

AFFIN Islamic Bank Berhad

Registration no. 200501027372 (709506-V)

Condensed Interim Financial Statements

Unaudited Statements of Financial Position as at 30 June 2024

	Note	Economic Entity		The Bank	
		30/06/2024 RM'000	31/12/2023 RM'000	30/06/2024 RM'000	31/12/2023 RM'000
ASSETS					
Cash and short-term funds		1,124,310	3,161,757	1,124,310	3,161,757
Deposits and placements with banks and other financial institutions		350,873	400,526	350,873	400,526
Financial assets at fair value through profit or loss ('FVTPL')	13	133,712	-	133,712	-
Derivative financial instruments	14	16,843	18,907	16,843	18,907
Financial investments at fair value through other comprehensive income ('FVOCI')	15	2,816,931	1,674,282	2,816,931	1,674,282
Financial investments at amortised cost ('AC')	16	4,533,202	4,568,010	4,533,202	4,568,010
Financing and other financing	17	30,689,945	28,760,767	30,689,945	28,760,767
Other assets	18	128,655	135,546	128,655	135,546
Amount due from holding company		-	288,431	-	288,431
Amount due from joint ventures	19	2,722	32	2,722	32
Tax recoverable		51,757	43,746	51,757	43,746
Deferred tax assets		35,351	39,040	35,351	39,040
Statutory deposits with Bank Negara Malaysia		518,000	485,000	518,000	485,000
Property and equipment		687	782	687	782
Intangible assets		1,056	863	1,056	863
Right-of-use assets		185	238	185	238
TOTAL ASSETS		40,404,229	39,577,928	40,404,229	39,577,928
LIABILITIES AND EQUITY					
Deposits from customers	20	25,103,075	25,360,547	25,103,075	25,360,547
Investment accounts of customers	21	95	359	95	359
Deposits and placements of banks and other financial institutions	22	5,057,671	4,172,179	5,057,671	4,172,179
Investment accounts due to designated financial institutions	23	3,335,798	3,579,578	3,335,798	3,579,578
Recourse obligation on financing sold to Cagamas Berhad		1,113,629	1,115,041	1,113,629	1,115,041
Derivative financial instruments	14	14,704	23,539	14,704	23,539
Other liabilities	24	355,522	319,188	355,522	319,188
Amount due to holding company		211,732	-	211,732	-
Lease liabilities	25	215	271	215	271
Subordinated and Senior Sukuk	26	2,363,770	2,363,770	2,363,770	2,363,770
TOTAL LIABILITIES		37,556,211	36,934,472	37,556,211	36,934,472
Share capital		1,310,000	1,210,000	1,310,000	1,210,000
Reserves	27	1,538,018	1,433,455	1,538,018	1,433,455
TOTAL EQUITY		2,848,018	2,643,456	2,848,018	2,643,456
TOTAL LIABILITIES AND EQUITY		40,404,229	39,577,928	40,404,229	39,577,928
COMMITMENTS AND CONTINGENCIES	38	12,610,603	11,396,972	12,610,603	11,396,972
CAPITAL ADEQUACY RATIOS	41				
CET 1 capital ratio		11.435%	12.076%	11.435%	12.076%
Tier 1 capital ratio		13.629%	14.443%	13.629%	14.443%
Total capital ratio		16.999%	17.985%	16.999%	17.985%
Net assets per share attributable to equity holders of the Bank (RM)		2.52	2.34	2.52	2.34

The Condensed Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the financial year ended 31 December 2023.

AFFIN Islamic Bank Berhad

Registration no. 200501027372 (709506-V)

Condensed Interim Financial Statements

Unaudited Income Statements for the Financial Quarter Ended 30 June 2024

	Note	Economic Entity Individual Quarter Ended		Economic Entity Cumulative Quarter Ended	
		30/06/2024 RM'000	30/06/2023 RM'000	30/06/2024 RM'000	30/06/2023 RM'000
Income derived from investment of depositors' funds and others	29	398,667	371,188	801,019	703,257
Income derived from investment of investment accounts	30	46,695	39,865	95,967	78,563
Income derived from investment of shareholders' funds	31	38,152	32,351	76,306	63,848
Allowances for impairment losses on financing and other financing	32	(26,586)	(24,466)	(10,402)	(32,318)
Allowances for impairment losses on other assets	33	-	-	(32)	-
Total distributable income		456,928	418,938	962,858	813,350
Income attributable to the depositors and others	34	(275,502)	(260,636)	(551,416)	(475,350)
Income attributable to the investment account holders	35	(42,863)	(37,117)	(86,314)	(70,871)
Total net income		138,563	121,185	325,128	267,129
Other operating expenses	36	(87,043)	(67,771)	(174,986)	(133,676)
Profit before zakat and taxation		51,520	53,414	150,142	133,453
Zakat		(1,343)	(657)	(1,343)	(657)
Profit before taxation		50,177	52,757	148,799	132,796
Taxation		(14,153)	(13,625)	(39,495)	(33,842)
Net profit after zakat and taxation		36,024	39,132	109,304	98,954
Attributable to:					
Equity holders of the Bank		36,024	39,132	109,304	98,954
Earnings per share (sen):					
- Basic/Diluted	37	3.14	3.23	9.52	8.18

The Condensed Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the financial year ended 31 December 2023.

AFFIN Islamic Bank Berhad

Registration no. 200501027372 (709506-V)

Condensed Interim Financial Statements

Unaudited Income Statements for the Financial Quarter Ended 30 June 2024

	Economic Entity		Economic Entity	
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/06/2024	30/06/2023	30/06/2024	30/06/2023
	RM'000	RM'000	RM'000	RM'000
Profit after zakat and taxation	36,024	39,132	109,304	98,954
Other comprehensive income:				
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Net fair value change in				
financial investments at FVOCI	(4,554)	1,952	(4,382)	2,497
Net credit impairment loss change in				
financial investments at FVOCI	69	71	163	123
Net loss on financial investments measured				
at FVOCI reclassified to profit or loss on				
disposal (debt instruments)	(608)	-	(2,048)	-
Deferred tax on				
financial investments at FVOCI	861	468	1,258	599
Other comprehensive (loss)/income for the				
financial period, net of tax	(4,232)	2,491	(5,009)	3,219
Total comprehensive income for the				
 financial period	31,792	41,623	104,295	102,173
Total comprehensive income for the				
 financial period attributable to:				
Equity holders of the Bank	31,792	41,623	104,295	102,173

The Condensed Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the financial year ended 31 December 2023.

AFFIN Islamic Bank Berhad

Registration no. 200501027372 (709506-V)

Condensed Interim Financial Statements

Unaudited Income Statements for the Financial Quarter Ended 30 June 2024

	Note	The Bank Individual Quarter Ended		The Bank Cumulative Quarter Ended	
		30/06/2024 RM'000	30/06/2023 RM'000	30/06/2024 RM'000	30/06/2023 RM'000
Income derived from investment of depositors' funds and others	29	398,667	371,188	801,019	703,257
Income derived from investment of investment accounts	30	46,695	39,865	95,967	78,563
Income derived from investment of shareholders' funds	31	38,152	32,351	76,306	63,848
Allowances for impairment losses on financing and other financing	32	(26,586)	(24,466)	(10,402)	(32,318)
Allowances for impairment losses on other assets	33	-	-	(32)	-
Total distributable income		456,928	418,938	962,858	813,350
Income attributable to the depositors and others	34	(275,502)	(260,636)	(551,416)	(475,350)
Income attributable to the investment account holders	35	(42,863)	(37,117)	(86,314)	(70,871)
Total net income		138,563	121,185	325,128	267,129
Other operating expenses	36	(87,043)	(67,771)	(174,986)	(133,676)
Profit before zakat and taxation		51,520	53,414	150,142	133,453
Zakat		(1,343)	(657)	(1,343)	(657)
Profit before taxation		50,177	52,757	148,799	132,796
Taxation		(14,153)	(13,625)	(39,495)	(33,842)
Net profit after zakat and taxation		36,024	39,132	109,304	98,954
Attributable to:					
Equity holders of the Bank		36,024	39,132	109,304	98,954
Earnings per share (sen):					
- Basic/Diluted	37	3.14	3.23	9.52	8.18

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Condensed Interim Financial Statements

Unaudited Income Statements for the Financial Quarter Ended 30 June 2024

	The Bank Individual Quarter Ended		The Bank Cumulative Quarter Ended	
	30/06/2024 RM'000	30/06/2023 RM'000	30/06/2024 RM'000	30/06/2023 RM'000
Profit after zakat and taxation	36,024	39,132	109,304	98,954
Other comprehensive income:				
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Net fair value change in				
financial investments at FVOCI	(4,554)	1,952	(4,382)	2,497
Net credit impairment loss change in				
financial investments at FVOCI	69	71	163	123
Net loss on financial investments measured at FVOCI reclassified to profit or loss on disposal (debt instruments)	(608)	-	(2,048)	-
Deferred tax on				
financial investments at FVOCI	861	468	1,258	599
Other comprehensive (loss)/income for the financial period, net of tax	(4,232)	2,491	(5,009)	3,219
Total comprehensive income for the financial period	31,792	41,623	104,295	102,173
Total comprehensive income for the financial period attributable to:				
Equity holders of the Bank	31,792	41,623	104,295	102,173

The Condensed Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the financial year ended 31 December 2023.

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 June 2024

Economic Entity	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
At 1 January 2024	1,210,000	11,452	46,469	214	1,375,320	2,643,455
Net profit for the financial period	-	-	-	-	109,304	109,304
Other comprehensive income (net of tax)						
- Financial investments at FVOCI	-	(5,009)	-	-	-	(5,009)
Total comprehensive income for the financial period	-	(5,009)	-	-	109,304	104,295
Issued during the financial period	100,000	-	-	-	-	100,000
Share grant scheme granted	-	-	-	268	-	268
Transfer to regulatory reserves	-	-	45,999	-	(45,999)	-
At 30 June 2024	1,310,000	6,443	92,468	482	1,438,625	2,848,018

Economic Entity	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
At 1 January 2023	1,210,000	-	46,469	-	1,140,844	2,397,313
Net profit for the financial period	-	-	-	-	98,954	98,954
Other comprehensive income (net of tax)						
- Financial investments at FVOCI	-	3,219	-	-	-	3,219
Total comprehensive income for the financial period	-	3,219	-	-	98,954	102,173
At 30 June 2023	1,210,000	3,219	46,469	-	1,239,798	2,499,486

The Condensed Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the financial year ended 31 December 2023.

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Registration no. 200501027372 (709506-V)

Condensed Interim Financial Statements

Unaudited Statements of Changes In Equity for the Financial Quarter Ended 30 June 2024

	Non-Distributable				Distributable	Total equity RM'000
	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Other reserves RM'000	Retained profits RM'000	
The Bank						
At 1 January 2024	1,210,000	11,452	46,469	214	1,375,320	2,643,455
Net profit for the financial period	-	-	-	-	109,304	109,304
Other comprehensive income (net of tax)						
- Financial investments at FVOCI	-	(5,009)	-	-	-	(5,009)
Total comprehensive income for the financial period	-	(5,009)	-	-	109,304	104,295
Issued during the financial period	100,000	-	-	-	-	100,000
Share grant scheme granted	-	-	-	268	-	268
Transfer to regulatory reserves	-	-	45,999	-	(45,999)	-
At 30 June 2024	1,310,000	6,443	92,468	482	1,438,625	2,848,018

	Non-Distributable				Distributable	Total equity RM'000
	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Other reserves RM'000	Retained profits RM'000	
The Bank						
At 1 January 2023	1,210,000	-	46,469	-	1,140,844	2,397,313
Net profit for the financial period	-	-	-	-	98,954	98,954
Other comprehensive income (net of tax)						
- Financial investments at FVOCI	-	3,219	-	-	-	3,219
Total comprehensive income for the financial period	-	3,219	-	-	98,954	102,173
At 30 June 2023	1,210,000	3,219	46,469	-	1,239,798	2,499,486

The Condensed Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the financial year ended 31 December 2023.

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Condensed Interim Financial Statements

Unaudited Statements of Cash Flows for the Financial Quarter Ended 30 June 2024

	Economic Entity		The Bank	
	30/06/2024 RM'000	30/06/2023 RM'000	30/06/2024 RM'000	30/06/2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	148,799	132,796	148,799	132,796
Adjustments for items not involving the movement of cash and cash equivalents	(40,071)	(40,147)	(40,071)	(40,147)
Operating profit before changes in working capital	108,728	92,649	108,728	92,649
Net changes in operating assets	(770,598)	(1,909,926)	(770,598)	(1,909,926)
Net changes in operating liabilities	421,817	1,632,951	421,817	1,632,951
Tax and Zakat paid	(44,154)	(60,981)	(44,154)	(60,981)
Net cash used in operating activities	(284,207)	(245,306)	(284,207)	(245,306)
CASH FLOWS FROM INVESTING ACTIVITIES				
Finance income and hibah received from:				
- financial investments at FVOCI	34,851	570	34,851	570
- financial investments at AC	87,464	90,059	87,464	90,059
Purchase of:				
- financial investments at FVOCI	(1,850,260)	-	(1,850,260)	-
- financial investments at AC	-	(95,165)	-	(95,165)
Redemption/Disposal of:				
- financial investments at FVOCI	280,532	(300,279)	280,532	(300,279)
- financial investments at AC	25,561	226,240	25,561	226,240
Purchase of:				
- property and equipment	(247)	(252)	(247)	(252)
- intangible assets	(3)	-	(3)	-
Net cash used in investing activities	(1,422,102)	(78,827)	(1,422,102)	(78,827)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of new shares	100,000	-	100,000	-
Addition of recourse obligation on financing sold to Cagamas Berhad	-	1,099,999	-	1,099,999
Profit payment from recourse obligation on financing sold to Cagamas Berhad	(23,879)	-	(23,879)	-
Profit payment from Subordinated and Senior Sukuk	(54,433)	(46,258)	(54,433)	(46,258)
Lease payments	(243)	(158)	(243)	(158)
Principal element of lease payments	(4)	(9)	(4)	(9)
Net cash generated from financing activities	21,441	1,053,574	21,441	1,053,574
Net decrease/increase in cash and cash equivalents	(1,684,868)	729,441	(1,684,868)	729,441
Effects of foreign exchange	(1,706)	(46,521)	(1,706)	(46,521)
Cash and cash equivalents at beginning of the financial period	3,161,757	3,227,179	3,161,757	3,227,179
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	1,475,183	3,910,099	1,475,183	3,910,099
CASH AND CASH EQUIVALENTS COMPRISE:				
Cash and short-term funds	1,124,310	3,910,099	1,124,310	3,910,099
Deposits and placements with banks and other financial institutions	350,873	-	350,873	-
	1,475,183	3,910,099	1,475,183	3,910,099

The Condensed Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the financial year ended 31 December 2023.

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 2023. 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 2023.

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 2024:

Amendments to MFRS 101 'Presentation of Financial Statements'

There are two amendments to MFRS 101 'Presentation of Financial Statements'. The first amendments, 'Classification of liabilities as current or non-current' clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).

The second amendments, 'Non-current Liabilities with Covenants' specify that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or noncurrent at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification of a liability as current or non-current, even if the covenant is only assessed after the reporting date.

Both amendments are effective for annual reporting periods beginning on or after 1 January 2024 and shall be applied retrospectively.

Amendments to MFRS 16 'Lease Liability in a Sale and Leaseback'

Amendments to MFRS 16 'Lease Liability in a Sale and Leaseback' (effective 1 January 2024) specify the measurement of the lease liability arises in a sale and leaseback transaction that satisfies the requirements in MFRS 15 'Revenue from Contracts with Customers' to be accounted for as a sale. In accordance with the amendments, the seller-lessee shall determine the 'lease payments' or 'revised lease payments' in a way that it does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use it retains.

The amendments shall be applied retrospectively to sale and leaseback transactions entered into after the date when the seller-lessee initially applied MFRS 16.

Amendments to MFRS 121 'Lack of Exchangeability'

Amendments to MFRS 121 'Lack of Exchangeability' (effective 1 January 2025) clarify that a currency is exchangeable when an entity is able to exchange it into another currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism that creates enforceable rights and obligations. If an entity can only obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, then the currency is not exchangeable. In such cases, the entity is required to estimate the spot exchange rate at the measurement date.

The amendments do not specify how an entity estimates the spot exchange rate, but permit an entity to use observable exchange rate without adjustment or another estimation technique, provided it could meet the objective for estimating the spot exchange rate set out in the amendments.

The adoption of the above new accounting standards, amendments to published standards, and interpretations are not expected to give rise to any material financial impact on the Bank.

3 AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2023 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

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 event after the financial period under review 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 period under review.

11 PURCHASE AND SALE OF QUOTED SECURITIES

There is no purchase or disposal of quoted securities during the financial period under review other than in the ordinary course of business.

12 STATUS OF CORPORATE PROPOSAL

There is no corporate proposal reported during the financial period under review.

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

	Economic Entity and The Bank	
	30/06/2024 RM'000	31/12/2023 RM'000
At fair value		
<u>Money market instruments</u>		
Malaysian Government investment issues	61,623	-
<u>Unquoted securities</u>		
Shares in Malaysia	9,884	-
Corporate Sukuk in Malaysia	527	-
Corporate Sukuk outside Malaysia	61,678	-
	133,712	-

14 DERIVATIVE FINANCIAL INSTRUMENTS

	30/06/2024			31/12/2023		
	Contract/ notional amount RM'000	Assets RM'000	Liabilities RM'000	Contract/ notional amount RM'000	Assets RM'000	Liabilities RM'000
Economic Entity and The Bank						
At fair value						
<u>Trading Derivatives</u>						
Foreign exchange derivatives:						
- Currency forwards	2,334,276	3,426	3,752	980,320	5,981	8,014
- Currency options	-	-	-	57,989	263	263
Profit rate derivatives:						
- Profit rate swap	674,045	4,197	2,248	339,780	2,107	1,768
<u>Hedging Derivatives</u>						
Profit rate derivatives:						
- Profit rate swap	874,115	9,220	8,704	874,115	10,556	13,494
	3,882,436	16,843	14,704	2,252,204	18,907	23,539

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

	Economic Entity and The Bank	
	30/06/2024	31/12/2023
	RM'000	RM'000
At fair value		
<u>Money market instruments</u>		
Malaysian Government investment issues	735,188	646,399
Bank Negara Malaysia Bills	139,890	9,994
Cagamas Sukuk	242,194	237,506
	<u>1,117,272</u>	<u>893,899</u>
<u>Unquoted securities</u>		
Corporate Sukuk in Malaysia	1,307,892	620,588
Corporate Sukuk outside Malaysia	391,767	159,795
	<u>2,816,931</u>	<u>1,674,282</u>

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

	12-Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
	Economic Entity and The Bank			
30/06/2024				
At beginning of the financial year	42	-	-	42
New financial assets originated or purchased	133	-	-	133
Financial assets derecognised (other than write-off)	(50)	-	-	(50)
Changes due to change in credit risk	79	-	-	79
Other adjustments				
- Foreign exchange and other movements	1	-	-	1
At end of the financial period	<u>205</u>	<u>-</u>	<u>-</u>	<u>205</u>
Economic Entity and The Bank				
31/12/2023				
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)
At end of the financial year	<u>42</u>	<u>-</u>	<u>-</u>	<u>42</u>

16 FINANCIAL INVESTMENTS AT AMORTISED COST ('AC')

	Economic Entity and The Bank	
	30/06/2024	31/12/2023
	RM'000	RM'000
At amortised cost		
<u>Money market instruments</u>		
Malaysian Government investment issues	2,448,939	2,456,957
Cagamas Sukuk	40,290	40,291
<u>Unquoted securities</u>		
Corporate Sukuk in Malaysia	2,048,492	2,077,019
	4,537,721	4,574,267
Less: Expected Credit Losses ('ECL')	(4,519)	(6,257)
	4,533,202	4,568,010

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
	Economic Entity and Bank 30/06/2024			
At beginning of the financial year	6,252	5	-	6,257
Financial assets derecognised (other than write-off)	(3)	-	-	(3)
Changes due to change in credit risk	(1,734)	(1)	-	(1,735)
At end of the financial period	4,515	4	-	4,519

Economic Entity and Bank
31/12/2023

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
Change due to change in credit risk	89	-	-	89
At end of the financial year	6,252	5	-	6,257

17 FINANCING AND OTHER FINANCING

(i) By type

	Economic Entity and The Bank	
	30/06/2024	31/12/2023
	RM'000	RM'000
Cash Line-i	741,755	891,940
Term financing		
- House financing	10,293,517	10,145,796
- Hire purchase receivables	6,761,033	5,943,398
- Syndicated financing	1,568,645	1,523,392
- Other term financing	9,183,434	8,791,847
Bills receivables	631,902	270,729
Trust receipts	9,375	14,487
Claims on customers under acceptances credits	1,094,630	1,008,939
Staff financing (of which RM Nil to Directors)	131,710	124,027
Credit/charge cards	80,572	77,780
Revolving credit	611,653	397,810
Gross financing and other financing	31,108,226	29,190,145
Less: ECL	(418,281)	(429,378)
Total net financing and other financing	30,689,945	28,760,767

Included in other term financing before expected credit losses as at reporting date is RM57.7 million (31 December 2023: RM56.8 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	
	30/06/2024	31/12/2023
	RM'000	RM'000
Maturing within one year	4,466,388	3,346,275
One year to three years	801,454	1,466,057
Three years to five years	2,358,763	2,078,210
Over five years	23,481,621	22,299,603
	31,108,226	29,190,145

17 FINANCING AND OTHER FINANCING (continued)

(iii) By contract

Economic Entity and The Bank	Ijarah		Al-Ijarah		Musyarakah			Istisna'	Others	Total
	Al-Bai Bithaman Ajil	Muntahiyah Bitamlik	Al-Bai	Murabahah	Tawarruq	Mutanaqisah				
30/06/2024	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash Line-i	-	-	-	-	731,412	-	-	-	10,343	741,755
Term financing										
- House financing	454,724	-	-	-	387,003	9,451,790	-	-	-	10,293,517
- Hire purchase receivables	-	-	6,761,033	-	-	-	-	-	-	6,761,033
- Syndicated financing	-	205,503	-	-	1,363,142	-	-	-	-	1,568,645
- Other term financing	45,173	401,778	-	69,437	7,070,820	1,127,156	469,070	-	-	9,183,434
Bills receivables	-	5,885	-	63,962	-	-	-	-	562,055	631,902
Trust receipts	-	-	-	9,375	-	-	-	-	-	9,375
Claims on customers under acceptances credits	-	-	-	1,094,630	-	-	-	-	-	1,094,630
Staff financing	1,830	-	-	31,739	41,304	56,837	-	-	-	131,710
Credit/charge cards	-	-	-	-	80,572	-	-	-	-	80,572
Revolving credit	-	-	-	-	611,653	-	-	-	-	611,653
Gross financing and other financing	501,727	613,166	6,761,033	1,269,143	10,285,906	10,635,783	469,070	572,398	572,398	31,108,226
Economic Entity and The Bank	Ijarah		Al-Ijarah		Musyarakah					
31/12/2023	Al-Bai Bithaman Ajil	Muntahiyah Bitamlik	Al-Bai	Murabahah	Tawarruq	Mutanaqisah	Istisna'	Others	Total	
	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	
Gross financing and other financing	530,872	715,236	5,943,398	1,287,012	9,545,053	10,523,354	503,112	142,108	29,190,145	

17 FINANCING AND OTHER FINANCING (continued)

	Economic Entity and The Bank	
	30/06/2024	31/12/2023
	RM'000	RM'000
(iv) <u>By type of customer</u>		
Domestic non-banking institutions		
- Others	152,127	94,271
Domestic business enterprises		
- Small medium enterprises	2,978,637	3,026,199
- Others	4,776,663	4,723,811
Government and statutory bodies	1,301,665	902,888
Individuals	21,766,454	20,304,599
Other domestic entities	7,089	7,017
Foreign entities	125,591	131,360
	31,108,226	29,190,145
(v) <u>By profit rate sensitivity</u>		
Fixed rate		
- House financing	55,126	50,493
- Hire purchase receivables	6,403,211	5,792,103
- Other fixed rate financing	887,449	936,761
Variable rate		
- Base funding rate and base rate plus	13,721,360	14,261,496
- Cost plus	3,361,490	3,200,454
- Other variable rate	6,679,590	4,948,838
	31,108,226	29,190,145
(vi) <u>By economic sector</u>		
Primary agriculture	732,547	781,507
Mining and quarrying	85,735	108,673
Manufacturing	1,235,938	1,262,754
Electricity, gas and water supply	402,702	386,502
Construction	945,264	879,185
Real estate	1,060,401	1,210,456
Wholesale & retail trade and restaurants & hotels	1,480,373	1,425,624
Transport, storage and communication	896,269	829,242
Finance, takaful and business services	541,148	450,989
Education, health & others	1,900,687	1,493,452
Household	21,826,647	20,361,761
Others	515	-
	31,108,226	29,190,145
(vii) <u>By economic purpose</u>		
Purchase of securities	1,224,656	1,023,667
Purchase of transport vehicles	7,060,781	6,257,995
Purchase of landed properties of which:		
- Residential	10,498,801	10,357,986
- Non-residential	2,167,099	2,403,125
Fixed assets other than land and building	274,838	288,021
Personal use	3,429,563	3,055,682
Credit/charge cards	80,571	77,780
Consumer durable	163	220
Construction	845,182	891,342
Merger & acquisition	82,838	-
Working capital	5,086,363	4,480,385
Others	357,371	353,942
	31,108,226	29,190,145

17 FINANCING AND OTHER FINANCING (continued)

	Economic Entity and The Bank	
	30/06/2024	31/12/2023
	RM'000	RM'000
(viii) <u>Bv geographical distribution</u>		
Perlis	118,306	106,422
Kedah	1,489,838	1,369,481
Pulau Pinang	1,746,421	1,700,718
Perak	1,044,765	972,341
Selangor	9,857,204	9,333,905
Wilayah Persekutuan	6,356,005	5,836,593
Negeri Sembilan	1,592,894	1,501,231
Melaka	570,867	524,790
Johor	3,569,758	3,486,262
Pahang	1,175,742	1,113,792
Terengganu	989,290	933,657
Kelantan	759,286	710,310
Sarawak	923,967	785,823
Sabah	908,290	804,634
Labuan	4,289	8,984
Outside Malaysia	1,304	1,202
	31,108,226	29,190,145
(ix) <u>Movements of impaired financing</u>		
	Economic Entity and The Bank	
	30/06/2024	31/12/2023
	RM'000	RM'000
At beginning of the financial period/year	220,978	357,422
Classified as impaired	269,994	323,439
Reclassified as non-impaired	(118,775)	(357,881)
Amount recovered	(47,662)	(51,218)
Amount written-off	(29,672)	(50,784)
At end of the financial period/year	294,863	220,978
Ratio of gross impaired financing and other financing to gross financing and other financing*	1.01%	0.86%

* For the Bank, Restricted Investment Account ('RIA') excluded in the ratio calculation amounting to RM3,340.8 million (31 December 2023: RM3,572.1.1 million) with impaired financing amounting to RM15.3 million (31 December 2023: RM Nil).

The outstanding contractual amounts of such assets written-off during the quarter ended 30 June 2024 for the Bank was RM29.7 million (2023: RM50.8 million).

17 FINANCING AND OTHER FINANCING (continued)

	Economic Entity and The Bank	
	30/06/2024	31/12/2023
	RM'000	RM'000
(x) <u>Impaired financing by economic sectors</u>		
Primary agriculture	102	173
Mining and quarrying	-	19,817
Manufacturing	6,164	6,726
Electricity, gas and water supply	45	3
Construction	32,529	11,526
Real estate	12,707	12,428
Wholesale & retail trade and restaurants & hotels	33,105	19,618
Transport, storage and communication	10,783	2,627
Finance, takaful and business services	15,545	10,594
Education, health and others	2,017	1,011
Household	181,866	136,455
	294,863	220,978
(xi) <u>Impaired financing by economic purpose</u>		
Purchase of securities	217	257
Purchase of transport vehicles	44,778	36,409
Purchase of landed properties of which:		
- Residential	117,099	94,873
- Non-residential	29,770	39,134
Fixed assets other than land and building	38	66
Personal use	28,539	9,200
Credit card	624	656
Working capital	73,515	40,306
Others	283	77
	294,863	220,978
(xii) <u>Impaired financing by geographical distribution</u>		
Perlis	4,080	3,816
Kedah	18,782	15,553
Pulau Pinang	13,509	9,434
Perak	8,522	6,657
Selangor	101,326	87,108
Wilayah Persekutuan	49,768	34,736
Negeri Sembilan	16,823	15,206
Melaka	17,917	8,934
Johor	30,071	23,972
Pahang	16,604	3,313
Terengganu	4,102	2,939
Kelantan	8,388	6,488
Sarawak	666	245
Sabah	4,305	2,577
	294,863	220,978

17 FINANCING AND OTHER FINANCING (continued)

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

Economic Entity and The Bank	12-Month	Lifetime ECL	Lifetime ECL	Total
		not credit	credit	
30/06/2024	Stage 1	impaired	impaired	RM'000
	RM'000	Stage 2	Stage 3	RM'000
At beginning of the financial year	52,663	294,440	82,275	429,378
Total transfer between stages due to change in credit risk:	(406,109)	417,475	(11,366)	-
- Transfer to 12-month ECL (Stage 1)	7,898	(6,618)	(1,280)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(413,844)	441,011	(27,167)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(163)	(16,918)	17,081	-
Financing derecognised (other than write-off)	(7,798)	(427,107)	(3,826)	(438,731)
New financing originated or purchased	425,120	-	-	425,120
Changes due to change in credit risk	(11,621)	(28,440)	69,250	29,189
Write-off	-	-	(26,675)	(26,675)
At end of the financial period	52,255	256,368	109,658	418,281

Economic Entity and The Bank	ECL	Lifetime ECL	Lifetime ECL	Total
		not credit	credit	
31/12/2023	Stage 1	impaired	impaired	RM'000
	RM'000	Stage 2	Stage 3	RM'000
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
At end of the financial year	52,663	294,440	82,275	429,378

18 OTHER ASSETS

	Economic Entity and The Bank	
	30/06/2024	31/12/2023
	RM'000	RM'000
Other debtors	63,558	64,070
Deposits and prepayments	61,330	40,141
Cheque clearing accounts	236	17,920
Foreclosed properties (i)	13,415	13,415
	<u>138,539</u>	<u>135,546</u>
Less: ECL	(9,884)	-
	<u>128,655</u>	<u>135,546</u>

(i) Foreclosed properties

At beginning of the financial period/year	13,415	15,465
Disposal	-	(2,050)
At end of the financial period/year	<u>13,415</u>	<u>13,415</u>

(ii) Movement in ECL

At beginning of the financial period/year	-	-
Allowance made	9,884	-
At end of the financial period/year	<u>9,884</u>	<u>-</u>

19 AMOUNT DUE FROM JOINT VENTURES

	Economic Entity and The Bank	
	30/06/2024	31/12/2023
	RM'000	RM'000
Advances to joint ventures	55,221	52,499
Less: Expected credit losses	(52,499)	(52,467)
	<u>2,722</u>	<u>32</u>
Movements in expected credit losses		
At beginning of the financial period/year	52,467	47,818
Charge during the financial period/year	32	4,649
At end of the financial period/year	<u>52,499</u>	<u>52,467</u>

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

20 DEPOSITS FROM CUSTOMERS

	Economic Entity and The Bank	
	30/06/2024	31/12/2023
	RM'000	RM'000
(i) <u>By type of deposit</u>		
Qard		
Demand deposits	5,418,256	5,181,358
Savings deposits	838,369	809,322
	<u>6,256,625</u>	<u>5,990,680</u>
Mudarabah		
General investment deposits	<u>27,984</u>	<u>28,557</u>
Tawarruq		
Murabahah term deposits	16,393,282	16,371,873
Commodity Murabahah	648,383	601,655
Savings deposits	629,689	1,111,106
Demand deposit	1,147,112	1,256,676
	<u>18,818,466</u>	<u>19,341,310</u>
	<u>25,103,075</u>	<u>25,360,547</u>
(ii) <u>By maturity structure of Murabahah term deposits and general investment deposits</u>		
Due within six months	11,270,883	11,686,469
Six months to one year	5,122,707	4,623,008
One year to three years	27,349	65,769
Three years to five years	217	287
Five years and above	110	24,897
	<u>16,421,266</u>	<u>16,400,430</u>
(iii) <u>By type of customer</u>		
Government and statutory bodies	8,160,955	7,926,155
Business enterprises	7,869,105	7,970,235
Individuals	8,218,318	8,627,880
Domestic banking institutions	1,116	966
Domestic non-banking financial institutions	347,495	297,112
Foreign entities	147,743	129,234
Others entities	358,343	408,965
	<u>25,103,075</u>	<u>25,360,547</u>

21 INVESTMENT ACCOUNTS OF CUSTOMERS

	Economic Entity and The Bank	
	30/06/2024	31/12/2023
	RM'000	RM'000
(i) <u>By type of deposit</u>		
Mudarabah	95	359
(ii) <u>By type of customer</u>		
Individuals	40	169
Other entities	55	190
	95	359
(iii) <u>By contract</u>		
Business Term Financing	95	359
(iv) <u>Movements in investment accounts</u>		
At beginning of the financial period/year	359	859
Redemption during the period	(262)	(497)
Finance expense on RIA	3	23
Profit distributed	(5)	(26)
At end of the financial period/year	95	359

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

	Economic Entity and The Bank			
	30/06/2024		31/12/2023	
	Average profit sharing ratio ('PSR') %	Average rate of return ('ROR') %	Average profit sharing ratio ('PSR') %	Average rate of return ('ROR') %
<u>Due within:</u>				
One year to three years	85	5.56	85	5.58

22 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Economic Entity and The Bank	
	30/06/2024	31/12/2023
	RM'000	RM'000
Tawarruq		
Licensed banks	674,603	887,741
Licensed investment banks	-	187,834
Other financial institutions	4,383,068	3,096,604
	5,057,671	4,172,179
Maturity structure of deposits		
Due within six months	5,057,671	4,170,678
Six months to one year	-	1,501
	5,057,671	4,172,179

23 INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTIONS

	Economic Entity and The Bank	
	30/06/2024	31/12/2023
	RM'000	RM'000
Mudarabah		
Licensed banks	3,335,798	3,579,578
	Economic Entity and The Bank	
	30/06/2024	31/12/2023
	RM'000	RM'000
Movements in investment accounts		
At beginning of the financial period/year	3,579,578	2,720,263
New placement	69,137	1,368,323
Redemption	(339,962)	(479,063)
Finance expense on RIA	113,745	150,703
Profit distributed	(82,219)	(147,419)
Exchange differences	(4,481)	(33,229)
At end of the financial period/year	3,335,798	3,579,578

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

	Economic Entity and The Bank			
	30/06/2024		31/12/2023	
	Average PSR %	Average rate ROR %	Average PSR %	Average ROR %
<u>Due within:</u>				
One month	85	0.68	89	4.88
One to three months	83	5.23	-	-
Three to six months	90	1.74	-	-
Six months to one year	93	4.46	88	5.34
One year to three years	90	3.12	92	4.65
Three years to five years	81	2.12	94	5.28
Five years and above	85	1.49	91	3.99

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 RM3,335.8 million (31 December 2023: RM3,579.6 million). These investments are used to fund certain specific financing. The RIA is a contract based on the Mudarabah principle between two parties to finance a financing where the investor (i.e. 'AFFIN Bank Berhad') solely provides capital and the business venture is managed solely by the 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.

24 OTHER LIABILITIES

	Economic Entity and The Bank	
	30/06/2024	31/12/2023
	RM'000	RM'000
Bank Negara Malaysia and Credit Guarantee Corporation Funding programmes	17,792	16,802
Margin and collateral deposits	29,942	20,338
Other creditors and accruals	49,285	48,676
Sundry creditors	239,361	126,607
Provision for zakat	4,220	4,472
Defined contribution plan (i)	1,570	1,784
Accrued employee benefits	1,918	3,318
Charity funds (ii)	64	16
Unearned income	5,181	90,188
Expected credit losses: Financing commitments and financial kafalah (iii)	6,189	6,987
	355,522	319,188

(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	
	30/06/2024	31/12/2023
	RM'000	RM'000
(ii) Charity funds		
<u>Sources and uses of charity funds</u>		
At beginning of the financial period/year	16	24
Sources of charity funds		
- Non-Islamic/prohibited income	46	-
- AFFIN Barakah Charity Account-i	2	7
<u>Uses of charity funds</u>		
- Contribution to program/event	-	(15)
At end of the financial period/year	64	16

The source of charity funds were from the following categories:

- Sources from Shariah non-compliant events.
- AFFIN Barakah Charity Account-i refers to a savings account with element of "Save and Donate" by transferring the earned Hibah* to charity with the flexibility to change the percentage of contribution agreed by the depositor.
(*Hibah refers to the historical Hibah paid to the depositor at the Bank's discretion).
- Any other charity allocation by the Bank or funds collected from customers/depositors.

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

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

	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	
Economic Entity and the Bank				
30/06/2024				
At beginning of the financial year	4,357	1,787	843	6,987
Net remeasurement of loss allowance	(1,401)	(902)	90	(2,213)
New financing commitments/financial kafalah	1,039	376	-	1,415
At end of the financial period	3,995	1,261	933	6,189
Economic Entity and the Bank				
31/12/2023				
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 and financial kafalah	3,652	479	-	4,131
Financing commitment/financial kafalah derecognised	(2,214)	(1,421)	(348)	(3,983)
At end of the financial year	4,357	1,787	843	6,987

25 LEASE LIABILITIES

	Economic Entity and The Bank	
	30/06/2024	31/12/2023
	RM'000	RM'000
At beginning of financial period/year	271	573
Finance expense	4	15
Lease payment	(60)	(317)
At end of the financial period/year	215	271

26 SUBORDINATED AND SENIOR SUKUK

	Economic Entity and The Bank	
	30/06/2024	31/12/2023
	RM'000	RM'000
Medium Term Notes Tier-2 Sukuk Murabahah ('MTN Tier-2 Sukuk Murabahah') (a)	505,113	505,113
Additional Tier-1 Sukuk Wakalah ('AT1S') (b)	505,808	505,808
Senior Sukuk (c)	1,352,849	1,352,849
	2,363,770	2,363,770

- (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	
	30/06/2024	31/12/2023	30/06/2024	31/12/2023
	RM'000	RM'000	RM'000	RM'000
Retained profits	1,438,625	1,375,320	1,438,625	1,375,320
FVOCI revaluation reserves (a)	6,443	11,452	6,443	11,452
Regulatory reserves (b)	92,468	46,469	92,468	46,469
Other reserves (c)	482	214	482	214
	1,538,018	1,433,455	1,538,018	1,433,455

- (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		Cumulative Quarter Ended	
	30/06/2024	30/06/2023	30/06/2024	30/06/2023
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	398,667	371,188	801,019	703,257
Income derived from investment of investment account funds	46,695	39,865	95,967	78,563
Income derived from investment of shareholders' funds	38,152	32,351	76,306	63,848
Income attributable to depositors and others	(275,502)	(260,636)	(551,416)	(475,350)
Income attributable to investment account holders	(42,863)	(37,117)	(86,314)	(70,871)
	165,149	145,651	335,562	299,447

29 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	
	30/06/2024	30/06/2023	30/06/2024	30/06/2023
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
- General investment deposits (i)	247,666	229,195	494,710	435,809
- Other deposits (ii)	151,001	141,993	306,309	267,448
	398,667	371,188	801,019	703,257

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 30/06/2024 RM'000	30/06/2023 RM'000	Cumulative Quarter Ended 30/06/2024 RM'000	30/06/2023 RM'000
Finance income and hibah				
Financing and other financing	192,711	173,075	377,655	337,013
Financial investments at FVOCI	12,522	1,574	22,888	2,084
Financial investments at AC	22,284	23,501	44,384	46,699
Money at call and deposit placements with financial institution	8,796	14,921	21,959	22,317
	<u>236,313</u>	<u>213,071</u>	<u>466,886</u>	<u>408,113</u>
Accretion of discount less amortisation of premium	(2,942)	(3,543)	(5,975)	(6,952)
Total finance income and hibah	<u>233,371</u>	<u>209,528</u>	<u>460,911</u>	<u>401,161</u>
Other operating income				
Fee income:				
Commission	3,395	2,349	6,676	4,676
Service charges and fees	1,592	1,314	3,063	2,667
Kafalah fees	578	843	1,324	1,501
	<u>5,565</u>	<u>4,506</u>	<u>11,063</u>	<u>8,844</u>
Fee and comission paid	(14)	(5)	(47)	(9)
Income from financial instruments:				
Gain arising on financial assets at FVTPL				
- net gain on disposal	99	1,455	99	2,165
- unrealised gain	208	-	208	-
- finance income	245	85	1,362	85
Net gain on revaluation of derivative	636	411	3,431	411
Gain on sale of financial investments at FVOCI	315	117	1,041	122
Gain arising from redemption of financial investments at AC	-	-	-	32
Unrealised gain on fair value changes arising from fair value hedges	942	-	1,322	-
	<u>2,445</u>	<u>2,068</u>	<u>7,463</u>	<u>2,815</u>
Other income:				
Foreign exchange profit/(loss)				
- realised	4,791	677	8,918	(9,829)
- unrealised	(353)	8,565	867	23,974
Other non-operating income	1,861	3,856	5,535	8,853
	<u>6,299</u>	<u>13,098</u>	<u>15,320</u>	<u>22,998</u>
Total income derived from investment of general investment deposits	<u>247,666</u>	<u>229,195</u>	<u>494,710</u>	<u>435,809</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 30/06/2024 RM'000	30/06/2023 RM'000	Cumulative Quarter Ended 30/06/2024 RM'000	30/06/2023 RM'000
Finance income and hibah				
Financing and other financing	117,565	107,277	233,833	206,820
Financial investments at FVOCI	7,655	969	14,171	1,279
Financial investments at AC	13,587	14,572	27,481	28,658
Money at call and deposit placements with financial institution	5,321	9,204	13,596	13,695
	<u>144,128</u>	<u>132,022</u>	<u>289,081</u>	<u>250,452</u>
Accretion of discount less amortisation of premium	(1,793)	(2,196)	(3,700)	(4,266)
Total finance income and hibah	<u>142,335</u>	<u>129,826</u>	<u>285,381</u>	<u>246,186</u>
Other operating income				
Fee income:				
Commission	2,071	1,456	4,133	2,869
Service charges and fees	972	815	1,897	1,637
Kafalah fees	351	522	820	921
	<u>3,394</u>	<u>2,793</u>	<u>6,850</u>	<u>5,427</u>
Fee and comission paid	(8)	(3)	(29)	(5)
Income from financial instruments:				
Gain arising on financial assets at FVTPL				
- net gain on disposal	(642)	898	61	1,329
- unrealised gain	129	-	129	-
- finance income	843	24	843	52
Net gain on revaluation of derivative	367	252	2,124	252
Gain on sale of financial investments at FVOCI	188	72	645	75
Gain arising from redemption of financial investments at AC	-	-	-	19
Unrealised gain on fair value changes arising from fair value hedges	580	-	819	-
	<u>1,465</u>	<u>1,246</u>	<u>4,621</u>	<u>1,727</u>
Other income:				
Foreign exchange profit/(loss)				
- realised	2,928	347	5,522	(6,032)
- unrealised	(230)	5,357	537	14,713
Other non-operating income	1,117	2,427	3,427	5,432
	<u>3,815</u>	<u>8,131</u>	<u>9,486</u>	<u>14,113</u>
Total income derived from investment of other deposits	<u>151,001</u>	<u>141,993</u>	<u>306,309</u>	<u>267,448</u>

30 INCOME DERIVED FROM INVESTMENT OF INVESTMENT ACCOUNT

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/06/2024 RM'000	30/06/2023 RM'000	30/06/2024 RM'000	30/06/2023 RM'000
Finance income and hibah				
Financing and other financing	36,374	30,048	73,260	60,753
Financial investments at FVOCI	2,373	280	4,440	376
Financial investments at AC	4,202	4,073	8,610	8,418
Money at call and deposit placements with financial institution	1,635	2,638	4,260	4,023
	44,584	37,039	90,570	73,570
Accretion of discount less amortisation of premium	(554)	(615)	(1,159)	(1,253)
Total finance income and hibah	44,030	36,424	89,411	72,317
Other operating income				
Fee income:				
Commission	641	407	1,295	843
Service charges and fees	301	228	594	481
Kafalah fees	108	148	257	271
	1,050	783	2,146	1,595
Fee and comission paid	(2)	(1)	(9)	(2)
Income from financial instruments:				
Gain arising on financial assets at FVTPL				
- net gain on disposal	(204)	257	19	390
- unrealised gain	40	-	40	-
- finance income	264	6	264	15
Net gain on revaluation of derivative	109	75	666	75
Gain on sale of financial investments at FVOCI	57	21	202	22
Gain arising from redemption of financial investments at AC	-	-	-	6
Unrealised gain on fair value changes arising from fair value hedges	180	-	256	-
	446	359	1,447	508
Other income:				
Foreign exchange profit/(loss)				
- realised	907	196	1,730	(1,772)
- unrealised	(75)	1,436	168	4,322
Other non-operating income	339	668	1,074	1,595
	1,171	2,300	2,972	4,145
Total income derived from investment of investment account	46,695	39,865	95,967	78,563

31 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/06/2024 RM'000	30/06/2023 RM'000	30/06/2024 RM'000	30/06/2023 RM'000
Finance income and hibah				
Financing and other financing	29,688	24,382	58,251	49,374
Financial investments at FVOCI	1,929	227	3,530	305
Financial investments at AC	3,433	3,306	6,846	6,842
Money at call and deposit placements with financial institution	1,354	2,142	3,387	3,269
	36,404	30,057	72,014	59,790
Accretion of discount less amortisation of premium	(455)	(498)	(923)	(1,018)
Total finance income and hibah	35,949	29,559	71,091	58,772
Other operating income				
Fee income:				
Commission	523	330	1,030	685
Service charges and fees	246	185	473	391
Kafalah fees	89	120	204	220
	858	635	1,707	1,296
Fee and comission paid	(2)	-	(7)	(1)
Income from financial instruments:				
Gain arising on financial assets at FVTPL				
- net gain on disposal	(158)	209	15	317
- unrealised gain	32	-	32	-
- finance income	210	5	210	12
Net gain on revaluation of derivative	97	-	529	-
Gain on sale of financial investments at FVOCI	49	17	161	18
Gain arising from redemption of financial investments at AC	-	-	-	5
Unrealised gain on fair value changes arising from fair value hedges	204	-	204	-
	434	231	1,151	352
Other income:				
Foreign exchange profit/(loss)				
- realised	739	162	1,376	(1,440)
- unrealised	(54)	1,163	134	3,512
Other non-operating income	228	601	854	1,357
	913	1,926	2,364	3,429
Total income derived from investment of shareholders' fund	38,152	32,351	76,306	63,848

32 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	
	30/06/2024	30/06/2023	30/06/2024	30/06/2023
	RM'000	RM'000	RM'000	RM'000
Expected credit loss (written-back)/made on:				
- financing and other financing	26,455	24,638	12,154	34,775
- securities	(420)	138	(1,577)	(89)
- financing commitments and financial kafalah	(611)	(200)	(797)	(205)
Impaired financing				
- recovered	(1,984)	(1,218)	(4,916)	(3,244)
- written-off	3,146	1,108	5,538	1,081
	<u>26,586</u>	<u>24,466</u>	<u>10,402</u>	<u>32,318</u>

33 ALLOWANCES FOR IMPAIRMENT LOSSES ON OTHER ASSETS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/06/2024	30/06/2023	30/06/2024	30/06/2023
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment made on:				
- amount due from joint ventures	-	-	32	-

34 INCOME ATTRIBUTABLE TO THE DEPOSITORS AND OTHERS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/06/2024	30/06/2023	30/06/2024	30/06/2023
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- mudarabah	201	217	369	424
- non-mudarabah	196,527	218,303	401,908	396,075
Deposits and placements of banks and other financial institutions				
- mudarabah	38,962	8,493	72,226	20,852
Finance - Subordinated and Senior Sukuk	27,217	23,173	54,433	46,181
Financing sold to Cagamas	12,590	10,431	22,467	11,799
Others	5	19	13	19
	<u>275,502</u>	<u>260,636</u>	<u>551,416</u>	<u>475,350</u>

35 INCOME ATTRIBUTABLE TO THE INVESTMENT ACCOUNT HOLDERS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/06/2024	30/06/2023	30/06/2024	30/06/2023
	RM'000	RM'000	RM'000	RM'000
Restricted investment account - Mudarabah	42,863	37,117	86,314	70,871

36 OTHER OPERATING EXPENSES

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended 30/06/2024 RM'000	30/06/2023 RM'000	Cumulative Quarter Ended 30/06/2024 RM'000	30/06/2023 RM'000
<u>Personnel costs</u>				
Wages, salaries and bonuses	46,853	33,165	93,701	67,520
Defined contribution plan ('EPF')	8,063	5,577	16,120	11,252
Other personnel costs	2,433	7,122	2,996	11,477
	57,349	45,864	112,817	90,249
<u>Establishment costs</u>				
Equipment rental	153	226	306	451
Repair and maintenance	14,437	4,378	28,834	12,413
Depreciation of property and equipment	(4,755)	69	68	139
Depreciation of right-of-use assets	(2,652)	77	52	154
Amortisation of intangible assets	(1,901)	32	84	74
IT consultancy fees	-	91	-	181
Dataline rental	2,457	2,237	4,889	4,472
Security services	1,525	1,051	3,088	2,121
Electricity, water and sewerage	1,231	731	2,504	1,444
Licence fees	76	49	152	98
Takaful and indemnities	1,652	1,769	3,703	3,505
Other establishment costs	10,186	5,524	3,292	7,019
	22,409	16,234	46,972	32,071
<u>Marketing expenses</u>				
Business promotion and advertisement	158	1	467	124
Entertainment	14	303	33	604
Travelling and accommodation	311	222	628	456
Brokerage expenses	371	-	926	597
Other marketing expenses	1,217	127	2,033	514
	2,071	653	4,087	2,295
<u>Administration and general expenses</u>				
Telecommunication expenses	439	231	734	456
Auditors' remuneration	92	84	185	168
Professional fees	6,504	1,643	7,448	3,257
Property and equipment written-off	4	8	7	16
Mail and courier charges	301	261	610	528
Stationery and consumables	1,661	846	3,667	1,717
Directors' fees and allowances	557	759	1,112	759
Shariah fees	107	110	240	201
Donations	37	135	61	162
Settlement, clearing and bank charges	1,093	849	2,019	1,592
Stamp duties	7	398	14	-
Other administration and general expenses	(5,588)	(304)	(4,987)	205
	5,214	5,020	11,110	9,061
Total other operating expenses	87,043	67,771	174,986	133,676

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 period.

	Individual Quarter Ended		Cumulative Quarter Ended	
	30/06/2024	30/06/2023	30/06/2024	30/06/2023
Economic Entity and The Bank				
Net profit attributable to ordinary equity holders (RM'000)	36,024	39,132	109,304	98,954
Weighted average number of shares in issue ('000)	1,148,382	1,210,000	1,148,382	1,210,000
Basic/Diluted earnings per share (sen)	<u>3.14</u>	<u>3.23</u>	<u>9.52</u>	<u>8.18</u>

There were no dilutive potential ordinary shares outstanding as at 30 June 2024.

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	
	30/06/2024 RM'000	31/12/2023 RM'000
Direct credit substitutes - financial kafalah contracts	156,113	158,092
Transaction-related contingent items	335,832	480,714
Short-term self-liquidating trade related contingencies	3,889,610	4,520,054
Irrevocable commitments to extend credit:		
- maturity less than one year	3,222,908	2,876,523
- maturity more than one year	806,693	855,076
Unutilised credit card lines	317,011	283,292
Foreign exchange related contracts #		
- less than one year	2,334,276	1,009,326
Profit rate related contracts #		
- one year to less than five years	1,430,936	1,096,670
- more than five year	117,224	117,225
	<u>12,610,603</u>	<u>11,396,972</u>

The fair value of these derivatives have been recognised as 'derivative financial instruments' in the statement of financial position.

39 FAIR VALUE MEASUREMENTS

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

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

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

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

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

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include actively traded listed equities and actively exchange-traded derivatives.

Where fair value is determined using quoted market price in less active markets or unquoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Bank then determines fair value based upon valuation techniques that uses inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). Such inputs are generally determined based on observable inputs of a similar nature, historical observations on the level of the input or other analytical techniques.

This category includes unquoted shares held for socio-economic reasons. Fair values for shares held for socio economic reasons are based on the net tangible assets of the affected companies. The Bank's exposure to financial instruments classified as Level 3 comprised a small number of financial instruments which constitute an insignificant component of the Bank's portfolio of financial instruments. Hence, changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

The Bank recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. Transfers between fair value hierarchy primarily due to change in the level of trading activity, change in observable market activity related to an input, reassessment of available pricing information and change in the significance of the unobservable input. There were no transfers between Level 1, 2 and 3 of the fair value hierarchy during the financial period (2023: 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
Economic Entity and The Bank				
30/06/2024				
<u>Financial Assets</u>				
Financial assets at FVTPL				
- Money market instruments	-	61,623	-	61,623
- Unquoted shares	-	9,884	-	9,884
- Corporate Sukuk	-	62,205	-	62,205
	-	133,712	-	133,712
Derivative financial instruments	-	16,843	-	16,843
Financial investments at FVOCI				
- Money market instruments	-	1,117,272	-	1,117,272
- Corporate Sukuk	-	1,699,659	-	1,699,659
	-	2,816,931	-	2,816,931
Total	-	2,967,486	-	2,967,486
<u>Financial Liabilities</u>				
Derivative financial instruments	-	14,704	-	14,704
Total	-	14,704	-	14,704

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Economic Entity and The Bank				
31/12/2023				
<u>Financial Assets</u>				
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
Total	-	1,693,189	-	1,693,189
<u>Financial Liabilities</u>				
Derivative financial instruments	-	23,539	-	23,539
Total	-	23,539	-	23,539

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 CREDIT EXPOSURES ARISING FROM CREDIT TRANSACTIONS WITH CONNECTED PARTIES

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

	The Bank	
	30/06/2024	31/12/2023
(i) The aggregate value of outstanding credit exposures with connected parties (RM'000)	1,217,838	1,106,460
(ii) The percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	2.60%	2.49%
(iii) The percentage of outstanding credit exposures with connected parties which is impaired or in default	Nil	Nil

41 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 quarter ended 30 June 2024.

The Bank has opted to apply BNM's transitional arrangements for the financial years spanning from 1 January 2020 to 31 December 2023. Under this transitional arrangement, financial institutions are permitted to add-back the amount of loss allowance measured at an amount equal to 12-month ECL and Lifetime ECL to the extent they are ascribed to non-credit impaired exposures (which is Stage 1 and Stage 2 provisions) to their CET 1 capital. This strategic move aligns with the ongoing shift toward sustainable financial practices and prudent capital management. For the financial year beginning 1 January 2024, this transitional arrangements is no longer applicable.

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

	Economic Entity		The Bank	
	30/06/2024 RM'000	31/12/2023 RM'000	30/06/2024 RM'000	31/12/2023 RM'000
<u>CET 1</u>				
Paid-up share capital	1,310,000	1,210,000	1,310,000	1,210,000
Retained profits	1,329,321	1,375,320	1,329,321	1,375,320
Other Reserves	482	214	482	214
Unrealised gains on FVOCI instruments	6,443	11,452	6,443	11,452
	2,646,246	2,596,986	2,646,246	2,596,986
Less Regulatory adjustments:				
- Intangible assets	(1,056)	(863)	(1,056)	(863)
- Deferred tax assets	(35,351)	(39,040)	(35,351)	(39,040)
- 55% Cumulative unrealised gains on FVOCI	(3,544)	(6,299)	(3,544)	(6,299)
- Other CET 1 transitional adjustment	-	138,827	-	138,827
Total CET 1 Capital	2,606,295	2,689,611	2,606,295	2,689,611
Additional Tier 1 capital	500,000	500,000	500,000	500,000
Total Tier 1 capital	3,106,295	3,189,611	3,106,295	3,189,611
<u>Tier 2 capital</u>				
Subordinated and Senior Sukuk	500,000	500,000	500,000	500,000
Expected loss provision #	268,087	212,507	268,087	212,507
Total Tier 2 capital	768,087	712,507	768,087	712,507
Total Capital	3,874,382	3,902,118	3,874,382	3,902,118
ii) The breakdown of risk-weighted assets:				
Credit risk	21,446,931	19,846,357	21,446,931	19,846,357
Market risk	140,383	123,659	140,383	123,659
Operational risk	1,205,013	1,152,829	1,205,013	1,152,829
Total risk-weighted assets	22,792,327	21,122,845	22,792,327	21,122,845
iii) Capital adequacy ratios:				
<u>With transitional arrangements</u>				
CET 1 capital ratio	*N/A	12.733%	*N/A	12.733%
Tier 1 capital ratio	*N/A	15.100%	*N/A	15.100%
Total capital ratio	*N/A	18.473%	*N/A	18.473%
<u>Without transitional arrangements</u>				
CET 1 capital ratio	11.435%	12.076%	11.435%	12.076%
Tier 1 capital ratio	13.629%	14.443%	13.629%	14.443%
Total capital ratio	16.999%	17.985%	16.999%	17.985%

Qualifying loss provisions are restricted to allowances on the unimpaired portion of the financing and other financing.

* N/A - Not applicable since the transitional arrangement has ended on 31 December 2023.

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 June 2024, RIA assets excluded from Total Capital Ratio calculation amounted to RM3,341.1 million (31 December 2023: RM3,572.1 million)

42 REVIEW OF PERFORMANCE OF THE BANK

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

For the 6 months ended 30 June 2024, the Bank has recorded a Profit Before Tax (PBT) of RM148.8 million. This represents an increase of 12.0%, or RM15.9 million, in comparison to the PBT of RM132.8 million reported in the previous corresponding period. The growth in PBT is principally attributable to an increase in net financing income by RM36.1 million and a reduction in allowances for impairment losses by RM21.9 million. However, this was partially offset by increase in overhead expenses amounting to RM41.3 million.

For the six-month period ended 30 June 2024, the Bank's net financing income increase to RM335.6 million from the RM299.4 million recorded in the corresponding period last year due to substantial growth in Gross Financing.

Overhead expenses registered an increase of RM41.3 million or 30.9% to RM175.0 million as compared to RM133.7 million in the previous corresponding period mainly due to higher personnel cost and establishment expenses by RM22.6 million and RM14.9 million respectively.

CET 1 Capital Ratio, Tier 1 Capital Ratio and Total Capital Ratio were 11.4%, 13.6% and 17.0% respectively as at 30 June 2024.

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

The Bank recorded a PBT of RM50.2 million for the current quarter ended 30 June 2024, a slight decrease of RM2.6 million as compared to RM52.8 million in the corresponding quarter last year due to increase in overhead expenses by RM19.3 million as well as an increase in allowance for impairment losses by RM2.1 million. However, these were partially mitigated by a growth in net financing income by RM19.5 million.

In the quarter ended 30 June 2024, the Bank's net financing and other income recorded an increase to RM165.1 million, as compared to RM145.7 million in the quarter ended on 30 June 2023. This increase was primarily contributed by a substantial growth in Gross Financing.

In the quarter ended 30 June 2024, the Bank's overhead expenses of RM87.0 million represents an increase of 28.4% to RM19.3 million as compared to RM67.8 million registered in the previous year's corresponding quarter. The increment is largely attributable to an increase in personnel costs by RM11.5 million, establishment expenses by RM6.2 million, and marketing expenses by RM1.0 million.

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

For the current financial quarter ended on 30 June 2024, the Bank recorded a PBT of RM50.2 million, a decrease of RM48.4 million from RM98.6 million reported in the preceding quarter ended 31 March 2024. This quarter's lower PBT is primarily due to lower net financing income by RM5.6 million coupled with higher allowances for impairment losses by RM26.6 million as compared to a write-back of RM16.2 million in the first quarter of 2024.

43 ECONOMIC AND BUSINESS OUTLOOK FOR 2024

The International Monetary Fund (IMF) and World Bank have updated their 2024 global growth forecasts to 3.2% (up from 3.1%) and 2.6% (up from 2.4%), respectively, due to easing global inflation and a rebound in demand. Although global growth risks persist, the growth outlook is now more balanced compared to earlier this year. It is anticipated that global growth will stabilize in 2024. Malaysia's economy outperformed expectations, growing by 5.8% in Q2 of 2024, bolstered by both domestic consumption and exports. This growth trajectory is likely to continue, propelled by increased trade and manufacturing activities, along with robust private consumption growth supported by a stable unemployment rate of 3.3% and strong job creation.

The domestic banking sector's outlook for 2024 is positive, with expectations of moderate loan and financing growth and stable asset quality. Deposit competition may decrease in the second half of the year, and Malaysian banks are expected to maintain sufficient liquidity reserves and solid capital adequacy ratios.

The Bank remains committed to three key strategic priorities: Unrivalled Customer Service, Digital Leadership, and Responsible Banking with Impact. These priorities include enhancing operational efficiency, expanding digital capabilities, and strengthening customer engagement. We expect moderate loan growth in 2024 due to global geopolitical tensions and elevated inflation. The Bank continues to strengthen its retail banking and SME business under Community Banking and Enterprise Banking, respectively, through new segments, products, and business networks. The Bank aims to optimize its cost structure while delivering innovative solutions to meet evolving customer needs. Additionally, the Bank closely monitors market dynamics, adapting its strategies to capitalize on growth opportunities while maintaining prudent risk management practices. If the Federal Reserve should cut interest rates in the second half of 2024, the Bank's performance will turn more favorable on the back of lower cost of deposits.