

AFFIN Islamic Bank Berhad

Registration no. 200501027372 (709506-V)

Condensed Interim Financial Statements

Unaudited Statements of Financial Position as at 30 September 2023

	Note	Economic Entity		The Bank	
		30/09/2023 RM'000	31/12/2022 RM'000	30/09/2023 RM'000	31/12/2022 RM'000
ASSETS					
Cash and short-term funds		1,645,228	3,227,179	1,645,228	3,227,179
Deposits and placements with banks and other financial institutions		450,889	50,049	450,889	50,049
Derivative financial assets	13	29,690	14,985	29,690	14,985
Financial assets at fair value through profit or loss ('FVTPL')	14	195,698	-	195,698	-
Financial investments at fair value through other comprehensive income ('FVOCI')	15	1,259,249	-	1,259,249	-
Financial investments at amortised cost ('AC')	16	4,507,208	4,849,793	4,507,208	4,849,793
Financing and other financing	17	27,712,515	25,803,930	27,712,515	25,803,930
Other assets	18	140,868	159,967	140,868	159,967
Amount due from holding company		681,747	297,504	681,747	297,504
Amount due from joint ventures	19	3,749	455	3,749	455
Tax recoverable		44,266	21,603	44,266	21,603
Deferred tax assets		47,890	45,332	47,890	45,332
Statutory deposits with Bank Negara Malaysia		475,000	400,000	475,000	400,000
Property and equipment		1,662	1,570	1,662	1,570
Intangible assets		28	133	28	133
Right-of-use assets		298	524	298	524
TOTAL ASSETS		37,195,985	34,873,024	37,195,985	34,873,024
LIABILITIES AND EQUITY					
Deposits from customers	20	26,803,034	25,175,621	26,803,034	25,175,621
Investment accounts of customers	21	488	859	488	859
Deposits and placements of banks and other financial institutions	22	1,505,619	2,098,939	1,505,619	2,098,939
Investment accounts due to designated financial institutions	23	3,049,803	2,720,263	3,049,803	2,720,263
Recourse obligation on financing sold to Cagamas Berhad		1,110,815	-	1,110,815	-
Derivative financial liabilities	24	11,274	37,736	11,274	37,736
Other liabilities	25	271,299	579,144	271,299	579,144
Lease liabilities	26	335	573	335	573
Subordinated and Senior Sukuk	27	1,885,628	1,862,576	1,885,628	1,862,576
TOTAL LIABILITIES		34,638,295	32,475,711	34,638,295	32,475,711
Share capital		1,210,000	1,210,000	1,210,000	1,210,000
Reserves	28	1,347,690	1,187,313	1,347,690	1,187,313
TOTAL EQUITY		2,557,690	2,397,313	2,557,690	2,397,313
TOTAL LIABILITIES AND EQUITY		37,195,985	34,873,024	37,195,985	34,873,024
COMMITMENTS AND CONTINGENCIES	39	11,123,055	5,069,740	11,123,055	5,069,740
CAPITAL ADEQUACY RATIOS	41				
<u>With transitional arrangements</u>					
CET 1 capital ratio		12.516%	12.965%	12.516%	12.965%
Tier 1 capital ratio		13.984%	14.502%	13.984%	14.502%
Total capital ratio		19.027%	19.363%	19.027%	19.363%
Net assets per share attributable to equity holders of the Bank (RM)		2.11	2.12	2.11	2.12

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.

AFFIN Islamic Bank Berhad

Registration no. 200501027372 (709506-V)

Condensed Interim Financial Statements

Unaudited Income Statements for the Financial Quarter Ended 30 September 2023

	Note	Economic Entity Individual Quarter Ended		Economic Entity Cumulative Quarter Ended	
		30/09/2023 RM'000	30/09/2022 RM'000	30/09/2023 RM'000	30/09/2022 RM'000
Income derived from investment of depositors' funds and others	30	366,574	306,553	1,069,831	815,696
Income derived from investment of investment accounts	31	40,579	21,626	119,142	60,320
Income derived from investment of shareholders' funds	32	33,807	27,364	97,655	73,904
Allowances for impairment losses on financing and other financing	33	10,748	(31,630)	(21,570)	(58,938)
Allowances for impairment losses on other assets	34	-	(6,167)	-	(8,037)
Total distributable income		451,708	317,746	1,265,058	882,945
Income attributable to the depositors and others	35	(257,714)	(150,579)	(733,064)	(401,888)
Income attributable to the investment account holders	36	(38,075)	(18,975)	(108,946)	(54,911)
Total net income		155,919	148,192	423,048	426,146
Other operating expenses	37	(68,049)	(60,197)	(201,725)	(190,253)
Profit before zakat and taxation		87,870	87,995	221,323	235,893
Zakat		(1,972)	(2,000)	(2,629)	(2,000)
Profit before taxation		85,898	85,995	218,694	233,893
Taxation		(23,505)	(41,107)	(57,347)	(84,490)
Net profit after zakat and taxation		62,393	44,888	161,347	149,403
Attributable to:					
Equity holders of the Bank		62,393	44,888	161,347	149,403
Earnings per share (sen):					
- Basic	38	5.16	4.23	13.33	14.09

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.

AFFIN Islamic Bank Berhad

Registration no. 200501027372 (709506-V)

Condensed Interim Financial Statements

Unaudited Income Statements for the Financial Quarter Ended 30 September 2023

	Economic Entity		Economic Entity	
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/09/2023	30/09/2022	30/09/2023	30/09/2022
	RM'000	RM'000	RM'000	RM'000
Profit after zakat and taxation	62,393	44,888	161,347	149,403
Other comprehensive income:				
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Net fair value change in				
financial investments at FVOCI	(5,160)	-	(2,663)	-
Net credit impairment loss change in				
financial investments at FVOCI	931	-	1,054	-
Deferred tax on				
financial investments at FVOCI	40	-	639	-
Other comprehensive income for the financial period, net of tax	(4,189)	-	(970)	-
Total comprehensive income for the financial period	58,204	44,888	160,377	149,403
Total comprehensive income for the financial period attributable to:				
Equity holders of the Bank	58,204	44,888	160,377	149,403

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)

Condensed Interim Financial Statements

Unaudited Income Statements for the Financial Quarter Ended 30 September 2023

	Note	The Bank		The Bank	
		Individual Quarter Ended 30/09/2023 RM'000	30/09/2022 RM'000	Cumulative Quarter Ended 30/09/2023 RM'000	30/09/2022 RM'000
Income derived from investment of depositors' funds and others	30	366,574	306,553	1,069,831	815,696
Income derived from investment of investment accounts	31	40,579	21,626	119,142	60,320
Income derived from investment of shareholders' funds	32	33,807	27,364	97,655	73,904
Allowances for impairment losses on financing and other financing	33	10,748	(31,630)	(21,570)	(58,938)
Allowances for impairment losses on other assets	34	-	(8,037)	-	(8,037)
Total distributable income		451,708	315,876	1,265,058	882,945
Income attributable to the depositors and others	35	(257,714)	(150,579)	(733,064)	(401,888)
Income attributable to the investment account holders	36	(38,075)	(18,975)	(108,946)	(54,911)
Total net income		155,919	146,322	423,048	426,146
Other operating expenses	37	(68,049)	(60,197)	(201,725)	(190,253)
Profit before zakat and taxation		87,870	86,125	221,323	235,893
Zakat		(1,972)	(2,000)	(2,629)	(2,000)
Profit before taxation		85,898	84,125	218,694	233,893
Taxation		(23,505)	(41,107)	(57,347)	(84,490)
Net profit after zakat and taxation		62,393	43,018	161,347	149,403
Attributable to:					
Equity holders of the Bank		62,393	43,018	161,347	149,403
Earnings per share (sen):					
- Basic	38	5.16	4.23	13.33	14.09

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)

Condensed Interim Financial Statements

Unaudited Income Statements for the Financial Quarter Ended 30 September 2023

	The Bank		The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/09/2023	30/09/2022	30/09/2023	30/09/2022
	RM'000	RM'000	RM'000	RM'000
Profit after zakat and taxation	62,393	43,018	161,347	149,403
Other comprehensive income:				
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Net fair value change in				
financial investments at FVOCI	(5,160)	-	(2,663)	-
Net credit impairment loss change in				
financial investments at FVOCI	931	-	1,054	-
Deferred tax on				
financial investments at FVOCI	40	-	639	-
Other comprehensive income for the financial period, net of tax	(4,189)	-	(970)	-
Total comprehensive income for the financial period	58,204	43,018	160,377	149,403
Total comprehensive income for the financial period attributable to:				
Equity holders of the Bank	58,204	43,018	160,377	149,403

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.

AFFIN Islamic Bank Berhad

Registration no. 200501027372 (709506-V)

Condensed Interim Financial Statements

Unaudited Statements of Changes In Equity for the Financial Quarter Ended 30 September 2023

Economic Entity	<--- Attributable to Equity Holder of the Bank --->				
	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Total equity RM'000
At 1 January 2023	1,210,000	-	46,469	1,140,844	2,397,313
Net profit for the financial period	-	-	-	161,347	161,347
Other comprehensive income (net of tax)					
- Financial investments at FVOCI	-	(970)	-	-	(970)
Total comprehensive income	-	(970)	-	161,347	160,377
Transfer from regulatory reserves	-	-	(1)	1	-
At 30 September 2023	1,210,000	(970)	46,468	1,302,192	2,557,690

Economic Entity	<--- Attributable to Equity Holder of the Bank --->				
	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Total equity RM'000
At 1 January 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

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.

AFFIN Islamic Bank Berhad

Registration no. 200501027372 (709506-V)

Condensed Interim Financial Statements

Unaudited Statements of Changes In Equity for the Financial Quarter Ended 30 September 2023

The Bank	<----- Non-distributable ----->			< Distributable >	
	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Total equity RM'000
At 1 January 2023	1,210,000	-	46,469	1,140,844	2,397,313
Net profit for the financial period	-	-	-	161,347	161,347
Other comprehensive income (net of tax)					
- Financial investments at FVOCI	-	(970)	-	-	(970)
Total comprehensive income	-	(970)	-	161,347	160,377
Transfer from regulatory reserves	-	-	(1)	1	-
At 30 September 2023	1,210,000	(970)	46,468	1,302,192	2,557,690

The Bank	<----- Non-distributable ----->			< Distributable >	
	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Total equity RM'000
At 1 January 2022	1,060,000	-	105,613	981,016	2,146,629
Net profit for the financial period	-	-	-	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

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 30 September 2023

	Economic Entity		The Bank	
	30/09/2023 RM'000	30/09/2022 RM'000	30/09/2023 RM'000	30/09/2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	218,694	233,893	218,694	233,893
Adjustments for items not involving the movement of cash and cash equivalents:				
Operating profit before changes in working capital	<u>166,717</u>	197,570	<u>166,717</u>	197,570
Net changes in operating assets	(2,867,669)	(3,573,447)	(2,867,669)	(3,573,447)
Net changes in operating liabilities	970,586	4,162,830	970,586	4,162,830
Tax and Zakat paid	(82,081)	(94,554)	(82,081)	(94,554)
Net cash (used in)/generated from operating activities	(1,812,447)	692,400	(1,812,447)	692,400
CASH FLOWS FROM INVESTING ACTIVITIES				
Finance income and hibah received from:				
- financial investments at FVOCI	14,056	3	14,056	3
- financial investments at AC	21,281	112,254	21,281	112,254
Purchase of:				
- financial investments at FVOCI	(1,338,571)	-	(1,338,571)	-
- financial investments at AC	(176,165)	(1,470,323)	(176,165)	(1,470,323)
Redemption/Disposal of:				
- financial investments at FVOCI	94,324	-	94,324	-
- financial investments at AC	519,506	-	519,506	-
Purchase of:				
- property and equipment	(284)	(505)	(284)	(505)
Net cash used in investing activities	(865,853)	(1,358,571)	(865,853)	(1,358,571)
CASH FLOWS FROM FINANCING ACTIVITIES				
Addition of recourse obligation on financing sold to Cagamas Berhad	1,110,815	-	1,110,815	-
Profit payment from Subordinated and Senior Sukuk	(32,950)	(28,675)	(32,950)	(28,675)
Lease payments	-	(362)	-	(362)
Profit element of lease payments	(19,447)	(15)	(19,447)	(15)
Net cash generated from/(used in) financing activities	1,058,419	(29,052)	1,058,419	(29,052)
Net decrease in cash and cash equivalents	(1,619,881)	(695,223)	(1,619,881)	(695,223)
Effects of foreign exchange	37,930	(77,408)	37,930	(77,408)
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	1,645,228	1,467,796	1,645,228	1,467,796
<u>Cash and cash equivalents comprise the following:</u>				
Cash and short-term funds	1,645,228	1,467,796	1,645,228	1,467,796

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 FVOCI; 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 financial year 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 2023:

- 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 2022 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 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 30 September 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 30 September 2023.

13 DERIVATIVE FINANCIAL ASSETS

	Economic Entity and The Bank			
	30/09/2023		31/12/2022	
At fair value	Contract/ notional amount RM'000	Assets RM'000	Contract/ notional amount RM'000	Assets RM'000
Foreign exchange derivatives				
- Currency forwards	958,241	24,888	529,907	14,985
- Currency options	4,963	96	-	-
Profit rate derivatives:				
- Profit rate swap	404,805	4,698	-	-
Hedging rate derivatives				
- Profit rate swap	35,000	8	-	-
	1,403,009	29,690	529,907	14,985

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ('FVTPL')

	Economic Entity and The Bank	
	30/09/2023 RM'000	31/12/2022 RM'000
At fair value		
<u>Money market instruments</u>		
Malaysian Government treasury bills	95,016	-
Malaysian Government investment issues	100,682	-
	195,698	-

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

	Economic Entity and The Bank	
	30/09/2023 RM'000	31/12/2022 RM'000
At fair value		
<u>Money market instruments</u>		
Malaysian Government investment issues	549,075	-
Khazanah Sukuk	60,702	-
Cagamas Sukuk	196,312	-
	806,089	-
<u>Unquoted securities</u>		
Corporate Sukuk in Malaysia	297,080	-
Corporate Sukuk outside Malaysia	156,080	-
	1,259,249	-

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

	12-Month	Lifetime ECL	Lifetime ECL	Total
	ECL	not credit impaired	credit impaired	
	Stage 1	Stage 2	Stage 3	
	RM'000	RM'000	RM'000	RM'000
Economic Entity and The Bank				
30/09/2023				
At beginning of the financial period	-	-	-	-
Financial assets derecognised (other than write-off)	(10)	-	-	(10)
New financial assets purchased	1,074	-	-	1,074
Changes due to change in credit risk	(11)	-	-	(11)
Other adjustments				
- Foreign exchange and other movements	1	-	-	1
At end of the financial period	1,054	-	-	1,054
Economic Entity and The Bank				
31/12/2022				
At beginning/end of the financial year	-	-	-	-

16 FINANCIAL INVESTMENTS AT AMORTISED COST ('AC')

	Economic Entity and The Bank	
	30/09/2023	31/12/2022
	RM'000	RM'000
At amortised cost		
<u>Money market instruments</u>		
Malaysian Government treasury bills	-	49,822
Malaysian Government investment issues	2,391,814	2,525,096
Cagamas sukuk	40,192	90,647
BNM Sukuk	-	10,139
<u>Unquoted securities</u>		
Corporate Sukuk in Malaysia	2,082,554	2,180,734
	4,514,560	4,856,438
Fair value changes arising from fair value hedges	(736)	-
	4,513,824	4,856,438
Less: Expected Credit Losses ('ECL')	(6,616)	(6,645)
	4,507,208	4,849,793

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

	12-Month	Lifetime ECL	Lifetime ECL	Total
	ECL	not credit	credit	
	Stage 1	Stage 2	Stage 3	
	RM'000	RM'000	RM'000	RM'000
Economic Entity and Bank				
30/09/2023				
At beginning of the financial period	6,645	-	-	6,645
Total transfer between stages due to change in credit risk:	(189)	189	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(189)	189	-	-
Financial assets derecognised (other than write-off)	(442)	-	-	(442)
New financial assets purchased	65	-	-	65
Changes due to change in credit risk	364	(16)	-	348
At end of the financial period	6,254	362	-	6,616
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

17 FINANCING AND OTHER FINANCING

(i) By type

	Economic Entity and The Bank	
	30/09/2023	31/12/2022
	RM'000	RM'000
Cash Line-i	761,390	700,519
Term financing		
- House financing	9,994,174	9,329,247
- Hire purchase receivables	5,687,277	5,189,938
- Syndicated financing	1,359,770	1,167,643
- Other term financing	8,400,033	7,692,656
Bills receivables	188,305	151,248
Trust receipts	16,797	13,969
Claims on customers under acceptances credits	1,052,103	787,059
Staff financing (of which RM Nil to Directors)	122,135	119,698
Credit/charge cards	70,756	60,857
Revolving credit	530,873	1,046,211
Gross financing and other financing	28,183,613	26,259,045
Less: ECL	(471,098)	(455,115)
Total net financing and other financing	27,712,515	25,803,930

Included in other term financing before expected credit losses as at reporting date is RM56.8 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	
	30/09/2023	31/12/2022
	RM'000	RM'000
Maturing within one year	3,344,354	3,058,976
One year to three years	1,507,744	1,500,036
Three years to five years	1,921,548	1,772,498
Over five years	21,409,967	19,927,535
	28,183,613	26,259,045

17 FINANCING AND OTHER FINANCING (continued)

(iii) **Bv contract**

Economic Entity and The Bank	Al-Bai		Al-Ijarah		Tawarruq	Musyarakah	Istisna'	Others	Total
	Bithaman Ajil	Ijarah	Thumma Al-Bai	Murabahah					
30/09/2023	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash Line-i	-	-	-	-	750,575	-	-	10,815	761,390
Term financing									
- House financing	485,749	-	-	-	309,283	9,199,142	-	-	9,994,174
- Hire purchase receivables	-	-	5,687,277	-	-	-	-	-	5,687,277
- Syndicated financing	-	230,951	-	-	1,128,819	-	-	-	1,359,770
- Other term financing	54,631	500,405	-	111,809	6,071,668	1,147,414	514,005	102	8,400,034
Bills receivables	-	4,536	-	83,348	-	-	-	100,421	188,305
Trust receipts	-	-	-	16,797	-	-	-	-	16,797
Claims on customers under acceptances credits	-	-	-	1,052,103	-	-	-	-	1,052,103
Staff financing	2,233	-	-	28,251	34,626	57,025	-	-	122,135
Credit/charge cards	-	-	-	70,756	-	-	-	-	70,756
Revolving credit	-	-	-	-	530,872	-	-	-	530,872
Gross financing and other financing	542,613	735,892	5,687,277	1,363,064	8,825,843	10,403,581	514,005	111,338	28,183,613
Economic Entity and The Bank	Al-Bai		Al-Ijarah						
31/12/2022	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

17 FINANCING AND OTHER FINANCING (continued)

	Economic Entity and The Bank	
	30/09/2023	31/12/2022
	RM'000	RM'000
(iv) <u>By type of customer</u>		
Domestic non-banking institutions		
- Others	72,216	89,793
Domestic business enterprises		
- Small medium enterprises	3,032,330	2,813,760
- Others	4,500,047	4,732,456
Government and statutory bodies	857,227	789,216
Individuals	19,573,652	17,683,064
Other domestic entities	125	155
Foreign entities	148,016	150,601
	28,183,613	26,259,045
(v) <u>By profit rate sensitivity</u>		
Fixed rate		
- House financing	49,268	45,708
- Hire purchase receivables	5,687,277	5,189,938
- Other fixed rate financing	858,643	953,277
Variable rate		
- Base funding rate and base rate plus	14,380,275	14,719,826
- Cost plus	2,935,816	3,339,716
- Other variable rate	4,272,334	2,010,580
	28,183,613	26,259,045
(vi) <u>By economic sector</u>		
Primary agriculture	765,941	678,695
Mining and quarrying	117,741	146,125
Manufacturing	1,301,416	1,240,932
Electricity, gas and water supply	382,159	448,985
Construction	783,212	766,506
Real estate	1,206,826	1,370,660
Wholesale & retail trade and restaurants & hotels	1,347,587	1,296,654
Transport, storage and communication	789,131	515,576
Finance, takaful and business services	424,631	635,038
Education, health & others	1,434,797	1,425,677
Household	19,630,172	17,734,197
	28,183,613	26,259,045
(vii) <u>By economic purpose</u>		
Purchase of securities	956,184	988,452
Purchase of transport vehicles	5,961,671	5,400,433
Purchase of landed properties of which:		
- Residential	10,167,186	9,511,006
- Non-residential	2,421,670	2,341,509
Fixed assets other than land and building	283,979	295,752
Personal use	2,809,433	2,118,240
Credit/charge cards	70,756	60,857
Consumer durable	248	330
Construction	926,196	910,356
Working capital	4,223,187	3,970,793
Others	363,103	661,317
	28,183,613	26,259,045

17 FINANCING AND OTHER FINANCING (continued)

	Economic Entity and The Bank	
	30/09/2023	31/12/2022
(viii) <u>By geographical distribution</u>	RM'000	RM'000
Perlis	104,501	105,134
Kedah	1,297,777	1,175,260
Pulau Pinang	1,684,406	1,411,158
Perak	890,958	821,719
Selangor	9,056,392	8,644,404
Wilayah Persekutuan	5,537,882	5,330,826
Negeri Sembilan	1,465,463	1,306,760
Melaka	499,380	456,600
Johor	3,374,920	3,105,863
Pahang	1,077,617	987,340
Terengganu	924,953	873,387
Kelantan	685,356	583,330
Sarawak	781,089	647,965
Sabah	790,870	791,239
Labuan	11,517	18,051
Outside Malaysia	532	9
	28,183,613	26,259,045

(ix) Movements of impaired financing

	Economic Entity and The Bank	
	30/09/2023	31/12/2022
	RM'000	RM'000
At beginning of the financial period/year	357,422	381,586
Classified as impaired	233,214	238,197
Reclassified as non-impaired	(298,054)	(143,264)
Amount recovered	(21,108)	(95,333)
Amount written-off	(26,571)	(38,331)
Other movements	-	14,567
At end of the financial period/year	244,903	357,422
Ratio of gross impaired financing and other financing to gross financing and other financing*	0.97%	0.90%

* For the Bank, Restricted Investment Account ('RIA') excluded in the ratio calculation amounting to RM3,051.0 million (31 December 2022: RM2,723.1 million) with impaired financing amounting to RM Nil (31 December 2022: RM145.6 million).

The outstanding contractual amounts of such assets written-off during the quarter ended 30 September 2023 for the Bank is RM26.6 million (31 December 2022: RM38.3 million).

17 FINANCING AND OTHER FINANCING (continued)

	Economic Entity and The Bank	
	30/09/2023	31/12/2022
	RM'000	RM'000
(x) <u>Impaired financing by economic sectors</u>		
Primary agriculture	288	298
Mining and quarrying	19,482	18,497
Manufacturing	5,211	4,124
Electricity, gas and water supply	5	-
Construction	10,157	9,349
Real estate	47,119	46,710
Wholesale & retail trade and restaurants & hotels	14,291	6,075
Transport, storage and communication	2,813	158,951
Finance, takaful and business services	6,086	3,520
Education, health and others	1,040	827
Household	138,411	109,071
	244,903	357,422
(xi) <u>Impaired financing by economic purpose</u>		
Purchase of securities	469	552
Purchase of transport vehicles	32,802	177,622
Purchase of landed properties of which:		
- Residential	98,885	78,293
- Non-residential	72,890	72,213
Fixed assets other than land and building	76	-
Personal use	10,455	8,970
Credit card	616	195
Working capital	28,658	19,541
Others	52	36
	244,903	357,422
(xii) <u>Impaired financing by geographical distribution</u>		
Perlis	3,781	3,491
Kedah	15,571	11,454
Pulau Pinang	9,414	9,721
Perak	6,272	5,082
Selangor	82,197	64,297
Wilayah Persekutuan	31,241	28,242
Negeri Sembilan	14,927	8,293
Melaka	7,909	18,410
Johor	60,934	54,539
Pahang	4,076	2,031
Terengganu	3,182	147,767
Kelantan	3,504	2,378
Sarawak	579	414
Sabah	1,316	1,303
	244,903	357,422

17 FINANCING AND OTHER FINANCING (continued)

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

Economic Entity and The Bank 30/09/2023	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:	(167,345)	195,485	(28,140)	-
- Transfer to 12-month ECL (Stage 1)	16,635	(15,027)	(1,608)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(183,802)	223,961	(40,159)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(178)	(13,449)	13,627	-
Financing derecognised (other than write-off)	(18,391)	(6,246)	(1,898)	(26,535)
New financing originated or purchased	205,274	-	-	205,274
Changes due to change in credit risk	(15,202)	(179,091)	54,389	(139,904)
Write-off	-	-	(22,854)	(22,854)
Other adjustments	2	-	-	2
At end of the financial period	69,556	312,600	88,942	471,098

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

18 OTHER ASSETS

	Economic Entity and The Bank	
	30/09/2023	31/12/2022
	RM'000	RM'000
Other debtors	55,803	58,970
Deposits and prepayments	36,607	24,079
Cheque clearing accounts	32,993	61,453
Foreclosed properties (i)	15,465	15,465
	<u>140,868</u>	<u>159,967</u>

(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	<u>15,465</u>	<u>15,465</u>

19 AMOUNT DUE FROM JOINT VENTURES

	Economic Entity and The Bank	
	30/09/2023	31/12/2022
	RM'000	RM'000
Advances to joint ventures	51,567	48,273
Less: Expected credit losses	(47,818)	(47,818)
	<u>3,749</u>	<u>455</u>
Movements in expected credit losses		
At beginning of the financial period/year	47,818	44,263
Charge during the financial period/year	-	3,555
At end of the financial period/year	<u>47,818</u>	<u>47,818</u>

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

20 DEPOSITS FROM CUSTOMERS

	Economic Entity and The Bank	
	30/09/2023	31/12/2022
	RM'000	RM'000
(i) <u>By type of deposit</u>		
Qard		
Demand deposits	4,923,168	4,209,633
Savings deposits	814,609	850,109
	<u>5,737,777</u>	<u>5,059,742</u>
Mudarabah		
General investment deposits	29,381	32,895
Tawarruq		
Murabahah term deposits	18,394,305	17,512,129
Commodity Murabahah	1,112,066	1,238,215
Savings deposits	610,876	625,502
Demand deposit	918,629	707,138
	<u>21,035,876</u>	<u>20,082,984</u>
	<u>26,803,034</u>	<u>25,175,621</u>
(ii) <u>By maturity structure of Murabahah term deposits and General investment deposits</u>		
Due within six months	14,253,991	12,124,186
Six months to one year	5,204,535	5,088,536
One year to three years	76,806	252,362
Three years to five years	311	79,940
Five years and above	109	-
	<u>19,535,752</u>	<u>17,545,024</u>
(iii) <u>By type of customer</u>		
Government and statutory bodies	10,547,254	9,333,579
Business enterprises	7,385,680	6,528,720
Individuals	8,107,331	8,578,857
Domestic banking institutions	446	281
Domestic non-banking financial institutions	346,950	359,472
Foreign entities	111,327	111,640
Others entities	304,046	263,072
	<u>26,803,034</u>	<u>25,175,621</u>

21 INVESTMENT ACCOUNTS OF CUSTOMERS

	Economic Entity and The Bank	
	30/09/2023	31/12/2022
	RM'000	RM'000
(i) <u>By type of deposit</u>		
Mudarabah	488	859
(ii) <u>By type of customer</u>		
Individuals	229	404
Other entities	259	455
	488	859
(iii) <u>By contract</u>		
Business Term Financing	488	859
(iv) <u>Movements in investment accounts</u>		
At beginning of the financial period/year	859	1,329
Redemption during the period/year	(369)	(469)
Finance expense on RIA	22	64
Profit distributed	(24)	(65)
At end of the financial period/year	488	859

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

	Economic Entity and The Bank			
	30/09/2023		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>				
Six months to one year	85	5.58	-	-
One year to three years	-	-	85	5.58

22 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Economic Entity and The Bank	
	30/09/2023	31/12/2022
	RM'000	RM'000
Tawarruq		
Licensed banks	526,492	472,690
Licensed investment banks	78,507	48,587
Other financial institutions	900,620	1,577,662
	1,505,619	2,098,939
Maturity structure of deposits		
Due within six months	1,505,619	1,877,639
Six months to one year	-	221,300
	1,505,619	2,098,939

23 INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTIONS

	Economic Entity and The Bank	
	30/09/2023 RM'000	31/12/2022 RM'000
Mudarabah		
Licensed banks	3,049,803	2,720,263

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

	Economic Entity and The Bank			
	30/09/2023		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	89	5.05	70	3.16
Six months to one year	85	5.71	-	-
One year to three years	92	4.53	92	4.99
Three years to five years	93	5.18	84	5.08
Five years and above	91	4.03	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 RM3,049.8 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	
	30/09/2023 RM'000	31/12/2022 RM'000
Movements in investment accounts		
At beginning of the financial period/year	2,720,263	1,831,585
New placement	708,216	1,067,848
Redemption	(358,111)	(177,959)
Finance expense on RIA	108,033	78,313
Profit distributed	(106,624)	(74,965)
Exchange differences	(21,974)	(4,559)
At end of the financial period/year	3,049,803	2,720,263

24 DERIVATIVE FINANCIAL LIABILITIES

	Economic Entity and The Bank			
	30/09/2023		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	479,877	9,708	798,594	37,736
- Currency options	4,956	96	-	-
Profit rate derivatives:				
- Profit rate swap	92,050	1,470	-	-
	576,883	11,274	798,594	37,736

25 OTHER LIABILITIES

	Economic Entity and The Bank	
	30/09/2023	31/12/2022
	RM'000	RM'000
Bank Negara Malaysia and Credit Guarantee Corporation Funding programmes	17,063	18,305
Margin and collateral deposits	19,798	19,599
Other creditors and accruals	50,788	3,428
Sundry creditors	165,617	65,117
Clearing accounts	-	451,311
Provision for zakat	3,410	3,083
Defined contribution plan (i)	1,552	1,342
Accrued employee benefits	2,348	5,437
Charity funds (ii)	14	24
Unearned income	4,619	5,131
Expected credit losses: Financing commitments and financial kafalah (iii)	6,090	6,367
	271,299	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.

	Economic Entity and The Bank	
	30/09/2023	31/12/2022
	RM'000	RM'000
(ii) Charity funds		
<u>Sources and uses of charity funds</u>		
At beginning of the financial period/year	24	14
Sources of charity funds		
- Non-Islamic/prohibited income	-	4
- AFFIN Barakah Charity Account-i	5	6
Uses of charity funds		
- Contribution to program/event	(15)	-
At end of the financial period/year	14	24

The source of charity funds were 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 includes 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 2	Stage 3	Stage 3		
Economic Entity and the Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
30/09/2023							
At beginning of the financial period/year	4,671	962	734	-	-	6,367	
Net remeasurement of loss allowance	(3,111)	(518)	296	-	-	(3,333)	
New financing commitments and financial kafalah	2,600	456	-	-	-	3,056	
At end of the financial period/year	4,160	900	1,030	-	-	6,090	
Economic Entity and the Bank							
31/12/2022							
At beginning of the financial year	3,850	1,151	665	-	-	5,666	
Net remeasurement of loss allowance	(86)	(520)	127	-	-	(479)	
New financing commitments and financial kafalah	2,267	611	-	-	-	2,878	
Financing commitment/financial kafalah derecognised	(1,360)	(280)	(58)	-	-	(1,698)	
At end of the financial year	4,671	962	734	-	-	6,367	

26 LEASE LIABILITIES

	Economic Entity and The Bank	
	30/09/2023	31/12/2022
	RM'000	RM'000
At beginning of financial period/year	573	666
Additions	-	392
Finance expense	8	24
Lease payment	(246)	(509)
At end of the financial period/year	335	573

27 SUBORDINATED AND SENIOR SUKUK

	Economic Entity and The Bank	
	30/09/2023	31/12/2022
	RM'000	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)	760,256	751,541
	1,885,628	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 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 was issued for the purpose of general banking business and working capital requirements of the Bank.
- (b) The Bank had, on 18 October 2018 issued 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 a 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 amounting to 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.

28 RESERVES

	Economic Entity		The Bank	
	30/09/2023	31/12/2022	30/09/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
Retained profits	1,302,192	1,140,844	1,302,192	1,140,844
FVOCI revaluation reserves (a)	308	-	308	-
Regulatory reserves (b)	46,468	46,469	46,468	46,469
	1,348,968	1,187,313	1,348,968	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.

29 INCOME FROM ISLAMIC BANKING BUSINESS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/09/2023	30/09/2022	30/09/2023	30/09/2022
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	366,574	306,553	1,069,831	815,696
Income derived from investment of investment account funds	40,579	21,626	119,142	60,320
Income derived from investment of shareholders' funds	33,807	27,364	97,655	73,904
Income attributable to depositors and others	(257,714)	(150,579)	(733,064)	(401,888)
Income attributable to investment account holders	(38,075)	(18,975)	(108,946)	(54,911)
	145,171	185,989	444,618	493,121

30 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	
	30/09/2023	30/09/2022	30/09/2023	30/09/2022
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
- General investment deposits (i)	225,025	199,885	660,834	534,444
- Other deposits (ii)	141,549	106,668	408,997	281,252
	366,574	306,553	1,069,831	815,696

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

(i) INCOME DERIVED FROM INVESTMENT OF GENERAL INVESTMENT DEPOSITS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/09/2023	30/09/2022	30/09/2023	30/09/2022
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing and other financing	178,176	159,988	515,189	431,291
Financial investments at FVOCI	3,979	2	6,063	2
Financial investments at AC	22,412	21,439	69,111	58,431
Money at call and deposits with financial institutions	6,037	7,114	28,354	17,168
	<u>210,604</u>	<u>188,543</u>	<u>618,717</u>	<u>506,892</u>
Accretion of discount less amortisation of premium	(3,129)	-	(10,081)	-
Total finance income and hibah	<u>207,475</u>	<u>188,543</u>	<u>608,636</u>	<u>506,892</u>
Other operating income				
Fee income:				
Commission	3,111	2,577	7,787	6,782
Service charges and fees	1,888	1,641	4,555	4,796
Kafalah fees	648	725	2,149	2,109
Other fees income	(78)	-	(78)	-
	<u>5,569</u>	<u>4,943</u>	<u>14,413</u>	<u>13,687</u>
Commission paid on will/wasiat	9	(1)	-	(4)
Income from financial instruments:				
Gain arising on financial assets at FVTPL				
- net gain on disposal	816	305	2,981	305
- finance income	939	-	1,024	-
Net gain on revaluation of derivative	1,273	-	1,684	-
Gain on sale of financial investments at FVOCI	117	-	239	-
Gain arising from derecognise of financial investments at AC	-	-	32	-
Unrealised loss on fair value changes arising from fair value hedges	(378)	-	(378)	-
	<u>2,767</u>	<u>305</u>	<u>5,582</u>	<u>305</u>
Other income:				
Foreign exchange (loss)/profit				
- realised	9,838	(23,292)	9	(38,287)
- unrealised	(4,493)	25,978	19,481	43,551
Other non-operating income	3,860	3,409	12,713	8,300
	<u>9,205</u>	<u>6,095</u>	<u>32,203</u>	<u>13,564</u>
Total income derived from investment of general investment deposits	<u>225,025</u>	<u>199,885</u>	<u>660,834</u>	<u>534,444</u>

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

(ii) INCOME DERIVED FROM INVESTMENT OF OTHER DEPOSITS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/09/2023	30/09/2022	30/09/2023	30/09/2022
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing and other financing	112,035	85,391	318,855	226,967
Financial investments at FVOCI	2,474	1	3,753	1
Financial investments at AC	14,115	11,445	42,773	30,749
Money at call and deposits with financial institutions	3,853	3,788	17,548	9,035
	<u>132,477</u>	<u>100,625</u>	<u>382,929</u>	<u>266,752</u>
Accretion of discount less amortisation of premium	(1,973)	-	(6,239)	-
Total finance income and hibah	<u>130,504</u>	<u>100,625</u>	<u>376,690</u>	<u>266,752</u>
Other operating income				
Fee income:				
Commission	1,950	1,375	4,819	3,569
Service charges and fees	1,182	878	2,819	2,524
Kafalah fees	409	388	1,330	1,110
Other fees income	(48)	-	(48)	-
	<u>3,493</u>	<u>2,641</u>	<u>8,920</u>	<u>7,203</u>
Commission paid on will/wasiat	5	(1)	-	(2)
Income from financial instruments:				
Gain arising on financial assets at FVTPL				
- net gain on disposal	516	161	1,845	161
- finance income	582	-	634	-
Net gain on revaluation of derivative	790	-	1,042	-
Gain on sale of financial investments at FVOCI	73	-	148	-
Gain arising from derecognise of financial investments at AC	1	-	20	-
Unrealised loss on fair value changes arising from fair value hedges	(234)	-	(234)	-
	<u>1,727</u>	<u>161</u>	<u>3,454</u>	<u>161</u>
Other income:				
Foreign exchange (loss)/profit				
- realised	6,038	(12,324)	6	(20,149)
- unrealised	(2,656)	13,749	12,057	22,919
Other non-operating income	2,437	1,817	7,869	4,368
	<u>5,819</u>	<u>3,242</u>	<u>19,932</u>	<u>7,138</u>
Total income derived from investment of other deposits	<u>141,549</u>	<u>106,668</u>	<u>408,997</u>	<u>281,252</u>

31 INCOME DERIVED FROM INVESTMENT OF INVESTMENT ACCOUNT

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/09/2023	30/09/2022	30/09/2023	30/09/2022
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing and other financing	32,130	17,300	92,883	48,678
Financial investments at FVOCI	717	-	1,093	-
Financial investments at AC	4,042	2,317	12,460	6,595
Money at call and deposits with financial institutions	1,089	775	5,112	1,938
	<u>37,978</u>	<u>20,392</u>	<u>111,548</u>	<u>57,211</u>
Accretion of discount less amortisation of premium	(564)	-	(1,817)	-
Total finance income and hibah	37,414	20,392	109,731	57,211
Other operating income				
Fee income:				
Commission	561	279	1,404	765
Service charges and fees	340	176	821	541
Kafalah fees	116	78	387	238
Other fees income	(14)	-	(14)	-
	<u>1,003</u>	<u>533</u>	<u>2,598</u>	<u>1,544</u>
Commission paid on will/wasiat	2	-	-	-
Income from financial instruments:				
Gain arising on financial assets at FVTPL				
- net gain on disposal	147	34	537	34
- finance income	170	-	185	-
Net gain on revaluation of derivative	229	-	304	-
Gain on sale of financial investments at FVOCI	21	-	43	-
Gain arising from derecognise of financial investments at AC	-	-	6	-
Unrealised loss on fair value changes arising from fair value hedges	(68)	-	(68)	-
	<u>499</u>	<u>34</u>	<u>1,006</u>	<u>34</u>
Other income:				
Foreign exchange (loss)/profit				
- realised	1,774	(2,587)	2	(4,321)
- unrealised	(810)	2,883	3,512	4,915
Other non-operating income	697	371	2,292	937
	<u>1,661</u>	<u>667</u>	<u>5,806</u>	<u>1,531</u>
Total income derived from investment of investment account	40,579	21,626	119,142	60,320

32 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/09/2023	30/09/2022	30/09/2023	30/09/2022
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing and other financing	26,758	21,900	76,132	59,640
Financial investments at FVOCI	591	-	896	-
Financial investments at AC	3,371	2,934	10,213	8,080
Money at call and deposits with financial institutions	921	975	4,190	2,374
	31,641	25,809	91,431	70,094
Accretion of discount less amortisation of premium	(472)	-	(1,490)	-
Total finance income and hibah	31,169	25,809	89,941	70,094
Other operating income				
Fee income:				
Commission	466	353	1,151	938
Service charges and fees	282	224	673	663
Kafalah fees	98	99	318	292
Other fees income	(12)	-	(12)	-
	834	676	2,130	1,893
Commission paid on will/wasiat	1	(1)	-	(1)
Income from financial instruments:				
Gain arising on financial assets at FVTPL				
- net gain on disposal	124	42	441	42
- finance income	139	-	151	-
Net gain on revaluation of derivative			249	-
Gain on sale of financial investments at FVOCI	17	-	35	-
Gain arising from derecognise of financial investments at AC	-	-	5	-
Unrealised loss on fair value changes arising from fair value hedges	(56)	-	(56)	-
	224	42	825	42
Other income:				
Foreign exchange (loss)/profit				
- realised	1,441	(3,208)	1	(5,294)
- unrealised	(633)	3,577	2,879	6,022
Other non-operating income	522	469	1,879	1,148
	1,330	838	4,759	1,876
Total income derived from investment of shareholders' fund	33,558	27,364	97,655	73,904

33 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	
	30/09/2023	30/09/2022	30/09/2023	30/09/2022
	RM'000	RM'000	RM'000	RM'000
Expected credit loss made on/(written-back):				
- financing and other financing	(2,972)	59,286	31,803	89,977
- securities	1,129	259	1,040	184
- financing commitments and financial kafalah	(71)	(422)	(276)	223
Impaired financing				
- recovered	(9,411)	(27,483)	(12,655)	(31,761)
- written-off	577	(10)	1,658	315
	(10,748)	31,630	21,570	58,938

34 ALLOWANCES FOR IMPAIRMENT LOSSES ON OTHER ASSETS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/09/2023	30/09/2022	30/09/2023	30/09/2022
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment made on:				
- amount due from joint ventures	-	6,189	-	6,189
- other assets	-	1,848	-	1,848
	-	8,037	-	8,037

35 INCOME ATTRIBUTABLE TO THE DEPOSITORS AND OTHERS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/09/2023	30/09/2022	30/09/2023	30/09/2022
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- mudarabah	213	200	637	675
- non-mudarabah	201,644	128,448	597,719	343,607
Deposits and placements of banks and other financial institutions				
- mudarabah	21,483	7,277	42,335	13,634
Financing sold to Cagamas	11,228	-	23,036	-
Finance - Subordinated and Senior Sukuk	23,129	14,338	69,310	43,013
Others	17	316	27	959
	257,714	150,579	733,064	401,888

36 INCOME ATTRIBUTABLE TO THE INVESTMENT ACCOUNT HOLDERS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/09/2023	30/09/2022	30/09/2023	30/09/2022
	RM'000	RM'000	RM'000	RM'000
Restricted investment account - Mudarabah	38,075	18,975	108,946	54,911

37 OTHER OPERATING EXPENSES

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/09/2023	30/09/2022	30/09/2023	30/09/2022
	RM'000	RM'000	RM'000	RM'000
<u>Personnel costs</u>				
Wages, salaries and bonuses	33,803	33,799	101,323	98,783
Defined contribution plan ('EPF')	5,670	5,918	16,922	16,747
Voluntary separation scheme	323	-	323	-
Other personnel costs	5,726	(269)	17,203	5,316
	45,522	39,448	135,771	120,846
<u>Establishment costs</u>				
Equipment rental	225	265	676	794
Repair and maintenance	6,169	6,591	18,582	20,346
Depreciation of property and equipment	52	106	191	305
Depreciation of right-of-use assets	79	113	233	340
Amortisation of intangible assets	31	54	105	160
IT consultancy fees	90	3,067	271	15,219
Dataline rental	2,230	1,935	6,702	5,842
Security services	1,077	1,398	3,198	4,280
Electricity, water and sewerage	722	1,997	2,166	4,630
Licence fees	50	(52)	148	-
Takaful and indemnities	1,734	998	5,239	2,778
Other establishment costs	3,494	430	10,513	1,447
	15,952	16,902	48,023	56,141
<u>Marketing expenses</u>				
Business promotion and advertisement	497	(9)	621	142
Entertainment	(413)	51	191	154
Travelling and accommodation	187	232	643	634
Brokerage and Brokerage expenses	408	271	1,005	757
Other marketing expenses	927	223	1,441	1,333
	1,606	768	3,901	3,020
<u>Administration and general expenses</u>				
Telecommunication expenses	222	116	678	369
Auditors' remuneration	84	94	252	196
Professional fees	1,730	1,112	4,987	3,286
Property and equipment written-off	8	-	24	-
Mail and courier charges	266	275	794	823
Stationery and consumables	880	769	2,597	2,374
Directors' fees and allowances	503	185	1,262	1,217
Shariah fees	160	(27)	361	298
Donations	43	79	205	116
Settlement, clearing and bank charges	814	465	2,406	1,382
Stamp duties	54	3	54	3
Other administration and general expenses	206	8	411	182
	4,970	3,079	14,031	10,246
Total other operating expenses	68,049	60,197	201,725	190,253

38 EARNINGS PER SHARE

The basic earnings per ordinary share for the Economic Entity and the Bank have been calculated based on the net profit attributable to 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	
	30/09/2023	30/09/2022	30/09/2023	30/09/2022
Economic Entity & The Bank				
Net profit attributable to ordinary equity holders (RM'000)	62,393	44,888	161,347	149,403
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)	5.2	4.2	13.3	14.1

There were no dilutive potential ordinary shares outstanding as at 30 September 2023.

39 COMMITMENTS AND CONTINGENCIES

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

The commitments and contingencies consist of:

	Economic Entity and The Bank	
	Principal Amount	
	30/09/2023	31/12/2022
	RM'000	RM'000
Direct credit substitutes - financial kafalah contracts	119,430	119,067
Transaction-related contingent items	418,809	412,540
Short-term self-liquidating trade related contingencies	872,849	300,962
Irrevocable commitments to extend credit:		
- maturity less than one year	6,434,562	1,708,544
- maturity more than one year	1,302,469	975,622
Unutilised credit card lines	-	224,504
Foreign exchange related contracts #		
- less than one year	1,443,081	1,328,501
Profit rate related contracts #		
- one year to less than five years	414,630	-
- more than five year	117,225	-
	11,123,055	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.

40 FAIR VALUE MEASUREMENTS

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

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

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

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

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

40 FAIR VALUE MEASUREMENTS (continued)

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Economic Entity and The Bank				
30/09/2023				
Financial Assets				
Financial assets at FVTPL	-	195,698	-	195,698
Derivative financial assets	-	29,690	-	29,690
Financial investments at FVOCI	-	1,259,249	-	1,259,249
	<hr/>	<hr/>	<hr/>	<hr/>
Financial Liabilities				
Derivative financial liabilities	-	11,274	-	11,274
	<hr/>	<hr/>	<hr/>	<hr/>
	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	-	14,985	-	14,985
	<hr/>	<hr/>	<hr/>	<hr/>
Financial Liabilities				
Derivative financial liabilities	-	37,736	-	37,736
	<hr/>	<hr/>	<hr/>	<hr/>

Effect of changes in significant unobservable assumptions to reasonably possible alternatives

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

41 CAPITAL ADEQUACY

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

The Bank is currently adopting the Standardised Approach for Credit Risk and Market Risk, 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 30 September 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 adback 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 component of CET 1, Tier 1 and Tier 2 capital:

	Economic Entity		The Bank	
	30/09/2023	31/12/2022	30/09/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
The increase in PBT was mainly due to lower allowance for ir				
CET 1				
Paid-up share capital	1,210,000	1,210,000	1,210,000	1,210,000
Retained profits	1,239,799	1,140,844	1,239,799	1,140,844
Unrealised gains on FVOCI instruments	(970)	-	(970)	-
	2,448,829	2,350,844	2,448,829	2,350,844
Less Regulatory adjustments:				
- Intangible assets	(28)	(133)	(28)	(133)
- Deferred tax assets	(47,890)	(45,332)	(47,890)	(45,332)
- Other CET 1 transitional adjustment	156,921	224,719	156,921	224,719
Total CET 1 Capital	2,557,832	2,530,098	2,557,832	2,530,098
Additional Tier 1 capital	300,000	300,000	300,000	300,000
Total Tier 1 capital	2,857,832	2,830,098	2,857,832	2,830,098
Tier 2 capital				
Subordinated and Senior Sukuk	800,000	800,000	800,000	800,000
Expected loss provision #	230,601	148,587	230,601	148,587
Total Tier 2 capital	1,030,601	948,587	1,030,601	948,587
Total Capital	3,888,433	3,778,685	3,888,433	3,778,685

ii) The breakdown of risk-weighted assets:

Credit risk	19,139,679	18,492,670	19,139,679	18,492,670
Market risk	160,316	28,624	160,316	28,624
Operational risk	1,136,683	993,564	1,136,683	993,564
Total risk-weighted assets	20,436,678	19,514,858	20,436,678	19,514,858

iii) Capital adequacy ratios:

With transitional arrangements

CET 1 capital ratio	12.516%	12.965%	12.516%	12.965%
Tier 1 capital ratio	13.984%	14.502%	13.984%	14.502%
Total capital ratio	19.027%	19.363%	19.027%	19.363%

Without transitional arrangements

CET 1 capital ratio	11.748%	11.813%	11.748%	11.813%
Tier 1 capital ratio	13.216%	13.351%	13.216%	13.351%
Total capital ratio	18.301%	18.635%	18.301%	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 30 September 2023, RIA assets excluded from Total Capital Ratio calculation amounted to RM3,051.0 million (31 December 2022: RM2,723.1 million).

42 REVIEW OF PERFORMANCE OF THE BANK

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

The Bank registered a lower profit before tax of RM218.7 million for the period ended 30 September 2023, a decrease of RM15.2 million or 6.5% compared to RM233.9 million recorded in the previous corresponding period. The decrease was mainly due to higher overhead expenses of RM 11.5 million.

Net financing and other income decreased to RM444.6 million as compared to RM493.1 million in the previous corresponding period as market competition contributed to the Net Financing Margin decrease. This decline was off-set by lower allowances for impairment losses of RM45.41 million or 67.8% to RM21.6 million in the current quarter of 30 September 2023 as compared to the corresponding quarter period of RM67.0 million.

Overhead expenses registered an increase of RM11.5 million or 9.0% to RM201.7 million as compared to RM190.3 million in the previous corresponding period, due to higher personnel expenses and administration expenses.

Gross financing and other financing grew by 7.3% to RM28.2 billion as compared to the position as at 30 September 2022 of RM26.3 billion. Customer deposits improved year-on-year by 6.5% to RM26.8 billion while CASA saw an increase of RM0.9 million or 13.7% to RM7.3 billion from RM6.4 million as at 30 September 2022.

CET 1 Capital Ratio, Tier 1 Capital Ratio and Total Capital Ratio were 12.516%, 13.984% and 19.027% respectively as at 30 September 2023.

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

The Bank reported a PBT of RM85.9 million for the current quarter ended 30 September 2023, lower by RM0.1 million or -0.1% against the quarter ended 30 September 2022 which registered a PBT of RM86.0 million. This was due to the allowance for impairment losses of RM10.7 million which was offset with lower net financing and other income of RM40.8 million. Overhead expenses also registered an increase of RM7.9 million.

Net financing and other income decreased to RM145.2 million compared to RM186.0 million in the previous corresponding quarter ended 30 September 2022 mainly due to a decline in Net Financing Margin.

Overhead expenses was at RM68.0 million, an increase of RM7.9 million or 13.0% from RM60.2 million recorded in the previous corresponding quarter, due to higher personnel cost.

The Bank's allowance for impairment losses increased by RM50.4 million to RM10.7 million.

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

The Bank posted a lower PBT of RM85.9 million in the current financial quarter as compared to RM132.8 million in the preceding quarter. The decrease in PBT was due to lower net financing income of RM154.3 million, coupled with higher overhead expenses and higher allowance for impairment losses of RM65.6 million and RM43.1 million respectively.

43 ECONOMIC AND BUSINESS OUTLOOK FOR 2023

Malaysia's real GDP growth expanded moderately at 2.9% in the second quarter of 2023 (1Q2023: 5.6%) due to slower external demand. For 2023, the economy is expected to expand by 3.7% and will continue to be supported by resilient domestic demand. Headline inflation remained stable averaging at 2.8% for the 8-months of 2023. The risks of inflation for the rest of 2023 remains high given gradual changes to domestic policy on subsidies and price controls as well as escalating geopolitical tensions.

Net Financing Margin compression is expected to continue in the fourth quarter of 2023 driven by heightened deposit competition amongst Malaysian banks. A potential rise in interest rates by the United States may continue to weaken the Ringgit and potentially exert downward pressure on the Malaysian economy.

The Bank shall continue to support its customers by strengthening its liquidity profile through diversification of funding portfolios. The Bank remains committed to delivering unrivalled customer service, digital leadership and advancing responsible banking practices which are in line with AFFIN Group's A25 plans.