

AFFIN BANK BERHAD
Registration No. 197501003274 (25046-T)
Condensed Interim Financial Statements
Unaudited Statements of Financial Position as at 30 September 2022

	Note	The Group		The Bank	
		30/9/2022 RM'000	31/12/2021 RM'000	30/9/2022 RM'000	31/12/2021 RM'000
ASSETS					
Cash and short-term funds		3,857,372	6,394,457	1,923,467	2,525,482
Deposits and placements with Banks and other financial institutions		-	1,169,809	-	1,171,657
Investment accounts due from designated financial institutions		-	-	1,812,918	1,825,525
Financial assets at fair value through profit or loss ('FVTPL')	A9	1,586,024	598,600	1,291,667	368,676
Derivative financial assets	A29	636,287	186,881	472,487	104,640
Financial investments at fair value through other comprehensive income ('FVOCI')	A10	3,817,256	3,877,622	192,168	198,148
Financial investments at amortised cost ('AC')	A11	16,563,562	11,435,142	12,081,021	9,040,198
Loans, advances and financing	A12	56,063,315	50,528,068	29,614,499	26,879,336
Trade receivables	A13	396,828	527,166	-	-
Other assets	A14	522,633	312,732	252,464	164,088
Amount due from subsidiaries		-	-	-	758,924
Amount due from joint ventures		10,742	15,737	-	-
Amount due from associate		30,859	30,888	30,859	30,888
Tax recoverable		202,421	144,638	162,241	117,036
Deferred tax assets		214,584	223,344	117,712	111,900
Statutory deposits with Bank Negara Malaysia		26,902	68,625	15,000	58,325
Investment in subsidiaries		-	-	3,053,899	3,053,899
Investment in joint ventures		-	181,853	-	194,240
Investment in associates		796,556	725,440	630,379	548,482
Property and equipment		1,268,641	1,066,826	1,255,125	1,044,020
Right-of-use assets		63,295	45,387	57,205	36,547
Intangible assets		621,550	895,850	185,360	198,733
TOTAL ASSETS		86,678,827	78,429,065	53,148,471	48,430,744
LIABILITIES AND EQUITY					
Deposits from customers	B7	63,959,870	58,794,404	35,510,658	33,241,763
Investment accounts of customers		978	1,329	-	-
Deposits and placements of Banks and other financial institutions	B7	2,864,240	2,866,040	1,721,262	2,277,723
Obligation on securities sold under repurchase agreements		3,785,620	-	3,785,620	-
Derivative financial liabilities	A29	520,870	201,629	430,671	125,537
Bills and acceptances payable		38,374	28,644	38,374	28,644
Recourse obligation on loans/financing sold to Cagamas Berhad		1,125,624	669,212	1,075,280	619,179
Trade payables		387,969	982,362	-	-
Lease liabilities	B7	54,375	36,872	51,232	29,232
Other liabilities	A15	1,222,895	1,603,803	768,704	676,112
Amount due to subsidiaries		-	-	52,354	2,500
Provision for taxation		16	8,040	-	-
Borrowings	B7	1,769,801	3,303,075	1,001,664	2,548,081
TOTAL LIABILITIES		75,730,632	68,495,410	44,435,819	39,548,771

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 2021.

AFFIN BANK BERHAD
Registration No. 197501003274 (25046-T)
Condensed Interim Financial Statements
Unaudited Statements of Financial Position as at 30 September 2022

	Note	The Group		The Bank	
		30/9/2022 RM'000	31/12/2021 RM'000	30/9/2022 RM'000	31/12/2021 RM'000
EQUITY					
Share capital		5,131,562	4,969,150	5,131,562	4,969,150
Reserves:-					
FVOCI revaluation reserves	A16	(5,807)	90,473	151,647	157,267
Regulatory reserves	A16	411,850	754,603	349,916	636,095
Foreign exchange reserves	A16	-	39	-	-
Other reserves	A16	-	(88,737)	-	-
Retained profits	A16	5,410,590	4,163,442	3,079,527	3,119,461
Equity attributable to equity holders of the Bank		10,948,195	9,888,970	8,712,652	8,881,973
Non-controlling interest		-	44,685	-	-
TOTAL EQUITY		10,948,195	9,933,655	8,712,652	8,881,973
TOTAL LIABILITIES AND EQUITY		86,678,827	78,429,065	53,148,471	48,430,744
COMMITMENTS AND CONTINGENCIES	A28	55,379,465	45,197,294	40,672,258	25,947,933
CAPITAL ADEQUACY RATIOS	A31				
<u>With transitional arrangements</u>					
CET 1 capital ratio		17.076%	14.418%	13.787%	13.568%
Tier 1 capital ratio		18.490%	16.041%	15.225%	15.149%
Total capital ratio		20.851%	21.306%	16.385%	20.825%
CET 1 capital ratio (net of proposed dividends)		16.331%	14.198%	12.573%	13.209%
Tier 1 capital ratio (net of proposed dividends)		17.744%	15.820%	14.011%	14.791%
Total capital ratio (net of proposed dividends)		20.105%	21.085%	15.171%	20.467%
Net assets per share attributable to equity holders of the Bank (RM)		4.95	4.66	3.94	4.18

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 2021.

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

Condensed Interim Financial Statements

Unaudited Income Statements for the Financial Quarter Ended 30 September 2022

The Group	Note	Individual Quarter Ended		Cumulative Quarter Ended	
		30/9/2022 RM'000	30/9/2021 RM'000	30/9/2022 RM'000	30/9/2021 RM'000
Interest income	A17	545,233	426,202	1,474,821	1,232,669
Interest expense	A18	(278,744)	(192,578)	(719,619)	(578,590)
Net interest income		266,489	233,624	755,202	654,079
Income from Islamic banking business		190,223	134,155	503,564	389,812
		456,712	367,779	1,258,766	1,043,891
Fee and commission income	A19	58,340	59,014	183,669	194,635
Fee and commission expense	A19	(2,481)	(945)	(6,743)	(3,318)
Net fee and commission income	A19	55,859	58,069	176,926	191,317
Net gains on financial instruments	A20	11,433	33,967	41,759	111,854
Other income	A21	10,485	7,015	10,143	31,380
Net income		534,489	466,830	1,487,594	1,378,442
Other operating expenses	A22	(368,286)	(273,401)	(973,668)	(847,347)
Operating profit before allowances		166,203	193,429	513,926	531,095
Allowances for credit impairment losses	A23	(233,545)	(49,244)	(268,131)	(223,107)
Allowances for impairment losses on other assets and goodwill	A24	(82,390)	-	(85,846)	(1,344)
Operating profit		(149,732)	144,185	159,949	306,644
Share of results of joint venture		(3,210)	913	849	7,398
Share of results of associate		(1,456)	11,309	24,298	28,700
Profit before zakat and taxation		(154,398)	156,407	185,096	342,742
Zakat		(1,983)	(2,201)	(2,150)	(3,692)
Profit before taxation		(156,381)	154,206	182,946	339,050
Taxation	B5	(37,124)	(37,931)	(121,812)	(86,008)
Profit from continuing operations		(193,505)	116,275	61,134	253,042
Profit from discontinued operations	B6(b)	1,070,143	26,577	1,125,789	104,883
Net profit after zakat and taxation		876,638	142,852	1,186,923	357,925
Attributable to :-					
Equity holders of the Bank		872,365	133,202	1,161,959	320,087
Non-controlling interest		4,273	9,650	24,964	37,838
		876,638	142,852	1,186,923	395,763
Attributable to equity holders of the Bank :-					
- Continuing operations		(193,505)	116,275	61,134	253,042
- Discontinued operations		1,065,870	16,927	1,100,825	67,045
		872,365	133,202	1,161,959	320,087
Basic earnings per share (sen) attributable to the equity holders of the Bank					
- Continuing operations	B10	(8.99)	5.52	2.84	12.01
- Discontinued operations	B10	49.53	0.80	51.16	3.18

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 2021.

AFFIN BANK BERHAD
Registration No. 197501003274 (25046-T)
Condensed Interim Financial Statements
Unaudited Statements of Comprehensive Income
for the Financial Quarter Ended 30 September 2022

	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2022 RM'000	30/9/2021 RM'000	30/9/2022 RM'000	30/9/2021 RM'000
The Group				
Profit after zakat and taxation	876,638	142,852	1,186,923	357,925
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)	(13,550)	(88,662)	(95,557)	(477,703)
- Net credit impairment loss change in financial investments at FVOCI (debt instruments)	16	179	259	49,708
- Net gains on financial investments measured at FVOCI reclassified to profit or loss on disposal (debt instruments)	-	(8,936)	(2,380)	(44,486)
- Exchange differences on translation of foreign operations	(39)	-	(39)	-
- Deferred tax on financial investments at FVOCI	1,079	21,920	23,492	125,701
- Share of other comprehensive income/(loss) of joint venture	526	1,353	6,363	(1,052)
- Share of other comprehensive (loss)/income of associate	(986)	4,529	(22,080)	20,167
<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)	9,541	-	5,798	(191)
Other comprehensive (loss)/income for the financial year, net of tax	(3,413)	(69,617)	(84,144)	(327,856)
Total comprehensive income for the financial year	873,225	73,235	1,102,779	30,069
Total comprehensive income/(loss) for the financial period attributable to:				
- Equity holders of the Bank	868,952	63,585	1,077,815	(7,769)
- Non-controlling interest	4,273	9,650	24,964	37,838
	873,225	73,235	1,102,779	30,069
Total comprehensive income/(loss) attributable to the equity holders of the Bank:				
- Continuing operations	(196,918)	46,658	(23,010)	(74,814)
- Discontinued operations	1,065,870	16,927	1,100,825	67,045
	868,952	63,585	1,077,815	(7,769)

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 2021.

AFFIN BANK BERHAD
Registration No. 197501003274 (25046-T)
Condensed Interim Financial Statements
Unaudited Income Statements for the Financial Quarter Ended 30 September 2022

	Note	Individual Quarter Ended		Cumulative Quarter Ended	
		30/9/2022 RM'000	30/9/2021 RM'000	30/9/2022 RM'000	30/9/2021 RM'000
The Bank					
Interest income	A17	493,861	393,339	1,347,912	1,137,613
Interest expense	A18	(248,845)	(174,664)	(647,875)	(521,434)
Net interest income		245,016	218,675	700,037	616,179
Fee and commission income	A19	38,422	25,842	110,895	86,331
Fee and commission expense	A19	(2,481)	(945)	(6,743)	(3,318)
Net fee and commission income	A19	35,941	24,897	104,152	83,013
Net gains on financial instruments	A20	(221)	8,364	6,012	24,265
Other income	A21	7,845	104,315	4,482	163,697
Net income		288,581	356,251	814,683	887,154
Other operating expenses	A22	(263,746)	(178,509)	(651,906)	(524,434)
Operating profit before allowances		24,835	177,742	162,777	362,720
Allowances for credit impairment losses	A23	(205,058)	(33,025)	(210,746)	(144,105)
Allowances for impairment losses on other assets	A25	(1,891)	-	(3,152)	-
Profit before zakat and taxation		(182,114)	144,717	(51,121)	218,615
Zakat		-	-	-	-
Profit before taxation		(182,114)	144,717	(51,121)	218,615
Taxation	B5	12,573	(14,606)	(18,484)	(28,344)
Net profit after zakat and taxation		(169,541)	130,111	(69,605)	190,271
Earnings per share (sen) attributable to the equity holders of the Bank					
- basic	B10	(7.88)	6.18	(3.23)	9.03

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AFFIN BANK BERHAD
Registration No. 197501003274 (25046-T)
Condensed Interim Financial Statements
Unaudited Statements of Comprehensive Income
for the Financial Quarter Ended 30 September 2022

	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2022 RM'000	30/9/2021 RM'000	30/9/2022 RM'000	30/9/2021 RM'000
The Bank				
Profit after zakat and taxation	(169,541)	155,972	(69,605)	190,271
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)	-	18,236	-	(247,632)
- Net credit impairment loss change in financial investments at FVOCI (debt instruments)	-	14,075	-	49,891
- Net gain on financial investments measured at FVOCI reclassified to profit or loss on disposal (debt instruments)	-	(5,803)	-	(10,856)
- Deferred tax on financial investments at FVOCI	-	(2,984)	-	62,037
<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)	-	(191)	3,380	(191)
Other comprehensive income/(loss) for the financial period, net of tax	-	23,333	3,380	(146,751)
Total comprehensive income/(loss) for the financial period	(169,541)	179,305	(66,225)	43,520

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 2021.

AFFIN BANK BERHAD
Registration No. 197501003274 (25046-T)
Unaudited Condensed Consolidated Statements Of Changes In Equity
for the Financial Quarter Ended 30 September 2022

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

The Group	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Foreign exchange reserves RM'000	Other reserves* RM'000	Retained profits RM'000	Total shareholders' equity RM'000	Non- controlling interest RM'000	Total equity RM'000
At 1 January 2022	4,969,150	90,473	754,603	39	(88,737)	4,163,442	9,888,970	44,685	9,933,655
Net profit for the financial period	-	-	-	-	-	1,161,959	1,161,959	24,964	1,186,923
Other comprehensive income (net of tax) :									
- Financial investments at FVOCI	-	(68,388)	-	-	-	-	(68,388)	-	(68,388)
- Share of other comprehensive income of joint venture	-	6,363	-	-	-	-	6,363	-	6,363
- Share of other comprehensive loss of associate	-	(22,080)	-	-	-	-	(22,080)	-	(22,080)
- Foreign exchange translation reserve	-	-	-	(39)	-	-	(39)	-	(39)
Total comprehensive income	-	(84,105)	-	(39)	-	1,161,959	1,077,815	24,964	1,102,779
Issuance of new shares	162,412	-	-	-	-	-	162,412	-	162,412
Net gain/(loss) on disposal of financial investment designated at FVOCI (equity instruments)	-	(12,175)	-	-	-	12,175	-	-	-
Lapse of the obligation to buy a subsidiary's shares from from non-controlling interest	-	-	-	-	79,337	5,169	84,506	49,628	134,134
Disposal of subsidiary	-	-	-	-	9,400	(9,400)	-	(82,278)	(82,278)
Transfer from regulatory reserves	-	-	(342,753)	-	-	342,753	-	-	-
Dividends	-	-	-	-	-	(265,508)	(265,508)	(36,999)	(302,507)
At 30 September 2022	5,131,562	(5,807)	411,850	-	-	5,410,590	10,948,195	-	10,948,195

* Other reserves represents corresponding debts arising from Group's obligation to purchase subsidiaries' shares held by non-controlling interest as discussed in Note A16 (c).

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 2021.

AFFIN BANK BERHAD
Registration No. 197501003274 (25046-T)
Unaudited Condensed Consolidated Statements Of Changes In Equity
for the Financial Quarter Ended 30 September 2022

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

The Group	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Foreign exchange reserves RM'000	Other reserves* RM'000	Retained profits RM'000	Total shareholders' equity RM'000	Non- controlling interest RM'000	Total equity RM'000
At 1 January 2021	4,902,300	266,412	781,679	(205)	(65,909)	3,682,234	9,566,511	70,585	9,637,096
Net profit for the financial period	-	-	-	-	-	320,087	320,087	37,838	357,925
Other comprehensive income (net of tax) :									
- Financial investments at FVOCI	-	(346,971)	-	-	-	-	(346,971)	-	(346,971)
- Share of other comprehensive loss of joint venture	-	(1,052)	-	-	-	-	(1,052)	-	(1,052)
- Share of other comprehensive income of associate	-	20,167	-	-	-	-	20,167	-	20,167
Total comprehensive income	-	(327,856)	-	-	-	320,087	(7,769)	37,838	30,069
Issuance of new shares	66,850	-	-	-	-	-	66,850	-	66,850
Net loss on disposal of financial investment designated at FVOCI (equity instruments)	-	(182)	-	-	-	(9)	(191)	-	(191)
Transfer from regulatory reserves	-	-	(43,762)	-	-	43,762	-	-	-
Dividends	-	-	-	-	-	(72,793)	(72,793)	(65,776)	(138,569)
At 30 September 2021	4,969,150	(61,626)	737,917	(205)	(65,909)	3,973,281	9,552,608	42,647	9,595,255

* Other reserves represents corresponding debts arising from Group's obligation to purchase subsidiaries' shares held by non-controlling interest as discussed in Note 16 (c).

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AFFIN BANK BERHAD
Registration No. 197501003274 (25046-T)
Unaudited Condensed Consolidated Statements Of Changes In Equity
for the Financial Quarter Ended 30 September 2022

	<-----Non-distributable----->			< Distributable >	
The Bank	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Total equity RM'000
At 1 January 2022	4,969,150	157,267	636,095	3,119,461	8,881,973
Net profit for the financial period	-	-	-	(69,605)	(69,605)
Other comprehensive income (net of tax) :					
- Financial investments at FVOCI	-	3,380	-	-	3,380
Total comprehensive income	-	3,380	-	(69,605)	(66,225)
Issuance of new shares	162,412	-	-	-	162,412
Net gain/(loss) on disposal of financial investment designated at FVOCI (equity instruments)	-	(9,000)	-	9,000	-
Transfer from regulatory reserves	-	-	(286,179)	286,179	-
Dividends	-	-	-	(265,508)	(265,508)
At 30 September 2022	5,131,562	151,647	349,916	3,079,527	8,712,652
At 1 January 2021	4,902,300	183,078	643,613	2,799,501	8,528,492
Net profit for the financial period	-	-	-	190,271	190,271
Other comprehensive income (net of tax) :					
- Financial investments at FVOCI	-	(146,751)	-	-	(146,751)
Total comprehensive income	-	(146,751)	-	190,271	43,520
Issuance of new shares	66,850	-	-	-	66,850
Net gain/(loss) on disposal of financial investment designated at FVOCI (equity instruments)	-	9	-	(9)	-
Transfer to regulatory reserves	-	-	5,482	(5,482)	-
Dividends	-	-	-	(72,793)	(72,793)
At 30 September 2021	4,969,150	36,336	649,095	2,911,488	8,566,069

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 2021.

AFFIN BANK BERHAD
Registration No. 197501003274 (25046-T)
Unaudited Condensed Consolidated Statements of Cash Flows
for the Financial Quarter Ended 30 September 2022

	The Group		The Bank	
	30/9/2022	30/9/2021	30/9/2022	30/9/2021
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation :-				
- Continuing operations	182,946	339,050	(51,121)	218,615
- Discontinued operations	1,141,933	129,999	-	-
	1,324,879	469,049	(51,121)	218,615
Adjustments for items not involving the movement of cash and cash equivalents	(849,487)	154,921	55,453	7,070
Operating profit before changes in working capital	475,392	623,970	4,332	225,685
Net changes in operating assets	(7,227,002)	(2,671,958)	(3,724,931)	(2,085,086)
Net changes in operating liabilities	7,544,870	7,099,995	6,153,153	3,893,001
Tax and zakat paid	(185,563)	(153,528)	(52,282)	(65,786)
Net cash generated from operating activities	607,697	4,898,479	2,380,272	1,967,814
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received :				
- financial investments at FVOCI	101,690	292,460	-	211,327
- financial investments at AC	270,656	5,096	283,461	8,387
Dividend income :				
- financial assets at FVTPL	1,734	5,117	-	732
- financial investments at FVOCI	922	510	732	180
- subsidiaries	-	-	845	142,400
Net purchase/redemption of :				
- financial investments at FVOCI	(64,298)	(2,202,879)	9,360	(1,862,629)
- financial investments at AC	(3,866,269)	(360,580)	(2,724,020)	(334,535)
Purchase of :				
- property and equipment	(234,182)	(180,737)	(230,769)	(175,850)
- intangible assets	(4,151)	(7,534)	(2,013)	(6,407)
Proceeds from disposal of :				
- property and equipment	2,561	232	-	1
- foreclosed properties	-	2,800	-	2,800
Partial disposal of equity interest in joint venture and associate	112,343	-	112,343	-
Lapse of the obligation to buy subsidiary's shares from non-controlling interest	5,169	-	-	-
Net cash inflow from disposal of subsidiary	769,051	-	-	-
Net cash used in investing activities	(2,904,774)	(2,445,515)	(2,550,061)	(2,013,594)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	(2,000,000)	-	(2,000,000)	-
Issuance of borrowings	500,000	-	500,000	-
Interest payment on borrowings	(145,712)	(198,037)	(114,326)	(133,961)
Payment of dividend to the equity holders of the Bank	(265,508)	(72,793)	(265,508)	(72,793)
Payment of dividend to non-controlling interest	(36,999)	(65,776)	-	-
Issuance of new shares	162,412	66,850	162,412	66,850
Proceeds from recourse obligation on loans/financing sold to Cagamas Berhad	433,756	-	433,756	-
Lease payments	(28,549)	(27,504)	(22,379)	(18,781)
Net cash used in financing activities	(1,380,600)	(297,260)	(1,306,045)	(158,685)
Net (decrease)/increase in cash and cash equivalents	(3,677,677)	2,155,704	(1,475,834)	(204,465)
Effects of foreign exchange	47,885	(39,357)	46,765	(38,561)
Cash and cash equivalents at beginning of the financial period	7,422,090	5,511,423	3,352,536	1,886,901
Cash and cash equivalents at end of the financial period	3,792,298	7,627,770	1,923,467	1,643,875
Cash and cash equivalents comprise the following :				
Cash and short-term funds	3,857,372	6,443,454	1,923,467	1,643,875
Deposits and placements of banks and other financial institutions	-	1,252,514	-	1,252,514
	3,857,372	7,695,968	1,923,467	2,896,389
Less:				
Amount held on behalf of commissioned dealer's representatives	(65,074)	(68,198)	-	-
Cash and short-term funds and deposits and placements with banks and other financial institutions with original maturity of more than three months	-	-	-	(1,252,514)
	3,792,298	7,627,770	1,923,467	1,643,875

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 2021.

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

A1. BASIS OF PREPARATION

The unaudited condensed interim financial statements for the financial period under review have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values :

- (i) financial assets at FVTPL;
- (ii) financial investments at FVOCI; and
- (iii) derivative financial instruments.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board ('MASB') Chapter 9, part K of the Listing Requirements of the Bursa Malaysia Securities Berhad and Policy Document on Financial Reporting issued by Bank Negara Malaysia ('BNM').

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2021. 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 2021.

A2. ACCOUNTING POLICIES AND METHODS OF COMPUTATIONS

The significant accounting policies and methods of computation applied in the condensed interim financial statements are consistent with those applied in the annual financial statements for the year ended 31 December 2021, except for the adoption of the following amendments to MFRS that are applicable to the Bank effective for the financial year beginning on 1 January 2022:

- Annual improvements to MFRS 9 'Fees in the 10% test for derecognition of financial liabilities' (effective 1 January 2022) clarify that only fees paid or received between the customer and the financier, including the fees paid or received on each other's behalf, are included in the cash flow of the new financing when performing the 10% test.
- Amendments to MFRS 3 'Reference to Conceptual Framework' (effective 1 January 2022) replace the reference to 'Framework for Preparation and Presentation of Financial Statements' with '2018 Conceptual Framework'. The amendments did not change the current accounting for business combinations on acquisition date.
- Amendments to MFRS 116 'Proceeds Before Intended Use' (effective 1 January 2022) prohibit an entity from deducting from the cost of a property, plant and equipment the proceeds received from selling items produced by the property, plant and equipment before it is ready for its intended use. The sales proceeds should instead be recognised in profit or loss.
- Amendments to MFRS 137 'Onerous Contracts - Cost of Fulfilling a Contract' (effective 1 January 2022) clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts. The amendments also clarify that before recognising a separate provision for an onerous contract, impairment loss that has occurred on assets used in fulfilling the contract should be recognised.

A3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the audited financial statements for the financial year ended 31 December 2021 was not subjected to any qualification.

A4. SEASONAL OR CYCLICAL FACTORS

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

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

Except for item disclosed on Note B6, there were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank during the financial period under review.

A6. CHANGES IN ESTIMATES

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

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

A7. DEBT AND EQUITY SECURITIES

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

Issuance/redemption of Tier-2 Subordinated Medium Term Notes pursuant to the RM6.0 billion MTN Programme by AFFIN Bank Berhad

Issuance/ Redemption	Issuance Date	First Call Date	Maturity Date	Nominal Value	Description	Tenor
Redemption	7 February 2017	7 February 2022	7 February 2027	RM1.0 billion	Tier-2 Subordinated Medium Term Notes	10 years
Redemption	20 September 2017	20 September 2022	20 September 2027	RM1.0 billion	Tier-2 Subordinated Medium Term Notes	10 years
Issuance	26 July 2022	26 July 2027	26 July 2032	RM500.0 million	Tier-2 Subordinated Medium Term Notes	10 years

A8. DIVIDENDS PAID AND PROPOSED

A single-tier interim dividend of 12.5 sen per ordinary share amounting to dividend payable of RM265,507,789 in respect of the financial year ended 31 December 2021 was paid on 7 July 2022.

The Board proposed a single-tier special dividend of 18.09 sen per ordinary share ('Proposed Special Dividend') and a single-tier interim dividend of 4.53 sen per ordinary share ('Proposed Dividend') in respect of the current financial year ended 31 December 2022, amounting to dividend payable of RM400,210,452 and RM100,218,538 respectively, based on the Bank's issued share capital of 2,212,329,750 ordinary shares as at 31 July 2022.

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

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

	The Group		The Bank	
	30/9/2022	31/12/2021	30/9/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
At fair value				
<u>Money market instruments</u>				
Malaysian Government Securities	10,340	-	-	-
Malaysian Government Investment Issues	30,115	-	-	-
Malaysian Government Treasury Bills	646,554	-	447,110	-
Cagamas Bonds/Sukuk	50,141	-	50,141	-
Negotiable Instruments of Deposit	624,757	249,582	624,757	249,582
	1,361,907	249,582	1,122,008	249,582
<u>Quoted Securities</u>				
Shares, warrants and REITs in Malaysia	18,879	30,862	-	-
Shares, warrants and REITs outside Malaysia	340	79,553	-	-
Unit Trusts in Malaysia	35,237	118,501	-	-
	54,456	228,916	-	-
<u>Unquoted Securities</u>				
Shares in Malaysia	104,607	104,171	104,607	104,171
Corporate Bonds/Sukuk in Malaysia	65,054	15,931	65,052	14,923
	169,661	120,102	169,659	119,094
	1,586,024	598,600	1,291,667	368,676

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

	The Group		The Bank	
	30/9/2022	31/12/2021	30/9/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
At fair value				
<u>Money market instruments</u>				
Malaysian Government Securities	785,797	768,784	-	-
Malaysian Government Investment Issues	1,078,198	1,137,984	-	-
Cagamas Bonds/Sukuk	124,130	90,757	-	-
Khazanah Bonds/Sukuk	9,723	9,625	-	-
	1,997,848	2,007,150	-	-
<u>Unquoted Securities</u>				
Shares in Malaysia *	216,093	224,855	192,168	198,148
Corporate bonds/Sukuk in Malaysia #	1,574,266	1,618,659	-	-
Corporate Bonds/Sukuk outside Malaysia	29,049	26,958	-	-
	1,819,408	1,870,472	192,168	198,148
	3,817,256	3,877,622	192,168	198,148

* Equity securities designated at FVOCI.

Certain unquoted perpetual bonds are designated at FVOCI.

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

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

Movements in allowances for impairment which reflect the ECL model on impairment are as follows:

	12-Month ECL Stage 1 RM'000	Lifetime ECL not credit Stage 2 RM'000	Lifetime ECL credit Stage 3 RM'000	Total RM'000
The Group				
30/9/2022				
At beginning of the financial period	252	18,856	-	19,108
Financial assets derecognised (other than write-off)	(12)	-	-	(12)
New financial assets originated or purchased	204	-	-	204
Changes due to change in credit risk	67	-	-	67
At end of the financial period	511	18,856	-	19,367
31/12/2021				
At beginning of the financial year	22,201	31,457	12,170	65,828
Total transfer between stages due to change in credit risk :-	(522)	522	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(522)	522	-	-
Financial assets derecognised (other than write-off)	(10,741)	(240)	-	(10,981)
New financial assets originated or purchased	7,216	-	-	7,216
Changes due to change in credit risk	(9,117)	70,543	(724)	60,702
Changes in models/risk parameters	(2,374)	-	-	(2,374)
Write-off	-	-	(11,446)	(11,446)
Other adjustments :-				
- Reclassification to AC	(6,406)	(83,426)	-	(89,832)
- Foreign exchange and other movements	(5)	-	-	(5)
At end of the financial year	252	18,856	-	19,108
	12-Month ECL Stage 1 RM'000	Lifetime ECL not credit Stage 2 RM'000	Lifetime ECL credit Stage 3 RM'000	Total RM'000
The Bank				
30/9/2022				
At beginning/end of the financial period	-	-	-	-
31/12/2021				
At beginning of the financial year	17,563	27,237	-	44,800
Financial assets derecognised (other than write-off)	(9,832)	(240)	-	(10,072)
New financial assets originated or purchased	7,574	-	-	7,574
Changes due to change in credit risk	(7,632)	56,429	-	48,797
Other adjustments				
- Reclassification to AC	(7,669)	(83,426)	-	(91,095)
- Foreign exchange and other movements	(4)	-	-	(4)
At end of the financial year	-	-	-	-

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

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

	The Group		The Bank	
	30/9/2022 RM'000	31/12/2021 RM'000	30/9/2022 RM'000	31/12/2021 RM'000
<u>At amortised cost</u>				
Malaysian Government Treasury Bills	137,921	97,747	-	-
Malaysian Government Securities	3,632,033	1,822,807	3,564,749	1,822,807
Malaysian Government Investment Issues	5,671,944	3,540,004	3,053,883	1,970,328
Cagamas bonds/Sukuk	241,676	30,512	161,366	30,512
Negotiable Instruments of Deposit and Islamic Debt Certificates	-	731,259	755,586	1,485,853
Bank Negara Malaysia Sukuk	10,086	10,299	-	-
	9,693,660	6,232,628	7,535,584	5,309,500
<u>Unquoted Securities</u>				
Shares in Malaysia	14,915	-	14,915	-
Corporate Bonds/Sukuk in Malaysia	6,908,184	5,126,845	4,594,654	3,651,356
Corporate Bonds/Sukuk Outside Malaysia	15,118	164,194	-	164,194
Loan Stock in Malaysia	15,000	15,000	-	-
	6,953,217	5,306,039	4,609,569	3,815,550
	16,646,877	11,538,667	12,145,153	9,125,050
Fair value changes arising from fair value hedges	(4,691)		(4,691)	
	16,642,186	11,538,667	12,140,462	9,125,050
Less: ECL	(78,624)	(103,525)	(59,441)	(84,852)
	16,563,562	11,435,142	12,081,021	9,040,198

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

	Lifetime ECL		Lifetime ECL	
	12-Month ECL Stage 1 RM'000	not credit impaired Stage 2 RM'000	credit impaired Stage 3 RM'000	Total RM'000
30/9/2022				
The Group				
At beginning of the financial period	5,099	83,426	15,000	103,525
Financial assets derecognised (other than write-off)	(549)	-	-	(549)
New financial assets originated or purchased	2,580	-	-	2,580
Changes due to change in credit risk	(1,268)	(25,706)	-	(26,974)
Other adjustments :				
- Foreign exchange and other movements	42	-	-	42
At end of the financial period	5,904	57,720	15,000	78,624
The Bank				
At beginning of the financial period	1,426	83,426	-	84,852
Financial assets derecognised (other than write-off)	(396)	-	-	(396)
New financial assets originated or purchased	1,669	-	-	1,669
Changes due to change in credit risk	(1,020)	(25,706)	-	(26,726)
Other adjustments :				
- Foreign exchange and other movements	42	-	-	42
At end of the financial period	1,721	57,720	-	59,441
31/12/2021				
The Group				
At beginning of the financial year	160	-	12,922	13,082
Financial assets derecognised (other than write-off)	(50)	-	-	(50)
New financial assets originated or purchased	4,844	-	-	4,844
Changes due to change in credit risk	(2,592)	-	2,078	(514)
Changes in models/risk parameters	(6,667)	-	-	(6,667)
Reclassification from FVOCI	9,404	83,426	-	92,830
At end of the financial year	5,099	83,426	15,000	103,525
The Bank				
At beginning of the financial year	236	-	-	236
Financial assets derecognised (other than write-off)	(6)	-	-	(6)
New financial assets originated or purchased	4,202	-	-	4,202
Changes due to change in credit risk	(4,008)	-	-	(4,008)
Changes in models/risk parameters	(6,667)	-	-	(6,667)
Reclassification from FVOCI	7,669	83,426	-	91,095
At end of the financial year	1,426	83,426	-	84,852

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

A12. LOANS, ADVANCES AND FINANCING

(a) BY TYPE	The Group		The Bank	
	30/9/2022	31/12/2021	30/9/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
Overdrafts	2,086,427	1,955,229	1,351,534	1,304,046
Term loans/financing:				
- Housing loans/financing	16,170,191	13,763,496	7,163,513	5,320,110
- Hire purchase receivables	12,646,645	11,435,528	7,581,964	6,874,108
- Syndicated financing	1,551,891	1,583,610	591,252	611,200
- Other term loans/financing	15,824,828	14,593,058	8,312,499	8,249,044
Bills receivables	641,077	491,857	511,393	398,979
Trust receipts	261,515	192,868	241,973	179,726
Claims on customers under acceptances credits	2,677,588	2,220,512	1,840,203	1,519,194
Staff loans/financing (of which RM Nil to Directors)	211,285	213,525	94,449	105,468
Credit cards	328,308	265,476	272,733	220,646
Revolving credits	3,793,958	3,919,212	2,505,908	2,726,082
Margin financing	1,052,489	782,767	-	-
Factoring	-	202	-	202
Other receivables	3,491	-	-	-
Gross loans, advances and financing	57,249,693	51,417,340	30,467,421	27,508,805
Less: ECL	(1,186,378)	(889,272)	(852,922)	(629,469)
Total net loans, advances and financing	56,063,315	50,528,068	29,614,499	26,879,336

Included in other term financing as at reporting date is RM56.7 million (2021: RM55.8 million) of term financing disbursed by the Bank to a joint venture company, AFFIN-i Nadayu Sdn Bhd.

(b) BY MATURITY STRUCTURE	The Group		The Bank	
	30/9/2022	31/12/2021	30/9/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
Maturing within one year	11,173,086	9,988,942	6,883,661	6,373,086
One year to three years	3,946,442	3,530,728	2,399,368	2,850,312
Three years to five years	5,836,141	6,129,495	4,215,854	3,608,729
Over five years	36,294,024	31,768,175	16,968,538	14,676,678
	57,249,693	51,417,340	30,467,421	27,508,805

(c) BY TYPE OF CUSTOMER	The Group		The Bank	
	30/9/2022	31/12/2021	30/9/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
Domestic Banking financial institutions	1,041	5	1,041	5
Domestic non-Banking institutions:				
- Others	476,330	441,888	166,936	164,108
Domestic business enterprises:				
- Small medium enterprises	9,808,780	8,892,968	7,064,116	6,330,465
- Others	13,414,199	13,404,843	8,277,034	8,544,263
Government and statutory bodies	752,243	780,174	6,560	26,549
Individuals	32,114,893	27,427,578	14,425,833	12,135,474
Other domestic entities	821	683	634	461
Foreign entities	681,386	469,201	525,267	307,480
	57,249,693	51,417,340	30,467,421	27,508,805

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

A12. LOANS, ADVANCES AND FINANCING (Cont.)

	The Group		The Bank	
	30/9/2022 RM'000	31/12/2021 RM'000	30/9/2022 RM'000	31/12/2021 RM'000
(d) <u>BY INTEREST / PROFIT RATE SENSITIVITY</u>				
Fixed rate:				
- Housing loans/financing	206,051	218,662	160,211	174,972
- Hire purchase receivables	12,648,162	11,437,057	7,581,964	6,874,108
- Other fixed rate loans/financing	1,448,692	1,457,455	436,494	397,722
Variable rate:				
- Base rate/base lending rate plus	32,954,721	28,175,720	16,813,626	14,005,781
- Cost plus	8,939,578	10,098,599	5,475,126	6,056,222
- Other variable rates	1,052,489	29,847	-	-
	57,249,693	51,417,340	30,467,421	27,508,805
(e) <u>BY ECONOMIC PURPOSE</u>				
Purchase of securities	2,423,720	2,029,621	377,959	502,582
Purchase of transport vehicles	13,236,915	12,052,256	7,922,250	7,251,417
Purchase of landed properties of which:				
- Residential	16,502,250	14,112,442	7,315,819	5,499,101
- Non-residential	6,518,322	6,281,669	4,144,574	3,879,335
Fixed assets other than land and building	310,008	268,994	237,313	193,019
Personal use	2,534,988	1,698,684	625,852	620,774
Credit card	328,308	265,477	272,733	220,647
Consumer durable	363	15	4	15
Construction	2,303,069	2,330,318	1,319,091	1,388,349
Merger and acquisition	77,565	57,340	56,040	57,340
Working capital	11,355,205	10,974,409	7,258,599	7,138,735
Others	1,658,980	1,346,115	937,187	757,491
	57,249,693	51,417,340	30,467,421	27,508,805
(f) <u>BY ECONOMIC SECTOR</u>				
Primary agriculture	1,480,200	1,378,344	640,060	606,394
Mining and quarrying	214,778	214,553	72,497	65,873
Manufacturing	3,930,657	3,540,982	2,633,160	2,383,437
Electricity, gas and water supply	516,305	452,791	66,928	68,379
Construction	1,813,447	1,626,208	861,539	918,966
Real estate	5,387,287	5,808,007	3,893,678	4,119,620
Wholesale, retail trade, hotels and restaurants	5,471,410	4,697,985	4,117,991	3,563,575
Transport, storage and communication	2,022,126	1,887,303	1,432,517	1,283,979
Finance, insurance and business services	2,219,768	2,252,805	1,510,522	1,417,645
Education, health and others	1,947,364	1,996,721	731,139	866,183
Household	32,246,055	27,561,299	14,507,094	12,214,412
Others	296	342	296	342
	57,249,693	51,417,340	30,467,421	27,508,805

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

A12. LOANS, ADVANCES AND FINANCING (Cont.)

	The Group		The Bank	
	30/9/2022	31/12/2021	30/9/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
(g) <u>BY GEOGRAPHICAL DISTRIBUTION</u>				
Perlis	123,331	117,849	20,404	17,453
Kedah	1,679,517	1,474,660	541,080	502,811
Pulau Pinang	3,514,984	2,955,889	2,082,327	1,638,139
Perak	1,633,939	1,516,796	850,856	837,557
Selangor	18,297,114	16,404,033	9,593,074	8,566,724
Wilayah Persekutuan	12,825,367	11,448,932	6,832,194	6,390,734
Negeri Sembilan	1,914,143	1,791,349	641,325	615,886
Melaka	1,085,569	1,022,170	645,374	648,411
Johor	7,562,572	6,789,713	4,596,463	4,017,802
Pahang	1,812,591	1,594,148	854,769	766,758
Terengganu	1,105,885	1,016,296	194,882	189,615
Kelantan	594,485	475,972	46,410	55,574
Sarawak	2,434,573	2,359,461	1,745,730	1,676,966
Sabah	2,268,182	2,244,293	1,444,800	1,398,589
Labuan	49,448	85,623	29,746	65,634
Outside Malaysia	347,993	120,156	347,987	120,152
	57,249,693	51,417,340	30,467,421	27,508,805
(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	1,305,953	1,628,669	841,839	1,223,906
Classified as impaired	352,428	520,249	178,322	205,382
Reclassified as non-impaired	(218,105)	(277,718)	(115,741)	(164,511)
Amount written-back	(266,931)	(484,399)	(165,653)	(361,904)
Amount written-off	(82,448)	(80,848)	(64,695)	(61,034)
At end of the financial period/year	1,090,897	1,305,953	674,072	841,839
Ratio of gross impaired loans, advances and financing to gross loans, advances and financing (*)	1.91%	2.54%	2.54%	3.38%

(*) For the Bank, Restricted Investment Account ('RIA') included in the ratio calculation amounting to RM1,825.6 million (2021: RM1,834.6 million) with impaired financing amounting to RM146.3 million (2021: RM149.9 million).

The Group and the Bank may write-off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written-off during the quarter ended 30 September 2022 for the Bank was RM82.4 million (2021: RM80.8 million). The Bank still seek to recover the amounts that is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

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

A12. LOANS, ADVANCES AND FINANCING (Cont.)

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

	The Group		The Bank	
	30/9/2022	31/12/2021	30/9/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
(ii) <u>Impaired loans by economic purpose</u>				
Purchase of securities	22,229	26,212	43	41
Purchase of transport vehicles	361,995	361,050	180,333	189,174
Purchase of landed properties of which:				
- Residential	139,857	152,519	60,731	69,671
- Non-residential	217,294	254,140	156,166	186,213
Fixed assets other than land and building	2,056	14,903	2,056	14,903
Personal use	13,362	15,011	6,515	11,582
Credit card	2,174	1,370	1,840	1,090
Consumer durable	3	-	3	-
Construction	167,468	217,829	167,468	216,593
Working capital	156,010	254,748	96,514	150,401
Others	8,449	8,171	2,403	2,171
	1,090,897	1,305,953	674,072	841,839
(iii) <u>Impaired loans by economic sector</u>				
Primary agriculture	10,296	10,054	10,109	9,870
Mining and quarrying	25,514	31,668	5,200	5,187
Manufacturing	37,023	14,155	27,151	5,167
Electricity, gas and water supply	-	105	-	105
Construction	86,475	82,068	41,066	42,533
Real estate	110,994	144,538	43,624	71,353
Wholesale, retail trade, hotels and restaurants	57,200	53,856	51,696	51,279
Transport, storage and communication	314,342	361,456	154,912	155,928
Finance, insurance and business services	21,080	71,784	18,833	70,912
Education, health and others	217,526	304,140	216,905	303,521
Household	210,447	232,129	104,576	125,984
	1,090,897	1,305,953	674,072	841,839
(iv) <u>Impaired loans by geographical distribution</u>				
Perlis	2,382	2,717	68	127
Kedah	36,758	58,786	26,223	51,579
Pulau Pinang	47,674	30,861	40,494	23,547
Perak	10,510	64,260	5,961	9,208
Selangor	207,897	231,746	106,037	111,232
Wilayah Persekutuan	70,100	83,717	44,918	63,396
Negeri Sembilan	24,432	68,446	16,118	56,654
Melaka	33,513	16,594	14,601	14,374
Johor	275,218	355,986	226,760	312,956
Pahang	21,553	23,877	20,115	22,145
Terengganu	293,574	298,303	145,384	146,411
Kelantan	2,871	2,730	284	587
Sarawak	54,549	55,111	17,733	18,522
Sabah	9,834	12,819	9,344	11,101
Labuan	1	-	1	-
Outside Malaysia	31	-	31	-
	1,090,897	1,305,953	674,072	841,839

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

A12. LOANS, ADVANCES AND FINANCING (Cont.)

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

The Group	12-Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
At beginning of the financial period	237,148	314,020	338,104	889,272
Total transfer between stages due to change in credit risk:	52,741	(3,321)	(49,420)	-
- Transfer to 12-month ECL (Stage 1)	66,709	(58,787)	(7,922)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(13,931)	68,417	(54,486)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(37)	(12,951)	12,988	-
Loans/financing derecognised (other than write-off)	(46,496)	(24,573)	(20,013)	(91,082)
New loans/financing originated or purchased	59,584	23,742	-	83,326
Changes due to change in credit risk	(81,641)	294,277	143,083	355,719
Write-off	-	-	(51,414)	(51,414)
Other adjustments :				
- Foreign exchange and other movements	140	417	-	557
At end of the financial period	221,476	604,562	360,340	1,186,378

The Group	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
At beginning of the financial year	177,087	151,204	451,486	779,777
Total transfer between stages due to change in credit risk:	51,311	23,902	(75,213)	-
- Transfer to 12-month ECL (Stage 1)	64,134	(54,454)	(9,680)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(12,585)	90,018	(77,433)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(238)	(11,662)	11,900	-
Loans/financing derecognised (other than write-off)	(62,069)	(10,433)	(10,023)	(82,525)
New loans/financing originated or purchased	76,093	9,269	-	85,362
Changes due to change in credit risk	(5,274)	140,078	43,820	178,624
Write-off	-	-	(71,966)	(71,966)
At end of the financial year	237,148	314,020	338,104	889,272

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

A12. LOANS, ADVANCES AND FINANCING (Cont.)

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

The Bank 30/9/2022	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
At beginning of the financial period	163,175	214,857	251,437	629,469
Total transfer between stages due to change in credit risk:	30,641	(7,066)	(23,575)	-
- Transfer to 12-month ECL (Stage 1)	40,209	(36,636)	(3,573)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(9,564)	39,066	(29,502)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(4)	(9,496)	9,500	-
Loans/financing derecognised (other than write-off)	(21,304)	(16,737)	(11,980)	(50,021)
New loans/financing originated or purchased	28,322	15,178	-	43,500
Changes due to change in credit risk	(52,034)	235,548	79,895	263,409
Write-off	-	-	(33,981)	(33,981)
Other adjustments :				
- Foreign exchange and other movements	131	415	-	546
At end of the financial period	148,931	442,195	261,796	852,922

The Bank 31/12/2021	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
At beginning of the financial year	128,045	88,348	348,004	564,397
Total transfer between stages due to change in credit risk:	33,858	12,013	(45,871)	-
- Transfer to 12-month ECL (Stage 1)	41,876	(37,526)	(4,350)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(7,903)	55,421	(47,518)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(115)	(5,882)	5,997	-
Loans/financing derecognised (other than write-off)	(28,113)	(9,212)	(5,364)	(42,689)
New loans/financing originated or purchased	35,468	8,582	-	44,050
Changes due to change in credit risk	(6,083)	115,126	7,107	116,150
Write-off	-	-	(52,439)	(52,439)
Other adjustments	-	-	-	-
At end of the financial year	163,175	214,857	251,437	629,469

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

A13. TRADE RECEIVABLES

	The Group	
	30/9/2022	31/12/2021
	RM'000	RM'000
Amount due from stock-broking clients:		
- performing accounts	213,247	324,833
- impaired accounts (i)	355	942
Amount due from brokers	2,458	47,221
Amount due from Bursa Securities Clearing Sdn Bhd	181,253	-
Management fees receivable on fund management	-	155,703
	397,313	528,699
Less: ECL (ii)	(485)	(1,533)
	396,828	527,166
(i) Movements of impaired trade receivables		
At beginning of the financial period/year	942	1,387
Classified as impaired	-	3,126
Amount written-back	985	(3,571)
Amount written-off	(1,572)	-
At end of the financial period/year	355	942
(ii) Movements in ECL in trade receivables		
At beginning of the financial period/year	1,533	2,809
Allowance made	2,758	5,031
Amount written-back	(3,573)	(6,307)
Reclassified to other assets	(233)	-
At end of the financial period/year	485	1,533

A14. OTHER ASSETS

	The Group		The Bank	
	30/9/2022	31/12/2021	30/9/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
Other debtors	275,109	232,679	148,384	101,897
Prepayments and deposits	101,230	48,485	80,536	47,747
Cheque clearing accounts	62,425	20,325	15,059	5,959
Foreclosed properties (i)	13,358	13,358	8,485	8,485
Collaterals pledged for derivative transactions	72,892	-	-	-
Clearing guarantee fund	1,670	1,924	-	-
	526,684	316,771	252,464	164,088
Less: ECL (ii)	(4,051)	(4,039)	-	-
	522,633	312,732	252,464	164,088
(i) Foreclosed properties				
At beginning of the financial period/year	13,358	16,962	8,485	12,089
Disposal	-	(3,315)	-	(3,315)
Diminution in value	-	(289)	-	(289)
At end of the financial period/year	13,358	13,358	8,485	8,485
(ii) Movements in ECL				
At beginning of the financial period/year			4,039	3,966
Allowance made			1,640	2,829
Amount written-back			(1,628)	(2,756)
At end of the financial period/year			4,051	4,039

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

A15. OTHER LIABILITIES

	The Group		The Bank	
	30/9/2022 RM'000	31/12/2021 RM'000	30/9/2022 RM'000	31/12/2021 RM'000
BNM and CGC Funding programmes (a)	241,160	238,834	225,974	228,890
Margin and collateral deposits	125,726	97,665	104,811	79,609
Other creditors and accruals	157,097	205,072	91,739	69,941
Sundry creditors	294,195	283,626	215,683	132,270
Treasury and cheque clearing accounts	-	18,677	-	18,677
Provision for zakat	3,375	2,494	28	157
Defined contribution plan (b)	26,236	26,408	25,095	25,194
Accrued employee benefits	107,824	194,477	75,635	75,032
Unearned income	20,063	19,708	15,448	15,020
Commissioned dealer's representatives trust balances	65,074	68,653	-	-
Securities borrowings and lending - borrow	82,125	106,823	-	-
Amounts payable to commissioned and salaried dealer's representatives	61,901	95,426	-	-
Puttable liabilities (c)	-	189,026	-	-
Add : ECL (d)				
- loan/financing commitments and financial guarantees	38,119	56,914	14,291	31,322
	1,222,895	1,603,803	768,704	676,112

(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 RM48.5 million (2021: RM196.7 million). The financing under the government scheme is for lending at concession rates to SMEs.

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

(c) Puttable liabilities are in respect of the following:

	Group	
	30/9/2022 RM'000	31/12/2021 RM'000
Obligations to buy subsidiaries' shares from non-controlling interest:		
- AHAM (i)	-	134,134
- AVA (ii)	-	21,450
Investment in funds (iii)	-	33,442
	-	189,026

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

Pursuant to the exercise of the employee stock option incentive scheme, there is a Selective Capital Reduction ('SCR') provision within the scheme which requires AHAM to buy back the ordinary shares issued to the option holders from 1 March 2021 to 1 March 2023 at a certain price, if the conditions within the SCR provision are not met by 31 December 2020. As at 30 September 2022, no option holders have exercised their rights in relation to the buy back.

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

Following the completion of the Proposed Divestment on 29 July 2022 whereby AHAM has ceased to be a subsidiary of the Bank, the SCR provision was derecognised accordingly.

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

A15. OTHER LIABILITIES (Cont.)

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

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

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

Following the completion of the Proposed Divestment on 29 July 2022, AHAM has ceased to be a subsidiary of the Bank. This resulted in the derecognition of the option to buy AVA shares from non-controlling interest.

- (iii) This represents the units held by other investors of the funds which has been consolidated by the Group. The amount is equal to a proportion of the Net Asset Value of the funds not held by the Group.

	Group		Bank	
	30/9/2022	31/12/2021	30/9/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
(d) Movement in ECL				
At beginning of financial period/year	56,914	38,448	31,322	15,908
Net remeasurement of loss allowance	(24,624)	16,044	(22,518)	14,553
New loan commitments and financial guarantees issued	7,826	8,650	5,487	6,936
Loan commitment and financial guarantees derecognised	-	(7,596)	-	(6,075)
Changes due to change in credit risk	(1,997)	1,368	-	-
At end of the financial period/year	38,119	56,914	14,291	31,322

A16. RESERVES

	Group		Bank	
	30/9/2022	31/12/2021	30/9/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
FVOCI revaluation reserves (a)	(5,807)	90,473	151,647	157,267
Regulatory reserves (b)	411,850	754,603	349,916	636,095
Foreign exchange reserves	-	39	-	-
Other reserves (c)	-	(88,737)	-	-
Retained profits	5,410,590	4,163,442	3,079,527	3,119,461
	5,816,633	4,919,820	3,581,090	3,912,823

- (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 represents the Group's obligation to purchase subsidiaries' shares held by non-controlling interest disclosed in Note A15 (c) (i) and (ii).

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

A17. INTEREST INCOME

	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2022	30/9/2021	30/9/2022	30/9/2021
	RM'000	RM'000	RM'000	RM'000
The Group				
Loan, advances and financing	387,435	331,221	1,076,018	967,581
Money at call and deposits placements with financial institutions	28,064	14,775	54,015	29,507
Financial investments at FVOCI	27,602	77,385	82,325	221,270
Financial investments at AC	100,306	511	256,432	5,096
Others	1,826	2,310	6,031	9,215
	545,233	426,202	1,474,821	1,232,669
The Bank				
Loan, advances and financing	349,700	299,313	969,753	877,063
Money at call and deposits placements with financial institutions	37,300	28,096	93,468	68,965
Financial investments at FVOCI	-	60,936	-	174,509
Financial investments at AC	105,842	3,952	281,631	13,954
Others	1,019	1,042	3,060	3,122
	493,861	393,339	1,347,912	1,137,613

A18. INTEREST EXPENSE

	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2022	30/9/2021	30/9/2022	30/9/2021
	RM'000	RM'000	RM'000	RM'000
The Group				
Deposits from customers	213,864	153,092	560,846	457,108
Deposits and placements of banks and other financial institutions	11,611	4,499	26,203	17,673
Obligation on securities sold under repurchase agreements	20,864	144	39,157	144
Loans sold to Cagamas Berhad	7,920	-	21,727	-
Subordinated medium term notes	23,061	33,725	67,910	100,075
Others	1,424	1,118	3,776	3,590
	278,744	192,578	719,619	578,590
The Bank				
Deposits from customers	188,192	131,620	491,164	386,830
Deposits and placements of banks and other financial institutions	7,807	8,184	25,006	31,255
Obligation on securities sold under repurchase agreements	20,816	144	39,008	144
Loans sold to Cagamas Berhad	7,920	-	21,727	-
Subordinated medium term notes	23,061	33,725	67,910	100,075
Others	1,049	95	3,060	2,234
	248,845	174,664	647,875	521,434

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

A19. NET FEE AND COMMISSION INCOME

The Group	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2022 RM'000	30/9/2021 RM'000	30/9/2022 RM'000	30/9/2021 RM'000
Fee and commission income:				
Net brokerage	13,171	24,387	52,943	83,148
Corporate advisory fees	1,755	1,123	4,111	3,949
Commission	11,889	11,741	37,113	34,481
Service charges and fees	22,933	10,131	62,012	37,928
Guarantee fees	3,596	4,077	11,794	12,079
Arrangement fees	526	320	2,781	849
Agency fees	415	-	1,275	-
Other fee income	4,055	7,235	11,640	22,201
	58,340	59,014	183,669	194,635
Fee and commission expenses:				
Commission and referral expense	(2,481)	(945)	(6,743)	(3,318)
Net fee and commission income	55,859	58,069	176,926	191,317
The Bank				
Fee and commission income:				
Commission	12,067	12,260	37,892	36,549
Service charges and fees	22,933	9,505	61,784	37,703
Guarantee fees	3,422	4,077	11,219	12,079
	38,422	25,842	110,895	86,331
Fee and commission expense:				
Commission and referral expense	(2,481)	(945)	(6,743)	(3,318)
Net fee and commission income	35,941	24,897	104,152	83,013

A20. NET GAINS ON FINANCIAL INSTRUMENTS

The Group				
Income from financial instruments:				
Gains/(Losses) arising on financial assets at FVTPL:				
- net gain on disposal	3,207	10,387	14,695	36,469
- unrealised (loss)/gain	(2,415)	3,534	(18,619)	(7,452)
- interest income	10,064	8,040	26,388	23,087
- gross dividend income	541	1,273	1,549	4,671
Gains/(Losses) on derivatives instruments:				
- realised	63	193	1,197	205
- unrealised	(3,982)	4,353	11,590	17,251
- interest expense	456	(2,516)	(1,620)	(6,812)
Gains arising on financial investments at FVOCI:				
- net gain on disposal	-	8,586	2,417	43,925
- gross dividend income	260	117	922	510
Gains arising on financial investments at AC				
- net gain on redemption	-	-	1	-
Net gain on fair value hedges	3,239	-	3,239	-
	11,433	33,967	41,759	111,854

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A20. NET GAINS ON FINANCIAL INSTRUMENTS (Cont.)

The Bank	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2022	30/9/2021	30/9/2022	30/9/2021
	RM'000	RM'000	RM'000	RM'000
Income from financial instruments:				
Gains/(Losses) arising on financial assets at FVTPL:				
- net gain/(loss) on disposal	(1,105)	(497)	(2,146)	(497)
- unrealised (loss)/gain	(4,250)	411	(18,636)	(4,889)
- interest income	4,871	3,040	12,370	7,790
- gross dividend income	-	183	-	732
Gains/(Losses) on derivatives instruments:				
- realised	-	-	1,156	-
- unrealised	(3,193)	3,405	13,455	15,912
- interest expense	34	(2,054)	(4,159)	(5,948)
Gains arising on financial investments at FVOCI:				
- net gain on disposal	-	3,876	-	10,985
- gross dividend income	183	-	732	180
Gains arising on financial investments at AC				
- net gain on redemption	-	-	1	-
Net gain on fair value hedges	3,239	-	3,239	-
	(221)	8,364	6,012	24,265

A21. OTHER INCOME

The Group

Foreign exchange gains/(losses):				
- realised	27,051	41,509	(40,287)	68,215
- unrealised	(18,217)	(35,566)	46,586	(40,302)
Rental income	4	10	12	6
Gain on sale of property and equipment	221	1	407	12
Gain on disposal of foreclosed properties	-	176	-	176
Other non-operating income	1,426	885	3,425	3,273
Total other income	10,485	7,015	10,143	31,380

The Bank

Foreign exchange gains/(losses):				
- realised	23,708	36,401	(46,407)	56,970
- unrealised	(17,245)	(33,041)	46,765	(39,075)
Rental income	27	33	82	76
Gross dividend received from subsidiaries	-	100,000	845	142,400
Other non-operating income	1,355	746	3,197	3,150
Total other income	7,845	104,315	4,482	163,697

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

A22. OTHER OPERATING EXPENSES

The Group	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2022 RM'000	30/9/2021 RM'000	30/9/2022 RM'000	30/9/2021 RM'000
<u>Personnel costs</u>				
Wages, salaries and bonus	181,680	140,053	469,087	437,673
Defined contribution plan	31,408	23,759	80,630	74,270
Other personnel costs	24,711	15,006	62,321	46,141
	237,799	178,818	612,038	558,084
<u>Promotion and marketing-related expenses</u>				
Business promotion and advertisement	4,763	2,320	14,206	10,620
Entertainment	1,440	718	3,811	2,406
Travelling and accommodation	1,417	274	2,559	1,574
Commission and brokerage expenses	1,460	1,524	4,435	5,369
Others marketing expenses	1,109	886	9,520	3,025
	10,189	5,722	34,531	22,994
<u>Establishment expenses</u>				
Repair and maintenance	18,363	16,954	58,708	42,397
Depreciation of property and equipment	8,489	6,800	21,473	19,491
Depreciation of right-of-use assets	9,294	9,995	26,442	29,924
Amortisation of intangible assets	5,729	5,591	17,794	20,463
IT consultancy fee	11,221	12,107	42,909	38,353
Dataline rental	6,154	5,132	20,925	14,863
Security services	4,316	3,774	11,405	11,178
Electricity, water and sewerage	3,294	2,561	8,957	7,885
Insurance/Takaful and indemnities	4,002	2,652	13,439	13,197
Other establishment costs	3,635	3,053	10,950	8,533
	74,497	68,619	233,002	206,284
<u>General and administrative expenses</u>				
Telecommunication expenses	2,859	2,990	8,261	8,336
Auditors' remuneration:				-
(i) Statutory audit fees	355	431	1,570	1,602
(ii) Regulatory related fees	14	10	24	31
(iii) Tax fees	474	8	474	57
(iv) Non-audit fees	-	(155)	170	(238)
Professional fees	19,672	5,538	24,011	7,814
Property and equipment written-off	-	-	109	136
Mail and courier charges	1,210	1,022	2,910	3,130
Stationery and consumables	2,634	1,869	7,269	6,442
Directors' fees and allowances	816	698	2,596	2,067
Donations	443	112	1,629	1,721
Settlement, clearing and bank charges	10,214	2,583	24,420	13,012
Stamp duties	45	90	148	209
Operational and litigation write-off expenses	10	-	12	880
Subscription fees	2,377	2,054	6,600	5,977
Other administration and general expenses	4,678	2,992	13,894	8,809
	45,801	20,242	94,097	59,985
Total other operating expenses	368,286	273,401	973,668	847,347

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

A22. OTHER OPERATING EXPENSES (Cont.)

	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2022 RM'000	30/9/2021 RM'000	30/9/2022 RM'000	30/9/2021 RM'000
The Bank				
<u>Personnel costs</u>				
Wages, salaries and bonus	123,793	94,361	296,285	268,603
Defined contribution plan	21,677	16,333	52,158	46,583
Other personnel costs	21,155	8,978	46,915	30,047
	166,625	119,672	395,358	345,233
<u>Promotion and marketing-related expenses</u>				
Business promotion and advertisement	4,601	1,943	12,953	8,695
Entertainment	1,273	648	3,387	2,126
Travelling and accommodation	990	151	1,920	810
Commission and brokerage expenses	1,213	1,504	3,735	5,461
Others marketing expenses	628	582	7,447	1,924
	8,705	4,828	29,442	19,016
<u>Establishment expenses</u>				
Repair and maintenance	8,211	8,139	32,270	15,713
Depreciation of property and equipment	7,413	4,841	18,483	14,357
Depreciation of right-of-use assets	7,571	8,359	22,481	25,003
Amortisation of intangible assets	5,458	5,280	16,909	16,476
IT consultancy fee	5,154	7,299	24,690	23,879
Dataline rental	4,219	3,268	15,083	9,277
Security services	2,918	2,021	7,125	5,959
Electricity, water and sewerage	1,352	922	3,236	2,894
Insurance/Takaful and indemnities	1,758	310	7,854	8,846
Other establishment costs	6,807	2,439	11,914	3,745
	50,861	42,878	160,045	126,149
<u>General and administrative expenses</u>				
Telecommunication expenses	779	464	2,075	225
Auditors' remuneration :				
(i) Statutory audit fees	312	324	1,136	972
(ii) Non-audit fees	269	(166)	419	(100)
Professional fees	19,287	5,129	20,716	7,841
Property and equipment written-off	-	-	109	135
Mail and courier charges	935	547	2,087	1,677
Stationery and consumables	1,782	766	4,626	3,526
Directors' fees and allowances	816	698	2,596	2,067
Donations	334	12	1,468	1,545
Settlement, clearing and bank charges	9,398	1,842	21,922	10,749
Stamp duties	44	88	142	203
Operational and litigation write-off expenses	10	-	12	880
Other administration and general expenses	3,589	1,427	9,753	4,316
	37,555	11,131	67,061	34,036
Total other operating expenses	263,746	178,509	651,906	524,434

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

A23. ALLOWANCES FOR CREDIT IMPAIRMENT LOSSES

	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2022	30/9/2021	30/9/2022	30/9/2021
	RM'000	RM'000	RM'000	RM'000
The Group				
ECL made on/(written-back) :				
- loans, advances and financing	242,775	56,300	348,520	179,318
- trace receivables	125	42	(816)	(1,069)
- securities and placements	(2,314)	1,931	(24,702)	65,715
- loan/financing commitments and financial guarantee	2,125	(792)	(18,796)	1,312
Bad debts and financing :				
- recovered	(37,551)	(8,572)	(65,272)	(23,462)
- written-off	28,385	335	29,197	1,293
	233,545	49,244	268,131	223,107
The Bank				
ECL made on/(written-back) :				
- loans, advances and financing	186,497	45,648	257,434	112,884
- securities and placements	(2,825)	(4,949)	(25,466)	49,056
- loan/financing commitments and financial guarantee	2,620	(305)	(17,032)	1,289
Bad debts and financing :				
- recovered	(10,068)	(7,648)	(33,511)	(20,121)
- written-off	28,834	279	29,321	997
	205,058	33,025	210,746	144,105

A24. ALLOWANCES FOR IMPAIRMENT LOSSES ON OTHER ASSETS AND GOODWILL

	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2022	30/9/2021	30/9/2022	30/9/2021
	RM'000	RM'000	RM'000	RM'000
The Group				
Allowance for impairment on:				
- goodwill	74,644	-	74,644	-
- amount due from joint ventures	5,059	-	6,189	1,344
- other debtors	2,687	-	5,013	-
	82,390	-	85,846	1,344
The Bank				
Allowance for impairment on:				
- other debtors	1,891	-	3,152	-
	1,891	-	3,152	-

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

A25. SEGMENTAL INFORMATION ON REVENUE AND PROFIT

The segment analysis by activity for the individual and cumulative quarters ended 30 September 2022 and 30 September 2021 are as follows:

Current year's individual quarter ended 30 September 2022 :

	Continuing Operations					Total RM'000	Discontinued Operations RM'000	Total RM'000
	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Elimination RM'000			
Revenue								
External revenue	469,757	61,200	-	3,532	-	534,489	1,088,100	1,622,589
Intersegment revenue	4,973	(4,481)	-	175	(667)	-	-	-
Segment revenue	474,730	56,719	-	3,707	(667)	534,489	1,088,100	1,622,589
Operating expenses	(323,911)	(43,082)	-	(2,944)	1,651	(368,286)	(15,297)	(383,583)
of which :-								
Depreciation of property and equipment	(7,530)	(852)	-	(107)	-	(8,489)	(218)	(8,707)
Depreciation of right-of-use assets	(7,686)	(2,370)	-	(88)	850	(9,294)	(115)	(9,409)
Amortisation of intangible assets	(5,511)	(215)	-	(2)	-	(5,728)	(114)	(5,842)
(Allowances for)/write-back of impairment losses on financing/trade receivables/securities/ other assets and goodwill	(244,752)	3,558	-	-	(74,741)	(315,935)	-	(315,935)
Segment results	(93,933)	17,195	-	763	(73,757)	(149,732)	1,072,803	923,071
Share of results of joint venture (net of tax)	-	-	(3,210)	-	-	(3,210)	-	(3,210)
Share of results of associate (net of tax)	-	-	(1,456)	-	-	(1,456)	-	(1,456)
Profit before zakat and taxation	(93,933)	17,195	(4,666)	763	(73,757)	(154,398)	1,072,803	918,405
Zakat	(2,000)	17	-	-	-	(1,983)	(52)	(2,035)
Profit before taxation	(95,933)	17,212	(4,666)	763	(73,757)	(156,381)	1,072,751	916,370
Taxation						(37,124)	(2,608)	(39,732)
Net profit for the individual quarter						(193,505)	1,070,143	876,638

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

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

The segment analysis by activity for the individual and cumulative quarters ended 30 September 2022 and 30 September 2021 are as follows (Cont.):

Preceding year's individual quarter ended 30 September 2021 :

	Continuing Operations					Total RM'000	Discontinued Operations RM'000	Total RM'000
	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Elimination RM'000			
Revenue								
External revenue	391,496	71,903	-	3,431	-	466,830	85,661	552,491
Intersegment revenue	95,689	4,885	-	128	(100,702)	-	-	-
Segment revenue	487,185	76,788	-	3,559	(100,702)	466,830	85,661	552,491
Operating expenses	(241,129)	(29,566)	-	(3,408)	702	(273,401)	(52,919)	(326,320)
of which :-								
Depreciation of property and equipment	(4,963)	(1,752)	-	(85)	-	(6,800)	(944)	(7,744)
Depreciation of right-of-use assets	(8,474)	(1,434)	-	(87)	-	(9,995)	(989)	(10,984)
Amortisation of intangible assets	(5,333)	(255)	-	(3)	-	(5,591)	(410)	(6,001)
(Allowances for)/write-back of impairment losses on financing/trade receivables/securities and other assets	(42,462)	(6,592)	-	-	(190)	(49,244)	(1)	(49,245)
Segment results	203,594	40,630	-	151	(100,190)	144,185	32,741	176,926
Share of results of joint venture (net of tax)	-	-	913	-	-	913	-	913
Share of results of associate (net of tax)	-	-	11,309	-	-	11,309	-	11,309
Profit before zakat and taxation	203,594	40,630	12,222	151	(100,190)	156,407	32,741	189,148
Zakat	(1,830)	(371)	-	-	-	(2,201)	(138)	(2,339)
Profit before taxation	201,764	40,259	12,222	151	(100,190)	154,206	32,603	186,809
Taxation						(37,931)	(6,026)	(43,957)
Net profit for the individual quarter						116,275	26,577	142,852

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

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

The segment analysis by activity for the individual and cumulative quarters ended 30 September 2022 and 30 September 2021 are as follows (Cont.):

Current year's cumulative quarter ended 30 September 2022 :

	Continuing Operations					Total RM'000	Discontinued Operations RM'000	Total RM'000
	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Elimination RM'000			
Revenue								
External revenue	1,300,917	177,497	-	9,180	-	1,487,594	1,243,005	2,730,599
Intersegment revenue	7,111	(4,655)	-	521	(2,977)	-	-	-
Segment revenue	1,308,028	172,842	-	9,701	(2,977)	1,487,594	1,243,005	2,730,599
Operating expenses	(842,030)	(126,518)	-	(8,236)	3,116	(973,668)	(100,691)	(1,074,359)
of which :-								
Depreciation of property and equipment	(18,821)	(2,451)	-	(201)	-	(21,473)	(1,885)	(23,358)
Depreciation of right-of-use assets	(22,827)	(4,203)	-	(262)	850	(26,442)	(2,085)	(28,527)
Amortisation of intangible assets	(17,068)	(717)	-	(8)	-	(17,793)	(952)	(18,745)
(Allowances for)/write-back of impairment losses on financing/trade receivables/securities/ other assets and goodwill	(280,890)	1,629	-	-	(74,716)	(353,977)	(37)	(354,014)
Segment results	185,108	47,953	-	1,465	(74,577)	159,949	1,142,277	1,302,226
Share of results of joint venture (net of tax)	-	-	849	-	-	849	-	849
Share of results of associate (net of tax)	-	-	24,298	-	-	24,298	-	24,298
Profit before zakat and taxation	185,108	47,953	25,147	1,465	(74,577)	185,096	1,142,277	1,327,373
Zakat	(2,000)	(150)	-	-	-	(2,150)	(344)	(2,494)
Profit before taxation	183,108	47,803	25,147	1,465	(74,577)	182,946	1,141,933	1,324,879
Taxation						(121,812)	(16,144)	(137,956)
Net profit for the cumulative quarter						61,134	1,125,789	1,186,923

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

The segment analysis by activity for the individual and cumulative quarters ended 30 September 2022 and 30 September 2021 are as follows (Cont.):

Preceding year's cumulative quarter ended 30 September 2021 :

	Continuing Operations					Total RM'000	Discontinued Operations RM'000	Total RM'000
	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Elimination RM'000			
Revenue								
External revenue	1,128,548	240,406	-	9,488	-	1,378,442	290,581	1,669,023
Intersegment revenue	138,995	6,717	-	602	(146,314)	-	-	-
Segment revenue	1,267,543	247,123	-	10,090	(146,314)	1,378,442	290,581	1,669,023
Operating expenses	(707,947)	(134,326)	-	(8,988)	3,914	(847,347)	(159,939)	(1,007,286)
of which :-								
Depreciation of property and equipment	(14,749)	(4,618)	-	(124)	-	(19,491)	(3,023)	(22,514)
Depreciation of right-of-use assets	(25,349)	(4,313)	-	(262)	-	(29,924)	(3,047)	(32,971)
Amortisation of intangible assets	(16,635)	(3,819)	-	(9)	-	(20,463)	(1,257)	(21,720)
(Allowances for)/write-back of impairment losses on financing/trade receivables/securities and other assets	(196,080)	(28,295)	-	-	(76)	(224,451)	(135)	(224,586)
Segment results	363,516	84,502	-	1,102	(142,476)	306,644	130,507	437,151
Share of results of joint venture (net of tax)	-	-	7,398	-	-	7,398	-	7,398
Share of results of associate (net of tax)	-	-	28,700	-	-	28,700	-	28,700
Profit before zakat and taxation	363,516	84,502	36,098	1,102	(142,476)	342,742	130,507	473,249
Zakat	(1,830)	(1,862)	-	-	-	(3,692)	(508)	(4,200)
Profit before taxation	361,686	82,640	36,098	1,102	(142,476)	339,050	129,999	469,049
Taxation						(86,008)	(25,116)	(111,124)
Net profit for the cumulative quarter						253,042	104,883	357,925

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A26. SUBSEQUENT MATERIAL EVENT

There were no material events subsequent to the balance sheet date that require disclosure or adjustments to the unaudited condensed interim financial statements, except for Note B6(b).

A27. CHANGES IN THE COMPOSITION OF THE GROUP

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

A28. COMMITMENTS AND CONTINGENCIES

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

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

	The Group		The Bank	
	Principal Amount		Principal Amount	
	30/9/2022	31/12/2021	30/9/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes *	531,066	548,856	411,864	456,935
Transaction-related contingent items	1,283,183	1,477,614	814,785	982,691
Short-term self-liquidating trade-related contingencies	456,332	461,206	141,372	200,556
Forward asset purchases	5,000	-	-	-
Irrevocable commitments to extend credit				
- Maturity less than one year	5,452,946	5,069,907	3,694,721	3,541,944
- Maturity more than one year	2,653,868	2,039,539	1,717,323	1,197,170
Foreign exchange related contracts #				
- Less than one year	27,666,172	25,519,945	22,094,434	14,563,705
- One year to less than five years	888,702	897,663	-	83,340
Interest rate related contracts #				
- Less than one year	2,165,350	1,135,000	1,125,350	355,000
- One year to less than five years	6,649,153	4,813,000	4,584,153	2,663,000
- Five years and above	790,000	955,000	790,000	955,000
Other/Miscellaneous Commitments and Contingencies				
- Maturity less than one year	60	-	-	-
- Maturity more than one year	5,598	-	-	-
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	1,291,049	1,116,522	-	-
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.	4,114,161	-	4,114,161	-
Unutilised credit card lines	1,426,825	1,163,042	1,184,095	948,592
	55,379,465	45,197,294	40,672,258	25,947,933

* Included in direct credit substitutes are financial guarantee contracts of RM531.1 million and RM411.9 million at the Group and the Bank respectively (2021: RM548.9 million and RM456.9 million at the Group and the Bank respectively), of which fair value at the time of issuance is zero.

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

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

A29. DERIVATIVE FINANCIAL INSTRUMENTS

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 September 2022												
Trading derivatives												
Foreign exchange derivatives :												
- Currency forwards	8,496,221	275,165	8,762	8,780,148	238,337	12,177	2,914	253,428	44,973	2,343	2,099	49,415
- Currency swaps	19,315,797	450,159	8,770	19,774,726	250,976	7,119	-	258,095	345,957	16,735	630	363,322
Interest rate derivatives :												
- Interest rate swaps	2,165,350	3,160,078	4,279,075	9,604,503	8,956	24,317	91,491	124,764	8,060	20,374	79,699	108,133
	29,977,368	3,885,402	4,296,607	38,159,377	498,269	43,613	94,405	636,287	398,990	39,452	82,428	520,870
As at 31 December 2021												
Trading derivatives												
Foreign exchange derivatives :												
- Currency forwards	8,792,955	214,266	103,735	9,110,956	25,015	65	125	25,205	54,391	5,944	1,475	61,810
- Cross currency swaps	207,100	-	-	207,100	709	-	-	709	49,343	1,231	-	50,574
- Currency swaps	16,519,890	475,809	103,853	17,099,552	76,132	9,781	1,561	87,474	15,098	3,766	103	18,967
Interest rate derivatives :												
- Interest rate swaps	1,135,000	2,928,000	2,840,000	6,903,000	3,908	30,795	38,790	73,493	5,157	36,908	28,213	70,278
	26,654,945	3,618,075	3,047,588	33,320,608	105,764	40,641	40,476	186,881	123,989	47,849	29,791	201,629

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

A29. DERIVATIVE FINANCIAL INSTRUMENTS (Cont.)

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

	< ----- Contract/Notional Amount ----- >				< ----- Positive Fair Value ----- >				< ----- Negative Fair Value ----- >			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
The Bank												
As at 30 September 2022												
Trading derivatives												
Foreign exchange derivatives :												
- Currency forwards	4,733,517	-	-	4,733,517	116,428	-	-	116,428	19,630	-	-	19,630
- Currency swaps	17,360,917	-	-	17,360,917	250,462	-	-	250,462	317,828	-	-	317,828
Interest rate derivatives :												
- Interest rate swaps	1,125,350	2,070,078	3,304,075	6,499,503	5,528	18,182	81,887	105,597	6,051	16,180	70,982	93,213
	23,219,784	2,070,078	3,304,075	28,593,937	372,418	18,182	81,887	472,487	343,509	16,180	70,982	430,671
As at 31 December 2021												
Trading derivatives												
Foreign exchange derivatives :												
- Currency forwards	2,731,419	-	-	2,731,419	7,210	-	-	7,210	17,756	-	-	17,756
- Cross currency swaps	207,100	-	-	207,100	709	-	-	709	61	-	-	61
- Currency swaps	11,625,186	83,340	-	11,708,526	46,795	-	-	46,795	53,702	1,231	-	54,933
Interest rate derivatives :												
- Interest rate swaps	355,000	1,368,000	2,250,000	3,973,000	1,466	15,204	33,256	49,926	2,075	23,710	27,002	52,787
	14,918,705	1,451,340	2,250,000	18,620,045	56,180	15,204	33,256	104,640	73,594	24,941	27,002	125,537

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A29. DERIVATIVE FINANCIAL INSTRUMENTS (Cont.)

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

Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at the reporting date, the notional amount of foreign exchange exposure which was not hedged and hence, exposed to market risk was RM27.1 million (2021 : RM18.2 million), while the notional amount of interest rate contract was RM815.3 million (2021 : RM899.3 million).

Credit risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the commercial bank has a gain position. As at the reporting date, the amounts of foreign exchange and interest rate credit risk, measured in terms of the cost to replace the profitable contracts, was RM527.0 million (2021 : RM383.6 million) and RM247.4 million (2021 : RM185.3 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 2021.

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

A30. FAIR VALUE MEASUREMENTS

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

- (a) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities
(b) Level 2 - quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
(c) Level 3 - valuations derived from valuation techniques in which one or more significant inputs are not based on observable market data.

The Group	Level 1	Level 2	Level 3	Total
30 September 2022	RM'000	RM'000	RM'000	RM'000
Financial Assets				
Financial assets at FVTPL:				
- Money market instruments	-	1,361,907	-	1,361,907
- Corporate bonds/Sukuk	-	2	65,052	65,054
- Shares and unit trusts	54,456	-	104,607	159,063
Derivative financial assets	-	636,287	-	636,287
Financial investments at FVOCI:				
- Money market instruments	-	1,997,848	-	1,997,848
- Shares, unit trusts and REITs	-	-	216,093	216,093
- Corporate bonds/Sukuk	-	1,603,315	-	1,603,315
	54,456	5,599,359	385,752	6,039,567
Financial Liabilities				
Derivative financial liabilities	-	520,870	-	520,870
Other liabilities - equities trading	2,430	-	-	2,430
	2,430	520,870	-	523,300
31 December 2021				
Financial Assets				
Financial assets at FVTPL :				
- Money market instruments	-	249,582	-	249,582
- Shares and unit trusts	-	1,008	14,923	15,931
- Corporate bonds/Sukuk	228,916	-	104,171	333,087
Derivative financial assets	-	186,881	-	186,881
Financial investments at FVOCI :				
- Money market instruments	-	2,007,150	-	2,007,150
- Shares, unit trusts and REITs	-	-	224,855	224,855
- Corporate bonds/Sukuk	-	1,645,617	-	1,645,617
	228,916	4,090,238	343,949	4,663,103
Financial Liabilities				
Derivative financial liabilities	-	201,629	-	201,629
Puttable liability - investment in funds	33,442	-	-	33,442
Other liabilities - equities trading	2,853	-	-	2,853
	36,295	201,629	-	237,924

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

A30. FAIR VALUE MEASUREMENTS (Cont.)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
The Bank				
30 September 2022				
Financial Assets				
Financial assets at FVTPL:				
- Money market instruments	-	1,122,008	-	1,122,008
- Corporate bonds/Sukuk	-	-	65,052	65,052
- Unquoted shares	-	-	104,607	104,607
Derivative financial assets	-	472,487	-	472,487
Financial investments at FVOCI:				
- Unquoted shares	-	-	192,168	192,168
	-	1,594,495	361,827	1,956,322
Financial Liabilities				
Derivative financial liabilities	-	430,671	-	430,671
31 December 2021				
Financial Assets				
Financial assets at FVTPL:				
- Money market instruments	-	249,582	-	249,582
- Unquoted shares	-	-	14,923	14,923
- Corporate bonds/Sukuk	-	-	104,171	104,171
Derivative financial assets	-	104,640	-	104,640
Financial investments at FVOCI:				
- Unquoted shares	-	-	198,148	198,148
	-	354,222	317,242	671,464
Financial Liabilities				
Derivative financial liabilities	-	125,537	-	125,537

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

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

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

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

A30. 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 (2021: Nil).

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

	The Group		The Bank	
	30/9/2022	31/12/2021	30/9/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial period/year	343,949	325,731	317,242	300,401
Purchases	46,292	-	49,274	-
Sales/Redemption	(5,980)	(252)	(5,980)	(252)
Total gains recognised in other comprehensive income	1,491	18,470	1,291	17,093
At end of the financial period/year	385,752	343,949	361,827	317,242

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.

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

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 9 December 2020.

The Group and the Bank are currently adopting Standardised Approach for Credit Risk and Market Risk and the basic Indicator Approach for Operational Risk. The minimum capital adequacy requirement by BNM for Common Equity Tier 1 Capital Ratio ('CET1'), Tier 1 Capital Ratio and Total Capital Ratio are 7.00%, 8.50% and 10.50% respectively for year 2019 onwards.

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

	The Group		The Bank	
	30/9/2022 RM'000	31/12/2021 RM'000	30/9/2022 RM'000	31/12/2021 RM'000
a) The components of CET 1, Tier 1 and Tier 2 capital :				
<u>CET 1</u>				
Paid-up share capital	5,131,562	4,969,150	5,131,562	4,969,150
Retained profits	5,721,925	4,163,442	3,255,822	3,119,461
Unrealised (losses)/gains on FVOCI instruments	(5,807)	90,473	151,647	157,267
Other disclosed reserves	-	(88,737)	-	-
Foreign exchange reserves	-	39	-	-
	10,847,680	9,134,367	8,539,031	8,245,878
Less: Regulatory adjustments:				
- Goodwill and other intangibles	(621,550)	(895,850)	(185,359)	(198,733)
- Deferred tax assets	(214,584)	(223,344)	(117,712)	(111,900)
- 55% of cumulative unrealised gains on FVOCI instruments	-	(49,760)	(83,406)	(86,497)
- Investment in subsidiaries, joint ventures and associates	(796,557)	(907,293)	(3,684,278)	(3,796,621)
- Other CET1 transitional adjustment	448,243	341,998	325,454	238,228
Total CET 1 Capital	9,663,232	7,400,118	4,793,730	4,290,355
<u>Additional Tier 1 Capital</u>				
Additional Tier 1 Capital	800,000	800,000	500,000	500,000
Qualifying capital instruments held by third party	-	32,933	-	-
	800,000	832,933	500,000	500,000
Total Tier 1 Capital	10,463,232	8,233,051	5,293,730	4,790,355
<u>Tier 2 Capital</u>				
Subordinated MTNs	955,000	2,455,000	500,000	2,000,000
Expected loss provisions [#]	412,062	277,775	279,301	170,816
Less: Regulatory adjustments:				
- Investment in capital instruments of unconsolidated financial and insurance entities	(30,914)	(30,914)	(375,914)	(375,914)
Total Tier 2 Capital	1,336,148	2,701,861	403,387	1,794,902
Total Capital	11,799,380	10,934,912	5,697,117	6,585,257
b) The breakdown of risk-weighted assets:				
Credit risk	52,128,687	46,962,011	32,579,031	29,381,798
Market risk	604,484	781,246	406,278	567,804
Operational risk	3,854,890	3,580,698	1,785,398	1,671,929
Total risk-weighted assets	56,588,061	51,323,955	34,770,707	31,621,531
c) Capital adequacy ratios:				
<u>With transitional arrangements</u>				
CET 1 capital ratio	17.076%	14.418%	13.787%	13.568%
Tier 1 capital ratio	18.490%	16.041%	15.225%	15.149%
Total capital ratio	20.851%	21.306%	16.385%	20.825%
CET 1 capital ratio (net of proposed dividends) ^{Note 1}	16.331%	14.198%	12.573%	13.209%
Tier 1 capital ratio (net of proposed dividends) ^{Note 1}	17.744%	15.820%	14.011%	14.791%
Total capital ratio (net of proposed dividends) ^{Note 1}	20.105%	21.085%	15.171%	20.467%

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

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

A31. CAPITAL ADEQUACY (Cont.)

	The Group		The Bank	
	30/9/2022	31/12/2021	30/9/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
c) Capital adequacy ratios (cont.):				
<u>Without transitional arrangements</u>				
CET 1 capital ratio	16.284%	13.752%	12.851%	12.814%
Tier 1 capital ratio	17.698%	15.375%	14.289%	14.396%
Total capital ratio	20.483%	21.242%	15.817%	20.693%
CET 1 capital ratio (net of proposed dividends) ^{Note 1}	15.538%	13.531%	11.637%	12.456%
Tier 1 capital ratio (net of proposed dividends) ^{Note 1}	16.952%	15.154%	13.075%	14.037%
Total capital ratio (net of proposed dividends) ^{Note 1}	19.737%	21.021%	14.603%	20.335%

Note 1 :

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

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

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

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

In accordance with BNM's Guidelines on Investment Account, the credit and market risk weighted on the assets funded by the RIA are included in calculation of capital adequacy for the Bank. As at 30 September 2022, RIA assets included in the Total Capital Ratio calculation amounted to RM1,825.6 million (2021: RM1,834.6 million).

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

	Economic Entity		The Bank	
	30/9/2022	31/12/2021	30/9/2022	31/12/2021
<u>With transitional arrangements</u>				
CET 1 capital ratio	11.713%	12.138%	11.713%	12.138%
Tier 1 capital ratio	13.251%	13.873%	13.251%	13.873%
Total capital ratio	17.906%	19.027%	17.906%	19.027%
<u>Without transitional arrangements</u>				
CET 1 capital ratio	11.181%	11.669%	11.181%	11.669%
Tier 1 capital ratio	12.718%	13.404%	12.718%	13.404%
Total capital ratio	17.906%	19.027%	17.906%	19.027%

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

	The Group		The Bank	
	30/9/2022	31/12/2021	30/9/2022	31/12/2021
<u>With transitional arrangements</u>				
CET 1 capital ratio	77.125%	31.426%	97.709%	45.802%
Tier 1 capital ratio	77.125%	32.508%	97.709%	45.802%
Total capital ratio	77.801%	33.028%	98.565%	46.578%
CET 1 capital ratio (net of proposed dividends)	33.344%	31.426%	42.251%	45.802%
Tier 1 capital ratio (net of proposed dividends)	33.344%	32.508%	42.251%	45.802%
Total capital ratio (net of proposed dividends)	34.021%	33.028%	43.107%	46.578%
<u>Without transitional arrangements</u>				
CET 1 capital ratio	76.474%	30.665%	96.883%	44.641%
Tier 1 capital ratio	76.474%	31.747%	96.883%	44.641%
Total capital ratio	77.150%	32.437%	97.739%	45.416%
CET 1 capital ratio (net of proposed dividends)	32.693%	30.665%	41.425%	44.641%
Tier 1 capital ratio (net of proposed dividends)	32.693%	31.747%	41.425%	44.641%
Total capital ratio (net of proposed dividends)	33.370%	32.437%	42.281%	45.416%

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

A32. OPERATIONS OF ISLAMIC BANKING - AFFIN ISLAMIC BANK BERHAD

(i) Unaudited Statements of Financial Position

	Economic Entity	
	30/9/2022 RM'000	31/12/2021 RM'000
ASSETS		
Cash and short-term funds	1,467,796	2,240,427
Deposits and placements with Banks and other financial institutions	-	50,008
Financial assets at fair value through profit or loss ('FVPTL')	199,444	-
Derivative financial assets	108,844	11,436
Financial investments at amortised cost ('AC')	4,926,725	3,464,981
Financing and other financing	25,118,815	22,570,323
Other assets	129,242	77,711
Amount due from holding company	49,581	-
Amount due from joint ventures	10,742	15,737
Taxation recoverable	564	-
Deferred tax assets	22,759	22,484
Property and equipment	1,526	1,328
Right-of-use assets	513	632
Intangible assets	186	345
TOTAL ASSETS	32,036,737	28,455,412
LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		
Deposits from customers	25,104,461	21,990,129
Investment accounts of customers	978	1,329
Deposits and placements of banks and other financial institutions	1,467,277	358,050
Investment accounts due to designated financial institutions	1,819,948	1,831,585
Derivative financial liabilities	30,659	10,659
Recourse obligation on financing sold to Cagamas Berhad	50,344	50,033
Other liabilities	141,115	188,453
Amount due to holding company	-	758,812
Provision for taxation	-	8,033
Lease liabilities	551	666
Subordinated term financing and medium term notes	1,125,372	1,111,034
TOTAL LIABILITIES	29,740,705	26,308,783
ISLAMIC BANKING CAPITAL FUNDS		
Share capital	1,060,000	1,060,000
Reserves	1,236,032	1,086,629
Total Islamic Banking Capital Funds	2,296,032	2,146,629
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS	32,036,737	28,455,412
COMMITMENTS AND CONTINGENCIES	6,310,905	5,075,670

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

A32. OPERATIONS OF ISLAMIC BANKING - AFFIN ISLAMIC BANK BERHAD (Cont.)

(ii) Unaudited Income Statements

	Economic Entity			
	Individual Quarter Ended 30/9/2022	30/9/2021	Cumulative Quarter Ended 30/9/2022	30/9/2021
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	306,553	231,234	815,696	654,191
Income derived from investment of investment accounts	21,626	17,616	60,320	53,997
Income derived from investment of shareholders' funds	27,364	20,187	73,904	59,912
Allowances for impairment losses on financing and other financing	(31,630)	(9,016)	(58,938)	(49,266)
Allowance for impairment losses on other assets	(6,167)	-	(8,037)	(1,344)
Total distributable income	317,746	260,021	882,945	717,490
Income attributable to the depositors and others	(150,579)	(121,527)	(401,888)	(338,093)
Income attributable to the investment accounts holders	(18,975)	(16,689)	(54,911)	(49,827)
Total net income	148,192	121,805	426,146	329,570
Other operating expenses	(60,197)	(62,661)	(190,253)	(183,656)
Profit before zakat and taxation	87,995	59,144	235,893	145,914
Zakat	(2,000)	(1,830)	(2,000)	(1,830)
Profit before taxation	85,995	57,314	233,893	144,084
Taxation	(41,107)	(15,179)	(84,490)	(38,063)
Net profit for the financial period	44,888	42,135	149,403	106,021

(iii) Unaudited Statements of Comprehensive Income

	Economic Entity			
	Individual Quarter Ended 30/9/2022	30/9/2021	Cumulative Quarter Ended 30/9/2022	30/9/2021
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	44,888	42,135	149,403	106,021
Other comprehensive income :				
<u>Items that may be reclassified subsequently to profit or loss :</u>				
- Net fair value change in financial investments at FVOCI	-	(15,885)	-	(122,885)
- Net credit impairment loss change in financial investments at FVOCI	-	(94)	-	(1,343)
- Net gain on financial investments measured at FVOCI reclassified to profit or loss on disposal	-	(300)	-	(2,224)
- Deferred tax on financial investments at FVOCI	-	3,884	-	30,026
Other comprehensive loss for the financial period, net of tax	-	(12,395)	-	(96,426)
Total comprehensive income/(loss) for the financial period	44,888	29,740	149,403	9,595

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

A32. OPERATIONS OF ISLAMIC BANKING - AFFIN ISLAMIC BANK BERHAD (Cont.)

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

Economic Entity	<-----Attributable to Equity Holder of the Bank----->				
	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Total equity RM'000
At 1 January 2022	1,060,000	-	105,613	981,016	2,146,629
Comprehensive income :					
- Net profit for the financial period	-	-	-	149,403	149,403
Total comprehensive income	-	-	-	149,403	149,403
Transfer from regulatory reserves	-	-	(59,145)	59,145	-
At 30 September 2022	1,060,000	-	46,468	1,189,564	2,296,032

Economic Entity	<-----Attributable to Equity Holder of the Bank----->				
	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Total equity RM'000
At 1 January 2021	1,060,000	(4,919)	127,093	768,941	1,951,115
Comprehensive income :					
- Net profit for the financial period	-	-	-	106,021	106,021
Other comprehensive income (net of tax) :					
- Financial investments at FVOCI	-	(96,426)	-	-	(96,426)
Total comprehensive income	-	(96,426)	-	106,021	9,595
Transfer from regulatory reserves	-	-	(49,533)	49,533	-
At 30 September 2021	1,060,000	(101,345)	77,560	924,495	1,960,710

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

A32. OPERATIONS OF ISLAMIC BANKING - AFFIN ISLAMIC BANK BERHAD (Cont.)

	Economic Entity	
	30/9/2022	31/12/2021
	RM'000	RM'000
(v) Financing and other financing		
By type		
Cashline	734,893	651,183
Term financing		
- Housing financing	9,006,678	8,443,386
- Hire purchase receivables	5,064,681	4,561,420
- Syndicated financing	857,639	869,857
- Others term loan/financing	7,407,734	6,221,332
Bills receivables	129,684	92,878
Trust receipts	19,542	13,142
Claims on customers under acceptance credits	837,385	701,318
Staff financing (of which RM Nil to Directors)	116,836	104,165
Credit/charge cards receivables	55,575	44,830
Revolving financing	1,164,415	1,070,514
Gross financing and other financing	25,395,062	22,774,025
Less : ECL	(276,247)	(203,702)
Total net financing and other financing	25,118,815	22,570,323
(vi) Movements of impaired financing		
At beginning of the financial period/year	381,586	315,471
Classified as impaired	174,104	314,867
Reclassified as non-impaired	(102,364)	(113,207)
Amount recovered	(91,061)	(115,731)
Amount written-off	(17,752)	(19,814)
At end of the financial period/year	344,513	381,586
Ratio of gross impaired financing and other financing to gross financing and other financing (exclude restricted investment accounts)*	0.84%	1.11%

(*) For AFFIN Islamic Bank, RIA excluded in the ratio calculation amounting to RM1,825.6 million (2021: RM1,834.6 million) with impaired financing amounting to RM146.3 million (2021: RM149.9 million).

AFFIN Islamic Bank may write-off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written-off during the quarter ended 30 September 2022 for the Bank is RM17.8 million (2021: RM19.8 million). The Bank will still seek to recover the amounts that is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

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

A32. OPERATIONS OF ISLAMIC BANKING - AFFIN ISLAMIC BANK BERHAD (Cont.)

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

Economic Entity 30/9/2022	12-Month	Lifetime ECL	Lifetime ECL	Total
	ECL (Stage 1) RM'000	not credit impaired (Stage 2) RM'000	credit impaired (Stage 3) RM'000	
At beginning of the financial period	72,928	76,859	53,915	203,702
Total transfer between stages due to change in credit risk :	22,100	3,745	(25,845)	-
- Transfer to 12-month ECL (Stage 1)	26,500	(22,151)	(4,349)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(4,367)	29,351	(24,984)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(33)	(3,455)	3,488	-
Financing derecognised (other than write-off)	(25,171)	(7,836)	(2,987)	(35,994)
New financing and other financing originated or purchased	31,175	8,564	-	39,739
Changes due to change in credit risk	(29,509)	54,273	61,459	86,223
Write-off	-	-	(17,432)	(17,432)
Other adjustments	9	-	-	9
At end of the financial period	71,532	135,605	69,110	276,247
Economic Entity 31/12/2021				
At beginning of the financial year	47,261	54,706	82,430	184,397
Total transfer between stages due to change in credit risk :	18,194	11,148	(29,342)	-
- Transfer to 12-month ECL (Stage 1)	22,251	(16,921)	(5,330)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(3,934)	33,849	(29,915)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(123)	(5,780)	5,903	-
Financing derecognised (other than write-off)	(33,764)	(1,221)	(2,145)	(37,130)
New financing and other financing originated or purchased	40,560	687	-	41,247
Changes due to change in credit risk	676	11,539	22,499	34,714
Write-off	-	-	(19,527)	(19,527)
Other adjustments	1	-	-	1
At end of the financial year	72,928	76,859	53,915	203,702

(viii) Deposits from customers

	Economic Entity	
	30/9/2022 RM'000	31/12/2021 RM'000
<u>Qard</u>		
Demand deposits	3,941,075	4,476,588
Savings deposits	905,017	952,617
	4,846,092	5,429,205
<u>Mudarabah</u>		
General investment deposits	35,890	41,235
<u>Tawarruq</u>		
Murabahah term deposits	17,790,025	14,669,830
Commodity Murabahah Deposit	1,322,618	1,122,215
Savings deposits	524,419	159,324
Demand deposit	585,417	568,320
	20,222,479	16,519,689
Total deposits from customers	25,104,461	21,990,129

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

The profit after tax disclosed in Table 1 represents the profit from the Group's continuing operations. The Group had accounted for the Divestment as a discontinuing operation in accordance with MFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. Refer to Note B6 (b) for the details of the Divestment.

Table 1 : Financial review for individual and cumulative quarter ended 30 September 2022 against preceding year's corresponding quarter

	Individual Quarter Ended		Changes		Cumulative Quarter Ended		Changes	
	30/9/2022 RM'000	30/9/2021 RM'000	RM'000	%	30/9/2022 RM'000	30/9/2021 RM'000	RM'000	%
Net Income	534,489	466,830	67,659	14.5	1,487,594	1,378,442	109,152	7.9
Operating Profit	166,203	193,429	(27,226)	(14.1)	159,949	306,644	(146,695)	(47.8)
(Loss)/Profit Before Zakat and Tax	(154,398)	156,407	(310,805)	(198.7)	185,096	342,742	(157,646)	(46.0)
(Loss)/Profit Before Tax	(156,381)	154,206	(310,587)	(201.4)	182,946	339,050	(156,104)	(46.0)
(Loss)/Profit After Tax	(193,505)	116,275	(309,780)	(266.4)	61,134	253,042	(191,908)	(75.8)
(Loss)/Profit attributable to equity holders of the Bank	(193,505)	116,275	(309,780)	(266.4)	61,134	253,042	(191,908)	(75.8)

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

The Group registered a profit before tax of RM182.9 million for the nine months ended 30 September 2022, lower by RM156.1 million or 46.0% as compared to RM339.1 million recorded in the previous corresponding period.

The lower profits were attributed by higher operating expenses and higher allowances, lower net fee income and lower share of profits from joint venture and associated company. This was mitigated by higher net interest income.

Net interest income increased by RM101.1 million or 15.5% to RM755.2 million as compared to the previous corresponding period of RM654.1 million mainly due to loan/financing and financial investment growth in 2022. Income from Islamic banking operations recorded an increase of RM113.8 million or 29.2% to RM503.6 million year-on-year due to strong growth in financing.

There was higher allowances for impairment losses of RM354.0 million for the current period as compared to RM224.5 million in the previous corresponding period which resulted an increase in loan loss coverage ('LLC') reserves to above 100%.

Gross loans and financing grew by 11.3% for the nine months ended 30 September 2022 to RM57.2 billion despite the challenging environment. Customer deposits also increased by 8.8% to RM64.0 billion, whilst the CASA ratio was 21.43% for the current period as compared to 23.03% in the previous corresponding period.

Common Equity Tier 1 Capital Ratio was 17.08% as at 30 September 2022.

Profit before tax for the financial quarter ended 30 September 2022 as compared to the previous corresponding financial quarter ended 30 September 2021 are further segmented as follows:

Commercial Banking

AFFIN Bank Berhad registered a loss before tax of RM51.1 million for the period ended 30 September 2022, a decrease of RM269.7 million or 123.4%. The loss was mainly due to higher allowances for impairment losses of RM210.7 million as the Group increased management overlays to improve overall LLC reserves.

AFFIN Islamic Bank Berhad registered a higher profit before tax of RM233.9 million for the period ended 30 September 2022, an increase of RM89.8 million or 62.3% compared to RM144.1 million recorded in the previous corresponding period. The increase was due to higher net financing by RM112.9 million, partially off set by higher allowances for impairment losses of RM16.4 million and higher overhead expenses of RM6.6 million.

Investment Banking

AFFIN Hwang Investment Bank ('AHIB') Group showed a decrease in profit before tax of 30.1% for the period ended 30 September 2022, as compared to the previous corresponding period due to lower non interest income. This was mitigated by higher net interest income, lower operating expenses and lower allowances for impairment losses.

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.)

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

Profit before tax for the financial quarter ended 30 September 2022 compared to the previous corresponding financial quarter ended 30 September 2021 are further segmented as follows (Cont.):

Insurance

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

AALI registered a loss after tax of RM3.2 million, a decrease of RM6.5 million as compared to RM7.4 million in the previous corresponding period. The lower profit was mainly contributed by higher expenses arising from higher claims, lower investment income and partially offset by lower policyholder liability reserves.

AAGI registered a profit before tax of RM24.5 million, a decrease of RM4.4 million as compared to RM28.7 million in the previous corresponding period. The decrease was mainly contributed by higher net claims incurred particularly in Motor and Health.

(ii) Current Quarter vs. Previous Corresponding Quarter

The Group reported a loss before tax of RM156.4 million for the quarter ended 30 September 2022, reduced by RM310.6 million or 201.4% as compared to the previous corresponding quarter ended 30 September 2021 of RM154.2 million.

This was mainly due to higher allowances for impairment losses and higher operating expenses.

Net interest income for the quarter under review increased by RM32.9 million as compared to the same quarter last year or 14.1% to RM266.5 million.

Non-interest income of the Group was RM77.8 million, a decrease of RM21.3 million or 21.5% from RM99.1 million in the previous corresponding quarter. This was due to lower net gain on sales of financial instruments of RM11.4 million.

Other operating expenses was 34.7% higher as compared to the same quarter last year due to higher establishment expenses, general and administrative expenses, establishment expenses and personal cost of RM25.6 million, RM26.7 million and RM60.0 million respectively.

Allowances for impairment losses increased by RM266.7 million to RM315.9 million as compared to the same quarter last year of RM49.2 million.

Commercial Banking

AFFIN Bank Berhad registered a loss before tax of RM182.1 million for the current quarter ended 30 September 2022. The loss was contributed by higher allowances for impairment losses of RM173.9 million, lower other income of RM96.5 million and higher operating expenses of RM85.2 million.

AFFIN Islamic Bank Berhad recorded a profit before tax of RM148.8 million for the current quarter, higher by RM91.5 million or 159.6% against the previous corresponding quarter of RM57.3 million. This was contributed by higher net financing and other income of RM55.2 million and lower overhead expenses of RM2.5 million which was partially off set by higher allowances for impairment losses of RM64.2 million.

Investment Banking

AHIB Group recorded a lower profit before tax by RM13.6 million or 57.3% to RM10.1 million as compared to the same quarter last year. The decrease was attributed by lower non-interest income and higher operating expenses for the corresponding quarter ended 30 September 2021.

Insurance

The Group's share of loss after tax in AALI of RM3.2 million for the current quarter ended 30 September 2022 was reduced by RM4.1 million as compared to share of profit of RM0.9 million in the same period last year.

The Group's share of loss after tax in AAGI of RM4.4 million for the current quarter under review was reduced by RM12.8 million as compared to RM11.3 million in the previous corresponding quarter.

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

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

	Current Financial Quarter	Preceding Financial Quarter	Changes	
	30/9/2022 RM'000	30/6/2022 RM'000	RM'000	%
Net income	534,489	503,615	30,874	6.1
Operating Profit	166,203	156,457	9,746	6.2
(Loss)/Profit Before Zakat and Tax	(154,398)	174,194	(328,592)	(188.6)
(Loss)/Profit Before Tax	(156,381)	174,177	(330,558)	(189.8)
(Loss)/Profit After Tax	(193,505)	129,046	(322,551)	(250.0)
(Loss)/Profit attributable to equity holders of the Bank	(193,505)	146,908	(340,413)	(231.7)

Loss before tax of the Group for the quarter under review stood at RM156.4 million, lower by RM330.6 million or 189.8% against the preceding quarter ended 30 June 2022 of RM174.2 million. This was mainly attributed by higher operating expenses of RM59.1 million, higher allowances for impairment losses of RM278.0 million and lower share of profits from joint venture and associated company.

The Islamic banking income was also higher by RM25.7 million to RM190.2 million as compared to RM164.5 million recorded in the preceding quarter ended 30 June 2022.

B3. ECONOMIC AND BUSINESS OUTLOOK FOR 2022

Malaysia's real GDP growth has improved to 8.9% yoy for the second quarter of 2022 which was underpinned by domestic consumption, growth in exports and recovery in the services sector. The economic growth is expected to continue for the remainder of the year.

Geopolitical challenges remain as the Russia-Ukraine war continues and the US Federal Reserve and many other Central Banks in the world continue to hike interest rates, including Bank Negara Malaysia ('BNM') who has raised the Overnight Policy Rate ('OPR') by 75 basis points since the beginning of the year. The MYR has depreciated against the USD and the MYR is expected to fluctuate against other major currencies in the near term.

AFFIN Group will remain cautious during this time of uncertainty and closely monitor the asset quality of its portfolios. AFFIN Group continues its initiatives in support of our customers who are potentially affected by the Covid-19 pandemic or financial challenges. As the AIM22 Metamorphosis plan nears its end with the expected achievement of various key targets of the plan by close of 2022, AFFIN Group now turns its focus towards second phase of transformation journey, the A25 Plan which centers around three main thrusts: Unrivalled Customer Service, Digital Leadership and Responsible Banking with Impact.

B4. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

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

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

B5. TAXATION

	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2022	30/9/2021	30/9/2022	30/9/2021
The Group	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				
Current tax	41,616	47,029	112,831	102,912
Over provision in prior financial year	(94)	(455)	(62)	(739)
Deferred tax income :				
- Relating to originating temporary differences	(4,398)	(8,643)	9,043	(16,165)
	37,124	37,931	121,812	86,008

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

For the preceding year's corresponding period, the Group's effective tax rates were slightly 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	
	30/9/2022	30/9/2021	30/9/2022	30/9/2021
The Bank	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				
Current tax	(728)	25,841	24,296	45,156
Over provision in prior financial year	-	(455)	-	(455)
Deferred tax income :				
- Relating to originating temporary differences	(11,845)	(10,780)	(5,812)	(16,357)
	(12,573)	14,606	18,484	28,344

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

For the preceding year's corresponding period, the Bank's effective tax rates 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

- a) **Proposed disposals of 21.00% equity interest in AXA Affin Life Insurance Berhad and approximately 2.95% equity interest in AXA Affin General Insurance Berhad ('AAGI') and proposed merger of the businesses of MPI Generali Insurans Berhad and AAGI**

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

- Disposal of 21.00% equity interest in AXA Affin Life Insurance Berhad ('AALI') ("Proposed AALI Disposal"); and
- Disposal of approximately 2.95% equity interest in AXA Affin General Insurance Berhad ('AAGI') ('Proposed AAGI Disposal').

Further, upon completion of the Proposed AAGI Disposal, AAGI will acquire certain assets and liabilities of MPI Generali Insurans Berhad ('MPIG') via a business transfer to AAGI ('Proposed Merger').

(Proposed AALI Disposal, Proposed AAGI Disposal and Proposed Merger are collectively referred to as the 'Proposals').

Simultaneously with the Proposed AALI Disposal and Proposed AAGI Disposal, AXA Asia is also selling its entire 49.00% shareholding in AALI and 49.99% shareholding in AAGI.

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

A new locally incorporated company will be established to hold all of the shares in AALI and AAGI (which will be merged with MPIG pursuant to the Proposed Merger) ('Newco'). AFFIN Bank will, in turn, be holding 30% equity interest in the Newco and the remaining 70% equity interest in the Newco will be held by Generali.

The SSA became unconditional on 19 August 2022 and was completed on 30 August 2022. Following the completion of the SSA, the Bank hold 30% equity interest in AALI and 47% equity interest in AAGI (and subsequently be holding 30% equity interest in the enlarged equity interest in AAGI after the Proposed Merger).

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

B6. STATUS OF CORPORATE PROPOSALS (Cont.)

- a) **Proposed disposals of 21.00% equity interest in AXA Affin Life Insurance Berhad and approximately 2.95% equity interest in AXA Affin General Insurance Berhad ('AAGI') and proposed merger of the businesses of MPI Generali Insurans Berhad and AAGI (Cont.)**

With the completion of the Proposed AALI Disposal and Proposed AAGI Disposal, the Bank had also on 30 August 2022 entered into the following agreements:

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

- b) **Proposed divestment of 7,000,000 ordinary shares in Affin Hwang Asset Management Berhad ('AHAM'), representing 63% of the equity interest in AHAM, by Affin Hwang Investment Bank Berhad ('AHIB'), a wholly-owned subsidiary of ABB ('Proposed Divestment').**

On 28 January 2022, AHIB, certain key senior management ('KSM') of AHAM and Starlight Asset Sdn Bhd, an investment holding vehicle incorporated by funds advised by CVC Capital Partners ('Starlight Asset' or 'Purchaser'), entered into a conditional share sale and purchase agreement ('SPA') for the proposed disposal of 7,594,338 ordinary shares in AHAM, representing approximately 68.4% of the equity interest in AHAM, for a provisional cash consideration of RM1,537.9 million, subject to certain price adjustments as well as the terms and conditions as set out in the SPA. AHIB and AHAM KSM are collectively referred to as the 'Vendors'.

Vendors	No. of shares ⁽¹⁾	Sale shares %	Provisional cash consideration RM'000
AHIB	7,000,000	63.0	1,417.5
AHAM KSM ⁽²⁾	594,338	5.4	120.4
	7,594,338	68.4	1,537.9

(1) Based on the total of 11,111,000 ordinary shares in AHAM in issue as at 31 December 2021.

(2) Comprising selected AHAM KSM who exercised their AHAM stock options into AHAM Shares pursuant to the stock option scheme for its key employees in 2014.

Details of the Proposed Divestment

AHIB's provisional cash consideration is based on the Purchaser's offer for 100% equity interest in AHAM at an equity value of RM2,250.0 million ('Ascribed Value'), which includes an agreed pre-closing dividend of at least RM100.0 million to be declared by AHAM to its shareholders prior to the completion of the Proposed Divestment. Hence, AHIB's provisional cash consideration is the Ascribed Value attributable to the Group's Sale Shares, i.e. 63.0% of the Ascribed Value.

Subject to the post-closing adjustments, the final disposal consideration ('Final Sale Price') may differ from the Provisional Purchase Price in the event that there is a change in the shareholders' equity of AHAM and its subsidiaries ('AHAM Group') between 31 December 2021 and the closing date of the SPA.

The shareholders of the Bank had at an Extraordinary General Meeting held on 25 May 2022 resolved to approve the Proposed Divestment and the Securities Commission Malaysia had on 1 July 2022 approved the application for the proposed change in the controller of AHAM and AIIMAN pursuant to the Proposed Divestment, subject to the following conditions:

- (a) no adverse findings against the proposed direct and indirect controllers; and
- (b) the Proposed Divestment shall not adversely affect the soundness of both AHAM and AIIMAN or the interests of the existing clients of AHAM Group.

The SPA became unconditional on 1 July 2022 and was completed on 29 July 2022.

Following the completion of the Proposed Divestment on 29 July 2022, AHAM has ceased to be a subsidiary of the Bank.

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

B6. STATUS OF CORPORATE PROPOSALS (Cont.)

- b) Divestment of 7,000,000 ordinary shares in AFFIN Hwang Asset Management Berhad ('AHAM'), representing 63.0% of the equity interest in AHAM, by AFFIN Hwang Investment Bank Berhad ('AHIB'), a wholly-owned subsidiary of ABB ('Divestment') (Cont.)

Following the completion of the Divestment, AHAM has ceased to be a subsidiary of the Group, the Group recorded a gain on divestment of RM1.08 billion in the unaudited condensed interim financial statements. The Group has accounted for the divestment as a discontinued operation in accordance with MFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. Financial information relating to the discontinued operation is as follows:

Unaudited Statements of Financial Position	Group 30/9/2022 RM'000
Cash and short-term funds	391,530
Financial assets at fair value through profit or loss (FVTPL)	117,467
Trade receivables	123,015
Derivative financial assets	264
Other assets	9,535
Amount due from related companies	2,606
Amount due from ultimate holding company	129
Tax recoverable	10,765
Deferred tax assets	14,621
Property and equipment	6,686
Intangible assets	11,552
Right-of-use ('ROU') assets	2,030
Trade payables	(324,088)
Lease liabilities	(2,158)
Amount due to related companies	(275)
Amount due to holding company	(75)
Other liabilities	(138,913)
Non-controlling interest	(82,279)
Total net assets derecognised	142,412
Less : Goodwill	(180,790)
Realisation of foreign exchange reserve and FVOCI reserve	(94)
Gain on disposal of a subsidiary	1,252,380
Sales consideration	1,213,908
Less : Amount receivable from Starlight Asset	(36,723)
Sales consideration received in cash	1,177,185
Less : Professional and legal fees for the divestment of a subsidiary	(16,604)
Less : Cash and short-term funds of the subsidiary disposed	(391,530)
Cash inflow on disposal of a subsidiary	769,051

Unaudited Income Statements	Cumulative Quarter Ended	
	30/9/2022	30/9/2021
	RM'000	RM'000
Interest income	1,627	1,702
Interest expense	(760)	(5,219)
Net interest income	867	(3,517)
Fee and commission income	267,821	572,922
Fee and commission expense	(79,925)	(282,254)
Net fee and commission income	187,896	290,668
Net gains and losses on financial instruments	(8,418)	349
Other operating income	4,213	3,080
Net income	184,558	290,580
Other operating expenses	(100,691)	(159,938)
Operating profit before allowances	83,867	130,642
Allowances for credit impairment losses	(37)	(133)
Profit before zakat and taxation	83,830	130,509
Zakat	(344)	(508)
Profit before taxation	83,486	130,001
Taxation	(16,144)	(25,118)
Gain on disposal of a subsidiary	1,075,051	-
Professional and legal fees for the divestment of a subsidiary	(16,604)	(96)
Profit from discontinued operations	1,125,789	104,787

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

B6. STATUS OF CORPORATE PROPOSALS (Cont.)

- b) Divestment of 7,000,000 ordinary shares in AFFIN Hwang Asset Management Berhad ('AHAM'), representing 63.0% of the equity interest in AHAM, by AFFIN Hwang Investment Bank Berhad ('AHIB'), a wholly-owned subsidiary of ABB ('Divestment') (Cont.)

Following the completion of the Divestment, AHAM has ceased to be a subsidiary of the Group, the Group recorded a gain on divestment of RM1.08 billion in the unaudited condensed interim financial statements. The Group has accounted for the divestment as a discontinued operation in accordance with MFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. Financial information relating to the discontinued operation is as follows: (Cont.)

	Group	
	30/9/2022	30/9/2021
	RM'000	RM'000
<u>Statements of Cash Flows</u>		
Net cash (used in)/generated from operating activities	(245,340)	318,191
Net cash generated from investing activities	8,112	(12,172)
Net cash used in financing activities	(102,538)	(181,090)
Net (decrease)/increase in cash generated by the discontinued operation	(339,766)	124,929

Subject to relevant regulatory approval, the gain on disposal will be declared as a special dividend to ABB.

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	
	30/9/2022	31/12/2021	30/9/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
(i) <u>Deposits from Customers</u>				
<u>By Type of Deposit:</u>				
Demand Deposits	9,824,434	10,330,348	5,298,430	5,293,917
Savings Deposits	3,880,124	3,209,798	2,450,688	2,097,858
Fixed Deposits	47,869,131	42,389,800	26,795,898	24,202,589
Commodity Murabahah Deposits	1,322,618	1,122,215	-	-
Money Market Deposits	597,298	890,076	597,298	890,076
Negotiable Instruments of Deposits ('NID')	368,575	757,323	368,344	757,323
Others	97,690	94,844	-	-
	63,959,870	58,794,404	35,510,658	33,241,763
<u>By Maturity structure of fixed deposits, NID and others:</u>				
Due within six months	35,642,645	27,663,419	18,450,070	15,138,077
Six months to one year	11,803,618	13,890,498	7,730,517	8,703,922
One year to three years	886,673	1,665,795	981,657	1,098,211
Three years to five years	2,129	21,760	1,998	19,302
Five years and above	331	495	-	400
	48,335,396	43,241,967	27,164,242	24,959,912
<u>By Type of Customer:</u>				
Government and statutory bodies	12,104,784	11,452,139	2,146,291	2,548,186
Business enterprises	16,128,856	13,076,924	8,888,913	7,312,456
Individuals	30,457,796	27,927,505	22,113,936	20,441,760
Domestic Banking institutions	531,261	766,407	529,780	766,180
Domestic non-Banking financial institutions	3,199,435	4,117,877	684,228	1,092,798
Foreign entities	540,229	572,870	419,121	445,170
Others	997,509	880,682	728,389	635,213
	63,959,870	58,794,404	35,510,658	33,241,763
(ii) <u>Deposits and placement of Banks and other financial institutions</u>				
<u>By Type of Institution:</u>				
Licensed Banks	682,137	340,197	663,267	210,249
Licensed investment Banks	772,608	521,830	669,450	407,405
Other financial institutions	1,409,495	2,004,013	388,545	1,660,069
	2,864,240	2,866,040	1,721,262	2,277,723
<u>By Maturity structure of deposits:</u>				
Due within six months	2,631,912	2,866,040	1,721,262	2,277,723
Six months to one year	232,328	-	-	-
	2,864,240	2,866,040	1,721,262	2,277,723
(iii) <u>Lease Liabilities</u>				
At beginning of financial period/year	36,872	50,528	29,232	31,842
Additions	47,203	21,573	43,566	20,907
Interest/Profit expense	1,007	1,837	813	1,210
Lease payments	(28,549)	(37,066)	(22,379)	(24,727)
Disposal of subsidiary	(2,158)	-	-	-
At end of the financial period/year	54,375	36,872	51,232	29,232

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	
	30/9/2022	31/12/2021	30/9/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
(iv) Borrowings				
(a) Tier-2 Subordinated Medium Term Notes ('MTN')	504,589	2,035,845	504,589	2,035,845
(b) Additional Tier-1 Capital Securities ('AT1CS')	505,005	512,236	505,005	512,236
(c) Additional Tier-1 Sukuk Wakalah ('AT1S')	307,662	303,425	-	-
(d) MTN Tier-2 Sukuk Murabahah	460,475	451,569	-	-
	1,777,731	3,303,075	1,009,594	2,548,081
Fair Value Changes	(7,930)	-	(7,930)	-
	1,769,801	3,303,075	1,001,664	2,548,081

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

ABB had, on 7 February 2017 and 20 September 2017, issued 2 tranches of Tier-2 Subordinated MTNs of RM1.0 billion each out of its approved BASEL III Compliant MTN programme of up to RM6.0 billion in nominal value. The Subordinated MTNs were issued for a tenure of 10 years from the issue date on a 10-year non-callable 5-year basis, at a coupon rate of 5.45% and 5.03% respectively. The MTNs were issued for the purpose of general Banking business and working capital requirements of the ABB. On 7 February 2022 and 20 September 2022, the first series and second series of Tier-2 Subordinated MTN of total RM2.0 billion were redeemed. On 26 July 2022, the 3rd tranche of Tier-2 Subordinated MTNs of RM500.0 million was issued.

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

ABB had, on 31 July 2019, issued AT1CS of RM500.0 million out of its approved BASEL III Compliant AT1CS programme of up to RM3.0 billion in nominal value. The AT1CS was on perpetual non-callable 5-year basis, at a coupon rate of 5.80%. The AT1CS was issued for the purpose of general banking business and working capital requirements of the ABB.

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

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

(d) MTN Tier-2 Sukuk Murabahah

AiBB had, on 23 October 2018, issued a MTN Tier-2 Sukuk Murabahah of RM800.0 million out of its Sukuk Programme. The Sukuk Murabahah was issued for a tenure of 10 years from the issue date on a 10-year non-callable 5-year basis, at a coupon rate of 5.05%. The Sukuk Murabahah was issued for the purpose of general banking business and working capital requirements of AiBB.

B8. MATERIAL LITIGATION

There is no material litigation during the financial period ended 30 September 2022.

B9. DIVIDENDS

No dividend has been proposed for the quarter under review.

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

B10. EARNINGS PER SHARE

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

The Group	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2022	30/9/2021	30/9/2022	30/9/2021
<u>Continuing operations</u>				
Net profit attributable to the equity holders of the Bank (RM'000)	(193,505)	116,275	61,134	253,042
Weighted average number of ordinary shares in issue	2,151,868,240	2,106,548,485	2,151,868,240	2,106,548,485
Basic earnings per share (sen)	(8.99)	5.52	2.84	12.01
The Group				
<u>Discontinued operations</u>				
Profit attributable to the equity holders of the Bank (RM'000)	1,065,870	16,927	1,100,825	67,045
Weighted average number of ordinary shares in issue	2,151,868,240	2,106,548,485	2,151,868,240	2,106,548,485
Basic earnings per share (sen)	49.53	0.80	51.16	3.18
The Bank				
Net profit attributable to the equity holders of the Bank (RM'000)	(169,541)	130,111	(69,605)	190,271
Weighted average number of ordinary shares in issue	2,151,868,240	2,106,548,485	2,151,868,240	2,106,548,485
Basic earnings per share (sen)	(7.88)	6.18	(3.23)	9.03

There were no dilutive potential ordinary shares outstanding as at 30 September 2022.