

AFFIN BANK BERHAD
Registration No. 197501003274 (25046-T)
Condensed Interim Financial Statements
Unaudited Statements of Financial Position as at 30 June 2023

	Note	The Group		The Bank	
		30/6/2023 RM'000	31/12/2022 RM'000	30/6/2023 RM'000	31/12/2022 RM'000
ASSETS					
Cash and short-term funds		7,738,790	4,903,601	3,619,468	1,986,132
Deposits and placements with Banks and other financial institutions		505,389	301,438	100,454	251,389
Investment accounts due from designated financial institutions		-	-	3,029,087	2,719,680
Financial assets at fair value through profit or loss ('FVTPL')	A9	3,234,972	544,503	2,789,275	508,433
Derivative financial assets	A29	750,858	495,389	648,733	407,517
Financial investments at fair value through other comprehensive income ('FVOCI')	A10	5,540,082	3,782,504	1,475,518	206,993
Financial investments at amortised cost ('AC')	A11	16,576,874	16,853,101	11,498,419	12,229,974
Loans, advances and financing	A12	61,042,166	57,931,856	32,456,111	30,557,921
Trade receivables	A13	368,081	405,401	-	-
Other assets	A14	457,221	460,851	234,675	265,246
Amount due from subsidiaries		-	-	6,904	5,835
Amount due from joint ventures		2,705	455	-	-
Tax recoverable		201,763	168,480	116,222	109,350
Deferred tax assets		191,876	233,973	101,447	125,964
Statutory deposits with Bank Negara Malaysia		1,358,602	1,250,872	815,900	749,272
Investment in subsidiaries		-	-	3,203,899	3,203,899
Investment in associates		832,617	794,779	667,279	642,679
Property and equipment		1,381,852	1,306,725	1,369,052	1,293,824
Right-of-use assets		52,756	57,580	47,508	51,937
Intangible assets		620,802	629,369	174,398	183,219
TOTAL ASSETS		100,857,406	90,120,877	62,354,349	55,499,264
LIABILITIES AND EQUITY					
Deposits from customers	B7	71,510,549	64,995,050	41,133,780	36,075,130
Investment accounts of customers		613	859	-	-
Deposits and placements of Banks and other financial institutions	B7	6,166,847	3,364,156	2,763,669	1,185,120
Obligation on securities sold under repurchase agreements		3,615,834	4,813,407	3,149,508	4,813,407
Derivative financial liabilities	A29	383,317	542,254	376,798	436,209
Bills and acceptances payable		29,826	35,471	29,826	35,471
Recourse obligation on loans/financing sold to Cagamas Berhad		3,684,374	1,073,871	2,572,576	1,073,871
Trade payables		225,579	338,867	-	-
Lease liabilities	B7	45,824	49,233	42,215	45,440
Other liabilities	A15	1,205,920	1,748,943	607,098	833,972
Amount due to subsidiaries		-	-	325,858	300,371
Provision for taxation		19	7	-	-
Borrowings and Sukuk	B7	3,031,924	2,529,931	1,519,058	1,019,197
TOTAL LIABILITIES		89,900,626	79,492,049	52,520,386	45,818,188

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 2022.

AFFIN BANK BERHAD
Registration No. 197501003274 (25046-T)
Condensed Interim Financial Statements
Unaudited Statements of Financial Position as at 30 June 2023

	Note	The Group		The Bank	
		30/6/2023 RM'000	31/12/2022 RM'000	30/6/2023 RM'000	31/12/2022 RM'000
EQUITY					
Share capital		5,245,447	5,245,447	5,245,447	5,245,447
Reserves:-					
FVOCI revaluation reserves	A16	110,553	44,806	178,400	166,472
Regulatory reserves	A16	313,591	479,799	248,718	416,620
Retained profits	A16	5,287,189	4,858,776	4,161,398	3,852,537
TOTAL EQUITY		10,956,780	10,628,828	9,833,963	9,681,076
TOTAL LIABILITIES AND EQUITY		100,857,406	90,120,877	62,354,349	55,499,264
COMMITMENTS AND CONTINGENCIES	A28	72,926,562	56,647,807	56,019,727	42,276,944
CAPITAL ADEQUACY RATIOS	A30				
<u>With transitional arrangements</u>					
CET 1 capital ratio		14.823%	15.700%	13.854%	14.753%
Tier 1 capital ratio		16.889%	17.090%	16.348%	16.133%
Total capital ratio		19.450%	19.539%	17.699%	17.333%
CET 1 capital ratio (net of proposed dividends)		14.729%	15.597%	13.706%	14.588%
Tier 1 capital ratio (net of proposed dividends)		16.795%	16.986%	16.199%	15.968%
Total capital ratio (net of proposed dividends)		19.355%	19.435%	17.550%	17.169%
Net assets per share attributable to equity holders of the Bank (RM)		4.82	4.67	4.32	4.26

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 2022.

AFFIN BANK BERHAD
Registration No. 197501003274 (25046-T)

Condensed Interim Financial Statements

Unaudited Income Statements for the Financial Quarter Ended 30 June 2023

The Group	Note	Individual Quarter Ended		Cumulative Quarter Ended	
		30/6/2023 RM'000	30/6/2022 RM'000	30/6/2023 RM'000	30/6/2022 RM'000
Interest income	A17	648,288	489,862	1,254,403	929,588
Interest expense	A18	(445,762)	(230,265)	(818,239)	(440,875)
Net interest income		202,526	259,597	436,164	488,713
Income from Islamic banking business		145,318	164,470	299,372	313,341
		347,844	424,067	735,536	802,054
Fee and commission income	A19	67,755	61,298	136,615	125,329
Fee and commission expense	A19	(2,288)	(2,301)	(4,962)	(4,262)
Net fee and commission income	A19	65,467	58,997	131,653	121,067
Net gains on financial instruments	A20	36,947	18,447	52,481	30,326
Other income	A21	54,600	2,104	79,479	(342)
Net income		504,858	503,615	999,149	953,105
Other operating expenses	A22	(316,442)	(309,188)	(646,428)	(605,382)
Operating profit before allowances		188,416	194,427	352,721	347,723
Allowances for credit impairment losses	A23	(50,814)	(34,785)	(37,478)	(34,586)
Write-back of/(allowances for) impairment losses on other assets	A24	978	(3,185)	978	(3,456)
Operating profit		138,580	156,457	316,221	309,681
Share of results of joint venture		-	218	-	4,059
Share of results of associates		11,388	17,519	30,093	25,754
Profit before zakat and taxation		149,968	174,194	346,314	339,494
Zakat		(657)	(17)	(657)	(167)
Profit before taxation		149,311	174,177	345,657	339,327
Taxation	B5	(36,086)	(45,131)	(83,452)	(84,688)
Profit from continuing operations		113,225	129,046	262,205	254,639
Profit from discontinued operation		-	28,659	-	55,646
Net profit after zakat and taxation		113,225	157,705	262,205	310,285
Attributable to :-					
Equity holders of the Bank		113,225	146,908	262,205	289,594
Non-controlling interest		-	10,797	-	20,691
		113,225	157,705	262,205	310,285
Attributable to equity holders of the Bank :-					
- Continuing operations		113,225	129,046	262,205	254,639
- Discontinued operations		-	17,862	-	34,955
		113,225	146,908	262,205	289,594
Basic earnings per share (sen) attributable to the equity holders of the Bank					
- Continuing operations	B10	4.98	6.08	11.53	11.99
- Discontinued operations	B10	-	0.84	-	1.65

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 2022.

AFFIN BANK BERHAD
Registration No. 197501003274 (25046-T)
Condensed Interim Financial Statements
Unaudited Statements of Comprehensive Income
for the Financial Quarter Ended 30 June 2023

	Individual Quarter Ended		Cumulative Quarter Ended	
	30/6/2023 RM'000	30/6/2022 RM'000	30/6/2023 RM'000	30/6/2022 RM'000
The Group				
Profit after zakat and taxation	113,225	157,705	262,205	310,285
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)	20,549	(49,484)	65,962	(82,007)
- Net credit impairment loss change in financial investments at FVOCI (debt instruments)	3,651	72	3,641	243
- Net gains on financial investments measured at FVOCI reclassified to profit or loss on disposal (debt instruments)	(1,009)	-	(1,388)	(2,380)
- Deferred tax on financial investments at FVOCI	(1,133)	14,036	(9,950)	22,413
- Share of other comprehensive income of joint venture	-	2,657	-	5,837
- Share of other comprehensive income/(loss) of associates	-	(13,363)	6,638	(21,094)
<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)	844	(3,743)	844	(3,743)
Other comprehensive income/(loss) for the financial period, net of tax	22,902	(49,825)	65,747	(80,731)
Total comprehensive income for the financial period	136,127	107,880	327,952	229,554
Total comprehensive income for the financial period attributable to:				
- Equity holders of the Bank	136,127	97,083	327,952	208,863
- Non-controlling interest	-	10,797	-	20,691
	136,127	107,880	327,952	229,554
Total comprehensive income attributable to the equity holders of the Bank:				
- Continuing operations	136,127	79,221	327,952	173,908
- Discontinued operations	-	17,862	-	34,955
	136,127	97,083	327,952	208,863

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 2022.

AFFIN BANK BERHAD
Registration No. 197501003274 (25046-T)
Condensed Interim Financial Statements
Unaudited Income Statements for the Financial Quarter Ended 30 June 2023

	Note	Individual Quarter Ended		Cumulative Quarter Ended	
		30/6/2023 RM'000	30/6/2022 RM'000	30/6/2023 RM'000	30/6/2022 RM'000
The Bank					
Interest income	A17	585,836	450,634	1,131,519	854,051
Interest expense	A18	(400,760)	(207,784)	(730,968)	(399,030)
Net interest income		185,076	242,850	400,551	455,021
Fee and commission income	A19	47,031	37,213	91,297	72,473
Fee and commission expense	A19	(2,288)	(2,301)	(4,962)	(4,262)
Net fee and commission income	A19	44,743	34,912	86,335	68,211
Net gains on financial instruments	A20	25,735	8,576	32,532	6,233
Other income	A21	94,325	712	120,936	(3,363)
Net income		349,879	287,050	640,354	526,102
Other operating expenses	A22	(218,866)	(202,642)	(443,776)	(388,160)
Operating profit before allowances		131,013	84,408	196,578	137,942
Allowances for credit impairment losses	A23	(27,602)	(6,811)	(14,133)	(5,688)
Allowances for impairment losses on other assets	A24	-	(1,261)	-	(1,261)
Profit before taxation		103,411	76,336	182,445	130,993
Taxation	B5	(19,360)	(17,731)	(41,486)	(31,057)
Net profit after taxation		84,051	58,605	140,959	99,936
Earnings per share (sen) attributable to the equity holders of the Bank					
- basic	B10	3.70	2.76	6.20	4.70

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 2022.

AFFIN BANK BERHAD
Registration No. 197501003274 (25046-T)
Condensed Interim Financial Statements
Unaudited Statements of Comprehensive Income
for the Financial Quarter Ended 30 June 2023

	Individual Quarter Ended		Cumulative Quarter Ended	
	30/6/2023 RM'000	30/6/2022 RM'000	30/6/2023 RM'000	30/6/2022 RM'000
The Bank				
Profit after zakat and taxation	84,051	58,605	140,959	99,936
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)	5,456	-	9,060	-
- Net credit impairment loss change in financial investments at FVOCI (debt instruments)	595	-	693	-
- Deferred tax on financial investments at FVOCI	1,310	-	2,175	-
<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)	-	(5,620)	-	(5,620)
Other comprehensive income/(loss) for the financial period, net of tax	7,361	(5,620)	11,928	(5,620)
Total comprehensive income/(loss) for the financial period	91,412	52,985	152,887	94,316

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 2022.

AFFIN BANK BERHAD
Registration No. 197501003274 (25046-T)
Unaudited Condensed Consolidated Statements Of Changes In Equity
for the Financial Quarter Ended 30 June 2023

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

The Group	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Total equity RM'000
At 1 January 2023	5,245,447	44,806	479,799	4,858,776	10,628,828
Net profit for the financial period	-	-	-	262,205	262,205
Other comprehensive income (net of tax) :					
- Financial investments at FVOCI	-	59,109	-	-	59,109
- Share of other comprehensive income of associates	-	6,638	-	-	6,638
Total comprehensive income for the financial period	-	65,747	-	262,205	327,952
Transfer from regulatory reserves	-	-	(166,208)	166,208	-
At 30 June 2023	5,245,447	110,553	313,591	5,287,189	10,956,780

The Condensed Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and the Bank for the financial year

AFFIN BANK BERHAD
Registration No. 197501003274 (25046-T)
Unaudited Condensed Consolidated Statements Of Changes In Equity
for the Financial Quarter Ended 30 June 2023

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

The 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 2022	4,969,150	90,473	754,603	39	(88,737)	4,163,442	9,888,970	44,685	9,933,655
Net profit for the financial period	-	-	-	-	-	289,594	289,594	20,691	310,285
Other comprehensive income (net of tax) :									
- Financial investments at FVOCI	-	(65,474)	-	-	-	-	(65,474)	-	(65,474)
- Share of other comprehensive income of joint venture	-	5,837	-	-	-	-	5,837	-	5,837
- Share of other comprehensive loss of an associate	-	(21,094)	-	-	-	-	(21,094)	-	(21,094)
Total comprehensive income for the financial period	-	(80,731)	-	-	-	289,594	208,863	20,691	229,554
Obligation to buy subsidiary's shares from non-controlling interest	-	(12,175)	-	-	-	12,175	-	-	-
Transfer from regulatory reserves	-	-	(123,578)	-	-	123,578	-	-	-
Dividends	-	-	-	-	-	-	-	(18,500)	(18,500)
At 30 June 2022	4,969,150	(2,433)	631,025	39	(88,737)	4,588,789	10,097,833	46,876	10,144,709

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 2022.

AFFIN BANK BERHAD
Registration No. 197501003274 (25046-T)
Unaudited Condensed Consolidated Statements Of Changes In Equity
for the Financial Quarter Ended 30 June 2023

	<-----Non-distributable----->			< Distributable >	
The Bank	Share capital	FVOCI revaluation reserves	Regulatory reserves	Retained profits	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2023	5,245,447	166,472	416,620	3,852,537	9,681,076
Net profit for the financial period	-	-	-	140,959	140,959
Other comprehensive income (net of tax) :					
- Financial investments at FVOCI	-	11,928	-	-	11,928
Total comprehensive income for the financial period	-	11,928	-	140,959	152,887
Transfer from regulatory reserves	-	-	(167,902)	167,902	-
At 30 June 2023	5,245,447	178,400	248,718	4,161,398	9,833,963
At 1 January 2022	4,969,150	157,267	636,095	3,119,461	8,881,973
Net profit for the financial period	-	-	-	99,936	99,936
Other comprehensive income (net of tax) :					
- Financial investments at FVOCI	-	(5,620)	-	-	(5,620)
Total comprehensive income for the financial period	-	(5,620)	-	99,936	94,316
Net gain on disposal of financial investment designated at FVOCI (equity instruments)	-	-	-	9,000	9,000
Transfer from regulatory reserves	-	-	(60,310)	60,310	-
At 30 June 2022	4,969,150	151,647	575,785	3,288,707	8,985,289

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 2022.

AFFIN BANK BERHAD
Registration No. 197501003274 (25046-T)
Unaudited Condensed Consolidated Statements of Cash Flows
for the Financial Quarter Ended 30 June 2023

	The Group		The Bank	
	30/6/2023	30/6/2022	30/6/2023	30/6/2022
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation :-				
- Continuing operations	345,657	339,327	182,445	130,993
- Discontinued operations	-	69,182	-	-
	345,657	408,509	182,445	130,993
Adjustments for items not involving the movement of cash and cash equivalents	(525,542)	(108,562)	(429,257)	(126,723)
Operating profit before changes in working capital	(179,885)	299,947	(246,812)	4,270
Net changes in operating assets	(5,825,291)	(6,672,531)	(4,923,811)	(5,460,508)
Net changes in operating liabilities	7,402,328	8,070,727	4,764,544	6,587,705
Tax and zakat paid	(81,378)	(105,168)	(42,782)	(53,011)
Net cash (used in)/generated from operating activities	1,315,774	1,592,975	(448,861)	1,078,456
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received :				
- financial investments at FVOCI	67,498	68,568	(204)	-
- financial investments at AC	256,113	173,245	242,150	191,843
Dividend income :				
- financial assets at FVTPL	340	1,177	-	-
- financial investments at FVOCI	662	662	549	549
- subsidiaries	-	-	1,295	845
Net purchase/redemption of :				
- financial investments at FVOCI	(1,828,392)	(74,279)	(1,235,622)	9,360
- financial investments at AC	(301,035)	(3,995,225)	690,005	(2,658,390)
Purchase of :				
- property and equipment	(104,608)	(169,214)	(102,734)	(167,730)
- intangible assets	(2,206)	(3,936)	(1,427)	(1,942)
Proceeds from disposal of :				
- property and equipment	316	609	-	-
Net cash used in from investing activities	(1,911,312)	(3,998,393)	(405,988)	(2,625,465)
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown of borrowings	500,000	(1,000,000)	500,000	(1,000,000)
Interest payment on borrowings	(63,253)	(93,498)	(23,372)	(66,955)
Payment of dividend to non-controlling interest	-	(18,500)	-	-
Proceeds from recourse obligation on loans/financing sold to Cagamas Berhad	2,574,272	440,450	1,474,271	440,450
Lease payments	(13,264)	(9,545)	(11,037)	(5,027)
Net cash generated from/(used in) financing activities	2,997,755	(681,093)	1,939,862	(631,532)
Net increase/(decrease) in cash and cash equivalents	2,402,217	(3,086,511)	1,085,013	(2,178,541)
Effects of foreign exchange	390,879	65,651	288,082	64,010
Cash and cash equivalents at beginning of the financial period	5,005,328	7,422,090	1,964,288	3,352,536
Cash and cash equivalents at end of the financial period	7,798,424	4,401,230	3,337,383	1,238,005
<u>Cash and cash equivalents comprise the following :</u>				
Cash and short-term funds	7,738,790	3,294,720	3,619,468	1,017,403
Deposits and placements of banks and other financial institutions	505,389	1,173,660	100,454	1,173,660
	8,244,179	4,468,380	3,719,922	2,191,063
Less : Amount held on behalf of commissioned dealer's representatives	(63,216)	(67,150)	-	-
Cash and short-term funds and deposits and placements with banks and other financial institutions with original maturity of more than three months	(382,539)	-	(382,539)	(953,058)
	7,798,424	4,401,230	3,337,383	1,238,005

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 2022.

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 2022. 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 2022.

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 quarter ended 31 December 2022, except for the adoption of the following amendments to MFRS that are applicable to the Bank effective for the financial year beginning on 1 January 2023:

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

A3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the audited financial statements for the financial year ended 31 December 2022 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

Except for item disclosed on Note B6, 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 other than the following :-

Issuance of Additional Tier-1 Capital Securities ("ATICS") pursuant to the RM3.0 billion ATICS Programme by AFFIN Bank Berhad

Issuance	Issuance Date	First Call Date	Maturity Date	Nominal Value	Description	Tenor
Issuance	23 June 2023	23 June 2028	23 June 2032	RM500.0 million	Additional Tier-1 Capital Securities ("ATICS")	10 years

A8. DIVIDENDS PAID AND PROPOSED

No dividend has been proposed for the 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	The Group		The Bank	
	30/6/2023 RM'000	31/12/2022 RM'000	30/6/2023 RM'000	31/12/2022 RM'000
<u>Money market instruments</u>				
Malaysian Government Securities	20,580	-	-	-
Malaysian Government Investment Issues	303,879	-	70,944	-
Malaysian Government Treasury Bills	928,421	99,589	585,284	99,589
Cagamas Bonds/Sukuk	255,154	50,293	255,154	50,293
Negotiable Instruments of Deposit	1,379,202	233,043	1,636,522	233,043
	2,887,236	382,925	2,547,904	382,925
<u>Quoted securities:</u>				
Shares, warrants and REITs in Malaysia	105,071	34,631	-	-
Shares, warrants and REITs outside Malaysia	62	230	-	-
Unit Trusts in Malaysia	1,232	1,207	-	-
	106,365	36,068	-	-
<u>Unquoted securities:</u>				
Shares in Malaysia	110,395	110,395	110,395	110,395
Corporate Bonds/Sukuk in Malaysia	130,976	15,115	130,976	15,113
	241,371	125,510	241,371	125,508
	3,234,972	544,503	2,789,275	508,433

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

At fair value	The Group		The Bank	
	30/6/2023 RM'000	31/12/2022 RM'000	30/6/2023 RM'000	31/12/2022 RM'000
<u>Money market instruments:</u>				
Malaysian Government Securities	964,105	797,643	113,961	-
Malaysian Government Investment Issues	1,291,201	1,090,216	31,091	-
Cagamas Bonds/Sukuk	115,424	124,487	50,257	-
Khazanah Bonds/Sukuk	9,961	9,797	-	-
Negotiable Islamic Debt Certificate	-	-	151,349	-
	2,380,691	2,022,143	346,658	-
<u>Unquoted securities:</u>				
Shares in Malaysia *	231,759	230,918	206,992	206,993
Corporate bonds/Sukuk in Malaysia #	2,588,075	1,529,443	618,533	-
Corporate Bonds/Sukuk outside Malaysia	339,557	-	303,335	-
	3,159,391	1,760,361	1,128,860	206,993
	5,540,082	3,782,504	1,475,518	206,993

* 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

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

Debt instruments at FVOCI

Movements in expected credit losses for financial investments at FVOCI are as follows:

	12-Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Group				
30/6/2023				
At beginning of the financial period	803	18,376	-	19,179
Net remeasurement of loss allowance	2	-	-	2
Financial assets derecognised (other than write-off)	(51)	-	-	(51)
New financial assets purchased	1,043	-	-	1,043
Changes due to change in credit risk	(309)	2,717	-	2,408
Other adjustments:				
- Foreign exchange and other movements	2	-	-	2
At end of the financial period	1,490	21,093	-	22,583

31/12/2022

At beginning of the financial year	252	18,856	-	19,108
Financial assets derecognised (other than write-off)	(12)	(731)	-	(743)
New financial assets purchased	204	-	-	204
Changes due to change in credit risk	373	-	-	373
At end of the financial year	817	18,125	-	18,942

	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
The Bank				
30/6/2023				
At beginning of the financial period	-	-	-	-
Financial assets derecognised (other than write-off)	(9)	-	-	(9)
New financial assets purchased	701	-	-	701
Other adjustments:				
- Foreign exchange and other movements	1	-	-	1
At end of the financial period	693	-	-	693

31/12/2022

At beginning/end of the financial year	-	-	-	-
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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')

	The Group		The Bank	
	30/6/2023 RM'000	31/12/2022 RM'000	30/6/2023 RM'000	31/12/2022 RM'000
<u>At amortised cost</u>				
Malaysian Government Treasury Bills	-	49,822	-	-
Malaysian Government Securities	3,621,693	3,635,264	3,554,385	3,568,139
Malaysian Government Investment Issues	5,720,330	5,742,314	3,066,677	3,077,857
Cagamas Bonds/Sukuk	121,163	272,271	80,873	181,624
Bank Negara Malaysia Sukuk	-	10,139	-	-
Negotiable Instruments of Deposit and Islamic Debt Certificates	-	-	200,533	754,595
	9,463,186	9,709,810	6,902,468	7,582,215
<u>Unquoted securities:</u>				
Shares in Malaysia	14,915	14,915	14,915	14,915
Corporate Bonds/Sukuk in Malaysia	6,570,882	6,715,837	4,083,521	4,227,952
Corporate Bonds/Sukuk outside Malaysia	624,546	481,153	587,191	466,137
Loan stock in Malaysia	8,296	15,560	-	-
	7,218,639	7,227,465	4,685,627	4,709,004
	16,681,825	16,937,275	11,588,095	12,291,219
Fair value changes arising from fair value hedges	(2,545)	(2,893)	(2,545)	(2,893)
	16,679,280	16,934,382	11,585,550	12,288,326
Less: ECL	(102,406)	(81,281)	(87,131)	(58,352)
	16,576,874	16,853,101	11,498,419	12,229,974

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

	12-Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired		Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
		Stage 2 RM'000	Stage 3 RM'000		
30/6/2023					
The Group					
At beginning of the financial period	9,985	55,736	15,560	81,281	
Financial assets derecognised (other than write-off)	(930)	-	(6,819)	(7,749)	
New financial assets purchased	265	-	-	265	
Changes due to change in credit risk	1,513	27,520	-	29,033	
Other adjustments :					
- Foreign exchange and other movements	21	-	(445)	(424)	
At end of the financial period	10,854	83,256	8,296	102,406	
The Bank					
At beginning of the financial period	2,616	55,736	-	58,352	
Financial assets derecognised (other than write-off)	(478)	-	-	(478)	
New financial assets purchased	118	-	-	118	
Changes due to change in credit risk	1,598	27,520	-	29,118	
Other adjustments :					
- Foreign exchange and other movements	21	-	-	21	
At end of the financial period	3,875	83,256	-	87,131	
31/12/2022					
The Group					
At beginning of the financial year	5,099	83,426	15,000	103,525	
Financial assets derecognised (other than write-off)	(607)	-	-	(607)	
New financial assets purchased	2,725	-	-	2,725	
Changes due to change in credit risk	2,748	(27,690)	-	(24,942)	
Other adjustments :					
- Foreign exchange and other movements	20	-	560	580	
At end of the financial year	9,985	55,736	15,560	81,281	
The Bank					
At beginning of the financial year	1,426	83,426	-	84,852	
Financial assets derecognised (other than write-off)	(402)	-	-	(402)	
New financial assets purchased	1,707	-	-	1,707	
Changes due to change in credit risk	(134)	(27,690)	-	(27,824)	
Other adjustments :					
- Foreign exchange and other movements	19	-	-	19	
At end of the financial year	2,616	55,736	-	58,352	

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

(a) BY TYPE	The Group		The Bank	
	30/6/2023	31/12/2022	30/6/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
Overdrafts	2,221,650	2,101,930	1,505,945	1,401,411
Term loans/financing:				
- Housing loans/financing	18,573,341	17,070,281	8,786,891	7,741,034
- Hire purchase receivables	13,979,805	13,142,578	8,500,963	7,952,640
- Syndicated financing	2,220,186	1,806,320	818,808	539,422
- Other term loans/financing	16,919,111	16,242,173	8,658,090	8,436,896
Bills receivables	525,539	524,475	421,931	373,227
Trust receipts	250,020	118,989	193,606	105,019
Claims on customers under acceptances credits	2,794,307	2,674,388	1,804,202	1,887,330
Staff loans/financing (of which RM Nil to Directors)	214,001	215,411	91,285	92,774
Credit cards	385,338	366,556	320,235	305,699
Revolving credits	2,995,274	3,883,788	2,235,669	2,613,435
Margin financing	1,389,483	1,195,788	-	-
Gross loans, advances and financing	62,468,055	59,342,677	33,337,625	31,448,887
Less: ECL	(1,425,889)	(1,410,821)	(881,514)	(890,966)
Total net loans, advances and financing	61,042,166	57,931,856	32,456,111	30,557,921

Included in the Group's other term loans/financing before expected credit losses as at reporting date is RM56.8 million (2022: RM57.4 million) of term financing disbursed by AFFIN Islamic to joint venture AFFIN-i Nadayu Sdn Bhd.

(b) BY MATURITY STRUCTURE	The Group		The Bank	
	30/6/2023	31/12/2022	30/6/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
Maturing within one year	11,443,273	11,388,930	6,628,869	6,885,471
One year to three years	4,256,401	3,910,370	2,683,816	2,378,538
Three years to five years	6,077,546	5,750,025	4,102,636	3,915,002
Over five years	40,690,835	38,293,352	19,922,304	18,269,876
	62,468,055	59,342,677	33,337,625	31,448,887

(c) BY TYPE OF CUSTOMER	The Group		The Bank	
	30/6/2023	31/12/2022	30/6/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
Domestic banking institutions	11,681	10,452	11,681	10,452
Domestic non-banking institutions:				
- Others	525,329	534,770	166,432	165,925
Domestic business enterprises:				
- Small medium enterprises	10,604,770	10,288,102	7,671,175	7,466,478
- Others	12,822,320	13,339,035	7,849,028	8,121,386
Government and statutory bodies	783,556	795,660	1,787	6,444
Individuals	36,682,029	33,848,784	16,782,945	15,303,577
Other domestic entities	982	862	850	707
Foreign entities	1,037,388	525,012	853,727	373,918
	62,468,055	59,342,677	33,337,625	31,448,887

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.)

	The Group		The Bank	
	30/6/2023	31/12/2022	30/6/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
(d) <u>BY INTEREST / PROFIT RATE SENSITIVITY</u>				
Fixed rate:				
- Housing loans/financing	200,385	204,381	150,808	157,077
- Hire purchase receivables	13,981,030	13,143,921	8,500,963	7,952,640
- Other fixed rate loans/financing	1,422,557	1,472,212	488,290	474,818
Variable rate:				
- Base lending rate and base rate plus	37,250,051	29,245,941	19,127,562	14,404,061
- Cost plus	9,555,291	10,257,940	5,070,002	5,484,204
- Other variable rates	58,741	5,018,282	-	2,976,087
	62,468,055	59,342,677	33,337,625	31,448,887
(e) <u>BY ECONOMIC SECTOR</u>				
Primary agriculture	1,540,838	1,365,361	709,793	658,238
Mining and quarrying	225,321	226,642	86,516	78,390
Manufacturing	4,000,552	3,986,495	2,751,079	2,721,219
Electricity, gas and water supply	422,574	524,815	99,748	75,821
Construction	1,979,657	1,886,093	984,558	904,683
Real estate	5,366,489	5,319,183	3,976,906	3,832,281
Wholesale, retail trade, hotels and restaurants	5,774,798	5,514,688	4,383,380	4,208,002
Transport, storage and communication	2,314,939	2,049,447	1,457,613	1,450,534
Finance, insurance and business services	2,061,887	2,304,699	1,346,200	1,384,783
Education, health and others	1,944,674	2,180,709	658,647	747,224
Household	36,835,901	33,984,433	16,882,760	15,387,600
Others	425	112	425	112
	62,468,055	59,342,677	33,337,625	31,448,887
(f) <u>BY ECONOMIC PURPOSE</u>				
Purchase of securities	2,792,743	2,617,025	407,778	365,490
Purchase of transport vehicles	14,586,399	13,711,407	8,805,331	8,275,966
Purchase of landed properties of which:				
- Residential	18,896,324	17,403,630	8,932,911	7,891,028
- Non-residential	6,863,113	6,617,393	4,452,342	4,244,458
Fixed assets other than land and building	489,583	546,492	202,282	250,740
Personal use	3,223,996	2,743,248	655,531	625,008
Credit card	385,339	366,556	320,235	305,699
Consumer durable	282	334	3	4
Construction	2,412,742	2,261,816	1,466,215	1,321,128
Merger and acquisition	-	77,588	-	56,052
Working capital	11,134,389	11,320,779	7,022,665	7,273,936
Others	1,683,145	1,676,409	1,072,332	839,378
	62,468,055	59,342,677	33,337,625	31,448,887

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.)

	The Group		The Bank	
	30/6/2023	31/12/2022	30/6/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
(g) <u>BY GEOGRAPHICAL DISTRIBUTION</u>				
Perlis	128,498	127,996	22,298	22,862
Kedah	1,908,402	1,770,004	657,267	589,872
Pulau Pinang	3,934,970	3,597,189	2,303,669	2,159,262
Perak	1,737,774	1,674,743	874,673	848,537
Selangor	19,414,676	19,085,253	10,215,913	10,043,686
Wilayah Persekutuan	13,733,416	13,296,991	7,220,154	6,971,473
Negeri Sembilan	2,120,826	1,973,865	710,883	664,273
Melaka	1,166,244	1,121,516	678,862	664,916
Johor	8,649,320	7,985,757	5,240,506	4,786,541
Pahang	1,941,676	1,858,859	911,628	871,519
Terengganu	1,109,361	1,098,455	191,987	196,242
Kelantan	694,456	627,189	42,201	43,859
Sarawak	2,782,404	2,518,818	1,974,430	1,818,402
Sabah	2,385,401	2,340,854	1,575,925	1,520,315
Labuan	297,086	47,548	253,810	29,497
Outside Malaysia	463,545	217,640	463,419	217,631
	62,468,055	59,342,677	33,337,625	31,448,887
(h) <u>IMPAIRED LOANS, ADVANCES AND FINANCING</u>				
(i) <u>Movements of impaired loans, advances and financing</u>				
At beginning of the financial period/year	1,171,181	1,305,953	735,434	841,839
Classified as impaired	695,704	511,707	534,598	273,510
Reclassified as non-impaired	(652,912)	(293,450)	(407,613)	(150,186)
Amount recovered	(73,736)	(314,298)	(54,433)	(206,984)
Amount written-off	(30,004)	(122,762)	(15,473)	(84,431)
Other movements	1,626	84,031	-	61,686
At end of the financial period/year	1,111,859	1,171,181	792,513	735,434
Ratio of gross impaired loans, advances and financing to gross loans, advances and financing (*)	1.78%	1.97%	2.18%	2.58%

(*) For the Bank, RIA included in the ratio calculation amounting to RM3,053.1 million (2022: RM2,723.1 million) with impaired financing amounting to RM Nil (2022: RM145.6 million).

The outstanding contractual amounts of such assets written-off during the financial quarter amounting to RM30.0 million (2022: RM122.8 million) for the Group and RM15.5 million (2022: RM84.4 million) for the Bank respectively.

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) IMPAIRED LOANS, ADVANCES AND FINANCING (Cont.)

	The Group		The Bank	
	30/6/2023	31/12/2022	30/6/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
(ii) <u>Impaired loans by economic sector</u>				
Primary agriculture	9,003	18,955	8,903	18,657
Mining and quarrying	31,169	27,531	9,902	6,907
Manufacturing	49,492	49,997	41,914	41,763
Electricity, gas and water supply	2	-	-	-
Construction	161,746	99,804	106,446	46,338
Real estate	256,096	133,373	184,011	58,692
Wholesale, retail trade, hotels and restaurants	236,755	74,697	225,074	68,622
Transport, storage and communication	18,024	316,154	14,623	157,203
Finance, insurance and business services	27,286	24,251	21,920	20,731
Education, health and others	13,247	195,051	12,406	194,224
Household	309,039	231,368	167,314	122,297
	1,111,859	1,171,181	792,513	735,434
(iii) <u>Impaired loans by economic purpose</u>				
Purchase of securities	20,343	22,443	34	35
Purchase of transport vehicles	78,079	356,931	44,432	177,182
Purchase of landed properties of which:				
- Residential	239,810	157,364	135,377	79,071
- Non-residential	222,752	258,512	154,224	186,299
Fixed assets other than land and building	91	1,956	13	1,956
Personal use	19,512	16,360	8,130	7,390
Credit card	3,127	2,104	2,738	1,909
Consumer durable	3	3	3	3
Construction	131,697	160,153	131,697	160,153
Working capital	372,247	185,038	297,852	117,270
Others	24,198	10,317	18,013	4,166
	1,111,859	1,171,181	792,513	735,434
(iv) <u>Impaired loans by geographical distribution</u>				
Perlis	4,065	3,572	380	81
Kedah	47,994	52,952	32,952	41,498
Pulau Pinang	60,679	56,812	53,131	47,091
Perak	13,369	10,651	7,883	5,569
Selangor	270,382	243,513	158,273	147,135
Wilayah Persekutuan	340,800	82,190	308,063	51,821
Negeri Sembilan	33,295	23,389	16,986	15,096
Melaka	127,034	38,930	118,781	20,520
Johor	89,862	258,135	31,173	203,596
Pahang	30,419	25,127	25,482	23,096
Terengganu	3,825	292,567	446	144,800
Kelantan	4,483	2,969	1,258	591
Sarawak	71,991	68,205	25,485	23,674
Sabah	13,658	12,135	12,217	10,832
Outside Malaysia	3	34	3	34
	1,111,859	1,171,181	792,513	735,434

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

The Group	12-Month ECL	Lifetime ECL	Lifetime ECL	Total
		not credit impaired	credit impaired	
30/6/2023	Stage 1	Stage 2	Stage 3	RM'000
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial period	211,373	778,214	421,234	1,410,821
Total transfer between stages due to change in credit risk:	(160,860)	282,317	(121,457)	-
- Transfer to 12-month ECL (Stage 1)	27,406	(23,629)	(3,777)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(187,620)	350,068	(162,448)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(646)	(44,122)	44,768	-
Loans/financing derecognised (other than write-off)	(37,044)	(7,771)	(17,432)	(62,247)
New loans/financing originated or purchased	226,918	-	-	226,918
Changes due to change in credit risk	(41,215)	(244,337)	160,317	(125,235)
Write-off	-	-	(26,616)	(26,616)
Other adjustments	290	332	1,626	2,248
At end of the financial period	199,462	808,755	417,672	1,425,889

The Group	12-Month ECL	Lifetime ECL	Lifetime ECL	Total
		not credit impaired	credit impaired	
31/12/2022	Stage 1	Stage 2	Stage 3	RM'000
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial year	237,148	314,020	338,104	889,272
Total transfer between stages due to change in credit risk:	38,317	29,274	(67,591)	-
- Transfer to 12-month ECL (Stage 1)	89,510	(80,338)	(9,172)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(51,146)	127,435	(76,289)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(47)	(17,823)	17,870	-
Loans/financing derecognised (other than write-off)	(64,117)	(31,143)	(21,636)	(116,896)
New loans/financing originated or purchased	112,914	-	-	112,914
Changes due to change in credit risk	(112,981)	465,820	172,723	525,562
Write-off	-	-	(84,397)	(84,397)
Other adjustments	92	243	84,031	84,366
At end of the financial year	211,373	778,214	421,234	1,410,821

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.)

The Bank	12-Month ECL	Lifetime ECL	Lifetime ECL	Total
		not credit impaired	credit impaired	
30/6/2023	Stage 1	Stage 2	Stage 3	RM'000
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial period	144,574	448,993	297,399	890,966
Total transfer between stages due to change in credit risk:	2,005	98,936	(100,941)	-
- Transfer to 12-month ECL (Stage 1)	13,850	(11,373)	(2,477)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(11,302)	146,694	(135,392)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(543)	(36,385)	36,928	-
Loans/financing derecognised (other than write-off)	(22,529)	(7,340)	(15,987)	(45,856)
New loans/financing originated or purchased	34,738	-	-	34,738
Changes due to change in credit risk	(26,517)	(84,856)	126,648	15,275
Write-off	-	-	(14,223)	(14,223)
Other adjustments	282	332	-	614
At end of the financial period	132,553	456,065	292,896	881,514

The Bank	12-Month ECL	Lifetime ECL	Lifetime ECL	Total
		not credit impaired	credit impaired	
31/12/2022	Stage 1	Stage 2	Stage 3	RM'000
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial year	163,175	214,857	251,437	629,469
Total transfer between stages due to change in credit risk:	19,470	11,686	(31,156)	-
- Transfer to 12-month ECL (Stage 1)	50,931	(47,132)	(3,799)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(31,456)	72,179	(40,723)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(5)	(13,361)	13,366	-
Loans/financing derecognised (other than write-off)	(29,825)	(18,162)	(13,586)	(61,573)
New loans/financing originated or purchased	57,436	-	-	57,436
Changes due to change in credit risk	(65,768)	240,369	81,725	256,326
Write-off	-	-	(52,707)	(52,707)
Other adjustments	86	243	61,686	62,015
At end of the financial year	144,574	448,993	297,399	890,966

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

	The Group	
	30/6/2023	31/12/2022
	RM'000	RM'000
Amount due from stock-broking clients:		
- performing accounts	263,638	376,714
- impaired accounts (i)	174	941
Amount due from brokers	104,518	28,502
	368,330	406,157
Less: ECL (ii)	(249)	(756)
	368,081	405,401
(i) Movements of impaired trade receivables		
At beginning of the financial period/year	941	942
Classified as impaired	-	1,504
Amount written-back	161	(1,505)
Amount written-off	(928)	-
At end of the financial period/year	174	941
(ii) Movements in ECL in trade receivables		
At beginning of the financial period/year	756	1,533
Allowance made	204	3,094
Amount written-back	(711)	(3,601)
Disposal of a subsidiary	-	(270)
At end of the financial period/year	249	756

A14. OTHER ASSETS

	The Group		The Bank	
	30/6/2023	31/12/2022	30/6/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
Other debtors	296,863	274,519	134,548	175,261
Prepayments and deposits	125,025	99,453	88,854	75,275
Cheque clearing accounts	15,154	67,678	2,788	6,225
Foreclosed properties (i)	23,950	23,950	8,485	8,485
	460,992	465,600	234,675	265,246
Less: ECL (ii)	(3,771)	(4,749)	-	-
	457,221	460,851	234,675	265,246
(i) Foreclosed properties				
At beginning of the financial period/year	23,950	13,358	8,485	8,485
Purchased	-	13,240	-	-
Diminution in value	-	(2,648)	-	-
At end of the financial period/year	23,950	23,950	8,485	8,485
(ii) Movements in ECL				
At beginning of the financial period/year			4,749	4,039
Allowance made			1,209	2,417
Amount written-back			(2,187)	(1,707)
At end of the financial period/year			3,771	4,749

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A15. OTHER LIABILITIES

	The Group		The Bank	
	30/6/2023 RM'000	31/12/2022 RM'000	30/6/2023 RM'000	31/12/2022 RM'000
BNM and CGC Funding programmes (a)	210,388	245,602	192,827	227,297
Margin and collateral deposits	120,886	122,545	102,886	102,946
Other creditors and accruals	121,435	164,622	57,388	84,038
Sundry creditors	341,156	308,594	157,327	233,550
Clearing accounts	-	451,311	-	-
Treasury and cheque clearing accounts	-	22,525	-	22,525
Provision for zakat	3,979	3,474	518	190
Defined contribution plan (b)	47,739	31,552	46,174	30,210
Accrued employee benefits	39,677	139,849	19,931	103,084
Unearned income	19,183	20,716	14,529	15,584
Commissioned dealer's representatives trust balances	63,216	64,495	-	-
Collaterals pledged for derivative transactions	9,245	-	-	-
Securities borrowings and lending - borrow	135,805	71,962	-	-
Amounts payable to commissioned and salaried dealer's representatives	53,716	62,788	-	-
Add : ECL (c)				
- loan/financing commitments and financial guarantees	39,495	38,908	15,518	14,548
	1,205,920	1,748,943	607,098	833,972

(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 (2022: 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	
	30/6/2023 RM'000	31/12/2022 RM'000	30/6/2023 RM'000	31/12/2022 RM'000
(c) Movement in ECL				
At beginning of financial period/year	38,908	56,914	14,548	31,322
Net remeasurement of loss allowance	(9,468)	(875)	(6,383)	1,548
New loan commitments and financial guarantees issued	10,417	10,244	7,353	7,354
Loan commitment and financial guarantees derecognised	(362)	(27,375)	-	(25,676)
At end of the financial period/year	39,495	38,908	15,518	14,548

A16. RESERVES

	Group		Bank	
	30/6/2023 RM'000	31/12/2022 RM'000	30/6/2023 RM'000	31/12/2022 RM'000
FVOCI revaluation reserves (a)	110,553	44,806	178,400	166,472
Regulatory reserves (b)	313,591	479,799	248,718	416,620
Retained profits	5,287,189	4,858,776	4,161,398	3,852,537
	5,711,333	5,383,381	4,588,516	4,435,629

(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 29 April 2022, 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.

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

A17. INTEREST INCOME

	Individual Quarter Ended		Cumulative Quarter Ended	
	30/6/2023	30/6/2022	30/6/2023	30/6/2022
	RM'000	RM'000	RM'000	RM'000
The Group				
Loan, advances and financing	488,851	362,027	943,973	688,583
Money at call and deposits placements with financial institutions	17,033	11,852	33,353	25,951
Financial investments at FVOCI	40,632	35,683	71,146	54,723
Financial investments at AC	99,930	78,341	202,390	156,126
Others	1,842	1,959	3,541	4,205
	648,288	489,862	1,254,403	929,588
The Bank				
Loan, advances and financing	420,046	326,878	812,907	620,053
Money at call and deposits placements with financial institutions	52,584	28,065	98,962	56,168
Financial investments at FVOCI	10,993	-	13,557	-
Financial investments at AC	101,719	94,670	205,097	175,789
Others	494	1,021	996	2,041
	585,836	450,634	1,131,519	854,051

A18. INTEREST EXPENSE

	Individual Quarter Ended		Cumulative Quarter Ended	
	30/6/2023	30/6/2022	30/6/2023	30/6/2022
	RM'000	RM'000	RM'000	RM'000
The Group				
Deposits from customers	346,700	181,625	638,731	346,982
Deposits and placements of banks and other financial institutions	36,521	6,977	56,077	14,592
Obligation on securities sold under repurchase agreements	30,175	12,871	66,489	18,293
Loans sold to Cagamas Berhad	16,340	7,834	24,432	13,807
Subordinated medium term notes	14,088	19,771	27,403	44,849
Others	1,938	1,187	5,107	2,352
	445,762	230,265	818,239	440,875
The Bank				
Deposits from customers	305,803	158,554	559,155	302,972
Deposits and placements of banks and other financial institutions	36,882	7,856	55,898	17,199
Obligation on securities sold under repurchase agreements	26,500	12,770	61,844	18,192
Loans sold to Cagamas Berhad	16,340	7,834	24,432	13,807
Subordinated medium term notes	14,088	19,771	27,403	44,849
Others	1,147	999	2,236	2,011
	400,760	207,784	730,968	399,030

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A19. NET FEE AND COMMISSION INCOME

	Individual Quarter Ended		Cumulative Quarter Ended	
	30/6/2023 RM'000	30/6/2022 RM'000	30/6/2023 RM'000	30/6/2022 RM'000
The Group				
Fee and commission income:				
Net brokerage	14,006	17,515	29,174	39,772
Corporate advisory fees	446	1,472	1,483	2,356
Commission	11,970	13,320	23,873	25,224
Service charges and fees	31,892	20,351	60,775	39,079
Guarantee fees	3,507	3,593	7,163	8,198
Arrangement fees	834	784	1,261	2,255
Agency fees	407	860	1,312	860
Other fee income	4,693	3,403	11,574	7,585
	67,755	61,298	136,615	125,329
Fee and commission expenses:				
Commission and referral expense	(2,288)	(2,301)	(4,962)	(4,262)
Net fee and commission income	65,467	58,997	131,653	121,067
The Bank				
Fee and commission income:				
Commission	11,970	13,576	23,873	25,825
Service charges and fees	31,664	20,219	60,547	38,851
Guarantee fees	3,397	3,418	6,877	7,797
	47,031	37,213	91,297	72,473
Fee and commission expense:				
Commission and referral expense	(2,288)	(2,301)	(4,962)	(4,262)
Net fee and commission income	44,743	34,912	86,335	68,211

A20. NET GAINS ON FINANCIAL INSTRUMENTS

The Group				
Income from financial instruments:				
Gains/(Losses) arising on financial assets at FVTPL:				
- net gain on disposal	12,831	4,296	19,413	11,488
- unrealised gain/(loss)	1,411	(5,359)	1,829	(16,204)
- interest income	12,722	8,216	18,079	16,324
- gross dividend income	209	471	340	1,008
Gains/(Losses) on derivatives instruments:				
- realised	199	647	1,792	1,134
- unrealised	4,745	10,510	4,989	15,572
- interest income/(expense)	1,450	(997)	2,452	(2,076)
(Losses)/Gains arising on financial investments at FVOCI:				
- net (loss)/gain on disposal	1,784	-	2,354	2,417
- gross dividend income	662	662	662	662
Gains arising on financial investments at AC				
- net gain on redemption	-	1	62	1
Unrealised gain on fair value changes arising from fair value hedges	934	-	509	-
Net gains on financial instruments	36,947	18,447	52,481	30,326

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 GAINS ON FINANCIAL INSTRUMENTS (Cont.)

The Bank	Individual Quarter Ended		Cumulative Quarter Ended	
	30/6/2023	30/6/2022	30/6/2023	30/6/2022
	RM'000	RM'000	RM'000	RM'000
Income from financial instruments:				
Gains/(Losses) arising on financial assets at FVTPL:				
- net gain/(loss) on disposal	4,565	(903)	5,334	(1,041)
- unrealised (loss)/gain	6,770	(4,740)	10,052	(14,386)
- interest income	6,871	4,063	7,629	7,499
Gains/(Losses) on derivatives instruments:				
- net gain/(loss) on disposal	27	-	1,529	-
- realised	4,553	703	4,950	1,156
- unrealised	650	10,848	948	16,648
- interest income/(expense)	-	(1,945)	-	(4,193)
Gains arising on financial investments at FVOCI:				
- net gain on disposal	816	-	970	-
- gross dividend income	549	549	549	549
Gains arising on financial investments at AC				
- net gain on redemption	-	1	62	1
Unrealised gain on fair value changes arising from fair value hedges	934	-	509	-
Net gains on financial instruments	25,735	8,576	32,532	6,233

A21. OTHER INCOME

The Group				
Foreign exchange gains/(losses):				
- realised	(285,217)	(42,773)	(338,973)	(67,338)
- unrealised	317,166	43,497	390,879	64,803
Rental income	7	3	13	8
Gain on sale of property and equipment	-	-	1	186
Gain on disposal of associates	25,000	-	25,000	-
Other non-operating income	(2,356)	1,377	2,559	1,999
Total other income	54,600	2,104	79,479	(342)
The Bank				
Foreign exchange gains/(losses):				
- realised	(200,709)	(48,069)	(247,908)	(70,115)
- unrealised	231,561	46,910	297,193	64,010
Rental income	41	27	70	55
Gain on disposal of associates	56,317	-	56,317	-
Gross dividend received from subsidiaries	-	845	1,295	845
Other non-operating income	7,115	999	13,969	1,842
Total other income	94,325	712	120,936	(3,363)

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A22. OTHER OPERATING EXPENSES

The Group	Individual Quarter Ended		Cumulative Quarter Ended	
	30/6/2023 RM'000	30/6/2022 RM'000	30/6/2023 RM'000	30/6/2022 RM'000
<u>Personnel costs</u>				
Wages, salaries and bonus	144,322	142,242	297,882	287,407
Defined contribution plan	25,218	24,219	52,084	49,222
Other personnel costs	26,039	19,562	47,713	37,610
	195,579	186,023	397,679	374,239
<u>Promotion and marketing-related expenses</u>				
Business promotion and advertisement	3,570	5,478	8,718	9,443
Entertainment	986	1,499	2,011	2,371
Traveling and accommodation	1,019	543	1,997	1,142
Commission and brokerage expenses	3,193	1,643	5,372	2,975
Other marketing expenses	1,901	3,795	4,001	8,411
	10,669	12,958	22,099	24,342
<u>Establishment expenses</u>				
Equipment rental	793	871	1,234	1,656
Repair and maintenance	20,937	22,458	44,828	40,345
Depreciation of property and equipment	20,035	7,152	29,182	12,984
Depreciation of right-of-use assets	8,842	8,582	15,138	17,148
Amortisation of intangible assets	5,277	6,018	10,773	12,065
IT consultancy fee	(526)	17,391	238	31,688
Dataline rental	1,150	7,275	7,699	14,771
Security services	3,235	3,781	7,373	7,089
Electricity, water and sewerage	3,966	2,998	7,368	5,663
Insurance/Takaful and indemnities	6,751	4,207	13,144	9,437
Other establishment costs	4,111	3,234	13,358	5,659
	74,571	83,967	150,335	158,505
<u>General and administrative expenses</u>				
Telecommunication expenses	3,001	2,752	5,887	5,402
Auditors' remuneration:				
(i) Statutory audit fees	835	656	1,351	1,215
(ii) Regulatory related fees	-	-	-	10
(iii) Tax fees	6	-	6	-
(iv) Non-audit fees	3	-	333	170
Professional fees	3,346	2,681	6,748	4,339
Property and equipment written-off	1	61	2	109
Mail and courier charges	1,172	1,086	2,467	1,700
Stationery and consumables	3,467	3,054	6,348	4,635
Directors' fees and allowances	1,909	1,145	3,656	1,780
Donations	846	421	1,908	1,186
Settlement, clearing and bank charges	18,522	7,660	34,103	14,206
Stamp duties	42	57	134	103
Operational and litigation write-off expenses	(35)	-	5	2
Subscription fees	2,498	1,992	5,034	4,223
Other administration and general expenses	10	4,675	8,333	9,216
	35,623	26,240	76,315	48,296
Total other operating expenses	316,442	309,188	646,428	605,382

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A22. OTHER OPERATING EXPENSES (Cont.)

The Bank	Individual Quarter Ended		Cumulative Quarter Ended	
	30/6/2023	30/6/2022	30/6/2023	30/6/2022
	RM'000	RM'000	RM'000	RM'000
<u>Personnel costs</u>				
Wages, salaries and bonus	97,606	84,763	199,960	172,492
Defined contribution plan	17,509	14,930	36,039	30,481
Other personnel costs	16,978	14,269	32,089	25,760
	132,093	113,962	268,088	228,733
<u>Promotion and marketing-related expenses</u>				
Business promotion and advertisement	3,294	4,896	8,128	8,352
Entertainment	571	1,362	1,208	2,114
Travelling and accommodation	665	572	1,329	930
Commission and brokerage expenses	2,766	1,927	4,841	2,522
Others marketing expenses	1,405	3,190	2,795	6,819
	8,701	11,947	18,301	20,737
<u>Establishment expenses</u>				
Equipment rental	552	722	754	1,302
Repair and maintenance	14,234	14,220	27,930	24,059
Depreciation of property and equipment	19,195	6,213	27,504	11,070
Depreciation of right-of-use assets	5,962	7,551	11,536	14,910
Amortisation of intangible assets	5,008	5,707	10,245	11,451
IT consultancy fee	(617)	11,320	57	19,536
Dataline rental	(1,087)	5,321	3,227	10,864
Security services	2,184	2,322	5,252	4,207
Electricity, water and sewerage	2,862	1,027	5,166	1,884
Insurance/Takaful and indemnities	4,686	2,741	9,207	6,096
Other establishment costs	(3,103)	2,975	2,900	3,805
	49,876	60,119	103,778	109,184
<u>General and administrative expenses</u>				
Telecommunication expenses	521	759	1,075	1,296
Auditors' remuneration :				
(i) Statutory audit fees	629	450	900	824
(ii) Non-audit fees	(28)	-	302	150
Professional fees	1,299	1,136	1,871	1,429
Property and equipment written-off	(7)	61	(14)	109
Mail and courier charges	911	808	1,939	1,152
Stationery and consumables	2,530	2,062	4,484	2,844
Directors' fees and allowances	851	1,145	1,636	1,780
Donations	711	418	1,746	1,134
Settlement, clearing and bank charges	17,299	6,728	31,843	12,524
Stamp duties	42	54	81	98
Operational and litigation write-off expenses	(35)	-	5	2
Other administration and general expenses	3,473	2,993	7,741	6,164
	28,196	16,614	53,609	29,506
Total other operating expenses	218,866	202,642	443,776	388,160

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A23. ALLOWANCES FOR/(WRITE-BACK OF) CREDIT IMPAIRMENT LOSSES

	Individual Quarter Ended		Cumulative Quarter Ended	
	30/6/2023	30/6/2022	30/6/2023	30/6/2022
	RM'000	RM'000	RM'000	RM'000
The Group				
ECL made on/(written-back) :				
- loans, advances and financing	27,694	72,697	30,558	105,745
- trace receivables	(166)	(1,026)	(508)	(941)
- securities and placements	30,895	(2,628)	25,276	(22,388)
- loan/financing commitments and financial guarantee	2,339	(20,864)	586	(20,921)
Bad debts and financing :				
- recovered	(11,712)	(13,812)	(23,222)	(27,721)
- written-off	1,764	418	4,788	812
	50,814	34,785	37,478	34,586
The Bank				
ECL made on/(written-back) :				
- loans, advances and financing	6,227	40,721	(443)	70,937
- securities and placements	28,201	(2,994)	29,496	(22,641)
- loan/financing commitments and financial guarantee	2,858	(19,648)	969	(19,652)
Bad debts and financing :				
- recovered	(10,340)	(11,439)	(19,591)	(23,443)
- written-off	656	171	3,702	487
	27,602	6,811	14,133	5,688

A24. ALLOWANCES FOR/(WRITE-BACK OF) IMPAIRMENT LOSSES ON OTHER ASSETS

	Individual Quarter Ended		Cumulative Quarter Ended	
	30/6/2023	30/6/2022	30/6/2023	30/6/2022
	RM'000	RM'000	RM'000	RM'000
The Group				
Allowance for impairment made/(written-back) on:				
- amount due from associates	-	1,130	-	1,130
- other debtors	(978)	2,055	(978)	2,326
	(978)	3,185	(978)	3,456
The Bank				
Allowance for impairment made/(written-back) on:				
- other debtors	-	1,261	-	1,261
	-	1,261	-	1,261

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A25. SEGMENTAL INFORMATION ON REVENUE AND PROFIT

The segment analysis by activity for the individual and cumulative quarters ended 30 June 2023 and 30 June 2022 are as follows:

Current year's individual quarter ended 30 June 2023 :

	Continuing Operations					Total RM'000	Discontinued Operations RM'000	Total RM'000
	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Elimination RM'000			
Revenue								
External revenue	464,520	37,188	-	3,150	-	504,858	-	504,858
Intersegment revenue	31,116	9,435	-	197	(40,748)	-	-	-
Segment revenue	495,636	46,623	-	3,347	(40,748)	504,858	-	504,858
Operating expenses	(286,588)	(36,693)	-	(2,932)	9,771	(316,442)	-	(316,442)
of which :-								
Depreciation of property and equipment	(19,275)	(667)	-	(93)	-	(20,035)	-	(20,035)
Depreciation of right-of-use assets	(6,041)	(1,863)	-	(88)	(850)	(8,842)	-	(8,842)
Amortisation of intangible assets	(5,040)	(211)	-	(26)	-	(5,277)	-	(5,277)
(Allowances for)/write-back of impairment losses on loans, advances, financing and trade receivables/securities/other assets	(52,088)	2,037	-	-	215	(49,836)	-	(49,836)
Segment results	156,960	11,967	-	415	(30,762)	138,580	-	138,580
Share of results of associates (net of tax)	-	-	11,388	-	-	11,388	-	11,388
Profit before zakat and taxation	156,960	11,967	11,388	415	(30,762)	149,968	-	149,968
Zakat	(657)	-	-	-	-	(657)	-	(657)
Profit before taxation	156,303	11,967	11,388	415	(30,762)	149,311	-	149,311
Taxation						(36,086)	-	(36,086)
Net profit for the individual and cumulative quarter						113,225	-	113,225

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

A25. SEGMENTAL INFORMATION ON REVENUE AND PROFIT (Cont.)

The segment analysis by activity for the individual and cumulative quarters ended 30 June 2023 and 30 June 2022 are as follows (Cont.):

Preceding year's individual quarter ended 30 June 2022 :

	Continuing Operations					Total RM'000	Discontinued Operations RM'000	Total RM'000
	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Elimination RM'000			
Revenue								
External revenue	474,600	26,743	-	2,272	-	503,615	90,155	593,770
Intersegment revenue	(32,899)	(2,057)	-	145	34,811	-	-	-
Segment revenue	441,701	24,686	-	2,417	34,811	503,615	90,155	593,770
Operating expenses	(281,934)	(24,327)	-	(2,271)	(656)	(309,188)	(48,096)	(357,284)
of which :-								
Depreciation of property and equipment	(6,459)	(611)	-	(82)	-	(7,152)	(2,178)	(9,330)
Depreciation of right-of-use assets	(6,747)	(1,748)	-	(87)	-	(8,582)	(1,059)	(9,641)
Amortisation of intangible assets	(5,626)	(387)	-	(5)	-	(6,018)	(18)	(6,036)
Write-back of/(allowances for) impairment losses on loans, advances, financing and trade receivables/securities/other assets	(36,208)	(1,787)	-	-	25	(37,970)	(37)	(38,007)
Segment results	123,559	(1,428)	-	146	34,180	156,457	42,022	198,479
Share of results of joint venture (net of tax)	-	-	218	-	-	218	-	218
Share of results of associate (net of tax)	-	-	17,519	-	-	17,519	-	17,519
Profit before zakat and taxation	123,559	(1,428)	17,737	146	34,180	174,194	42,022	216,216
Zakat	-	(17)	-	-	-	(17)	-	(17)
Profit before taxation	123,559	(1,445)	17,737	146	34,180	174,177	42,022	216,199
Taxation						(45,131)	(13,363)	(58,494)
Net profit for the individual and cumulative quarter						129,046	28,659	157,705

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

A25. SEGMENTAL INFORMATION ON REVENUE AND PROFIT (Cont.)

The segment analysis by activity for the individual and cumulative quarters ended 30 June 2023 and 30 June 2022 are as follows (Cont.):

Current year's cumulative quarter ended 30 June 2023 :

	Continuing Operations					Total RM'000	Discontinued Operations RM'000	Total RM'000
	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Elimination RM'000			
Revenue								
External revenue	906,073	86,502	-	6,574	-	999,149	-	999,149
Intersegment revenue	33,889	10,757	-	393	(45,039)	-	-	-
Segment revenue	939,962	97,259	-	6,967	(45,039)	999,149	-	999,149
Operating expenses	(577,352)	(75,985)	-	(5,904)	12,813	(646,428)	-	(646,428)
of which :-								
Depreciation of property and equipment	(27,665)	(1,331)	-	(186)	-	(29,182)	-	(29,182)
Depreciation of right-of-use assets	(11,694)	(3,268)	-	(176)	-	(15,138)	-	(15,138)
Amortisation of intangible assets	(10,319)	(417)	-	(37)	-	(10,773)	-	(10,773)
(Allowances for)/write-back of impairment losses on loans, advances, financing and trade receivables/securities/other assets	(46,528)	9,975	-	-	53	(36,500)	-	(36,500)
Segment results	316,082	31,249	-	1,063	(32,173)	316,221	-	316,221
Share of results of joint venture (net of tax)	-	-	-	-	-	-	-	-
Share of results of associate (net of tax)	-	-	30,093	-	-	30,093	-	30,093
Profit before zakat and taxation	316,082	31,249	30,093	1,063	(32,173)	346,314	-	346,314
Zakat	(657)	-	-	-	-	(657)	-	(657)
Profit before taxation	315,425	31,249	30,093	1,063	(32,173)	345,657	-	345,657
Taxation	-	-	-	-	-	(83,452)	-	(83,452)
Net profit for the cumulative quarter						262,205	-	262,205

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

A25. SEGMENTAL INFORMATION ON REVENUE AND PROFIT (Cont.)

The segment analysis by activity for the individual and cumulative quarters ended 30 June 2023 and 30 June 2022 are as follows (Cont.):

Preceding year's cumulative quarter ended 30 June 2022 :

	Continuing Operations					Total RM'000	Discontinued Operations RM'000	Total RM'000
	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Elimination RM'000			
Revenue								
External revenue	831,160	116,297	-	5,648	-	953,105	154,905	1,108,010
Intersegment revenue	2,138	(174)	-	346	(2,310)	-	-	-
Segment revenue	833,298	116,123	-	5,994	(2,310)	953,105	154,905	1,108,010
Operating expenses	(518,119)	(83,436)	-	(5,292)	1,465	(605,382)	(85,394)	(690,776)
of which :-								
Depreciation of property and equipment	(11,291)	(1,599)	-	(94)	-	(12,984)	(13,672)	(26,656)
Depreciation of right-of-use assets	(15,141)	(1,833)	-	(174)	-	(17,148)	(117,685)	(134,833)
Amortisation of intangible assets	(11,557)	(502)	-	(6)	-	(12,065)	502	(11,563)
(Allowances for)/write-back of impairment losses on loans, advances, financing and trade receivables/securities/other assets	(36,138)	(1,929)	-	-	25	(38,042)	(37)	(38,079)
Segment results	279,041	30,758	-	702	(820)	309,681	69,474	379,155
Share of results of joint venture (net of tax)	-	-	4,059	-	-	4,059	-	4,059
Share of results of associate (net of tax)	-	-	25,754	-	-	25,754	-	25,754
Profit before zakat and taxation	279,041	30,758	29,813	702	(820)	339,494	69,474	408,968
Zakat	-	(167)	-	-	-	(167)	(292)	(459)
Profit before taxation	279,041	30,591	29,813	702	(820)	339,327	69,182	408,509
Taxation						(84,688)	(13,536)	(98,224)
Net profit for the cumulative quarter						254,639	55,646	310,285

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

A26. 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.

A27. CHANGES IN THE COMPOSITION OF THE GROUP

Except for item disclosed on Note B6, there were no significant changes in the composition of the Group during the financial period under review.

A28. 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 :

	The Group		The Bank	
	Principal Amount		Principal Amount	
	30/6/2023	31/12/2022	30/6/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes *	508,549	500,774	382,018	381,708
Transaction-related contingent items	1,354,588	1,331,367	859,275	854,221
Short-term self-liquidating trade-related contingencies	1,069,218	413,248	106,069	112,285
Forward asset purchases	10,000	-	-	-
Irrevocable commitments to extend credit				
- Maturity less than one year	6,539,423	5,557,413	4,429,374	3,831,479
- Maturity more than one year	3,185,743	2,869,597	2,145,088	1,869,128
Foreign exchange related contracts #				
- Less than one year	42,440,938	26,850,314	35,784,128	21,557,832
- One year to less than five years	582,387	842,979	-	-
Interest rate related contracts #				
- Less than one year	2,738,000	2,535,790	1,968,000	1,595,790
- One year to less than five years	7,630,874	7,155,483	5,298,874	4,995,483
- Five years and above	617,493	670,000	617,493	670,000
Other/Miscellaneous Commitments and Contingencies	-	7,421	-	-
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.	1,458,583	1,279,899	-	-
Lending of Banks' securities or the posting of securities as collateral by Banks, including instances where these arise out of repo-style transactions. (i.e. repurchase / reverse repurchase and securities lending / borrowing transactions.	3,081,212	5,175,091	3,081,212	5,175,091
Unutilised credit card lines	1,601,769	1,458,431	1,348,196	1,233,927
Equity related contracts				
- Less than one year	107,785	-	-	-
	72,926,562	56,647,807	56,019,727	42,276,944

* Included in direct credit substitutes above are financial guarantee contracts of RM508.5 million and RM382.0 million at the Group and the Bank respectively (2022: RM500.8 million and RM381.7 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

A29. 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 RM88.6 million (2022 : RM19.0 million), while the notional amount of interest rate contract was RM945.7 million (2022 : RM854.3 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 RM1.1 billion (2022 : RM680.7 million) and RM278.9 million (2022 : RM262.6 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 2022.

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

A29. 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:-

	< ----- 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
The Group												
As at 30 June 2023												
Trading derivatives												
Foreign exchange derivatives :												
- Currency forwards	7,890,584	222,321	3,485	8,116,390	241,700	8,421	195	250,316	24,638	689	-	25,327
- Cross currency interest rate swaps	-	8,932	106,476	115,408	-	75	756	831	-	69	617	686
- Currency swaps	34,489,702	237,686	3,487	34,730,875	379,322	1,229	-	380,551	223,072	8,666	193	231,931
- Currency options	121,276	-	-	121,276	508	-	-	508	508	-	-	508
Interest rate derivatives :												
- Interest rate swaps	2,738,000	2,282,835	5,265,532	10,286,367	10,193	19,740	87,652	117,585	10,281	18,944	65,703	94,928
Hedging derivatives												
- Interest rate swaps	-	-	700,000	700,000	-	-	1,067	1,067	-	-	1,382	1,382
Equity Derivatives	107,785	-	-	107,785	-	-	-	-	28,555	-	-	28,555
	45,347,347	2,751,774	6,078,980	54,178,101	631,723	29,465	89,670	750,858	287,054	28,368	67,895	383,317
As at 31 December 2022												
Trading derivatives												
Foreign exchange derivatives :												
- Currency forwards	6,999,196	265,350	8,762	7,273,308	29,196	1,139	7	30,342	192,323	5,306	41	197,670
- Cross currency interest rate swaps	-	8,932	136,915	145,847	2,337	-	-	2,337	-	140	2,014	2,154
- Currency swaps	19,851,118	414,250	8,770	20,274,138	336,106	8,175	47	344,328	238,200	3,809	5	242,014
Interest rate derivatives :												
- Interest rate swaps	2,535,790	3,127,988	3,997,495	9,661,273	9,886	22,813	85,638	118,337	11,183	19,063	67,815	98,061
Hedging derivatives												
- Interest rate swaps	-	-	700,000	700,000	-	-	45	45	-	-	2,355	2,355
	29,386,104	3,816,520	4,851,942	38,054,566	377,525	32,127	85,737	495,389	441,706	28,318	72,230	542,254

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

A29. 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 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
The Bank												
As at 30 June 2023												
Trading derivatives												
Foreign exchange derivatives :												
- Currency forwards	4,783,666	-	-	4,783,666	151,397	-	-	151,397	7,798	-	-	7,798
- Currency swaps	30,967,848	-	-	30,967,848	392,434	-	-	392,434	281,865	-	-	281,865
- Currency options	65,252	-	-	65,252	267	-	-	267	267	-	-	267
Interest rate derivatives :												
- Interest rate swaps	1,968,000	1,567,835	3,648,532	7,184,367	9,190	15,848	78,530	103,568	9,927	15,341	60,218	85,486
Hedging derivatives												
- Interest rate swaps	-	-	700,000	700,000	-	-	1,067	1,067	-	-	1,382	1,382
	37,784,766	1,567,835	4,348,532	43,701,133	553,288	15,848	79,597	648,733	299,857	15,341	61,600	376,798
As at 31 December 2022												
Trading derivatives												
Foreign exchange derivatives :												
- Currency forwards	3,816,746	-	-	3,816,746	10,612	-	-	10,612	115,692	-	-	115,692
- Currency swaps	17,741,086	-	-	17,741,086	293,397	-	-	293,397	231,343	-	-	231,343
Interest rate derivatives :												
- Interest rate swaps	1,595,790	2,017,988	2,947,495	6,561,273	8,221	17,337	77,905	103,463	10,551	15,735	60,533	86,819
Hedging derivatives												
- Interest rate swaps	-	-	700,000	700,000	-	-	45	45	-	-	2,355	2,355
	23,153,622	2,017,988	3,647,495	28,819,105	312,230	17,337	77,950	407,517	357,586	15,735	62,888	436,209

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

A30. CAPITAL ADEQUACY

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

The Group and the Bank are currently adopting the Standardised Approach for Credit Risk and Market Risk, the Basic Indicator Approach for Operational Risk. In line with the transitional arrangements under the Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (Capital Components), the minimum capital adequacy requirement for Common Equity Tier 1 Capital Ratio ('CET1'), Tier 1 Capital Ratio and Total Capital Ratio are 7.00%, 8.50% and 10.50% respectively for the financial quarter ended 30 June 2023.

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.

	The Group		The Bank	
	30/6/2023 RM'000	31/12/2022 RM'000	30/6/2023 RM'000	31/12/2022 RM'000
a) The components of CET 1, Tier 1 and Tier 2 capital :				
<u>CET 1</u>				
Paid-up share capital	5,245,447	5,245,447	5,245,447	5,245,447
Retained profits	5,287,189	4,858,776	4,161,398	3,852,537
Unrealised gains on FVOCI instruments	110,553	44,806	178,400	166,472
	10,643,189	10,149,029	9,585,245	9,264,456
Less: Regulatory adjustments:				
- Goodwill and other intangibles	(620,802)	(629,369)	(174,398)	(183,216)
- Deferred tax assets	(191,876)	(233,973)	(101,448)	(125,964)
- 55% of cumulative unrealised gains on FVOCI instruments	(60,805)	(24,644)	(98,120)	(91,560)
- Investment in subsidiaries, joint ventures and associates	(832,618)	(794,779)	(3,871,178)	(3,846,578)
- Other CET1 transitional adjustment	390,414	571,609	216,107	327,591
Total CET 1 Capital	9,327,502	9,037,873	5,556,208	5,344,729
<u>Additional Tier 1 Capital</u>				
Additional Tier 1 Capital	1,300,000	800,000	1,000,000	500,000
Total Tier 1 Capital	10,627,502	9,837,873	6,556,208	5,844,729
<u>Tier 2 Capital</u>				
Subordinated MTNs	955,000	955,000	500,000	500,000
Expected loss provisions [#]	656,001	454,429	386,923	280,013
Less: Regulatory adjustments:				
- Investment in capital instruments of unconsolidated financial and insurance entities	-	-	(345,000)	(345,000)
Total Tier 2 Capital	1,611,001	1,409,429	541,923	435,013
Total Capital	12,238,503	11,247,302	7,098,131	6,279,742
b) The breakdown of risk-weighted assets:				
Credit risk	57,241,711	52,982,623	37,089,887	33,967,295
Market risk	1,608,423	631,065	980,959	403,534
Operational risk	4,074,049	3,951,028	2,033,849	1,858,354
Total risk-weighted assets	62,924,183	57,564,716	40,104,695	36,229,183
c) Capital adequacy ratios:				
<u>With transitional arrangements</u>				
CET 1 capital ratio	14.823%	15.700%	13.854%	14.753%
Tier 1 capital ratio	16.889%	17.090%	16.348%	16.133%
Total capital ratio	19.450%	19.539%	17.699%	17.333%
CET 1 capital ratio (net of proposed dividends) ^{Note 1}	14.729%	15.597%	13.706%	14.588%
Tier 1 capital ratio (net of proposed dividends) ^{Note 1}	16.795%	16.986%	16.199%	15.968%
Total capital ratio (net of proposed dividends) ^{Note 1}	19.355%	19.435%	17.550%	17.169%

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

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

A30. CAPITAL ADEQUACY (Cont.)

	The Group		The Bank	
	30/6/2023	31/12/2022	30/6/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
c) Capital adequacy ratios (cont.):				
<u>Without transitional arrangements</u>				
CET 1 capital ratio	14.203%	14.707%	13.315%	13.848%
Tier 1 capital ratio	16.269%	16.097%	15.809%	15.228%
Total capital ratio	18.924%	18.907%	17.351%	16.828%
CET 1 capital ratio (net of proposed dividends) ^{Note 1}	14.108%	14.604%	13.167%	13.684%
Tier 1 capital ratio (net of proposed dividends) ^{Note 1}	16.174%	15.993%	15.660%	15.064%
Total capital ratio (net of proposed dividends) ^{Note 1}	18.829%	18.803%	17.202%	16.664%

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:-

- (i) where an irrevocable written undertaking from shareholder has been obtained to reinvest the electable portion of the dividend; or
- (ii) 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 30 June 2023, RIA assets included in the Total Capital Ratio calculation amounted to RM3,053.1 million (2022: RM2,723.1 million).

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

	Economic Entity		The Bank	
	30/6/2023	31/12/2022	30/6/2023	31/12/2022
<u>With transitional arrangements</u>				
CET 1 capital ratio	12.383%	12.965%	12.383%	12.965%
Tier 1 capital ratio	13.831%	14.502%	13.831%	14.502%
Total capital ratio	18.831%	19.363%	18.831%	19.363%
<u>Without transitional arrangements</u>				
CET 1 capital ratio	11.601%	11.813%	11.601%	11.813%
Tier 1 capital ratio	13.049%	13.351%	13.049%	13.351%
Total capital ratio	18.091%	18.635%	18.091%	18.635%

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

	The Group		The Bank	
	30/6/2023	31/12/2022	30/6/2023	31/12/2022
<u>With transitional arrangements</u>				
CET 1 capital ratio	38.157%	42.923%	45.591%	55.446%
Tier 1 capital ratio	38.157%	42.923%	45.591%	55.446%
Total capital ratio	38.751%	43.516%	46.302%	56.214%
CET 1 capital ratio (net of proposed dividends)	33.067%	42.923%	39.498%	55.446%
Tier 1 capital ratio (net of proposed dividends)	33.067%	42.923%	39.498%	55.446%
Total capital ratio (net of proposed dividends)	33.661%	43.516%	40.208%	56.214%
<u>Without transitional arrangements</u>				
CET 1 capital ratio	37.728%	42.127%	45.077%	54.413%
Tier 1 capital ratio	37.728%	42.127%	45.077%	54.413%
Total capital ratio	38.322%	42.720%	45.788%	55.181%
CET 1 capital ratio (net of proposed dividends)	32.638%	42.127%	38.984%	54.413%
Tier 1 capital ratio (net of proposed dividends)	32.638%	42.127%	38.984%	54.413%
Total capital ratio (net of proposed dividends)	33.232%	42.720%	39.695%	55.181%

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

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.

The Group	Level 1	Level 2	Level 3	Total
30 June 2023	RM'000	RM'000	RM'000	RM'000
Financial Assets				
Financial assets at FVTPL:				
- Money market instruments	-	2,887,236	-	2,887,236
- Corporate bonds/Sukuk	-	130,976	-	130,976
- Shares and unit trusts	106,365	-	110,395	216,760
Derivative financial assets	-	750,858	-	750,858
Financial investments at FVOCI:				
- Money market instruments	-	2,380,691	-	2,380,691
- Corporate bonds/Sukuk	-	2,927,632	-	2,927,632
- Shares, unit trusts and REITs	-	-	231,759	231,759
	106,365	9,077,393	342,154	9,525,912
Financial Liabilities				
Derivative financial liabilities	-	383,317	-	383,317
Other liabilities - equities trading	366	-	-	366
	366	383,317	-	383,683
31 December 2022				
Financial Assets				
Financial assets at FVTPL :				
- Money market instruments	-	382,925	-	382,925
- Corporate bonds/Sukuk	-	15,115	-	15,115
- Shares and unit trusts	36,068	-	110,395	146,463
Derivative financial assets	-	495,389	-	495,389
Financial investments at FVOCI:				
- Money market instruments	-	2,022,143	-	2,022,143
- Shares, unit trusts and REITs	-	-	230,918	230,918
- Corporate bonds/Sukuk	-	1,529,443	-	1,529,443
	36,068	4,445,015	341,313	4,822,396
Financial Liabilities				
Derivative financial liabilities	-	542,254	-	542,254
Other liabilities - equities trading	149	-	-	149
	149	542,254	-	542,403

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.)

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
The Bank				
30 June 2023				
Financial Assets				
Financial assets at FVTPL:				
- Money market instruments	-	2,547,904	-	2,547,904
- Corporate bonds/Sukuk	-	130,976	-	130,976
- Unquoted shares	-	-	110,395	110,395
Derivative financial assets	-	648,733	-	648,733
Financial investments at FVOCI:				
- Money market instruments	-	346,658	-	346,658
- Corporate bonds/Sukuk	-	921,868	-	921,868
- Unquoted shares	-	-	206,992	206,992
	-	4,596,139	317,387	4,913,526
Financial Liabilities				
Derivative financial liabilities	-	376,798	-	376,798
31 December 2022				
Financial Assets				
Financial assets at FVTPL:				
- Money market instruments	-	382,925	-	382,925
- Unquoted shares	-	15,113	-	15,113
- Corporate bonds/Sukuk	-	-	110,395	110,395
Derivative financial assets	-	407,517	-	407,517
Financial investments at FVOCI:				
- Unquoted shares	-	-	206,993	206,993
	-	805,555	317,388	1,122,943
Financial Liabilities				
Derivative financial liabilities	-	436,209	-	436,209

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

Where fair value is determined using quoted market 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.

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.)

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 (2022: RM Nil).

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

	The Group		The Bank	
	30/6/2023	31/12/2022	30/6/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial period/year	341,313	329,026	317,388	302,319
Sales/Redemption	-	(360)		(360)
Total gains/(losses) recognised in other comprehensive income	841	12,647	(1)	15,429
At end of the financial period/year	342,154	341,313	317,387	317,388

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.

A32. CREDIT EXPOSURES ARISING FROM CREDIT TRANSACTIONS WITH CONNECTED PARTIES

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

	The Group		The Bank	
	30/6/2023	31/12/2022	30/6/2023	31/12/2022
(i) The aggregate value of outstanding credit exposures with connected parties (RM'000)	6,697,797	6,349,089	4,302,141	3,986,727
(ii) The percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	7%	7%	8%	8%
(iii) The percentage of outstanding credit exposures with connected parties which is impaired or in default	Nil	Nil	Nil	Nil

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	
	30/6/2023	31/12/2022
	RM'000	RM'000
ASSETS		
Cash and short-term funds	3,910,099	3,227,179
Deposits and placements with Banks and other financial institutions	401,534	50,049
Financial assets at fair value through profit or loss ('FVPTL')	535,623	-
Derivative financial assets	55,036	14,985
Financial investments at fair value through other comprehensive income ('FVOCI')	308,254	-
Financial investments at amortised cost ('AC')	4,706,044	4,849,793
Financing and other financing	26,836,216	25,803,930
Other assets	122,328	159,967
Amount due from holding company	318,327	297,504
Amount due from joint ventures	2,705	455
Taxation recoverable	46,127	21,603
Deferred tax assets	48,066	45,332
Statutory deposits with Bank Negara Malaysia	420,000	400,000
Property and equipment	1,682	1,570
Right-of-use assets	370	133
Intangible assets	59	524
TOTAL ASSETS	37,712,470	34,873,024
LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		
Deposits from customers	27,178,312	25,175,621
Investment accounts of customers	613	859
Deposits and placements of banks and other financial institutions	1,754,501	2,098,939
Investment accounts due to designated financial institutions	3,067,304	2,720,263
Derivative financial liabilities	30,524	37,736
Recourse obligation on financing sold to Cagamas Berhad	1,111,798	-
Other liabilities	207,008	579,144
Lease liabilities	424	573
Subordinated term financing and medium term notes	1,862,500	1,862,576
TOTAL LIABILITIES	35,212,984	32,475,711
ISLAMIC BANKING CAPITAL FUNDS		
Share capital	1,210,000	1,210,000
Reserves	1,289,486	1,187,313
Total Islamic Banking Capital Funds	2,499,486	2,397,313
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS	37,712,470	34,873,024
COMMITMENTS AND CONTINGENCIES	7,546,439	5,069,740

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		Cumulative Quarter Ended	
	30/6/2023	30/6/2022	30/6/2023	30/6/2022
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	371,188	263,910	703,257	509,143
Income derived from investment of investment accounts	39,865	19,740	78,563	38,694
Income derived from investment of shareholders' funds	32,351	24,408	63,848	46,540
Allowances for impairment losses on financing and other financing	(24,466)	(33,520)	(32,318)	(27,308)
Allowance for impairment losses on other assets	-	(1,870)	-	(1,870)
Total distributable income	418,938	272,668	813,350	565,199
Income attributable to the depositors and others	(260,636)	(129,186)	(475,350)	(251,309)
Income attributable to the investment accounts holders	(37,117)	(18,052)	(70,871)	(35,936)
Total net income	121,185	125,430	267,129	277,954
Other operating expenses	(67,771)	(62,614)	(133,676)	(130,056)
Profit before zakat and taxation	53,414	62,816	133,453	147,898
Zakat	(657)	-	(657)	-
Profit before taxation	52,757	62,816	132,796	147,898
Taxation	(13,625)	(21,924)	(33,842)	(43,383)
Net profit for the financial period	39,132	40,892	98,954	104,515

(iii) Unaudited Statements of Comprehensive Income

	Economic Entity			
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/6/2023	30/6/2022	30/6/2023	30/6/2022
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	39,132	40,892	98,954	104,515
Other comprehensive income :				
<u>Items that may be reclassified subsequently to profit or loss :</u>				
- Net fair value change in financial investments at FVOCI	1,952	-	2,497	-
- Net credit impairment loss change in financial investments at FVOCI	71	-	123	-
- Deferred tax on financial investments at FVOCI	468	-	599	-
Other comprehensive income for the financial period, net of tax	2,491	-	3,219	-
Total comprehensive income for the financial period	41,623	40,892	102,173	104,515

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

Economic Entity	<---Attributable to Equity Holder of the Bank--->				
	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Total equity RM'000
At 1 January 2022	1,060,000	-	105,613	981,016	2,146,629
Comprehensive income :					
- Net profit for the financial period	-	-	-	104,515	104,515
Other comprehensive income (net of tax) :					
- Financial investments at FVOCI	-	-	-	-	-
Total comprehensive income for the financial period	-	-	-	104,515	104,515
Transfer from regulatory reserves	-	-	(64,110)	64,110	-
At 30 June 2022	1,060,000	-	41,503	1,149,641	2,251,144

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	
	30/6/2023	31/12/2022
	RM'000	RM'000
(v) Financing and other financing		
By type		
Cash Line-i	715,705	700,519
Term financing		
- Housing financing	9,786,450	9,329,247
- Hire purchase receivables	5,478,843	5,189,938
- Syndicated financing	1,357,364	1,167,643
- Others term loan/financing	8,102,178	7,692,656
Bills receivables	103,607	151,248
Trust receipts	56,413	13,969
Claims on customers under acceptance credits	990,106	787,059
Staff financing (of which RM Nil to Directors)	120,019	119,698
Credit/charge cards receivables	65,103	60,857
Revolving financing	542,211	1,046,211
Gross financing and other financing	27,317,999	26,259,045
Less : ECL	(481,783)	(455,115)
Total net financing and other financing	26,836,216	25,803,930
(vi) Movements of impaired financing		
At beginning of the financial period/year	357,422	381,586
Classified as impaired	161,105	238,197
Reclassified as non-impaired	(245,300)	(143,264)
Amount recovered	(15,735)	(95,333)
Amount written-off	(14,530)	(38,331)
Other movements	-	14,567
At end of the financial period/year	242,962	357,422
Ratio of gross impaired financing and other financing to gross financing and other financing (exclude restricted investment accounts)*	1.00%	0.90%

(*) For the Bank, RIA excluded in the ratio calculation amounting to RM3,053.1 million (2022: RM2,723.1 million) with impaired financing amounting to RM Nil (2022: RM145.6 million).

The outstanding contractual amounts of such assets written-off during the quarter ended 30 June 2023 for the Bank is RM14.5 million (2022: RM38.3 million).

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 and other financing

Economic Entity 30/6/2023	12-Month	Lifetime ECL	Lifetime ECL	Total RM'000
	ECL (Stage 1) RM'000	not credit impaired (Stage 2) RM'000	credit impaired (Stage 3) RM'000	
At beginning of the financial period	65,218	302,452	87,445	455,115
Total transfer between stages due to change in credit risk :	(162,865)	183,381	(20,516)	-
- Transfer to 12-month ECL (Stage 1)	13,556	(12,256)	(1,300)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(176,318)	203,374	(27,056)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(103)	(7,737)	7,840	-
Financing derecognised (other than write-off)	(14,321)	(431)	(1,410)	(16,162)
New financing originated or purchased	191,980	-	-	191,980
Changes due to change in credit risk	(14,615)	(158,315)	36,170	(136,760)
Write-off	-	-	(12,393)	(12,393)
Other adjustments	3	-	-	3
At end of the financial period	65,400	327,087	89,296	481,783
Economic Entity 31/12/2022				
At beginning of the financial year	72,928	76,859	53,915	203,702
Total transfer between stages due to change in credit risk :	18,847	17,588	(36,435)	-
- Transfer to 12-month ECL (Stage 1)	38,579	(33,206)	(5,373)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(19,690)	55,256	(35,566)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(42)	(4,462)	4,504	-
Financing derecognised (other than write-off)	(34,265)	(12,981)	(3,580)	(50,826)
New financing originated or purchased	54,564	-	-	54,564
Changes due to change in credit risk	(46,861)	220,986	90,668	264,793
Write-off	-	-	(31,690)	(31,690)
Other adjustments	5	-	14,567	14,572
At end of the financial year	65,218	302,452	87,445	455,115

(viii) Deposits from customers

	Economic Entity	
	30/6/2023 RM'000	31/12/2022 RM'000
<u>Qard</u>		
Demand deposits	5,305,736	4,209,633
Savings deposits	825,052	850,109
	6,130,788	5,059,742
<u>Mudarabah</u>		
General investment deposits	30,962	32,895
<u>Tawarruq</u>		
Murabahah term deposits	19,410,399	17,512,129
Commodity Murabahah	418,102	1,238,215
Savings deposits	446,964	625,502
Demand deposit	741,097	707,138
	21,016,562	20,082,984
Total deposits from customers	27,178,312	25,175,621

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 30 June 2023 against preceding year's corresponding quarter (continuing operations)

	Individual Quarter Ended		Changes		Cumulative Quarter Ended		Changes	
	30/6/2023 RM'000	30/6/2022 RM'000	RM'000	%	30/6/2023 RM'000	30/6/2022 RM'000	RM'000	%
Net Income	504,858	503,615	1,243	0.2	999,149	953,105	46,044	4.8
Operating Profit	188,416	194,427	(6,011)	(3.1)	316,221	309,681	6,540	2.1
Profit Before Zakat and Tax	149,968	174,194	(24,226)	(13.9)	346,314	339,494	6,820	2.0
Profit Before Tax	149,311	174,177	(24,866)	(14.3)	345,657	339,327	6,330	1.9
Profit After Tax	113,225	129,046	(15,821)	(12.3)	262,205	254,639	7,566	3.0
Profit attributable to equity	113,225	146,908	(33,683)	(22.9)	262,205	289,594	(27,389)	(9.5)

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

The Group registered a profit before tax ('PBT') of RM345.7 million for the 6 months ended 30 June 2023, an increase of RM6.3 million or 1.9% as compared to RM339.3 million recorded in the previous corresponding period.

The increase in PBT was mainly due to higher non-interest income of RM112.6 million and lower allowance for impairment losses of RM1.5 million. These were however partially mitigated by lower net interest income and Islamic Banking income of RM52.5 million and RM14.0 million respectively and higher overhead expenses of RM41.0 million.

The decrease in net interest income year-on-year to RM436.1 million as compared to RM488.7 million recorded for the period ended 30 June 2022 was mainly due to reduction in net interest margins. Income from Islamic Banking operations also recorded a decrease of RM14.0 million or 4.4% to RM299.4 million.

Non-interest income was RM263.6 million, an increase of RM112.6 million or 74.5% from the RM151.0 million registered in the previous corresponding period. The improvement was mainly due to higher other income of RM79.8 million, coupled with higher net gain on financial instruments and higher fee based income of RM22.2 million and RM10.6 million respectively.

Allowances for impairment losses was lower by RM1.5 million at RM36.5 million in the current period as compared to RM38.0 million in the previous corresponding period.

Gross loans and financing grew by 11.2% year-on-year to RM62.5 billion as compared to the position as at 30 June 2022 of RM55.4 billion. Customer deposits increased by 10.0% to RM71.5 billion while the CASA ratio was 23.21% for the current period as compared to 21.50% in the previous corresponding period.

CET 1 Capital Ratio, Tier 1 Capital Ratio and Total Capital Ratio were 14.823%, 16.889% and 19.450% respectively as at 30 June 2023.

Commercial Banking

ABB posted a PBT of RM182.4 million for the 6 months ended 30 June 2023, an increase of RM51.4 million or 39.2% as compared to RM131.0 million for the previous corresponding period. The improved performance was mainly due to higher other income, net gains on financial instruments and net fee based income of RM124.3 million, RM26.3 million and RM18.1 million respectively. The full impact of these gains were partially mitigated by higher overhead expenses of RM55.6 million, lower net interest income of RM54.4 million and higher allowance for impairment losses of RM7.2 million.

AiBB recorded a lower PBT of RM132.8 million for the 6 months ended 30 June 2023, a decrease of RM15.1 million or 10.2% as compared to RM147.9 million in the previous corresponding period. The decrease was due to lower net financing and other income of RM7.7 million, coupled with higher overhead expenses and allowances for impairment losses of RM3.6 million and RM3.1 million respectively.

Investment Banking

AHIB Group recorded a PBT of RM31.2 million for the 6 months ended 30 June 2023, which was 2.0% or RM0.6 million higher as compared to the previous corresponding period of RM30.6 million. The increase was attributed to the write-back of impairment losses amounting to RM10.0 million as compared to a charge of RM1.9 million in the previous corresponding period and lower overhead expenses of RM7.4 million, mitigated by lower net income of RM18.8 million.

Insurance

The Group's share of profit after tax in an associate for its insurance segment increased by RM0.3 million to RM30.1 million for the 6 months ended 30 June 2023. The increase was mainly due higher earned premium and investment income, offset by higher net claims, overhead expenses and net commission.

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.)

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

The Group reported a PBT of RM149.3 million for the current quarter ended 30 June 2023, a decrease of RM24.9 million or 14.3% as compared to the previous corresponding quarter ended 30 June 2022 of RM174.2 million.

This was mainly due to lower net interest income and Islamic Banking income amounting to RM76.2 million, higher allowance for impairment losses of RM11.9 million and higher overhead expenses of RM7.3 million. These were partially mitigated by higher non-interest income of RM77.5 million.

The net interest income for the quarter under review decreased by RM57.1 million or 22.0% to RM202.5 million.

Non-interest income of the Group was RM157.0 million, an increase of RM77.5 million or 97.4% from the RM79.5 million registered in the previous corresponding quarter. This was attributed to a gain on divestment of AXA Affin Life Insurance Berhad ('AALI') and AXA Affin General Insurance Berhad ('AAGI') of RM25.0 million and higher net gain on financial instruments of RM18.5 million.

Overhead expenses were 2.4% higher as compared to the same quarter last year mainly due to higher personnel costs and general and administrative expenses.

The Group's allowances for impairment losses increased by RM11.9 million to RM49.8 million as compared to the same quarter last year.

Commercial Banking

ABB registered a higher PBT of RM103.4 million for the current quarter ended 30 June 2023, higher by RM27.0 million as compared to the quarter ended 30 June 2022. The higher profit was due to higher other income of RM93.6 million arising from a gain on divestment of AALI and AAGI of RM56.3 million and a higher net gain on financial instruments of RM17.1 million. These were partially mitigated by lower net interest income of RM57.8 million and higher allowance for impairment losses and overhead expenses of RM19.5 million and RM16.2 million respectively.

AiBB recorded a PBT of RM52.8 million for the current quarter, lower by RM10.0 million or 16.0% against the quarter ended 30 June 2022 of RM62.8 million. This was due to lower net financing and other income of RM15.2 million and higher overhead expenses of RM5.2 million. These partly mitigated by lower allowances for impairment losses of RM10.9 million.

Investment Banking

AHIB Group recorded a lower PBT of RM5.3 million or 30.9% to RM11.9 million as compared to the same quarter last year. The decrease was attributed to lower net income of RM7.4 million and lower write-back of impairment losses of RM3.3 million, offset by higher overhead expenses of RM5.4 million.

Insurance

The Group's share of profit after tax in an associate for its insurance segment of RM11.4 million for the current quarter under review was a decrease of RM6.3 million as compared to RM17.7 million in the previous corresponding quarter mainly due to lower underwriting results.

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

	Current Financial Quarter	Preceding Financial Quarter	Changes	
	30/6/2023 RM'000	31/3/2023 RM'000	RM'000	%
Net income	504,858	494,291	10,567	2.1
Operating Profit	188,416	164,305	24,111	14.7
Profit/(Loss) Before Tax	149,311	196,346	(47,035)	(24.0)
Profit/(Loss) After Tax	113,225	148,980	(35,755)	(24.0)
Profit/(Loss) attributable to equity holders of the Bank	113,225	148,980	(35,755)	(24.0)

For the current financial quarter, the Group reported lower PBT of RM149.3 million as compared to RM196.3 million achieved in the preceding quarter ended 31 March 2023. The decrease in PBT was mainly due to higher allowance on impairment losses of RM49.8 million as compared to a write-back of RM13.3 million in the quarter ended 31 March 2023. This was partially mitigated by lower overhead expenses of RM13.5 million and higher net income RM10.5 million.

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

B3. ECONOMIC AND BUSINESS OUTLOOK FOR 2023

The Malaysian economy is expected to remain resilient with GDP growth projected between 4.0% to 4.5% in 2023. This is expected to be supported by robust domestic demand underpinned by a healthy labour market, continued recovery in tourism-related activities as well as the progress of multi-year infrastructure projects. The down-side risk emanating from weaker-than-expected global growth, Malaysia's monetary policy direction continues to be conducive and is expected to continue supporting domestic demand and credit growth.

Despite recent negative events affecting the banking sector in some advanced economies, the domestic banking sector continues to remain stable. Stringent capital and liquidity requirements ensure domestic banks are able to withstand severe macroeconomic and financial shocks.

While the Bank continues to pursue its growth targets for 2023, it remains vigilant towards the risk of deteriorating asset quality in order to ensure capital preservation and achieve sustainable profitability.

B4. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

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

B5. TAXATION

	Individual Quarter Ended		Cumulative Quarter Ended	
	30/6/2023	30/6/2022	30/6/2023	30/6/2022
	RM'000	RM'000	RM'000	RM'000
The Group				
Malaysian income tax				
Current tax	(288)	36,264	51,305	71,215
Over provision in prior financial period	-	(1)	-	32
Deferred tax income :				
- Relating to originating temporary differences	36,374	8,868	32,147	13,441
	36,086	45,131	83,452	84,688

For the current period, the Group's effective tax rates were 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.

For the preceding year's corresponding period, the Group's effective tax rates were 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.

	Individual Quarter Ended		Cumulative Quarter Ended	
	30/6/2023	30/6/2022	30/6/2023	30/6/2022
	RM'000	RM'000	RM'000	RM'000
The Bank				
Malaysian income tax				
Current tax	(11,891)	11,698	14,795	25,024
Deferred tax income :				
- Relating to originating temporary differences	31,251	6,033	26,691	6,033
	19,360	17,731	41,486	31,057

For the current period, the Bank's effective tax rates were 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 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.

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

B6. STATUS OF CORPORATE PROPOSALS

Disposals of 21% equity interest in Generali Life Insurance Malaysia Berhad (“GLIMB”) (formerly known as AXA Affin Life Insurance Berhad) and 2.95% equity interest in Generali Insurance Malaysia Berhad (“GIMB”) (formerly known as AXA Affin General Insurance Berhad) and proposed merger of the businesses of MPI Generali Insurans Berhad and GIMB.

On 22 June 2021, the Bank announced that it had entered into an Implementation Agreement with Generali Asia N.V. ('Generali') in respect of the following proposals:

- (i) Disposal of 21% equity interest in AXA Affin Life Insurance Berhad ('AALI') ('AALI Disposal'); and
- (ii) Disposal of 2.95% equity interest in AXA Affin General Insurance Berhad ('AAGI') ('AAGI Disposal').

Simultaneously with the GLIMB Disposal and GIMB Disposal, AXA Asia is also selling its entire 49% shareholding in GLIMB and 49.99% shareholding in GIMB.

The Minister of Finance had on 28 April 2022, approved the GLIMB Disposal and GIMB Disposal pursuant to Sections 89 and 90(6) of the Financial Services Act 2013 to Generali and the share sale agreement ('SSA') was entered into on 18 May 2022.

The SSA became unconditional on 19 August 2022 and was completed on 30 August 2022. Following the completion of the SSA, the Bank holds 30% equity interest in GLIMB and 47% equity interest in GIMB.

With the completion of the GLIMB Disposal and GIMB Disposal, the Bank had also on 30 August 2022 entered into the following agreements:

- (i) a shareholders' agreement with Generali and GIMB for the purpose of regulating the affairs of GIMB and the respective rights and obligations of the Bank and Generali, between themselves, as shareholders of GIMB;
- (ii) a shareholders' agreement with Generali and GLIMB for the purpose of regulating the affairs of GLIMB and the respective rights and obligations of the Bank and Generali, between themselves, as shareholders of GLIMB;
- (iii) a 15-year bancassurance distribution agreement with GIMB for the distribution of the general insurance products through the Bank's channels in Malaysia; and
- (iv) a 15-year bancassurance distribution agreement with GLIMB for the distribution of the life insurance products through the Bank's channels in Malaysia.

Following the completion of the GLIMB Disposal and GIMB Disposal, the Bank had on 9 December 2022 entered into a business transfer agreement with Generali, MPI Generali Insurans Berhad ('MPIG') and GIMB where GIMB will acquire certain assets and liabilities of MPIG via a business transfer to AAGI ('Merger'). The Merger was completed on 1 April 2023 and subsequent to completion of the Merger, the Bank holds 30% equity interest in GIMB.

On 27 April 2023, Generali had incorporated GANV Holdings Malaysia Berhad ("HoldCo") for the purpose of holding all of the shares in GLIMB and GIMB.

On 31 May 2023, Affin, Generali and HoldCo had executed a share swap agreement where Affin and Generali have agreed to sell, and HoldCo will purchase, all the shares held by Affin and Generali in GLIMB and GIMB in consideration for:

- (i) 765,995,451 new ordinary shares in the capital of HoldCo to be issued by HoldCo to Affin; and
- (ii) 1,787,322,713 new ordinary shares in the capital of HoldCo to be issued by HoldCo to Generali.

(Collectively referred to as the "Share Swap")

Completion of the Share Swap had taken place on 31 May 2023 and with it, GLIMB and GIMB was 100.00% held by HoldCo which will in turn be 30.00% and 70.00% held by Affin and Generali respectively. Affin and Generali's shareholding in HoldCo is reflective of their shareholdings in GLIMB and GIMB prior to the completion of the Share Swap.

Simultaneous with the completion of the Share Swap, Affin, Generali and HoldCo had on 31 May 2023 executed a shareholders' agreement for the purpose of regulating the affairs of HoldCo and to spell out the respective rights and obligations of Affin and Generali, among themselves, as shareholders of HoldCo and, indirectly through HoldCo, also of GLIMB and GIB. The earlier shareholders' agreement entered into between Affin, Generali and AALI / AAGI (as the case may be) on completion of the AALI Disposal and AAGI Disposal have been terminated accordingly.

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

B7. DEPOSITS, LEASE LIABILITIES AND BORROWINGS

	The Group		The Bank	
	30/6/2023	31/12/2022	30/6/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
(i) <u>Deposits from Customers</u>				
<u>By Type of Deposit:</u>				
Demand Deposits	12,009,653	11,073,400	5,963,260	6,182,379
Savings Deposits	4,589,685	4,176,804	3,317,669	2,701,194
Fixed Deposits	53,649,137	47,730,252	31,027,694	26,513,154
Commodity Murabahah Deposits	418,101	1,238,215	-	-
Money Market Deposits	671,305	415,034	671,305	415,034
Negotiable Instruments of Deposits ('NID')	153,852	263,369	153,852	263,369
Others	18,816	97,976	-	-
	71,510,549	64,995,050	41,133,780	36,075,130
<u>By Maturity structure of fixed deposits, NID and others:</u>				
Due within six months	37,942,379	34,347,860	20,194,830	17,977,704
Six months to one year	15,520,242	13,438,321	10,421,200	8,083,231
One year to three years	356,589	223,683	563,302	713,795
Three years to five years	2,378	1,940	2,214	1,793
Five years and above	217	79,793	-	-
	53,821,805	48,091,597	31,181,546	26,776,523
<u>By Type of Customer:</u>				
Government and statutory bodies	13,720,301	11,150,332	2,222,267	1,313,722
Business enterprises	19,094,739	18,036,571	11,095,163	10,202,954
Individuals	32,431,924	31,054,474	24,338,330	22,407,042
Domestic Banking institutions	282,712	371,612	282,482	371,362
Domestic non-Banking financial institutions	4,337,644	2,833,080	1,994,098	602,036
Foreign entities	592,125	552,973	466,603	429,923
Others	1,051,104	996,008	734,837	748,091
	71,510,549	64,995,050	41,133,780	36,075,130
(ii) <u>Deposits and placement of Banks and other financial institutions</u>				
<u>By Type of Institution:</u>				
Licensed Banks	4,227,656	866,809	2,265,709	474,046
Licensed investment Banks	470,511	657,559	403,456	448,948
Other financial institutions	1,468,680	1,839,788	94,504	262,126
	6,166,847	3,364,156	2,763,669	1,185,120
<u>By Maturity structure of deposits:</u>				
Due within six months	6,166,847	3,142,856	2,763,669	1,185,120
Six months to one year	-	221,300	-	-
	6,166,847	3,364,156	2,763,669	1,185,120
(iii) <u>Lease Liabilities</u>				
At beginning of financial period/year	49,233	36,872	45,440	29,232
Additions	9,228	52,909	7,106	48,268
Interest/Profit expense	627	2,674	706	1,589
Lease payments	(13,264)	(41,064)	(11,037)	(33,649)
Disposal of subsidiary	-	(2,158)	-	-
At end of the financial period/year	45,824	49,233	42,215	45,440

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

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

	The Group		The Bank	
	30/6/2023	31/12/2022	30/6/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
(iv) <u>Borrowings and Sukuk</u>				
(a) Tier-2 Subordinated Medium Term Notes ('MTN')	510,685	510,890	510,685	510,890
(b) Additional Tier-1 Capital Securities ('AT1CS')	1,012,542	512,315	1,012,542	512,315
(c) Additional Tier-1 Sukuk Wakalah ('AT1S')	301,465	303,425	-	-
(d) MTN Tier-2 Sukuk Murabahah	457,976	455,768	-	-
(e) Senior Sukuk	753,425	751,541	-	-
	3,036,093	2,533,939	1,523,227	1,023,205
Fair value changes arising from fair value hedges	(4,169)	(4,008)	(4,169)	(4,008)
	3,031,924	2,529,931	1,519,058	1,019,197

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

ABB had, on 26 July 2022, issued the 3rd tranches of the Subordinated MTNs amounting to RM500.0 million 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 5.00%. 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 Bank. On 23 June 2023, the 2nd series of AT1CS of RM500.0 million for a tenure of 10 years from the issue date, at a fixed rate of 5.70% were issued.

(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.

(e) Senior Sukuk

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

B8. MATERIAL LITIGATION

There is no material litigation during the financial period ended 30 June 2023.

B9. DIVIDENDS

No dividend has been proposed for the quarter under review.

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

B10. EARNINGS PER SHARE

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

The Group	Individual Quarter Ended		Cumulative Quarter Ended	
	30/6/2023	30/6/2022	30/6/2023	30/6/2022
<u>Continuing operations</u>				
Net profit attributable to the equity holders of the Bank (RM'000)	113,225	129,046	262,205	254,639
Weighted average number of ordinary shares in issue ('000)	2,273,889	2,124,062	2,273,889	2,124,062
Basic earnings per share (sen)	4.98	6.08	11.53	11.99
<u>Discontinued operations</u>				
Profit attributable to the equity holders of the Bank (RM'000)	-	17,862	-	34,955
Weighted average number of ordinary shares in issue ('000)	2,273,889	2,124,062	2,273,889	2,124,062
Basic earnings per share (sen)	-	0.84	-	1.65
<u>The Bank</u>				
Net profit attributable to the equity holders of the Bank (RM'000)	84,051	58,605	140,959	99,936
Weighted average number of ordinary shares in issue ('000)	2,273,889	2,124,062	2,273,889	2,124,062
Basic earnings per share (sen)	3.70	2.76	6.20	4.70

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