

**AFFIN BANK BERHAD**  
Registration No. 197501003274 (25046-T)  
**Condensed Interim Financial Statements**  
**Unaudited Statements of Financial Position as at 31 December 2022**

	Note	The Group		The Bank	
		31/12/2022 RM'000	31/12/2021 RM'000	31/12/2022 RM'000	31/12/2021 RM'000
<b>ASSETS</b>					
Cash and short-term funds		<b>4,903,601</b>	6,394,457	<b>1,986,132</b>	2,525,482
Deposits and placements with Banks and other financial institutions		<b>301,438</b>	1,169,809	<b>251,389</b>	1,171,657
Investment accounts due from designated financial institutions		-	-	<b>2,719,680</b>	1,825,525
Financial assets at fair value through profit or loss ('FVTPL')	A9	<b>544,503</b>	598,600	<b>508,433</b>	368,676
Derivative financial assets	A29	<b>495,389</b>	186,881	<b>407,517</b>	104,640
Financial investments at fair value through other comprehensive income ('FVOCI')	A10	<b>3,782,504</b>	3,877,622	<b>206,993</b>	198,148
Financial investments at amortised cost ('AC')	A11	<b>16,853,101</b>	11,435,142	<b>12,229,974</b>	9,040,198
Loans, advances and financing	A12	<b>58,104,856</b>	50,528,068	<b>30,557,921</b>	26,879,336
Trade receivables	A13	<b>405,401</b>	527,166	-	-
Other assets	A14	<b>460,851</b>	312,732	<b>265,249</b>	164,088
Amount due from subsidiaries		-	-	<b>5,835</b>	758,924
Amount due from joint ventures		<b>455</b>	15,737	-	-
Amount due from associate		-	30,888	-	30,888
Tax recoverable		<b>146,877</b>	144,638	<b>109,350</b>	117,036
Deferred tax assets		<b>212,373</b>	223,344	<b>125,964</b>	111,900
Statutory deposits with Bank Negara Malaysia		<b>1,250,872</b>	68,625	<b>749,272</b>	58,325
Investment in subsidiaries		-	-	<b>3,203,899</b>	3,053,899
Investment in joint ventures		-	181,853	-	194,240
Investment in associates		<b>794,779</b>	725,440	<b>642,679</b>	548,482
Property and equipment		<b>1,306,725</b>	1,066,826	<b>1,293,824</b>	1,044,020
Right-of-use assets		<b>57,580</b>	45,387	<b>51,937</b>	36,547
Intangible assets		<b>629,369</b>	895,850	<b>183,216</b>	198,733
<b>TOTAL ASSETS</b>		<b>90,250,674</b>	78,429,065	<b>55,499,264</b>	48,430,744
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	B7	<b>64,995,050</b>	58,794,404	<b>36,075,130</b>	33,241,763
Investment accounts of customers		<b>859</b>	1,329	-	-
Deposits and placements of Banks and other financial institutions	B7	<b>3,364,156</b>	2,866,040	<b>1,185,120</b>	2,277,723
Obligation on securities sold under repurchase agreements		<b>4,813,407</b>	-	<b>4,813,407</b>	-
Derivative financial liabilities	A29	<b>542,254</b>	201,629	<b>436,209</b>	125,537
Bills and acceptances payable		<b>35,471</b>	28,644	<b>35,471</b>	28,644
Recourse obligation on loans/financing sold to Cagamas Berhad		<b>1,073,871</b>	669,212	<b>1,073,871</b>	619,179
Trade payables		<b>338,867</b>	982,362	-	-
Lease liabilities	B7	<b>49,233</b>	36,872	<b>45,440</b>	29,232
Other liabilities	A15	<b>1,748,943</b>	1,603,803	<b>833,972</b>	676,112
Amount due to subsidiaries		-	-	<b>300,371</b>	2,500
Provision for taxation		<b>8,104</b>	8,040	-	-
Borrowings and Sukuk	B7	<b>2,529,931</b>	3,303,075	<b>1,019,197</b>	2,548,081
<b>TOTAL LIABILITIES</b>		<b>79,500,146</b>	68,495,410	<b>45,818,188</b>	39,548,771

*The Condensed Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and the Bank for the financial year ended 31 December 2021.*

**AFFIN BANK BERHAD**  
Registration No. 197501003274 (25046-T)  
**Condensed Interim Financial Statements**  
**Unaudited Statements of Financial Position as at 31 December 2022**

	Note	The Group		The Bank	
		31/12/2022 RM'000	31/12/2021 RM'000	31/12/2022 RM'000	31/12/2021 RM'000
<b>EQUITY</b>					
Share capital		5,245,447	4,969,150	5,245,447	4,969,150
Reserves:-					
FVOCI revaluation reserves	A16	44,806	90,473	166,472	157,267
Regulatory reserves	A16	479,799	754,603	416,620	636,095
Foreign exchange reserves	A16	-	39	-	-
Other reserves	A16	-	(88,737)	-	-
Retained profits	A16	4,980,476	4,163,442	3,852,537	3,119,461
<b>Equity attributable to equity holders of the Bank</b>		<b>10,750,528</b>	<b>9,888,970</b>	<b>9,681,076</b>	<b>8,881,973</b>
Non-controlling interest		-	44,685	-	-
<b>TOTAL EQUITY</b>		<b>10,750,528</b>	<b>9,933,655</b>	<b>9,681,076</b>	<b>8,881,973</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>90,250,674</b>	<b>78,429,065</b>	<b>55,499,264</b>	<b>48,430,744</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A28	<b>56,647,807</b>	45,197,294	<b>42,276,944</b>	25,947,933
<b>CAPITAL ADEQUACY RATIOS</b>	A31				
<u>With transitional arrangements</u>					
CET 1 capital ratio		15.724%	14.418%	14.753%	13.568%
Tier 1 capital ratio		17.114%	16.041%	16.133%	15.149%
Total capital ratio		19.490%	21.306%	17.333%	20.825%
<b>Net assets per share attributable to equity holders of the Bank (RM)</b>		<b>4.73</b>	4.66	<b>4.26</b>	4.18

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

**Condensed Interim Financial Statements**

**Unaudited Income Statements for the Financial Quarter Ended 31 December 2022**

	Note	Individual Quarter Ended		Cumulative Quarter Ended	
		31/12/2022 RM'000	31/12/2021 RM'000	31/12/2022 RM'000	31/12/2021 RM'000
<b>The Group</b>					
Interest income	A17	578,630	437,308	2,053,451	1,669,977
Interest expense	A18	(311,259)	(197,055)	(1,030,878)	(775,645)
<b>Net interest income</b>		<b>267,371</b>	<b>240,253</b>	<b>1,022,573</b>	<b>894,332</b>
Income from Islamic banking business		184,697	159,665	688,261	549,477
		<b>452,068</b>	<b>399,918</b>	<b>1,710,834</b>	<b>1,443,809</b>
Fee and commission income	A19	64,912	60,562	248,581	255,197
Fee and commission expense	A19	(2,368)	(1,896)	(9,111)	(5,214)
Net fee and commission income	A19	62,544	58,666	239,470	249,983
Net gains on financial instruments	A20	28,904	4,719	70,663	116,573
Other income	A21	23,525	3,429	33,668	34,809
<b>Net income</b>		<b>567,041</b>	<b>466,732</b>	<b>2,054,635</b>	<b>1,845,174</b>
Other operating expenses	A22	(343,078)	(291,880)	(1,316,746)	(1,139,227)
<b>Operating profit before allowances</b>		<b>223,963</b>	<b>174,852</b>	<b>737,889</b>	<b>705,947</b>
Allowances for/(write-back of) credit impairment losses	A23	2,599	3,722	(265,532)	(219,385)
Allowances for/(write-back of) impairment losses on other assets and goodwill	A24	17,269	(1,789)	(68,577)	(3,133)
<b>Operating profit</b>		<b>243,831</b>	<b>176,785</b>	<b>403,780</b>	<b>483,429</b>
Share of results of joint venture		(58)	(4,833)	791	2,565
Share of results of associate		(16,478)	14,126	7,820	42,826
<b>Profit before zakat and taxation</b>		<b>227,295</b>	<b>186,078</b>	<b>412,391</b>	<b>528,820</b>
Zakat		(2,000)	(2,056)	(4,150)	(5,748)
<b>Profit before taxation</b>		<b>225,295</b>	<b>184,022</b>	<b>408,241</b>	<b>523,072</b>
Taxation	B5	(86,697)	(3,456)	(208,509)	(89,464)
<b>Profit from continuing operations</b>		<b>138,598</b>	<b>180,566</b>	<b>199,732</b>	<b>433,608</b>
<b>Profit from discontinued operations</b>	B6(b)	<b>(334)</b>	<b>41,832</b>	<b>1,125,455</b>	<b>146,715</b>
<b>Net profit after zakat and taxation</b>		<b>138,264</b>	<b>222,398</b>	<b>1,325,187</b>	<b>580,323</b>
<b>Attributable to :-</b>					
Equity holders of the Bank		138,264	206,847	1,300,223	526,934
Non-controlling interest		-	15,551	24,964	53,389
		<b>100,426</b>	<b>222,398</b>	<b>1,325,187</b>	<b>580,323</b>
<b>Attributable to equity holders of the Bank :-</b>					
- Continuing operations		138,598	180,566	199,732	433,608
- Discontinued operations		(334)	26,281	1,100,491	93,326
		<b>138,264</b>	<b>206,847</b>	<b>1,300,223</b>	<b>526,934</b>
Basic earnings per share (sen) attributable to the equity holders of the Bank					
- Continuing operations	B10	6.39	8.55	9.22	20.54
- Discontinued operations	B10	(0.02)	1.24	50.77	4.42

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**AFFIN BANK BERHAD**  
Registration No. 197501003274 (25046-T)  
**Condensed Interim Financial Statements**  
**Unaudited Statements of Comprehensive Income**  
**for the Financial Quarter Ended 31 December 2022**

	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2022 RM'000	31/12/2021 RM'000	31/12/2022 RM'000	31/12/2021 RM'000
<b>The Group</b>				
<b>Profit after zakat and taxation</b>	<b>138,264</b>	222,398	<b>1,325,187</b>	580,323
<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)	44,414	365,074	(51,143)	(112,629)
- Net credit impairment loss change in financial investments at FVOCI (debt instruments)	(425)	(96,428)	(166)	(46,720)
- Net gains on financial investments measured at FVOCI reclassified to profit or loss on disposal (debt instruments)	-	8,743	(2,380)	(35,743)
- Exchange differences on translation of foreign operations	-	388	(39)	388
- Deferred tax on financial investments at FVOCI	(10,660)	(90,096)	12,832	35,605
- Share of other comprehensive (loss)/income of joint venture	(2,661)	(58)	3,702	(1,110)
- Share of other comprehensive income/(loss) of associate	5,120	(49,161)	(16,960)	(28,994)
<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)	14,825	13,834	20,623	13,643
<b>Other comprehensive income/(loss) for the financial year, net of tax</b>	<b>50,613</b>	152,296	<b>(33,531)</b>	(175,560)
<b>Total comprehensive income for the financial year</b>	<b>188,877</b>	374,694	<b>1,291,656</b>	404,763
<b>Total comprehensive income/(loss) for the financial period attributable to:</b>				
- Equity holders of the Bank	188,877	358,999	1,266,692	351,230
- Non-controlling interest	-	15,695	24,964	53,533
	<b>188,877</b>	374,694	<b>1,291,656</b>	404,763
<b>Total comprehensive income/(loss) attributable to the equity holders of the Bank:</b>				
- Continuing operations	189,211	332,718	166,201	257,904
- Discontinued operations	(334)	26,281	1,100,491	93,326
	<b>188,877</b>	358,999	<b>1,266,692</b>	351,230

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**Condensed Interim Financial Statements**  
**Unaudited Income Statements for the Financial Quarter Ended 31 December 2022**

	Note	Individual Quarter Ended		Cumulative Quarter Ended	
		31/12/2022 RM'000	31/12/2021 RM'000	31/12/2022 RM'000	31/12/2021 RM'000
<b>The Bank</b>					
Interest income	A17	521,749	398,583	1,869,661	1,536,196
Interest expense	A18	(275,074)	(173,960)	(922,949)	(695,394)
<b>Net interest income</b>		<b>246,675</b>	224,623	<b>946,712</b>	840,802
Fee and commission income	A19	43,859	33,165	154,754	119,496
Fee and commission expense	A19	(2,368)	(1,896)	(9,111)	(5,214)
Net fee and commission income	A19	41,491	31,269	145,643	114,282
Net gains on financial instruments	A20	15,841	(9,312)	21,853	14,953
Other income	A21	1,304,147	122,285	1,308,629	285,982
<b>Net income</b>		<b>1,608,154</b>	368,865	<b>2,422,837</b>	1,256,019
Other operating expenses	A22	(242,196)	(192,717)	(894,102)	(717,151)
<b>Operating profit before allowances</b>		<b>1,365,958</b>	176,148	<b>1,528,735</b>	538,868
Allowances for credit impairment losses	A23	13,777	3,952	(196,969)	(140,153)
Allowances for impairment losses on other assets	A25	5,046	(1,800)	1,894	(1,800)
<b>Profit before zakat and taxation</b>		<b>1,384,781</b>	178,300	<b>1,333,660</b>	396,915
Zakat		-	-	-	-
<b>Profit before taxation</b>		<b>1,384,781</b>	178,300	<b>1,333,660</b>	396,915
Taxation	B5	(44,638)	16,673	(63,122)	(11,671)
<b>Net profit after zakat and taxation</b>		<b>1,340,143</b>	194,973	<b>1,270,538</b>	385,244
Earnings per share (sen) attributable to the equity holders of the Bank					
- basic	B10	61.83	9.24	58.62	18.25

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**AFFIN BANK BERHAD**  
Registration No. 197501003274 (25046-T)  
**Condensed Interim Financial Statements**  
**Unaudited Statements of Comprehensive Income**  
**for the Financial Quarter Ended 31 December 2022**

	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2022 RM'000	31/12/2021 RM'000	31/12/2022 RM'000	31/12/2021 RM'000
<b>The Bank</b>				
<b>Profit after zakat and taxation</b>	<b>1,340,143</b>	194,973	<b>1,270,538</b>	385,244
<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)	-	257,237	-	9,605
- Net credit impairment loss change in financial investments at FVOCI (debt instruments)	-	(94,691)	-	(44,800)
- Net gain on financial investments measured at FVOCI reclassified to profit or loss on disposal (debt instruments)	-	10,089	-	(767)
- Deferred tax on financial investments at FVOCI	-	(64,160)	-	(2,123)
<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>14,825</b>	12,456	<b>18,205</b>	12,265
<b>Other comprehensive income/(loss) for the financial period, net of tax</b>	<b>14,825</b>	120,931	<b>18,205</b>	(25,820)
<b>Total comprehensive income/(loss) for the financial period</b>	<b>1,354,968</b>	315,904	<b>1,288,743</b>	359,424

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**AFFIN BANK BERHAD**  
Registration No. 197501003274 (25046-T)  
**Unaudited Condensed Consolidated Statements Of Changes In Equity**  
**for the Financial Quarter Ended 31 December 2022**

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

The Group	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Foreign exchange reserves RM'000	Other reserves* RM'000	Retained profits RM'000	Total shareholders' equity RM'000	Non- controlling interest RM'000	Total equity RM'000
<b>At 1 January 2022</b>	<b>4,969,150</b>	<b>90,473</b>	<b>754,603</b>	<b>39</b>	<b>(88,737)</b>	<b>4,163,442</b>	<b>9,888,970</b>	<b>44,685</b>	<b>9,933,655</b>
Net profit for the financial period	-	-	-	-	-	1,300,223	1,300,223	24,964	1,325,187
Other comprehensive income (net of tax) :									
- Financial investments at FVOCI	-	(20,234)	-	-	-	-	(20,234)	-	(20,234)
- Share of other comprehensive income of joint venture	-	3,702	-	-	-	-	3,702	-	3,702
- Share of other comprehensive loss of associate	-	(16,960)	-	-	-	-	(16,960)	-	(16,960)
- Exchange differences on translation of foreign operations	-	-	-	(39)	-	-	(39)	-	(39)
Total comprehensive income	-	(33,492)	-	(39)	-	1,300,223	1,266,692	24,964	1,291,656
Issuance of new shares	276,297	-	-	-	-	-	276,297	-	276,297
Net gain on disposal of financial investment designated at FVOCI at FVOCI (equity instruments)	-	(12,175)	-	-	-	12,175	-	-	-
Lapse of the obligation to buy a subsidiary's shares from from non-controlling interest	-	-	-	-	79,337	5,169	84,506	49,629	134,135
Disposal of subsidiary <sup>#</sup>	-	-	-	-	9,400	(9,400)	-	(82,279)	(82,279)
Transfer from regulatory reserves	-	-	(274,804)	-	-	274,804	-	-	-
Dividends	-	-	-	-	-	(765,937)	(765,937)	(36,999)	(802,936)
<b>At 31 December 2022</b>	<b>5,245,447</b>	<b>44,806</b>	<b>479,799</b>	<b>-</b>	<b>-</b>	<b>4,980,476</b>	<b>10,750,528</b>	<b>-</b>	<b>10,750,528</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).

<sup>#</sup> Following the completion of the divestment of its entire 63% equity interest in AHAM on 29 July 2022, AHAM and its subsidiaries ceased to be the subsidiaries of the Bank. Hence, the option reserves to buy AccelVantage Academy Sdn Bhd's ("AVA") shares from non-controlling interest, and the non-controlling interest in equity were deconsolidated from the Group's financial statements.

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**AFFIN BANK BERHAD**  
Registration No. 197501003274 (25046-T)  
**Unaudited Condensed Consolidated Statements Of Changes In Equity**  
**for the Financial Quarter Ended 31 December 2022**

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

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

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

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**Unaudited Condensed Consolidated Statements Of Changes In Equity**  
**for the Financial Quarter Ended 31 December 2022**

	<-----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>The Bank</b>					
<b>At 1 January 2022</b>	<b>4,969,150</b>	<b>157,267</b>	<b>636,095</b>	<b>3,119,461</b>	<b>8,881,973</b>
Net profit for the financial period	-	-	-	1,270,538	1,270,538
Other comprehensive income (net of tax) :					
- Financial investments at FVOCI	-	18,205	-	-	18,205
Total comprehensive income	-	18,205	-	1,270,538	1,288,743
Issuance of new shares	276,297	-	-	-	276,297
Net (loss)/gain on disposal of financial investment designated at FVOCI (equity instruments)	-	(9,000)	-	9,000	-
Transfer from regulatory reserves	-	-	(219,475)	219,475	-
Dividends	-	-	-	(765,937)	(765,937)
<b>At 31 December 2022</b>	<b>5,245,447</b>	<b>166,472</b>	<b>416,620</b>	<b>3,852,537</b>	<b>9,681,076</b>
At 1 January 2021	4,902,300	183,078	643,613	2,799,501	8,528,492
Net profit for the financial period	-	-	-	385,244	385,244
Other comprehensive income (net of tax) :					
- Financial investments at FVOCI	-	(25,820)	-	-	(25,820)
Total comprehensive income	-	(25,820)	-	385,244	359,424
Issuance of new shares	66,850	-	-	-	66,850
Net gain/(loss) on disposal of financial investment designated at FVOCI (equity instruments)	-	9	-	(9)	-
Transfer from regulatory reserves	-	-	(7,518)	7,518	-
Dividends	-	-	-	(72,793)	(72,793)
At 31 December 2021	4,969,150	157,267	636,095	3,119,461	8,881,973

*The Condensed Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and the Bank for the financial year ended 31 December 2021.*

**AFFIN BANK BERHAD**  
Registration No. 197501003274 (25046-T)  
**Unaudited Condensed Consolidated Statements of Cash Flows**  
**for the Financial Quarter Ended 31 December 2022**

	<b>The Group</b>		<b>The Bank</b>	
	31/12/2022 RM'000	31/12/2021 RM'000	31/12/2022 RM'000	31/12/2021 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation :-				
- Continuing operations	408,241	523,072	1,333,660	396,915
- Discontinued operations	1,141,599	180,782	-	-
	<b>1,549,840</b>	703,854	<b>1,333,660</b>	396,915
Adjustments for items not involving the movement of cash and cash equivalents	(908,857)	155,028	(1,222,047)	(106,188)
Operating profit before changes in working capital	640,983	858,882	111,613	290,727
Net changes in operating assets	(9,450,298)	(4,760,070)	(4,887,698)	(2,556,525)
Net changes in operating liabilities	11,591,102	8,163,735	6,674,461	5,775,823
Tax and zakat paid	(236,431)	(245,464)	(69,500)	(98,643)
Net cash generated from operating activities	<b>2,545,356</b>	4,017,083	<b>1,828,876</b>	3,411,382
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received :				
- financial investments at FVOCI	138,895	364,552	-	235,118
- financial investments at AC	396,187	42,110	422,182	65,559
Dividend income :				
- financial assets at FVTPL	4,374	6,640	-	732
- financial investments at FVOCI	922	510	732	180
- subsidiaries	-	-	1,281,045	262,400
Net purchase/redemption of :				
- financial investments at FVOCI	37,848	(1,050,571)	9,360	(876,186)
- financial investments at AC	(5,428,237)	(1,372,121)	(3,195,335)	(1,517,757)
Purchase of :				
- property and equipment	(284,104)	(267,471)	(280,495)	(261,464)
- intangible assets	(4,427)	(3,149)	(2,066)	(1,640)
Proceeds from disposal of :				
- property and equipment	2,661	513	-	12
- foreclosed properties	-	3,600	-	3,600
Redemption of investments in funds	-	4,108	-	-
Investment in subsidiary	-	-	(150,000)	-
Investment in associate	(12,300)	-	(12,300)	-
Net disposal of equity interest in joint venture and associate	168,661	-	168,661	-
Net cash inflow from disposal of subsidiary	982,769	-	-	-
Net cash used in investing activities	<b>(3,996,751)</b>	(2,271,279)	<b>(1,758,216)</b>	(2,089,446)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	(2,000,000)	-	(2,000,000)	-
Drawdown in borrowings	1,250,000	-	500,000	-
Interest payment on borrowings	(141,946)	(233,530)	(106,397)	(133,960)
Payment of dividend to the equity holders of the Bank	(489,640)	(5,943)	(489,640)	(5,943)
Payment of dividend to non-controlling interest	(36,999)	(66,026)	-	-
Repayment of recourse obligation on loans/financing sold to Cagamas Berhad	374,147	616,763	425,389	618,001
Lease payments	(41,064)	(37,066)	(33,649)	(24,727)
Net cash (used in)/generated from financing activities	<b>(1,085,502)</b>	274,198	<b>(1,704,297)</b>	453,371
Net (decrease)/increase in cash and cash equivalents	<b>(2,536,897)</b>	2,020,002	<b>(1,633,637)</b>	1,775,307
Effects of foreign exchange	(17,883)	(43,543)	(25,692)	(38,592)
Cash and cash equivalents at beginning of the financial period	7,422,090	5,445,631	3,623,616	1,886,901
Cash and cash equivalents at end of the financial period	<b>4,867,310</b>	7,422,090	<b>1,964,287</b>	3,623,616
<b>Cash and cash equivalents comprise the following :</b>				
Cash and short-term funds	4,903,601	6,394,457	1,986,132	2,525,482
Deposits and placements of banks and other financial institutions	301,438	1,169,809	251,389	1,171,657
	<b>5,205,039</b>	7,564,266	<b>2,237,521</b>	3,697,139
Less : - Amount held on behalf of commissioned dealer's representatives	(64,495)	(68,653)	-	-
- Cash and short-term funds and deposits and placements with banks and other financial institutions with original maturity of more than three months	<b>(273,234)</b>	(73,523)	<b>(273,234)</b>	(73,523)
	<b>4,867,310</b>	7,422,090	<b>1,964,287</b>	3,623,616

*The Condensed Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and the Bank for the financial year ended 31 December 2021.*

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

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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 MFRS 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board ('MASB') Chapter 9, part K of the Listing Requirements of the Bursa Malaysia Securities Berhad and Policy Document on Financial Reporting issued by Bank Negara Malaysia ('BNM').

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2021. The explanatory notes to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the financial year ended 31 December 2021.

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

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

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

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

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

**A4. SEASONAL OR CYCLICAL FACTORS**

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

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

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

**A6. CHANGES IN ESTIMATES**

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

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

**A7. DEBT AND EQUITY SECURITIES**

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

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

<b>Issuance/ Redemption</b>	<b>Issuance Date</b>	<b>First Call Date</b>	<b>Maturity Date</b>	<b>Nominal Value</b>	<b>Description</b>	<b>Tenor</b>
Redemption	7 February 2017	7 February 2022	7 February 2027	RM1.0 billion	Tier-2 Subordinated Medium Term Notes	10 years
Redemption	20 September 2017	20 September 2022	20 September 2027	RM1.0 billion	Tier-2 Subordinated Medium Term Notes	10 years
Issuance	26 July 2022	26 July 2027	26 July 2032	RM500.0 million	Tier-2 Subordinated Medium Term Notes	10 years
Issuance	16 December 2022	16 December 2025	16 December 2025	RM230.0 million	Senior Sukuk	3 years
Issuance	16 December 2022	16 December 2027	16 December 2027	RM520.0 million	Senior Sukuk	5 years

**A8. DIVIDENDS PAID AND PROPOSED**

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

A single-tier special dividend of 18.09 sen per ordinary share and a single-tier interim dividend of 4.53 sen per ordinary share in respect of the current financial year ended 31 December 2022, amounting to dividend payable of RM400,210,452 and RM100,218,538 respectively was paid on 29 December 2022.

On 31 January 2023, the Board of Directors proposed a single-tier final dividend of 7.77 sen per share amounting to RM176,681,185 in respect of the financial year ended 31 December 2022, based on the Bank's issued share capital of 2,273,889,127 ordinary shares at 31 December 2022.

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

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

At fair value	The Group		The Bank	
	31/12/2022 RM'000	31/12/2021 RM'000	31/12/2022 RM'000	31/12/2021 RM'000
<u>Money market instruments</u>				
Malaysian Government Treasury Bills	99,589	-	99,589	-
Cagamas Bonds	50,293	-	50,293	-
Negotiable Instruments of Deposit	233,043	249,582	233,043	249,582
	<b>382,925</b>	249,582	<b>382,925</b>	249,582
<u>Quoted Securities</u>				
Shares, warrants and REITs in Malaysia	34,631	30,862	-	-
Shares, warrants and REITs outside Malaysia	230	79,553	-	-
Unit Trusts in Malaysia	1,207	118,501	-	-
	<b>36,068</b>	228,916	-	-
<u>Unquoted Securities</u>				
Shares in Malaysia	110,395	104,171	110,395	104,171
Corporate Bonds/Sukuk in Malaysia	15,115	15,931	15,113	14,923
	<b>125,510</b>	120,102	<b>125,508</b>	119,094
	<b>544,503</b>	598,600	<b>508,433</b>	368,676

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

At fair value	The Group		The Bank	
	31/12/2022 RM'000	31/12/2021 RM'000	31/12/2022 RM'000	31/12/2021 RM'000
<u>Money market instruments</u>				
Malaysian Government Securities	797,643	768,784	-	-
Malaysian Government Investment Issues	1,090,216	1,137,984	-	-
Cagamas Bonds/Sukuk	124,487	90,757	-	-
Khazanah Bonds/Sukuk	9,797	9,625	-	-
	<b>2,022,143</b>	2,007,150	-	-
<u>Unquoted Securities</u>				
Shares in Malaysia *	230,918	224,855	206,993	198,148
Corporate bonds/Sukuk in Malaysia #	1,529,443	1,618,659	-	-
Corporate Bonds/Sukuk outside Malaysia	-	26,958	-	-
	<b>1,760,361</b>	1,870,472	<b>206,993</b>	198,148
	<b>3,782,504</b>	3,877,622	<b>206,993</b>	198,148

\* Equity securities designated at FVOCI.

# Certain unquoted perpetual bonds are designated at FVOCI.

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

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

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

	12-Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
<b>The Group</b>				
<b>31/12/2022</b>				
At beginning of the financial year	252	18,856	-	19,108
Financial assets derecognised (other than write-off)	(12)	(731)	-	(743)
New financial assets purchased	204	-	-	204
Changes due to change in credit risk	273	-	-	273
Changes in models/risk parameters	100	-	-	100
<b>At end of the financial year</b>	<b>817</b>	<b>18,125</b>	<b>-</b>	<b>18,942</b>
<b>31/12/2021</b>				
At beginning of the financial year	22,201	31,457	12,170	65,828
Total transfer between stages due to change in credit risk :-	(522)	522	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(522)	522	-	-
Financial assets derecognised (other than write-off)	(10,741)	(240)	-	(10,981)
New financial assets purchased	7,216	-	-	7,216
Changes due to change in credit risk	(9,117)	70,543	(724)	60,702
Changes in models/risk parameters	(2,374)	-	-	(2,374)
Write-off	-	-	(11,446)	(11,446)
Other adjustments :-				
- Reclassification to AC	(6,406)	(83,426)	-	(89,832)
- Foreign exchange and other movements	(5)	-	-	(5)
<b>At end of the financial year</b>	<b>252</b>	<b>18,856</b>	<b>-</b>	<b>19,108</b>
<b>The Bank</b>				
<b>31/12/2022</b>				
<b>At beginning/end of the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>31/12/2021</b>				
At beginning of the financial year	17,563	27,237	-	44,800
Financial assets derecognised (other than write-off)	(9,832)	(240)	-	(10,072)
New financial assets purchased	7,574	-	-	7,574
Changes due to change in credit risk	(7,632)	56,429	-	48,797
Other adjustments				
- Reclassification to AC	(7,669)	(83,426)	-	(91,095)
- Foreign exchange and other movements	(4)	-	-	(4)
<b>At end of the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</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')**

	The Group		The Bank	
	31/12/2022 RM'000	31/12/2021 RM'000	31/12/2022 RM'000	31/12/2021 RM'000
<u>At amortised cost</u>				
Malaysian Government Treasury Bills	49,822	97,747	-	-
Malaysian Government Securities	3,635,264	1,822,807	3,568,139	1,822,807
Malaysian Government Investment Issues	5,742,314	3,540,004	3,077,857	1,970,328
Cagamas bonds/Sukuk	272,271	30,512	181,624	30,512
Negotiable Instruments of Deposit and Islamic Debt Certificates	-	731,259	754,595	1,485,853
Bank Negara Malaysia Sukuk	10,139	10,299	-	-
	<b>9,709,810</b>	<b>6,232,628</b>	<b>7,582,215</b>	<b>5,309,500</b>
<u>Unquoted Securities</u>				
Shares in Malaysia	14,915	-	14,915	-
Corporate Bonds/Sukuk in Malaysia	6,715,837	5,126,845	4,227,952	3,651,356
Corporate Bonds/Sukuk Outside Malaysia	481,153	164,194	466,137	164,194
Loan Stock in Malaysia	15,560	15,000	-	-
	<b>7,227,465</b>	<b>5,306,039</b>	<b>4,709,004</b>	<b>3,815,550</b>
	<b>16,937,275</b>	<b>11,538,667</b>	<b>12,291,219</b>	<b>9,125,050</b>
Fair value changes arising from fair value hedges	(2,893)	-	(2,893)	-
	<b>16,934,382</b>	<b>11,538,667</b>	<b>12,288,326</b>	<b>9,125,050</b>
Less: ECL	(81,281)	(103,525)	(58,352)	(84,852)
	<b>16,853,101</b>	<b>11,435,142</b>	<b>12,229,974</b>	<b>9,040,198</b>

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

	Lifetime ECL not credit impaired		Lifetime ECL credit impaired		Total
	12-Month ECL Stage 1	Stage 2	Stage 3		
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>31/12/2022</b>					
<b>The Group</b>					
At beginning of the financial year	5,099	83,426	15,000		103,525
Financial assets derecognised (other than write-off)	(607)	-	-		(607)
New financial assets purchased	2,725	-	-		2,725
Changes due to change in credit risk	2,648	(27,690)	-		(25,042)
Changes in models/risk parameters	100	-	-		100
Other adjustments :					
- Foreign exchange and other movements	20	-	560		580
At end of the financial year	<b>9,985</b>	<b>55,736</b>	<b>15,560</b>		<b>81,281</b>
<b>The Bank</b>					
At beginning of the financial year	1,426	83,426	-		84,852
Financial assets derecognised (other than write-off)	(402)	-	-		(402)
New financial assets purchased	1,707	-	-		1,707
Changes due to change in credit risk	(134)	(27,690)	-		(27,824)
Other adjustments :					
- Foreign exchange and other movements	19	-	-		19
At end of the financial year	<b>2,616</b>	<b>55,736</b>	<b>-</b>		<b>58,352</b>
<b>31/12/2021</b>					
<b>The Group</b>					
At beginning of the financial year	160	-	12,922		13,082
Financial assets derecognised (other than write-off)	(50)	-	-		(50)
New financial assets purchased	4,844	-	-		4,844
Changes due to change in credit risk	(2,592)	-	2,078		(514)
Changes in models/risk parameters	(6,667)	-	-		(6,667)
Reclassification from FVOCI	9,404	83,426	-		92,830
At end of the financial year	<b>5,099</b>	<b>83,426</b>	<b>15,000</b>		<b>103,525</b>
<b>The Bank</b>					
At beginning of the financial year	236	-	-		236
Financial assets derecognised (other than write-off)	(6)	-	-		(6)
New financial assets purchased	4,202	-	-		4,202
Changes due to change in credit risk	(4,008)	-	-		(4,008)
Changes in models/risk parameters	(6,667)	-	-		(6,667)
Reclassification from FVOCI	7,669	83,426	-		91,095
At end of the financial year	<b>1,426</b>	<b>83,426</b>	<b>-</b>		<b>84,852</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**

(a) <b><u>BY TYPE</u></b>	<b>The Group</b>		<b>The Bank</b>	
	<b>31/12/2022</b>	<b>31/12/2021</b>	<b>31/12/2022</b>	<b>31/12/2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Overdrafts	<b>2,101,930</b>	1,955,229	<b>1,401,411</b>	1,304,046
Term loans/financing:				
- Housing loans/financing	<b>17,070,281</b>	13,763,496	<b>7,741,034</b>	5,320,110
- Hire purchase receivables	<b>13,142,578</b>	11,435,528	<b>7,952,640</b>	6,874,108
- Syndicated financing	<b>1,806,320</b>	1,583,610	<b>539,422</b>	611,200
- Other term loans/financing	<b>16,242,173</b>	14,593,058	<b>8,436,896</b>	8,249,044
Bills receivables	<b>524,475</b>	491,857	<b>373,227</b>	398,979
Trust receipts	<b>118,988</b>	192,868	<b>105,019</b>	179,726
Claims on customers under acceptances credits	<b>2,674,389</b>	2,220,512	<b>1,887,330</b>	1,519,194
Staff loans/financing (of which RM Nil to Directors)	<b>215,411</b>	213,525	<b>92,774</b>	105,468
Credit cards	<b>366,556</b>	265,476	<b>305,699</b>	220,646
Revolving credits	<b>3,883,788</b>	3,919,212	<b>2,613,435</b>	2,726,082
Margin financing	<b>1,195,788</b>	782,767	-	-
Factoring	-	202	-	202
<b>Gross loans, advances and financing</b>	<b>59,342,677</b>	51,417,340	<b>31,448,887</b>	27,508,805
Less: ECL	<b>(1,237,821)</b>	(889,272)	<b>(890,966)</b>	(629,469)
<b>Total net loans, advances and financing</b>	<b>58,104,856</b>	50,528,068	<b>30,557,921</b>	26,879,336

Included in the Group's other term loans/financing before expected credit losses as at reporting date is RM57.4 million (2021: RM56.5 million) of term financing disbursed by AFFIN Islamic to joint venture AFFIN-i Nadayu Sdn Bhd.

(b) <b><u>BY MATURITY STRUCTURE</u></b>	<b>The Group</b>		<b>The Bank</b>	
	<b>31/12/2022</b>	<b>31/12/2021</b>	<b>31/12/2022</b>	<b>31/12/2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Maturing within one year	<b>11,388,930</b>	9,988,942	<b>6,885,471</b>	6,373,086
One year to three years	<b>3,910,370</b>	3,530,728	<b>2,378,538</b>	2,850,312
Three years to five years	<b>5,750,025</b>	6,129,495	<b>3,915,002</b>	3,608,729
Over five years	<b>38,293,352</b>	31,768,175	<b>18,269,876</b>	14,676,678
	<b>59,342,677</b>	51,417,340	<b>31,448,887</b>	27,508,805

(c) <b><u>BY TYPE OF CUSTOMER</u></b>	<b>The Group</b>		<b>The Bank</b>	
	<b>31/12/2022</b>	<b>31/12/2021</b>	<b>31/12/2022</b>	<b>31/12/2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Domestic Banking financial institutions	<b>10,452</b>	5	<b>10,452</b>	5
Domestic non-Banking institutions:				
- Others	<b>534,770</b>	441,888	<b>165,925</b>	164,108
Domestic business enterprises:				
- Small medium enterprises	<b>10,288,102</b>	8,892,968	<b>7,466,478</b>	6,330,465
- Others	<b>13,339,035</b>	13,404,843	<b>8,121,386</b>	8,544,263
Government and statutory bodies	<b>795,660</b>	780,174	<b>6,444</b>	26,549
Individuals	<b>33,848,784</b>	27,427,578	<b>15,303,577</b>	12,135,474
Other domestic entities	<b>862</b>	683	<b>707</b>	461
Foreign entities	<b>525,012</b>	469,201	<b>373,918</b>	307,480
	<b>59,342,677</b>	51,417,340	<b>31,448,887</b>	27,508,805



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

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>31/12/2022</b>	<b>31/12/2021</b>	<b>31/12/2022</b>	<b>31/12/2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>(d) <u>BY INTEREST / PROFIT RATE SENSITIVITY</u></b>				
Fixed rate:				
- Housing loans/financing	<b>204,381</b>	218,662	<b>157,077</b>	174,972
- Hire purchase receivables	<b>13,143,921</b>	11,437,057	<b>7,952,640</b>	6,874,108
- Other fixed rate loans/financing	<b>1,472,212</b>	1,457,455	<b>474,818</b>	397,722
Variable rate:				
- Base rate/base lending rate plus	<b>34,232,608</b>	28,175,720	<b>17,380,148</b>	14,005,781
- Cost plus	<b>10,257,940</b>	10,098,599	<b>5,484,204</b>	6,056,222
- Other variable rates	<b>31,615</b>	29,847	-	-
	<b>59,342,677</b>	51,417,340	<b>31,448,887</b>	27,508,805
<b>(e) <u>BY ECONOMIC PURPOSE</u></b>				
Purchase of securities	<b>2,617,025</b>	2,029,621	<b>365,490</b>	502,582
Purchase of transport vehicles	<b>13,711,407</b>	12,052,256	<b>8,275,966</b>	7,251,417
Purchase of landed properties of which:				
- Residential	<b>17,403,630</b>	14,112,442	<b>7,891,028</b>	5,499,101
- Non-residential	<b>6,617,393</b>	6,281,669	<b>4,244,458</b>	3,879,335
Fixed assets other than land and building	<b>546,492</b>	268,994	<b>250,740</b>	193,019
Personal use	<b>2,743,248</b>	1,698,684	<b>625,008</b>	620,774
Credit card	<b>366,556</b>	265,477	<b>305,699</b>	220,647
Consumer durable	<b>334</b>	15	<b>4</b>	15
Construction	<b>2,261,816</b>	2,330,318	<b>1,321,128</b>	1,388,349
Merger and acquisition	<b>77,588</b>	57,340	<b>56,052</b>	57,340
Working capital	<b>11,320,779</b>	10,974,409	<b>7,273,936</b>	7,138,735
Others	<b>1,676,409</b>	1,346,115	<b>839,378</b>	757,491
	<b>59,342,677</b>	51,417,340	<b>31,448,887</b>	27,508,805
<b>(f) <u>BY ECONOMIC SECTOR</u></b>				
Primary agriculture	<b>1,365,361</b>	1,378,344	<b>658,238</b>	606,394
Mining and quarrying	<b>226,642</b>	214,553	<b>78,390</b>	65,873
Manufacturing	<b>3,986,495</b>	3,540,982	<b>2,721,219</b>	2,383,437
Electricity, gas and water supply	<b>524,815</b>	452,791	<b>75,821</b>	68,379
Construction	<b>1,886,093</b>	1,626,208	<b>904,683</b>	918,966
Real estate	<b>5,319,183</b>	5,808,007	<b>3,832,281</b>	4,119,620
Wholesale, retail trade, hotels and restaurants	<b>5,514,688</b>	4,697,985	<b>4,208,002</b>	3,563,575
Transport, storage and communication	<b>2,049,447</b>	1,887,303	<b>1,450,534</b>	1,283,979
Finance, insurance and business services	<b>2,304,699</b>	2,252,805	<b>1,384,783</b>	1,417,645
Education, health and others	<b>2,180,709</b>	1,996,721	<b>747,224</b>	866,183
Household	<b>33,984,433</b>	27,561,299	<b>15,387,600</b>	12,214,412
Others	<b>112</b>	342	<b>112</b>	342
	<b>59,342,677</b>	51,417,340	<b>31,448,887</b>	27,508,805

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

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>31/12/2022</b>	<b>31/12/2021</b>	<b>31/12/2022</b>	<b>31/12/2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>(g) <u>BY GEOGRAPHICAL DISTRIBUTION</u></b>				
Perlis	127,996	117,849	22,862	17,453
Kedah	1,770,004	1,474,660	589,872	502,811
Pulau Pinang	3,597,189	2,955,889	2,159,262	1,638,139
Perak	1,674,743	1,516,796	848,537	837,557
Selangor	19,085,253	16,404,033	10,043,686	8,566,724
Wilayah Persekutuan	13,296,991	11,448,932	6,971,473	6,390,734
Negeri Sembilan	1,973,865	1,791,349	664,273	615,886
Melaka	1,121,516	1,022,170	664,916	648,411
Johor	7,985,757	6,789,713	4,786,541	4,017,802
Pahang	1,858,859	1,594,148	871,519	766,758
Terengganu	1,098,455	1,016,296	196,242	189,615
Kelantan	627,189	475,972	43,859	55,574
Sarawak	2,518,818	2,359,461	1,818,402	1,676,966
Sabah	2,340,854	2,244,293	1,520,315	1,398,589
Labuan	47,548	85,623	29,497	65,634
Outside Malaysia	217,640	120,156	217,631	120,152
	<b>59,342,677</b>	<b>51,417,340</b>	<b>31,448,887</b>	<b>27,508,805</b>
<b>(h) <u>IMPAIRED LOANS, ADVANCES AND FINANCING</u></b>				
<b>(i) <u>Movements of impaired loans, advances and financing</u></b>				
At beginning of the financial year	1,305,953	1,628,669	841,839	1,223,906
Classified as impaired	511,707	520,249	273,510	205,382
Reclassified as non-impaired	(293,450)	(277,718)	(150,186)	(164,511)
Amount recovered	(314,298)	(484,399)	(206,984)	(361,904)
Amount written-off	(122,762)	(80,848)	(84,431)	(61,034)
Other movements	84,031	-	61,686	-
At end of the financial year	<b>1,171,181</b>	<b>1,305,953</b>	<b>735,434</b>	<b>841,839</b>
Ratio of gross impaired loans, advances and financing to gross loans, advances and financing (*)	<b>1.97%</b>	<b>2.54%</b>	<b>2.58%</b>	<b>3.38%</b>

(\*) For the Bank, Restricted Investment Account ('RIA') included in the ratio calculation amounting to RM2,723.1 million (2021: RM1,834.6 million) with impaired financing amounting to RM145.6 million (2021: RM149.9 million).

The Group and the Bank may write-off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written-off during the financial year amounting to RM122.8 million (2021: RM80.8 million) for the Group and RM84.4 million (2021: RM61.0 million) for the Bank respectively. The Group and the Bank still seek to recover amounts that are legally owed in full, but which have been partially written-off due to no reasonable expectation of full recovery.

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

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

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>31/12/2022</b>	<b>31/12/2021</b>	<b>31/12/2022</b>	<b>31/12/2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>(ii) <u>Impaired loans by economic purpose</u></b>				
Purchase of securities	22,443	26,212	35	41
Purchase of transport vehicles	356,931	361,050	177,182	189,174
Purchase of landed properties of which:				
- Residential	157,364	152,519	79,071	69,671
- Non-residential	258,512	254,140	186,299	186,213
Fixed assets other than land and building	1,956	14,903	1,956	14,903
Personal use	16,360	15,011	7,390	11,582
Credit card	2,104	1,370	1,909	1,090
Consumer durable	3	-	3	-
Construction	160,153	217,829	160,153	216,593
Working capital	185,038	254,748	117,270	150,401
Others	10,317	8,171	4,166	2,171
	<b>1,171,181</b>	<b>1,305,953</b>	<b>735,434</b>	<b>841,839</b>
<b>(iii) <u>Impaired loans by economic sector</u></b>				
Primary agriculture	18,955	10,054	18,657	9,870
Mining and quarrying	27,531	31,668	6,907	5,187
Manufacturing	49,997	14,155	41,763	5,167
Electricity, gas and water supply	-	105	-	105
Construction	99,804	82,068	46,338	42,533
Real estate	133,373	144,538	58,692	71,353
Wholesale, retail trade, hotels and restaurants	74,697	53,856	68,622	51,279
Transport, storage and communication	316,154	361,456	157,203	155,928
Finance, insurance and business services	24,251	71,784	20,731	70,912
Education, health and others	195,051	304,140	194,224	303,521
Household	231,368	232,129	122,297	125,984
	<b>1,171,181</b>	<b>1,305,953</b>	<b>735,434</b>	<b>841,839</b>
<b>(iv) <u>Impaired loans by geographical distribution</u></b>				
Perlis	3,572	2,717	81	127
Kedah	52,952	58,786	41,498	51,579
Pulau Pinang	56,812	30,861	47,091	23,547
Perak	10,651	64,260	5,569	9,208
Selangor	243,513	231,746	147,135	111,232
Wilayah Persekutuan	82,190	83,717	51,821	63,396
Negeri Sembilan	23,389	68,446	15,096	56,654
Melaka	38,930	16,594	20,520	14,374
Johor	258,135	355,986	203,596	312,956
Pahang	25,127	23,877	23,096	22,145
Terengganu	292,567	298,303	144,800	146,411
Kelantan	2,969	2,730	591	587
Sarawak	68,205	55,111	23,674	18,522
Sabah	12,135	12,819	10,832	11,101
Outside Malaysia	34	-	34	-
	<b>1,171,181</b>	<b>1,305,953</b>	<b>735,434</b>	<b>841,839</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**

<b>The Group</b> <b>31/12/2022</b>	<b>12-Month</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	<b>Total</b>
	<b>ECL</b>	<b>not credit</b>	<b>credit</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>
At beginning of the financial year	237,148	314,020	338,104	889,272
Total transfer between stages due to change in credit risk:	39,026	28,565	(67,591)	-
- Transfer to 12-month ECL (Stage 1)	89,510	(80,338)	(9,172)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(50,437)	126,726	(76,289)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(47)	(17,823)	17,870	-
Loans/financing derecognised (other than write-off)	(64,117)	(31,143)	(21,636)	(116,896)
New loans/financing originated or purchased	112,914	-	-	112,914
Changes due to change in credit risk	(112,981)	292,820	172,723	352,562
Write-off	-	-	(84,397)	(84,397)
Other adjustments	92	243	84,031	84,366
<b>At end of the financial year</b>	<b>212,082</b>	<b>604,505</b>	<b>421,234</b>	<b>1,237,821</b>

<b>The Group</b> <b>31/12/2021</b>	<b>12-Month</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	<b>Total</b>
	<b>ECL</b>	<b>not credit</b>	<b>credit</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>
At beginning of the financial year	177,087	151,204	451,486	779,777
Total transfer between stages due to change in credit risk:	42,042	33,171	(75,213)	-
- Transfer to 12-month ECL (Stage 1)	64,134	(54,454)	(9,680)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(21,854)	99,287	(77,433)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(238)	(11,662)	11,900	-
Loans/financing derecognised (other than write-off)	(62,069)	(10,433)	(10,023)	(82,525)
New loans/financing originated or purchased	85,362	-	-	85,362
Changes due to change in credit risk	(5,274)	140,078	43,820	178,624
Write-off	-	-	(71,966)	(71,966)
<b>At end of the financial year</b>	<b>237,148</b>	<b>314,020</b>	<b>338,104</b>	<b>889,272</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 (Cont.)**

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

<b>The Bank</b>	<b>12-Month ECL</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	<b>Total</b>
		<b>not credit impaired</b>	<b>credit impaired</b>	
<b>31/12/2021</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	128,045	88,348	348,004	564,397
Total transfer between stages due to change in credit risk:	25,276	20,595	(45,871)	-
- Transfer to 12-month ECL (Stage 1)	41,876	(37,526)	(4,350)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(16,485)	64,003	(47,518)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(115)	(5,882)	5,997	-
Loans/financing derecognised (other than write-off)	(28,113)	(9,212)	(5,364)	(42,689)
New loans/financing originated or purchased	44,050	-	-	44,050
Changes due to change in credit risk	(6,083)	115,126	7,107	116,150
Write-off	-	-	(52,439)	(52,439)
<b>At end of the financial year</b>	<b>163,175</b>	<b>214,857</b>	<b>251,437</b>	<b>629,469</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**

	<b>The Group</b>	
	<b>31/12/2022</b>	<b>31/12/2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Amount due from stock-broking clients:		
- performing accounts	<b>376,714</b>	324,833
- impaired accounts (i)	<b>941</b>	942
Amount due from brokers	<b>28,502</b>	47,221
Management fees receivable on fund management	<b>-</b>	155,703
	<b>406,157</b>	528,699
Less: ECL (ii)	<b>(756)</b>	(1,533)
	<b>405,401</b>	527,166
<b>(i) Movements of impaired trade receivables</b>		
At beginning of the financial year	<b>942</b>	1,387
Classified as impaired	<b>1,504</b>	3,126
Amount written-back	<b>(1,505)</b>	(3,571)
At end of the financial year	<b>941</b>	942
<b>(ii) Movements in ECL in trade receivables</b>		
At beginning of the financial year	<b>1,533</b>	2,809
Allowance made	<b>3,094</b>	5,031
Amount written-back	<b>(3,601)</b>	(6,307)
Disposal of a subsidiary	<b>(270)</b>	-
At end of the financial year	<b>756</b>	1,533

**A14. OTHER ASSETS**

	<b>The Group</b>		<b>The Bank</b>	
	<b>31/12/2022</b>	<b>31/12/2021</b>	<b>31/12/2022</b>	<b>31/12/2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Other debtors	<b>272,797</b>	232,679	<b>175,264</b>	101,897
Prepayments and deposits	<b>99,453</b>	48,485	<b>75,275</b>	47,747
Cheque clearing accounts	<b>67,678</b>	20,325	<b>6,225</b>	5,959
Foreclosed properties (i)	<b>23,950</b>	13,358	<b>8,485</b>	8,485
Clearing guarantee fund	<b>1,722</b>	1,924	<b>-</b>	-
	<b>465,600</b>	316,771	<b>265,249</b>	164,088
Less: ECL (ii)	<b>(4,749)</b>	(4,039)	<b>-</b>	-
	<b>460,851</b>	312,732	<b>265,249</b>	164,088
<b>(i) Foreclosed properties</b>				
At beginning of the financial year	<b>13,358</b>	16,962	<b>8,485</b>	12,089
Purchased	<b>13,240</b>	-	<b>-</b>	-
Disposal	<b>-</b>	(3,315)	<b>-</b>	(3,315)
Diminution in value	<b>(2,648)</b>	(289)	<b>-</b>	(289)
At end of the financial year	<b>23,950</b>	13,358	<b>8,485</b>	8,485
<b>(ii) Movements in ECL</b>				
At beginning of the financial year			<b>4,039</b>	3,966
Allowance made			<b>2,417</b>	2,829
Amount written-back			<b>(1,707)</b>	(2,756)
At end of the financial year			<b>4,749</b>	4,039

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

**A15. OTHER LIABILITIES**

	The Group		The Bank	
	31/12/2022 RM'000	31/12/2021 RM'000	31/12/2022 RM'000	31/12/2021 RM'000
BNM and CGC Funding programmes (a)	245,602	238,834	227,297	228,890
Margin and collateral deposits	122,545	97,665	102,946	79,609
Other creditors and accruals	164,622	205,072	84,038	69,941
Sundry creditors	308,594	179,719	233,550	132,270
Clearing accounts	451,311	103,907	-	-
Treasury and cheque clearing accounts	22,525	18,677	22,525	18,677
Provision for zakat	3,474	2,494	190	157
Defined contribution plan (b)	31,552	26,408	30,210	25,194
Accrued employee benefits	139,849	194,477	103,084	75,032
Unearned income	20,716	19,708	15,584	15,020
Commissioned dealer's representatives trust balances	64,495	68,653	-	-
Securities borrowings and lending - borrow	71,962	106,823	-	-
Amounts payable to commissioned and salaried dealer's representatives	62,788	95,426	-	-
Puttable liabilities (c)	-	189,026	-	-
Add : ECL (d)				
- loan/financing commitments and financial guarantees	38,908	56,914	14,548	31,322
	<b>1,748,943</b>	<b>1,603,803</b>	<b>833,972</b>	<b>676,112</b>

(a) Includes monies received by the Group and the Bank under government financing scheme 'BNM SRF SME Fund' and 'SRF Tourism Fund' as part of the government support measures in response to Covid-19 for the purpose of SME lending with a six-year maturity amounting to RM196.7 million (2021: RM196.7 million). The financing under the government scheme is for lending at concession rates to SMEs.

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

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

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

(i) The Group's subsidiary, AHAM established and implemented a stock option incentive scheme for its Key Senior Management in 2014. The stock option incentive scheme was designed to provide long-term incentives for key employees to improve the growth and profitability of the subsidiary and to encourage them to continue in the employment of the subsidiary. In 2019, the options holders 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 as at 31 December 2020.

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

Following the completion of the divestment of AHAM on 29 July 2022, whereby AHAM ceased to be a subsidiary of the Group, the SCR provision was derecognised accordingly.

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

**A15. OTHER LIABILITIES (Cont.)**

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

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

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

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

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

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

Following the completion of the divestment of AHAM on 29 July 2022, whereby AHAM ceased to be a subsidiary of the Group. This resulted in the derecognition of investment of funds balances.

	Group		Bank	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
<b>(d) Movement in ECL</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At beginning of financial year	56,914	38,448	31,322	15,908
Net remeasurement of loss allowance	(2,573)	17,412	1,548	14,553
New loan commitments and financial guarantees issued	7,365	8,650	7,355	6,936
Loan commitment and financial guarantees derecognised	(22,798)	(7,596)	(25,677)	(6,075)
At end of the financial year	<b>38,908</b>	<b>56,914</b>	<b>14,548</b>	<b>31,322</b>

**A16. RESERVES**

	Group		Bank	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
FVOCI revaluation reserves (a)	44,806	90,473	166,472	157,267
Regulatory reserves (b)	479,799	754,603	416,620	636,095
Foreign exchange reserves	-	39	-	-
Other reserves (c)	-	(88,737)	-	-
Retained profits	4,980,476	4,163,442	3,852,537	3,119,461
	<b>5,505,081</b>	<b>4,919,820</b>	<b>4,435,629</b>	<b>3,912,823</b>

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

(b) Pursuant to BNM Financial Reporting policy dated 29 April 2022, the Group and the Bank must maintain, in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserves of no less than 1% of all credit exposures, net of loss allowance for credit-impaired exposures.

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



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**A17. INTEREST INCOME**

	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>				
Loan, advances and financing	427,860	331,004	1,503,878	1,298,585
Money at call and deposits placements with financial institutions	16,910	18,917	70,925	48,424
Financial investments at FVOCI	27,302	70,441	109,627	291,711
Financial investments at AC	104,758	14,558	361,190	19,654
Others	1,800	2,388	7,831	11,603
	<b>578,630</b>	<b>437,308</b>	<b>2,053,451</b>	<b>1,669,977</b>
<b>The Bank</b>				
Loan, advances and financing	379,011	298,727	1,348,764	1,175,790
Money at call and deposits placements with financial institutions	35,519	28,650	128,987	97,615
Financial investments at FVOCI	-	52,231	-	226,740
Financial investments at AC	106,531	17,929	388,162	31,883
Others	688	1,046	3,748	4,168
	<b>521,749</b>	<b>398,583</b>	<b>1,869,661</b>	<b>1,536,196</b>

**A18. INTEREST EXPENSE**

	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>				
Deposits from customers	247,535	158,801	808,381	615,909
Deposits and placements of banks and other financial institutions	9,009	11,051	35,212	28,724
Obligation on securities sold under repurchase agreements	30,278	78	69,435	222
Loans sold to Cagamas Berhad	7,576	1,178	29,303	1,178
Subordinated medium term notes	13,611	24,790	81,521	124,865
Others	3,250	1,157	7,026	4,747
	<b>311,259</b>	<b>197,055</b>	<b>1,030,878</b>	<b>775,645</b>
<b>The Bank</b>				
Deposits from customers	213,497	136,739	704,661	523,569
Deposits and placements of banks and other financial institutions	8,688	10,113	33,694	41,368
Obligation on securities sold under repurchase agreements	30,168	78	69,176	222
Loans sold to Cagamas Berhad	7,576	1,178	29,303	1,178
Subordinated medium term notes	13,611	24,790	81,521	124,865
Others	1,534	1,958	4,594	4,192
	<b>275,074</b>	<b>173,960</b>	<b>922,949</b>	<b>695,394</b>

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

**A19. NET FEE AND COMMISSION INCOME**

The Group	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2022 RM'000	31/12/2021 RM'000	31/12/2022 RM'000	31/12/2021 RM'000
<b>Fee and commission income:</b>				
Net brokerage	15,657	21,139	68,600	104,287
Corporate advisory fees	777	1,895	4,888	5,844
Commission	12,993	12,755	50,106	47,236
Service charges and fees	27,162	15,627	89,174	53,555
Guarantee fees	3,800	4,173	15,594	16,252
Arrangement fees	552	382	3,333	1,231
Other fee income	3,971	4,591	16,886	26,792
	<b>64,912</b>	<b>60,562</b>	<b>248,581</b>	<b>255,197</b>
<b>Fee and commission expenses:</b>				
Commission and referral expense	(2,368)	(1,896)	(9,111)	(5,214)
<b>Net fee and commission income</b>	<b>62,544</b>	<b>58,666</b>	<b>239,470</b>	<b>249,983</b>
<b>The Bank</b>				
<b>Fee and commission income:</b>				
Commission	13,148	13,443	51,040	49,992
Service charges and fees	27,085	15,549	88,869	53,252
Guarantee fees	3,626	4,173	14,845	16,252
	<b>43,859</b>	<b>33,165</b>	<b>154,754</b>	<b>119,496</b>
<b>Fee and commission expense:</b>				
Commission and referral expense	(2,368)	(1,896)	(9,111)	(5,214)
<b>Net fee and commission income</b>	<b>41,491</b>	<b>31,269</b>	<b>145,643</b>	<b>114,282</b>

**A20. NET GAINS ON FINANCIAL INSTRUMENTS**

The Group				
Income from financial instruments:				
Gains/(Losses) arising on financial assets at FVTPL:				
- net gain on disposal	9,865	4,512	24,560	40,981
- unrealised gain/(loss)	9,043	(3,383)	(9,576)	(10,835)
- interest income	6,857	7,442	33,245	30,529
- gross dividend income	2,825	593	4,374	5,264
Gains/(Losses) on derivatives instruments:				
- realised	(44)	142	1,153	347
- unrealised	(1,894)	6,003	9,696	23,254
- interest expense	2,365	(1,891)	745	(8,703)
(Losses)/Gains arising on financial investments at FVOCI:				
- net (loss)/gain on disposal	-	(8,699)	2,417	35,226
- gross dividend income	-	-	922	510
Gains arising on financial investments at AC				
- net gain on redemption	-	-	1	-
Unrealised gain on fair value changes arising from fair value hedges	(113)	-	3,126	-
<b>Net gains on financial instruments</b>	<b>28,904</b>	<b>4,719</b>	<b>70,663</b>	<b>116,573</b>

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

**A20. NET GAINS ON FINANCIAL INSTRUMENTS (Cont.)**

	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2022 RM'000	31/12/2021 RM'000	31/12/2022 RM'000	31/12/2021 RM'000
<b>The Bank</b>				
Income from financial instruments:				
Gains/(Losses) arising on financial assets at FVTPL:				
- net gain/(loss) on disposal	6,538	11	4,392	(486)
- unrealised (loss)/gain	5,566	(6,631)	(13,070)	(11,520)
- interest income	3,248	3,235	15,618	11,025
- gross dividend income	-	-	-	732
Gains/(Losses) on derivatives instruments:				
- realised	-	-	1,156	-
- unrealised	(1,327)	6,010	12,128	21,922
- interest expense	1,929	(1,891)	(2,230)	(7,839)
Gains arising on financial investments at FVOCI:				
- net gain on disposal	-	(10,046)	-	939
- gross dividend income	-	-	732	180
Gains arising on financial investments at AC				
- net gain on redemption	-	-	1	-
Unrealised gain on fair value changes arising from fair value hedges	(113)	-	3,126	-
Net gains on financial instruments	<b>15,841</b>	<b>(9,312)</b>	<b>21,853</b>	<b>14,953</b>

**A21. OTHER INCOME**

**The Group**

Foreign exchange gains/(losses):				
- realised	80,875	5,971	40,588	74,186
- unrealised	(64,469)	(3,671)	(17,883)	(43,973)
Rental income	1	1	13	7
Gain on sale of property and equipment	1	-	408	12
Gain on disposal of foreclosed properties	-	109	-	285
Other non-operating income	7,117	1,019	10,542	4,292
<b>Total other income</b>	<b>23,525</b>	<b>3,429</b>	<b>33,668</b>	<b>34,809</b>

**The Bank**

Foreign exchange gains/(losses):				
- realised	89,753	779	43,346	57,749
- unrealised	(72,457)	483	(25,692)	(38,592)
Rental income	25	25	107	101
Gain on sale of property and equipment	1	-	1	-
Gain on disposal of foreclosed properties	-	109	-	285
Gross dividend received from subsidiaries	1,280,200	120,000	1,281,045	262,400
Other non-operating income	6,625	889	9,822	4,039
<b>Total other income</b>	<b>1,304,147</b>	<b>122,285</b>	<b>1,308,629</b>	<b>285,982</b>

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**A22. OTHER OPERATING EXPENSES**

The Group	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2022 RM'000	31/12/2021 RM'000	31/12/2022 RM'000	31/12/2021 RM'000
<u>Personnel costs</u>				
Wages, salaries and bonus	171,373	145,912	640,460	583,585
Defined contribution plan	28,096	24,549	108,726	98,819
Voluntary separation scheme	368	230	368	230
Other personnel costs	21,287	13,376	83,608	59,517
	<b>221,124</b>	<b>184,067</b>	<b>833,162</b>	<b>742,151</b>
<u>Promotion and marketing-related expenses</u>				
Business promotion and advertisement	6,596	2,975	20,802	13,595
Entertainment	1,358	(1,690)	5,169	716
Travelling and accommodation	1,250	627	3,809	2,201
Commission and brokerage expenses	2,424	2,023	6,859	7,392
Others marketing expenses	(5,112)	690	4,408	3,715
	<b>6,516</b>	<b>4,625</b>	<b>41,047</b>	<b>27,619</b>
<u>Establishment expenses</u>				
Equipment rental	7,166	2,862	7,166	2,862
Repair and maintenance	36,989	17,635	95,697	60,032
Depreciation of property and equipment	8,199	6,484	29,672	25,975
Depreciation of right-of-use assets	11,858	10,104	38,300	40,028
Amortisation of intangible assets	5,539	5,820	23,333	26,283
IT consultancy fee	(26,006)	14,885	16,903	53,238
Dataline rental	7,485	3,477	28,410	18,340
Security services	4,926	3,774	16,331	14,952
Electricity, water and sewerage	3,619	2,957	12,576	10,842
Insurance/Takaful and indemnities	11,739	5,427	25,178	18,624
Other establishment costs	7,071	589	18,021	9,122
	<b>78,585</b>	<b>74,014</b>	<b>311,587</b>	<b>280,298</b>
<u>General and administrative expenses</u>				
Telecommunication expenses	2,739	1,510	11,000	9,846
Auditors' remuneration:				
(i) Statutory audit fees	609	403	2,179	2,005
(ii) Regulatory related fees	192	685	216	716
(iii) Tax fees	(351)	107	123	164
(iv) Non-audit fees	160	439	330	201
Professional fees	1,472	8,908	25,483	16,722
Property and equipment written-off	16	18	125	154
Mail and courier charges	1,006	1,327	3,916	4,457
Stationery and consumables	3,388	2,610	10,657	9,052
Directors' fees and allowances	6,042	5,726	8,638	7,793
Donations	424	473	2,053	2,194
Settlement, clearing and bank charges	12,426	4,892	36,846	17,904
Stamp duties	20	(198)	168	11
Operational and litigation write-off expenses	109	-	121	880
Subscription fees	2,155	1,836	8,755	7,813
Other administration and general expenses	6,446	438	20,340	9,247
	<b>36,853</b>	<b>29,174</b>	<b>130,950</b>	<b>89,159</b>
<b>Total other operating expenses</b>	<b>343,078</b>	<b>291,880</b>	<b>1,316,746</b>	<b>1,139,227</b>

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**A22. OTHER OPERATING EXPENSES (Cont.)**

The Bank	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2022 RM'000	31/12/2021 RM'000	31/12/2022 RM'000	31/12/2021 RM'000
<u>Personnel costs</u>				
Wages, salaries and bonus	115,931	96,151	412,216	364,754
Defined contribution plan	18,934	16,424	71,092	63,007
Voluntary separation scheme	318	230	318	230
Other personnel costs	20,403	7,455	67,318	37,502
	<b>155,586</b>	<b>120,260</b>	<b>550,944</b>	<b>465,493</b>
<u>Promotion and marketing-related expenses</u>				
Business promotion and advertisement	5,960	1,899	18,913	10,594
Entertainment	1,194	(1,799)	4,581	327
Travelling and accommodation	879	357	2,799	1,167
Commission and brokerage expenses	2,171	2,003	5,906	7,464
Others marketing expenses	(5,547)	374	1,900	2,298
	<b>4,657</b>	<b>2,834</b>	<b>34,099</b>	<b>21,850</b>
<u>Establishment expenses</u>				
Equipment rental	1,915	1,738	1,915	1,738
Repair and maintenance	27,875	9,210	60,145	24,923
Depreciation of property and equipment	7,490	4,917	25,973	19,274
Depreciation of right-of-use assets	10,395	8,474	32,876	33,477
Amortisation of intangible assets	5,286	5,544	22,195	22,020
IT consultancy fee	(22,910)	10,265	1,780	34,144
Dataline rental	5,544	1,659	20,627	10,936
Security services	3,544	2,112	10,669	8,071
Electricity, water and sewerage	1,725	1,357	4,961	4,251
Insurance/Takaful and indemnities	9,943	3,947	17,797	12,793
Other establishment costs	4,837	(491)	16,751	3,254
	<b>55,644</b>	<b>48,732</b>	<b>215,689</b>	<b>174,881</b>
<u>General and administrative expenses</u>				
Telecommunication expenses	681	198	2,756	423
Auditors' remuneration :				
(i) Statutory audit fees	394	137	1,530	1,109
(ii) Regulatory related fees	-	195	-	195
(iii) Tax fees	-	34	-	34
(iv) Non-audit fees	353	199	772	99
Professional fees	1,195	9,963	21,911	17,804
Property and equipment written-off	(2)	22	107	157
Mail and courier charges	731	838	2,818	2,515
Stationery and consumables	2,639	1,789	7,265	5,315
Directors' fees and allowances	842	866	3,438	2,933
Donations	429	81	1,897	1,626
Settlement, clearing and bank charges	13,300	5,399	35,222	16,148
Stamp duties	23	(194)	165	9
Operational and litigation write-off expenses	109	-	121	880
Other administration and general expenses	5,615	1,364	15,368	5,680
	<b>26,309</b>	<b>20,891</b>	<b>93,370</b>	<b>54,927</b>
<b>Total other operating expenses</b>	<b>242,196</b>	<b>192,717</b>	<b>894,102</b>	<b>717,151</b>

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

	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>				
ECL made on/(written-back) :				
- loans, advances and financing	395	2,143	348,915	181,461
- trace receivables	272	(351)	(544)	(1,420)
- securities and placements	1,911	(10,405)	(22,791)	55,310
- loan/financing commitments and financial guarantee	790	17,155	(18,006)	18,467
Bad debts and financing :				
- recovered	(9,299)	(12,737)	(74,571)	(36,199)
- written-off	3,332	473	32,529	1,766
	<b>(2,599)</b>	<b>(3,722)</b>	<b>265,532</b>	<b>219,385</b>
<b>The Bank</b>				
ECL made on/(written-back) :				
- loans, advances and financing	(4,916)	4,627	252,518	117,511
- securities and placements	(1,023)	(11,102)	(26,489)	37,954
- loan/financing commitments and financial guarantee	257	14,126	(16,775)	15,415
Bad debts and financing :				
- recovered	(7,784)	(12,003)	(41,295)	(32,124)
- written-off	(311)	400	29,010	1,397
	<b>(13,777)</b>	<b>(3,952)</b>	<b>196,969</b>	<b>140,153</b>

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

	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>				
Allowance for impairment made/(written-back) on:				
- goodwill	(10,000)	-	64,644	-
- amount due from joint ventures	(2,634)	(1,068)	3,555	276
- amount due from associates	(42)	(3)	(42)	(3)
- other debtors	(4,593)	2,860	420	2,860
	<b>(17,269)</b>	<b>1,789</b>	<b>68,577</b>	<b>3,133</b>
<b>The Bank</b>				
Allowance for impairment made/(written-back) on:				
- amount due from associates	(42)	(3)	(42)	(3)
- other debtors	(5,004)	1,803	(1,852)	1,803
	<b>(5,046)</b>	<b>1,800</b>	<b>(1,894)</b>	<b>1,800</b>

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

**A25. SEGMENTAL INFORMATION ON REVENUE AND PROFIT**

The segment analysis by activity for the individual and cumulative quarters ended 31 December 2022 and 31 December 2021 are as follows:

**Current year's individual quarter ended 31 December 2022 :**

	Continuing Operations					Discontinued Operations RM'000	Total RM'000	
	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Elimination RM'000			
<b>Revenue</b>								
External revenue	508,805	55,411	-	2,825	-	567,041	(334)	566,707
Intersegment revenue	1,282,248	282	-	160	(1,282,690)	-	-	-
Segment revenue	<b>1,791,053</b>	<b>55,693</b>	-	<b>2,985</b>	<b>(1,282,690)</b>	<b>567,041</b>	<b>(334)</b>	<b>566,707</b>
Operating expenses	(302,606)	(40,688)	-	(2,369)	2,585	(343,078)	-	(343,078)
of which :-								
Depreciation of property and equipment	(7,510)	(738)	-	49	-	(8,199)	-	(8,199)
Depreciation of right-of-use assets	(10,559)	(2,060)	-	(88)	849	(11,858)	-	(11,858)
Amortisation of intangible assets	(5,341)	(196)	-	(2)	-	(5,539)	-	(5,539)
(Allowances for)/write-back of impairment losses on financing/trade receivables/securities/ other assets and goodwill	10,476	(7,759)	-	-	17,151	19,868	-	19,868
Segment results	<b>1,498,923</b>	<b>7,246</b>	-	<b>616</b>	<b>(1,262,954)</b>	<b>243,831</b>	<b>(334)</b>	<b>243,497</b>
Share of results of joint venture (net of tax)	-	-	(58)	-	-	(58)	-	(58)
Share of results of associate (net of tax)	-	-	(16,478)	-	-	(16,478)	-	(16,478)
Profit before zakat and taxation	<b>1,498,923</b>	<b>7,246</b>	<b>(16,536)</b>	<b>616</b>	<b>(1,262,954)</b>	<b>227,295</b>	<b>(334)</b>	<b>226,961</b>
Zakat	(2,000)	-	-	-	-	(2,000)	-	(2,000)
Profit before taxation	<b>1,496,923</b>	<b>7,246</b>	<b>(16,536)</b>	<b>616</b>	<b>(1,262,954)</b>	<b>225,295</b>	<b>(334)</b>	<b>224,961</b>
Taxation						(86,697)	-	(86,697)
Net profit for the individual quarter						<b>138,598</b>	<b>(334)</b>	<b>138,264</b>

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

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

The segment analysis by activity for the individual and cumulative quarters ended 31 December 2022 and 31 December 2021 are as follows (Cont.):

Preceding year's individual quarter ended 31 December 2021 :

	Continuing Operations					Total RM'000	Discontinued Operations RM'000	Total RM'000
	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Elimination RM'000			
Revenue								
External revenue	401,815	62,497	-	2,420	-	466,732	105,401	572,133
Intersegment revenue	127,552	(6,843)	-	211	(120,920)	-	-	-
Segment revenue	529,367	55,654	-	2,631	(120,920)	466,732	105,401	572,133
Operating expenses	(255,421)	(34,966)	-	(2,413)	920	(291,880)	(54,447)	(346,327)
of which :-								
Depreciation of property and equipment	(5,036)	(1,372)	-	(76)	-	(6,484)	(921)	(7,405)
Depreciation of right-of-use assets	(8,590)	(1,426)	-	(88)	-	(10,104)	(983)	(11,087)
Amortisation of intangible assets	(5,597)	(222)	-	(1)	-	(5,820)	(410)	(6,230)
(Allowances for)/write-back of impairment losses on financing/trade receivables/securities and other assets	13,357	(8,524)	-	-	(2,900)	1,933	(9)	1,924
Segment results	287,303	12,164	-	218	(122,900)	176,785	50,945	227,730
Share of results of joint venture (net of tax)	-	-	(4,833)	-	-	(4,833)	-	(4,833)
Share of results of associate (net of tax)	-	-	14,126	-	-	14,126	-	14,126
Profit before zakat and taxation	287,303	12,164	9,293	218	(122,900)	186,078	50,945	237,023
Zakat	(1,830)	(226)	-	-	-	(2,056)	(162)	(2,218)
Profit before taxation	285,473	11,938	9,293	218	(122,900)	184,022	50,783	234,805
Taxation						(3,456)	(8,461)	(11,917)
Net profit for the individual quarter						180,566	42,322	222,888



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

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

The segment analysis by activity for the individual and cumulative quarters ended 31 December 2022 and 31 December 2021 are as follows (Cont.):

**Current year's cumulative quarter ended 31 December 2022 :**

	Continuing Operations					Total RM'000	Discontinued Operations RM'000	Total RM'000
	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Elimination RM'000			
Revenue								
External revenue	1,809,722	232,908	-	12,005	-	2,054,635	1,242,672	3,297,307
Intersegment revenue	1,289,359	(4,373)		681	(1,285,667)	-	-	-
Segment revenue	<b>3,099,081</b>	<b>228,535</b>	<b>-</b>	<b>12,686</b>	<b>(1,285,667)</b>	<b>2,054,635</b>	<b>1,242,672</b>	<b>3,297,307</b>
Operating expenses	(1,144,636)	(167,206)	-	(10,605)	5,701	(1,316,746)	(100,692)	(1,417,438)
of which :-								
Depreciation of property and equipment	(26,331)	(3,189)	-	(152)	-	(29,672)	(1,886)	(31,558)
Depreciation of right-of-use assets	(33,386)	(6,263)	-	(350)	1,699	(38,300)	(2,085)	(40,385)
Amortisation of intangible assets	(22,409)	(914)	-	(10)	-	(23,333)	(951)	(24,284)
(Allowances for)/write-back of impairment losses on financing/trade receivables/securities/ other assets and goodwill	(270,414)	(6,130)	-	-	(57,565)	(334,109)	(37)	(334,146)
Segment results	<b>1,684,031</b>	<b>55,199</b>	<b>-</b>	<b>2,081</b>	<b>(1,337,531)</b>	<b>403,780</b>	<b>1,141,943</b>	<b>1,545,723</b>
Share of results of joint venture (net of tax)	-	-	791	-	-	791	-	791
Share of results of associate (net of tax)	-	-	7,820	-	-	7,820	-	7,820
Profit before zakat and taxation	<b>1,684,031</b>	<b>55,199</b>	<b>8,611</b>	<b>2,081</b>	<b>(1,337,531)</b>	<b>412,391</b>	<b>1,141,943</b>	<b>1,554,334</b>
Zakat	(4,000)	(150)	-	-	-	(4,150)	(344)	(4,494)
Profit before taxation	<b>1,680,031</b>	<b>55,049</b>	<b>8,611</b>	<b>2,081</b>	<b>(1,337,531)</b>	<b>408,241</b>	<b>1,141,599</b>	<b>1,549,840</b>
Taxation						(208,509)	(16,144)	(224,653)
<b>Net profit for the cumulative quarter</b>						<b>199,732</b>	<b>1,125,455</b>	<b>1,325,187</b>

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

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

The segment analysis by activity for the individual and cumulative quarters ended 31 December 2022 and 31 December 2021 are as follows (Cont.):

Preceding year's cumulative quarter ended 31 December 2021 :

	Continuing Operations					Total RM'000	Discontinued Operations RM'000	Total RM'000
	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Elimination RM'000			
Revenue								
External revenue	1,530,363	302,903	-	11,908	-	1,845,174	395,982	2,241,156
Intersegment revenue	266,547	(126)	-	813	(267,234)	-	-	-
Segment revenue	1,796,910	302,777	-	12,721	(267,234)	1,845,174	395,982	2,241,156
Operating expenses	(963,368)	(169,292)	-	(11,401)	4,834	(1,139,227)	(214,386)	(1,353,613)
of which :-								
Depreciation of property and equipment	(19,785)	(5,990)	-	(200)	-	(25,975)	(3,944)	(29,919)
Depreciation of right-of-use assets	(33,939)	(5,739)	-	(350)	-	(40,028)	(4,030)	(44,058)
Amortisation of intangible assets	(22,232)	(4,041)	-	(10)	-	(26,283)	(1,667)	(27,950)
(Allowances for)/write-back of impairment losses on loans, advances, financing and trade receivables/securities/other assets	(182,723)	(36,819)	-	-	(2,976)	(222,518)	(144)	(222,662)
Segment results	650,819	96,666	-	1,320	(265,376)	483,429	181,452	664,881
Share of results of joint venture (net of tax)	-	-	2,565	-	-	2,565	-	2,565
Share of results of associate (net of tax)	-	-	42,826	-	-	42,826	-	42,826
Profit before zakat and taxation	650,819	96,666	45,391	1,320	(265,376)	528,820	181,452	710,272
Zakat	(3,660)	(2,088)	-	-	-	(5,748)	(670)	(6,418)
Profit before taxation	647,159	94,578	45,391	1,320	(265,376)	523,072	180,782	703,854
Taxation						(89,464)	(34,067)	(123,531)
Net profit for the cumulative quarter						433,608	146,715	580,323

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

**A26. SUBSEQUENT MATERIAL EVENT**

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

**A27. CHANGES IN THE COMPOSITION OF THE GROUP**

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

**A28. COMMITMENTS AND CONTINGENCIES**

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

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

	The Group Principal Amount		The Bank Principal Amount	
	31/12/2022 RM'000	31/12/2021 RM'000	31/12/2022 RM'000	31/12/2021 RM'000
Direct credit substitutes *	500,774	548,856	381,708	456,935
Transaction-related contingent items	1,331,367	1,477,614	854,221	982,691
Short-term self-liquidating trade-related contingencies	413,248	461,206	112,285	200,556
Irrevocable commitments to extend credit				
- Maturity less than one year	5,557,413	5,069,907	3,831,479	3,541,944
- Maturity more than one year	2,869,597	2,039,539	1,869,128	1,197,170
Foreign exchange related contracts #				
- Less than one year	26,850,314	25,519,945	21,557,832	14,563,705
- One year to less than five years	842,979	897,663	-	83,340
Interest rate related contracts #				
- Less than one year	2,535,790	1,135,000	1,595,790	355,000
- One year to less than five years	7,155,483	4,813,000	4,995,483	2,663,000
- Five years and above	670,000	955,000	670,000	955,000
Other/Miscellaneous Commitments and Contingencies	7,421	-	-	-
Any commitments that are unconditionally cancelled at any time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrowers' creditworthiness.	1,279,899	1,116,522	-	-
Lending of Banks' securities or the posting of securities as collateral by Banks, including instances where these arise out of repo-style transactions. (i.e. repurchase / reverse repurchase and securities lending / borrowing transactions.	5,175,091	-	5,175,091	-
Unutilised credit card lines	1,458,431	1,163,042	1,233,927	948,592
	<b>56,647,807</b>	<b>45,197,294</b>	<b>42,276,944</b>	<b>25,947,933</b>

\* Included in direct credit substitutes above are financial guarantee contracts of RM499.9 million and RM380.8 million at the Group and the Bank respectively (2021: RM548.9 million and RM456.9 million at the Group and the Bank respectively), of which fair value at the time of issuance is zero.

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

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

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**A29. DERIVATIVE FINANCIAL INSTRUMENTS (Cont.)**

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

**Market risk**

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at the reporting date, the notional amount of foreign exchange exposure which was not hedged and hence, exposed to market risk was RM19.0 million (2021 : RM18.2 million), while the notional amount of interest rate contract was RM854.3 million (2021 : RM899.3 million).

**Credit risk**

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the commercial bank has a gain position. As at the reporting date, the amounts of foreign exchange and interest rate credit risk, measured in terms of the cost to replace the profitable contracts, was RM680.7 million (2021 : RM383.6 million) and RM262.6 million (2021 : RM185.3 million) respectively. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

**Liquidity risk**

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

**Cash Requirement of the Derivatives**

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

**Related Accounting Policies**

The related accounting policies for off-balance sheet financial instruments applied in the condensed interim financial statements are consistent with those applied in the annual financial statements for the year ended 31 December 2021.

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

**A29. DERIVATIVE FINANCIAL INSTRUMENTS**

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

The Group	< ----- Contract/Notional Amount ----- >				< ----- Positive Fair Value ----- >				< ----- Negative Fair Value ----- >			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
<b>As at 31 December 2022</b>												
<b>Trading derivatives</b>												
Foreign exchange derivatives :												
- Currency forwards	6,999,196	265,350	8,762	7,273,308	29,196	1,139	7	30,342	192,323	5,306	41	197,670
- Cross currency interest rate swaps	-	8,932	136,915	145,847	2,337	-	-	2,337	-	140	2,014	2,154
- Currency swaps	19,851,118	414,250	8,770	20,274,138	336,106	8,175	47	344,328	238,200	3,809	5	242,014
Interest rate derivatives :												
- Interest rate swaps	2,535,790	3,127,988	3,997,495	9,661,273	9,886	22,813	85,638	118,337	11,183	19,063	67,815	98,061
	<b>29,386,104</b>	<b>3,816,520</b>	<b>4,151,942</b>	<b>37,354,566</b>	<b>377,525</b>	<b>32,127</b>	<b>85,692</b>	<b>495,344</b>	<b>441,706</b>	<b>28,318</b>	<b>69,875</b>	<b>539,899</b>
Hedging Derivatives												
- Interest rate swaps	-	-	700,000	700,000	-	-	45	45	-	-	2,355	2,355
	<b>29,386,104</b>	<b>3,816,520</b>	<b>4,851,942</b>	<b>38,054,566</b>	<b>377,525</b>	<b>32,127</b>	<b>85,737</b>	<b>495,389</b>	<b>441,706</b>	<b>28,318</b>	<b>72,230</b>	<b>542,254</b>
<b>As at 31 December 2021</b>												
<b>Trading derivatives</b>												
Foreign exchange derivatives :												
- Currency forwards	8,792,955	214,266	103,735	9,110,956	25,015	65	125	25,205	54,391	5,944	1,475	61,810
- Cross currency interest rate swaps	207,100	-	-	207,100	709	-	-	709	61	-	-	61
- Currency swaps	16,519,890	475,809	103,853	17,099,552	76,132	9,781	1,561	87,474	64,380	4,997	103	69,480
Interest rate derivatives :												
- Interest rate swaps	1,135,000	2,928,000	2,840,000	6,903,000	3,908	30,795	38,790	73,493	5,157	36,908	28,213	70,278
	<b>26,654,945</b>	<b>3,618,075</b>	<b>3,047,588</b>	<b>33,320,608</b>	<b>105,764</b>	<b>40,641</b>	<b>40,476</b>	<b>186,881</b>	<b>123,989</b>	<b>47,849</b>	<b>29,791</b>	<b>201,629</b>

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

**A29. DERIVATIVE FINANCIAL INSTRUMENTS (Cont.)**

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

	< ----- Contract/Notional Amount ----- >				< ----- Positive Fair Value ----- >				< ----- Negative Fair Value ----- >			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
<b>The Bank</b>												
<b>As at 31 December 2022</b>												
<b>Trading derivatives</b>												
Foreign exchange derivatives :												
- Currency forwards	3,816,746	-	-	3,816,746	10,612	-	-	10,612	115,692	-	-	115,692
- Cross currency interest rate swaps	83,910	-	-	83,910	2,337	-	-	2,337	-	-	-	-
- Currency swaps	17,657,176	-	-	17,657,176	291,060	-	-	291,060	231,343	-	-	231,343
Interest rate derivatives :												
- Interest rate swaps	1,595,790	4,295,483	670,000	6,561,273	8,221	17,337	77,905	103,463	10,551	15,735	60,533	86,819
	<b>23,153,622</b>	<b>4,295,483</b>	<b>670,000</b>	<b>28,119,105</b>	<b>312,230</b>	<b>17,337</b>	<b>77,905</b>	<b>407,472</b>	<b>357,586</b>	<b>15,735</b>	<b>60,533</b>	<b>433,854</b>
Hedging Derivatives												
- Interest rate swaps	-	-	700,000	700,000	-	-	45	45	-	-	2,355	2,355
	<b>23,153,622</b>	<b>4,295,483</b>	<b>1,370,000</b>	<b>28,819,105</b>	<b>312,230</b>	<b>17,337</b>	<b>77,950</b>	<b>407,517</b>	<b>357,586</b>	<b>15,735</b>	<b>62,888</b>	<b>436,209</b>
<b>As at 31 December 2021</b>												
<b>Trading derivatives</b>												
Foreign exchange derivatives :												
- Currency forwards	2,731,419	-	-	2,731,419	7,210	-	-	7,210	17,756	-	-	17,756
- Cross currency interest rate swaps	207,100	-	-	207,100	709	-	-	709	61	-	-	61
- Currency swaps	11,625,186	83,340	-	11,708,526	46,795	-	-	46,795	53,702	1,231	-	54,933
Interest rate derivatives :												
- Interest rate swaps	355,000	1,368,000	2,250,000	3,973,000	1,466	15,204	33,256	49,926	2,075	23,710	27,002	52,787
	<b>14,918,705</b>	<b>1,451,340</b>	<b>2,250,000</b>	<b>18,620,045</b>	<b>56,180</b>	<b>15,204</b>	<b>33,256</b>	<b>104,640</b>	<b>73,594</b>	<b>24,941</b>	<b>27,002</b>	<b>125,537</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. 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>The 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 2022</b>				
<b>Financial Assets</b>				
Financial assets at FVTPL:				
- Money market instruments	-	382,925	-	382,925
- Corporate bonds/Sukuk	-	2	15,113	15,115
- Shares and unit trusts	36,068	-	110,395	146,463
Derivative financial assets	-	495,389	-	495,389
Financial investments at FVOCI:				
- Money market instruments	-	2,022,143	-	2,022,143
- Shares, unit trusts and REITs	-	-	230,918	230,918
- Corporate bonds/Sukuk	-	1,529,443	-	1,529,443
	<b>36,068</b>	<b>4,429,902</b>	<b>356,426</b>	<b>4,822,396</b>
<b>Financial Liabilities</b>				
Derivative financial liabilities	-	542,254	-	542,254
Other liabilities - equities trading	149	-	-	149
	<b>149</b>	<b>542,254</b>	<b>-</b>	<b>542,403</b>
<b>31 December 2021</b>				
<b>Financial Assets</b>				
Financial assets at FVTPL :				
- Money market instruments	-	249,582	-	249,582
- Shares and unit trusts	-	1,008	14,923	15,931
- Corporate bonds/Sukuk	228,916	-	104,171	333,087
Derivative financial assets	-	186,881	-	186,881
Financial investments at FVOCI :				
- Money market instruments	-	2,007,150	-	2,007,150
- Shares, unit trusts and REITs	-	-	224,855	224,855
- Corporate bonds/Sukuk	-	1,645,617	-	1,645,617
	<b>228,916</b>	<b>4,090,238</b>	<b>343,949</b>	<b>4,663,103</b>
<b>Financial Liabilities</b>				
Derivative financial liabilities	-	201,629	-	201,629
Puttable liability - investment in funds	33,442	-	-	33,442
Other liabilities - equities trading	2,853	-	-	2,853
	<b>36,295</b>	<b>201,629</b>	<b>-</b>	<b>237,924</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. FAIR VALUE MEASUREMENTS (Cont.)**

<b>The 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 2022</b>				
<b>Financial Assets</b>				
Financial assets at FVTPL:				
- Money market instruments	-	382,925	-	382,925
- Corporate bonds/Sukuk	-	-	15,113	15,113
- Unquoted shares	-	-	110,395	110,395
Derivative financial assets	-	407,517	-	407,517
Financial investments at FVOCI:				
- Unquoted shares	-	-	206,993	206,993
	-	790,442	332,501	1,122,943
<b>Financial Liabilities</b>				
Derivative financial liabilities	-	436,209	-	436,209
<b>31 December 2021</b>				
<b>Financial Assets</b>				
Financial assets at FVTPL:				
- Money market instruments	-	249,582	-	249,582
- Unquoted shares	-	-	14,923	14,923
- Corporate bonds/Sukuk	-	-	104,171	104,171
Derivative financial assets	-	104,640	-	104,640
Financial investments at FVOCI:				
- Unquoted shares	-	-	198,148	198,148
	-	354,222	317,242	671,464
<b>Financial Liabilities</b>				
Derivative financial liabilities	-	125,537	-	125,537

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

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

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



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

**A30. FAIR VALUE MEASUREMENTS (Cont.)**

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

The Group and the Bank recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. Transfers between fair value hierarchy primarily due to change in the level of trading activity, change in observable market activity related to an input, reassessment of available pricing information and change in the significance of the unobservable input. There were no transfers between Level 1, 2 and 3 of the fair value hierarchy during the financial year (2021: Nil).

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>31/12/2022</b>	31/12/2021	<b>31/12/2022</b>	31/12/2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
At beginning of the financial year	<b>343,949</b>	325,731	<b>317,242</b>	300,401
Sales/Redemption	<b>(360)</b>	(252)	<b>(360)</b>	(252)
Total gains recognised in other comprehensive income	<b>12,830</b>	18,470	<b>15,612</b>	17,093
Allowance for impairment losses	<b>7</b>		<b>7</b>	
At end of the financial year	<b>356,426</b>	343,949	<b>332,501</b>	317,242

**Effect of changes in significant unobservable assumptions to reasonably possible alternative**

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

**A31. 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>The Bank</b>	
	<b>31/12/2022</b>	31/12/2021	<b>31/12/2022</b>	31/12/2021
(i) The aggregate value of outstanding credit exposures with connected parties (RM'000)	<b>6,349,089</b>	6,267,310	<b>3,986,727</b>	4,077,841
(ii) The percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<b>7%</b>	8%	<b>8%</b>	9%
(iii) The percentage of outstanding credit exposures with connected parties which is impaired or in default	<b>Nil</b>	Nil	<b>Nil</b>	Nil

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**A32. CAPITAL ADEQUACY**

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

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

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

	The Group		The Bank	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
<b>a) The components of CET 1, Tier 1 and Tier 2 capital :</b>				
<u>CET 1</u>				
Paid-up share capital	5,245,447	4,969,150	5,245,447	4,969,150
Retained profits	4,980,476	4,163,442	3,852,537	3,119,461
Unrealised gains on FVOCI instruments	44,806	90,473	166,472	157,267
Other disclosed reserves	-	(88,737)	-	-
Foreign exchange reserves	-	39	-	-
	<b>10,270,729</b>	<b>9,134,367</b>	<b>9,264,456</b>	<b>8,245,878</b>
Less: Regulatory adjustments:				
- Goodwill and other intangibles	(629,369)	(895,850)	(183,216)	(198,733)
- Deferred tax assets	(212,373)	(223,344)	(125,964)	(111,900)
- 55% of cumulative unrealised gains on FVOCI instruments	(24,644)	(49,760)	(91,560)	(86,497)
- Investment in subsidiaries, joint ventures and associates	(794,779)	(907,293)	(3,846,578)	(3,796,621)
- Other CET1 transitional adjustment	441,859	341,998	327,591	238,228
Total CET 1 Capital	<b>9,051,423</b>	<b>7,400,118</b>	<b>5,344,729</b>	<b>4,290,355</b>
<u>Additional Tier 1 Capital</u>				
Additional Tier 1 Capital	800,000	800,000	500,000	500,000
Qualifying capital instruments held by third party	-	32,933	-	-
	<b>800,000</b>	<b>832,933</b>	<b>500,000</b>	<b>500,000</b>
Total Tier 1 Capital	<b>9,851,423</b>	<b>8,233,051</b>	<b>5,844,729</b>	<b>4,790,355</b>
<u>Tier 2 Capital</u>				
Subordinated MTNs	955,000	2,455,000	500,000	2,000,000
Expected loss provisions #	413,126	277,775	280,013	170,816
Less: Regulatory adjustments:				
- Investment in capital instruments of unconsolidated financial and insurance entities	-	(30,914)	(345,000)	(375,914)
Total Tier 2 Capital	<b>1,368,126</b>	<b>2,701,861</b>	<b>435,013</b>	<b>1,794,902</b>
<b>Total Capital</b>	<b>11,219,549</b>	<b>10,934,912</b>	<b>6,279,742</b>	<b>6,585,257</b>
<b>b) The breakdown of risk-weighted assets:</b>				
Credit risk	52,982,623	46,962,011	33,967,295	29,381,798
Market risk	631,065	781,246	403,534	567,804
Operational risk	3,951,028	3,580,698	1,858,354	1,671,929
<b>Total risk-weighted assets</b>	<b>57,564,716</b>	<b>51,323,955</b>	<b>36,229,183</b>	<b>31,621,531</b>
<b>c) Capital adequacy ratios:</b>				
<u>With transitional arrangements</u>				
CET 1 capital ratio	15.724%	14.418%	14.753%	13.568%
Tier 1 capital ratio	17.114%	16.041%	16.133%	15.149%
Total capital ratio	19.490%	21.306%	17.333%	20.825%
CET 1 capital ratio (net of proposed dividends) <sup>Note 1</sup>	15.620%	14.198%	14.588%	13.209%
Tier 1 capital ratio (net of proposed dividends) <sup>Note 1</sup>	17.010%	15.820%	15.968%	14.791%
Total capital ratio (net of proposed dividends) <sup>Note 1</sup>	19.387%	21.085%	17.169%	20.467%

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

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**A32. CAPITAL ADEQUACY (Cont.)**

	The Group		The Bank	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
<b>c) Capital adequacy ratios (cont.):</b>				
<u>Without transitional arrangements</u>				
CET 1 capital ratio	<b>14.956%</b>	13.752%	<b>13.848%</b>	12.814%
Tier 1 capital ratio	<b>16.346%</b>	15.375%	<b>15.228%</b>	14.396%
Total capital ratio	<b>19.156%</b>	21.242%	<b>16.828%</b>	20.693%
CET 1 capital ratio (net of proposed dividends) <sup>Note 1</sup>	<b>14.853%</b>	13.531%	<b>13.684%</b>	12.456%
Tier 1 capital ratio (net of proposed dividends) <sup>Note 1</sup>	<b>16.242%</b>	15.154%	<b>15.064%</b>	14.037%
Total capital ratio (net of proposed dividends) <sup>Note 1</sup>	<b>19.052%</b>	21.021%	<b>16.664%</b>	20.335%

Note 1 :

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

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

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

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

In accordance with BNM's Guidelines on Investment Account, the credit and market risk weighted on the assets funded by the RIA are included in calculation of capital adequacy for the Bank. As at 31 December 2022, RIA assets included in the Total Capital Ratio calculation amounted to RM2,723.1million (2021: RM1,834.6 million).

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

	Economic Entity		The Bank	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
<u>With transitional arrangements</u>				
CET 1 capital ratio	<b>13.034%</b>	12.138%	<b>13.034%</b>	12.138%
Tier 1 capital ratio	<b>14.572%</b>	13.873%	<b>14.572%</b>	13.873%
Total capital ratio	<b>19.221%</b>	19.027%	<b>19.221%</b>	19.027%
<u>Without transitional arrangements</u>				
CET 1 capital ratio	<b>12.548%</b>	11.669%	<b>12.548%</b>	11.669%
Tier 1 capital ratio	<b>14.085%</b>	13.404%	<b>14.085%</b>	13.404%
Total capital ratio	<b>19.221%</b>	19.027%	<b>19.221%</b>	19.027%

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

	The Group		The Bank	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
<u>With transitional arrangements</u>				
CET 1 capital ratio	<b>42.923%</b>	31.426%	<b>55.446%</b>	45.802%
Tier 1 capital ratio	<b>42.923%</b>	32.508%	<b>55.446%</b>	45.802%
Total capital ratio	<b>43.516%</b>	33.028%	<b>56.214%</b>	46.578%
<u>Without transitional arrangements</u>				
CET 1 capital ratio	<b>42.127%</b>	30.665%	<b>54.413%</b>	44.641%
Tier 1 capital ratio	<b>42.127%</b>	31.747%	<b>54.413%</b>	44.641%
Total capital ratio	<b>42.720%</b>	32.437%	<b>55.181%</b>	45.416%

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**A33. OPERATIONS OF ISLAMIC BANKING - AFFIN ISLAMIC BANK BERHAD**

**(i) Unaudited Statements of Financial Position**

	<b>Economic Entity</b>	
	<b>31/12/2022</b>	<b>31/12/2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
Cash and short-term funds	3,227,179	2,240,427
Deposits and placements with Banks and other financial institutions	50,049	50,008
Derivative financial assets	14,985	11,436
Financial investments at amortised cost ('AC')	4,849,793	3,464,981
Financing and other financing	25,976,930	22,570,323
Other assets	159,967	77,711
Amount due from holding company	297,504	-
Amount due from joint ventures	455	15,737
Deferred tax assets	23,732	22,484
Statutory deposits with Bank Negara Malaysia	400,000	-
Property and equipment	1,570	1,328
Right-of-use assets	524	632
Intangible assets	133	345
<b>TOTAL ASSETS</b>	<b>35,002,821</b>	<b>28,455,412</b>
<b>LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS</b>		
Deposits from customers	25,175,621	21,990,129
Investment accounts of customers	859	1,329
Deposits and placements of banks and other financial institutions	2,098,939	358,050
Investment accounts due to designated financial institutions	2,720,263	1,831,585
Derivative financial liabilities	37,736	10,659
Recourse obligation on financing sold to Cagamas Berhad	-	50,033
Other liabilities	579,144	188,453
Amount due to holding company	-	758,812
Provision for taxation	8,097	8,033
Lease liabilities	573	666
Subordinated term financing and medium term notes	1,862,576	1,111,034
<b>TOTAL LIABILITIES</b>	<b>32,483,808</b>	<b>26,308,783</b>
<b>ISLAMIC BANKING CAPITAL FUNDS</b>		
Share capital	1,210,000	1,060,000
Reserves	1,309,013	1,086,629
<b>Total Islamic Banking Capital Funds</b>	<b>2,519,013</b>	<b>2,146,629</b>
<b>TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS</b>	<b>35,002,821</b>	<b>28,455,412</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	<b>5,069,740</b>	<b>5,075,670</b>

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

**A33. OPERATIONS OF ISLAMIC BANKING - AFFIN ISLAMIC BANK BERHAD (Cont.)**

**(ii) Unaudited Income Statements**

	Economic Entity			
	Individual Quarter Ended 31/12/2022	31/12/2021	Cumulative Quarter Ended 31/12/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	325,586	249,172	1,141,282	903,363
Income derived from investment of investment accounts	28,426	20,198	88,746	74,195
Income derived from investment of shareholders' funds	30,595	23,000	104,499	82,912
Allowances for impairment losses on financing and other financing	(11,275)	11,747	(70,213)	(37,519)
Allowance for impairment losses on other assets	2,920	11	(5,117)	(1,333)
Total distributable income	376,252	304,128	1,259,197	1,021,618
Income attributable to the depositors and others	(178,184)	(68,170)	(580,072)	(456,090)
Income attributable to the investment accounts holders	(23,766)	(67,165)	(78,677)	(67,165)
Total net income	174,302	168,793	600,448	498,363
Other operating expenses	(60,132)	(62,555)	(250,385)	(246,211)
Profit before zakat and taxation	114,170	106,238	350,063	252,152
Zakat	(2,000)	(1,830)	(4,000)	(3,660)
Profit before taxation	112,170	104,408	346,063	248,492
Taxation	(39,189)	(19,834)	(123,679)	(57,897)
Net profit for the financial period/year	72,981	84,574	222,384	190,595

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

	Economic Entity			
	Individual Quarter Ended 31/12/2022	31/12/2021	Cumulative Quarter Ended 31/12/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
<b>Net profit for the financial period/year</b>	<b>72,981</b>	<b>84,574</b>	<b>222,384</b>	<b>190,595</b>
Other comprehensive income :				
<u>Items that may be reclassified subsequently to profit or loss :</u>				
- Net fair value change in financial investments at FVOCI	-	135,686	-	12,801
- Net credit impairment loss change in financial investments at FVOCI	-	(1,777)	-	(3,120)
- Net gain on financial investments measured at FVOCI				
reclassified to profit or loss on disposal	-	1	-	(2,223)
- Deferred tax on financial investments at FVOCI	-	(32,565)	-	(2,539)
Other comprehensive income for the financial period/year, net of tax	-	101,345	-	4,919
<b>Total comprehensive income for the financial period/year</b>	<b>72,981</b>	<b>185,919</b>	<b>222,384</b>	<b>195,514</b>

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

**A33. OPERATIONS OF ISLAMIC BANKING - AFFIN ISLAMIC BANK BERHAD (Cont.)**

(iv) Unaudited Condensed Statement Of Changes In Equity

Economic Entity	<-----Attributable to Equity Holder of the Bank----->				
	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Total equity RM'000
<b>At 1 January 2022</b>	<b>1,060,000</b>	-	<b>105,613</b>	<b>981,016</b>	<b>2,146,629</b>
Comprehensive income :					
- Net profit for the financial year	-	-	-	<b>222,384</b>	<b>222,384</b>
Total comprehensive income	-	-	-	<b>222,384</b>	<b>222,384</b>
Issued during the financial year	<b>150,000</b>	-	-	-	<b>150,000</b>
Transfer from regulatory reserves	-	-	<b>(59,144)</b>	<b>59,144</b>	-
<b>At 31 December 2022</b>	<b>1,210,000</b>	-	<b>46,469</b>	<b>1,262,544</b>	<b>2,519,013</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
<b>At 1 January 2021</b>	<b>1,060,000</b>	<b>(4,919)</b>	<b>127,093</b>	<b>768,941</b>	<b>1,951,115</b>
Comprehensive income :					
- Net profit for the financial year	-	-	-	<b>190,595</b>	<b>190,595</b>
Other comprehensive income (net of tax) :					
- Financial investments at FVOCI	-	<b>4,919</b>	-	-	<b>4,919</b>
Total comprehensive income	-	<b>4,919</b>	-	<b>190,595</b>	<b>195,514</b>
Transfer from regulatory reserves	-	-	<b>(21,480)</b>	<b>21,480</b>	-
<b>At 31 December 2021</b>	<b>1,060,000</b>	-	<b>105,613</b>	<b>981,016</b>	<b>2,146,629</b>

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**A33. OPERATIONS OF ISLAMIC BANKING - AFFIN ISLAMIC BANK BERHAD (Cont.)**

	<b>Economic Entity</b>	
	<b>31/12/2022</b>	31/12/2021
	<b>RM'000</b>	RM'000
<b>(v) Financing and other financing</b>		
<b>By type</b>		
Cashline	<b>700,519</b>	651,183
Term financing		
- Housing financing	<b>9,329,247</b>	8,443,386
- Hire purchase receivables	<b>5,189,938</b>	4,561,420
- Syndicated financing	<b>1,167,643</b>	869,857
- Others term loan/financing	<b>7,692,656</b>	6,221,332
Bills receivables	<b>151,248</b>	92,878
Trust receipts	<b>13,969</b>	13,142
Claims on customers under acceptance credits	<b>787,059</b>	701,318
Staff financing (of which RM Nil to Directors)	<b>119,698</b>	104,165
Credit/charge cards receivables	<b>60,857</b>	44,830
Revolving financing	<b>1,046,211</b>	1,070,514
<b>Gross financing and other financing</b>	<b>26,259,045</b>	22,774,025
Less : ECL	<b>(282,115)</b>	(203,702)
<b>Total net financing and other financing</b>	<b>25,976,930</b>	22,570,323
<b>(vi) Movements of impaired financing</b>		
At beginning of the financial year	<b>381,586</b>	315,471
Classified as impaired	<b>238,197</b>	314,867
Reclassified as non-impaired	<b>(143,264)</b>	(113,207)
Amount recovered	<b>(95,333)</b>	(115,731)
Amount written-off	<b>(38,331)</b>	(19,814)
Other movements	<b>14,567</b>	-
At end of the financial year	<b>357,422</b>	381,586
Ratio of gross impaired financing and other financing to gross financing and other financing (exclude restricted investment accounts)*	<b>0.90%</b>	1.11%

(\*) For AFFIN Islamic Bank, RIA excluded in the ratio calculation amounting to RM2,723.1 million (2021: RM1,834.6 million) with impaired financing amounting to RM145.6 million (2021: RM149.9 million).

AFFIN Islamic Bank may write-off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written-off during the quarter ended 31 December 2022 for the Bank is RM38.3 million (2021: RM19.8 million). The Bank will still seek to recover the amounts that is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

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

**A33. OPERATIONS OF ISLAMIC BANKING - AFFIN ISLAMIC BANK BERHAD (Cont.)**

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

	12-Month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
<b>Economic Entity</b>				
<b>31/12/2022</b>				
At beginning of the financial year	72,928	76,859	53,915	203,702
Total transfer between stages due to change in credit risk :	19,556	16,879	(36,435)	-
- Transfer to 12-month ECL (Stage 1)	38,579	(33,206)	(5,373)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(18,981)	54,547	(35,566)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(42)	(4,462)	4,504	-
Financing derecognised (other than write-off)	(34,265)	(12,981)	(3,580)	(50,826)
New financing and other financing originated or purchased	54,564	-	-	54,564
Changes due to change in credit risk	(46,861)	47,986	90,668	91,793
Write-off	-	-	(31,690)	(31,690)
Other adjustments	5	-	14,567	14,572
At end of the financial year	<b>65,927</b>	<b>128,743</b>	<b>87,445</b>	<b>282,115</b>
<b>Economic Entity</b>				
<b>31/12/2021</b>				
At beginning of the financial year	47,261	54,706	82,430	184,397
Total transfer between stages due to change in credit risk :	17,507	11,835	(29,342)	-
- Transfer to 12-month ECL (Stage 1)	22,251	(16,921)	(5,330)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(4,621)	34,536	(29,915)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(123)	(5,780)	5,903	-
Financing derecognised (other than write-off)	(33,764)	(1,221)	(2,145)	(37,130)
New financing and other financing originated or purchased	41,247	-	-	41,247
Changes due to change in credit risk	676	11,539	22,499	34,714
Write-off	-	-	(19,527)	(19,527)
Other adjustments	1	-	-	1
At end of the financial year	<b>72,928</b>	<b>76,859</b>	<b>53,915</b>	<b>203,702</b>

**(viii) Deposits from customers**

	Economic Entity	
	31/12/2022 RM'000	31/12/2021 RM'000
<u>Qard</u>		
Demand deposits	4,209,633	4,476,588
Savings deposits	850,109	952,617
	<b>5,059,742</b>	5,429,205
<u>Mudarabah</u>		
General investment deposits	32,895	41,235
<u>Tawarruq</u>		
Murabahah term deposits	17,512,129	14,669,830
Commodity Murabahah Deposit	1,238,215	1,122,215
Savings deposits	625,502	159,324
Demand deposit	707,138	568,320
	<b>20,082,984</b>	16,519,689
<b>Total deposits from customers</b>	<b>25,175,621</b>	21,990,129



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

**A34. LIQUIDITY RISK**

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

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

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

<b>Group</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 2022</b>							
<b>Assets</b>							
Cash and short-term funds	4,903,601	-	-	-	-	-	4,903,601
Deposits and placements with banks and other financial institutions	-	301,438	-	-	-	-	301,438
Financial assets at FVTPL	15,602	2,336	349	-	379,753	146,463	544,503
Derivative financial assets	152,822	220,240	54,147	52,634	15,546	-	495,389
Financial investments at FVOCI	-	20,243	175,699	2,277,422	1,026,757	282,383	3,782,504
Financial investments at AC	37,407	757,065	50,890	6,343,796	9,649,128	14,815	16,853,101
Loans, advances and financing	4,318,445	2,202,174	1,861,058	9,501,110	40,180,132	41,937	58,104,856
Trade receivables	405,401	-	-	-	-	-	405,401
Other assets	287,842	1,709	92,180	11,030	2,823	3,069	398,653
Amount due from joint ventures	455	-	-	-	-	-	455
Statutory deposits with BNM	1,250,872	-	-	-	-	-	1,250,872
Other non-financial assets <sup>(1)</sup>	257,800	-	1,942	4,058	-	2,946,101	3,209,901
<b>Total assets</b>	<b>11,630,247</b>	<b>3,505,205</b>	<b>2,236,265</b>	<b>18,190,050</b>	<b>51,254,139</b>	<b>3,434,768</b>	<b>90,250,674</b>
<b>Liabilities</b>							
Deposits from customers	26,090,959	9,042,231	24,213,631	5,647,829	400	-	64,995,050
Investment accounts of customers	827	-	-	32	-	-	859
Deposits and placements with banks and other financial institutions	2,578,817	482,511	302,828	-	-	-	3,364,156
Obligation on securities sold under repurchase agreements	16,555	12,490	4,784,362	-	-	-	4,813,407
Derivatives financial liabilities	124,233	256,287	61,184	82,441	18,109	-	542,254
Bills and acceptances payable	35,471	-	-	-	-	-	35,471
Recourse obligation on loans sold to Cagamas	-	-	-	-	1,073,871	-	1,073,871
Trade payables	338,867	-	-	-	-	-	338,867
Lease liabilities	34,650	901	4,121	9,561	-	-	49,233
Other liabilities	169,429	14,474	1,105,982	273,109	14,548	-	1,577,542
Borrowings and Sukuk	14,362	12,315	11,034	750,000	500,000	1,242,220	2,529,931
Other non-financial liabilities <sup>(2)</sup>	140,183	3,105	28,113	-	-	8,104	179,505
<b>Total liabilities</b>	<b>29,544,353</b>	<b>9,824,314</b>	<b>30,511,255</b>	<b>6,762,972</b>	<b>1,606,928</b>	<b>1,250,324</b>	<b>79,500,146</b>
<b>Net liquidity gap</b>	<b>(17,914,106)</b>	<b>(6,319,109)</b>	<b>(28,274,990)</b>	<b>11,427,078</b>	<b>49,647,211</b>	<b>2,184,444</b>	

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

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

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

**A34. LIQUIDITY RISK (Cont.)**

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

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

Group	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	> 1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
As at 31 December 2021							
<b>Assets</b>							
Cash and short-term funds	6,394,457	-	-	-	-	-	6,394,457
Deposits and placements with banks and other financial institutions	-	1,071,647	98,162	-	-	-	1,169,809
Financial assets at FVTPL	-	-	14,923	1,235	249,582	332,860	598,600
Derivative financial assets	32,003	37,429	36,332	61,722	19,395	-	186,881
Financial investments at FVOCI	5,103	9,972	114,367	2,222,784	1,300,541	224,855	3,877,622
Financial investments at AC	250,582	501,096	325,178	3,411,452	6,946,834	-	11,435,142
Loans, advances and financing	3,455,248	2,453,435	1,368,974	9,626,710	33,573,925	49,776	50,528,068
Trade receivables	527,166	-	-	-	-	-	527,166
Other assets	240,659	1,141	12,815	15,346	2,229	4,536	276,726
Amount due from joint ventures	15,737	-	-	-	-	-	15,737
Amount due from associate	30,888	-	-	-	-	-	30,888
Statutory deposits with Bank Negara Malaysia	68,625	-	-	-	-	-	68,625
Other non-financial assets <sup>(1)</sup>	135,147	1,941	22,999	24,184	-	3,135,073	3,319,344
<b>Total assets</b>	<b>11,155,615</b>	<b>4,076,661</b>	<b>1,993,750</b>	<b>15,363,433</b>	<b>42,092,506</b>	<b>3,747,100</b>	<b>78,429,065</b>
<b>Liabilities</b>							
Deposits from customers	22,510,539	11,087,274	23,507,437	1,688,750	404	-	58,794,404
Investment accounts of customers	-	-	-	1,329	-	-	1,329
Deposits and placements of banks and other financial institutions	2,414,563	351,081	100,396	-	-	-	2,866,040
Derivative financial liabilities	38,045	38,519	47,425	61,119	16,521	-	201,629
Bills and acceptances payable	28,644	-	-	-	-	-	28,644
Recourse obligation on loans sold to Cagamas	-	-	669,212	-	-	-	669,212
Trade payables	982,362	-	-	-	-	-	982,362
Lease liabilities	2,331	3,244	7,512	23,785	-	-	36,872
Other liabilities	237,052	24,970	809,910	273,877	37,109	-	1,382,918
Borrowings and Sukuk	12,236	35,845	11,034	-	2,800,000	443,960	3,303,075
Other non-financial liabilities <sup>(2)</sup>	106,450	73,767	40,668	-	-	8,040	228,925
<b>Total liabilities</b>	<b>26,332,222</b>	<b>11,614,700</b>	<b>25,193,594</b>	<b>2,048,860</b>	<b>2,854,034</b>	<b>452,000</b>	<b>68,495,410</b>
<b>Net liquidity gap</b>	<b>(15,176,607)</b>	<b>(7,538,039)</b>	<b>(23,199,844)</b>	<b>13,314,573</b>	<b>39,238,472</b>	<b>3,295,100</b>	

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

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

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

**A34. LIQUIDITY RISK (Cont.)**

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

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

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

<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 2022</b>							
<b>Assets</b>							
Cash and short-term funds	1,986,132	-	-	-	-	-	1,986,132
Deposits and placements with banks and other financial institutions	-	251,389	-	-	-	-	251,389
Investment accounts due from designated financial institutions	-	-	200,000	1,147,488	1,372,192	-	2,719,680
Financial assets at FVTPL	-	99,589	65,406	103,922	129,120	110,396	508,433
Derivative financial assets	115,160	141,251	55,819	76,404	18,883	-	407,517
Financial investments at FVOCI	-	-	-	-	-	206,993	206,993
Financial investments at AC	5,000	403,665	1,108,235	5,344,613	5,368,461	-	12,229,974
Loans, advances and financing	2,192,706	1,438,605	1,217,033	6,238,336	19,471,241	-	30,557,921
Other assets	181,090	-	33,031	7,981	2,596	-	224,698
Amount due from subsidiaries	5,835	-	-	-	-	-	5,835
Statutory deposits with Bank Negara Malaysia	749,272	-	-	-	-	-	749,272
Other non-financial assets <sup>(1)</sup>	128,747	125	35,615	36,497	-	5,450,436	5,651,420
<b>Total assets</b>	<b>5,363,942</b>	<b>2,334,624</b>	<b>2,715,139</b>	<b>12,955,241</b>	<b>26,362,493</b>	<b>5,767,825</b>	<b>55,499,264</b>
<b>Liabilities</b>							
Deposits from customers	15,107,028	6,347,697	13,904,800	715,605	-	-	36,075,130
Deposits and placements of banks and other financial institutions	1,027,073	157,640	407	-	-	-	1,185,120
Obligation on securities sold under repurchase agreements	1,643,168	2,134,497	1,035,742	-	-	-	4,813,407
Derivative financial liabilities	125,421	174,105	58,060	60,514	18,109	-	436,209
Bills and acceptances payable	35,471	-	-	-	-	-	35,471
Lease liabilities	4,113	138	15,842	25,347	-	-	45,440
Recourse obligation on loans sold to Cagamas	-	5,030	618,841	450,000	-	-	1,073,871
Other liabilities	22,525	-	436,309	227,297	14,548	-	700,679
Amount due to subsidiaries	300,371	-	-	-	-	-	300,371
Borrowings and Sukuk	23,205	-	-	-	495,992	500,000	1,019,197
Other non-financial liabilities <sup>(2)</sup>	133,293	-	-	-	-	-	133,293
<b>Total liabilities</b>	<b>18,421,668</b>	<b>8,819,107</b>	<b>16,070,001</b>	<b>1,478,763</b>	<b>528,649</b>	<b>500,000</b>	<b>45,818,188</b>
<b>Net liquidity gap</b>	<b>(13,057,726)</b>	<b>(6,484,483)</b>	<b>(13,354,862)</b>	<b>11,476,478</b>	<b>25,833,844</b>	<b>5,267,825</b>	

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

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

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

**A34. LIQUIDITY RISK (Cont.)**

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

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

Bank	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	> 1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
As at 31 December 2021							
<b>Assets</b>							
Cash and short-term funds	2,525,482	-	-	-	-	-	2,525,482
Deposits and placements with banks and other financial institutions	-	1,021,639	150,018	-	-	-	1,171,657
Investment accounts due from designated financial institutions	-	-	26,000	624,094	1,175,431	-	1,825,525
Financial assets at FVTPL	-	-	14,923	-	249,582	104,171	368,676
Derivative financial assets	23,069	16,002	17,110	29,064	19,395	-	104,640
Financial investments at FVOCI	-	-	-	-	-	198,148	198,148
Financial investments at AC	250,582	501,096	15,645	3,371,067	4,901,808	-	9,040,198
Loans, advances and financing	2,100,444	1,525,470	959,322	6,458,855	15,835,245	-	26,879,336
Other assets	129,675	-	-	7,097	2,202	-	138,974
Amount due from subsidiaries	758,924	-	-	-	-	-	758,924
Amount due from associate	30,888	-	-	-	-	-	30,888
Statutory deposits with Bank Negara Malaysia	58,325	-	-	-	-	-	58,325
Other non-financial assets <sup>(1)</sup>	113,306	1,941	19,566	21,079	-	5,174,079	5,329,971
<b>Total assets</b>	<b>5,990,695</b>	<b>3,066,148</b>	<b>1,202,584</b>	<b>10,511,256</b>	<b>22,183,663</b>	<b>5,476,398</b>	<b>48,430,744</b>
<b>Liabilities</b>							
Deposits from customers	11,952,939	5,119,614	15,050,161	1,118,645	404	-	33,241,763
Deposits and placements of banks and other financial institutions	2,231,868	45,855	-	-	-	-	2,277,723
Derivative financial liabilities	24,647	20,442	28,506	35,421	16,521	-	125,537
Bills and acceptances payable	28,644	-	-	-	-	-	28,644
Lease liabilities	1,138	2,063	3,738	22,293	-	-	29,232
Recourse obligation on loans/financing sold to Cagamas Berhad	-	-	619,179	-	-	-	619,179
Other liabilities	18,677	-	296,998	228,890	31,321	-	575,886
Amount due to subsidiaries	2,500	-	-	-	-	-	2,500
Borrowings and Sukuk	12,236	35,845	-	-	2,000,000	500,000	2,548,081
Other non-financial liabilities <sup>(2)</sup>	100,226	-	-	-	-	-	100,226
<b>Total liabilities</b>	<b>14,372,875</b>	<b>5,223,819</b>	<b>15,998,582</b>	<b>1,405,249</b>	<b>2,048,246</b>	<b>500,000</b>	<b>39,548,771</b>
<b>Net liquidity gap</b>	<b>(8,382,180)</b>	<b>(2,157,671)</b>	<b>(14,795,998)</b>	<b>9,106,007</b>	<b>20,135,417</b>	<b>4,976,398</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 B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

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

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

Table 1 : Financial review for individual and cumulative quarter ended 31 December 2022 against preceding year's corresponding quarter

	Individual Quarter Ended		Changes		Cumulative Quarter Ended		Changes	
	31/12/2022	31/12/2021			31/12/2022	31/12/2021		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Net Income	<b>567,041</b>	466,732	100,309	21.5	<b>2,054,635</b>	1,845,174	209,461	11.4
Operating Profit	<b>223,963</b>	174,852	49,111	28.1	<b>403,780</b>	483,429	(79,649)	(16.5)
Profit Before Zakat and Tax	<b>227,295</b>	186,078	41,217	22.2	<b>412,391</b>	528,820	(116,429)	(22.0)
Profit Before Tax	<b>225,295</b>	184,022	41,273	22.4	<b>408,241</b>	523,072	(114,831)	(22.0)
Profit After Tax	<b>138,598</b>	180,566	(41,968)	(23.2)	<b>199,732</b>	433,608	(233,876)	(53.9)
Profit attributable to equity holders of the Bank	<b>138,598</b>	180,566	(41,968)	(23.2)	<b>199,732</b>	433,608	(233,876)	(53.9)

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

The Group registered a profit before tax of RM408.3 million for the twelve months ended 31 December 2022, lower by RM113.5 million or 21.8% as compared to RM523.1 million recorded in the previous corresponding period.

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

Net interest income increased by RM128.2 million or 14.3% to RM1.02 billion as compared to the previous corresponding period of RM894.3 million mainly due to loan/financing and financial investment growth in 2022. Income from Islamic banking operations recorded an increase of RM138.8 million or 25.3% to RM688.3 million year-on-year due to strong growth in financing.

There was higher allowances for impairment losses by RM111.6 million to RM334.1 million for the current period as compared to RM222.5 million in the previous corresponding period which resulted in an increase in loan loss coverage ('LLC') reserves to above 100%.

Gross loans and financing grew by 15.4% for the twelve months ended 31 December 2022 to RM59.3 billion despite the challenging economic environment. Customer deposits increased by 10.5% to RM65.0 billion, whilst the CASA ratio was 23.46% for the current period as compared to 23.03% in the previous corresponding period.

Common Equity Tier 1 Capital Ratio was 15.62% as at 31 December 2022.

Profit before tax for the financial year ended 31 December 2022 as compared to the previous financial year ended 31 December 2021 are further segmented as follows:

#### Commercial Banking

AFFIN Bank Berhad ('ABB') registered a higher profit before tax of RM1.33 billion for the period ended 31 December 2022, an increase of RM936.7 million or 236.0%. The profit was mainly due to the RM1.3 billion of dividend from Subsidiary due to the divestment of AHAM, offset with higher allowance for impairment losses of RM53.1 million.

AFFIN Islamic Bank Berhad ('AiBB') registered a higher profit before tax of RM346.1 million for the period ended 31 December 2022, an increase of RM97.6 million or 39.3% compared to RM248.5 million recorded in the previous corresponding period. The increase was due to higher net financing by RM137.5 million, partially off set by higher allowance for impairment losses of RM36.5 million and higher overhead expenses of RM4.2 million.

#### Investment Banking

AFFIN Hwang Investment Bank ('AHIB') Group showed a decrease in profit before tax of RM44.5 million or 44.7%, to RM55.0 million for the year ended 31 December 2022, as compared to the previous year of RM99.6 million. The lower net income was largely attributed to the decrease in net gain on financial investments at FVOCI and FVTPL portfolios, lower brokerage, lower fees generated by the investment banking; lower net interest income in the current financial period under review.

## 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.)

Profit before tax for the financial quarter ended 31 December 2022 compared to the previous corresponding financial quarter ended 31 December 2021 are further segmented as follows (Cont.):

##### Insurance

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

AALI registered a loss after tax of RM14.7 million, a decrease of RM17.3 million as compared to RM2.6 million profit in the previous corresponding period. The higher loss was mainly contributed by higher policyholder liability reserves and higher operations expenses.

AAGI registered a profit before tax of RM23.3 million, a decrease of RM19.5 million as compared to RM42.8 million in the previous corresponding period. The decrease was mainly contributed by higher operations expenses, higher net commission paid and higher net claims incurred particularly in Motor and Health insurance.

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

The Group reported a profit before tax of RM225.4 million for the quarter ended 31 December 2022, an increase by RM41.3 million or 22.4% as compared to the previous corresponding quarter ended 31 December 2021 of RM184.0 million.

This was mainly due to higher net interest income, higher income from Islamic banking business and higher non-interest income.

Net interest income for the quarter under review increased by RM27.1 million as compared to the same quarter last year or 11.3% to RM240.3 million.

Net fee and commission income of the Group was RM62.5 million, a increase of RM3.8 million or 6.6% from RM58.7 million in the previous corresponding year. Group also recorded higher gains on financial instruments of RM24.2 million.

Other operating expenses were 17.5% higher as compared to the same quarter last year due to higher general and administrative expenses and personnel costs respectively.

Allowances for impairment losses increased by RM17.9 million to RM19.9 million as compared to the same quarter last year of RM1.9 million.

##### Commercial Banking

ABB registered a higher profit before tax of RM1.38 billion for the current quarter ended 31 December 2022. The higher profit achievement was contributed by dividend income received from divestment of a subsidiary company.

AiBB recorded a profit before tax of RM112.2 million for the current quarter, higher by RM7.8 million or 7.4% against the previous corresponding quarter of RM104.4 million. This was contributed by higher net financing and other income of RM24.6 million and lower overhead expenses of RM2.4 million which was partially offset by higher allowance for impairment losses of RM20.1 million.

##### Investment Banking

AHIB Group recorded a lower profit before tax by RM6.7 million or 32.0% to RM14.3 million as compared to the same quarter last year. The decrease was attributed by lower non-interest income and higher operating expenses for the corresponding quarter ended 31 December 2021.

##### Insurance

The Group's share of loss after tax in AALI of RM15.6 million for the current quarter ended 31 December 2022 increased by RM10.7 million as compared to share of loss of RM4.8 million in the same period last year mainly contributed by higher policyholder liability reserves and higher operations expenses.

The Group's share of loss after tax in AAGI of RM1.0 million for the current quarter under review increased by RM15.1 million as compared to RM14.1 million in the previous corresponding quarter mainly contributed by higher operations expenses, higher net commission paid and higher net claims.

## 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	
	31/12/2022 RM'000	30/9/2022 RM'000	RM'000	%
Net income	567,041	534,489	32,552	6.1
Operating Profit	223,963	166,203	57,760	34.8
Profit/(Loss) Before Zakat and Tax	227,295	(154,398)	381,693	(247.2)
Profit/(Loss) Before Tax	225,295	(156,381)	381,676	(244.1)
Profit/(Loss) After Tax	138,598	(193,505)	332,103	(171.6)
Profit/(Loss) attributable to equity holders of the Bank	138,598	(193,505)	332,103	(171.6)

Profit before tax of the Group for the quarter under review stood at RM225.4 million, higher by RM381.7 million or 244.1% against the preceding quarter ended 30 September 2022 which registered loss before tax of RM156.4 million. This was mainly attributed by higher allowances for impairment losses recorded in the preceding quarter that resulted an increase in loan loss coverage reserves above 100%.

The Islamic banking income was also lower by 4.1 million to RM186.1 million as compared to RM190.2 million recorded in the preceding quarter ended 30 September 2022. This was mainly attributed by lower non-financing income mitigated by higher net financing income.

### B3. ECONOMIC AND BUSINESS OUTLOOK FOR 2023

AFFIN Group remains cautiously optimistic of its prospects for 2023 as the reopening of the economy following the end of the Covid pandemic has spurred domestic demand and resulted in an improvement in the local labour market. This is expected to remain the key driver for growth in 2023 and further supported by the Government's efforts to enhance investment, stimulate growth and protect the lives and livelihood of Malaysians.

There are potential headwinds on the horizon as IMF, the World Bank and other international organisations have lowered their global growth forecast for 2023 in view of the impact of the rate hikes by Central Banks around the world, the continuing war between Russia and Ukraine and the threat of rising inflation. Malaysia's economic growth is expected to moderate in 2023 between 4% to 5% in tandem and for similar reasons, however, the growth is expected due to infrastructure stimulus to unlock infrastructure and tourism industries to cushion any economic headwinds

#### BUSINESS STRATEGY MOVING FORWARD

The AFFIN Group has announced its next phase of its transformation journey with the A25 Plan which will run from 2023 to 2025. The next 3 years will see the group focus on 3 key strategic objectives as part of A25 Plan namely, Unrivalled Customer Service, Digital Leadership and Responsible Banking with Impact with the vision of the Group to be the most creative financial company in Malaysia. The A25 Plan will see a continued focus on growing the Community Banking, Enterprise Banking and Islamic banking businesses, with new strategies for its Corporate Banking, Treasury and Investment Business, where the growth aspirations of the various businesses which will be supported by the increase in synergistic cooperation within the Group.

Despite the challenges faced by the banking industry, the Group's strong focus on customer service and innovation, as well as its enhanced and effective risk management practices, will help it to continue to grow and improve the services offered to its customers.

Community Banking Division ('CMBD') will continue to lead the growth of the bank by focusing on expanding its deposit base, with particular emphasis on building relationships with customers. CMBD is planning to expand its product offerings with a focus on providing more personalised and competitive products to customers. The division is investing in technology to improve the customer experience, such as developing mobile banking applications, automating processes and implementing artificial intelligence to improve the efficiency and accuracy of risk management. The Division will also be expanding its customer base by leveraging on collaborations and Group synergies whilst ensuring sustainable growth of assets and at the same time continue to manage cost prudently.

The Enterprise Banking Division ('EBD') will continue to support the Small & Medium Enterprise ('SMEs') by increasing its level of accessibility to customer through continuous expansion and upgrading of its Business Centers. The division's key strategy for 2023 is to focus on key targeted segments which contribute significantly to Malaysia's GDP. EBD's digital focus will be on enhancements and optimisation of its award-winning solution, SME Colony, to further encourage SME customers to adopt digital processes as part of their daily business needs. EBD plans also include strengthening customer engagement and collaboration through targeted networking initiatives whilst supporting the Bank's sustainability agenda.

The Corporate Banking Division's ('CBD') focus for 2023 is to be a strategic partner for mid-corporates with growth potential by leveraging on group synergies through the newly introduced Corporate Investment Banking ('CIB') model. CBD will continue to ensure that the asset quality is managed prudently by ensuring strong underwriting standards, adequate monitoring of corporate debt-at-risk positions and effective recovery processes. CBD is investing in technology to build its digital capabilities to provide innovative solutions and analytics so as to provide greater value creation for its customers.

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

### B3. BUSINESS STRATEGY MOVING FORWARD (Cont.)

The Group Treasury Division will be concentrating on four key areas that include building the ability to generate stable and recurring Non-Interest Income ('NOII'), increasing the Group's Return on Assets, harnessing the benefits of the Affin Group synergy to deepen the treasury wallet share.

AiBB will play a significant role in the Group's 2023 plan as it continues to increase its overall contribution to the Group. Various key strategic initiatives will be in place throughout the year to expand its CASA base and to further strengthen its liquidity position. AFFIN Islamic will increase efforts in setting up various key strategic partnerships to unlock value added and digital-driven Islamic product offerings to maximise its business proposition and opportunities. AiBB also plans to roll-out various shariah compliant initiatives as it continues to realise the benefits of a shared value organisation.

AHIB 2023 main aims are to defend its #1 Bursa Ranking in stockbroking and to win more investment banking landmark deals via numerous innovation and digitalisation initiatives. AHIB will also focus on expanding its distribution channels by leveraging on the Group Synergy opportunities. AHIB will continue to position itself to capture new business opportunities and diversify its products offerings to its clients.

AFFIN Group with its new partner for the insurance business; Generali Asia N.V ('Generali'), is excited with the prospects of leveraging and further expanding the insurance business's capabilities in Malaysia. The focus is to build a complete banking and wealth management platform for corporate and retail clients. Through this partnership, AFFIN Group would be able to continue to offer holistic financial solutions and simultaneously enhance the overall customer experience whilst providing greater value creations to its customers.

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

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

### B5. TAXATION

	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
The Group	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				
Current tax	89,585	57,859	202,415	160,771
Over provision in prior financial year	5,562	(2,790)	5,500	(3,529)
Deferred tax income :				
- Relating to originating temporary differences	(8,450)	(51,613)	594	(67,778)
	<b>86,697</b>	<b>3,456</b>	<b>208,509</b>	<b>89,464</b>

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

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

	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
The Bank	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				
Current tax	49,750	29,704	74,046	74,860
Over provision in prior financial year	3,140	(3,318)	3,140	(3,773)
Deferred tax income :				
- Relating to originating temporary differences	(8,252)	(43,059)	(14,064)	(59,416)
	<b>44,638</b>	<b>(16,673)</b>	<b>63,122</b>	<b>11,671</b>

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

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



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

**B6. STATUS OF CORPORATE PROPOSALS (Cont.)**

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

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

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

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

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

Details of the disposal

AHIB's provisional cash consideration is based on the Purchaser's offer for 100% equity interest in AHAM at an equity value of RM2,250.0 million ('Ascribed Value'), which includes an agreed pre-closing dividend of at least RM100.0 million to be declared by AHAM to its shareholders prior to the completion of the Disposal. Hence, AHIB's provisional cash consideration ('Provisional Purchase Price') is the Ascribed Value attributable to the Group's Sale Shares, i.e. 63.0% of the Ascribed Value, or RM1,417.50 million.

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

The Divestment is subject to the following:

- (a) the approval of the shareholders of the holding company, Affin Bank Berhad ("ABB") at an Extraordinary General Meeting to be convened on 25 May 2022; and
- (b) obtaining a written approval from the Securities Commission Malaysia ("SC") for the following:
- sale and purchase of the Sale Shares as it will result in the change in the controller of AHAM and AIIMAN Asset Management Sdn. Bhd. ("AIIMAN");
  - change in AHAM's name; and
  - the Purchaser to be a "related corporation" of AHAM and AIIMAN or an entity as may be approved by the SC pursuant to the Licensing Handbook issued by the SC.

On 9 May 2022, the first tranche of the pre-closing dividend, amounting to RM50.0 million was declared and paid by AHAM to its shareholders, of which the Bank's share was RM31.5 million.

On 25 May 2022, the shareholders of ABB at an extraordinary general meeting had approved the Divestment.

On 1 July 2022, approval from SC for the Divestment was obtained, subject to the following conditions:

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

Accordingly, as the last of the Conditions Precedents have been met, the SPA has become unconditional on 1 July 2022, with the Closing Date at 29 July 2022 as agreed by the parties to the SPA.

On 22 July 2022, the second tranche of the pre-closing dividend, which amounted to RM50.0 million, was declared and paid by AHAM to its shareholders, of which the Bank's share was RM31.5 million.

On 29 July 2022, AHIB received its share of the Provisional Purchase Price of RM1,354.5 million from the Purchaser. Consequently, on 20 July 2022, AHAM ceased to be a subsidiary of AHIB and was deconsolidated from the Group's financial statements. In accordance with the terms and conditions set out in the SPA, the Provisional Purchase Price is subject to a post-closing adjustment to arrive at the Final Purchase Price. The post-closing adjustments is determined based on the adjusted shareholders' equity differential of AHAM Group between the Closing Date and 31 December 2021.

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

**B6. STATUS OF CORPORATE PROPOSALS (Cont.)**

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

A statement showing the shareholders' equity differential should be prepared by the Purchaser (together with AHAM) and issued to the Vendors in the form prescribed under the SPA within 60 days after the Closing Date. As the said statement has yet to be issued at the date of this Interim Report, the Group and the Bank have recognised an amount receivable from Starlight Asset at an estimated fair value of RM36.7 million, in accordance with the provisions of MFRS 9 'Financial Instruments'.

On 26 September 2022, the Purchaser and AHAM reverted on the draft Adjusted Shareholders' Statement. As the Closing Date Adjusted Shareholders' Equity is higher than the 31 December 2021's Adjusted Shareholders' Equity, contingent consideration due to the disposal of AHAM is estimated to be at RM36.7 million, subject to the agreement between AHIB and the Purchaser. This contingent consideration has been recognised in the audited financial statements of the Group and the Bank for the financial year ended 31 December 2022.

Following the completion of the Divestment, AHAM has ceased to be a subsidiary of the Group, the Group recorded a gain on divestment of RM1.075 billion at the Group level for the financial year ended 31 December 2022. The Group has accounted for the Divestment as a discontinued operation in accordance with MFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'.

	<b>The Group 31/12/2022</b>
	<b>RM'000</b>
<b><u>Cash flows and net assets of AHAM on completion date</u></b>	
Cash and short-term funds	391,530
Financial assets at fair value through profit or loss ('FVTPL')	117,467
Trade receivables	123,015
Derivative financial assets	264
Other assets	12,270
Tax recoverable	10,765
Deferred tax assets	14,621
Property and equipment	6,686
Intangible assets	185,420
Right-of-use ('ROU') assets	2,030
Trade payables	(324,088)
Lease liabilities	(2,158)
Other liabilities	(139,263)
Non-controlling interest	(82,279)
<b>Total net assets derecognised</b>	<b>316,280</b>
Less : Realisation of foreign exchange reserve and FVOCI reserve	(94)
Gain on disposal of a subsidiary	1,075,051
<b>Sales consideration</b>	<b>1,391,237</b>
Less : Professional and legal fees for the divestment of a subsidiary	(16,938)
Less : Cash and short-term funds of the subsidiary disposed	(391,530)
<b>Cash inflow on disposal of a subsidiary</b>	<b>982,769</b>

	<b>The Group 31/12/2022</b>	31/12/2021
	<b>RM'000</b>	RM'000
<b><u>Income Statements</u></b>		
Interest income	1,627	2,409
Interest expense	(760)	(3,543)
<b>Net interest income</b>	<b>867</b>	<b>(1,134)</b>
Fee and commission income	267,821	729,439
Fee and commission expense	(79,925)	(340,662)
<b>Net fee and commission income</b>	<b>187,896</b>	<b>388,777</b>
Net gains and losses on financial instruments	(8,418)	5,888
Other operating income	4,213	2,452
<b>Net income</b>	<b>184,558</b>	<b>395,983</b>
Other operating expenses	(100,691)	(213,080)
<b>Operating profit before allowances</b>	<b>83,867</b>	<b>182,903</b>
Allowances for credit impairment losses	(37)	(144)
<b>Profit before zakat and taxation</b>	<b>83,830</b>	<b>182,759</b>
Zakat	(344)	(671)
<b>Profit before taxation</b>	<b>83,486</b>	<b>182,088</b>
Taxation	(16,144)	(34,068)
<b>Profit after taxation</b>	<b>67,342</b>	<b>148,020</b>
Gain on disposal of a subsidiary	1,075,051	-
Professional and legal fees for the divestment of a subsidiary	(16,938)	(1,305)
<b>Profit from discontinued operations</b>	<b>1,125,455</b>	<b>146,715</b>

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

**B6. STATUS OF CORPORATE PROPOSALS (Cont.)**

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

	<b>The Group</b>	
	<b>31/12/2022</b>	31/12/2021
<u>Statements of Cash Flows</u>	<b>RM'000</b>	RM'000
Net cash (used in)/generated from operating activities	<b>(245,340)</b>	459,823
Net cash generated from/(used in) investing activities	<b>8,112</b>	(2,007)
Net cash used in financing activities	<b>(102,538)</b>	(182,169)
Net (decrease)/increase in cash generated by the discontinued operation	<b>(339,766)</b>	275,647

- b) **Disposals of 21% equity interest in AXA Affin Life Insurance Berhad ('AALI') and 2.95% equity interest in AXA Affin General Insurance Berhad ('AAGI') and proposed merger of the businesses of MPI Generali Insurans Berhad and AAGI.**

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

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

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

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

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

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

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

Following the completion of the AALI Disposal and AAGI Disposal, the Bank entered into a business transfer agreement with Generali, MPI Generali Insurans Berhad ('MPIG') and AAGI where AAGI will acquire certain assets and liabilities of MPIG via a business transfer to AAGI ('Proposed Merger') on 9 December 2022. The Proposed Merger will result in a dilution of the Bank's shareholding in AAGI from 47% to 30% in the enlarged AAGI and is expected to be completed in 2023.

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

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

	The Group		The Bank	
	31/12/2022 RM'000	31/12/2021 RM'000	31/12/2022 RM'000	31/12/2021 RM'000
<b>(i) <u>Deposits from Customers</u></b>				
<u>By Type of Deposit:</u>				
Demand Deposits	<b>11,073,400</b>	10,330,348	<b>6,182,379</b>	5,293,917
Savings Deposits	<b>4,176,804</b>	3,209,798	<b>2,701,194</b>	2,097,858
Fixed Deposits	<b>47,730,252</b>	42,389,800	<b>26,513,154</b>	24,202,589
Commodity Murabahah Deposits	<b>1,238,215</b>	1,122,215	-	-
Money Market Deposits	<b>415,034</b>	890,076	<b>415,034</b>	890,076
Negotiable Instruments of Deposits ('NID')	<b>263,369</b>	757,323	<b>263,369</b>	757,323
Others	<b>97,976</b>	94,844	-	-
	<b>64,995,050</b>	58,794,404	<b>36,075,130</b>	33,241,763
<u>By Maturity structure of fixed deposits, NID and others:</u>				
Due within six months	<b>34,347,860</b>	27,663,419	<b>17,977,704</b>	15,138,077
Six months to one year	<b>13,438,321</b>	13,890,498	<b>8,083,231</b>	8,703,922
One year to three years	<b>223,683</b>	1,665,795	<b>713,795</b>	1,098,211
Three years to five years	<b>1,940</b>	21,760	<b>1,793</b>	19,302
Five years and above	<b>79,793</b>	495	-	400
	<b>48,091,597</b>	43,241,967	<b>26,776,523</b>	24,959,912
<u>By Type of Customer:</u>				
Government and statutory bodies	<b>11,150,332</b>	11,452,139	<b>1,313,722</b>	2,548,186
Business enterprises	<b>18,036,571</b>	13,076,924	<b>10,202,954</b>	7,312,456
Individuals	<b>31,054,474</b>	27,927,505	<b>22,407,042</b>	20,441,760
Domestic Banking institutions	<b>371,612</b>	766,407	<b>371,362</b>	766,180
Domestic non-Banking financial institutions	<b>2,833,080</b>	4,117,877	<b>602,036</b>	1,092,798
Foreign entities	<b>552,973</b>	572,870	<b>429,923</b>	445,170
Others	<b>996,008</b>	880,682	<b>748,091</b>	635,213
	<b>64,995,050</b>	58,794,404	<b>36,075,130</b>	33,241,763
<b>(ii) <u>Deposits and placement of Banks and other financial institutions</u></b>				
<u>By Type of Institution:</u>				
Licensed Banks	<b>866,809</b>	340,197	<b>474,046</b>	210,249
Licensed investment Banks	<b>657,559</b>	521,830	<b>448,948</b>	407,405
Other financial institutions	<b>1,839,788</b>	2,004,013	<b>262,126</b>	1,660,069
	<b>3,364,156</b>	2,866,040	<b>1,185,120</b>	2,277,723
<u>By Maturity structure of deposits:</u>				
Due within six months	<b>3,142,856</b>	2,866,040	<b>1,185,120</b>	2,277,723
Six months to one year	<b>221,300</b>	-	-	-
	<b>3,364,156</b>	2,866,040	<b>1,185,120</b>	2,277,723
<b>(iii) <u>Lease Liabilities</u></b>				
At beginning of financial year	<b>36,872</b>	50,528	<b>29,232</b>	31,842
Additions	<b>52,909</b>	21,573	<b>48,268</b>	20,907
Interest/Profit expense	<b>2,674</b>	1,837	<b>1,589</b>	1,210
Lease payments	<b>(41,064)</b>	(37,066)	<b>(33,649)</b>	(24,727)
Disposal of subsidiary	<b>(2,158)</b>	-	-	-
At end of the financial year	<b>49,233</b>	36,872	<b>45,440</b>	29,232

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

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

	The Group		The Bank	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
(iv) <b>Borrowings and Sukuk</b>	RM'000	RM'000	RM'000	RM'000
(a) Tier-2 Subordinated Medium Term Notes ('MTN')	510,890	2,035,845	510,890	2,035,845
(b) Additional Tier-1 Capital Securities ('AT1CS')	512,315	512,236	512,315	512,236
(c) Additional Tier-1 Sukuk Wakalah ('AT1S')	303,425	303,425	-	-
(d) MTN Tier-2 Sukuk Murabahah	455,768	451,569	-	-
(e) Senior Sukuk	751,541	-	-	-
	<b>2,533,939</b>	3,303,075	<b>1,023,205</b>	2,548,081
Fair value changes arising from fair value hedges	<b>(4,008)</b>	-	<b>(4,008)</b>	-
	<b>2,529,931</b>	3,303,075	<b>1,019,197</b>	2,548,081

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

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

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

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

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

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

(d) MTN Tier-2 Sukuk Murabahah

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

(e) Senior Sukuk

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

**B8. MATERIAL LITIGATION**

There is no material litigation during the financial period ended 31 December 2022.

**B9. DIVIDENDS**

The Board proposed a single-tier dividend of 7.77 sen per ordinary share ('Proposed Dividend') in respect of the current financial year ended 31 December 2022, amounting to dividend payable of RM176,681,185 (based on ordinary shares issued share capital of 2,273,889,127 ordinary shares at 31 December 2022).

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

**B10. EARNINGS PER SHARE**

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

<b>The Group</b>	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>31/12/2022</b>	<b>31/12/2021</b>	<b>31/12/2022</b>	<b>31/12/2021</b>
<b><u>Continuing operations</u></b>				
Net profit attributable to the equity holders of the Bank (RM'000)	<b>138,598</b>	180,566	<b>199,732</b>	433,608
Weighted average number of ordinary shares in issue	<b>2,167,445,165</b>	2,110,962,954	<b>2,167,445,165</b>	2,110,962,954
Basic earnings per share (sen)	<b>6.39</b>	8.55	<b>9.22</b>	20.54
<b><u>Discontinued operations</u></b>				
Profit attributable to the equity holders of the Bank (RM'000)	<b>(334)</b>	26,281	<b>1,100,491</b>	93,326
Weighted average number of ordinary shares in issue	<b>2,167,445,165</b>	2,110,962,954	<b>2,167,445,165</b>	2,110,962,954
Basic earnings per share (sen)	<b>(0.02)</b>	1.24	<b>50.77</b>	4.42
<b><u>The Bank</u></b>				
Net profit attributable to the equity holders of the Bank (RM'000)	<b>1,340,143</b>	194,973	<b>1,270,538</b>	385,244
Weighted average number of ordinary shares in issue	<b>2,167,445,165</b>	2,110,962,954	<b>2,167,445,165</b>	2,110,962,954
Basic earnings per share (sen)	<b>61.83</b>	9.24	<b>58.62</b>	18.25

There were no dilutive potential ordinary shares outstanding as at 31 December 2022. As a result, the diluted EPS equal to the basic EPS for the financial year ended 31 December 2022 and 31 December 2021.