

AFFIN BANK BERHAD
Registration No. 197501003274 (25046-T)
Condensed Interim Financial Statements
Unaudited Statements of Financial Position as at 30 June 2024

| | Note | The Group | | The Bank | |
|--|------|---------------------|----------------------|---------------------|----------------------|
| | | 30/6/2024 RM'000 | 31/12/2023 RM'000 | 30/6/2024 RM'000 | 31/12/2023 RM'000 |
| ASSETS | | | | | |
| Cash and short-term funds | | 2,616,713 | 5,642,363 | 2,712,147 | 3,545,685 |
| Deposits and placements with Banks and other financial institutions | | 386,797 | 840,592 | 466,047 | 1,143,443 |
| Reverse repurchase agreements with financial institutions | | 4,043 | - | 4,043 | - |
| Investment accounts due from designated financial institutions | | - | - | 3,327,318 | 3,665,450 |
| Financial assets at fair value through profit or loss ('FVTPL') | A10 | 1,346,717 | 606,734 | 1,528,213 | 1,302,516 |
| Derivative financial instruments | A30 | 242,618 | 470,438 | 203,704 | 348,883 |
| Financial investments at fair value through other comprehensive income ('FVOCI') | A11 | 13,158,569 | 10,027,767 | 6,906,629 | 3,979,219 |
| Financial investments at amortised cost ('AC') | A12 | 16,470,903 | 16,604,902 | 10,881,062 | 11,180,419 |
| Loans, advances and financing | A13 | 67,746,693 | 65,224,997 | 34,891,541 | 34,510,450 |
| Trade receivables | A14 | 503,307 | 398,876 | - | - |
| Other assets | A15 | 699,575 | 702,252 | 493,621 | 500,681 |
| Amount due from subsidiaries | | - | - | 381,603 | 22,126 |
| Amount due from joint ventures | | 2,722 | 32 | - | - |
| Tax recoverable | | 272,156 | 255,645 | 217,410 | 178,043 |
| Deferred tax assets | | 139,055 | 138,283 | 68,568 | 72,072 |
| Statutory deposits with Bank Negara Malaysia | | 1,510,102 | 1,395,600 | 852,000 | 780,000 |
| Investment in subsidiaries | | - | - | 3,304,391 | 3,204,123 |
| Investment in associates | | 845,440 | 841,260 | 676,279 | 667,279 |
| Property and equipment | | 1,484,343 | 1,383,137 | 1,469,124 | 1,368,091 |
| Right-of-use assets | | 59,337 | 54,127 | 47,743 | 44,938 |
| Intangible assets | | 676,713 | 660,680 | 230,485 | 214,276 |
| TOTAL ASSETS | | 108,165,803 | 105,247,685 | 68,661,928 | 66,727,694 |
| LIABILITIES AND EQUITY | | | | | |
| Deposits from customers | B7 | 71,226,362 | 70,834,111 | 42,291,754 | 41,782,111 |
| Investment accounts of customers | | 95 | 359 | - | - |
| Deposits and placements of Banks and other financial institutions | B7 | 10,989,016 | 9,050,682 | 6,607,263 | 5,695,017 |
| Obligation on securities sold under repurchase agreements | | 5,223,058 | 4,917,910 | 4,815,422 | 4,103,954 |
| Derivative financial instruments | A30 | 210,230 | 395,726 | 151,818 | 328,579 |
| Bills and acceptances payable | | 29,831 | 40,686 | 29,831 | 40,686 |
| Recourse obligation on loans/financing sold to Cagamas Berhad | | 3,515,522 | 3,974,491 | 2,401,893 | 2,859,450 |
| Trade payables | | 352,359 | 214,162 | - | - |
| Lease liabilities | B7 | 50,759 | 45,721 | 42,268 | 38,278 |
| Other liabilities | A16 | 1,463,816 | 1,360,615 | 756,321 | 657,093 |
| Amount due to subsidiaries | | - | - | 95,710 | 292,935 |
| Provision for taxation | | 35 | 6 | - | - |
| Borrowings and Sukuk | B7 | 3,801,878 | 3,304,401 | 1,503,248 | 1,006,030 |
| TOTAL LIABILITIES | | 96,862,961 | 94,138,870 | 58,695,528 | 56,804,133 |

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 2023.

AFFIN BANK BERHAD
Registration No. 197501003274 (25046-T)
Condensed Interim Financial Statements
Unaudited Statements of Financial Position as at 30 June 2024

| | Note | The Group | | The Bank | |
|---|------|---------------------|----------------------|---------------------|----------------------|
| | | 30/6/2024 RM'000 | 31/12/2023 RM'000 | 30/6/2024 RM'000 | 31/12/2023 RM'000 |
| EQUITY | | | | | |
| Share capital | | 5,488,544 | 5,371,044 | 5,488,544 | 5,371,044 |
| Reserves: | | | | | |
| FVOCI revaluation reserves | A17 | 147,828 | 169,540 | 194,240 | 204,573 |
| Regulatory reserves | A17 | 392,458 | 337,761 | 270,563 | 270,563 |
| Other reserves | A17 | 8,752 | 4,146 | 8,752 | 4,146 |
| Retained profits | A17 | 5,265,260 | 5,226,324 | 4,004,301 | 4,073,235 |
| TOTAL EQUITY | | 11,302,842 | 11,108,815 | 9,966,400 | 9,923,561 |
| TOTAL LIABILITIES AND EQUITY | | 108,165,803 | 105,247,685 | 68,661,928 | 66,727,694 |
| COMMITMENTS AND CONTINGENCIES | A29 | 71,888,541 | 87,430,950 | 54,702,007 | 63,141,622 |
| CAPITAL ADEQUACY RATIOS | A31 | | | | |
| CET 1 capital ratio | | 12.838% | 13.806% | 11.838% | 12.723% |
| Tier 1 capital ratio | | 14.274% | 15.334% | 12.967% | 13.905% |
| Total capital ratio | | 16.840% | 18.000% | 15.134% | 16.239% |
| CET 1 capital ratio (net of proposed dividends) | | 12.838% | 13.760% | 11.838% | 12.651% |
| Tier 1 capital ratio (net of proposed dividends) | | 14.274% | 15.288% | 12.967% | 13.833% |
| Total capital ratio (net of proposed dividends) | | 16.840% | 17.954% | 15.134% | 16.167% |
| Net assets per share attributable to equity holders of the Bank (RM) | | 4.71 | 4.73 | 4.15 | 4.23 |

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 2023.

AFFIN BANK BERHAD
Registration No. 197501003274 (25046-T)
Condensed Interim Financial Statements
Unaudited Income Statements for the Financial Quarter Ended 30 June 2024

| The Group | Note | Individual Quarter Ended | | Cumulative Quarter Ended | |
|---|-------------|---------------------------------|------------------|---------------------------------|------------------|
| | | 30/6/2024 | 30/6/2023 | 30/6/2024 | 30/6/2023 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Interest income | A18 | 732,320 | 648,288 | 1,475,867 | 1,254,403 |
| Interest expense | A19 | (539,965) | (445,762) | (1,089,822) | (818,239) |
| Net interest income | | 192,355 | 202,526 | 386,045 | 436,164 |
| Income from Islamic banking business | | 160,838 | 145,318 | 329,130 | 299,372 |
| | | 353,193 | 347,844 | 715,175 | 735,536 |
| Fee and commission income | | 67,991 | 67,755 | 152,218 | 136,615 |
| Fee and commission expense | | (4,178) | (2,288) | (7,292) | (4,962) |
| Net fee and commission income | A20 | 63,813 | 65,467 | 144,926 | 131,653 |
| Net gains on financial instruments | A21 | 38,863 | 36,947 | 90,912 | 52,481 |
| Other income | A22 | 38,899 | 54,600 | 48,295 | 79,479 |
| Net income | | 494,768 | 504,858 | 999,308 | 999,149 |
| Other operating expenses | A23 | (367,762) | (316,442) | (746,709) | (646,428) |
| Operating profit before allowances | | 127,006 | 188,416 | 252,599 | 352,721 |
| Write-back of/(allowance for) credit impairment losses | A24 | 10,794 | (50,814) | 33,845 | (37,478) |
| Write-back of/(allowance for) impairment losses on other assets | A25 | 1,546 | 978 | (3,154) | 978 |
| Operating profit | | 139,346 | 138,580 | 283,290 | 316,221 |
| Share of results of associates | | 11,452 | 11,388 | 12,446 | 30,093 |
| Profit before zakat and taxation | | 150,798 | 149,968 | 295,736 | 346,314 |
| Zakat | | (1,791) | (657) | (2,680) | (657) |
| Profit before taxation | | 149,007 | 149,311 | 293,056 | 345,657 |
| Taxation | B5 | (30,425) | (36,086) | (64,266) | (83,452) |
| Net profit after zakat and taxation | | 118,582 | 113,225 | 228,790 | 262,205 |
| Attributable to: | | | | | |
| Equity holders of the Bank | | 118,582 | 113,225 | 228,790 | 262,205 |
| Earnings per share attributable to equity holders of the Bank (sen): | | | | | |
| - Basic | B10 | 5.04 | 4.98 | 9.73 | 11.53 |
| - Diluted | B10 | 5.01 | 4.98 | 9.66 | 11.53 |

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 2023.

AFFIN BANK BERHAD
Registration No. 197501003274 (25046-T)
Condensed Interim Financial Statements
Unaudited Statements of Comprehensive Income
for the Financial Quarter Ended 30 June 2024

| | Individual Quarter Ended | | Cumulative Quarter Ended | |
|---|--------------------------|---------------------|--------------------------|---------------------|
| | 30/6/2024 RM'000 | 30/6/2023 RM'000 | 30/6/2024 RM'000 | 30/6/2023 RM'000 |
| The Group | | | | |
| Profit after zakat and taxation | 118,582 | 113,225 | 228,790 | 262,205 |
| 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) | (11,638) | 20,549 | 474 | 65,962 |
| - Net credit impairment loss change in financial investments at FVOCI (debt instruments) | (2,502) | 3,651 | (2,564) | 3,641 |
| - Net loss on financial investments measured at FVOCI reclassified to profit or loss on disposal (debt instruments) | (351) | (1,009) | (4,449) | (1,388) |
| - Deferred tax on financial investments at FVOCI | 1,887 | (1,133) | 665 | (9,950) |
| - Share of other comprehensive (loss)/income of associates | - | - | (17,266) | 6,638 |
| <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) | 1,428 | 844 | 1,428 | 844 |
| Other comprehensive (loss)/ income for the financial period, net of tax | (11,176) | 22,902 | (21,712) | 65,747 |
| Total comprehensive income for the financial period | 107,406 | 136,127 | 207,078 | 327,952 |
| Total comprehensive income for the financial period attributable to: | | | | |
| - Equity holders of the Bank | 107,406 | 136,127 | 207,078 | 327,952 |

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 2023.

AFFIN BANK BERHAD
Registration No. 197501003274 (25046-T)
Condensed Interim Financial Statements
Unaudited Income Statements for the Financial Quarter Ended 30 June 2024

| | Note | Individual Quarter Ended | | Cumulative Quarter Ended | |
|---|------|--------------------------|---------------------|--------------------------|---------------------|
| | | 30/6/2024 RM'000 | 30/6/2023 RM'000 | 30/6/2024 RM'000 | 30/6/2023 RM'000 |
| The Bank | | | | | |
| Interest income | A18 | 656,853 | 585,836 | 1,326,291 | 1,131,519 |
| Interest expense | A19 | (486,593) | (400,760) | (980,536) | (730,968) |
| Net interest income | | 170,260 | 185,076 | 345,755 | 400,551 |
| Fee and commission income | | 36,003 | 47,031 | 89,292 | 91,297 |
| Fee and commission expense | | (4,178) | (2,288) | (7,292) | (4,962) |
| Net fee and commission income | A20 | 31,825 | 44,743 | 82,000 | 86,335 |
| Net gains on financial instruments | A21 | 23,200 | 25,735 | 52,479 | 32,532 |
| Other income | A22 | 48,346 | 94,325 | 59,531 | 120,936 |
| Net income | | 273,631 | 349,879 | 539,765 | 640,354 |
| Other operating expenses | A23 | (243,028) | (218,866) | (491,226) | (443,776) |
| Operating profit before allowances | | 30,603 | 131,013 | 48,539 | 196,578 |
| Write-back of/(allowance for) credit impairment losses | A24 | 25,795 | (27,602) | 29,183 | (14,133) |
| Profit before zakat and taxation | | 56,398 | 103,411 | 77,722 | 182,445 |
| Zakat | | - | - | - | - |
| Profit before taxation | | 56,398 | 103,411 | 77,722 | 182,445 |
| Taxation | B5 | (8,307) | (19,360) | (11,499) | (41,486) |
| Net profit after taxation | | 48,091 | 84,051 | 66,223 | 140,959 |
| Earnings per share attributable to equity holders of the Bank (sen): | | | | | |
| - Basic | B10 | 2.04 | 3.70 | 2.82 | 6.20 |
| - Diluted | B10 | 2.03 | 3.70 | 2.80 | 6.20 |

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 2023.

AFFIN BANK BERHAD
Registration No. 197501003274 (25046-T)
Condensed Interim Financial Statements
Unaudited Statements of Comprehensive Income
Unaudited Income Statements for the Financial Quarter Ended 30 June 2024

| | Individual Quarter Ended | | Cumulative Quarter Ended | |
|---|--------------------------|---------------------|--------------------------|---------------------|
| | 30/6/2024 RM'000 | 30/6/2023 RM'000 | 30/6/2024 RM'000 | 30/6/2023 RM'000 |
| The Bank | | | | |
| Profit after zakat and taxation | 48,091 | 84,051 | 66,223 | 140,959 |
| 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) | (10,465) | 5,456 | (10,211) | 9,060 |
| - Net credit impairment loss change in financial investments at FVOCI (debt instruments) | 150 | 595 | 463 | 693 |
| - Net loss on financial investments measured at FVOCI reclassified to profit or loss on disposal (debt instruments) | (1,234) | - | (3,988) | - |
| - Deferred tax on financial investments at FVOCI | 2,193 | 1,310 | 3,403 | 2,175 |
| Other comprehensive (loss)/income for the financial period, net of tax | (9,356) | 7,361 | (10,333) | 11,928 |
| Total comprehensive income for the financial period | 38,735 | 91,412 | 55,890 | 152,887 |

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 2023.

AFFIN BANK BERHAD
Registration No. 197501003274 (25046-T)
Unaudited Condensed Consolidated Statements Of Changes In Equity
for the Financial Quarter Ended 30 June 2024

| The Group | Attributable to Equity Holders of the Bank | | | | | Total equity RM'000 |
|--|--|--|----------------------------------|-----------------------------|-------------------------------|------------------------|
| | Share capital RM'000 | FVOCI revaluation reserves RM'000 | Regulatory reserves RM'000 | Other reserves RM'000 | Retained profits RM'000 | |
| At 1 January 2024 | 5,371,044 | 169,540 | 337,761 | 4,146 | 5,226,324 | 11,108,815 |
| Net profit for the financial period | - | - | - | - | 228,790 | 228,790 |
| Other comprehensive income (net of tax): | | | | | | |
| - Financial investments at FVOCI | - | (4,446) | - | - | - | (4,446) |
| - Share of other comprehensive loss of associates | - | (17,266) | - | - | - | (17,266) |
| Total comprehensive (loss)/income for the financial period | - | (21,712) | - | - | 228,790 | 207,078 |
| Issuance of new shares | 117,500 | - | - | - | - | 117,500 |
| Share grant scheme granted | - | - | - | 4,606 | - | 4,606 |
| Transfer to regulatory reserves | - | - | 54,697 | - | (54,697) | - |
| Dividends | - | - | - | - | (135,157) | (135,157) |
| At 30 June 2024 | 5,488,544 | 147,828 | 392,458 | 8,752 | 5,265,260 | 11,302,842 |

| | Attributable to Equity Holders of the Bank | | | | | Total equity RM'000 |
|---|--|--|----------------------------------|-------------------------------|------------------------|------------------------|
| | 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 | 10,628,828 |
| Net profit for the financial period | - | - | - | 262,205 | 262,205 | 262,205 |
| Other comprehensive income (net of tax): | | | | | | |
| - Financial investments at FVOCI | - | 59,109 | - | - | 59,109 | 59,109 |
| - Share of other comprehensive income of associates | - | 6,638 | - | - | 6,638 | 6,638 |
| Total comprehensive income for the financial period | - | 65,747 | - | 262,205 | 327,952 | 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 | 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 ended 31 December 2023.

AFFIN BANK BERHAD
Registration No. 197501003274 (25046-T)
Unaudited Condensed Consolidated Statements Of Changes In Equity
for the Financial Quarter Ended 30 June 2024

| The Bank | Non-distributable | | | | Distributable | |
|--|----------------------------|-----------------------------------|----------------------------------|-----------------------------|-------------------------------|---------------------------|
| | Share capital RM'000 | FVOCI | | | Retained profits RM'000 | Total equity RM'000 |
| | | revaluation reserves RM'000 | Regulatory reserves RM'000 | Other reserves RM'000 | | |
| At 1 January 2024 | 5,371,044 | 204,573 | 270,563 | 4,146 | 4,073,235 | 9,923,561 |
| Net profit for the financial period | - | - | - | - | 66,223 | 66,223 |
| Other comprehensive income (net of tax): | | | | | | |
| - Financial investments at FVOCI | - | (10,333) | - | - | - | (10,333) |
| Total comprehensive (loss)/income for the financial period | - | (10,333) | - | - | 66,223 | 55,890 |
| Issuance of new shares | 117,500 | - | - | - | - | 117,500 |
| Share grant scheme granted | - | - | - | 4,606 | - | 4,606 |
| Dividends | - | - | - | - | (135,157) | (135,157) |
| At 30 June 2024 | 5,488,544 | 194,240 | 270,563 | 8,752 | 4,004,301 | 9,966,400 |

| | Non-distributable | | | Distributable | |
|---|----------------------------|-----------------------------------|----------------------------------|-------------------------------|---------------------------|
| | Share capital RM'000 | FVOCI | | Retained profits RM'000 | Total equity RM'000 |
| | | revaluation reserves RM'000 | Regulatory reserves 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 |

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 2023.

AFFIN BANK BERHAD
Registration No. 197501003274 (25046-T)
Unaudited Condensed Consolidated Statements of Cash Flows
for the Financial Quarter Ended 30 June 2024

| | The Group | | The Bank | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 30/6/2024 RM'000 | 30/6/2023 RM'000 | 30/6/2024 RM'000 | 30/6/2023 RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Profit before taxation | 293,056 | 345,657 | 77,722 | 182,445 |
| Adjustments for items not involving the movement of cash and cash equivalents | (179,299) | (525,542) | (224,445) | (429,257) |
| Operating profit/(loss) before changes in working capital | 113,757 | (179,885) | (146,723) | (246,812) |
| Net changes in operating assets | (1,889,977) | (5,825,291) | (1,035,577) | (4,923,811) |
| Net changes in operating liabilities | 2,843,287 | 7,402,328 | 2,211,634 | 4,764,544 |
| Tax and zakat paid | (81,069) | (81,378) | (32,578) | (42,782) |
| Net cash generated from/(used in) operating activities | 985,998 | 1,315,774 | 996,756 | (448,861) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest received: | | | | |
| - financial investments at FVOCI | 176,352 | 67,498 | 89,255 | (204) |
| - financial investments at AC | 230,152 | 256,113 | 220,691 | 242,150 |
| Dividend income: | | | | |
| - financial assets at FVTPL | 1,689 | 340 | - | - |
| - financial investments at FVOCI | 662 | 662 | 549 | 549 |
| - subsidiaries | - | - | 1,369 | 1,295 |
| Purchases of: | | | | |
| - financial investments at FVOCI | (8,444,998) | (2,194,132) | (6,052,178) | (1,304,643) |
| - financial investments at AC | (796,069) | (386,304) | (595,996) | (191,414) |
| Redemptions/disposals of: | | | | |
| - financial investments at FVOCI | 5,358,424 | 365,740 | 3,151,797 | 69,021 |
| - financial investments at AC | 919,951 | 85,269 | 895,637 | 881,419 |
| Purchases of: | | | | |
| - property and equipment | (158,232) | (104,608) | (156,101) | (102,734) |
| - intangible assets | (4,550) | (2,206) | (4,541) | (1,427) |
| Proceeds from disposal of: | | | | |
| - property and equipment | 348 | 316 | - | - |
| Investment in subsidiary | - | - | (100,267) | - |
| Investment in associates | (9,000) | - | (9,000) | - |
| Net cash used in investing activities | (2,725,271) | (1,911,312) | (2,558,785) | (405,988) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Drawdown of borrowings | 500,000 | 500,000 | 500,000 | 500,000 |
| Interest payment on borrowings | (72,572) | (63,253) | (26,395) | (23,372) |
| Payment of dividend to the equity holders of the Bank | (17,657) | - | (17,657) | - |
| Addition/(redemption) of recourse obligation on loans/financing sold to Cagamas Berhad | (450,008) | 2,574,272 | (450,008) | 1,474,271 |
| Interest/profit payment from recourse obligation on loans/financing sold to Cagamas Berhad | (85,048) | - | (57,753) | - |
| Lease payments | (18,964) | (13,264) | (13,969) | (11,037) |
| Net cash (used in)/generated from financing activities | (144,249) | 2,997,755 | (65,782) | 1,939,862 |
| Net (decrease)/increase in cash and cash equivalents | (1,883,522) | 2,402,217 | (1,627,811) | 1,085,013 |
| Effects of foreign exchange | (40,543) | 390,879 | 7,571 | 288,082 |
| Cash and cash equivalents at beginning of the financial period | 4,435,730 | 5,005,328 | 4,306,589 | 1,964,288 |
| Cash and cash equivalents at end of the financial period | 2,511,665 | 7,798,424 | 2,686,349 | 3,337,383 |
| <u>Cash and cash equivalents comprise the following:</u> | | | | |
| Cash and short-term funds | 2,616,713 | 7,738,790 | 2,712,147 | 3,619,468 |
| Deposits and placements of banks and other financial institutions | 386,797 | 505,389 | 466,047 | 100,454 |
| | 3,003,510 | 8,244,179 | 3,178,194 | 3,719,922 |
| Less: Amount held on behalf of commissioned dealer's representatives | - | (63,216) | - | - |
| Less: Cash and short-term funds and deposits and placements with banks and other financial institutions with original maturity of more than three months | (491,845) | (382,539) | (491,845) | (382,539) |
| | 2,511,665 | 7,798,424 | 2,686,349 | 3,337,383 |

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 2023.

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 year 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 2023. 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 2023.

A2. ACCOUNTING POLICIES AND METHODS OF COMPUTATIONS

The material accounting policies and methods of computation applied in the condensed interim financial statements are consistent with those applied in the annual financial statements for the financial year ended 31 December 2023, except for the adoption of the following amendments to MFRS that are applicable to the Group and the Bank effective for the financial year beginning on 1 January 2024:

The annual improvements and amendments to MFRS which are effective for the Group and the Bank for the financial year beginning 1 January 2024:

Amendments to MFRS 101 'Presentation of Financial Statements'

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

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

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

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

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

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

Amendments to MFRS 121 'Lack of Exchangeability'

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

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

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

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

A3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the audited financial statements for the financial year ended 31 December 2023 was not subjected to any qualification.

A4. SEASONAL OR CYCLICAL FACTORS

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

A5. ITEMS OF UNUSUAL NATURE, SIZE AND INCIDENCE AFFECTING NET ASSETS, EQUITY, NET INCOME OR CASH FLOWS

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank during the financial period under review.

A6. CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in prior financial year that have a material effect during the financial period under review.

A7. SUKUK 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 | Issuance Date | First Call Date | Maturity Date | Nominal Value | Description | Tenor |
|-----------------|----------------------|------------------------|----------------------|----------------------|--------------------|--------------|
| Issuance | 8 May 2024 | Not Applicable | 8 May 2029 | RM500.0 million | Senior MTN | 5 years |

A8. DIVIDENDS PAID AND PROPOSED

A single-tier final dividend of 5.76 sen per ordinary share amounting to dividend payable of RM135,157,697 in respect of the financial year ended 31 December 2023 was paid on 12 June 2024.

A9. STATUS OF CORPORATE PROPOSAL

There were no corporate proposal reported during the financial period 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

A10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ('FVTPL')

| | The Group | | The Bank | |
|--|------------------|----------------|------------------|------------------|
| | 30/6/2024 | 31/12/2023 | 30/6/2024 | 31/12/2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At fair value | | | | |
| <u>Money market instruments</u> | | | | |
| Malaysian Government Treasury Bills | 21,238 | 79,679 | 21,238 | 79,679 |
| Cagamas Bonds/Sukuk | - | 45,165 | - | 45,165 |
| Negotiable Instruments of Deposit | 241,341 | 239,229 | 795,198 | 1,041,847 |
| Malaysian Government investment certificates | 61,623 | - | - | - |
| Bank Negara Malaysia Bills | 491,255 | - | 491,255 | - |
| | 815,457 | 364,073 | 1,307,691 | 1,166,691 |
| <u>Quoted securities:</u> | | | | |
| Shares, warrants and REITs in Malaysia | 221,008 | 89,123 | - | - |
| Unit Trusts in Malaysia | 1,277 | 1,257 | - | - |
| | 222,285 | 90,380 | - | - |
| <u>Unquoted securities:</u> | | | | |
| Shares in Malaysia | 146,453 | 115,602 | 136,569 | 115,602 |
| Corporate Bonds/Sukuk in Malaysia | 36,872 | 20,225 | 36,340 | 20,223 |
| Corporate Bonds/Sukuk outside Malaysia | 125,650 | 16,454 | 47,613 | - |
| | 308,975 | 152,281 | 220,522 | 135,825 |
| | 1,346,717 | 606,734 | 1,528,213 | 1,302,516 |

A11. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ('FVOCI')

| | The Group | | The Bank | |
|--|-------------------|-------------------|------------------|------------------|
| | 30/6/2024 | 31/12/2023 | 30/6/2024 | 31/12/2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At fair value | | | | |
| <u>Money market instruments:</u> | | | | |
| Money market instruments: | | | | |
| Malaysian Government treasury bills | 97,882 | 307,819 | 97,882 | 307,819 |
| Malaysian Government securities | 2,359,675 | 1,736,804 | 940,032 | 680,929 |
| Malaysian Government investment issues | 2,370,079 | 2,360,106 | 605,935 | 351,225 |
| Cagamas Bonds/Sukuk | 999,295 | 923,900 | 726,869 | 620,944 |
| Bank Negara Malaysia Bills | 163,226 | 9,994 | 23,336 | - |
| Negotiable Instruments of Deposit | 693,575 | - | 1,145,476 | - |
| | 6,683,732 | 5,338,623 | 3,539,530 | 1,960,917 |
| <u>Unquoted securities:</u> | | | | |
| Shares in Malaysia * | 247,069 | 245,640 | 220,876 | 220,875 |
| Corporate bonds/Sukuk in Malaysia | 4,087,870 | 3,669,088 | 1,648,638 | 1,211,290 |
| Corporate Bonds/Sukuk outside Malaysia | 2,139,898 | 774,416 | 1,497,585 | 586,137 |
| | 6,474,837 | 4,689,144 | 3,367,099 | 2,018,302 |
| | 13,158,569 | 10,027,767 | 6,906,629 | 3,979,219 |

* Equity securities designated at FVOCI.

Certain unquoted perpetual bonds are designated at FVOCI

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

A11. FINANCIAL INVESTMENTS AT 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 | | | | |
| 30/6/2024 | | | | |
| At beginning of the financial period | 533 | 21,156 | - | 21,689 |
| Financial assets derecognised (other than write-off) | (155) | - | - | (155) |
| New financial assets purchased | 502 | 120 | - | 622 |
| Changes due to change in credit risk | 278 | (2,945) | - | (2,667) |
| Other adjustments | 4 | - | - | 4 |
| At end of the financial period | 1,162 | 18,331 | - | 19,493 |
| | | | | |
| 31/12/2023 | | | | |
| At beginning of the financial year | 817 | 18,125 | - | 18,942 |
| Total transfer between stages due to change in credit risk: | (393) | 393 | - | - |
| - Transfer to Lifetime ECL not credit impaired (Stage 2) | (393) | 393 | - | - |
| Financial assets derecognised (other than write-off) | (3,079) | - | - | (3,079) |
| New financial assets purchased | 4,985 | - | - | 4,985 |
| Changes due to change in credit risk | (1,797) | 2,638 | - | 841 |
| At end of the financial year | 533 | 21,156 | - | 21,689 |
| | | | | |
| | | | | |
| | | | | |
| The Bank | | | | |
| 30/6/2024 | | | | |
| At beginning of the financial period | 172 | 235 | - | 407 |
| Financial assets derecognised (other than write-off) | (105) | - | - | (105) |
| New financial assets purchased | 322 | 120 | - | 442 |
| Changes due to change in credit risk | 227 | (105) | - | 122 |
| Other adjustments | 4 | - | - | 4 |
| At end of the financial period | 620 | 250 | - | 870 |
| | | | | |
| 31/12/2023 | | | | |
| At beginning of the financial year | - | - | - | - |
| Total transfer between stages due to change in credit risk: | (197) | 197 | - | - |
| - Transfer to Lifetime ECL not credit impaired (Stage 2) | (197) | 197 | - | - |
| Financial assets derecognised (other than write-off) | (2,148) | - | - | (2,148) |
| New financial assets purchased | 3,468 | - | - | 3,468 |
| Changes due to change in credit risk | (951) | 38 | - | (913) |
| At end of the financial year | 172 | 235 | - | 407 |

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

A12. FINANCIAL INVESTMENTS AT AMORTISED COST ('AC')

| | The Group | | The Bank | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 30/6/2024 | 31/12/2023 | 30/6/2024 | 31/12/2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>At amortised cost</u> | | | | |
| Malaysian Government Securities | 3,882,436 | 3,908,873 | 3,691,684 | 3,718,178 |
| Malaysian Government Investment Issues | 5,650,889 | 5,672,708 | 3,052,508 | 3,066,433 |
| Cagamas Bonds/Sukuk | 90,787 | 121,143 | 50,497 | 80,852 |
| Negotiable Instruments of Deposit and Islamic Debt Certificates | - | - | - | 200,074 |
| | 9,624,112 | 9,702,724 | 6,794,689 | 7,065,537 |
| <u>Unquoted securities:</u> | | | | |
| Shares in Malaysia | 14,915 | 14,915 | 14,915 | 14,915 |
| Corporate Bonds/Sukuk in Malaysia | 6,303,038 | 6,370,749 | 3,575,641 | 3,614,670 |
| Corporate Bonds/Sukuk outside Malaysia | 606,955 | 615,576 | 569,120 | 577,790 |
| Loan stock in Malaysia | - | 8,101 | - | - |
| | 6,924,908 | 7,009,341 | 4,159,676 | 4,207,375 |
| | 16,549,020 | 16,712,065 | 10,954,365 | 11,272,912 |
| Fair value changes arising from fair value hedges | (3,830) | (2,582) | (3,830) | (2,582) |
| | 16,545,190 | 16,709,483 | 10,950,535 | 11,270,330 |
| Less: ECL | (74,287) | (104,581) | (69,473) | (89,911) |
| | 16,470,903 | 16,604,902 | 10,881,062 | 11,180,419 |

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

| | Lifetime ECL not credit impaired | | Lifetime ECL credit impaired | | Total |
|---|----------------------------------|---------------|------------------------------|--------|----------------|
| | 12-Month ECL Stage 1 | Stage 2 | Stage 3 | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| The Group | | | | | |
| 30/6/2024 | | | | | |
| At beginning of the financial period | 6,707 | 89,773 | 8,101 | | 104,581 |
| Financial assets derecognised (other than write-off) | (15) | - | (1,127) | | (1,142) |
| New financial assets purchased | 8 | - | - | | 8 |
| Changes due to change in credit risk | (1,643) | (20,547) | 1,127 | | (21,063) |
| Changes due to change in model/risk parameters | - | - | (163) | | (163) |
| Write-offs | - | - | (7,936) | | (7,936) |
| Other adjustments | 2 | - | - | | 2 |
| At end of the financial period | 5,059 | 69,226 | 2 | | 74,287 |
| 31/12/2023 | | | | | |
| At beginning of the financial year | 9,985 | 55,736 | 15,560 | | 81,281 |
| Total transfer between stages due to change in credit risk: | (198) | 198 | - | | - |
| - Transfer to Lifetime ECL not credit impaired (Stage 2) | (198) | 198 | - | | - |
| Financial assets derecognised (other than write-off) | (1,137) | - | (7,064) | | (8,201) |
| New financial assets purchased | 407 | - | - | | 407 |
| Changes due to change in credit risk | (2,369) | 33,839 | - | | 31,470 |
| Other adjustments | 19 | - | (395) | | (376) |
| At end of the financial year | 6,707 | 89,773 | 8,101 | | 104,581 |
| The Bank | | | | | |
| 30/6/2024 | | | | | |
| At beginning of the financial period | 143 | 89,768 | - | | 89,911 |
| Financial assets derecognised (other than write-off) | (12) | - | - | | (12) |
| New financial assets purchased | 8 | - | - | | 8 |
| Changes due to change in credit risk | 108 | (20,545) | - | | (20,437) |
| Other adjustments | 3 | - | - | | 3 |
| At end of the financial period | 250 | 69,223 | - | | 69,473 |
| 31/12/2023 | | | | | |
| At beginning of the financial year | 2,616 | 55,736 | - | | 58,352 |
| Total transfer between stages due to change in credit risk: | (99) | 99 | - | | - |
| - Transfer to Lifetime ECL not credit impaired (Stage 2) | (99) | 99 | - | | - |
| Financial assets derecognised (other than write-off) | (677) | - | - | | (677) |
| New financial assets purchased | 260 | - | - | | 260 |
| Changes due to change in credit risk | (1,976) | 33,933 | - | | 31,957 |
| Other adjustments | 19 | - | - | | 19 |
| At end of the financial year | 143 | 89,768 | - | | 89,911 |

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

A13. LOANS, ADVANCES AND FINANCING

| (a) <u>BY TYPE</u> | The Group | | The Bank | |
|--|--------------------|-------------------|-------------------|-------------------|
| | 30/6/2024 | 31/12/2023 | 30/6/2024 | 31/12/2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Overdrafts | 2,209,642 | 2,448,677 | 1,467,887 | 1,556,737 |
| Term loans/financing: | | | | |
| - Housing loans/financing | 21,122,287 | 20,187,936 | 10,828,770 | 10,042,140 |
| - Hire purchase receivables | 15,245,476 | 14,844,361 | 8,484,443 | 8,900,963 |
| - Syndicated financing | 2,449,683 | 2,806,668 | 818,808 | 1,242,113 |
| - Business term loans/financing | 17,964,418 | 17,365,088 | 8,780,984 | 8,573,241 |
| - Other term loans/financing | 142,745 | 144,143 | - | - |
| Bills receivables | 1,169,988 | 877,094 | 538,086 | 606,365 |
| Trust receipts | 285,621 | 298,452 | 276,246 | 283,965 |
| Claims on customers under acceptances credits | 3,041,432 | 2,904,620 | 1,946,802 | 1,895,681 |
| Staff loans/financing (of which RM Nil to Directors) | 225,353 | 217,849 | 88,192 | 87,768 |
| Credit cards | 466,257 | 454,513 | 385,685 | 376,733 |
| Revolving credits | 2,867,916 | 2,489,684 | 2,075,181 | 1,902,535 |
| Margin financing | 1,825,024 | 1,623,784 | - | - |
| Gross loans, advances and financing | 69,015,842 | 66,662,869 | 35,691,084 | 35,468,241 |
| Less: ECL | (1,269,149) | (1,437,872) | (799,543) | (957,791) |
| Total net loans, advances and financing | 67,746,693 | 65,224,997 | 34,891,541 | 34,510,450 |

Included in the Group's other term loans/financing before expected credit losses as at reporting date is RM57.6 million (2023: RM57.4 million) of term financing disbursed by AFFIN ISLAMIC to its joint venture company Affin-i Nadayu Sdn Bhd.

| (b) <u>BY MATURITY STRUCTURE</u> | The Group | | The Bank | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 30/6/2024 | 31/12/2023 | 30/6/2024 | 31/12/2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Maturing within one year | 13,313,157 | 12,275,006 | 7,021,672 | 7,119,792 |
| One year to three years | 3,376,931 | 3,913,266 | 2,575,092 | 2,375,510 |
| Three years to five years | 6,439,200 | 6,181,258 | 4,079,977 | 4,072,877 |
| Over five years | 45,886,554 | 44,293,339 | 22,014,343 | 21,900,062 |
| | 69,015,842 | 66,662,869 | 35,691,084 | 35,468,241 |

| (c) <u>BY TYPE OF CUSTOMER</u> | The Group | | The Bank | |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 30/6/2024 | 31/12/2023 | 30/6/2024 | 31/12/2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Domestic banking institutions | 20,259 | 7,287 | 20,259 | 7,287 |
| Domestic non-banking institutions | 712,783 | 669,501 | 207,389 | 211,984 |
| Domestic business enterprises: | | | | |
| - Small medium enterprises | 11,341,554 | 11,087,598 | 8,262,673 | 7,998,011 |
| - Others | 12,469,600 | 12,560,264 | 7,282,656 | 7,448,727 |
| Government and statutory bodies | 1,303,280 | 904,324 | 1,615 | 1,436 |
| Individuals | 42,117,127 | 39,960,390 | 19,050,091 | 18,519,326 |
| Other domestic entities | 7,798 | 7,882 | 709 | 865 |
| Foreign entities | 1,043,441 | 1,465,623 | 865,692 | 1,280,605 |
| | 69,015,842 | 66,662,869 | 35,691,084 | 35,468,241 |

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

A13. LOANS, ADVANCES AND FINANCING (Cont.)

| | The Group | | The Bank | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 30/6/2024 | 31/12/2023 | 30/6/2024 | 31/12/2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| (d) <u>BY INTEREST / PROFIT RATE SENSITIVITY</u> | | | | |
| Fixed rate: | | | | |
| - Housing loans/financing | 200,227 | 199,596 | 140,469 | 144,057 |
| - Hire purchase receivables | 14,888,466 | 14,694,074 | 8,484,437 | 8,900,963 |
| - Other fixed rate loans/financing | 1,473,593 | 1,514,610 | 537,092 | 530,490 |
| Variable rate: | | | | |
| - Base lending rate and base rate plus | 29,289,778 | 29,829,841 | 15,446,378 | 15,446,225 |
| - Cost plus | 10,270,884 | 9,649,847 | 4,899,159 | 4,649,547 |
| - Others variable rates | 12,892,894 | 10,774,901 | 6,183,549 | 5,796,959 |
| | 69,015,842 | 66,662,869 | 35,691,084 | 35,468,241 |
| (e) <u>BY ECONOMIC SECTOR</u> | | | | |
| Primary agriculture | 1,457,470 | 1,501,595 | 712,899 | 701,814 |
| Mining and quarrying | 138,892 | 393,026 | 53,157 | 284,353 |
| Manufacturing | 4,047,181 | 4,042,298 | 2,783,029 | 2,752,809 |
| Electricity, gas and water supply | 477,193 | 474,648 | 73,876 | 87,559 |
| Construction | 2,303,628 | 2,083,785 | 1,143,962 | 1,010,607 |
| Real estate | 4,644,539 | 4,938,887 | 3,415,875 | 3,578,499 |
| Wholesale, retail trade, hotels and restaurants | 6,115,200 | 6,226,712 | 4,628,920 | 4,793,959 |
| Transport, storage and communication | 2,716,895 | 2,420,702 | 1,786,445 | 1,536,815 |
| Finance, insurance and business services | 2,290,810 | 2,331,069 | 1,337,096 | 1,480,144 |
| Education, health and others | 2,492,596 | 2,113,853 | 574,534 | 604,066 |
| Household | 42,307,772 | 40,135,534 | 19,180,077 | 18,636,856 |
| Others | 23,666 | 760 | 1,214 | 760 |
| | 69,015,842 | 66,662,869 | 35,691,084 | 35,468,241 |
| (f) <u>BY ECONOMIC PURPOSE</u> | | | | |
| Purchase of securities | 3,445,133 | 3,024,949 | 346,354 | 326,206 |
| Purchase of transport vehicles | 15,897,260 | 15,500,675 | 8,815,390 | 9,217,571 |
| Purchase of landed properties of which: | | | | |
| - Residential | 21,482,730 | 20,548,761 | 10,979,297 | 10,185,729 |
| - Non-residential | 6,885,098 | 6,993,057 | 4,705,975 | 4,570,282 |
| Fixed assets other than land and building | 446,264 | 479,659 | 171,426 | 191,638 |
| Personal use | 4,091,457 | 3,746,713 | 661,894 | 691,031 |
| Credit card | 466,255 | 454,513 | 385,684 | 376,733 |
| Consumer durable | 179 | 237 | 16 | 17 |
| Construction | 2,164,681 | 2,353,404 | 1,310,348 | 1,449,449 |
| Merger and acquisition | 90,181 | 12,078 | 7,343 | 12,078 |
| Working capital | 12,323,798 | 11,613,969 | 7,168,962 | 7,064,878 |
| Others | 1,722,806 | 1,934,854 | 1,138,395 | 1,382,629 |
| | 69,015,842 | 66,662,869 | 35,691,084 | 35,468,241 |

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

A13. LOANS, ADVANCES AND FINANCING (Cont.)

| | The Group | | The Bank | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 30/6/2024 | 31/12/2023 | 30/6/2024 | 31/12/2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| (g) <u>BY GEOGRAPHICAL DISTRIBUTION</u> | | | | |
| Perlis | 138,227 | 129,564 | 19,921 | 23,142 |
| Kedah | 2,167,328 | 2,055,506 | 675,346 | 682,064 |
| Pulau Pinang | 4,105,468 | 4,084,333 | 2,327,017 | 2,352,305 |
| Perak | 1,898,414 | 1,847,668 | 849,938 | 872,516 |
| Selangor | 21,446,632 | 20,247,720 | 11,200,920 | 10,541,603 |
| Wilayah Persekutuan | 15,303,630 | 14,815,495 | 7,443,394 | 7,643,753 |
| Negeri Sembilan | 2,469,070 | 2,331,533 | 873,302 | 827,989 |
| Melaka | 1,193,944 | 1,199,734 | 623,077 | 674,944 |
| Johor | 9,892,476 | 9,476,772 | 6,165,204 | 5,854,763 |
| Pahang | 2,089,207 | 1,992,509 | 913,465 | 878,717 |
| Terengganu | 1,180,614 | 1,132,807 | 182,173 | 186,537 |
| Kelantan | 795,062 | 748,713 | 35,776 | 38,403 |
| Sarawak | 3,060,883 | 2,918,423 | 2,068,117 | 2,077,936 |
| Sabah | 2,520,327 | 2,504,646 | 1,594,221 | 1,675,413 |
| Labuan | 311,545 | 282,039 | 277,502 | 243,951 |
| Outside Malaysia | 443,015 | 895,407 | 441,711 | 894,205 |
| | 69,015,842 | 66,662,869 | 35,691,084 | 35,468,241 |
| (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 | 1,265,411 | 1,171,181 | 973,145 | 735,434 |
| Classified as impaired | 581,448 | 1,251,499 | 299,166 | 924,699 |
| Reclassified as non-impaired | (235,315) | (884,100) | (116,540) | (526,219) |
| Amount recovered | (83,537) | (163,173) | (24,917) | (101,557) |
| Amount written-off | (224,698) | (109,996) | (195,026) | (59,212) |
| Other movements | 2,356 | - | - | - |
| At end of the financial period/year | 1,305,665 | 1,265,411 | 935,828 | 973,145 |
| Ratio of gross impaired loans, advances and financing to gross loans, advances and financing (*) | 1.89% | 1.90% | 2.44% | 2.49% |

(* For the Bank, RIA included in the ratio calculation amounting to RM3,340.8 million (2023: RM3,572.1 million) with impaired financing amounting to RM15.3 million (2023: RM Nil).

The outstanding contractual amounts of such assets written-off during the financial period amounting to RM224.7 million (2023: RM110.0 million) for the Group and RM195.0 million (2023: RM59.2 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

A13. LOANS, ADVANCES AND FINANCING (Cont.)

(h) IMPAIRED LOANS, ADVANCES AND FINANCING (Cont.)

| | The Group | | The Bank | |
|--|------------------|-------------------|------------------|-------------------|
| | 30/6/2024 | 31/12/2023 | 30/6/2024 | 31/12/2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| (ii) <u>Impaired loans by economic sector</u> | | | | |
| Primary agriculture | 9,908 | 9,686 | 9,806 | 9,513 |
| Mining and quarrying | 9,187 | 29,941 | 9,187 | 10,124 |
| Manufacturing | 43,199 | 40,733 | 37,035 | 34,007 |
| Electricity, gas and water supply | 10,925 | 4 | 10,880 | 1 |
| Construction | 210,523 | 179,913 | 128,942 | 121,028 |
| Real estate | 234,223 | 204,395 | 196,924 | 168,038 |
| Wholesale, retail trade, hotels and restaurants | 218,639 | 343,533 | 185,534 | 323,915 |
| Transport, storage and communication | 101,264 | 98,939 | 90,481 | 96,312 |
| Finance, insurance and business services | 26,786 | 21,211 | 11,241 | 10,617 |
| Education, health and others | 14,946 | 13,671 | 12,929 | 12,660 |
| Household | 426,065 | 323,385 | 242,869 | 186,930 |
| | 1,305,665 | 1,265,411 | 935,828 | 973,145 |
| (iii) <u>Impaired loans by economic purpose</u> | | | | |
| Purchase of securities | 20,187 | 18,305 | 11 | 16 |
| Purchase of transport vehicles | 86,556 | 79,745 | 41,778 | 43,336 |
| Purchase of landed properties of which: | | | | |
| - Residential | 312,578 | 242,475 | 195,479 | 147,602 |
| - Non-residential | 194,110 | 186,479 | 164,340 | 147,345 |
| Fixed assets other than land and building | 10,927 | 5,139 | 10,889 | 5,073 |
| Personal use | 46,580 | 18,434 | 18,041 | 9,234 |
| Credit card | 4,031 | 4,163 | 3,407 | 3,507 |
| Construction | 201,904 | 194,380 | 201,904 | 194,380 |
| Working capital | 401,267 | 490,761 | 278,700 | 403,096 |
| Others | 27,525 | 25,530 | 21,279 | 19,556 |
| | 1,305,665 | 1,265,411 | 935,828 | 973,145 |
| (iv) <u>Impaired loans by geographical distribution</u> | | | | |
| Perlis | 4,166 | 4,437 | 86 | 621 |
| Kedah | 54,385 | 48,031 | 35,603 | 32,478 |
| Pulau Pinang | 76,245 | 129,073 | 62,736 | 119,639 |
| Perak | 17,260 | 15,768 | 8,738 | 9,111 |
| Selangor | 429,612 | 374,058 | 303,694 | 263,021 |
| Wilayah Persekutuan | 386,067 | 350,641 | 334,969 | 315,905 |
| Negeri Sembilan | 40,646 | 34,555 | 23,823 | 19,349 |
| Melaka | 85,172 | 132,140 | 67,255 | 123,206 |
| Johor | 63,173 | 54,104 | 33,102 | 30,132 |
| Pahang | 42,956 | 27,532 | 26,352 | 24,219 |
| Terengganu | 4,673 | 3,606 | 571 | 667 |
| Kelantan | 8,585 | 6,732 | 197 | 244 |
| Sarawak | 76,416 | 73,315 | 26,698 | 25,711 |
| Sabah | 16,304 | 11,373 | 11,999 | 8,796 |
| Outside Malaysia | 5 | 46 | 5 | 46 |
| | 1,305,665 | 1,265,411 | 935,828 | 973,145 |

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

A13. LOANS, ADVANCES AND FINANCING (Cont.)

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

| The Group | 12-Month ECL | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total |
|---|---------------------|---|-------------------------------------|------------------|
| 30/6/2024 | Stage 1 | Stage 2 | Stage 3 | |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At beginning of the financial period | 149,260 | 704,665 | 583,947 | 1,437,872 |
| Total transfer between stages due to change in credit risk: | (420,300) | 424,722 | (4,422) | - |
| - Transfer to 12-month ECL (Stage 1) | 25,455 | (22,453) | (3,002) | - |
| - Transfer to Lifetime ECL not credit impaired (Stage 2) | (433,800) | 490,563 | (56,763) | - |
| - Transfer to Lifetime ECL credit impaired (Stage 3) | (11,955) | (43,388) | 55,343 | - |
| Loans/financing derecognised (other than write-off) | (32,536) | (458,535) | (10,251) | (501,322) |
| New loans/financing originated or purchased | 476,280 | - | - | 476,280 |
| Changes due to change in credit risk | (40,431) | (30,451) | 91,556 | 20,674 |
| Write-off | - | - | (167,076) | (167,076) |
| Other adjustments | 117 | 248 | 2,356 | 2,721 |
| At end of the financial period | 132,390 | 640,649 | 496,110 | 1,269,149 |

| The Group | 12-Month ECL | Lifetime ECL not credit impaired | Lifetime ECL credit impaired | Total |
|---|---------------------|---|-------------------------------------|------------------|
| 31/12/2023 | Stage 1 | Stage 2 | Stage 3 | |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At beginning of the financial year | 211,373 | 778,214 | 421,234 | 1,410,821 |
| Total transfer between stages due to change in credit risk: | (169,761) | 305,516 | (135,755) | - |
| - Transfer to 12-month ECL (Stage 1) | 46,853 | (41,757) | (5,096) | - |
| - Transfer to Lifetime ECL not credit impaired (Stage 2) | (215,896) | 436,284 | (220,388) | - |
| - Transfer to Lifetime ECL credit impaired (Stage 3) | (718) | (89,011) | 89,729 | - |
| Loans/financing derecognised (other than write-off) | (67,652) | (58,675) | (26,487) | (152,814) |
| New loans/financing originated or purchased | 290,231 | - | - | 290,231 |
| Changes due to change in credit risk | (115,159) | (320,651) | 371,623 | (64,187) |
| Write-off | - | - | (69,723) | (69,723) |
| Other adjustments | 228 | 261 | 23,055 | 23,544 |
| At end of the financial year | 149,260 | 704,665 | 583,947 | 1,437,872 |

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

A13. LOANS, ADVANCES AND FINANCING (Cont.)

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

| The Bank | 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 |
|---|--|--|--|-------------------------|
| 30/6/2024 | | | | |
| At beginning of the financial period | 95,645 | 392,797 | 469,349 | 957,791 |
| Total transfer between stages due to change in credit risk: | (14,175) | 7,233 | 6,942 | - |
| - Transfer to 12-month ECL (Stage 1) | 17,557 | (15,835) | (1,722) | - |
| - Transfer to Lifetime ECL not credit impaired (Stage 2) | (19,942) | 49,538 | (29,596) | - |
| - Transfer to Lifetime ECL credit impaired (Stage 3) | (11,790) | (26,470) | 38,260 | - |
| Loans/financing derecognised (other than write-off) | (24,727) | (31,428) | (6,346) | (62,501) |
| New loans/financing originated or purchased | 51,126 | - | - | 51,126 |
| Changes due to change in credit risk | (28,969) | 50 | 22,229 | (6,690) |
| Write-off | - | - | (140,401) | (140,401) |
| Other adjustments | 113 | 105 | - | 218 |
| At end of the financial period | 79,013 | 368,757 | 351,773 | 799,543 |
| The Bank | | | | |
| 31/12/2023 | | | | |
| At beginning of the financial year | 144,574 | 448,993 | 297,399 | 890,966 |
| Total transfer between stages due to change in credit risk: | (1,009) | 100,548 | (99,539) | - |
| - Transfer to 12-month ECL (Stage 1) | 25,133 | (21,763) | (3,370) | - |
| - Transfer to Lifetime ECL not credit impaired (Stage 2) | (25,554) | 191,214 | (165,660) | - |
| - Transfer to Lifetime ECL credit impaired (Stage 3) | (588) | (68,903) | 69,491 | - |
| Loans/financing derecognised (other than write-off) | (45,423) | (44,966) | (21,126) | (111,515) |
| New loans/financing originated or purchased | 73,097 | - | - | 73,097 |
| Changes due to change in credit risk | (75,819) | (112,039) | 309,046 | 121,188 |
| Write-off | - | - | (26,627) | (26,627) |
| Other adjustments | 225 | 261 | 10,196 | 10,682 |
| At end of the financial year | 95,645 | 392,797 | 469,349 | 957,791 |

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

A14. TRADE RECEIVABLES

| | The Group | |
|--|------------------|------------|
| | 30/6/2024 | 31/12/2023 |
| | RM'000 | RM'000 |
| Amount due from stock-broking clients: | | |
| - performing accounts | 343,042 | 337,519 |
| - impaired accounts (i) | 176 | 114 |
| Amount due from brokers | 75,130 | 34,991 |
| Amount due from Bursa Securities Clearing Sdn Bhd | 85,227 | 26,475 |
| | 503,575 | 399,099 |
| Less: ECL (ii) | (268) | (223) |
| | 503,307 | 398,876 |
| (i) Movements of impaired trade receivables | | |
| At beginning of the financial period/year | 114 | 941 |
| Classified as impaired | 3,201 | 412 |
| Reclassified as non-impaired | (3,139) | (1,239) |
| At end of the financial period/year | 176 | 114 |
| (ii) Movements in ECL in trade receivables | | |
| At beginning of the financial period/year | 223 | 756 |
| Allowance made | 3,329 | 506 |
| Amount written-back | (3,284) | (1,039) |
| At end of the financial period/year | 268 | 223 |

A15. OTHER ASSETS

| | The Group | | The Bank | |
|---|------------------|------------|------------------|------------|
| | 30/6/2024 | 31/12/2023 | 30/6/2024 | 31/12/2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Other debtors | 550,997 | 528,999 | 405,020 | 396,842 |
| Prepayments and deposits | 154,503 | 125,901 | 92,885 | 85,536 |
| Cheque clearing accounts | 11,018 | 51,287 | 10,782 | 33,368 |
| Foreclosed properties (i) | 19,316 | 19,316 | 5,901 | 5,901 |
| | 735,834 | 725,503 | 514,588 | 521,647 |
| Less: ECL (ii) | (36,259) | (23,251) | (20,967) | (20,966) |
| | 699,575 | 702,252 | 493,621 | 500,681 |
| (i) Foreclosed properties | | | | |
| At beginning of the financial period/year | 19,316 | 23,950 | 5,901 | 8,485 |
| Disposal | - | (4,634) | - | (2,584) |
| At end of the financial period/year | 19,316 | 19,316 | 5,901 | 5,901 |
| (ii) Movements in ECL | | | | |
| At beginning of the financial period/year | 23,251 | 4,749 | 20,966 | - |
| Allowance made | 15,298 | 22,500 | 1 | 20,966 |
| Amount written-back | (2,290) | (2,983) | - | - |
| Amount written-off | - | (1,015) | - | - |
| At end of the financial period/year | 36,259 | 23,251 | 20,967 | 20,966 |

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

A16. OTHER LIABILITIES

| | The Group | | The Bank | |
|---|------------------|------------------|----------------|----------------|
| | 30/6/2024 | 31/12/2023 | 30/6/2024 | 31/12/2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| BNM and CGC Funding programmes (a) | 214,687 | 212,017 | 196,895 | 195,215 |
| Margin and collateral deposits | 138,228 | 125,111 | 108,286 | 104,773 |
| Other creditors and accruals | 310,813 | 316,832 | 161,861 | 115,297 |
| Sundry creditors | 334,015 | 78,757 | 167,813 | 56,650 |
| Provision for zakat | 6,690 | 5,383 | 932 | 710 |
| Defined contribution plan (b) | 56,688 | 61,048 | 54,905 | 59,074 |
| Accrued employee benefits | 55,097 | 109,736 | 39,291 | 73,183 |
| Unearned income | 18,188 | 127,312 | 13,007 | 37,124 |
| Commissioned dealer's representatives trust balances | 63,033 | 64,818 | - | - |
| Securities borrowings and lending - borrow | 164,252 | 151,709 | - | - |
| Amounts payable to commissioned and salaried dealer's representatives | 64,791 | 58,775 | - | - |
| Add: ECL (c) | | | | |
| - loan/financing commitments and financial guarantees | 37,334 | 49,117 | 13,331 | 15,067 |
| | 1,463,816 | 1,360,615 | 756,321 | 657,093 |

(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 RM160.8 million (2023: RM160.8 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 | |
|---|---------------|---------------|---------------|---------------|
| | 30/6/2024 | 31/12/2023 | 30/6/2024 | 31/12/2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| (c) Movement in ECL | | | | |
| At beginning of financial period/year | 49,117 | 38,908 | 15,067 | 14,548 |
| Net remeasurement of loss allowance | (19,816) | 28,203 | (8,292) | (2,132) |
| New loan commitments and financial guarantees issued | 8,033 | 11,666 | 6,556 | 9,104 |
| Loan commitment and financial guarantees derecognised | - | (29,660) | - | (6,453) |
| At end of the financial period/year | 37,334 | 49,117 | 13,331 | 15,067 |

A17. RESERVES

| | Group | | Bank | |
|--------------------------------|------------------|------------------|------------------|------------------|
| | 30/6/2024 | 31/12/2023 | 30/6/2024 | 31/12/2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| FVOCI revaluation reserves (a) | 147,828 | 169,540 | 194,240 | 204,573 |
| Regulatory reserves (b) | 392,458 | 337,761 | 270,563 | 270,563 |
| Other reserves (c) | 8,752 | 4,146 | 8,752 | 4,146 |
| Retained profits | 5,265,260 | 5,226,324 | 4,004,301 | 4,073,235 |
| | 5,814,298 | 5,737,771 | 4,477,856 | 4,552,517 |

(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.

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

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

A18. INTEREST INCOME

| | Individual Quarter Ended | | Cumulative Quarter Ended | |
|---|--------------------------|----------------|--------------------------|------------------|
| | 30/6/2024 | 30/6/2023 | 30/6/2024 | 30/6/2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| The Group | | | | |
| Loan, advances and financing | 520,943 | 488,851 | 1,053,418 | 943,973 |
| Money at call and deposits placements with financial institutions | 21,850 | 17,033 | 48,132 | 33,353 |
| Reverse repurchase agreements with financial institutions | 202 | - | 393 | - |
| Financial investments at FVOCI | 94,151 | 40,632 | 182,122 | 71,146 |
| Financial investments at AC | 93,437 | 99,930 | 188,234 | 202,390 |
| Others | 1,737 | 1,842 | 3,568 | 3,541 |
| | 732,320 | 648,288 | 1,475,867 | 1,254,403 |
| The Bank | | | | |
| Loan, advances and financing | 443,208 | 420,046 | 896,061 | 812,907 |
| Money at call and deposits placements with financial institutions | 57,234 | 52,584 | 125,404 | 98,962 |
| Reverse repurchase agreements with financial institutions | 202 | - | 393 | - |
| Financial investments at FVOCI | 61,622 | 10,993 | 113,909 | 13,557 |
| Financial investments at AC | 94,276 | 101,719 | 189,738 | 205,097 |
| Others | 311 | 494 | 786 | 996 |
| | 656,853 | 585,836 | 1,326,291 | 1,131,519 |

A19. INTEREST EXPENSE

| | Individual Quarter Ended | | Cumulative Quarter Ended | |
|---|--------------------------|----------------|--------------------------|----------------|
| | 30/6/2024 | 30/6/2023 | 30/6/2024 | 30/6/2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| The Group | | | | |
| Deposits from customers | 391,423 | 346,700 | 784,368 | 638,731 |
| Deposits and placements of banks and other financial institutions | 56,147 | 36,521 | 125,852 | 56,077 |
| Obligation on securities sold under repurchase agreements | 46,785 | 30,175 | 96,405 | 66,489 |
| Loans sold to Cagamas Berhad | 24,214 | 16,340 | 50,203 | 24,432 |
| Borrowing and sukuk | 16,371 | 14,088 | 23,612 | 27,403 |
| Others | 5,025 | 1,938 | 9,382 | 5,107 |
| | 539,965 | 445,762 | 1,089,822 | 818,239 |
| The Bank | | | | |
| Deposits from customers | 347,438 | 305,803 | 696,860 | 559,155 |
| Deposits and placements of banks and other financial institutions | 53,710 | 36,882 | 119,024 | 55,898 |
| Obligation on securities sold under repurchase agreements | 43,783 | 26,500 | 88,625 | 61,844 |
| Loans sold to Cagamas Berhad | 24,214 | 16,340 | 50,203 | 24,432 |
| Borrowing and sukuk | 16,371 | 14,088 | 23,612 | 27,403 |
| Others | 1,077 | 1,147 | 2,212 | 2,236 |
| | 486,593 | 400,760 | 980,536 | 730,968 |

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

A20. NET FEE AND COMMISSION INCOME

| | Individual Quarter Ended | | Cumulative Quarter Ended | |
|--------------------------------------|--------------------------|---------------|--------------------------|----------------|
| | 30/6/2024 | 30/6/2023 | 30/6/2024 | 30/6/2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| The Group | | | | |
| Fee and commission income: | | | | |
| Net brokerage | 23,356 | 14,006 | 43,222 | 29,174 |
| Corporate advisory fees | 208 | 446 | 2,675 | 1,483 |
| Commission | 11,721 | 11,970 | 23,566 | 23,873 |
| Service charges and fees | 21,379 | 31,892 | 59,181 | 60,775 |
| Guarantee fees | 3,223 | 3,507 | 6,974 | 7,163 |
| Arrangement fees | 285 | 834 | 610 | 1,261 |
| Other fee income | 7,819 | 5,100 | 15,990 | 12,886 |
| | 67,991 | 67,755 | 152,218 | 136,615 |
| Fee and commission expenses: | | | | |
| Commission and referral expense | (4,178) | (2,288) | (7,292) | (4,962) |
| Net fee and commission income | 63,813 | 65,467 | 144,926 | 131,653 |
| The Bank | | | | |
| Fee and commission income: | | | | |
| Commission | 11,559 | 11,970 | 23,393 | 23,873 |
| Service charges and fees | 21,289 | 31,664 | 59,013 | 60,547 |
| Guarantee fees | 2,929 | 3,397 | 6,524 | 6,877 |
| Other fee income | 226 | - | 362 | - |
| | 36,003 | 47,031 | 89,292 | 91,297 |
| Fee and commission expense: | | | | |
| Commission and referral expense | (4,178) | (2,288) | (7,292) | (4,962) |
| Net fee and commission income | 31,825 | 44,743 | 82,000 | 86,335 |

A21. NET GAINS ON FINANCIAL INSTRUMENTS

| The Group | | | | |
|---|---------------|---------------|---------------|---------------|
| Income from financial instruments: | | | | |
| Gains arising on financial assets at FVTPL: | | | | |
| - net gain on disposal | 21,063 | 12,831 | 33,351 | 19,413 |
| - unrealised gain | 10,637 | 1,411 | 10,861 | 1,829 |
| - interest/profit income | 16,531 | 12,722 | 30,970 | 18,079 |
| - gross dividend income | 1,008 | 209 | 1,689 | 340 |
| Gains/(Losses) on derivatives instruments: | | | | |
| - realised (loss)/gain | (8,477) | 199 | (9,414) | 1,792 |
| - unrealised (loss)/gain | (20,489) | 4,745 | (5,911) | 4,989 |
| - interest/profit income | 18,168 | 1,450 | 21,518 | 2,452 |
| Gains/(Losses) arising on financial investments at FVOCI: | | | | |
| - net (loss)/gain on disposal | (1,947) | 1,784 | 654 | 2,354 |
| - gross dividend income | 662 | 662 | 662 | 662 |
| Gains arising on financial investments at AC | | | | |
| - net gain on redemption | - | - | - | 62 |
| Unrealised gains on fair value changes arising from fair value hedges | | | | |
| | 1,707 | 934 | 6,532 | 509 |
| Net gains on financial instruments | 38,863 | 36,947 | 90,912 | 52,481 |

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

A21. NET GAINS ON FINANCIAL INSTRUMENTS (Cont.)

| | Individual Quarter Ended | | Cumulative Quarter Ended | |
|---|--------------------------|---------------|--------------------------|---------------|
| | 30/6/2024 | 30/6/2023 | 30/6/2024 | 30/6/2023 |
| The Bank | RM'000 | RM'000 | RM'000 | RM'000 |
| Income from financial instruments: | | | | |
| Gains/(Losses) arising on financial assets at FVTPL: | | | | |
| - net (loss)/gain on disposal | (538) | 4,565 | 188 | 5,334 |
| - unrealised gain | 4,855 | 6,770 | 5,496 | 10,052 |
| - interest income | 9,775 | 6,871 | 17,521 | 7,629 |
| - gross dividend income | 513 | - | 1,020 | - |
| Gains/(Losses) on derivatives instruments: | | | | |
| - net gain on disposal | - | 1,529 | - | 1,529 |
| - realised gain | 698 | 4,553 | 228 | 4,950 |
| - unrealised (loss)/gain | (13,387) | 650 | (3,731) | 948 |
| - interest income/(expense) | 17,794 | (1,502) | 20,688 | - |
| Gains arising on financial investments at FVOCI: | | | | |
| - net gain on disposal | 1,234 | 816 | 3,988 | 970 |
| - gross dividend income | 549 | 549 | 549 | 549 |
| Gains arising on financial investments at AC | | | | |
| - net gain on redemption | - | - | - | 62 |
| Unrealised gains on fair value changes arising from fair value hedges | 1,707 | 934 | 6,532 | 509 |
| Net gains on financial instruments | 23,200 | 25,735 | 52,479 | 32,532 |

A22. OTHER INCOME

| The Group | | | | |
|---|---------------|---------------|---------------|----------------|
| Foreign exchange gains/(losses): | | | | |
| - realised | 111,042 | (285,217) | 86,512 | (338,973) |
| - unrealised | (70,396) | 317,166 | (40,543) | 390,879 |
| Rental income | (6,683) | 7 | (6,077) | 13 |
| Gain on sale of property and equipment | 185 | - | 255 | 1 |
| Other non-operating income | 4,751 | (2,356) | 8,148 | 2,559 |
| Net gain on disposal/dilution of interest in associates | - | 25,000 | - | 25,000 |
| Total other income | 38,899 | 54,600 | 48,295 | 79,479 |
| The Bank | | | | |
| Foreign exchange gains/(losses): | | | | |
| - realised | 109,589 | (200,709) | 21,041 | (247,908) |
| - unrealised | (70,858) | 231,561 | 20,156 | 297,193 |
| Rental income | 1,548 | 41 | 4,465 | 70 |
| Gain on sale of property and equipment | 110 | - | 110 | - |
| Other non-operating income | 6,588 | 7,115 | 12,390 | 13,969 |
| Gross dividend received from subsidiaries | 1,369 | - | 1,369 | 1,295 |
| Net gain on disposal/dilution of interest in associates | - | 56,317 | - | 56,317 |
| Total other income | 48,346 | 94,325 | 59,531 | 120,936 |

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

A23. OTHER OPERATING EXPENSES

| The Group | Individual Quarter Ended | | Cumulative Quarter Ended | |
|---|--------------------------|---------------------|--------------------------|---------------------|
| | 30/6/2024 RM'000 | 30/6/2023 RM'000 | 30/6/2024 RM'000 | 30/6/2023 RM'000 |
| <u>Personnel costs</u> | | | | |
| Wages, salaries and bonus | 177,795 | 144,322 | 345,414 | 297,882 |
| Defined contribution plan | 30,281 | 25,218 | 59,377 | 52,084 |
| Other personnel costs | 26,652 | 26,039 | 50,146 | 47,713 |
| | 234,728 | 195,579 | 454,937 | 397,679 |
| <u>Promotion and marketing-related expenses</u> | | | | |
| Business promotion and advertisement | 5,024 | 3,570 | 14,707 | 8,718 |
| Entertainment | 1,079 | 986 | 1,490 | 2,011 |
| Traveling and accommodation | 1,528 | 1,019 | 2,924 | 1,997 |
| Commission and brokerage expenses | 3,260 | 3,193 | 8,072 | 5,372 |
| Other marketing expenses | 1,710 | 1,901 | 3,899 | 4,001 |
| | 12,601 | 10,669 | 31,092 | 22,099 |
| <u>Establishment expenses</u> | | | | |
| Equipment rental | 963 | 793 | 1,859 | 1,234 |
| Repair and maintenance | 31,353 | 20,937 | 72,067 | 44,828 |
| Depreciation of property and equipment | 17,355 | 20,035 | 35,113 | 29,182 |
| Depreciation of right-of-use assets | 12,676 | 8,842 | 17,230 | 15,138 |
| Amortisation of intangible assets | 4,045 | 5,277 | 10,228 | 10,773 |
| IT consultancy fee | 66 | (526) | 277 | 238 |
| Dataline rental | 7,796 | 1,150 | 18,618 | 7,699 |
| Security services | 4,874 | 3,235 | 9,601 | 7,373 |
| Electricity, water and sewerage | 3,712 | 3,966 | 8,136 | 7,368 |
| Insurance/Takaful and indemnities | 5,806 | 6,751 | 13,562 | 13,144 |
| Other establishment costs | (206) | 4,111 | 4,650 | 13,358 |
| | 88,440 | 74,571 | 191,341 | 150,335 |
| <u>General and administrative expenses</u> | | | | |
| Telecommunication expenses | 3,491 | 3,001 | 7,258 | 5,887 |
| Auditors' remuneration | 918 | 844 | 1,858 | 1,690 |
| Professional fees | 4,666 | 3,346 | 9,077 | 6,748 |
| Property and equipment written-off | 1,090 | 1 | 1,931 | 2 |
| Mail and courier charges | 575 | 1,172 | 1,424 | 2,467 |
| Stationery and consumables | 3,178 | 3,467 | 7,573 | 6,348 |
| Directors' fees and allowances | 2,009 | 1,909 | 3,963 | 3,656 |
| Donations | 729 | 846 | 1,352 | 1,908 |
| Settlement, clearing and bank charges | 9,598 | 18,522 | 18,099 | 34,103 |
| Stamp duties | 36 | 42 | 136 | 134 |
| Operational and litigation write-off expenses | 3 | (35) | 6 | 5 |
| Subscription fees | 3,000 | 2,498 | 5,787 | 5,034 |
| Other administration and general expenses | 2,700 | 10 | 10,875 | 8,333 |
| | 31,993 | 35,623 | 69,339 | 76,315 |
| Total other operating expenses | 367,762 | 316,442 | 746,709 | 646,428 |

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

A23. OTHER OPERATING EXPENSES (Cont.)

| The Bank | Individual Quarter Ended | | Cumulative Quarter Ended | |
|---|--------------------------|---------------------|--------------------------|---------------------|
| | 30/6/2024 RM'000 | 30/6/2023 RM'000 | 30/6/2024 RM'000 | 30/6/2023 RM'000 |
| <u>Personnel costs</u> | | | | |
| Wages, salaries and bonus | 110,325 | 97,606 | 211,283 | 199,960 |
| Defined contribution plan | 18,844 | 17,509 | 36,777 | 36,039 |
| Other personnel costs | 21,912 | 16,978 | 41,700 | 32,089 |
| | 151,081 | 132,093 | 289,760 | 268,088 |
| <u>Promotion and marketing-related expenses</u> | | | | |
| Business promotion and advertisement | 4,907 | 3,294 | 14,133 | 8,128 |
| Entertainment | 946 | 571 | 1,128 | 1,208 |
| Travelling and accommodation | 942 | 665 | 1,785 | 1,329 |
| Commission and brokerage expenses | 3,027 | 2,766 | 7,425 | 4,841 |
| Others marketing expenses | 165 | 1,405 | 1,379 | 2,795 |
| | 9,987 | 8,701 | 25,850 | 18,301 |
| <u>Establishment expenses</u> | | | | |
| Equipment rental | 764 | 552 | 1,427 | 754 |
| Repair and maintenance | 14,055 | 14,234 | 38,128 | 27,930 |
| Depreciation of property and equipment | 21,414 | 19,195 | 33,646 | 27,504 |
| Depreciation of right-of-use assets | 13,879 | 5,962 | 14,720 | 11,536 |
| Amortisation of intangible assets | 5,759 | 5,008 | 9,755 | 10,245 |
| IT consultancy fee | 66 | (617) | 277 | 57 |
| Dataline rental | 5,339 | (1,087) | 13,729 | 3,227 |
| Security services | 3,349 | 2,184 | 6,513 | 5,252 |
| Electricity, water and sewerage | 2,202 | 2,862 | 5,069 | 5,166 |
| Insurance/Takaful and indemnities | 3,909 | 4,686 | 9,283 | 9,207 |
| Other establishment costs | (10,647) | (3,103) | 249 | 2,900 |
| | 60,089 | 49,876 | 132,796 | 103,778 |
| <u>General and administrative expenses</u> | | | | |
| Telecommunication expenses | 500 | 521 | 1,181 | 1,075 |
| Auditors' remuneration | 662 | 601 | 1,346 | 1,202 |
| Professional fees | 646 | 1,299 | 437 | 1,871 |
| Property and equipment written-off | 838 | (7) | 1,676 | (14) |
| Mail and courier charges | 274 | 911 | 814 | 1,939 |
| Stationery and consumables | 1,450 | 2,530 | 3,737 | 4,484 |
| Directors' fees and allowances | 847 | 851 | 1,679 | 1,636 |
| Donations | 692 | 711 | 1,291 | 1,746 |
| Settlement, clearing and bank charges | 7,982 | 17,299 | 15,127 | 31,843 |
| Stamp duties | 19 | 42 | 45 | 81 |
| Operational and litigation write-off expenses | 3 | (35) | 6 | 5 |
| Subscription fees | 3 | - | 3 | - |
| Other administration and general expenses | 7,955 | 3,473 | 15,478 | 7,741 |
| | 21,871 | 28,196 | 42,820 | 53,609 |
| Total other operating expenses | 243,028 | 218,866 | 491,226 | 443,776 |

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

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

| | Individual Quarter Ended | | Cumulative Quarter Ended | |
|--|--------------------------|---------------|--------------------------|---------------|
| | 30/6/2024 | 30/6/2023 | 30/6/2024 | 30/6/2023 |
| The Group | RM'000 | RM'000 | RM'000 | RM'000 |
| ECL made on/(written-back): | | | | |
| - loans, advances and financing | (5,962) | 27,694 | (16,526) | 30,558 |
| - trade receivables | 7 | (166) | 45 | (508) |
| - securities and placements | (33,224) | 30,895 | (33,584) | 25,276 |
| - loan/financing commitments and financial guarantee | (4,597) | 2,339 | (11,782) | 586 |
| Bad debts and financing: | | | | |
| - recovered | (5,835) | (11,712) | (16,596) | (23,222) |
| - written-off | 38,817 | 1,764 | 44,598 | 4,788 |
| | (10,794) | 50,814 | (33,845) | 37,478 |
| The Bank | | | | |
| ECL made on/(written-back): | | | | |
| - loans, advances and financing | (31,325) | 6,227 | (26,946) | (443) |
| - securities and placements | (30,015) | 28,201 | (29,639) | 29,496 |
| - loan/financing commitments and financial guarantee | 1,993 | 2,858 | (1,736) | 969 |
| Bad debts and financing: | | | | |
| - recovered | (2,118) | (10,340) | (9,920) | (19,591) |
| - written-off | 35,670 | 656 | 39,058 | 3,702 |
| | (25,795) | 27,602 | (29,183) | 14,133 |

A25. (WRITE-BACK OF)/ALLOWANCES FOR IMPAIRMENT LOSSES ON OTHER ASSETS

| | Individual Quarter Ended | | Cumulative Quarter Ended | |
|--|--------------------------|--------------|--------------------------|--------------|
| | 30/6/2024 | 30/6/2023 | 30/6/2024 | 30/6/2023 |
| The Group | RM'000 | RM'000 | RM'000 | RM'000 |
| Allowance for impairment made/(written-back) on: | | | | |
| - amount due from joint ventures | - | - | 32 | - |
| - other debtors | (1,546) | (978) | 3,122 | (978) |
| | (1,546) | (978) | 3,154 | (978) |

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

A26. SEGMENTAL INFORMATION ON REVENUE AND PROFIT

The segment analysis by activity for the individual and cumulative quarters ended 30 June 2024 and 30 June 2023 are as follows:

Current year's individual quarter ended 30 June 2024:

| | Commercial Banking RM'000 | Investment Banking RM'000 | Insurance RM'000 | Others RM'000 | Elimination RM'000 | Total RM'000 |
|--|---------------------------------|---------------------------------|---------------------|------------------|-----------------------|------------------|
| Revenue | | | | | | |
| External revenue | 430,798 | 61,017 | - | 2,953 | - | 494,768 |
| Intersegment revenue | 8,163 | 5,630 | - | 288 | (14,081) | - |
| Segment revenue | 438,961 | 66,647 | - | 3,241 | (14,081) | 494,768 |
| Operating expenses | (330,010) | (42,485) | - | (5,391) | 10,124 | (367,762) |
| of which: | | | | | | |
| Depreciation of property and equipment | (16,670) | (604) | - | (81) | - | (17,355) |
| Depreciation of right-of-use assets | (11,229) | (2,349) | - | (113) | 1,015 | (12,676) |
| Amortisation of intangible assets | (3,858) | (183) | - | (4) | - | (4,045) |
| (Allowances for)/write-back of impairment losses on loans, advances, financing and trade receivables/securities/other assets | (793) | 7,133 | - | - | 6,000 | 12,340 |
| Segment results | 108,158 | 31,295 | - | (2,150) | 2,043 | 139,346 |
| Share of results of associates (net of tax) | - | - | 11,452 | - | - | 11,452 |
| Profit before zakat and taxation | 108,158 | 31,295 | 11,452 | (2,150) | 2,043 | 150,798 |
| Zakat | (1,343) | (448) | - | - | - | (1,791) |
| Profit before taxation | 106,815 | 30,847 | 11,452 | (2,150) | 2,043 | 149,007 |
| Taxation | | | | | | (30,425) |
| Net profit for the current individual quarter | | | | | | 118,582 |

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

A26. SEGMENTAL INFORMATION ON REVENUE AND PROFIT (Cont.)

The segment analysis by activity for the individual and cumulative quarters ended 30 June 2024 and 30 June 2023 are as follows (Cont.):

Preceding year's individual quarter ended 30 June 2023:

| | Commercial Banking RM'000 | Investment Banking RM'000 | Insurance RM'000 | Others RM'000 | Elimination RM'000 | Total RM'000 |
|--|---------------------------------|---------------------------------|---------------------|------------------|-----------------------|-----------------|
| Revenue | | | | | | |
| External revenue | 464,520 | 37,188 | - | 3,150 | - | 504,858 |
| Intersegment revenue | 31,116 | 9,435 | - | 197 | (40,748) | - |
| Segment revenue | 495,636 | 46,623 | - | 3,347 | (40,748) | 504,858 |
| Operating expenses | (286,588) | (36,693) | - | (2,932) | 9,771 | (316,442) |
| of which: | | | | | | |
| Depreciation of property and equipment | (19,275) | (667) | - | (93) | - | (20,035) |
| Depreciation of right-of-use assets | (6,041) | (1,863) | - | (88) | (850) | (8,842) |
| Amortisation of intangible assets | (5,040) | (211) | - | (26) | - | (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) |
| Segment results | 156,960 | 11,967 | - | 415 | (30,762) | 138,580 |
| Share of results of associates (net of tax) | - | - | 11,388 | - | - | 11,388 |
| Profit before zakat and taxation | 156,960 | 11,967 | 11,388 | 415 | (30,762) | 149,968 |
| Zakat | (657) | - | - | - | - | (657) |
| Profit before taxation | 156,303 | 11,967 | 11,388 | 415 | (30,762) | 149,311 |
| Taxation | | | | | | (36,086) |
| Net profit for the preceding individual quarter | | | | | | 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

A26 SEGMENTAL INFORMATION ON REVENUE AND PROFIT (Cont.)

The segment analysis by activity for the individual and cumulative quarters ended 30 June 2024 and 30 June 2023 are as follows (Cont.):

Current year's cumulative quarter ended 30 June 2024:

| | Commercial Banking RM'000 | Investment Banking RM'000 | Insurance RM'000 | Others RM'000 | Elimination RM'000 | Total RM'000 |
|---|--|--|-----------------------------|--------------------------|-------------------------------|-------------------------|
| Revenue | | | | | | |
| External revenue | 869,098 | 123,893 | - | 6,317 | - | 999,308 |
| Intersegment revenue | 6,423 | 9,273 | - | 577 | (16,273) | - |
| Segment revenue | 875,521 | 133,166 | - | 6,894 | (16,273) | 999,308 |
| Operating expenses | (666,109) | (84,531) | - | (10,095) | 14,026 | (746,709) |
| of which: | | | | | | |
| Depreciation of property and equipment | (33,736) | (1,211) | - | (166) | - | (35,113) |
| Depreciation of right-of-use assets | (14,776) | (4,276) | - | (208) | 2,030 | (17,230) |
| Amortisation of intangible assets | (9,839) | (383) | - | (6) | - | (10,228) |
| Write-back of impairment losses on loans, advances, financing and trade receivables/securities/other assets | 18,749 | 3,414 | - | - | 8,528 | 30,691 |
| Segment results | 228,161 | 52,049 | - | (3,201) | 6,281 | 283,290 |
| Share of results of associates (net of tax) | - | - | 12,446 | - | - | 12,446 |
| Profit before zakat and taxation | 228,161 | 52,049 | 12,446 | (3,201) | 6,281 | 295,736 |
| Zakat | (1,343) | (1,337) | - | - | - | (2,680) |
| Profit before taxation | 226,818 | 50,712 | 12,446 | (3,201) | 6,281 | 293,056 |
| Taxation | | | | | | (64,266) |
| Net profit for the current cumulative quarter | | | | | | 228,790 |

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

A26. SEGMENTAL INFORMATION ON REVENUE AND PROFIT (Cont.)

The segment analysis by activity for the individual and cumulative quarters ended 30 June 2024 and 30 June 2023 are as follows (Cont.):

Preceding year's cumulative quarter ended 30 June 2023:

| | Commercial Banking RM'000 | Investment Banking RM'000 | Insurance RM'000 | Others RM'000 | Elimination RM'000 | Total RM'000 |
|--|---------------------------------|---------------------------------|---------------------|------------------|-----------------------|-----------------|
| Revenue | | | | | | |
| External revenue | 906,073 | 86,502 | - | 6,574 | - | 999,149 |
| Intersegment revenue | 33,889 | 10,757 | | 393 | (45,039) | - |
| Segment revenue | 939,962 | 97,259 | - | 6,967 | (45,039) | 999,149 |
| Operating expenses | (577,352) | (75,985) | - | (5,904) | 12,813 | (646,428) |
| of which: | | | | | | |
| Depreciation of property and equipment | (27,665) | (1,331) | - | (186) | - | (29,182) |
| Depreciation of right-of-use assets | (11,694) | (3,268) | - | (176) | - | (15,138) |
| Amortisation of intangible assets | (10,319) | (417) | - | (37) | - | (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) |
| Segment results | 316,082 | 31,249 | - | 1,063 | (32,173) | 316,221 |
| Share of results of associates (net of tax) | - | - | 30,093 | - | - | 30,093 |
| Profit before zakat and taxation | 316,082 | 31,249 | 30,093 | 1,063 | (32,173) | 346,314 |
| Zakat | (657) | - | - | - | - | (657) |
| Profit before taxation | 315,425 | 31,249 | 30,093 | 1,063 | (32,173) | 345,657 |
| Taxation | | | | | | (83,452) |
| Net profit for the preceding cumulative quarter | | | | | | 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

A27. SUBSEQUENT MATERIAL EVENT

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

A28. CHANGES IN THE COMPOSITION OF THE GROUP

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

A29. COMMITMENTS AND CONTINGENCIES

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

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

| | The Group Principal Amount | | The Bank Principal Amount | |
|--|-------------------------------|----------------------|------------------------------|----------------------|
| | 30/6/2024 RM'000 | 31/12/2023 RM'000 | 30/6/2024 RM'000 | 31/12/2023 RM'000 |
| Direct credit substitutes * | 550,645 | 528,245 | 394,533 | 370,153 |
| Transaction-related contingent items | 1,021,834 | 1,385,471 | 621,397 | 840,151 |
| Short-term self-liquidating trade-related contingencies | 4,085,760 | 4,620,093 | 196,150 | 100,039 |
| Forward asset purchases | 12,573 | - | - | - |
| Irrevocable commitments to extend credit | | | | |
| - Maturity less than one year | 7,297,651 | 7,383,227 | 3,929,015 | 4,480,382 |
| - Maturity more than one year | 2,872,721 | 2,826,847 | 2,040,713 | 1,924,957 |
| Foreign exchange related contracts # | | | | |
| - Less than one year | 32,770,228 | 48,697,725 | 31,164,535 | 40,095,245 |
| - One year to less than five years | 134,784 | 337,646 | - | - |
| Interest rate related contracts # | | | | |
| - Less than one year | 2,476,943 | 2,577,284 | 1,881,943 | 1,907,284 |
| - One year to less than five years | 12,546,325 | 11,343,119 | 8,694,276 | 7,734,449 |
| - Five years and above | 622,264 | 757,264 | 505,038 | 640,039 |
| Equity related contracts | 130,856 | 16,909 | - | - |
| 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. | 1,774,539 | 1,624,905 | - | - |
| 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. | 3,763,107 | 3,619,584 | 3,763,107 | 3,619,584 |
| Unutilised credit card lines | 1,828,311 | 1,712,631 | 1,511,300 | 1,429,339 |
| | 71,888,541 | 87,430,950 | 54,702,007 | 63,141,622 |

* Included in direct credit substitutes above are financial guarantee contracts of RM550.6 million and RM394.5 million at the Group and the Bank respectively (2023: RM528.2 million and RM370.2 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 instruments' in the statements of financial position and disclosed in Note A30 to the financial statements.

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

A30. DERIVATIVE FINANCIAL INSTRUMENTS

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

| The Group | Contract/Notional Amount | | | | Positive Fair Value | | | | Negative Fair Value | | | |
|--------------------------------------|--------------------------|-------------------------|---------------------|-------------------|------------------------|-------------------------|---------------------|-----------------|------------------------|-------------------------|---------------------|-----------------|
| | Up To 1 Year RM'000 | > 1 - 3 Years RM'000 | > 3 Years RM'000 | Total RM'000 | Up To 1 Year RM'000 | > 1 - 3 Years RM'000 | > 3 Years RM'000 | Total RM'000 | Up To 1 Year RM'000 | > 1 - 3 Years RM'000 | > 3 Years RM'000 | Total RM'000 |
| As at 30 June 2024 | | | | | | | | | | | | |
| <u>Trading derivatives</u> | | | | | | | | | | | | |
| Foreign exchange derivatives: | | | | | | | | | | | | |
| - Currency forwards | 9,949,908 | 8,762 | - | 9,958,670 | 28,510 | 359 | - | 28,869 | 21,897 | - | - | 21,897 |
| - Cross currency interest rate swaps | - | 117,252 | - | 117,252 | - | 2,006 | - | 2,006 | - | 1,903 | - | 1,903 |
| - Currency swaps | 22,748,292 | 8,770 | - | 22,757,062 | 56,992 | - | - | 56,992 | 33,323 | 352 | - | 33,675 |
| - Currency options | 123,456 | - | - | 123,456 | 329 | - | - | 329 | 251 | - | - | 251 |
| Interest/profit rate derivatives: | | | | | | | | | | | | |
| - Interest/profit rate swaps | 2,476,943 | 4,656,000 | 4,187,624 | 11,320,567 | 23,463 | 39,079 | 41,071 | 103,613 | 21,067 | 30,961 | 28,849 | 80,877 |
| Equity Derivatives | 130,856 | - | - | 130,856 | - | - | - | - | 24,654 | - | - | 24,654 |
| <u>Hedging derivatives</u> | | | | | | | | | | | | |
| Interest/profit rate derivatives: | | | | | | | | | | | | |
| - Interest/profit rate swaps | - | 500,000 | 3,824,965 | 4,324,965 | - | 6,287 | 44,522 | 50,809 | - | 3,839 | 43,134 | 46,973 |
| | 35,429,455 | 5,290,784 | 8,012,589 | 48,732,828 | 109,294 | 47,731 | 85,593 | 242,618 | 101,192 | 37,055 | 71,983 | 210,230 |
| As at 31 December 2023 | | | | | | | | | | | | |
| <u>Trading derivatives</u> | | | | | | | | | | | | |
| Foreign exchange derivatives: | | | | | | | | | | | | |
| - Currency forwards | 9,343,062 | 95,892 | - | 9,438,954 | 33,210 | 3,044 | - | 36,254 | 100,310 | 704 | - | 101,014 |
| - Cross currency interest rate swaps | - | 8,932 | 106,476 | 115,408 | - | 85 | 1,258 | 1,343 | - | 80 | 1,136 | 1,216 |
| - Currency swaps | 39,341,906 | 126,345 | - | 39,468,251 | 282,052 | 1,471 | - | 283,523 | 147,804 | 3,712 | - | 151,516 |
| - Currency options | 82,951 | - | - | 82,951 | 514 | - | - | 514 | 504 | - | - | 504 |
| Interest/profit rate derivatives: | | | | | | | | | | | | |
| - Interest rate swaps | 2,577,284 | 3,045,149 | 5,561,289 | 11,183,722 | 17,654 | 14,557 | 84,589 | 116,800 | 17,455 | 12,783 | 74,589 | 104,827 |
| Derivatives designated | 16,909 | - | - | 16,909 | - | - | - | - | 2,562 | - | - | 2,562 |
| <u>Hedging derivatives</u> | | | | | | | | | | | | |
| Interest/profit rate derivatives: | | | | | | | | | | | | |
| - Interest rate swaps | - | 710,000 | 2,783,945 | 3,493,945 | - | 5,479 | 26,525 | 32,004 | - | 5,492 | 28,595 | 34,087 |
| | 51,362,112 | 3,986,318 | 8,451,710 | 63,800,140 | 333,430 | 24,636 | 112,372 | 470,438 | 268,635 | 22,771 | 104,320 | 395,726 |

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

A30. DERIVATIVE FINANCIAL INSTRUMENTS (Cont.)

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

| | Contract/Notional Amount | | | | Positive Fair Value | | | | Negative Fair Value | | | |
|--------------------------------------|--------------------------|-------------------------|---------------------|-------------------|------------------------|-------------------------|---------------------|-----------------|------------------------|-------------------------|---------------------|-----------------|
| | Up To 1 Year 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 2024 | | | | | | | | | | | | |
| Trading derivatives | | | | | | | | | | | | |
| Foreign exchange derivatives: | | | | | | | | | | | | |
| - Currency forwards | 8,425,403 | - | - | 8,425,403 | 15,993 | - | - | 15,993 | 13,915 | - | - | 13,915 |
| - Currency swaps | 22,667,105 | - | - | 22,667,105 | 56,402 | - | - | 56,402 | 29,225 | - | - | 29,225 |
| - Currency options | 123,456 | - | - | 123,456 | 329 | - | - | 329 | 251 | - | - | 251 |
| Interest rate derivatives: | | | | | | | | | | | | |
| - Interest rate swaps | 1,881,944 | 3,436,000 | 2,312,464 | 7,630,408 | 22,197 | 34,320 | 32,874 | 89,391 | 20,704 | 27,282 | 22,172 | 70,158 |
| Hedging derivatives | | | | | | | | | | | | |
| Interest rate derivatives: | | | | | | | | | | | | |
| - Interest rate swaps | - | - | 3,450,850 | 3,450,850 | - | - | 41,589 | 41,589 | - | - | 38,269 | 38,269 |
| | 33,097,908 | 3,436,000 | 5,763,314 | 42,297,222 | 94,921 | 34,320 | 74,463 | 203,704 | 64,095 | 27,282 | 60,441 | 151,818 |
| As at 31 December 2023 | | | | | | | | | | | | |
| Trading derivatives | | | | | | | | | | | | |
| Foreign exchange derivatives: | | | | | | | | | | | | |
| - Currency forwards | 6,726,288 | - | - | 6,726,288 | 23,446 | - | - | 23,446 | 58,497 | - | - | 58,497 |
| - Cross currency interest rate swaps | 33,327,215 | - | - | 33,327,215 | 200,789 | - | - | 200,789 | 156,640 | - | - | 156,640 |
| - Currency swaps | 82,951 | - | - | 82,951 | 514 | - | - | 514 | 504 | - | - | 504 |
| Interest rate derivatives: | | | | | | | | | | | | |
| - Interest rate swaps | 1,907,284 | 2,260,149 | 3,494,509 | 7,661,942 | 15,171 | 9,616 | 77,899 | 102,686 | 15,209 | 9,715 | 67,421 | 92,345 |
| Hedging derivatives | | | | | | | | | | | | |
| Interest rate derivatives: | | | | | | | | | | | | |
| - Interest rate swaps | - | 710,000 | 1,909,830 | 2,619,830 | - | 5,479 | 15,969 | 21,448 | - | 5,492 | 15,101 | 20,593 |
| | 42,043,738 | 2,970,149 | 5,404,339 | 50,418,226 | 239,920 | 15,095 | 93,868 | 348,883 | 230,850 | 15,207 | 82,522 | 328,579 |

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A30. DERIVATIVE FINANCIAL INSTRUMENTS (Cont.)

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

Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at the reporting date, the notional amount of foreign exchange exposure which was not hedged and hence, exposed to market risk was RM508.1 million (2023: RM204.7 million), while the notional amount of interest rate contract was RM11,082.8 million (2023: RM1,720.5 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 RM438.7 million (2023: RM770.2 million) and RM332.7 million (2023: RM333.6 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 2023.

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A31. 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 15 December 2023.

The Bank is currently adopting the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk. In line with the transitional arrangements under the BNM CAFIB (Capital Components), the minimum capital adequacy requirement for Common Equity Tier 1 Capital Ratio ('CET 1') and Tier 1 Capital Ratio are 7.000% (2023: 7.000%) and 8.500% (2023: 8.500%) respectively for year 2024. The minimum regulatory capital adequacy requirement is 10.500% (2023: 10.500%) for total capital ratio.

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

| | The Group | | The Bank | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 30/6/2024 | 31/12/2023 | 30/6/2024 | 31/12/2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| a) The components of CET 1, Tier 1 and Tier 2 capital: | | | | |
| <u>CET 1</u> | | | | |
| Paid-up share capital | 5,488,544 | 5,371,044 | 5,488,544 | 5,371,044 |
| Retained profits | 5,036,470 | 5,226,324 | 3,938,078 | 4,073,235 |
| Unrealised gains on FVOCI instruments | 147,828 | 169,540 | 194,240 | 204,573 |
| Other disclosed reserves | 8,752 | 4,146 | 8,752 | 4,146 |
| | 10,681,594 | 10,771,054 | 9,629,614 | 9,652,998 |
| Less: Regulatory adjustments: | | | | |
| - Goodwill and other intangibles | (676,713) | (660,680) | (230,485) | (214,275) |
| - Deferred tax assets | (139,055) | (138,283) | (68,568) | (72,072) |
| - 55% of cumulative unrealised gains on FVOCI instruments | (81,305) | (93,247) | (106,832) | (112,515) |
| - Investment in subsidiaries, joint ventures and associates | (845,440) | (841,260) | (3,980,670) | (3,871,402) |
| - Other CET 1 transitional adjustment | - | 326,618 | - | 175,370 |
| Total CET 1 Capital | 8,939,081 | 9,364,202 | 5,243,059 | 5,558,104 |
| <u>Additional Tier 1 Capital</u> | | | | |
| Additional Tier 1 Capital | 1,000,000 | 1,000,000 | 500,000 | 500,000 |
| Total Tier 1 Capital | 9,939,081 | 10,364,202 | 5,743,059 | 6,058,104 |
| <u>Tier 2 Capital</u> | | | | |
| Subordinated MTNs | 1,000,000 | 1,000,000 | 500,000 | 500,000 |
| Expected loss provisions # | 787,252 | 594,530 | 459,683 | 346,186 |
| Total Tier 2 Capital | 1,787,252 | 1,594,530 | 959,683 | 846,186 |
| Total Capital | 11,726,333 | 11,958,732 | 6,702,742 | 6,904,290 |
| b) The breakdown of risk-weighted assets: | | | | |
| Credit risk | 62,980,277 | 59,600,642 | 40,606,020 | 39,013,653 |
| Market risk | 2,620,687 | 1,828,658 | 1,585,651 | 1,230,139 |
| Operational risk | 4,031,489 | 4,029,830 | 2,096,868 | 2,063,846 |
| Total risk-weighted assets | 69,632,453 | 65,459,130 | 44,288,539 | 42,307,638 |
| c) Capital adequacy ratios: | | | | |
| <u>With transitional arrangements</u> | | | | |
| CET 1 capital ratio | *N/A | 14.305% | *N/A | 13.137% |
| Tier 1 capital ratio | *N/A | 15.833% | *N/A | 14.319% |
| Total capital ratio | *N/A | 18.269% | *N/A | 16.319% |
| CET 1 capital ratio (net of proposed dividends) ^{Note 1} | *N/A | 14.259% | *N/A | 13.066% |
| Tier 1 capital ratio (net of proposed dividends) ^{Note 1} | *N/A | 15.787% | *N/A | 14.247% |
| Total capital ratio (net of proposed dividends) ^{Note 1} | *N/A | 18.223% | *N/A | 16.247% |

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

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

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A31. CAPITAL ADEQUACY (Cont.)

| c) Capital adequacy ratios (cont.): | The Group | | The Bank | |
|--|----------------|------------|----------------|------------|
| | 30/6/2024 | 31/12/2023 | 30/6/2024 | 31/12/2023 |
| <u>Without transitional arrangements</u> | | | | |
| CET 1 capital ratio | 12.838% | 13.806% | 11.838% | 12.723% |
| Tier 1 capital ratio | 14.274% | 15.334% | 12.967% | 13.905% |
| Total capital ratio | 16.840% | 18.000% | 15.134% | 16.239% |
| CET 1 capital ratio (net of proposed dividends) ^{Note 1} | 12.838% | 13.760% | 11.838% | 12.651% |
| Tier 1 capital ratio (net of proposed dividends) ^{Note 1} | 14.274% | 15.288% | 12.967% | 13.833% |
| Total capital ratio (net of proposed dividends) ^{Note 1} | 16.840% | 17.954% | 15.134% | 16.167% |

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 9 December 2020.

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 2024, RIA assets included in the Total Capital Ratio calculation amounted to RM3,340.8 million (2023: RM3,572.1 million).

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

| | Economic Entity | | The Bank | |
|--|-----------------|------------|----------------|------------|
| | 30/6/2024 | 31/12/2023 | 30/6/2024 | 31/12/2023 |
| <u>With transitional arrangements</u> | | | | |
| CET 1 capital ratio | *N/A | 12.733% | *N/A | 12.733% |
| Tier 1 capital ratio | *N/A | 15.100% | *N/A | 15.100% |
| Total capital ratio | *N/A | 18.473% | *N/A | 18.473% |
| <u>Without transitional arrangements</u> | | | | |
| CET 1 capital ratio | 11.435% | 12.076% | 11.435% | 12.076% |
| Tier 1 capital ratio | 13.629% | 14.443% | 13.629% | 14.443% |
| Total capital ratio | 16.999% | 17.985% | 16.999% | 17.985% |

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

| | The Group | | The Bank | |
|--|----------------|------------|----------------|------------|
| | 30/6/2024 | 31/12/2023 | 30/6/2024 | 31/12/2023 |
| <u>With transitional arrangements</u> | | | | |
| CET 1 capital ratio | *N/A | 36.670% | *N/A | 41.849% |
| Tier 1 capital ratio | *N/A | 36.670% | *N/A | 41.849% |
| Total capital ratio | *N/A | 37.330% | *N/A | 42.603% |
| <u>Without transitional arrangements</u> | | | | |
| CET 1 capital ratio | 30.745% | 36.394% | 32.998% | 41.532% |
| Tier 1 capital ratio | 30.745% | 36.394% | 32.998% | 41.532% |
| Total capital ratio | 31.323% | 37.054% | 33.620% | 42.286% |

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

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A32. FAIR VALUE MEASUREMENTS

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

- (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 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.

| | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 |
|--|-------------------|-------------------|-------------------|-------------------|
| The Group | | | | |
| 30 June 2024 | | | | |
| Financial Assets | | | | |
| Financial assets at FVTPL: | | | | |
| - Money market instruments | - | 815,457 | - | 815,457 |
| - Corporate bonds/Sukuk | - | 162,522 | - | 162,522 |
| - Shares and unit trusts | 222,285 | - | 146,453 | 368,738 |
| Derivative financial instruments | - | 242,618 | - | 242,618 |
| Financial investments at FVOCI: | | | | |
| - Money market instruments | - | 6,683,732 | - | 6,683,732 |
| - Shares | - | - | 247,069 | 247,069 |
| - Corporate bonds/Sukuk | - | 6,227,768 | - | 6,227,768 |
| | 222,285 | 14,132,097 | 393,522 | 14,747,904 |
| Financial Liabilities | | | | |
| Derivative financial instruments | - | 210,230 | - | 210,230 |
| 31 December 2023 | | | | |
| Financial Assets | | | | |
| Financial assets at FVTPL: | | | | |
| - Money market instruments | - | 364,073 | - | 364,073 |
| - Corporate bonds/Sukuk | - | 36,679 | - | 36,679 |
| - Shares and unit trusts | 90,380 | - | 115,602 | 205,982 |
| Derivative financial instruments | - | 470,438 | - | 470,438 |
| Financial investments at FVOCI: | | | | |
| - Money market instruments | - | 5,338,623 | - | 5,338,623 |
| - Shares | - | - | 245,640 | 245,640 |
| - Corporate bonds/Sukuk | - | 4,443,504 | - | 4,443,504 |
| | 90,380 | 10,653,317 | 361,242 | 11,104,939 |
| Financial Liabilities | | | | |
| Derivative financial instruments | - | 395,726 | - | 395,726 |
| Other liabilities - equities trading/call option | 981 | - | - | 981 |
| | 981 | 395,726 | - | 396,707 |

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A32. FAIR VALUE MEASUREMENTS (Cont.)

| | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 |
|----------------------------------|-------------------|-------------------|-------------------|-----------------|
| The Bank | | | | |
| 30 June 2024 | | | | |
| Financial Assets | | | | |
| Financial assets at FVTPL: | | | | |
| - Money market instruments | - | 1,307,691 | - | 1,307,691 |
| - Corporate bonds/Sukuk | - | 83,953 | - | 83,953 |
| - Unquoted shares | - | - | 136,569 | 136,569 |
| Derivative financial instruments | - | 203,704 | - | 203,704 |
| Financial investments at FVOCI: | | | | |
| - Money market instruments | - | 3,539,530 | - | 3,539,530 |
| - Unquoted shares | - | - | 220,876 | 220,876 |
| - Corporate bonds/Sukuk | - | 3,146,223 | - | 3,146,223 |
| | - | 8,281,101 | 357,445 | 8,638,546 |
| Financial Liabilities | | | | |
| Derivative financial instruments | - | 151,818 | - | 151,818 |
| 31 December 2023 | | | | |
| Financial Assets | | | | |
| Financial assets at FVTPL: | | | | |
| - Money market instruments | - | 1,166,691 | - | 1,166,691 |
| - Corporate bonds/Sukuk | - | 20,223 | - | 20,223 |
| - Unquoted shares | - | - | 115,602 | 115,602 |
| Derivative financial instruments | - | 348,883 | - | 348,883 |
| Financial investments at FVOCI: | | | | |
| - Money market instruments | - | 1,960,917 | - | 1,960,917 |
| - Unquoted shares | - | - | 220,875 | 220,875 |
| - Corporate bonds/Sukuk | - | 1,797,427 | - | 1,797,427 |
| | - | 5,294,141 | 336,477 | 5,630,618 |
| Financial Liabilities | | | | |
| Derivative financial instruments | - | 328,579 | - | 328,579 |

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.

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A32. 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 (2023: RM Nil).

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

| | The Group | | The Bank | |
|--|------------------|-------------------|------------------|-------------------|
| | 30/6/2024 | 31/12/2023 | 30/6/2024 | 31/12/2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At beginning of the financial period/year | 361,242 | 341,313 | 336,477 | 317,388 |
| Total gains recognised in other comprehensive income | 32,280 | 19,929 | 20,968 | 19,089 |
| At end of the financial period/year | 393,522 | 361,242 | 357,445 | 336,477 |

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.

A33. 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 | |
|--|------------------|-------------------|------------------|-------------------|
| | 30/6/2024 | 31/12/2023 | 30/6/2024 | 31/12/2023 |
| (i) The aggregate value of outstanding credit exposures with connected parties (RM'000) | 5,902,652 | 6,603,913 | 4,204,285 | 4,796,082 |
| (ii) The percentage of outstanding credit exposures to connected parties as proportion of total credit exposures | 5% | 6% | 7% | 8% |
| (iii) The percentage of outstanding credit exposures with connected parties which is impaired or in default | Nil | Nil | Nil | Nil |

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A34. OPERATIONS OF ISLAMIC BANKING - AFFIN ISLAMIC BANK BERHAD

(i) Unaudited Statements of Financial Position

| | Economic Entity | |
|--|---------------------|----------------------|
| | 30/6/2024 RM'000 | 31/12/2023 RM'000 |
| ASSETS | | |
| Cash and short-term funds | 1,124,310 | 3,161,757 |
| Deposits and placements with Banks and other financial institutions | 350,873 | 400,526 |
| Financial assets at fair value through profit or loss ('FVPTL') | 133,712 | - |
| Derivative financial instruments | 16,843 | 18,907 |
| Financial investments at fair value through other comprehensive income ('FVOCI') | 2,816,931 | 1,674,282 |
| Financial investments at amortised cost ('AC') | 4,533,202 | 4,568,010 |
| Financing and other financing | 30,689,945 | 28,760,767 |
| Other assets | 128,655 | 135,546 |
| Amount due from holding company | - | 288,431 |
| Amount due from joint ventures | 2,722 | 32 |
| Taxation recoverable | 51,757 | 43,746 |
| Deferred tax assets | 35,351 | 39,040 |
| Statutory deposits with Bank Negara Malaysia | 518,000 | 485,000 |
| Property and equipment | 687 | 782 |
| Right-of-use assets | 185 | 238 |
| Intangible assets | 1,056 | 863 |
| TOTAL ASSETS | 40,404,229 | 39,577,927 |
| LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS | | |
| Deposits from customers | 25,103,075 | 25,360,547 |
| Investment accounts of customers | 95 | 359 |
| Deposits and placements of banks and other financial institutions | 5,057,671 | 4,172,179 |
| Investment accounts due to designated financial institutions | 3,335,798 | 3,579,578 |
| Derivative financial instruments | 14,704 | 23,539 |
| Recourse obligation on financing sold to Cagamas Berhad | 1,113,629 | 1,115,041 |
| Other liabilities | 355,522 | 319,188 |
| Amount due to holding company | 211,732 | - |
| Lease liabilities | 215 | 271 |
| Subordinated and Senior Sukuk | 2,363,770 | 2,363,770 |
| TOTAL LIABILITIES | 37,556,211 | 36,934,472 |
| ISLAMIC BANKING CAPITAL FUNDS | | |
| Share capital | 1,310,000 | 1,210,000 |
| Reserves | 1,538,018 | 1,433,455 |
| Total Islamic Banking Capital Funds | 2,848,018 | 2,643,455 |
| TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS | 40,404,229 | 39,577,927 |
| COMMITMENTS AND CONTINGENCIES | 12,610,603 | 11,396,972 |

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A34. OPERATIONS OF ISLAMIC BANKING - AFFIN ISLAMIC BANK BERHAD (Cont.)

(ii) Unaudited Income Statements

| | Economic Entity | | | |
|---|--------------------------|----------------|--------------------------|----------------|
| | Individual Quarter Ended | | Cumulative Quarter Ended | |
| | 30/6/2024 | 30/6/2023 | 30/6/2024 | 30/6/2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Income derived from investment of depositors' funds and others | 398,667 | 371,188 | 801,019 | 703,257 |
| Income derived from investment of investment accounts | 46,695 | 39,865 | 95,967 | 78,563 |
| Income derived from investment of shareholders' funds | 38,152 | 32,351 | 76,306 | 63,848 |
| Allowances for impairment losses on financing and other financing | (26,586) | (24,466) | (10,402) | (32,318) |
| Allowance for impairment losses on other assets | - | - | (32) | - |
| Total distributable income | 456,928 | 418,938 | 962,858 | 813,350 |
| Income attributable to the depositors and others | (275,502) | (260,636) | (551,416) | (475,350) |
| Income attributable to the investment accounts holders | (42,863) | (37,117) | (86,314) | (70,871) |
| Total net income | 138,563 | 121,185 | 325,128 | 267,129 |
| Other operating expenses | (87,043) | (67,771) | (174,986) | (133,676) |
| Profit before zakat and taxation | 51,520 | 53,414 | 150,142 | 133,453 |
| Zakat | (1,343) | (657) | (1,343) | (657) |
| Profit before taxation | 50,177 | 52,757 | 148,799 | 132,796 |
| Taxation | (14,153) | (13,625) | (39,495) | (33,842) |
| Net profit for the financial period | 36,024 | 39,132 | 109,304 | 98,954 |

(iii) Unaudited Statements of Comprehensive Income

| | Economic Entity | | | |
|---|--------------------------|---------------|--------------------------|----------------|
| | Individual Quarter Ended | | Cumulative Quarter Ended | |
| | 30/6/2024 | 30/6/2023 | 30/6/2024 | 30/6/2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Net profit for the financial period | 36,024 | 39,132 | 109,304 | 98,954 |
| Other comprehensive income: | | | | |
| <u>Items that may be reclassified subsequently to profit or loss:</u> | | | | |
| - Net fair value change in financial investments at FVOCI | (4,554) | 1,952 | (4,382) | 2,497 |
| - Net credit impairment loss change in financial investments at FVOCI | 69 | 71 | 163 | 123 |
| - Net loss on financial investments measured at FVOCI reclassified to profit or loss on disposal (debt instruments) | (608) | - | (2,048) | - |
| - Deferred tax on financial investments at FVOCI | 861 | 468 | 1,258 | 599 |
| Other comprehensive (loss)/income for the financial period, net of tax | (4,232) | 2,491 | (5,009) | 3,219 |
| Total comprehensive income for the financial period | 31,792 | 41,623 | 104,295 | 102,173 |

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

A34. 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 | | | | | Total equity RM'000 |
|---|---|--|----------------------------------|-----------------------------|-------------------------------|------------------------|
| | Share capital RM'000 | FVOCI revaluation reserves RM'000 | Regulatory reserves RM'000 | Other reserves RM'000 | Retained profits RM'000 | |
| At 1 January 2024 | 1,210,000 | 11,452 | 46,469 | 214 | 1,375,320 | 2,643,455 |
| Net profit for the financial period | - | - | - | - | 109,304 | 109,304 |
| Other comprehensive income (net of tax): | | | | | | |
| - Financial investments at FVOCI | - | (5,009) | - | - | - | (5,009) |
| Total comprehensive income for the financial period | - | (5,009) | - | - | 109,304 | 104,295 |
| Issued during the financial period | 100,000 | - | - | - | - | 100,000 |
| Share grant scheme granted | - | - | - | 268 | - | 268 |
| Transfer to regulatory reserves | - | - | 45,999 | - | (45,999) | - |
| At 30 June 2024 | 1,310,000 | 6,443 | 92,468 | 482 | 1,438,625 | 2,848,018 |

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

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

A34. OPERATIONS OF ISLAMIC BANKING - AFFIN ISLAMIC BANK BERHAD (Cont.)

| | Economic Entity | |
|--|-------------------|-------------------|
| | 30/6/2024 | 31/12/2023 |
| | RM'000 | RM'000 |
| (v) Financing and other financing | | |
| By type | | |
| Cash Line-i | 741,755 | 891,940 |
| Term financing: | | |
| - Housing financing | 10,293,517 | 10,145,796 |
| - Hire purchase receivables | 6,761,033 | 5,943,398 |
| - Syndicated financing | 1,568,645 | 1,523,392 |
| - Others term financing | 9,183,434 | 8,791,847 |
| Bills receivables | 631,902 | 270,729 |
| Trust receipts | 9,375 | 14,487 |
| Claims on customers under acceptance credits | 1,094,630 | 1,008,939 |
| Staff financing (of which RM Nil to Directors) | 131,710 | 124,027 |
| Credit/charge cards receivables | 80,572 | 77,780 |
| Revolving financing | 611,653 | 397,810 |
| Gross financing and other financing | 31,108,226 | 29,190,145 |
| Less: ECL | (418,281) | (429,378) |
| Total net financing and other financing | 30,689,945 | 28,760,767 |
| | | |
| (vi) Movements of impaired financing | | |
| At beginning of the financial period/year | 220,978 | 357,422 |
| Classified as impaired | 269,994 | 323,439 |
| Reclassified as non-impaired | (118,775) | (357,881) |
| Amount recovered | (47,662) | (51,218) |
| Amount written-off | (29,672) | (50,784) |
| At end of the financial period/year | 294,863 | 220,978 |
| | | |
| Ratio of gross impaired financing and other financing to gross financing and other financing (exclude restricted investment accounts)* | 1.01% | 0.86% |

(* For the Bank, RIA excluded in the ratio calculation amounting to RM3,340.8 million (2023: RM3,572.11 million) with impaired financing amounting to RM15.3 million (2023: RM Nil).

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

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

A34. OPERATIONS OF ISLAMIC BANKING - AFFIN ISLAMIC BANK BERHAD (Cont.)

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

| Economic Entity | Lifetime ECL not credit impaired | | Lifetime ECL credit impaired | Total |
|---|----------------------------------|----------------|------------------------------|----------------|
| | 12-Month ECL Stage 1 | Stage 2 | Stage 3 | |
| 30/6/2024 | RM'000 | RM'000 | RM'000 | RM'000 |
| At beginning of the financial period | 52,663 | 294,440 | 82,275 | 429,378 |
| Total transfer between stages due to change in credit risk: | (406,109) | 417,475 | (11,366) | - |
| - Transfer to 12-month ECL (Stage 1) | 7,898 | (6,618) | (1,280) | - |
| - Transfer to Lifetime ECL not credit impaired (Stage 2) | (413,844) | 441,011 | (27,167) | - |
| - Transfer to Lifetime ECL credit impaired (Stage 3) | (163) | (16,918) | 17,081 | - |
| Financing derecognised (other than write-off) | (7,798) | (427,107) | (3,826) | (438,731) |
| New financing originated or purchased | 425,120 | - | - | 425,120 |
| Changes due to change in credit risk | (11,621) | (28,440) | 69,250 | 29,189 |
| Write-off | - | - | (26,675) | (26,675) |
| At end of the financial period | 52,255 | 256,368 | 109,658 | 418,281 |
| Economic Entity | | | | |
| 31/12/2023 | | | | |
| At beginning of the financial year | 65,218 | 302,452 | 87,445 | 455,115 |
| Total transfer between stages due to change in credit risk: | (168,533) | 204,749 | (36,216) | - |
| - Transfer to 12-month ECL (Stage 1) | 21,720 | (19,994) | (1,726) | - |
| - Transfer to Lifetime ECL not credit impaired (Stage 2) | (190,123) | 244,851 | (54,728) | - |
| - Transfer to Lifetime ECL credit impaired (Stage 3) | (130) | (20,108) | 20,238 | - |
| Financing derecognised (other than write-off) | (22,024) | (13,709) | (2,189) | (37,922) |
| New financing originated or purchased | 216,912 | - | - | 216,912 |
| Changes due to change in credit risk | (38,912) | (199,052) | 66,833 | (171,131) |
| Write-off | - | - | (43,096) | (43,096) |
| Other adjustments | 2 | - | 9,498 | 9,500 |
| At end of the financial year | 52,663 | 294,440 | 82,275 | 429,378 |

(viii) Deposits from customers

| | Economic Entity | |
|--------------------------------------|-------------------|-------------------|
| | 30/6/2024 | 31/12/2023 |
| | RM'000 | RM'000 |
| <u>Qard</u> | | |
| Demand deposits | 5,418,256 | 5,181,358 |
| Savings deposits | 838,369 | 809,322 |
| | 6,256,625 | 5,990,680 |
| <u>Mudarabah</u> | | |
| General investment deposits | 27,984 | 28,557 |
| <u>Tawarruq</u> | | |
| Murabahah term deposits | 16,393,282 | 16,371,873 |
| Commodity Murabahah | 648,383 | 601,655 |
| Savings deposits | 629,689 | 1,111,106 |
| Demand deposit | 1,147,112 | 1,256,676 |
| | 18,818,466 | 19,341,310 |
| Total deposits from customers | 25,103,075 | 25,360,547 |

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

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

Table 1: Financial review for individual and cumulative quarter ended 30 June 2024 against preceding year's corresponding quarter

| | Individual Quarter Ended | | Changes | | Cumulative Quarter Ended | | Changes | |
|-----------------------------|--------------------------|---------------------|----------|-------|--------------------------|---------------------|----------|--------|
| | 30/6/2024 RM'000 | 30/6/2023 RM'000 | RM'000 | % | 30/6/2024 RM'000 | 30/6/2023 RM'000 | RM'000 | % |
| Net Income | 494,768 | 504,858 | (10,090) | (2.0) | 999,308 | 999,149 | 159 | 0.0 |
| Operating Profit | 139,346 | 138,580 | 766 | 0.6 | 283,290 | 316,221 | (32,931) | (10.4) |
| Profit Before Zakat and Tax | 150,798 | 149,968 | 830 | 0.6 | 295,736 | 346,314 | (50,578) | (14.6) |
| Profit Before Tax | 149,007 | 149,311 | (304) | (0.2) | 293,056 | 345,657 | (52,601) | (15.2) |
| Profit After Tax | 118,582 | 113,225 | 5,357 | 4.7 | 228,790 | 262,205 | (33,415) | (12.7) |

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

The Group reported a Profit Before Tax (PBT) of RM293.1 million for the six months ended 30 June 2024, representing a decrease of RM52.6 million or 15.2% compared to the RM345.7 million recorded in the previous corresponding period. The decline in PBT is primarily attributed to lower net interest income and other income. Specifically, net interest income decreased by RM50.1 million or 11.5% to RM386.4 million for the current period due to the compression of the Net Interest Margin (NIM).

Additionally, gross loans and financing marked a year-over-year growth of 10.5%, reaching in a value of RM69.0 billion, as compared to RM62.5 billion as of 30 June 2023. Customer deposits decline by 0.4% to RM71.2 billion, while the ratio of Current Account and Savings Account (CASA) improved to 25.9% for the current period, as compared to 23.2% in the previous corresponding period.

As of the end of the reporting period on 30 June 2024, the CET 1 Capital Ratio, Tier 1 Capital Ratio, and Total Capital Ratio stood at 12.8%, 14.3%, and 16.8%, respectively.

Commercial Banking

ABB has recorded a PBT of RM77.7 million for the six-month period ended on 30 June 2024. This represents a substantial reduction of RM104.7 million or 57.4% in comparison to the PBT of RM182.4 million reported in the previous corresponding period. The primary cause of this PBT reduction is attributed to a significant reduction in net interest income, which fell by RM54.7 million or 13.7%, amounting to RM400.5 million.

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

Investment Banking

For the six months period ended 30 June 2024, AHIB Group recorded a higher PBT of RM50.7 million, an increase of 67.3% over the RM31.2 million recorded in the previous year corresponding period. The significant increase in PBT is primarily due to higher net fee and commission income and net gains on financial instruments of RM17.8 million and RM17.2 million respectively. These were however, partially offset by a rise in overhead expenses amounting to RM8.5 million and a reduction in the write-back of impairment losses by RM6.5 million.

Insurance

For the six months period ended 30 June 2024, the Group's insurance division reported a share of profit after tax amounting to RM12.4 million. This represents a decline of RM17.7 million as compared to the previous corresponding period. The primary contributors to this decrease were a reduction in earned premium and a diminution in investment income.

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

For the current quarter ended 30 June 2024, the Group recorded a PBT of RM149.0 million, a decline of RM0.3 million from the PBT of RM149.3 million recorded in the same quarter of the preceding year. The slight decline in PBT is attributed to an increase in overhead expenses of RM51.3 million and decrease in net income of RM10.0 million. However, this was partially offset by a write-back of impairment losses of RM12.3 million, compared to an impairment charge of RM49.8 million in second quarter of 2023.

Commercial Banking

ABB's PBT for the current quarter ended on 30 June 2024, stood at RM56.4 million, a decrease of RM47.0 million from the previous year's quarter. This decline is due to higher other income pertaining to dilution of interest in an associate company, amounting to RM56.3 million in the second quarter of 2023.

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

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 (Cont.)

Investment Banking

AHIB Group reported a PBT of RM30.8 million for the quarter ended on 30 June 2024, a substantial increase from the RM11.0 million reported in the same quarter in the previous year. The increase was primarily attributed to higher net income of RM20.0 million for the current quarter and higher write-back of impairment losses by RM5.0 million. However, this was offset by an increase in overhead expenses by RM5.8 million.

Insurance

The Group's share of profit after tax for its insurance segment slightly increase by RM0.1 million to RM11.5 million in the current quarter, compared to RM11.4 million in the previous corresponding quarter. The improvement was mainly due to better underwriting results.

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

| | Current Financial Quarter | Preceding Financial Quarter | Changes | |
|-----------------------------|---------------------------|-----------------------------|---------|-------|
| | 30/6/2024 RM'000 | 31/3/2024 RM'000 | RM'000 | % |
| Net income | 494,768 | 504,450 | (9,682) | (1.9) |
| Operating Profit | 139,346 | 143,944 | (4,598) | (3.2) |
| Profit Before Zakat and Tax | 150,798 | 144,938 | 5,860 | 4.0 |
| Profit Before Tax | 149,007 | 144,049 | 4,958 | 3.4 |
| Profit After Tax | 118,582 | 110,208 | 8,374 | 7.6 |

For the current financial quarter, the Group's PBT was reported at RM149.0 million, an increase of RM5.0 million or 3.5% over the RM144.0 million recorded in the immediate preceding quarter ended 31 March 2024. The higher in PBT was due to lower overhead expenses by RM11.2 million and higher share of results from associates by RM10.4 million. However, this increase was offset by a lower net income of RM9.7 million and lower write-back of impairment losses by RM6.0 million.

B3. ECONOMIC AND BUSINESS OUTLOOK FOR 2024

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

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

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

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

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 | |
|---|-----------------------------|---------------------|-----------------------------|---------------------|
| | 30/6/2024 RM'000 | 30/6/2023 RM'000 | 30/6/2024 RM'000 | 30/6/2023 RM'000 |
| The Group | | | | |
| Malaysian income tax | | | | |
| Current tax | 21,919 | (288) | 64,374 | 51,305 |
| Deferred tax income: | | | | |
| - Relating to originating temporary differences | 8,506 | 36,374 | (108) | 32,147 |
| | 30,425 | 36,086 | 64,266 | 83,452 |

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

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

| | Individual Quarter Ended | | Cumulative Quarter Ended | |
|---|-----------------------------|---------------------|-----------------------------|---------------------|
| | 30/6/2024 RM'000 | 30/6/2023 RM'000 | 30/6/2024 RM'000 | 30/6/2023 RM'000 |
| The Bank | | | | |
| Malaysian income tax | | | | |
| Current tax | 2,414 | (11,891) | 4,591 | 14,795 |
| Deferred tax income: | | | | |
| - Relating to originating temporary differences | 5,893 | 31,251 | 6,908 | 26,691 |
| | 8,307 | 19,360 | 11,499 | 41,486 |

For the current and preceding year's corresponding periods, 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.

B6. STATUS OF CORPORATE PROPOSALS

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

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 | |
|---|---------------------|----------------------|---------------------|----------------------|
| | 30/6/2024 RM'000 | 31/12/2023 RM'000 | 30/6/2024 RM'000 | 31/12/2023 RM'000 |
| (i) <u>Deposits from Customers</u> | | | | |
| <u>By Type of Deposit:</u> | | | | |
| Demand Deposits | 13,557,264 | 13,592,568 | 7,001,307 | 7,259,773 |
| Savings Deposits | 4,881,889 | 5,321,126 | 3,413,830 | 3,400,698 |
| Fixed Deposits | 50,949,000 | 50,613,977 | 30,704,297 | 30,436,648 |
| Commodity Murabahah Deposits | 648,383 | 601,655 | - | - |
| Money Market Deposits | 504,753 | 273,597 | 504,753 | 273,597 |
| Negotiable Instruments of Deposits ('NID') | 667,567 | 411,394 | 667,567 | 411,395 |
| Others | 17,506 | 19,794 | - | - |
| | 71,226,362 | 70,834,111 | 42,291,754 | 41,782,111 |
| <u>By Maturity structure of fixed deposits, NID and others:</u> | | | | |
| Due within six months | 35,242,449 | 36,909,085 | 20,381,448 | 21,751,922 |
| Six months to one year | 16,247,792 | 13,815,130 | 10,874,364 | 8,865,763 |
| One year to three years | 141,620 | 294,052 | 114,167 | 228,643 |
| Three years to five years | 2,102 | 2,001 | 1,885 | 1,715 |
| Five years and above | 110 | 24,897 | - | - |
| | 51,634,073 | 51,045,165 | 31,371,864 | 30,848,043 |
| <u>By Type of Customer:</u> | | | | |
| Government and statutory bodies | 10,301,863 | 10,092,396 | 1,973,550 | 1,857,667 |
| Business enterprises | 20,327,147 | 21,272,651 | 11,264,439 | 12,194,550 |
| Individuals | 33,254,339 | 32,748,571 | 25,036,021 | 24,081,177 |
| Domestic Banking institutions | 777,240 | 423,641 | 784,928 | 524,354 |
| Domestic non-Banking financial institutions | 4,611,577 | 4,486,579 | 1,798,822 | 1,862,856 |
| Foreign entities | 708,744 | 619,851 | 555,618 | 483,323 |
| Others | 1,245,452 | 1,190,422 | 878,376 | 778,184 |
| | 71,226,362 | 70,834,111 | 42,291,754 | 41,782,111 |
| (ii) <u>Deposits and placement of Banks and other financial institutions</u> | | | | |
| <u>By Type of Institution:</u> | | | | |
| Licensed Banks | 3,700,051 | 4,416,132 | 3,839,501 | 4,513,756 |
| Licensed investment Banks | 138,135 | 1,241,807 | - | 885,122 |
| Other financial institutions | 7,150,830 | 3,392,743 | 2,767,762 | 296,139 |
| | 10,989,016 | 9,050,682 | 6,607,263 | 5,695,017 |
| <u>By Maturity structure of deposits:</u> | | | | |
| Due within six months | 10,989,016 | 9,013,954 | 6,607,263 | 5,659,790 |
| Six months to one year | - | 36,728 | - | 35,227 |
| | 10,989,016 | 9,050,682 | 6,607,263 | 5,695,017 |
| (iii) <u>Lease Liabilities</u> | | | | |
| At beginning of financial period/year | 45,721 | 49,233 | 38,278 | 45,440 |
| Additions | 22,997 | 20,728 | 17,524 | 10,273 |
| Interest/Profit expense | 1,005 | 457 | 836 | 249 |
| Lease payments | (18,964) | (24,697) | (14,370) | (17,684) |
| At end of the financial period/year | 50,759 | 45,721 | 42,268 | 38,278 |

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 | |
|--|------------------|------------------|------------------|------------------|
| | 30/6/2024 | 31/12/2023 | 30/6/2024 | 31/12/2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| (iv) Borrowings and Sukuk | | | | |
| (a) Tier-2 Subordinated Medium Term Notes ('MTN') | 510,753 | 510,890 | 510,753 | 510,890 |
| (b) Additional Tier-1 Capital Securities ('AT1CS') | 500,547 | 500,468 | 500,547 | 500,468 |
| (c) Additional Tier-1 Sukuk Wakalah ('AT1S') | 505,808 | 505,808 | - | - |
| (d) MTN Tier-2 Sukuk Murabahah | 505,113 | 505,113 | - | - |
| (e) Senior Sukuk/MTN | 1,793,750 | 1,287,450 | 506,041 | - |
| | 3,815,971 | 3,309,729 | 1,517,341 | 1,011,358 |
| Fair value changes arising from fair value hedges | (14,093) | (5,328) | (14,093) | (5,328) |
| | 3,801,878 | 3,304,401 | 1,503,248 | 1,006,030 |

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

ABB had on 7 February 2017 and 20 September 2017 issued RM1.0 billion in nominal value each of Subordinated MTNs. Both Subordinated MTNs were fully redeemed on its first callable date of 7 February 2022 and 20 September 2022 respectively.

ABB had, on 26 July 2022, issued the 3rd series 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 Subordinated 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 first series of AT1CS of RM500.0 million out of its approved BASEL III Compliant AT1CS Programme of up to RM3.0 billion in nominal value. The first series AT1CS was issued on perpetual non-callable 5-year basis, at a coupon rate of 5.80%. The Bank had on, 31 July 2023 fully redeemed the first series of AT1CS of RM500.0 million and on 23 June 2023, the Bank had issued a second series of AT1CS of RM500.0 million. The second series AT1CS was issued on perpetual non-callable 5-year basis, at a fixed coupon rate of 5.70%. The second series AT1CS was issued for the purpose of general banking business and working capital requirements of the ABB.

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

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

On 10 October 2023, AiBB had issued the second tranche of AT1S of RM500.0 million. The AT1S was issued on a perpetual non-callable 5-year basis, at a fixed distribution rate of 5.10%. The AT1S was issued for the purpose of general banking business and working capital requirements of AiBB.

(d) MTN Tier-2 Sukuk Murabahah

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

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

(e) Senior Sukuk/MTN

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 profit rate of 4.55% and RM520.0 million for a tenure of 5 years from the issue date, at a profit rate of 4.75%. The Senior Sukuk was issued for the purpose of general banking business and working capital requirements of AiBB.

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

On 8 May 2024, ABB had issued another tranche of Senior MTN of RM500.0 million out of its MTN Programme. The MTN is issued for a tenure of 5 years from the issue date, at a coupon rate of 4.10%. The Senior MTN was issued for the purpose of general banking business and working capital requirements of ABB.

B8. MATERIAL LITIGATION

There is no material litigation during the financial period ended 30 June 2024.

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

B9. DIVIDENDS

No dividend has been proposed for the quarter under review.

B10. EARNINGS PER SHARE

(a) Basic

The basic earnings per ordinary share for the Group and the Bank have been calculated by dividing the net profit attributable to 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 | |
|--|--------------------------|-----------|--------------------------|-----------|
| | 30/6/2024 | 30/6/2023 | 30/6/2024 | 30/6/2023 |
| Net profit attributable to the equity holders of the Bank (RM'000) | 118,582 | 113,225 | 228,790 | 262,205 |
| Weighted average number of ordinary shares in issue ('000) | 2,352,126 | 2,273,889 | 2,352,126 | 2,273,889 |
| Basic earnings per share (sen) | 5.04 | 4.98 | 9.73 | 11.53 |

| The Bank | Individual Quarter Ended | | Cumulative Quarter Ended | |
|--|--------------------------|-----------|--------------------------|-----------|
| | 30/6/2024 | 30/6/2023 | 30/6/2024 | 30/6/2023 |
| Net profit attributable to the equity holders of the Bank (RM'000) | 48,091 | 84,051 | 66,223 | 140,959 |
| Weighted average number of ordinary shares in issue ('000) | 2,352,126 | 2,273,889 | 2,352,126 | 2,273,889 |
| Basic earnings per share (sen) | 2.04 | 3.70 | 2.82 | 6.20 |

(b) Diluted

During the financial period ended 30 June 2024, diluted EPS is calculated by dividing the net profit attributable to equity holders of the Bank, which require no adjustment for the effects of dilutive potential ordinary shares, by the weighted average number of ordinary shares in issue during the financial period and the weighted average number of ordinary shares that would be issued on conversion of dilutive potential ordinary shares.

| The Group | Individual Quarter Ended | | Cumulative Quarter Ended | |
|--|--------------------------|-----------|--------------------------|-----------|
| | 30/6/2024 | 30/6/2023 | 30/6/2024 | 30/6/2023 |
| Net profit attributable to equity holders of the Bank (RM'000) | 118,582 | 113,225 | 228,790 | 262,205 |
| Weighted average number of ordinary shares in issue ('000) | | | | |
| – during the period | 2,352,126 | 2,273,889 | 2,352,126 | 2,273,889 |
| – effect of dilutive of potential ordinary shares ¹ | 15,425 | - | 15,425 | - |
| Weighted average number of potential ordinary shares | 2,367,551 | 2,273,889 | 2,367,551 | 2,273,889 |
| Diluted earnings per share (sen) | 5.01 | 4.98 | 9.66 | 11.53 |

| The Bank | Individual Quarter Ended | | Cumulative Quarter Ended | |
|--|--------------------------|-----------|--------------------------|-----------|
| | 30/6/2024 | 30/6/2023 | 30/6/2024 | 30/6/2023 |
| Net profit attributable to equity holders of the Bank (RM'000) | 48,091 | 84,051 | 66,223 | 140,959 |
| Weighted average number of ordinary shares in issue ('000) | | | | |
| – during the period | 2,352,126 | 2,273,889 | 2,352,126 | 2,273,889 |
| – effect of dilutive of potential ordinary shares ¹ | 10,858 | - | 10,858 | - |
| Weighted average number of potential ordinary shares | 2,362,984 | 2,273,889 | 2,362,984 | 2,273,889 |
| Diluted earnings per share (sen) | 2.03 | 3.70 | 2.80 | 6.20 |

The dilutive potential ordinary shares is arising from Shares Grant Scheme ('SGS'). The SGS is a restricted share unit scheme where vesting is subject to performance conditions. The number of shares calculated as above is compared with the number of shares that would have been issued assuming performance conditions are achieved.