

AFFIN BANK BERHAD
Registration No. 197501003274 (25046-T)
Condensed Interim Financial Statements
Unaudited Statements of Financial Position as at 30 September 2023

	Note	The Group		The Bank	
		30/9/2023 RM'000	31/12/2022 RM'000	30/9/2023 RM'000	31/12/2022 RM'000
ASSETS					
Cash and short-term funds		4,209,162	4,903,601	3,557,764	1,986,132
Deposits and placements with Banks and other financial institutions		757,873	301,438	644,969	251,389
Investment accounts due from designated financial institutions		-	-	3,071,182	2,719,680
Financial assets at fair value through profit or loss (FVTPL)	A9	2,951,960	544,503	2,925,624	508,433
Derivative financial assets	A29	498,781	495,389	570,268	407,517
Financial investments at fair value through other comprehensive income ('FVOCI')	A10	8,892,986	3,782,504	3,387,526	206,993
Financial investments at amortised cost ('AC')	A11	16,296,466	16,853,101	11,420,968	12,229,974
Loans, advances and financing	A12	62,821,327	57,931,856	33,286,469	30,557,921
Trade receivables	A13	405,777	405,401	-	-
Other assets	A14	640,255	460,851	384,393	265,246
Amount due from subsidiaries		-	-	12,431	5,835
Amount due from joint ventures		3,749	455	-	-
Tax recoverable		217,329	168,480	140,623	109,350
Deferred tax assets		169,399	233,973	76,733	125,964
Statutory deposits with Bank Negara Malaysia		1,368,436	1,250,872	773,834	749,272
Investment in subsidiaries		-	-	3,203,899	3,203,899
Investment in associates		838,847	794,779	667,279	642,679
Property and equipment		1,408,736	1,306,725	1,393,291	1,293,824
Right-of-use assets		52,749	57,580	45,968	51,937
Intangible assets		615,615	629,369	169,897	183,219
TOTAL ASSETS		102,149,447	90,120,877	65,733,118	55,499,264
LIABILITIES AND EQUITY					
Deposits from customers	B7	71,629,753	64,995,050	41,649,875	36,075,130
Investment accounts of customers		488	859	-	-
Deposits and placements of Banks and other financial institutions	B7	6,705,284	3,364,156	5,003,146	1,185,120
Obligation on securities sold under repurchase agreements		4,494,354	4,813,407	3,658,000	4,813,407
Derivative financial liabilities	A29	197,452	542,254	295,461	436,209
Bills and acceptances payable		26,528	35,471	26,528	35,471
Recourse obligation on loans/financing sold to Cagamas Berhad		3,700,344	1,073,871	2,589,529	1,073,871
Trade payables		290,828	338,867	-	-
Lease liabilities	B7	46,806	49,233	40,190	45,440
Other liabilities	A15	1,525,785	1,748,943	836,422	833,972
Amount due to subsidiaries		-	-	684,827	300,371
Provision for taxation		18	7	-	-
Borrowings and Sukuk	B7	2,531,794	2,529,931	999,090	1,019,197
TOTAL LIABILITIES		91,149,434	79,492,049	55,783,068	45,818,188

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 2022.

AFFIN BANK BERHAD
Registration No. 197501003274 (25046-T)
Condensed Interim Financial Statements
Unaudited Statements of Financial Position as at 30 September 2023

	Note	The Group		The Bank	
		30/9/2023 RM'000	31/12/2022 RM'000	30/9/2023 RM'000	31/12/2022 RM'000
EQUITY					
Share capital		5,371,044	5,245,447	5,371,044	5,245,447
Reserves:-					
FVOCI revaluation reserves	A16	104,419	44,806	180,979	166,472
Regulatory reserves	A16	271,114	479,799	205,071	416,620
Retained profits	A16	5,253,436	4,858,776	4,192,956	3,852,537
Equity attributable to equity holders of the Bank		11,000,013	10,628,828	9,950,050	9,681,076
TOTAL LIABILITIES AND EQUITY		102,149,447	90,120,877	65,733,118	55,499,264
COMMITMENTS AND CONTINGENCIES	A28	92,410,826	56,647,807	69,415,204	42,276,944
CAPITAL ADEQUACY RATIOS	A30				
<u>With transitional arrangements</u>					
CET 1 capital ratio		14.379%	15.700%	13.203%	14.753%
Tier 1 capital ratio		15.613%	17.090%	14.387%	16.133%
Total capital ratio		18.083%	19.539%	15.659%	17.333%
CET 1 capital ratio (net of proposed dividends)		14.379%	15.597%	13.203%	14.588%
Tier 1 capital ratio (net of proposed dividends)		15.613%	16.986%	14.387%	15.968%
Total capital ratio (net of proposed dividends)		18.083%	19.435%	15.659%	17.169%
Net assets per share attributable to equity holders of the Bank (RM)		4.69	4.67	4.24	4.26

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 2022.

AFFIN BANK BERHAD
Registration No. 197501003274 (25046-T)
Condensed Interim Financial Statements
Unaudited Income Statements for the Financial Quarter Ended 30 September 2023

The Group	Note	Individual Quarter Ended		Cumulative Quarter Ended	
		30/9/2023 RM'000	30/9/2022 RM'000	30/9/2023 RM'000	30/9/2022 RM'000
Interest income	A17	679,776	545,233	1,934,179	1,474,821
Interest expense	A18	(510,331)	(278,744)	(1,328,570)	(719,619)
Net interest income		169,445	266,489	605,609	755,202
Income from Islamic banking business		144,913	190,223	444,285	503,564
		314,358	456,712	1,049,894	1,258,766
Fee and commission income		59,829	58,340	196,444	183,669
Fee and commission expense		(3,120)	(2,481)	(8,082)	(6,743)
Net fee and commission income	A19	56,709	55,859	188,362	176,926
Net gains on financial instruments	A20	83,110	11,433	135,591	41,759
Other income	A21	46,264	10,485	125,743	10,143
Net income		500,441	534,489	1,499,590	1,487,594
Other operating expenses	A22	(374,307)	(368,286)	(1,020,735)	(973,668)
Operating profit before allowances		126,134	166,203	478,855	513,926
Allowances for credit impairment losses	A23	(26,424)	(233,545)	(63,902)	(268,131)
Allowances for impairment losses on other assets	A24	(978)	(82,390)	-	(85,846)
Operating profit		98,732	(149,732)	414,953	159,949
Share of results of joint venture		-	(3,210)	-	849
Share of results of associates		7,322	(1,456)	37,415	24,298
Profit before zakat and taxation		106,054	(154,398)	452,368	185,096
Zakat		(1,972)	(1,983)	(2,629)	(2,150)
Profit before taxation		104,082	(156,381)	449,739	182,946
Taxation	B5	(3,631)	(37,124)	(87,083)	(121,812)
Profit from continuing operations		100,451	(193,505)	362,656	61,134
Profit from discontinued operation		-	1,070,143	-	1,125,789
Net profit after zakat and taxation		100,451	876,638	362,656	1,186,923
Attributable to :-					
Equity holders of the Bank		100,451	872,365	362,656	1,161,959
Non-controlling interest		-	4,273	-	24,964
		100,451	876,638	362,656	1,186,923
Attributable to equity holders of the Bank :-					
- Continuing operations		100,451	(193,505)	362,656	61,134
- Discontinued operations		-	1,065,870	-	1,100,825
		100,451	872,365	362,656	1,161,959
Basic earnings per share (sen) attributable to the equity holders of the Bank					
- Continuing operations	B10	4.38	(8.99)	15.80	2.84
- Discontinued operations	B10	-	49.53	-	51.16

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 2022.

AFFIN BANK BERHAD
Registration No. 197501003274 (25046-T)
Condensed Interim Financial Statements
Unaudited Statements of Comprehensive Income
for the Financial Quarter Ended 30 September 2023

	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2023 RM'000	30/9/2022 RM'000	30/9/2023 RM'000	30/9/2022 RM'000
The Group				
Profit after zakat and taxation	100,451	876,638	362,656	1,186,923
Other comprehensive income:				
<u>Items that may be reclassified subsequently to profit or loss :</u>				
- Net fair value change in financial investments at FVOCI (debt instruments)	(8,811)	(13,550)	57,151	(95,557)
- Net credit impairment loss change in financial investments at FVOCI (debt instruments)	4,119	16	7,760	259
- Net gains on financial investments measured at FVOCI reclassified to profit or loss on disposal (debt instruments)	(326)	-	(1,714)	(2,380)
- Exchange differences on translation of foreign operations	-	(39)	-	(39)
- Deferred tax on financial investments at FVOCI	(23)	1,079	(9,973)	23,492
- Share of other comprehensive income of joint venture	-	526	-	6,363
- Share of other comprehensive (loss)/income of associates	(1,093)	(986)	5,545	(22,080)
<u>Items that may not be reclassified subsequently to profit or loss :</u>				
- Net fair value change in financial investments designated at FVOCI (equity instruments)	-	9,541	844	5,798
Other comprehensive income/(loss) for the financial period, net of tax	(6,134)	(3,413)	59,613	(84,144)
Total comprehensive income for the financial period	94,317	873,225	422,269	1,102,779
Total comprehensive income for the financial period attributable to:				
- Equity holders of the Bank	94,317	868,952	422,269	1,077,815
- Non-controlling interest	-	4,273	-	24,964
	94,317	873,225	422,269	1,102,779
Total comprehensive income attributable to the equity holders of the Bank:				
- Continuing operations	94,317	(196,918)	422,269	(23,010)
- Discontinued operations	-	1,065,870	-	1,100,825
	94,317	868,952	422,269	1,077,815

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 2022.

AFFIN BANK BERHAD
Registration No. 197501003274 (25046-T)
Condensed Interim Financial Statements
Unaudited Income Statements for the Financial Quarter Ended 30 September 2023

	Note	Individual Quarter Ended		Cumulative Quarter Ended	
		30/9/2023 RM'000	30/9/2022 RM'000	30/9/2023 RM'000	30/9/2022 RM'000
The Bank					
Interest income	A17	617,521	493,861	1,749,040	1,347,912
Interest expense	A18	(459,854)	(248,845)	(1,190,822)	(647,875)
Net interest income		157,667	245,016	558,218	700,037
Fee and commission income		34,821	38,422	126,118	110,895
Fee and commission expense		(3,120)	(2,481)	(8,082)	(6,743)
Net fee and commission income	A19	31,701	35,941	118,036	104,152
Net gains on financial instruments	A20	50,860	(221)	83,392	6,012
Other income	A21	198,871	7,845	319,807	4,482
Net income		439,099	288,581	1,079,453	814,683
Other operating expenses	A22	(262,453)	(263,746)	(706,229)	(651,906)
Operating profit before allowances		176,646	24,835	373,224	162,777
Allowances for credit impairment losses	A23	(37,919)	(205,058)	(52,052)	(210,746)
Allowances for impairment losses on other assets	A24	-	(1,891)	-	(3,152)
Profit before zakat and taxation		138,727	(182,114)	321,172	(51,121)
Zakat		-	-	-	-
Profit before taxation		138,727	(182,114)	321,172	(51,121)
Taxation	B5	25,865	12,573	(15,621)	(18,484)
Net profit after taxation		164,592	(169,541)	305,551	(69,605)
Earnings per share (sen) attributable to the equity holders of the Bank					
- basic	B10	7.17	(7.88)	13.31	(3.23)

The Condensed Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and the Bank for the financial year ended 31 December 2022.

AFFIN BANK BERHAD
Registration No. 197501003274 (25046-T)
Condensed Interim Financial Statements
Unaudited Statements of Comprehensive Income
for the Financial Quarter Ended 30 September 2023

	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2023 RM'000	30/9/2022 RM'000	30/9/2023 RM'000	30/9/2022 RM'000
The Bank				
Profit after zakat and taxation	164,592	(169,541)	305,551	(69,605)
Other comprehensive income:				
<u>Items that may be reclassified subsequently to profit or loss :</u>				
- Net fair value change in financial investments at FVOCI (debt instruments)	1,020	5,620	10,080	-
- Net credit impairment loss change in financial investments at FVOCI (debt instruments)	2,821	-	3,514	-
- Deferred tax on financial investments at FVOCI	(1,262)	-	913	-
<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)	-	3,380	-	3,380
Other comprehensive income for the financial period, net of tax	2,579	9,000	14,507	3,380
Total comprehensive income/(loss) for the financial period	167,171	(160,541)	320,058	(66,225)

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 2022.

AFFIN BANK BERHAD
Registration No. 197501003274 (25046-T)
Unaudited Condensed Consolidated Statements Of Changes In Equity
for the Financial Quarter Ended 30 September 2023

The Group	<-- Attributable to Equity Holders of the Bank -->				
	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Total equity RM'000
At 1 January 2023	5,245,447	44,806	479,799	4,858,776	10,628,828
Net profit for the financial period	-	-	-	362,656	362,656
Other comprehensive income (net of tax) :					
- Financial investments at FVOCI	-	54,068	-	-	54,068
- Share of other comprehensive income of associates	-	5,545	-	-	5,545
Total comprehensive income for the financial period	-	59,613	-	362,656	422,269
Issuance of new shares	125,597	-	-	-	125,597
Transfer from regulatory reserves	-	-	(208,685)	208,685	-
Dividends	-	-	-	(176,681)	(176,681)
At 30 September 2023	5,371,044	104,419	271,114	5,253,436	11,000,013

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 2022.

AFFIN BANK BERHAD
Registration No. 197501003274 (25046-T)
Unaudited Condensed Consolidated Statements Of Changes In Equity
for the Financial Quarter Ended 30 September 2023

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

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

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 2022.

AFFIN BANK BERHAD
Registration No. 197501003274 (25046-T)
Unaudited Condensed Consolidated Statements Of Changes In Equity
for the Financial Quarter Ended 30 September 2023

	<-----Non-distributable----->			< Distributable >	
	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Total equity RM'000
The Bank					
At 1 January 2023	5,245,447	166,472	416,620	3,852,537	9,681,076
Net profit for the financial period	-	-	-	305,551	305,551
Other comprehensive income (net of tax) :					
- Financial investments at FVOCI	-	14,507	-	-	14,507
Total comprehensive income for the financial period	-	14,507	-	305,551	320,058
Issuance of new shares	125,597	-	-	-	125,597
Transfer from regulatory reserves	-	-	(211,549)	211,549	-
Dividends	-	-	-	(176,681)	(176,681)
At 30 September 2023	5,371,044	180,979	205,071	4,192,956	9,950,050
At 1 January 2022	4,969,150	157,267	636,095	3,119,461	8,881,973
Net profit for the financial period	-	-	-	(69,605)	(69,605)
Other comprehensive income (net of tax) :					
- Financial investments at FVOCI	-	3,380	-	-	3,380
Total comprehensive income for the financial period	-	3,380	-	(69,605)	(66,225)
Issuance of new shares	162,412	-	-	-	162,412
Net gain on disposal of financial investment designated at FVOCI (equity instruments)	-	(9,000)	-	9,000	-
Transfer from regulatory reserves	-	-	(286,179)	286,179	-
Dividends	-	-	-	(265,508)	(265,508)
At 30 September 2022	5,131,562	151,647	349,916	3,079,527	8,712,652

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 2022.

AFFIN BANK BERHAD
Registration No. 197501003274 (25046-T)
Unaudited Condensed Consolidated Statements of Cash Flows
for the Financial Quarter Ended 30 September 2023

	The Group		The Bank	
	30/9/2023	30/9/2022	30/9/2023	30/9/2022
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation :-				
- Continuing operations	449,739	182,946	321,172	(51,121)
- Discontinued operations	-	1,141,933	-	-
	449,739	1,324,879	321,172	(51,121)
Adjustments for items not involving the movement of cash and cash equivalents	(497,223)	(849,487)	(618,147)	55,453
Operating profit before changes in working capital	(47,484)	475,392	(296,975)	4,332
Net changes in operating assets	(6,282,776)	(7,227,002)	(6,143,037)	(3,724,931)
Net changes in operating liabilities	9,306,339	7,544,870	8,677,457	6,153,153
Tax and zakat paid	(126,407)	(185,563)	(41,667)	(52,282)
Net cash generated from operating activities	2,849,672	607,697	2,195,778	2,380,272
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received :				
- financial investments at FVOCI	92,905	101,690	6,685	-
- financial investments at AC	315,846	270,656	1,257,723	283,461
Dividend income :				
- financial assets at FVTPL	2,256	1,734	1,302	-
- financial investments at FVOCI	922	922	2,454	732
- subsidiaries	-	-	151,295	845
Net purchase/redemption of :				
- financial investments at FVOCI	(5,004,782)	(64,298)	(3,128,135)	9,360
- financial investments at AC	(935,645)	(3,866,269)	(181,413)	(2,724,020)
Purchase of :				
- property and equipment	(146,574)	(234,182)	(141,097)	(230,769)
- intangible assets	(1,905)	(4,151)	(1,600)	(2,013)
Proceeds from disposal of :				
- property and equipment	316	2,561	-	-
- foreclosed properties	3,245	-	3,245	-
Partial disposal of equity interest in joint venture and associate	-	112,343	168,661	112,343
Lapse of the obligation to buy subsidiary's shares from non-controlling interest	-	5,169	-	-
Net cash inflow from disposal of subsidiary	-	769,051	-	-
Net cash used in from investing activities	(5,673,416)	(2,904,774)	(1,860,880)	(2,550,061)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	(500,000)	(2,000,000)	(500,000)	(2,000,000)
Drawdown of borrowings	500,000	500,000	500,000	500,000
Interest payment on borrowings	(84,183)	(145,712)	(59,450)	(114,326)
Payment of dividend to the equity holders of the Bank	(176,681)	(265,508)	(176,681)	(265,508)
Payment of dividend to non-controlling interest	-	(36,999)	-	-
Issuance of new shares	125,597	162,412	125,597	162,412
Proceeds from recourse obligation on loans/financing sold to Cagamas Berhad	2,555,686	433,756	1,467,907	433,756
Lease payments	(19,447)	(28,549)	(16,561)	(22,379)
Net cash generated from/(used in) financing activities	2,400,972	(1,380,600)	1,340,812	(1,306,045)
Net (decrease)/increase in cash and cash equivalents	(422,772)	(3,677,677)	1,675,710	(1,475,834)
Effects of foreign exchange	320,150	47,885	289,502	46,765
Cash and cash equivalents at beginning of the financial period	5,005,328	7,422,090	2,237,521	3,352,536
Cash and cash equivalents at end of the financial period	4,902,706	3,792,298	4,202,733	1,923,467
Cash and cash equivalents comprise the following :				
Cash and short-term funds	4,209,162	3,857,372	3,557,764	1,923,467
Deposits and placements of banks and other financial institutions	757,873	-	644,969	-
	4,967,035	3,857,372	4,202,733	1,923,467
Less : Amount held on behalf of commissioned dealer's representatives	(64,329)	(65,074)	-	-
	4,902,706	3,792,298	4,202,733	1,923,467

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 2022.

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

A1. BASIS OF PREPARATION

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

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

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

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2022. 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 2022.

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 quarter ended 31 December 2022, 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 2023:

- Amendments on disclosure of accounting policies (Amendments to MFRS 101 'Presentation of Financial Statements' and MFRS Practice Statement 2). The amendments to MFRS 101 require companies to disclose material accounting policies rather than significant accounting policies. Entities are expected to make disclosure of accounting policies specific to the entity and not generic disclosures on MFRS applications. The amendment explains an accounting policy is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Also, accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. Accordingly, immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. MFRS Practice Statement 2 was amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.
- Amendments on definition of accounting estimates (Amendments to MFRS 108 'Accounting Policies'). The amendments to MFRS 108, redefined accounting estimates as 'monetary amounts in financial statements that are subject to measurement uncertainty'. To distinguish from changes in accounting policies, the amendments clarify that effects of a change in an input or measurement technique used to develop an accounting estimate is a change in accounting estimate, if they do not arise from prior period errors. Examples of accounting estimates include expected credit losses; net realisable value of inventory; fair value of an asset or liability; depreciation for property, plant and equipment; and provision for warranty obligations.

A3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the audited financial statements for the financial year ended 31 December 2022 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.

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 Additional Tier-1 Capital Securities ("ATICS") pursuant to the RM3.0 billion ATICS Programme by AFFIN Bank

Issuance/ Redemption	Issuance Date	First Call Date	Maturity Date	Nominal Value	Description	Tenor
Issuance	23 June 2023	23 June 2028	23 June 2032	RM500.0 million	Additional Tier-1 Capital Securities ("ATICS")	10 years
Redemption	31 July 2018	31 July 2023	31 July 2028	RM500.0 million	Additional Tier-1 Capital Securities ("ATICS")	10 years

A8. DIVIDENDS PAID AND PROPOSED

No dividend has been proposed for the quarter under review.

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

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

	The Group		The Bank	
	30/9/2023	31/12/2022	30/9/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
At fair value				
<u>Money market instruments</u>				
Malaysian Government Treasury Bills	517,737	99,589	379,954	99,589
Cagamas Bonds/Sukuk	131,381	50,293	131,381	50,293
Negotiable Instruments of Deposit	1,308,033	233,043	1,736,126	233,043
Malaysian Government investment certificates	223,288	-	81,508	-
Bank Negara Malaysia Bills	399,966	-	399,966	-
	2,580,405	382,925	2,728,935	382,925
<u>Quoted securities:</u>				
Shares, warrants and REITs in Malaysia	173,527	34,631	-	-
Shares, warrants and REITs outside Malaysia	93	230	-	-
Unit Trusts in Malaysia	1,244	1,207	-	-
	174,864	36,068	-	-
<u>Unquoted securities:</u>				
Shares in Malaysia	115,602	110,395	115,602	110,395
Corporate Bonds/Sukuk in Malaysia	81,089	15,115	81,087	15,113
	196,691	125,510	196,689	125,508
	2,951,960	544,503	2,925,624	508,433

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

	The Group		The Bank	
	30/9/2023	31/12/2022	30/9/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
At fair value				
<u>Money market instruments:</u>				
Malaysian Government Securities	1,495,553	797,643	503,142	-
Malaysian Government Investment Issues	2,068,799	1,090,216	197,193	-
Cagamas Bonds/Sukuk	813,259	124,487	552,114	-
Khazanah Bonds/Sukuk	-	9,797	-	-
Negotiable Islamic Debt Certificates	299,564	-	299,564	-
Malaysian Government Treasury Bills	305,328	-	305,328	-
	4,982,503	2,022,143	1,857,341	-
<u>Unquoted securities:</u>				
Shares in Malaysia *	245,642	230,918	220,875	206,993
Corporate bonds/Sukuk in Malaysia #	3,009,364	1,529,443	836,081	-
Corporate Bonds/Sukuk outside Malaysia	655,477	-	473,229	-
	3,910,483	1,760,361	1,530,185	206,993
	8,892,986	3,782,504	3,387,526	206,993

* Equity securities designated at FVOCI.

Certain unquoted perpetual bonds are designated at FVOCI.

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

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

Debt instruments at FVOCI

Movements in expected credit losses for financial investments at FVOCI are as follows:

	12-Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Group				
30/9/2023				
At beginning of the financial period	817	18,125	-	18,942
Total transfer between stages due to change in credit risk:	(1,423)	1,423	-	
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(1,423)	1,423	-	-
Financial assets derecognised (other than write-off)	(380)	-	-	(380)
New financial assets purchased	4,725	-	-	4,725
Changes due to change in credit risk	(400)	3,813	-	3,413
Other adjustments:				
- Foreign exchange and other movements	2	-	-	2
At end of the financial period	3,341	23,361	-	26,702
31/12/2022				
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	373	-	-	373
At end of the financial year	817	18,125	-	18,942

	12-Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
The Bank				
30/9/2023				
At beginning of the financial period	-	-	-	-
Total transfer between stages due to change in credit risk:	(1,227)	1,227	-	
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(1,227)	1,227	-	-
Financial assets derecognised (other than write-off)	(305)	-	-	(305)
New financial assets purchased	3,100	-	-	3,100
Changes due to change in credit risk	(41)	758	-	717
Other adjustments:				
- Foreign exchange and other movements	2	-	-	2
At end of the financial period	1,529	1,985	-	3,514
31/12/2022				
At beginning/end of the financial year	-	-	-	-

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

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

	The Group		The Bank	
	30/9/2023	31/12/2022	30/9/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
<u>At amortised cost</u>				
Malaysian Government Treasury Bills	-	49,822	-	-
Malaysian Government Securities	3,639,738	3,635,264	3,572,072	3,568,139
Malaysian Government Investment Issues	5,605,925	5,742,314	3,073,641	3,077,857
Cagamas Bonds/Sukuk	121,260	272,271	81,068	181,624
Bank Negara Malaysia Sukuk	-	10,139	-	-
Negotiable Instruments of Deposit and Islamic Debt Certificates	-	-	201,859	754,595
	9,366,923	9,709,810	6,928,640	7,582,215
<u>Unquoted securities:</u>				
Shares in Malaysia	14,915	14,915	14,915	14,915
Corporate Bonds/Sukuk in Malaysia	6,395,729	6,715,837	3,987,383	4,227,952
Corporate Bonds/Sukuk outside Malaysia	622,185	481,153	585,473	466,137
Loan stock in Malaysia	8,076	15,560	-	-
	7,040,905	7,227,465	4,587,771	4,709,004
	16,407,828	16,937,275	11,516,411	12,291,219
Fair value changes arising from fair value hedges	(5,119)	(2,893)	(4,383)	(2,893)
	16,402,709	16,934,382	11,512,028	12,288,326
Less: ECL	(106,243)	(81,281)	(91,060)	(58,352)
	16,296,466	16,853,101	11,420,968	12,229,974

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

	12-Month	Lifetime ECL	Lifetime ECL	Total
	ECL	not credit	credit	
	Stage 1	impaired	impaired	
	RM'000	RM'000	RM'000	RM'000
30/9/2023				
The Group				
At beginning of the financial period	9,985	55,736	15,560	81,281
Total transfer between stages due to change in credit risk:	(377)	377	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(377)	377	-	-
Financial assets derecognised (other than write-off)	(946)	-	(7,064)	(8,010)
New financial assets purchased	265	-	-	265
Changes due to change in credit risk	1,618	31,488	-	33,106
Other adjustments : Foreign exchange and other movements	21	-	(420)	(399)
At end of the financial period	10,566	87,601	8,076	106,243
The Bank				
At beginning of the financial period	2,616	55,736	-	58,352
Total transfer between stages due to change in credit risk:	(189)	189	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(189)	189	-	-
Financial assets derecognised (other than write-off)	(493)	-	-	(493)
New financial assets purchased	118	-	-	118
Changes due to change in credit risk	1,558	31,504	-	33,062
Other adjustments : Foreign exchange and other movements	21	-	-	21
At end of the financial period	3,631	87,429	-	91,060
31/12/2022				
The Group				
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	2,748	(27,690)	-	(24,942)
Other adjustments : Foreign exchange and other movements	20	-	560	580
At end of the financial year	9,985	55,736	15,560	81,281
The Bank				
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	2,616	55,736	-	58,352

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) <u>BY TYPE</u>	The Group		The Bank	
	30/9/2023	31/12/2022	30/9/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
Overdrafts	2,320,465	2,101,930	1,559,075	1,401,411
Term loans/financing:				
- Housing loans/financing	19,456,402	17,070,281	9,462,228	7,741,034
- Hire purchase receivables	14,405,430	13,142,578	8,718,153	7,952,640
- Syndicated financing	2,219,874	1,806,320	818,808	539,422
- Other term loans/financing	17,114,137	16,242,173	8,545,237	8,436,896
Bills receivables	857,829	524,475	669,524	373,227
Trust receipts	267,100	118,989	250,302	105,019
Claims on customers under acceptances credits	2,819,329	2,674,388	1,767,226	1,887,330
Staff loans/financing (of which RM Nil to Directors)	214,401	215,411	89,251	92,774
Credit cards	411,637	366,556	340,818	305,699
Revolving credits	2,727,410	3,883,788	1,999,786	2,613,435
Margin financing	1,476,065	1,195,788	-	-
Gross loans, advances and financing	64,290,079	59,342,677	34,220,408	31,448,887
Less: ECL	(1,468,752)	(1,410,821)	(933,939)	(890,966)
Total net loans, advances and financing	62,821,327	57,931,856	33,286,469	30,557,921

Included in the Group's other term loans/financing before expected credit losses as at reporting date is RM56.8 million (2022: RM57.4 million) of term financing disbursed by AFFIN Islamic to joint venture AFFIN-i Nadayu Sdn Bhd.

(b) <u>BY MATURITY STRUCTURE</u>	The Group		The Bank	
	30/9/2023	31/12/2022	30/9/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
Maturing within one year	11,848,526	11,388,930	6,821,826	6,885,471
One year to three years	4,105,536	3,910,370	2,517,736	2,378,538
Three years to five years	5,947,252	5,750,025	3,992,161	3,915,002
Over five years	42,388,765	38,293,352	20,888,685	18,269,876
	64,290,079	59,342,677	34,220,408	31,448,887

(c) <u>BY TYPE OF CUSTOMER</u>	The Group		The Bank	
	30/9/2023	31/12/2022	30/9/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
Domestic banking institutions	14,916	10,452	14,916	10,452
Domestic non-banking institutions	599,028	534,770	168,419	165,925
Domestic business enterprises:				
- Small medium enterprises	10,827,840	10,288,102	7,784,893	7,466,478
- Others	12,501,869	13,339,035	7,553,190	8,121,386
Government and statutory bodies	858,744	795,660	1,517	6,444
Individuals	38,330,139	33,848,784	17,717,460	15,303,577
Other domestic entities	735	862	610	707
Foreign entities	1,156,808	525,012	979,403	373,918
	64,290,079	59,342,677	34,220,408	31,448,887

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

A12. LOANS, ADVANCES AND FINANCING (Cont.)

	The Group		The Bank	
	30/9/2023	31/12/2022	30/9/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
(d) <u>BY INTEREST / PROFIT RATE SENSITIVITY</u>				
Fixed rate:				
- Housing loans/financing	196,802	204,381	145,624	157,077
- Hire purchase receivables	14,406,534	13,143,921	8,718,153	7,952,640
- Other fixed rate loans/financing	1,415,943	1,472,212	510,773	474,818
Variable rate:				
- Base lending rate and base rate plus	29,655,552	29,245,941	15,150,746	14,404,061
- Cost plus	9,440,011	10,257,940	4,847,987	5,484,204
- Other variable rates	9,175,237	5,018,282	4,847,125	2,976,087
	64,290,079	59,342,677	34,220,408	31,448,887
(e) <u>BY ECONOMIC SECTOR</u>				
Primary agriculture	1,492,263	1,365,361	705,144	658,238
Mining and quarrying	174,311	226,642	54,456	78,390
Manufacturing	4,033,165	3,986,495	2,704,661	2,721,219
Electricity, gas and water supply	479,651	524,815	96,950	75,821
Construction	2,006,197	1,886,093	1,016,638	904,683
Real estate	4,958,761	5,319,183	3,617,331	3,832,281
Wholesale, retail trade, hotels and restaurants	5,942,640	5,514,688	4,586,487	4,208,002
Transport, storage and communication	2,370,775	2,049,447	1,524,489	1,450,534
Finance, insurance and business services	2,259,287	2,304,699	1,459,779	1,384,783
Education, health and others	2,078,644	2,180,709	629,850	747,224
Household	38,493,979	33,984,433	17,824,217	15,387,600
Others	406	112	406	112
	64,290,079	59,342,677	34,220,408	31,448,887
(f) <u>BY ECONOMIC PURPOSE</u>				
Purchase of securities	2,837,003	2,617,025	349,284	365,490
Purchase of transport vehicles	15,051,395	13,711,407	9,059,633	8,275,966
Purchase of landed properties of which:				
- Residential	19,771,732	17,403,630	9,602,635	7,891,028
- Non-residential	6,822,615	6,617,393	4,377,792	4,244,458
Fixed assets other than land and building	476,571	546,492	192,592	250,740
Personal use	3,475,395	2,743,248	665,962	625,008
Credit card	419,644	366,556	348,888	305,699
Consumer durable	248	334	-	4
Construction	2,437,139	2,261,816	1,487,384	1,321,128
Merger and acquisition	-	77,588	-	56,052
Working capital	11,297,749	11,320,779	6,999,872	7,273,936
Others	1,700,588	1,676,409	1,136,366	839,378
	64,290,079	59,342,677	34,220,408	31,448,887

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

A12. LOANS, ADVANCES AND FINANCING (Cont.)

	The Group		The Bank	
	30/9/2023	31/12/2022	30/9/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
(g) <u>BY GEOGRAPHICAL DISTRIBUTION</u>				
Perlis	126,824	127,996	22,323	22,862
Kedah	1,974,143	1,770,004	672,191	589,872
Pulau Pinang	4,056,154	3,597,189	2,341,241	2,159,262
Perak	1,769,473	1,674,743	871,703	848,537
Selangor	19,666,288	19,085,253	10,236,477	10,043,686
Wilayah Persekutuan	14,213,906	13,296,991	7,468,247	6,971,473
Negeri Sembilan	2,236,598	1,973,865	768,706	664,273
Melaka	1,175,516	1,121,516	676,136	664,916
Johor	9,046,929	7,985,757	5,545,376	4,786,541
Pahang	2,006,276	1,858,859	928,659	871,519
Terengganu	1,138,589	1,098,455	190,078	196,242
Kelantan	724,781	627,189	39,425	43,859
Sarawak	2,829,110	2,518,818	1,988,981	1,818,402
Sabah	2,443,779	2,340,854	1,630,027	1,520,315
Labuan	276,694	47,548	236,351	29,497
Outside Malaysia	605,019	217,640	604,487	217,631
	64,290,079	59,342,677	34,220,408	31,448,887
(h) <u>IMPAIRED LOANS, ADVANCES AND FINANCING</u>				
(i) <u>Movements of impaired loans, advances and financing</u>				
At beginning of the financial period/year	1,171,181	1,305,953	735,434	841,839
Classified as impaired	956,346	511,707	723,132	273,510
Reclassified as non-impaired	(765,552)	(293,450)	(467,498)	(150,186)
Amount recovered	(123,418)	(314,298)	(96,764)	(206,984)
Amount written-off	(55,321)	(122,762)	(28,750)	(84,431)
Other movements	2,466	84,031	-	61,686
At end of the financial period/year	1,185,702	1,171,181	865,554	735,434
Ratio of gross impaired loans, advances and financing to gross loans, advances and financing (*)	1.84%	1.97%	2.32%	2.58%

(*) For the Bank, RIA included in the ratio calculation amounting to RM3,051.0 million (2022: RM2,723.1 million) with impaired financing amounting to RM Nil (2022: RM145.6 million).

The outstanding contractual amounts of such assets written-off during the financial quarter amounting to RM55.3 million (2022: RM122.8 million) for the Group and RM28.8 million (2022: RM84.4 million) for the Bank respectively.

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

A12. LOANS, ADVANCES AND FINANCING (Cont.)

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

	The Group		The Bank	
	30/9/2023	31/12/2022	30/9/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
(ii) <u>Impaired loans by economic sector</u>				
Primary agriculture	9,342	18,955	9,054	18,657
Mining and quarrying	31,753	27,531	10,157	6,907
Manufacturing	32,143	49,997	25,121	41,763
Electricity, gas and water supply	6	-	1	-
Construction	164,613	99,804	107,930	46,338
Real estate	236,755	133,373	164,843	58,692
Wholesale, retail trade, hotels and restaurants	334,782	74,697	320,491	68,622
Transport, storage and communication	18,913	316,154	16,100	157,203
Finance, insurance and business services	24,521	24,251	18,435	20,731
Education, health and others	13,518	195,051	12,477	194,224
Household	319,356	231,368	180,945	122,297
	1,185,702	1,171,181	865,554	735,434
(iii) <u>Impaired loans by economic purpose</u>				
Purchase of securities	19,103	22,443	16	35
Purchase of transport vehicles	76,608	356,931	41,692	177,182
Purchase of landed properties of which:				
- Residential	244,198	157,364	145,313	79,071
- Non-residential	212,277	258,512	139,387	186,299
Fixed assets other than land and building	135	1,956	59	1,956
Personal use	17,150	16,360	6,695	7,390
Credit card	3,530	2,104	2,914	1,909
Construction	133,770	160,153	133,770	160,153
Working capital	454,033	185,038	377,038	117,270
Others	24,898	10,320	18,670	4,169
	1,185,702	1,171,181	865,554	735,434
(iv) <u>Impaired loans by geographical distribution</u>				
Perlis	4,211	3,572	430	81
Kedah	47,859	52,952	32,288	41,498
Pulau Pinang	129,937	56,812	120,523	47,091
Perak	14,600	10,651	8,328	5,569
Selangor	268,890	243,513	160,089	147,135
Wilayah Persekutuan	352,195	82,190	318,839	51,821
Negeri Sembilan	30,898	23,389	15,971	15,096
Melaka	128,725	38,930	120,816	20,520
Johor	88,694	258,135	27,760	203,596
Pahang	28,038	25,127	23,962	23,096
Terengganu	3,825	292,567	643	144,800
Kelantan	4,409	2,969	905	591
Sarawak	72,870	68,205	25,765	23,674
Sabah	10,519	12,135	9,203	10,832
Labuan	13	-	13	-
Outside Malaysia	19	34	19	34
	1,185,702	1,171,181	865,554	735,434

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

A12. LOANS, ADVANCES AND FINANCING (Cont.)

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

The Group	12-Month ECL	Lifetime ECL	Lifetime ECL	Total
		not credit impaired	credit impaired	
30/9/2023	Stage 1	Stage 2	Stage 3	RM'000
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial period	211,373	778,214	421,234	1,410,821
Total transfer between stages due to change in credit risk:	(166,986)	296,165	(129,179)	-
- Transfer to 12-month ECL (Stage 1)	33,448	(29,171)	(4,277)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(199,710)	389,445	(189,735)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(724)	(64,109)	64,833	-
Loans/financing derecognised (other than write-off)	(52,070)	(18,173)	(21,671)	(91,914)
New loans/financing originated or purchased	257,075	-	-	257,075
Changes due to change in credit risk	(37,367)	(279,868)	256,735	(60,500)
Write-off	-	-	(49,682)	(49,682)
Other adjustments	174	312	2,466	2,952
At end of the financial period	212,199	776,650	479,903	1,468,752

The Group	12-Month ECL	Lifetime ECL	Lifetime ECL	Total
		not credit impaired	credit impaired	
31/12/2022	Stage 1	Stage 2	Stage 3	RM'000
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial year	237,148	314,020	338,104	889,272
Total transfer between stages due to change in credit risk:	38,317	29,274	(67,591)	-
- Transfer to 12-month ECL (Stage 1)	89,510	(80,338)	(9,172)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(51,146)	127,435	(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)	465,820	172,723	525,562
Write-off	-	-	(84,397)	(84,397)
Other adjustments	92	243	84,031	84,366
At end of the financial year	211,373	778,214	421,234	1,410,821

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

A12. LOANS, ADVANCES AND FINANCING (Cont.)

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

The Bank	12-Month ECL	Lifetime ECL	Lifetime ECL	Total
		not credit impaired	credit impaired	
30/9/2023	Stage 1	Stage 2	Stage 3	RM'000
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial period	144,574	448,993	297,399	890,966
Total transfer between stages due to change in credit risk:	578	100,461	(101,039)	-
- Transfer to 12-month ECL (Stage 1)	16,813	(14,144)	(2,669)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(15,689)	165,265	(149,576)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(546)	(50,660)	51,206	-
Loans/financing derecognised (other than write-off)	(33,479)	(11,927)	(19,739)	(65,145)
New loans/financing originated or purchased	51,595	-	-	51,595
Changes due to change in credit risk	(21,984)	(99,787)	204,637	82,866
Write-off	-	-	(26,827)	(26,827)
Other adjustments	172	312	-	484
At end of the financial period	141,456	438,052	354,431	933,939

The Bank	12-Month ECL	Lifetime ECL	Lifetime ECL	Total
		not credit impaired	credit impaired	
31/12/2022	Stage 1	Stage 2	Stage 3	RM'000
	RM'000	RM'000	RM'000	RM'000
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
At end of the financial year	144,574	448,993	297,399	890,966

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

A13. TRADE RECEIVABLES

	The Group	
	30/9/2023	31/12/2022
	RM'000	RM'000
Amount due from stock-broking clients:		
- performing accounts	365,309	376,714
- impaired accounts (i)	119	941
Amount due from brokers	40,574	28,502
	406,002	406,157
Less: ECL (ii)	(225)	(756)
	405,777	405,401
(i) Movements of impaired trade receivables		
At beginning of the financial period/year	941	942
Classified as impaired	203	1,504
Amount written-back	(1,025)	(1,505)
At end of the financial period/year	119	941
(ii) Movements in ECL in trade receivables		
At beginning of the financial period/year	756	1,533
Allowance made	275	3,094
Amount written-back	(806)	(3,601)
Disposal of a subsidiary	-	(270)
At end of the financial period/year	225	756

A14. OTHER ASSETS

	The Group		The Bank	
	30/9/2023	31/12/2022	30/9/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
Other debtors	498,719	342,197	297,488	181,486
Prepayments and deposits	117,812	99,453	81,004	75,275
Foreclosed properties (i)	21,366	23,950	5,901	8,485
Transferrable membership	250	-	-	-
Clearing fund	2,735	-	-	-
Clearing guarantee fund	1,967	-	-	-
	642,849	465,600	384,393	265,246
Less: ECL (ii)	(2,594)	(4,749)	-	-
	640,255	460,851	384,393	265,246
(i) Foreclosed properties				
At beginning of the financial period/year	23,950	13,358	8,485	8,485
Purchased	-	13,240	-	-
Disposal	(2,584)	-	(2,584)	-
Diminution in value	-	(2,648)	-	-
At end of the financial period/year	21,366	23,950	5,901	8,485
(ii) Movements in ECL				
At beginning of the financial period/year			4,749	4,039
Allowance made			1,381	2,417
Amount written-back			(3,536)	(1,707)
At end of the financial period/year			2,594	4,749

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A15. OTHER LIABILITIES

	The Group		The Bank	
	30/9/2023 RM'000	31/12/2022 RM'000	30/9/2023 RM'000	31/12/2022 RM'000
BNM and CGC Funding programmes (a)	208,341	245,602	191,277	227,297
Margin and collateral deposits	120,999	122,545	101,202	102,946
Other creditors and accruals	148,073	164,622	44,934	84,038
Sundry creditors	518,319	308,594	361,383	233,550
Clearing accounts	11,070	473,836	11,070	22,525
Provision for zakat	4,076	3,474	466	190
Defined contribution plan (b)	53,143	31,552	51,591	30,210
Accrued employee benefits	107,447	139,849	45,869	103,084
Unearned income	18,635	20,716	14,015	15,584
Commissioned dealer's representatives trust balances	64,329	64,495	-	-
Securities borrowings and lending - borrow	173,768	71,962	-	-
Amounts payable to commissioned and salaried dealer's representatives	58,912	62,788	-	-
Add : ECL (c)				
- loan/financing commitments and financial guarantees	38,673	38,908	14,615	14,548
	1,525,785	1,748,943	836,422	833,972

(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 (2022: 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.

	Group		Bank	
	30/9/2023 RM'000	31/12/2022 RM'000	30/9/2023 RM'000	31/12/2022 RM'000
(c) Movement in ECL				
At beginning of financial period/year	38,908	56,914	14,548	31,322
Net remeasurement of loss allowance	(10,918)	(875)	(7,586)	1,548
New loan commitments and financial guarantees issued	10,893	10,244	7,653	7,354
Loan commitment and financial guarantees derecognised	(210)	(27,375)	-	(25,676)
At end of the financial period/year	38,673	38,908	14,615	14,548

A16. RESERVES

	Group		Bank	
	30/9/2023 RM'000	31/12/2022 RM'000	30/9/2023 RM'000	31/12/2022 RM'000
FVOCI revaluation reserves (a)	104,419	44,806	180,979	166,472
Regulatory reserves (b)	271,114	479,799	205,071	416,620
Retained profits	5,253,436	4,858,776	4,192,956	3,852,537
	5,628,969	5,383,381	4,579,006	4,435,629

(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.

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

A17. INTEREST INCOME

	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2023	30/9/2022	30/9/2023	30/9/2022
The Group	RM'000	RM'000	RM'000	RM'000
Loan, advances and financing	492,001	387,435	1,435,974	1,076,018
Money at call and deposits placements with financial institutions	37,360	28,064	70,713	54,015
Financial investments at FVOCI	56,386	27,602	127,532	82,325
Financial investments at AC	92,175	100,306	294,565	256,432
Others	1,854	1,826	5,395	6,031
	679,776	545,233	1,934,179	1,474,821
The Bank				
Loan, advances and financing	434,152	349,700	1,247,059	969,753
Money at call and deposits placements with financial institutions	64,441	37,300	163,403	93,468
Financial investments at FVOCI	24,134	-	37,691	-
Financial investments at AC	94,467	105,842	299,564	281,631
Others	327	1,019	1,323	3,060
	617,521	493,861	1,749,040	1,347,912

A18. INTEREST EXPENSE

	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2023	30/9/2022	30/9/2023	30/9/2022
The Group	RM'000	RM'000	RM'000	RM'000
Deposits from customers	386,740	213,864	1,025,471	560,846
Deposits and placements of banks and other financial institutions	46,213	11,611	102,290	26,203
Obligation on securities sold under repurchase agreements	31,632	20,864	98,121	39,157
Loans sold to Cagamas Berhad	23,319	7,920	47,751	21,727
Subordinated medium term notes	15,948	23,061	43,351	67,910
Others	6,479	1,424	11,586	3,776
	510,331	278,744	1,328,570	719,619
The Bank				
Deposits from customers	351,446	188,192	910,601	491,164
Deposits and placements of banks and other financial institutions	41,186	7,807	97,084	25,006
Obligation on securities sold under repurchase agreements	27,108	20,816	88,952	39,008
Loans sold to Cagamas Berhad	23,319	7,920	47,751	21,727
Subordinated medium term notes	15,948	23,061	43,351	67,910
Others	847	1,049	3,083	3,060
	459,854	248,845	1,190,822	647,875

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

	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2023 RM'000	30/9/2022 RM'000	30/9/2023 RM'000	30/9/2022 RM'000
The Group				
Fee and commission income:				
Net brokerage	15,995	13,171	45,169	52,943
Corporate advisory fees	1,906	1,755	3,389	4,111
Commission	13,347	11,889	37,220	37,113
Service charges and fees	18,100	22,933	78,875	62,012
Guarantee fees	3,466	3,596	10,629	11,794
Other fee income	5,886	4,055	17,460	11,640
Arrangement fees	25	526	1,286	2,781
Agency fees	457	415	1,769	1,275
Underwriting fees	647	-	647	-
	59,829	58,340	196,444	183,669
Fee and commission expenses:				
Commission and referral expense	(3,120)	(2,481)	(8,082)	(6,743)
Net fee and commission income	56,709	55,859	188,362	176,926
The Bank				
Fee and commission income:				
Commission	13,177	12,067	37,050	37,892
Service charges and fees	18,087	22,933	78,634	61,784
Guarantee fees	3,309	3,422	10,186	11,219
Other fee income	248	-	248	-
	34,821	38,422	126,118	110,895
Fee and commission expense:				
Commission and referral expense	(3,120)	(2,481)	(8,082)	(6,743)
Net fee and commission income	31,701	35,941	118,036	104,152

A20. NET GAINS ON FINANCIAL INSTRUMENTS

The Group				
Income from financial instruments:				
Gains/(Losses) arising on financial assets at FVTPL:				
- net gain on disposal	16,792	3,207	36,205	14,695
- unrealised loss	13,781	(2,415)	15,610	(18,619)
- interest income	33,853	10,064	51,932	26,388
- gross dividend income	1,916	541	2,256	1,549
Gains/(Losses) on derivatives instruments:				
- realised gain	(218)	63	1,574	1,197
- unrealised gain	6,166	(3,982)	11,155	11,590
- interest income/(expense)	1,775	456	4,227	(1,620)
Gain arising on financial investments at FVOCI:				
- net gain on disposal	1,811	-	4,165	2,417
- gross dividend income	260	260	922	922
Gains arising on financial investments at AC				
- net gain on redemption	-	-	62	1
Unrealised gain on fair value changes arising from fair value hedges	6,974	3,239	7,483	3,239
Net gains on financial instruments	83,110	11,433	135,591	41,759

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	
	30/9/2023	30/9/2022	30/9/2023	30/9/2022
	RM'000	RM'000	RM'000	RM'000
The Bank				
Income from financial instruments:				
Gains/(Losses) arising on financial assets at FVTPL:				
- net gain on disposal	6,028	(1,105)	11,362	(2,146)
- unrealised loss	(940)	(4,250)	9,112	(18,636)
- interest income	24,744	4,871	32,373	12,370
- gross dividend income	1,302	-	1,302	-
Gains/(Losses) on derivatives instruments:				
- realised	(3,048)	-	1,902	1,156
- unrealised	11,754	(3,193)	14,231	13,455
- interest income/(expense)	2,379	34	2,379	(4,159)
Gains arising on financial investments at FVOCI:				
- net gain on disposal	1,484	-	2,454	-
- gross dividend income	183	183	732	732
Gains arising on financial investments at AC				
- net gain on redemption	-	-	62	1
Unrealised gain on fair value changes arising from fair value hedges	6,974	3,239	7,483	3,239
Net gains on financial instruments	50,860	(221)	83,392	6,012

A21. OTHER INCOME

The Group				
Foreign exchange gains/(losses):				
- realised	112,704	27,051	(226,269)	(40,287)
- unrealised	(70,729)	(18,217)	320,150	46,586
Rental income	1,877	4	1,890	12
Gain on sale of property and equipment	(3)	221	(2)	407
Gain on disposal of foreclosed properties	661	-	661	-
Other non-operating income	1,754	1,426	4,313	3,425
Gain on disposal of associates	-	-	25,000	-
Total other income	46,264	10,485	125,743	10,143
The Bank				
Foreign exchange gains/(losses):				
- realised	46,259	23,708	(201,649)	(46,407)
- unrealised	(7,691)	(17,245)	289,502	46,765
Rental income	1,913	27	1,983	82
Gain on sale of property and equipment	(3)	-	(3)	-
Gain on disposal of foreclosed properties	661	-	661	-
Other non-operating income	7,732	1,355	21,701	3,197
Gross dividend received from subsidiaries	150,000	-	151,295	845
Gain on disposal of associates	-	-	56,317	-
Total other income	198,871	7,845	319,807	4,482

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A22. OTHER OPERATING EXPENSES

The Group	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2023 RM'000	30/9/2022 RM'000	30/9/2023 RM'000	30/9/2022 RM'000
<u>Personnel costs</u>				
Wages, salaries and bonus	190,505	181,680	488,387	469,087
Defined contribution plan	31,277	31,408	83,361	80,630
Other personnel costs	10,925	24,711	58,638	62,321
	232,707	237,799	630,386	612,038
<u>Promotion and marketing-related expenses</u>				
Business promotion and advertisement	5,108	4,763	13,826	14,206
Entertainment	(596)	1,440	1,415	3,811
Traveling and accommodation	1,136	1,417	3,133	2,559
Commission and brokerage expenses	4,359	1,460	9,731	4,435
Other marketing expenses	1,503	1,109	5,504	9,520
	11,510	10,189	33,609	34,531
<u>Establishment expenses</u>				
Equipment rental	945	(1,656)	2,179	-
Repair and maintenance	37,622	18,363	82,450	58,708
Depreciation of property and equipment	14,904	8,489	44,086	21,473
Depreciation of right-of-use assets	6,051	9,294	21,189	26,442
Amortisation of intangible assets	4,887	5,729	15,660	17,794
IT consultancy fee	-	11,221	238	42,909
Dataline rental	6,378	6,154	14,077	20,925
Security services	4,725	4,316	12,098	11,405
Electricity, water and sewerage	4,033	3,294	11,401	8,957
Insurance/Takaful and indemnities	6,489	4,002	19,633	13,439
Other establishment costs	10,230	5,291	23,588	10,950
	96,264	74,497	246,599	233,002
<u>General and administrative expenses</u>				
Telecommunication expenses	3,105	2,859	8,992	8,261
Auditors' remuneration:				
(i) Statutory audit fees	673	355	2,024	1,570
(ii) Regulatory related fees	-	14	-	24
(iii) Tax fees	-	474	6	474
(iv) Non-audit fees	167	-	500	170
Professional fees	4,563	19,672	11,311	24,011
Property and equipment written-off	1	-	3	109
Mail and courier charges	947	1,210	3,414	2,910
Stationery and consumables	2,360	2,634	8,708	7,269
Directors' fees and allowances	2,011	816	5,667	2,596
Donations	622	443	2,530	1,629
Settlement, clearing and bank charges	7,725	10,214	41,828	24,420
Stamp duties	48	45	182	148
Operational and litigation write-off expenses	1,673	10	1,678	12
Subscription fees	2,311	2,377	7,345	6,600
Other administration and general expenses	7,620	4,678	15,953	13,894
	33,826	45,801	110,141	94,097
Total other operating expenses	374,307	368,286	1,020,735	973,668

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A22. OTHER OPERATING EXPENSES (Cont.)

The Bank	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2023 RM'000	30/9/2022 RM'000	30/9/2023 RM'000	30/9/2022 RM'000
<u>Personnel costs</u>				
Wages, salaries and bonus	125,172	123,793	325,132	296,285
Defined contribution plan	22,119	21,677	58,158	52,158
Other personnel costs	11,596	21,155	43,685	46,915
	158,887	166,625	426,975	395,358
<u>Promotion and marketing-related expenses</u>				
Business promotion and advertisement	4,340	4,601	12,468	12,953
Entertainment	(301)	1,273	907	3,387
Travelling and accommodation	802	990	2,131	1,920
Commission and brokerage expenses	3,891	1,213	8,732	3,735
Others marketing expenses	195	628	2,990	7,447
	8,927	8,705	27,228	29,442
<u>Establishment expenses</u>				
Equipment rental	713	(1,302)	1,467	-
Repair and maintenance	28,863	8,211	56,793	32,270
Depreciation of property and equipment	14,122	7,413	41,626	18,483
Depreciation of right-of-use assets	4,697	7,571	16,233	22,481
Amortisation of intangible assets	4,676	5,458	14,921	16,909
IT consultancy fee	(90)	5,154	(33)	24,690
Dataline rental	4,148	4,219	7,375	15,083
Security services	3,648	2,918	8,900	7,125
Electricity, water and sewerage	2,992	1,352	8,158	3,236
Insurance/Takaful and indemnities	4,500	1,758	13,707	7,854
Other establishment costs	5,508	8,109	8,408	11,914
	73,777	50,861	177,555	160,045
<u>General and administrative expenses</u>				
Telecommunication expenses	588	779	1,663	2,075
Auditors' remuneration :				
(i) Statutory audit fees	450	312	1,350	1,136
(ii) Non-audit fees	150	269	452	419
Professional fees	262	19,287	2,133	20,716
Property and equipment written-off	(6)	-	(20)	109
Mail and courier charges	681	935	2,620	2,087
Stationery and consumables	1,433	1,782	5,917	4,626
Directors' fees and allowances	840	816	2,476	2,596
Donations	574	334	2,320	1,468
Settlement, clearing and bank charges	6,445	9,398	38,288	21,922
Stamp duties	47	44	128	142
Operational and litigation write-off expenses	1,673	10	1,678	12
Other administration and general expenses	7,725	3,589	15,466	9,753
	20,862	37,555	74,471	67,061
Total other operating expenses	262,453	263,746	706,229	651,906

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

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

	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2023	30/9/2022	30/9/2023	30/9/2022
	RM'000	RM'000	RM'000	RM'000
The Group				
ECL made on/(written-back) :				
- loans, advances and financing	49,550	242,775	80,108	348,520
- trade receivables	(23)	125	(531)	(816)
- securities and placements	6,723	(2,314)	31,999	(24,702)
- loan/financing commitments and financial guarantee	(822)	2,125	(236)	(18,796)
Bad debts and financing :				
- recovered	(30,198)	(37,551)	(53,420)	(65,272)
- written-off	1,194	28,385	5,982	29,197
	26,424	233,545	63,902	268,131
The Bank				
ECL made on/(written-back) :				
- loans, advances and financing	52,239	186,497	51,796	257,434
- securities and placements	6,726	(2,825)	36,222	(25,466)
- loan/financing commitments and financial guarantee	(902)	2,620	67	(17,032)
Bad debts and financing :				
- recovered	(20,762)	(10,068)	(40,353)	(33,511)
- written-off	618	28,834	4,320	29,321
	37,919	205,058	52,052	210,746

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

	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2023	30/9/2022	30/9/2023	30/9/2022
	RM'000	RM'000	RM'000	RM'000
The Group				
Allowance for impairment made/(written-back) on:				
- goodwill	-	74,644	-	74,644
- amount due from joint ventures	-	6,189	-	6,189
- other debtors	978	2,687	-	5,013
	978	82,390	-	85,846
The Bank				
Allowance for impairment made/(written-back) on:				
- other debtors	-	1,891	-	3,152

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

A25. SEGMENTAL INFORMATION ON REVENUE AND PROFIT

The segment analysis by activity for the individual and cumulative quarters ended 30 September 2023 and 30 September 2022 are as follows:

Current year's individual quarter ended 30 September 2023 :

	Continuing Operations					Total RM'000
	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Elimination RM'000	
Revenue						
External revenue	454,435	42,764	-	3,242	-	500,441
Intersegment revenue	129,861	28,016	-	222	(158,099)	-
Segment revenue	584,296	70,780	-	3,464	(158,099)	500,441
Operating expenses	(330,462)	(47,378)	-	(2,912)	6,445	(374,307)
of which :-						
Depreciation of property and equipment	(14,185)	(617)	-	(102)	-	(14,904)
Depreciation of right-of-use assets	(4,778)	(1,631)	-	(82)	440	(6,051)
Amortisation of intangible assets	(4,707)	(209)	-	29	-	(4,887)
(Allowances for)/write-back of impairment losses on loans, advances, financing and trade receivables/securities/other assets	(27,214)	(308)	-	-	120	(27,402)
Segment results	226,620	23,094	-	552	(151,534)	98,732
Share of results of associates (net of tax)	-	-	7,322	-	-	7,322
Profit before zakat and taxation	226,620	23,094	7,322	552	(151,534)	106,054
Zakat	(1,972)	-	-	-	-	(1,972)
Profit before taxation	224,648	23,094	7,322	552	(151,534)	104,082
Taxation						(3,631)
Net profit for the individual and cumulative quarter						100,451

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

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

The segment analysis by activity for the individual and cumulative quarters ended 30 September 2023 and 30 September 2022 are as follows (Cont.):

Preceding year's individual quarter ended 30 September 2022 :

	Continuing Operations					Total RM'000	Discontinued Operations RM'000	Total RM'000
	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Elimination RM'000			
Revenue								
External revenue	469,757	61,200	-	3,532	-	534,489	1,088,100	1,622,589
Intersegment revenue	4,973	(4,481)	-	175	(667)	-	-	-
Segment revenue	<u>474,730</u>	<u>56,719</u>	<u>-</u>	<u>3,707</u>	<u>(667)</u>	<u>534,489</u>	<u>1,088,100</u>	<u>1,622,589</u>
Operating expenses	(323,911)	(43,082)	-	(2,944)	1,651	(368,286)	(15,297)	(383,583)
of which :-								
Depreciation of property and equipment	(7,530)	(852)	-	(107)	-	(8,489)	11,787	3,298
Depreciation of right-of-use assets	(7,686)	(2,370)	-	(88)	850	(9,294)	115,600	106,306
Amortisation of intangible assets	(5,511)	(215)	-	(3)	-	(5,729)	(1,454)	(7,183)
(Allowances for)/write-back of impairment losses on loans, advances, financing and trade receivables/securities/other assets	(244,752)	3,558	-	-	(74,741)	(315,935)	-	(315,935)
Segment results	<u>(93,933)</u>	<u>17,195</u>	<u>-</u>	<u>763</u>	<u>(73,757)</u>	<u>(149,732)</u>	<u>1,072,803</u>	<u>923,071</u>
Share of results of joint venture (net of tax)	-	-	(3,210)	-	-	(3,210)	-	(3,210)
Share of results of associate (net of tax)	-	-	(1,456)	-	-	(1,456)	-	(1,456)
Profit before zakat and taxation	<u>(93,933)</u>	<u>17,195</u>	<u>(4,666)</u>	<u>763</u>	<u>(73,757)</u>	<u>(154,398)</u>	<u>1,072,803</u>	<u>918,405</u>
Zakat	(2,000)	17	-	-	-	(1,983)	(52)	(2,035)
Profit before taxation	<u>(95,933)</u>	<u>17,212</u>	<u>(4,666)</u>	<u>763</u>	<u>(73,757)</u>	<u>(156,381)</u>	<u>1,072,751</u>	<u>916,370</u>
Taxation						(37,124)	(2,608)	(39,732)
Net profit for the individual and cumulative quarter						<u>(193,505)</u>	<u>1,070,143</u>	<u>876,638</u>

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

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

The segment analysis by activity for the individual and cumulative quarters ended 30 September 2023 and 30 September 2022 are as follows (Cont.):

Current year's cumulative quarter ended 30 September 2023 :

	Continuing Operations					Total RM'000
	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Elimination RM'000	
Revenue						
External revenue	1,360,508	129,266	-	9,816	-	1,499,590
Intersegment revenue	163,750	38,773	-	615	(203,138)	-
Segment revenue	1,524,258	168,039	-	10,431	(203,138)	1,499,590
Operating expenses	(907,814)	(123,363)	-	(8,816)	19,258	(1,020,735)
of which :-						
Depreciation of property and equipment	(41,850)	(1,948)	-	(288)	-	(44,086)
Depreciation of right-of-use assets	(16,472)	(4,899)	-	(258)	440	(21,189)
Amortisation of intangible assets	(15,026)	(626)	-	(8)	-	(15,660)
(Allowances for)/write-back of impairment losses on loans, advances, financing and trade receivables/securities/other assets	(73,742)	9,667	-	-	173	(63,902)
Segment results	542,702	54,343	-	1,615	(183,707)	414,953
Share of results of joint venture (net of tax)	-	-	-	-	-	-
Share of results of associate (net of tax)	-	-	37,415	-	-	37,415
Profit before zakat and taxation	542,702	54,343	37,415	1,615	(183,707)	452,368
Zakat	(2,629)	-	-	-	-	(2,629)
Profit before taxation	540,073	54,343	37,415	1,615	(183,707)	449,739
Taxation						(87,083)
Net profit for the cumulative quarter						362,656

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

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

The segment analysis by activity for the individual and cumulative quarters ended 30 September 2023 and 30 September 2022 are as follows (Cont.):

Preceding year's cumulative quarter ended 30 September 2022 :

	Continuing Operations					Total RM'000	Discontinued Operations RM'000	Total RM'000
	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Elimination RM'000			
Revenue								
External revenue	1,300,917	177,497	-	9,180	-	1,487,594	1,243,005	2,730,599
Intersegment revenue	7,111	(4,655)	-	521	(2,977)	-	-	-
Segment revenue	1,308,028	172,842	-	9,701	(2,977)	1,487,594	1,243,005	2,730,599
Operating expenses	(842,030)	(126,518)	-	(8,236)	3,116	(973,668)	(100,691)	(1,074,359)
of which :-								
Depreciation of property and equipment	(18,821)	(2,451)	-	(201)	-	(21,473)	(1,885)	(23,358)
Depreciation of right-of-use assets	(22,827)	(4,203)	-	(262)	850	(26,442)	(2,085)	(28,527)
Amortisation of intangible assets	(17,069)	(717)	-	(8)	-	(17,794)	(952)	(18,746)
(Allowances for)/write-back of impairment losses on loans, advances, financing and trade receivables/securities/other assets	(280,890)	1,629	-	-	(74,716)	(353,977)	(37)	(354,014)
Segment results	185,108	47,953	-	1,465	(74,577)	159,949	1,142,277	1,302,226
Share of results of joint venture (net of tax)	-	-	849	-	-	849	-	849
Share of results of associate (net of tax)	-	-	24,298	-	-	24,298	-	24,298
Profit before zakat and taxation	185,108	47,953	25,147	1,465	(74,577)	185,096	1,142,277	1,327,373
Zakat	(2,000)	(150)	-	-	-	(2,150)	(344)	(2,494)
Profit before taxation	183,108	47,803	25,147	1,465	(74,577)	182,946	1,141,933	1,324,879
Taxation						(121,812)	(16,144)	(137,956)
Net profit for the cumulative quarter						61,134	1,125,789	1,186,923

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.

A27. CHANGES IN THE COMPOSITION OF THE GROUP

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

A28. COMMITMENTS AND CONTINGENCIES

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

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

	The Group		The Bank	
	Principal Amount		Principal Amount	
	30/9/2023	31/12/2022	30/9/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes *	496,466	500,774	377,036	381,708
Transaction-related contingent items	1,313,510	1,331,367	830,095	854,221
Short-term self-liquidating trade-related contingencies	950,429	413,248	77,580	112,285
Forward asset purchases	20,000	-	-	-
Irrevocable commitments to extend credit				
- Maturity less than one year	10,931,839	5,557,413	4,500,302	3,831,479
- Maturity more than one year	3,147,895	2,869,597	2,049,758	1,869,128
Foreign exchange related contracts #				
- Less than one year	55,082,859	26,850,314	47,120,650	21,557,832
- One year to less than five years	516,670	842,979	-	-
Interest rate related contracts #				
- Less than one year	2,713,598	2,535,790	2,043,598	1,595,790
- One year to less than five years	9,677,088	7,155,483	6,880,458	4,995,483
- Five years and above	1,153,897	670,000	1,036,672	670,000
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.	1,485,351	1,279,899	-	-
Lending of Banks' securities or the posting of securities as collateral by Banks, including instances where these arise out of repo-style transactions. (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions.	3,102,788	5,175,091	3,102,788	5,175,091
Unutilised credit card lines	1,666,287	1,458,431	1,396,267	1,233,927
Equity related contracts				
- Less than one year	152,149	-	-	-
	92,410,826	56,647,807	69,415,204	42,276,944

* Included in direct credit substitutes above are financial guarantee contracts of RM496.5 million and RM377.0 million at the Group and the Bank respectively (2022: RM500.8 million and RM381.7 million at the Group and the Bank respectively), of which fair value at the time of issuance is zero.

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

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

A29. DERIVATIVE FINANCIAL INSTRUMENTS (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 RM227.1 million (2022 : RM19.0 million), while the notional amount of interest rate contract was RM2,270.3 million (2022 : RM854.3 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 RM1,140.7 million (2022 : RM680.7 million) and RM339.9 million (2022 : RM262.6 million) respectively. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Liquidity risk

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

Cash Requirement of the Derivatives

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

Related Accounting Policies

The related accounting policies for off-balance sheet financial instruments applied in the condensed interim financial statements are consistent with those applied in the annual financial statements for the year ended 31 December 2022.

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:-

	< ----- Contract/Notional Amount ----- >				< ----- Positive Fair Value ----- >				< ----- Negative Fair Value ----- >			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
The Group												
As at 30 September 2023												
Trading derivatives												
Foreign exchange derivatives :												
- Currency forwards	7,781,594	176,635	-	7,958,229	144,873	6,005	-	150,878	17,008	1,048	-	18,056
- Currency swaps	47,263,261	224,627	-	47,487,888	205,345	2,035	-	207,380	37,674	6,840	-	44,514
- Currency options	70,166	-	-	70,166	578	-	-	578	562	-	-	562
- Cross currency interest rate swaps	-	8,932	106,476	115,408	-	127	1,369	1,165	-	122	1,243	1,365
Interest rate derivatives :												
- Interest rate swaps	2,713,598	3,752,835	5,805,150	12,271,583	9,884	35,752	92,813	138,449	9,482	27,891	57,896	95,269
Hedging derivatives												
- Interest rate swaps	-	-	1,273,000	1,273,000	-	-	331	331	-	-	6,312	6,312
Equity Derivatives	152,149	-	-	152,149	-	-	-	-	31,374	-	-	31,374
	57,980,768	4,163,029	7,184,626	69,328,423	360,680	43,919	94,513	498,781	96,100	35,901	65,451	197,452
As at 31 December 2022												
Trading derivatives												
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
Hedging derivatives												
- Interest rate swaps	-	-	700,000	700,000	-	-	45	45	-	-	2,355	2,355
	29,386,104	3,816,520	4,851,942	38,054,566	377,525	32,127	85,737	495,389	441,706	28,318	72,230	542,254

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

A29. DERIVATIVE FINANCIAL INSTRUMENTS (Cont.)

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

	< ----- Contract/Notional Amount ----- >				< ----- Positive Fair Value ----- >				< ----- Negative Fair Value ----- >			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
The Bank												
As at 30 September 2023												
Trading derivatives												
Foreign exchange derivatives :												
- Currency forwards	4,996,644	-	-	4,996,644	99,737	-	-	99,737	6,611	-	-	6,611
- Currency swaps	42,090,960	-	-	42,090,960	350,697	-	-	350,697	197,346	-	-	197,346
- Currency options	60,248	-	-	60,248	483	-	-	483	466	-	-	466
Interest rate derivatives :												
- Interest rate swaps	2,043,600	2,967,835	3,711,294	8,722,729	9,459	29,164	80,406	119,029	8,991	23,681	52,054	84,726
Hedging derivatives												
- Interest rate swaps	-	-	1,238,000	1,238,000	-	-	322	322	-	-	6,312	6,312
	49,191,452	2,967,835	4,949,294	57,108,581	460,376	29,164	80,728	570,268	213,414	23,681	58,366	295,461
As at 31 December 2022												
Trading derivatives												
Foreign exchange derivatives :												
- Currency forwards	3,816,746	-	-	3,816,746	10,612	-	-	10,612	115,692	-	-	115,692
- Currency swaps	17,741,086	-	-	17,741,086	293,397	-	-	293,397	231,343	-	-	231,343
Interest rate derivatives :												
- Interest rate swaps	1,595,790	2,017,988	2,947,495	6,561,273	8,221	17,337	77,905	103,463	10,551	15,735	60,533	86,819
Hedging derivatives												
- Interest rate swaps	-	-	700,000	700,000	-	-	45	45	-	-	2,355	2,355
	23,153,622	2,017,988	3,647,495	28,819,105	312,230	17,337	77,950	407,517	357,586	15,735	62,888	436,209

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

A30. 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 the Standardised Approach for Credit Risk and Market Risk, the Basic Indicator Approach for Operational Risk. In line with the transitional arrangements under the Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (Capital Components), the minimum capital adequacy requirement 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 the financial quarter ended 30 September 2023.

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

	The Group		The Bank	
	30/9/2023 RM'000	31/12/2022 RM'000	30/9/2023 RM'000	31/12/2022 RM'000
a) The components of CET 1, Tier 1 and Tier 2 capital :				
<u>CET 1</u>				
Paid-up share capital	5,371,044	5,245,447	5,371,044	5,245,447
Retained profits	5,152,985	4,858,776	4,028,364	3,852,537
Unrealised gains on FVOCI instruments	104,419	44,806	180,979	166,472
	10,628,448	10,149,029	9,580,387	9,264,456
Less: Regulatory adjustments:				
- Goodwill and other intangibles	(615,615)	(629,369)	(169,897)	(183,216)
- Deferred tax assets	(169,399)	(233,973)	(76,733)	(125,964)
- 55% of cumulative unrealised gains on FVOCI instruments	(57,431)	(24,644)	(99,539)	(91,560)
- Investment in subsidiaries, joint ventures and associates	(838,847)	(794,779)	(3,871,178)	(3,846,578)
- Other CET1 transitional adjustment	380,519	571,609	211,246	327,591
Total CET 1 Capital	9,327,675	9,037,873	5,574,286	5,344,729
<u>Additional Tier 1 Capital</u>				
Additional Tier 1 Capital	800,000	800,000	500,000	500,000
Total Tier 1 Capital	10,127,675	9,837,873	6,074,286	5,844,729
<u>Tier 2 Capital</u>				
Subordinated MTNs	955,000	955,000	500,000	500,000
Expected loss provisions [#]	647,276	454,429	382,062	280,013
Less: Regulatory adjustments:				
- Investment in capital instruments of unconsolidated financial and insurance entities	-	-	(345,000)	(345,000)
Total Tier 2 Capital	1,602,276	1,409,429	537,062	435,013
Total Capital	11,729,951	11,247,302	6,611,348	6,279,742
b) The breakdown of risk-weighted assets:				
Credit risk	58,076,691	52,982,623	38,541,514	33,967,295
Market risk	2,800,017	631,065	1,602,792	403,534
Operational risk	3,992,035	3,951,028	2,075,213	1,858,354
Total risk-weighted assets	64,868,743	57,564,716	42,219,519	36,229,183
c) Capital adequacy ratios:				
<u>With transitional arrangements</u>				
CET 1 capital ratio	14.379%	15.700%	13.203%	14.753%
Tier 1 capital ratio	15.613%	17.090%	14.387%	16.133%
Total capital ratio	18.083%	19.539%	15.659%	17.333%
CET 1 capital ratio (net of proposed dividends) ^{Note 1}	14.379%	15.597%	13.203%	14.588%
Tier 1 capital ratio (net of proposed dividends) ^{Note 1}	15.613%	16.986%	14.387%	15.968%
Total capital ratio (net of proposed dividends) ^{Note 1}	18.083%	19.435%	15.659%	17.169%

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

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

A30. CAPITAL ADEQUACY (Cont.)

	The Group		The Bank	
	30/9/2023	31/12/2022	30/9/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
c) Capital adequacy ratios (cont.):				
<u>Without transitional arrangements</u>				
CET 1 capital ratio	13.793%	14.707%	12.703%	13.848%
Tier 1 capital ratio	15.026%	16.097%	13.887%	15.228%
Total capital ratio	17.617%	18.907%	15.352%	16.828%
CET 1 capital ratio (net of proposed dividends) ^{Note 1}	13.793%	14.604%	12.703%	13.684%
Tier 1 capital ratio (net of proposed dividends) ^{Note 1}	15.026%	15.993%	13.887%	15.064%
Total capital ratio (net of proposed dividends) ^{Note 1}	17.617%	18.803%	15.352%	16.664%

Note 1 :

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

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

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

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

In accordance with BNM's Guidelines on Investment Account, the credit and market risk weighted on the assets funded by the RIA are included in calculation of capital adequacy for the Bank. As at 30 September 2023, RIA assets included in the Total Capital Ratio calculation amounted to RM3,051.0 million (2022: RM2,723.1 million).

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

	Economic Entity		The Bank	
	30/9/2023	31/12/2022	30/9/2023	31/12/2022
<u>With transitional arrangements</u>				
CET 1 capital ratio	12.516%	12.965%	12.516%	12.965%
Tier 1 capital ratio	13.984%	14.502%	13.984%	14.502%
Total capital ratio	19.027%	19.363%	19.027%	19.363%
<u>Without transitional arrangements</u>				
CET 1 capital ratio	11.748%	11.813%	11.748%	11.813%
Tier 1 capital ratio	13.216%	13.351%	13.216%	13.351%
Total capital ratio	18.301%	18.635%	18.301%	18.635%

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

	The Group		The Bank	
	30/9/2023	31/12/2022	30/9/2023	31/12/2022
<u>With transitional arrangements</u>				
CET 1 capital ratio	30.191%	42.923%	34.812%	55.446%
Tier 1 capital ratio	30.191%	42.923%	34.812%	55.446%
Total capital ratio	30.720%	43.516%	35.422%	56.214%
<u>Without transitional arrangements</u>				
CET 1 capital ratio	30.275%	42.127%	34.373%	54.413%
Tier 1 capital ratio	30.275%	42.127%	34.373%	54.413%
Total capital ratio	30.813%	42.720%	34.983%	55.181%

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

A31. FAIR VALUE MEASUREMENTS

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

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

The Group	Level 1	Level 2	Level 3	Total
30 September 2023	RM'000	RM'000	RM'000	RM'000
Financial Assets				
Financial assets at FVTPL:				
- Money market instruments	-	2,580,405	-	2,580,405
- Corporate bonds/Sukuk	-	81,089	-	81,089
- Shares and unit trusts	174,864	-	115,602	290,466
Derivative financial assets	-	498,781	-	498,781
Financial investments at FVOCI:				
- Money market instruments	-	4,982,503	-	4,982,503
- Corporate bonds/Sukuk	-	3,664,841	-	3,664,841
- Shares, unit trusts and REITs	-	-	245,642	245,642
	174,864	11,807,619	361,244	12,343,727
Financial Liabilities				
Derivative financial liabilities	-	197,452	-	197,452
Other liabilities - equities trading/call option	1,703	-	-	1,703
	1,703	197,452	-	199,155
31 December 2022				
Financial Assets				
Financial assets at FVTPL :				
- Money market instruments	-	382,925	-	382,925
- Corporate bonds/Sukuk	-	15,115	-	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
	36,068	4,445,015	341,313	4,822,396
Financial Liabilities				
Derivative financial liabilities	-	542,254	-	542,254
Other liabilities - equities trading	149	-	-	149
	149	542,254	-	542,403

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

A31. FAIR VALUE MEASUREMENTS (Cont.)

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
The Bank				
30 September 2023				
Financial Assets				
Financial assets at FVTPL:				
- Money market instruments	-	2,728,935	-	2,728,935
- Corporate bonds/Sukuk	-	81,087	-	81,087
- Unquoted shares	-	-	115,602	115,602
Derivative financial assets	-	570,268	-	570,268
Financial investments at FVOCI:				
- Money market instruments	-	1,857,341	-	1,857,341
- Corporate bonds/Sukuk	-	1,309,310	-	1,309,310
- Unquoted shares	-	-	220,875	220,875
	-	6,546,941	336,477	6,883,418
Financial Liabilities				
Derivative financial liabilities	-	295,461	-	295,461
31 December 2022				
Financial Assets				
Financial assets at FVTPL:				
- Money market instruments	-	382,925	-	382,925
- Unquoted shares	-	15,113	-	15,113
- Corporate bonds/Sukuk	-	-	110,395	110,395
Derivative financial assets	-	407,517	-	407,517
Financial investments at FVOCI:				
- Unquoted shares	-	-	206,993	206,993
	-	805,555	317,388	1,122,943
Financial Liabilities				
Derivative financial liabilities	-	436,209	-	436,209

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

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

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

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

A31. FAIR VALUE MEASUREMENTS (Cont.)

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

The Group and the Bank recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. Transfers between fair value hierarchy primarily due to change in the level of trading activity, change in observable market activity related to an input, reassessment of available pricing information and change in the significance of the unobservable input. There were no transfers between Level 1, 2 and 3 of the fair value hierarchy during the financial period (2022: RM Nil).

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

	The Group		The Bank	
	30/9/2023	31/12/2022	30/9/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial period/year	341,313	329,026	317,388	302,319
Sales/Redemption	-	(360)	-	(360)
Total gains/(losses) recognised in other comprehensive income	19,931	12,647	19,089	15,429
At end of the financial period/year	361,244	341,313	336,477	317,388

Effect of changes in significant unobservable assumptions to reasonably possible alternative

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

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

A32. OPERATIONS OF ISLAMIC BANKING - AFFIN ISLAMIC BANK BERHAD

(i) Unaudited Statements of Financial Position

	Economic Entity	
	30/9/2023 RM'000	31/12/2022 RM'000
ASSETS		
Cash and short-term funds	1,645,228	3,227,179
Deposits and placements with Banks and other financial institutions	450,889	50,049
Financial assets at fair value through profit or loss ('FVPTL')	195,698	-
Derivative financial assets	29,690	14,985
Financial investments at fair value through other comprehensive income ('FVOCI')	1,259,249	-
Financial investments at amortised cost ('AC')	4,507,208	4,849,793
Financing and other financing	27,712,515	25,803,930
Other assets	140,868	159,967
Amount due from holding company	681,747	297,504
Amount due from joint ventures	3,749	455
Taxation recoverable	44,266	21,603
Deferred tax assets	47,890	45,332
Statutory deposits with Bank Negara Malaysia	475,000	400,000
Property and equipment	1,662	1,570
Right-of-use assets	298	133
Intangible assets	28	524
TOTAL ASSETS	37,195,985	34,873,024
LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		
Deposits from customers	26,803,034	25,175,621
Investment accounts of customers	488	859
Deposits and placements of banks and other financial institutions	1,505,619	2,098,939
Investment accounts due to designated financial institutions	3,049,803	2,720,263
Derivative financial liabilities	11,274	37,736
Recourse obligation on financing sold to Cagamas Berhad	1,110,815	-
Other liabilities	271,299	579,144
Lease liabilities	335	573
Subordinated term financing and medium term notes	1,885,628	1,862,576
TOTAL LIABILITIES	34,638,295	32,475,711
ISLAMIC BANKING CAPITAL FUNDS		
Share capital	1,210,000	1,210,000
Reserves	1,347,690	1,187,313
Total Islamic Banking Capital Funds	2,557,690	2,397,313
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS	37,195,985	34,873,024
COMMITMENTS AND CONTINGENCIES	11,123,055	5,069,740

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

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

(ii) Unaudited Income Statements

	Economic Entity			
	Individual Quarter Ended 30/9/2023	30/9/2022	Cumulative Quarter Ended 30/9/2023	30/9/2022
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	366,574	306,553	1,069,831	815,696
Income derived from investment of investment accounts	40,579	21,626	119,142	60,320
Income derived from investment of shareholders' funds	33,807	27,364	97,655	73,904
Allowances for impairment losses on financing and other financing	10,748	(31,630)	(21,570)	(58,938)
Allowance for impairment losses on other assets	-	(8,037)	-	(8,037)
Total distributable income	451,708	315,876	1,265,058	882,945
Income attributable to the depositors and others	(257,714)	(150,579)	(733,064)	(401,888)
Income attributable to the investment accounts holders	(38,075)	(18,975)	(108,946)	(54,911)
Total net income	155,919	146,322	423,048	426,146
Other operating expenses	(68,049)	(60,197)	(201,725)	(190,253)
Profit before zakat and taxation	87,870	86,125	221,323	235,893
Zakat	(1,972)	(2,000)	(2,629)	(2,000)
Profit before taxation	85,898	84,125	218,694	233,893
Taxation	(23,505)	(41,107)	(57,347)	(84,490)
Net profit for the financial period	62,393	43,018	161,347	149,403

(iii) Unaudited Statements of Comprehensive Income

	Economic Entity			
	Individual Quarter Ended 30/9/2023	30/9/2022	Cumulative Quarter Ended 30/9/2023	30/9/2022
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	62,393	43,018	161,347	149,403
Other comprehensive income :				
<u>Items that may be reclassified subsequently to profit or loss :</u>				
- Net fair value change in financial investments at FVOCI	(5,160)	-	(2,663)	-
- Net credit impairment loss change in financial investments at FVOCI	931	-	1,054	-
- Deferred tax on financial investments at FVOCI	40	-	639	-
Other comprehensive income for the financial period, net of tax	(4,189)	-	(970)	-
Total comprehensive income for the financial period	58,204	43,018	160,377	149,403

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

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

(iv) Unaudited Condensed Statement Of Changes In Equity

Economic Entity	<---Attributable to Equity Holder of the Bank--->				Total equity RM'000
	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	
At 1 January 2023	1,210,000	-	46,469	1,140,844	2,397,313
Comprehensive income :					
- Net profit for the financial period	-	-	-	161,347	161,347
Other comprehensive income (net of tax) :					
- Financial investments at FVOCI	-	(970)	-	-	(970)
Total comprehensive income for the financial period	-	(970)	-	161,347	160,377
Transfer from regulatory reserves	-	-	(1)	1	-
At 30 September 2023	1,210,000	(970)	46,468	1,302,192	2,557,690

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

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

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

	Economic Entity	
	30/9/2023	31/12/2022
	RM'000	RM'000
(v) Financing and other financing		
By type		
Cash Line-i	761,390	700,519
Term financing :		
- Housing financing	9,994,174	9,329,247
- Hire purchase receivables	5,687,277	5,189,938
- Syndicated financing	1,357,364	1,167,643
- Others term loan/financing	8,416,919	7,692,656
Bills receivables	188,305	151,248
Trust receipts	16,797	13,969
Claims on customers under acceptance credits	1,052,103	787,059
Staff financing (of which RM Nil to Directors)	122,135	119,698
Credit/charge cards receivables	70,818	60,857
Revolving financing	516,331	1,046,211
Gross financing and other financing	28,183,613	26,259,045
Less : ECL	(471,098)	(455,115)
Total net financing and other financing	27,712,515	25,803,930
(vi) Movements of impaired financing		
At beginning of the financial period/year	357,422	381,586
Classified as impaired	233,214	238,197
Reclassified as non-impaired	(298,054)	(143,264)
Amount recovered	(21,108)	(95,333)
Amount written-off	(26,571)	(38,331)
Other movements	-	14,567
At end of the financial period/year	244,903	357,422
Ratio of gross impaired financing and other financing to gross financing and other financing (exclude restricted investment accounts)*	0.97%	0.90%

(*) For the Bank, RIA excluded in the ratio calculation amounting to RM3,051.0 million (2022: RM2,723.1 million) with impaired financing amounting to RM Nil (2022: RM145.6 million).

The outstanding contractual amounts of such assets written-off during the quarter ended 30 September 2023 for the Bank is RM26.6 million (2022: RM38.3 million).

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

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

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

Economic Entity 30/9/2023	12-Month	Lifetime ECL	Lifetime ECL	Total RM'000
	ECL (Stage 1) RM'000	not credit impaired (Stage 2) RM'000	credit impaired (Stage 3) RM'000	
At beginning of the financial period	65,218	302,452	87,445	455,115
Total transfer between stages due to change in credit risk :	(167,345)	195,485	(28,140)	-
- Transfer to 12-month ECL (Stage 1)	16,635	(15,027)	(1,608)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(183,802)	223,961	(40,159)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(178)	(13,449)	13,627	-
Financing derecognised (other than write-off)	(18,391)	(6,246)	(1,898)	(26,535)
New financing originated or purchased	205,274	-	-	205,274
Changes due to change in credit risk	(15,202)	(179,091)	54,389	(139,904)
Write-off	-	-	(22,854)	(22,854)
Other adjustments	2	-	-	2
At end of the financial period	69,556	312,600	88,942	471,098
Economic Entity 31/12/2022				
At beginning of the financial year	72,928	76,859	53,915	203,702
Total transfer between stages due to change in credit risk :	18,847	17,588	(36,435)	-
- Transfer to 12-month ECL (Stage 1)	38,579	(33,206)	(5,373)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(19,690)	55,256	(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 originated or purchased	54,564	-	-	54,564
Changes due to change in credit risk	(46,861)	220,986	90,668	264,793
Write-off	-	-	(31,690)	(31,690)
Other adjustments	5	-	14,567	14,572
At end of the financial year	65,218	302,452	87,445	455,115

(viii) Deposits from customers

	Economic Entity	
	30/9/2023 RM'000	31/12/2022 RM'000
<u>Qard</u>		
Demand deposits	4,923,168	4,209,633
Savings deposits	814,609	850,109
	5,737,777	5,059,742
<u>Mudarabah</u>		
General investment deposits	29,381	32,895
<u>Tawarruq</u>		
Murabahah term deposits	18,394,305	17,512,129
Commodity Murabahah	1,112,066	1,238,215
Savings deposits	610,876	625,502
Demand deposit	918,629	707,138
	21,035,876	20,082,984
Total deposits from customers	26,803,034	25,175,621

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

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

Table 1 : Financial review for individual and cumulative quarter ended 30 September 2023 against preceding year's corresponding quarter (continuing operations)

	Individual Quarter Ended		Changes		Cumulative Quarter Ended		Changes	
	30/9/2023 RM'000	30/9/2022 RM'000	RM'000	%	30/9/2023 RM'000	30/9/2022 RM'000	RM'000	%
Net Income	500,441	534,489	(34,048)	(6.4)	1,499,590	1,487,594	11,996	0.8
Operating Profit	126,134	166,203	(40,069)	(24.1)	414,953	159,949	255,004	159.4
Profit/(Loss) Before Zakat and Tax	106,054	(154,398)	260,452	(168.7)	452,368	185,096	267,272	144.4
Profit/(Loss) Before Tax	104,082	(156,381)	260,463	(166.6)	449,739	182,946	266,793	145.8
Profit/(Loss) After Tax	100,451	(193,505)	293,956	(151.9)	362,656	61,134	301,522	493.2
Profit attributable to equity	100,451	872,365	(771,914)	(88.5)	362,656	1,161,959	(799,303)	(68.8)

(i) Analysis of financial performance of current period-to-date vs. previous corresponding period-to-date

The Group registered a Profit Before Tax ("PBT") of RM449.7 million for the 9 months ended 30 September 2023, an increase of RM266.8 million or 145.8% as compared to RM182.9 million recorded in the previous corresponding period.

The increase in PBT was mainly due to lower allowance for impairment losses of RM290.0 million and higher other income of RM115.6 million. These were partially offset by lower net interest income of RM149.6 million and overhead expenses of RM47.0 million.

The decrease in allowance for impairment losses year-on-year to RM63.9 million as compared to RM353.9 million recorded for the period ended 30 September 2022 was mainly due to RM220.0 million in overlays for the preceding year. Other income recorded a significant increase of RM115.6 million or 101.4% from RM10.1 million to RM125.7 million for the period ended 30 September 2023 mainly due to gains in foreign exchange and disposal of associates.

Net interest income decreased by RM149.6 million or 19.8% from RM755.2 million in the preceding's year to RM605.6 million for the period ended 30 September 2023. Overhead expenses also recorded an increase of RM47.0 million or 4.8% mainly due to increases in personnel cost amounting to RM18.3 million and general and administrative cost amounting RM16.0 million.

Gross loans and financing grew by 12.3% year-on-year to RM64.3 billion compared to the position as at 30 September 2022 of RM57.2 billion. Customer deposits increased by 12.0% to RM71.6 billion while CASA ratio was 23.2% for the current period as compared to 21.4% in the previous corresponding period.

CET 1 Capital Ratio, Tier 1 Capital Ratio and Total Capital Ratio were 14.379%, 15.613% and 18.083% respectively as at 30 September 2023.

Commercial Banking

ABB posted a PBT of RM321.1 million for the 9 months ended 30 September 2023, an increase of RM372.2 million compared to a loss before tax of RM51.1 million in the previous corresponding period. The improved performance was mainly due to lower allowances for impairment losses amounting to RM169.0 million and higher net income of RM264.7 million.

AiBB registered a lower profit before tax of RM218.7 million for the 9 months ended 30 September 2023, a decrease of RM15.2 million or 6.5% compared to RM233.9 million recorded in the previous corresponding period. The decrease was mainly due to higher overhead expenses of RM11.5 million.

Investment Banking

AHIB Group recorded a PBT of RM54.3 million for the 9 months ended 30 September 2023, an increase of 33.4% or RM13.6 million as compared to the previous corresponding period of RM40.7 million. The increase was attributed to higher write-back of impairment losses amounting to RM9.7 million as compared to net allowance of impairment losses of RM5.4 million in the previous corresponding period.

Insurance

The Group's share of profit after tax for its insurance segment increased by RM12.3 million to RM37.4 million for the 9 months ended 30 September 2023, mainly due higher earned premium and investment income, offset by higher net claims and commission as well as overhead expenses.

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

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

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

The Group recorded a PBT of RM104.1 million for the current quarter ended 30 September 2023, an increase of RM260.5 million compared to a loss before tax amounting to RM156.5 million the previous corresponding quarter ended 30 September 2022.

This was mainly due to lower allowance for impairment losses of RM288.5 million and higher interest income of RM134.5 million. These were partially offset by higher interest expense amounting to RM231.6 million.

The Group's allowance for impairment losses for the current quarter was lower by RM288.5 million or 91.3% compared to RM315.9 million in the previous corresponding quarter ended 30 September 2022. Interest income recorded an increase of RM134.5 million or 24.7% from RM545.2 million to RM679.8 million during the current quarter ended 30 September 2023.

Interest expense recorded an increase of RM231.6 million or 83.1% to RM510.3 million during the current quarter as compared to the previous year's corresponding quarter of RM278.7 million.

Overhead expenses were 1.6% higher as compared to the same quarter last year mainly due to higher establishment expenses.

Commercial Banking

ABB registered a PBT of RM138.7 million for the current quarter ended 30 September 2023 which is higher by RM320.8 million as compared to the loss before tax amounting to RM182.1 million. This was mainly due to lower impairment losses of RM169.0 million and an increase in interest income of RM123.7 million. These gains were partially offset by higher interest expense amounting to RM211.0 million.

AiBB reported a PBT of RM85.9 million for the current quarter ended 30 September 2023, lower by RM0.1 million or -0.1% against the quarter ended 30 September 2022 which registered a PBT of RM86.0 million. This was due to allowances for impairment losses of RM10.7 million which was offset with lower net financing and other income of RM40.8 million. Overhead expenses also registered an increase of RM7.9 million.

Investment Banking

AHIB Group recorded a higher PBT of RM5.9 million or 34.3% to RM23.1 million as compared to the same quarter last year. The increase was attributed to higher in both net gains on financial instruments of RM20.5 million and net fee commission income of RM4.7 million. These were however offset by lower net interest income of RM12.0 million, higher overhead expenses of RM4.3 million and higher allowance for impairment losses of RM0.3 million as compared to a write-back of RM3.6 million for the quarter ended 30 September 2022.

Insurance

The Group's share of profit after tax for its insurance segment increased by RM12.0 million to RM7.3 million in the current quarter as compared to the loss after tax of RM4.7 million in previous corresponding quarter, mainly due to improved underwriting results.

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

	Current Financial Quarter	Preceding Financial Quarter	Changes	
	30/9/2023 RM'000	30/6/2023 RM'000	RM'000	%
Net income	500,441	504,858	(4,417)	(0.9)
Operating Profit	126,134	188,416	(62,282)	(33.1)
Profit Before Tax	104,082	149,311	(45,229)	(30.3)
Profit After Tax	100,451	113,225	(12,774)	(11.3)
Profit attributable to equity holders of the Bank	100,451	113,225	(12,774)	(11.3)

For the current financial quarter, the Group reported a lower PBT of RM104.1 million as compared to RM149.3 million achieved in the preceding quarter ended 30 June 2023. The decrease in was mainly due to higher overhead expenses of RM57.9 million, a significant portion of which was attributed to increases in personnel costs.

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

B3. ECONOMIC AND BUSINESS OUTLOOK FOR 2023

Malaysia's real GDP growth expanded moderately at 2.9% in the second quarter of 2023 (1Q2023: 5.6%) due to slower external demand. For 2023, the economy is expected to expand by 3.7% and will continue to be supported by resilient domestic demand. Headline inflation remained stable averaging at 2.8% for the 8-months of 2023. The risks of inflation for the rest of 2023 remains high given gradual changes to domestic policy on subsidies and price controls as well as escalating geopolitical tensions.

Net Interest Margin compression is expected to continue in the fourth quarter of 2023 driven by heightened deposit competition amongst Malaysian banks. A potential rise in interest rates by the United States may continue to weaken the Ringgit and potentially exert downward pressure on the Malaysian economy.

The Bank shall continue to support its customers by strengthening its liquidity profile through diversification of funding portfolios. The Bank remains committed to delivering unrivalled customer service, digital leadership and advancing responsible banking practices which are in line with AFFIN Group's A25 plans.

B4. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

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

B5. TAXATION

	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2023 RM'000	30/9/2022 RM'000	30/9/2023 RM'000	30/9/2022 RM'000
The Group				
Malaysian income tax				
Current tax	18,415	41,616	69,720	112,831
Over provision in prior financial period	(37,240)	(94)	(37,240)	(62)
Deferred tax income :				
- Relating to originating temporary differences	22,456	(4,398)	54,603	9,043
	3,631	37,124	87,083	121,812

For the current 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.

For the preceding year's corresponding 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.

	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2023 RM'000	30/9/2022 RM'000	30/9/2023 RM'000	30/9/2022 RM'000
The Bank				
Malaysian income tax				
Current tax	(10,839)	(728)	3,956	24,296
Over provision in prior financial year	(38,479)	-	(38,479)	-
Deferred tax income :				
- Relating to originating temporary differences	23,453	(11,845)	50,144	(5,812)
	(25,865)	(12,573)	15,621	18,484

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

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

Disposals of 21% equity interest in Generali Life Insurance Malaysia Berhad (“GLIMB”) (formerly known as AXA Affin Life Insurance Berhad) and 2.95% equity interest in Generali Insurance Malaysia Berhad (“GIMB”) (formerly known as AXA Affin General Insurance Berhad) and proposed merger of the businesses of MPI Generali Insurans Berhad and GIMB.

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 (now known as Generali Life Insurance Malaysia Berhad) (“GLIMB Disposal”); and
- (ii) Disposal of 2.95% equity interest in AXA Affin General Insurance Berhad (now known as Generali Insurance Malaysia Berhad) (“GIMB Disposal”).

Simultaneously with the GLIMB Disposal and GIMB Disposal, AXA Asia has also sold its entire 49% shareholding in GLIMB and 49.99% shareholding in GIMB.

The Minister of Finance had on 28 April 2022, approved the GLIMB Disposal and GIMB 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 GLIMB and 47% equity interest in GIMB.

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

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

Following the completion of the GLIMB Disposal and GIMB Disposal, the Bank had on 9 December 2022 entered into a business transfer agreement with Generali, MPI Generali Insurans Berhad ('MPIG') and GIMB where GIMB will acquire certain assets and liabilities of MPIG via a business transfer to AAGI ('Merger'). The Merger was completed on 1 April 2023 and subsequent to completion of the Merger, the Bank holds 30% equity interest in GIMB.

On 27 April 2023, Generali had incorporated GANV Holdings Malaysia Berhad (now known as Generali Malaysia Holding Berhad) (“HoldCo”) for the purpose of holding all of the shares in GLIMB and GIMB.

On 31 May 2023, Affin, Generali and HoldCo had executed a share swap agreement where Affin and Generali have agreed to sell, and HoldCo will purchase, all the shares held by Affin and Generali in GLIMB and GIMB in consideration for:

- (i) 765,995,451 new ordinary shares in the capital of HoldCo to be issued by HoldCo to Affin; and
- (ii) 1,787,322,713 new ordinary shares in the capital of HoldCo to be issued by HoldCo to Generali.

(Collectively referred to as the "Share Swap")

Completion of the Share Swap had taken place on 31 May 2023 and pursuant thereto HoldCo is 30.00% and 70.00% held by Affin and Generali respectively. Affin and Generali's shareholding in HoldCo is reflective of their shareholdings in GLIMB and GIMB prior to the completion of the Share Swap.

Simultaneous with the completion of the Share Swap, Affin, Generali and HoldCo had on 31 May 2023 executed a shareholders' agreement for the purpose of regulating the affairs of HoldCo and to spell out the respective rights and obligations of Affin and Generali, among themselves, as shareholders of HoldCo and, indirectly through HoldCo, also of GLIMB and GIMB. The earlier shareholders' agreement entered into between Affin, Generali and AALI /AAGI (as the case may be) on completion of the AALI Disposal and AAGI Disposal have been terminated accordingly.

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

B7. DEPOSITS, LEASE LIABILITIES AND BORROWINGS

	The Group		The Bank	
	30/9/2023	31/12/2022	30/9/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
(i) <u>Deposits from Customers</u>				
<u>By Type of Deposit:</u>				
Demand Deposits	11,790,462	11,073,400	5,949,124	6,182,379
Savings Deposits	4,852,109	4,176,804	3,426,624	2,701,194
Fixed Deposits	53,512,947	47,730,252	31,932,173	26,513,154
Commodity Murabahah Deposits	1,112,066	1,238,215	-	-
Money Market Deposits	338,805	415,034	338,805	415,034
Negotiable Instruments of Deposits ('NID')	3,149	263,369	3,149	263,369
Others	20,215	97,976	-	-
	71,629,753	64,995,050	41,649,875	36,075,130
<u>By Maturity structure of fixed deposits, NID and others:</u>				
Due within six months	39,418,545	34,347,860	21,835,088	17,977,704
Six months to one year	15,101,953	13,438,321	9,847,397	8,083,231
One year to three years	125,416	223,683	250,793	713,795
Three years to five years	2,354	1,940	2,044	1,793
Five years and above	109	79,793	-	-
	54,648,377	48,091,597	31,935,322	26,776,523
<u>By Type of Customer:</u>				
Government and statutory bodies	13,277,636	11,150,332	2,552,122	1,313,722
Business enterprises	19,980,184	18,036,571	11,470,105	10,202,954
Individuals	32,587,677	31,054,474	24,440,730	22,407,042
Domestic Banking institutions	169,238	371,612	168,792	371,362
Domestic non-Banking financial institutions	3,929,844	2,833,080	1,771,505	602,036
Foreign entities	588,423	552,973	463,841	429,923
Others	1,096,751	996,008	782,780	748,091
	71,629,753	64,995,050	41,649,875	36,075,130
(ii) <u>Deposits and placement of Banks and other financial institutions</u>				
<u>By Type of Institution:</u>				
Licensed Banks	4,598,941	866,809	4,206,287	474,046
Licensed investment Banks	1,065,671	657,559	656,808	448,948
Other financial institutions	1,040,672	1,839,788	140,051	262,126
	6,705,284	3,364,156	5,003,146	1,185,120
<u>By Maturity structure of deposits:</u>				
Due within six months	6,705,284	3,142,856	5,003,146	1,185,120
(iii) <u>Lease Liabilities</u>				
At beginning of financial period/year	49,233	36,872	45,440	29,232
Additions	13,827	52,909	10,273	48,268
Interest/Profit expense	3,193	2,674	1,038	1,589
Lease payments	(19,447)	(41,064)	(16,561)	(33,649)
Disposal of subsidiary	-	(2,158)	-	-
At end of the financial period/year	46,806	49,233	40,190	45,440

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

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

	The Group		The Bank	
	30/9/2023	31/12/2022	30/9/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
(iv) <u>Borrowings and Sukuk</u>				
(a) Tier-2 Subordinated Medium Term Notes ('MTN')	507,808	510,890	507,808	510,890
(b) Additional Tier-1 Capital Securities ('AT1CS')	504,589	512,315	504,589	512,315
(c) Additional Tier-1 Sukuk Wakalah ('AT1S')	307,663	303,425	-	-
(d) MTN Tier-2 Sukuk Murabahah	464,785	455,768	-	-
(e) Senior Sukuk	760,256	751,541	-	-
	2,545,101	2,533,939	1,012,397	1,023,205
Fair value changes arising from fair value hedges	(13,307)	(4,008)	(13,307)	(4,008)
	2,531,794	2,529,931	999,090	1,019,197

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

ABB had, on 26 July 2022, issued the 3rd tranches of the Subordinated MTNs amounting to RM500.0 million out of its approved BASEL III Compliant MTN programme of up to RM6.0 billion in nominal value. The Subordinated MTNs were issued for a tenure of 10 years from the issue date on a 10-year non-callable 5-year basis, at a coupon rate of 5.00%. The MTNs were issued for the purpose of general banking business and working capital requirements of the ABB.

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

ABB had, on 31 July 2018, issued 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 Bank. On 23 June 2023, the 2nd series of AT1CS of RM500.0 million for a tenure of 10 years from the issue date, at a fixed rate of 5.70% were issued. On 31 July 2023, the first series of Tier-1 Capital Securities ('AT1CS') of RM500.0 million was redeemed.

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

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

(d) MTN Tier-2 Sukuk Murabahah

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

(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 30 September 2023.

B9. DIVIDENDS

No dividend has been proposed for the quarter under review.

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

B10. EARNINGS PER SHARE

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

The Group	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2023	30/9/2022	30/9/2023	30/9/2022
<u>Continuing operations</u>				
Net profit attributable to the equity holders of the Bank (RM'000)	100,451	(193,505)	362,656	61,134
Weighted average number of ordinary shares in issue ('000)	2,295,695	2,151,868	2,295,695	2,151,868
Basic earnings per share (sen)	4.38	(8.99)	15.80	2.84
<u>Discontinued operations</u>				
Profit attributable to the equity holders of the Bank (RM'000)	-	1,065,870	-	1,100,825
Weighted average number of ordinary shares in issue ('000)	2,295,695	2,151,868	2,295,695	2,151,868
Basic earnings per share (sen)	-	49.53	-	51.16
<u>The Bank</u>				
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2023	30/9/2022	30/9/2023	30/9/2022
Net profit attributable to the equity holders of the Bank (RM'000)	164,592	(169,541)	305,551	(69,605)
Weighted average number of ordinary shares in issue ('000)	2,295,695	2,151,868	2,295,695	2,151,868
Basic earnings per share (sen)	7.17	(7.88)	13.31	(3.23)

There were no dilutive potential ordinary shares outstanding as at 30 September 2023.