

AFFIN Islamic Bank Berhad

Registration no. 200501027372 (709506-V)

Condensed Interim Financial Statements

Unaudited Statements of Financial Position as at 31 March 2023

	Note	Economic Entity		The Bank	
		31/03/2023 RM'000	31/12/2022 RM'000	31/03/2023 RM'000	31/12/2022 RM'000
ASSETS					
Cash and short-term funds		2,116,247	3,227,179	2,116,247	3,227,179
Deposits and placements with banks and other financial institutions		200,205	50,049	200,205	50,049
Derivative financial assets	13	20,313	14,985	20,313	14,985
Financial assets at fair value through profit or loss ('FVTPL')		464,550	-	464,550	-
Financial investments at fair value through other comprehensive income ('FVOCI')	14	170,519	-	170,519	-
Financial investments at amortised cost ('AC')	15	4,747,186	4,849,793	4,747,186	4,849,793
Financing and other financing	16	26,467,879	25,803,930	26,467,879	25,803,930
Other assets	17	114,653	159,967	114,653	159,967
Amount due from holding company		128,854	297,504	128,854	297,504
Amount due from joint ventures	18	1,029	455	1,029	455
Tax recoverable		28,367	21,603	28,367	21,603
Deferred tax assets		48,982	45,332	48,982	45,332
Statutory deposits with Bank Negara Malaysia		460,000	400,000	460,000	400,000
Property and equipment		1,643	1,570	1,643	1,570
Intangible assets		91	133	91	133
Right-of-use assets		447	524	447	524
TOTAL ASSETS		34,970,965	34,873,024	34,970,965	34,873,024
LIABILITIES AND EQUITY					
Deposits from customers	19	24,635,279	25,175,621	24,635,279	25,175,621
Investment accounts of customers	20	737	859	737	859
Deposits and placements of banks and other financial institutions	21	1,976,602	2,098,939	1,976,602	2,098,939
Investment accounts due to designated financial institutions	22	3,145,386	2,720,263	3,145,386	2,720,263
Recourse obligation on financing sold to Cagamas Berhad		601,358	-	601,358	-
Derivative financial liabilities	23	12,514	37,736	12,514	37,736
Other liabilities	24	255,136	579,144	255,136	579,144
Lease liabilities	25	506	573	506	573
Subordinated and Senior Sukuk	26	1,885,584	1,862,576	1,885,584	1,862,576
TOTAL LIABILITIES		32,513,102	32,475,711	32,513,102	32,475,711
Share capital		1,210,000	1,210,000	1,210,000	1,210,000
Reserves	27	1,247,863	1,187,313	1,247,863	1,187,313
TOTAL EQUITY		2,457,863	2,397,313	2,457,863	2,397,313
TOTAL LIABILITIES AND EQUITY		34,970,965	34,873,024	34,970,965	34,873,024
COMMITMENTS AND CONTINGENCIES	37	5,775,486	5,069,740	5,775,486	5,069,740
CAPITAL ADEQUACY RATIOS	39				
<u>With transitional arrangements</u>					
CET 1 capital ratio		12.563%	12.965%	12.563%	12.965%
Tier 1 capital ratio		14.096%	14.502%	14.096%	14.502%
Total capital ratio		19.359%	19.363%	19.359%	19.363%
Net assets per share attributable to equity holders of the Bank (RM)		2.18	2.26	2.18	2.26

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Bank for the Financial Year Ended 31 December 2022.

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Registration no. 200501027372 (709506-V)

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Unaudited Income Statements for the Financial Quarter Ended 31 March 2023

	Note	Economic Entity		Economic Entity	
		Individual Quarter Ended		Cumulative Quarter Ended	
		31/03/2023	31/03/2022	31/03/2023	31/03/2022
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	29	332,069	245,233	332,069	245,233
Income derived from investment of investment accounts	30	38,698	18,954	38,698	18,954
Income derived from investment of shareholders' funds	31	31,497	22,132	31,497	22,132
Modification loss		-	(14)	-	(14)
(Allowances for)/Write-back of impairment losses on financing and other financing	32	(7,852)	6,212	(7,852)	6,212
Total distributable income		394,412	292,517	394,412	292,517
Income attributable to the depositors and others	33	(214,714)	(122,123)	(214,714)	(122,123)
Income attributable to the investment account holders	34	(33,754)	(17,884)	(33,754)	(17,884)
Total net income		145,944	152,510	145,944	152,510
Other operating expenses	35	(65,905)	(67,442)	(65,905)	(67,442)
Profit before taxation		80,039	85,068	80,039	85,068
Taxation		(20,217)	(21,459)	(20,217)	(21,459)
Net profit after zakat and taxation		59,822	63,609	59,822	63,609
Attributable to:					
Equity holders of the Bank		59,822	63,609	59,822	63,609
Earnings per share (sen):					
- Basic	36	4.94	6.0	4.9	6.0

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Bank for the Financial Year Ended 31 December 2022.

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Condensed Interim Financial Statements

Unaudited Income Statements for the Financial Quarter Ended 31 March 2023

	Economic Entity		Economic Entity	
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022
	RM'000	RM'000	RM'000	RM'000
Profit after zakat and taxation	59,822	63,609	59,822	63,609
Other comprehensive income:				
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Net fair value change in financial investments at FVOCI	545	-	545	-
Net credit impairment losses change in financial investments at FVOCI	52	-	52	-
Deferred tax on financial investments at FVOCI	131	-	131	-
Other comprehensive loss for the financial period, net of tax	728	-	728	-
Total comprehensive income for the financial period	60,550	63,609	60,550	63,609
Total comprehensive income for the financial period attributable to:				
Equity holders of the Bank	60,550	63,609	60,550	63,609

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Condensed Interim Financial Statements

Unaudited Income Statements for the Financial Quarter Ended 31 March 2023

	Note	The Bank Individual Quarter Ended		The Bank Cumulative Quarter Ended	
		31/03/2023 RM'000	31/03/2022 RM'000	31/03/2023 RM'000	31/03/2022 RM'000
Income derived from investment of depositors' funds and others	29	332,069	245,233	332,069	245,233
Income derived from investment of investment accounts	30	38,698	18,954	38,698	18,954
Income derived from investment of shareholders' funds	31	31,497	22,132	31,497	22,132
Modification loss		-	(14)	-	(14)
(Allowances for)/Write-back of impairment losses on financing and other financing	32	(7,852)	6,212	(7,852)	6,212
Total distributable income		394,412	292,517	394,412	292,517
Income attributable to the depositors and others	33	(214,714)	(122,123)	(214,714)	(122,123)
Income attributable to the investment account holders	34	(33,754)	(17,884)	(33,754)	(17,884)
Total net income		145,944	152,510	145,944	152,510
Other operating expenses	35	(65,905)	(67,442)	(65,905)	(67,442)
Profit before taxation		80,039	85,068	80,039	85,068
Taxation		(20,217)	(21,459)	(20,217)	(21,459)
Net profit after zakat and taxation		59,822	63,609	59,822	63,609
Attributable to:					
Equity holders of the Bank		59,822	63,609	59,822	63,609
Earnings per share (sen):					
- Basic	36	4.9	(12.0)	4.9	6.0

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Bank for the Financial Year Ended 31 December 2022.

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Condensed Interim Financial Statements

Unaudited Income Statements for the Financial Quarter Ended 31 March 2023

	The Bank		The Bank	
	Individual Quarter Ended	31/03/2022	Cumulative Quarter Ended	31/03/2022
	31/03/2023	31/03/2022	31/03/2023	31/03/2022
	RM'000	RM'000	RM'000	RM'000
Profit after zakat and taxation	59,822	63,609	59,822	63,609
Other comprehensive income:				
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Net fair value change in				
financial investments at FVOCI	545	-	545	-
Net credit impairment losses change in financial				
investments at FVOCI	52	-	52	-
Deferred tax on				
financial investments at FVOCI	131	-	131	-
Other comprehensive loss for the				
financial period, net of tax	728	-	728	-
Total comprehensive income for the financial period	60,550	63,609	60,550	63,609
Total comprehensive income for the financial period attributable to:				
Equity holders of the Bank	60,550	63,609	60,550	63,609

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Bank for the Financial Year Ended 31 December 2022.

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Condensed Interim Financial Statements

Unaudited Statements of Changes In Equity for the Financial Quarter Ended 31 March 2023

<--- 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 2023	1,210,000	-	46,469	1,140,844	2,397,313
Net profit for the financial period	-	-	-	59,822	59,822
Other comprehensive income (net of tax)					
- Financial investments at FVOCI	-	728	-	-	728
Total comprehensive income	-	728	-	59,822	60,550
At 31 March 2023	1,210,000	728	46,469	1,200,666	2,457,863

<--- 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

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Bank for the Financial Year Ended 31 December 2022.

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Condensed Interim Financial Statements

Unaudited Statements of Changes In Equity for the Financial Quarter Ended 31 March 2023

	<----- 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 2023	1,210,000	-	46,469	1,140,844	2,397,313
Net profit for the financial period	-	-	-	59,822	59,822
Other comprehensive income (net of tax)					
- Financial investments at FVOCI	-	728	-	-	728
Total comprehensive income	-	728	-	59,822	60,550
At 31 March 2023	1,210,000	728	46,469	1,200,666	2,457,863

	<----- 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	-	-	-	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 Condensed Financial Statements should be read in conjunction with the audited financial statements of the Bank for the Financial Year Ended 31 December 2022.

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Condensed Interim Financial Statements

Unaudited Statements of Cash Flows for the Financial Quarter Ended 31 March 2023

	Economic Entity		The Bank	
	31/12/2022 RM'000	31/03/2022 RM'000	31/12/2022 RM'000	31/03/2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	80,039	85,068	80,039	85,068
Adjustments for items not involving the movement of cash and cash equivalents:				
Operating profit before changes in working capital	(37,035)	(17,370)	(37,035)	(17,370)
Net changes in operating assets	43,004	67,698	43,004	67,698
Net changes in operating liabilities	(1,103,779)	(1,733,386)	(1,103,779)	(1,733,386)
Tax and Zakat paid	(561,259)	3,187,605	(561,259)	3,187,605
	(30,522)	(27,744)	(30,522)	(27,744)
Net cash (used in)/generated from operating activities	(1,652,556)	1,494,173	(1,652,556)	1,494,173
CASH FLOWS FROM INVESTING ACTIVITIES				
Finance income and hibah received from:				
- financial investments at FVOCI	(477)	-	(477)	-
- financial investments at AC	46,260	27,338	46,260	27,338
Purchase of:				
-financial investments at AC	(25,020)	(1,169,582)	(25,020)	(1,169,582)
Redemption/Disposal of:				
-financial investments at FVOCI	(168,537)	-	(168,537)	-
-financial investments at AC	120,009	-	120,009	-
Purchase of property and equipment	(144)	(99)	(144)	(99)
Net cash used in investing activities	(27,909)	(1,142,343)	(27,909)	(1,142,343)
CASH FLOWS FROM FINANCING ACTIVITIES				
Addition of recourse obligation on financing sold to Cagamas Berhad	600,000	-	600,000	-
Lease payments	(463)	(121)	(463)	(121)
Profit element of lease payments	(4)	(7)	(4)	(7)
Net cash generated from/(used in) financing activities	599,533	(128)	599,533	(128)
Net (decrease)/increase in cash and cash equivalents	(1,080,932)	351,702	(1,080,932)	351,702
Effects of foreign exchange	(30,000)	1,050	(30,000)	1,050
Cash and cash equivalents at beginning of the financial period	3,227,179	2,240,427	3,227,179	2,240,427
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	2,116,247	2,593,179	2,116,247	2,593,179
<u>Cash and cash equivalents comprise the following:</u>				
Cash and short-term funds	2,116,247	2,593,179	2,116,247	2,593,179

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Bank for the Financial Year Ended 31 December 2022.

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 2022. 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 2022.

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 2022, 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:

- Amendments on disclosure of accounting policies (Amendments to MFRS 101 'Presentation of Financial Statements' and MFRS Practice Statement 2). The amendments to MFRS 101 require companies to disclose material accounting policies rather than significant accounting policies. Entities are expected to make disclosure of accounting policies specific to the entity and not generic disclosures on MFRS applications. The amendment explains an accounting policy is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Also, accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. Accordingly, immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. MFRS Practice Statement 2 was amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures
- Amendments on definition of accounting estimates (Amendments to MFRS 108 'Accounting Policies'). The amendments to MFRS 108, redefined accounting estimates as 'monetary amounts in financial statements that are subject to measurement uncertainty'. To distinguish from changes in accounting policies, the amendments clarify that effects of a change in an input or measurement technique used to develop an accounting estimate is a change in accounting estimate, if they do not arise from prior period errors. Examples of accounting estimates include expected credit losses; net realisable value of inventory; fair value of an asset or liability; depreciation for property, plant and equipment; and provision for warranty obligations.

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 31 March 2023 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 2023 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 quarter ended 31 March 2023.

13 DERIVATIVE FINANCIAL ASSETS

	Economic Entity and The Bank			
	31/03/2023		31/12/2022	
	Contract/ notional amount RM'000	Assets RM'000	Contract/ notional amount RM'000	Assets RM'000
At fair value				
Foreign exchange derivatives				
- Currency forwards	870,608	19,714	529,907	14,985
Profit rate derivatives:				
- Profit rate swap	100,000	599	-	-
	<u>970,608</u>	<u>20,313</u>	<u>529,907</u>	<u>14,985</u>

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

	Economic Entity and The Bank	
	Current Financial Quarter 31/03/2023 RM'000	Previous Financial Year-End 31/12/2022 RM'000
At fair value		
Money market instruments:		
Malaysian Government investment issues	83,870	-
Unquoted securities:		
Corporate Sukuk in Malaysia	86,550	-
Corporate Sukuk outside Malaysia	99	-
	<u>170,519</u>	<u>-</u>

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

	12-Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
	Economic Entity and The Bank			
31/03/2023				
At beginning of the financial year	-	-	-	-
Financial assets derecognised (other than write-off)	(15,461)	-	-	(15,461)
New financial assets originated or purchased	67,326	-	-	67,326
At end of the financial period	<u>51,865</u>	<u>-</u>	<u>-</u>	<u>51,865</u>
	12-Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
Economic Entity and The Bank				
31/12/2022				
At beginning/end of the financial year	-	-	-	-

15 FINANCIAL INVESTMENTS AT AMORTISED COST ('AC')

	Economic Entity and The Bank	
	31/03/2023	31/12/2022
	RM'000	RM'000
At amortised cost		
Malaysian Government treasury bills	-	49,822
Malaysian Government investment issues	2,517,791	2,525,096
Cagamas sukuk	80,281	90,647
BNM Sukuk	10,325	10,139
Unquoted securities:		
Corporate Sukuk in Malaysia	2,145,360	2,180,734
	4,753,757	4,856,438
Less: Expected Credit Losses ('ECL')	(6,571)	(6,645)
	4,747,186	4,849,793

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

	12-Month ECL Stage 1	Lifetime ECL not credit impaired Stage 2	Lifetime ECL credit impaired Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Economic Entity and Bank 31/03/2023				
At beginning of the financial period	6,645	-	-	6,645
Net remeasurement of loss allowance	345	-	-	345
Financial assets derecognised (other than write-off)	(436)	-	-	(436)
New financial assets purchased	17	-	-	17
At end of the financial period	6,571	-	-	6,571

	12-Month ECL Stage 1	Lifetime ECL not credit impaired Stage 2	Lifetime ECL credit impaired Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Economic Entity and Bank 31/12/2022				
At beginning of the financial year	3,788	-	-	3,788
Financial assets derecognised (other than write-off)	(204)	-	-	(204)
New financial assets purchased	546	-	-	546
Change due to change in credit risk	2,515	-	-	2,515
At end of the financial year	6,645	-	-	6,645

16 FINANCING AND OTHER FINANCING

(i) By type

	Economic Entity and The Bank	
	31/03/2023	31/12/2022
	RM'000	RM'000
Cash Line-i	673,588	700,519
Term financing		
- House financing	9,613,726	9,329,247
- Hire purchase receivables	5,353,124	5,189,938
- Syndicated financing	1,437,784	1,167,643
- Other term financing	7,877,688	7,692,656
Bills receivables	114,915	151,248
Trust receipts	13,510	13,969
Claims on customers under acceptances credits	932,841	787,059
Staff financing (of which RM Nil to Directors)	119,950	119,698
Credit/charge cards	63,727	60,857
Revolving credit	730,142	1,046,211
Gross financing and other financing	26,930,995	26,259,045
Less: ECL	(463,116)	(455,115)
Total net financing and other financing	26,467,879	25,803,930

Included in other term financing before expected credit losses as at reporting date is RM57.4 million (2022: RM57.4 million) of term financing disbursed by the Bank to a joint venture company with AFFIN-i Nadayu Sdn Bhd.

(ii) By maturity structure

	Economic Entity and The Bank	
	31/03/2023	31/12/2022
	RM'000	RM'000
Maturing within one year	1,784,424	3,058,976
One year to three years	2,108,549	1,500,036
Three years to five years	2,056,051	1,772,498
Over five years	20,981,971	19,927,535
	26,930,995	26,259,045

16 FINANCING AND OTHER FINANCING (continued)

(iii) By contract

Economic Entity and The Bank 31/03/2023	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
Cash Line-i	-	-	-	-	662,758	-	-	10,830	673,588
Term financing									
- House financing	509,282	-	-	-	247,319	8,857,125	-	-	9,613,726
- Hire purchase receivables	-	-	5,353,124	-	-	-	-	-	5,353,124
- Syndicated financing	-	250,187	-	-	1,187,597	-	-	-	1,437,784
- Other term financing	61,635	513,378	-	134,386	5,548,895	1,096,220	523,174	-	7,877,688
Bills receivables	-	-	-	91,582	-	-	-	23,333	114,915
Trust receipts	-	-	-	13,510	-	-	-	-	13,510
Claims on customers under acceptances credits	-	-	-	932,841	-	-	-	-	932,841
Staff financing	2,409	-	-	26,761	32,855	57,925	-	-	119,950
Credit/charge cards	-	-	-	63,727	-	-	-	-	63,727
Revolving credit	-	-	-	-	730,142	-	-	-	730,142
Gross financing and other financing	573,326	763,565	5,353,124	1,262,807	8,409,566	10,011,270	523,174	34,163	26,930,995

Economic Entity and The Bank 31/12/2022	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
Cash Line-i	-	-	-	-	689,216	-	-	11,303	700,519
Term financing									
- House financing	519,875	-	-	-	212,267	8,597,105	-	-	9,329,247
- Hire purchase receivables	-	-	5,189,938	-	-	-	-	-	5,189,938
- Syndicated financing	-	259,768	-	-	907,875	-	-	-	1,167,643
- Other term financing	65,102	521,493	-	149,719	5,324,275	1,110,364	521,703	-	7,692,656
Bills receivables	-	-	-	122,919	-	-	-	28,329	151,248
Trust receipts	-	-	-	13,969	-	-	-	-	13,969
Claims on customers under acceptances credits	-	-	-	787,059	-	-	-	-	787,059
Staff financing	2,498	-	-	25,401	34,355	57,444	-	-	119,698
Credit/charge cards	-	-	-	-	60,857	-	-	-	60,857
Revolving credit	-	-	-	-	1,046,211	-	-	-	1,046,211
Gross financing and other financing	587,475	781,261	5,189,938	1,099,067	8,275,056	9,764,913	521,703	39,632	26,259,045

16 FINANCING AND OTHER FINANCING (continued)

	Economic Entity and The Bank	
	31/03/2023	31/12/2022
	RM'000	RM'000
(iv) <u>By type of customer</u>		
Domestic non-banking institutions		
- Others	98,790	89,793
Domestic business enterprises		
- Small medium enterprises	2,844,586	2,813,760
- Others	4,708,862	4,732,456
Government and statutory bodies	761,535	789,216
Individuals	18,355,437	17,683,064
Other domestic entities	136	155
Foreign entities	161,649	150,601
	26,930,995	26,259,045
(v) <u>By profit rate sensitivity</u>		
Fixed rate		
- House financing	46,266	45,708
- Hire purchase receivables	5,351,622	5,189,938
- Other fixed rate financing	933,132	953,277
Variable rate		
- Base funding rate and base rate plus	17,394,206	14,719,826
- Cost plus	3,205,769	3,339,716
- Other variable rate	-	2,010,580
	26,930,995	26,259,045
(vi) <u>By economic sector</u>		
Primary agriculture	782,886	678,695
Mining and quarrying	132,028	146,125
Manufacturing	1,259,625	1,240,932
Electricity, gas and water supply	451,569	448,985
Construction	754,510	766,506
Real estate	1,328,695	1,370,660
Wholesale & retail trade and restaurants & hotels	1,331,632	1,296,654
Transport, storage and communication	773,213	515,576
Finance, takaful and business services	415,446	635,038
Education, health & others	1,293,298	1,425,677
Household	18,408,093	17,734,197
	26,930,995	26,259,045
(vii) <u>By economic purpose</u>		
Purchase of securities	945,448	988,452
Purchase of transport vehicles	5,621,499	5,400,433
Purchase of landed properties of which:		
- Residential	9,792,652	9,511,006
- Non-residential	2,350,217	2,341,509
Fixed assets other than land and building	293,113	295,752
Personal use	2,366,748	2,118,240
Credit/charge cards	63,727	60,857
Consumer durable	303	330
Construction	925,663	910,356
Working capital	3,993,201	3,970,793
Others	578,424	661,317
	26,930,995	26,259,045

16 FINANCING AND OTHER FINANCING (continued)

	Economic Entity and The Bank	
	31/03/2023	31/12/2022
	RM'000	RM'000
(viii) <u>By geographical distribution</u>		
Perlis	105,169	105,134
Kedah	1,212,292	1,175,260
Pulau Pinang	1,538,463	1,411,158
Perak	854,601	821,719
Selangor	8,741,858	8,644,404
Wilayah Persekutuan	5,402,783	5,330,826
Negeri Sembilan	1,345,295	1,306,760
Melaka	478,189	456,600
Johor	3,184,245	3,105,863
Pahang	1,010,901	987,340
Terengganu	900,665	873,387
Kelantan	625,856	583,330
Sarawak	723,719	647,965
Sabah	791,744	791,239
Labuan	15,129	18,051
Outside Malaysia	86	9
	26,930,995	26,259,045

	Economic Entity and The Bank	
	31/03/2023	31/12/2022
	RM'000	RM'000
(ix) <u>Movements of impaired financing</u>		
At beginning of the financial period/year	357,422	381,586
Classified as impaired	70,771	238,197
Reclassified as non-impaired	(54,935)	(143,264)
Amount recovered	(7,646)	(95,333)
Amount written-off	(4,626)	(38,331)
Other movements	-	14,567
At end of the financial period/year	360,985	357,422
Ratio of gross impaired financing and other financing to gross financing and other financing*	0.92%	0.90%

* For the Bank, Restricted Investment Account ('RIA') excluded in the ratio calculation amounting to RM3,139.0 million (31 December 2022: RM2,723.1 million) with impaired financing amounting to RM142.5 million (31 December 2022: RM145.6 million).

The outstanding contractual amounts of such assets written-off during the quarter ended 31 March 2023 for the Bank was RM38.3 million (31 December 2022: RM38.3 million).

16 FINANCING AND OTHER FINANCING (continued)

	Economic Entity and The Bank	
	31/03/2023	31/12/2022
	RM'000	RM'000
(x) <u>Impaired financing by economic sectors</u>		
Primary agriculture	463	298
Mining and quarrying	18,805	18,497
Manufacturing	4,284	4,124
Construction	9,357	9,349
Real estate	47,381	46,710
Wholesale & retail trade and restaurants & hotels	7,298	6,075
Transport, storage and communication	145,224	158,951
Finance, takaful and business services	3,988	3,520
Education, health and others	864	827
Household	123,321	109,071
	360,985	357,422
(xi) <u>Impaired financing by economic purpose</u>		
Purchase of securities	694	552
Purchase of transport vehicles	167,153	177,622
Purchase of landed properties of which:		
- Residential	93,132	78,293
- Non-residential	69,532	72,213
Personal use	8,680	8,970
Credit card	508	195
Construction	-	-
Working capital	21,261	19,541
Others	25	36
	360,985	357,422
(xii) <u>Impaired financing by geographical distribution</u>		
Perlis	3,518	3,491
Kedah	12,308	11,454
Pulau Pinang	6,999	9,721
Perak	4,814	5,082
Selangor	74,422	64,297
Wilayah Persekutuan	31,339	28,242
Negeri Sembilan	11,859	8,293
Melaka	8,045	18,410
Johor	56,263	54,539
Pahang	2,613	2,031
Terengganu	145,164	147,767
Kelantan	1,897	2,378
Sarawak	499	414
Sabah	1,245	1,303
	360,985	357,422

16 FINANCING AND OTHER FINANCING (continued)

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

Economic Entity and The Bank 31/03/2023	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	65,218	302,452	87,445	455,115
Total transfer between stages due to change in credit risk:	(170,985)	186,452	(15,467)	-
- Transfer to 12-month ECL (Stage 1)	4,189	(3,295)	(894)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(175,074)	190,988	(15,914)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(100)	(1,241)	1,341	-
Financing derecognised (other than write-off)	(8,448)	(1,505)	(812)	(10,765)
New financing originated or purchased	184,291	-	-	184,291
Changes due to change in credit risk	(15,963)	(160,953)	15,341	(161,575)
Write-off	-	-	(3,950)	(3,950)
At end of the financial period	54,113	326,446	82,557	463,116

Economic Entity and The Bank 31/12/2022	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 year	72,928	76,859	53,915	203,702
Total transfer between stages due to change in credit risk:	18,847	17,588	(36,435)	-
- Transfer to 12-month ECL (Stage 1)	38,579	(33,206)	(5,373)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(19,690)	55,256	(35,566)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(42)	(4,462)	4,504	-
Financing derecognised (other than write-off)	(34,265)	(12,981)	(3,580)	(50,826)
New financing originated or purchased	54,564	-	-	54,564
Changes due to change in credit risk	(46,861)	220,986	90,668	264,793
Write-off	-	-	(31,690)	(31,690)
Other adjustments	5	-	14,567	14,572
At end of the financial year	65,218	302,452	87,445	455,115

17 OTHER ASSETS

	Economic Entity and The Bank	
	31/03/2023	31/12/2022
	RM'000	RM'000
Other debtors	58,937	58,970
Deposits and prepayments	29,664	24,079
Cheque clearing accounts	10,587	61,453
Foreclosed properties (i)	15,465	15,465
	114,653	159,967

(i) Foreclosed properties

At beginning of the financial period/year	15,465	4,873
Addition	-	13,240
Diminution in value	-	(2,648)
At end of the financial period/year	15,465	15,465

18 AMOUNT DUE FROM JOINT VENTURES

	Economic Entity and The Bank	
	31/03/2023	31/12/2022
	RM'000	RM'000
Advances to joint ventures	48,847	48,273
Less: Expected credit losses	(47,818)	(47,818)
	1,029	455

	Lifetime ECL credit impaired Stage 3	
	31/03/2023	31/12/2022
	RM'000	RM'000
Movements in expected credit losses		
At beginning of the financial period/year	47,818	44,263
Charge during the period/year	-	3,555
At end of the financial period/year	47,818	47,818

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

19 DEPOSITS FROM CUSTOMERS

	Economic Entity and The Bank	
	31/03/2023	31/12/2022
	RM'000	RM'000
(i) <u>By type of deposit</u>		
Qard		
Demand deposits	4,455,884	4,209,633
Savings deposits	850,004	850,109
	<u>5,305,888</u>	<u>5,059,742</u>
Mudarabah		
General investment deposits	<u>32,545</u>	<u>32,895</u>
Tawarruq		
Murabahah term deposits	16,756,461	17,512,129
Commodity Murabahah	1,427,122	1,238,215
Savings deposits	337,769	625,502
Demand deposit	775,494	707,138
	<u>19,296,846</u>	<u>20,082,984</u>
	<u>24,635,279</u>	<u>25,175,621</u>
(ii) <u>By maturity structure of Murabahah term deposits and general investment deposits</u>		
Due within six months	11,545,971	12,124,186
Six months to one year	5,035,938	5,088,536
One year to three years	206,637	252,362
Three years to five years	193	79,940
Five years and above	267	-
	<u>16,789,006</u>	<u>17,545,024</u>
(iii) <u>By type of customer</u>		
Government and statutory bodies	8,555,742	9,333,579
Business enterprises	6,929,448	6,528,720
Individuals	8,176,274	8,578,857
Domestic banking institutions	195	281
Domestic non-banking financial institutions	590,283	359,472
Foreign entities	110,695	111,640
Others entities	272,642	263,072
	<u>24,635,279</u>	<u>25,175,621</u>

20 INVESTMENT ACCOUNTS OF CUSTOMERS

	Economic Entity and The Bank	
	31/03/2023	31/12/2022
	RM'000	RM'000
(i) <u>By type of deposit</u>		
Mudarabah	737	859
(ii) <u>By type of customer</u>		
Individuals	347	404
Other entities	390	455
	737	859
(iii) <u>By contract</u>		
Business Term Financing	737	859
(iv) <u>Movements in investment accounts</u>		
At beginning of the financial period/year	859	1,329
Redemption during the period/year	(122)	(469)
Finance expense on RIA	39	64
Profit distributed	(39)	(65)
At end of the financial period/year	737	859

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

	Economic Entity and The Bank			
	31/03/2023		31/12/2022	
	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

21 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Economic Entity and The Bank	
	31/03/2023	31/12/2022
	RM'000	RM'000
Tawarruq		
Licensed banks	427,484	472,690
Licensed investment banks	110,919	48,587
Other financial institutions	1,438,199	1,577,662
	1,976,602	2,098,939
Maturity structure of deposits		
Due within six months	1,976,602	1,877,639
Six months to one year	-	221,300
	1,976,602	2,098,939

22 INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTIONS

	Economic Entity and The Bank	
	31/03/2023	31/12/2022
	RM'000	RM'000
Mudarabah		
Licensed banks	3,145,386	2,720,263

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

	Economic Entity and The Bank			
	31/03/2023		31/12/2022	
	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	83	5.12	70	3.16
Six months to one year	90	4.68	-	-
One year to three years	91	5.20	92	4.99
Three years to five years	-	-	84	5.08
Five years and above	91	4.67	88	3.82

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

Inclusive of RIA is amount placed by the holding company amounting to RM3,145.4 million (31 December 2022: RM2,720.3 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 Mudarib (Manager) (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	
	31/03/2023	31/12/2022
	RM'000	RM'000
Movements in investment accounts		
At beginning of the financial period/year	2,720,263	1,831,585
New placement	550,099	1,067,848
Redemption	(127,783)	(177,959)
Finance expense on RIA	31,572	78,313
Profit distributed	(31,506)	(74,965)
Exchange differences	2,741	(4,559)
At end of the financial period/year	3,145,386	2,720,263

23 DERIVATIVE FINANCIAL LIABILITIES

	Economic Entity and The Bank			
	31/03/2023		31/12/2022	
	Contract/ notional amount RM'000	Liabilities RM'000	Contract/ notional amount RM'000	Liabilities RM'000
At fair value				
Foreign exchange derivatives				
- Currency forwards	589,292	12,465	798,594	37,736
Profit rate derivatives:				
- Profit rate swap	-	49	-	-
	589,292	12,514	798,594	37,736

24 OTHER LIABILITIES

	Economic Entity and The Bank	
	31/03/2023	31/12/2022
	RM'000	RM'000
Bank Negara Malaysia and Credit Guarantee Corporation Funding programmes	17,939	18,305
Margin and collateral deposits	20,505	19,599
Other creditors and accruals	5,127	3,428
Sundry creditors	189,647	65,117
Clearing accounts	-	451,311
Provision for zakat	3,062	3,083
Defined contribution plan (i)	1,769	1,342
Accrued employee benefits	5,786	5,437
Charity funds (ii)	25	24
Unearned income	4,915	5,131
Expected credit losses: Financing commitments and financial kafalah (iii)	6,361	6,367
	255,136	579,144

(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.

(ii) Charity funds

Sources and uses of charity funds

	Economic Entity and The Bank	
	31/03/2023	31/12/2022
	RM'000	RM'000
At beginning of the financial period/year	24	14
Sources of charity funds		
- Non-Islamic/prohibited income	-	4
- AFFIN Barakah Charity Account-i	1	6
At end of the financial period/year	25	24

The source of charity funds was from the following categories:

- Sources from Shariah non-compliant events.
- 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).
- 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.

(iii) Movements in expected credit losses ('ECL')

	12-Month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
	Stage 1	Stage 2	Stage 3	
Economic Entity and the Bank	RM'000	RM'000	RM'000	RM'000
31/03/2023				
At beginning of the financial period/year	5,586	830	898	7,314
Net remeasurement of loss allowance	(1,028)	(361)	(250)	(1,639)
New financing commitments and financial kafalah	605	81	-	686
At end of the financial period/year	5,163	550	648	6,361

24 OTHER LIABILITIES (continued)

(iii) Movements in expected credit losses ('ECL')(continued)

	12-Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
Economic Entity and the Bank 31/12/2022	3,850	1,151	665	5,666
At beginning of the financial period/year	(86)	(520)	127	(479)
Net remeasurement of loss allowance	2,267	611	-	2,878
New financing commitments and financial kafalah	(1,360)	(280)	(58)	(1,698)
Financing commitment/financial kafalah derecognised	4,671	962	734	6,367
At end of the financial period/year				

25 LEASE LIABILITIES

	Economic Entity and The Bank	
	RM'000	RM'000
At beginning of financial period/year	573	666
Additions	392	392
Finance expense	4	24
Lease payment	(463)	(509)
At end of the financial period/year	506	573

26 SUBORDINATED AND SENIOR SUKUK

	Economic Entity and The Bank	
	31/03/2023 RM'000	31/12/2022 RM'000
Medium Term Notes Tier-2 Sukuk Murabahah ('MTN') (a)	817,710	807,610
Additional Tier-1 Sukuk Wakalah ('AT1S') (b)	307,662	303,425
Senior Sukuk (c)	760,212	751,541
	1,885,584	1,862,576

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

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

(c) The Bank had, on 16 December 2022, issued two Senior Sukuk of RM230.0 million for a tenure of 3 years from the issue date, at a coupon rate of 4.55% and RM520.0 million for a tenure of 5 years from the issue date, at a coupon rate of 4.75%. The Senior Sukuk was issued for the purpose of general banking business and working capital requirements of the Bank

27 RESERVES

	Economic Entity		The Bank	
	31/03/2023	31/12/2022	31/03/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
Retained profits	1,200,666	1,140,844	1,200,666	1,140,844
FVOCI revaluation reserves (a)	728	-	728	-
Regulatory reserves (b)	46,469	46,469	46,469	46,469
	1,247,863	1,187,313	1,247,863	1,187,313

- (a) Fair value reserves represent the unrealised gains or losses arising from the change in fair value of investments classified as financial investment at FVOCI. The gain or losses are transferred to the income statement upon disposal or when the securities become impaired.
- (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.

28 INCOME FROM ISLAMIC BANKING BUSINESS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended	Individual Quarter Ended	Cumulative Quarter Ended	Cumulative Quarter Ended
	31/03/2023	31/03/2022	31/03/2023	31/03/2022
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	332,069	245,233	332,069	245,233
Income derived from investment of investment account funds	38,698	18,954	38,698	18,954
Income derived from investment of shareholders' funds	31,497	22,132	31,497	22,132
Income attributable to depositors and others	(214,714)	(122,123)	(214,714)	(122,123)
Income attributable to investment account holders	(33,754)	(17,884)	(33,754)	(17,884)
	153,796	146,312	153,796	146,312

29 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended	Individual Quarter Ended	Cumulative Quarter Ended	Cumulative Quarter Ended
	31/03/2023	31/03/2022	31/03/2023	31/03/2022
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
- General investment deposits (i)	206,614	162,099	206,614	162,099
- Other deposits (ii)	125,455	83,134	125,455	83,134
	332,069	245,233	332,069	245,233

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

(i) INCOME DERIVED FROM INVESTMENT OF GENERAL INVESTMENT DEPOSITS

	Economic Entity and The Bank Individual Quarter Ended		Economic Entity and The Bank Cumulative Quarter Ended	
	31/03/2023 RM'000	31/03/2022 RM'000	31/03/2023 RM'000	31/03/2022 RM'000
Finance income and hibah				
Financing and other financing	163,938	132,082	163,938	132,082
Financial assets at FVTPL	45	-	45	-
Financial investments at FVOCI	510	-	510	-
Financial investments at AC	23,198	16,439	23,198	16,439
Money at call and deposits with financial institutions	7,396	10,069	7,396	10,069
	195,087	158,590	195,087	158,590
Accretion of discount less amortisation of premium	(3,409)	(3,722)	(3,409)	(3,722)
Total finance income and hibah	191,678	154,868	191,678	154,868
Other operating income				
Fee income:				
Commission	2,327	1,805	2,327	1,805
Service charges and fees	1,353	1,300	1,353	1,300
Kafalah fees	658	653	658	653
	4,338	3,758	4,338	3,758
Commission paid on will/wasiat	(4)	(2)	(4)	(2)
Income from financial instruments:				
Net gain on disposal of financial assets at FVTPL	710	-	710	-
Gain on sale of financial investments at FVOCI	5	-	5	-
Gain arising from derecognise of financial investments at AC	32	-	32	-
	747	-	747	-
Other income:				
Foreign exchange (loss)/profit				
- realised	(10,506)	1,790	(10,506)	1,790
- unrealised	15,409	(594)	15,409	(594)
Other non-operating income	4,952	2,279	4,952	2,279
	9,855	3,475	9,855	3,475
Total income derived from investment of general investment deposits	206,614	162,099	206,614	162,099

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

(ii) INCOME DERIVED FROM INVESTMENT OF OTHER DEPOSITS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/03/2023 RM'000	31/03/2022 RM'000	31/03/2023 RM'000	31/03/2022 RM'000
Finance income and hibah				
Financing and other financing	99,543	67,739	99,543	67,739
Financial assets at FVTPL	28	-	28	-
Financial investments at FVOCI	310	-	310	-
Financial investments at AC	14,086	8,431	14,086	8,431
Money at call and deposits with financial institutions	4,491	5,164	4,491	5,164
	118,458	81,334	118,458	81,334
Accretion of discount less amortisation of premium	(2,070)	(1,909)	(2,070)	(1,909)
Total finance income and hibah	116,388	79,425	116,388	79,425
Other operating income				
Fee income:				
Commission	1,413	926	1,413	926
Service charges and fees	822	667	822	667
Kafalah fees	399	335	399	335
	2,634	1,928	2,634	1,928
Commission paid on will/wasiat	(2)	(1)	(2)	(1)
Income from financial instruments:				
Net gain on disposal of financial assets at FVTPL	431	-	431	-
Gain on sale of financial investments at FVOCI	3	-	3	-
Gain arising from derecognise of financial investments at AC	19	-	19	-
	453	-	453	-
Other income:				
Foreign exchange (loss)/profit				
- realised	(6,379)	918	(6,379)	918
- unrealised	9,356	(305)	9,356	(305)
Other non-operating income	3,005	1,169	3,005	1,169
	5,982	1,782	5,982	1,782
Total income derived from investment of other deposits	125,455	83,134	125,455	83,134

30 INCOME DERIVED FROM INVESTMENT OF INVESTMENT ACCOUNT

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing and other financing	30,705	15,445	30,705	15,445
Financial assets at FVTPL	9	-	9	-
Financial investments at FVOCI	96	-	96	-
Financial investments at AC	4,345	1,922	4,345	1,922
Money at call and deposits with financial institutions	1,385	1,177	1,385	1,177
	36,540	18,544	36,540	18,544
Accretion of discount less amortisation of premium	(638)	(435)	(638)	(435)
Total finance income and hibah	35,902	18,109	35,902	18,109
Other operating income				
Fee income:				
Commission	436	211	436	211
Service charges and fees	253	152	253	152
Kafalah fees	123	76	123	76
	812	439	812	439
Commission paid on will/wasiat	(1)	-	(1)	-
Income from financial instruments:				
Net gain on disposal of financial assets at FVTPL	133	-	133	-
Gain on sale of financial investments at FVOCI	1	-	1	-
Gain arising from derecognise of financial investments at AC	6	-	6	-
	140	-	140	-
Other income:				
Foreign exchange (loss)/profit				
- realised	(1,968)	209	(1,968)	209
- unrealised	2,886	(69)	2,886	(69)
Other non-operating income	927	266	927	266
	1,845	406	1,845	406
Total income derived from investment of investment account	38,698	18,954	38,698	18,954

31 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing and other financing	24,992	18,034	24,992	18,034
Financial assets at FVTPL	7	-	7	-
Financial investments at FVOCI	78	-	78	-
Financial investments at AC	3,536	2,245	3,536	2,245
Money at call and deposits with financial institutions	1,127	1,375	1,127	1,375
	<u>29,740</u>	<u>21,654</u>	<u>29,740</u>	<u>21,654</u>
Accretion of discount less amortisation of premium	(520)	(508)	(520)	(508)
Total finance income and hibah	<u>29,220</u>	<u>21,146</u>	<u>29,220</u>	<u>21,146</u>
Other operating income				
Fee income:				
Commission	355	246	355	246
Service charges and fees	206	177	206	177
Kafalah fees	100	89	100	89
	<u>661</u>	<u>512</u>	<u>661</u>	<u>512</u>
Commission paid on will/wasiat	(1)	-	(1)	-
Income from financial instruments:				
Net gain on disposal of financial assets at FVTPL	108	-	108	-
Gain on sale of financial investments at FVOCI	1	-	1	-
Gain arising from derecognise of financial investments at AC	5	-	5	-
	<u>114</u>	<u>-</u>	<u>114</u>	<u>-</u>
Other income:				
Foreign exchange (loss)/profit				
- realised	(1,602)	244	(1,602)	244
- unrealised	2,349	(81)	2,349	(81)
Other non-operating income	756	311	756	311
	<u>1,503</u>	<u>474</u>	<u>1,503</u>	<u>474</u>
Total income derived from investment of shareholders' fund	<u>31,497</u>	<u>22,132</u>	<u>31,497</u>	<u>22,132</u>

32 (ALLOWANCES FOR)/WRITE-BACK OF IMPAIRMENT LOSSES ON FINANCING AND OTHER FINANCING

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022
	RM'000	RM'000	RM'000	RM'000
Expected credit loss made on/(written-back):				
- financing and other financing	10,137	(4,028)	10,137	(4,028)
- securities	(227)	(302)	(227)	(302)
- financing commitments and financial kafalah	(5)	(55)	(5)	(55)
Impaired financing				
- recovered	(2,026)	(1,905)	(2,026)	(1,905)
- written-off	(27)	78	(27)	78
	7,852	(6,212)	7,852	(6,212)

33 INCOME ATTRIBUTABLE TO THE DEPOSITORS AND OTHERS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- mudarabah	207	244	207	244
- non-mudarabah	177,772	104,209	177,772	104,209
Deposits and placements of banks and other financial institutions				
- mudarabah	12,359	3,011	12,359	3,011
Finance - Subordinated and Senior Sukuk	23,008	14,338	23,008	14,338
Others	1,368	321	1,368	321
	214,714	122,123	214,714	122,123

34 INCOME ATTRIBUTABLE TO THE INVESTMENT ACCOUNT HOLDERS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022
	RM'000	RM'000	RM'000	RM'000
Restricted investment account - Mudarabah	33,754	17,884	33,754	17,884

35 OTHER OPERATING EXPENSES

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/03/2023 RM'000	31/03/2022 RM'000	31/03/2023 RM'000	31/03/2022 RM'000
<u>Personnel costs</u>				
Wages, salaries and bonuses	34,355	32,658	34,355	32,658
Defined contribution plan ('EPF')	5,675	5,520	5,675	5,520
Other personnel costs	4,355	3,265	4,355	3,265
	44,385	41,443	44,385	41,443
<u>Establishment costs</u>				
Equipment rental	225	264	225	264
Repair and maintenance	8,035	6,870	8,035	6,870
Depreciation of property and equipment	70	103	70	103
Depreciation of right-of-use assets	77	113	77	113
Amortisation of intangible assets	42	53	42	53
IT consultancy fees	90	6,081	90	6,081
Dataline rental	2,235	1,953	2,235	1,953
Security services	1,070	1,423	1,070	1,423
Electricity, water and sewerage	713	1,548	713	1,548
Licence fees	49	51	49	51
Takaful and indemnities	1,736	1,561	1,736	1,561
Other establishment costs	1,495	540	1,495	540
	15,837	20,560	15,837	20,560
<u>Marketing expenses</u>				
Business promotion and advertisement	123	68	123	68
Entertainment	301	43	301	43
Travelling and accommodation	234	197	234	197
Commissions expenses	1	514	1	514
Brokerage expenses	198	232	198	232
Other marketing expenses	387	761	387	761
	1,244	1,815	1,244	1,815
<u>Administration and general expenses</u>				
Telecommunication expenses	225	138	225	138
Auditors' remuneration	84	56	84	56
Professional fees	1,614	1,448	1,614	1,448
Property and equipment written-off	8	-	8	-
Mail and courier charges	267	270	267	270
Stationery and consumables	871	697	871	697
Directors' fees and allowances	-	400	-	400
Shariah fees	91	-	91	-
Donations	27	33	27	33
Settlement, clearing and bank charges	743	431	743	431
Other administration and general expenses	509	151	509	151
	4,439	3,624	4,439	3,624
Total other operating expenses	65,905	67,442	65,905	67,442

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 equity holders 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	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022
Economic Entity & The Bank				
Net profit attributable to ordinary equity holders (RM'000)	59,822	63,609	59,822	63,609
Weighted average number of ordinary shares in issue ('000)	1,210,000	1,060,000	1,210,000	1,060,000
Basic/diluted earnings per share (sen)	4.9	6.0	4.9	6.0

There were no dilutive potential ordinary shares outstanding as at 31 March 2023.

37 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 31/03/2023 RM'000	31/12/2022 RM'000
Direct credit substitutes - financial kafalah contracts	117,712	119,067
Transaction-related contingent items	423,009	412,540
Short-term self-liquidating trade related contingencies	550,633	300,962
Irrevocable commitments to extend credit:		
- maturity less than one year	1,897,916	1,708,544
- maturity more than one year	990,422	975,622
Unutilised credit card lines	235,894	224,504
Foreign exchange related contracts #		
- less than one year	1,459,900	1,328,501
Profit rate related contracts		
- less than one year	100,000	-
	5,775,486	5,069,740

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 quoted 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 (2022: 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				
31/03/2023				
Financial Assets				
Financial assets at FVTPL	-	464,550	-	464,550
Derivative financial assets	-	20,313	-	20,313
Financial investments at FVOCI	-	170,519	-	170,519
Financial Liabilities				
Derivative financial liabilities	-	12,514	-	12,514
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Economic Entity and The Bank				
31/12/2022				
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 09 December 2020.

The Bank is currently adopting the Standardised Approach for Credit Risk and Market Risk, the Basic Indicator Approach for Operational Risk. In line with the transitional arrangements under the Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (Capital Components), the minimum capital adequacy requirement for Common Equity Tier 1 Capital Ratio ('CET1'), Tier 1 Capital Ratio and Total Capital Ratio are 7.00%, 8.50% and 10.50% respectively for the financial quarter ended 31 March 2023.

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

i) The capital adequacy ratios are as follows:

	Economic Entity		The Bank	
	31/03/2023 RM'000	31/12/2022 RM'000	31/03/2023 RM'000	31/12/2022 RM'000
<u>CET 1</u>				
Paid-up share capital	1,210,000	1,210,000	1,210,000	1,210,000
Retained profits	1,140,844	1,140,844	1,140,844	1,140,844
Unrealised gains on FVOCI instruments	728	-	728	-
	<u>2,351,572</u>	<u>2,350,844</u>	<u>2,351,572</u>	<u>2,350,844</u>
Less:				
- Intangible assets	(91)	(133)	(91)	(133)
- Deferred tax assets	(48,982)	(45,332)	(48,982)	(45,332)
- 55% of cumulative unrealised gains of FVOCI	(400)	-	(400)	-
- Other CET 1 transitional adjustment	156,324	224,719	156,324	224,719
Total CET 1 Capital	<u>2,458,423</u>	<u>2,530,098</u>	<u>2,458,423</u>	<u>2,530,098</u>
Additional Tier 1 capital	300,000	300,000	300,000	300,000
Total Tier 1 capital	<u>2,758,423</u>	<u>2,830,098</u>	<u>2,758,423</u>	<u>2,830,098</u>
<u>Tier 2 capital</u>				
Subordinated and Senior Sukuk	800,000	800,000	800,000	800,000
Expected loss provision #	230,004	148,587	230,004	148,587
Total Tier 2 capital	<u>1,030,004</u>	<u>948,587</u>	<u>1,030,004</u>	<u>948,587</u>
Total Capital	<u>3,788,427</u>	<u>3,778,685</u>	<u>3,788,427</u>	<u>3,778,685</u>
ii) The breakdown of risk-weighted assets:				
Credit risk	18,478,879	18,492,670	18,478,879	18,492,670
Market risk	51,532	28,624	51,532	28,624
Operational risk	1,038,694	993,564	1,038,694	993,564
Total risk-weighted assets	<u>19,569,105</u>	<u>19,514,858</u>	<u>19,569,105</u>	<u>19,514,858</u>
iii) Capital adequacy ratios:				
<u>With transitional arrangements</u>				
CET 1 capital ratio	12.563%	12.965%	12.563%	12.965%
Tier 1 capital ratio	14.096%	14.502%	14.096%	14.502%
Total capital ratio	19.359%	19.363%	19.359%	19.363%
<u>Without transitional arrangements</u>				
CET 1 capital ratio	11.764%	11.813%	11.764%	11.813%
Tier 1 capital ratio	13.297%	13.351%	13.297%	13.351%
Total capital ratio	18.565%	18.635%	18.565%	18.635%

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 2023, RIA assets excluded from Total Capital Ratio calculation amounted to RM3,139.0 million (31 December 2022: RM2,723.1 million).

40 REVIEW OF PERFORMANCE OF THE BANK

Analysis of financial performance of current quarter vs. previous year's corresponding quarter

The Bank registered a lower profit before tax ('PBT') of RM80.0 million for the 3 months ended 31 March 2023 as compared to RM85.1 million for the previous year's corresponding quarter. The decline in PBT was mainly due to allowances for impairment losses of RM7.9 million as compared to a write-back of RM6.2 million for the quarter ended 31 March 2022. However the impact of the allowances for impairment losses were cushioned by higher net financing and other income of RM7.5 million and lower overhead expenses of RM1.5 million.

Analysis of financial performance of current quarter vs. immediate preceding quarter

For the current financial quarter, the Bank reported a higher PBT of RM80.0 million, as compared to a loss before tax ('LBT') of RM60.8 million recorded in preceding financial quarter. The increased in PBT was mainly contributed by lower allowances for impairment losses of RM173.5 million, even though the Bank registered lower net financing and other income of RM28.9 million and higher overhead expenses of RM5.8 million for the current financial quarter.

41 ECONOMIC AND BUSINESS OUTLOOK FOR 2023

The Bank is confident that the Malaysian economy will remain resilient in the face of external and domestic challenges. Economic growth is projected to expand moderately at around 4.5% in 2023, supported by ongoing multi-year investment projects, improving labor market conditions, and a recovery in tourism activity.

Monetary policy will continue to be aimed at ensuring price stability and supporting sustainable domestic economic growth, while taking into consideration evolving conditions and their impact on inflation and growth outlook.

The local banking system is expected to remain resilient, supported by strong governance and prudent risk management practices, despite recent banking stress in some advanced economies. The Bank will focus on building on the success of the AIM22 Transformation plan and transition to the A25 plan as it continues to pursue its strategic vision of enhancing customer journey, promoting digital adoption, and advancing responsible banking practices in 2023. In view of potential economic downside risks, the Bank will further strengthen its liquidity management through diversification of funding portfolios. The strategic focus will remain on achieving sustainable profitability, improving asset quality, and maintaining cost efficiency.