

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

**Condensed Interim Financial Statements**  
**Unaudited Statements of Financial Position as at 31 December 2020**

	Note	GROUP		BANK	
		31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	31/12/2019 RM'000
<b>ASSETS</b>					
Cash and short-term funds		5,461,365	4,605,357	1,887,584	2,317,369
Deposits and placements with banks and other financial institutions		50,058	-	-	41,368
Investment accounts due from designated financial institutions		-	-	1,743,308	1,912,415
Financial assets at fair value through profit or loss ("FVTPL")	A9	698,266	662,132	227,923	170,216
Derivative financial assets	A30	388,294	164,868	231,182	118,225
Financial investments at fair value through other comprehensive income ("FVOCI")	A10	13,034,053	12,496,846	6,587,330	6,373,844
Financial investments at amortised cost ("AC")	A11	143,037	145,066	361,708	100,499
Loans, advances and financing	A12	45,492,878	45,387,865	25,165,425	25,730,059
Trade receivables	A13	920,417	534,388	-	-
Other assets	A14	269,620	159,950	141,481	60,883
Amount due from subsidiaries		-	-	299,864	1,318
Amount due from joint ventures		15,073	28,402	-	-
Amount due from associates		30,885	31,787	30,885	30,887
Tax recoverable		101,675	121,595	89,480	67,940
Deferred tax assets		113,521	22,520	54,607	12,690
Statutory deposits with Bank Negara Malaysia		103,267	1,534,777	84,267	857,377
Investment in subsidiaries		-	-	3,053,899	3,053,899
Investment in joint ventures		180,398	171,913	194,240	178,940
Investment in associates		715,716	659,527	548,482	548,482
Property and equipment		832,381	641,867	805,142	607,322
Right-of-use assets		81,870	57,709	62,875	43,416
Intangible assets		903,750	914,693	202,212	202,670
<b>TOTAL ASSETS</b>		<b>69,536,524</b>	<b>68,341,262</b>	<b>41,771,894</b>	<b>42,429,819</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	B7	49,884,360	51,088,962	27,407,977	30,135,250
Investment accounts of customers		2,151	1,447	-	-
Deposits and placements of banks and other financial institutions	B7	3,720,360	1,763,252	2,407,852	646,085
Derivative financial liabilities	A30	389,819	186,791	228,089	136,439
Bills and acceptances payable		67,010	32,903	67,010	32,903
Recourse obligation on loans/financing sold to Cagamas Berhad	A15	50,034	-	-	-
Trade payables		921,392	787,563	-	-
Lease liabilities	B7	50,528	58,650	31,842	44,219
Other liabilities	A16	1,460,716	1,398,837	550,162	418,548
Amount due to subsidiaries		-	-	2,229	55,899
Provision for taxation		6,240	41	-	-
Deferred tax liabilities		1,363	19,080	-	-
Borrowings	B7	3,345,455	3,607,143	2,548,241	2,548,379
<b>TOTAL LIABILITIES</b>		<b>59,899,428</b>	<b>58,944,669</b>	<b>33,243,402</b>	<b>34,017,722</b>

*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 2019.*

**AFFIN BANK BERHAD**  
Company no. 197501003274 (25046-T)  
**Condensed Interim Financial Statements**  
**Unaudited Statements of Financial Position as at 31 December 2020**

	Note	GROUP		BANK	
		31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	31/12/2019 RM'000
<b>EQUITY</b>					
Share capital		<b>4,902,300</b>	4,774,772	<b>4,902,300</b>	4,774,772
Reserves:-					
FVOCI revaluation reserves	A17	<b>266,412</b>	250,661	<b>183,078</b>	148,173
Regulatory reserves	A17	<b>781,679</b>	732,539	<b>643,613</b>	471,925
Foreign exchange reserves	A17	<b>(205)</b>	135	-	-
Other reserves	A17	<b>(65,909)</b>	(61,010)	-	-
Retained profits	A17	<b>3,682,234</b>	3,640,073	<b>2,799,501</b>	3,017,227
<b>Equity attributable to equity holders of the Bank</b>		<b>9,566,511</b>	9,337,170	<b>8,528,492</b>	8,412,097
Non-controlling interest		<b>70,585</b>	59,423	-	-
<b>TOTAL EQUITY</b>		<b>9,637,096</b>	9,396,593	<b>8,528,492</b>	8,412,097
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>69,536,524</b>	68,341,262	<b>41,771,894</b>	42,429,819
<b>COMMITMENTS AND CONTINGENCIES</b>	A29	<b>36,250,193</b>	30,851,233	<b>20,209,442</b>	19,679,897
<b>CAPITAL ADEQUACY RATIOS</b>	A33				
With transitional arrangements					
CET 1 capital ratio		<b>14.549%</b>	14.503%	<b>13.112%</b>	13.026%
Tier 1 capital ratio		<b>16.320%</b>	16.284%	<b>14.841%</b>	14.713%
Total capital ratio		<b>22.274%</b>	23.231%	<b>21.305%</b>	22.253%
With transitional arrangements (net of proposed dividends)					
CET 1 capital ratio		<b>14.517%</b>	14.459%	<b>13.061%</b>	12.958%
Tier 1 capital ratio		<b>16.288%</b>	16.241%	<b>14.790%</b>	14.644%
Total capital ratio		<b>22.242%</b>	23.188%	<b>21.254%</b>	22.185%
<b>Net assets per share attributable to equity holders of the Bank (RM)</b>		<b>4.60</b>	4.70	<b>4.10</b>	4.24

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

**Condensed Interim Financial Statements**

**Unaudited Income Statements for the Financial Quarter Ended 31 December 2020**

<b>GROUP</b>	<b>Note</b>	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
		<b>31/12/2020</b>	<b>31/12/2019</b>	<b>31/12/2020</b>	<b>31/12/2019</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	A18	<b>456,415</b>	524,290	<b>1,806,750</b>	2,231,836
Interest expense	A19	<b>(207,783)</b>	(337,175)	<b>(1,034,607)</b>	(1,488,719)
<b>Net interest income</b>		<b>248,632</b>	187,115	<b>772,143</b>	743,117
Modification loss	A19 (a)	<b>1,281</b>	-	<b>(78,447)</b>	-
Income from Islamic banking business		<b>131,121</b>	110,488	<b>481,228</b>	410,683
		<b>381,034</b>	297,603	<b>1,174,924</b>	1,153,800
Fee and commission income	A20 (a)	<b>257,688</b>	159,774	<b>771,977</b>	594,734
Fee and commission expense	A20 (b)	<b>(78,211)</b>	(39,272)	<b>(222,246)</b>	(153,327)
Net fee and commission income	A20	<b>179,477</b>	120,502	<b>549,731</b>	441,407
Net gains on financial instruments	A21	<b>44,788</b>	50,648	<b>487,294</b>	269,754
Other income	A22	<b>15,497</b>	13,904	<b>52,950</b>	49,455
<b>Net income</b>		<b>620,796</b>	482,657	<b>2,264,899</b>	1,914,416
Other operating expenses	A23	<b>(353,774)</b>	(287,123)	<b>(1,350,985)</b>	(1,206,599)
<b>Operating profit before allowances</b>		<b>267,022</b>	195,534	<b>913,914</b>	707,817
Allowances for credit impairment losses	A24	<b>(259,891)</b>	(42,875)	<b>(543,126)</b>	(49,859)
Allowances for impairment losses on other assets	A25	<b>(6,192)</b>	(3,684)	<b>(18,472)</b>	(5,617)
<b>Operating profit</b>		<b>939</b>	148,975	<b>352,316</b>	652,341
Share of results of a joint venture		<b>(645)</b>	613	<b>(394)</b>	(3,860)
Share of results of associates		<b>23,875</b>	16,852	<b>42,258</b>	34,020
<b>Profit before zakat and taxation</b>		<b>24,169</b>	166,440	<b>394,180</b>	682,501
Zakat		<b>(706)</b>	(214)	<b>(7,469)</b>	(5,530)
<b>Profit before taxation</b>		<b>23,463</b>	166,226	<b>386,711</b>	676,971
Taxation	B5	<b>(13,488)</b>	(34,509)	<b>(113,863)</b>	(160,880)
<b>Net profit after zakat and taxation</b>		<b>9,975</b>	131,717	<b>272,848</b>	516,091
<b>Attributable to :-</b>					
Equity holders of the Bank		<b>(9,364)</b>	122,105	<b>230,322</b>	487,766
Non-controlling interest		<b>19,339</b>	9,612	<b>42,526</b>	28,325
		<b>9,975</b>	131,717	<b>272,848</b>	516,091
Earnings per share attributable to equity holders of the Bank (sen) :-					
Basic	B10	<b>(0.46)</b>	6.15	<b>11.43</b>	24.59
Diluted	B10	<b>(0.45)</b>	5.97	<b>11.03</b>	23.85

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**AFFIN BANK BERHAD**  
Company no. 197501003274 (25046-T)  
**Condensed Interim Financial Statements**  
**Unaudited Statements of Comprehensive Income**  
**for the Financial Quarter Ended 31 December 2020**

<b>GROUP</b>	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>31/12/2020</b>	<b>31/12/2019</b>	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Profit after zakat and taxation</b>	<b>9,975</b>	131,717	<b>272,848</b>	516,091
<b>Other comprehensive income:</b>				
<u>Items that may be reclassified subsequently to profit or loss :</u>				
- Net fair value change in financial investments at FVOCI (debt instruments)	<b>(65,762)</b>	160,286	<b>356,407</b>	436,704
- Net credit impairment loss change in financial investments at FVOCI (debt instruments)	<b>33,410</b>	(1,614)	<b>48,679</b>	(5,712)
- Net gain on financial investments measured at FVOCI reclassified to profit or loss on disposal (debt instruments)	<b>(8,155)</b>	(222,917)	<b>(450,667)</b>	(282,674)
- Exchange differences on translation of foreign operations	<b>(540)</b>	(727)	<b>(540)</b>	(727)
- Deferred tax on financial investments at FVOCI	<b>10,943</b>	14,160	<b>22,622</b>	(36,967)
- Share of other comprehensive (loss)/income of a joint venture	<b>(98)</b>	421	<b>(6,421)</b>	2,422
- Share of other comprehensive (loss)/income of associates	<b>(298)</b>	(1,124)	<b>14,563</b>	10,376
<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)	<b>28,317</b>	11,542	<b>30,547</b>	14,791
- Deferred tax on financial investments at FVOCI	<b>-</b>	(1,899)	<b>21</b>	(1,899)
<b>Other comprehensive income for the financial year, net of tax</b>	<b>(2,183)</b>	(41,872)	<b>15,211</b>	136,314
<b>Total comprehensive income for the financial year</b>	<b>7,792</b>	89,845	<b>288,059</b>	652,405
<b>Total comprehensive income for the financial year attributable to :-</b>				
Equity holders of the Bank	<b>(11,347)</b>	80,502	<b>245,733</b>	624,349
Non-controlling interest	<b>19,139</b>	9,343	<b>42,326</b>	28,056
	<b>7,792</b>	89,845	<b>288,059</b>	652,405

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

**Condensed Interim Financial Statements**

**Unaudited Income Statements for the Financial Quarter Ended 31 December 2020**

	Note	Individual Quarter Ended		Cumulative Quarter Ended	
		31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	31/12/2019 RM'000
<b><u>BANK</u></b>					
Interest income	A17	419,170	479,695	1,644,382	2,013,073
Interest expense	A18	(185,706)	(311,304)	(932,291)	(1,341,293)
<b>Net interest income</b>		<b>233,464</b>	168,391	<b>712,091</b>	671,780
Modification loss	A18 (a)	2,893	-	(47,381)	-
		<b>236,357</b>	168,391	<b>664,710</b>	671,780
Fee and commission income	A19 (a)	27,132	26,287	94,332	103,036
Fee and commission expense	A19 (b)	(1,295)	(1,756)	(5,444)	(7,850)
Net fee and commission income	A19	25,837	24,531	88,888	95,186
Net gains on financial instruments	A20	11,803	32,237	198,587	139,071
Other income	A21	158,067	23,850	224,638	110,873
<b>Net income</b>		<b>432,064</b>	249,009	<b>1,176,823</b>	1,016,910
Other operating expenses	A22	(168,705)	(138,096)	(674,751)	(582,959)
<b>Operating profit before allowances</b>		<b>263,359</b>	110,913	<b>502,072</b>	433,951
(Allowances for)/write-back of credit impairment losses	A23	(224,570)	14,626	(409,003)	26,173
<b>Profit before zakat and taxation</b>		<b>38,789</b>	125,539	<b>93,069</b>	460,124
Zakat		-	-	-	-
<b>Profit before taxation</b>		<b>38,789</b>	125,539	<b>93,069</b>	460,124
Taxation	B5	15,361	(25,742)	(86)	(96,003)
<b>Net profit after zakat and taxation</b>		<b>54,150</b>	99,797	<b>92,983</b>	364,121
Earnings per share attributable to equity holders of the Bank (sen) :-					
Basic	B10	2.69	5.03	4.61	18.36
Diluted	B10	2.59	4.88	4.45	17.80

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**AFFIN BANK BERHAD**  
Company no. 197501003274 (25046-T)  
**Condensed Interim Financial Statements**  
**Unaudited Statements of Comprehensive Income**  
**for the Financial Quarter Ended 31 December 2020**

	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	31/12/2019 RM'000
<b>BANK</b>				
<b>Profit after zakat and taxation</b>	<b>54,150</b>	99,797	<b>92,983</b>	364,121
<b>Other comprehensive income/(losses):</b>				
<u>Items that may be reclassified subsequently to profit or loss :</u>				
- Net fair value change in financial investments at FVOCI (debt instruments)	<b>(40,275)</b>	1,773	<b>160,991</b>	164,706
- Net credit impairment loss change in financial investments at FVOCI (debt instruments)	<b>27,867</b>	85	<b>40,636</b>	(1,235)
- Net gain on financial investments measured at FVOCI reclassified to profit or loss on disposal (debt instruments)	<b>(2,869)</b>	(23,766)	<b>(205,791)</b>	(126,152)
- Deferred tax on financial investments at FVOCI	<b>3,558</b>	5,278	<b>10,752</b>	(9,253)
<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)	<b>28,317</b>	-	<b>28,317</b>	8,946
<b>Other comprehensive income/(loss) for the financial year, net of tax</b>	<b>16,598</b>	(16,630)	<b>34,905</b>	37,012
<b>Total comprehensive income for the financial year</b>	<b>70,748</b>	83,167	<b>127,888</b>	401,133

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**AFFIN BANK BERHAD**  
Company no. 197501003274 (25046-T)  
**Unaudited Condensed Consolidated Statements Of Changes In Equity**  
**for the Financial Quarter Ended 31 December 2020**

	<----- Attributable to Equity Holders of the Bank ----->									
	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Foreign exchange reserves RM'000	Stock option reserves RM'000	Other reserves* RM'000	Retained profits RM'000	Total shareholders' equity RM'000	Non- controlling interest RM'000	
<b>GROUP</b>										
<b>At 1 January 2020</b>	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 a 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)
<b>At 31 December 2020</b>	<b>4,902,300</b>	<b>266,412</b>	<b>781,679</b>	<b>(205)</b>	<b>-</b>	<b>(65,909)</b>	<b>3,682,234</b>	<b>9,566,511</b>	<b>70,585</b>	<b>9,637,096</b>

\* Other reserves represents corresponding debts arising from Group's obligation to purchase subsidiaries' shares held by non-controlling interest as discussed in Note A16 (c) (i) and (ii) of the financial statements.

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**AFFIN BANK BERHAD**  
Company no. 197501003274 (25046-T)  
**Unaudited Condensed Consolidated Statements Of Changes In Equity**  
**for the Financial Quarter Ended 31 December 2020**

	<----- Attributable to Equity Holders of the Bank ----->									
	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Foreign exchange reserves RM'000	Stock option 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
<b>GROUP</b>										
At 1 January 2019	4,684,752	110,371	939,055	593	8,328	-	2,928,584	8,671,683	69,553	8,741,236
Net profit for the financial year	-	-	-	-	-	-	487,766	487,766	28,325	516,091
Other comprehensive income (net of tax) :										
- Financial investments at FVOCI	-	124,243	-	-	-	-	-	124,243	-	124,243
- Share of other comprehensive income of a joint venture	-	2,422	-	-	-	-	-	2,422	-	2,422
- Share of other comprehensive income of an associate	-	10,376	-	-	-	-	-	10,376	-	10,376
- Exchange differences on translation of foreign operations	-	-	-	(458)	-	-	-	(458)	(269)	(727)
Total comprehensive income	-	137,041	-	(458)	-	-	487,766	624,349	28,056	652,405
Issuance of new shares	90,020	-	-	-	-	-	-	90,020	-	90,020
Net loss on disposal of financial investment designated at FVOCI (equity instruments)	-	3,249	-	-	-	-	(3,249)	-	-	-
Issuance of new shares from exercise of employee stock option incentive scheme **	-	-	-	-	(8,328)	-	20,456	12,128	32,646	44,774
Obligation to buy subsidiary's shares from non-controlling interest	-	-	-	-	-	(61,010)	-	(61,010)	(35,831)	(96,841)
Transfer from regulatory reserves	-	-	(206,516)	-	-	-	206,516	-	-	-
Dividends	-	-	-	-	-	-	-	-	(35,001)	(35,001)
At 31 December 2019	4,774,772	250,661	732,539	135	-	(61,010)	3,640,073	9,337,170	59,423	9,396,593

\* The stock option reserves represents the fair value of the options of a subsidiary's employee stock option incentive scheme

\*\* On 8 March 2019, the option holders have fully exercised the employee stock option incentive scheme.

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**AFFIN BANK BERHAD**  
 Company no. 197501003274 (25046-T)  
**Unaudited Condensed Consolidated Statements Of Changes In Equity**  
**for the Financial Quarter Ended 31 December 2020**

	<-----Non-distributable----->			< Distributable >	
	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Total equity RM'000
<b><u>BANK</u></b>					
<b>At 1 January 2020</b>	<b>4,774,772</b>	<b>148,173</b>	<b>471,925</b>	<b>3,017,227</b>	<b>8,412,097</b>
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)
<b>At 31 December 2020</b>	<b>4,902,300</b>	<b>183,078</b>	<b>643,613</b>	<b>2,799,501</b>	<b>8,528,492</b>
At 1 January 2019	4,684,752	111,161	716,313	2,408,718	7,920,944
Net profit for the financial year	-	-	-	364,121	364,121
Other comprehensive income (net of tax) :					
- Financial investments at FVOCI	-	37,012	-	-	37,012
Total comprehensive income	-	37,012	-	364,121	401,133
Issuance of new shares	90,020	-	-	-	90,020
Transfer from regulatory reserves	-	-	(244,388)	244,388	-
At 31 December 2019	4,774,772	148,173	471,925	3,017,227	8,412,097

*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 2019.*

**AFFIN BANK BERHAD**  
Company no. 197501003274 (25046-T)  
**Unaudited Condensed Consolidated Statements of Cash Flow**  
**for the Financial Quarter Ended 31 December 2020**

	<b>GROUP</b>		<b>BANK</b>	
	<b>31/12/2020</b>	<b>31/12/2019</b>	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	<b>386,711</b>	676,971	<b>93,069</b>	460,124
Adjustments for items not involving the movement of cash and cash equivalents	<b>75,088</b>	(397,865)	<b>65,441</b>	(288,164)
Operating profit before changes in working capital	<b>461,799</b>	279,106	<b>158,510</b>	171,960
Net changes in operating assets	<b>264,679</b>	3,163,527	<b>598,170</b>	3,685,434
Net changes in operating liabilities	<b>938,700</b>	(9,061,784)	<b>(807,144)</b>	(7,219,554)
Tax and zakat paid	<b>(178,682)</b>	(167,196)	<b>(52,791)</b>	(84,466)
Net cash generated from/(used in) operating activities	<b>1,486,496</b>	(5,786,347)	<b>(103,255)</b>	(3,446,626)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received :				
- financial investments at FVOCI	<b>326,389</b>	444,921	<b>246,535</b>	298,820
- financial investments at AC	<b>6,139</b>	8,265	<b>3,857</b>	5,717
Dividend income :				
- financial assets at FVTPL	<b>7,185</b>	8,022	<b>732</b>	732
- financial investments at FVOCI	<b>609</b>	5,946	<b>309</b>	2,392
- subsidiaries	<b>-</b>	-	<b>191,500</b>	71,000
Net disposal/(purchase) of :				
- financial investments at FVOCI	<b>(167,945)</b>	3,277,511	<b>(46,869)</b>	2,916,820
- financial investments at AC	<b>-</b>	14,444	<b>(259,022)</b>	14,444
Purchase of :				
- property and equipment	<b>(266,444)</b>	(184,023)	<b>(259,071)</b>	(176,401)
- intangible assets	<b>(7,903)</b>	(5,988)	<b>(3,439)</b>	(3,288)
Proceeds from disposal of :				
- property and equipment	<b>247</b>	379	<b>5</b>	238
- foreclosed properties	<b>1,020</b>	9,837	<b>1,020</b>	9,837
Subscription of shares in a joint venture	<b>(15,300)</b>	(15,300)	<b>(15,300)</b>	(15,300)
Repayment of subordinated loan from an associate	<b>-</b>	26,528	<b>-</b>	26,528
Acquisition of an equity interest in an associate	<b>631</b>	(3,135)	<b>-</b>	-
Net cash (used in)/generated from investing activities	<b>(115,372)</b>	3,587,407	<b>(139,743)</b>	3,151,539
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
(Decrease)/Increase in borrowings	<b>(250,000)</b>	550,000	<b>-</b>	-
Interest payment on borrowings	<b>(198,170)</b>	(184,981)	<b>(134,225)</b>	(133,800)
Payment of dividend to the equity holders of the Bank	<b>(139,021)</b>	(7,127)	<b>(139,021)</b>	(7,127)
Payment of dividend to non-controlling interest	<b>(28,777)</b>	(35,001)	<b>-</b>	-
Issuance of new shares	<b>127,528</b>	90,020	<b>127,528</b>	90,020
Exercise of employee stock option incentive scheme	<b>-</b>	44,774	<b>-</b>	-
Issue of subsidiary share capital	<b>490</b>	-	<b>-</b>	-
Proceeds from recourse obligation on loans/financing sold to Cagamas Berhad	<b>50,000</b>	-	<b>-</b>	-
Lease payments	<b>(37,775)</b>	(37,261)	<b>(26,008)</b>	(26,169)
Net cash (used in)/generated from financing activities	<b>(475,725)</b>	420,424	<b>(171,726)</b>	(77,076)
Net increase/(decrease) in cash and cash equivalents	<b>895,399</b>	(1,778,516)	<b>(414,724)</b>	(372,163)
Effects of foreign exchange	<b>(7,642)</b>	11,727	<b>12,828</b>	7,235
Cash and cash equivalents at beginning of the financial year	<b>4,557,874</b>	6,324,663	<b>2,288,797</b>	2,653,725
Cash and cash equivalents at end of the financial year	<b>5,445,631</b>	4,557,874	<b>1,886,901</b>	2,288,797
<u>Cash and cash equivalents comprise the following :</u>				
Cash and short-term funds	<b>5,461,365</b>	4,605,357	<b>1,887,584</b>	2,317,369
Deposits and placements of banks and other financial institutions	<b>50,058</b>	-	<b>-</b>	41,368
	<b>5,511,423</b>	4,605,357	<b>1,887,584</b>	2,358,737
Less:				
Amount held on behalf of commissioned dealer's representatives	<b>(65,792)</b>	(47,483)	<b>-</b>	-
Cash and short-term funds and deposits and placements with banks and other financial institutions with original maturity of more than three months	<b>-</b>	-	<b>(683)</b>	(69,940)
	<b>5,445,631</b>	4,557,874	<b>1,886,901</b>	2,288,797

*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 2019.*

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

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**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 MFRS134 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 2019. 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 2019.

**A2. ACCOUNTING POLICIES AND METHODS OF COMPUTATIONS**

The significant accounting policies and methods of computation applied in the condensed interim financial statements are consistent with those applied in the annual financial statements for the financial year ended 31 December 2019, except for the adoption of the following during the current financial period:

- (a) 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 2020:
  - (i) Amendments to the Conceptual Framework for Financial Reporting
  - (ii) Amendments to MFRS 101 and MFRS 108 'Definition of Material'
  - (iii) Amendments to MFRS 3 'Definition of a Business'
  - (iv) Amendments to MFRS 9, MFRS 139 and MFRS 7 'Interest Rate Benchmark Reform'

The Group and the Bank have adopted Amendments to MFRS 3 'Definition of a Business' for the first time in the 2020 financial statements, which resulted in changes in accounting policies.

**Amendments to MFRS 3 'Definition of a Business'**

Amendments to MFRS 3 'Definition of a Business' revise the definition of a business. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments provide guidance to determine whether an input and a substantive process are present, including situations where an acquisition does not have outputs.

In addition, the revised definition of the term 'outputs' is narrower, focusses on goods or services provided to customers, generating investment returns and other income but excludes returns in the form of cost savings.

The amendments introduce an optional simplified assessment known as 'concentration test' that, if met, eliminates the need for further assessment. The assets acquired would not represent a business when substantially all of the fair value of gross assets acquired is concentrated in a single identifiable asset (or a group of similar assets).

The Group and Bank have applied the amendments prospectively to transactions for which the acquisition date is on or after 1 January 2020.

The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

- (b) Additional Measures to Assist Borrowers/Customers Affected by the Covid-19 Outbreak by BNM

On 24 March 2020, BNM announced the additional measures to assist borrowers/customers experiencing temporary financial constraints due to the Covid-19 pandemic. The measures which are aimed at ensuring the financial intermediation function of the financial sector remains intact, access to financing continues to be available, and banking institutions remain focused on supporting the economy during these exceptional circumstances are set out as follows:

- (i) Banking institutions will grant an automatic moratorium on all loan/financing repayments/payments, both principal and interest (except for credit card balances) by individuals and small-medium enterprises ('SMEs') borrowers/customers for a period of 6 months effective 1 April 2020. This automatic moratorium is applicable to any loan/financing that is not in arrears exceeding 90 days as at 1 April 2020 and denominated in Malaysian Ringgit;

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

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

(b) Additional Measures to Assist Borrowers/Customers Affected by the Covid-19 Outbreak by BNM (Cont.)

- (ii) For credit card balances, banking institutions shall offer customers the option of converting their outstanding balances into a term loan/financing of a tenure of not more than 3 years with an effective interest/profit rate capped at 13% per annum. However, for customers who have not met the minimum repayment of 3 consecutive months, banking institutions shall automatically convert their credit card balances into term loans with the abovementioned terms;
- (iii) For corporate customers, banking institutions will facilitate customer's requests for a moratorium on loan/financing repayment/payment, additional financing to support cashflows or may reschedule and restructure existing facilities in an effort to assist the corporations to preserve jobs and slowly resume economic activities when conditions improve;
- (iv) Banking institutions are given prudential buffer with immediate effect to drawdown the capital conservation buffer of 2.5%, to operate below the minimum liquidity coverage ratio of 100% and to reduce the regulatory reserves held against expected losses to 0%. This buffer will need to be restored to the minimum regulatory requirements by 30 September 2021; and
- (v) Banking institutions are also allowed to implement lower minimum Net Stable Funding Ratio ('NSFR') of 80% effective 1 July 2020. However, banking institutions will need to comply with 100% NSFR ratio from 30 September 2021.

The financial impact of the moratorium is disclosed in Note 19 (a).

**Standards, amendments to published standards and interpretations that are early adopted**

The Group and the Bank have early adopted the MFRS 16 amendment for the first time in its annual financial statements ended 31 December 2020, with the date of initial application of 1 January 2020. The amount recognised in the Group and the Bank's 31 December 2020 profit or loss to reflect changes in lease payments that arise from rent concessions to which the Group and the Bank has applied the practical expedient is RM48,867. The lease liability is reduced by RM254,837.

During the financial year, the Group and the Bank changed its accounting policies on Covid-19 Related Rent Concession upon early adoption of the MFRS 16 amendment.

In accordance with the transitional provisions provided in the MFRS 16 amendment, the comparative information for 2019 was not restated and continued to be reported under the previous accounting policies in accordance with the lease modification principles in MFRS 16.

On adoption of the MFRS 16 amendment, the Group and the Bank are not required to assess whether a Covid-19-related rent concession that meets all of the following conditions is a lease modification:

- (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (ii) any reduction in lease payments affects only payments due on or before 30 June 2021; and
- (iii) there is no substantive change to other terms and conditions of the lease.

The Group and the Bank account for such Covid-19-related rent concession as a variable lease payment in the period(s) in which the event or condition that triggers the reduced payment occurs.

The amendments shall be applied retrospectively.

**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 for Financial Reporting'. 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.)**

**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.

The amendments shall be applied retrospectively.

- Amendments to MFRS 101 'Classification of Liabilities as Current or Non-current' (effective 1 January 2023) clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date. A loan is classified as non-current if a covenant is breached after the reporting date.

In addition, the amendments clarify that when a liability could be settled by the transfer of an entity's own equity instruments (e.g. a conversion option in a convertible bond), conversion option that is not an equity instrument as defined in MFRS 132 'Financial Instruments: Presentation' is considered in the current or non-current classification of the convertible instrument.

The amendments shall be applied retrospectively.

**Comparative Information**

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

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

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

	As previously reported 31.12.2019	Reclassification 31.12.2019	As Restated 31.12.2019
<b>The Group</b>			
<b>Income statements (Extract)</b>			
Net gains on financial instruments	287,088	(17,334)	269,754
Net income	1,931,750	(17,334)	1,914,416
Other operating expenses	(1,223,933)	17,334	(1,206,599)
<b>A21 - Net gains on financial instruments (Extract)</b>			
Gains/(loss) arising on financial assets at FVTPL			
- net gain on disposal	62,096	(17,334)	44,762
<b>A23 - Other operating expenses (Extract)</b>			
Personnel costs			
- Wages, salaries and bonuses	604,862	(17,334)	587,528

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

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**A3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors' report on the audited financial statements for the financial year ended 31 December 2019 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	
	31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	31/12/2019 RM'000
<b>At fair value</b>				
<u>Money market instruments</u>				
Malaysian Government Investment Issues	-	137,242	-	-
Negotiable Instruments of Deposit	<b>113,657</b>	60,977	<b>113,657</b>	60,977
	<b>113,657</b>	198,219	<b>113,657</b>	60,977
<u>Quoted Securities</u>				
Exchange traded fund	<b>891</b>	5,006	-	-
Shares, warrants and REITs in Malaysia	<b>112,168</b>	49,478	-	-
Shares, warrants and REITs outside Malaysia	<b>69,412</b>	35,101	-	-
Unit Trusts in Malaysia	<b>229,378</b>	231,777	-	-
	<b>411,849</b>	321,362	-	-
<u>Unquoted Securities</u>				
Shares in Malaysia	<b>99,222</b>	94,207	<b>99,222</b>	94,207
Corporate Bonds/Sukuk in Malaysia	<b>29,049</b>	21,857	<b>15,044</b>	15,032
Corporate Bonds/Sukuk outside Malaysia	<b>44,489</b>	26,487	-	-
	<b>172,760</b>	142,551	<b>114,266</b>	109,239
	<b>698,266</b>	662,132	<b>227,923</b>	170,216

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

	Group		Bank	
	31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	31/12/2019 RM'000
<b>At fair value</b>				
<u>Money market instruments</u>				
Malaysian Government Securities	<b>2,370,147</b>	731,623	<b>1,225,896</b>	182,017
Malaysian Government Investment Issues	<b>3,472,328</b>	2,948,863	<b>1,261,613</b>	989,435
Cagamas Bonds/Sukuk	<b>116,938</b>	25,965	<b>105,835</b>	-
Negotiable Instruments of Deposit and Islamic Debt Certificates	<b>5,581</b>	7,073	<b>408,917</b>	1,016,287
Khazanah Bonds/Sukuk	-	309,411	-	256,336
	<b>5,964,994</b>	4,022,935	<b>3,002,261</b>	2,444,075
<u>Unquoted Securities</u>				
Shares in Malaysia *	<b>211,465</b>	180,881	<b>186,135</b>	157,818
Corporate bonds/Sukuk in Malaysia #	<b>6,742,087</b>	8,031,818	<b>3,312,302</b>	3,638,627
Corporate Bonds/Sukuk outside Malaysia	<b>115,507</b>	261,212	<b>86,632</b>	133,324
	<b>7,069,059</b>	8,473,911	<b>3,585,069</b>	3,929,769
	<b>13,034,053</b>	12,496,846	<b>6,587,330</b>	6,373,844

\* Equity securities designated at FVOCI.

# Certain unquoted perpetual bonds are designated at FVOCI.

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

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

**Debt instruments at FVOCI**

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

<b>Group</b>	<b>12-Month ECL Stage 1 RM'000</b>	<b>Lifetime ECL not credit impaired Stage 2 RM'000</b>	<b>Lifetime ECL credit impaired Stage 3 RM'000</b>	<b>Total RM'000</b>
<b>31/12/2020</b>				
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	<b>22,201</b>	<b>31,457</b>	<b>12,170</b>	<b>65,828</b>

<b>Group</b>	<b>12-Month ECL Stage 1 RM'000</b>	<b>Lifetime ECL not credit impaired Stage 2 RM'000</b>	<b>Lifetime ECL credit impaired Stage 3 RM'000</b>	<b>Total RM'000</b>
<b>31/12/2019</b>				
At beginning of the financial year	5,307	39	17,515	22,861
Total transfer between stages due to change in credit risk:	(34)	34	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(34)	34	-	-
Financial assets derecognised (other than write-off)	(1,948)	-	(7,073)	(9,021)
New financial assets originated or purchased	566	-	-	566
Changes due to change in credit risk	464	550	1,724	2,738
Changes in models/risk parameters	35	(29)	-	6
Other adjustments:				
- Foreign exchange and other movements	(2)	1	-	(1)
At end of the financial year	<b>4,388</b>	<b>595</b>	<b>12,166</b>	<b>17,149</b>



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

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

**Debt instruments at FVOCI**

**Movements in allowances for impairment which reflect the ECL model on impairment are as follows : (Cont.)**

<b>Bank 31/12/2020</b>	<b>12-Month ECL Stage 1 RM'000</b>	<b>Lifetime ECL not credit impaired Stage 2 RM'000</b>	<b>Lifetime ECL credit impaired Stage 3 RM'000</b>	<b>Total RM'000</b>
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	<b>17,563</b>	<b>27,237</b>	<b>-</b>	<b>44,800</b>

<b>Bank 31/12/2019</b>	<b>12-Month ECL Stage 1 RM'000</b>	<b>Lifetime ECL not credit impaired Stage 2 RM'000</b>	<b>Lifetime ECL credit impaired Stage 3 RM'000</b>	<b>Total RM'000</b>
At beginning of the financial year	5,399	-	-	5,399
Total transfer between stages due to change in credit risk:	(34)	34	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(34)	34	-	-
Financial assets derecognised (other than write-off)	(1,421)	-	-	(1,421)
New financial assets originated or purchased	292	-	-	292
Changes due to change in credit risk	(684)	550	-	(134)
Changes in models/risk parameters	57	(27)	-	30
Other adjustments:				
- Foreign exchange and other movements	(2)	-	-	(2)
At end of the financial year	<b>3,607</b>	<b>557</b>	<b>-</b>	<b>4,164</b>

**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	
	31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	31/12/2019 RM'000
<b>At amortised cost</b>				
<u>Unquoted Securities</u>				
Corporate Bonds/Sukuk in Malaysia	141,119	141,119	361,944	100,622
Loan Stock in Malaysia	15,000	15,000	-	-
	<b>156,119</b>	<b>156,119</b>	<b>361,944</b>	<b>100,622</b>
Less : ECL	(13,082)	(11,053)	(236)	(123)
	<b>143,037</b>	<b>145,066</b>	<b>361,708</b>	<b>100,499</b>

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

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

**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	<b>236</b>	<b>-</b>	<b>-</b>	<b>236</b>

31/12/2019	12-Month	Lifetime ECL	Lifetime ECL	Total
	ECL	not credit	credit	
Group	Stage 1	impaired	impaired	RM'000
	RM'000	Stage 2	Stage 3	RM'000
At beginning of the financial year	578	-	11,945	12,523
Changes due to change in credit risk	(323)	-	3,830	3,507
Changes in models/risk parameters	18	-	-	18
Write-off	-	-	(4,995)	(4,995)
At end of the financial year	<b>273</b>	<b>-</b>	<b>10,780</b>	<b>11,053</b>

**Bank**

At beginning of the financial year	412	-	4,995	5,407
Changes due to change in credit risk	(302)	-	-	(302)
Changes in models/risk parameters	13	-	-	13
Write-off	-	-	(4,995)	(4,995)
At end of the financial year	<b>123</b>	<b>-</b>	<b>-</b>	<b>123</b>

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**A12. LOANS, ADVANCES AND FINANCING**

	Group		Bank	
	31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	31/12/2019 RM'000
<b>(a) BY TYPE</b>				
Overdrafts	1,871,460	1,855,094	1,404,871	1,385,715
Term loans/financing:				
- Housing loans/financing	12,388,119	11,708,126	4,622,650	4,356,953
- Hire purchase receivables	10,671,849	10,649,579	6,649,369	6,829,179
- Syndicated financing	1,486,237	1,526,987	619,680	630,179
- Business term loans/financing	12,540,379	12,968,923	7,618,055	8,083,567
- Other term loans/financing	162,163	341,452	-	-
Bills receivables	286,775	118,753	278,346	107,085
Trust receipts	240,688	172,125	227,548	141,893
Claims on customers under acceptances credits	1,777,795	1,766,513	1,269,766	1,319,027
Staff loans/financing (of which RM Nil to Directors)	211,093	191,604	119,961	122,788
Credit cards	209,518	178,991	171,441	148,162
Revolving credits	3,819,100	3,971,565	2,746,141	2,980,764
Margin financing	605,485	503,486	-	-
Factoring	1,994	8,696	1,994	8,696
<b>Gross loans, advances and financing</b>	<b>46,272,655</b>	<b>45,961,894</b>	<b>25,729,822</b>	<b>26,114,008</b>
Less: ECL	(779,777)	(574,029)	(564,397)	(383,949)
<b>Total net loans, advances and financing</b>	<b>45,492,878</b>	<b>45,387,865</b>	<b>25,165,425</b>	<b>25,730,059</b>

Included in the Group's business term loans/financing as at reporting date is RM55.2 million (2019: RM53.7 million) of term financing disbursed by AFFIN Islamic Bank Berhad to joint venture AFFIN-i Nadayu Sdn Bhd.

	Group		Bank	
	31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	31/12/2019 RM'000
<b>(b) BY MATURITY STRUCTURE</b>				
Maturing within one year	9,186,637	9,265,484	6,333,487	6,422,116
One year to three years	3,236,452	3,899,297	2,662,555	3,062,584
Three years to five years	6,271,623	6,424,181	3,683,085	4,521,683
Over five years	27,577,943	26,372,932	13,050,695	12,107,625
	<b>46,272,655</b>	<b>45,961,894</b>	<b>25,729,822</b>	<b>26,114,008</b>

	Group		Bank	
	31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	31/12/2019 RM'000
<b>(c) BY TYPE OF CUSTOMER</b>				
Domestic banking financial institutions	8,443	-	8,443	-
Domestic non-banking institutions:				
- Others	510,566	527,411	273,876	445,100
Domestic business enterprises:				
- Small medium enterprises	7,776,348	7,704,132	5,656,791	5,696,493
- Others	13,264,282	13,796,119	8,837,264	8,953,138
Government and statutory bodies	739,747	797,185	29,502	31,018
Individuals	23,461,279	22,544,174	10,679,880	10,731,724
Other domestic entities	1,086	1,324	578	533
Foreign entities	510,904	591,549	243,488	256,002
	<b>46,272,655</b>	<b>45,961,894</b>	<b>25,729,822</b>	<b>26,114,008</b>

**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	
	31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	31/12/2019 RM'000
<b>(d) <u>BY INTEREST / PROFIT RATE SENSITIVITY</u></b>				
Fixed rate:				
- Housing loans/financing	327,704	339,073	282,091	292,374
- Hire purchase receivables	10,674,103	10,652,049	6,649,370	6,829,178
- Other fixed rate loans/financing	966,622	2,106,359	222,977	751,957
Variable rate:				
- Base rate/base lending rate plus	24,271,943	23,258,002	12,128,469	11,544,901
- Cost plus	10,003,507	9,570,276	6,446,915	6,695,598
- Other variable rates	28,776	36,135	-	-
	<b>46,272,655</b>	<b>45,961,894</b>	<b>25,729,822</b>	<b>26,114,008</b>
<b>(e) <u>BY ECONOMIC PURPOSE</u></b>				
Purchase of securities	1,674,403	1,512,781	583,275	612,250
Purchase of transport vehicles	11,255,358	11,161,312	7,143,469	7,247,930
Purchase of landed property of which:				
- Residential	12,052,394	11,502,926	4,137,906	4,006,366
- Non-residential	6,223,989	6,339,626	3,867,346	4,041,513
Fixed assets other than land and building	240,007	334,695	160,646	247,367
Personal use	886,050	833,904	683,008	742,358
Credit card	209,517	178,991	171,441	148,162
Consumer durable	126	108	54	105
Construction	2,299,306	2,706,006	1,339,721	1,506,381
Merger and acquisition	60,102	64,054	60,102	64,054
Working capital	10,288,562	10,277,342	6,955,440	7,082,634
Others	1,082,841	1,050,149	627,414	414,888
	<b>46,272,655</b>	<b>45,961,894</b>	<b>25,729,822</b>	<b>26,114,008</b>
<b>(f) <u>BY ECONOMIC SECTOR</u></b>				
Primary agriculture	1,405,796	1,577,980	584,361	590,752
Mining and quarrying	305,029	339,360	60,459	42,254
Manufacturing	2,850,316	2,539,605	1,938,354	1,832,096
Electricity, gas and water supply	443,561	562,189	62,000	156,068
Construction	1,995,028	2,012,826	1,331,552	1,354,803
Real estate	5,727,243	6,653,855	4,006,230	4,423,255
Wholesale, retail trade, hotels and restaurants	3,996,064	3,402,916	3,236,141	2,795,481
Transport, storage and communication	1,723,239	1,721,650	1,298,611	1,316,332
Finance, insurance and business services	2,121,030	2,227,531	1,535,886	1,797,562
Education, health and others	2,114,353	2,199,982	923,591	997,278
Household	23,590,996	22,677,326	10,752,637	10,808,127
Others	-	46,674	-	-
	<b>46,272,655</b>	<b>45,961,894</b>	<b>25,729,822</b>	<b>26,114,008</b>

**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	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
(g) <b><u>BY GEOGRAPHICAL DISTRIBUTION</u></b>	RM'000	RM'000	RM'000	RM'000
Perlis	180,835	216,197	17,703	18,817
Kedah	1,320,409	1,363,555	498,619	557,738
Pulau Pinang	2,543,717	2,545,147	1,522,359	1,639,084
Perak	1,440,323	1,517,296	858,616	932,493
Selangor	14,306,592	13,973,439	7,515,197	7,549,256
Wilayah Persekutuan	10,795,943	10,982,619	6,387,473	6,448,886
Negeri Sembilan	1,581,862	1,524,855	566,217	575,543
Melaka	900,188	879,939	624,245	606,936
Johor	5,986,844	5,869,188	3,535,350	3,456,325
Pahang	1,445,108	1,396,971	774,481	747,361
Terengganu	901,074	941,221	352,987	418,330
Kelantan	329,291	262,813	58,629	58,249
Sarawak	2,250,452	2,201,225	1,610,497	1,662,405
Sabah	2,135,344	2,062,110	1,279,067	1,314,711
Labuan	45,134	43,890	18,847	16,239
Outside Malaysia	109,539	181,429	109,535	111,635
	<b>46,272,655</b>	<b>45,961,894</b>	<b>25,729,822</b>	<b>26,114,008</b>

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

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

At beginning of the financial year	1,379,152	1,589,897	673,058	978,218
Classified as impaired	1,173,296	791,557	954,923	434,820
Reclassified as non-impaired	(325,440)	(747,009)	(152,048)	(551,848)
Amount written-back	(291,818)	(168,790)	(61,222)	(121,876)
Amount written-off	(306,521)	(86,503)	(190,805)	(66,256)
At end of the financial year	<b>1,628,669</b>	<b>1,379,152</b>	<b>1,223,906</b>	<b>673,058</b>

Ratio of gross impaired loans, advances and financing to gross loans, advances and financing (*)	<b>3.52%</b>	3.00%	<b>4.45%</b>	3.08%
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(\*) For the Bank, RIA included in the ratio calculation amounting to RM1,754.9 million (2019: RM1,919.3 million) with impaired financing amounting to RM Nil million (2019: RM191.3 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 RM306,521,000 (2019: RM86,503,000) for the Group and RM190,805,000 (2019: RM66,256,000) 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.

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

Purchase of securities	26,122	90	13	51
Purchase of transport vehicles	389,564	60,975	364,662	42,355
Purchase of landed property of which:				
- Residential	267,912	340,382	131,201	174,198
- Non-residential	278,426	317,923	259,473	102,381
Fixed assets other than land and building	15,360	3,692	15,360	3,692
Personal use	24,076	17,589	22,800	16,387
Credit card	825	878	694	615
Construction	321,892	287,934	264,709	166,321
Working capital	292,618	330,709	162,143	162,201
Others	11,874	18,980	2,851	4,857
	<b>1,628,669</b>	<b>1,379,152</b>	<b>1,223,906</b>	<b>673,058</b>

**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) <b><u>IMPAIRED LOANS, ADVANCES AND FINANCING (Cont.)</u></b>	<b>Group</b>		<b>Bank</b>	
	<b>31/12/2020</b>	<b>31/12/2019</b>	<b>31/12/2020</b>	<b>31/12/2019</b>
(iii) <b><u>Impaired loans by economic sector</u></b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Primary agriculture	15,340	16,082	15,195	16,041
Mining and quarrying	7,576	7,896	5,176	5,315
Manufacturing	75,558	90,844	8,053	13,248
Electricity, gas and water supply	371	105	326	58
Construction	135,860	164,948	96,184	119,790
Real estate	115,968	343,127	68,840	56,048
Wholesale, retail trade, hotels and restaurants	48,113	40,012	46,733	38,195
Transport, storage and communication	399,225	170,710	315,971	85,055
Finance, insurance and business services	65,869	63,845	65,438	62,806
Education, health and others	419,194	84,024	419,002	63,180
Household	345,595	397,559	182,988	213,322
	<b>1,628,669</b>	<b>1,379,152</b>	<b>1,223,906</b>	<b>673,058</b>
(iv) <b><u>Impaired loans by geographical distribution</u></b>				
Perlis	2,765	2,997	304	455
Kedah	94,239	126,192	86,941	118,113
Pulau Pinang	36,772	38,602	30,250	30,558
Perak	94,872	178,887	13,245	75,901
Selangor	279,626	284,131	148,586	146,530
Wilayah Persekutuan	146,307	342,922	53,899	56,026
Negeri Sembilan	82,311	81,863	65,131	65,086
Melaka	16,300	13,990	14,281	9,096
Johor	447,942	49,416	430,760	29,505
Pahang	32,282	34,616	30,682	32,086
Terengganu	309,714	69,522	306,195	64,856
Kelantan	6,853	6,149	3,608	3,782
Sarawak	57,994	56,628	21,110	19,502
Sabah	20,692	23,461	18,914	21,562
Outside Malaysia	-	69,776	-	-
	<b>1,628,669</b>	<b>1,379,152</b>	<b>1,223,906</b>	<b>673,058</b>

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

**A12. LOANS, ADVANCES AND FINANCING (Cont.)**

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

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

Group 31/12/2019	12-Month	Lifetime ECL	Lifetime ECL	Total
	ECL Stage 1 RM'000	not credit impaired Stage 2 RM'000	credit impaired Stage 3 RM'000	
At beginning of the financial year	194,335	47,629	338,828	580,792
Total transfer between stages due to change in credit risk:	48,598	116,925	(165,523)	-
- Transfer to 12-month ECL (Stage 1)	63,693	(59,983)	(3,710)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(14,568)	184,880	(170,312)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(527)	(7,972)	8,499	-
Loans/financing derecognised (other than write-off)	(72,944)	(7,915)	(83,106)	(163,965)
New loans/financing originated or purchased	60,887	2,757	83,701	147,345
Changes due to change in credit risk	(99,360)	(67,430)	242,858	76,068
Changes in model/risk parameters	7,810	2,393	9,005	19,208
Write-off	-	-	(82,488)	(82,488)
Other adjustments	-	-	(2,931)	(2,931)
At end of the financial year	139,326	94,359	340,344	574,029

**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.)**

<b>Bank</b>	<b>12-Month ECL</b>	<b>Lifetime ECL not credit impaired</b>	<b>Lifetime ECL credit impaired</b>	<b>Total</b>
<b>31/12/2020</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
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 models/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	<b>128,045</b>	<b>88,348</b>	<b>348,004</b>	<b>564,397</b>

<b>Bank</b>	<b>12-Month ECL</b>	<b>Lifetime ECL not credit impaired</b>	<b>Lifetime ECL credit impaired</b>	<b>Total</b>
<b>31/12/2019</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At beginning of the financial year	139,978	36,542	265,394	441,914
Total transfer between stages due to change in credit risk:	42,553	91,485	(134,038)	-
- Transfer to 12-month ECL (Stage 1)	54,559	(52,603)	(1,956)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(11,567)	148,555	(136,988)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(439)	(4,467)	4,906	-
Loans/financing derecognised (other than write-off)	(41,139)	(5,050)	(81,197)	(127,386)
New loans/financing originated or purchased	30,624	1,055	73,020	104,699
Changes due to change in credit risk	(88,182)	(48,263)	160,854	24,409
Changes in model/risk parameters	2,442	743	2,200	5,385
Write-off	-	-	(62,994)	(62,994)
Other adjustments	-	-	(2,078)	(2,078)
At end of the financial year	<b>86,276</b>	<b>76,512</b>	<b>221,161</b>	<b>383,949</b>



**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	
	31/12/2020	31/12/2019
	RM'000	RM'000
Amount due from stock-broking clients:		
- performing accounts	564,841	231,679
- impaired accounts (i)	1,387	139
Amount due from brokers	95,488	59,478
Management fees receivable on fund management	261,510	243,249
Others	-	51
	<b>923,226</b>	<b>534,596</b>
Less: ECL (ii)	<b>(2,809)</b>	<b>(208)</b>
	<b>920,417</b>	<b>534,388</b>
<b>(i) Movements of impaired trade receivables</b>		
At beginning of the financial year	139	424
Classified as impaired	2,104	419
Amount written-back	(856)	(704)
At end of the financial year	<b>1,387</b>	<b>139</b>
<b>(ii) Movements in ECL in trade receivables</b>		
At beginning of the financial year	208	468
Allowance made	9,621	505
Amount written-back	(7,020)	(765)
At end of the financial year	<b>2,809</b>	<b>208</b>

**A14. OTHER ASSETS**

	Group		Bank	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	RM'000	RM'000	RM'000	RM'000
Other debtors	212,278	77,125	101,778	12,603
Prepayments and deposits	21,925	22,108	20,942	21,425
Cheque clearing accounts	6,226	42,653	6,672	13,911
Foreclosed properties (i)	16,962	17,817	12,089	12,944
Collaterals pledged for derivative transactions	13,782	33	-	-
Clearing guarantee fund	2,413	2,272	-	-
	<b>273,586</b>	<b>162,008</b>	<b>141,481</b>	<b>60,883</b>
Less: ECL (ii)	<b>(3,966)</b>	<b>(2,058)</b>	<b>-</b>	<b>-</b>
	<b>269,620</b>	<b>159,950</b>	<b>141,481</b>	<b>60,883</b>
<b>(i) Foreclosed properties</b>				
At beginning of the financial year	17,817	26,051	12,944	21,178
Purchased	-	726	-	726
Disposal	(855)	(8,960)	(855)	(8,960)
At end of the financial year	<b>16,962</b>	<b>17,817</b>	<b>12,089</b>	<b>12,944</b>
<b>(ii) Movements in ECL</b>				
At beginning of the financial year			2,058	1,669
Allowance made			3,550	1,489
Amount written-back			(1,584)	(562)
Amount written-off			(58)	(538)
At end of the financial year			<b>3,966</b>	<b>2,058</b>

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

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

	<b>Group</b>	
	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Recourse obligation on loans/financing sold to Cagamas Berhad	<b>50,034</b>	<b>-</b>
	<b>At</b>	<b>At</b>
	<b>1 January</b>	<b>31 December</b>
	<b>2020</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Recourse obligation on loans/financing sold to Cagamas Berhad	<b>-</b>	<b>50,034</b>
	<b>Cash</b>	<b>Profit</b>
	<b>flow</b>	<b>expense</b>
	<b>RM'000</b>	<b>RM'000</b>
Recourse obligation on loans/financing sold to Cagamas Berhad	<b>50,000</b>	<b>34</b>

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**

	<b>Group</b>		<b>Bank</b>	
	<b>31/12/2020</b>	<b>31/12/2019</b>	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
BNM and CGC Funding programmes (a)	<b>113,938</b>	21,012	<b>112,339</b>	19,373
Margin and collateral deposits	<b>101,630</b>	100,180	<b>83,367</b>	83,202
Other creditors and accruals	<b>297,651</b>	140,022	<b>78,915</b>	37,737
Sundry creditors	<b>196,774</b>	231,666	<b>172,205</b>	187,374
Treasury and cheque clearing accounts	<b>3,312</b>	342,244	-	-
Provision for zakat	<b>2,141</b>	3,082	<b>216</b>	260
Defined contribution plan (b)	<b>19,941</b>	20,008	<b>18,526</b>	18,777
Accrued employee benefits	<b>171,511</b>	110,661	<b>52,218</b>	42,480
Unearned income	<b>22,814</b>	27,375	<b>16,468</b>	20,816
Commissioned dealer's representatives trust balances	<b>65,792</b>	47,483	-	-
Collaterals pledged for derivative transactions	-	2,830	-	-
Securities borrowings and lending - borrow	<b>76,079</b>	160,358	-	-
Amounts payable to commissioned and salaried dealer's representatives	<b>150,305</b>	37,854	-	-
Puttable liabilities (c)	<b>200,380</b>	124,452	-	-
Add : ECL (d)				
- loan/financing commitments and financial guarantees	<b>38,448</b>	29,610	<b>15,908</b>	8,529
	<b>1,460,716</b>	1,398,837	<b>550,162</b>	418,548

(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 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:

	<b>Group</b>	
	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Obligations to buy subsidiaries' shares from non-controlling interest:		
- AHAM (i)	<b>107,841</b>	96,841
- AVA (ii)	<b>8,271</b>	6,694
Investment in funds (iii)	<b>84,268</b>	20,917
	<b>200,380</b>	124,452

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

**A16. OTHER LIABILITIES (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 2020, the option holders have collectively agreed to not exercise their rights in relation to the buy back at first window, i.e. 1 March 2021.

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

- (ii) 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	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	RM'000	RM'000	RM'000	RM'000
(d) <b>Movement in ECL</b>				
At beginning of financial year	29,610	27,454	8,529	15,287
Net remeasurement of loss allowance	1,323	(7,965)	1,028	(13,672)
New loan commitments and financial guarantees issued	6,522	10,205	5,578	7,535
Changes in models/risk parameters	993	(84)	773	(621)
At end of the financial year	<b>38,448</b>	29,610	<b>15,908</b>	8,529

**A17. RESERVES**

	Group		Bank	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	RM'000	RM'000	RM'000	RM'000
FVOCI revaluation reserves (a)	266,412	250,661	183,078	148,173
Regulatory reserves (b)	781,679	732,539	643,613	471,925
Foreign exchange reserves	(205)	135	-	-
Other reserves (c)	(67,280)	(61,010)	-	-
Retained profits	3,682,234	3,640,073	2,799,501	3,017,227
	<b>4,662,840</b>	4,562,398	<b>3,626,192</b>	3,637,325

- (a) FVOCI revaluation reserves represent the unrealised gains or losses arising from the change in fair value of investments classified as financial investments at FVOCI. The gains or losses are transferred to the income statement upon disposal or when the securities become impaired.

- (b) Pursuant to BNM Financial Reporting policy dated 27 September 2019, the Group and the Bank must maintain, in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserves of no less than 1% of all credit exposures, net of loss allowance for credit-impaired exposures. However, banking institutions are allowed to reduce the regulatory reserves held against expected losses to 0% and to be restored by 30 September 2021.

- (c) Other reserves represents the Group's obligation to purchase subsidiaries' shares held by non-controlling interest as disclosed in Note 16 (c) (i) and (ii).

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

**A18. INTEREST INCOME**

<b>Group</b>	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>31/12/2020</b>	<b>31/12/2019</b>	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loan, advances and financing	<b>372,373</b>	409,541	<b>1,435,946</b>	1,701,584
Money at call and deposits placements with financial institutions	<b>8,784</b>	30,260	<b>61,382</b>	105,733
Financial investments at FVOCI	<b>73,699</b>	81,039	<b>296,738</b>	410,781
Financial investments at AC	<b>25</b>	2,037	<b>6,139</b>	8,265
Others	<b>1,534</b>	4,204	<b>6,545</b>	5,473
	<b>456,415</b>	524,290	<b>1,806,750</b>	2,231,836
of which :-				
Interest income earned on impaired loans, advances and financing	<b>2,617</b>	1,315	<b>6,317</b>	6,226
<b>Bank</b>				
Loan, advances and financing	<b>338,316</b>	366,973	<b>1,290,049</b>	1,523,832
Money at call and deposits placements with financial institutions	<b>28,004</b>	50,289	<b>132,874</b>	203,666
Financial investments at FVOCI	<b>51,535</b>	60,144	<b>214,338</b>	276,213
Financial investments at AC	<b>1,859</b>	1,443	<b>6,157</b>	5,725
Others	<b>(544)</b>	846	<b>964</b>	3,637
	<b>419,170</b>	479,695	<b>1,644,382</b>	2,013,073
of which :-				
Interest income earned on impaired loans, advances and financing	<b>676</b>	(410)	<b>931</b>	913

**A19. INTEREST EXPENSE**

<b>Group</b>				
Deposits from customers	<b>177,142</b>	306,312	<b>894,882</b>	1,300,528
Deposits and placements of banks and other financial institutions	<b>2,575</b>	(4,455)	<b>17,371</b>	46,726
Obligation on securities sold under repurchase agreements	-	-	<b>802</b>	790
Subordinated medium term notes	<b>26,384</b>	33,725	<b>113,065</b>	133,800
Foreign currency borrowing	<b>25</b>	203	<b>82</b>	506
Others	<b>1,657</b>	1,390	<b>8,405</b>	6,369
	<b>207,783</b>	337,175	<b>1,034,607</b>	1,488,719
<b>Bank</b>				
Deposits from customers	<b>150,463</b>	268,744	<b>778,667</b>	1,130,061
Deposits and placements of banks and other financial institutions	<b>9,142</b>	8,270	<b>38,649</b>	75,181
Obligation on securities sold under repurchase agreements	-	-	<b>802</b>	-
Subordinated medium term notes	<b>26,384</b>	33,725	<b>113,065</b>	133,800
Others	<b>(283)</b>	565	<b>1,108</b>	2,251
	<b>185,706</b>	311,304	<b>932,291</b>	1,341,293

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

**A19 (a). MODIFICATION LOSS**

	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Loss on modification of cash flows	5,809	-	245,537	-
Benefits recognised under the various Government schemes	(7,090)	-	(167,090)	-
<b>Net effects</b>	<b>(1,281)</b>	<b>-</b>	<b>78,447</b>	<b>-</b>
<b>Bank</b>				
Loss on modification of cash flows	4,197	-	155,361	-
Benefits recognised under the various Government schemes	(7,090)	-	(107,980)	-
<b>Net effects</b>	<b>(2,893)</b>	<b>-</b>	<b>47,381</b>	<b>-</b>

The modification loss represents the cost of deferring cashflows of the loans/financing impacted by the payment moratorium. The modification loss/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 financial year, the Group and the Bank granted an automatic moratorium on certain loan/financing repayments/payments, by individuals and small and medium enterprises (SMEs) for a period of six months from 1 April 2020. 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.

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	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
(a) Fee and commission income:				
Net brokerage	32,307	18,542	114,301	70,365
Portfolio management fees	131,974	81,728	377,732	301,149
Corporate advisory fees	3,353	1,870	8,417	9,822
Commission	8,430	12,599	29,644	31,167
Service charges and fees	13,839	13,377	45,183	51,775
Guarantee fees	4,467	6,597	18,423	29,151
Arrangement fees	284	75	524	1,768
Agency fees	-	2,310	-	2,310
Initial service charges	57,058	24,903	155,658	88,528
Other fee income	5,976	(2,227)	22,095	8,699
	<b>257,688</b>	<b>159,774</b>	<b>771,977</b>	<b>594,734</b>
(b) Fee and commission expenses:				
Commission and referral expense	(78,211)	(39,272)	(222,246)	(153,327)
<b>Net fee and commission income</b>	<b>179,477</b>	<b>120,502</b>	<b>549,731</b>	<b>441,407</b>
<b>Bank</b>				
(a) Fee and commission income:				
Commission	8,611	6,859	31,027	25,719
Service charges and fees	14,054	13,159	44,882	51,426
Guarantee fees	4,467	6,269	18,423	25,891
	<b>27,132</b>	<b>26,287</b>	<b>94,332</b>	<b>103,036</b>
(b) Fee and commission expense:				
Commission and referral expense	(1,295)	(1,756)	(5,444)	(7,850)
<b>Net fee and commission income</b>	<b>25,837</b>	<b>24,531</b>	<b>88,888</b>	<b>95,186</b>

**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	
	31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	31/12/2019 RM'000
Income from financial instruments:				
Gains/(Loss) arising on financial assets at FVTPL:				
- net gain on disposal	24,482	15,186	113,440	44,762
- unrealised gain/(losses)	8,833	(17,962)	10,431	(15,295)
- interest income	5,565	6,452	22,179	26,238
- gross dividend income	1,799	2,104	7,185	8,022
Gains/(Loss) on derivatives instruments:				
- realised	295	3,915	1,003	4,435
- unrealised	2,706	(3,370)	(15,625)	(6,596)
- interest (expense)/income	(1,751)	(23)	(3,424)	874
Gains arising on financial investments at FVOCI:				
- net gain on disposal	2,859	40,986	351,496	201,368
- gross dividend income	-	3,360	609	5,946
	<b>44,788</b>	<b>50,648</b>	<b>487,294</b>	<b>269,754</b>

**Bank**

Income from financial instruments:

Gains arising on financial assets at FVTPL:

- net gain on disposal	120	-	2,282	-
- unrealised gain	6,268	4,683	7,123	4,590
- interest income	1,681	1,351	5,503	6,860
- gross dividend income	-	-	732	732

Gains/(Loss) on derivatives instruments:

- realised	293	3,915	1,001	4,435
- unrealised	2,811	(3,036)	(20,716)	(5,549)
- interest (expense)/income	(2,085)	(28)	(4,314)	604

Gains arising on financial investments at FVOCI:

- net gain on disposal	2,715	23,192	206,667	125,007
- gross dividend income	-	2,160	309	2,392
	<b>11,803</b>	<b>32,237</b>	<b>198,587</b>	<b>139,071</b>

**A22. OTHER INCOME**

**Group**

Foreign exchange gain/(loss):

- realised	(2,182)	5,090	51,340	26,658
- unrealised	15,004	5,514	(7,642)	11,727

Rental income

	1	14	1	23
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Gain/(Loss) on sale of property and equipment

	(79)	(175)	20	(207)
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Gain on disposal of foreclosed properties

	-	377	165	877
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Other non-operating income	2,753	3,084	9,066	10,377
<b>Total other income</b>	<b>15,497</b>	<b>13,904</b>	<b>52,950</b>	<b>49,455</b>

**Bank**

Foreign exchange gain/(loss):

- realised	(9,050)	3,608	14,181	23,353
- unrealised	16,018	6,227	12,828	7,235

Rental income

	25	38	95	117
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Loss on sale of property and equipment

	(79)	(146)	(181)	(380)
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Gain on disposal of foreclosed properties

	-	377	165	877
--	---	-----	-----	-----

Gross dividend received from subsidiaries	150,000	10,000	191,500	71,000
Other non-operating income	1,153	3,746	6,050	8,671
<b>Total other income</b>	<b>158,067</b>	<b>23,850</b>	<b>224,638</b>	<b>110,873</b>

**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**

<u>Group</u>	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>31/12/2020</b>	<b>31/12/2019</b>	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Personnel costs</u>				
Wages, salaries and bonus	<b>173,649</b>	148,222	<b>660,618</b>	587,528
Defined contribution plan	<b>30,316</b>	24,984	<b>114,922</b>	99,351
Other personnel costs	<b>24,948</b>	22,975	<b>105,858</b>	102,768
	<b>228,913</b>	196,181	<b>881,398</b>	789,647
<u>Promotion and marketing-related expenses</u>				
Business promotion and advertisement	<b>9,618</b>	4,156	<b>22,645</b>	23,406
Entertainment	<b>1,282</b>	1,077	<b>6,432</b>	5,525
Travelling and accommodation	<b>950</b>	2,316	<b>4,230</b>	8,951
Dealers' handling fees	-	3	<b>1</b>	606
Commission and brokerage expenses	<b>5,478</b>	1,542	<b>12,966</b>	10,030
Others marketing expenses	<b>2,940</b>	1,265	<b>7,160</b>	5,324
	<b>20,268</b>	10,359	<b>53,434</b>	53,842
<u>Establishment expenses</u>				
Equipment rental	<b>4,105</b>	727	<b>6,935</b>	2,942
Repair and maintenance	<b>19,448</b>	11,237	<b>65,211</b>	55,916
Depreciation of property and equipment	<b>7,048</b>	7,072	<b>30,065</b>	26,768
Depreciation of right-of-use assets	<b>10,476</b>	9,035	<b>37,659</b>	35,786
Amortisation of intangible assets	<b>9,795</b>	8,936	<b>38,106</b>	32,702
IT consultancy fee	<b>15,116</b>	14,963	<b>62,831</b>	44,866
Dataline rental	<b>4,742</b>	(1,997)	<b>20,000</b>	14,375
Security services	<b>5,028</b>	5,216	<b>19,560</b>	20,303
Electricity, water and sewerage	<b>3,083</b>	2,957	<b>12,797</b>	12,666
Insurance/Takaful and indemnities	<b>1,601</b>	3,888	<b>14,177</b>	16,194
Other establishment costs	<b>(656)</b>	2,080	<b>5,276</b>	8,507
	<b>79,786</b>	64,114	<b>312,617</b>	271,025
<u>General and administrative expenses</u>				
Telecommunication expenses	<b>5,007</b>	3,221	<b>18,413</b>	14,751
Auditors' remuneration:				
(i) Statutory audit fees	<b>(350)</b>	(67)	<b>1,963</b>	2,226
(ii) Regulatory related fees	<b>145</b>	529	<b>176</b>	654
(iii) Tax fees	<b>184</b>	52	<b>184</b>	57
(iv) Non-audit fees	<b>406</b>	(379)	<b>780</b>	400
Professional fees	<b>3,871</b>	3,014	<b>20,505</b>	17,414
Property and equipment written-off	<b>135</b>	82	<b>311</b>	107
Mail and courier charges	<b>1,045</b>	533	<b>3,723</b>	3,145
Stationery and consumables	<b>1,451</b>	2,015	<b>8,752</b>	10,494
Directors' fees and allowances	<b>704</b>	943	<b>3,257</b>	3,328
Donations	<b>122</b>	236	<b>2,765</b>	1,820
Settlement, clearing and bank charges	<b>3,389</b>	3,954	<b>14,997</b>	15,699
Stamp duties	<b>67</b>	152	<b>451</b>	310
Operational and litigation write-off expenses	<b>719</b>	189	<b>701</b>	2,398
Subscription fees	<b>3,079</b>	2,824	<b>12,550</b>	11,657
GST input tax-non recoverable	<b>11</b>	-	<b>11</b>	358
Other administration and general expenses	<b>4,822</b>	(829)	<b>13,997</b>	7,267
	<b>24,807</b>	16,469	<b>103,536</b>	92,085
<b>Total other operating expenses</b>	<b>353,774</b>	287,123	<b>1,350,985</b>	1,206,599

**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.)**

<b>Bank</b>	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>31/12/2020</b>	<b>31/12/2019</b>	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Personnel costs</u>				
Wages, salaries and bonus	<b>70,514</b>	69,429	<b>302,058</b>	262,779
Defined contribution plan	<b>11,997</b>	11,505	<b>51,659</b>	43,652
Other personnel costs	<b>11,603</b>	11,624	<b>49,686</b>	47,624
	<b>94,114</b>	92,558	<b>403,403</b>	354,055
<u>Promotion and marketing-related expenses</u>				
Business promotion and advertisement	<b>6,720</b>	2,083	<b>12,668</b>	11,860
Entertainment	<b>666</b>	39	<b>2,987</b>	1,340
Travelling and accommodation	<b>535</b>	906	<b>1,596</b>	3,496
Commission and brokerage expenses	<b>5,175</b>	1,213	<b>11,709</b>	8,280
Others marketing expenses	<b>189</b>	358	<b>1,632</b>	1,759
	<b>13,285</b>	4,599	<b>30,592</b>	26,735
<u>Establishment expenses</u>				
Equipment rental	<b>1,044</b>	255	<b>3,025</b>	1,572
Repair and maintenance	<b>9,373</b>	4,896	<b>26,379</b>	32,696
Depreciation of property and equipment	<b>4,170</b>	4,355	<b>17,970</b>	16,193
Depreciation of right-of-use assets	<b>7,772</b>	6,251	<b>26,346</b>	25,086
Amortisation of intangible assets	<b>6,071</b>	5,202	<b>23,157</b>	17,921
IT consultancy fee	<b>10,790</b>	8,164	<b>45,489</b>	25,538
Dataline rental	<b>3,344</b>	(2,992)	<b>14,341</b>	5,374
Security services	<b>4,448</b>	2,523	<b>16,760</b>	9,275
Electricity, water and sewerage	<b>1,096</b>	1,057	<b>4,637</b>	4,788
Insurance/Takaful and indemnities	<b>1,382</b>	3,177	<b>11,156</b>	12,981
Other establishment costs	<b>864</b>	837	<b>2,941</b>	2,934
	<b>50,354</b>	33,725	<b>192,201</b>	154,358
<u>General and administrative expenses</u>				
Telecommunication expenses	<b>1,039</b>	880	<b>3,820</b>	3,198
Auditors' remuneration :				
(i) Statutory audit fees	<b>(105)</b>	(80)	<b>1,110</b>	1,166
(ii) Regulatory related fees	<b>15</b>	351	<b>15</b>	351
(iii) Tax fees	<b>34</b>	32	<b>34</b>	32
(iv) Non-audit fees	<b>267</b>	(419)	<b>617</b>	184
Professional fees	<b>764</b>	1,210	<b>11,883</b>	11,163
Property and equipment written-off	<b>44</b>	31	<b>71</b>	50
Mail and courier charges	<b>823</b>	305	<b>2,829</b>	2,158
Stationery and consumables	<b>1,488</b>	1,431	<b>5,069</b>	6,999
Directors' fees and allowances	<b>544</b>	673	<b>2,848</b>	2,587
Donations	<b>4</b>	101	<b>1,428</b>	1,634
Settlement, clearing and bank charges	<b>2,958</b>	3,113	<b>11,958</b>	12,225
Stamp duties	<b>59</b>	143	<b>416</b>	265
Operational and litigation write-off expenses	<b>719</b>	189	<b>701</b>	2,398
GST input tax-non recoverable	<b>-</b>	-	<b>-</b>	349
Other administration and general expenses	<b>2,299</b>	(746)	<b>5,756</b>	3,052
	<b>10,952</b>	7,214	<b>48,555</b>	47,811
<b>Total other operating expenses</b>	<b>168,705</b>	138,096	<b>674,751</b>	582,959



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

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

<b>Group</b>	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>31/12/2020</b>	<b>31/12/2019</b>	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
ECL (written-back)/made on:				
- loans, advances and financing	<b>229,962</b>	39,799	<b>512,232</b>	78,656
- trade receivables	<b>2,259</b>	(312)	<b>2,601</b>	(260)
- securities and placements	<b>30,548</b>	(2,938)	<b>50,724</b>	(2,423)
- loan/financing commitments and financial guarantee	<b>7,623</b>	12,717	<b>8,837</b>	2,156
Bad debts and financing :				
- recovered	<b>(11,516)</b>	(9,708)	<b>(34,795)</b>	(35,184)
- written-off	<b>1,015</b>	3,317	<b>3,527</b>	6,914
	<b>229,891</b>	42,875	<b>543,126</b>	49,859
<b>Bank</b>				
ECL (written-back)/made on :				
- loans, advances and financing	<b>198,171</b>	(7,951)	<b>383,931</b>	7,107
- securities and placements	<b>27,127</b>	(201)	<b>42,591</b>	(1,723)
- loan/financing commitments and financial guarantee	<b>7,443</b>	(874)	<b>7,379</b>	(6,758)
Bad debts and financing :				
- recovered	<b>(9,144)</b>	(8,339)	<b>(28,049)</b>	(30,916)
- written-off	<b>973</b>	2,739	<b>3,151</b>	6,117
	<b>224,570</b>	(14,626)	<b>409,003</b>	(26,173)

**A25. ALLOWANCES FOR IMPAIRMENT LOSSES ON OTHER ASSETS**

<b>Group</b>	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>31/12/2020</b>	<b>31/12/2019</b>	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Allowance for impairment on:				
- amount due from joint ventures	<b>2,969</b>	2,757	<b>15,249</b>	4,690
- amount due from associates	<b>1,257</b>	-	<b>1,257</b>	-
- other debtors	<b>1,966</b>	927	<b>1,966</b>	927
	<b>6,192</b>	3,684	<b>18,472</b>	5,617

**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 2020 and 31 December 2019 are as follows:

	<----- Current year's individual quarter ended 31 December 2020----->					
	Commercial	Investment	Insurance	Others	Elimination	Group
	Banking	Banking				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>						
External revenue	399,079	25,619	-	3,099	-	427,797
Intersegment revenue	160,336	(10,041)	-	(710)	43,414	192,999
Segment revenue	<u>559,415</u>	<u>15,578</u>	<u>-</u>	<u>2,389</u>	<u>43,414</u>	<u>620,796</u>
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 losses on loans, advances, financing and trade receivables/ securities/ other assets	(254,465)	(11,136)	-	-	(482)	(266,083)
Segment results	<u>75,312</u>	<u>(117,664)</u>	<u>-</u>	<u>(133)</u>	<u>43,424</u>	<u>939</u>
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	<u>75,312</u>	<u>(116,518)</u>	<u>22,084</u>	<u>(133)</u>	<u>43,424</u>	<u>24,169</u>
Zakat	-	(706)	-	-	-	(706)
Profit before taxation	<u>75,312</u>	<u>(117,224)</u>	<u>22,084</u>	<u>(133)</u>	<u>43,424</u>	<u>23,463</u>
Taxation						(13,488)
Net profit for the individual quarter						<u>9,975</u>

	<----- Preceding year's individual quarter ended 31 December 2019 ----->					
	Commercial	Investment	Insurance	Others	Elimination	Group
	Banking	Banking				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>						
External revenue	350,575	129,024	-	3,058	-	482,657
Intersegment revenue	8,889	1,404	-	291	(10,584)	-
Segment revenue	<u>359,464</u>	<u>130,428</u>	<u>-</u>	<u>3,349</u>	<u>(10,584)</u>	<u>482,657</u>
Operating expenses	(201,768)	(83,252)	-	(2,687)	584	(287,123)
of which :-						
Depreciation of property and equipment	(4,550)	(2,487)	-	(35)	-	(7,072)
Depreciation of right-of-use assets	(6,588)	(2,447)	-	-	-	(9,035)
Amortisation of intangible assets	(5,251)	(3,672)	-	(13)	-	(8,936)
(Allowances for)/write-back of impairment losses on loans, advances, financing and trade receivables/securities/other assets	(25,517)	(21,214)	-	-	172	(46,559)
Segment results	<u>132,179</u>	<u>25,962</u>	<u>-</u>	<u>662</u>	<u>(9,828)</u>	<u>148,975</u>
Share of results of a joint venture (net of tax)	-	-	613	-	-	613
Share of results of associates (net of tax)	-	459	16,393	-	-	16,852
Profit before zakat and taxation	<u>132,179</u>	<u>26,421</u>	<u>17,006</u>	<u>662</u>	<u>(9,828)</u>	<u>166,440</u>
Zakat	-	(214)	-	-	-	(214)
Profit before taxation	<u>132,179</u>	<u>26,207</u>	<u>17,006</u>	<u>662</u>	<u>(9,828)</u>	<u>166,226</u>
Taxation						(34,509)
Net profit for the individual quarter						<u>131,717</u>

**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 2020 and 31 December 2019 are as follows (Cont.):

	< ----- Current 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	624,861	-	12,272	-	2,071,900
Intersegment revenue	195,869	(2,870)	-	-	-	192,999
Segment revenue	1,630,636	621,991	-	12,272	-	2,264,899
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 losses on loans, advances, financing and trade receivables/securities/other assets	(514,771)	(49,620)	-	-	2,793	(561,598)
Segment results	195,730	149,902	-	1,485	5,199	352,316
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	194,980	151,048	41,468	1,485	5,199	394,180
Zakat	(2,540)	(4,929)	-	-	-	(7,469)
Profit before taxation	192,440	146,119	41,468	1,485	5,199	386,711
Taxation						(113,863)
Net profit for the cumulative quarter						272,848
	< ----- Preceding year's cumulative quarter ended 31 December 2019 ----- >					
	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue						
External revenue	1,384,644	517,243	-	12,529	-	1,914,416
Intersegment revenue	50,062	21,606	-	1,295	(72,963)	-
Segment revenue	1,434,706	538,849	-	13,824	(72,963)	1,914,416
Operating expenses	(844,721)	(352,994)	-	(10,847)	1,963	(1,206,599)
of which :-						
Depreciation of property and equipment	(17,011)	(9,601)	-	(156)	-	(26,768)
Depreciation of right-of-use assets	(26,434)	(9,352)	-	-	-	(35,786)
Amortisation of intangible assets	(18,100)	(14,551)	-	(51)	-	(32,702)
(Allowances for)/write-back of impairment losses on loans, advances, financing and trade receivables/securities/other assets	(34,654)	(21,231)	-	-	409	(55,476)
Segment results	555,331	164,624	-	2,977	(70,591)	652,341
Share of results of a joint venture (net of tax)	-	-	(3,860)	-	-	(3,860)
Share of results of an associate (net of tax)	-	459	33,561	-	-	34,020
Profit before zakat and taxation	555,331	165,083	29,701	2,977	(70,591)	682,501
Zakat	(3,000)	(2,530)	-	-	-	(5,530)
Profit before taxation	552,331	162,553	29,701	2,977	(70,591)	676,971
Taxation						(160,880)
Net profit for the cumulative quarter						516,091

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

**A27. SUBSEQUENT MATERIAL EVENT**

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

**A28. CHANGES IN THE COMPOSITION OF THE GROUP**

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

**A29. COMMITMENTS AND CONTINGENCIES**

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

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

	Group		Bank	
	Principal Amount 31/12/2020 RM'000	31/12/2019 RM'000	Principal Amount 31/12/2020 RM'000	31/12/2019 RM'000
Direct credit substitutes *	501,472	556,462	432,764	445,758
Transaction-related contingent items	1,640,080	1,969,168	1,184,737	1,494,531
Short-term self-liquidating trade-related contingencies	450,212	454,792	156,180	175,032
Obligations under an on-going underwriting agreement	17,792	-	-	-
Irevocable commitments to extend credit				
- Maturity less than one year	5,114,530	6,020,758	3,716,393	4,556,911
- Maturity more than one year	1,749,812	1,913,716	912,498	797,622
Foreign exchange related contracts #				
- Less than one year	18,864,614	13,000,360	10,640,270	9,812,356
- One year to less than five years	1,019,409	927,491	207,100	207,100
Interest rate related contracts #				
- Less than one year	447,000	873,148	57,000	23,148
- One year to less than five years	4,063,000	3,710,000	1,513,000	1,480,000
- Five years and above	755,000	300,000	755,000	270,000
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	783,018	578,072	-	37,322
Unutilised credit card lines	844,254	547,266	634,500	380,117
	<b>36,250,193</b>	<b>30,851,233</b>	<b>20,209,442</b>	<b>19,679,897</b>

\* Included in direct credit substitutes are financial guarantee contracts of RM501.5 million and RM432.8 million at the Group and the Bank respectively (2019: RM556.5 million and RM445.8 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
<b>As at 31 December 2020</b>												
<b>Trading derivatives</b>												
Foreign exchange contracts :												
- Currency forwards	7,717,177	75,022	330,978	8,123,177	34,639	179	402	35,220	201,841	2,416	9,346	213,603
- Cross currency swaps	7,121,340	207,100	-	7,328,440	165,064	7,411	-	172,475	40,621	109	-	40,730
- Currency swaps	4,026,096	75,074	331,236	4,432,406	75,886	2,462	9,542	87,890	21,535	175	359	22,069
Interest rate contracts :												
- Interest rate swaps	447,000	2,295,000	2,523,000	5,265,000	1,600	37,769	53,340	92,709	20,812	43,945	48,660	113,417
	<b>19,311,613</b>	<b>2,652,196</b>	<b>3,185,214</b>	<b>25,149,023</b>	<b>277,189</b>	<b>47,821</b>	<b>63,284</b>	<b>388,294</b>	<b>284,809</b>	<b>46,645</b>	<b>58,365</b>	<b>389,819</b>
<b>As at 31 December 2019</b>												
<b>Trading derivatives</b>												
Foreign exchange contracts :												
- Currency forwards	4,183,708	256,333	132,600	4,572,641	4,795	5,566	58	10,419	73,118	7,076	2,548	82,742
- Cross currency swaps	7,078,996	207,100	-	7,286,096	85,992	1,456	-	87,448	58,768	-	-	58,768
- Currency swaps	1,737,656	198,786	132,672	2,069,114	21,441	4,458	2,605	28,504	3,040	626	52	3,718
Interest rate contracts :												
- Interest rate swaps	873,148	1,532,000	2,478,000	4,883,148	918	6,648	30,931	38,497	1,099	11,270	29,194	41,563
	<b>13,873,508</b>	<b>2,194,219</b>	<b>2,743,272</b>	<b>18,810,999</b>	<b>113,146</b>	<b>18,128</b>	<b>33,594</b>	<b>164,868</b>	<b>136,025</b>	<b>18,972</b>	<b>31,794</b>	<b>186,791</b>

**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
<b>BANK</b>												
<b>As at 31 December 2020</b>												
<b>Trading derivatives</b>												
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
	<b>10,697,270</b>	<b>982,100</b>	<b>1,493,000</b>	<b>13,172,370</b>	<b>182,727</b>	<b>17,136</b>	<b>31,319</b>	<b>231,182</b>	<b>161,268</b>	<b>21,790</b>	<b>45,031</b>	<b>228,089</b>
<b>As at 31 December 2019</b>												
<b>Trading derivatives</b>												
Foreign exchange contracts :												
- Currency forwards	2,733,359	-	-	2,733,359	1,279	-	-	1,279	51,418	-	-	51,418
- Cross currency swaps	7,078,997	207,100	-	7,286,097	92,334	1,456	-	93,790	59,325	-	-	59,325
Interest rate contracts :												
- Interest rate swaps	23,148	462,000	1,288,000	1,773,148	353	3,247	19,556	23,156	571	4,810	20,315	25,696
	<b>9,835,504</b>	<b>669,100</b>	<b>1,288,000</b>	<b>11,792,604</b>	<b>93,966</b>	<b>4,703</b>	<b>19,556</b>	<b>118,225</b>	<b>111,314</b>	<b>4,810</b>	<b>20,315</b>	<b>136,439</b>

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

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**A30. DERIVATIVE FINANCIAL INSTRUMENTS (Cont.)**

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

**Market risk**

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at the reporting date, the notional amount of foreign exchange exposure which was not hedged and hence, exposed to market risk was RM22.6 million (2019 : RM50.1 million), while the notional amount of interest rate contract was RM849.8 million (2019 : RM763.1 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 RM443.8 million (2019 : RM279.8 million) and RM170.9 million (2019 : RM91.6 million) respectively. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

**Liquidity risk**

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

**Cash Requirement of the Derivatives**

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

**Related Accounting Policies**

The related accounting policies for off-balance sheet financial instruments applied in the condensed interim financial statements are consistent with those applied in the annual financial statements for the year ended 31 December 2019.

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**A31. FAIR VALUE MEASUREMENTS**

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

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

<b>Group</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>31 December 2020</b>				
<b>Financial Assets</b>				
Financial assets at FVTPL:				
- Money market instruments	-	113,657	-	113,657
- Shares and unit trusts	411,849	-	99,222	511,071
- Corporate bonds/Sukuk	-	58,494	15,044	73,538
Derivative financial assets	-	388,294	-	388,294
Financial investments at FVOCI:				
- Money market instruments	-	5,964,994	-	5,964,994
- Shares, unit trusts and REITs	-	11	211,454	211,465
- Corporate bonds/Sukuk	-	6,857,594	-	6,857,594
	<b>411,849</b>	<b>13,383,044</b>	<b>325,720</b>	<b>14,120,613</b>
<b>Financial Liabilities</b>				
Derivative financial liabilities	-	389,819	-	389,819
Puttable liability - investment in funds	84,268	-	-	84,268
Other liabilities - equities trading	394	-	-	394
	<b>84,662</b>	<b>389,819</b>	<b>-</b>	<b>474,481</b>
<b>31 December 2019</b>				
<b>Financial Assets</b>				
Financial assets at FVTPL :				
- Money market instruments	-	198,219	-	198,219
- Shares and unit trusts	321,362	-	94,207	415,569
- Corporate bonds/Sukuk	-	33,312	15,032	48,344
Derivative financial assets	-	164,868	-	164,868
Financial investments at FVOCI :				
- Money market instruments	-	4,022,935	-	4,022,935
- Shares, unit trusts and REITs	-	61	180,820	180,881
- Corporate bonds/Sukuk	-	8,293,030	-	8,293,030
	<b>321,362</b>	<b>12,712,425</b>	<b>290,059</b>	<b>13,323,846</b>
<b>Financial Liabilities</b>				
Derivative financial liabilities	-	186,791	-	186,791
Puttable liability - investment in funds	20,917	-	-	20,917
Other liabilities - equities trading	4,282	-	-	4,282
	<b>25,199</b>	<b>186,791</b>	<b>-</b>	<b>211,990</b>



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**A31. FAIR VALUE MEASUREMENTS (Cont.)**

<b>Bank</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>31 December 2020</b>				
<b>Financial Assets</b>				
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
<b>Financial Liabilities</b>				
Derivative financial liabilities	-	228,089	-	228,089
<b>31 December 2019</b>				
<b>Financial Assets</b>				
Financial assets at FVTPL:				
- Money market instruments	-	60,977	-	60,977
- Unquoted shares	-	-	94,207	94,207
- Corporate bonds/Sukuk	-	-	15,032	15,032
Derivative financial assets	-	118,225	-	118,225
Financial investments at FVOCI:				
- Money market instruments	-	2,444,075	-	2,444,075
- Unquoted shares	-	-	157,818	157,818
- Corporate bonds/Sukuk	-	3,771,951	-	3,771,951
	-	6,395,228	267,057	6,662,285
<b>Financial Liabilities</b>				
Derivative financial liabilities	-	136,439	-	136,439

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

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

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

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**A31. FAIR VALUE MEASUREMENTS (Cont.)**

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

The Group and the Bank recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. Transfers between fair value hierarchy primarily due to change in the level of trading activity, change in observable market activity related to an input, reassessment of available pricing information and change in the significance of the unobservable input. There were no transfers between Level 1, 2 and 3 of the fair value hierarchy during the financial period (2019: Nil).

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

	<b>Group</b>		<b>Bank</b>	
	<b>31/12/2020</b>	31/12/2019	<b>31/12/2020</b>	31/12/2019
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
At beginning of the financial year	<b>290,059</b>	290,300	<b>267,057</b>	268,479
Sales/Redemption	-	(15,629)	-	(15,629)
Net changes in income accrued	<b>4</b>	(18)	<b>4</b>	(18)
Total gains recognised in other comprehensive income	<b>35,657</b>	15,406	<b>33,340</b>	14,225
At end of the financial year	<b>325,720</b>	290,059	<b>300,401</b>	267,057

**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.

	<b>The Group</b>		<b>Bank</b>	
	<b>31/12/2020</b>	31/12/2019	<b>31/12/2020</b>	31/12/2019
(i) The aggregate value of outstanding credit exposures with connected parties (RM'000)	<b>4,708,237</b>	6,172,615	<b>3,049,997</b>	3,733,063
(ii) The percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<b>6.0%</b>	8.0%	<b>7.0%</b>	8.0%

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**A33. CAPITAL ADEQUACY**

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

The Group and the Bank are currently adopting Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk. In line with the transitional arrangements under the Bank Negara Malaysia's Capital Adequacy Framework (Capital Components), the minimum capital adequacy requirement for Common Equity Tier 1 Capital Ratio ("CET1") and Tier 1 Capital Ratio are 7.00% and 8.50% respectively for the financial year ended 31 December 2020. The minimum regulatory capital adequacy requirement is at 10.50% for Total Capital Ratio.

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

	Group		Bank	
	31/12/2020 <sup>^</sup> RM'000	31/12/2019 RM'000	31/12/2020 <sup>^</sup> RM'000	31/12/2019 RM'000
<b>a) The components of CET 1, Tier 1 and Tier 2 capital :</b>				
<u>CET 1</u>				
Paid-up share capital	4,902,300	4,774,772	4,902,300	4,774,772
Retained profits	3,682,234	3,640,073	2,799,501	3,017,227
Unrealised gains on FVOCI instruments	266,412	250,661	183,078	148,173
Other disclosed reserves	(65,909)	(61,010)	-	-
Foreign exchange reserves	(205)	135	-	-
	<b>8,784,832</b>	8,604,631	<b>7,884,879</b>	7,940,172
Less: Regulatory adjustments:				
- Goodwill and other intangibles	(903,750)	(914,693)	(202,212)	(202,670)
- Deferred tax assets	(112,158)	(3,440)	(54,607)	(12,690)
- 55% of cumulative unrealised gains on FVOCI instruments	(146,527)	(137,864)	(100,693)	(81,495)
- Investment in subsidiaries, joint ventures and associates	(896,114)	(831,440)	(3,796,621)	(3,781,321)
- Other CET1 transitional adjustment	100,517	-	61,224	-
Total CET 1 Capital	<b>6,826,800</b>	6,717,194	<b>3,791,970</b>	3,861,996
<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	31,015	25,329	-	-
	<b>831,015</b>	825,329	<b>500,000</b>	500,000
Total Tier 1 Capital	<b>7,657,815</b>	7,542,523	<b>4,291,970</b>	4,361,996
<u>Tier 2 Capital</u>				
Subordinated MTNs	2,500,000	2,750,000	2,000,000	2,000,000
Expected loss provisions #	324,592	498,527	200,424	316,445
Less: Regulatory adjustments:				
- Investment in capital instruments of unconsolidated financial and insurance entities	(30,914)	(30,914)	(330,914)	(80,914)
Total Tier 2 Capital	<b>2,793,678</b>	3,217,613	<b>1,869,510</b>	2,235,531
<b>Total Capital</b>	<b>10,451,493</b>	10,760,136	<b>6,161,480</b>	6,597,527
<b>b) The breakdown of risk-weighted assets:</b>				
Credit risk	42,706,201	42,644,676	26,888,591	27,582,457
Market risk	814,122	488,422	373,667	290,399
Operational risk	3,403,072	3,184,235	1,657,613	1,774,869
<b>Total risk-weighted assets</b>	<b>46,923,395</b>	46,317,333	<b>28,919,871</b>	29,647,725
<b>c) Capital adequacy ratios:</b>				
<u>Without transitional arrangements</u>				
CET 1 capital ratio	14.335%	14.503%	12.900%	13.026%
Tier 1 capital ratio	16.105%	16.284%	14.629%	14.713%
Total capital ratio	<b>22.274%</b>	23.231%	<b>21.305%</b>	22.253%
CET 1 capital ratio (net of proposed dividends) <sup>Note 1</sup>	14.303%	14.459%	12.849%	12.958%
Tier 1 capital ratio (net of proposed dividends) <sup>Note 1</sup>	16.074%	16.241%	14.578%	14.644%
Total capital ratio (net of proposed dividends) <sup>Note 1</sup>	<b>22.242%</b>	23.188%	<b>21.254%</b>	22.185%

<sup>^</sup> With transitional arrangements

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

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**A33. CAPITAL ADEQUACY (Cont.)**

	Group		Bank	
	31/12/2020 <sup>^</sup> RM'000	31/12/2019 RM'000	31/12/2020 <sup>^</sup> RM'000	31/12/2019 RM'000
<u>With transitional arrangements</u>				
CET 1 capital ratio	<b>14.549%</b>	14.503%	<b>13.112%</b>	13.026%
Tier 1 capital ratio	<b>16.320%</b>	16.284%	<b>14.841%</b>	14.713%
Total capital ratio	<b>22.274%</b>	23.231%	<b>21.305%</b>	22.253%
CET 1 capital ratio (net of proposed dividends) <sup>Note 1</sup>	<b>14.517%</b>	14.459%	<b>13.061%</b>	12.958%
Tier 1 capital ratio (net of proposed dividends) <sup>Note 1</sup>	<b>16.288%</b>	16.241%	<b>14.790%</b>	14.644%
Total capital ratio (net of proposed dividends) <sup>Note 1</sup>	<b>22.242%</b>	23.188%	<b>21.254%</b>	22.185%

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 2020, RIA assets included in the Total Capital Ratio calculation amounted to RM1,754.9 million (2019 : RM1,919.3 million).

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

	Economic Entity			Bank		
	31/12/2020	31/12/2020 <sup>^</sup>	31/12/2019	31/12/2020	31/12/2020 <sup>^</sup>	31/12/2019
CET 1 capital ratio	<b>12.025%</b>	<b>12.234%</b>	11.720%	<b>12.025%</b>	<b>12.234%</b>	11.720%
Tier 1 capital ratio	<b>14.017%</b>	<b>14.226%</b>	13.826%	<b>14.017%</b>	<b>14.226%</b>	13.826%
Total capital ratio	<b>20.271%</b>	<b>20.271%</b>	20.535%	<b>20.271%</b>	<b>20.271%</b>	20.535%

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

	Group			Bank		
	31/12/2020	31/12/2020 <sup>^</sup>	31/12/2019	31/12/2020	31/12/2020 <sup>^</sup>	31/12/2019
CET 1 capital ratio	<b>34.817%</b>	<b>35.119%</b>	34.432%	<b>47.623%</b>	<b>47.060%</b>	44.406%
Tier 1 capital ratio	<b>35.746%</b>	<b>36.047%</b>	35.186%	<b>46.623%</b>	<b>47.060%</b>	44.406%
Total capital ratio	<b>36.427%</b>	<b>36.463%</b>	35.958%	<b>47.326%</b>	<b>47.666%</b>	45.235%
<u>Net of proposed dividends</u>						
CET 1 capital ratio	<b>33.769%</b>	<b>34.071%</b>	33.238%	<b>45.094%</b>	<b>45.531%</b>	42.745%
Tier 1 capital ratio	<b>34.698%</b>	<b>34.999%</b>	33.991%	<b>45.094%</b>	<b>45.531%</b>	42.745%
Total capital ratio	<b>35.379%</b>	<b>35.415%</b>	34.764%	<b>45.797%</b>	<b>46.136%</b>	43.574%

<sup>^</sup> With transitional arrangements

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**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
<b>As at 31 December 2020</b>							
<b>Assets</b>							
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 <sup>(1)</sup>	54,608	95	18,675	34,255	31,000	2,827,705	2,966,338
<b>Total assets</b>	<b>9,906,874</b>	<b>2,222,768</b>	<b>2,014,037</b>	<b>13,025,351</b>	<b>38,723,503</b>	<b>3,643,991</b>	<b>69,536,524</b>
<b>Liabilities</b>							
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/financing sold to Cagamas Berhad	-	-	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 <sup>(2)</sup>	77,091	4,901	109,460	-	-	7,603	199,055
<b>Total liabilities</b>	<b>24,823,631</b>	<b>9,801,677</b>	<b>19,551,236</b>	<b>2,393,027</b>	<b>2,833,161</b>	<b>496,696</b>	<b>59,899,428</b>
<b>Net liquidity gap</b>	<b>(14,916,757)</b>	<b>(7,578,909)</b>	<b>(17,537,199)</b>	<b>10,632,324</b>	<b>35,890,342</b>	<b>3,147,295</b>	

<sup>(1)</sup> 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.

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

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**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 2019							
<b>Assets</b>							
Cash and short-term funds	4,605,357	-	-	-	-	-	4,605,357
Financial assets at FVTPL	-	2,173	17,497	68,187	158,706	415,569	662,132
Derivative financial assets	24,551	60,230	37,764	36,280	6,043	-	164,868
Financial investments at FVOCI	35,844	109,232	617,438	3,854,821	7,698,630	180,881	12,496,846
Financial investments at AC	703	-	499	143,864	-	-	145,066
Loans, advances and financing	3,328,334	1,786,028	1,492,217	9,821,524	27,920,954	1,038,808	45,387,865
Trade receivables	534,388	-	-	-	-	-	534,388
Other assets	93,753	229	8,442	17,105	1,140	2,448	123,117
Amount due from joint ventures	28,402	-	-	-	-	-	28,402
Amount due from associates	900	11	-	-	30,876	-	31,787
Statutory deposits with BNM	1,534,777	-	-	-	-	-	1,534,777
Other non-financial assets <sup>(1)</sup>	14,285	117	35,646	37,250	-	2,539,359	2,626,657
<b>Total assets</b>	<b>10,201,294</b>	<b>1,958,020</b>	<b>2,209,503</b>	<b>13,979,031</b>	<b>35,816,349</b>	<b>4,177,065</b>	<b>68,341,262</b>
<b>Liabilities</b>							
Deposits from customers	17,471,093	5,857,417	25,540,509	2,219,943	-	-	51,088,962
Investment accounts of customers	-	-	439	1,008	-	-	1,447
Deposits and placements with banks and other financial institutions	1,326,780	421,678	14,794	-	-	-	1,763,252
Derivatives financial liabilities	28,461	52,231	65,928	38,008	2,163	-	186,791
Bills and acceptances payable	32,903	-	-	-	-	-	32,903
Trade payables	787,563	-	-	-	-	-	787,563
Lease liabilities	2,164	1,307	11,059	44,055	65	-	58,650
Other liabilities	181,188	38,578	859,902	173,457	15,043	-	1,268,168
Borrowings	12,235	36,144	10,551	-	2,748,213	800,000	3,607,143
Other non-financial liabilities <sup>(2)</sup>	133,273	-	-	-	-	16,517	149,790
<b>Total liabilities</b>	<b>19,975,660</b>	<b>6,407,355</b>	<b>26,503,182</b>	<b>2,476,471</b>	<b>2,765,484</b>	<b>816,517</b>	<b>58,944,669</b>
<b>Net liquidity gap</b>	<b>(9,774,366)</b>	<b>(4,449,335)</b>	<b>(24,293,679)</b>	<b>11,502,560</b>	<b>33,050,865</b>	<b>3,360,548</b>	

<sup>(1)</sup> Other non-financial assets include commodity gold at FVTPL, tax recoverable, deferred tax assets, investment in joint ventures, investment in associates, property and equipment, intangibles assets, foreclosed properties, and prepayments.

<sup>(2)</sup> 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.

<b>Bank</b>	<b>Up to 1 month RM'000</b>	<b>&gt; 1-3 months RM'000</b>	<b>&gt; 3-12 months RM'000</b>	<b>&gt; 1-5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>No specific maturity RM'000</b>	<b>Total RM'000</b>
<b>As at 31 December 2020</b>							
<b>Assets</b>							
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 <sup>(1)</sup>	54,681	95	14,356	29,566	31,000	4,905,544	5,035,242
<b>Total assets</b>	<b>4,161,926</b>	<b>1,393,540</b>	<b>1,794,978</b>	<b>8,945,976</b>	<b>20,284,573</b>	<b>5,190,901</b>	<b>41,771,894</b>
<b>Liabilities</b>							
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 <sup>(2)</sup>	70,744	-	-	-	-	-	70,744
<b>Total liabilities</b>	<b>13,166,262</b>	<b>4,536,732</b>	<b>11,796,785</b>	<b>1,214,444</b>	<b>2,029,179</b>	<b>500,000</b>	<b>33,243,402</b>
<b>Net liquidity gap</b>	<b>(9,004,336)</b>	<b>(3,143,192)</b>	<b>(10,001,807)</b>	<b>7,731,532</b>	<b>18,255,394</b>	<b>4,690,901</b>	

<sup>(1)</sup> 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.

<sup>(2)</sup> 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 2019							
<b>Assets</b>							
Cash and short-term funds	2,317,369	-	-	-	-	-	2,317,369
Deposits and placements with banks and other financial institutions	-	41,368	-	-	-	-	41,368
Investment accounts due from designated financial institutions	-	-	831	460,665	1,450,919	-	1,912,415
Financial assets at FVTPL	-	536	15,032	-	60,441	94,207	170,216
Derivative financial assets	22,553	52,860	27,951	9,891	4,970	-	118,225
Financial investments at FVOCI	13,630	88,898	195,622	3,035,404	2,882,472	157,818	6,373,844
Financial investments at AC	-	-	499	100,000	-	-	100,499
Loans, advances and financing	2,195,353	1,234,613	1,077,260	7,467,331	13,303,605	451,897	25,730,059
Other assets	26,421	-	-	6,472	1,113	-	34,006
Amount due from subsidiaries	1,318	-	-	-	-	-	1,318
Amount due from associates	-	11	-	-	30,876	-	30,887
Statutory deposits with BNM	857,377	-	-	-	-	-	857,377
Other non-financial assets <sup>(1)</sup>	14,130	117	19,646	36,146	-	4,672,197	4,742,236
<b>Total assets</b>	<b>5,448,151</b>	<b>1,418,403</b>	<b>1,336,841</b>	<b>11,115,909</b>	<b>17,734,396</b>	<b>5,376,119</b>	<b>42,429,819</b>
<b>Liabilities</b>							
Deposits from customers	10,156,825	3,025,278	15,438,572	1,514,575	-	-	30,135,250
Deposits and placements with banks and other financial institutions	586,239	39,298	20,548	-	-	-	646,085
Derivatives financial liabilities	22,534	43,062	56,312	12,368	2,163	-	136,439
Bills and acceptances payable	32,903	-	-	-	-	-	32,903
Lease liabilities	1,373	119	5,815	36,847	65	-	44,219
Other liabilities	-	-	329,390	19,373	8,528	-	357,291
Amount due to subsidiaries	55,899	-	-	-	-	-	55,899
Borrowings	12,235	36,144	-	-	2,000,000	500,000	2,548,379
Other non-financial liabilities <sup>(2)</sup>	61,257	-	-	-	-	-	61,257
<b>Total liabilities</b>	<b>10,929,265</b>	<b>3,143,901</b>	<b>15,850,637</b>	<b>1,583,163</b>	<b>2,010,756</b>	<b>500,000</b>	<b>34,017,722</b>
<b>Net liquidity gap</b>	<b>(5,481,114)</b>	<b>(1,725,498)</b>	<b>(14,513,796)</b>	<b>9,532,746</b>	<b>15,723,640</b>	<b>4,876,119</b>	

<sup>(1)</sup> Other non-financial assets include tax recoverable, deferred tax assets, investment in subsidiaries, investment in joint ventures, investment in associates, property and equipment and intangible assets, foreclosed properties and prepayments.

<sup>(2)</sup> 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**

	<b>Economic Entity</b>	
	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
Cash and short-term funds	2,794,278	1,588,868
Deposits and placements with banks and other financial institutions	50,058	-
Derivative financial assets	11,558	1,000
Financial investments at FVOCI	2,828,166	2,390,806
Financing, advances and other financing	19,380,090	18,580,253
Other assets	64,563	34,593
Amount due from holding company	-	53,946
Amount due from joint ventures	15,073	28,402
Amount due from associate	-	900
Taxation recoverable	-	15,550
Deferred tax assets	12,390	-
Statutory deposits with Bank Negara Malaysia	-	526,000
Investment in associate	-	750
Property and equipment	1,383	1,980
Right-of-use assets	1,085	1,554
Intangible assets	558	771
<b>TOTAL ASSETS</b>	<b>25,159,202</b>	<b>23,225,373</b>
<b>LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS</b>		
Deposits from customers	18,665,991	17,306,338
Investment accounts of customers	2,151	1,447
Deposits and placements of banks and other financial institutions	1,225,873	536,011
Investment accounts due to designated financial institutions	1,751,038	1,918,295
Derivative financial liabilities	25,572	6,757
Recourse obligation on financing sold to Cagamas Berhad	50,034	-
Other liabilities	67,912	422,685
Amount due to holding company	299,815	-
Provision for taxation	6,234	-
Deferred tax liabilities	-	2,604
Lease liabilities	2,433	1,568
Subordinated term financing and medium term notes	1,111,034	1,111,034
<b>TOTAL LIABILITIES</b>	<b>23,208,087</b>	<b>21,306,739</b>
<b>ISLAMIC BANKING CAPITAL FUNDS</b>		
Share capital	1,060,000	1,060,000
Reserves	891,115	858,634
<b>Total Islamic Banking Capital Funds</b>	<b>1,951,115</b>	<b>1,918,634</b>
<b>TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS</b>	<b>25,159,202</b>	<b>23,225,373</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	<b>4,357,811</b>	<b>4,051,316</b>

**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.)**

**(ii) Unaudited Income Statements**

	Economic Entity			
	Individual Quarter Ended 31/12/2020 RM'000	31/12/2019 RM'000	Cumulative Quarter Ended 31/12/2020 RM'000	31/12/2019 RM'000
Income derived from investment of depositors' funds and others	224,802	263,151	951,973	1,113,114
Income derived from investment of investment accounts	21,438	27,941	96,333	107,323
Income derived from investment of shareholders' funds	22,564	27,775	98,512	104,541
Modification loss	(1,612)	-	(31,066)	-
Allowances for impairment losses on financing, advances and other financing	(22,975)	(37,603)	(91,061)	(54,848)
Allowance for impairment losses on other assets	(4,226)	(2,757)	(16,506)	(4,690)
Total distributable income	239,991	278,507	1,008,185	1,265,440
Income attributable to the depositors and others	(139,839)	(207,162)	(662,112)	(907,355)
Total net income	100,152	71,345	346,073	358,085
Other operating expenses	(60,944)	(63,671)	(245,535)	(261,923)
Share of results of an associate	-	-	(750)	-
Profit before zakat and taxation	39,208	7,674	99,788	96,162
Zakat	-	-	(2,540)	(3,000)
Profit before taxation	39,208	7,674	97,248	93,162
Taxation	(18,235)	(4,936)	(40,356)	(26,075)
Net profit for the financial year	20,973	2,738	56,892	67,087

**(iii) Unaudited Statements of Comprehensive Income**

	Economic Entity			
	Individual Quarter Ended 31/12/2020 RM'000	31/12/2019 RM'000	Cumulative Quarter Ended 31/12/2020 RM'000	31/12/2019 RM'000
Net profit for the financial year	20,973	2,738	56,892	67,087
Other comprehensive income/(losses) :				
Items that may be reclassified subsequently to profit or loss :				
- Net fair value change in financial investments at FVOCI	(16,794)	(79,884)	67,993	21,730
- Net credit impairment loss change in financial investments at FVOCI	365	(246)	2,837	26
- Net gain on financial investments measured at FVOCI reclassified to profit or loss on disposal	(5,101)	57,591	(103,846)	(290)
- Deferred tax on financial investments at FVOCI	5,255	5,350	8,605	(5,146)
Other comprehensive income/(loss) for the financial year, net of tax	(16,275)	(17,189)	(24,411)	16,320
Total comprehensive income for the financial year	4,698	(14,451)	32,481	83,407

**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
<b>At 1 January 2020</b>	<b>1,060,000</b>	<b>19,492</b>	<b>236,882</b>	<b>602,260</b>	<b>1,918,634</b>
Comprehensive income :					
- Net profit for the financial year	-	-	-	56,892	56,892
Other comprehensive loss (net of tax) :					
- Financial investments at FVOCI	-	(24,411)	-	-	(24,411)
Total comprehensive (loss)/income	-	(24,411)	-	56,892	32,481
Transfer (from)/to regulatory reserves	-	-	(109,789)	109,789	-
<b>At 31 December 2020</b>	<b>1,060,000</b>	<b>(4,919)</b>	<b>127,093</b>	<b>768,941</b>	<b>1,951,115</b>

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 2018, as previously stated	1,060,000	-	94,866	610,202	1,765,068
- Adjustment arising from adoption of MFRS 9	-	(6,700)	(19,067)	(26,388)	(52,155)
At 1 January 2019	1,060,000	3,172	194,384	577,671	1,835,227
Comprehensive income :					
- Net profit for the financial year	-	-	-	67,087	67,087
Other comprehensive income (net of tax) :					
- Financial investments at FVOCI	-	16,320	-	-	16,320
Total comprehensive income	-	16,320	-	67,087	83,407
Transfer (from)/to regulatory reserves	-	-	42,498	(42,498)	-
Transfer to retained profits	-	-	-	-	-
At 31 December 2019	1,060,000	19,492	236,882	602,260	1,918,634

**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	
	31/12/2020	31/12/2019
	RM'000	RM'000
<b>(v) Financing, advances and other financing</b>		
By type		
Cash line	466,589	469,379
Term financing		
- Housing financing	7,765,469	7,351,173
- Syndicated financing	759,504	746,036
- Hire purchase receivables	4,022,480	3,820,401
- Business term financing	4,922,324	4,885,355
Bills receivables	8,429	11,668
Trust receipts	13,140	30,232
Claims on customers under acceptance credits	508,029	447,486
Staff financing (of which RM Nil to Directors)	85,141	62,760
Credit/charge cards	38,076	30,828
Revolving credit	975,306	897,505
<b>Gross financing, advances and other financing</b>	<b>19,564,487</b>	<b>18,752,823</b>
Less : ECL	<b>(184,397)</b>	<b>(172,570)</b>
<b>Total net financing, advances and other financing</b>	<b>19,380,090</b>	<b>18,580,253</b>
<b>(vi) Movements of impaired financing</b>		
At beginning of the financial year	607,312	530,829
Classified as impaired	121,621	315,874
Reclassified as non-impaired	(103,492)	(183,350)
Amount recovered	(214,880)	(35,889)
Amount written-off	(95,090)	(20,152)
At end of the financial year	<b>315,471</b>	<b>607,312</b>
Ratio of gross impaired financing, advances and other financing to gross financing, advances and other financing (excludes RIA).	<b>1.77%</b>	<b>2.47%</b>

**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, advances and other financing**

	12-Month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
<b>Economic Entity</b>				
<b>31/12/2020</b>				
At beginning of the financial year	51,043	17,171	104,356	172,570
Total transfer between stages due to change in credit risk :	10,438	14,072	(24,510)	-
- Transfer to 12-month ECL (Stage 1)	18,731	(14,585)	(4,146)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(8,276)	30,441	(22,165)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(17)	(1,784)	1,801	-
Financing, advances and other financing derecognised (other than write-off)	(26,531)	(2,557)	(2,595)	(31,683)
New financing, advances and other financing originated or purchased	29,947	981	106	31,034
Changes due to change in credit risk	(2,291)	28,623	87,699	114,031
Changes in models/risk parameters	(15,345)	(3,584)	(251)	(19,180)
Write-off	-	-	(82,488)	(82,488)
Other adjustments	-	-	113	113
At end of the financial year	47,261	54,706	82,430	184,397
<b>Economic Entity</b>				
<b>31/12/2019</b>				
At beginning of the financial year	50,292	10,864	67,861	129,017
Total transfer between stages due to change in credit risk :	6,337	25,385	(31,722)	-
- Transfer to 12-month ECL (Stage 1)	9,134	(7,380)	(1,754)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(2,772)	36,096	(33,324)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(25)	(3,331)	3,356	-
Financing, advances and other financing derecognised (other than write-off)	(31,489)	(2,865)	(1,909)	(36,263)
New financing, advances and other financing originated or purchased	30,171	1,702	10,681	42,554
Changes due to change in credit risk	(9,546)	(19,562)	72,892	43,784
Changes in models/risk parameters	5,278	1,647	6,805	13,730
Write-off	-	-	(19,399)	(19,399)
Other adjustments	-	-	(853)	(853)
At end of the financial year	51,043	17,171	104,356	172,570

**(viii) Deposits from customers**

	<b>Economic Entity</b>	
	31/12/2020 RM'000	31/12/2019 RM'000
<u>Qard</u>		
Demand deposits	3,539,236	2,954,059
Savings deposits	1,005,821	647,064
	4,545,057	3,601,123
<u>Mudarabah</u>		
General investment deposits	57,313	61,558
<u>Tawarruq</u>		
Murabahah term deposits	13,333,675	13,241,472
Commodity Murabahah Deposit	516,492	401,917
Savings deposits	102,574	157
Demand deposit	110,880	111
	14,063,621	13,643,657
<b>Total deposits from customers</b>	<b>18,665,991</b>	<b>17,306,338</b>

**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 2020 against preceding year's corresponding quarter

	Individual Quarter Ended		Changes		Cumulative Quarter Ended		Changes	
	31/12/2020 RM'000	31/12/2019 RM'000	RM'000	%	31/12/2020 RM'000	31/12/2019 RM'000	RM'000	%
Net Income	<b>620,796</b>	482,657	138,139	28.6	<b>2,264,899</b>	1,914,416	350,483	18.3
Operating Profit	<b>939</b>	148,975	(148,036)	(99.4)	<b>352,316</b>	652,341	(300,025)	(46.0)
Profit Before Zakat and Tax	<b>24,169</b>	166,440	(142,271)	(85.5)	<b>394,180</b>	682,501	(288,321)	(42.2)
Profit Before Tax	<b>23,463</b>	166,226	(142,763)	(85.9)	<b>386,711</b>	676,971	(290,260)	(42.9)
Profit After Tax	<b>9,975</b>	131,717	(121,742)	(92.4)	<b>272,848</b>	516,091	(243,243)	(47.1)
Profit attributable to equity holders of the Bank	<b>(9,364)</b>	122,105	(131,469)	(107.7)	<b>230,322</b>	487,766	(257,444)	(52.8)

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

The Group posted a profit before tax of RM386.7 million for the year ended 31 December 2020, a decrease of RM290.3 million or 42.9% as compared to RM677.0 million achieved in the previous year.

This was mainly attributed to higher allowances for credit losses, higher operating expenses and a one-off modification loss related to Covid-19 relief measures by BNM amounting to RM78.4 million, partially offset by higher non-interest income, income from Islamic Banking and net interest income.

Net interest income increased by RM29.0 million or 3.9% to RM772.1 million as compared to the previous year, driven by improved NIM from falling cost of funds following an increase in CASA composition and the repricing of deposits post OPR cuts. Income from Islamic Banking operations increased by RM70.5 million or 17.2% to RM481.2 million year-on-year.

Non-interest income of the Group for the financial year ended 31 December 2020 was RM1,090.0 million, a significant increase of RM329.4 million or 43.3% from RM760.6 million in the previous corresponding financial year. The main contributor for the increase was higher net gain on sales of financial instruments and fees and commission income of RM217.5 million and RM108.3 million respectively.

Operating expenses showed an increase of RM144.4 million or 12.0% to RM1,351.0 million as compared to RM1,206.6 million a year ago. The increase in operating expenses was mainly attributable to higher personnel expenses, establishment expenses and general and administration expenses of RM91.8 million, RM41.6 million and RM11.5 million respectively, offset by lower marketing expenses of RM0.4 million. However, cost to income ratio improved to below 60% due to higher revenue.

The Group's allowances for impairment losses increased to RM561.6 million, up from RM55.5 million year on year, mainly due to additional provisions and management overlay.

The Group's profit before tax for the financial year ended 31 December 2020 as compared to the previous corresponding financial year ended 31 December 2019 is further segmented based on the operating segments of the Group as follows:

Commercial Banking

AFFIN Bank Berhad's profit before tax decreased by RM367.1 million or 79.8% to RM93.1 million for the financial year ended 31 December 2020 from RM460.1 million recorded in the previous financial year. The decrease was largely due to higher allowance for credit impairment losses and operating expenses of RM435.2 million and RM91.8 million respectively, lower net fee and commission income of RM6.3 million and a one-off modification loss arising from the moratorium given to borrowers of RM47.4 million. The decreases were, however, cushioned by higher other income, net gain on sales of financial instruments and net interest income of RM113.8 million, RM59.5 million and RM40.3 million respectively.

AFFIN Islamic Bank Berhad registered an increase in profit before tax of RM3.4 million or 3.6% year-on-year to RM96.6 million from RM93.2 million in the previous year. The increase was attributable to higher net profit income and net gain on sales of financial instruments of RM52.4 million and RM21.9 million respectively coupled with lower operating expenses of RM16.4 million. These were, however, offset by higher allowance for impairment losses of RM49.4 million, recognition of one-off modification loss of RM31.1 million and lower other income of RM8.5 million.

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

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

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

The Group's profit before tax for the financial year ended 31 December 2020 as compared to the previous corresponding financial year ended 31 December 2019 is further segmented based on the operating segments of the Group as follows (cont.):

##### Investment Banking

AFFIN Hwang IB Group's profit before tax increased significantly to RM351.1 million for the financial year ended 31 December 2020, a jump of RM176.6 million or 101.2% year-on-year. The improved performance contributed by higher net gain on sales of financial instruments, fee and commission income and other income of RM158.0 million, RM115.9 million and RM9.6 million respectively. These were offset by higher operating expenses of RM69.5 million and allowances for credit impairment losses of RM28.4 million and lower net interest income of RM7.4 million.

The 63%-owned subsidiary namely AFFIN Hwang Asset Management Berhad's profit before tax increased by RM27.9 million or 25.5% to RM137.3 million due to higher net fee and commission income of RM80.6 million, offset by operating expenses of RM58.7 million.

##### Insurance

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

AALI recorded a profit before tax of RM5.8 million for the financial year as compared to loss before tax of RM7.0 million in the previous year. The improved performance was mainly due to higher investment income of RM8.8 million, lower reserve for future policyholders' liabilities required of RM6.7 million and a surplus transfer of RM0.3 million. However, these were partially offset by higher expenses of RM3.0 million.

AAGI's profit before tax increased by RM26.1 million or 31.5% to RM108.8 million from RM82.7 million a year ago. The increase was due to improvement in underwriting results by RM35.7 million and lower interest expense by RM4.1 million, partially offset by lower investment income by RM14.5 million.

##### Other business segment

AFFIN Moneybrokers Sdn Bhd's profit before tax decreased by RM0.6 million or 24.0% to RM1.9 million year-on-year due to lower net brokerage income.

#### (ii) Current Quarter vs Previous Period Corresponding Quarter

The Group recorded a profit before tax of RM23.5 million for the quarter ended 31 December 2020, a decrease of RM142.8 million or 85.9% as compared to the previous corresponding quarter ended 31 December 2019 of RM166.2 million. The decrease in pre-tax profit was mainly due to higher allowance for impairment losses and operating expenses by RM219.5 million and RM66.7 million respectively. This was cushioned by higher net interest income and Islamic Banking income by RM82.1 million and non-interest income of RM54.7 million.

The growth in net interest income and Islamic Banking income by RM82.1 million or 27.6% resulted from improvement in NIM due to effective management of funding cost and unwinding of modification loss.

The Group's non-interest income increased by RM54.7 million to RM239.8 million for the quarter ended 31 December 2020 as compared to RM185.1 million in the previous corresponding quarter was mainly due to higher fee and commission income of RM59.0 million.

The Group incurred higher operating expenses of RM353.8 million, an increase of RM66.7 million or 23.2% from RM287.1 million in the previous corresponding quarter. The increase was largely contributed by higher personnel expenses.

Allowance for impairment losses increased by RM219.5 million to RM266.1 million as compared to RM46.6 million in the previous corresponding quarter.

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

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

#### (ii) Current Quarter vs Previous Period Corresponding Quarter (Cont.)

The Group's profit before tax for the quarter ended 31 December 2020 as compared to the previous corresponding quarter ended 31 December 2019 is further segmented based on the operating segments of the Group as follows:

##### Commercial Banking

AFFIN Bank Berhad's profit before tax decreased by RM86.8 million or 69.1% to RM38.8 million for the quarter ended 31 December 2020 from RM125.5 million reported in the previous corresponding quarter ended 31 December 2019. The decrease was mainly due to higher allowance for credit impairment losses by RM239.2 million, coupled with higher operating expenses and lower net gain on sales of financial instruments of RM30.6 million and RM20.4 million respectively. The decreases were, however partially offset by higher other income of RM134.2 million and net interest income of RM65.1 million.

AFFIN Islamic Bank Berhad's profit before tax increased by RM31.5 million to RM39.2 million for the reporting quarter from RM7.7 million in the previous corresponding quarter. This was mainly due to higher net profit income of RM34.4 million and lower allowance for impairment losses of RM13.2 million, cushioned by lower net gain on sales of financial instruments and other income of RM16.3 million and RM1.2 million respectively.

##### Investment Banking

AFFIN Hwang IB Group's profit before tax increased by RM49.6 million to RM78.8 million for the quarter ended 31 December 2020 from RM29.2 million for the previous corresponding quarter. The increase was attributed mainly due to higher fee and commission income, net gain on sales of financial instruments and net allowance for impairment losses of RM57.9 million, RM14.8 million and RM10.1 million respectively, offset by higher operating expenses of RM38.9 million.

AFFIN Hwang Asset Management Berhad's profit before tax increased by RM16.6 million or 47.0% to RM51.9 million from RM35.3 million due to higher net fee and commission income RM51.5 million offset by operating expenses RM39.3 million.

##### Insurance

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

AALI reported loss before tax of RM1.3 million for the quarter ended 31 December 2020 as compared to profit before tax of RM2.6 million for the previous corresponding quarter ended 31 December 2019. The downward performance was mainly due to higher expenses of RM3.1 million and higher reserves for future policyholders' liabilities of RM1.3 million, offset by higher investment income of RM0.4 million.

AAGI's profit before tax increased to RM64.7 million for the quarter period ended 31 December 2020, an increase of RM25.0 million or 63.1% from RM39.7 million for the previous corresponding quarter. The increase was mainly due to improvement in underwriting results by RM25.2 million, higher other income of RM2.9 million and lower interest expense of RM0.9 million. These increases were, however dampened by lower investment income and realised gains on disposal of investments by RM2.4 million and RM1.6 million respectively.

##### Other business segment

Profit before tax of AFFIN Moneybrokers Sdn Bhd decreased marginally by RM0.1 million or 15.4% to RM0.4 million for the quarter ended 31 December 2020 from RM0.5 million for the previous corresponding quarter, mainly due to lower net brokerage income of RM0.3 million offset by lower overhead expenses of RM0.2 million.



**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	
	31/12/2020 RM'000	30/9/2020 RM'000	RM'000	%
Net income	<b>620,796</b>	556,845	63,951	11.5
Operating Profit	<b>939</b>	94,805	(93,866)	(99.0)
Profit Before Zakat and Tax	<b>24,169</b>	98,919	(74,750)	(75.6)
Profit Before Tax	<b>23,463</b>	95,321	(71,858)	(75.4)
Profit After Tax	<b>9,975</b>	57,515	(47,540)	(82.7)
Profit attributable to equity holders of the Bank	<b>(9,364)</b>	48,718	(58,082)	(119.2)

The Group's profit before tax for the quarter ended 31 December 2020 decreased by RM71.9 million or 75.4% to RM23.5 million against the preceding quarter ended 30 September 2020 of RM95.3 million.

The Group's net interest income for quarter ended 31 December 2020 increased by RM55.8 million or 28.9% to RM248.6 million against the preceding quarter of RM192.8 million. Income from Islamic Banking operations is higher by RM18.0 million or 16.0% to RM131.1 million against the preceding quarter of RM113.1 million.

The non-interest income of the Group for the quarter ended 31 December 2020 decreased by RM11.2 million or 4.5% to RM239.8 million as compared to RM250.9 million in the preceding quarter ended 30 September 2020. The decrease was mainly due to lower net gain on sales of financial instruments of RM58.9 million, offset by higher net fee and commission income and other income of RM43.7 million and RM4.0 million respectively.

The Group's operating expenses for quarter ended 31 December 2020 increased by RM15.3 million or 4.5% to RM353.8 million as compared to RM338.5 million in the preceding quarter ended 30 September 2020. The increase in operating expenses was mainly attributable to higher personnel expenses.

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

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### B3. PERFORMANCE IN FINANCIAL YEAR ENDED 31 DECEMBER 2020

This financial year was challenging for the Group as the Covid-19 pandemic disrupted daily lives and affected businesses negatively. Bank Negara Malaysia ("BNM") had, on 11 February 2021, announced that the Malaysian economy contracted by 5.6% for 2020. Malaysia is navigating through the current health crisis against the backdrop of political uncertainty which contributed to the downgrade of Fitch's Long-Term Foreign-Currency Issuer Default Rating to "BBB+ with a stable outlook" from A- previously.

For the financial year ended 31 December 2020, the Group recorded a consolidated profit before tax ("PBT") of RM386.7 million, a decrease of RM290.3 million or 42.9% as compared to the previous financial year while profit after tax ("PAT") for the financial year was RM272.8 million.

The net income expanded by RM350.5 million, mainly attributable to higher non-interest income of RM329.4 million, income from Islamic Banking of RM70.5 million and net interest income of RM29.0 million, reduced by a one-off modification loss related to Covid-19 relief measures by BNM of RM78.4 million.

The operating expenses of the Group increased by RM144.4 million or 12.0%, mainly due to the rise in personnel costs. However, the overall cost to income ratio improved slightly to 59.6% from 63.0% in FY2019. For the FY2020, earnings per share was 11.43 sen as compared to 24.59 sen in the previous year.

The total assets of the Group increased by RM1.2 billion or 1.7% to RM69.5 billion, mainly attributable to the increase in both loans, advances and financing portfolio and financial investments at FVOCI. Gross loans, advances and financing increased by RM0.3 billion or 0.7% to RM46.3 billion as at 31 December 2020.

Total customer deposits contracted by RM1.2 billion or 2.4% to RM49.9 billion. The Total Capital ratio of the Group was at 22.24%, while Common Equity Tier 1 and Tier 1 ratios stood at 14.52% and 16.29% respectively as at 31 December 2020.

### ECONOMIC AND BUSINESS OUTLOOK FOR 2021

The International Monetary Fund ("IMF"), in its January 2021 issue of the World Economic Outlook ("WEO") forecasted global Gross Domestic Product ("GDP") to rebound by 5.5% in 2021 and 4.2% in 2022. The recent vaccine approvals have raised hopes of a return to normality in the second half of 2021. Nevertheless, resurgence and new variants of the virus may still pose a risk.

BNM also indicated that it will maintain an accommodative monetary policy by keeping its OPR unchanged at 1.75%. The Government announced another Movement Control Order ("MCO 2.0") from 13 January 2021 until 4 March 2021 to curb the increasing number of cases since November 2020. The implementation of MCO 2.0 would lead to higher corporate earnings risk, although the negative impact on most economic sectors is expected to be less severe than that experienced in 2Q2020 as MCO 2.0 was less restrictive than the earlier one in early 2020.

Following the implementation of MCO 2.0, the Government announced additional stimulus measures worth RM15 billion under Perlindungan Ekonomi dan Rakyat Malaysia ("PERMAI"). This is on top of the earlier stimulus packages namely PRIHATIN, PRIHATIN SME+, PENJANA and KITA PRIHATIN that was to mitigate the impact of the pandemic on affected households and businesses. The implementation of these stimulus packages are being tracked by LAKSANA, a unit under the Ministry of Finance to ensure that aid reaches the targeted groups. The economic stimulus packages amounting to RM320 billion are anticipated to spur economic recovery in 2021.

GDP growth is expected to remain negative in 1Q2021 due to the MCO 2.0 and is projected to improve and turn positive from 2Q2021 onwards, supported by better external demand from the expansion in global growth, ongoing fiscal measures as well as the expectation of the rollout of vaccines. The government through the National Covid-19 Immunisation Programme is targeting to vaccinate 80% of the population or 26.5 million people by 1Q2022.

The introduction of government measures during the Budget 2021 coupled with tax incentives and the targeted Wage Subsidy Program will help to support private consumption growth. Private investment is likely to improve in 2021 with the resumption and implementation of mega infrastructure projects and other new projects respectively. This is evidenced by the government's proposal to allocate a substantial RM69 billion to development expenditure focusing on construction-related and infrastructure projects with high multiplier impact. Export growth in 2021 will be underpinned by a sustained pick-up in external demand led by a rebound in global economic growth. The strong turnaround expected in China's economy will help support the external demand as China remains one of Malaysia's main trading partners.

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

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### BUSINESS STRATEGY MOVING FORWARD

The Covid-19 pandemic has drastically changed the way banks operate today. Banks are forced to be more agile and innovative in its dealing with customers as the usual interactions are limited by the Government Issued Standard Operating Procedures. As a consequence, banks had to improve their overall digital offerings and expand the channels available to reach their customers.

The Community Banking Division's strategy in 2021 is to grow customer base aggressively, increase assets selectively and manage cost prudently. The Community Banking Division will be expanding its customer base by leveraging on collaborations and Group synergies. In line with the Group's AFFINITY IN MOTION 22 ("AIM 22") focus, the Division will be streamlining its human capital structure towards a more sales-centric model, expanding digital penetration and reducing gross impaired loans by improving analytics, collections and overall customer management.

The Enterprise Banking Division continues to support Small & Medium Enterprises ("SMEs") customers adversely impacted by the Covid-19 pandemic by providing financial relief facilities under BNM schemes and the bank's own Financial Assistance and Instalment Relief ("FAIR") and Expanded Targeted Repayment Assistance ("XTRA") programs. The Division promotes Covid-19 funds and FAIR program extensively through various communication channels including social media, advertorial in business magazines and radio broadcasting. For 2021, the Division plans to strengthen customer engagement and networking activities by enhancing its SMEColony mobile app and AFFINWRKFZ initiatives, while introducing new and exciting propositions to the market.

The Corporate Banking Division ("CBD") is assisting customers to weather the pandemic via FAIR Program. This is done proactively on a case to case basis to alleviate customers' financial difficulties without compromising the asset quality position. CBD will also step up its digital innovation to make interactions with customers more efficient and effective. One such initiative is AFFINMAX, which was launched in December 2020 to bring the corporate customers to a new dimension in corporate internet banking with a complete suite of Cash Management solution which integrates Liquidity Management and Financial Supply Chain modules.

AFFIN Islamic Bank Berhad ("AiBB") remains focused on the Group's initiatives on digital transformation and strengthening balance sheet management to address liquidity excess and funding costs effectively. AiBB strives to reinforce both fields with resources to supplement the execution of the Business Plan and other ongoing strategic initiatives for both the Bank and the Group. Customers can expect for more strategic collaboration with digital service providers to enable value added banking services that are focused on enhancing user experience.

AFFIN Hwang Capital will continue to operate in a challenging external environment in 2021 caused by the Covid-19 pandemic. Although the pandemic will continue to pose a downside risk to global economic recovery, a low interest rate environment stemming from easy monetary policy will continue to boost the securities business. As for the investment bank, an increased focus will be placed on sustainability to strengthen the revenue base, product offering, clientele and asset quality.

AXA AFFIN Life insurance ("AALI") is focusing on its multi-distribution strategy which includes digitalising traditional channels and service quality to serve its customers. AALI is also focusing on product innovation and efficiencies of Robotics Process Automation ("RPA") across the company. AALI will continue to work with partners to provide value added services and those with a ready customer base to build a sustainable InsurTech ecosystem to penetrate the mass affluent and emerging customer market segment.

AXA AFFIN General Insurance's focus for 2021 is centered on building a sustainable business portfolio to ensure sustainable profitability and expanding its market share in the preferred segments amidst challenges faced by the market locally and globally arising from the impact of the present Covid-19 pandemic.

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

**B4. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT**

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

**B5. TAXATION**

<b>Group</b>	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>31/12/2020</b>	<b>31/12/2019</b>	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysian income tax				
Current tax	<b>11,262</b>	39,423	<b>182,102</b>	152,177
Under/(Over) provision in prior financial year	<b>17,719</b>	(4)	<b>17,836</b>	(56,695)
Deferred tax (income)/expense :				
- Relating to originating temporary differences	<b>(15,493)</b>	(4,910)	<b>(86,075)</b>	65,398
	<b>13,488</b>	34,509	<b>113,863</b>	160,880

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

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

**Bank**

Malaysian income tax	<b>(22,209)</b>	26,649	<b>19,581</b>	90,284
Under/(Over) provision in prior financial year	<b>11,669</b>	-	<b>11,670</b>	(42,577)
Deferred tax (income)/expense :				
- Relating to originating temporary differences	<b>(4,821)</b>	(907)	<b>(31,165)</b>	48,296
	<b>(15,361)</b>	25,742	<b>86</b>	96,003

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

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

**B6. SIGNIFICANT EVENT**

The World Health Organisation declared the outbreak of Coronavirus disease (Covid-19) as a global pandemic in March 2020. The direct and indirect effects of the Covid-19 outbreak have impacted the global economy, markets and the Group's and Bank's counterparties and clients.

The Covid-19 effects have a material negative impact on the Group's and the Bank's results of operations. In particular, the process to determine expected credit losses ('ECL') requires numerous estimates and assumptions, some of which require a high degree of judgement. Changes in the estimates and assumptions can result in significant changes in ECL. The Group and the Bank are unable to predict the Covid-19's potential future direct or indirect effects. However, the Group and the Bank are taking actions to mitigate the impacts, and will continue to closely monitor the impact and related risks as they evolve.

**B7. DEPOSITS, LEASE LIABILITIES AND BORROWINGS**

	Group		Bank	
	31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	31/12/2019 RM'000
<b>(i) <u>Deposits from Customers</u></b>				
<u>By Type of Deposit:</u>				
Demand Deposits	8,069,963	7,417,574	4,420,378	4,468,875
Savings Deposits	3,012,259	2,334,653	1,903,864	1,687,588
Fixed Deposits	36,345,493	39,137,401	19,875,252	22,194,938
Commodity Murabahah Deposits	516,492	402,074	-	-
Money Market Deposits	707,536	1,278,950	707,536	1,278,950
Negotiable Instruments of Deposits ("NID")	1,107,155	485,021	500,947	504,899
Others	125,462	33,289	-	-
	<b>49,884,360</b>	<b>51,088,962</b>	<b>27,407,977</b>	<b>30,135,250</b>
<u>By Maturity structure of fixed deposits, NID and others:</u>				
Due within six months	24,532,548	20,975,454	12,036,396	10,939,740
Six months to one year	11,592,067	16,480,637	7,311,400	10,245,509
One year to three years	1,416,837	1,886,591	997,357	1,477,277
Three years to five years	36,658	313,029	31,046	37,311
	<b>37,578,110</b>	<b>39,655,711</b>	<b>20,376,199</b>	<b>22,699,837</b>
<u>By Type of Customer:</u>				
Government and statutory bodies	7,560,637	8,022,642	691,865	1,024,448
Business enterprises	11,449,078	12,585,286	6,556,940	7,284,828
Individuals	25,198,064	23,504,126	18,187,743	18,197,263
Domestic banking institutions	1,130,080	494,213	516,399	513,669
Domestic non-banking financial institutions	3,284,303	5,060,498	573,173	2,050,604
Foreign entities	557,451	716,175	388,837	567,667
Others	704,747	706,022	493,020	496,771
	<b>49,884,360</b>	<b>51,088,962</b>	<b>27,407,977</b>	<b>30,135,250</b>
<b>(ii) <u>Deposits and Placements of Banks and Other Financial Institutions</u></b>				
<u>By Type of Institution:</u>				
Licensed banks	921,929	614,958	532,958	227,497
Licensed investment banks	170,219	395,889	67,023	-
Bank Negara Malaysia	103,703	4,675	103,703	4,675
Other financial institutions	2,524,509	747,730	1,704,168	413,913
	<b>3,720,360</b>	<b>1,763,252</b>	<b>2,407,852</b>	<b>646,085</b>
<u>By Maturity structure of deposits:</u>				
Due within six months	3,720,360	1,763,252	2,407,852	646,085

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

	Group		Bank	
	31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	31/12/2019 RM'000
<b>(iii) Lease Liabilities</b>				
At beginning of financial year	58,650	70,741	44,219	57,893
Additions	27,156	22,762	12,049	10,610
Termination of contracts	(84)	(104)	-	-
Interest/Profit expense	2,581	2,512	1,582	1,885
Lease payment	(37,775)	(37,261)	(26,008)	(26,169)
At end of the financial year	<b>50,528</b>	<b>58,650</b>	<b>31,842</b>	<b>44,219</b>

The Group and the Bank have not included potential future rental payments after the exercise date of termination options because the Group and the Bank are not reasonably certain to extend the lease beyond the date.

Potential future rental payments relating to periods following the exercise date of termination options are summarised below:

	Group		Bank	
	31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	31/12/2019 RM'000
Lease liabilities recognised (discounted)	50,528	58,650	31,842	44,219
Potential future lease payments not included in lease liabilities (undiscounted):				
- Payable in 2021 to 2025	102,775	148,924	78,984	131,129
- Payable in 2026 to 2030	2,907	6,330	2,313	4,005
	<b>105,682</b>	<b>155,254</b>	<b>81,297</b>	<b>135,134</b>

	Group		Bank	
	31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	31/12/2019 RM'000
<b>(iv) Borrowings</b>				
(a) Tier-2 Subordinated Medium Term Notes ('MTN')	2,036,005	2,036,143	2,036,005	2,036,143
(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	493,789	755,339	-	-
	<b>3,345,455</b>	<b>3,607,143</b>	<b>2,548,241</b>	<b>2,548,379</b>

(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.

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

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### B8. MATERIAL LITIGATION

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

The Bank had on 25 January 1996 given Suria Barisan (M) Sdn Bhd ("Suria") a credit facility of RM21.6 million ("Facility") against security of unquoted shares belonging to Naval Dockyard Sdn Bhd and guaranteed by the Plaintiff and Puan Norashikin Binti Abdul Latiff ("Guarantor").

Suria, the Plaintiff and the Guarantor ("All") defaulted on the Facility which led to the Bank filing a debt recovery action against All in 1999. Judgement was obtained against All on 8 July 2004.

The Plaintiff was made bankrupt on 17 January 2013. The bankruptcy was set aside in September 2015 on the grounds that he was solvent due to a third party, Chenet Finance Ltd ("Chenet") being ordered by a Singapore Court to pay damages to the Director General of Insolvency Malaysia ("DGI") as receiver of Plaintiff's Estate. The Federal Court reinstated the Plaintiff's bankruptcy on 26 August 2019 and the hearings at the High Court could only proceed on receipt of the sanction from the DGI which was obtained on 6 December 2019. The next Case Management was fixed on 22 January 2020. The trial dates on 13 to 15 April 2020 vacated due to the MCO. Due to the Plaintiff's bankruptcy status, the Bank has filed for the security for costs. The case management for the security for costs application is adjourned to 15 March 2021 due to MCO 2.0.

The Plaintiff's claim ("Claim") is premised on alleged wrongful acts by the Bank as follows:-

- failure to sell 7.2 million shares in Naval Dockyard Sdn Bhd ("NDSB shares") which was pledged by Suria to the Bank as security for the Facility on a timely basis. On this claim, Plaintiff claims damages under (i) above;
- allowed the release of the Guarantor from her liability upon payment of a certain sum pursuant to her Guarantee without giving the same opportunity to the Plaintiff;
- the Bank had corresponded with the opponent of Plaintiff in Singapore to prevent the Plaintiff from claiming his assets in Singapore. Plaintiff has alleged conspiracy between the Bank and the opponent of the Plaintiff in Singapore. On this claim, Plaintiff claims losses under (ii) above;
- the Bank had wrongfully made Plaintiff a bankrupt in 2013 which bankruptcy was set aside in 2015. On this claim, Plaintiff claims losses under (iii) above;
- the Plaintiff is also claiming the amount of (iv) above being cost of proceedings incurred by him in Singapore.

The Bank has a good defence ("Defence") with regards to each of the alleged wrongful act on the following merits:-

- the sale of NDSB Shares was subject to the approval from the relevant authorities as per the terms of the Facility Agreement and the price has to be based on the offer from the approved prospective buyer;
- the release of the Guarantor is the prerogative of the Bank pursuant to the terms of the Guarantee Agreement;
- the Plaintiff's bankruptcy is based on a judgement of Court;
- the Bank's legal firm has corresponded with the legal firm of the Plaintiff's opponent in Singapore only to inform the status of the Plaintiff proceedings in Malaysia and any alleged conspiracy is denied;
- the Claim for cost is unreasonable as the Bank was not in any way involved in the Singapore proceedings.

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

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

- b) There are various legal suits against ABB in respect of claims and counter claims of approximately RM15.0 million (2019: RM19.1 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 interim dividend of 3.5 sen per ordinary share amounting to dividend payable of RM72,792,688, based on the Bank's issued and paid-up share capital of 2,079,791,097 ordinary shares in respect of the current financial year ended 31 December 2020, as follows:

Amount per share	: 3.5 sen per share
Previous corresponding year	: 7.0 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	: 3.5 sen per share

The Board of Directors has also resolved that the DRP applied to the said interim dividend can be elected and reinvested in new ordinary shares of the Bank.

**B10. EARNINGS PER SHARE**

**(a) Basic**

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

<b>Group</b>	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>31/12/2020</b>	<b>31/12/2019</b>	<b>31/12/2020</b>	<b>31/12/2019</b>
Net profit attributable to equity holders of the Bank (RM'000)	<b>(9,364)</b>	122,105	<b>230,322</b>	487,766
Weighted average number of ordinary shares in issue	<b>2,015,227,476</b>	1,983,542,032	<b>2,015,227,476</b>	1,983,542,032
Basic earnings per share (sen)	<b>(0.46)</b>	6.15	<b>11.43</b>	24.59

  

<b>Bank</b>	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>31/12/2020</b>	<b>31/12/2019</b>	<b>31/12/2020</b>	<b>31/12/2019</b>
Net profit attributable to equity holders of the Bank (RM'000)	<b>54,150</b>	99,797	<b>92,983</b>	364,121
Weighted average number of ordinary shares in issue	<b>2,015,227,476</b>	1,983,542,032	<b>2,015,227,476</b>	1,983,542,032
Basic earnings per share (sen)	<b>2.69</b>	5.03	<b>4.61</b>	18.36

**(b) Diluted**

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

<b>Group</b>	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>31/12/2020</b>	<b>31/12/2019</b>	<b>31/12/2020</b>	<b>31/12/2019</b>
Net profit attributable to equity holders of the Bank (RM'000)	<b>(9,364)</b>	122,105	<b>230,322</b>	487,766
Diluted weighted average number of ordinary shares in issue	<b>2,088,020,164</b>	2,045,310,032	<b>2,088,020,164</b>	2,045,310,032
Diluted earnings per share (sen)	<b>(0.45)</b>	5.97	<b>11.03</b>	23.85

  

<b>Bank</b>	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>31/12/2020</b>	<b>31/12/2019</b>	<b>31/12/2020</b>	<b>31/12/2019</b>
Net profit attributable to equity holders of the Bank (RM'000)	<b>54,150</b>	99,797	<b>92,983</b>	364,121
Diluted weighted average number of ordinary shares in issue	<b>2,088,020,164</b>	2,045,310,032	<b>2,088,020,164</b>	2,045,310,032
Diluted earnings per share (sen)	<b>2.59</b>	4.88	<b>4.45</b>	17.80

  

<b>Group and Bank</b>		
<b>31/12/2020</b>	<b>31/12/2019</b>	
Number of ordinary shares in issue	<b>2,015,227,476</b>	1,983,542,032
Number of potential ordinary shares in issue	<b>72,792,688</b>	61,768,000
Diluted weighted average number of ordinary shares in issue	<b>2,088,020,164</b>	2,045,310,032