

AFFIN Islamic Bank Berhad

Registration no. 200501027372 (709506-V)

Condensed Interim Financial Statements

Unaudited Statements of Financial Position as at 30 September 2022

	Note	Economic Entity		The Bank	
		30/09/2022 RM'000	31/12/2021 RM'000	30/09/2022 RM'000	31/12/2021 RM'000
ASSETS					
Cash and short-term funds		1,467,796	2,240,427	1,467,796	2,240,427
Deposits and placements with banks and other financial institutions		-	50,008	-	50,008
Derivative financial assets	13	108,844	11,436	108,844	11,436
Financial assets at fair value through profit or loss ('FVTPL')		199,444	-	199,444	-
Financial investments at amortised cost ('AC')	14	4,926,725	3,464,981	4,926,725	3,464,981
Financing and other financing	15	25,118,815	22,570,323	25,118,815	22,570,323
Other assets	16	129,242	77,711	129,242	77,711
Amount due from holding company		49,581	-	49,581	-
Amount due from joint ventures	17	10,742	15,737	10,742	15,737
Tax recoverable		564	-	564	-
Deferred tax assets		22,759	22,484	22,759	22,484
Property and equipment		1,526	1,328	1,526	1,328
Right-of-use assets		513	632	513	632
Intangible assets		186	345	186	345
TOTAL ASSETS		32,036,737	28,455,412	32,036,737	28,455,412
LIABILITIES AND EQUITY					
Deposits from customers	18	25,104,461	21,990,129	25,104,461	21,990,129
Investment accounts of customers	19	978	1,329	978	1,329
Deposits and placements of banks and other financial institutions	20	1,467,277	358,050	1,467,277	358,050
Investment accounts due to designated financial institutions	21	1,819,948	1,831,585	1,819,948	1,831,585
Recourse obligation on financing sold to Cagamas Berhad		50,344	50,033	50,344	50,033
Derivative financial liabilities	22	30,659	10,659	30,659	10,659
Other liabilities	23	141,115	188,453	141,115	188,453
Amount due to holding company		-	758,812	-	758,812
Provision for taxation		-	8,033	-	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		29,740,705	26,308,783	29,740,705	26,308,783
Share capital		1,060,000	1,060,000	1,060,000	1,060,000
Reserves	26	1,236,032	1,086,629	1,236,032	1,086,629
TOTAL EQUITY		2,296,032	2,146,629	2,296,032	2,146,629
TOTAL LIABILITIES AND EQUITY		32,036,737	28,455,412	32,036,737	28,455,412
COMMITMENTS AND CONTINGENCIES					
	37	6,310,905	5,075,670	6,310,905	5,075,670
CAPITAL ADEQUACY RATIOS					
39					
<u>With transitional arrangements</u>					
CET 1 capital ratio		11.713%	12.138%	11.713%	12.138%
Tier 1 capital ratio		13.251%	13.873%	13.251%	13.873%
Total capital ratio		17.906%	19.027%	17.906%	19.027%
Net assets per share attributable to equity holders of the Bank (RM)		2.17	2.03	2.17	2.03

The Condensed Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and the Bank for the financial year ended 31 December 2021.

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Unaudited Income Statements for the Financial Quarter Ended 30 September 2022

	Note	Economic Entity		Economic Entity	
		Individual Quarter Ended		Cumulative Quarter Ended	
		30/09/2022	30/09/2021	30/09/2022	30/09/2021
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	28	306,553	231,234	815,696	654,191
Income derived from investment of investment account funds	29	21,626	17,616	60,320	53,997
Income derived from investment of shareholders' funds	30	27,364	20,187	73,904	59,912
Allowances for impairment losses on financing and other financing	31	(31,630)	(9,016)	(58,938)	(49,266)
Allowance for impairment losses on other assets	32	(6,167)	-	(8,037)	(1,344)
Total distributable income		317,746	260,021	882,945	717,490
Income attributable to the depositors and others	33	(150,579)	(121,527)	(401,888)	(338,093)
Income attributable to the investment account holders	34	(18,975)	(16,689)	(54,911)	(49,827)
Total net income		148,192	121,805	426,146	329,570
Other operating expenses	35	(60,197)	(62,661)	(190,253)	(183,656)
Profit before zakat and taxation		87,995	59,144	235,893	145,914
Zakat		(2,000)	(1,830)	(2,000)	(1,830)
Profit before taxation		85,995	57,314	233,893	144,084
Taxation		(41,107)	(15,179)	(84,490)	(38,063)
Net profit after zakat and taxation		44,888	42,135	149,403	106,021
Attributable to:					
Equity holders of the Bank		44,888	42,135	149,403	106,021
Earnings per share (sen):					
- Basic	36	4.23	3.98	14.09	10.00

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Unaudited Income Statements for the Financial Quarter Ended 30 September 2022

	Economic Entity		Economic Entity	
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
	RM'000	RM'000	RM'000	RM'000
Profit after zakat and taxation	44,888	42,135	149,403	106,021
Other comprehensive income:				
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Net fair value change in				
- financial investments at FVOCI	-	(15,885)	-	(122,885)
Net credit impairment losses change in financial investments at FVOCI	-	(94)	-	(1,343)
Net gains on financial investments at FVOCI reclassified to profit or loss on disposal	-	(300)	-	(2,224)
Deferred tax on				
- financial investments at FVOCI	-	3,884	-	30,026
Other comprehensive loss for the financial year, net of tax	-	(12,395)	-	(96,426)
Total comprehensive income for the financial period	44,888	29,740	149,403	9,595
Total comprehensive income for the financial period attributable to:				
Equity holders of the Bank	44,888	29,740	149,403	9,595

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Unaudited Income Statements for the Financial Quarter Ended 30 September 2022

	Note	The Bank Individual Quarter Ended		The Bank Cumulative Quarter Ended	
		30/09/2022 RM'000	30/09/2021 RM'000	30/09/2022 RM'000	30/09/2021 RM'000
Income derived from investment of depositors' funds and others	28	306,553	231,234	815,696	654,191
Income derived from investment of investment account funds	29	21,626	17,616	60,320	53,997
Income derived from investment of shareholders' funds	30	27,364	20,187	73,904	59,912
Allowances for impairment losses on financing and other financing	31	(31,630)	(9,016)	(58,938)	(49,266)
Allowance for impairment losses on other assets	32	(6,167)	-	(8,037)	(1,344)
Total distributable income		317,746	260,021	882,945	717,490
Income attributable to the depositors and others	33	(150,579)	(121,527)	(401,888)	(338,093)
Income attributable to the investment account holders	34	(18,975)	(16,689)	(54,911)	(49,827)
Total net income		148,192	121,805	426,146	329,570
Other operating expenses	35	(60,197)	(62,661)	(190,253)	(183,656)
Profit before zakat and taxation		87,995	59,144	235,893	145,914
Zakat		(2,000)	(1,830)	(2,000)	(1,830)
Profit before taxation		85,995	57,314	233,893	144,084
Taxation		(41,107)	(15,179)	(84,490)	(38,063)
Net profit after zakat and taxation		44,888	42,135	149,403	106,021
Attributable to:					
Equity holders of the Bank		44,888	42,135	149,403	106,021
Earnings per share (sen):					
- Basic	36	4.2	3.98	14.1	10.0

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Unaudited Income Statements for the Financial Quarter Ended 30 September 2022

	The Bank		The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
	RM'000	RM'000	RM'000	RM'000
Profit after zakat and taxation	44,888	42,135	149,403	106,021
Other comprehensive income:				
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Net fair value change in				
- financial investments at FVOCI	-	(15,885)	-	(122,885)
Net credit impairment losses change in financial investments at FVOCI	-	(94)	-	(1,343)
Net gains on financial investments at FVOCI reclassified to profit or loss on disposal	-	(300)	-	(2,224)
Deferred tax on				
- financial investments at FVOCI	-	3,884	-	30,026
Other comprehensive loss for the financial period, net of tax	-	(12,395)	-	(96,426)
Total comprehensive income for the financial period	44,888	29,740	149,403	9,595
Total comprehensive income for the financial period attributable to:				
Equity holders of the Bank	44,888	29,740	149,403	9,595

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Condensed Interim Financial Statements

Unaudited Statements of Changes In Equity for the Financial Quarter Ended 30 September 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	-	-	-	149,403	149,403
Total comprehensive income	-	-	-	149,403	149,403
Transfer from regulatory reserves	-	-	(59,145)	59,145	-
At 30 September 2022	1,060,000	-	46,468	1,189,564	2,296,032
	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Total Equity RM'000
Economic Entity					
At 1 January 2021	1,060,000	(4,919)	127,093	768,941	1,951,115
Net profit for the financial period	-	-	-	106,021	106,021
Other comprehensive income (net of tax)					
- Financial investments at FVOCI	-	(96,426)	-	-	(96,426)
Total comprehensive income	-	(96,426)	-	106,021	9,595
Transfer from regulatory reserves	-	-	(49,533)	49,533	-
At 30 September 2021	1,060,000	(101,345)	77,560	924,495	1,960,710

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Unaudited Statements of Changes In Equity for the Financial Quarter Ended 30 September 2022

	<----- Non-distributable ----->			< Distributable >	
	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Total Equity RM'000
The Bank					
At 1 January 2022	1,060,000	-	105,613	981,016	2,146,629
Net profit for the financial period	-	-	-	149,403	149,403
Total comprehensive income	-	-	-	149,403	149,403
Transfer from regulatory reserves	-	-	(59,145)	59,145	-
At 30 September 2022	1,060,000	-	46,468	1,189,564	2,296,032

	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Total Equity RM'000
	The Bank				
At 1 January 2021	1,060,000	(4,919)	127,093	768,941	1,951,115
Net profit for the financial period	-	-	-	106,021	106,021
Other comprehensive income (net of tax)					
- Financial investments at FVOCI	-	(96,426)	-	-	(96,426)
Total comprehensive income	-	(96,426)	-	106,021	9,595
Transfer from regulatory reserves	-	-	(49,533)	49,533	-
At 30 September 2021	1,060,000	(101,345)	77,560	924,495	1,960,710

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Unaudited Statements of Cash Flows for the Financial Quarter Ended 30 September 2022

	Economic Entity		The Bank	
	30/09/2022 RM'000	30/09/2021 RM'000	30/09/2022 RM'000	30/09/2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	233,893	144,084	233,893	144,084
Adjustments for items not involving the movement of cash and cash equivalents:				
	(36,323)	16,030	(36,323)	16,030
Operating profit before changes in working capital	197,570	161,238	197,570	161,238
Net changes in operating assets	(3,573,447)	(1,770,812)	(3,573,447)	(1,770,812)
Net changes in operating liabilities	4,162,830	3,196,746	4,162,830	3,196,746
Tax and Zakat paid	(94,554)	(39,552)	(94,554)	(39,552)
Net cash generated from operating activities	692,400	1,547,620	692,400	1,547,620
CASH FLOWS FROM INVESTING ACTIVITIES				
Finance income and hibah received from				
- financial investments at FVOCI	3	73,659	3	73,659
- financial investments at AC	112,254	-	112,254	-
Net purchase/redemption				
-financial investments at FVOCI	-	(691,056)	-	(691,056)
-financial investments at AC	(1,470,323)	(70,000)	(1,470,323)	(70,000)
Disposal of				
-financial investments at FVOCI	-	228,645	-	228,645
Purchase of property and equipment	(505)	(282)	(505)	(282)
Net cash used in investing activities	(1,358,571)	(459,034)	(1,358,571)	(459,034)
CASH FLOWS FROM FINANCING ACTIVITIES				
Profit payment from subordinated term financing and medium term notes	(28,675)	(28,675)	(28,675)	(28,675)
Lease payments	(362)	(1,702)	(362)	(1,702)
Profit element of lease payments	(15)	(32)	(15)	(32)
Net cash used in financing activities	(29,052)	(30,409)	(29,052)	30,875
Net (decrease)/increase in cash and cash equivalents	(695,223)	1,058,177	(695,223)	1,058,177
Effects of foreign exchange	(77,408)	(15,630)	(77,408)	(15,630)
Cash and cash equivalents at beginning of the financial period	2,240,427	2,794,278	2,240,427	2,794,278
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	1,467,796	3,836,825	1,467,796	3,836,825
<u>Cash and cash equivalents comprise the following:</u>				
Cash and short-term funds	1,467,796	3,836,825	1,467,796	3,836,825

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 MFRS 134 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) clarify 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 AUDITORS' 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 EVENTS

There is no material subsequent events after the quarter ended 30 September 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 30 September 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 financial period ended 30 September 2022.

13 DERIVATIVE FINANCIAL ASSETS

	Economic Entity and The Bank			
	30/09/2022		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	1,771,223	108,844	678,459	11,436
	1,771,223	108,844	678,459	11,436

14 FINANCIAL INVESTMENTS AT AMORTISED COST ('AC')

	Economic Entity and The Bank	
	30/09/2022	31/12/2021
	RM'000	RM'000
At amortised cost		
Malaysian Government treasury bills	137,921	97,747
Malaysian Government investment issues	2,528,407	1,569,676
Cagamas bonds/sukuk	80,310	-
BNM Sukuk	10,086	10,299
Unquoted securities:		
Corporate sukuk in Malaysia	2,173,970	1,791,047
	4,930,694	3,468,769
Less: Expected Credit Losses ('ECL')	(3,969)	(3,788)
	4,926,725	3,464,981

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

	Lifetime ECL		Lifetime ECL		Total
	12-Month ECL Stage 1	not credit impaired Stage 2	credit impaired Stage 3		
	RM'000	RM'000	RM'000	RM'000	
Economic Entity and Bank					
30/09/2022					
At beginning of the financial period	3,788	-	-		3,788
Financial assets derecognised (other than write-off)	(151)	-	-		(151)
New financial assets originated or purchased	532	-	-		532
Change due to change in credit risk	(200)	-	-		(200)
At end of the financial period	3,969	-	-		3,969
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	
	30/09/2022	31/12/2021
	RM'000	RM'000
Cashline	734,893	651,183
Term financing		
- House financing	9,006,678	8,443,386
- Hire purchase receivables	5,064,681	4,561,420
- Syndicated financing	857,639	869,857
- Others term financing	7,407,734	6,221,332
Bills receivables	129,684	92,878
Trust receipts	19,542	13,142
Claims on customers under acceptances credits	837,385	701,318
Staff financing (of which RM Nil to Directors)	116,836	104,165
Credit/charge cards receivables	55,575	44,830
Revolving financing	1,164,415	1,070,514
Gross financing and other financing	25,395,062	22,774,025
Less: ECL	(276,247)	(203,702)
Total net financing and other financing	25,118,815	22,570,323

Included in other term financing as at reporting date is RM56.7 million (2021: RM55.8 million) of term financing disbursed by the Bank to a joint venture company, AFFIN-i Nadayu Sdn Bhd.

(ii) By maturity structure

	Economic Entity and The Bank	
	30/09/2022	31/12/2021
	RM'000	RM'000
Maturing within one year	3,099,634	2,720,697
One year to three years	1,503,254	632,881
Three years to five years	1,556,559	2,454,747
Over five years	19,235,615	16,965,700
	25,395,062	22,774,025

15 FINANCING AND OTHER FINANCING (continued)

(iii) **By contract**

Economic Entity and The Bank 30/09/2022	Al-Bai		Al-Ijarah			Tawarruq	Musyarakah	Istisna'	Others	Total
	Bithaman Ajil	Ijarah	Thumma Al-Bai	Murabahah	Murabahah					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cashline	-	-	-	-	-	723,459	-	-	11,434	734,893
Term financing										
- House financing	533,753	-	-	-	-	187,525	8,285,400	-	-	9,006,678
- Hire purchase receivables	-	-	5,064,681	-	-	-	-	-	-	5,064,681
- Syndicated financing	-	269,183	-	-	-	588,456	-	-	-	857,639
- Others term financing	68,950	523,312	-	167,042	5,014,227	1,097,293	536,887	23		7,407,734
Bills receivables	-	-	-	129,184	-	-	-	-	500	129,684
Trust receipts	-	-	-	19,542	-	-	-	-	-	19,542
Claims on customers under										
acceptances credits	-	-	-	837,385	-	-	-	-	-	837,385
Staff financing	2,750	-	-	24,679	31,718	57,689	-	-	-	116,836
Credit/charge cards receivables	-	-	-	55,575	-	-	-	-	-	55,575
Revolving financing	-	-	-	-	1,164,415	-	-	-	-	1,164,415
Gross financing and other financing	605,453	792,495	5,064,681	1,233,407	7,709,800	9,440,382	536,887	11,957	25,395,062	

Economic Entity and The Bank 31/12/2021	Al-Bai		Al-Ijarah			Tawarruq	Musyarakah	Istisna'	Others	Total
	Bithaman Ajil	Ijarah	Thumma Al-Bai	Murabahah	Murabahah					
	RM'000	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	
	30/09/2022	31/12/2021
	RM'000	RM'000
(iv) <u>By type of customer</u>		
Domestic non-banking institutions		
- Others	40,668	44,632
Domestic business enterprises		
- Small medium enterprises	2,735,648	2,550,698
- Others	4,764,462	4,472,997
Government and statutory bodies	745,683	753,625
Individuals	16,952,790	14,792,334
Other domestic entities	187	222
Foreign entities	155,624	159,517
	<u>25,395,062</u>	<u>22,774,025</u>
(v) <u>By profit rate sensitivity</u>		
Fixed rate		
- House financing	43,866	41,326
- Hire purchase receivables	5,064,681	4,561,420
- Other fixed rate financing	975,653	1,023,189
Variable rate		
- BFR plus	16,141,095	14,169,939
- Cost plus	3,169,767	2,978,151
	<u>25,395,062</u>	<u>22,774,025</u>
(vi) <u>By economic sector</u>		
Primary agriculture	811,093	736,883
Mining and quarrying	140,155	146,541
Manufacturing	1,271,432	1,128,004
Electricity, gas and water supply	449,370	384,412
Construction	858,938	615,576
Real estate	1,372,098	1,554,651
Wholesale & retail trade and restaurants & hotels	1,342,486	1,121,415
Transport, storage and communication	504,675	519,323
Finance, takaful and business services	434,199	597,901
Education, health and others	1,208,421	1,122,737
Household	17,002,195	14,846,582
	<u>25,395,062</u>	<u>22,774,025</u>
(vii) <u>By economic purpose</u>		
Purchase of securities	911,354	641,100
Purchase of transport vehicles	5,277,920	4,767,396
Purchase of landed properties of which:		
- Residential	9,184,457	8,610,977
- Non-residential	2,339,339	2,360,103
Fixed assets other than land and building	72,695	75,975
Personal use	1,909,136	1,077,910
Credit/charge card	55,575	44,830
Construction	945,662	901,544
Working capital	4,025,634	3,755,424
Others	672,931	538,766
	<u>25,395,062</u>	<u>22,774,025</u>

15 FINANCING AND OTHER FINANCING (continued)

	Economic Entity and The Bank	
	30/09/2022	31/12/2021
	RM'000	RM'000
(viii) <u>By geographical distribution</u>		
Perlis	102,927	100,396
Kedah	1,133,432	967,657
Pulau Pinang	1,410,092	1,276,419
Perak	778,675	674,639
Selangor	8,433,908	7,576,803
Wilayah Persekutuan	5,092,123	4,426,864
Negeri Sembilan	1,270,462	1,172,100
Melaka	440,195	373,759
Johor	2,895,988	2,712,627
Pahang	957,822	827,390
Terengganu	876,073	791,523
Kelantan	548,075	420,398
Sarawak	643,021	623,299
Sabah	792,561	810,158
Labuan	19,702	19,989
Outside Malaysia	6	4
	<u>25,395,062</u>	<u>22,774,025</u>

(ix) Movements of impaired financing

	Economic Entity and The Bank	
	30/09/2022	31/12/2021
	RM'000	RM'000
At beginning of the financial period/year	381,586	315,471
Classified as impaired	174,104	314,867
Reclassified as non-impaired	(102,364)	(113,207)
Amount recovered	(91,061)	(115,731)
Amount written-off	(17,752)	(19,814)
At end of the financial period/year	<u>344,513</u>	<u>381,586</u>
Ratio of gross impaired financing and other financing to gross financing and other financing*	<u>0.84%</u>	<u>1.11%</u>

* For the Bank, Restricted Investment Account ('RIA') excluded in the ratio calculation amounting to RM1,825.6 million (31 December 2021: RM1,834.6 million) with impaired financing amounting to RM146.3 million (31 December 2021: RM149.9 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 30 September 2022 for the Bank was RM17.8 million (31 December 2021: RM19.8 million). The Bank will 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)

	Economic Entity and The Bank	
	30/09/2022	31/12/2021
	RM'000	RM'000
(x) <u>Impaired financing by economic sector</u>		
Primary agriculture	187	184
Mining and quarrying	18,188	24,342
Manufacturing	4,028	2,319
Construction	8,864	2,990
Real estate	39,573	41,109
Wholesale & retail trade and restaurants & hotels	5,504	2,577
Transport, storage and communication	159,430	200,429
Finance, takaful and business services	2,247	872
Education, health and others	621	619
Household	105,871	106,145
	344,513	381,586
(xi) <u>Impaired financing by economic purpose</u>		
Purchase of securities	389	95
Purchase of transport vehicles	179,536	169,737
Purchase of landed properties of which:		
- Residential	79,126	82,848
- Non-residential	61,128	67,927
Personal use	6,847	3,429
Credit/charge card	334	280
Construction	-	1,236
Working capital	17,107	56,034
Others	46	-
	344,513	381,586
(xii) <u>Impaired financing by geographical distribution</u>		
Perlis	2,314	2,590
Kedah	10,535	7,207
Pulau Pinang	7,180	7,314
Perak	4,549	55,052
Selangor	68,219	76,670
Wilayah Persekutuan	23,056	18,182
Negeri Sembilan	8,314	11,792
Melaka	18,912	2,220
Johor	48,458	43,030
Pahang	1,438	1,732
Terengganu	148,190	151,892
Kelantan	2,587	2,143
Sarawak	271	44
Sabah	490	1,718
	344,513	381,586

15 FINANCING AND OTHER FINANCING (continued)

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

Economic Entity and The Bank 30/09/2022	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 period	72,928	76,859	53,915	203,702
Total transfer between stages due to change in credit risk:	22,100	3,745	(25,845)	-
- Transfer to 12-month ECL (Stage 1)	26,500	(22,151)	(4,349)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(4,367)	29,351	(24,984)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(33)	(3,455)	3,488	-
Financing derecognised (other than write-off)	(25,171)	(7,836)	(2,987)	(35,994)
New financing originated or purchased	31,175	8,564	-	39,739
Changes due to change in credit risk	(29,509)	54,273	61,459	86,223
Write-off	-	-	(17,432)	(17,432)
Other adjustments	9	-	-	9
At end of the financial period	71,532	135,605	69,110	276,247

Economic Entity and The Bank 31/12/2021	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 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	
	30/09/2022	31/12/2021
	RM'000	RM'000
Other debtors	56,607	57,834
Deposits and prepayments	20,396	638
Cheque clearing accounts	47,366	14,366
Foreclosed properties (a)	4,873	4,873
	129,242	77,711
(a) Movements in foreclosed properties		
At beginning/end of the financial period	4,873	4,873

17 AMOUNT DUE FROM JOINT VENTURES

	Economic Entity and The Bank	
	30/09/2022	31/12/2021
	RM'000	RM'000
Advances to joint ventures	61,194	60,000
Expected credit losses (a)	(50,452)	(44,263)
	10,742	15,737
(a) Movements in expected credit losses		
At beginning of the financial period/year	44,263	43,987
Allowance made	6,189	276
At end of the financial period/year	50,452	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	
	30/09/2022	31/12/2021
	RM'000	RM'000
(i) <u>By type of deposit</u>		
Qard		
Demand deposits	3,941,075	4,476,588
Savings deposits	905,017	952,617
	4,846,092	5,429,205
Mudarabah		
General investment deposits	35,890	41,235
Tawarruq		
Murabahah term deposits	17,790,025	14,669,830
Commodity Murabahah	1,322,618	1,122,215
Savings deposits	524,419	159,324
Demand deposit	585,417	568,320
	20,222,479	16,519,689
	25,104,461	21,990,129
(ii) <u>By maturity structure of Murabahah term deposits and general investment deposits</u>		
Due within six months	13,622,270	9,160,116
Six months to one year	3,756,477	4,980,812
One year to three years	446,706	567,584
Three years to five years	131	2,553
Five years and above	331	-
	17,825,915	14,711,065
(iii) <u>By type of customer</u>		
Government and statutory bodies	9,758,079	8,583,944
Business enterprises	6,176,410	4,919,831
Individuals	8,305,566	7,448,586
Domestic banking institutions	1,512	259
Domestic non-banking financial institutions	493,541	682,330
Foreign entities	109,826	111,313
Others entities	259,527	243,866
	25,104,461	21,990,129

19 INVESTMENT ACCOUNTS OF CUSTOMERS

	Economic Entity and The Bank	
	30/09/2022 RM'000	31/12/2021 RM'000
(i) <u>By type of deposit</u>		
Mudarabah	978	1,329
(ii) <u>By type of customer</u>		
Individuals	460	631
Other entities	518	698
	978	1,329
(iii) <u>By contract</u>		
Other Term Financing	978	1,329
(iv) <u>Movements in investment accounts</u>		
At beginning of the financial period/year	1,329	2,151
Redemption	(350)	(818)
Finance expense on RIA	49	90
Profit distributed	(50)	(94)
At end of the financial period/year	978	1,329

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

	Economic Entity and The Bank			
	30/09/2022		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 year to three years	85	5.58	85	5.58

20 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Economic Entity and The Bank	
	30/09/2022 RM'000	31/12/2021 RM'000
Tawarruq		
Licensed banks	433,312	-
Licensed investment banks	-	14,106
Foreign licensed banks	43,063	-
Other financial institutions	990,902	343,944
	1,467,277	358,050
Maturity structure of deposits are as follows:		
Due within six months	1,234,949	358,050
Six months to one year	232,328	-
	1,467,277	358,050

21 INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTIONS

	Economic Entity and The Bank	
	30/09/2022	31/12/2021
	RM'000	RM'000
Mudarabah		
Licensed banks	1,819,948	1,831,585

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

	Economic Entity and The Bank			
	30/09/2022		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	3.16	-	-
One year to three years	84	4.41	78	4.45
Three years to five years	93	5.28	95	4.71
Five years and above	83	4.90	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 RM1,819.9 million (31 December 2021: RM1,831.6 million). These investments are used to fund certain specific financing. The RIA is a contract based on the Mudarabah principle between two parties to finance a financing where the investor (i.e. 'AFFIN Bank Berhad') solely provides capital and the business venture is managed solely by the entrepreneur (i.e. 'the Bank'). The profit of the business venture is shared between both parties based on pre-agreed ratio. Losses shall be borne by the investor.

	Economic Entity and The Bank	
	30/09/2022	31/12/2021
	RM'000	RM'000
Movements in investment accounts		
At beginning of the financial period/year	1,830,327	1,751,039
New placement	135,139	234,689
Redemption	(151,904)	(158,296)
Finance expense on RIA	54,862	67,627
Profit distributed	(55,545)	(66,958)
Exchange difference	7,069	3,484
At end of the financial period	1,819,948	1,831,585

22 DERIVATIVE FINANCIAL LIABILITIES

	Economic Entity and The Bank			
	30/09/2022		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	795,838	30,659	1,071,727	10,659
	795,838	30,659	1,071,727	10,659

23 OTHER LIABILITIES

	Economic Entity and The Bank	
	30/09/2022	31/12/2021
	RM'000	RM'000
Bank Negara Malaysia and Credit Guarantee Corporation Funding programmes	15,186	9,941
Margin and collateral deposits	20,913	18,056
Other creditors and accruals	3,164	4,247
Sundry creditors	82,512	137,397
Provision for zakat	3,146	2,337
Defined contribution plan (i)	1,141	1,214
Accrued employee benefits	4,528	4,893
Charity funds (ii)	21	14
Unearned income	4,615	4,688
Financing commitments (iii)	5,889	5,666
	141,115	188,453

(i) 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.

	Economic Entity and The Bank	
	30/09/2022	31/12/2021
	RM'000	RM'000
(ii) Charity funds		
<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	3	5
- AFFIN Barakah Charity Account-i	4	4
Uses of charity funds		
- Contribution to education	-	10
- Contribution to program/event - Covid-19	-	20
At end of the financial period/year	21	14

The source of charity funds was 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 funds were channelled to a number of charitable or public purposes, for example, centres for disabled children and the less fortunate which inclusive of non-Muslims.

	Economic Entity and The Bank	
	30/09/2022	31/12/2021
	RM'000	RM'000
(iii) Movements in financing commitments		
At beginning of the financial period/year	5,666	3,982
Net remeasurement of loss allowance	(2,106)	1,490
New financing commitments and financial kafalah	2,329	1,714
Financing commitment/financial kafalah derecognised	-	(1,520)
At end of the financial period/year	5,889	5,666

24 LEASE LIABILITIES

	Economic Entity and The Bank	
	30/09/2022 RM'000	31/12/2021 RM'000
At beginning of financial period/year	666	2,433
Additions	232	-
Finance expense	15	38
Lease payment	(362)	(1,805)
At end of the financial period/year	551	666

25 SUBORDINATED TERM FINANCING AND MEDIUM TERM NOTES

	Economic Entity and The Bank	
	30/09/2022 RM'000	31/12/2021 RM'000
Additional Tier-1 Sukuk Wakalah ('AT1S') (a)	307,662	303,425
Medium Term Notes ('MTN') Tier-2 Sukuk Murabahah (b)	817,710	807,609
	1,125,372	1,111,034

- (a) On 18 October 2018, the Bank issued a tranche of AT1S amounting to 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.
- (b) On 23 October 2018, the Bank issued a MTN Tier-2 Sukuk Murabahah of RM800.0 million out of its approved BASEL III Compliant MTN programme ('Sukuk Programme') 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.

26 RESERVES

	Economic Entity		The Bank	
	30/09/2022 RM'000	31/12/2021 RM'000	30/09/2022 RM'000	31/12/2021 RM'000
Retained profits	1,189,564	981,016	1,189,564	981,016
Regulatory reserves (b)	46,468	105,613	46,468	105,613
	1,236,032	1,086,629	1,236,032	1,086,629

- (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 in 2022 was RM Nil (31 December 2021: RM Nil).
- (b) Pursuant to BNM Financial Reporting policy dated 29 April 2022, 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		Cumulative Quarter Ended	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	306,553	231,234	815,696	654,191
Income derived from investment of investment account funds	21,626	17,616	60,320	53,997
Income derived from investment of shareholders' funds	27,364	20,187	73,904	59,912
Income attributable to depositors and others	(150,579)	(121,527)	(401,888)	(338,093)
Income attributable to investment account holders	(18,975)	(16,689)	(54,911)	(49,827)
	185,989	130,821	493,121	380,180

28 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
- General investment deposits (i)	199,885	159,039	534,444	436,542
- Other deposits (ii)	106,668	72,195	281,252	217,649
	306,553	231,234	815,696	654,191

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 30/09/2022	30/09/2021	Cumulative Quarter Ended 30/09/2022	30/09/2021
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing and other financing	292,070	128,220	431,291	355,670
Financial investments at FVOCI	2	15,712	2	44,376
Financial investments at AC	37,878	132	58,431	215
Money at call and deposits with other financial institutions	13,461	10,341	17,168	20,924
	343,411	154,405	506,892	421,185
Accretion of discount less amortisation of premium	-	(2,564)	-	(7,293)
Total finance income and hibah	343,411	151,841	506,892	413,892
Other operating income				
Fee income:				
Commission	4,382	1,805	6,782	4,482
Service charges and fees	2,941	1,327	4,796	4,189
Kafalah fees	1,378	745	2,109	1,934
	8,701	3,877	13,687	10,605
Commission paid on will/wasiat	(3)	(3)	(4)	(7)
Gains on arising on financial assets				
Gain on sale of financial investments at FVTPL	305	-	305	-
Gain on sale of financial investments at FVOCI	-	191	-	1,228
	305	191	305	1,228
Other income:				
Foreign exchange profit/(loss)				
- realised	(21,502)	(820)	(38,287)	(5,247)
- unrealised	25,384	1,838	43,551	8,883
Other non-operating income	5,688	2,115	8,300	7,188
	9,570	3,133	13,564	10,824
Total income derived from investment of general investment deposits	361,984	159,039	534,444	436,542

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 30/09/2022 RM'000	30/09/2021 RM'000	Cumulative Quarter Ended 30/09/2022 RM'000	30/09/2021 RM'000
Finance income and hibah				
Financing and other financing	153,130	58,107	226,967	177,327
Financial investments at FVOCI	1	7,101	1	22,125
Financial investments at AC	19,876	64	30,749	107
Money at call and deposits with other financial institutions	7,043	4,885	9,035	10,432
	180,050	70,157	266,752	209,991
Accretion of discount less amortisation of premium	-	(1,157)	-	(3,636)
Total finance income and hibah	180,050	69,000	266,752	206,355
Other operating income				
Fee income:				
Commission	2,301	832	3,569	2,235
Service charges and fees	1,545	589	2,524	2,089
Kafalah fees	723	341	1,110	964
	4,569	1,762	7,203	5,288
Commission paid on will/wasiat	(2)	(1)	(2)	(3)
Gains on arising on financial assets				
Gain on sale of financial investments at FVTPL	161	-	161	-
Gain on sale of financial investments at FVOCI	-	69	-	612
	161	69	161	612
Other income:				
Foreign exchange profit/(loss)				
- realised	(11,406)	(296)	(20,149)	(2,616)
- unrealised	13,444	736	22,919	4,429
Other non-operating income	2,986	925	4,368	3,584
	5,024	1,365	7,138	5,397
Total income derived from investment of other deposits	189,802	72,195	281,252	217,649

29 INCOME DERIVED FROM INVESTMENT OF INVESTMENT ACCOUNT FUNDS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended 30/09/2022 RM'000	30/09/2021 RM'000	Cumulative Quarter Ended 30/09/2022 RM'000	30/09/2021 RM'000
Finance income and hibah				
Financing and other financing	17,300	14,174	48,678	43,994
Financial investments at FVOCI	-	1,731	-	5,489
Financial investments at AC	2,317	16	6,595	27
Money at call and deposits with other financial institutions	775	1,202	1,938	2,588
	20,392	17,123	57,211	52,098
Accretion of discount less amortisation of premium	-	(282)	-	(902)
Total finance income and hibah	20,392	16,841	57,211	51,196
Other operating income				
Fee income:				
Commission	279	203	765	554
Service charges and fees	176	143	541	518
Kafalah fees	78	83	238	239
	533	429	1,544	1,311
Commission paid on will/wasiat	-	-	-	(1)
Income from financial instruments:				
Gain on sale of financial investments at FVTPL	34	-	34	-
Gain on sale of financial investments at FVOCI	-	16	-	152
	34	16	34	152
Other income:				
Foreign exchange profit/(loss)				
- realised	(2,587)	(69)	(4,321)	(649)
- unrealised	2,883	175	4,915	1,099
Other non-operating income	371	224	937	889
	667	330	1,531	1,339
Total income derived from investment of investment account funds	21,626	17,616	60,320	53,997

30 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended 30/09/2022 RM'000	30/09/2021 RM'000	Cumulative Quarter Ended 30/09/2022 RM'000	30/09/2021 RM'000
Finance income and hibah				
Financing and other financing	21,900	16,251	59,640	48,812
Financial investments at FVOCI	-	1,987	-	6,090
Financial investments at AC	2,934	18	8,080	30
Money at call and deposits with other financial institutions	975	1,357	2,374	2,872
	25,809	19,613	70,094	57,804
Accretion of discount less amortisation of premium	-	(324)	-	(1,001)
Total finance income and hibah	25,809	19,289	70,094	56,803
Other operating income				
Fee income:				
Commission	353	232	938	615
Service charges and fees	224	165	663	575
Kafalah fees	99	95	292	265
	676	492	1,893	1,455
Commission paid on will/wasiat	(1)	-	(1)	(1)
Income from financial instruments:				
Gain on sale of financial investments at FVTPL	42	-	42	-
Gain on sale of financial investments at FVOCI	-	21	-	169
	42	21	42	169
Other income:				
Foreign exchange profit/(loss)				
- realised	(3,208)	(86)	(5,294)	(720)
- unrealised	3,577	210	6,022	1,219
Other non-operating income	468	261	1,148	987
	837	385	1,876	1,486
Total income derived from investment of shareholders' fund	27,363	20,187	73,904	59,912

31 ALLOWANCES FOR IMPAIRMENT LOSSES ON FINANCING AND OTHER FINANCING

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
	RM'000	RM'000	RM'000	RM'000
Expected credit loss made on/(written-back):				
- Financing and other financing	59,286	9,730	89,977	52,625
- Securities	259	590	184	(408)
- Financing commitments and financial kafalah	(422)	(477)	223	53
Impaired financing				
- recovered	(27,483)	(883)	(31,761)	(3,300)
- written-off	(10)	56	315	296
	31,630	9,016	58,938	49,266

32 ALLOWANCE FOR IMPAIRMENT LOSSES ON OTHER ASSETS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment on				
- Amount due from joint ventures	5,059	-	6,189	1,344
- Other debtors	1,108	-	1,848	-
	6,167	-	8,037	1,344

33 INCOME ATTRIBUTABLE TO THE DEPOSITORS AND OTHERS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudarabah	200	173	675	740
- Non-Mudarabah	128,448	101,622	343,607	278,797
Deposits and placements of banks and other financial institutions				
- Mudarabah	7,277	5,066	13,634	14,566
Finance expense - Subordinated term financing and medium term notes	14,338	14,339	43,013	43,013
Others	316	327	959	977
	150,579	138,216	401,888	387,920

34 INCOME ATTRIBUTABLE TO THE INVESTMENT ACCOUNT HOLDERS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
	RM'000	RM'000	RM'000	RM'000
Restricted investment account - Mudarabah	18,975	16,689	54,911	49,827

35 OTHER OPERATING EXPENSES

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended 30/09/2022 RM'000	30/09/2021 RM'000	Cumulative Quarter Ended 30/09/2022 RM'000	30/09/2021 RM'000
<u>Personnel costs</u>				
Wages, salaries and bonuses	33,799	30,446	98,783	87,947
Defined contribution plan ('EPF')	5,918	5,101	16,747	14,932
Other personnel costs	(269)	3,542	5,316	11,240
	39,448	39,089	120,846	114,119
<u>Establishment costs</u>				
Equipment rental	265	1,047	794	3,143
Repair and maintenance	6,591	7,290	20,346	21,340
Depreciation	106	111	305	359
Depreciation of intangible assets	113	53	340	159
Amortisation of right-of-use assets	54	113	160	340
IT consultancy fees	3,067	4,625	15,219	13,871
Dataline rental	1,935	1,781	5,842	5,351
Security services	1,398	1,701	4,280	5,068
Electricity, water and sewerage	1,997	1,231	4,630	3,688
Licence fees	(103)	69	-	210
Takaful and indemnities	998	2,127	2,778	3,437
Other establishment costs	481	(516)	1,447	1,395
	16,902	19,632	56,141	58,361
<u>Marketing expenses</u>				
Business promotion and advertisement	(9)	93	142	218
Entertainment	51	63	154	200
Travelling and accommodation	232	231	634	705
Commission and brokerage expenses	271	530	757	620
Other marketing expenses	223	(409)	1,333	23
	768	508	3,020	1,766
<u>Administration and general expenses</u>				
Telecommunication expenses	116	342	369	1,053
Auditors' remuneration	94	(15)	196	28
Professional fees	987	511	3,286	1,573
Property and equipment written-off	-	-	-	1
Mail and courier charges	275	476	823	1,454
Stationery and consumables	769	1,095	2,374	2,714
Directors' fees and allowances	185	354	1,217	774
Shariah fees	98	111	298	299
Donations	79	100	116	176
Settlement, clearing and bank charges	468	433	1,382	1,248
Stamp duties	-	-	3	2
Other administration and general expenses	8	25	182	88
	3,079	3,432	10,246	9,410
Total other operating expenses	60,197	62,661	190,253	183,656

36 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.

	Individual Quarter Ended		Cumulative Quarter Ended	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
Economic Entity				
Net profit attributable to equity holders of the Bank (RM'000)	44,888	42,135	149,403	106,021
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)	4.2	4.0	14.1	10.0
The Bank				
Net profit attributable to equity holders of the Bank (RM'000)	44,888	42,135	149,403	106,021
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)	4.2	4.0	14.1	10.0

37 COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to its 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	
	30/09/2022 RM'000	31/12/2021 RM'000
Direct credit substitutes *	119,202	91,921
Transaction-related contingent items	403,792	409,317
Short-term self-liquidating trade related contingencies	314,959	260,650
Irrevocable commitments to extend credit		
- maturity less than one year	1,744,035	1,522,266
- maturity more than one year	919,127	826,881
Unutilised credit card lines	242,729	214,449
Foreign exchange related contracts #		
- less than one year	2,567,061	1,750,186
	6,310,905	5,075,670

* Direct credit substitutes of the Bank included financial kafalah contracts amounting to RM119.2 million (2021: RM91.9 million) which fair value at the time of issuance was zero.

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

38 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 uses 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 period (2021: Nil).

38 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				
30/09/2022				
Financial Assets				
Derivative financial assets	-	108,844	-	108,844
Financial Liabilities				
Derivative financial liabilities	-	30,659	-	30,659
	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.

39 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 are Stage 1 and Stage 2 provisions) to CET 1 capital.

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

	Economic Entity		The Bank	
	30/09/2022	31/12/2021	30/09/2022	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	1,144,675	981,016	1,144,675	981,016
	2,204,675	2,041,016	2,204,675	2,041,016
Less: Regulatory adjustments:				
- Intangible assets	(186)	(345)	(186)	(345)
- Deferred tax assets	(22,759)	(22,484)	(22,759)	(22,484)
- Other CET 1 transitional adjustment	103,963	81,108	103,963	81,108
Total CET 1 Capital	2,285,693	2,099,295	2,285,693	2,099,295
Additional Tier 1 capital	300,000	300,000	300,000	300,000
Total Tier 1 capital	2,585,693	2,399,295	2,585,693	2,399,295
<u>Tier 2 capital</u>				
Subordinated medium term financing	800,000	800,000	800,000	800,000
Expected loss provision #	108,334	91,378	108,334	91,378
Total Tier 2 capital	908,334	891,378	908,334	891,378
Total Capital	3,494,027	3,290,673	3,494,027	3,290,673

ii) The breakdown of risk-weighted assets:

Credit risk	18,570,165	16,484,875	18,570,165	16,484,875
Market risk	12,598	31,243	12,598	31,243
Operational risk	930,936	778,585	930,936	778,585
Total risk-weighted assets	19,513,699	17,294,703	19,513,699	17,294,703

iii) Capital adequacy ratios:

<u>With transitional arrangements</u>				
CET 1 capital ratio	11.713%	12.138%	11.713%	12.138%
Tier 1 capital ratio	13.251%	13.873%	13.251%	13.873%
Total capital ratio	17.906%	19.027%	17.906%	19.027%
<u>Without transitional arrangements</u>				
CET 1 capital ratio	11.181%	11.669%	11.181%	11.669%
Tier 1 capital ratio	12.718%	13.404%	12.718%	13.404%
Total capital ratio	17.906%	19.027%	17.906%	19.027%

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 30 September 2022, RIA assets excluded from Total Capital Ratio calculation amounted to RM1,825.6 million (31 December 2021: RM1,834.6 million).

40 REVIEW OF PERFORMANCE OF THE BANK

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

The Bank registered a higher profit before tax of RM233.9 million for the third quarter ended 30 September 2022, an increase of RM89.8 million or 62.3% as compared to RM144.1 million recorded in the previous corresponding period. The increase was due to higher net financing by RM112.9 million, partially offset by higher allowance for impairment losses of RM16.4 million and higher overhead expenses of RM6.6 million.

Net financing and other income increased mainly due to the financing growth by RM112.9 million or 29.7% to RM493.1 million as compared to the same period last year of RM380.2 million. This was attributed to an improvement of Net Financing Margin due to lower cost of funding. Allowance for impairment losses also increased by RM16.4 million or 32.3% to RM67.0 million as compared to RM50.6 million recorded in 30 September 2021.

Gross financing and other financing grew by 19.1% to RM25.4 billion as compared to the position as at 30 September 2021 which was RM21.3 billion. Customer deposits increased for the quarter ended 30 September 2022 by 10.8% to RM25.1 billion as compared to the position as at 30 September 2021 which was RM22.7 billion. CASA showed an increase of 9.9% to RM6.0 billion as at 30 September 2022.

CET 1 Capital Ratio, Tier 1 Capital Ratio and Total Capital Ratio were 11.713%, 13.251% and 17.906% respectively as at 30 September 2022.

Analysis of financial performance of current quarter vs. previous corresponding quarter

The Bank recorded a profit before tax of RM86.0 million for the current quarter, higher by RM28.7 million or 50.0% against the previous corresponding quarter of RM57.3 million. This was contributed by higher net financing and other income of RM55.1 million and lower overhead expenses of RM2.4 million which was partially offset by higher allowance for impairment losses of RM28.8 million.

Overhead expenses was RM60.2 million, a decrease of RM2.4 million or 3.9% from RM62.7 million recorded in the previous quarter. The decrease in overhead expenses was mainly due to lower establishment cost by RM2.7 million.

The Bank's allowance for impairment losses increased by RM28.8 million to RM37.8 million, as compared to the previous corresponding quarter of RM9.0 million.

Analysis of financial performance of current quarter vs. preceding quarter

The Bank recorded a profit before tax of RM86.0 million for the current quarter under review, higher by RM23.2 million or 36.9% against the preceding quarter ended 31 June 2022 of RM62.8 million, this was contributed by higher net financing income of RM25.1 million, offset by higher allowance for impairment losses of RM2.4 million.

41 ECONOMIC AND BUSINESS OUTLOOK FOR 2022

Malaysia's real GDP growth has improved to 8.9% YoY for the second quarter of 2022 which was underpinned by domestic consumption, growth in exports and recovery in the services sector. The economic growth is expected to continue for the remainder of the year, but likely to slow down in 2023 due to economic challenges facing the global growth.

Geopolitical challenges remain as the Russia-Ukraine war continues and the US Federal Reserve and many other Central Banks in the world continue to hike interest rates including Bank Negara Malaysia ('BNM') who has raised the Overnight Policy Rate ('OPR') by 75 basis points since the beginning of the year. The MYR has depreciated against the USD and the MYR is expected to fluctuate against other major currencies in the near term.

The Bank will remain cautious during this time of uncertainty and closely monitor the asset quality of its portfolios. The Bank continues its initiatives in support of our customers who are potentially affected by the Covid-19 pandemic or financial challenges. As the AIM22 Metamorphosis plan nears its end with the expected achievement of various key targets of the plan by close of 2022, the Bank will align with AFFIN Group now turn its focus towards second phase of transformation journey, the A25 Plan which centers around three main thrusts: Unrivalled Customer Service, Digital Leadership and Responsible Banking with Impact.