

AFFIN BANK BERHAD
Company no. 197501003274 (25046-T)
Condensed Interim Financial Statements
Unaudited Statements of Financial Position as at 31 March 2021

	Note	GROUP		BANK	
		31/3/2021 RM'000	31/12/2020 RM'000	31/3/2021 RM'000	31/12/2020 RM'000
ASSETS					
Cash and short-term funds		6,042,970	5,461,365	1,421,876	1,887,584
Deposits and placements with banks and other financial institutions		-	50,058	-	-
Investment accounts due from designated financial institutions		-	-	1,749,234	1,743,308
Financial assets at fair value through profit or loss ("FVTPL")	A9	913,762	698,266	310,117	227,923
Derivative financial assets	A30	294,379	388,294	145,284	231,182
Financial investments at fair value through other comprehensive income ("FVOCI")	A10	12,632,431	13,034,053	7,432,822	6,587,330
Financial investments at amortised cost ("AC")	A11	265,807	143,037	496,841	361,708
Loans, advances and financing	A12	46,181,438	45,492,878	25,320,913	25,165,425
Trade receivables	A13	986,101	920,417	-	-
Other assets	A14	327,695	269,620	141,831	141,481
Amount due from subsidiaries		-	-	227,125	299,864
Amount due from joint ventures		15,591	15,073	-	-
Amount due from associates		30,878	30,885	30,878	30,885
Tax recoverable		123,935	101,675	101,418	89,480
Deferred tax assets		240,824	113,521	116,803	54,607
Statutory deposits with Bank Negara Malaysia		70,552	103,267	62,351	84,267
Investment in subsidiaries		-	-	3,053,899	3,053,899
Investment in joint ventures		180,814	180,398	194,240	194,240
Investment in associates		699,395	715,716	548,482	548,482
Property and equipment		898,792	832,381	872,346	805,142
Right-of-use assets		75,032	81,870	58,938	62,875
Intangible assets		897,269	903,750	196,814	202,212
TOTAL ASSETS		70,877,665	69,536,524	42,482,212	41,771,894
LIABILITIES AND EQUITY					
Deposits from customers	B7	50,643,079	49,884,360	28,125,430	27,407,977
Investment accounts of customers		1,878	2,151	-	-
Deposits and placements of banks and other financial institutions	B7	4,336,797	3,720,360	2,597,898	2,407,852
Derivative financial liabilities	A30	286,608	389,819	146,553	228,089
Bills and acceptances payable		34,666	67,010	34,666	67,010
Recourse obligation on loans/financing sold to Cagamas Berhad	A15	50,341	50,034	-	-
Trade payables		1,262,146	921,392	-	-
Lease liabilities	B7	46,150	50,528	30,025	31,842
Other liabilities	A16	1,582,237	1,460,716	638,637	550,162
Amount due to subsidiaries		-	-	2,307	2,229
Provision for taxation		5,993	6,240	-	-
Deferred tax liabilities		1,183	1,363	-	-
Borrowings	B7	3,312,147	3,345,455	2,513,989	2,548,241
TOTAL LIABILITIES		61,563,225	59,899,428	34,089,505	33,243,402

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2020.

AFFIN BANK BERHAD
Company no. 197501003274 (25046-T)
Condensed Interim Financial Statements
Unaudited Statements of Financial Position as at 31 March 2021

	Note	GROUP		BANK	
		31/3/2021 RM'000	31/12/2020 RM'000	31/3/2021 RM'000	31/12/2020 RM'000
EQUITY					
Share capital		4,902,300	4,902,300	4,902,300	4,902,300
Reserves:-					
FVOCI revaluation reserves	A17	(121,408)	266,412	12,994	183,078
Regulatory reserves	A17	722,935	781,679	614,103	643,613
Foreign exchange reserves	A17	(205)	(205)	-	-
Other reserves	A17	(65,909)	(65,909)	-	-
Retained profits	A17	3,809,915	3,682,234	2,863,310	2,799,501
Equity attributable to equity holders of the Bank		9,247,628	9,566,511	8,392,707	8,528,492
Non-controlling interest		66,812	70,585	-	-
TOTAL EQUITY		9,314,440	9,637,096	8,392,707	8,528,492
TOTAL LIABILITIES AND EQUITY		70,877,665	69,536,524	42,482,212	41,771,894
COMMITMENTS AND CONTINGENCIES	A29	43,869,919	36,250,193	24,089,085	20,209,442
CAPITAL ADEQUACY RATIOS	A33				
<u>With transitional arrangements</u>					
CET 1 capital ratio		13.837%	14.549%	12.671%	13.112%
Tier 1 capital ratio		15.578%	16.320%	14.381%	14.841%
Total capital ratio		21.309%	22.274%	20.639%	21.305%
CET 1 capital ratio (net of proposed dividends)		13.806%	14.517%	12.621%	13.061%
Tier 1 capital ratio (net of proposed dividends)		15.547%	16.288%	14.331%	14.790%
Total capital ratio (net of proposed dividends)		21.278%	22.242%	20.589%	21.254%
Net assets per share attributable to equity holders of the Bank (RM)		4.45	4.60	4.04	4.10

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2020.

AFFIN BANK BERHAD
Company no. 197501003274 (25046-T)

Condensed Interim Financial Statements

Unaudited Income Statements for the Financial Quarter Ended 31 March 2021

GROUP	Note	Individual Quarter Ended		Cumulative Quarter Ended	
		31/3/2021	31/3/2020	31/3/2021	31/3/2020
		RM'000	RM'000	RM'000	RM'000
Interest income	A18	387,818	485,407	387,818	485,407
Interest expense	A19	(195,207)	(311,975)	(195,207)	(311,975)
Net interest income		192,611	173,432	192,611	173,432
Income from Islamic banking business		128,883	119,671	128,883	119,671
		321,494	293,103	321,494	293,103
Fee and commission income	A20 (a)	316,070	163,502	316,070	163,502
Fee and commission expense	A20 (b)	(154,381)	(47,238)	(154,381)	(47,238)
Net fee and commission income	A20	161,689	116,264	161,689	116,264
Net gains on financial instruments	A21	39,353	202,033	39,353	202,033
Other income	A22	15,093	13,396	15,093	13,396
Net income		537,629	624,796	537,629	624,796
Other operating expenses	A23	(340,462)	(326,470)	(340,462)	(326,470)
Operating profit before allowances		197,167	298,326	197,167	298,326
Allowances for credit impairment losses	A24	(93,792)	(117,093)	(93,792)	(117,093)
Allowances for impairment losses on other assets	A25	-	(1,015)	-	(1,015)
Operating profit		103,375	180,218	103,375	180,218
Share of results of a joint venture		2,828	(3,661)	2,828	(3,661)
Share of results of an associate		3,123	(65)	3,123	(65)
Profit before zakat and taxation		109,326	176,492	109,326	176,492
Zakat		(1,165)	(2,203)	(1,165)	(2,203)
Profit before taxation		108,161	174,289	108,161	174,289
Taxation	B5	(26,553)	(45,184)	(26,553)	(45,184)
Net profit after zakat and taxation		81,608	129,105	81,608	129,105
Attributable to :-					
Equity holders of the Bank		68,937	123,569	68,937	123,569
Non-controlling interest		12,671	5,536	12,671	5,536
		81,608	129,105	81,608	129,105
Earnings per share attributable to equity holders of the Bank (sen) :-					
Basic	B10	3.31	6.22	3.31	6.22
Diluted	B10	3.20	5.97	3.20	5.97

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2020.

AFFIN BANK BERHAD
Company no. 197501003274 (25046-T)
Condensed Interim Financial Statements
Unaudited Statements of Comprehensive Income
for the Financial Quarter Ended 31 March 2021

GROUP	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2021	31/3/2020	31/3/2021	31/3/2020
	RM'000	RM'000	RM'000	RM'000
Profit after zakat and taxation	81,608	129,105	81,608	129,105
Other comprehensive income:				
<u>Items that may be reclassified subsequently to profit or loss :</u>				
- Net fair value change in financial investments at FVOCI (debt instruments)	(511,496)	(132,300)	(511,496)	(132,300)
- Net credit impairment loss change in financial investments at FVOCI (debt instruments)	40,658	461	40,658	461
- Net gain on financial investments measured at FVOCI reclassified to profit or loss on disposal (debt instruments)	(23,532)	(227,732)	(23,532)	(227,732)
- Deferred tax on financial investments at FVOCI	128,406	86,407	128,406	86,407
- Share of other comprehensive loss of a joint venture	(2,412)	(4,999)	(2,412)	(4,999)
- Share of other comprehensive loss of an associate	(19,444)	(6,690)	(19,444)	(6,690)
<u>Items that may not be reclassified subsequently to profit or loss :</u>				
- Net fair value change in financial investments designated at FVOCI (equity instruments)	-	(88)	-	(88)
- Deferred tax on financial investments at FVOCI	-	21	-	21
Other comprehensive income for the financial period, net of tax	(387,820)	(284,920)	(387,820)	(284,920)
Total comprehensive income for the financial period	(306,212)	(155,815)	(306,212)	(155,815)
Total comprehensive income for the financial period attributable to :-				
Equity holders of the Bank	(318,883)	(161,351)	(318,883)	(161,351)
Non-controlling interest	12,671	5,536	12,671	5,536
	(306,212)	(155,815)	(306,212)	(155,815)

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2020.

AFFIN BANK BERHAD
Company no. 197501003274 (25046-T)

Condensed Interim Financial Statements

Unaudited Income Statements for the Financial Quarter Ended 31 March 2021

<u>BANK</u>	Note	Individual Quarter Ended		Cumulative Quarter Ended	
		31/3/2021	31/3/2020	31/3/2021	31/3/2020
		RM'000	RM'000	RM'000	RM'000
Interest income	A18	359,223	434,357	359,223	434,357
Interest expense	A19	(173,679)	(277,420)	(173,679)	(277,420)
Net interest income		185,544	156,937	185,544	156,937
Fee and commission income	A20 (a)	31,103	24,317	31,103	24,317
Fee and commission expense	A20 (b)	(1,163)	(1,780)	(1,163)	(1,780)
Net fee and commission income	A20	29,940	22,537	29,940	22,537
Net gains on financial instruments	A21	10,921	81,512	10,921	81,512
Other income	A22	44,496	12,481	44,496	12,481
Net income		270,901	273,467	270,901	273,467
Other operating expenses	A23	(173,719)	(170,326)	(173,719)	(170,326)
Operating profit before allowances		97,182	103,141	97,182	103,141
Allowances for credit impairment losses	A24	(58,663)	(71,195)	(58,663)	(71,195)
Profit before zakat and taxation		38,519	31,946	38,519	31,946
Zakat		-	-	-	-
Profit before taxation		38,519	31,946	38,519	31,946
Taxation	B5	(4,220)	(8,082)	(4,220)	(8,082)
Net profit after zakat and taxation		34,299	23,864	34,299	23,864
Earnings per share attributable to equity holders of the Bank (sen) :-					
Basic	B10	1.65	1.20	1.65	1.20
Diluted	B10	1.59	1.15	1.59	1.15

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AFFIN BANK BERHAD
Company no. 197501003274 (25046-T)
Condensed Interim Financial Statements
Unaudited Statements of Comprehensive Income
for the Financial Quarter Ended 31 March 2021

	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2021 RM'000	31/3/2020 RM'000	31/3/2021 RM'000	31/3/2020 RM'000
<u>BANK</u>				
Profit after zakat and taxation	34,299	23,864	34,299	23,864
Other comprehensive income:				
<u>Items that may be reclassified subsequently to profit or loss :</u>				
- Net fair value change in financial investments at FVOCI (debt instruments)	(265,868)	(79,744)	(265,868)	(79,744)
- Net credit impairment loss change in financial investments at FVOCI (debt instruments)	35,816	795	35,816	795
- Net gain on financial investments measured at FVOCI reclassified to profit or loss on disposal (debt instruments)	(5,053)	(95,277)	(5,053)	(95,277)
- Deferred tax on financial investments at FVOCI	65,021	42,005	65,021	42,005
Other comprehensive income for the financial period, net of tax	(170,084)	(132,221)	(170,084)	(132,221)
Total comprehensive income for the financial period	(135,785)	(108,357)	(135,785)	(108,357)

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2020.

AFFIN BANK BERHAD
Company no. 197501003274 (25046-T)
Unaudited Condensed Consolidated Statements Of Changes In Equity
for the Financial Quarter Ended 31 March 2021

<----- Attributable to Equity Holders of the Bank ----->

GROUP	Share capital	FVOCI revaluation reserves	Regulatory reserves	Foreign exchange reserves	Other reserves*	Retained profits	Total shareholders' equity	Non-controlling interest	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	4,902,300	266,412	781,679	(205)	(65,909)	3,682,234	9,566,511	70,585	9,637,096
Net profit for the financial period	-	-	-	-	-	68,937	68,937	12,671	81,608
Other comprehensive income (net of tax) :									
- Financial investments at FVOCI	-	(365,964)	-	-	-	-	(365,964)	-	(365,964)
- Share of other comprehensive loss of a joint venture	-	(2,412)	-	-	-	-	(2,412)	-	(2,412)
- Share of other comprehensive loss of an associate	-	(19,444)	-	-	-	-	(19,444)	-	(19,444)
Total comprehensive income	-	(387,820)	-	-	-	68,937	(318,883)	12,671	(306,212)
Transfer to regulatory reserves	-	-	(58,744)	-	-	58,744	-	-	-
Dividends	-	-	-	-	-	-	-	(16,444)	(16,444)
At 31 March 2021	4,902,300	(121,408)	722,935	(205)	(65,909)	3,809,915	9,247,628	66,812	9,314,440

* Other reserves represents corresponding debts arising from Group's obligation to purchase subsidiaries' shares held by non-controlling interest as discussed in Note 17 (c) (i) and (ii).

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2020.

AFFIN BANK BERHAD
Company no. 197501003274 (25046-T)
Unaudited Condensed Consolidated Statements Of Changes In Equity
for the Financial Quarter Ended 31 March 2021

<----- Attributable to Equity Holders of the Bank ----->

GROUP	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Foreign exchange reserves RM'000	Other reserves* RM'000	Retained profits RM'000	Total shareholders' equity RM'000	Non- controlling interest RM'000	Total equity RM'000
At 1 January 2020	4,774,772	250,661	732,539	135	(61,010)	3,640,073	9,337,170	59,423	9,396,593
Net profit for the financial period	-	-	-	-	-	123,569	123,569	5,536	129,105
Other comprehensive income (net of tax) :									
- Financial investments at FVOCI	-	(273,231)	-	-	-	-	(273,231)	-	(273,231)
- Share of other comprehensive loss of a joint venture	-	(4,999)	-	-	-	-	(4,999)	-	(4,999)
- Share of other comprehensive loss of an associate	-	(6,690)	-	-	-	-	(6,690)	-	(6,690)
Total comprehensive income	-	(284,920)	-	-	-	123,569	(161,351)	5,536	(155,815)
Transfer from regulatory reserves	-	-	(60,113)	-	-	60,113	-	-	-
At 31 March 2020	4,774,772	(34,259)	672,426	135	(61,010)	3,823,755	9,175,819	64,959	9,240,778

* Other reserves represents corresponding debts arising from Group's obligation to purchase subsidiaries' shares held by non-controlling interest as discussed in Note 17 (c) (i) and (ii).

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2020.

AFFIN BANK BERHAD
 Company no. 197501003274 (25046-T)
Unaudited Condensed Consolidated Statements Of Changes In Equity
for the Financial Quarter Ended 31 March 2021

	<-----Non-distributable----->		< Distributable >		
	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Total equity RM'000
<u>BANK</u>					
At 1 January 2021	4,902,300	183,078	643,613	2,799,501	8,528,492
Net profit for the financial period	-	-	-	34,299	34,299
Other comprehensive income (net of tax) :					
- Financial investments at FVOCI	-	(170,084)	-	-	(170,084)
Total comprehensive income	-	(170,084)	-	34,299	(135,785)
Transfer to regulatory reserves	-	-	(29,510)	29,510	-
At 31 March 2021	4,902,300	12,994	614,103	2,863,310	8,392,707
At 1 January 2020	4,774,772	148,173	471,925	3,017,227	8,412,097
Net profit for the financial period	-	-	-	23,864	23,864
Other comprehensive income (net of tax) :					
- Financial investments at FVOCI	-	(132,221)	-	-	(132,221)
Total comprehensive income	-	(132,221)	-	23,864	(108,357)
Transfer from regulatory reserves	-	-	(36,635)	36,635	-
At 31 March 2020	4,774,772	15,952	435,290	3,077,726	8,303,740

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2020.

AFFIN BANK BERHAD
Company no. 197501003274 (25046-T)
Unaudited Condensed Consolidated Statements of Cash Flow
for the Financial Quarter Ended 31 March 2021

	GROUP		BANK	
	31/3/2021	31/3/2020	31/3/2021	31/3/2020
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	108,161	174,289	38,519	31,946
Adjustments for items not involving the movement of cash and cash equivalents	81,567	(67,025)	25,756	(4,545)
Operating profit before changes in working capital	189,728	107,264	64,275	27,401
Net changes in operating assets	(1,063,960)	1,680,947	(198,727)	750,228
Net changes in operating liabilities	1,185,645	(1,253,398)	968,794	(655,223)
Tax and zakat paid	(48,129)	(45,986)	(13,333)	(27,738)
Net cash generated from operating activities	263,284	488,827	821,009	94,668
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received :				
- financial investments at FVOCI	73,570	98,877	71,027	71,552
- financial investments at AC	2,090	2,014	273	1,427
Dividend income :				
- financial assets at FVTPL	1,465	2,062	-	-
- subsidiaries	-	-	35,000	-
Net disposal/(purchase) of :				
- financial investments at FVOCI	432,703	518,798	(1,128,071)	(157,654)
- financial investments at AC	(121,693)	(5,544)	(131,300)	(1,427)
Purchase of :				
- property and equipment	(73,499)	(76,083)	(71,916)	(72,653)
- intangible assets	(904)	(449)	(472)	(35)
Proceeds from disposal of :				
- property and equipment	244	24	2	-
- foreclosed properties	-	120	-	120
Net cash generated from/(used in) investing activities	313,976	539,819	(1,225,457)	(158,670)
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest payment on borrowings	(78,224)	(65,139)	(67,244)	(67,174)
Payment of dividend to non-controlling interest	(16,444)	-	-	-
Proceeds from recourse obligation on loans/financing sold to Cagamas Berhad	307	-	-	-
Lease payments	(9,432)	(37,261)	(6,864)	(6,951)
Net cash used in financing activities	(103,793)	(102,400)	(74,108)	(74,125)
Net increase/(decrease) in cash and cash equivalents	473,467	926,246	(478,556)	(138,127)
Effects of foreign exchange	(14,198)	(20,808)	12,828	(9,427)
Cash and cash equivalents at beginning of the financial period	5,511,423	4,605,357	1,886,901	2,288,797
Cash and cash equivalents at end of the financial period	5,970,692	5,510,795	1,421,173	2,141,243
<u>Cash and cash equivalents comprise the following :</u>				
Cash and short-term funds	6,042,970	5,559,041	1,421,876	2,111,264
Deposits and placements of banks and other financial institutions	-	-	-	73,554
	6,042,970	5,559,041	1,421,876	2,184,818
Less:				
Amount held on behalf of commissioned dealer's representatives	(72,278)	(48,246)	-	-
Cash and short-term funds and deposits and placements with banks and other financial institutions with original maturity of more than three months	-	-	(703)	(43,575)
	5,970,692	5,510,795	1,421,173	2,141,243

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2020.

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A1. 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"), Chapter 9, part K of the Listing Requirements of the Bursa Malaysia Securities Berhad 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 Group and the Bank for the financial year ended 31 December 2020. The explanatory notes to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the financial year ended 31 December 2020.

A2. ACCOUNTING POLICIES AND METHODS OF COMPUTATIONS

The significant accounting policies and methods of computation applied in the condensed interim financial statements are consistent with those applied in the annual financial statements for the financial year ended 31 December 2020, except for the adoption of "Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform-Phase 2" that are effective for the Group and the Bank for the financial period beginning on or after 1 January 2021.

Comparative Information

The Group has changed its accounting policy where certain benefits paid to employees are considered incremental and directly attributable to the disposal of the quoted shares. Therefore, these benefits paid can be treated as transaction costs when determining the gain or loss on disposal of the quoted shares. These expenses were previously recognised as employee costs under MFRS 119 "Employee Benefits".

In accordance with MFRS 108 "Accounting Policies, Changes in Estimates and Errors", the change in accounting policy has been accounted for retrospectively.

The change in accounting policy resulted in the following changes in the income statement, Note A21 and Note A23 to the financial statements as set out below. The statements of financial position, comprehensive income, cash flows and changes in equity of the Group and the Bank are not impacted by the change in accounting policy.

	As previously reported 31/3/2020	Reclassification 31/3/2020	As Restated 31/3/2020
The Group			
Income statements (Extract)			
Net gains on financial instruments	207,612	(5,579)	202,033
Net income	630,375	(5,579)	624,796
Other operating expenses	(332,049)	5,579	(326,470)
A21 - Net gains on financial instruments (Extract)			
Gains/(loss) arising on financial assets at FVTPL			
- net gain on disposal	22,887	(5,579)	17,308
A23 - Other operating expenses (Extract)			
Personnel costs			
- Wages, salaries and bonuses	161,687	(5,579)	156,108

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the audited financial statements for the financial year ended 31 December 2020 was not subjected to any qualification.

A4. SEASONAL OR CYCLICAL FACTORS

The operations of the Group and the Bank are generally not affected by any seasonal or cyclical factors but in tandem with the country's economic situation.

A5. 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 Group and the Bank during the financial period under review.

A6. 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.

A7. DEBT AND EQUITY SECURITIES

There were no shares issuance or cancellations, share buy-backs, resale of shares bought back and repayment of debts and equity securities by the Group and the Bank during the financial period under review.

A8. DIVIDENDS PAID

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

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

At fair value	Group		Bank	
	31/3/2021 RM'000	31/12/2020 RM'000	31/3/2021 RM'000	31/12/2020 RM'000
<u>Money market instruments</u>				
Malaysian Government Securities	82,670	-	-	-
Malaysian Government Investment Issues	21	-	-	-
Malaysian Government Treasury Bills	99,056	-	-	-
Negotiable Instruments of Deposit	195,400	113,657	195,400	113,657
	377,147	113,657	195,400	113,657
<u>Quoted Securities</u>				
Exchange traded fund	792	891	-	-
Shares, warrants and REITs in Malaysia	69,796	112,168	-	-
Shares, warrants and REITs outside Malaysia	69,698	69,412	-	-
Unit Trusts in Malaysia	222,768	229,378	-	-
	363,054	411,849	-	-
<u>Unquoted Securities</u>				
Shares in Malaysia	99,223	99,222	99,223	99,222
Corporate Bonds/Sukuk in Malaysia	29,849	29,049	15,494	15,044
Corporate Bonds/Sukuk outside Malaysia	44,489	44,489	-	-
	173,561	172,760	114,717	114,266
	913,762	698,266	310,117	227,923

A10. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

At fair value	Group		Bank	
	31/3/2021 RM'000	31/12/2020 RM'000	31/3/2021 RM'000	31/12/2020 RM'000
<u>Money market instruments</u>				
Malaysian Government Securities	2,329,383	2,370,147	1,535,895	1,225,896
Malaysian Government Investment Issues	3,897,341	3,472,328	1,723,697	1,261,613
Cagamas Bonds/Sukuk	16,083	116,938	5,202	105,835
Negotiable Instruments of Deposit and Islamic Debt Certificates	4,361	5,581	711,913	408,917
	6,247,168	5,964,994	3,976,707	3,002,261
<u>Unquoted Securities</u>				
Shares in Malaysia *	211,222	211,465	185,892	186,135
Corporate bonds/Sukuk in Malaysia #	6,055,531	6,742,087	3,181,890	3,312,302
Corporate Bonds/Sukuk outside Malaysia	118,510	115,507	88,333	86,632
	6,385,263	7,069,059	3,456,115	3,585,069
	12,632,431	13,034,053	7,432,822	6,587,330

* Equity securities designated at FVOCI.

Certain unquoted perpetual bonds are designated at FVOCI.

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A11. FINANCIAL INVESTMENTS AT AMORTISED COST ("AC")

	Group		Bank	
	31/3/2021 RM'000	31/12/2020 RM'000	31/3/2021 RM'000	31/12/2020 RM'000
At amortised cost				
<u>Unquoted Securities</u>				
Corporate Bonds/Sukuk in Malaysia	263,874	141,119	497,070	361,944
Loan Stock in Malaysia	15,000	15,000	-	-
	278,874	156,119	497,070	361,944
Less : ECL	(13,067)	(13,082)	(229)	(236)
	265,807	143,037	496,841	361,708

Movements in ECL for Financial Investments at AC are as follows:-

31/3/2021 Group	12-Month ECL Stage 1	Lifetime ECL not credit impaired Stage 2	Lifetime ECL credit impaired Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial period	160	-	12,922	13,082
Changes due to change in credit risk	(15)	-	-	(15)
At end of the financial period	145	-	12,922	13,067

Bank

At beginning of the financial period	236	-	-	236
New financial assets originated or purchased	5	-	-	5
Changes due to change in credit risk	(12)	-	-	(12)
At end of the financial period	229	-	-	229

31/12/2020 Group	12-Month ECL Stage 1	Lifetime ECL not credit impaired Stage 2	Lifetime ECL credit impaired Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial year	273	-	10,780	11,053
Financial assets derecognised (other than write-off)	(96)	-	-	(96)
New financial assets originated or purchased	130	-	-	130
Changes due to change in credit risk	410	-	2,142	2,552
Changes in models/risk parameters	(557)	-	-	(557)
At end of the financial year	160	-	12,922	13,082

Bank

At beginning of the financial year	123	-	-	123
Financial assets derecognised (other than write-off)	(96)	-	-	(96)
New financial assets originated or purchased	130	-	-	130
Changes due to change in credit risk	643	-	-	643
Changes in models/risk parameters	(564)	-	-	(564)
At end of the financial year	236	-	-	236

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A12. LOANS, ADVANCES AND FINANCING

	Group		Bank	
	31/3/2021 RM'000	31/12/2020 RM'000	31/3/2021 RM'000	31/12/2020 RM'000
(a) BY TYPE				
Overdrafts	1,786,654	1,871,460	1,331,017	1,404,871
Term loans/financing:				
- Housing loans/financing	12,083,517	11,637,402	4,156,159	3,904,606
- Hire purchase receivables	10,731,028	10,671,849	6,629,088	6,649,369
- Syndicated financing	1,484,446	1,486,237	626,071	619,680
- Business term loans/financing	13,431,589	13,291,096	8,303,089	8,336,099
- Other term loans/financing	158,624	162,163	-	-
Bills receivables	296,143	286,775	268,171	278,346
Trust receipts	147,700	240,688	130,080	227,548
Claims on customers under acceptances credits	1,990,637	1,777,795	1,440,677	1,269,766
Staff loans/financing (of which RM Nil to Directors)	210,775	211,093	115,171	119,961
Credit cards	215,253	209,518	176,554	171,441
Revolving credits	3,820,227	3,819,100	2,721,715	2,746,141
Margin financing	641,282	605,485	-	-
Factoring	2,789	1,994	2,789	1,994
Gross loans, advances and financing	47,000,664	46,272,655	25,900,581	25,729,822
Less: ECL	(819,226)	(779,777)	(579,668)	(564,397)
Total net loans, advances and financing	46,181,438	45,492,878	25,320,913	25,165,425

Included in the Group's business term loans/financing as at reporting date is RM55.2 million (2020: RM55.2 million) of term financing disbursed by AFFIN Islamic Bank Berhad to joint venture AFFIN-i Nadayu Sdn Bhd.

	Group		Bank	
	31/3/2021 RM'000	31/12/2020 RM'000	31/3/2021 RM'000	31/12/2020 RM'000
(b) BY MATURITY STRUCTURE				
Maturing within one year	9,249,746	9,186,637	6,277,072	6,333,487
One year to three years	2,906,084	3,236,452	2,330,462	2,662,555
Three years to five years	6,640,707	6,271,623	4,066,546	3,683,085
Over five years	28,204,127	27,577,943	13,226,501	13,050,695
	47,000,664	46,272,655	25,900,581	25,729,822

	Group		Bank	
	31/3/2021 RM'000	31/12/2020 RM'000	31/3/2021 RM'000	31/12/2020 RM'000
(c) BY TYPE OF CUSTOMER				
Domestic banking financial institutions	9,728	8,443	9,728	8,443
Domestic non-banking institutions:				
- Others	419,616	510,566	265,162	273,876
Domestic business enterprises:				
- Small medium enterprises	7,913,479	7,776,348	5,658,550	5,656,791
- Others	13,223,319	13,264,282	8,728,483	8,837,264
Government and statutory bodies	743,875	739,747	43,411	29,502
Individuals	24,083,044	23,461,279	10,857,367	10,679,880
Other domestic entities	871	1,086	604	578
Foreign entities	606,732	510,904	337,276	243,488
	47,000,664	46,272,655	25,900,581	25,729,822

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A12. LOANS, ADVANCES AND FINANCING (Cont.)

	Group		Bank	
	31/3/2021 RM'000	31/12/2020 RM'000	31/3/2021 RM'000	31/12/2020 RM'000
(d) <u>BY INTEREST / PROFIT RATE SENSITIVITY</u>				
Fixed rate:				
- Housing loans/financing	227,749	327,704	182,153	282,091
- Hire purchase receivables	10,733,225	10,674,103	6,629,088	6,649,370
- Other fixed rate loans/financing	1,225,417	966,622	370,746	222,977
Variable rate:				
- Base rate/base lending rate plus	24,740,784	24,271,943	12,279,283	12,128,469
- Cost plus	10,043,824	10,003,507	6,439,311	6,446,915
- Other variable rates	29,665	28,776	-	-
	47,000,664	46,272,655	25,900,581	25,729,822
(e) <u>BY ECONOMIC PURPOSE</u>				
Purchase of securities	1,674,998	1,674,403	539,095	583,275
Purchase of transport vehicles	11,337,905	11,255,358	7,145,162	7,143,469
Purchase of landed property of which:				
- Residential	12,482,281	12,052,394	4,383,285	4,137,906
- Non-residential	6,178,085	6,223,989	3,808,338	3,867,346
Fixed assets other than land and building	226,934	240,007	150,693	160,646
Personal use	975,612	886,050	662,460	683,008
Credit card	215,253	209,517	176,554	171,441
Consumer durable	59	126	43	54
Construction	2,319,417	2,299,306	1,343,009	1,339,721
Merger and acquisition	60,215	60,102	60,215	60,102
Working capital	10,394,367	10,288,562	6,958,409	6,955,440
Others	1,135,538	1,082,841	673,318	627,414
	47,000,664	46,272,655	25,900,581	25,729,822
(f) <u>BY ECONOMIC SECTOR</u>				
Primary agriculture	1,390,250	1,405,796	572,612	584,361
Mining and quarrying	301,804	305,029	63,866	60,459
Manufacturing	3,015,277	2,850,316	2,057,372	1,938,354
Electricity, gas and water supply	462,506	443,561	64,807	62,000
Construction	1,882,826	1,995,028	1,277,688	1,331,552
Real estate	5,867,712	5,727,243	4,061,662	4,006,230
Wholesale, retail trade, hotels and restaurants	4,020,154	3,996,064	3,150,270	3,236,141
Transport, storage and communication	1,794,957	1,723,239	1,353,126	1,298,611
Finance, insurance and business services	1,942,794	2,121,030	1,451,013	1,535,886
Education, health and others	2,105,747	2,114,353	915,552	923,591
Household	24,216,637	23,590,996	10,932,613	10,752,637
	47,000,664	46,272,655	25,900,581	25,729,822

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A12. LOANS, ADVANCES AND FINANCING (Cont.)

(g) <u>BY GEOGRAPHICAL DISTRIBUTION</u>	Group		Bank	
	31/3/2021	31/12/2020	31/3/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Perlis	182,783	180,835	18,148	17,703
Kedah	1,358,795	1,320,409	505,184	498,619
Pulau Pinang	2,575,097	2,543,717	1,518,515	1,522,359
Perak	1,435,247	1,440,323	844,364	858,616
Selangor	14,609,755	14,306,592	7,693,593	7,515,197
Wilayah Persekutuan	10,788,577	10,795,943	6,229,448	6,387,473
Negeri Sembilan	1,615,039	1,581,862	573,589	566,217
Melaka	916,106	900,188	626,810	624,245
Johor	6,128,504	5,986,844	3,605,430	3,535,350
Pahang	1,450,135	1,445,108	731,752	774,481
Terengganu	930,965	901,074	347,428	352,987
Kelantan	360,206	329,291	56,732	58,629
Sarawak	2,273,258	2,250,452	1,622,011	1,610,497
Sabah	2,131,206	2,135,344	1,308,859	1,279,067
Labuan	101,081	45,134	74,810	18,847
Outside Malaysia	143,910	109,539	143,908	109,535
	47,000,664	46,272,655	25,900,581	25,729,822

(h) **IMPAIRED LOANS, ADVANCES AND FINANCING**

(i) **Movements of impaired loans, advances and financing**

At beginning of the financial period/year	1,628,669	1,379,152	1,223,906	673,058
Classified as impaired	130,788	1,173,296	88,790	954,923
Reclassified as non-impaired	(97,737)	(325,440)	(60,687)	(152,048)
Amount written-back	(37,299)	(291,818)	(27,027)	(61,222)
Amount written-off	(23,462)	(306,521)	(15,772)	(190,805)
At end of the financial period/year	1,600,959	1,628,669	1,209,210	1,223,906
Ratio of gross impaired loans, advances and financing to gross loans, advances and financing (*)	3.41%	3.52%	4.37%	4.45%

(*) For the Bank, RIA included in the ratio calculation amounting to RM1,766.0 million (2020: RM1,754.9 million) with impaired financing amounting to RM Nil (2020: RM Nil).

(ii) **Impaired loans by economic purpose**

Purchase of securities	26,241	26,122	57	13
Purchase of transport vehicles	376,626	389,564	354,896	364,662
Purchase of landed property of which:				
- Residential	249,947	267,912	126,909	131,201
- Non-residential	275,043	278,426	257,331	259,473
Fixed assets other than land and building	15,271	15,360	15,271	15,360
Personal use	21,927	24,076	19,625	22,800
Credit card	1,736	825	1,332	694
Construction	318,443	321,892	261,215	264,709
Working capital	303,648	292,618	169,521	162,143
Others	12,077	11,874	3,053	2,851
	1,600,959	1,628,669	1,209,210	1,223,906

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A12. LOANS, ADVANCES AND FINANCING (Cont.)

(h) <u>IMPAIRED LOANS, ADVANCES AND FINANCING (Cont.)</u>	Group		Bank	
	31/3/2021	31/12/2020	31/3/2021	31/12/2020
(iii) <u>Impaired loans by economic sector</u>	RM'000	RM'000	RM'000	RM'000
Primary agriculture	10,224	15,340	9,878	15,195
Mining and quarrying	7,543	7,576	5,176	5,176
Manufacturing	78,451	75,558	6,654	8,053
Electricity, gas and water supply	141	371	117	326
Construction	95,879	135,860	56,236	96,184
Real estate	154,099	115,968	106,966	68,840
Wholesale, retail trade, hotels and restaurants	52,767	48,113	50,738	46,733
Transport, storage and communication	396,381	399,225	313,644	315,971
Finance, insurance and business services	78,001	65,869	77,191	65,438
Education, health and others	412,764	419,194	412,615	419,002
Household	314,709	345,595	169,995	182,988
	1,600,959	1,628,669	1,209,210	1,223,906
(iv) <u>Impaired loans by geographical distribution</u>				
Perlis	2,866	2,765	380	304
Kedah	93,631	94,239	86,113	86,941
Pulau Pinang	31,274	36,772	24,186	30,250
Perak	92,781	94,872	12,232	13,245
Selangor	266,056	279,626	138,904	148,586
Wilayah Persekutuan	156,807	146,307	68,106	53,899
Negeri Sembilan	79,747	82,311	64,329	65,131
Melaka	18,164	16,300	16,675	14,281
Johor	439,529	447,942	424,483	430,760
Pahang	31,902	32,282	30,088	30,682
Terengganu	306,428	309,714	303,395	306,195
Kelantan	6,547	6,853	3,683	3,608
Sarawak	56,323	57,994	19,424	21,110
Sabah	18,900	20,692	17,208	18,914
Labuan	4	-	4	-
	1,600,959	1,628,669	1,209,210	1,223,906

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A12. LOANS, ADVANCES AND FINANCING (Cont.)

(v) Movements in ECL for loans, advances and financing

Group 31/3/2021	12-Month	Lifetime ECL	Lifetime ECL	Total
	ECL Stage 1 RM'000	not credit impaired Stage 2 RM'000	credit impaired Stage 3 RM'000	
At beginning of the financial period	177,087	151,204	451,486	779,777
Total transfer between stages due to change in credit risk:	10,410	16,918	(27,328)	-
- Transfer to 12-month ECL (Stage 1)	14,669	(10,060)	(4,609)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(4,147)	31,254	(27,107)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(112)	(4,276)	4,388	-
Loans/financing derecognised (other than write-off)	(16,113)	(7,151)	(1,482)	(24,746)
New loans/financing originated or purchased	18,139	6,621	92	24,852
Changes due to change in credit risk	5,255	3,030	53,218	61,503
Write-off	-	-	(22,304)	(22,304)
Other adjustments	-	144	-	144
At end of the financial period	194,778	170,766	453,682	819,226

Group 31/12/2020	12-Month	Lifetime ECL	Lifetime ECL	Total
	ECL Stage 1 RM'000	not credit impaired Stage 2 RM'000	credit impaired Stage 3 RM'000	
At beginning of the financial year	139,326	94,359	340,344	574,029
Total transfer between stages due to change in credit risk:	47,123	(117,807)	70,684	-
- Transfer to 12-month ECL (Stage 1)	72,061	(62,251)	(9,810)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(24,906)	84,743	(59,837)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(32)	(140,299)	140,331	-
Loans/financing derecognised (other than write-off)	(51,471)	(6,704)	(19,387)	(77,562)
New loans/financing originated or purchased	56,113	1,994	7,970	66,077
Changes due to change in credit risk	23,416	188,044	359,203	570,663
Changes in model/risk parameters	(37,420)	(8,682)	(844)	(46,946)
Write-off	-	-	(305,880)	(305,880)
Other adjustments	-	-	(604)	(604)
At end of the financial year	177,087	151,204	451,486	779,777

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A12. LOANS, ADVANCES AND FINANCING (Cont.)

(v) Movements in ECL for loans, advances and financing (Cont.)

Bank	12-Month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
31/3/2021	Stage 1	Stage 2	Stage 3	RM'000
	RM'000	RM'000	RM'000	
At beginning of the financial period	128,045	88,348	348,004	564,397
Total transfer between stages due to change in credit risk:	6,186	11,091	(17,277)	-
- Transfer to 12-month ECL (Stage 1)	8,607	(6,171)	(2,436)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(2,310)	19,637	(17,327)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(111)	(2,375)	2,486	-
Loans/financing derecognised (other than write-off)	(7,457)	(6,913)	(886)	(15,256)
New loans/financing originated or purchased	8,252	6,436	10	14,698
Changes due to change in credit risk	(1,245)	1,155	31,524	31,434
Write-off	-	-	(15,605)	(15,605)
At end of the financial period	133,781	100,117	345,770	579,668

Bank	12-Month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
31/12/2020	Stage 1	Stage 2	Stage 3	RM'000
	RM'000	RM'000	RM'000	
At beginning of the financial year	86,276	76,512	221,161	383,949
Total transfer between stages due to change in credit risk:	36,569	(132,914)	96,345	-
- Transfer to 12-month ECL (Stage 1)	52,055	(47,666)	(4,389)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(15,472)	51,874	(36,402)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(14)	(137,122)	137,136	-
Loans/financing derecognised (other than write-off)	(24,797)	(4,120)	(16,643)	(45,560)
New loans/financing originated or purchased	26,124	1,013	7,864	35,001
Changes due to change in credit risk	25,948	152,955	243,353	422,256
Changes in model/risk parameters	(22,075)	(5,098)	(593)	(27,766)
Write-off	-	-	(202,766)	(202,766)
Other adjustments	-	-	(717)	(717)
At end of the financial year	128,045	88,348	348,004	564,397

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A13. TRADE RECEIVABLES

	Group	
	31/3/2021	31/12/2020
	RM'000	RM'000
Amount due from stock-broking clients:		
- performing accounts	650,004	564,841
- impaired accounts (i)	554	1,387
Amount due from brokers	156,925	95,488
Management fees receivable on fund management	181,509	261,510
Others	72	-
	989,064	923,226
Less: ECL (ii)	(2,963)	(2,809)
	986,101	920,417
(i) Movements of impaired trade receivables		
At beginning of the financial period/year	1,387	139
Classified as impaired	490	2,104
Amount written-back	(1,323)	(856)
At end of the financial period/year	554	1,387
(ii) Movements in ECL in trade receivables		
At beginning of the financial period/year	2,809	208
Allowance made	611	9,621
Amount written-back	(457)	(7,020)
At end of the financial period/year	2,963	2,809

A14. OTHER ASSETS

	Group		Bank	
	31/3/2021	31/12/2020	31/3/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Other debtors	236,095	212,278	103,186	101,778
Prepayments and deposits	25,950	21,925	25,005	20,942
Cheque clearing accounts	1,178	6,226	1,551	6,672
Foreclosed properties (i)	16,962	16,962	12,089	12,089
Collaterals pledged for derivative transactions	48,964	13,782	-	-
Clearing guarantee fund	2,334	2,413	-	-
	331,483	273,586	141,831	141,481
Less: ECL (ii)	(3,788)	(3,966)	-	-
	327,695	269,620	141,831	141,481
(i) Foreclosed properties				
At beginning of the financial period/year	16,962	17,817	12,089	12,944
Disposal	-	(855)	-	(855)
At end of the financial period/year	16,962	16,962	12,089	12,089
(ii) Movements in ECL				
At beginning of the financial period/year			3,966	2,058
Allowance made			1,208	3,550
Amount written-back			(1,386)	(1,584)
Amount written-off			-	(58)
At end of the financial period/year			3,788	3,966

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A15. RECOURSE OBLIGATION ON LOANS/FINANCING SOLD TO CAGAMAS BERHAD

	Group			
	31/3/2021		31/12/2020	
	RM'000		RM'000	
Recourse obligation on loans/financing sold to Cagamas Berhad	50,341		50,034	
	At	Cash	Profit	At
	1 January	flow	expense	31 March
	2021	RM'000	RM'000	2021
	RM'000	RM'000	RM'000	RM'000
Recourse obligation on loans/financing sold to Cagamas Berhad	50,034	-	307	50,341
	At	Cash	Profit	At
	1 January	flow	expense	31 December
	2020	RM'000	RM'000	2020
	RM'000	RM'000	RM'000	RM'000
Recourse obligation on loans/financing sold to Cagamas Berhad	-	50,000	34	50,034

This represents the proceeds received from housing loans/ financing sold directly to Cagamas Berhad with recourse to the Group. Under this agreement, the Group undertakes to administer the loans/ financing on behalf of Cagamas Berhad and to buy back any loans which are regarded as defective based on prudential criteria set by Cagamas Berhad. Such financing transactions and the obligation to buy back the loans/ financing are reflected as a liability on the statements of financial position. These financial liabilities are stated at amortised cost.

A16. OTHER LIABILITIES

	Group		Bank	
	31/3/2021	31/12/2020	31/3/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
BNM and CGC Funding programmes (a)	214,892	113,938	213,312	112,339
Margin and collateral deposits	98,556	101,630	80,097	83,367
Other creditors and accruals	237,960	297,651	79,670	78,915
Sundry creditors	173,910	196,774	136,414	172,205
Treasury and cheque clearing accounts	49,931	3,312	48,022	-
Provision for zakat	8,449	2,141	383	216
Defined contribution plan (b)	26,770	19,941	25,080	18,526
Accrued employee benefits	117,069	171,511	21,222	52,218
Unearned income	26,232	22,814	18,998	16,468
Commissioned dealer's representatives trust balances	72,278	65,792	-	-
Securities borrowings and lending - borrow	162,781	76,079	-	-
Amounts payable to commissioned and salaried dealer's representatives	154,168	150,305	-	-
Puttable liabilities	200,993	200,380	-	-
Add : ECL (c)				
- loan/financing commitments and financial guarantees	38,248	38,448	15,439	15,908
	1,582,237	1,460,716	638,637	550,162

(a) Includes monies received by the Group and the Bank under government financing scheme 'BNM SRF SME Fund' and 'SRF Tourism Fund' as part of the government support measures in response to Covid-19 for the purpose of SME lending with a six-year maturity amounting to RM196.7 million. The financing under the government scheme is for lending at concession rates to SMEs.

(b) The Group and the Bank contribute to EPF, the national defined contribution plan. Once the contributions have been paid, the Group and the Bank have no further payment obligations.

	Group		Bank	
	31/3/2021	31/12/2020	31/3/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
(c) Movement in ECL				
At beginning of financial period/year	38,448	29,610	15,908	8,529
Net remeasurement of loss allowance	(1,937)	1,323	(1,911)	1,028
New loan commitments and financial guarantees issued	1,737	6,522	1,442	5,578
Changes in models/risk parameters	-	993	-	773
At end of the financial period/year	38,248	38,448	15,439	15,908

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A17. RESERVES

	Group		Bank	
	31/3/2021 RM'000	31/12/2020 RM'000	31/3/2021 RM'000	31/12/2020 RM'000
FVOCI revaluation reserves (a)	(121,408)	266,412	12,994	183,078
Regulatory reserves (b)	722,935	781,679	614,103	643,613
Foreign exchange reserves	(205)	(205)	-	-
Other reserves (c)	(65,909)	(65,909)	-	-
Retained profits	3,809,915	3,682,234	2,863,310	2,799,501
	4,345,328	4,664,211	3,490,407	3,626,192

- (a) FVOCI revaluation reserves represent the unrealised gains or losses arising from the change in fair value of investments classified as financial investments at FVOCI. The gains or losses are transferred to the income statement upon disposal or when the securities become impaired.
- (b) Pursuant to BNM Financial Reporting policy dated 27 September 2019, the Group and the Bank must maintain, in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserves of no less than 1% of all credit exposures, net of loss allowance for credit-impaired exposures. However, banking institutions are allowed to reduce the regulatory reserves held against expected losses to 0% and to be restored by 30 September 2021.
- (c) Other reserves represents the Group's obligation to purchase subsidiaries' shares held by non-controlling interest.
- (i) Obligation to buy Affin Hwang Asset Management Berhad's ("AHAM") shares from non-controlling interest

On 8 March 2019, under the Employee Stock Option Incentive Scheme, the options holders have fully exercised the 1000 employee stock options at exercise price of RM40.30 per share, as disclosed in Note 41. As a result, the employee stock option holder(s) were allotted a total of 1,111,000 units of new ordinary shares for a total consideration of RM44.77 million.

Pursuant to the exercise of the employee stock option incentive scheme, there is a Selective Capital Reduction ("SCR") provision within the scheme which requires AHAM to buy back the ordinary shares issued to the option holders from 1 March 2021 to 1 March 2023 at a certain price, if the conditions within the SCR provision are not met by 31 December 2020. As at 31 December 2020, the option holders have collectively agreed to not exercise their rights in relation to the buy back at first window, i.e. 1 March 2021.

The SCR provision represents a purchase of AHAM's own equity instrument and a liability equal to the present value of the estimated future redemption amount is reclassified from equity on initial recognition. The liability is then subsequently measured at amortised cost with the unwinding of the present value of the redemption amount to be recognised as finance costs within the income statements. In the event of a change in the estimated future redemption amount of SCR, the remeasurement amounts will be recognised in equity as the changes in the Bank's ownership interest in AHAM does not result in the Bank losing control of AHAM.

- (ii) Option to buy AccelVantage Academy Sdn Bhd's ("AVA") shares from non-controlling interest

This represents the present value of an option to purchase AccelVantage Academy Sdn Bhd's ("AVA") shares pursuant to the terms of the exit mechanism in a shareholders agreement entered into between the Bank's subsidiary, AHAM and GV Capital Dynamic Sdn Bhd ("GVCD").

AHAM is granted a call option to acquire the entire 49% equity shares in AVA held by GVCD within 90 days of the call option period. The exercise price under the call option is determined based on pre-agreed formula.

The financial liability at Group is initially recognised at the present value of the redemption amount and accreted through finance charges in the income statements over the contract period, up to the final redemption amount. In the event of a change in the exercise price under the call option, the remeasurement amounts will be recognised in equity as the changes in AHAM's ownership interest in AVA does not result in AHAM losing control of AVA.

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A18. INTEREST INCOME

	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2021	31/3/2020	31/3/2021	31/3/2020
Group	RM'000	RM'000	RM'000	RM'000
Loan, advances and financing	302,268	379,393	302,268	379,393
Money at call and deposits placements with financial institutions	6,867	13,716	6,867	13,716
Financial investments at FVOCI	73,570	88,986	73,570	88,986
Financial investments at AC	2,090	2,014	2,090	2,014
Others	3,023	1,298	3,023	1,298
	387,818	485,407	387,818	485,407
Bank				
Loan, advances and financing	279,382	338,554	279,382	338,554
Money at call and deposits placements with financial institutions	20,955	32,721	20,955	32,721
Financial investments at FVOCI	53,539	61,154	53,539	61,154
Financial investments at AC	4,852	1,427	4,852	1,427
Others	495	501	495	501
	359,223	434,357	359,223	434,357

A19. INTEREST EXPENSE

	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2021	31/3/2020	31/3/2021	31/3/2020
Group				
Deposits from customers	155,515	270,568	155,515	270,568
Deposits and placements of banks and other financial institutions	5,449	6,847	5,449	6,847
Subordinated medium term notes	32,992	33,358	32,992	33,358
Foreign currency borrowing	38	57	38	57
Interest expense on the lease liability	-	637	-	637
Others	1,213	508	1,213	508
	195,207	311,975	195,207	311,975
Bank				
Deposits from customers	129,605	237,585	129,605	237,585
Deposits and placements of banks and other financial institutions	10,729	5,976	10,729	5,976
Subordinated medium term notes	32,992	33,358	32,992	33,358
Interest expense on the lease liability	-	435	-	435
Others	353	66	353	66
	173,679	277,420	173,679	277,420

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A20. NET FEE AND COMMISSION INCOME

Group	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2021	31/3/2020	31/3/2021	31/3/2020
	RM'000	RM'000	RM'000	RM'000
(a) Fee and commission income:				
Net brokerage	33,551	24,315	33,551	24,315
Portfolio management fees	114,600	78,884	114,600	78,884
Corporate advisory fees	1,769	2,054	1,769	2,054
Commission	11,195	7,260	11,195	7,260
Service charges and fees	14,947	12,342	14,947	12,342
Guarantee fees	4,010	4,733	4,010	4,733
Arrangement fees	425	80	425	80
Initial service charges	126,482	29,741	126,482	29,741
Other fee income	9,091	4,093	9,091	4,093
	316,070	163,502	316,070	163,502
(b) Fee and commission expenses:				
Commission and referral expense	(154,381)	(47,238)	(154,381)	(47,238)
Net fee and commission income	161,689	116,264	161,689	116,264
Bank				
(a) Fee and commission income:				
Commission	12,146	7,411	12,146	7,411
Service charges and fees	14,947	12,173	14,947	12,173
Guarantee fees	4,010	4,733	4,010	4,733
	31,103	24,317	31,103	24,317
(b) Fee and commission expense:				
Commission and referral expense	(1,163)	(1,780)	(1,163)	(1,780)
Net fee and commission income	29,940	22,537	29,940	22,537

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A21. NET GAINS ON FINANCIAL INSTRUMENTS

Group	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2021	31/3/2020	31/3/2021	31/3/2020
	RM'000	RM'000	RM'000	RM'000
Income from financial instruments:				
Gains/(Loss) arising on financial assets at FVTPL:				
- net gain on disposal	16,359	17,308	16,359	17,308
- unrealised gain	(17,752)	(8,058)	(17,752)	(8,058)
- interest income	6,020	6,329	6,020	6,329
- gross dividend income	1,465	2,062	1,465	2,062
Gains/(Loss) on derivatives instruments:				
- unrealised	13,130	(11,069)	13,130	(11,069)
- interest (expense)/income	(2,208)	(74)	(2,208)	(74)
Gains arising on financial investments at FVOCI:				
- net gain on disposal	22,339	195,535	22,339	195,535
	39,353	202,033	39,353	202,033

Bank

Income from financial instruments:				
Gains arising on financial assets at FVTPL:				
- unrealised gain/(loss)	(8,232)	1,224	(8,232)	1,224
- interest income	2,046	1,204	2,046	1,204
Gains/(Loss) on derivatives instruments:				
- unrealised	14,054	(15,890)	14,054	(15,890)
- interest (expense)/income	(2,023)	(16)	(2,023)	(16)
Gains arising on financial investments at FVOCI:				
- net gain on disposal	5,076	94,990	5,076	94,990
	10,921	81,512	10,921	81,512

A22. OTHER INCOME

Group

Foreign exchange gain/(loss):				
- realised	27,326	30,632	27,326	30,632
- unrealised	(14,198)	(20,808)	(14,198)	(20,808)
Rental income	2	(1)	2	(1)
Gain/(Loss) on sale of property and equipment	114	(75)	114	(75)
Gain on disposal of foreclosed properties	-	76	-	76
Other non-operating income	1,849	3,572	1,849	3,572
Total other income	15,093	13,396	15,093	13,396

Bank

Foreign exchange gain/(loss):				
- realised	19,972	19,134	19,972	19,134
- unrealised	(12,122)	(9,427)	(12,122)	(9,427)
Rental income	25	23	25	23
Loss on sale of property and equipment	-	(75)	-	(75)
Gain on disposal of foreclosed properties	-	76	-	76
Gross dividend received from subsidiaries	35,000	-	35,000	-
Other non-operating income	1,621	2,750	1,621	2,750
Total other income	44,496	12,481	44,496	12,481

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A23. OTHER OPERATING EXPENSES

Group	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2021	31/3/2020	31/3/2021	31/3/2020
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
Wages, salaries and bonus	173,854	156,108	173,854	156,108
Defined contribution plan	30,277	26,873	30,277	26,873
Other personnel costs	25,776	25,483	25,776	25,483
	229,907	208,464	229,907	208,464
Promotion and marketing-related expenses				
Business promotion and advertisement	5,819	5,094	5,819	5,094
Entertainment	1,418	2,059	1,418	2,059
Travelling and accommodation	625	1,546	625	1,546
Dealers' handling fees	-	1	-	1
Commission and brokerage expenses	1,960	1,946	1,960	1,946
Others marketing expenses	1,302	1,659	1,302	1,659
	11,124	12,305	11,124	12,305
Establishment expenses				
Rental of premises	711	797	711	797
Equipment rental	244	1,013	244	1,013
Repair and maintenance	15,340	13,964	15,340	13,964
Depreciation of property and equipment	7,309	7,325	7,309	7,325
Depreciation of right-of-use assets	10,959	9,055	10,959	9,055
Amortisation of intangible assets	7,390	9,231	7,390	9,231
IT consultancy fee	14,369	15,381	14,369	15,381
Dataline rental	4,934	5,309	4,934	5,309
Security services	3,901	4,929	3,901	4,929
Electricity, water and sewerage	2,756	3,619	2,756	3,619
Insurance/Takaful and indemnities	5,546	5,106	5,546	5,106
Other establishment costs	1,669	1,341	1,669	1,341
	75,128	77,070	75,128	77,070
General and administrative expenses				
Telecommunication expenses	4,255	4,292	4,255	4,292
Auditors' remuneration:				
(i) Statutory audit fees	600	729	600	729
(ii) Regulatory related fees	10	10	10	10
(iii) Tax fees	51	2	51	2
(iv) Non-audit fees	179	128	179	128
Professional fees	1,814	7,862	1,814	7,862
Property and equipment written-off	13	12	13	12
Mail and courier charges	1,041	913	1,041	913
Stationery and consumables	2,196	2,126	2,196	2,126
Directors' fees and allowances	609	991	609	991
Donations	933	1,187	933	1,187
Settlement, clearing and bank charges	4,531	4,168	4,531	4,168
Stamp duties	63	54	63	54
Operational and litigation write-off expenses	428	(13)	428	(13)
Subscription fees	4,082	3,158	4,082	3,158
Other administration and general expenses	3,498	3,012	3,498	3,012
	24,303	28,631	24,303	28,631
Total other operating expenses	340,462	326,470	340,462	326,470

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A23. OTHER OPERATING EXPENSES (Cont.)

<u>Bank</u>	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2021 RM'000	31/3/2020 RM'000	31/3/2021 RM'000	31/3/2020 RM'000
<u>Personnel costs</u>				
Wages, salaries and bonus	84,914	77,169	84,914	77,169
Defined contribution plan	14,386	13,288	14,386	13,288
Other personnel costs	11,619	12,476	11,619	12,476
	110,919	102,933	110,919	102,933
<u>Promotion and marketing-related expenses</u>				
Business promotion and advertisement	3,423	2,250	3,423	2,250
Entertainment	697	914	697	914
Travelling and accommodation	254	568	254	568
Commission and brokerage expenses	2,257	1,667	2,257	1,667
Others marketing expenses	513	537	513	537
	7,144	5,936	7,144	5,936
<u>Establishment expenses</u>				
Equipment rental	117	774	117	774
Repair and maintenance	4,358	4,834	4,358	4,834
Depreciation of property and equipment	4,691	4,508	4,691	4,508
Depreciation of right-of-use assets	8,278	6,208	8,278	6,208
Amortisation of intangible assets	5,878	5,489	5,878	5,489
IT consultancy fee	9,528	10,094	9,528	10,094
Dataline rental	3,067	3,565	3,067	3,565
Security services	2,170	4,055	2,170	4,055
Electricity, water and sewerage	1,030	2,184	1,030	2,184
Insurance/Takaful and indemnities	4,104	3,858	4,104	3,858
Other establishment costs	685	954	685	954
	43,906	46,523	43,906	46,523
<u>General and administrative expenses</u>				
Telecommunication expenses	918	991	918	991
Auditors' remuneration :				
(i) Statutory audit fees	324	395	324	395
(ii) Non-audit fees	162	98	162	98
Professional fees	1,437	5,890	1,437	5,890
Property and equipment written-off	13	-	13	-
Mail and courier charges	568	689	568	689
Stationery and consumables	1,248	1,269	1,248	1,269
Directors' fees and allowances	609	809	609	809
Donations	803	572	803	572
Settlement, clearing and bank charges	3,900	3,273	3,900	3,273
Stamp duties	59	40	59	40
Operational and litigation write-off expenses	428	(13)	428	(13)
GST input tax-non recoverable	-	(14)	-	(14)
Other administration and general expenses	1,281	935	1,281	935
	11,750	14,934	11,750	14,934
Total other operating expenses	173,719	170,326	173,719	170,326

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A24. ALLOWANCES FOR/(WRITE-BACK OF) CREDIT IMPAIRMENT LOSSES

Group	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2021	31/3/2020	31/3/2021	31/3/2020
	RM'000	RM'000	RM'000	RM'000
ECL (written-back)/made on:				
- loans, advances and financing	61,753	121,562	61,753	121,562
- trade receivables	154	115	154	115
- securities and placements	40,808	652	40,808	652
- loan/financing commitments and financial guarantee	(200)	3,552	(200)	3,552
Bad debts and financing :				
- recovered	(8,771)	(10,250)	(8,771)	(10,250)
- written-off	48	1,462	48	1,462
	93,792	117,093	93,792	117,093
Bank				
ECL (written-back)/made on :				
- loans, advances and financing	30,876	75,977	30,876	75,977
- securities and placements	35,251	998	35,251	998
- loan/financing commitments and financial guarantee	(470)	693	(470)	693
Bad debts and financing :				
- recovered	(7,055)	(7,741)	(7,055)	(7,741)
- written-off	61	1,268	61	1,268
	58,663	71,195	58,663	71,195

A25. ALLOWANCES FOR IMPAIRMENT LOSSES ON OTHER ASSETS

Group	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2021	31/3/2020	31/3/2021	31/3/2020
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment on other debtors	-	1,015	-	1,015

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A26. SEGMENTAL INFORMATION ON REVENUE AND PROFIT

The segment analysis by activity for the individual and cumulative quarters ended 31 March 2021 and 31 March 2020 are as follows:

	<----- Current year's individual and cumulative quarter ended 31 March 2021 ----->					
	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue						
External revenue	356,561	177,692	-	3,376	-	537,629
Intersegment revenue	35,037	1,883	-	201	(37,121)	-
Segment revenue	<u>391,598</u>	<u>179,575</u>	-	<u>3,577</u>	<u>(37,121)</u>	<u>537,629</u>
Operating expenses	(236,184)	(103,378)	-	(3,021)	2,121	(340,462)
of which :-						
Depreciation of property and equipment	(4,832)	(2,465)	-	(12)	-	(7,309)
Depreciation of right-of-use assets	(8,394)	(2,478)	-	(87)	-	(10,959)
Amortisation of intangible assets	(5,931)	(1,458)	-	(1)	-	(7,390)
(Allowances for)/write-back of impairment advances, financing and trade receivables/ securities/ other assets	(84,425)	(9,734)	-	-	367	(93,792)
Segment results	<u>70,989</u>	<u>66,463</u>	-	<u>556</u>	<u>(34,633)</u>	<u>103,375</u>
Share of results of a joint venture (net of tax)	-	-	2,828	-	-	2,828
Share of results of associates (net of tax)	-	-	3,123	-	-	3,123
Profit before zakat and taxation	<u>70,989</u>	<u>66,463</u>	<u>5,951</u>	<u>556</u>	<u>(34,633)</u>	<u>109,326</u>
Zakat	-	(1,165)	-	-	-	(1,165)
Profit before taxation	<u>70,989</u>	<u>65,298</u>	<u>5,951</u>	<u>556</u>	<u>(34,633)</u>	<u>108,161</u>
Taxation						(26,553)
Net profit for the individual quarter						<u>81,608</u>

	<----- Preceding year's individual and cumulative quarter ended 31 March 2020 ----->					
	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue						
External revenue	396,216	224,958	-	3,622	-	624,796
Intersegment revenue	(1,156)	1,498	-	253	(595)	-
Segment revenue	<u>395,060</u>	<u>226,456</u>	-	<u>3,875</u>	<u>(595)</u>	<u>624,796</u>
Operating expenses	(232,340)	(91,779)	-	(2,946)	595	(326,470)
of which :-						
Depreciation of property and equipment	(4,703)	(2,588)	-	(34)	-	(7,325)
Depreciation of right-of-use assets	(6,543)	(2,512)	-	-	-	(9,055)
Amortisation of intangible assets	(5,542)	(3,677)	-	(12)	-	(9,231)
(Allowances for)/write-back of impairment advances, financing and trade receivables/ securities/ other assets	(110,420)	(8,041)	-	-	353	(118,108)
Segment results	<u>52,300</u>	<u>126,636</u>	-	<u>929</u>	<u>353</u>	<u>180,218</u>
Share of results of a joint venture (net of tax)	-	-	(3,661)	-	-	(3,661)
Share of results of associates (net of tax)	(750)	-	685	-	-	(65)
Profit before zakat and taxation	<u>51,550</u>	<u>126,636</u>	<u>(2,976)</u>	<u>929</u>	<u>353</u>	<u>176,492</u>
Zakat	-	(2,203)	-	-	-	(2,203)
Profit before taxation	<u>51,550</u>	<u>124,433</u>	<u>(2,976)</u>	<u>929</u>	<u>353</u>	<u>174,289</u>
Taxation						(45,184)
Net profit for the individual quarter						<u>129,105</u>

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A27. SUBSEQUENT MATERIAL EVENT

There were no material events subsequent to the balance sheet date that require disclosure or adjustments to the unaudited condensed interim financial statements.

A28. CHANGES IN THE COMPOSITION OF THE GROUP

There were no significant changes in the composition of the Group during the financial period under review.

A29. COMMITMENTS AND CONTINGENCIES

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

The notional amounts of the commitments and contingencies of the Group and the Bank are as follows :

	Group		Bank	
	Principal Amount 31/3/2021 RM'000	31/12/2020 RM'000	Principal Amount 31/3/2021 RM'000	31/12/2020 RM'000
Direct credit substitutes *	503,314	501,472	431,041	432,764
Transaction-related contingent items	1,508,891	1,640,080	1,072,897	1,184,737
Short-term self-liquidating trade-related contingencies	426,435	450,212	151,520	156,180
Obligations under an on-going underwriting agreement	-	17,792	-	-
Irrevocable commitments to extend credit				
- Maturity less than one year	5,418,243	5,114,530	3,935,898	3,716,393
- Maturity more than one year	1,780,389	1,749,812	976,878	912,498
Foreign exchange related contracts #				
- Less than one year	26,038,386	18,864,614	14,299,914	10,640,270
- One year to less than five years	982,440	1,019,409	83,340	207,100
Interest rate related contracts #				
- Less than one year	1,077,000	447,000	287,000	57,000
- One year to less than five years	3,468,000	4,063,000	1,258,000	1,513,000
- Five years and above	875,000	755,000	875,000	755,000
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrowers' creditworthiness	865,641	783,018	-	-
Unutilised credit card lines	926,180	844,254	717,597	634,500
	43,869,919	36,250,193	24,089,085	20,209,442

* Included in direct credit substitutes are financial guarantee contracts of RM503.3 million and RM431.0 million at the Group and the Bank respectively (2020: RM501.5 million and RM432.8 million at the Group and the Bank respectively), of which fair value at the time of issuance is zero.

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

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A30. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts and classified by remaining period to maturity/repricing date (whichever is earlier) as at reporting date are as follows:-

GROUP	< ----- Contract/Notional Amount ----- >				< ----- Positive Fair Value ----- >				< ----- Negative Fair Value ----- >			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
As at 31 March 2021												
Trading derivatives												
Foreign exchange contracts :												
- Currency forwards	9,451,354	249,670	336,767	10,037,791	124,401	4,283	1,286	129,970	32,985	1,553	4,548	39,086
- Cross currency swaps	10,929,509	83,340	-	11,012,849	60,875	-	-	60,875	83,065	2,012	-	85,077
- Currency swaps	5,304,492	333,247	332,447	5,970,186	18,503	1,607	4,542	24,652	69,344	5,404	1,157	75,905
Interest rate contracts :												
- Interest rate swaps	1,077,000	2,138,000	2,205,000	5,420,000	5,163	32,616	41,103	78,882	11,315	36,061	39,164	86,540
	26,762,355	2,804,257	2,874,214	32,440,826	208,942	38,506	46,931	294,379	196,709	45,030	44,869	286,608
As at 31 December 2020												
Trading derivatives												
Foreign exchange contracts :												
- Currency forwards	7,717,177	75,022	330,978	8,123,177	34,639	179	402	35,220	201,841	2,416	9,346	213,603
- Cross currency swaps	7,121,340	207,100	-	7,328,440	165,064	7,411	-	172,475	40,621	109	-	40,730
- Currency swaps	4,026,096	75,074	331,236	4,432,406	75,886	2,462	9,542	87,890	21,535	175	359	22,069
Interest rate contracts :												
- Interest rate swaps	447,000	2,295,000	2,523,000	5,265,000	1,600	37,769	53,340	92,709	20,812	43,945	48,660	113,417
	19,311,613	2,652,196	3,185,214	25,149,023	277,189	47,821	63,284	388,294	284,809	46,645	58,365	389,819

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A30. DERIVATIVE FINANCIAL INSTRUMENTS (Cont.)

Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts and classified by remaining period to maturity/repricing date (whichever is earlier) as at reporting date are as follows: (continued)

	< ----- Contract/Notional Amount ----- >				< ----- Positive Fair Value ----- >				< ----- Negative Fair Value ----- >			
	Up To 1 Year	> 1 - 3 Years	> 3 Years	Total	Up To 1 Year	> 1 - 3 Years	> 3 Years	Total	Up To 1 Year	> 1 - 3 Years	> 3 Years	Total
BANK	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 31 March 2021												
Trading derivatives												
Foreign exchange contracts :												
- Currency forwards	3,370,405	-	-	3,370,405	40,498	-	-	40,498	5,827	-	-	5,827
- Cross currency swaps	10,929,509	83,340	-	11,012,849	61,605	-	-	61,605	84,358	2,012	-	86,370
Interest rate contracts :												
- Interest rate swaps	287,000	708,000	1,425,000	2,420,000	1,883	9,968	31,330	43,181	3,688	19,364	31,304	54,356
	14,586,914	791,340	1,425,000	16,803,254	103,986	9,968	31,330	145,284	93,873	21,376	31,304	146,553
As at 31 December 2020												
Trading derivatives												
Foreign exchange contracts :												
- Currency forwards	3,518,930	-	-	3,518,930	3,300	-	-	3,300	119,105	-	-	119,105
- Cross currency swaps	7,121,340	207,100	-	7,328,440	178,757	7,411	-	186,168	41,693	109	-	41,802
Interest rate contracts :												
- Interest rate swaps	57,000	775,000	1,493,000	2,325,000	670	9,725	31,319	41,714	470	21,681	45,031	67,182
	10,697,270	982,100	1,493,000	13,172,370	182,727	17,136	31,319	231,182	161,268	21,790	45,031	228,089

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A30. DERIVATIVE FINANCIAL INSTRUMENTS (Cont.)

Foreign exchange and interest rate related contracts are subject to market risk, credit risk and liquidity risk.

Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at the reporting date, the notional amount of foreign exchange exposure which was not hedged and hence, exposed to market risk was RM65.4 million (2020 : RM22.6 million), while the notional amount of interest rate contract was RM893.5 million (2020 : RM849.8 million).

Credit risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the commercial bank has a gain position. As at the reporting date, the amounts of foreign exchange and interest rate credit risk, measured in terms of the cost to replace the profitable contracts, was RM436.2 million (2020 : RM443.8 million) and RM174.6 million (2020 : RM170.9 million) respectively. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Liquidity risk

Liquidity risk on derivatives is the risk that the derivative position cannot be closed out promptly. The exposure to liquidity risk is mitigated by entering into transactions where the underlying financial instruments are widely traded and also easily closed out through alternative markets.

Cash Requirement of the Derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as the fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at the reporting date, there is no requirement for the Group to post any additional cash collateral on its derivative contracts.

Related Accounting Policies

The related accounting policies for off-balance sheet financial instruments applied in the condensed interim financial statements are consistent with those applied in the annual financial statements for the year ended 31 December 2020.

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A31. FAIR VALUE MEASUREMENTS

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

- (a) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities
(b) 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.
(c) Level 3 - valuations derived from valuation techniques in which one or more significant inputs are not based on observable market data.

Group	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
31 March 2021				
Financial Assets				
Financial assets at FVTPL:				
- Money market instruments	-	377,148	-	377,148
- Shares and unit trusts	363,054	-	99,222	462,276
- Corporate bonds/Sukuk	-	58,844	15,494	74,338
Derivative financial assets	-	294,379	-	294,379
Financial investments at FVOCI:				
- Money market instruments	-	6,247,168	-	6,247,168
- Shares, unit trusts and REITs	-	11	211,211	211,222
- Corporate bonds/Sukuk	-	6,174,041	-	6,174,041
	363,054	13,151,591	325,927	13,840,572
Financial Liabilities				
Derivative financial liabilities	-	286,608	-	286,608
Puttable liability - investment in funds	84,268	-	-	84,268
Other liabilities - equities trading	1,835	-	-	1,835
	86,103	286,608	-	372,711
31 December 2020				
Financial Assets				
Financial assets at FVTPL :				
- Money market instruments	-	113,657	-	113,657
- Shares and unit trusts	411,849	-	99,222	511,071
- Corporate bonds/Sukuk	-	58,494	15,044	73,538
Derivative financial assets	-	388,294	-	388,294
Financial investments at FVOCI :				
- Money market instruments	-	5,964,994	-	5,964,994
- Shares, unit trusts and REITs	-	11	211,454	211,465
- Corporate bonds/Sukuk	-	6,857,594	-	6,857,594
	411,849	13,383,044	325,720	14,120,613
Financial Liabilities				
Derivative financial liabilities	-	389,819	-	389,819
Puttable liability - investment in funds	84,268	-	-	84,268
Other liabilities - equities trading	394	-	-	394
	84,662	389,819	-	474,481

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A31. FAIR VALUE MEASUREMENTS (Cont.)

Bank	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
31 March 2021				
Financial Assets				
Financial assets at FVTPL:				
- Money market instruments	-	195,401	-	195,401
- Unquoted shares	-	-	99,222	99,222
- Corporate bonds/Sukuk	-	-	15,494	15,494
Derivative financial assets	-	145,284	-	145,284
Financial investments at FVOCI:				
- Money market instruments	-	3,976,707	-	3,976,707
- Unquoted shares	-	-	185,892	185,892
- Corporate bonds/Sukuk	-	3,270,223	-	3,270,223
	-	7,587,615	300,608	7,888,223
Financial Liabilities				
Derivative financial liabilities	-	146,553	-	146,553
31 December 2020				
Financial Assets				
Financial assets at FVTPL:				
- Money market instruments	-	113,657	-	113,657
- Unquoted shares	-	-	99,222	99,222
- Corporate bonds/Sukuk	-	-	15,044	15,044
Derivative financial assets	-	231,182	-	231,182
Financial investments at FVOCI:				
- Money market instruments	-	3,002,261	-	3,002,261
- Unquoted shares	-	-	186,135	186,135
- Corporate bonds/Sukuk	-	3,398,934	-	3,398,934
	-	6,746,034	300,401	7,046,435
Financial Liabilities				
Derivative financial liabilities	-	228,089	-	228,089

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

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group and the Bank then determine fair value based upon valuation techniques that use as 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.

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A31. FAIR VALUE MEASUREMENTS (Cont.)

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 Group's and 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 Group's and 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 Group and the Bank recognise 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 (2020: Nil).

The following table presents the changes in Level 3 instruments for the financial year ended:-

	Group		Bank	
	31/3/2021	31/12/2020	31/3/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial period/year	325,720	290,059	300,401	267,057
Net changes in income accrued	356	4	356	4
Total gains recognised in other comprehensive income	(149)	35,657	(149)	33,340
At end of the financial period/year	325,927	325,720	300,608	300,401

Effect of changes in significant unobservable assumptions to reasonably possible alternative

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.

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A32. CAPITAL ADEQUACY

Capital adequacy ratios of the Group and the Bank are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework (Capital Components) updated on 9 December 2020.

The Group and the Bank are currently adopting Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk. In line with the transitional arrangements under the Bank Negara Malaysia's Capital Adequacy Framework (Capital Components), the minimum capital adequacy requirement for Common Equity Tier 1 Capital Ratio ("CET1") and Tier 1 Capital Ratio are 7.00% and 8.50% respectively for the financial year ended 31 March 2021. The minimum regulatory capital adequacy requirement is at 10.50% for Total Capital Ratio.

The Group and the Bank have elected to apply BNM's transitional arrangement for four financial years beginning on 1 January 2020. Under the transitional arrangements, a financial institution is allowed to add back the amount of loss allowance measured at an amount equal to 12-month and lifetime expected credit losses to the extent they are ascribed to non-credit-impaired exposures (which is Stage 1 and Stage 2 provisions), to CET1 capital.

	Group		Bank	
	31/03/2021 RM'000	31/12/2020 RM'000	31/03/2021 RM'000	31/12/2020 RM'000
a) The components of CET 1, Tier 1 and Tier 2 capital :				
<u>CET 1</u>				
Paid-up share capital	4,902,300	4,902,300	4,902,300	4,902,300
Retained profits	3,740,978	3,682,234	2,829,011	2,799,501
Unrealised gains on FVOCI instruments	(121,408)	266,412	12,994	183,078
Other disclosed reserves	(65,909)	(65,909)	-	-
Foreign exchange reserves	(205)	(205)	-	-
	8,455,756	8,784,832	7,744,305	7,884,879
Less: Regulatory adjustments:				
- Goodwill and other intangibles	(897,269)	(903,750)	(196,814)	(202,212)
- Deferred tax assets	(239,641)	(112,158)	(116,803)	(54,607)
- 55% of cumulative unrealised gains on FVOCI instruments	-	(146,527)	(7,147)	(100,693)
- Investment in subsidiaries, joint ventures and associates	(880,209)	(896,114)	(3,796,621)	(3,796,621)
- Other CET1 transitional adjustment	137,709	100,517	78,283	61,224
Total CET 1 Capital	6,576,346	6,826,800	3,705,203	3,791,970
<u>Additional Tier 1 Capital</u>				
Additional Tier 1 Capital	800,000	800,000	500,000	500,000
Qualifying capital instruments held by third party	27,606	31,015	-	-
	827,606	831,015	500,000	500,000
Total Tier 1 Capital	7,403,952	7,657,815	4,205,203	4,291,970
<u>Tier 2 Capital</u>				
Subordinated MTNs	2,490,000	2,500,000	2,000,000	2,000,000
Expected loss provisions [#]	264,591	324,592	170,816	200,424
Less: Regulatory adjustments:				
- Investment in capital instruments of unconsolidated financial and insurance entities	(30,914)	(30,914)	(340,914)	(330,914)
Total Tier 2 Capital	2,723,677	2,793,678	1,829,902	1,869,510
Total Capital	10,127,629	10,451,493	6,035,105	6,161,480
b) The breakdown of risk-weighted assets:				
Credit risk	43,383,330	42,706,201	27,223,355	26,888,591
Market risk	700,154	814,122	357,364	373,667
Operational risk	3,443,530	3,403,072	1,659,985	1,657,613
Total risk-weighted assets	47,527,014	46,923,395	29,240,704	28,919,871
c) Capital adequacy ratios:				
<u>With transitional arrangements</u>				
CET 1 capital ratio	13.837%	14.549%	12.671%	13.112%
Tier 1 capital ratio	15.578%	16.320%	14.381%	14.841%
Total capital ratio	21.309%	22.274%	20.639%	21.305%
CET 1 capital ratio (net of proposed dividends) ^{Note 1}	13.806%	14.517%	12.621%	13.061%
Tier 1 capital ratio (net of proposed dividends) ^{Note 1}	15.547%	16.288%	14.331%	14.790%
Total capital ratio (net of proposed dividends) ^{Note 1}	21.278%	22.242%	20.589%	21.254%

[#] Qualifying loss provisions are restricted to allowances on the unimpaired portion of the loans, advances and other financing.

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A32. CAPITAL ADEQUACY (Cont.)

c) Capital adequacy ratios (cont.):	Group		Bank	
	31/03/2021 RM'000	31/12/2020 RM'000	31/03/2021 RM'000	31/12/2020 RM'000
<u>Without transitional arrangements</u>				
CET 1 capital ratio	13.547%	14.335%	12.403%	12.900%
Tier 1 capital ratio	15.288%	16.105%	14.113%	14.629%
Total capital ratio	21.309%	22.274%	20.639%	21.305%
CET 1 capital ratio (net of proposed dividends) ^{Note 1}	13.516%	14.303%	12.353%	12.849%
Tier 1 capital ratio (net of proposed dividends) ^{Note 1}	15.258%	16.074%	14.063%	14.578%
Total capital ratio (net of proposed dividends) ^{Note 1}	21.278%	22.242%	20.589%	21.254%

Note 1 :

Under the Dividend Reinvestment Plan ("DRP"), the amount of declared dividend to be deducted in the calculation of CET 1 Capital Ratio is determined in accordance with BNM's Implementation Guidance on Capital Adequacy Framework (Capital Components) (Implementation Guidance) issued on 2 February 2019.

Under the said Implementation Guidance, where a portion of the dividend may be reinvested under a DRP (the electable portion), the amount of the declared dividend to be deducted in the calculation of CET 1 Capital Ratio may be reduced as follows:-

- where an irrevocable written undertaking from shareholder has been obtained to reinvest the electable portion of the dividend; or
- where there is no irrevocable written undertaking provided, the average of the preceding 3-year take-up rates or if less than 3 preceding years, the available average historical take-up rates, subject to the amount being not more than 50% of the total electable portion of the dividend.

In arriving at the capital adequacy ratios, the portion of the proposed dividends where no irrevocable written undertaking from shareholders to reinvest the electable portion into new ordinary shares of the Bank is obtained, is assumed to be paid in cash and has been deducted from the calculation of CET 1 Capital Ratio.

In accordance with BNM's Guidelines on Investment Account, the credit and market risk weighted on the assets funded by the RIA are included in calculation of capital adequacy for the Bank. As at 31 March 2021, RIA assets included in the Total Capital Ratio calculation amounted to RM1,766.0 million (2020 : RM1,754.9 million).

The capital adequacy ratios of AFFIN Islamic Bank Berhad are as follows :

	Economic Entity		Bank	
	31/03/2021	31/12/2020	31/03/2021	31/12/2020
<u>With transitional arrangements</u>				
CET 1 capital ratio	11.543%	12.234%	11.543%	12.234%
Tier 1 capital ratio	13.523%	14.226%	13.523%	14.226%
Total capital ratio	19.305%	20.271%	19.305%	20.271%
<u>Without transitional arrangements</u>				
CET 1 capital ratio	11.203%	12.025%	11.203%	12.025%
Tier 1 capital ratio	13.183%	14.017%	13.183%	14.017%
Total capital ratio	19.305%	20.271%	19.305%	20.271%

The capital adequacy ratios of AFFIN Hwang Investment Bank Berhad are as follows :

	Group		Bank	
	31/03/2021	31/12/2020	31/03/2021	31/12/2020
<u>With transitional arrangements</u>				
CET 1 capital ratio	29.671%	35.119%	37.928%	47.060%
Tier 1 capital ratio	30.442%	36.047%	37.928%	47.060%
Total capital ratio	30.938%	36.463%	38.630%	47.666%
CET 1 capital ratio (net of proposed dividends)	29.671%	34.071%	37.928%	45.531%
Tier 1 capital ratio (net of proposed dividends)	30.442%	34.999%	37.928%	45.531%
Total capital ratio (net of proposed dividends)	30.938%	35.415%	38.630%	46.136%
<u>Without transitional arrangements</u>				
CET 1 capital ratio	29.376%	34.817%	37.518%	46.623%
Tier 1 capital ratio	30.148%	35.746%	37.518%	46.623%
Total capital ratio	30.870%	36.427%	38.302%	47.326%
CET 1 capital ratio (net of proposed dividends)	29.376%	33.769%	37.518%	45.094%
Tier 1 capital ratio (net of proposed dividends)	30.148%	34.698%	37.518%	45.094%
Total capital ratio (net of proposed dividends)	30.870%	35.379%	38.220%	45.797%

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A33. OPERATIONS OF ISLAMIC BANKING - AFFIN ISLAMIC BANK BERHAD

(i) Unaudited Statements of Financial Position

	Economic Entity	
	31/3/2021	31/12/2020
	RM'000	RM'000
ASSETS		
Cash and short-term funds	2,846,366	2,794,278
Deposits and placements with banks and other financial institutions	-	50,058
Derivative financial assets	6,581	11,558
Financial investments at FVOCI	2,659,223	2,828,166
Financing, advances and other financing	19,870,024	19,380,090
Other assets	64,392	64,563
Amount due from joint ventures	15,591	15,073
Deferred tax assets	48,579	12,390
Property and equipment	1,293	1,383
Right-of-use assets	972	1,085
Intangible assets	505	558
TOTAL ASSETS	25,513,526	25,159,202
LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		
Deposits from customers	19,036,631	18,665,991
Investment accounts of customers	1,877	2,151
Deposits and placements of banks and other financial institutions	1,357,815	1,225,873
Investment accounts due to designated financial institutions	1,756,263	1,751,038
Derivative financial liabilities	6,453	25,572
Recourse obligation on financing sold to Cagamas Berhad	50,341	50,034
Other liabilities	78,469	67,912
Amount due to holding company	227,125	299,815
Provision for taxation	5,987	6,234
Lease liabilities	2,324	2,433
Subordinated term financing and medium term notes	1,125,372	1,111,034
TOTAL LIABILITIES	23,648,657	23,208,087
ISLAMIC BANKING CAPITAL FUNDS		
Share capital	1,060,000	1,060,000
Reserves	804,869	891,115
Total Islamic Banking Capital Funds	1,864,869	1,951,115
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS	25,513,526	25,159,202
COMMITMENTS AND CONTINGENCIES	4,249,714	4,357,811

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A33. OPERATIONS OF ISLAMIC BANKING - AFFIN ISLAMIC BANK BERHAD (Cont.)

(ii) Unaudited Income Statements

	Economic Entity			
	Individual Quarter Ended 31/3/2021 RM'000	31/3/2020 RM'000	Cumulative Quarter Ended 31/3/2021 RM'000	31/3/2020 RM'000
Income derived from investment of depositors' funds and others	206,733	251,827	206,733	251,827
Income derived from investment of investment accounts	18,506	26,679	18,506	26,679
Income derived from investment of shareholders' funds	20,200	27,444	20,200	27,444
Allowances for impairment losses on financing, advances and other financing	(25,174)	(38,444)	(25,174)	(38,444)
Allowance for impairment losses on other assets	-	(1,015)	-	(1,015)
Total distributable income	220,265	266,491	220,265	266,491
Income attributable to the depositors and others	(124,792)	(184,428)	(124,792)	(184,428)
Total net income	95,473	82,063	95,473	82,063
Other operating expenses	(62,523)	(62,055)	(62,523)	(62,055)
Share of results of an associate	-	(750)	-	(750)
Profit before zakat and taxation	32,950	19,258	32,950	19,258
Zakat	-	-	-	-
Profit before taxation	32,950	19,258	32,950	19,258
Taxation	(8,945)	(6,191)	(8,945)	(6,191)
Net profit for the financial period	24,005	13,067	24,005	13,067

(iii) Unaudited Statements of Comprehensive Income

	Economic Entity			
	Individual Quarter Ended 31/3/2021 RM'000	31/3/2020 RM'000	Cumulative Quarter Ended 31/3/2021 RM'000	31/3/2020 RM'000
Net profit for the financial period	24,005	13,067	24,005	13,067
Other comprehensive income/(losses) :				
Items that may be reclassified subsequently to profit or loss :				
- Net fair value change in financial investments at FVOCI	(142,279)	(54,054)	(142,279)	(54,054)
- Net credit impairment loss change in financial investments at FVOCI	(848)	126	(848)	126
- Net gain on financial investments measured at FVOCI reclassified to profit or loss on disposal	(1,672)	(34,534)	(1,672)	(34,534)
- Deferred tax on financial investments at FVOCI	34,548	21,261	34,548	21,261
Other comprehensive income/(loss) for the financial period, net of tax	(110,251)	(67,201)	(110,251)	(67,201)
Total comprehensive income for the financial period	(86,246)	(54,134)	(86,246)	(54,134)

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A33. OPERATIONS OF ISLAMIC BANKING - AFFIN ISLAMIC BANK BERHAD (Cont.)

(iv) **Unaudited Condensed Statement Of Changes In Equity**

Economic Entity	<-----Attributable to Equity Holder of the Bank----->				
	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Total equity RM'000
At 1 January 2021	1,060,000	(4,919)	127,093	768,941	1,951,115
Comprehensive income :					
- Net profit for the financial period	-	-	-	24,005	24,005
Other comprehensive loss (net of tax) :					
- Financial investments at FVOCI	-	(110,251)	-	-	(110,251)
Total comprehensive (loss)/income	-	(110,251)	-	24,005	(86,246)
Transfer (from)/to regulatory reserves	-	-	(33,092)	33,092	-
At 31 March 2021	1,060,000	(115,170)	94,001	826,038	1,864,869

Economic Entity	<-----Attributable to Equity Holder of the Bank----->				
	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Total equity RM'000
At 1 January 2020	1,060,000	19,492	236,882	602,260	1,918,634
Comprehensive income :					
- Net profit for the financial period	-	-	-	13,067	13,067
Other comprehensive income (net of tax) :					
- Financial investments at FVOCI	-	(67,201)	-	-	(67,201)
Total comprehensive income	-	(67,201)	-	13,067	(54,134)
Transfer (from)/to regulatory reserves	-	-	(17,926)	17,926	-
At 31 March 2020	1,060,000	(47,709)	218,956	633,253	1,864,500

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A33. OPERATIONS OF ISLAMIC BANKING - AFFIN ISLAMIC BANK BERHAD (Cont.)

	Economic Entity	
	31/3/2021	31/12/2020
	RM'000	RM'000
(v) Financing, advances and other financing		
By type		
Cash line	455,637	466,589
Term financing		
- Housing financing	7,927,358	7,732,796
- Syndicated financing	752,562	759,504
- Hire purchase receivables	4,101,940	4,022,480
- Business term financing	5,128,500	4,954,997
Bills receivables	27,972	8,429
Trust receipts	17,621	13,140
Claims on customers under acceptance credits	549,960	508,029
Staff financing (of which RM Nil to Directors)	89,773	85,141
Credit/charge cards	38,699	38,076
Revolving credit	985,156	975,306
Gross financing, advances and other financing	20,075,178	19,564,487
Less : ECL	(205,154)	(184,397)
Total net financing, advances and other financing	19,870,024	19,380,090
(vi) Movements of impaired financing		
At beginning of the financial period/year	315,471	607,312
Classified as impaired	41,999	121,621
Reclassified as non-impaired	(37,050)	(103,492)
Amount recovered	(10,273)	(214,880)
Amount written-off	(6,716)	(95,090)
At end of the financial period/year	303,431	315,471
Ratio of gross impaired financing, advances and other financing to gross financing, advances and other financing (excludes RIA).	1.66%	1.77%

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A33. OPERATIONS OF ISLAMIC BANKING - AFFIN ISLAMIC BANK BERHAD (Cont.)

(vii) Movements in expected credit losses for financing, advances and other financing

	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				
31/3/2021				
At beginning of the financial period	47,261	54,706	82,430	184,397
Total transfer between stages due to change in credit risk :	4,965	5,086	(10,051)	-
- Transfer to 12-month ECL (Stage 1)	6,055	(3,882)	(2,173)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(1,089)	10,869	(9,780)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(1)	(1,901)	1,902	-
Financing, advances and other financing derecognised (other than write-off)	(8,643)	(238)	(596)	(9,477)
New financing, advances and other financing originated or purchased	9,872	185	82	10,139
Changes due to change in credit risk	6,507	1,992	18,294	26,793
Write-off	-	-	(6,698)	(6,698)
At end of the financial period	59,962	61,731	83,461	205,154
Economic Entity				
31/12/2020				
At beginning of the financial year	51,043	17,171	104,356	172,570
Total transfer between stages due to change in credit risk :	10,438	14,072	(24,510)	-
- Transfer to 12-month ECL (Stage 1)	18,731	(14,585)	(4,146)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(8,276)	30,441	(22,165)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(17)	(1,784)	1,801	-
Financing, advances and other financing derecognised (other than write-off)	(26,531)	(2,557)	(2,595)	(31,683)
New financing, advances and other financing originated or purchased	29,947	981	106	31,034
Changes due to change in credit risk	(2,291)	28,623	87,699	114,031
Changes in models/risk parameters	(15,345)	(3,584)	(251)	(19,180)
Write-off	-	-	(82,488)	(82,488)
Other adjustments	-	-	113	113
At end of the financial year	47,261	54,706	82,430	184,397

(viii) Deposits from customers

	Economic Entity 31/3/2021 RM'000	31/12/2020 RM'000
<u>Qard</u>		
Demand deposits	3,684,039	3,539,236
Savings deposits	1,014,900	1,005,821
	4,698,939	4,545,057
<u>Mudarabah</u>		
General investment deposits	57,109	57,313
<u>Tawarruq</u>		
Murabahah term deposits	12,474,955	13,333,675
Commodity Murabahah Deposit	1,239,387	516,492
Savings deposits	128,741	102,574
Demand deposit	437,500	110,880
	14,280,583	14,063,621
Total deposits from customers	19,036,631	18,665,991

Part B - Explanatory Notes pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B1. REVIEW OF PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES

Table 1 : Financial review for individual and cumulative quarter ended 31 March 2021 against preceding year's corresponding quarter

	Individual Quarter Ended		Changes		Cumulative Quarter Ended		Changes	
	31/03/2021	31/03/2020	RM'000	%	31/03/2021	31/03/2020	RM'000	%
	RM'000	RM'000			RM'000	RM'000		
Net Income	537,629	624,796	(87,167)	(14.0)	537,629	624,796	(87,167)	(14.0)
Operating Profit	103,375	180,218	(76,843)	(42.6)	103,375	180,218	(76,843)	(42.6)
Profit Before Zakat and Tax	109,326	176,492	(67,166)	(38.1)	109,326	176,492	(67,166)	(38.1)
Profit Before Tax	108,161	174,289	(66,128)	(37.9)	108,161	174,289	(66,128)	(37.9)
Profit After Tax	81,608	129,105	(47,497)	(36.8)	81,608	129,105	(47,497)	(36.8)
Profit attributable to equity holders of the Bank	68,937	123,569	(54,632)	(44.2)	68,937	123,569	(54,632)	(44.2)

Current Period-to-Date vs Previous Corresponding Period-to-Date

The Group registered a profit before tax of RM108.2 million for the 3 months ended 31 March 2021, lower by RM66.1 million or 37.9% as compared to RM174.3 million recorded in the previous corresponding period.

This was mainly attributed to lower non-interest income of RM115.6 million and higher operating expenses of RM14.0 million cushioned by higher net interest income of RM19.2 million, lower allowance for impairment losses of RM24.3 million and higher income from Islamic Banking of RM9.2 million. For the period under review, the share of profits of a joint venture and an associate were higher by RM6.5 million and RM3.2 million respectively.

Net interest income increased by RM19.2 million or 11.1% to RM192.6 million as compared to the previous corresponding period of RM173.4 million, mainly attributable to improved Net Interest Margin due to lower cost of funding. Income from Islamic Banking operations increased by RM9.2 million or 7.7% to RM128.9 million year-on-year.

Non-interest income of the Group for the 3 months ended 31 March 2021 was RM216.1 million, a drop of RM115.6 million or 34.9% from RM331.7 million in the previous corresponding period, mainly attributable to lower net gain on sales of financial instruments of RM162.7 million, offset by higher net fee and commission income of RM45.4 million.

Operating expenses showed an increase of RM14.0 million or 4.3% to RM340.5 million as compared to RM326.5 million in the previous corresponding period. The increase in operating expenses was attributable to higher personnel expenses of RM21.4 million, offset by lower general and administration expenses, establishment expenses and marketing expenses of RM4.3 million, RM1.9 million and RM1.2 million respectively.

Allowances for impairment losses improved from RM118.1 million to RM93.8 million year-on-year, mainly due to lower allowances and management overlay.

Profit before tax for the 3 months ended 31 March 2021 as compared to the previous corresponding financial period ended 31 March 2020 is further segmented as follows:

Commercial Banking

AFFIN Bank Berhad reported a profit before tax of RM38.5 million for the 3 months ended 31 March 2021, an increase of RM6.6 million or 20.7% as compared to RM31.9 million in the previous corresponding period. The increase was largely due to dividend income received from a subsidiary of RM35.0 million, higher net interest income of RM28.6 million and lower allowance for impairment losses of RM12.5 million. These were offset by lower net gain on sales of financial instruments of RM70.6 million.

AFFIN Islamic Bank Berhad also recorded an increase in profit before tax of RM13.7 million or 71.0% year-on-year to RM33.0 million from RM19.3 million in the previous corresponding period. The increase was mainly attributable to higher net profit income of RM30.4 million and lower allowance for impairment losses of RM14.3 million. These were offset by lower net gain on sales of financial instruments of RM32.2 million.

Investment Banking

AFFIN Hwang Investment Bank ("AHIB") Group recorded a profit before tax of RM66.0 million for the 3 months ended 31 March 2021, a drop of RM61.4 million or 48.2% year-on-year. The drop was largely contributed by lower net gain on sales of financial instruments of RM92.1 million and higher operating expenses of RM13.8 million, partially offset by higher net fee and commission income of RM39.8 million.

The 63% owned subsidiary namely AFFIN Hwang Asset Management Berhad recorded a significant increase in profit before tax by RM19.8 million or 92.5% to RM41.2 million, mainly due to higher net income of RM24.2 million, offset by higher operating expenses of RM4.1 million.

Part B - Explanatory Notes pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B1. REVIEW OF PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES (Cont.)

Current Period-to-Date vs Previous Corresponding Period-to-Date (Cont.)

Insurance

The results of the insurance segment are made up of the share of after tax results in AXA AFFIN Life Insurance Berhad ("AALI") and AXA AFFIN General Insurance Berhad ("AAGI").

AALI recorded a profit before tax of RM6.2 million for the 3 months ended 31 March 2021 as compared to loss before tax of RM9.0 million in the previous corresponding period. The improved performance was mainly due to higher earned premium of RM15.5 million and lower reserve for future policyholders' liabilities required of RM17.8 million, offset by lower investment income of RM13.1 million, higher net claims and commission income of RM2.6 million and higher overhead of RM2.0 million.

AAGI registered a loss before tax of RM0.6 million for the 3 months ended 31 March 2021 against profit before tax of RM0.5 million a year ago. The decrease was due to lower investment income and other income of RM3.7 million, cushioned by improved underwriting results of RM2.5 million.

Other business segment

AFFIN Moneybrokers Sdn Bhd's profit before tax decreased by RM0.3 million or 35.5% to RM0.6 million year-on-year due to lower net brokerage income.

B2. COMMENTS ON CURRENT PERFORMANCE AGAINST THE PRECEDING QUARTER'S RESULTS

	Current Financial Quarter	Preceding Financial Quarter	Changes	
	31/03/2021 RM'000	31/12/2020 RM'000	RM'000	%
Net income	537,629	620,796	(83,167)	(13.4)
Operating Profit	103,375	939	102,436	>100.0
Profit Before Zakat and Tax	109,326	24,169	85,157	>100.0
Profit Before Tax	108,161	23,463	84,698	>100.0
Profit After	81,608	9,975	71,633	>100.0
Profit attributable to equity holders of the Bank	68,937	(9,364)	78,301	>100.0

Profit before tax for the quarter ended 31 March 2021 improved by RM84.7 million or more than 100.0% to RM108.2 million against the preceding quarter ended 31 December 2020 of RM23.5 million, largely contributed by lower allowance for impairment losses of RM172.3 million and lower operating expenses of RM13.3 million, offset by lower net interest income, net fee and commission income and share of profit in associate of RM57.3 million, RM17.8 million and RM18.0 million respectively.

Net interest income for the quarter ended 31 March 2021 was lower by RM57.3 million or 22.9% to RM192.6 million against the preceding quarter of RM249.9 million. Income from Islamic Banking operations was also lower by RM2.2 million or 1.7% to RM128.9 million as compared to the preceding quarter of RM131.1 million.

Operating expenses for the quarter ended 31 March 2021 decreased by RM13.3 million or 3.8% to RM340.5 million as compared to RM353.8 million. The decrease in operating expenses was mainly attributable to lower marketing and establishment expenses.

Part B - Explanatory Notes pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B3. PROSPECTS FOR FINANCIAL YEAR 2021

Bank Negara Malaysia has forecasted Malaysia's economy to grow between 6.0% and 7.5% on the back of stronger domestic demand, to be contributed largely from private consumption growth. There are also expectations of an improvement in income and employment levels this year arising from less stringent mobility restrictions imposed in 2021 as compared to that in 2020. The Group continues to take a cautious stance for 2021 amid the ongoing Conditional Movement Control Order which is still in effect in most states due to continued high rates of COVID-19 infections. A full economic recovery would likely depend on the efficiency and effectiveness of the vaccination programme that is currently being rolled out by the Government and the ability to contain the COVID-19 spread.

The Group remains committed to its transformation plan and continues to progress on our key focus areas which include building on our stable annuity income base and improving the overall productivity of our workforce to better serve our stakeholders. The Group will focus on our digital initiatives and strategic partnerships that will bring new offerings and conveniences to our customers in line with the Group's tagline 'Always About You'.

As the Group further strengthens its Community and Enterprise Banking businesses, we will continue to monitor over the overall asset quality. The Group intends to continue providing financial relief assistance to all our customers who have been adversely impacted by the prolonged COVID-19 pandemic through the Bank's own Financial Assistance and Instalment Relief (FAIR) programme and we remain committed to helping all our customers during this difficult period.

B4. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

There were no profit forecast and profit guarantee issued by the Group and the Bank.

B5. TAXATION

Group	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2021 RM'000	31/3/2020 RM'000	31/3/2021 RM'000	31/3/2020 RM'000
Malaysian income tax				
Current tax	26,001	48,677	26,001	48,677
Under/(Over) provision in prior financial year	(290)	115	(290)	115
Deferred tax (income)/expense :				
- Relating to originating temporary differences	842	(3,608)	842	(3,608)
	26,553	45,184	26,553	45,184

For the current and preceding year's corresponding period, the Group's effective tax rates were higher than the statutory tax rate, mainly due to certain expenses that were not deductible for tax purposes, net of certain income not subject to tax or subject to lower tax rate.

Bank

Malaysian income tax				
Current tax	1,395	11,588	1,395	11,588
Deferred tax (income)/expense :				
- Relating to originating temporary differences	2,825	(3,506)	2,825	(3,506)
	4,220	8,082	4,220	8,082

For the current period, the Bank's effective tax rates was lower than the statutory tax rate, mainly due to certain income not subject to tax or subject to lower tax rate, net of certain expenses not deductible for tax purposes.

For the preceding year's corresponding period, the Bank's effective tax rate was higher than the statutory tax rate, mainly due to certain expenses not deductible for tax purposes, net of certain income not subject to tax or subject to lower tax rate.

Part B - Explanatory Notes pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B6. SIGNIFICANT EVENT

There were no changes in status of corporate proposals reported during the financial period under review.

B7. DEPOSITS, LEASE LIABILITIES AND BORROWINGS

	Group		Bank	
	31/3/2021 RM'000	31/12/2020 RM'000	31/3/2021 RM'000	31/12/2020 RM'000
(i) <u>Deposits from Customers</u>				
<u>By Type of Deposit:</u>				
Demand Deposits	8,575,992	8,069,963	4,454,911	4,420,378
Savings Deposits	3,128,980	3,012,259	1,985,338	1,903,864
Fixed Deposits	35,473,707	36,345,493	20,176,203	19,875,252
Commodity Murabahah Deposits	1,239,387	516,492	-	-
Money Market Deposits	595,620	707,536	601,643	707,536
Negotiable Instruments of Deposits ("NID")	1,518,135	1,107,155	907,335	500,947
Others	111,258	125,462	-	-
	50,643,079	49,884,360	28,125,430	27,407,977
<u>By Maturity structure of fixed deposits, NID and others:</u>				
Due within six months	21,399,052	24,532,548	11,449,147	12,036,396
Six months to one year	14,671,548	11,592,067	8,867,567	7,311,400
One year to three years	997,386	1,416,837	737,065	997,357
Three years to five years	34,713	36,658	29,358	31,046
Five years and above	401	-	401	-
	37,103,100	37,578,110	21,083,538	20,376,199
<u>By Type of Customer:</u>				
Government and statutory bodies	7,878,682	7,560,637	1,002,296	691,865
Business enterprises	11,242,811	11,449,078	6,502,337	6,556,940
Individuals	25,856,549	25,198,064	18,316,772	18,187,743
Domestic banking institutions	1,542,340	1,130,080	936,066	516,399
Domestic non-banking financial institutions	2,846,678	3,284,303	460,817	573,173
Foreign entities	546,315	557,451	387,481	388,837
Others	729,704	704,747	519,661	493,020
	50,643,079	49,884,360	28,125,430	27,407,977
(ii) <u>Deposits and Placements of Banks and Other Financial Institutions</u>				
<u>By Type of Institution:</u>				
Licensed banks	1,867,588	921,929	1,366,700	532,958
Licensed investment banks	1,161,693	170,219	1,078,105	67,023
Bank Negara Malaysia	29,018	103,703	29,018	103,703
Other financial institutions	1,278,498	2,524,509	124,075	1,704,168
	4,336,797	3,720,360	2,597,898	2,407,852
<u>By Maturity structure of deposits:</u>				
Due within six months	4,336,797	3,720,360	2,597,898	2,407,852

Part B - Explanatory Notes pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B7. DEPOSITS, LEASE LIABILITIES AND BORROWINGS (Cont.)

	Group		Bank	
	31/3/2021 RM'000	31/12/2020 RM'000	31/3/2021 RM'000	31/12/2020 RM'000
(iii) Lease Liabilities				
At beginning of financial period/year	50,528	58,650	31,842	44,219
Additions	4,363	27,156	4,342	12,049
Termination of contracts	-	(84)	-	-
Interest/Profit expense	547	2,581	353	1,582
Lease payment	-9,288	(37,775)	(6,512)	(26,008)
At end of the financial period/year	46,150	50,528	30,025	31,842

	Group		Bank	
	31/3/2021 RM'000	31/12/2020 RM'000	31/3/2021 RM'000	31/12/2020 RM'000
(iv) Borrowings				
(a) Tier-2 Subordinated Medium Term Notes ('MTN')	2,009,142	2,036,005	2,009,142	2,036,005
(b) Additional Tier-1 Capital Securities ('AT1CS')	504,847	512,236	504,847	512,236
(c) Additional Tier-1 Sukuk Wakalah ('AT1S')	307,662	303,425	-	-
(d) MTN Tier-2 Sukuk Murabahah	490,496	493,789	-	-
	3,312,147	3,345,455	2,513,989	2,548,241

(a) Tier-2 Subordinated Medium Term Notes ("Subordinated MTNs")

ABB had, on 7 February 2017 and 20 September 2017, issued 2 tranches of Tier-2 Subordinated MTNs of RM1.0 billion each out of its approved BASEL III Compliant MTN programme of up to RM6.0 billion in nominal value. The Subordinated MTNs were issued for a tenure of 10 years from the issue date on a 10-year non-callable 5-year basis, at a coupon rate of 5.45% and 5.03% respectively. The MTNs were issued for the purpose of general banking business and working capital requirements of the ABB.

(b) Additional Tier-1 Capital Securities ("AT1CS")

ABB had, on 31 July 2018, issued AT1CS of RM500.0 million out of its approved BASEL III Compliant AT1CS programme of up to RM3.0 billion in nominal value. The AT1CS was on perpetual non-callable 5-year basis, at a coupon rate of 5.80%. The AT1CS was issued for the purpose of general banking business and working capital requirements of the ABB.

(c) Additional Tier 1 Sukuk Wakalah ("AT1S")

AiBB had, on 18 October 2018, issued a tranche of AT1S of RM300.0 million out of its approved BASEL III Complaint Islamic MTN programme ('Sukuk Programme') of up to RM5.0 billion in nominal value. The Sukuk Wakalah was on a perpetual non-callable 5 years basis, at a coupon rate of 5.65%. The Sukuk Wakalah was issued for the purpose of general banking business and working capital requirements of AiBB.

(d) MTN Tier-2 Sukuk Murabahah

AiBB had, on 23 October 2018, issued a MTN Tier-2 Sukuk Murabahah of RM800.0 million out of its Sukuk 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 coupon rate of 5.05%. The Sukuk Murabahah was issued for the purpose of general banking business and working capital requirements of AiBB.

Part B - Explanatory Notes pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B8. MATERIAL LITIGATION

- a) A claim by the Plaintiff against the Bank vide Writ of Summons and Statement of Claim dated 22 January 2016 ("Writ") for the following:-
- RM56,885,317.82 together with interest at 5% per annum from 1999 till full settlement as alleged damages;
 - SGD9,928,473.75 together with interest at 5% per annum from 2013 till full settlement as alleged losses;
 - RM776,331.00 being alleged losses of Plaintiff's shares in Berlian Ferries Pte. Ltd which was transferred out as a result of his bankruptcy in 2013 with interest at 5% per annum from 2013 till full settlement as alleged losses;
 - RM500,000 as cost in respect of legal proceedings in Singapore.

The above Claim against the Bank by the Plaintiff is as a result of the Debt Recovery Action against the Plaintiff which was commenced in the ordinary course of business.

The Board of Directors of the Bank are of the view that save for the orders, cost and other relief sought by the Plaintiff, which will only materialize if the Court rules in the Plaintiff's favour, the Writ and Statement of Claim is not expected to result in any immediate losses, material, financial and operational impact on the Bank for the period under review.

- b) There are various legal suits against ABB in respect of claims and counter claims of approximately RM15.0 million (2020: RM15.0 million). Based on legal advice, the Directors are of the opinion that no provision for damages need to be made in the financial statements, as the probability of adverse adjudication against ABB is remote.

B9. DIVIDENDS

No dividend has been proposed for the quarter under review.

B10. EARNINGS PER SHARE

(a) Basic

The basic earnings per ordinary share for the Group and the Bank have been calculated by dividing the net profit attributable to equity holders of the Group and the Bank by the weighted average number of ordinary shares in issue during the financial year.

Group	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2021	31/3/2020	31/3/2021	31/3/2020
Net profit attributable to equity holders of the Bank (RM'000)	68,937	123,569	68,937	123,569
Weighted average number of ordinary shares in issue	2,079,791,097	1,986,020,123	2,079,791,097	1,986,020,123
Basic earnings per share (sen)	3.31	6.22	3.31	6.22
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Bank	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2021	31/3/2020	31/3/2021	31/3/2020
Net profit attributable to equity holders of the Bank (RM'000)	34,299	23,864	34,299	23,864
Weighted average number of ordinary shares in issue	2,079,791,097	1,986,020,123	2,079,791,097	1,986,020,123
Basic earnings per share (sen)	1.65	1.20	1.65	1.20
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Part B - Explanatory Notes pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B10. EARNINGS PER SHARE (Cont.)

(b) Diluted

The diluted earnings per ordinary share has been calculated by dividing the net profit attributable to equity holders of the Group and the Bank as stated above by the weighted average number of shares in issue during the financial year including the dilution from the potential issuance of new ordinary shares arising from DRP.

Group	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2021	31/3/2020	31/3/2021	31/3/2020
Net profit attributable to equity holders of the Bank (RM'000)	68,937	123,569	68,937	123,569
Diluted weighted average number of ordinary shares in issue	2,152,583,785	2,069,244,366	2,152,583,785	2,069,244,366
Diluted earnings per share (sen)	3.20	5.97	3.20	5.97
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Bank	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2021	31/3/2020	31/3/2021	31/3/2020
Net profit attributable to equity holders of the Bank (RM'000)	34,299	23,864	34,299	23,864
Diluted weighted average number of ordinary shares in issue	2,152,583,785	2,069,244,366	2,152,583,785	2,069,244,366
Diluted earnings per share (sen)	1.59	1.15	1.59	1.15
	<hr/>		<hr/>	
	Group and Bank			
	31/3/2021	31/3/2020		
Number of ordinary shares in issue	2,079,791,097	1,986,020,123		
Number of potential ordinary shares in issue	72,792,688	83,224,243		
Diluted weighted average number of ordinary shares in issue	2,152,583,785	2,069,244,366		