taxation		85,068	32,950	85,068	32,950
Taxation		(21,459)	(8,945)	(21,459)	(8,945)
Net profit after zakat and taxation		63,609	24,005	63,609	24,005
Attributable to:					
Equity holder of the Bank		63,609	24,005	63,609	24,005
Earnings per share (sen):					
- Basic	35	6.0	2.3	6.0	2.3

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Condensed Interim Financial Statements

Unaudited Income Statements for the Financial Quarter Ended 31 March 2022

	Economic Entity Individual Quarter Ended		Economic Entity Cumulative Quarter Ended	
	31/03/2022 RM'000	31/03/2021 RM'000	31/03/2022 RM'000	31/03/2021 RM'000
Profit after zakat and taxation	63,609	24,005	63,609	24,005
Other comprehensive income:				
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Net fair value change in				
- financial investments at FVOCI	-	(142,279)	-	(142,279)
Net credit impairment losses change in financial investments at FVOCI	-	(848)	-	(848)
Net gains on financial investments at FVOCI reclassified to profit or loss on disposal	-	(1,672)	-	(1,672)
Deferred tax on				
- financial investments at FVOCI	-	34,548	-	34,548
Other comprehensive loss for the financial year, net of tax	-	(110,251)	-	(110,251)
Total comprehensive income for the financial period	63,609	(86,246)	63,609	(86,246)
Total comprehensive income for the financial period attributable to:				
Equity holder of the Bank	63,609	(86,246)	63,609	(86,246)

AFFIN Islamic Bank Berhad
(Incorporated in Malaysia)
Condensed Interim Financial Statements
Unaudited Income Statements for the Financial Quarter Ended 31 March 2022

	Note	The Bank		The Bank	
		Individual Quarter Ended 31/03/2022 RM'000	31/03/2021 RM'000	Cumulative Quarter Ended 31/03/2022 RM'000	31/03/2021 RM'000
Income derived from investment of depositors' funds and others	28	245,233	206,733	245,233	206,733
Income derived from investment of investment account funds	29	18,954	18,506	18,954	18,506
Income derived from investment of shareholders' funds	30	22,132	20,200	22,132	20,200
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Allowances for impairment losses on financing and other financing	32	6,212	(25,174)	6,212	(25,174)
Total distributable income		292,517	220,265	292,517	220,265
Income attributable to the depositors and others	33	(122,123)	(108,343)	(122,123)	(108,343)
Income attributable to the investment account holders		(17,884)	(16,449)	(17,884)	(16,449)
Total net income		152,510	95,473	152,510	95,473
Other operating expenses	34	(67,442)	(62,523)	(67,442)	(62,523)
Profit before taxation		85,068	32,950	85,068	32,950
Taxation		(21,459)	(8,945)	(21,459)	(8,945)
Net profit after zakat and taxation		63,609	24,005	63,609	24,005
Attributable to:					
Equity holder of the Bank		63,609	24,005	63,609	24,005
Earnings per share (sen):					
- Basic	35	6.0	2.3	6.0	2.3

AFFIN Islamic Bank Berhad

Registration no. 200501027372 (709506-V)

Condensed Interim Financial Statements

Unaudited Income Statements for the Financial Quarter Ended 31 March 2022

	The Bank		The Bank	
	Individual Quarter Ended	31/03/2021	Cumulative Quarter Ended	31/03/2021
	31/03/2022	RM'000	31/03/2022	RM'000
Profit after zakat and taxation	63,609	24,005	63,609	24,005
Other comprehensive income:				
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Net fair value change in				
- financial investments at FVOCI	-	(142,279)	-	(142,279)
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Total comprehensive income for the financial year	63,609	(86,246)	63,609	(86,246)
Total comprehensive income for the financial year attributable to:				
Equity holder of the Bank	63,609	(86,246)	63,609	(86,246)

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Condensed Interim Financial Statements

Unaudited Statements of Changes In Equity for the Financial Quarter Ended 31 March 2022

<----- 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
At 1 January 2022	1,060,000	-	105,613	981,016	2,146,629
Net profit for the financial period	-	-	-	63,609	63,609
Total comprehensive income	-	-	-	63,609	63,609
Transfer from regulatory reserves	-	-	(24,110)	24,110	-
At 31 March 2022	1,060,000	-	81,503	1,068,735	2,210,238

Economic Entity	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Total Equity 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	-	(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

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Condensed Interim Financial Statements

Unaudited Statements of Changes In Equity for the Financial Quarter Ended 31 March 2022

The Bank	<----- Non-distributable ----->			< Distributable >	
	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Total Equity RM'000
At 1 January 2022	1,060,000	-	105,613	981,016	2,146,629
Net profit for the financial period	-	-	-	63,609	63,609
Total comprehensive income	-	-	-	63,609	63,609
Transfer from regulatory reserves	-	-	(24,110)	24,110	-
At 31 March 2022	1,060,000	-	81,503	1,068,735	2,210,238
The Bank	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Total Equity 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	-	(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

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Condensed Interim Financial Statements

Unaudited Statements of Cash Flows for the Financial Quarter Ended 31 March 2022

	Economic Entity		The Bank	
	31/03/2022 RM'000	31/03/2021 RM'000	31/03/2022 RM'000	31/03/2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	85,068	32,950	85,068	32,950
Adjustments for items not involving the movement of cash and cash equivalents:				
Operating profit before changes in working capital	(17,370)	4,628	(17,370)	4,628
Net changes in operating assets	67,698	37,578	67,698	37,578
Net changes in operating liabilities	(1,733,386)	(481,821)	(1,733,386)	(481,821)
Tax and Zakat paid	3,187,605	445,287	3,187,605	445,287
Net cash generated from/(used in) operating activities	1,494,173	(9,971)	1,494,173	(9,971)
CASH FLOWS FROM INVESTING ACTIVITIES				
Finance income and hibah received from				
- financial investments at FVOCI	-	27,453	-	27,453
- financial investments at AC	27,338	-	27,338	-
Purchase of				
-financial investments at FVOCI	-	(171,540)	-	(171,540)
-financial investments at AC	(1,169,582)	-	(1,169,582)	-
Disposal of financial investments at FVOCI	-	192,165	-	192,165
Purchase of property and equipment	(99)	(41)	(99)	(41)
Net cash generated from/(used in) investing activities	(1,142,343)	48,037	(1,142,343)	48,037
CASH FLOWS FROM FINANCING ACTIVITIES				
Lease payments	(121)	(120)	(121)	(120)
Net cash used in financing activities	(128)	(120)	(128)	(120)
Net (decrease)/increase in cash and cash equivalents	351,702	37,946	351,702	37,946
Effects of foreign exchange	1,050	14,142	1,050	14,142
Cash and cash equivalents at beginning of the financial year	2,240,427	2,794,278	2,240,427	2,794,278
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	2,593,179	2,846,366	2,593,179	2,846,366
<u>Cash and cash equivalents comprise the following:</u>				
Cash and short-term funds	2,593,179	2,846,366	2,593,179	2,846,366.0

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

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 quarter ended 31 December 2021, except for the adoption of the following amendments to MFRS that are applicable to the Bank effective for the financial year beginning on 1 January 2022:

- Annual Improvements to MFRS 9 'Fees in the 10% test for derecognition of financial liabilities' (effective 1 January 2022) clarifies that only fees paid or received between the customer and the financier, including the fees paid or received on each other's behalf, are included in the cash flow of the new financing when performing the 10% test.
- Amendments to MFRS 3 'Reference to Conceptual Framework' (effective 1 January 2022) replace the reference to 'Framework for Preparation and Presentation of Financial Statements' with '2018 Conceptual Framework'. The amendments did not change the current accounting for business combinations on acquisition date.
- Amendments to MFRS 116 'Proceeds Before Intended Use' (effective 1 January 2022) prohibit an entity from deducting from the cost of a property, plant and equipment the proceeds received from selling items produced by the property, plant and equipment before it is ready for its intended use. The sales proceeds should instead be recognised in profit or loss.
- Amendments to MFRS 137 'Onerous Contracts - Cost of Fulfilling a Contract' (effective 1 January 2022) clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts. The amendments also clarify that before recognising a separate provision for an onerous contract, impairment loss that has occurred on assets used in fulfilling the contract should be recognised.

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 2021 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.

7 SUKUK AND EQUITY SECURITIES

There were no shares issuance or cancellations, share buy-backs, resale of shares bought back and repayment of sukuk and equity securities by the Bank during the financial period under review.

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 March 2022 that have material financial impact.

10 CHANGES IN THE COMPOSITION OF THE BANK

There are no changes in the composition of the Bank during the financial period under review.

11 PURCHASE AND SALE OF QUOTED SECURITIES

There were no purchases or disposals of quoted securities for the quarter ended 31 March 2022 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 2022.

13 DERIVATIVE FINANCIAL ASSETS

	Economic Entity and The Bank			
	31/03/2022		31/12/2021	
	Contract/ notional amount RM'000	Assets RM'000	Contract/ notional amount RM'000	Assets RM'000
At fair value				
Foreign exchange derivatives				
- Currency forwards	726,449	5,058	678,459	11,436
	726,449	5,058	678,459	11,436

14 FINANCIAL INVESTMENTS AT AMORTISED COST ('AC')

	Economic Entity and The Bank	
	31/03/2022 RM'000	31/12/2021 RM'000
At amortised cost		
Malaysian Government treasury bills	147,469	97,747
Malaysian Government investment issues	2,429,715	1,569,676
BNM Sukuk	10,166	10,299
Unquoted securities:		
Corporate bonds/sukuk in Malaysia	2,052,700	1,791,047
	4,640,050	3,468,769
Less: Expected Credit Losses	(3,485)	(3,788)
	4,636,565	3,464,981

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

	Lifetime ECL		Lifetime ECL		Total RM'000	
	12-Month ECL Stage 1 RM'000	not credit impaired Stage 2 RM'000	credit impaired Stage 3 RM'000			
	Economic Entity and Bank					
	31/03/2022					
At beginning of the financial period	3,788	-	-	3,788		
New financial assets originated or purchased	102	-	-	102		
Net remeasurement of loss allowance	(405)	-	-	(405)		
At end of the financial period	3,485	-	-	3,485		

	Lifetime ECL		Lifetime ECL		Total RM'000	
	12-Month ECL Stage 1 RM'000	not credit impaired Stage 2 RM'000	credit impaired Stage 3 RM'000			
	Economic Entity and Bank					
	31/12/2021					
At beginning of the financial year	-	-	-	-		
Financial assets derecognised (other than write-off)	(44)	-	-	(44)		
New financial assets originated or purchased	642	-	-	642		
Net measurement of allowance	1,444	-	-	1,444		
Reclassification from FVOCI	1,746	-	-	1,746		
At end of the financial year	3,788	-	-	3,788		

15 FINANCING AND OTHER FINANCING

(i) By type

	Economic Entity and The Bank	
	31/03/2022	31/12/2021
	RM'000	RM'000
Cashline	665,870	651,183
Term financing		
- House financing	8,601,962	8,443,386
- Hire purchase receivables	4,732,062	4,561,420
- Syndicated financing	926,715	869,857
- Others term financing	6,582,921	6,221,332
Bills receivables	105,904	92,878
Trust receipts	10,409	13,142
Claims on customers under acceptances credits	731,723	701,318
Staff financing (of which RM Nil to Directors)	107,490	104,165
Credit/charge cards receivables	49,174	44,830
Revolving financing	1,056,426	1,070,514
Gross financing and other financing	23,570,656	22,774,025
Less: ECL	(192,977)	(203,702)
Total net financing and other financing	23,377,679	22,570,323

Included in other term financing as at reporting date is RM42.5 million (2021: RM56.5 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	
	31/03/2022	31/12/2021
	RM'000	RM'000
Maturing within one year	2,817,253	2,720,697
One year to three years	707,576	632,881
Three years to five years	2,366,249	2,454,747
Over five years	17,679,578	16,965,700
	23,570,656	22,774,025

15 FINANCING AND OTHER FINANCING (continued)

(iii) By contract

Economic Entity and The Bank

31/03/2022

	Al-Bai		Al-Ijarah		Tawarruq	Musyarakah	Istisna'	Others	Total
	Bithaman Ajil	Ijarah	Thumma Al-Bai	Murabahah					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cashline	-	-	-	-	652,707	-	-	13,163	665,870
Term financing									
- House financing	563,092	-	-	-	159,766	7,879,104	-	-	8,601,962
- Hire purchase receivables	-	-	4,732,062	-	-	-	-	-	4,732,062
- Syndicated financing	-	288,421	-	-	638,294	-	-	-	926,715
- Others term financing	75,381	532,104	-	185,633	4,163,855	1,085,953	539,959	36	6,582,921
Bills receivables	-	-	-	93,912	-	-	-	11,992	105,904
Trust receipts	-	-	-	10,409	-	-	-	-	10,409
Claims on customers under acceptances credits	-	-	-	731,723	-	-	-	-	731,723
Staff financing	3,022	-	-	21,064	30,394	53,010	-	-	107,490
Credit/charge cards receivables	-	-	-	-	49,174	-	-	-	49,174
Revolving financing	-	-	-	-	1,056,426	-	-	-	1,056,426
Gross financing and other financing	641,495	820,525	4,732,062	1,042,741	6,750,616	9,018,067	539,959	25,191	23,570,656

Economic Entity and The Bank

31/12/2021

	Al-Bai		Al-Ijarah		Tawarruq	Musyarakah	Istisna'	Others	Total
	Bithaman Ajil	Ijarah	Thumma Al-Bai	Murabahah					
	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
- Others 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
Gross financing and other financing	656,568	833,995	4,561,420	1,000,897	6,248,037	8,858,269	537,468	77,371	22,774,025

15 FINANCING AND OTHER FINANCING (continued)

	Economic Entity and The Bank	
	31/03/2022	31/12/2021
	RM'000	RM'000
(iv) <u>By type of customer</u>		
Domestic non-banking institutions		
- Others	42,511	44,632
Domestic business enterprises		
- Small medium enterprises	2,618,389	2,550,698
- Others	4,517,141	4,472,997
Government and statutory bodies	731,909	753,625
Individuals	15,501,861	14,792,334
Other domestic entities	162	222
Foreign entities	158,683	159,517
	23,570,656	22,774,025
(v) <u>By profit rate sensitivity</u>		
Fixed rate		
- House financing	42,361	41,326
- Hire purchase receivables	4,732,062	4,561,420
- Other fixed rate financing	1,026,753	1,023,189
Variable rate		
- BFR plus	14,744,172	14,169,939
- Cost-plus	3,025,308	2,978,151
	23,570,656	22,774,025
(vi) <u>By economic sector</u>		
Primary agriculture	751,542	736,883
Mining and quarrying	146,059	146,541
Manufacturing	1,244,900	1,128,004
Electricity, gas and water supply	383,860	384,412
Construction	648,515	615,576
Real estate	1,442,881	1,554,651
Wholesale & retail trade and restaurants & hotels	1,021,100	1,121,415
Transport, storage and communication	539,881	519,323
Finance, takaful and business services	406,103	597,901
Education, health and others	1,430,820	1,122,737
Household	15,554,995	14,846,582
	23,570,656	22,774,025
(vii) <u>By economic purpose</u>		
Purchase of securities	733,143	641,100
Purchase of transport vehicles	4,940,437	4,767,396
Purchase of landed property of which:		
- Residential	8,781,679	8,610,977
- Non-residential	2,327,535	2,360,103
Fixed assets other than land and building	73,031	75,975
Personal use	1,378,881	1,077,910
Credit/charge card	49,174	44,830
Construction	915,837	901,544
Working capital	3,843,304	3,755,424
Others	527,635	538,766
	23,570,656	22,774,025

15 FINANCING AND OTHER FINANCING (continued)

(viii) By geographical distribution

	Economic Entity and The Bank	
	31/03/2022	31/12/2021
	RM'000	RM'000
Perlis	100,455	100,396
Kedah	1,008,053	967,657
Pulau Pinang	1,346,573	1,276,419
Perak	720,355	674,639
Selangor	7,871,571	7,576,803
Wilayah Persekutuan	4,617,271	4,426,864
Negeri Sembilan	1,200,475	1,172,100
Melaka	405,445	373,759
Johor	2,683,894	2,712,627
Pahang	870,226	827,390
Terengganu	832,312	791,523
Kelantan	463,934	420,398
Sarawak	627,238	623,299
Sabah	800,806	810,158
Labuan	22,027	19,989
Outside Malaysia	21	4
	23,570,656	22,774,025

	Economic Entity and The Bank	
	31/03/2022	31/12/2021
	RM'000	RM'000
At beginning of the financial period/year	381,586	315,471
Classified as impaired	32,945	314,867
Reclassified as non-impaired	(24,915)	(113,207)
Amount recovered	(5,095)	(115,731)
Amount written-off	(6,775)	(19,814)
At end of the financial period/year	377,746	381,586
Ratio of gross impaired financing, advances and other financing to gross financing and other financing*	1.05%	1.11%

* For the Bank, RIA excluded in the ratio calculation amounting to RM1,889.1 million (2021: RM1,834.6 million) with impaired financing amounting to RM150.0 million (2021: RM 149.9 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 quarter ended 31 March 2022 for the bank is RM6,775,000 (2021: RM19,814,000). 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.

15 FINANCING AND OTHER FINANCING (continued)

(x) Impaired financing by economic sector

	Economic Entity and The Bank	
	31/03/2022 RM'000	31/12/2021 RM'000
Primary agriculture	14	184
Mining and quarrying	28,763	24,342
Manufacturing	1,158	2,319
Construction	2,945	2,990
Real estate	41,118	41,109
Wholesale & retail trade and restaurants & hotels	2,352	2,577
Transport, storage and communication	200,824	200,429
Finance, takaful and business services	1,758	872
Education, health and others	595	619
Household	98,219	106,145
	377,746	381,586

(xi) Impaired financing by economic purpose

	Economic Entity and The Bank	
	31/03/2022 RM'000	31/12/2021 RM'000
Purchase of securities	184	95
Purchase of transport vehicles	169,135	169,737
Purchase of landed property of which:		
- Residential	73,375	82,848
- Non-residential	69,807	67,927
Personal use	5,563	3,429
Credit/charge card	355	280
Construction	83	1,236
Working capital	59,244	56,034
	377,746	381,586

(xii) Impaired financing by geographical distribution

	Economic Entity and The Bank	
	31/03/2022 RM'000	31/12/2021 RM'000
Perlis	2,559	2,590
Kedah	6,544	7,207
Pulau Pinang	6,285	7,314
Perak	54,670	55,052
Selangor	77,544	76,670
Wilayah Persekutuan	16,522	18,182
Negeri Sembilan	10,504	11,792
Melaka	1,945	2,220
Johor	41,884	43,030
Pahang	3,404	1,732
Terengganu	152,511	151,892
Kelantan	1,848	2,143
Sarawak	71	44
Sabah	1,455	1,718
	377,746	381,586

15 FINANCING AND OTHER FINANCING (continued)

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

Economic Entity and The Bank 31/03/2022	12 - Month	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total RM'000
	ECL Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
At beginning of the financial period	72,928	76,859	53,915	203,702
Total transfer between stages due to change in credit risk:	3,366	4,450	(7,816)	-
- Transfer to 12-month ECL (Stage 1)	5,238	(4,506)	(732)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(1,867)	9,351	(7,484)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(5)	(395)	400	-
Financing derecognised (other than write-off)	(8,130)	(1,292)	(551)	(9,973)
New financing originated or purchased	9,861	1,173	-	11,034
Changes due to change in credit risk	(16,862)	3,825	7,947	(5,090)
Write-off	-	-	(6,697)	(6,697)
Other adjustments	1	-	-	1
At end of the financial period	61,164	85,015	46,798	192,977

Economic Entity and The Bank 31/12/2021	12 - Month	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total RM'000
	ECL 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 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
At end of the financial year	72,928	76,859	53,915	203,702

16 OTHER ASSETS

	Economic Entity and The Bank	
	31/03/2022	31/12/2021
	RM'000	RM'000
Other debtors	58,172	57,834
Deposits and prepayments	8,956	638
Cheque clearing accounts	5,848	14,366
Foreclosed properties (a)	4,873	4,873
	77,849	77,711

(a) Movements in foreclosed properties

At beginning/end of the financial year	4,873	4,873
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17 AMOUNT DUE FROM JOINT VENTURES

	Economic Entity and The Bank	
	31/03/2022	31/12/2021
	RM'000	RM'000
Advances to joint ventures	60,396	60,000
Expected credit losses (a)	(44,263)	(44,263)
	16,133	15,737

	Lifetime ECL credit impaired Stage 3	
	31/03/2022	31/12/2021
	RM'000	RM'000
(a) Movements in expected credit losses		
At beginning of the financial period/year	44,263	43,987
Allowance made	-	276
At end of the financial period/year	44,263	44,263

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

18 DEPOSITS FROM CUSTOMERS

		Economic Entity and The Bank	
		31/03/2022	31/12/2021
		RM'000	RM'000
(i)	<u>By type of deposit</u>		
	Qard		
	Demand deposits	4,483,433	4,476,588
	Savings deposits	968,548	952,617
		5,451,981	5,429,205
	Mudarabah		
	General investment deposits	41,108	41,235
	Tawarruq		
	Murabahah term deposits	16,543,979	14,669,830
	Commodity Murabahah	1,880,251	1,122,215
	Savings deposits	166,195	159,324
	Demand deposit	591,536	568,320
		19,181,961	16,519,689
		24,675,050	21,990,129
(ii)	<u>By maturity structure of Murabahah term deposits and general investment deposits</u>		
	Due within six months	10,372,163	9,160,116
	Six months to one year	5,589,392	4,980,812
	One year to three years	612,270	567,584
	Three years to five years	11,073	2,553
	Five years and above	189	-
		16,585,087	14,711,065
(iii)	<u>By type of customer</u>		
	Government and statutory bodies	10,429,828	8,583,944
	Business enterprise	6,115,371	4,919,831
	Individuals	7,605,226	7,448,586
	Domestic banking institutions	383	259
	Domestic non-banking financial institutions	174,938	682,330
	Foreign entities	106,018	111,313
	Others entities	243,286	243,866
		24,675,050	21,990,129

19 INVESTMENT ACCOUNTS OF CUSTOMERS

		Economic Entity and The Bank	
		31/03/2022	31/12/2021
		RM'000	RM'000
(i)	<u>By type of deposit</u>		
	Mudarabah	1,213	1,329
(ii)	<u>By type of customer</u>		
	Individuals	576	631
	Other entities	637	698
		1,213	1,329
(iii)	<u>By contract</u>		
	Others Term Financing	1,213	1,329
(iv)	<u>Movements in investment accounts</u>		
	At beginning of the financial period/year	1,329	2,151
	Redemption	(115)	(818)
	Finance expense on RIA	17	90
	Profit distributed	(18)	(94)
	At end of the financial period/year	1,213	1,329

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

	Economic Entity and The Bank			
	2022		2021	
	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	-	-	-	5.70
Six months to one year	-	-	85	-
One year to three years	85	5.58	-	-
Three years to five years	-	-	85	5.58

20 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

		Economic Entity and The Bank	
		31/03/2022	31/12/2021
		RM'000	RM'000
Tawarruq			
	Licensed banks	200,649	-
	Licensed investment banks	30,871	14,106
	Other financial institutions	635,817	343,944
		867,337	358,050
Maturity structure of deposits are as follows:			
	Due within six months	867,337	358,050

21 INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTIONS

	Economic Entity and The Bank	
	31/03/2022	31/12/2021
	RM'000	RM'000
Mudarabah		
Licensed banks	1,890,087	1,831,585

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

	Economic Entity and The Bank			
	31/03/2022		31/12/2021	
	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	3.63	-	-
One to three months	70	2.77	-	-
One year to three years	78	4.68	78	4.45
Three years to five years	95	4.37	95	4.71
Five years and above	84	4.60	89	4.73

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 RM1,890.1 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.

	Economic Entity and The Bank	
	31/03/2022	31/12/2021
	RM'000	RM'000
Movements in investment accounts		
At beginning of the financial year	1,830,327	1,751,039
New placement	78,568	234,689
Redemption	(18,672)	(158,296)
Finance expense on RIA	18,157	67,627
Profit distributed	(18,609)	(66,958)
Exchange difference	316	3,484
At end of the financial year	1,890,087	1,831,585

22 DERIVATIVE FINANCIAL LIABILITIES

	Economic Entity and The Bank			
	31/03/2022		31/12/2021	
	Contract/ notional amount RM'000	Liabilities RM'000	Contract/ notional amount RM'000	Liabilities RM'000
At fair value				
Foreign exchange derivatives				
- Currency forwards	1,455,263	5,330	1,071,727	10,659
	1,455,263	5,330	1,071,727	10,659

23 OTHER LIABILITIES

	Economic Entity and The Bank	
	31/03/2022	31/12/2021
	RM'000	RM'000
Bank Negara Malaysia and Credit Guarantee Corporation Funding programmes	11,596	9,941
Margin and collateral deposits	19,756	18,056
Other creditors and accruals	5,760	4,247
Sundry creditors	69,712	137,397
Provision for zakat	1,903	2,337
Defined contribution plan (a)	1,619	1,214
Accrued employee benefits	1,897	4,893
Charity funds (b)	17	14
Unearned income	5,100	4,688
Financing commitments (c)	5,611	5,666
	122,971	188,453

(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

	Economic Entity and The Bank	
	31/03/2022	31/12/2021
	RM'000	RM'000
<u>Sources and uses of charity funds</u>		
At beginning of the financial period/year	14	35
Sources of charity funds		
- Non-Islamic/prohibited income	2	5
- AFFIN Barakah Charity Account-i	1	4
Uses of charity funds		
- Contribution to education	-	10
- Contribution to program/event - Covid-19	-	20
	-	30
At end of the financial period/year	17	14

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

	Economic Entity and The Bank	
	31/03/2022	31/12/2021
	RM'000	RM'000
At beginning of the financial period/year	5,666	3,982
Net remeasurement of loss allowance	(551)	1,490
New financing commitments and financial kafalah	496	1,714
Financing commitment/financial kafalah derecognised	-	(1,520)
At end of the financial period/year	5,611	5,666

24 LEASE LIABILITIES

	Economic Entity and The Bank	
	31/03/2022	31/12/2021
	RM'000	RM'000
At beginning of financial period/year	666	2,433
Finance expense	6	38
Lease payment	(121)	(1,805)
At end of the financial period/year	<u>551</u>	<u>666</u>

25 SUBORDINATED TERM FINANCING AND MEDIUM TERM NOTES

	Economic Entity and The Bank	
	31/03/2022	31/12/2021
	RM'000	RM'000
Medium Term Notes ("MTN") Tier-2 Sukuk Murabahah (a)	817,710	807,609
Additional Tier-1 Sukuk Wakalah ("AT1S") (b)	307,662	303,425
	<u>1,125,372</u>	<u>1,111,034</u>

(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.

26 RESERVES

	Economic Entity		The Bank	
	31/03/2022	31/12/2021	31/03/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
Retained profits	1,068,735	981,016	1,068,735	981,016
FVOCI revaluation reserves (a)	-	-	-	-
Regulatory reserves (b)	81,503	105,613	81,503	105,613
	<u>1,150,238</u>	<u>1,086,629</u>	<u>1,150,238</u>	<u>1,086,629</u>

(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 quarter is NIL in 2022 (2021: Nil).

(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.

27 INCOME FROM ISLAMIC BANKING BUSINESS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended 31/03/2022	31/03/2021	Cumulative Quarter Ended 31/03/2022	31/03/2021
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	245,233	206,733	245,233	206,733
Income derived from investment of investment account funds	18,954	18,506	18,954	18,506
Income derived from investment of shareholders' funds	22,132	20,200	22,132	20,200
Income attributable to depositors and others	(122,123)	(108,343)	(122,123)	(108,343)
Income attributable to investment account holders	(17,884)	(16,449)	(17,884)	(16,449)
	146,312	120,647	146,312	120,647

28 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended 31/03/2022	31/03/2021	Cumulative Quarter Ended 31/03/2022	31/03/2021
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
- General investment deposits (i)	162,099	135,410	162,099	135,410
- Other deposits (ii)	83,134	71,323	83,134	71,323
	245,233	206,733	245,233	206,733

28 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		Cumulative Quarter Ended	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing and other financing	132,082	110,892	132,082	110,892
Financial investments at FVOCI	-	14,262	-	14,262
Financial investments at AC	16,439	-	16,439	-
Money at call and deposits with other financial institutions	6,347	5,096	6,347	5,096
	<u>154,868</u>	<u>130,250</u>	<u>154,868</u>	<u>130,250</u>
Accretion of discount less amortisation of premium	-	(2,417)	-	(2,417)
Total finance income and hibah	<u>154,868</u>	<u>127,833</u>	<u>154,868</u>	<u>127,833</u>
Other operating income				
Fee income:				
Commission	1,805	1,103	1,805	1,103
Service charges and fees	1,300	1,409	1,300	1,409
Kafalah fees	653	644	653	644
	<u>3,758</u>	<u>3,156</u>	<u>3,758</u>	<u>3,156</u>
Commission paid on will/wasiat	(2)	(2)	(2)	(2)
Gain on sale of financial investments at FVOCI	-	893	-	893
	<u>-</u>	<u>893</u>	<u>-</u>	<u>893</u>
Other income:				
Foreign exchange profit/(loss)				
- realised	1,790	(6,418)	1,790	(6,418)
- unrealised	(594)	7,802	(594)	7,802
Other non-operating income	2,279	2,146	2,279	2,146
	<u>3,475</u>	<u>3,530</u>	<u>3,475</u>	<u>3,530</u>
Total income derived from investment of general investment deposits	<u>162,099</u>	<u>135,410</u>	<u>162,099</u>	<u>135,410</u>

28 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		Cumulative Quarter Ended	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing and other financing	67,739	58,409	67,739	58,409
Financial investments at FVOCI	-	7,512	-	7,512
Financial investments at AC	8,431	-	8,431	-
Money at call and deposits with other financial institutions	3,255	2,684	3,255	2,684
	79,425	68,605	79,425	68,605
Accretion of discount less amortisation of premium	-	(1,273)	-	(1,273)
Total finance income and hibah	79,425	67,332	79,425	67,332
Other operating income				
Fee income:				
Commission	926	581	926	581
Service charges and fees	667	742	667	742
Kafalah fees	335	339	335	339
	1,928	1,662	1,928	1,662
Commission paid on will/wasiat	(1)	(1)	(1)	(1)
Income from financial instruments:				
Gain on sale of financial investments at FVOCI	-	470	-	470
	-	470	-	470
Other income:				
Foreign exchange profit/(loss)				
- realised	918	(3,380)	918	(3,380)
- unrealised	(305)	4,110	(305)	4,110
Other non-operating income	1,169	1,130	1,169	1,130
	1,782	1,860	1,782	1,860
Total income derived from investment of other deposits	83,134	71,323	83,134	71,323

29 INCOME DERIVED FROM INVESTMENT OF INVESTMENT ACCOUNT FUNDS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended 31/03/2022 RM'000	31/03/2021 RM'000	Cumulative Quarter Ended 31/03/2022 RM'000	31/03/2021 RM'000
Finance income and hibah				
Financing and other financing	15,445	15,155	15,445	15,155
Financial investments at FVOCI	-	1,949	-	1,949
Financial investments at AC	1,922	-	1,922	-
Money at call and deposits with other financial institutions	742	696	742	696
	18,109	17,800	18,109	17,800
Accretion of discount less amortisation of premium	-	(330)	-	(330)
Total finance income and hibah	18,109	17,470	18,109	17,470
Other operating income				
Fee income:				
Commission	211	151	211	151
Service charges and fees	152	193	152	193
Kafalah fees	76	88	76	88
	439	432	439	432
Commission paid on will/wasiat	-	-	-	-
Income from financial instruments:				
Gain on sale of financial investments at FVOCI	-	122	-	122
	-	122	-	122
Other income:				
Foreign exchange profit/(loss)				
- realised	209	(877)	209	(877)
- unrealised	(69)	1,066	(69)	1,066
Other non-operating income	266	293	266	293
	406	482	406	482
Total income derived from investment of investment account funds	18,954	18,506	18,954	18,506

30 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended 31/03/2022 RM'000	31/03/2021 RM'000	Cumulative Quarter Ended 31/03/2022 RM'000	31/03/2021 RM'000
Finance income and hibah				
Financing and other financing	18,034	16,542	18,034	16,542
Financial investments at FVOCI	-	2,128	-	2,128
Financial investments at AC	2,245	-	2,245	-
Money at call and deposits with other financial institutions	867	760	867	760
	<u>21,146</u>	<u>19,430</u>	<u>21,146</u>	<u>19,430</u>
Accretion of discount less amortisation of premium	-	(361)	-	(361)
Total finance income and hibah	<u>21,146</u>	<u>19,069</u>	<u>21,146</u>	<u>19,069</u>
Other operating income				
Fee income:				
Commission	246	165	246	165
Service charges and fees	177	210	177	210
Kafalah fees	89	96	89	96
	<u>512</u>	<u>471</u>	<u>512</u>	<u>471</u>
Income from financial instruments:				
Gain on sale of financial investments at FVOCI	-	133	-	133
	<u>-</u>	<u>133</u>	<u>-</u>	<u>133</u>
Other income:				
Foreign exchange profit/(loss)				
- realised	244	(957)	244	(957)
- unrealised	(81)	1,164	(81)	1,164
Other non-operating income	311	320	311	320
	<u>474</u>	<u>527</u>	<u>474</u>	<u>527</u>
Total income derived from investment of shareholders' fund	<u>22,132</u>	<u>20,200</u>	<u>22,132</u>	<u>20,200</u>

31 MODIFICATION LOSS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended 31/03/2022 RM'000	31/03/2021 RM'000	Cumulative Quarter Ended 31/03/2022 RM'000	31/03/2021 RM'000
Modification loss	<u>(14)</u>	<u>-</u>	<u>(14)</u>	<u>-</u>

The modification loss represents the cost of deferring cashflows of the financing impacted by the payment moratorium. The modification loss is shown net of benefits from various government financing schemes to support measures to assist SMEs that are adversely impacted by COVID-19 / floods in order to sustain their business operations.

The moratorium does not automatically result in stage transfer under MFRS 9 in the absence of other factors relevant to the assessment.

32 ALLOWANCES FOR IMPAIRMENT LOSSES ON FINANCING AND OTHER FINANCING

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended 31/03/2022	31/03/2021	Cumulative Quarter Ended 31/03/2022	31/03/2021
	RM'000	RM'000	RM'000	RM'000
Expected credit loss made on/(written-back):				
- Financing and other financing	(4,028)	27,455	(4,028)	27,455
- Securities	(302)	(848)	(302)	(848)
- Financing commitments and financial kafalah	(55)	296	(55)	296
Bad financing				
- recovered	(1,905)	(1,732)	(1,905)	(1,732)
- written-off	78	3	78	3
	(6,212)	25,174	(6,212)	25,174

33 INCOME ATTRIBUTABLE TO DEPOSITORS AND OTHERS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended 31/03/2022	31/03/2021	Cumulative Quarter Ended 31/03/2022	31/03/2021
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudarabah	244	302	244	302
- Non-Mudarabah	104,209	90,202	104,209	90,202
Deposits and placements of banks and other financial institutions				
- Mudarabah	3,011	3,185	3,011	3,185
Finance expense-Subordinated term financing and medium term notes	14,338	14,337	14,338	14,337
Others	321	317	321	317
	122,123	108,343	122,123	108,343

34 OTHER OPERATING EXPENSES

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended 31/03/2022 RM'000	31/03/2021 RM'000	Cumulative Quarter Ended 31/03/2022 RM'000	31/03/2021 RM'000
<u>Personnel costs</u>				
Wages, salaries and bonuses	32,658	30,316	32,658	30,316
Defined contribution plan ('EPF')	5,520	5,174	5,520	5,174
Other personnel costs	3,265	4,001	3,265	4,001
	41,443	39,491	41,443	39,491
<u>Establishment costs</u>				
Equipment rental	264	1,050	264	1,050
Repair and maintenance	6,870	6,956	6,870	6,956
Depreciation of property and equipment	103	130	103	130
Amortisation of intangible assets	53	53	53	53
Depreciation of right-of-use assets	113	114	113	114
IT consultancy fees	6,081	4,615	6,081	4,615
Dataline rental	1,953	1,794	1,953	1,794
Security services	1,423	1,680	1,423	1,680
Electricity, water and sewerage	1,548	1,217	1,548	1,217
Licence fee	51	71	51	71
Takaful and indemnities	1,561	649	1,561	649
Other establishment costs	540	954	540	954
	20,560	19,283	20,560	19,283
<u>Marketing expenses</u>				
Business promotion and advertisement	68	94	68	94
Entertainment	43	69	43	69
Traveling and accommodation	197	238	197	238
Commissions expenses	514	(521)	514	(521)
Brokerage expenses	232	295	232	295
Other marketing expenses	761	346	761	346
	1,815	521	1,815	521
<u>Administration and general expenses</u>				
Telecommunication expenses	138	365	138	365
Auditors' remuneration	56	116	56	116
Professional fees	1,448	523	1,448	523
Mail and courier charges	270	474	270	474
Stationery and consumables	697	823	697	823
Directors' fees and allowances	400	344	400	344
Shariah fees	-	111	-	111
Donations	33	56	33	56
Settlement, clearing and bank charges	431	386	431	386
Other administration and general expenses	151	30	151	30
	3,624	3,228	3,624	3,228
Total other operating expenses	67,442	62,523	67,442	62,523

35 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 period/year.

	Individual Quarter Ended		Cumulative Quarter Ended	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
Economic Entity				
Net profit attributable to equity holder of the Bank (RM'000)	63,609	24,005	63,609	24,005
Weighted average number of ordinary shares in issue ('000)	1,060,000	1,060,000	1,060,000	1,060,000
Basic earnings per share (sen)	6.0	2.3	6.0	2.3
The Bank				
Net profit attributable to equity holder of the Bank (RM'000)	63,609	24,005	63,609	24,005
Weighted average number of ordinary shares in issue ('000)	1,060,000	1,060,000	1,060,000	1,060,000
Basic earnings per share (sen)	6.0	2.3	6.0	2.3

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 Principal Amount	
	31/03/2022 RM'000	31/12/2021 RM'000
Direct credit substitutes *	90,656	91,921
Transaction-related contingent items	394,219	409,317
Short-term self-liquidating trade related contingencies	183,744	260,650
Irrevocable commitments to extend credit		
- maturity less than one year	1,684,556	1,522,266
- maturity more than one year	815,014	826,881
Unutilised credit card lines	218,699	214,449
Foreign exchange related contracts #		
- less than one year	2,181,711	1,750,186
	5,568,599	5,075,670

* Included in direct credit substitutes as above are financial kafalah contracts of RM90.7million at the Bank (2021: RM91.9million), 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.

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 unquoted 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
Economic Entity and The Bank				
31/03/2022				
Financial Assets				
Derivative financial assets	-	5,058	-	5,058
Financial Liabilities				
Derivative financial liabilities	-	5,330	-	5,330
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Economic Entity and The Bank				
31/12/2021				
Financial Assets				
Derivative financial assets	-	11,436	-	11,436
Financial Liabilities				
Derivative financial liabilities	-	10,659	-	10,659

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	
	31/03/2022	31/12/2021	31/03/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
<u>CET 1</u>				
Paid-up share capital	1,060,000	1,060,000	1,060,000	1,060,000
Retained profits	1,005,126	981,016	1,005,126	981,016
FVOCI revaluation reserves	-	-	-	-
	<u>2,065,126</u>	<u>2,041,016</u>	<u>2,065,126</u>	<u>2,041,016</u>
Less: Regulatory adjustments:				
- Intangible assets	(292)	(345)	(292)	(345)
- Deferred tax assets	(23,556)	(22,484)	(23,556)	(22,484)
- Other CET 1 transitional adjustment	58,007	81,108	58,007	81,108
Total CET 1 Capital	<u>2,099,285</u>	<u>2,099,295</u>	<u>2,099,285</u>	<u>2,099,295</u>
Additional Tier 1 capital	300,000	300,000	300,000	300,000
Total Tier 1 capital	<u>2,399,285</u>	<u>2,399,295</u>	<u>2,399,285</u>	<u>2,399,295</u>
<u>Tier 2 capital</u>				
Subordinated medium term financing	800,000	800,000	800,000	800,000
Expected loss provision #	122,551	91,378	122,551	91,378
Total Tier 2 capital	<u>922,551</u>	<u>891,378</u>	<u>922,551</u>	<u>891,378</u>
Total Capital	3,321,836	3,290,673	3,321,836	3,290,673

b) The breakdown of risk-weighted assets:

Credit risk	17,040,132	16,484,875	17,040,132	16,484,875
Market risk	18,771	31,243	18,771	31,243
Operational risk	813,087	778,585	813,087	778,585
Total risk-weighted assets	17,871,990	17,294,703	17,871,990	17,294,703

c) Capital adequacy ratios:

<u>With transitional arrangements</u>				
CET 1 capital ratio	11.746%	12.138%	11.746%	12.138%
Tier 1 capital ratio	13.425%	13.873%	13.425%	13.873%
Total capital ratio	18.587%	19.027%	18.587%	19.027%
<u>Without transitional arrangements</u>				
CET 1 capital ratio	11.422%	11.669%	11.422%	11.669%
Tier 1 capital ratio	13.100%	13.404%	13.100%	13.404%
Total capital ratio	18.587%	19.027%	18.587%	19.027%

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 March 2022, RIA assets excluded from Total Capital Ratio calculation amounted to RM1,889.1 million (2021: RM1,834.6 million).

42 REVIEW OF PERFORMANCE OF THE BANK

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

The Bank registered a higher profit before tax of RM85.1 million for the 3 months financial quarter ended 31 March 2022, an increase of RM52.1 million or 158.2% as compared to RM33.0 million for the preceding year's corresponding quarter. The improved performance was due to higher net financing and other income by RM25.7 million and lower allowance for impairment losses of RM31.4 million.

Net financing and other income increased by RM25.7 million or 21.3% to RM146.3 million as compared to the same period last year of RM120.6 million, mainly attributable to improved Net Financing Margin due to lower cost of funding. Allowance for impairment losses dropped by RM31.4 million or 124.7% to a write-back of RM6.2 million as compared to charge of RM25.2 million recorded in 31 March

Gross financing and other financing and Customer deposits both grew by 17.4% to RM23.6 billion and 28.2% to RM5.63 billion respectively, year-on-year, whilst CASA ratio stood at 25.2% as at 31 March 2022.

CET1, Tier 1 Capital Ratio and Total Capital Ratio were 11.746%, 13.425% and 18.587% respectively as at 31 March 2022.

Analysis of financial performance of current quarter vs preceding quarter

The Bank recorded a profit before tax of RM85.0 million for the current quarter under review, lower by RM19.4 million or -18.5% against the preceding quarter ended 31 December 2021 of RM104.4 million, mainly due to lower net financing and other income of RM10.7 million.

43 PROSPECTS FOR FINANCIAL YEAR 2022

Bank Negara Malaysia has projected Malaysia's economy to grow between 5.3% and 6.3% this year. The recovery is expected to gain momentum in 2022, underpinned by several factors including continued expansion in external demand, full upliftment of containment measures, reopening of international borders, and further improvement in labour market conditions. Malaysia's economy is expected to face challenges mainly from the ongoing impact of Covid-19, slower than expected rollout of public infrastructure project, supply chain disruption, increased commodity price volatility, limited fiscal space and higher inflation.

The Bank is optimistic about its growth prospects for 2022 as the economy continues to recover. Loan and financing growth is expected to be in line with 2021 levels based on the expected GDP growth. The Bank will focus on realising its key priorities as it enters its final year of the AIM22 Transformation journey. Our AIM22 Journey was charted with the aim of transforming AFFIN Bank Group into a modern and progressive organisation for our customers, shareholders and employees. The Bank remains committed to its five key focus areas which are to increase Return on Equity, improve productivity and efficiency, build the current account and savings account base, digital transformation and focus on people. 2022 will also see the Group strengthening its presence in areas related to Environment, Social and Governance ('ESG').