

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

Condensed Interim Financial Statements

Unaudited Statements of Financial Position as at 31 December 2021

	Note	GROUP		BANK	
		31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
ASSETS					
Cash and short-term funds		6,394,457	5,461,365	2,525,482	1,887,584
Deposits and placements with banks and other financial institutions		1,169,809	50,058	1,171,657	-
Investment accounts due from designated financial institutions		-	-	1,825,525	1,743,308
Financial assets at fair value through profit or loss ("FVTPL")	A9	598,600	698,266	368,676	227,923
Derivative financial assets	A30	186,881	388,294	104,640	231,182
Financial investments at fair value through other comprehensive income ("FVOCI")	A10	3,877,622	13,034,053	198,148	6,587,330
Financial investments at amortised cost ("AC")	A11	11,435,142	143,037	9,040,198	361,708
Loans, advances and financing	A12	50,528,068	45,492,878	26,879,336	25,165,425
Trade receivables	A13	527,166	920,417	-	-
Other assets	A14	312,732	269,620	164,088	141,481
Amount due from subsidiaries		-	-	758,924	299,864
Amount due from joint ventures		15,737	15,073	-	-
Amount due from associate		30,888	30,885	30,888	30,885
Tax recoverable		144,638	101,675	117,036	89,480
Deferred tax assets		223,344	112,158	111,900	54,607
Statutory deposits with Bank Negara Malaysia		68,625	103,267	58,325	84,267
Investment in subsidiaries		-	-	3,053,899	3,053,899
Investment in joint ventures		181,853	180,398	194,240	194,240
Investment in associates		725,440	715,716	548,482	548,482
Property and equipment		1,066,826	832,381	1,044,020	805,142
Right-of-use assets		45,387	81,870	36,547	62,875
Intangible assets		895,850	903,750	198,733	202,212
TOTAL ASSETS		78,429,065	69,535,161	48,430,744	41,771,894
LIABILITIES AND EQUITY					
Deposits from customers	B7	58,794,404	49,884,360	33,241,763	27,407,977
Investment accounts of customers		1,329	2,151	-	-
Deposits and placements of banks and other financial institutions	B7	2,866,040	3,720,360	2,277,723	2,407,852
Derivative financial liabilities	A30	201,629	389,819	125,537	228,089
Bills and acceptances payable		28,644	67,010	28,644	67,010
Recourse obligation on loans/financing sold to Cagamas Berhad	A15	669,212	50,034	619,179	-
Trade payables		982,362	921,392	-	-
Lease liabilities	B7	36,872	50,528	29,232	31,842
Other liabilities	A16	1,603,803	1,460,716	676,112	550,162
Amount due to subsidiaries		-	-	2,500	2,229
Provision for taxation		8,040	6,240	-	-
Borrowings	B7	3,303,075	3,345,455	2,548,081	2,548,241
TOTAL LIABILITIES		68,495,410	59,898,065	39,548,771	33,243,402

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

AFFIN BANK BERHAD
Registration No. 197501003274 (25046-T)
Condensed Interim Financial Statements
Unaudited Statements of Financial Position as at 31 December 2021

	Note	GROUP		BANK	
		31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
EQUITY					
Share capital		4,969,150	4,902,300	4,969,150	4,902,300
Reserves:-					
FVOCI revaluation reserves	A17	90,473	266,412	157,267	183,078
Regulatory reserves	A17	754,603	781,679	636,095	643,613
Foreign exchange reserves	A17	39	(205)	-	-
Other reserves	A17	(88,737)	(65,909)	-	-
Retained profits	A17	4,163,442	3,682,234	3,119,461	2,799,501
Equity attributable to equity holders of the Bank		9,888,970	9,566,511	8,881,973	8,528,492
Non-controlling interest		44,685	70,585	-	-
TOTAL EQUITY		9,933,655	9,637,096	8,881,973	8,528,492
TOTAL LIABILITIES AND EQUITY		78,429,065	69,535,161	48,430,744	41,771,894
COMMITMENTS AND CONTINGENCIES	A29	45,197,294	36,250,193	25,947,933	20,209,442
CAPITAL ADEQUACY RATIOS	A33				
<u>With transitional arrangements</u>					
CET 1 capital ratio		14.418%	14.549%	13.568%	13.112%
Tier 1 capital ratio		16.041%	16.320%	15.149%	14.841%
Total capital ratio		21.306%	22.274%	20.825%	21.305%
CET 1 capital ratio (net of proposed dividends)		14.198%	14.517%	13.209%	13.061%
Tier 1 capital ratio (net of proposed dividends)		15.820%	16.288%	14.791%	14.790%
Total capital ratio (net of proposed dividends)		21.085%	22.242%	20.467%	21.254%
Net assets per share attributable to equity holders of the Bank (RM)		4.66	4.60	4.18	4.10

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

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

Condensed Interim Financial Statements

Unaudited Income Statements for the Financial Quarter Ended 31 December 2021

GROUP	Note	Individual Quarter Ended		Cumulative Quarter Ended	
		31/12/2021	31/12/2020	31/12/2021	31/12/2020
		RM'000	RM'000	RM'000	RM'000
Interest income	A18	443,610	456,415	1,677,982	1,806,750
Interest expense	A19	(195,379)	(207,783)	(779,188)	(1,034,607)
Net interest income		248,231	248,632	898,794	772,143
Modification loss	A19 (a)	(5,597)	1,281	(5,597)	(78,447)
Income from Islamic banking business		159,665	131,121	549,477	481,228
		402,299	381,034	1,442,674	1,174,924
Fee and commission income	A20 (a)	217,079	257,688	984,636	771,977
Fee and commission expense	A20 (b)	(60,304)	(78,211)	(345,876)	(222,246)
Net fee and commission income	A20	156,775	179,477	638,760	549,731
Net gains on financial instruments	A21	10,257	44,788	122,461	487,294
Other income	A22	2,802	15,497	37,261	52,950
Net income		572,133	620,796	2,241,156	2,264,899
Other operating expenses	A23	(346,327)	(353,774)	(1,353,613)	(1,350,985)
Operating profit before allowances		225,806	267,022	887,543	913,914
Write-back/(allowances for) credit impairment losses	A24	3,786	(259,891)	(219,456)	(543,126)
Allowances for impairment losses on other assets	A25	(1,862)	(6,192)	(3,206)	(18,472)
Operating profit		227,730	939	664,881	352,316
Share of results of a joint venture		(4,833)	(645)	2,565	(394)
Share of results of an associate		14,126	23,875	42,826	42,258
Profit before zakat and taxation		237,023	24,169	710,272	394,180
Zakat		(2,218)	(706)	(6,418)	(7,469)
Profit before taxation		234,805	23,463	703,854	386,711
Taxation	B5	(12,407)	(13,488)	(123,531)	(113,863)
Net profit after zakat and taxation		222,398	9,975	580,323	272,848
Attributable to :-					
Equity holders of the Bank		206,847	(9,364)	526,934	230,322
Non-controlling interest		15,551	19,339	53,389	42,526
		222,398	9,975	580,323	272,848
Earnings per share attributable to equity holders of the Bank (sen) :-					
Basic/Diluted	B10	9.80	(0.46)	24.96	11.43

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

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

GROUP	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Profit after zakat and taxation	222,398	9,975	580,323	272,848
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)	365,074	(65,762)	(112,629)	356,407
- Net credit impairment loss change in financial investments at FVOCI (debt instruments)	(96,428)	33,410	(46,720)	48,679
- Net gain/(loss) on financial investments measured at FVOCI reclassified to profit or loss on disposal (debt instruments)	8,743	(8,155)	(35,743)	(450,667)
- Exchange differences on translation of foreign operations	388	(540)	388	(540)
- Deferred tax on financial investments at FVOCI	(90,096)	10,943	35,605	22,622
- Share of other comprehensive loss of a joint venture	(58)	(98)	(1,110)	(6,421)
- Share of other comprehensive income/(loss) of an associate	(49,161)	(298)	(28,994)	14,563
<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)	13,834	28,317	13,643	30,547
- Deferred tax on financial investments at FVOCI	-	-	-	21
Other comprehensive income/(loss) for the financial year, net of tax	152,296	(2,183)	(175,560)	15,211
Total comprehensive income for the financial year	374,694	7,792	404,763	288,059
Total comprehensive income/(loss) for the financial year attributable to :-				
Equity holders of the Bank	358,999	(11,347)	351,230	245,733
Non-controlling interest	15,695	19,139	53,533	42,326
	374,694	7,792	404,763	288,059

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

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

Condensed Interim Financial Statements

Unaudited Income Statements for the Financial Quarter Ended 31 December 2021

<u>BANK</u>	Note	Individual Quarter Ended		Cumulative Quarter Ended	
		31/12/2021	31/12/2020	31/12/2021	31/12/2020
		RM'000	RM'000	RM'000	RM'000
Interest income	A18	401,685	419,170	1,539,298	1,644,382
Interest expense	A19	(173,960)	(185,706)	(695,394)	(932,291)
Net interest income		227,725	233,464	843,904	712,091
Modification loss	A19 (a)	(3,102)	2,893	(3,102)	(47,381)
		224,623	236,357	840,802	664,710
Fee and commission income	A20 (a)	33,165	27,132	119,496	94,332
Fee and commission expense	A20 (b)	(1,896)	(1,295)	(5,214)	(5,444)
Net fee and commission income	A20	31,269	25,837	114,282	88,888
Net gains on financial instruments	A21	(9,312)	11,803	14,953	198,587
Other income	A22	122,285	158,067	285,982	224,638
Net income		368,865	432,064	1,256,019	1,176,823
Other operating expenses	A23	(192,717)	(168,705)	(717,151)	(674,751)
Operating profit before allowances		176,148	263,359	538,868	502,072
Write-back/(allowances) for credit impairment losses	A24	3,952	(224,570)	(140,153)	(409,003)
Allowances for impairment losses on other assets	A25	(1,800)	-	(1,800)	-
Profit before zakat and taxation		178,300	38,789	396,915	93,069
Zakat		-	-	-	-
Profit before taxation		178,300	38,789	396,915	93,069
Taxation	B5	16,673	15,361	(11,671)	(86)
Net profit after zakat and taxation		194,973	54,150	385,244	92,983
Earnings per share attributable to equity holders of the Bank (sen) :-					
Basic/Diluted	B10	9.24	2.69	18.25	4.61

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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 31 December 2021

	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
BANK				
Profit after zakat and taxation	194,973	54,150	385,244	92,983
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)	257,237	(40,275)	9,605	160,991
- Net credit impairment loss change in financial investments at FVOCI (debt instruments)	(94,691)	27,867	(44,800)	40,636
- Net gain/(loss) on financial investments measured at FVOCI reclassified to profit or loss on disposal (debt instruments)	10,089	(2,869)	(767)	(205,791)
- Deferred tax on financial investments at FVOCI	(64,160)	3,558	(2,123)	10,752
<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)	12,456	28,317	12,265	28,317
Other comprehensive income/(loss) for the financial year, net of tax	120,931	16,598	(25,820)	34,905
Total comprehensive income for the financial year	315,904	70,748	359,424	127,888

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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 31 December 2021

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

GROUP	Share capital	FVOCI revaluation reserves	Regulatory reserves	Foreign exchange reserves	Other reserves*	Retained profits	Total shareholders' equity	Non-controlling interest	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	4,902,300	266,412	781,679	(205)	(65,909)	3,682,234	9,566,511	70,585	9,637,096
Net profit for the financial year	-	-	-	-	-	526,934	526,934	53,389	580,323
Other comprehensive income (net of tax) :									
- Financial investments at FVOCI	-	(145,844)	-	-	-	-	(145,844)	-	(145,844)
- Share of other comprehensive loss of a joint venture	-	(1,110)	-	-	-	-	(1,110)	-	(1,110)
- Share of other comprehensive loss of an associate	-	(28,994)	-	-	-	-	(28,994)	-	(28,994)
- Exchange differences on translation of foreign operations	-	-	-	244	-	-	244	144	388
Total comprehensive income	-	(175,948)	-	244	-	526,934	351,230	53,533	404,763
Issuance of new shares	66,850	-	-	-	-	-	66,850	-	66,850
Net loss on disposal of financial investment designated at FVOCI (equity instruments)	-	9	-	-	-	(9)	-	-	-
Obligation to buy a subsidiary's shares from non-controlling interest	-	-	-	-	(22,828)	-	(22,828)	(13,407)	(36,235)
Transfer from regulatory reserves	-	-	(27,076)	-	-	27,076	-	-	-
Dividends	-	-	-	-	-	(72,793)	(72,793)	(66,026)	(138,819)
At 31 December 2021	4,969,150	90,473	754,603	39	(88,737)	4,163,442	9,888,970	44,685	9,933,655

* Other reserves represents corresponding debts arising from Group's obligation to purchase subsidiaries' shares held by non-controlling interest as discussed in Note A17 (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 2020.

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

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

<u>GROUP</u>	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Foreign exchange reserves RM'000	Other reserves* RM'000	Retained profits RM'000	Total shareholders' equity RM'000	Non- controlling interest RM'000	Total equity RM'000
At 1 January 2020	4,774,772	250,661	732,539	135	(61,010)	3,640,073	9,337,170	59,423	9,396,593
Net profit for the financial year	-	-	-	-	-	230,322	230,322	42,526	272,848
Other comprehensive income (net of tax) :									
- Financial investments at FVOCI	-	7,609	-	-	-	-	7,609	-	7,609
- Share of other comprehensive loss of a joint venture	-	(6,421)	-	-	-	-	(6,421)	-	(6,421)
- Share of other comprehensive income of an associate	-	14,563	-	-	-	-	14,563	-	14,563
- Exchange differences on translation of foreign operations	-	-	-	(340)	-	-	(340)	(200)	(540)
Total comprehensive income	-	15,751	-	(340)	-	230,322	245,733	42,326	288,059
Issuance of new shares	127,528	-	-	-	-	-	127,528	-	127,528
Obligation to buy subsidiary's shares from non-controlling interest	-	-	-	-	(4,899)	-	(4,899)	(2,877)	(7,776)
Dilution of interest in subsidiaries	-	-	-	-	-	-	-	490	490
Transfer to regulatory reserves	-	-	49,140	-	-	(49,140)	-	-	-
Dividends	-	-	-	-	-	(139,021)	(139,021)	(28,777)	(167,798)
At 31 December 2020	4,902,300	266,412	781,679	(205)	(65,909)	3,682,234	9,566,511	70,585	9,637,096

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

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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 31 December 2021

	<-----Non-distributable----->	< Distributable >			
	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Total equity RM'000
<u>BANK</u>					
At 1 January 2021	4,902,300	183,078	643,613	2,799,501	8,528,492
Net profit for the financial year	-	-	-	385,244	385,244
Other comprehensive income (net of tax) :					
- Financial investments at FVOCI	-	(25,820)	-	-	(25,820)
Total comprehensive income	-	(25,820)	-	385,244	359,424
Issuance of new shares	66,850	-	-	-	66,850
Net loss on disposal in financial investments at FVOCI (equity instruments)	-	9	-	(9)	-
Transfer from regulatory reserves	-	-	(7,518)	7,518	-
Dividends	-	-	-	(72,793)	(72,793)
At 31 December 2021	4,969,150	157,267	636,095	3,119,461	8,881,973
At 1 January 2020	4,774,772	148,173	471,925	3,017,227	8,412,097
Net profit for the financial year	-	-	-	92,983	92,983
Other comprehensive income (net of tax) :					
- Financial investments at FVOCI	-	34,905	-	-	34,905
Total comprehensive income	-	34,905	-	92,983	127,888
Issuance of new shares	127,528	-	-	-	127,528
Transfer to regulatory reserves	-	-	171,688	(171,688)	-
Dividends	-	-	-	(139,021)	(139,021)
At 31 December 2020	4,902,300	183,078	643,613	2,799,501	8,528,492

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AFFIN BANK BERHAD
Registration No. 197501003274 (25046-T)
Unaudited Condensed Consolidated Statements of Cash Flows
for the Financial Quarter Ended 31 December 2021

	GROUP		BANK	
	31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	703,854	386,711	396,915	93,069
Adjustments for items not involving the movement of cash and cash equivalents	155,031	75,088	(106,189)	65,441
Operating profit before changes in working capital	858,885	461,799	290,726	158,510
Net changes in operating assets	(4,760,070)	264,678	(2,556,525)	598,172
Net changes in operating liabilities	8,163,732	938,700	5,775,825	(807,144)
Tax and zakat paid	(245,464)	(178,682)	(98,643)	(52,791)
Net cash generated from/(used in) operating activities	<u>4,017,083</u>	<u>1,486,495</u>	<u>3,411,383</u>	<u>(103,253)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received :				
- financial investments at FVOCI	364,552	326,389	235,118	246,535
- financial investments at AC	42,110	6,139	65,559	3,857
Dividend income :				
- financial assets at FVTPL	6,640	7,185	732	732
- financial investments at FVOCI	510	609	180	309
- subsidiaries	-	-	262,400	191,500
Net purchase/redemption of :				
- financial investments at FVOCI	(1,050,571)	(167,945)	(876,187)	(46,869)
- financial investments at AC	(1,372,121)	-	(1,517,757)	(259,022)
Purchase of :				
- property and equipment	(267,471)	(266,444)	(261,464)	(259,073)
- intangible assets	(3,149)	(7,903)	(1,640)	(3,439)
Proceeds from disposal of :				
- property and equipment	513	247	12	5
- foreclosed properties	3,600	1,020	3,600	1,020
Subscription of shares in a joint venture	-	(15,300)	-	(15,300)
Acquisition of an equity interest in an associate	4,108	632	-	-
Net cash used in from investing activities	<u>(2,271,279)</u>	<u>(115,371)</u>	<u>(2,089,447)</u>	<u>(139,745)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment in borrowings	-	(250,000)	-	-
Interest payment on borrowings	(233,530)	(198,170)	(133,960)	(134,225)
Payment of dividend to the equity holders of the Bank	(72,793)	(139,021)	(72,793)	(139,021)
Payment of dividend to non-controlling interest	(66,026)	(28,777)	-	-
Issuance of new shares	66,850	127,528	66,850	127,528
Exercise of employee stock option incentive scheme	-	490	-	-
Proceeds from recourse obligation on loans/financing sold to Cagamas Berhad	616,763	50,000	618,001	-
Lease payments	(37,066)	(37,775)	(24,727)	(26,008)
Net cash generated/(used in) from financing activities	<u>274,198</u>	<u>(475,725)</u>	<u>453,371</u>	<u>(171,726)</u>
Net increase/(decrease) in cash and cash equivalents	2,020,002	895,399	1,775,307	(414,724)
Effects of foreign exchange	(43,543)	(7,642)	(38,592)	12,828
Cash and cash equivalents at beginning of the financial year	5,445,631	4,557,874	1,886,901	2,288,797
Cash and cash equivalents at end of the financial year	<u>7,422,090</u>	<u>5,445,631</u>	<u>3,623,616</u>	<u>1,886,901</u>
<u>Cash and cash equivalents comprise the following :</u>				
Cash and short-term funds	6,394,457	5,461,365	2,525,482	1,887,584
Deposits and placements of banks and other financial institutions	1,169,809	50,058	1,171,657	-
	<u>7,564,266</u>	<u>5,511,423</u>	<u>3,697,139</u>	<u>1,887,584</u>
Less:				
Amount held on behalf of commissioned dealer's representatives	(68,653)	(65,792)	-	-
Cash and short-term funds and deposits and placements with banks and other financial institutions with original maturity of more than three months	(73,523)	-	(73,523)	(683)
	<u>7,422,090</u>	<u>5,445,631</u>	<u>3,623,616</u>	<u>1,886,901</u>

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

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

A1. BASIS OF PREPARATION

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

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

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

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2020. The explanatory notes to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the financial year ended 31 December 2020.

A2. ACCOUNTING POLICIES AND METHODS OF COMPUTATIONS

(a) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank and are effective

Accounting standards, annual improvements and amendments to MFRS which are effective for the Group and the Bank for the financial period beginning on or after 1 January 2021:

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 'Interest Rate Benchmark Reform - Phase 2'

The Group and the Bank have adopted Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 'Interest Rate Benchmark Reform - Phase 2' for the first time in the December 2021 financial statements, which resulted in changes in accounting policies.

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 'Interest Rate Benchmark Reform - Phase 2'

The Group and the Bank have adopted the Phase 2 amendments and applied the practical expedient to update the effective interest rate to account for the changes in contractual cash flows that is a direct consequence of interbank offered rate ('IBOR') reform. As a result, no immediate gain or loss is recognised in profit or loss.

The amendments also provide reliefs that enable and require the Group and the Bank to continue the MFRS 9 hedge accounting in circumstances when the Group and the Bank updates the hedge documentation to reflect changes in hedged items and hedging instruments which are required by IBOR reform.

The adoption of the amendments has no impact on the opening retained earnings as at 1 January 2021 because none of the IBOR-based contracts of the Group and the Bank were modified in 2020. For contracts modified as a result of IBOR reform during the year, the Group and the Bank applies the Phase 2 amendments.

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective

- Annual Improvements to MFRS 9 'Fees in the 10% test for derecognition of financial liabilities' (effective 1 January 2022) clarifies that only fees paid or received between the borrower and the lender, including the fees paid or received on each other's behalf, are included in the cash flow of the new loan when performing the 10% test.

An entity shall apply the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

- 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.

The amendments provide an exception for the recognition of liabilities and contingent liabilities should be in accordance with the principles of MFRS 137 'Provisions, contingent liabilities and contingent assets' and IC Interpretation 21 'Levies' when falls within their scope. It also clarifies that contingent assets should not be recognised at the acquisition date.

The amendments shall be applied prospectively.

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

A2. ACCOUNTING POLICIES AND METHODS OF COMPUTATIONS (Cont.)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective (Cont.)

- 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.

The amendments also clarify that testing whether an asset is functioning properly refers to assessing the technical and physical performance of the property, plant and equipment.

The amendments shall be applied retrospectively.

- 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.
- Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction' (effective 1 January 2023) clarify that the initial exemption rule does not apply to transactions where both an asset and a liability are recognised at the same time such as leases and decommissioning obligations. Accordingly, entities are required to recognise both deferred tax assets and liabilities for all deductible and taxable temporary differences arising from such transactions.

(c) Changes in regulatory requirements

Enhanced Additional Measures issued by Bank Negara Malaysia ('BNM')

During the financial year 2021, BNM has announced an enhanced additional measures to facilitate repayment assistance to borrowers/customers affected by the Covid-19 pandemic. The measures which are aimed to support economic recovery of individuals and SMEs, including microenterprises are set out as follows:

Targeted repayment assistance ("TRA") and moratorium

(i) *Extension of TRA under Perlindungan Ekonomi dan Rakyat Malaysia ('PERMAI')*

Extension of TRA under PERMAI was announced on 18 January 2021. This extension applied to all TRA schemes where all borrowers/customers may apply for 3-month deferment of instalment or a 50% reduction in their monthly instalment payment for a period of 6 months. The TRA applicable to all B40 (ie; registered recipient of Bantuan Sara Hidup ('BSH') or Bantuan Prihatin Rakyat ('BPR')), M40 (ie; recipients of Bantuan Prihatin Nasional ('BPN')) and microenterprises with loan/financing facilities of not more than RM150,000, whose loans/financing were approved on or before 30 September 2020 and not in arrears for more than 90 days.

(ii) *TRA under Program Strategik Memperkasa Rakyat dan Ekonomi Tambahan ('PEMERKASA+')*

TRA under PEMERKASA+ was announced on 31 May 2021. The TRA was applicable to all borrowers/customers who have lost their employment, B40 borrowers/customers registered under BSH/BPR, SMEs and microenterprises with loan/financing facilities of not more than RM150,000 whose loans/financing were approved on or before 30 June 2021 and not in arrears for more than 90 days. All these affected borrowers/customers may opt for 3-month deferment of instalment or a 50% reduction in their monthly instalment payment for a period of 6 months.

(iii) *Six-month moratorium under Perlindungan Rakyat dan Pemulihan Ekonomi ('PEMULIH')*

The six-month moratorium under PEMULIH was announced on 28 June 2021. This moratorium is applicable to any applies to any loans/financing approved on or before 30 June 2021 that is not in arrears exceeding 90 days as at the date of their application, denominated in Malaysian Ringgit and foreign currency and the borrowers/customers not a bankrupt or under bankruptcy proceedings. Under this PEMULIH, all individual, SMEs and microenterprises may opt for 6-month deferment of instalment or 50% reduction in their monthly instalment payment for a period of 6 months, with non-compounding interest/profit or any penalty interest/profit during the moratorium period.

The above TRA/moratorium exclude the credit card balances. For outstanding credit card balances, customers shall have the option to convert their outstanding balance into a term loan/financing of tenure of not more than 3 years.

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

A2. ACCOUNTING POLICIES AND METHODS OF COMPUTATIONS (Cont.)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective (Cont.)

Waiver of interest

On 14 October 2021, BNM had announced that B50 income categories who are affected by the Covid-19 pandemic and under an existing repayment assistance programme, may apply for a comprehensive extended financial assistance scheme called Financial Management and Resilience Programme ('URUS') managed by Agensi Kaunseling dan Pengurusan Kredit ('AKPK') effective from 15 November 2021 until 31 January 2022. Under URUS, AKPK will provide a personalised financial plan that will encompass options of either a waiver of an interest/profit for a period of 3-months or a 3-months interest/profit waiver together with reduced instalments for a period of up to 24 months.

Customers who are not eligible for URUS may apply for assistance under AKPK's Financial Resilience Support Scheme ('FIRST'), which includes features such as reduced instalments, extended financing tenures and financial resilience support programmes. In addition, for eligible B50 customers who have signed up for the Bank's flood relief assistance programmes, the URUS application closing date has been extended to 31 July 2022, or upon the expiry of the flood relief assistance programme, whichever is earlier.

A3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

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

A4. SEASONAL OR CYCLICAL FACTORS

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

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

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

A6. CHANGES IN ESTIMATES

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

A7. DEBT AND EQUITY SECURITIES

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

A8. DIVIDENDS PAID

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

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

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

	Group		Bank	
	31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
At fair value				
<u>Money market instruments</u>				
Negotiable Instruments of Deposit	249,582	113,657	249,582	113,657
<u>Quoted Securities</u>				
Exchange traded fund	-	891	-	-
Shares, warrants and REITs in Malaysia	31,467	112,168	-	-
Shares, warrants and REITs outside Malaysia	78,948	69,412	-	-
Unit Trusts in Malaysia	118,501	229,378	-	-
	228,916	411,849	-	-
<u>Unquoted Securities</u>				
Shares in Malaysia	104,171	99,222	104,171	99,222
Corporate Bonds/Sukuk in Malaysia	15,931	29,049	14,923	15,044
Corporate Bonds/Sukuk outside Malaysia	-	44,489	-	-
	120,102	172,760	119,094	114,266
	598,600	698,266	368,676	227,923

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

	Group		Bank	
	31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
At fair value				
<u>Money market instruments</u>				
Malaysian Government Securities	768,784	2,370,147	-	1,225,896
Malaysian Government Investment Issues	1,137,984	3,472,328	-	1,261,613
Cagamas Bonds/Sukuk	90,757	116,938	-	105,835
Negotiable Instruments of Deposit and Islamic Debt Certificates	-	5,581	-	408,917
Khazanah Bonds/Sukuk	9,625	-	-	-
	2,007,150	5,964,994	-	3,002,261
<u>Unquoted Securities</u>				
Shares in Malaysia *	224,855	211,465	198,148	186,135
Corporate bonds/Sukuk in Malaysia #	1,618,659	6,742,087	-	3,312,302
Corporate Bonds/Sukuk outside Malaysia	26,958	115,507	-	86,632
	1,870,472	7,069,059	198,148	3,585,069
	3,877,622	13,034,053	198,148	6,587,330

* Equity securities designated at FVOCI.

Certain unquoted perpetual bonds are designated at FVOCI.

During the financial year 2021, the Bank and AFFIN Islamic Bank Berhad ("AiBB") has reclassified its previous financial investments at FVOCI to AC.

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:

Group	12-Month ECL Stage 1	Lifetime ECL not credit Stage 2	Lifetime ECL credit Stage 3	Total
31/12/2021	RM'000	RM'000	RM'000	RM'000
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
31/12/2020	RM'000	RM'000	RM'000	RM'000
At beginning of the financial year	4,388	595	12,166	17,149
Total transfer between stages due to change in credit risk :-	(4,544)	4,544	-	-
- Transfer to 12-month ECL (Stage 1)	198	(198)	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(4,742)	4,742	-	-
Financial assets derecognised (other than write-off)	(27,227)	(661)	-	(27,888)
New financial assets originated or purchased	12,076	-	-	12,076
Changes due to change in credit risk	35,735	21,904	4	57,643
Changes in models/risk parameters	1,752	5,076	-	6,828
Other adjustments				
- Foreign exchange and other movements	21	(1)	-	20
At end of the financial year	22,201	31,457	12,170	65,828

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: (Cont.)

The Bank	12-Month	Lifetime ECL	Lifetime ECL	Total
	ECL	not credit	credit	
31/12/2021	Stage 1	Stage 2	Stage 3	
	RM'000	RM'000	RM'000	RM'000
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	-	-	-	-
	12-Month	Lifetime ECL	Lifetime ECL	
	ECL	not credit	credit	
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
31/12/2020				
At beginning of the financial year	3,607	557	-	4,164
Total transfer between stages due to change in credit risk :-	(4,067)	4,067	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(4,067)	4,067	-	-
Financial assets derecognised (other than write-off)	(22,375)	(660)	-	(23,035)
New financial assets originated or purchased	9,543	-	-	9,543
Changes due to change in credit risk	29,713	21,717	-	51,430
Changes in models/risk parameters	1,122	1,557	-	2,679
Other adjustments				
- Foreign exchange and other movements	20	(1)	-	19
At end of the financial year	17,563	27,237	-	44,800

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

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

	Group		Bank	
	31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
At amortised cost				
Malaysian Government treasury bills	97,747	-	-	-
Malaysian Government Securities	1,822,807	-	1,822,807	-
Malaysian Government Investment Issues	3,540,004	-	1,970,328	-
Cagamas bonds/Sukuk	30,512	-	30,512	-
Negotiable Instruments of Deposit and Islamic Debt Certificates	731,259	-	1,485,853	-
Bank Negara Malaysia Sukuk	10,299	-	-	-
	6,232,628	-	5,309,500	-
Unquoted Securities				
Corporate Bonds/Sukuk in Malaysia	5,126,845	141,119	3,651,356	361,944
Corporate Bonds/Sukuk Outside Malaysia	164,194	-	164,194	-
Loan Stock in Malaysia	15,000	15,000	-	-
	5,306,039	156,119	3,815,550	361,944
Less: ECL	(103,525)	(13,082)	(84,852)	(236)
	11,435,142	143,037	9,040,198	361,708

During the financial year 2021, the Bank and AiBB has reclassified its previous financial investments at FVOCI to AC.

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

31/12/2021 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	160	-	12,922
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
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
31/12/2020 Group				
At beginning of the financial year	273	-	10,780	11,053
Financial assets derecognised (other than write-off)	(96)	-	-	(96)
New financial assets originated or purchased	130	-	-	130
Changes due to change in credit risk	410	-	2,142	2,552
Changes in models/risk parameters	(557)	-	-	(557)
At end of the financial year	160	-	12,922	13,082
Bank				
At beginning of the financial year	123	-	-	123
Financial assets derecognised (other than write-off)	(96)	-	-	(96)
New financial assets originated or purchased	130	-	-	130
Changes due to change in credit risk	643	-	-	643
Changes in models/risk parameters	(564)	-	-	(564)
At end of the financial year	236	-	-	236

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

A12. LOANS, ADVANCES AND FINANCING

(a) BY TYPE	Group		Bank	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Overdrafts	1,955,229	1,871,460	1,304,046	1,404,871
Term loans/financing:				
- Housing loans/financing	13,763,496	11,637,402	5,320,110	3,904,606
- Hire purchase receivables	11,435,528	10,671,849	6,874,108	6,649,369
- Syndicated financing	1,583,610	1,486,237	611,200	619,680
- Business term loans/financing	14,470,438	13,291,096	8,249,044	8,336,099
- Other term loans/financing	122,620	162,163	-	-
Bills receivables	491,857	286,775	398,979	278,346
Trust receipts	192,868	240,688	179,726	227,548
Claims on customers under acceptances credits	2,220,512	1,777,795	1,519,194	1,269,766
Staff loans/financing (of which RM Nil to Directors)	213,525	211,093	105,468	119,961
Credit cards	265,476	209,518	220,646	171,441
Revolving credits	3,919,212	3,819,100	2,726,082	2,746,141
Margin financing	782,767	605,485	-	-
Factoring	202	1,994	202	1,994
Gross loans, advances and financing	51,417,340	46,272,655	27,508,805	25,729,822
Less: ECL	(889,272)	(779,777)	(629,469)	(564,397)
Total net loans, advances and financing	50,528,068	45,492,878	26,879,336	25,165,425

Included in the Group's business term loans/financing as at reporting date is RM56.5 million (2020: RM55.2 million) of term financing disbursed by AiBB to joint venture AFFIN-i Nadayu Sdn Bhd.

(b) BY MATURITY STRUCTURE	Group		Bank	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Maturing within one year	9,988,942	9,186,637	6,373,086	6,333,487
One year to three years	3,530,728	3,236,452	2,850,312	2,662,555
Three years to five years	6,129,495	6,271,623	3,608,729	3,683,085
Over five years	31,768,175	27,577,943	14,676,678	13,050,695
	51,417,340	46,272,655	27,508,805	25,729,822

(c) BY TYPE OF CUSTOMER	Group		Bank	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Domestic banking financial institutions	5	8,443	5	8,443
Domestic non-banking institutions:				
- Others	441,888	510,566	164,108	273,876
Domestic business enterprises:				
- Small medium enterprises	8,892,968	7,776,348	6,330,465	5,656,791
- Others	13,404,843	13,264,282	8,544,263	8,837,264
Government and statutory bodies	780,174	739,747	26,549	29,502
Individuals	27,427,578	23,461,279	12,135,474	10,679,880
Other domestic entities	683	1,086	461	578
Foreign entities	469,201	510,904	307,480	243,488
	51,417,340	46,272,655	27,508,805	25,729,822

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

A12. LOANS, ADVANCES AND FINANCING (Cont.)

	Group		Bank	
	31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
(d) <u>BY INTEREST / PROFIT RATE SENSITIVITY</u>				
Fixed rate:				
- Housing loans/financing	218,662	327,704	174,972	282,091
- Hire purchase receivables	11,437,057	10,674,103	6,874,108	6,649,370
- Other fixed rate loans/financing	1,457,455	966,622	397,722	222,977
Variable rate:				
- Base rate/base lending rate plus	28,175,720	24,271,943	14,005,781	12,128,469
- Cost plus	10,098,599	10,003,507	6,056,222	6,446,915
- Other variable rates	29,847	28,776	-	-
	51,417,340	46,272,655	27,508,805	25,729,822
(e) <u>BY ECONOMIC PURPOSE</u>				
Purchase of securities	2,029,621	1,674,403	502,582	583,275
Purchase of transport vehicles	12,052,256	11,255,358	7,251,417	7,143,469
Purchase of landed property of which:				
- Residential	14,112,442	12,052,394	5,499,101	4,137,906
- Non-residential	6,281,669	6,223,989	3,879,335	3,867,346
Fixed assets other than land and building	268,994	240,007	193,019	160,646
Personal use	1,698,684	886,050	620,774	683,008
Credit card	265,477	209,517	220,647	171,441
Consumer durable	15	126	15	54
Construction	2,330,318	2,299,306	1,388,349	1,339,721
Merger and acquisition	57,340	60,102	57,340	60,102
Working capital	10,974,409	10,288,562	7,138,735	6,955,440
Others	1,346,115	1,082,841	757,491	627,414
	51,417,340	46,272,655	27,508,805	25,729,822
(f) <u>BY ECONOMIC SECTOR</u>				
Primary agriculture	1,378,344	1,405,796	606,394	584,361
Mining and quarrying	214,553	305,029	65,873	60,459
Manufacturing	3,540,982	2,850,316	2,383,437	1,938,354
Electricity, gas and water supply	452,791	443,561	68,379	62,000
Construction	1,626,208	1,995,028	918,966	1,331,552
Real estate	5,808,007	5,727,243	4,119,620	4,006,230
Wholesale, retail trade, hotels and restaurants	4,697,985	3,996,064	3,563,575	3,236,141
Transport, storage and communication	1,887,303	1,723,239	1,283,979	1,298,611
Finance, insurance and business services	2,252,805	2,121,030	1,417,645	1,535,886
Education, health and others	1,996,721	2,114,353	866,183	923,591
Household	27,561,299	23,590,996	12,214,412	10,752,637
Others	342	-	342	-
	51,417,340	46,272,655	27,508,805	25,729,822

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

A12. LOANS, ADVANCES AND FINANCING (Cont.)

	Group		Bank	
	31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
(g) <u>BY GEOGRAPHICAL DISTRIBUTION</u>				
Perlis	117,849	180,835	17,453	17,703
Kedah	1,474,660	1,320,409	502,811	498,619
Pulau Pinang	2,955,889	2,543,717	1,638,139	1,522,359
Perak	1,516,796	1,440,323	837,557	858,616
Selangor	16,404,033	14,306,592	8,566,724	7,515,197
Wilayah Persekutuan	11,448,932	10,795,943	6,390,734	6,387,473
Negeri Sembilan	1,791,349	1,581,862	615,886	566,217
Melaka	1,022,170	900,188	648,411	624,245
Johor	6,789,713	5,986,844	4,017,802	3,535,350
Pahang	1,594,148	1,445,108	766,758	774,481
Terengganu	1,016,296	901,074	189,615	352,987
Kelantan	475,972	329,291	55,574	58,629
Sarawak	2,359,461	2,250,452	1,676,966	1,610,497
Sabah	2,244,293	2,135,344	1,398,589	1,279,067
Labuan	85,623	45,134	65,634	18,847
Outside Malaysia	120,156	109,539	120,152	109,535
	51,417,340	46,272,655	27,508,805	25,729,822

(h) IMPAIRED LOANS, ADVANCES AND FINANCING

(i) Movements of impaired loans, advances and financing

At beginning of the financial year	1,628,669	1,379,152	1,223,906	673,058
Classified as impaired	520,249	1,173,296	205,382	954,923
Reclassified as non-impaired	(277,718)	(325,440)	(164,511)	(152,048)
Amount written-back	(484,399)	(291,818)	(361,904)	(61,222)
Amount written-off	(80,848)	(306,521)	(61,034)	(190,805)
At end of the financial year	1,305,953	1,628,669	841,839	1,223,906
Ratio of gross impaired loans, advances and financing to gross loans, advances and financing (*)	2.54%	3.52%	3.38%	4.45%

(*) For the Bank, RIA excluded in the ratio calculation amounting to RM1,834.6 million (2020: RM1,754.9 million) with impaired financing amounting to RM149.9 million (2020: RM Nil 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 financial year amounting to RM80,848,000 (2020: RM306,521,000) for the Group and RM61,034,000 (2020: RM190,805,000) for the Bank respectively. The Group and the Bank still seek to recover amounts that are 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.)

	Group		Bank	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
(ii) <u>Impaired loans by economic purpose</u>				
Purchase of securities	26,212	26,122	41	13
Purchase of transport vehicles	361,050	389,564	189,174	364,662
Purchase of landed property of which:				
- Residential	152,519	267,912	69,671	131,201
- Non-residential	254,140	278,426	186,213	259,473
Fixed assets other than land and building	14,903	15,360	14,903	15,360
Personal use	15,011	24,076	11,582	22,800
Credit card	1,370	825	1,090	694
Construction	217,829	321,892	216,593	264,709
Working capital	254,748	292,618	150,401	162,143
Others	8,171	11,874	2,171	2,851
	1,305,953	1,628,669	841,839	1,223,906
(iii) <u>Impaired loans by economic sector</u>				
Primary agriculture	10,054	15,340	9,870	15,195
Mining and quarrying	31,668	7,576	5,187	5,176
Manufacturing	14,155	75,558	5,167	8,053
Electricity, gas and water supply	105	371	105	326
Construction	82,068	135,860	42,533	96,184
Real estate	144,538	115,968	71,353	68,840
Wholesale, retail trade, hotels and restaurants	53,856	48,113	51,279	46,733
Transport, storage and communication	361,456	399,225	155,928	315,971
Finance, insurance and business services	71,784	65,869	70,912	65,438
Education, health and others	304,140	419,194	303,521	419,002
Household	232,129	345,595	125,984	182,988
	1,305,953	1,628,669	841,839	1,223,906
(iv) <u>Impaired loans by geographical distribution</u>				
Perlis	2,717	2,765	127	304
Kedah	58,786	94,239	51,579	86,941
Pulau Pinang	30,861	36,772	23,547	30,250
Perak	64,260	94,872	9,208	13,245
Selangor	231,746	279,626	111,232	148,586
Wilayah Persekutuan	83,717	146,307	63,396	53,899
Negeri Sembilan	68,446	82,311	56,654	65,131
Melaka	16,594	16,300	14,374	14,281
Johor	355,986	447,942	312,956	430,760
Pahang	23,877	32,282	22,145	30,682
Terengganu	298,303	309,714	146,411	306,195
Kelantan	2,730	6,853	587	3,608
Sarawak	55,111	57,994	18,522	21,110
Sabah	12,819	20,692	11,101	18,914
	1,305,953	1,628,669	841,839	1,223,906

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

A12. LOANS, ADVANCES AND FINANCING (Cont.)

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

Group	12-Month ECL Stage 1	Lifetime ECL not credit impaired Stage 2	Lifetime ECL credit impaired Stage 3	Total
31/12/2021	RM'000	RM'000	RM'000	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

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

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

A12. LOANS, ADVANCES AND FINANCING (Cont.)

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

Bank 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)
At end of the financial year	163,175	214,857	251,437	629,469

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

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

A13. TRADE RECEIVABLES

	Group	
	31/12/2021 RM'000	31/12/2020 RM'000
Amount due from stock-broking clients:		
- performing accounts	324,833	564,841
- impaired accounts (i)	942	1,387
Amount due from brokers	47,221	95,488
Management fees receivable on fund management	155,703	261,510
Others	-	-
	528,699	923,226
Less: ECL (ii)	(1,533)	(2,809)
	527,166	920,417
(i) Movements of impaired trade receivables		
At beginning of the financial year	1,387	139
Classified as impaired	3,126	2,104
Amount written-back	(3,571)	(856)
At end of the financial year	942	1,387
(ii) Movements in ECL in trade receivables		
At beginning of the financial year	2,809	208
Allowance made	5,031	9,621
Amount written-back	(6,307)	(7,020)
At end of the financial year	1,533	2,809

A14. OTHER ASSETS

	Group		Bank	
	31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
Other debtors	232,679	212,278	101,897	101,778
Prepayments and deposits	48,485	21,925	47,747	20,942
Cheque clearing accounts	20,325	6,226	5,959	6,672
Foreclosed properties (i)	13,358	16,962	8,485	12,089
Collaterals pledged for derivative transactions	-	13,782	-	-
Clearing guarantee fund	1,924	2,413	-	-
	316,771	273,586	164,088	141,481
Less: ECL (ii)	(4,039)	(3,966)	-	-
	312,732	269,620	164,088	141,481
(i) Foreclosed properties				
At beginning of the financial year	16,962	17,817	12,089	12,944
Disposal	(3,315)	(855)	(3,315)	(855)
Diminution in value	(289)	-	(289)	-
At end of the financial year	13,358	16,962	8,485	12,089
(ii) Movements in ECL				
At beginning of the financial year			3,966	2,058
Allowance made			2,829	3,550
Amount written-back			(2,756)	(1,584)
Amount written-off			-	(58)
At end of the financial year			4,039	3,966

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

	Group		Bank	
	31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
Recourse obligation on loans/financing sold to Cagamas Berhad	669,212	50,034	619,179	-
Movements in recourse obligation on loans/ financing sold to Cagamas Berhad:				
At beginning of the financial year	50,034	-	-	-
Cash flow	616,763	50,000	618,001	-
Profit expense	2,415	34	1,178	-
At end of the financial year	669,212	50,034	619,179	-

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

A16. OTHER LIABILITIES

	Group		Bank	
	31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
BNM and CGC Funding programmes (a)	238,834	113,938	228,890	112,339
Margin and collateral deposits	97,665	101,630	79,609	83,367
Other creditors and accruals	205,072	297,651	69,941	78,915
Sundry creditors	283,626	196,774	132,270	172,205
Treasury and cheque clearing accounts	18,677	3,312	18,677	-
Provision for zakat	2,494	2,141	157	216
Defined contribution plan (b)	26,408	19,941	25,194	18,526
Accrued employee benefits	194,477	171,511	75,032	52,218
Unearned income	19,708	22,814	15,020	16,468
Commissioned dealer's representatives trust balances	68,653	65,792	-	-
Securities borrowings and lending - borrow	106,823	76,079	-	-
Amounts payable to commissioned and salaried dealer's representatives	95,426	150,305	-	-
Puttable liabilities (c)	189,026	200,380	-	-
Add : ECL (d)				
- loan/financing commitments and financial guarantees	56,914	38,448	31,322	15,908
	1,603,803	1,460,716	676,112	550,162

(a) Includes monies received by the Group and the Bank under government financing scheme 'BNM SRF SME Fund' and 'SRF Tourism Fund' as part of the government support measures in response to Covid-19 for the purpose of SME lending with a six-year maturity amounting to RM196.7 million (2020: RM96.7 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	
	31/12/2021 RM'000	31/12/2020 RM'000
Obligations to buy subsidiaries' shares from non-controlling interest:		
- AHAM (i)	134,134	107,841
- AVA (ii)	21,450	8,271
Investment in funds (iii)	33,442	84,268
	189,026	200,380

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A16. OTHER LIABILITIES (Cont.)

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

- (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 31 December 2021, 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.

- (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.

- (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	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
(d) Movement in ECL	RM'000	RM'000	RM'000	RM'000
At beginning of financial year	38,448	29,610	15,908	8,529
Net remeasurement of loss allowance	16,044	12,446	14,553	7,658
New loan commitments and financial guarantees issued	8,650	6,522	6,936	5,578
Loan commitment and financial guarantees derecognised	(7,596)	(11,123)	(6,075)	(6,630)
Changes due to change in credit risk	1,368	-	-	-
Changes in models/risk parameters	-	993	-	773
At end of the financial year	56,914	38,448	31,322	15,908

A17. RESERVES

	Group		Bank	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
FVOCI revaluation reserves (a)	90,473	266,412	157,267	183,078
Regulatory reserves (b)	754,603	781,679	636,095	643,613
Foreign exchange reserves	39	(205)	-	-
Other reserves (c)	(88,737)	(65,909)	-	-
Retained profits	4,163,442	3,682,234	3,119,461	2,799,501
	4,919,820	4,664,211	3,912,823	3,626,192

- (a) FVOCI revaluation reserves represent the unrealised gains or losses arising from the change in fair value of investments classified as financial investments at FVOCI. The gains or losses are transferred to the income statement upon disposal or when the securities become impaired.
- (b) Pursuant to BNM Financial Reporting policy dated 27 September 2019, the Group and the Bank must maintain, in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserves of no less than 1% of all credit exposures, net of loss allowance for credit-impaired exposures.
- (c) Other reserves represents the Group's obligation to purchase subsidiaries' shares held by non-controlling interest disclosed in Note A16 (c) (i) and (ii).

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A18. INTEREST INCOME

Group	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Loan, advances and financing	336,601	372,373	1,304,182	1,435,946
Money at call and deposits placements with financial institutions	19,621	8,784	50,821	61,382
Financial investments at FVOCI	70,441	73,699	291,711	296,738
Financial investments at AC	14,558	25	19,654	6,139
Others	2,389	1,534	11,614	6,545
	443,610	456,415	1,677,982	1,806,750
Bank				
Loan, advances and financing	301,829	338,316	1,178,892	1,290,049
Money at call and deposits placements with financial institutions	28,650	28,004	97,615	132,874
Financial investments at FVOCI	52,231	51,535	226,740	214,338
Financial investments at AC	17,929	1,859	31,883	6,157
Others	1,046	(544)	4,168	964
	401,685	419,170	1,539,298	1,644,382

A19. INTEREST EXPENSE

Group	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	158,763	177,142	615,871	894,882
Deposits and placements of banks and other financial institutions	11,051	2,575	28,724	17,371
Obligation on securities sold under repurchase agreements	78	-	222	802
Subordinated medium term notes	24,790	26,384	124,865	113,065
Foreign currency borrowing	-	25	38	82
Others	697	1,657	9,468	8,405
	195,379	207,783	779,188	1,034,607
Bank				
Deposits from customers	136,739	150,463	523,569	778,667
Deposits and placements of banks and other financial institutions	10,113	9,142	41,368	38,649
Obligation on securities sold under repurchase agreements	78	-	222	802
Subordinated medium term notes	24,790	26,384	124,865	113,065
Others	2,240	(283)	5,370	1,108
	173,960	185,706	695,394	932,291

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A19 (a). MODIFICATION LOSS

	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Group	RM'000	RM'000	RM'000	RM'000
Loss on modification of cash flows	5,597	5,809	5,597	245,537
Benefits recognised under the various Government schemes	-	(7,090)	-	(167,090)
Net effects	5,597	(1,281)	5,597	78,447
Bank				
Loss on modification of cash flows	3,102	4,197	3,102	155,361
Benefits recognised under the various Government schemes	-	(7,090)	-	(107,980)
Net effects	3,102	(2,893)	3,102	47,381

The modification loss represents the cost of deferring cashflows of the loans/financing impacted by the payment moratorium. The modification loan/financing is shown net of benefits from various government financing schemes to support measures to assist SMEs that are adversely impacted by Covid-19 in order to sustain their business operations.

The moratorium does not automatically result in stage transfer under MFRS 9 in the absence of other factors relevant to the assessment.

During the current financial year, the Group and Bank has granted repayment/payment moratorium on selected individual and small and medium enterprises (SMEs) affected by the Covid-19 pandemic who have opted in under the government's various financing schemes, reduction in instalments and other packages, including to reschedule and restructure loan/financing to suit the specific financial circumstances of borrowers.

In financial year 2020, the Group and the Bank granted an automatic moratorium on certain loan/financing repayments/payments, by individuals and SMEs for a period of six months from 1 April 2020. In 2021, the Group and the Bank have granted multiple repayment assistance on selected customers including PERMAI, PERMAKASA+ and PEMULIH.

This, among other measures, was to assist borrowers experiencing temporary financial constraints due to the Covid-19 pandemic and the introduction of the Movement Control Order implemented by the Malaysian Government to control the spread of the pandemic. As a result of the payment moratorium, the Group and the Bank recognised a loss from the modification of cash flows of the financing.

In 2020, the Group and the Bank also received funding from the BNM and/or the Government, for the purpose of loan/financing to SMEs at a concessionary rate. The financing by the Group and the Bank is to provide support for SMEs in sustaining business operations, safeguard jobs and encourage domestic investments during the Covid-19 pandemic. The benefit under the various government schemes for the Group and the Bank that is recognised in the statements of income is applied to address some of the financial and accounting impact incurred by the Group and the Bank for Covid-19 related repayments/payments relief measures.

A20. NET FEE AND COMMISSION INCOME

	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Group	RM'000	RM'000	RM'000	RM'000
(a) Fee and commission income:				
Net brokerage	21,140	32,307	104,288	114,301
Portfolio management fees	122,075	131,974	491,482	377,732
Corporate advisory fees	1,904	3,353	7,221	8,417
Commission	13,655	8,430	47,236	29,644
Service charges and fees	15,277	13,839	53,555	45,183
Guarantee fees	4,173	4,467	16,252	18,423
Arrangement fees	382	284	1,231	524
Initial service charges	31,560	57,058	228,308	155,658
Other fee income	6,913	5,976	35,063	22,095
	217,079	257,688	984,636	771,977
(b) Fee and commission expenses:				
Commission and referral expense	(60,304)	(78,211)	(345,876)	(222,246)
Net fee and commission income	156,775	179,477	638,760	549,731
Bank				
(a) Fee and commission income:				
Commission	13,443	8,611	49,992	31,027
Service charges and fees	15,549	14,054	53,252	44,882
Guarantee fees	4,173	4,467	16,252	18,423
	33,165	27,132	119,496	94,332
(b) Fee and commission expense:				
Commission and referral expense	(1,896)	(1,295)	(5,214)	(5,444)
Net fee and commission income	31,269	25,837	114,282	88,888

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

A21. NET GAINS ON FINANCIAL INSTRUMENTS

<u>Group</u>	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
Income from financial instruments:				
Gains/(Loss) arising on financial assets at FVTPL:				
- net gain on disposal	11,606	24,482	48,684	113,440
- unrealised (loss)/gain	(5,870)	8,833	(14,027)	10,431
- interest income	7,442	5,565	30,529	22,179
- gross dividend income	1,523	1,799	6,640	7,185
Gains/(Loss) on derivatives instruments:				
- realised	142	295	347	1,003
- unrealised	6,004	2,706	23,255	(15,625)
- interest expense	(1,891)	(1,751)	(8,703)	(3,424)
Gains arising on financial investments at FVOCI:				
- net (loss)/gain on disposal	(8,699)	2,859	35,226	351,496
- gross dividend income	-	-	510	609
	10,257	44,788	122,461	487,294

Bank

Income from financial instruments:				
Gains arising on financial assets at FVTPL:				
- net gain/(loss) on disposal	11	120	(486)	2,282
- unrealised (loss)/gain	(6,631)	6,268	(11,520)	7,123
- interest income	3,235	1,681	11,025	5,503
- gross dividend income	-	-	732	732
Gains/(Loss) on derivatives instruments:				
- realised	-	293	-	1,001
- unrealised	6,010	2,811	21,922	(20,716)
- interest expense	(1,891)	(2,085)	(7,839)	(4,314)
Gains arising on financial investments at FVOCI:				
- net (loss)/gain on disposal	(10,046)	2,715	939	206,667
- gross dividend income	-	-	180	309
	(9,312)	11,803	14,953	198,587

A22. OTHER INCOME

Group

Foreign exchange gain/(loss):				
- realised	5,938	(2,182)	75,802	51,340
- unrealised	(4,186)	15,004	(43,543)	(7,642)
Rental income	1	1	7	1
Gain/(Loss) on sale of property and equipment	89	(79)	275	20
Gain on disposal of foreclosed properties	109	-	285	165
Other non-operating income	851	2,753	4,435	9,066
Total other income	2,802	15,497	37,261	52,950

Bank

Foreign exchange gain/(loss):				
- realised	779	(9,050)	57,749	14,181
- unrealised	483	16,018	(38,592)	12,828
Rental income	25	25	101	95
Loss on sale of property and equipment	-	(79)	-	(181)
Gain on disposal of foreclosed properties	109	-	285	165
Other non-operating income	889	1,153	4,039	6,050
Gross dividend received from subsidiaries	120,000	150,000	262,400	191,500
Total other income	122,285	158,067	285,982	224,638

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

A23. OTHER OPERATING EXPENSES

Group	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
Wages, salaries and bonus	176,101	173,649	691,246	660,618
Defined contribution plan	30,710	30,316	122,836	114,922
Voluntary separation scheme	230	-	230	-
Other personnel costs	18,828	24,948	94,271	105,858
	225,869	228,913	908,583	881,398
Promotion and marketing-related expenses				
Business promotion and advertisement	4,302	9,618	18,436	22,645
Entertainment	(2,416)	1,282	1,579	6,432
Travelling and accommodation	693	950	2,392	4,230
Dealers' handling fees	-	-	-	1
Commission and brokerage expenses	2,023	5,478	7,392	12,966
Others marketing expenses	983	2,940	4,938	7,160
	5,585	20,268	34,737	53,434
Establishment expenses				
Equipment rental	1,105	4,105	3,311	6,935
Repair and maintenance	20,134	19,448	69,434	65,211
Depreciation of property and equipment	7,405	7,048	29,919	30,065
Depreciation of right-of-use assets	11,087	10,476	44,058	37,659
Amortisation of intangible assets	6,230	9,795	27,950	38,106
IT consultancy fee	14,885	15,116	53,238	62,831
Dataline rental	3,477	4,742	18,340	20,000
Security services	3,761	5,028	14,952	19,560
Electricity, water and sewerage	3,047	3,083	11,157	12,797
Insurance/Takaful and indemnities	5,466	1,601	18,728	14,177
Other establishment costs	2,559	(656)	9,500	5,276
	79,156	79,786	300,587	312,617
General and administrative expenses				
Telecommunication expenses	2,070	5,007	11,964	18,413
Auditors' remuneration:				
(i) Statutory audit fees	284	(350)	2,029	1,963
(ii) Regulatory related fees	685	145	716	176
(iii) Tax fees	102	184	159	184
(iv) Non-audit fees	448	406	210	780
Professional fees	12,940	3,871	26,609	20,505
Property and equipment written-off	22	135	158	311
Mail and courier charges	1,327	1,045	4,457	3,723
Stationery and consumables	2,842	1,451	9,343	8,752
Directors' fees and allowances	865	704	2,932	3,257
Donations	461	122	2,718	2,765
Settlement, clearing and bank charges	6,436	3,389	19,474	14,997
Stamp duties	(186)	67	49	451
Operational and litigation write-off expenses	-	719	880	701
Subscription fees	3,262	3,079	14,131	12,550
GST input tax-non recoverable	-	11	-	11
Other administration and general expenses	4,159	4,822	13,877	13,997
	35,717	24,807	109,706	103,536
Total other operating expenses	346,327	353,774	1,353,613	1,350,985

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

A23. OTHER OPERATING EXPENSES (Cont.)

Bank	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
Wages, salaries and bonus	96,151	70,514	364,754	302,058
Defined contribution plan	16,424	11,997	63,007	51,659
Voluntary separation scheme	230	-	230	-
Other personnel costs	7,455	11,603	37,502	49,686
	120,260	94,114	465,493	403,403
Promotion and marketing-related expenses				
Business promotion and advertisement	1,899	6,720	10,594	12,668
Entertainment	(1,799)	666	327	2,987
Travelling and accommodation	357	535	1,167	1,596
Commission and brokerage expenses	2,003	5,175	7,464	11,709
Others marketing expenses	374	189	2,298	1,632
	2,834	13,285	21,850	30,592
Establishment expenses				
Equipment rental	(81)	1,044	1,738	3,025
Repair and maintenance	9,210	9,373	24,923	26,379
Depreciation of property and equipment	4,917	4,170	19,274	17,970
Depreciation of right-of-use assets	8,474	7,772	33,477	26,346
Amortisation of intangible assets	5,544	6,071	22,020	23,157
IT consultancy fee	10,265	10,790	34,144	45,489
Dataline rental	1,659	3,344	10,936	14,341
Security services	2,112	4,448	8,071	16,760
Electricity, water and sewerage	1,357	1,096	4,251	4,637
Insurance/Takaful and indemnities	3,947	1,382	12,793	11,156
Other establishment costs	1,328	864	3,254	2,941
	48,732	50,354	174,881	192,201
General and administrative expenses				
Telecommunication expenses	198	1,039	423	3,820
Auditors' remuneration :				
(i) Statutory audit fees	137	(105)	1,109	1,110
(ii) Regulatory related fees	195	15	195	15
(iii) Tax fees	34	34	34	34
(ii) Non-audit fees	199	267	99	617
Professional fees	9,963	764	17,804	11,883
Property and equipment written-off	21	44	156	71
Mail and courier charges	838	823	2,515	2,829
Stationery and consumables	1,789	1,488	5,315	5,069
Directors' fees and allowances	864	544	2,931	2,848
Donations	81	4	1,626	1,428
Settlement, clearing and bank charges	5,399	2,958	16,148	11,958
Stamp duties	(194)	59	9	416
Operational and litigation write-off expenses	-	719	880	701
Other administration and general expenses	1,367	2,299	5,683	5,756
	20,891	10,952	54,927	48,555
Total other operating expenses	192,717	168,705	717,151	674,751

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

A24. ALLOWANCES FOR CREDIT IMPAIRMENT LOSSES

Group	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
ECL made/(written-back) on:				
- loans, advances and financing	2,142	229,962	181,461	512,232
- trade receivables	(340)	2,259	(1,276)	2,601
- securities and placements	(10,481)	30,548	55,235	50,724
- loan/financing commitments and financial guarantee	17,155	7,623	18,467	8,837
Bad debts and financing :				
- recovered	(12,737)	(11,516)	(36,199)	(34,795)
- written-off	475	1,015	1,768	3,527
	(3,786)	259,891	219,456	543,126
Bank				
ECL made/(written-back) on :				
- loans, advances and financing	4,627	198,171	117,511	383,931
- securities and placements	(11,102)	27,127	37,954	42,591
- loan/financing commitments and financial guarantee	14,126	7,443	15,415	7,379
Bad debts and financing :				
- recovered	(12,003)	(9,144)	(32,124)	(28,049)
- written-off	400	973	1,397	3,151
	(3,952)	224,570	140,153	409,003

A25. ALLOWANCES FOR IMPAIRMENT LOSSES ON OTHER ASSETS

Group	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment on:				
- amount due from joint ventures	276	2,969	276	15,249
- amount due from associates	(3)	1,257	(3)	1,257
- other debtors	1,589	1,966	2,933	1,966
	1,862	6,192	3,206	18,472
Bank				
Allowance for impairment on:				
- amount due from associates	(3)	-	(3)	-
- other debtors	1,803	-	1,803	-
	1,800	-	1,800	-

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

A26. SEGMENTAL INFORMATION ON REVENUE AND PROFIT

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

	<----- Current year's individual quarter ended 31 December 2021 ----->					
	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue						
External revenue	398,485	171,228	-	2,420	-	572,133
Intersegment revenue	127,552	(6,843)	-	211	(120,920)	-
Segment revenue	526,037	164,385	-	2,631	(120,920)	572,133
Operating expenses	(255,421)	(89,413)	-	(2,413)	920	(346,327)
of which :-						
Depreciation of property and equipment	(5,036)	(2,293)	-	(76)	-	(7,405)
Depreciation of right-of-use assets	(8,590)	(2,409)	-	(88)	-	(11,087)
Amortisation of intangible assets	(5,597)	(632)	-	(1)	-	(6,230)
Allowances for impairment advances, financing and trade receivables/ securities/ other assets	13,357	(8,533)	-	-	(2,900)	1,924
Segment results	283,973	66,439	-	218	(122,900)	227,730
Share of results of a joint venture (net of tax)	-	-	(4,833)	-	-	(4,833)
Share of results of associates (net of tax)	-	-	14,126	-	-	14,126
Profit before zakat and taxation	283,973	66,439	9,293	218	(122,900)	237,023
Zakat	(1,830)	(388)	-	-	-	(2,218)
Profit before taxation	282,143	66,051	9,293	218	(122,900)	234,805
Taxation						(12,407)
Net profit for the individual quarter						222,398

	<----- Preceding year's individual quarter ended 31 December 2020 ----->					
	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue						
External revenue	399,079	218,618	-	3,099	-	620,796
Intersegment revenue	160,336	(10,041)	-	197	(150,492)	-
Segment revenue	559,415	208,577	-	3,296	(150,492)	620,796
Operating expenses	(229,638)	(122,106)	-	(2,522)	492	(353,774)
of which :-						
Depreciation of property and equipment	(4,291)	(2,727)	-	(30)	-	(7,048)
Depreciation of right-of-use assets	(7,913)	(2,475)	-	(88)	-	(10,476)
Amortisation of intangible assets	(6,125)	(3,658)	-	(12)	-	(9,795)
Allowances for impairment advances, financing and trade receivables/ securities/ other assets	(254,465)	(11,136)	-	-	(482)	(266,083)
Segment results	75,312	75,335	-	774	(150,482)	939
Share of results of a joint venture (net of tax)	-	-	(645)	-	-	(645)
Share of results of associates (net of tax)	-	1,146	22,729	-	-	23,875
Profit before zakat and taxation	75,312	76,481	22,084	774	(150,482)	24,169
Zakat	-	(706)	-	-	-	(706)
Profit before taxation	75,312	75,775	22,084	774	(150,482)	23,463
Taxation						(13,488)
Net profit for the individual quarter						9,975

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

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

The segment analysis by activity for the individual and cumulative quarters ended 31 December 2021 and 31 December 2020 are as follows (Cont.):

	< ----- Current year's cumulative quarter ended 31 December 2021 ----- >					
	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue						
External revenue	1,527,033	702,215	-	11,908	-	2,241,156
Intersegment revenue	266,547	(126)	-	813	(267,234)	-
Segment revenue	<u>1,793,580</u>	<u>702,089</u>	-	<u>12,721</u>	<u>(267,234)</u>	<u>2,241,156</u>
Operating expenses	(963,368)	(383,678)	-	(11,401)	4,834	(1,353,613)
of which :-						
Depreciation of property and equipment	(19,785)	(9,934)	-	(200)	-	(29,919)
Depreciation of right-of-use assets	(33,939)	(9,769)	-	(350)	-	(44,058)
Amortisation of intangible assets	(22,232)	(5,708)	-	(10)	-	(27,950)
Allowances for impairment advances, financing and trade receivables/ securities/ other assets	(182,723)	(36,963)	-	-	(2,976)	(222,662)
Segment results	<u>647,489</u>	<u>281,448</u>	-	<u>1,320</u>	<u>(265,376)</u>	<u>664,881</u>
Share of results of a joint venture (net of tax)	-	-	2,565	-	-	2,565
Share of results of an associate (net of tax)	-	-	42,826	-	-	42,826
Profit before zakat and taxation	<u>647,489</u>	<u>281,448</u>	<u>45,391</u>	<u>1,320</u>	<u>(265,376)</u>	<u>710,272</u>
Zakat	(3,660)	(2,758)	-	-	-	(6,418)
Profit before taxation	<u>643,829</u>	<u>278,690</u>	<u>45,391</u>	<u>1,320</u>	<u>(265,376)</u>	<u>703,854</u>
Taxation						<u>(123,531)</u>
Net profit for the cumulative quarter						<u><u>580,323</u></u>
	< ----- Preceding year's cumulative quarter ended 31 December 2020 ----- >					
	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue						
External revenue	1,434,767	817,860	-	12,272	-	2,264,899
Intersegment revenue	195,869	(2,870)	-	907	(193,906)	-
Segment revenue	<u>1,630,636</u>	<u>814,990</u>	-	<u>13,179</u>	<u>(193,906)</u>	<u>2,264,899</u>
Operating expenses	(920,135)	(422,469)	-	(10,787)	2,406	(1,350,985)
of which :-						
Depreciation of property and equipment	(18,649)	(11,278)	-	(138)	-	(30,065)
Depreciation of right-of-use assets	(27,391)	(9,916)	-	(352)	-	(37,659)
Amortisation of intangible assets	(23,370)	(14,702)	-	(34)	-	(38,106)
(Allowances for)/write-back of impairment advances, financing and trade receivables/ securities/ other assets	(514,771)	(49,620)	-	-	2,793	(561,598)
Segment results	<u>195,730</u>	<u>342,901</u>	-	<u>2,392</u>	<u>(188,707)</u>	<u>352,316</u>
Share of results of a joint venture (net of tax)	-	-	(394)	-	-	(394)
Share of results of an associate (net of tax)	(750)	1,146	41,862	-	-	42,258
Profit before zakat and taxation	<u>194,980</u>	<u>344,047</u>	<u>41,468</u>	<u>2,392</u>	<u>(188,707)</u>	<u>394,180</u>
Zakat	(2,540)	(4,929)	-	-	-	(7,469)
Profit before taxation	<u>192,440</u>	<u>339,118</u>	<u>41,468</u>	<u>2,392</u>	<u>(188,707)</u>	<u>386,711</u>
Taxation						<u>(113,863)</u>
Net profit for the cumulative quarter						<u><u>272,848</u></u>

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

A27. SUBSEQUENT MATERIAL EVENT

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	Sale shares		Provisional cash consideration
	No. of shares ⁽¹⁾	%	RM'000
AHIB	7,000,000	63.0	1,417.5
AHAM KSM ⁽²⁾	594,338	5.4	120.4
	7,594,338.0	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 disposal

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 Disposal. 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.

Upon completion of the Proposed Disposal, AHAM will cease to be a subsidiary of the Group.

As at 31 December 2021, AHAM is part of the Investment Banking segment of the Group.

Salient terms of the SPA

The SPA is subject to and conditional upon the following:

- AHAM and AIIMAN Asset Management Sdn. Bhd. ("AIIMAN") obtaining a written approval from the Securities Commission ("SC") for the following:
 - (i) Change in AHAM and AIIMAN's shareholding resulting in a change of their controlling shareholders (AHIB);
 - The Purchaser to be a related corporation of AHAM and AIIMAN or an entity as may be approved by the SC pursuant to the Licensing Handbook issued by the SC; and
 - (ii) Handbook issued by the SC; and
 - (iii) Change in AHAM's name.
- The approval of the shareholders of the Bank for the Proposed Disposal at an Extraordinary General Meeting ("EGM") to be convened.

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

A28. CHANGES IN THE COMPOSITION OF THE GROUP

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

A29. COMMITMENTS AND CONTINGENCIES

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

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

	Group		Bank	
	Principal Amount		Principal Amount	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes *	548,856	501,472	456,935	432,764
Transaction-related contingent items	1,477,614	1,640,080	982,691	1,184,737
Short-term self-liquidating trade-related contingencies	461,206	450,212	200,556	156,180
Obligations under an on-going underwriting agreement	-	17,792	-	-
Irrevocable commitments to extend credit				
- Maturity less than one year	5,069,907	5,114,530	3,541,944	3,716,393
- Maturity more than one year	2,039,539	1,749,812	1,197,170	912,498
Foreign exchange related contracts #				
- Less than one year	25,519,945	18,864,614	14,563,705	10,640,270
- One year to less than five years	897,663	1,019,409	83,340	207,100
Interest rate related contracts #				
- Less than one year	1,135,000	447,000	355,000	57,000
- One year to less than five years	4,813,000	4,063,000	2,663,000	1,513,000
- Five years and above	955,000	755,000	955,000	755,000
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrowers' creditworthiness	1,116,522	783,018	-	-
Unutilised credit card lines	1,163,042	844,254	948,592	634,500
	45,197,294	36,250,193	25,947,933	20,209,442

* Included in direct credit substitutes are financial guarantee contracts of RM548.9 million and RM456.9 million at the Group and the Bank respectively (2020: RM501.5 million and RM432.8 million at the Group and the Bank respectively), of which fair value at the time of issuance is zero.

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

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

A30. DERIVATIVE FINANCIAL INSTRUMENTS

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

GROUP	< ----- Contract/Notional Amount ----- >				< ----- Positive Fair Value ----- >				< ----- Negative Fair Value ----- >			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
As at 31 December 2021												
Trading derivatives												
Foreign exchange contracts :												
- 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	10,928,966	83,340	-	11,012,306	45,503	-	-	45,503	49,343	1,231	-	50,574
- Currency swaps	5,798,024	392,469	103,853	6,294,346	31,338	9,781	1,561	42,680	15,098	3,766	103	18,967
Interest rate contracts :												
- 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
As at 31 December 2020												
Trading derivatives												
Foreign exchange contracts :												
- Currency forwards	7,717,177	75,022	330,978	8,123,177	34,639	179	402	35,220	141,538	2,416	9,345	153,299
- Cross currency swaps	7,121,340	207,100	-	7,328,440	165,064	7,411	-	172,475	40,621	109	-	40,730
- Currency swaps	4,026,096	75,074	331,236	4,432,406	75,886	2,462	9,542	87,890	81,838	175	359	82,372
Interest rate contracts :												
- Interest rate swaps	447,000	2,295,000	2,523,000	5,265,000	1,600	37,769	53,340	92,709	20,812	43,945	48,661	113,418
	19,311,613	2,652,196	3,185,214	25,149,023	277,189	47,821	63,284	388,294	284,809	46,645	58,365	389,819

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

A30. DERIVATIVE FINANCIAL INSTRUMENTS (Cont.)

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

	< ----- Contract/Notional Amount ----- >				< ----- Positive Fair Value ----- >				< ----- Negative Fair Value ----- >			
	Up To 1 Year 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
BANK												
As at 31 December 2021												
Trading derivatives												
Foreign exchange contracts :												
- Currency forwards	2,731,419	-	-	2,731,419	7,210	-	-	7,210	17,756	-	-	17,756
- Cross currency swaps	11,832,286	83,340	-	11,915,626	47,504	-	-	47,504	53,763	1,231	-	54,994
Interest rate contracts :												
- 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
As at 31 December 2020												
Trading derivatives												
Foreign exchange contracts :												
- Currency forwards	3,518,930	-	-	3,518,930	3,300	-	-	3,300	119,105	-	-	119,105
- Cross currency swaps	7,121,340	207,100	-	7,328,440	178,757	7,411	-	186,168	41,693	109	-	41,802
Interest rate contracts :												
- Interest rate swaps	57,000	775,000	1,493,000	2,325,000	670	9,725	31,319	41,714	470	21,681	45,031	67,182
	10,697,270	982,100	1,493,000	13,172,370	182,727	17,136	31,319	231,182	161,268	21,790	45,031	228,089

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

A30. DERIVATIVE FINANCIAL INSTRUMENTS (Cont.)

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

Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at the reporting date, the notional amount of foreign exchange exposure which was not hedged and hence, exposed to market risk was RM18.2 million (2020 : RM22.6 million), while the notional amount of interest rate contract was RM899.3 million (2020 : RM819.8 million).

Credit risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the commercial bank has a gain position. As at the reporting date, the amounts of foreign exchange and interest rate credit risk, measured in terms of the cost to replace the profitable contracts, was RM383.6 million (2020 : RM443.8 million) and RM185.3 million (2020 : RM170.9 million) respectively. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Liquidity risk

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

Cash Requirement of the Derivatives

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

Related Accounting Policies

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

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

A31. FAIR VALUE MEASUREMENTS

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

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

Group	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
31 December 2021				
Financial Assets				
Financial assets at FVTPL:				
- Money market instruments	-	249,582	-	249,582
- Corporate bonds/Sukuk	-	1,008	14,923	15,931
- Shares and unit trusts	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
31 December 2020				
Financial Assets				
Financial assets at FVTPL :				
- Money market instruments	-	113,657	-	113,657
- Shares and unit trusts	411,849	-	99,222	511,071
- Corporate bonds/Sukuk	-	58,494	15,044	73,538
Derivative financial assets	-	388,294	-	388,294
Financial investments at FVOCI :				
- Money market instruments	-	5,964,994	-	5,964,994
- Shares, unit trusts and REITs	-	-	211,465	211,465
- Corporate bonds/Sukuk	-	6,857,594	-	6,857,594
	411,849	13,383,033	325,731	14,120,613
Financial Liabilities				
Derivative financial liabilities	-	389,819	-	389,819
Puttable liability - investment in funds	84,268	-	-	84,268
Other liabilities - equities trading	394	-	-	394
	84,662	389,819	-	474,481

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

A31. FAIR VALUE MEASUREMENTS (Cont.)

Bank	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
31 December 2021				
Financial Assets				
Financial assets at FVTPL:				
- Money market instruments	-	249,582	-	249,582
- Corporate bonds/Sukuk	-	-	14,923	14,923
- Unquoted shares	-	-	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
31 December 2020				
Financial Assets				
Financial assets at FVTPL:				
- Money market instruments	-	113,657	-	113,657
- Unquoted shares	-	-	99,222	99,222
- Corporate bonds/Sukuk	-	-	15,044	15,044
Derivative financial assets	-	231,182	-	231,182
Financial investments at FVOCI:				
- Money market instruments	-	3,002,261	-	3,002,261
- Unquoted shares	-	-	186,135	186,135
- Corporate bonds/Sukuk	-	3,398,934	-	3,398,934
	-	6,746,034	300,401	7,046,435
Financial Liabilities				
Derivative financial liabilities	-	228,089	-	228,089

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

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

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

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

A31. FAIR VALUE MEASUREMENTS (Cont.)

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

The Group and the Bank recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. Transfers between fair value hierarchy primarily due to change in the level of trading activity, change in observable market activity related to an input, reassessment of available pricing information and change in the significance of the unobservable input. There were no transfers between Level 1, 2 and 3 of the fair value hierarchy during the financial year (2020: Nil).

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

	Group		Bank	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial year	325,731	290,070	300,401	267,057
Sales/Redemption	(252)	-	(252)	-
Net changes in income accrued	-	4	-	4
Total gains recognised in other comprehensive income	18,470	35,657	17,093	33,340
At end of the financial year	343,949	325,731	317,242	300,401

Effect of changes in significant unobservable assumptions to reasonably possible alternative

As at reporting date, financial instruments measured with valuation techniques using significant unobservable inputs (Level 3) mainly include unquoted shares held for socio economic purposes.

A32. CREDIT EXPOSURES ARISING FROM CREDIT TRANSACTIONS WITH CONNECTED PARTIES

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

	The Group		Bank	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
(i) The aggregate value of outstanding credit exposures with connected parties (RM'000)	6,267,310	4,708,237	4,077,841	3,049,997
(ii) The percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	8%	6%	9%	7%
(iii) The percentage of outstanding credit exposures with connected parties which is impaired or in default	Nil	Nil	Nil	Nil

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A33. 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.

	Group		Bank	
	31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
a) The components of CET 1, Tier 1 and Tier 2 capital :				
<u>CET 1</u>				
Paid-up share capital	4,969,150	4,902,300	4,969,150	4,902,300
Retained profits	4,163,442	3,682,234	3,119,461	2,799,501
Unrealised gains on FVOCI instruments	90,473	266,412	157,267	183,078
Other disclosed reserves	(88,737)	(65,909)	-	-
Foreign exchange reserves	39	(205)	-	-
	9,134,367	8,784,832	8,245,878	7,884,879
Less: Regulatory adjustments:				
- Goodwill and other intangibles	(895,850)	(903,750)	(198,733)	(202,212)
- Deferred tax assets	(223,344)	(112,158)	(111,900)	(54,607)
- 55% of cumulative unrealised gains on FVOCI instruments	(49,760)	(146,527)	(86,497)	(100,693)
- Investment in subsidiaries, joint ventures and associates	(907,293)	(896,114)	(3,796,621)	(3,796,621)
- Other CET1 transitional adjustment	341,998	100,517	238,228	61,224
Total CET 1 Capital	7,400,118	6,826,800	4,290,355	3,791,970
<u>Additional Tier 1 Capital</u>				
Additional Tier 1 Capital	800,000	800,000	500,000	500,000
Qualifying capital instruments held by third party	32,933	31,015	-	-
	832,933	831,015	500,000	500,000
Total Tier 1 Capital	8,233,051	7,657,815	4,790,355	4,291,970
<u>Tier 2 Capital</u>				
Subordinated MTNs	2,455,000	2,500,000	2,000,000	2,000,000
Expected loss provisions [#]	277,775	324,592	170,816	200,424
Less: Regulatory adjustments:				
- Investment in capital instruments of unconsolidated financial and insurance entities	(30,914)	(30,914)	(375,914)	(330,914)
Total Tier 2 Capital	2,701,861	2,793,678	1,794,902	1,869,510
Total Capital	10,934,912	10,451,493	6,585,257	6,161,480
b) The breakdown of risk-weighted assets:				
Credit risk	46,962,011	42,706,201	29,381,798	26,888,591
Market risk	781,246	814,122	567,804	373,667
Operational risk	3,580,698	3,403,072	1,671,929	1,657,613
Total risk-weighted assets	51,323,955	46,923,395	31,621,531	28,919,871
c) Capital adequacy ratios:				
<u>With transitional arrangements</u>				
CET 1 capital ratio	14.418%	14.549%	13.568%	13.112%
Tier 1 capital ratio	16.041%	16.320%	15.149%	14.841%
Total capital ratio	21.306%	22.274%	20.825%	21.305%
CET 1 capital ratio (net of proposed dividends) ^{Note 1}	14.198%	14.517%	13.209%	13.061%
Tier 1 capital ratio (net of proposed dividends) ^{Note 1}	15.820%	16.288%	14.791%	14.790%
Total capital ratio (net of proposed dividends) ^{Note 1}	21.085%	22.242%	20.467%	21.254%

[#] 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

A33. CAPITAL ADEQUACY (Cont.)

	Group		Bank	
	31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
c) Capital adequacy ratios (cont.):				
<u>Without transitional arrangements</u>				
CET 1 capital ratio	13.752%	14.335%	12.814%	12.900%
Tier 1 capital ratio	15.375%	16.106%	14.396%	14.629%
Total capital ratio	21.242%	22.274%	20.693%	21.305%
CET 1 capital ratio (net of proposed dividends) ^{Note 1}	13.531%	14.303%	12.456%	12.849%
Tier 1 capital ratio (net of proposed dividends) ^{Note 1}	15.154%	16.074%	14.037%	14.578%
Total capital ratio (net of proposed dividends) ^{Note 1}	21.021%	22.242%	20.335%	21.254%

Note 1 :

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

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

- (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 31 December 2021, RIA assets included in the Total Capital Ratio calculation amounted to RM1,834.6 million (2020: RM1,754.9 million).

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

	Economic Entity		Bank	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
<u>With transitional arrangements</u>				
CET 1 capital ratio	12.138%	12.234%	12.138%	12.234%
Tier 1 capital ratio	13.873%	14.226%	13.873%	14.226%
Total capital ratio	19.027%	20.271%	19.027%	20.271%
<u>Without transitional arrangements</u>				
CET 1 capital ratio	11.669%	12.025%	11.669%	12.025%
Tier 1 capital ratio	13.404%	14.017%	13.404%	14.017%
Total capital ratio	19.027%	20.271%	19.027%	20.271%

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

	Group		Bank	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
<u>With transitional arrangements</u>				
CET 1 capital ratio	31.426%	35.119%	45.802%	47.060%
Tier 1 capital ratio	32.508%	36.047%	45.802%	47.060%
Total capital ratio	33.028%	36.463%	46.578%	47.666%
CET 1 capital ratio (net of proposed dividends)	31.426%	34.071%	45.802%	45.531%
Tier 1 capital ratio (net of proposed dividends)	32.508%	34.999%	45.802%	45.531%
Total capital ratio (net of proposed dividends)	33.028%	35.415%	46.578%	46.136%
<u>Without transitional arrangements</u>				
CET 1 capital ratio	30.665%	34.817%	44.641%	46.623%
Tier 1 capital ratio	31.747%	35.746%	44.641%	46.623%
Total capital ratio	32.437%	36.427%	45.416%	47.326%
CET 1 capital ratio (net of proposed dividends)	30.665%	33.769%	44.641%	45.094%
Tier 1 capital ratio (net of proposed dividends)	31.747%	34.698%	44.641%	45.094%
Total capital ratio (net of proposed dividends)	32.437%	35.379%	45.416%	45.797%

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

A34. LIQUIDITY RISK

Liquidity risk for assets and liabilities based on remaining contractual maturities.

The maturities of on-balance sheet assets and liabilities as well as other off-balance sheet assets and liabilities, commitments and counter-guarantees are important factors in assessing the liquidity of the Group and the Bank.

The table below provides analysis of assets and liabilities into relevant maturity tenures based on remaining contractual maturities.

Group	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	> 1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
As at 31 December 2021							
Assets							
Cash and short-term funds	6,394,457	-	-	-	-	-	6,394,457
Deposits and placements with banks and other financial institutions	-	1,071,647	98,162	-	-	-	1,169,809
Financial assets at FVTPL	-	-	14,923	1,235	249,582	332,860	598,600
Derivative financial assets	32,003	37,429	36,332	61,722	19,395	-	186,881
Financial investments at FVOCI	5,103	9,972	114,367	2,222,784	1,300,541	224,855	3,877,622
Financial investments at AC	250,582	501,096	325,178	3,411,452	6,946,834	-	11,435,142
Loans, advances and financing	3,455,247	2,453,435	1,368,945	9,626,631	33,574,034	49,776	50,528,068
Trade receivables	527,166	-	-	-	-	-	527,166
Other assets	240,659	986	12,815	15,501	2,229	4,536	276,726
Amount due from joint ventures	15,737	-	-	-	-	-	15,737
Amount due from associates	30,888	-	-	-	-	-	30,888
Statutory deposits with BNM	68,625	-	-	-	-	-	68,625
Other non-financial assets ⁽¹⁾	135,147	1,941	22,999	24,184	-	3,135,073	3,319,344
Total assets	11,155,614	4,076,506	1,993,721	15,363,509	42,092,615	3,747,100	78,429,065
Liabilities							
Deposits from customers	22,510,539	11,087,274	23,507,437	1,688,750	404	-	58,794,404
Investment accounts of customers	-	-	-	1,329	-	-	1,329
Deposits and placements with banks and other financial institutions	2,414,563	351,081	100,396	-	-	-	2,866,040
Derivatives financial liabilities	38,045	38,519	47,425	61,119	16,521	-	201,629
Bills and acceptances payable	28,644	-	-	-	-	-	28,644
Recourse obligation on loans sold to Cagamas	-	-	669,212	-	-	-	669,212
Trade payables	982,362	-	-	-	-	-	982,362
Lease liabilities	2,993	3,244	7,876	22,759	-	-	36,872
Other liabilities	237,052	24,970	809,910	273,877	37,109	-	1,382,918
Borrowings	12,236	35,845	11,034	-	2,800,000	443,960	3,303,075
Other non-financial liabilities ⁽²⁾	106,450	73,767	40,668	-	-	8,040	228,925
Total liabilities	26,332,884	11,614,700	25,193,958	2,047,834	2,854,034	452,000	68,495,410
Net liquidity gap	(15,177,270)	(7,538,194)	(23,200,237)	13,315,675	39,238,581	3,295,100	

⁽¹⁾ Other non-financial assets include tax recoverable, deferred tax assets, investment in joint ventures, investment in associates, property and equipment, right-of-use assets, intangibles assets, foreclosed properties, and prepayments.

⁽²⁾ Other non-financial liabilities include deferred tax liabilities, provision for taxation, defined contribution plan and accrued employee benefits.

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

A34. LIQUIDITY RISK (Cont.)

Liquidity risk for assets and liabilities based on remaining contractual maturities (cont.)

The table below provides analysis of assets and liabilities into relevant maturity tenures based on remaining contractual maturities (cont.)

Group	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	> 1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
As at 31 December 2020							
Assets							
Cash and short-term funds	5,461,365	-	-	-	-	-	5,461,365
Deposits and placements with banks and other financial institutions	-	50,058	-	-	-	-	50,058
Financial assets at FVTPL	478	638	15,044	1,024	112,542	568,540	698,266
Derivative financial assets	69,597	121,206	94,464	96,082	6,945	-	388,294
Financial investments at FVOCI	160,092	270,736	348,051	3,256,835	8,786,874	211,465	13,034,053
Financial investments at AC	762	-	54,340	87,935	-	-	143,037
Loans, advances and financing	2,889,654	1,777,926	1,474,345	9,535,338	29,783,919	31,696	45,492,878
Trade receivables	920,417	-	-	-	-	-	920,417
Other assets	200,676	2,109	9,118	13,882	2,223	4,585	232,593
Amount due from joint ventures	15,073	-	-	-	-	-	15,073
Amount due from associates	30,885	-	-	-	-	-	30,885
Statutory deposits with BNM	103,267	-	-	-	-	-	103,267
Other non-financial assets ⁽¹⁾	54,608	95	18,673	34,257	31,000	2,826,342	2,964,975
Total assets	9,906,874	2,222,768	2,014,035	13,025,353	38,723,503	3,642,628	69,535,161
Liabilities							
Deposits from customers	20,704,088	8,723,378	18,600,070	1,856,824	-	-	49,884,360
Investment accounts of customers	-	-	377	1,774	-	-	2,151
Deposits and placements with banks and other financial institutions	2,742,990	856,711	120,659	-	-	-	3,720,360
Derivatives financial liabilities	60,382	127,157	89,826	99,183	13,271	-	389,819
Bills and acceptances payable	67,010	-	-	-	-	-	67,010
Recourse obligation on loans sold to Cagamas	-	-	34	50,000	-	-	50,034
Trade payables	921,392	-	-	-	-	-	921,392
Lease liabilities	1,630	1,753	9,439	37,706	-	-	50,528
Other liabilities	236,813	51,771	613,250	347,540	19,890	-	1,269,264
Borrowings	12,235	36,006	8,121	-	2,800,000	489,093	3,345,455
Other non-financial liabilities ⁽²⁾	77,091	4,901	109,460	-	-	6,240	197,692
Total liabilities	24,823,631	9,801,677	19,551,236	2,393,027	2,833,161	495,333	59,898,065
Net liquidity gap	(14,916,757)	(7,578,909)	(17,537,201)	10,632,326	35,890,342	3,147,295	

⁽¹⁾ Other non-financial assets include tax recoverable, deferred tax assets, investment in joint ventures, investment in associates, property and equipment, right-of-use assets, intangibles assets, foreclosed properties, and prepayments.

⁽²⁾ Other non-financial liabilities include deferred tax liabilities, provision for taxation, defined contribution plan and accrued employee benefits.

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

A34. LIQUIDITY RISK (Cont.)

Liquidity risk for assets and liabilities based on remaining contractual maturities.

The maturities of on-balance sheet assets and liabilities as well as other off-balance sheet assets and liabilities, commitments and counter-guarantees are important factors in assessing the liquidity of the Group and the Bank.

The table below provides analysis of assets and liabilities into relevant maturity tenures based on remaining contractual maturities.

Bank	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	> 1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
As at 31 December 2021							
Assets							
Cash and short-term funds	2,525,482	-	-	-	-	-	2,525,482
Deposits and placements with banks and other financial institutions	-	1,021,639	150,018	-	-	-	1,171,657
Investment accounts due from designated financial institutions	-	-	26,000	624,094	1,175,431	-	1,825,525
Financial assets at FVTPL	-	-	14,923	-	249,582	104,171	368,676
Derivative financial assets	23,069	16,002	17,110	29,064	19,395	-	104,640
Financial investments at FVOCI	-	-	-	-	-	198,148	198,148
Financial investments at AC	250,582	501,096	15,645	3,371,067	4,901,808	-	9,040,198
Loans, advances and financing	2,100,444	1,525,470	959,322	6,458,855	15,835,245	-	26,879,336
Other assets	129,675	-	-	7,097	2,202	-	138,974
Amount due from subsidiaries	758,924	-	-	-	-	-	758,924
Amount due from associate	30,888	-	-	-	-	-	30,888
Statutory deposits with BNM	58,325	-	-	-	-	-	58,325
Other non-financial assets ⁽¹⁾	113,306	1,941	19,566	21,079	-	5,174,079	5,329,971
Total assets	5,990,695	3,066,148	1,202,584	10,511,256	22,183,663	5,476,398	48,430,744
Liabilities							
Deposits from customers	11,952,939	5,119,614	15,050,161	1,118,645	404	-	33,241,763
Deposits and placements with banks and other financial institutions	2,231,868	45,855	-	-	-	-	2,277,723
Derivatives financial liabilities	24,647	20,442	28,506	35,421	16,521	-	125,537
Bills and acceptances payable	28,644	-	-	-	-	-	28,644
Recourse obligation on loans sold to Cagamas	-	-	619,179	-	-	-	619,179
Lease liabilities	1,798	2,063	4,102	21,269	-	-	29,232
Other liabilities	18,677	-	296,998	228,890	31,321	-	575,886
Amount due to subsidiaries	2,500	-	-	-	-	-	2,500
Borrowings	12,236	35,845	-	-	2,000,000	500,000	2,548,081
Other non-financial liabilities ⁽²⁾	100,226	-	-	-	-	-	100,226
Total liabilities	14,373,535	5,223,819	15,998,946	1,404,225	2,048,246	500,000	39,548,771
Net liquidity gap	(8,382,840)	(2,157,671)	(14,796,362)	9,107,031	20,135,417	4,976,398	

⁽¹⁾ Other non-financial assets include tax recoverable, deferred tax assets, investment in subsidiaries, investment in joint ventures, investment in associates, property and equipment, right-of-use assets, intangible assets, foreclosed properties, and prepayments.

⁽²⁾ Other non-financial liabilities include defined contribution plan and accrued employee benefits.

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

A34. LIQUIDITY RISK (Cont.)

Liquidity risk for assets and liabilities based on remaining contractual maturities (cont.)

The table below provides analysis of assets and liabilities into relevant maturity tenures based on remaining contractual maturities (cont.)

Bank	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	> 1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
As at 31 December 2020							
Assets							
Cash and short-term funds	1,887,584	-	-	-	-	-	1,887,584
Investment accounts due from designated financial institutions	-	-	40,312	624,747	1,078,249	-	1,743,308
Financial assets at FVTPL	478	638	15,044	-	112,541	99,222	227,923
Derivative financial assets	51,463	86,238	53,103	33,433	6,945	-	231,182
Financial investments at FVOCI	131,963	38,222	474,870	1,560,131	4,196,009	186,135	6,587,330
Financial investments at AC	-	-	53,025	308,683	-	-	361,708
Loans, advances and financing	1,512,365	1,268,347	1,144,268	6,382,812	14,857,633	-	25,165,425
Other assets	108,376	-	-	6,604	2,196	-	117,176
Amount due from subsidiaries	299,864	-	-	-	-	-	299,864
Amount due from associate	30,885	-	-	-	-	-	30,885
Statutory deposits with BNM	84,267	-	-	-	-	-	84,267
Other non-financial assets ⁽¹⁾	54,681	95	14,356	29,566	31,000	4,905,544	5,035,242
Total assets	4,161,926	1,393,540	1,794,978	8,945,976	20,284,573	5,190,901	41,771,894
Liabilities							
Deposits from customers	10,957,743	4,051,147	11,370,692	1,028,395	-	-	27,407,977
Deposits and placements with banks and other financial institutions	2,014,186	368,786	24,880	-	-	-	2,407,852
Derivatives financial liabilities	42,018	80,628	47,892	44,280	13,271	-	228,089
Bills and acceptances payable	67,010	-	-	-	-	-	67,010
Lease liabilities	97	165	2,150	29,430	-	-	31,842
Other liabilities	-	-	351,171	112,339	15,908	-	479,418
Amount due to subsidiaries	2,229	-	-	-	-	-	2,229
Borrowings	12,235	36,006	-	-	2,000,000	500,000	2,548,241
Other non-financial liabilities ⁽²⁾	70,744	-	-	-	-	-	70,744
Total liabilities	13,166,262	4,536,732	11,796,785	1,214,444	2,029,179	500,000	33,243,402
Net liquidity gap	(9,004,336)	(3,143,192)	(10,001,807)	7,731,532	18,255,394	4,690,901	

⁽¹⁾ Other non-financial assets include tax recoverable, deferred tax assets, investment in subsidiaries, investment in joint ventures, investment in associates, property and equipment, right-of-use assets, intangible assets, foreclosed properties, and prepayments.

⁽²⁾ Other non-financial liabilities include defined contribution plan and accrued employee benefits.

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

A35. OPERATIONS OF ISLAMIC BANKING - AFFIN ISLAMIC BANK BERHAD

(i) Unaudited Statements of Financial Position

	Economic Entity	
	31/12/2021	31/12/2020
	RM'000	RM'000
ASSETS		
Cash and short-term funds	2,240,427	2,794,278
Deposits and placements with banks and other financial institutions	50,008	50,058
Derivative financial assets	11,436	11,558
Financial investments at fair value through other comprehensive income ("FVOCI")	-	2,828,166
Financial investments at amortised cost ("AC")	3,464,981	-
Financing and other financing	22,570,323	19,380,090
Other assets	77,711	64,563
Amount due from joint ventures	15,737	15,073
Deferred tax assets	22,484	12,390
Property and equipment	1,328	1,383
Right-of-use assets	632	1,085
Intangible assets	345	558
TOTAL ASSETS	28,455,412	25,159,202
LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		
Deposits from customers	21,990,129	18,665,991
Investment accounts of customers	1,329	2,151
Deposits and placements of banks and other financial institutions	358,050	1,225,873
Investment accounts due to designated financial institutions	1,831,585	1,751,038
Derivative financial liabilities	10,659	25,572
Recourse obligation on financing sold to Cagamas Berhad	50,033	50,034
Other liabilities	188,453	67,912
Amount due to holding company	758,812	299,815
Provision for taxation	8,033	6,234
Lease liabilities	666	2,433
Subordinated term financing and medium term notes	1,111,034	1,111,034
TOTAL LIABILITIES	26,308,783	23,208,087
ISLAMIC BANKING CAPITAL FUNDS		
Share capital	1,060,000	1,060,000
Reserves	1,086,629	891,115
Total Islamic Banking Capital Funds	2,146,629	1,951,115
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS	28,455,412	25,159,202
COMMITMENTS AND CONTINGENCIES	5,075,670	4,357,811

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A35. OPERATIONS OF ISLAMIC BANKING - AFFIN ISLAMIC BANK BERHAD (Cont.)

(ii) Unaudited Income Statements

	Economic Entity			
	Individual Quarter Ended 31/12/2021	31/12/2020	Cumulative Quarter Ended 31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	251,667	224,802	905,858	951,973
Income derived from investment of investment accounts	20,198	21,438	74,195	96,333
Income derived from investment of shareholders' funds	23,000	22,564	82,912	98,512
Modification loss	(2,495)	(1,612)	(2,495)	(31,066)
Allowances for impairment losses on financing and other financing	11,747	(22,975)	(37,519)	(91,061)
Allowance for impairment losses on other assets	11	(4,226)	(1,333)	(16,506)
Total distributable income	304,128	239,991	1,021,618	1,008,185
Income attributable to the depositors and others	(117,997)	(119,621)	(456,090)	(578,810)
Income attributable to the investment accounts holders	(17,338)	(20,218)	(67,165)	(83,302)
Total net income	168,793	100,152	498,363	346,073
Other operating expenses	(62,555)	(60,944)	(246,211)	(245,535)
Share of associate's results	-	-	-	(750)
Profit before zakat and taxation	106,238	39,208	252,152	99,788
Zakat	(1,830)	-	(3,660)	(2,540)
Profit before taxation	104,408	39,208	248,492	97,248
Taxation	(19,834)	(18,235)	(57,897)	(40,356)
Net profit for the financial year	84,574	20,973	190,595	56,892

(iii) Unaudited Statements of Comprehensive Income

	Economic Entity			
	Individual Quarter Ended 31/12/2021	31/12/2020	Cumulative Quarter Ended 31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial year	84,574	20,973	190,595	56,892
Other comprehensive income :				
<u>Items that may be reclassified subsequently to profit or loss :</u>				
- Net fair value change in financial investments at FVOCI	135,686	(16,795)	12,801	67,993
- Net credit impairment loss change in financial investments at FVOCI	(1,777)	366	(3,120)	2,837
- Net gain on financial investments measured at FVOCI reclassified to profit or loss on disposal	1	(5,101)	(2,223)	(103,846)
- Deferred tax on financial investments at FVOCI	(32,565)	5,255	(2,539)	8,605
Other comprehensive income/(loss) for the financial year, net of tax	101,345	(16,275)	4,919	(24,411)
Total comprehensive income for the financial year	185,919	4,698	195,514	32,481

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

A35. OPERATIONS OF ISLAMIC BANKING - AFFIN ISLAMIC BANK BERHAD (Cont.)

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

Economic Entity	<-----Attributable to Equity Holder of the Bank----->				
	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Total equity RM'000
At 1 January 2021	1,060,000	(4,919)	127,093	768,941	1,951,115
Comprehensive income :					
- Net profit for the financial year	-	-	-	190,595	190,595
Other comprehensive income (net of tax) :					
- Financial investments at FVOCI	-	4,919	-	-	4,919
Total comprehensive income	-	4,919	-	190,595	195,514
Transfer from regulatory reserves	-	-	(21,480)	21,480	-
At 31 December 2021	1,060,000	-	105,613	981,016	2,146,629

Economic Entity	<-----Attributable to Equity Holder of the Bank----->				
	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Total equity RM'000
At 1 January 2020	1,060,000	19,492	236,882	602,260	1,918,634
Comprehensive income :					
- Net profit for the financial year	-	-	-	56,892	56,892
Other comprehensive income (net of tax) :					
- Financial investments at FVOCI	-	(24,411)	-	-	(24,411)
Total comprehensive income	-	(24,411)	-	56,892	32,481
Transfer from regulatory reserves	-	-	(109,789)	109,789	-
At 31 December 2020	1,060,000	(4,919)	127,093	768,941	1,951,115

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

A35. OPERATIONS OF ISLAMIC BANKING - AFFIN ISLAMIC BANK BERHAD (Cont.)

	Economic Entity	
	31/12/2021	31/12/2020
	RM'000	RM'000
(v) Financing and other financing		
By type		
Cashline	651,183	466,589
Term financing		
- Housing financing	8,443,386	7,732,796
- Hire purchase receivables	4,561,420	4,022,480
- Syndicated financing	869,857	759,504
- Business term financing	6,221,332	4,954,997
Bills receivables	92,878	8,429
Trust receipts	13,142	13,140
Claims on customers under acceptance credits	701,318	508,029
Staff financing (of which RM Nil to Directors)	104,165	85,141
Credit/charge cards receivables	44,830	38,076
Revolving financing	1,070,514	975,306
Gross financing and other financing	22,774,025	19,564,487
Less : ECL	(203,702)	(184,397)
Total net financing and other financing	22,570,323	19,380,090
(vi) Movements of impaired financing		
At beginning of the financial year	315,471	607,312
Classified as impaired	314,867	121,621
Reclassified as non-impaired	(113,207)	(103,492)
Amount recovered	(115,731)	(214,880)
Amount written-off	(19,814)	(95,090)
At end of the financial year	381,586	315,471
Ratio of gross impaired financing and other financing to gross financing and other financing (exclude restricted investment accounts)*	1.11%	1.77%

(*) For the Bank, RIA excluded in the ratio calculation amounting to RM1,834.6 million (2020: RM1,754.9 million) with impaired financing amounting to RM149.9 million (2020: RM Nil 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 year ended 31 December 2021 for the Bank is RM19,814,000 (2020: RM95,090,000). 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

A35. OPERATIONS OF ISLAMIC BANKING - AFFIN ISLAMIC BANK BERHAD (Cont.)

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

	12-Month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
Economic Entity				
31/12/2021				
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
Economic Entity				
31/12/2020				
At beginning of the financial year	51,043	17,171	104,356	172,570
Total transfer between stages due to change in credit risk :	10,438	14,072	(24,510)	-
- Transfer to 12-month ECL (Stage 1)	18,731	(14,585)	(4,146)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(8,276)	30,441	(22,165)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(17)	(1,784)	1,801	-
Financing derecognised (other than write-off)	(26,531)	(2,557)	(2,595)	(31,683)
New financing and other financing originated or purchased	29,947	981	106	31,034
Changes due to change in credit risk	(2,291)	28,623	87,699	114,031
Changes in models/risk parameters	(15,345)	(3,584)	(251)	(19,180)
Write-off	-	-	(82,488)	(82,488)
Other adjustments	-	-	113	113
At end of the financial year	47,261	54,706	82,430	184,397

(viii) Deposits from customers

	Economic Entity	
	31/12/2021 RM'000	31/12/2020 RM'000
Qard		
Demand deposits	4,476,588	3,539,236
Savings deposits	952,617	1,005,821
	5,429,205	4,545,057
Mudarabah		
General investment deposits	41,235	57,313
Tawarruq		
Murabahah term deposits	14,669,830	13,333,675
Commodity Murabahah Deposit	1,122,215	516,492
Savings deposits	159,324	102,574
Demand deposit	568,320	110,880
	16,519,689	14,063,621
Total deposits from customers	21,990,129	18,665,991

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

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

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

	Individual Quarter Ended		Changes		Cumulative Quarter Ended		Changes	
	31/12/2021 RM'000	31/12/2020 RM'000	RM'000	%	31/12/2021 RM'000	31/12/2020 RM'000	RM'000	%
Net Income	572,133	620,796	(48,663)	(7.8)	2,241,156	2,264,899	(23,743)	(1.0)
Operating Profit	227,730	939	226,791	24,152.4	664,881	352,316	312,565	88.7
Profit Before Zakat and Tax	237,023	24,169	212,854	880.7	710,272	394,180	316,092	80.2
Profit Before Tax	234,805	23,463	211,342	900.7	703,854	386,711	317,143	82.0
Profit After Tax	222,398	9,975	212,423	2,129.6	580,323	272,848	307,475	112.7
Profit attributable to equity holders of the Bank	206,847	(9,364)	216,211	(2,309.0)	526,934	230,322	296,612	128.8

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

The Group posted a profit before tax of RM703.9 million for the financial year ended 31 December 2021, up RM317.1 million or 82.0% from the corresponding period a year ago.

This was due to improved net interest income, Islamic Banking income, net fee and commission income, lower modification loss and allowance for impairment losses. These were offset by lower gain on sales from financial instruments and marginally higher other operating expenses. The share of profits from the joint venture and associate were also higher by RM3.0 million and RM0.6 million respectively.

Net interest income increased by RM126.7 million or 16.4% to RM898.8 million against the previous corresponding period of RM772.1 million, due to loan growth and improved net interest margin of 1.97% compared to 1.74% for 2020. Income from Islamic Banking operations recorded an increase of RM68.2 million or 14.2% to RM549.5 million year-on-year due to financing growth, improved net financing margin and lower impairment allowances.

Non-interest income for the financial year under review was RM798.5 million, a decrease of RM291.5 million or 26.7% from the RM1,090.0 million registered in the previous corresponding period. The decrease was due to lower net gain on sales of financial instruments of RM364.8 million, cushioned by higher net fee and commission income of RM89.0 million.

Cost-to-income ratio recorded slight increase to 60.3% arising from a marginal increase of RM2.6 million other operating expenses to RM1,353.6 million. Allowance for impairment losses was lower by RM338.9 million at RM222.7 million as compared to RM561.6 million a year ago.

Gross loans and financing grew by 11.1% year-on-year to RM51.4 billion despite the challenging environment. Customer deposits also increased by 17.9% year-on-year to RM58.8 billion, whilst the CASA ratio stood at 23.0% as at 31 December 2021.

Common Equity Tier 1 Capital Ratio was aligned to the industry average at 14.20% as at 31 December 2021.

Profit before tax for the financial quarter ended 31 December 2021 as compared to the previous corresponding financial quarter ended 31 December 2020 is further segmented as follows:

Commercial Banking

AFFIN Bank Berhad registered a profit before tax of RM396.9 million for the financial year ended 31 December 2021. The improved performance was due to higher net interest income and other income of RM131.8 million and RM61.3 million respectively, with lower allowance for impairment loss of RM267.1 million and modification loss of RM44.3 million. These were partially offset by lower net gain on sales of financial instruments of RM183.6 million.

AFFIN Islamic Bank Berhad recorded a profit before tax of RM248.5 million, an increase of RM151.9 million or 157.2%. This was due to lower allowance for impairment losses of RM69.4 million.

Investment Banking

AFFIN Hwang Investment Bank ("AHIB") Group showed a decrease in the profit before tax of 19.8% to RM281.7 million due to lower net gain on sales of financial instruments of RM181.2 million, mitigated by higher net fee and commission income and net interest income of RM65.7 million and RM8.2 million respectively and lower allowance for impairment losses of RM12.7 million.

AFFIN Hwang Asset Management Berhad recorded an increase in the profit before tax by RM19.2 million or 13.9% due to higher net fee and commission income of RM66.4 million, offset partially by higher other operating expenses of RM43.1 million and lower net gain on sales of financial instruments of RM4.3 million.

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

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

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

Profit before tax for the financial quarter ended 31 December 2021 as compared to the previous corresponding financial quarter ended 31 December 2020 is 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 profit before tax of RM7.1 million, an increase of RM1.6 million as compared to RM5.5 million in the previous corresponding period. The higher profit was attributed to improved lower reserves for future policyholders' liabilities of RM51.4 million, offset by lower investment income of RM37.7 million of higher other operating expenses of RM12.1 million. The Group's share of profit after tax in AALI of RM2.6 million was higher by RM3.0 million as compared to a loss of RM0.4 million in the same period last year.

AAGI profit before tax showed a decrease of 6.5% to RM102.1 million by RM7.1 million due to lower investment income and other income of RM9.5 million and RM1.0 million respectively cushioned by better underwriting results of RM2.6 million with lower net claims incurred particularly in Motor and Health, higher realised gains on disposal of investment of RM0.8 million. The Group's share of profit after tax in AAGI of RM42.8 million was by RM0.9 million higher against previous financial year.

(ii) Current Quarter vs Previous Corresponding Quarter

The Group reported a profit before tax of RM234.8 million for the quarter ended 31 December 2021, higher by RM211.3 million or >100% against the same quarter last year of RM23.5 million.

This was due to improved Islamic Banking income, lower operating expenses and allowance for impairment losses, offset by lower gain on sales of financial instruments, net fee and commission income and net interest income.

Net interest income for the quarter under review decreased by RM0.4 million or 0.2% to RM248.2 million.

Non-interest income of the Group was RM169.8 million, a decrease of RM69.9 million or 29.2% from RM239.8 million in the previous corresponding quarter. This was due to lower net gain on sales of financial instruments of RM34.5 million and net fee and commission income of RM22.7 million.

Other operating expenses was 2.1% lower due to lower promotion and marketing expenses and lower personnel expenses of RM14.7 million and RM3.0 million respectively offset by higher general and administrative expenses of RM10.9 million.

Allowances for impairment losses decreased by RM268.0 million to a net writeback of RM1.9 million as compared to the same quarter last year of RM266.1 million.

Commercial Banking

AFFIN Bank Berhad reported an improvement in profit before tax by RM139.5 million to RM178.3 million for the current quarter ended 31 December 2021. The increase was contributed by lower allowance for impairment losses of RM226.7 million and higher net fee and commission income of RM5.4 million partially offset by lower other income, net gain on sales of financial instruments and net interest income of RM35.8 million, RM21.1 million and RM6.0 million respectively.

AFFIN Islamic Bank Berhad also showed a better profit before tax of RM104.4 million for the quarter under review, higher by RM66.6 million. This was due to lower allowance for impairment losses of RM39.6 million and higher net financing and other income of RM29.7 million, partially offset by higher other operating expenses of RM1.6 million.

Investment Banking

AHIB Group recorded a lower profit before tax by RM6.0 million or 7.7% to RM72.7 million. The decrease was attributed by lower net fee and commission income and net gain on sales of financial instruments of RM27.4 million and RM13.4 million respectively. However, these were partially offset by lower operating expenses and allowances for impairment losses of RM29.7 million and RM9.3 million respectively and higher net interest income of RM3.4 million.

The 63%-owned subsidiary namely AFFIN Hwang Asset Management Berhad posted a profit before tax of RM28.2 million, higher than corresponding quarter ended 31 December 2020.

Insurance

The Group's share of loss after tax in AALI of RM4.8 million for the current quarter ended 31 December 2021 was higher by RM4.2 million as compared to RM0.6 million in the same period last year.

The Group's share of profit after tax in AAGI of RM14.1 million for the current quarter under review was lower by RM8.7 million of 38.2% against RM22.8 million in the previous corresponding period.

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	
	31/12/2021 RM'000	30/09/2021 RM'000	RM'000	%
Net income	572,133	552,492	19,641	3.6
Operating Profit	227,730	176,926	50,804	28.7
Profit Before Zakat and Tax	237,023	189,148	47,875	25.3
Profit Before Tax	234,805	186,810	47,995	25.7
Profit After Tax	222,398	142,853	79,545	55.7
Profit attributable to equity holders of the Bank	206,847	133,202	73,645	55.3

Profit before tax for the Group for the quarter under review increased by RM48.0 million or 25.7% to RM234.8 million against the preceding quarter ended 30 September 2021 of RM186.8 million. This was due to lower allowance for impairment losses of RM51.2 million and higher Islamic Banking income and net interest income of RM25.5 million and RM15.9 million respectively, partially offset by lower non-interest income and lower share of profits from the joint venture and associate of RM16.1 million and RM2.9 million respectively.

Net interest income was higher by RM15.9 million or 6.8% to RM248.2 million against the previous quarter of RM232.4 million. Income from Islamic Banking operations was also increased by RM25.5 million or 19.0% to RM159.7 million as compared to RM134.2 million recorded in the preceding quarter.

Allowances for impairment losses decreased by RM51.2 million or 103.9% to RM1.9 million writeback quarter-on-quarter.

B3. PERFORMANCE IN FINANCIAL YEAR ENDED 31 DECEMBER 2021

For the financial year ended 31 December 2021, the Group recorded a consolidated profit before tax ('PBT') of RM703.9 million, an increase of RM317.1 million or 82.0% as compared to the previous financial year while profit after tax ('PAT') for the financial year was RM580.3 million.

The net income contracted by RM23.7 million, mainly attributable to lower non-interest income of RM291.5 million, partially offset by increase in income from Islamic Banking of RM68.2 million and net interest income of RM126.7 million.

The operating expenses of the Group increased by RM2.6 million or 0.2%, mainly due to the rise in personnel costs. However, the overall cost to income ratio deteriorate slightly to 60.3% from 59.6% in FY2020. For the FY2021, earnings per share was 25.0 sen as compared to 11.4 sen in the previous year.

The total assets of the Group increased by RM8.9 billion or 12.8% to RM78.4 billion, mainly attributable to the increase in both loans, advances and financing portfolio. Gross loans, advances and financing increased by RM5.1 billion or 11.1% to RM51.4 billion as at 31 December 2021.

Total customer deposits increased by RM8.9 billion or 17.9% to RM58.8 billion. The Total Capital ratio of the Group was at 21.09%, while Common Equity Tier 1 and Tier 1 ratios stood at 14.20% and 15.82% respectively as at 31 December 2021.

ECONOMIC AND BUSINESS OUTLOOK FOR 2022

The global outlook for 2022 remains uncertain with renewed Covid-19 outbreaks due to Omicron and other new virus variants, lingering supply bottlenecks and the risk of stagflation. These risks have resulted in the World Bank lowering its global growth forecast to 4.1% in 2022 and 3.2% in 2023.

Prospects in Malaysia are more promising as the World Bank forecasted a GDP growth of 5.8%, to be fuelled by the resumption of all economic and social activities in the fourth quarter of 2021. With 80% of the population vaccinated and strong assurances from the Government that any future movement control orders would be targeted rather than widespread, consumer demand is expected to increase with investors' confidence. Malaysia's economy is expected to face challenges from events such as slower than expected recovery, increased commodity price volatility and limited fiscal space.

The banking sector is expected to grow in line with the economy and should see improved growth in 2022 after two difficult years dealing with Covid-19 related issues. The recovering economy, potential rate increase and expectations of a lower credit provision is expected to bring positive change to the sector. The banking system has remained resilient through pandemic challenges, supported by healthy liquidity and capital buffers to absorb potential losses and support lending activities. This is supported by proactive monitoring by Bank Negara Malaysia ('BNM'), continued repayment and debt rehabilitation assistance for targeted borrowers via the Credit Counselling and Debt Management Agency.

AFFIN Bank Group is optimistic about its growth prospects for 2022 as the economy continues to recover. Loan growth is expected to improve compared to 2021, to be in line with GDP growth. The downside risks are expected to be from borrowers who have yet to benefit from any economic uplift and are under the repayment assistance programmes. 2022 will see new entrants to the banking scene as five new digital banking licences will be issued to new players. In the near term the outlook for the Group is not expected to be impacted by these new entrants.

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

B3. BUSINESS STRATEGY MOVING FORWARD

The Group will focus on realising its key priorities as it enters its final year of the AIM22 Transformation journey. Our AIM22 Journey was charted with the aim of transforming AFFIN Bank Group into a modern and progressive organisation for our customers, shareholders and employees. Affin Bank Group remains committed to its five key focus areas which are to increase Return on Equity, improve productivity and efficiency, build the current account and savings account base, transform digital capabilities and focus on people. 2022 will also see the Group work towards strengthening its presence in areas related to Environment, Social and Governance ('ESG').

The Community Banking Division ("CMBD") will take the lead in 2022 with plans to further grow its customer base through the Invikta and Avance segments. Collaborations will remain a key strategy with the division aiming to strengthen further its sales proposition and build its digital presence through the recently launched A1addin as well as new digital initiatives to be introduced within the year.

The Enterprise Banking Division ("EBD") will be working with its customers who have been adversely impacted by the pandemic to assist them where possible, to rebuild their business. The Small & Medium Enterprises ('SMEs') segment continues to be an important segment for the Group as they form the foundation of the country's GDP. EBD plans to increase customer accessibility by continuously expanding and upgrading its Business Centres and ensuring that SMEs are able to reach out to Affin Bank for financing or cash management assistance. EBD will be building on its award-winning solution SME Colony to encourage further collaboration and networking between SMEs as well as to roll-out further digital initiatives to benefit its client base.

The Corporate Banking Division ("CBD") remains committed to growing its loan base by leveraging off group synergies arising from instituting a wholesale banking model. The Division exercises credit vigilance in managing asset quality while working closely with customers affected by the prolonged Covid-19 pandemic. CBD also intends to strengthen its digital proposition and provide additional value to customers with the planned enhancement of AFFINMAX.

AFFIN Islamic Bank ("AiBB") will play a significant role in the Group's 2022 plan as it continues to increase its overall contribution to the Group. AiBB will be implementing various initiatives throughout the year to build its Current Account and Saving Account base to further improve its liquidity profile. The strategic focus of AiBB remains that of ensuring stable profitability through strong asset growth, preservation of asset quality and maintaining an effective cost structure.

AFFIN Hwang Investment Bank ("AHIB") will accelerate its transformation towards sustainable growth through its innovation and digitalisation initiatives, with greater collaboration and alignment within Affin Bank Group. The transformation will be underpinned by a strong client centricity and client relationship-driven approach. AHIB will also focus on developing and offering niche products and solutions. In anticipation of an economic recovery supported by an expansionary Budget of 2022, AHIB will position itself to identify and capture business opportunities and provide innovative products and solutions to its clients.

AXA AFFIN Life insurance ("AALI") is presently pursuing its transformation to become the preferred Health and Protection Insurer in Malaysia driven to build and reinforce its distribution networks with a differentiated approach by having more full-time agents, deepening Bancassurance relationships with AFFIN through strategic synergy, and delivering innovative solutions to emerging customers. This is in line with AALI's aspirations to become the leading digital insurer and the most customer-centric insurer in Malaysia.

AXA AFFIN General Insurance ("AAGI") focuses on strengthening its digital capability and accelerating the growth of profitable segments to bring greater value to its customers and stakeholders in its journey towards becoming a customer-centric general insurer. AAGI will continue to uphold a strong commitment to driving sustainable practices and growth responsibly, striking a long-term balance between environment, social and economy.

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

Group	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				
Current tax	69,715	11,262	200,293	182,102
(Over)/Under provision in prior financial year	(442)	17,719	(1,181)	17,836
Deferred tax income :				
- Relating to originating temporary differences	(56,866)	(15,493)	(75,581)	(86,075)
	12,407	13,488	123,531	113,863

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

Bank	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				
Current tax	29,704	(22,209)	74,860	19,581
(Over)/Under provision in prior financial year	(3,318)	11,669	(3,773)	11,670
Deferred tax income :				
- Relating to originating temporary differences	(43,059)	(4,821)	(59,416)	(31,165)
	(16,673)	(15,361)	11,671	86

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

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

B6. STATUS OF CORPORATE PROPOSALS

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

- (i) Disposal of 21.00% equity interest in AXA Affin Life Insurance Berhad ("AALI") ("Proposed AALI Disposal"); and
- (ii) 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.

Subsequent to the completion of the Proposals, The Bank will hold 30% equity interest each, in AALI and the enlarged equity interest in AAGI after the Proposed Merger, with the remaining 70% equity interest will be held by Generali.

The Bank had on 30 June 2021 submitted the applications to BNM to seek the approval of BNM and the Minister of Finance, Malaysia through BNM, for the Bank to undertake the Proposed AALI Disposal and Proposed AAGI Disposal, the approvals of which are pending.

The financial impact arising from the Proposals is not expected to be significant for the financial year ended 31 December 2021.

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

B7. DEPOSITS, LEASE LIABILITIES AND BORROWINGS

	Group		Bank	
	31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
(i) <u>Deposits from Customers</u>				
<u>By Type of Deposit:</u>				
Demand Deposits	10,330,348	8,069,963	5,293,917	4,420,378
Savings Deposits	3,209,798	3,012,259	2,097,858	1,903,864
Fixed Deposits	42,389,800	36,345,493	24,202,589	19,875,252
Commodity Murabahah Deposits	1,122,215	516,492	-	-
Money Market Deposits	890,076	707,536	890,076	707,536
Negotiable Instruments of Deposits ("NID")	757,323	1,107,155	757,323	500,947
Others	94,844	125,462	-	-
	58,794,404	49,884,360	33,241,763	27,407,977
<u>By Maturity structure of fixed deposits, NID and others:</u>				
Due within six months	27,663,419	24,532,548	15,138,077	12,036,396
Six months to one year	13,890,498	11,592,067	8,703,922	7,311,400
One year to three years	1,665,795	1,416,837	1,098,211	997,357
Three years to five years	21,760	36,658	19,302	31,046
Five years and above	495	-	400	-
	43,241,967	37,578,110	24,959,912	20,376,199
<u>By Type of Customer:</u>				
Government and statutory bodies	11,452,139	7,560,637	2,548,186	691,865
Business enterprises	13,076,924	11,449,078	7,312,456	6,556,940
Individuals	27,927,505	25,198,064	20,441,760	18,187,743
Domestic banking institutions	766,407	1,130,080	766,180	516,399
Domestic non-banking financial institutions	4,117,877	3,284,303	1,092,798	573,173
Foreign entities	572,870	557,451	445,170	388,837
Others	880,682	704,747	635,213	493,020
	58,794,404	49,884,360	33,241,763	27,407,977
(ii) <u>Deposits and placement of banks and other financial institutions</u>				
<u>By Type of Institution:</u>				
Licensed banks	340,197	921,929	210,249	532,958
Licensed investment banks	521,830	170,219	407,405	67,023
Bank Negara Malaysia	-	103,703	-	103,703
Other financial institutions	2,004,013	2,524,509	1,660,069	1,704,168
	2,866,040	3,720,360	2,277,723	2,407,852
<u>By Maturity structure of deposits:</u>				
Due within six months	2,866,040	3,720,360	2,277,723	2,407,852
(iii) <u>Lease Liabilities</u>				
At beginning of financial year	50,528	58,650	31,842	44,219
Additions	21,573	27,156	20,907	12,049
Termination of contracts	-	(84)	-	-
Interest/Profit expense	1,837	2,581	1,210	1,582
Lease payment	(37,066)	(37,775)	(24,727)	(26,008)
At end of the financial year	36,872	50,528	29,232	31,842

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

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

	Group		Bank	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
(iv) Borrowings	RM'000	RM'000	RM'000	RM'000
(a) Tier-2 Subordinated Medium Term Notes ("MTN")	2,035,845	2,036,005	2,035,845	2,036,005
(b) Additional Tier-1 Capital Securities ("AT1CS")	512,236	512,236	512,236	512,236
(c) Additional Tier-1 Sukuk Wakalah ("AT1S")	303,425	303,425	-	-
(d) MTN Tier-2 Sukuk Murabahah	451,569	493,789	-	-
	3,303,075	3,345,455	2,548,081	2,548,241

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

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

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

ABB had, on 31 July 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 2019, 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 2019, 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

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

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

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

- b) There are various legal suits against ABB in respect of claims and counter claims of approximately RM29.0 million (2020: RM15.0 million). Based on legal advice, the Directors are of the opinion that no provision for damages need to be made in the financial statements, as the probability of adverse adjudication against ABB is remote.

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

B9. DIVIDENDS

The Board proposed a single-tier final dividend in respect of the current financial year ended 31 December 2021 of 12.5 sen per ordinary share ("Proposed Final Dividend"), amounting to dividend payable of RM265,507,802 (based on 2,124,062,412 ordinary shares in issue as at 31 December 2021), subject to shareholders' approval at forthcoming Annual General Meeting of the Bank, as follows:

Amount per share	: 12.5 sen per share
Previous corresponding year	: 3.5 sen per share
Date payable	: to be determined and announced later
Date of entitlement	: to be determined and announced later
Total dividend for the current financial year	: 12.5 sen per share

The Board of Directors has also resolved that the DRP be applied to the entire Proposed Final Dividend, which can be elected and reinvested in new ordinary shares of the Bank.

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 equity holders of the Group and the Bank by the weighted average number of ordinary shares in issue during the financial year.

	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Group				
Net profit attributable to equity holders of the Bank (RM'000)	206,847	(9,364)	526,934	230,322
Weighted average number of ordinary shares in issue	2,110,962,954	2,015,227,476	2,110,962,954	2,015,227,476
Basic earnings per share (sen)	9.80	(0.46)	24.96	11.43
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Bank				
Net profit attributable to equity holders of the Bank (RM'000)	194,973	54,150	385,244	92,983
Weighted average number of ordinary shares in issue	2,110,962,954	2,015,227,476	2,110,962,954	2,015,227,476
Basic earnings per share (sen)	9.24	2.69	18.25	4.61
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There were no dilutive potential ordinary shares outstanding as at 31 December 2021. As a result, the diluted EPS equal to the basic EPS for the financial year ended 31 December 2021 and 31 December 2020.