

# AFFIN Islamic Bank Berhad

Registration no. 200501027372 (709506-V)

## Condensed Interim Financial Statements

### Unaudited Statements of Financial Position as at 31 December 2023

	Note	Economic Entity		The Bank	
		31/12/2023 RM'000	31/12/2022 RM'000	31/12/2023 RM'000	31/12/2022 RM'000
<b>ASSETS</b>					
Cash and short-term funds		3,161,757	3,227,179	3,161,757	3,227,179
Deposits and placements with banks and other financial institutions		400,526	50,049	400,526	50,049
Derivative financial instruments	13	18,907	14,985	18,907	14,985
Financial investments at fair value through other comprehensive income ('FVOCI')	14	1,674,282	-	1,674,282	-
Financial investments at amortised cost ('AC')	15	4,568,010	4,849,793	4,568,010	4,849,793
Financing and other financing	16	28,760,767	25,803,930	28,760,767	25,803,930
Other assets	17	135,546	159,967	135,546	159,967
Amount due from holding company		288,431	297,504	288,431	297,504
Amount due from joint ventures	18	32	455	32	455
Tax recoverable		43,746	21,603	43,746	21,603
Deferred tax assets		39,040	45,332	39,040	45,332
Statutory deposits with Bank Negara Malaysia		485,000	400,000	485,000	400,000
Property and equipment		782	1,570	782	1,570
Intangible assets		863	133	863	133
Right-of-use assets		238	524	238	524
<b>TOTAL ASSETS</b>		<b>39,577,927</b>	<b>34,873,024</b>	<b>39,577,927</b>	<b>34,873,024</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	19	25,360,547	25,175,621	25,360,547	25,175,621
Investment accounts of customers	20	359	859	359	859
Deposits and placements of banks and other financial institutions	21	4,172,179	2,098,939	4,172,179	2,098,939
Investment accounts due to designated financial institutions	22	3,579,578	2,720,263	3,579,578	2,720,263
Recourse obligation on financing sold to Cagamas Berhad		1,115,041	-	1,115,041	-
Derivative financial instruments	23	23,539	37,736	23,539	37,736
Other liabilities	24	319,188	579,144	319,188	579,144
Lease liabilities	25	271	573	271	573
Subordinated and Senior Sukuk	26	2,363,770	1,862,576	2,363,770	1,862,576
<b>TOTAL LIABILITIES</b>		<b>36,934,472</b>	<b>32,475,711</b>	<b>36,934,472</b>	<b>32,475,711</b>
Share capital		1,210,000	1,210,000	1,210,000	1,210,000
Reserves	27	1,433,455	1,187,313	1,433,455	1,187,313
<b>TOTAL EQUITY</b>		<b>2,643,456</b>	<b>2,397,313</b>	<b>2,643,456</b>	<b>2,397,313</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>39,577,926</b>	<b>34,873,024</b>	<b>39,577,926</b>	<b>34,873,024</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	38	<b>11,396,972</b>	<b>5,069,740</b>	<b>11,396,972</b>	<b>5,069,740</b>
<b>CAPITAL ADEQUACY RATIOS</b>	40				
<u>With transitional arrangements</u>					
CET 1 capital ratio		12.733%	12.965%	12.733%	12.965%
Tier 1 capital ratio		15.100%	14.502%	15.100%	14.502%
Total capital ratio		18.473%	19.363%	18.473%	19.363%
<b>Net assets per share attributable to equity holders of the Bank (RM)</b>		<b>2.34</b>	<b>2.12</b>	<b>2.34</b>	<b>2.12</b>

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 Year Ended 31 December 2023

	Note	Economic Entity Individual Quarter Ended		Economic Entity Cumulative Quarter Ended	
		31/12/2023 RM'000	31/12/2022 RM'000	31/12/2023 RM'000	31/12/2022 RM'000
Income derived from investment of depositors' funds and others	29	372,692	325,586	1,442,523	1,141,282
Income derived from investment of investment accounts	30	42,662	28,426	161,804	88,746
Income derived from investment of shareholders' funds	31	34,113	30,595	131,768	104,499
Write-back of/(Allowances for) impairment losses on financing and other financing	32	24,153	(184,275)	2,583	(243,213)
(Allowances for)/Write-back of impairment losses on other assets	33	(4,649)	2,920	(4,649)	(5,117)
<b>Total distributable income</b>		<b>468,971</b>	<b>203,252</b>	<b>1,734,029</b>	<b>1,086,197</b>
Income attributable to the depositors and others	34	(260,675)	(178,184)	(993,739)	(580,072)
Income attributable to the investment account holders	35	(38,944)	(23,766)	(147,889)	(78,677)
<b>Total net income</b>		<b>169,353</b>	<b>1,302</b>	<b>592,401</b>	<b>427,448</b>
Other operating expenses	36	(68,356)	(60,132)	(270,081)	(250,385)
<b>Profit before zakat and taxation</b>		<b>100,997</b>	<b>(58,830)</b>	<b>322,320</b>	<b>177,063</b>
Zakat		(1,971)	(2,000)	(4,600)	(4,000)
<b>Profit before taxation</b>		<b>99,026</b>	<b>(60,830)</b>	<b>317,720</b>	<b>173,063</b>
Taxation		(25,897)	12,111	(83,244)	(72,379)
<b>Net profit after zakat and taxation</b>		<b>73,129</b>	<b>(48,719)</b>	<b>234,476</b>	<b>100,684</b>
<b>Attributable to:</b>					
Equity holders of the Bank		<b>73,129</b>	<b>(48,719)</b>	<b>234,476</b>	<b>100,684</b>
<b>Earnings per share (sen):</b>					
- Basic/Diluted	37	<b>6.48</b>	<b>(4.60)</b>	<b>20.77</b>	<b>9.39</b>

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 Year Ended 31 December 2023

	Economic Entity		Economic Entity	
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
<b>Profit after zakat and taxation</b>	<b>73,129</b>	<b>(48,719)</b>	<b>234,476</b>	<b>100,684</b>
<b>Other comprehensive income:</b>				
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Net fair value change in financial investments at FVOCI	18,799	-	16,136	-
Net credit impairment loss change in financial investments at FVOCI	(1,012)	-	42	-
Net loss on financial investments measured at FVOCI reclassified to profit or loss on disposal (debt instruments)	(464)	-	(464)	-
Deferred tax on financial investments at FVOCI	(4,901)	-	(4,262)	-
Other comprehensive income for the financial year, net of tax	12,422	-	11,452	-
<b>Total comprehensive income for the financial year</b>	<b>85,551</b>	<b>(48,719)</b>	<b>245,928</b>	<b>100,684</b>
<b>Total comprehensive income for the financial period attributable to:</b>				
Equity holders of the Bank	85,551	(48,719)	245,928	100,684

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 Year Ended 31 December 2023

	Note	The Bank Individual Quarter Ended		The Bank Cumulative Quarter Ended	
		31/12/2023 RM'000	31/12/2022 RM'000	31/12/2023 RM'000	31/12/2022 RM'000
Income derived from investment of depositors' funds and others	29	372,692	325,586	1,442,523	1,141,282
Income derived from investment of investment accounts	30	42,662	28,426	161,804	88,746
Income derived from investment of shareholders' funds	31	34,113	30,595	131,768	104,499
Write-back of/(Allowances for) impairment losses on financing and other financing	32	24,153	(184,275)	2,583	(243,213)
(Allowances for)/Write-back of impairment losses on other assets	33	(4,649)	(5,117)	(4,649)	(5,117)
<b>Total distributable income</b>		<b>468,971</b>	<b>195,215</b>	<b>1,734,029</b>	<b>1,086,197</b>
Income attributable to the depositors and others	34	(260,675)	(178,184)	(993,739)	(580,072)
Income attributable to the investment account holders	35	(38,944)	(23,766)	(147,889)	(78,677)
<b>Total net income</b>		<b>169,353</b>	<b>(6,735)</b>	<b>592,401</b>	<b>427,448</b>
Other operating expenses	36	(68,356)	(60,132)	(270,081)	(250,385)
<b>Profit before zakat and taxation</b>		<b>100,997</b>	<b>(66,867)</b>	<b>322,320</b>	<b>177,063</b>
Zakat		(1,971)	(4,000)	(4,600)	(4,000)
<b>Profit before taxation</b>		<b>99,026</b>	<b>(70,867)</b>	<b>317,720</b>	<b>173,063</b>
Taxation		(25,897)	12,111	(83,244)	(72,379)
<b>Net profit after zakat and taxation</b>		<b>73,129</b>	<b>(58,756)</b>	<b>234,476</b>	<b>100,684</b>
<b>Attributable to:</b>					
Equity holders of the Bank		73,129	(58,756)	234,476	100,684
<b>Earnings per share (sen):</b>					
- Basic/Diluted	37	6.48	(4.70)	20.77	9.39

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 Year Ended 31 December 2023

	The Bank		The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
<b>Profit after zakat and taxation</b>	<b>73,129</b>	<b>(58,756)</b>	<b>234,476</b>	<b>100,684</b>
<b>Other comprehensive income:</b>				
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Net fair value change in				
financial investments at FVOCI	<b>18,799</b>	-	<b>16,136</b>	-
Net credit impairment loss change in				
financial investments at FVOCI	<b>(1,012)</b>	-	<b>42</b>	-
Net loss on financial investments measured				
at FVOCI reclassified to profit or loss on				
disposal (debt instruments)	<b>(464)</b>	-	<b>(464)</b>	-
Deferred tax on				
financial investments at FVOCI	<b>(4,901)</b>	-	<b>(4,262)</b>	-
Other comprehensive income for the				
financial year, net of tax	<b>12,422</b>	-	<b>11,452</b>	-
<b>Total comprehensive income for the</b>				
<b>    financial year</b>	<b>85,551</b>	<b>(58,756)</b>	<b>245,928</b>	<b>100,684</b>
<b>Total comprehensive income for the</b>				
<b>    financial period attributable to:</b>				
Equity holders of the Bank	<b>85,551</b>	<b>(58,756)</b>	<b>245,928</b>	<b>100,684</b>

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 Year Ended 31 December 2023

	← Attributable to Equity Holder of the Bank →					
Economic Entity	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Other reserves RM'000	Retained profits RM'000	Total equity RM'000
<b>At 1 January 2023</b>	<b>1,210,000</b>	-	<b>46,469</b>	-	<b>1,140,844</b>	<b>2,397,313</b>
Net profit for the financial year	-	-	-	-	<b>234,476</b>	<b>234,476</b>
Other comprehensive income (net of tax)						
- Financial investments at FVOCI	-	<b>11,452</b>	-	-	-	<b>11,452</b>
Total comprehensive income for the financial year	-	<b>11,452</b>	-	-	<b>234,476</b>	<b>245,928</b>
Share grant payment granted	-	-	-	<b>214</b>	-	<b>214</b>
<b>At 31 December 2023</b>	<b>1,210,000</b>	<b>11,452</b>	<b>46,469</b>	<b>214</b>	<b>1,375,320</b>	<b>2,643,455</b>

	← Attributable to Equity Holder of the Bank →					
Economic Entity	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Other reserves RM'000	Retained profits RM'000	Total equity RM'000
<b>At 1 January 2022</b>	<b>1,060,000</b>	-	<b>105,613</b>	-	<b>981,016</b>	<b>2,146,629</b>
Net profit for the financial year	-	-	-	-	<b>100,684</b>	<b>100,684</b>
Total comprehensive income for the financial year	-	-	-	-	<b>100,684</b>	<b>100,684</b>
Issued during the financial year	150,000	-	-	-	-	150,000
Transfer from regulatory reserves	-	-	(59,144)	-	59,144	-
<b>At 31 December 2022</b>	<b>1,210,000</b>	-	<b>46,469</b>	-	<b>1,140,844</b>	<b>2,397,313</b>

*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 Year Ended 31 December 2023

The Bank	Attributable to Equity Holder of the Bank					
	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Other reserves RM'000	Retained profits RM'000	Total equity RM'000
<b>At 1 January 2023</b>	<b>1,210,000</b>	-	<b>46,469</b>	-	<b>1,140,844</b>	<b>2,397,313</b>
Net profit for the financial year	-	-	-	-	<b>234,476</b>	<b>234,476</b>
Other comprehensive income (net of tax)						
- Financial investments at FVOCI	-	<b>11,452</b>	-	-	-	<b>11,452</b>
Total comprehensive income for the financial year	-	<b>11,452</b>	-	-	<b>234,476</b>	<b>245,928</b>
Share grant payment granted	-	-	-	<b>214</b>	-	<b>214</b>
<b>At 31 December 2023</b>	<b>1,210,000</b>	<b>11,452</b>	<b>46,469</b>	<b>214</b>	<b>1,375,320</b>	<b>2,643,455</b>

The Bank	Attributable to Equity Holder of the Bank					
	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Other reserves RM'000	Retained profits RM'000	Total equity RM'000
<b>At 1 January 2022</b>	<b>1,060,000</b>	-	<b>105,613</b>	-	<b>981,016</b>	<b>2,146,629</b>
Net profit for the financial year	-	-	-	-	<b>100,684</b>	<b>100,684</b>
Total comprehensive income for the financial year	-	-	-	-	<b>100,684</b>	<b>100,684</b>
Issued during the financial year	<b>150,000</b>	-	-	-	-	<b>150,000</b>
Transfer from regulatory reserves	-	-	<b>(59,144)</b>	-	<b>59,144</b>	-
<b>At 31 December 2022</b>	<b>1,210,000</b>	-	<b>46,469</b>	-	<b>1,140,844</b>	<b>2,397,313</b>

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.

# Condensed Interim Financial Statements

Registration no. 200501027372 (709506-V)

## Condensed Interim Financial Statements

### Unaudited Statements of Cash Flows for the Financial Year Ended 31 December 2023

	Economic Entity		The Bank	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Profit before taxation</b>	<b>317,720</b>	173,063	<b>317,720</b>	173,063
Adjustments for items not involving the movement of cash and cash equivalents:				
Operating profit before changes in working capital	<b>(52,677)</b>	225,126	<b>(52,677)</b>	225,126
Net changes in operating assets	<b>265,043</b>	398,189	<b>265,043</b>	398,189
Net changes in operating liabilities	<b>(3,192,639)</b>	(4,252,054)	<b>(3,192,639)</b>	(4,252,054)
Tax and Zakat paid	<b>2,855,021</b>	5,445,018	<b>2,855,021</b>	5,445,018
<b>Net cash (used in)/generated from operating activities</b>	<b>(106,569)</b>	(128,117)	<b>(106,569)</b>	(128,117)
	<b>(179,144)</b>	1,463,036	<b>(179,144)</b>	1,463,036
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Finance income and hibah received from:				
- financial investments at FVOCI	<b>10,470</b>	-	<b>10,470</b>	-
- financial investments at AC	<b>169,732</b>	156,982	<b>169,732</b>	156,982
Purchase of:				
- financial investments at FVOCI	<b>(1,998,158)</b>	-	<b>(1,998,158)</b>	-
- financial investments at AC	<b>(337,930)</b>	(1,748,103)	<b>(337,930)</b>	(1,748,103)
Redemption/Disposal of:				
- financial investments at FVOCI	<b>359,216</b>	-	<b>359,216</b>	-
- financial investments at AC	<b>603,458</b>	347,942	<b>603,458</b>	347,942
Proceeds from disposal of:				
- property and equipment	-	181	-	181
- foreclosed properties	<b>1,950</b>	-	<b>1,950</b>	-
Purchase of:				
- property and equipment	<b>(310)</b>	(659)	<b>(310)</b>	(659)
<b>Net cash used in investing activities</b>	<b>(1,191,572)</b>	(1,243,657)	<b>(1,191,572)</b>	(1,243,657)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Net issuance in Subordinated and Senior Sukuk	<b>500,000</b>	750,000	<b>500,000</b>	750,000
Issuance of new shares	-	150,000	-	150,000
Addition/(redemption) of recourse obligation on financing sold to Cagamas Berhad	<b>1,099,999</b>	(50,003)	<b>1,099,999</b>	(50,003)
Profit payment from recourse obligation on financing sold to Cagamas Berhad	<b>(22,469)</b>	(1,239)	<b>(22,469)</b>	(1,239)
Profit payment from Subordinated and Senior Sukuk	<b>(92,515)</b>	(57,349)	<b>(92,515)</b>	(57,349)
Lease payments	<b>(317)</b>	(509)	<b>(317)</b>	(509)
<b>Net cash generated from financing activities</b>	<b>1,484,698</b>	790,900	<b>1,484,698</b>	790,900
Net increase in cash and cash equivalents	<b>113,982</b>	1,010,279	<b>113,982</b>	1,010,279
Effects of foreign exchange	<b>20,718</b>	(23,527)	<b>20,718</b>	(23,527)
Cash and cash equivalents at beginning of the financial year	<b>3,227,179</b>	2,240,427	<b>3,227,179</b>	2,240,427
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	<b>3,361,879</b>	3,227,179	<b>3,361,879</b>	3,227,179

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.



## Condensed Interim Financial Statements

Registration no. 200501027372 (709506-V)

### Condensed Interim Financial Statements

#### Unaudited Statements of Cash Flows for the Financial Year Ended 31 December 2023

	Economic Entity		The Bank	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
<u>Cash and cash equivalents comprise the following:</u>				
Cash and short-term funds	3,161,757	3,227,179	3,161,757	3,227,179
Deposits and placements with banks and other financial institutions	400,526	50,049	400,526	50,049
	<u>3,562,283</u>	<u>3,277,228</u>	<u>3,562,283</u>	<u>3,277,228</u>
Less:				
Cash and short-term funds and deposits and placements with banks and other financial institutions with original maturity of more than three months	(200,404)	(50,049)	(200,404)	(50,049)
	<u>3,361,879</u>	<u>3,227,179</u>	<u>3,361,879</u>	<u>3,227,179</u>

*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 material 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 2023, 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:

Below are the annual improvements and amendments to MFRS effective for the financial year beginning 1 January 2023:

- Amendments to MFRS 101 and MFRS Practice Statement 2 on Disclosure of Accounting Policies
- Amendments to MFRS 108 on Definition of Accounting Estimates
- Amendments to MFRS 112 on 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'

### Amendments to MFRS 101 and MFRS Practice Statement 2 on Disclosure of Accounting Policies

The amendments to MFRS 101 require the Bank to disclose material accounting policies rather than significant accounting policies. The Bank are expected to make disclosure of accounting policies specific to the Bank and not generic disclosures on MFRS applications.

The amendment explains an accounting policy is material if, when considered together with other information included in the Bank 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 to MFRS 108 'Definition of Accounting Estimates'

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.

### Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'

The amendments clarify that the initial recognition exception does not apply to transactions where both an asset and a liability are recognised at the same time such as leases and decommissioning obligations.

In accordance with the transition provisions, the Bank applied the amendments and recognises both deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities as at 1 January 2022 for all deductible and taxable temporary differences arising from:

- right-of-use assets and lease liabilities; and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

### 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 year 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 year 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 year under review other than those disclosed below:

Issuance/ Redemption	Issuance Date	First Call Date	Maturity Date	Nominal Value	Description	Tenor
Redemption	23 October 2018	23 October 2023	23 October 2028	RM800.0 million	Medium Term Notes Tier-2 Sukuk Murabahah ('MTN')	10 years
Issuance	13 October 2023	13 October 2028	13 October 2033	RM500.0 million	Medium Term Notes Tier-2 Sukuk Murabahah ('MTN')	10 years
Redemption	18 October 2018	18 October 2023	18 October 2028	RM300.0 million	Additional Tier-1 Sukuk Wakalah ('AT1S')	10 years
Issuance	10 October 2023	10 October 2028	10 October 2033	RM500.0 million	Additional Tier-1 Sukuk Wakalah ('AT1S')	10 years
Issuance	12 December 2023	12 December 2026	12 December 2026	RM600.0 million	Senior Sukuk	3 years

### 8 DIVIDENDS PAID

No dividend has been paid during the financial year under review.

### 9 SUBSEQUENT MATERIAL EVENTS

There is no material subsequent event after the financial quarter and year ended 31 December 2023 that have material financial impact.

### 10 CHANGES IN THE COMPOSITION OF THE BANK

There is no change in the composition of the Bank during the financial year under review.

### 11 PURCHASE AND SALE OF QUOTED SECURITIES

There was no purchase or disposal of quoted securities for the financial quarter and year ended 31 December 2023 other than in the ordinary course of business.

### 12 STATUS OF CORPORATE PROPOSAL

There was no corporate proposal announced but not completed during the financial quarter and year ended 31 December 2023.

### 13 DERIVATIVE FINANCIAL INSTRUMENTS

	<b>Economic Entity and The Bank</b>			
	<b>31/12/2023</b>		<b>31/12/2022</b>	
<b>At fair value</b>	<b>Contract/ notional amount RM'000</b>	<b>Assets RM'000</b>	<b>Contract/ notional amount RM'000</b>	<b>Assets RM'000</b>
<u>Trading Derivatives</u>				
Foreign exchange derivatives:				
- Currency forwards	445,848	5,981	529,907	14,985
- Currency options	29,006	263	-	-
Profit rate derivatives:				
- Profit rate swap	300,775	2,107	-	-
<u>Hedging Derivatives</u>				
Profit rate derivatives:				
- Profit rate swap (a)	374,115	10,556	-	-
	<b>1,149,744</b>	<b>18,907</b>	<b>529,907</b>	<b>14,985</b>

(a) Fair value hedges

The Bank's fair value hedges principally consist of profit rate swaps that are used to protect against changes in the fair value of financial assets and financial liabilities due to movement in profit rates.

The Bank have undertaken fair value hedges on profit rate risk of RM874.1 million (2022: RM Nil) at the Bank on financial assets measured at FVOCI and recourse obligation on financing sold to Cagamas Berhad using profit rate swaps.

Included in the net non-interest income is the net gains arising from fair value hedges that were effective during the financial year are as follows:

<b>Economic Entity and The Bank</b>	<b>31/12/2023 RM'000</b>	<b>31/12/2022 RM'000</b>
Gain on hedging instruments	1,875	-
Loss on hedged items attributable to the hedged risks	(1,152)	-
	<b>723</b>	<b>-</b>

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

	<b>Economic Entity and The Bank</b>	
	<b>31/12/2023</b>	31/12/2022
<b>At fair value</b>	<b>RM'000</b>	RM'000
<b>Money market instruments</b>		
Malaysian Government investment issues	646,399	-
Bank Negara Malaysia Bills	9,994	-
Cagamas Sukuk	237,506	-
	<b>893,899</b>	<b>-</b>
<b>Unquoted securities</b>		
Corporate Sukuk in Malaysia	620,588	-
Corporate Sukuk outside Malaysia	159,795	-
	<b>1,674,282</b>	<b>-</b>

Movements in expected credit losses ('ECL') for financial investments at FVOCI are as follows:

	<b>12-Month ECL Stage 1 RM'000</b>	<b>Lifetime ECL not credit impaired Stage 2 RM'000</b>	<b>Lifetime ECL credit impaired Stage 3 RM'000</b>	<b>Total RM'000</b>
	<b>Economic Entity and The Bank</b>			
<b>31/12/2023</b>				
At beginning of the financial year	-	-	-	-
New financial assets originated or purchased	1,171	-	-	1,171
Financial assets derecognised (other than write-off)	(862)	-	-	(862)
Changes due to change in credit risk	(267)	-	-	(267)
<b>At end of the financial year</b>	<b>42</b>	<b>-</b>	<b>-</b>	<b>42</b>
<b>Economic Entity and The Bank</b>				
<b>31/12/2022</b>				
At beginning/end of the financial year	-	-	-	-

## 15 FINANCIAL INVESTMENTS AT AMORTISED COST ('AC')

	<b>Economic Entity and The Bank</b>	
	<b>31/12/2023</b>	31/12/2022
	<b>RM'000</b>	RM'000
<b>At amortised cost</b>		
<u>Money market instruments</u>		
Malaysian Government investment issues	2,456,957	2,525,096
Malaysian Government treasury bills	-	49,822
Cagamas Sukuk	40,291	90,647
Bank Negara Malaysia Sukuk	-	10,139
<u>Unquoted securities</u>		
Corporate Sukuk in Malaysia	2,077,019	2,180,734
	<b>4,574,267</b>	4,856,438
Less: Expected Credit Losses ('ECL')	<b>(6,257)</b>	<b>(6,645)</b>
	<b>4,568,010</b>	<b>4,849,793</b>

Movements in expected credit losses ('ECL') for financial investments at AC 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
	<b>Economic Entity and Bank 31/12/2023</b>			
At beginning of the financial year	6,645	-	-	6,645
Total transfer between stages due to change in credit risk:	(99)	99	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(99)	99	-	-
Financial assets derecognised (other than write-off)	(448)	(94)	-	(542)
New financial assets originated or purchased	65	-	-	65
Changes due to change in credit risk	89	-	-	89
<b>At end of the financial year</b>	<b>6,252</b>	<b>5</b>	<b>-</b>	<b>6,257</b>
<b>Economic Entity and Bank 31/12/2022</b>				
At beginning of the financial year	3,788	-	-	3,788
Financial assets derecognised (other than write-off)	(204)	-	-	(204)
New financial assets originated or 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	
	31/12/2023 RM'000	31/12/2022 RM'000
Cash Line-i	891,940	700,519
Term financing		
- House financing	10,145,796	9,329,247
- Hire purchase receivables	5,943,398	5,189,938
- Syndicated financing	1,523,392	1,167,643
- Other term financing	8,791,847	7,692,656
Bills receivables	270,729	151,248
Trust receipts	14,487	13,969
Claims on customers under acceptances credits	1,008,939	787,059
Staff financing (of which RM Nil to Directors)	124,027	119,698
Credit/charge cards	77,780	60,857
Revolving credit	397,810	1,046,211
<b>Gross financing and other financing</b>	<b>29,190,145</b>	<b>26,259,045</b>
Less: ECL	(429,378)	(455,115)
<b>Total net financing and other financing</b>	<b>28,760,767</b>	<b>25,803,930</b>

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	
	31/12/2023 RM'000	31/12/2022 RM'000
Maturing within one year	3,346,275	3,058,976
One year to three years	1,466,057	1,500,036
Three years to five years	2,078,210	1,772,498
Over five years	22,299,603	19,927,535
	<b>29,190,145</b>	<b>26,259,045</b>

**16 FINANCING AND OTHER FINANCING (continued)**

**(iii) By contract**

Economic Entity and The Bank	Ijarah		Al-Ijarah		Tawarruq	Musyarakah		Istisna'	Others	Total
	Al-Bai Bithaman Ajil	Muntahiyah Bitamlik	Al-Bai	Murabahah		Mutanaqisah				
31/12/2023	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash Line-i	-	-	-	-	880,425	-	-	-	11,515	891,940
Term financing										
- House financing	476,535	-	-	-	339,143	9,330,118	-	-	-	10,145,796
- Hire purchase receivables	-	-	5,943,398	-	-	-	-	-	-	5,943,398
- Syndicated financing	-	221,152	-	-	1,302,240	-	-	-	-	1,523,392
- Other term financing	52,251	488,713	-	99,908	6,511,560	1,136,303	503,112	-	-	8,791,847
Bills receivables	-	5,371	-	134,765	-	-	-	-	130,593	270,729
Trust receipts	-	-	-	14,487	-	-	-	-	-	14,487
Claims on customers under acceptances credits	-	-	-	1,008,939	-	-	-	-	-	1,008,939
Staff financing	2,086	-	-	28,913	36,095	56,933	-	-	-	124,027
Credit/charge cards	-	-	-	-	77,780	-	-	-	-	77,780
Revolving credit	-	-	-	-	397,810	-	-	-	-	397,810
<b>Gross financing and other financing</b>	<b>530,872</b>	<b>715,236</b>	<b>5,943,398</b>	<b>1,287,012</b>	<b>9,545,053</b>	<b>10,523,354</b>	<b>503,112</b>	<b>142,108</b>	<b>142,108</b>	<b>29,190,145</b>

Economic Entity and The Bank	Ijarah		Al-Ijarah		Tawarruq	Musyarakah		Istisna'	Others	Total
	Al-Bai Bithaman Ajil	Muntahiyah Bitamlik	Al-Bai	Murabahah		Mutanaqisah				
31/12/2022	RM'000	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
<b>Gross financing and other financing</b>	<b>587,475</b>	<b>781,261</b>	<b>5,189,938</b>	<b>1,099,067</b>	<b>8,275,056</b>	<b>9,764,913</b>	<b>521,703</b>	<b>39,632</b>	<b>39,632</b>	<b>26,259,045</b>



**16 FINANCING AND OTHER FINANCING (continued)**

	<b>Economic Entity and The Bank</b>	
	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(iv) <u>By type of customer</u></b>		
Domestic non-banking institutions		
- Others	<b>94,271</b>	89,793
Domestic business enterprises		
- Small medium enterprises	<b>3,026,199</b>	2,813,760
- Others	<b>4,723,811</b>	4,732,456
Government and statutory bodies	<b>902,888</b>	789,216
Individuals	<b>20,304,599</b>	17,683,064
Other domestic entities	<b>7,017</b>	155
Foreign entities	<b>131,360</b>	150,601
	<b>29,190,145</b>	26,259,045
<b>(v) <u>By profit rate sensitivity</u></b>		
Fixed rate		
- House financing	<b>50,493</b>	45,708
- Hire purchase receivables	<b>5,792,103</b>	5,189,938
- Other fixed rate financing	<b>936,761</b>	953,277
Variable rate		
- Base funding rate and base rate plus	<b>14,261,496</b>	14,719,826
- Cost plus	<b>3,200,454</b>	3,339,716
- Other variable rate	<b>4,948,838</b>	2,010,580
	<b>29,190,145</b>	26,259,045
<b>(vi) <u>By economic sector</u></b>		
Primary agriculture	<b>781,507</b>	678,695
Mining and quarrying	<b>108,673</b>	146,125
Manufacturing	<b>1,262,754</b>	1,240,932
Electricity, gas and water supply	<b>386,502</b>	448,985
Construction	<b>879,185</b>	766,506
Real estate	<b>1,210,456</b>	1,370,660
Wholesale & retail trade and restaurants & hotels	<b>1,425,624</b>	1,296,654
Transport, storage and communication	<b>829,242</b>	515,576
Finance, takaful and business services	<b>450,989</b>	635,038
Education, health & others	<b>1,493,452</b>	1,425,677
Household	<b>20,361,761</b>	17,734,197
	<b>29,190,145</b>	26,259,045
<b>(vii) <u>By economic purpose</u></b>		
Purchase of securities	<b>1,023,667</b>	988,452
Purchase of transport vehicles	<b>6,257,995</b>	5,400,433
Purchase of landed properties of which:		
- Residential	<b>10,357,986</b>	9,511,006
- Non-residential	<b>2,403,125</b>	2,341,509
Fixed assets other than land and building	<b>288,021</b>	295,752
Personal use	<b>3,055,682</b>	2,118,240
Credit/charge cards	<b>77,780</b>	60,857
Consumer durable	<b>220</b>	330
Construction	<b>891,342</b>	910,356
Working capital	<b>4,480,385</b>	3,970,793
Others	<b>353,942</b>	661,317
	<b>29,190,145</b>	26,259,045

**16 FINANCING AND OTHER FINANCING (continued)**

	<b>Economic Entity and The Bank</b>	
	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(viii) <u>By geographical distribution</u></b>		
Perlis	<b>106,422</b>	105,134
Kedah	<b>1,369,481</b>	1,175,260
Pulau Pinang	<b>1,700,718</b>	1,411,158
Perak	<b>972,341</b>	821,719
Selangor	<b>9,333,905</b>	8,644,404
Wilayah Persekutuan	<b>5,836,593</b>	5,330,826
Negeri Sembilan	<b>1,501,231</b>	1,306,760
Melaka	<b>524,790</b>	456,600
Johor	<b>3,486,262</b>	3,105,863
Pahang	<b>1,113,792</b>	987,340
Terengganu	<b>933,657</b>	873,387
Kelantan	<b>710,310</b>	583,330
Sarawak	<b>785,823</b>	647,965
Sabah	<b>804,634</b>	791,239
Labuan	<b>8,984</b>	18,051
Outside Malaysia	<b>1,202</b>	9
	<b><u>29,190,145</u></b>	<b><u>26,259,045</u></b>

**(ix) Movements of impaired financing**

	<b>Economic Entity and The Bank</b>	
	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of the financial year	<b>357,422</b>	381,586
Classified as impaired	<b>323,439</b>	238,197
Reclassified as non-impaired	<b>(357,881)</b>	(143,264)
Amount recovered	<b>(51,218)</b>	(95,333)
Amount written-off	<b>(50,784)</b>	(38,331)
Other movements	<b>-</b>	14,567
<b>At end of the financial year</b>	<b><u>220,978</u></b>	<b><u>357,422</u></b>
Ratio of gross impaired financing and other financing to gross financing and other financing*	<b><u>0.86%</u></b>	<b><u>0.90%</u></b>

\* For the Bank, Restricted Investment Account ('RIA') excluded in the ratio calculation amounting to RM3,572.1 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 financial year ended 31 December 2023 for the Bank is RM50.8 million (2022: RM38.3 million).

**16 FINANCING AND OTHER FINANCING (continued)**

	<b>Economic Entity and The Bank</b>	
	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(x) <u>Impaired financing by economic sectors</u></b>		
Primary agriculture	173	298
Mining and quarrying	19,817	18,497
Manufacturing	6,726	4,124
Electricity, gas and water supply	3	-
Construction	11,526	9,349
Real estate	12,428	46,710
Wholesale & retail trade and restaurants & hotels	19,618	6,075
Transport, storage and communication	2,627	158,951
Finance, takaful and business services	10,594	3,520
Education, health and others	1,011	827
Household	136,455	109,071
	<b>220,978</b>	<b>357,422</b>
<b>(xi) <u>Impaired financing by economic purpose</u></b>		
Purchase of securities	257	552
Purchase of transport vehicles	36,409	177,622
Purchase of landed properties of which:		
- Residential	94,873	78,293
- Non-residential	39,134	72,213
Fixed assets other than land and building	66	-
Personal use	9,200	8,970
Credit card	656	195
Working capital	40,306	19,541
Others	77	36
	<b>220,978</b>	<b>357,422</b>
<b>(xii) <u>Impaired financing by geographical distribution</u></b>		
Perlis	3,816	3,491
Kedah	15,553	11,454
Pulau Pinang	9,434	9,721
Perak	6,657	5,082
Selangor	87,108	64,297
Wilayah Persekutuan	34,736	28,242
Negeri Sembilan	15,206	8,293
Melaka	8,934	18,410
Johor	23,972	54,539
Pahang	3,313	2,031
Terengganu	2,939	147,767
Kelantan	6,488	2,378
Sarawak	245	414
Sabah	2,577	1,303
	<b>220,978</b>	<b>357,422</b>

**16 FINANCING AND OTHER FINANCING (continued)**

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

<b>Economic Entity and The Bank</b>	<b>12-Month</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	<b>Total</b>
		<b>Stage 1</b>	<b>not credit impaired</b>	
<b>31/12/2023</b>	<b>RM'000</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>RM'000</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At beginning of the financial year	65,218	302,452	87,445	455,115
Total transfer between stages due to change in credit risk:	(168,533)	204,749	(36,216)	-
- Transfer to 12-month ECL (Stage 1)	21,720	(19,994)	(1,726)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(190,123)	244,851	(54,728)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(130)	(20,108)	20,238	-
Financing derecognised (other than write-off)	(22,024)	(13,709)	(2,189)	(37,922)
New financing originated or purchased	216,912	-	-	216,912
Changes due to change in credit risk	(38,912)	(199,052)	66,833	(171,131)
Write-off	-	-	(43,096)	(43,096)
Other adjustments	2	-	9,498	9,500
<b>At end of the financial year</b>	<b>52,663</b>	<b>294,440</b>	<b>82,275</b>	<b>429,378</b>

<b>Economic Entity and The Bank</b>	<b>ECL</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	<b>Total</b>
		<b>Stage 1</b>	<b>not credit impaired</b>	
<b>31/12/2022</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
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
<b>At end of the financial year</b>	<b>65,218</b>	<b>302,452</b>	<b>87,445</b>	<b>455,115</b>

## 17 OTHER ASSETS

	<b>Economic Entity and The Bank</b>	
	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Other debtors	<b>64,070</b>	58,970
Deposits and prepayments	<b>40,141</b>	24,079
Cheque clearing accounts	<b>17,920</b>	61,453
Foreclosed properties (i)	<b>13,415</b>	15,465
	<b><u>135,546</u></b>	<u>159,967</u>
 <b>(i) Foreclosed properties</b>		
At beginning of the financial year	<b>15,465</b>	4,873
Addition	-	13,240
Diminution in value	-	(2,648)
Disposal	<b>(2,050)</b>	-
At end of the financial year	<b><u>13,415</u></b>	<u>15,465</u>

## 18 AMOUNT DUE FROM JOINT VENTURES

	<b>Economic Entity and The Bank</b>	
	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Advances to joint ventures	<b>52,954</b>	48,273
Less: Expected credit losses	<b>(52,467)</b>	(47,818)
	<b><u>487</u></b>	<u>455</u>
 <b>Movements in expected credit losses</b>		
At beginning of the financial year	<b>47,818</b>	44,263
Charge during the financial year	<b>4,649</b>	3,555
<b>At end of the financial year</b>	<b><u>52,467</u></b>	<u>47,818</u>

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

## 19 DEPOSITS FROM CUSTOMERS

	Economic Entity and The Bank	
	31/12/2023 RM'000	31/12/2022 RM'000
<b>(i) <u>By type of deposit</u></b>		
<b>Qard</b>		
Demand deposits	5,181,358	4,209,633
Savings deposits	809,322	850,109
	<u>5,990,680</u>	<u>5,059,742</u>
<b>Mudarabah</b>		
General investment deposits	<u>28,557</u>	<u>32,895</u>
<b>Tawarruq</b>		
Murabahah term deposits	16,371,873	17,512,129
Commodity Murabahah	601,655	1,238,215
Savings deposits	1,111,106	625,502
Demand deposit	1,256,676	707,138
	<u>19,341,310</u>	<u>20,082,984</u>
	<u>25,360,547</u>	<u>25,175,621</u>
<b>(ii) <u>By maturity structure of Murabahah term deposits and General investment deposits</u></b>		
Due within six months	11,686,469	12,124,186
Six months to one year	4,623,008	5,088,536
One year to three years	65,769	252,362
Three years to five years	287	79,940
Five years and above	24,897	-
	<u>16,400,430</u>	<u>17,545,024</u>
<b>(iii) <u>By type of customer</u></b>		
Government and statutory bodies	7,926,155	9,333,579
Business enterprises	7,970,235	6,528,720
Individuals	8,627,880	8,578,857
Domestic banking institutions	966	281
Domestic non-banking financial institutions	297,112	359,472
Foreign entities	129,234	111,640
Others entities	408,965	263,072
	<u>25,360,547</u>	<u>25,175,621</u>

## 20 INVESTMENT ACCOUNTS OF CUSTOMERS

	<b>Economic Entity and The Bank</b>	
	<b>31/12/2023 RM'000</b>	<b>31/12/2022 RM'000</b>
(i) <b><u>By type of deposit</u></b> Mudarabah	<b>359</b>	859
(ii) <b><u>By type of customer</u></b> Individuals	<b>169</b>	404
Other entities	<b>190</b>	455
	<b>359</b>	859
(iii) <b><u>By contract</u></b> Business Term Financing	<b>359</b>	859
(iv) <b><u>Movements in investment accounts</u></b> At beginning of the financial year	<b>859</b>	1,329
Redemption during the year	<b>(497)</b>	(469)
Finance expense on RIA	<b>23</b>	64
Profit distributed	<b>(26)</b>	(65)
<b>At end of the financial year</b>	<b>359</b>	859

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

	<b>Economic Entity and The Bank</b>			
	<b>31/12/2023</b>		<b>31/12/2022</b>	
	<b>Average profit sharing ratio (<b>'PSR'</b>) %</b>	<b>Average rate of return (<b>'ROR'</b>) %</b>	<b>Average profit sharing ratio (<b>'PSR'</b>) %</b>	<b>Average rate of return (<b>'ROR'</b>) %</b>
<u>Due within:</u> One year to three years	<b>85</b>	<b>5.58</b>	85	5.58

## 21 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	<b>Economic Entity and The Bank</b>	
	<b>31/12/2023 RM'000</b>	<b>31/12/2022 RM'000</b>
<b>Tawarruq</b> Licensed banks	<b>887,741</b>	472,690
Licensed investment banks	<b>187,834</b>	48,587
Other financial institutions	<b>3,096,604</b>	1,577,662
	<b>4,172,179</b>	2,098,939
<b>Maturity structure of deposits</b> Due within six months	<b>4,170,678</b>	1,877,639
Six months to one year	<b>1,501</b>	221,300
	<b>4,172,179</b>	2,098,939

## 22 INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTIONS

	<b>Economic Entity and The Bank</b>	
	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Mudarabah</b>		
Licensed banks	<b>3,579,578</b>	<b>2,720,263</b>
	<b>Economic Entity and The Bank</b>	
	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Movements in investment accounts</b>		
At beginning of the financial year	<b>2,720,263</b>	1,831,585
New placement	<b>1,368,323</b>	1,067,848
Redemption	<b>(479,063)</b>	(177,959)
Finance expense on RIA	<b>150,703</b>	78,313
Profit distributed	<b>(147,419)</b>	(74,965)
Exchange differences	<b>(33,229)</b>	(4,559)
At end of the financial year	<b>3,579,578</b>	<b>2,720,263</b>

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

	<b>Economic Entity and The Bank</b>			
	<b>31/12/2023</b>		<b>31/12/2022</b>	
	<b>Average profit sharing ratio (PSR) %</b>	<b>Average rate of return (ROR) %</b>	<b>Average profit sharing ratio (PSR) %</b>	<b>Average rate of return (ROR) %</b>
<u>Due within:</u>				
One month	<b>89</b>	<b>4.88</b>	70	3.16
Six months to one year	<b>88</b>	<b>5.34</b>	-	-
One year to three years	<b>92</b>	<b>4.65</b>	92	4.99
Three years to five years	<b>94</b>	<b>5.28</b>	84	5.08
Five years and above	<b>91</b>	<b>3.99</b>	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 an amount placed by the holding company amounting to RM3,579.6 million (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.



## 23 DERIVATIVE FINANCIAL LIABILITIES

	<b>Economic Entity and The Bank</b>			
	<b>31/12/2023</b>		<b>31/12/2022</b>	
<b>At fair value</b>	<b>Contract/ notional amount RM'000</b>	<b>Liabilities RM'000</b>	<b>Contract/ notional amount RM'000</b>	<b>Liabilities RM'000</b>
<u>Trading Derivatives</u>				
Foreign exchange derivatives:				
- Currency forwards	534,472	8,014	798,594	37,736
- Currency options	28,983	263	-	-
Profit rate derivatives:				
- Profit rate swap	39,005	1,768	-	-
<u>Hedging Derivatives</u>				
Profit rate derivatives:				
- Profit rate swap (13 (a))	500,000	13,494	-	-
	<b>1,102,460</b>	<b>23,539</b>	<b>798,594</b>	<b>37,736</b>

## 24 OTHER LIABILITIES

	<b>Economic Entity and The Bank</b>	
	<b>31/12/2023 RM'000</b>	<b>31/12/2022 RM'000</b>
Bank Negara Malaysia and Credit Guarantee Corporation Funding programmes	16,802	18,305
Margin and collateral deposits	20,338	19,599
Other creditors and accruals	48,676	3,428
Sundry creditors	126,607	65,117
Clearing accounts	-	451,311
Provision for zakat	4,472	3,083
Defined contribution plan (i)	1,784	1,342
Accrued employee benefits	3,318	5,437
Charity funds (ii)	16	24
Unearned income	90,188	5,131
Expected credit losses: Financing commitments and financial kafalah (iii)	6,987	6,367
	<b>319,188</b>	<b>579,144</b>

### (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.

**24 OTHER LIABILITIES (continued)**

	<b>Economic Entity and The Bank</b>	
	<b>31/12/2023 RM'000</b>	<b>31/12/2022 RM'000</b>
<b>(ii) Charity funds</b>		
<u>Sources and uses of charity funds</u>		
At beginning of the financial year	24	14
Sources of charity funds		
- Non-Islamic/prohibited income	-	4
- AFFIN Barakah Charity Account-i	7	6
<u>Uses of charity funds</u>		
- Contribution to program/event	(15)	-
<b>At end of the financial year</b>	<b>16</b>	<b>24</b>

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')**

	<b>12-Month ECL</b>	<b>Lifetime ECL not credit impaired</b>	<b>Lifetime ECL credit impaired</b>	<b>Total</b>
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	
<b>Economic Entity and the Bank</b>				
<b>31/12/2023</b>				<b>RM'000</b>
At beginning of the financial year	4,671	962	734	6,367
Net remeasurement of loss allowance	(1,752)	1,767	457	472
New financing commitments/financial kafalah	3,652	479	-	4,131
Financing commitment/financial kafalah derecognised	(2,214)	(1,421)	(348)	(3,983)
<b>At end of the financial year</b>	<b>4,357</b>	<b>1,787</b>	<b>843</b>	<b>6,987</b>
<b>Economic Entity and the Bank</b>				
<b>31/12/2022</b>				
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

## 25 LEASE LIABILITIES

	<b>Economic Entity and The Bank</b>	
	<b>31/12/2023</b>	31/12/2022
	<b>RM'000</b>	RM'000
At beginning of financial year	<b>573</b>	666
Additions	-	392
Finance expense	<b>8</b>	24
Lease payment	<b>(310)</b>	(509)
<b>At end of the financial year</b>	<b>271</b>	<b>573</b>

## 26 SUBORDINATED AND SENIOR SUKUK

	<b>Economic Entity and The Bank</b>	
	<b>31/12/2023</b>	31/12/2022
	<b>RM'000</b>	RM'000
Medium Term Notes Tier-2 Sukuk Murabahah ('MTN Tier-2 Sukuk Murabahah') (a)	<b>505,113</b>	807,610
Additional Tier-1 Sukuk Wakalah ('AT1S') (b)	<b>505,808</b>	303,425
Senior Sukuk (c)	<b>1,352,849</b>	751,541
	<b>2,363,770</b>	<b>1,862,576</b>

- (a) The Bank had on 23 October 2018, issued the MTN Tier-2 Sukuk Murabahah of RM800.0 million out of its approved BASEL III Compliant MTN programme. The Sukuk Murabahah was issued for a tenure of 10 years from the issue date on a 10-year non-callable 5-year basis, at a profit rate of 5.05%. The MTN Tier-2 Sukuk Murabahah was fully redeemed on the first callable date on 23 October 2023.

On 13 October 2023, the Bank had issued the second tranche of MTN Tier-2 Sukuk Murabahah of RM500.0 million. This Sukuk Murabahah was issued for a tenure of 10 years from the issue date on a 10-year non-callable 5-year basis, at a profit rate of 4.66%. This Sukuk Murabahah was issued for the purpose of general banking business and working capital requirements of the Bank.

- (b) The Bank had on 18 October 2018, issued the AT1S of RM300.0 million out of its approved BASEL III Compliant Islamic MTN Programme of RM5.0 billion in nominal value. The AT1S was issued on a perpetual non-callable 5 years basis, at a distribution rate of 5.65%. The AT1S was fully redeemed on the first callable date on 18 October 2023.

On 10 October 2023, the Bank had issued the second tranche of AT1S of RM500.0 million. The AT1S was issued on a perpetual non-callable 5-year basis, at a fixed distribution rate of 5.10%. 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 profit rate of 4.55% and RM520.0 million for a tenure of 5 years from the issue date, at a profit rate of 4.75%. The Senior Sukuk was issued for the purpose of general banking business and working capital requirements of the Bank.

On 12 December 2023, the Bank had issued another tranche of Senior Sukuk Murabahah of RM600.0 million out of its Sukuk Programme. The Sukuk is issued for a tenure of 3 years from the issue date, at a profit rate of 4.15%. The Senior Sukuk Murabahah was issued for the purpose of general banking business and working capital requirements of the Bank.

## 27 RESERVES

	Economic Entity		The Bank	
	31/12/2023 RM'000	31/12/2022 RM'000	31/12/2023 RM'000	31/12/2022 RM'000
Retained profits	1,375,320	1,140,844	1,375,320	1,140,844
FVOCI revaluation reserves (a)	11,452	-	11,452	-
Regulatory reserves (b)	46,469	46,469	46,469	46,469
Other reserves (c)	214	-	214	-
	<b>1,433,455</b>	<b>1,187,313</b>	<b>1,433,455</b>	<b>1,187,313</b>

- (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, 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.
- (c) Other reserves arose from the Long Term Incentive Plan (LTIP).

## 28 INCOME FROM ISLAMIC BANKING BUSINESS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended 31/12/2023 RM'000	31/12/2022 RM'000	Cumulative Quarter Ended 31/12/2023 RM'000	31/12/2022 RM'000
Income derived from investment of depositors' funds and others	372,692	325,586	1,442,523	1,141,282
Income derived from investment of investment account funds	42,662	28,426	161,804	88,746
Income derived from investment of shareholders' funds	34,113	30,595	131,768	104,499
Income attributable to depositors and others	(260,675)	(178,184)	(993,739)	(580,072)
Income attributable to investment account holders	(38,943)	(23,766)	(147,889)	(78,677)
	<b>149,850</b>	<b>182,657</b>	<b>594,468</b>	<b>675,778</b>

## 29 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended 31/12/2023 RM'000	31/12/2022 RM'000	Cumulative Quarter Ended 31/12/2023 RM'000	31/12/2022 RM'000
Income derived from investment of:				
- General investment deposits (i)	222,423	207,275	883,257	741,719
- Other deposits (ii)	150,269	118,311	559,266	399,563
	<b>372,692</b>	<b>325,586</b>	<b>1,442,523</b>	<b>1,141,282</b>

**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		Economic Entity and The Bank	
	Individual Quarter Ended 31/12/2023 RM'000	31/12/2022 RM'000	Cumulative Quarter Ended 31/12/2023 RM'000	31/12/2022 RM'000
<b>Finance income and hibah</b>				
Financing and other financing	178,214	166,079	693,403	597,370
Financial investments at FVOCI	7,991	(2)	14,054	-
Financial investments at AC	21,820	35,724	90,931	94,155
Money at call and deposits with financial institution	7,478	6,997	35,832	24,165
	<u>215,503</u>	<u>208,798</u>	<u>834,220</u>	<u>715,690</u>
Accretion of discount less amortisation of premium	(2,997)	(13,848)	(13,077)	(13,848)
Total finance income and hibah	<u>212,507</u>	<u>194,950</u>	<u>821,143</u>	<u>701,842</u>
<b>Other operating income</b>				
Fee income:				
Commission	3,623	2,418	11,410	9,200
Service charges and fees	2,377	1,593	6,867	6,389
Kafalah fees	1,003	797	3,152	2,906
	<u>7,003</u>	<u>4,808</u>	<u>21,429</u>	<u>18,495</u>
Fee and comission paid	(81)	(3)	(95)	(7)
Income from financial instruments:				
Gain arising on financial assets at FVTPL				
- net gain on disposal	(1,022)	(305)	2,983	-
- finance income	1,282	-	1,299	-
Net loss on revaluation of derivative				
- realised loss	(484)	-	(484)	-
- unrealised loss	(2,324)	-	(2,324)	-
(Loss)/Gain on sale of financial investments at FVOCI	(3)	-	236	-
Gain arising from redemption of financial investments at AC	377	-	31	-
Unrealised (loss)/gain on fair value changes arising from fair value hedges	(1,299)	-	368	-
	<u>(3,472)</u>	<u>(305)</u>	<u>2,109</u>	<u>-</u>
Other income:				
Foreign exchange (loss)/profit				
- realised	11,675	60,976	11,685	22,689
- unrealised	(8,942)	(56,625)	10,540	(13,074)
Other non-operating income	3,733	3,474	16,446	11,774
	<u>6,467</u>	<u>7,825</u>	<u>38,671</u>	<u>21,389</u>
<b>Total income derived from investment of general investment deposits</b>	<u>222,423</u>	<u>207,275</u>	<u>883,257</u>	<u>741,719</u>

**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 31/12/2023 RM'000	31/12/2022 RM'000	Cumulative Quarter Ended 31/12/2023 RM'000	31/12/2022 RM'000
<b>Finance income and hibah</b>				
Financing and other financing	120,198	94,835	439,053	321,802
Financial investments at FVOCI	5,146	(1)	8,899	-
Financial investments at AC	14,803	19,972	57,576	50,721
Money at call and deposits with financial institution	5,140	3,983	22,688	13,018
	<b>145,287</b>	<b>118,789</b>	<b>528,216</b>	<b>385,541</b>
Accretion of discount less amortisation of premium	(2,041)	(7,460)	(8,280)	(7,460)
Total finance income and hibah	<b>143,246</b>	<b>111,329</b>	<b>519,936</b>	<b>378,081</b>
<b>Other operating income</b>				
Fee income:				
Commission	2,406	1,387	7,225	4,956
Service charges and fees	1,529	918	4,348	3,442
Kafalah fees	666	456	1,996	1,566
Other fees income	48	-	-	-
	<b>4,649</b>	<b>2,761</b>	<b>13,569</b>	<b>9,964</b>
Fee and comission paid	(60)	(2)	(60)	(4)
Income from financial instruments:				
Gain arising on financial assets at FVTPL				
- net gain on disposal	44	(161)	1,889	-
- finance income	188	-	822	-
Net loss on revaluation of derivative				
- realised loss	(1,349)	-	(307)	-
- unrealised loss	(1,471)	-	(1,471)	-
Gain on sale of financial investments at FVOCI	2	-	150	-
Gain arising from redemption of financial investments at AC	-	-	20	-
Unrealised gain on fair value changes arising from fair value hedges	467	-	233	-
	<b>(2,119)</b>	<b>(161)</b>	<b>1,336</b>	<b>-</b>
Other income:				
Foreign exchange (loss)/profit				
- realised	7,393	32,372	7,399	12,223
- unrealised	(5,384)	(29,962)	6,674	(7,043)
Other non-operating income	2,543	1,974	10,412	6,342
	<b>4,553</b>	<b>4,384</b>	<b>24,485</b>	<b>11,522</b>
<b>Total income derived from investment of other deposits</b>	<b>150,269</b>	<b>118,311</b>	<b>559,266</b>	<b>399,563</b>

### 30 INCOME DERIVED FROM INVESTMENT OF INVESTMENT ACCOUNT

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended 31/12/2023 RM'000	31/12/2022 RM'000	Cumulative Quarter Ended 31/12/2023 RM'000	31/12/2022 RM'000
<b>Finance income and hibah</b>				
Financing and other financing	34,142	22,796	127,025	71,474
Financial investments at FVOCI	1,481	-	2,575	-
Financial investments at AC	4,198	4,671	16,658	11,266
Money at call and deposits with financial institution	1,453	953	6,564	2,891
	<u>41,274</u>	<u>28,420</u>	<u>152,822</u>	<u>85,631</u>
Accretion of discount less amortisation of premium	(578)	(1,657)	(2,396)	(1,657)
Total finance income and hibah	<u>40,695</u>	<u>26,763</u>	<u>150,426</u>	<u>83,974</u>
<b>Other operating income</b>				
Fee income:				
Commission	686	336	2,090	1,101
Service charges and fees	437	224	1,258	765
Kafalah fees	190	110	577	348
	<u>1,313</u>	<u>670</u>	<u>3,925</u>	<u>2,214</u>
Fee and comission paid	(17)	(1)	(17)	(1)
Income from financial instruments:				
Gain arising on financial assets at FVTPL				
- net gain on disposal	9	(34)	546	-
- finance income	53	-	238	-
Net loss on revaluation of derivative				
- realised loss	(379)	-	(89)	-
- unrealised loss	(425)	-	(425)	-
Gain on sale of financial investments at FVOCI	-	-	43	-
Gain arising from redemption of financial investments at AC	-	-	6	-
Unrealised gain on fair value changes arising from fair value hedges	135	-	67	-
	<u>(607)</u>	<u>(34)</u>	<u>386</u>	<u>-</u>
Other income:				
Foreign exchange (loss)/profit				
- realised	2,139	7,036	2,141	2,715
- unrealised	(1,581)	(6,480)	1,931	(1,565)
Other non-operating income	720	472	3,012	1,409
	<u>1,278</u>	<u>1,028</u>	<u>7,084</u>	<u>2,559</u>
<b>Total income derived from investment of investment account</b>	<u>42,663</u>	<u>28,426</u>	<u>161,804</u>	<u>88,746</u>

### 31 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended 31/12/2023 RM'000	31/12/2022 RM'000	Cumulative Quarter Ended 31/12/2023 RM'000	31/12/2022 RM'000
<b>Finance income and hibah</b>				
Financing and other financing	27,314	24,517	103,446	84,157
Financial investments at FVOCI	1,201	-	2,097	-
Financial investments at AC	3,353	5,185	13,566	13,265
Money at call and deposits with financial institution	1,156	1,030	5,346	3,404
	<b>33,024</b>	<b>30,732</b>	<b>124,455</b>	<b>100,826</b>
Accretion of discount less amortisation of premium	(461)	(1,952)	(1,951)	(1,952)
Total finance income and hibah	<b>32,563</b>	<b>28,780</b>	<b>122,504</b>	<b>98,874</b>
<b>Other operating income</b>				
Fee income:				
Commission	551	360	1,702	1,298
Service charges and fees	360	238	1,024	901
Kafalah fees	153	118	470	410
	<b>1,064</b>	<b>716</b>	<b>3,196</b>	<b>2,609</b>
Fee and comission paid	(11)	-	(14)	(1)
Income from financial instruments:				
Gain arising on financial assets at FVTPL				
- net gain on disposal	4	(42)	445	-
- finance income	43	-	194	-
Net loss on revaluation of derivative				
- realised loss	(321)	-	(72)	-
- unrealised loss	(349)	-	(349)	-
Gain on sale of financial investments at FVOCI	-	-	35	-
Gain arising from redemption of financial investments at AC	-	-	5	-
Unrealised gain on fair value changes arising from fair value hedges	111	-	55	-
	<b>(512)</b>	<b>(42)</b>	<b>313</b>	<b>-</b>
Other income:				
Foreign exchange (loss)/profit				
- realised	1,742	8,495	1,743	3,201
- unrealised	(1,307)	(7,867)	1,572	(1,845)
Other non-operating income	575	513	2,454	1,661
	<b>1,010</b>	<b>1,141</b>	<b>5,769</b>	<b>3,017</b>
<b>Total income derived from investment of shareholders' fund</b>	<b>34,113</b>	<b>30,595</b>	<b>131,768</b>	<b>104,499</b>



### 32 (WRITE-BACK OF)/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	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
Expected credit loss made on/(written-back):				
- financing and other financing	(23,942)	178,559	7,861	268,536
- securities	(1,588)	2,881	(548)	3,065
- financing commitments and financial kafalah	897	478	620	701
Impaired financing				
- recovered	(1,993)	(848)	(14,648)	(32,609)
- written-off	2,472	3,205	4,132	3,520
	<b>(24,154)</b>	<b>184,275</b>	<b>(2,583)</b>	<b>243,213</b>

### 33 ALLOWANCES FOR IMPAIRMENT LOSSES ON OTHER ASSETS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment made on:				
- amount due from joint ventures	4,649	(2,634)	4,649	3,555
- other assets	-	(286)	-	1,562
	<b>4,649</b>	<b>(2,920)</b>	<b>4,649</b>	<b>5,117</b>

### 34 INCOME ATTRIBUTABLE TO THE DEPOSITORS AND OTHERS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- mudarabah	195	190	832	865
- non-mudarabah	220,433	155,590	818,152	499,197
Deposits and placements of banks and other financial institutions				
- mudarabah	4,405	6,232	46,740	19,866
Finance - Subordinated and Senior Sukuk	24,399	15,878	93,709	58,891
Financing sold to Cagamas	11,236	1,209	34,271	1,209
Others	7	(915)	35	44
	<b>260,675</b>	<b>178,184</b>	<b>993,739</b>	<b>580,072</b>

### 35 INCOME ATTRIBUTABLE TO THE INVESTMENT ACCOUNT HOLDERS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
Restricted investment account - Mudarabah	38,943	23,766	147,889	78,677

### 36 OTHER OPERATING EXPENSES

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2023 RM'000	31/12/2022 RM'000	31/12/2023 RM'000	31/12/2022 RM'000
<u>Personnel costs</u>				
Wages, salaries and bonuses	34,065	32,997	135,388	131,780
Defined contribution plan ('EPF')	5,720	5,598	22,642	22,345
Other personnel costs	7,079	(153)	24,605	5,163
	<b>46,864</b>	<b>38,442</b>	<b>182,635</b>	<b>159,288</b>
<u>Establishment costs</u>				
Equipment rental	224	264	900	1,058
Repair and maintenance	6,301	7,983	24,882	28,329
Depreciation of property and equipment	43	9	234	314
Depreciation of right-of-use assets	59	160	293	500
Amortisation of intangible assets	29	52	134	212
IT consultancy fees	90	(96)	362	15,123
Dataline rental	2,235	1,941	8,937	7,783
Security services	1,035	1,382	4,233	5,662
Electricity, water and sewerage	727	1,503	2,893	6,133
Licence fees	51	257	199	206
Takaful and indemnities	438	3,556	5,677	6,334
Other establishment costs	3,488	(398)	14,000	1,100
	<b>14,721</b>	<b>16,613</b>	<b>62,744</b>	<b>72,754</b>
<u>Marketing expenses</u>				
Business promotion and advertisement	303	382	924	524
Entertainment	61	47	252	201
Travelling and accommodation	231	226	874	860
Brokerage expenses	200	248	1,205	1,005
Other marketing expenses	342	187	1,783	1,520
	<b>1,138</b>	<b>1,090</b>	<b>5,038</b>	<b>4,110</b>
<u>Administration and general expenses</u>				
Telecommunication expenses	227	116	904	485
Auditors' remuneration	296	138	548	334
Professional fees	2,354	1,613	7,341	4,774
Property and equipment written-off	(24)	-	-	-
Mail and courier charges	264	275	1,058	1,098
Stationery and consumables	703	1,012	3,300	3,386
Directors' fees and allowances	524	694	1,786	1,911
Shariah fees	155	(40)	516	383
Donations	62	40	267	156
Settlement, clearing and bank charges	793	242	3,199	1,624
Stamp duties	0	-	54	3
Other administration and general expenses	280	(103)	691	79
	<b>5,633</b>	<b>3,987</b>	<b>19,664</b>	<b>14,233</b>
<b>Total other operating expenses</b>	<b>68,355</b>	<b>60,132</b>	<b>270,081</b>	<b>250,385</b>

### 37 EARNINGS PER SHARE

The basic/diluted 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 year.

	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
<b>Economic Entity &amp; The Bank</b>				
Net profit attributable to ordinary equity holders (RM'000)	<b>73,129</b>	(48,719)	<b>234,476</b>	100,684
Weighted average number of shares in issue ('000)	<b>1,128,807</b>	1,060,000	<b>1,128,807</b>	1,071,844
Basic/Diluted earnings per share (sen)	<b>6.5</b>	(4.6)	<b>20.8</b>	9.4

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

### 38 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 31/12/2023 RM'000	31/12/2022 RM'000
Direct credit substitutes - financial kafalah contracts	<b>158,092</b>	119,067
Transaction-related contingent items	<b>480,714</b>	412,540
Short-term self-liquidating trade related contingencies	<b>4,520,054</b>	300,962
Irrevocable commitments to extend credit:		
- maturity less than one year	<b>2,876,523</b>	1,708,544
- maturity more than one year	<b>855,076</b>	975,622
Unutilised credit card lines	<b>283,292</b>	224,504
Foreign exchange related contracts #		
- less than one year	<b>1,009,326</b>	1,328,501
Profit rate related contracts #		
- one year to less than five years	<b>1,096,670</b>	-
- more than five year	<b>117,225</b>	-
	<b>11,396,972</b>	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.

### 39 FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell 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 year (2022: Nil).

### 39 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
<b>Economic Entity and The Bank</b>				
<b>31/12/2023</b>				
<b><u>Financial Assets</u></b>				
Derivative financial instruments	-	18,907	-	18,907
Financial investments at FVOCI				
- Money market instruments	-	893,899	-	893,899
- Corporate Sukuk	-	780,383	-	780,383
	-	1,674,282	-	1,674,282
<b>Total</b>	-	1,693,189	-	1,693,189
<b><u>Financial Liabilities</u></b>				
Derivative financial instruments	-	23,539	-	23,539
<b>Total</b>	-	23,539	-	23,539
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Economic Entity and The Bank</b>				
<b>31/12/2022</b>				
<b><u>Financial Assets</u></b>				
Derivative financial instruments	-	14,985	-	14,985
<b>Total</b>	-	14,985	-	14,985
<b><u>Financial Liabilities</u></b>				
Derivative financial instruments	-	37,736	-	37,736
<b>Total</b>	-	37,736	-	37,736

#### 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.

#### 40 CAPITAL ADEQUACY

The capital adequacy ratios of the Bank are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (Capital Components) dated 15 December 2023.

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 year ended 31 December 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 component of CET 1, Tier 1 and Tier 2 capital:

	Economic Entity		The Bank	
	31/12/2023 RM'000	31/12/2022 RM'000	31/12/2023 RM'000	31/12/2022 RM'000
<b>CET 1</b>				
Paid-up share capital	1,210,000	1,210,000	1,210,000	1,210,000
Retained profits	1,375,320	1,140,844	1,375,320	1,140,844
Other Reserves	214	-	214	-
Unrealised gains on FVOCI instruments	11,452	-	11,452	-
	<b>2,596,986</b>	2,350,844	<b>2,596,986</b>	2,350,844
Less Regulatory adjustments:				
- Intangible assets	(863)	(133)	(863)	(133)
- Deferred tax assets	(39,040)	(45,332)	(39,040)	(45,332)
- 55% Cumulative unrealised gains on FVOCI	(6,299)	-	(6,299)	-
- Other CET 1 transitional adjustment	138,827	224,719	138,827	224,719
<b>Total CET 1 Capital</b>	<b>2,689,611</b>	2,530,098	<b>2,689,611</b>	2,530,098
<b>Additional Tier 1 capital</b>	<b>500,000</b>	300,000	<b>500,000</b>	300,000
<b>Total Tier 1 capital</b>	<b>3,189,611</b>	2,830,098	<b>3,189,611</b>	2,830,098
<b>Tier 2 capital</b>				
Subordinated and Senior Sukuk	500,000	800,000	500,000	800,000
Expected loss provision #	212,507	148,587	212,507	148,587
<b>Total Tier 2 capital</b>	<b>712,507</b>	948,587	<b>712,507</b>	948,587
<b>Total Capital</b>	<b>3,902,118</b>	3,778,685	<b>3,902,118</b>	3,778,685

##### ii) The breakdown of risk-weighted assets:

Credit risk	19,846,357	18,492,670	19,846,357	18,492,670
Market risk	123,659	28,624	123,659	28,624
Operational risk	1,152,829	993,564	1,152,829	993,564
<b>Total risk-weighted assets</b>	<b>21,122,845</b>	19,514,858	<b>21,122,845</b>	19,514,858

##### iii) Capital adequacy ratios:

<u>With transitional arrangements</u>				
CET 1 capital ratio	12.733%	12.965%	12.733%	12.965%
Tier 1 capital ratio	15.100%	14.502%	15.100%	14.502%
Total capital ratio	18.473%	19.363%	18.473%	19.363%
<u>Without transitional arrangements</u>				
CET 1 capital ratio	12.076%	11.813%	12.076%	11.813%
Tier 1 capital ratio	14.443%	13.351%	14.443%	13.351%
Total capital ratio	17.985%	18.635%	17.985%	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 December 2023, RIA assets excluded from Total Capital Ratio calculation amounted to RM3,572.1 million (31 December 2022: RM2,723.1 million).

## 41 REVIEW OF PERFORMANCE OF THE BANK

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

The Bank registered a higher Profit Before Tax ("PBT") of RM317.7 million for the 12 months ended 31 December 2023, an increase of RM144.7 million or 83.6% as compared to RM173.1 million recorded in the previous corresponding period. The increased was mainly due to write-back in impairment losses of RM2.1 million as compared to a charge of RM248.3 million at the end of financial year 2022, offset by lower net financing income of RM81.3 million.

Net financing income and other income decreased to RM594.5 million as compared to RM675.8 million in the previous corresponding period, partly due to contraction in Net Financing Margin, impacted from market competition.

Overhead expenses registered an increase of RM19.7 million or 7.9% to RM270.1 million as compared to RM250.4 million in the previous corresponding period mainly due to higher personnel expenses.

Gross financing and other financing increased by 11.2% to RM29.2 billion as compared to same period last year of RM26.3 billion. Customer deposits grew by 0.7% year-on-year to RM25.4 billion, while CASA increased by RM2.0 million to RM8.4 billion from RM6.4 million recorded as at 31 December 2022.

CET 1 Capital Ratio, Tier 1 Capital Ratio and Total Capital Ratio were 12.733%, 15.100% and 18.473% respectively as at 31 December 2023.

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

The Bank registered a PBT of RM99.0 million for the current quarter ended 31 December 2023 as opposed to a Loss Before Tax of RM60.8 million in the previous year's corresponding quarter. This was due to write-back in impairment losses of RM19.5 million in fourth quarter of 2023, as compared to a charge of RM181.4 million in same quarter last year, mitigated by decrease in net financing income of RM32.8 million.

Net financing and other income decreased to RM149.8 million from RM182.7 million in the previous corresponding quarter ended 31 December 2022 driven by the drop in Net Financing Margin.

Overhead expenses increased by RM8.2 million or 13.7% to RM68.4 million from RM60.1 million recorded in the previous corresponding quarter, due to higher personnel cost of RM8.4 million or 21.9% to RM 46.9 million from RM38.4 million.

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

The Bank posted a higher PBT of RM13.1 million to RM99.0 million in the current financial quarter as compared to RM85.9 million in the preceding quarter ended 30 September 2023. Higher PBT was due to higher write-back and net financing income of RM8.8 million and RM4.7 million respectively.

## 42 ECONOMIC AND BUSINESS OUTLOOK FOR 2024

Malaysia's Gross Domestic Product ('GDP') is expected to increase to 4.5% from 3.8% in 2023 supported by continued growth in tourism activity, increased foreign direct investment and improved trade performance. Household spending will remain an anchor for growth, buoyed by increasing income levels and improving labour market conditions. The Malaysian Ringgit is expected to strengthen in 2024, reflecting the country's improving economic fundamentals and domestic headline inflation is expected to remain modest between 3.0% - 3.5% in 2024.

The forecasted GDP growth for 2024 signals economic expansion, providing opportunities for the banking industry to grow through increased lending/financing activities and rising demand for financial services. Margin compression may continue into 2024 as banks compete for deposits but is expected to be moderated by higher credit growth and lower credit costs. Strong capitalization and adequate impairment buffers are expected to cushion moderate increases in credit stress.

The outlook in 2024 will hinge on domestic political factors and potential adverse global developments such as escalating geopolitical tensions may contribute to global financial market uncertainties.

## 43 CREDIT EXPOSURES ARISING FROM TRANSACTIONS WITH CONNECTED PARTIES

The following credit exposures are based on Bank Negara Malaysia's revised Guidelines on Credit Transaction and Exposures with Connected Parties for Islamic Banks, which are effective 1 January 2008.

	<b>Economic Entity and the Bank</b>	
	<b>31/12/2023</b>	<b>31/12/2022</b>
i) The aggregate value of outstanding credit exposures with connected parties (RM'000)	1,106,460	1,585,900
ii) The percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	2.49%	4.46%