

# AFFIN HOLDINGS BERHAD

(Company no. 23218 - W)

## Condensed Interim Financial Statements

### Unaudited Statements of Financial Position As At 30 September 2017

		< ----- GROUP ----- >		< ----- COMPANY ----- >	
	Note	30/9/2017 RM'000	31/12/2016 RM'000	30/9/2017 RM'000	31/12/2016 RM'000
<b>ASSETS</b>					
Cash and short-term funds		5,875,842	4,836,222	247,135	32,176
Deposits and placements with banks and other financial institutions		243,271	172,871	-	-
Reverse repurchase agreements with financial institutions		47,527	-	-	-
Trade receivables	A9	550,873	529,728	-	-
Financial assets held-for-trading	A10	194,074	270,354	-	-
Financial investments available-for-sale	A10	14,767,426	14,108,523	-	-
Financial investments held-to-maturity	A10	221,146	407,087	-	-
Derivative financial assets		148,009	289,271	-	-
Loans, advances and financing	A11	44,780,185	43,747,427	-	-
Other assets	A12	223,089	216,012	301	299
Statutory deposits with Bank Negara Malaysia		1,809,507	1,659,740	-	-
Amount due from subsidiaries		-	-	601,697	1,304,592
Amount due from associates		95,687	45,096	95,687	45,096
Investment in subsidiaries		-	-	5,043,639	5,461,063
Investment in joint ventures		148,340	153,768	187,680	187,680
Investment in associates		368,696	339,887	36,288	35,242
Tax recoverable		31,449	46,838	2,131	2,515
Deferred tax assets		6,766	19,723	-	-
Property and equipment		456,205	437,301	80	87
Intangible assets		1,602,165	1,606,497	2	2
<b>TOTAL ASSETS</b>		<b>71,570,257</b>	<b>68,886,345</b>	<b>6,214,640</b>	<b>7,068,752</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	B7	51,618,662	51,505,642	-	-
Investment accounts of customers		579	-	-	-
Deposits and placements of banks and other financial institutions	B7	4,677,164	3,894,037	-	-
Obligation on securities sold under repurchase agreements		1,113,552	1,145,618	-	-
Bills and acceptances payable		51,576	37,726	-	-
Trade payables		762,781	724,554	-	-
Derivative financial liabilities		273,998	552,942	-	-
Other liabilities	A13	754,110	656,194	3,905	4,258
Provision for taxation		3,766	2,488	-	-
Deferred tax liabilities		35,214	29,542	7	7
Amount due to subsidiaries		-	-	-	400,254
Borrowings	B7	3,170,908	1,606,597	1,161,179	1,606,597
<b>TOTAL LIABILITIES</b>		<b>62,462,310</b>	<b>60,155,340</b>	<b>1,165,091</b>	<b>2,011,116</b>

*The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2016.*

**AFFIN HOLDINGS BERHAD**

(Company no. 23218 - W)

**Condensed Interim Financial Statements****Unaudited Statements of Financial Position As At 30 September 2017**

	< ----- GROUP ----- >		< ----- COMPANY ----- >	
Note	30/9/2017 RM'000	31/12/2016 RM'000	30/9/2017 RM'000	31/12/2016 RM'000
<b>EQUITY</b>				
Share capital	<b>4,128,661</b>	1,942,949	<b>4,128,661</b>	1,942,949
Reserves:-				
Share premium	-	2,185,712	-	2,185,712
Statutory reserves	-	1,806,731	-	-
AFS revaluation reserves	<b>166,211</b>	56,318	-	-
Regulatory reserves	<b>632,322</b>	289,871	-	-
Retained profits	<b>4,119,599</b>	2,400,913	<b>920,888</b>	928,975
<b>Equity attributable to equity holders of the Company</b>	<b>9,046,793</b>	8,682,494	<b>5,049,549</b>	5,057,636
Non-controlling interest	<b>61,154</b>	48,511	-	-
<b>TOTAL EQUITY</b>	<b>9,107,947</b>	8,731,005	<b>5,049,549</b>	5,057,636
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>71,570,257</b>	68,886,345	<b>6,214,640</b>	7,068,752
<b>COMMITMENTS AND CONTINGENCIES</b>	<b>29,215,544</b>	26,952,318	-	-
<b>NET ASSETS PER SHARE (RM)</b>	<b>4.66</b>	4.47		

*The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2016.*

**AFFIN HOLDINGS BERHAD**  
(Company no. 23218 - W)  
**Condensed Interim Financial Statements**  
**Unaudited Income Statements For The Financial Quarter Ended 30 September 2017**

<u>GROUP</u>	Note	<---Individual Quarter Ended ---->		<---Cumulative Quarter Ended --->	
		30/9/2017 RM'000	30/9/2016 RM'000	30/9/2017 RM'000	30/9/2016 RM'000
Interest income	A15	639,565	637,849	1,925,738	1,928,908
Interest expense	A16	(398,246)	(391,227)	(1,190,136)	(1,205,275)
<b>Net interest income</b>		<b>241,319</b>	246,622	<b>735,602</b>	723,633
Islamic banking income		84,557	69,048	235,782	193,313
Other operating income	A17	220,782	188,725	673,168	491,085
<b>Net income</b>		<b>546,658</b>	504,395	<b>1,644,552</b>	1,408,031
Other operating expenses	A18	(400,287)	(288,344)	(1,080,588)	(848,303)
<b>Operating profit before allowance for impairment losses on loans, advances and financing</b>		<b>146,371</b>	216,051	<b>563,964</b>	559,728
Allowance for impairment losses on loans, advances and financing	A19	(28,470)	(3,483)	(70,106)	(4,075)
Allowance for impairment losses on securities	A20	(299)	(18,713)	(1,011)	(18,713)
<b>Operating profit</b>		<b>117,602</b>	193,855	<b>492,847</b>	536,940
Finance cost		(13,165)	(13,853)	(41,707)	(42,424)
Share of results of a joint venture		(2,471)	(1,635)	(6,688)	(4,676)
Share of results of an associate		6,723	7,440	24,812	34,660
<b>Profit before taxation and zakat</b>		<b>108,689</b>	185,807	<b>469,264</b>	524,500
Zakat		(3,408)	(328)	(4,131)	(3,681)
<b>Profit before taxation</b>		<b>105,281</b>	185,479	<b>465,133</b>	520,819
Taxation	B5	(27,453)	(41,154)	(110,607)	(118,009)
<b>Net profit for the financial period</b>		<b>77,828</b>	144,325	<b>354,526</b>	402,810
<b>Profit for the financial period attributable to :-</b>					
- Equity holders of the Company		73,257	139,649	341,839	392,611
- Non-controlling interest		4,571	4,676	12,687	10,199
		<b>77,828</b>	144,325	<b>354,526</b>	402,810
Earnings per share attributable to the equity holders of the Company (sen)					
- Basic	B12	3.77	7.19	17.59	20.21

*The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2016.*

**AFFIN HOLDINGS BERHAD**  
(Company no. 23218 - W)  
**Condensed Interim Financial Statements**  
**Unaudited Statement of Comprehensive Income**  
**For The Financial Quarter Ended 30 September 2017**

<b>GROUP</b>	<----Individual Quarter Ended ---->		<---Cumulative Quarter Ended --->	
	30/9/2017 RM'000	30/9/2016 RM'000	30/9/2017 RM'000	30/9/2016 RM'000
<b>Profit after taxation</b>	<b>77,828</b>	144,325	<b>354,526</b>	402,810
<b>Other comprehensive income/(loss):</b>				
Items that may be reclassified subsequently to profit or loss :-				
- Net fair value change in financial investments available-for-sale	<b>20,048</b>	91,087	<b>150,464</b>	289,345
- Impairment losses on financial investments available-for-sale transferred to income statement	-	15,176	-	15,176
- Net gain on disposal of financial investments available-for-sale transferred to income statement	<b>(8,486)</b>	(13,192)	<b>(11,421)</b>	(19,996)
- Deferred tax on revaluation of financial investments available-for-sale	<b>(2,799)</b>	(22,293)	<b>(33,405)</b>	(67,848)
- Share of other comprehensive income/(loss) of an associate	<b>78</b>	2,864	<b>2,951</b>	3,309
- Share of other comprehensive income/(loss) of a joint venture	<b>354</b>	510	<b>1,260</b>	1,283
<b>Other comprehensive income/(loss) for the financial period, net of tax</b>	<b>9,195</b>	74,152	<b>109,849</b>	221,269
<b>Total comprehensive income/(loss) for the financial period</b>	<b>87,023</b>	218,477	<b>464,375</b>	624,079
<b>Total comprehensive income/(loss) for the financial period attributable to :-</b>				
- Equity holders of the Company	<b>82,483</b>	213,686	<b>451,732</b>	613,586
- Non-controlling interest	<b>4,540</b>	4,791	<b>12,643</b>	10,493
	<b>87,023</b>	218,477	<b>464,375</b>	624,079

*The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2016.*

**AFFIN HOLDINGS BERHAD**  
(Company no. 23218 - W)  
**Condensed Interim Financial Statements**  
**Unaudited Income Statements For The Financial Quarter Ended 30 September 2017**

<u>COMPANY</u>	<----Individual Quarter Ended ---->		<----Cumulative Quarter Ended ---->	
	30/9/2017 RM'000	30/9/2016 RM'000	30/9/2017 RM'000	30/9/2016 RM'000
Interest income	11,710	12,809	38,498	40,420
Interest expense	-	-	-	-
<b>Net interest income</b>	<b>11,710</b>	12,809	<b>38,498</b>	40,420
Other operating income	4,830	-	91,930	107,408
<b>Net income</b>	<b>16,540</b>	12,809	<b>130,428</b>	147,828
Other operating expenses	(2,663)	(1,886)	(8,357)	(6,904)
<b>Operating profit before allowance for impairment losses on loans, advances and</b>	<b>13,877</b>	10,923	<b>122,071</b>	140,924
Allowance for impairment losses on loans, advances and financing	-	-	-	-
Allowance for impairment losses on securities	-	-	-	-
<b>Operating profit</b>	<b>13,877</b>	10,923	<b>122,071</b>	140,924
Finance cost	(13,165)	(13,853)	(41,707)	(42,424)
<b>Profit before taxation and zakat</b>	<b>712</b>	(2,930)	<b>80,364</b>	98,500
Zakat	-	-	-	-
<b>Profit before taxation</b>	<b>712</b>	(2,930)	<b>80,364</b>	98,500
Taxation	(206)	(371)	(1,018)	(1,527)
<b>Net profit for the financial period attributable to equity holders of the Company</b>	<b>506</b>	(3,301)	<b>79,346</b>	96,973

*The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2016.*

**AFFIN HOLDINGS BERHAD**  
 (Company no. 23218 - W)  
**Condensed Interim Financial Statements**  
**Unaudited Statement of Comprehensive Income**  
**Unaudited Income Statements For The Financial Quarter Ended 30 September 2017**

<u>COMPANY</u>	<---Individual Quarter Ended ---->		<---Cumulative Quarter Ended --->	
	30/9/2017	30/9/2016	30/9/2017	30/9/2016
	RM'000	RM'000	RM'000	RM'000
<b>Profit after taxation</b>	<b>506</b>	(3,301)	<b>79,346</b>	96,973
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the financial period attributable to equity holders of the Company</b>	<b>506</b>	(3,301)	<b>79,346</b>	96,973

*The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2016.*

**AFFIN HOLDINGS BERHAD**  
(Company no. 23218 - W)  
**Unaudited Condensed Consolidated Statement Of Changes In Equity**  
**For The Financial Period Ended 30 September 2017**

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

<b>GROUP</b>	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	AFS revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	<b>Total Shareholders' Equity RM'000</b>	Non- controlling Interest RM'000	<b>Total Equity RM'000</b>
<b>At 1 January 2017</b>	1,942,949	2,185,712	1,806,731	56,318	289,871	2,400,913	<b>8,682,494</b>	48,511	<b>8,731,005</b>
Comprehensive income :									
- Net profit for the financial period	-	-	-	-	-	341,839	<b>341,839</b>	12,687	<b>354,526</b>
Other comprehensive income (net of tax) of which:-									
- Financial investments available-for-sale	-	-	-	105,682	-	-	<b>105,682</b>	(44)	<b>105,638</b>
- Share of other comprehensive income of an associate	-	-	-	2,951	-	-	<b>2,951</b>	-	<b>2,951</b>
- Share of other comprehensive income of a joint venture	-	-	-	1,260	-	-	<b>1,260</b>	-	<b>1,260</b>
<b>Total comprehensive income for the financial period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>109,893</b>	<b>-</b>	<b>341,839</b>	<b>451,732</b>	<b>12,643</b>	<b>464,375</b>
Transfer of share premium to share capital pursuant to Companies Act 2016	2,185,712	(2,185,712)	-	-	-	-	-	-	-
Transfer of statutory reserves to retained profits pursuant to the Policy Documents on "Capital Funds" and "Capital Funds for Islamic Banks" issued by BNM on 3 May 2017	-	-	(1,806,731)	-	-	1,806,731	-	-	-
Transfer to regulatory reserves	-	-	-	-	342,451	(342,451)	-	-	-
Dividends declared and paid during the financial period	-	-	-	-	-	(87,433)	<b>(87,433)</b>	-	<b>(87,433)</b>
<b>At 30 September 2017</b>	<b>4,128,661</b>	<b>-</b>	<b>-</b>	<b>166,211</b>	<b>632,322</b>	<b>4,119,599</b>	<b>9,046,793</b>	<b>61,154</b>	<b>9,107,947</b>
<b>At 1 January 2016</b>	1,942,949	2,185,712	1,626,175	64,833	284,141	2,178,629	<b>8,282,439</b>	44,646	<b>8,327,085</b>
Comprehensive income :									
- Net profit for the financial period	-	-	-	-	-	392,611	<b>392,611</b>	10,199	<b>402,810</b>
Other comprehensive income (net of tax) of which:-									
- Financial investments available-for-sale	-	-	-	216,383	-	-	<b>216,383</b>	294	<b>216,677</b>
- Share of other comprehensive income of an associate	-	-	-	3,309	-	-	<b>3,309</b>	-	<b>3,309</b>
- Share of other comprehensive income of a joint venture	-	-	-	1,283	-	-	<b>1,283</b>	-	<b>1,283</b>
<b>Total comprehensive income for the financial period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>220,975</b>	<b>-</b>	<b>392,611</b>	<b>613,586</b>	<b>10,493</b>	<b>624,079</b>
Transfer to statutory reserves	-	-	111,939	-	-	(111,939)	-	-	-
Transfer from regulatory reserves	-	-	-	-	(36,500)	36,500	-	-	-
Dividends declared and paid during the financial period	-	-	-	-	-	(97,147)	<b>(97,147)</b>	(12,000)	<b>(109,147)</b>
<b>At 30 September 2016</b>	<b>1,942,949</b>	<b>2,185,712</b>	<b>1,738,114</b>	<b>285,808</b>	<b>247,641</b>	<b>2,398,654</b>	<b>8,798,878</b>	<b>43,139</b>	<b>8,842,017</b>

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2016.

**AFFIN HOLDINGS BERHAD**  
(Company no. 23218 - W)  
**Unaudited Condensed Statement Of Changes In Equity**  
**For The Financial Period Ended 30 September 2017**

<u>COMPANY</u>	<u>Non-distributable</u>		<u>Distributable</u>	<b>Total Equity</b>
	Share capital	Share premium	Retained profits	
	RM'000	RM'000	RM'000	<b>RM'000</b>
<b>At 1 January 2017</b>	1,942,949	2,185,712	928,975	<b>5,057,636</b>
Total comprehensive income for the financial period :				
- Net profit for the financial period	-	-	79,346	<b>79,346</b>
Transfer of share premium to share capital pursuant to Companies Act 2016	2,185,712	(2,185,712)	-	-
Dividends declared and paid during the financial period	-	-	(87,433)	<b>(87,433)</b>
<b>At 30 September 2017</b>	<b>4,128,661</b>	<b>-</b>	<b>920,888</b>	<b>5,049,549</b>
<b>At 1 January 2016</b>	1,942,949	2,185,712	909,560	<b>5,038,221</b>
Total comprehensive income for the financial period :				
- Net profit for the financial period	-	-	96,973	<b>96,973</b>
Dividends declared and paid during the financial period	-	-	(97,147)	<b>(97,147)</b>
<b>At 30 September 2016</b>	<b>1,942,949</b>	<b>2,185,712</b>	<b>909,386</b>	<b>5,038,047</b>

*The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2016.*



**AFFIN HOLDINGS BERHAD**  
(Company no. 23218 - W)  
**Unaudited Condensed Consolidated Statement of Cash Flow**  
**For The Financial Period Ended 30 September 2017**

	30/9/2017 RM'000	30/9/2016 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	465,133	520,819
Adjustment for items not involving the movement of cash and cash equivalents:-	(469,386)	(425,280)
Operating profit before changes in working capital	(4,253)	95,539
Net changes in operating assets	(1,083,903)	1,246,710
Net changes in operating liabilities	728,770	(822,889)
Tax and zakat paid	(101,212)	(131,854)
Tax refund	3	5,459
Net cash (used in)/generated from operating activities	(460,596)	392,965
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received from securities	371,423	335,999
Net (purchase)/disposal of:		
- securities	(261,750)	378,958
- property and equipment	(43,911)	(33,618)
- intangible assets	(6,685)	(4,563)
Dividend received from:		
- financial investments held-for-trading	352	669
- financial investments available-for-sale	12,787	13,706
Proceeds from disposal of foreclosed properties	-	588
Subscription of shares in a joint venture	-	(28,050)
Purchase of shares in associate	(1,046)	(11,361)
Amount due from associate	(50,591)	6,817
Net cash generated from investing activities	20,579	659,145
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in borrowings	1,564,311	(231)
Dividends paid to shareholders	(87,433)	(97,147)
Dividends paid to non-controlling interest	-	(12,000)
Net cash generated from/(used in) financing activities	1,476,878	(109,378)
Net increase in cash and cash equivalents	1,036,861	942,732
Cash and cash equivalents at beginning of the year	4,789,132	4,393,076
Cash and cash equivalents at end of the year	5,825,993	5,335,808
<u>Analysis of cash &amp; cash equivalent</u>		
Cash and short-term funds	5,875,448	5,383,781
Adjustment for money held in trust on behalf of remisers	(49,455)	(47,973)
	5,825,993	5,335,808

*The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2016.*

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

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**A1. BASIS OF PREPARATION**

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

- (i) financial assets held-for-trading,
- (ii) financial investments available-for-sale, and
- (iii) derivative financial instruments.

The unaudited condensed financial statements have been prepared in accordance with MFRS134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), Chapter 9, part K of the Listing Requirements of the Bursa Malaysia Securities Berhad and Policy Document on Financial Reporting issued by Bank Negara Malaysia dated 28 June 2015.

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Company for the year ended 31 December 2016. 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 Group since the year ended 31 December 2016.

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

The significant accounting policies and methods of computation applied in the condensed interim financial statements are consistent with those applied in the annual financial statements for the year ended 31 December 2016, except for the adoption of the following amendments to MFRS that are applicable to the Group and the Company effective for the financial year beginning on 1 January 2017:-

- Amendments to MFRS 107 "Statement of cash flows - Disclosure initiative"
- Amendments to MFRS 112 "Income taxes - Recognition of deferred tax assets for unrealised losses"

The adoption of these amendments is not expected to have any significant effect on the financial statements of the Group and the Company.

Companies Act 2016

The Companies Act 2016 ("New Act") was enacted to replace the Companies Act 1965 with effect from 31 January 2017. Amongst the key changes introduced in the New Act that would affect the financial statements of the Group and the Company for the current financial period includes the following:

- (a) removal of the authorised share capital;
- (b) shares of the Company will cease to have par or nominal value; and
- (c) the Company's share premium account will become part of the Company's share capital. Number of issued shares remains at 1,942,949,000.

Pursuant to the New Act, the Company had transferred the entire balance of its share premium account of RM2,185,712,000 to share capital during the current financial period.

The adoption of the New Act would not have any financial impact to the Group and the Company other than the disclosures to the financial statements for the financial year ending 31 December 2017.

BNM's Revised Policy Documents on "Capital Funds" and "Capital Funds for Islamic Banks"

In the previous years, the banking subsidiaries and AFFIN Moneybrokers Sdn Bhd were required to set aside a percentage of their profits as statutory reserves in each financial year and before any distribution of dividends.

Pursuant to the Revised Policy Documents on "Capital Funds" and "Capital Funds for Islamic Banks" issued by BNM on 3 May, 2017, the requirement to maintain the said statutory reserves is no longer necessary given that banking institutions have begun the phasing-in of the Capital Conservation Buffer ("CCB") requirement under the Capital Adequacy Framework since 2016.

Accordingly, the Group had transferred the entire balance of the statutory reserves of RM1,806,731,000 to retained profits during the financial period.

**A3. AUDITOR'S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors' report on the audited financial statements for the financial year ended 31 December 2016 was not subjected to any qualification.

**A4. SEASONAL OR CYCLICAL FACTORS**

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

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

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

**A6. CHANGES IN ESTIMATES**

There were no material changes in estimates of amounts reported in prior financial years 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 Company during the financial period under review.

**A8. DIVIDENDS PAID**

A single-tier final dividend of 4.5 sen per share in respect of the previous financial year ended 31 December 2016 amounting to RM87,432,681.78 was paid on 31 May 2017.

**A9. TRADE RECEIVABLES**

	<b>Group</b>	
	<b>30/9/2017</b>	<b>31/12/2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Amount due from stock-broking clients		
- performing accounts	230,864	322,195
- impaired accounts	1,742	1,705
Amount due from brokers	82,115	114,092
Management fees receivable on fund management	237,145	93,104
	<hr/>	<hr/>
	551,866	531,096
Less: Allowance for impairment		
- Individual impairment	(993)	(1,368)
	<hr/>	<hr/>
	<b>550,873</b>	<b>529,728</b>

**Movement in allowance for impairment on trade receivables :-**

**Collective impairment**

Balance at the beginning of financial period/year	-	16
Amount written-back during the financial period/year	-	(16)
	<hr/>	<hr/>
Balance at the end of financial period/year	-	-

**Individual impairment**

Balance at the beginning of financial period/year	1,368	4,123
Allowance made during the financial period/year	420	1,781
Amount written-back during the financial period/year	(795)	(866)
Amount written-off during the financial period/year	-	(3,670)
	<hr/>	<hr/>
Balance at the end of financial period/year	<b>993</b>	<b>1,368</b>

## A10. FINANCIAL ASSETS

	Group	
	30/9/2017 RM'000	31/12/2016 RM'000
<b>(a) <u>Financial assets held-for-trading</u></b>		
<b>At fair value</b>		
Malaysian Government Securities	51,383	-
Malaysian Government Investment Issuance	50,537	-
Negotiable Instruments of Deposit	-	200,067
Quoted Securities :-		
- Shares in Malaysia	41,303	18,763
- Unit Trusts in Malaysia	14,032	4,864
Unquoted Securities :-		
- Corporate Bonds and/or Sukuk in Malaysia	19,504	31,218
- Corporate Bonds and/or Sukuk outside Malaysia	17,315	15,442
<b>Total financial assets held-for-trading</b>	<b>194,074</b>	<b>270,354</b>
<b>(b) <u>Financial investments available-for-sale</u></b>		
<b>At fair value</b>		
Malaysian Government Securities	212,999	318,324
Malaysian Government Treasury Bills	12,424	-
Malaysian Government Investment Issuance	2,061,053	1,816,434
Cagamas Bonds	61,965	66,597
Sukuk Perumahan Kerajaan	449,967	485,574
Khazanah Bonds	455,368	439,219
Negotiable Instruments of Deposit and Islamic Debt Certificate	1,061,218	1,494,956
	4,314,994	4,621,104
Quoted Securities :-		
- Shares in Malaysia	22,655	32,134
- Unit Trusts in Malaysia	226,254	190,278
- REITs in Malaysia	22,140	50,266
- REITs outside Malaysia	14,518	78,540
Unquoted Securities :-		
- Shares in Malaysia	239,085	238,749
- Corporate Bonds and/or Sukuk in Malaysia	9,470,731	8,190,917
- Corporate Bonds and/or Sukuk outside Malaysia	468,871	730,129
	14,779,248	14,132,117
Allowance for impairment losses of securities	(11,822)	(23,594)
<b>Total financial investments available-for-sale</b>	<b>14,767,426</b>	<b>14,108,523</b>
<b>(c) <u>Financial investments held-to-maturity</u></b>		
<b>At amortised cost</b>		
Unquoted Securities :-		
- Corporate Bonds and/or Sukuk in Malaysia	216,530	402,532
- Redeemable Convertible Secured Loan Stocks in Malaysia	15,103	15,042
	231,633	417,574
Allowance for impairment losses of securities	(10,487)	(10,487)
<b>Total financial investments held-to-maturity</b>	<b>221,146</b>	<b>407,087</b>
<b>Total securities held</b>	<b>15,182,646</b>	<b>14,785,964</b>

## A11. LOANS, ADVANCES AND FINANCING

### (a) BY TYPE

	Group	
	30/9/2017	31/12/2016
	RM'000	RM'000
Overdrafts	1,859,096	1,919,668
Term loans/financing :-		
- Housing Loan/financing	8,029,290	6,964,223
- Syndicated term loans/financing	2,426,271	2,482,093
- Hire purchase receivables	12,335,261	11,920,683
- Business term loans/financing	13,645,225	13,440,419
- Other term loans/financing	383,863	356,509
Bills receivables	29,355	30,113
Trust receipts	137,486	297,955
Claims on customers under acceptance credits	1,097,980	1,082,209
Staff loans/financing (of which RM <b>NIL</b> to Directors)	169,726	160,732
Credit/charge cards	103,460	91,091
Revolving credit	4,500,436	5,123,539
Margin financing	360,265	241,772
Factoring	7,469	1,560
Other receivables	41,078	40,490
<b>Gross loans, advances and financing</b>	<b>45,126,261</b>	<b>44,153,056</b>
Less: Allowance for impairment losses		
- Collective impairment	(240,037)	(237,954)
- Individual impairment	(106,039)	(167,675)
<b>Total net loans, advances and financing</b>	<b>44,780,185</b>	<b>43,747,427</b>

### (b) BY MATURITY STRUCTURE

Maturing within one year	8,349,555	9,204,328
One year to three years	5,047,778	4,969,834
Three years to five years	7,195,821	7,332,075
Over five years	24,533,107	22,646,819
	<b>45,126,261</b>	<b>44,153,056</b>

### (c) BY TYPE OF CUSTOMER

Domestic banking institutions	388	3,033
Domestic non-banking institutions :-		
- Others	687,922	834,841
Domestic business enterprises :-		
- Small medium enterprises	11,958,459	12,553,872
- Others	11,377,655	10,998,242
Government and statutory bodies	1,062,272	1,467,488
Individuals	19,588,482	17,920,443
Foreign individuals	358	957
Other domestic entities	13,946	88,036
Foreign entities	436,779	286,144
	<b>45,126,261</b>	<b>44,153,056</b>

### (d) BY INTEREST / PROFIT RATE SENSITIVITY

Fixed rate :-		
- Housing loans/financing	394,030	406,788
- Hire purchase receivables	12,337,418	11,923,338
- Other fixed rate loans/financing	3,552,433	3,546,700
- Margin financing	360,265	241,772
Variable rate :-		
- BLR plus	17,819,140	16,774,292
- Cost plus	10,622,832	11,195,608
- Other variable rates	40,143	64,558
	<b>45,126,261</b>	<b>44,153,056</b>

**A11. LOANS, ADVANCES AND FINANCING (Cont.)**

**(e) BY ECONOMIC PURPOSE**

	<b>Group</b>	
	<b>30/9/2017</b>	<b>31/12/2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Construction	3,095,811	3,280,772
Purchase of landed property of which :-		
- Residential	8,029,963	7,095,192
- Non-residential	6,471,327	6,012,752
Purchase of securities	1,393,238	1,200,510
Purchase of transport vehicles	12,671,197	12,343,573
Fixed assets other than land and building	306,517	325,485
Personal use	713,714	691,257
Credit card	103,460	91,091
Consumer durable	710	879
Merger and acquisition	90,404	97,992
Working capital	11,471,904	12,452,407
Others	778,016	561,146
	<b>45,126,261</b>	<b>44,153,056</b>

**(f) BY SECTOR**

Primary agriculture	789,648	896,922
Mining and quarrying	760,807	915,756
Manufacturing	1,968,162	2,225,082
Electricity, gas and water supply	146,110	202,818
Construction	2,688,999	2,571,019
Real estate	8,136,520	8,027,575
Wholesale and retail trade and restaurants and hotels	2,847,965	2,855,690
Transport, storage and communication	2,456,404	2,233,611
Finance, insurance and business services	2,733,989	2,912,749
Education, health and others	2,824,323	3,137,788
Household	19,722,827	18,052,061
Others	50,507	121,985
	<b>45,126,261</b>	<b>44,153,056</b>

**(g) BY GEOGRAPHICAL DISTRIBUTION**

Perlis	158,351	195,079
Kedah	1,467,486	1,434,432
Pulau Pinang	2,524,444	2,386,830
Perak	1,545,323	1,444,400
Selangor	12,802,879	12,825,140
Wilayah Persekutuan	13,542,521	13,516,182
Negeri Sembilan	1,248,947	1,216,853
Melaka	1,026,338	1,030,549
Johor	4,707,585	4,117,630
Pahang	994,759	897,686
Terengganu	830,079	743,413
Kelantan	225,897	216,290
Sarawak	1,939,282	1,750,219
Sabah	1,591,181	1,626,943
Labuan	426,962	664,510
Outside Malaysia	94,227	86,900
	<b>45,126,261</b>	<b>44,153,056</b>

**A11. LOANS, ADVANCES AND FINANCING (Cont.)**

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

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

	<b>Group</b>	
	<b>30/9/2017</b>	<b>31/12/2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance at the beginning of financial period/year	737,253	834,222
Classified as impaired during the financial period/year	806,011	679,669
Reclassified as non-impaired during the financial period/year	(290,277)	(383,917)
Amount recovered during the financial period/year	(118,421)	(199,772)
Amount written-off during the financial period/year	(157,853)	(184,899)
Amount converted to financial investments held-for-maturity	-	(8,050)
	<b>976,713</b>	<b>737,253</b>

**(ii) Impaired loans, advances and financing by economic purpose**

Construction	101,113	39,998
Purchase of landed property of which :-		
- Residential	205,011	203,075
- Non-residential	305,162	76,002
Purchase of securities	44	158
Purchase of transport vehicles	85,340	86,062
Fixed assets other than land and building	490	878
Personal use	17,613	28,441
Credit card	363	408
Consumer durable	16	17
Working capital	257,050	295,207
Others	4,511	7,007
	<b>976,713</b>	<b>737,253</b>

**(iii) Impaired loans, advances and financing by sector**

Primary agriculture	13,949	14,331
Mining and quarrying	13,411	120
Manufacturing	30,889	27,934
Electricity, gas and water supply	291	207
Construction	112,746	102,416
Real estate	363,047	71,195
Wholesale and retail trade and restaurants and hotels	56,566	57,706
Transport, storage and communication	2,601	2,106
Finance, insurance and business services	86,331	145,544
Education, health and others	488	732
Household	296,394	314,962
	<b>976,713</b>	<b>737,253</b>

**A11. LOANS, ADVANCES AND FINANCING (Cont.)**

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

**(iv) Impaired loans, advances and financing by geographical distribution**

	Group	
	30/9/2017	31/12/2016
	RM'000	RM'000
Perlis	5,458	5,245
Kedah	63,417	48,834
Pulau Pinang	88,940	41,022
Perak	14,676	18,490
Selangor	262,617	314,005
Wilayah Persekutuan	297,608	79,564
Negeri Sembilan	80,430	79,423
Melaka	4,675	16,091
Johor	32,492	27,974
Pahang	18,959	9,574
Terengganu	7,518	6,245
Kelantan	3,929	5,337
Sarawak	22,184	7,951
Sabah	44,367	45,914
Outside Malaysia	29,443	31,584
	<b>976,713</b>	<b>737,253</b>

**(v) Movements in allowance for impairment on loans, advances and financing**

**Collective impairment**

Balance at beginning of financial period/year	237,954	238,868
Allowance (net of write-back) made during the financial period/year	48,067	43,748
Amount written-off during the financial period/year	(45,984)	(44,662)
Balance at the end of financial period/year	<b>240,037</b>	<b>237,954</b>

**Individual impairment**

Balance at the beginning of financial period/year	167,675	295,263
Allowance made during the financial period/year	72,822	81,349
Amount recovered during the financial period/year	(20,678)	(59,431)
Amount written-off during the financial period/year	(109,275)	(132,589)
Amount converted to financial investments held-to-maturity	-	(6,950)
Unwinding discount of allowance	(3,645)	(10,324)
Exchange difference	(860)	357
Balance at the end of financial period/year	<b>106,039</b>	<b>167,675</b>

**A12. OTHER ASSETS**

Cheque clearing accounts	35,271	10,721
Foreclosed properties	19,958	7,970
Other debtors, deposits and prepayments	80,327	73,535
Amount due from joint ventures	50,636	46,725
Collaterals pledged for derivative transactions	36,397	76,561
Amount due from associates	500	500
	<b>223,089</b>	<b>216,012</b>



### A13. OTHER LIABILITIES

	Group	
	30/9/2017 RM'000	31/12/2016 RM'000
Bank Negara Malaysia and Credit Guarantee Corporation Funding Programmes	39,344	38,563
Margin and collateral deposits	136,886	149,616
Commissioned dealer's representative trust balances	49,455	47,090
Defined contribution plan	14,910	15,662
Accrued employee benefits	99,894	85,606
Other creditors and accruals	211,537	137,136
Collaterals pledged for derivative transactions	6,603	8,761
Amount payable to commissioned and salaried dealer's representatives	34,150	22,174
Cheque clearing accounts	5,500	19,272
Provision for zakat	4,607	3,447
Sundry creditors	151,224	128,867
	<b>754,110</b>	<b>656,194</b>

### A14. RESERVES

	Group	
	30/9/2017 RM'000	31/12/2016 RM'000
Retained profits	4,119,599	2,400,913
AFS revaluation reserves (a)	166,211	56,318
Statutory reserves (b)	-	1,806,731
Regulatory reserves (c)	632,322	289,871
	<b>4,918,132</b>	<b>4,553,833</b>

- (a) AFS revaluation reserves represent the unrealised gains or losses arising from the change in fair value of investments classified as financial investments available-for-sale. The gains or losses are transferred in the income statement upon disposal or when the securities become impaired.
- (b) Previously, the statutory reserves of the Group are maintained in compliance with Section 47(2)(f) of the Financial Services Act 2013 and Section 57(2)(f) Islamic Financial Services Act 2013 and are not distributable as cash dividends. Pursuant to the Revised Policy Documents on 3 May 2017, the requirement to maintain the said statutory reserves is no longer necessary given that banking institutions have begun the phasing-in of the Capital Conservation Buffer ("CCB") requirement under the Capital Adequacy Framework since 2016.
- (c) The banking subsidiaries are required to maintain in aggregate collective impairment allowances and regulatory reserves of no less than 1.2% of the total outstanding loans, advances and financing, net of individual impairment allowances.

### A15. INTEREST INCOME

	<-----Group----->			
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2017 RM'000	30/9/2016 RM'000	30/9/2017 RM'000	30/9/2016 RM'000
Loans, advances and financing	458,815	467,303	1,371,012	1,420,415
Money at call and deposits with financial institutions	28,852	25,066	92,993	69,399
Reverse repurchase agreements with financial institutions	-	-	368	-
Financial assets held-for-trading	1,702	4,141	5,516	10,749
Financial investments available-for-sale	120,362	106,005	349,343	317,834
Financial investments held-to-maturity	1,923	4,828	22,080	18,165
Derivatives	25,933	29,124	79,070	88,549
Subordinated term loan	1,888	1,282	5,037	4,140
Others	90	100	319	(343)
	<b>639,565</b>	<b>637,849</b>	<b>1,925,738</b>	<b>1,928,908</b>

of which :-

Interest income earned on impaired loans, advances and financing	977	5,643	1,680	7,603
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#### A16. INTEREST EXPENSE

	<-----Group----->			
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2017	30/9/2016	30/9/2017	30/9/2016
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	10,646	26,375	45,502	64,919
Deposits from customers	338,249	329,825	1,009,943	1,026,012
Derivatives	25,406	27,372	76,431	82,299
Subordinated medium term notes	15,253	-	36,754	-
Loans sold to Cagamas Berhad	-	1,419	-	4,301
Others	8,692	6,236	21,506	27,744
	<b>398,246</b>	<b>391,227</b>	<b>1,190,136</b>	<b>1,205,275</b>

#### A17. OTHER OPERATING INCOME

	<-----Group----->			
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2017	30/9/2016	30/9/2017	30/9/2016
	RM'000	RM'000	RM'000	RM'000
<u>Fee income</u>				
Gross brokerage	25,220	21,228	83,724	68,471
Underwriting fees	4,581	2,302	10,243	2,978
Portfolio management fees	65,675	46,462	187,889	134,714
Corporate advisory fees	2,020	1,176	6,373	5,284
Commission	4,715	4,235	14,566	12,541
Service charges and fees	14,333	16,275	45,066	45,851
Guarantee fees	5,328	5,098	16,061	18,586
Arrangement fees/Co-ordinating fees	4,100	900	4,950	5,129
Agency fees	715	473	1,729	1,367
Initial service charges	44,195	26,655	110,354	54,427
Other fee income	1,203	1,887	5,784	5,590
	172,085	126,691	486,739	354,938
<u>Income from financial instruments</u>				
Gains/(losses) arising on financial assets held-for-trading :-				
- net gains on disposal	12,593	10,726	53,599	22,520
- unrealised gains/(losses)	(302)	(990)	(582)	3,256
- gross dividend income	219	202	352	669
Gains/(losses) on derivatives :-				
- realised	114	312	636	1,871
- unrealised	7,532	(4,695)	3,266	(3,455)
Gains arising on financial investments available-for-sale :-				
- net gains on disposal	17,562	31,306	33,395	42,771
- gross dividend income	3,619	3,720	12,787	13,706
Gains arising on financial investments held-to-maturity :-				
- net gains on redemption	-	-	39,784	-
	41,337	40,581	143,237	81,338
<u>Other income</u>				
Foreign exchange gains/(losses)				
- realised	16,416	16,904	(39,144)	(29,336)
- unrealised	(11,385)	3,087	73,347	75,435
Rental income	497	344	1,652	1,177
Gains on disposal of property and equipment	54	23	1,269	148
Gains on disposal of foreclosed properties	-	-	-	153
Other non-operating income	1,778	1,095	6,068	7,232
	7,360	21,453	43,192	54,809
<b>Total other operating income</b>	<b>220,782</b>	<b>188,725</b>	<b>673,168</b>	<b>491,085</b>

#### A18. OTHER OPERATING EXPENSES

	<-----Group----->			
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2017	30/9/2016	30/9/2017	30/9/2016
	RM'000	RM'000	RM'000	RM'000
<u>Personnel costs</u>				
Wages, salaries and bonus	137,270	112,881	408,018	336,348
Defined contribution plan	23,241	18,478	66,383	55,949
Provision for termination benefits under VSS ("Voluntary Separation Scheme")	48,000	-	48,000	-
Other personnel costs	23,558	18,249	67,584	53,781
	<u>232,069</u>	<u>149,608</u>	<u>589,985</u>	<u>446,078</u>
<u>Promotion and marketing-related expenses</u>				
Business promotion and advertisement	6,366	4,601	20,329	13,709
Entertainment	1,525	1,382	4,372	4,009
Travelling and accommodation	2,594	1,757	6,662	5,230
Dealers' handling fees	2,043	1,807	7,970	5,763
Commission and brokerage expenses	58,006	29,049	147,489	72,133
Dealer's representatives performance incentive	1,437	1,128	5,940	4,116
Others	2,868	1,751	7,787	5,391
	<u>74,839</u>	<u>41,475</u>	<u>200,549</u>	<u>110,351</u>
<u>Establishment-related expenses</u>				
Rental of premises	9,689	10,017	29,313	30,959
Equipment rental	788	858	1,880	2,208
Repair and maintenance	12,386	12,824	35,916	37,718
Depreciation of property and equipment	6,223	5,828	18,168	17,663
Amortisation of intangible assets	6,601	6,647	19,005	19,103
IT consultancy fee	8,444	16,064	42,321	48,613
Dataline rental	2,820	2,220	6,740	5,774
Security services	5,290	4,423	14,202	13,294
Electricity, water and sewerage	3,367	3,579	9,877	10,847
Insurance and indemnities	6,362	6,633	18,259	20,023
Others	1,257	1,268	3,382	3,872
	<u>63,227</u>	<u>70,361</u>	<u>199,063</u>	<u>210,074</u>
<u>General and administrative expenses</u>				
Telecommunication expenses	4,182	4,422	10,775	12,357
Directors' remuneration	924	821	2,690	2,569
Auditors' remuneration :-				
(i) Statutory audit fees				
- current year	774	683	2,106	1,896
(ii) Regulatory related fees	44	18	104	39
(iii) Tax fees	23	24	123	376
(iv) Non-audit fees	321	7	649	16
Professional fees	4,170	3,548	17,112	9,851
Property and equipment written-off	87	16	123	1,094
Intangible asset written-off	-	-	-	17
Postage and courier charges	989	1,010	2,489	3,125
Stationery and consumables	2,830	2,888	7,297	9,332
Donations	347	451	1,719	2,310
Settlement, clearing and bank charges	4,505	3,156	10,949	8,998
Stamp duties	94	72	246	459
Operational and litigation write-off expenses	358	253	358	253
Subscription fees	780	2,311	4,508	5,960
Transaction levy	2,360	1,775	7,302	5,813
Subsidies and allowances	716	831	2,160	2,541
SCORE fees	739	604	2,473	1,960
Others	5,909	4,010	17,808	12,834
	<u>30,152</u>	<u>26,900</u>	<u>90,991</u>	<u>81,800</u>
<b>Total other operating expenses</b>	<b>400,287</b>	<b>288,344</b>	<b>1,080,588</b>	<b>848,303</b>

**A19. ALLOWANCE FOR IMPAIRMENT LOSSES ON LOANS,  
 ADVANCES, FINANCING AND TRADE RECEIVABLES**

	<-----Group----->			
	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>30/9/2017</b>	<b>30/9/2016</b>	<b>30/9/2017</b>	<b>30/9/2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Collective impairment				
- made during the financial period	15,470	(5,222)	48,067	30,529
Individual impairment				
- made during the financial period	25,949	21,100	73,242	47,814
- written-back during the financial period	(3,892)	(4,637)	(21,474)	(33,674)
Bad debts				
- recovered	(9,245)	(8,926)	(30,417)	(42,711)
- written-off	115	760	621	1,645
Additional allowance for impairment losses				
- other debtors	73	408	67	472
	<b>28,470</b>	<b>3,483</b>	<b>70,106</b>	<b>4,075</b>

**A20. ALLOWANCE FOR IMPAIRMENT LOSSES  
 ON SECURITIES**

Allowance for impairment losses				
- Financial investments available-for-sale	299	15,176	1,011	15,176
- Financial investments held-to-maturity	-	3,537	-	3,537
	<b>299</b>	<b>18,713</b>	<b>1,011</b>	<b>18,713</b>

## A21. SEGMENTAL INFORMATION ON REVENUE AND PROFIT

The segment analysis by activity for the individual and cumulative quarters ended 30 September 2017 and 30 September 2016 are as follows:-

	<----- Current year's individual quarter ended 30 September 2017 ----->					
	<b>Commercial Banking RM'000</b>	<b>Investment Banking RM'000</b>	<b>Insurance RM'000</b>	<b>Others RM'000</b>	<b>Eliminations RM'000</b>	<b>Group RM'000</b>
<b>Revenue</b>						
External revenue	331,974	209,175	-	4,508	-	545,657
Intersegment revenue	(4,020)	(4,759)	-	14,897	(5,117)	1,001
Segment revenue	<u>327,954</u>	<u>204,416</u>	<u>-</u>	<u>19,405</u>	<u>(5,117)</u>	<u>546,658</u>
Overhead expenses	(240,642)	(154,747)	-	(5,185)	287	(400,287)
of which :-						
Depreciation of property and equipment	(22,913)	(889)	-	(169)	-	(23,971)
Amortisation of intangible assets	(6,321)	(8,550)	-	(190)	-	(15,061)
(Additional)/write-back of allowance for impairment on loans, advances and financing/securities	(28,885)	116	-	-	-	(28,769)
<b>Segment results</b>	<u>58,427</u>	<u>49,785</u>	<u>-</u>	<u>14,220</u>	<u>(4,830)</u>	<u>117,602</u>
Finance costs	-	-	-	(13,165)	-	(13,165)
Share of results of a joint venture (net of tax)	-	-	(2,471)	-	-	(2,471)
Share of results of an associate (net of tax)	-	-	6,723	-	-	6,723
Profit before taxation and zakat	<u>58,427</u>	<u>49,785</u>	<u>4,252</u>	<u>1,055</u>	<u>(4,830)</u>	<u>108,689</u>
Zakat	(3,000)	(408)	-	-	-	(3,408)
Profit before taxation	<u>55,427</u>	<u>49,377</u>	<u>4,252</u>	<u>1,055</u>	<u>(4,830)</u>	<u>105,281</u>
Taxation	-	-	-	-	-	(27,453)
Net profit for the individual quarter	-	-	-	-	-	<u>77,828</u>

	<----- Preceding year's individual quarter ended 30 September 2016 ----->					
	<b>Commercial Banking RM'000</b>	<b>Investment Banking RM'000</b>	<b>Insurance RM'000</b>	<b>Others RM'000</b>	<b>Eliminations RM'000</b>	<b>Group RM'000</b>
<b>Revenue</b>						
External revenue	347,131	153,585	-	3,679	-	504,395
Intersegment revenue	(3,838)	(7,420)	-	11,928	(670)	-
Segment revenue	<u>343,293</u>	<u>146,165</u>	<u>-</u>	<u>15,607</u>	<u>(670)</u>	<u>504,395</u>
Overhead expenses	(171,098)	(113,685)	-	(4,231)	670	(288,344)
of which :-						
Depreciation of property and equipment	(3,674)	(2,075)	-	(79)	-	(5,828)
Amortisation of intangible assets	(2,661)	(3,970)	-	(16)	-	(6,647)
(Additional)/write-back of allowance for impairment on loans, advances and financing/securities	(7,201)	(14,995)	-	-	-	(22,196)
<b>Segment results</b>	<u>164,994</u>	<u>17,485</u>	<u>-</u>	<u>11,376</u>	<u>-</u>	<u>193,855</u>
Finance costs	-	-	-	(13,853)	-	(13,853)
Share of results of a joint venture (net of tax)	-	-	(1,635)	-	-	(1,635)
Share of results of an associate (net of tax)	-	-	7,440	-	-	7,440
Profit before taxation and zakat	<u>164,994</u>	<u>17,485</u>	<u>5,805</u>	<u>(2,477)</u>	<u>-</u>	<u>185,807</u>
Zakat	-	(328)	-	-	-	(328)
Profit before taxation	<u>164,994</u>	<u>17,157</u>	<u>5,805</u>	<u>(2,477)</u>	<u>-</u>	<u>185,479</u>
Taxation	-	-	-	-	-	(41,154)
Net profit for the individual quarter	-	-	-	-	-	<u>144,325</u>

## A21. SEGMENTAL INFORMATION ON REVENUE AND PROFIT

The segment analysis by activity for the individual and cumulative quarters ended 30 September 2017 and 30 September 2016 are as follows:-

	<----- Current year's cumulative quarter ended 30 September 2017 ----->					
	<b>Commercial Banking RM'000</b>	<b>Investment Banking RM'000</b>	<b>Insurance RM'000</b>	<b>Others RM'000</b>	<b>Eliminations RM'000</b>	<b>Group RM'000</b>
<b>Revenue</b>						
External revenue	1,041,399	589,039	-	13,113	-	1,643,551
Intersegment revenue	(15,647)	(15,780)	-	126,348	(93,920)	1,001
Segment revenue	<u>1,025,752</u>	<u>573,259</u>	<u>-</u>	<u>139,461</u>	<u>(93,920)</u>	<u>1,644,552</u>
Operating expenses	(624,269)	(442,332)	-	(15,977)	1,990	(1,080,588)
of which :-						
Depreciation of property and equipment	(30,378)	(5,222)	-	(316)	-	(35,916)
Amortisation of intangible assets	(11,365)	(15,879)	-	(221)	-	(27,465)
(Additional)/write-back of allowance for impairment losses on loans, advances and financing/securities	(71,268)	151	-	-	-	(71,117)
<b>Segment results</b>	<u>330,215</u>	<u>131,078</u>	<u>-</u>	<u>123,484</u>	<u>(91,930)</u>	<u>492,847</u>
Finance costs	-	-	-	(41,707)	-	(41,707)
Share of results of a joint venture (net of tax)	-	-	(6,688)	-	-	(6,688)
Share of results of an associate (net of tax)	-	-	24,812	-	-	24,812
Profit before taxation and zakat	330,215	131,078	18,124	81,777	(91,930)	469,264
Zakat	(3,000)	(1,131)	-	-	-	(4,131)
Profit before taxation	327,215	129,947	18,124	81,777	(91,930)	465,133
Taxation	-	-	-	-	-	(110,607)
Net profit for the cumulative quarter	-	-	-	-	-	<u>354,526</u>

	<----- Preceding's year cumulative quarter ended 30 September 2016 ----->					
	<b>Commercial Banking RM'000</b>	<b>Investment Banking RM'000</b>	<b>Insurance RM'000</b>	<b>Others RM'000</b>	<b>Eliminations RM'000</b>	<b>Group RM'000</b>
<b>Revenue</b>						
External revenue	980,977	415,089	-	11,965	-	1,408,031
Intersegment revenue	(15,232)	(20,234)	-	145,116	(109,650)	-
Segment revenue	<u>965,745</u>	<u>394,855</u>	<u>-</u>	<u>157,081</u>	<u>(109,650)</u>	<u>1,408,031</u>
Operating expenses	(521,722)	(314,482)	-	(14,341)	2,242	(848,303)
of which :-						
Depreciation of property and equipment	(11,307)	(6,086)	-	(270)	-	(17,663)
Amortisation of intangible assets	(7,229)	(11,828)	-	(46)	-	(19,103)
(Additional)/write-back of allowance for impairment losses on loans, advances and financing/securities	(8,577)	(14,211)	-	-	-	(22,788)
<b>Segment results</b>	<u>435,446</u>	<u>66,162</u>	<u>-</u>	<u>142,740</u>	<u>(107,408)</u>	<u>536,940</u>
Finance costs	-	-	-	(42,424)	-	(42,424)
Share of results of a joint venture (net of tax)	-	-	(4,676)	-	-	(4,676)
Share of results of an associate (net of tax)	-	-	34,660	-	-	34,660
Profit before taxation and zakat	435,446	66,162	29,984	100,316	(107,408)	524,500
Zakat	(2,887)	(794)	-	-	-	(3,681)
Profit before taxation	432,559	65,368	29,984	100,316	(107,408)	520,819
Taxation	-	-	-	-	-	(118,009)
Net profit for the cumulative quarter	-	-	-	-	-	<u>402,810</u>

## A22. 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 other than those disclosed in Note B6(b).

## A23. CHANGES IN THE COMPOSITION OF THE GROUP

There were no significant changes in the composition of the Group during the current financial quarter under review other than the following:-

### a) Acquisition of Additional 154,570 ordinary shares of RM1.00 each, representing 0.13% Equity Interest in AXA AFFIN General Insurance Berhad ("AAGI")

During the period under review, the Company acquired additional 154,570 ordinary shares of RM1.00 each representing 0.13% equity interest in AAGI at a price of RM6.77 per share. As at 30 September 2017, the Company's equity interest in AAGI stood at 37.07% as compared to 36.94% as at 31 December 2016.

### b) Acquisition of entire share capital of ABB Trustee Berhad ("ABBT") by AFFIN Hwang Investment Bank Berhad and its subsidiaries

On 25 January 2017, AFFIN Hwang Investment Bank Berhad and its subsidiaries, namely, AFFIN Hwang Nominees (Tempatan) Sdn Bhd, AFFIN Hwang Nominees (Asing) Sdn Bhd, AHC Global Sdn Bhd (formerly known as Classic Uptrend Sdn Bhd) and AHC Associates Sdn Bhd (formerly known as Sole Delta Sdn Bhd) had completed the acquisition of 100,000 ordinary shares of RM10 each, of which RM5 is fully paid-up, representing 100% equity interest in ABB Trustee Berhad ("ABBT") from AFFIN Bank Berhad and the other four shareholders of ABBT shares, for a total cash consideration of RM630,000.00 based on the audited net asset value of ABBT as at 31 December 2015.

## A24. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group makes 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.

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

	Principal Amount	
	30/9/2017 RM'000	31/12/2016 RM'000
Direct credit substitutes	618,388	533,615
Transaction related contingent items	2,103,036	2,252,924
Short-term self-liquidating trade-related contingencies	511,044	496,339
Obligation under underwriting commitments	-	19,481
Foreign exchange related contracts #		
- Less than one year	10,542,341	9,668,916
- One year to less than five years	708,541	603,046
- Five years and above	42,485	42,485
Interest rate related contracts #		
- Less than one year	836,000	893,125
- One year to less than five years	1,701,148	1,457,148
- Five years and above	935,000	830,000
Irrevocable commitments to extend credit		
- Maturity less than one year	8,468,927	7,842,971
- Maturity more than one year	1,667,271	1,515,422
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 borrowers' creditworthiness	719,515	566,296
Unutilised credit card lines	361,848	230,550
	<b>29,215,544</b>	<b>26,952,318</b>

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

## A25. DERIVATIVE FINANCIAL INSTRUMENTS

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

### GROUP

	< ----- Contract/Notional Amount ----- >				< ----- Positive Fair Value ----- >				< ----- Negative Fair Value ----- >			
	Up To 1 Year	> 1 - 3 Years	> 3 Years	Total	Up To 1 Year	> 1 - 3 Years	> 3 Years	Total	Up To 1 Year	> 1 - 3 Years	> 3 Years	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>As at 30 September 2017</b>												
<b>Trading derivatives</b>												
Foreign exchange contracts												
- Currency forwards	4,975,762	129,354	33,415	5,138,531	35,099	1,085	-	36,184	62,769	2,124	1,847	66,740
- Cross currency swaps	5,537,248	416,295	171,962	6,125,505	81,788	3,244	4,780	89,812	59,870	94,992	32,381	187,243
- Currency options	29,331	-	-	29,331	58	-	-	58	-	-	-	-
Interest rate contracts												
- Interest rate swaps	836,000	934,148	1,702,000	3,472,148	2,566	2,401	16,988	21,955	3,236	4,316	12,463	20,015
	<b>11,378,341</b>	<b>1,479,797</b>	<b>1,907,377</b>	<b>14,765,515</b>	<b>119,511</b>	<b>6,730</b>	<b>21,768</b>	<b>148,009</b>	<b>125,875</b>	<b>101,432</b>	<b>46,691</b>	<b>273,998</b>

### As at 31 December 2016

#### Trading derivatives

Foreign exchange contracts												
- Currency forwards	3,141,660	109,426	-	3,251,086	161,539	7,137	-	168,676	17,632	-	-	17,632
- Cross currency swaps	6,527,256	397,590	138,515	7,063,361	98,867	1,220	1,754	101,841	351,158	124,379	42,514	518,051
Interest rate contracts												
- Interest rate swaps	893,125	1,137,000	1,150,148	3,180,273	2,477	3,897	12,380	18,754	2,987	6,187	8,085	17,259
	<b>10,562,041</b>	<b>1,644,016</b>	<b>1,288,663</b>	<b>13,494,720</b>	<b>262,883</b>	<b>12,254</b>	<b>14,134</b>	<b>289,271</b>	<b>371,777</b>	<b>130,566</b>	<b>50,599</b>	<b>552,942</b>



## **A25. 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 RM57.4 million (FYE 31/12/2016: RM54.1 million), while the notional amount of interest rate contract was RM670.2 million (FYE 31/12/2016: RM843.3 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 RM312.4 million (FYE 31/12/2016: RM478.1 million) and RM113.1 million (FYE 31/12/2016: RM92.7 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 2016.

## A26. FAIR VALUE MEASUREMENTS

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

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

<b>Group</b>	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>30 September 2017</b>				
<b>Assets</b>				
Financial assets held-for-trading	55,335	138,739	-	194,074
Financial investments available-for-sale *				
- Corporate Bonds and/or Sukuk	-	9,909,101	30,501	9,939,602
- Equity securities	276,293	81	236,456	512,830
- Money market instruments	-	4,314,994	-	4,314,994
Derivative financial assets	-	148,009	-	148,009
	<b>331,628</b>	<b>14,510,924</b>	<b>266,957</b>	<b>15,109,509</b>
<b>Liabilities</b>				
Derivative financial liabilities	-	273,998	-	273,998
<b>31 December 2016</b>				
<b>Assets</b>				
Financial assets held-for-trading	23,627	246,727	-	270,354
Financial investments available-for-sale *				
- Corporate Bonds and/or Sukuk	-	8,891,001	30,045	8,921,046
- Equity securities	330,172	81	236,120	566,373
- Money market instruments	-	4,621,104	-	4,621,104
Derivative financial assets	-	289,271	-	289,271
	<b>353,799</b>	<b>14,048,184</b>	<b>266,165</b>	<b>14,668,148</b>
<b>Liabilities</b>				
Derivative financial liabilities	-	552,942	-	552,942

\* Net of allowance for impairment losses

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

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group 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.

## A26. 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 exposure to financial instruments classified as Level 3 comprised a small number of financial instruments which constitute an insignificant component of the Group'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 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 (2016: Nil).

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

Group	30/9/2017	31/12/2016
	RM'000	RM'000
As at beginning of the financial period/year	266,165	223,554
Purchases	-	30,045
Sales	-	(25)
Net changes in interest accrued	456	-
Total gains recognised in other comprehensive income	336	13,409
Allowance for impairment losses	-	(318)
Reclassified to investment in associate	-	(500)
As at end of the financial period/year	266,957	266,165

### **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.

## A27. CAPITAL ADEQUACY

With effect from 1 January 2013, the total capital and capital adequacy ratios of the Group are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework (Capital Components) dated 28 November 2012. The Group and the Bank are currently adopting 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 (Capital Components), the minimum capital adequacy requirement for Common Equity Tier I ("CET I") Capital Ratio, Tier I Capital Ratio and Total Capital Ratio are 5.750% (2016: 5.125%), 7.250% (2016: 6.625%) and 9.250% (2016: 8.625%) respectively for year 2017.

All banking subsidiaries namely, AFFIN Bank, AFFIN Islamic Bank, AFFIN Hwang Investment Bank have complied with the above minimum regulatory capital adequacy requirement as at 30 September 2017. The components of CET I, Tier I and Tier II capital, breakdown of risk-weighted assets and capital adequacy ratios of the banking subsidiaries as at the reporting date are summarised below :-

	AFFIN Bank		AFFIN Islamic Bank		AFFIN Hwang Investment Bank	
	30/9/2017	31/12/2016	30/9/2017	31/12/2016	30/9/2017	31/12/2016
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>a) The components of CET I, Tier I</b>						
<b>Tier II capital :-</b>						
<u>CET I/Tier I capital</u>						
Paid-up share capital	2,547,674	1,688,770	760,000	560,000	999,800	780,000
Share premium	-	858,904	-	-	-	219,800
Statutory reserves	-	1,416,621	-	305,016	-	251,343
Retained profits	2,112,044	913,359	592,469	237,777	573,597	274,279
Unrealised gains and losses on AFS	195,422	122,753	163	(23,768)	5,466	(26,901)
	4,855,140	5,000,407	1,352,632	1,079,025	1,578,863	1,498,521
Less Regulatory adjustments:-						
- Goodwill and other intangibles	(172,506)	(167,982)	-	-	(316,726)	(316,645)
- Investments in subsidiaries/joint ventures	(619,779)	(345,134)	(1,120)	(840)	(113,583)	(108,692)
- Deferred tax assets	-	-	(2,609)	(8,056)	-	(6,291)
- 55% of cumulative unrealised gains of AFS	(107,482)	(67,514)	(90)	-	(3,006)	-
Total CET I Capital	3,955,373	4,419,777	1,348,813	1,070,129	1,145,548	1,066,893
Total Tier I Capital (a)	3,955,373	4,419,777	1,348,813	1,070,129	1,145,548	1,066,893
<u>Tier II capital</u>						
Subordinated MTNs/loans	2,600,000	1,180,000	-	-	-	-
Regulatory adjustments	530,638	207,026	89,571	73,178	12,113	9,667
Collective impairment #	109,129	109,362	31,282	28,541	2,087	2,858
Less : Investment in subsidiaries/joint ventures	(154,945)	(230,090)	(280)	(560)	(14,200)	(12,525)
Total Tier II Capital (b)	3,084,822	1,266,298	120,573	101,159	-	-
Total Tier I & II Capital (a) + (b)	7,040,195	5,686,075	1,469,386	1,171,288	1,145,548	1,066,893
Capital base before proposed dividends	7,040,195	5,686,075	1,469,386	1,171,288	1,145,548	1,066,893
Proposed dividends	-	(76,300)	-	-	-	(10,800)
<b>Capital base after proposed dividends</b>	<b>7,040,195</b>	<b>5,609,775</b>	<b>1,469,386</b>	<b>1,171,288</b>	<b>1,145,548</b>	<b>1,056,093</b>
<b>b) The breakdown of risk-weighted assets :-</b>						
Credit risk	32,300,401	32,838,523	9,651,811	8,124,441	2,231,754	2,400,616
Market risk	253,501	296,191	14,570	37,254	334,041	196,766
Operational risk	1,928,528	1,956,481	505,892	451,894	413,682	394,323
<b>Total risk-weighted assets</b>	<b>34,482,430</b>	<b>35,091,195</b>	<b>10,172,273</b>	<b>8,613,589</b>	<b>2,979,477</b>	<b>2,991,705</b>
<b>c) Capital adequacy ratios :-</b>						
<u>Before deducting proposed dividends:-</u>						
CET I Capital Ratio	11.471%	12.595%	13.260%	12.424%	38.448%	35.662%
Tier I Capital Ratio	11.471%	12.595%	13.260%	12.424%	38.448%	35.662%
Total Capital Ratio	20.417%	16.204%	14.445%	13.598%	38.448%	35.662%
<u>After deducting proposed dividends:-</u>						
CET I Capital Ratio	11.471%	12.378%	13.260%	12.424%	38.448%	35.301%
Tier I Capital Ratio	11.471%	12.378%	13.260%	12.424%	38.448%	35.301%
Total Capital Ratio	20.417%	15.986%	14.445%	13.598%	38.448%	35.301%

# Qualifying collective impairment is restricted to allowances on the unimpaired loans, advances and financing.

## A28. LIQUIDITY RISK

Liquidity risk for assets and liabilities based on remaining contractual maturities :-

The maturities of on-balance sheet assets and liabilities as well as other off-balance sheet assets and liabilities, commitments and counter-guarantees are important factors in assessing the liquidity of the Group. The table below provides analysis of assets and liabilities into relevant maturity tenures based on remaining contractual maturities.

Maturities of assets and liabilities of the Group by remaining contractual maturities profile are as follows :-

<b>Group</b>	<b>Up to 1</b>	<b>&gt; 1-3</b>	<b>&gt; 3-12</b>	<b>&gt; 1-5</b>	<b>Over 5</b>	<b>No specific</b>	<b>Total</b>
<b>30/9/2017</b>	<b>month</b>	<b>months</b>	<b>months</b>	<b>years</b>	<b>years</b>	<b>maturity</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>							
Cash and short-term funds	5,452,319	-	-	-	-	423,523	5,875,842
Deposits and placements with banks and other financial institutions	-	30,036	-	111,691	101,544	-	243,271
Reverse repurchase agreements with financial institutions	47,527	-	-	-	-	-	47,527
Trade receivables	549,662	1,211	-	-	-	-	550,873
Financial assets held-for-trading	-	-	5,004	50,547	61,692	76,831	194,074
Financial investments available-for-sale	740,843	746,204	1,164,360	4,479,380	7,302,530	334,109	14,767,426
Financial investments held-to-maturity	21,217	1,952	8,164	174,095	15,701	17	221,146
Derivative financial assets	63,660	42,362	22,940	8,709	10,338	-	148,009
Loans, advances and financing	2,931,138	1,465,892	1,547,720	11,889,393	26,946,042	-	44,780,185
Other assets	61,776	1,750	26,527	59,695	1,641	21,058	172,447
Statutory deposits with Bank Negara Malaysia	1,627,507	-	-	-	-	182,000	1,809,507
Amount due from associate	669	6,662	-	88,356	-	-	95,687
Other non-financial assets (Note 1)	50,642	-	21,888	33,679	406	2,557,648	2,664,263
<b>Total assets</b>	<b>11,546,960</b>	<b>2,296,069</b>	<b>2,796,603</b>	<b>16,895,545</b>	<b>34,439,894</b>	<b>3,595,186</b>	<b>71,570,257</b>

Note 1 : Other non-financial assets include investment in joint ventures, investment in associates, taxation recoverable, deferred tax assets, property and equipment and intangible assets.

**A28. LIQUIDITY RISK (Cont.)**

Maturities of assets and liabilities of the Group by remaining contractual maturities profile are as follows (Cont.) :-

<b>Group</b>	<b>Up to 1</b>	<b>&gt; 1-3</b>	<b>&gt; 3-12</b>	<b>&gt; 1-5</b>	<b>Over 5</b>	<b>No specific</b>	<b>Total</b>
<b>30/9/2017</b>	<b>month</b>	<b>months</b>	<b>months</b>	<b>years</b>	<b>years</b>	<b>maturity</b>	<b>RM'000</b>
<b>Liabilities</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits from customers	20,974,625	11,032,961	17,101,485	2,509,591	-	-	51,618,662
Investment accounts of customers	-	-	-	579	-	-	579
Deposits and placements with banks and other financial institutions	2,835,360	1,741,797	100,007	-	-	-	4,677,164
Obligations on securities sold under repurchase agreement	1,113,552	-	-	-	-	-	1,113,552
Bills and acceptances payable	51,576	-	-	-	-	-	51,576
Trade payables	762,781	-	-	-	-	-	762,781
Derivatives financial liabilities	61,870	46,318	26,557	135,317	3,936	-	273,998
Recourse obligation on loans sold to Cagamas	-	-	-	-	-	-	-
Other liabilities	574,122	28,418	150,687	657	-	-	753,884
Other non-financial liabilities (Note 2)	-	7	3,967	-	66	35,166	39,206
Borrowings	603,760	500,000	9,728	57,420	2,000,000	-	3,170,908
<b>Total liabilities</b>	<b>26,977,646</b>	<b>13,349,501</b>	<b>17,392,431</b>	<b>2,703,564</b>	<b>2,004,002</b>	<b>35,166</b>	<b>62,462,310</b>
<b>Net liquidity gap</b>	<b>(15,430,686)</b>	<b>(11,053,432)</b>	<b>(14,595,828)</b>	<b>14,191,981</b>	<b>32,435,892</b>	<b>3,560,020</b>	<b>9,107,947</b>

Note 2 : Other non-financial liabilities include provision for taxation and deferred tax liabilities.

## A28. LIQUIDITY RISK (Cont.)

Maturities of assets and liabilities of the Group by remaining contractual maturities profile are as follows (Cont.) :-

<b>Group</b>	<b>Up to 1</b>	<b>&gt; 1-3</b>	<b>&gt; 3-12</b>	<b>&gt; 1-5</b>	<b>Over 5</b>	<b>No specific</b>	<b>Total</b>
<b>31/12/2016</b>	<b>month</b>	<b>months</b>	<b>months</b>	<b>years</b>	<b>years</b>	<b>maturity</b>	<b>RM'000</b>
<b>Assets</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash and short-term funds	4,818,762	17,460	-	-	-	-	4,836,222
Deposits and placements with banks and other financial institutions	-	-	-	122,144	50,727	-	172,871
Trade receivables	528,518	1,032	178	-	-	-	529,728
Financial assets held-for-trading	-	-	200,068	35,872	10,788	23,626	270,354
Financial investments available-for-sale	854,047	838,739	801,705	4,045,093	6,921,104	647,835	14,108,523
Financial investments held-to-maturity	-	-	8,798	112,478	265,909	19,902	407,087
Derivative financial assets	42,573	46,796	182,170	10,022	7,710	-	289,271
Loans, advances and financing	4,103,266	2,364,733	1,885,871	11,894,296	23,499,261	-	43,747,427
Other assets	85,702	4,669	49,147	46,969	5,180	24,345	216,012
Statutory deposits with Bank Negara Malaysia	1,659,740	-	-	-	-	-	1,659,740
Amount due from associate	889	-	-	44,207	-	-	45,096
Other non-financial assets (Note 1)	-	-	-	-	-	2,604,014	2,604,014
<b>Total assets</b>	<b>12,093,497</b>	<b>3,273,429</b>	<b>3,127,937</b>	<b>16,311,081</b>	<b>30,760,679</b>	<b>3,319,722</b>	<b>68,886,345</b>

Note 1 : Other non-financial assets include investment in joint ventures, investment in associates, taxation recoverable, deferred tax assets, property and equipment and intangible assets.

## A28. LIQUIDITY RISK (Cont.)

Maturities of assets and liabilities of the Group by remaining contractual maturities profile are as follows (Cont.) :-

<b>Group</b>	<b>Up to 1</b>	<b>&gt; 1-3</b>	<b>&gt; 3-12</b>	<b>&gt; 1-5</b>	<b>Over 5</b>	<b>No specific</b>	<b>Total</b>
<b>31/12/2016</b>	<b>month</b>	<b>months</b>	<b>months</b>	<b>years</b>	<b>years</b>	<b>maturity</b>	<b>RM'000</b>
<b>Liabilities</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits from customers	22,954,480	12,928,966	14,917,585	704,611	-	-	51,505,642
Deposits and placements with banks and other financial institutions	2,318,463	1,307,301	268,273	-	-	-	3,894,037
Obligation on securities sold under repurchase agreements	975,394	170,224	-	-	-	-	1,145,618
Bills and acceptances payable	37,726	-	-	-	-	-	37,726
Trade payables	724,554	-	-	-	-	-	724,554
Derivatives financial liabilities	56,177	37,716	286,023	167,708	5,318	-	552,942
Recourse obligation on loans sold to Cagamas	-	-	-	-	-	-	-
Other liabilities (Note 2)	536,166	17,893	99,843	1,944	-	396	656,242
Other non-financial liabilities	-	-	-	-	-	31,982	31,982
Borrowings	304,853	1,744	-	1,300,000	-	-	1,606,597
<b>Total liabilities</b>	<b>27,907,813</b>	<b>14,463,844</b>	<b>15,571,724</b>	<b>2,174,263</b>	<b>5,318</b>	<b>32,378</b>	<b>60,155,340</b>
<b>Net liquidity gap</b>	<b>(15,814,316)</b>	<b>(11,190,415)</b>	<b>(12,443,787)</b>	<b>14,136,818</b>	<b>30,755,361</b>	<b>3,287,344</b>	<b>8,731,005</b>

Note 2 : Other non-financial liabilities include provision for taxation and deferred tax liabilities.



**A29. OPERATIONS OF ISLAMIC BANKING - AFFIN ISLAMIC BANK BERHAD**

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

	<b>Group</b>	
	<b>30/9/2017</b>	<b>31/12/2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
Cash and short-term funds	1,912,027	1,057,844
Deposits and placements with banks and other financial institutions	30,036	-
Financial investments available-for-sale	2,151,287	1,833,408
Financial investments held-to-maturity	67,286	72,122
Derivative financial assets	1,276	8,987
Financing, advances and other financing	13,824,601	11,914,943
Other assets	225,927	55,126
Statutory deposit with Bank Negara Malaysia	452,340	332,000
Investment in associate	750	750
Deferred tax assets	2,609	8,056
Property and equipment	2,228	2,347
<b>TOTAL ASSETS</b>	<b>18,670,367</b>	<b>15,285,583</b>
<b>LIABILITIES, ISLAMIC BANKING CAPITAL FUNDS</b>		
Deposits from customers	13,239,644	10,528,698
Investment accounts of customers	579	-
Deposits and placements of banks and other financial institutions	1,864,663	1,248,993
Investment accounts due to designated financial institutions	2,092,827	2,110,049
Derivative financial liabilities	1,602	1,412
Other liabilities	28,150	233,159
Provision for taxation	1,387	6,015
<b>Total Liabilities</b>	<b>17,228,852</b>	<b>14,128,326</b>
<b>ISLAMIC BANKING CAPITAL FUNDS</b>		
Share capital	760,000	560,000
Reserves	681,515	597,257
<b>Total Islamic Banking Capital Funds</b>	<b>1,441,515</b>	<b>1,157,257</b>
<b>TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS</b>	<b>18,670,367</b>	<b>15,285,583</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	<b>3,091,870</b>	<b>3,317,468</b>

**A29. OPERATIONS OF ISLAMIC BANKING - AFFIN ISLAMIC BANK BERHAD (Cont.)**

**(ii) Unaudited Income Statements**

	<-----Group----->			
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2017	30/9/2016	30/9/2017	30/9/2016
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	183,824	142,059	498,659	415,514
Income derived from investment of investment account funds	27,413	26,535	81,176	72,254
Income derived from investment of shareholders' funds	18,281	13,274	50,900	37,335
Allowance for impairment on financing and advances	(6,964)	(7,101)	(23,466)	1,772
<b>Total distributable income</b>	<b>222,554</b>	<b>174,767</b>	<b>607,269</b>	<b>526,875</b>
Income attributable to depositors	(143,389)	(111,949)	(390,615)	(329,514)
	79,165	62,818	216,654	197,361
Other operating expenses	(44,650)	(34,220)	(126,403)	(97,332)
Profit before taxation and zakat	34,515	28,598	90,251	100,029
Zakat	(3,000)	-	(3,000)	(2,887)
Profit before taxation	31,515	28,598	87,251	97,142
Taxation	(8,407)	(7,818)	(21,180)	(21,717)
<b>Net profit for the financial period attributable to the equity holders of the Company</b>	<b>23,108</b>	<b>20,780</b>	<b>66,071</b>	<b>75,425</b>

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

	<-----Group----->			
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2017	30/9/2016	30/9/2017	30/9/2016
	RM'000	RM'000	RM'000	RM'000
Profit after taxation	23,108	20,780	66,071	75,425
Other comprehensive income :-				
- Net fair value change in financial investments available-for-sale	3,979	10,040	23,931	31,877
- Deferred tax on revaluation of financial investments available-for-sale	(955)	(2,409)	(5,744)	(7,650)
Other comprehensive income/(loss) for the financial period, net of tax	3,024	7,631	18,187	24,227
<b>Total comprehensive income for the financial period attributable to the equity holders of the Company</b>	<b>26,132</b>	<b>28,411</b>	<b>84,258</b>	<b>99,652</b>

**A29. OPERATIONS OF ISLAMIC BANKING - AFFIN ISLAMIC BANK BERHAD (Cont.)**

**(iv) Financing**

	<b>Group</b>	
	<b>30/9/2017</b>	<b>31/12/2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>By type</u>		
Cash line	290,247	278,880
Term financing		
- Housing financing	3,947,893	2,857,530
- Syndicated term financing	669,347	582,739
- Hire purchase receivables	3,759,713	3,181,358
- Business term financing	3,916,976	3,541,779
Bills receivables	9,662	21,376
Trust receipts	13,549	6,938
Interest-free accepted bills	172,514	174,623
Staff financing	25,386	13,109
Revolving credit	1,097,025	1,319,609
	<b>13,902,312</b>	<b>11,977,941</b>
Less : Allowance for impairment losses		
- Collective impairment	(51,796)	(44,995)
- Individual impairment	(25,915)	(18,003)
<b>Total net financing</b>	<b>13,824,601</b>	<b>11,914,943</b>

**(v) Impaired financing**

**(a) Movements of impaired financing**

Balance at the beginning of financial period/year	97,498	141,708
Classified as impaired during the financial period/year	379,720	164,338
Reclassified as non-impaired during the financial period/year	(61,150)	(111,590)
Amount recovered during the financial period/year	(19,210)	(87,213)
Amount written-off during the financial period/year	(8,258)	(9,745)
Balance at the end of financial period/year	<b>388,600</b>	<b>97,498</b>

**(b) Movements in the allowance for impairment on financing**

**Collective impairment**

Balance at the beginning of financial period/year	44,995	36,671
Allowance (net of write-back) made during the financial period/year	15,022	13,897
Amount written-off during the financial period/year	(8,221)	(5,573)
Balance at the end of financial period/year	<b>51,796</b>	<b>44,995</b>

**Individual impairment**

Balance at the beginning of financial period/year	18,003	38,516
Allowance made during the financial period/year	13,876	19,340
Amount recovered during the financial period/year	(4,633)	(35,863)
Amount written-off during the financial period/year	-	(4,149)
Unwinding discount of allowance	(471)	(198)
Exchange difference	(860)	357
Balance at the end of financial period/year	<b>25,915</b>	<b>18,003</b>

**A29. OPERATIONS OF ISLAMIC BANKING - AFFIN ISLAMIC BANK BERHAD (Cont.)**

**(vi) Deposits from customers**

	<b>Group</b>	
	<b>30/9/2017</b>	<b>31/12/2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Qard</u>		
Demand deposits	2,457,498	2,572,559
Savings deposits	533,161	477,284
	<hr/> 2,990,659	<hr/> 3,049,843
<u>Mudharabah</u>		
General investment deposits	<hr/> 78,375	<hr/> 104,047
<u>Tawarruq</u>		
Murabahah term deposits	9,073,377	6,606,396
Commodity Murabahah Deposit (CMD)	1,097,233	768,412
	<hr/> 10,170,610	<hr/> 7,374,808
Total deposits from customers	<hr/> 13,239,644	<hr/> 10,528,698

**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**

Financial review for individual and cumulative quarter ended 30/9/2017 against preceding year's corresponding quarter ended 30/9/2016

	Individual Quarter ended		Changes		Cumulative Quarter ended		Changes	
	30/9/2017 RM'000	30/9/2016 RM'000	RM'000	%	30/9/2017 RM'000	30/9/2016 RM'000	RM'000	%
Revenue	546,658	504,395	42,263	8.38	1,644,552	1,408,031	236,521	16.80
Operating Profit	117,602	193,855	(76,253)	(39.34)	492,847	536,940	(44,093)	(8.21)
Profit Before Interest and Tax	121,854	199,660	(77,806)	(38.97)	510,971	566,924	(55,953)	(9.87)
Profit Before Tax	105,281	185,479	(80,198)	(43.24)	465,133	520,819	(55,686)	(10.69)
Profit After Tax	77,828	144,325	(66,497)	(46.07)	354,526	402,810	(48,284)	(11.99)
Profit attributable to equity holders of the Company	73,257	139,649	(66,392)	(47.54)	341,839	392,611	(50,772)	(12.93)

The Group reported a lower profit before tax ("PBT") of RM105.3 million for the current financial quarter ended 30 September 2017 as compared to RM185.5 million for the preceding year's corresponding quarter. For the 9 months ended 30 September 2017, the Group's PBT of RM465.1 million also indicated a decrease of RM55.7 million or 10.7% as compared to RM520.8 million for the corresponding period ended 30 September 2016. The increase in other operating income, Islamic banking income and net interest income totalling RM236.5 million and the reduction in allowance for securities impairment of RM17.7 million were not sufficient to cushion the increase in both overhead expenses and allowance for loan impairment of RM232.3 million and RM66.0 million respectively. In addition, the share of profits in associate was lower by RM9.8 million for the period under review.

Commercial Banking

The results of the commercial banking segment was mainly attributable to the AFFIN Bank Berhad ("ABB") Group which reported a lower PBT of RM55.4 million for the current financial quarter as compared to RM165.0 million for the preceding year's corresponding quarter. For the 9 months ended 30 September 2017, the ABB Group's PBT of RM327.2 million was a decrease of RM105.4 million or 24.4% as compared to RM432.6 million achieved in the same period last year. The Islamic banking income, other operating income and net interest income were higher by RM42.5 million, RM9.9 million and RM7.7 million respectively. However, these were not sufficient to offset the increase in both overhead expenses and allowance for loan impairment of RM102.5 million and RM66.2 million respectively. The increase in overhead expenses was attributable to higher personnel cost of RM101.5 million due mainly to provision for VSS ("Voluntary Separation Scheme") of RM48.0 million, salary adjustment for staff under union and higher headcount.

The wholly-owned subsidiary, namely AFFIN Islamic Bank Berhad ("AiBB") registered a higher PBT of RM31.5 million for the current financial quarter as compared to RM28.6 million for the preceding year's corresponding quarter. For the 9 months ended 30 September 2017, AiBB however registered a lower PBT of RM87.3 million as compared to RM97.1 million for the same period last year. The increase in operating income of RM44.5 million in line with the financing growth of 16.1%, was not sufficient to cushion both the increase in overhead expenses of RM29.1 million and the allowance for financing impairment of RM23.5 million for the period under review as compared to a net write-back of RM1.8 million for the same period last year.

Investment Banking

The results of the investment banking segment was attributed to AFFIN Hwang Investment Bank Berhad ["AFFIN Hwang IB"] Group which reported a higher PBT of RM49.4 million for the current financial quarter as compared to RM17.2 million for the preceding year's corresponding quarter. For the 9 months ended 30 September 2017, the AFFIN Hwang IB Group's PBT of RM129.9 million also indicated a significant improvement of RM64.5 million or 98.6% as compared to RM65.4 million achieved for the same period last year. This was mainly due to the increase in other operating income of RM172.7 million in line with the improved market sentiments and trading activities, net of higher overhead expenses of RM127.9 million. The increase in other operating income was mainly attributable to the increase in initial service charges, management fee income, net income on financial instruments and net brokerage income of RM55.9 million, RM53.2 million, RM41.4 million and RM14.9 million respectively. Whereas, the increase in overhead expenses was mainly due to higher commission expenses of RM73.6 million, higher personnel cost of RM42.2 million and higher promotion and marketing related expenses of RM12.7 million for the period under review.

The 70%-owned subsidiary namely AFFIN Hwang Asset Management Berhad ("AHAM"), contributed a slightly higher PBT of RM17.9 million for the current financial quarter as compared to RM17.0 million for the preceding year's corresponding quarter. For the 9 months ended 30 September 2017, AHAM also registered a higher PBT of RM52.8 million, a significant increase of 32% as compared to RM40.0 million for the same period last year. The improved performance was mainly attributable to higher initial service charges and higher management fee income of RM55.9 million and RM52.9 million respectively, in line with the higher AUA ("Assets Under Administration") of RM43.5 billion as at 30 September 2017 as compared to RM35.5 billion as at 30 September 2016. The overhead expenses also increased by RM97.7 million mainly attributable to the increase in commission expenses, personnel cost and promotion and marketing related expenses of RM73.5 million, RM15.4 million and RM8.2 million respectively, in line with the increasing business activities for the period under review.

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

### Insurance

The results of the insurance segment was made up of the results of AXA AFFIN Life Insurance Berhad ("AALI") and AXA AFFIN General Insurance Berhad ("AAGI") as follows:-

AXA AFFIN Life Insurance Berhad ("AALI") reported a pre-tax loss of RM5.9 million for the current financial quarter as compared to pre-tax loss of RM4.2 million for the preceding year's corresponding quarter. AALI reported a lower pre-tax loss of RM15.6 million for the current financial period as compared to the pre-tax loss of RM20.6 million for the previous year, mainly attributable to lower reserves for future policyholders' liabilities of RM8.3 million as a result of movement in MGS rate, higher investment income of RM1.0 million, net of higher expenses of RM5.3 million.

AXA AFFIN General Insurance Berhad ("AAGI") reported a lower pre-tax profit of RM24.7 million for the current financial quarter as compared to RM30.0 million for the preceding year's corresponding quarter. For the 9 months ended 30 September 2017, AAGI also registered a lower PBT of RM92.6 million as compared to RM122.9 million for the same period last year. The gross written premium reported for the 9 month period ended 30 September 2017 was RM1.1 billion, slightly lower by 3% as compared to the corresponding period last year. The decline was on the back of a negative growth in insurance industry, greater competition arising from market liberalisation and more stringent underwriting measures. For the period under review, the management expenses increased by RM11.6 million mainly attributable to the transformation initiatives undertaken by the company while the investment income decreased by RM4.0 million. In addition, there was a write-back on impairment of premium receivable of RM13.4 million in the previous year.

### Other business segment

The results of the other business segment was mainly attributable to AFFIN Holdings Berhad ("AHB"), AFFIN Moneybrokers Sdn Bhd ("AMB") and AFFIN-ACF Holdings Sdn Bhd ("AACH"). However, AACH was placed under Member's voluntary winding-up on 5 September 2017.

AHB registered a pre-tax profit of RM0.7 million for the current financial quarter as compared to a pre-tax loss of RM2.9 million for the preceding year's corresponding quarter, mainly attributed to the gain of RM4.8 million on winding-up of AACH. The Company's PBT of RM80.4 million for the 9 months ended 30 September 2017 was a decrease of RM18.1 million as compared to RM98.5 million for the same period last year mainly attributed to lower dividend income of RM20.3 million, net of the gain on winding-up of AACH.

AMB reported a higher pre-tax profit of RM0.4 million for the quarter financial quarter as compared to RM0.2 million for the preceding year's corresponding quarter. For the 9 months ended 30 September 2017, AMB reported a slightly higher PBT of RM1.3 million as compared to RM1.2 million achieved in the previous year.

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

### Financial review for current quarter against preceding quarter

	Current Financial Quarter 30/9/2017 RM'000	Preceding Financial Quarter 30/6/2017 RM'000	Changes	
			RM'000	%
Revenue	546,658	588,290	(41,632)	(7.08)
Operating Profit	117,602	200,736	(83,134)	(41.41)
Profit Before Interest and Tax	124,325	213,086	(88,761)	(41.66)
Profit Before Tax	105,281	198,285	(93,004)	(46.90)
Profit After Tax	77,828	153,502	(75,674)	(49.30)
Profit attributable to equity holders of the Company	73,257	148,405	(75,148)	(50.64)

For the current financial quarter, the Group's pre-tax profit of RM105.3 million also indicated a decrease of RM93.0 million or 46.9% as compared to RM198.3 million achieved in the preceding quarter. This was mainly due to higher overhead expenses of RM47.6 million attributable to the provision for VSS of RM48.0 million as well as lower other operating income attributable to the non-recurring gain on redemption of held-to-maturity securities of RM39.8 million in the preceding quarter. The share of profits in associate however increased by RM10.3 million for the quarter under review.

### B3. PROSPECTS FOR FINANCIAL YEAR 2017

#### Commercial Banking

Amid challenging global externalities, Malaysia's economy demonstrated strong growth momentum in 2017, with GDP growth estimated to be between 5.2% to 5.7%. The private sector steered Malaysia's domestic demand, driven largely by the services and manufacturing sectors. Most analysts predicted that BNM will maintain its policy rate (OPR) at 3.00% until 2018 to ease inflation pressure and strengthen the economic position.

AFFIN Bank Berhad is targeting a loan growth of 6% to 7% by the end of 2017. The Bank is expecting stronger loan momentum in 2HFY17 from consumer, corporate and small and medium enterprise segments. The bank has a stable growth in consumer segment and is on track in reducing its impaired loan to a level of 1.6% to 1.7% by year end. This is supported by the implementation of "Priority Islamic" approach to expand Islamic banking segment. Priority is also placed on increasing deposits to further strengthen the bank's liquidity and funding profile.

The Bank remains optimistic for the year 2017 and will continue to support AFFIN Group's strategic vision in providing excellent banking services to meet its customer needs and expectations. The Bank had been focusing on AFFINITY Transformation Program initiatives to improve earnings and operating efficiencies.

#### Investment Banking

Following the strong domestic demand and export trends in 1H17, Malaysia's economic growth will likely exceed 5% in 2017, following 4.2% in 2016. The economy shall continue to be anchored by strong underlying economic fundamentals supported by a lower fiscal deficit, healthy current account surplus and ample international reserves, which puts the country in a better position to weather external challenges.

The country's economic expansion is becoming more broad-based, where real GDP growth will depend more on internally generated growth, especially from private investment and consumption, where economic activity is also projected to improve further in 2018. With groups diversified business profile, supported by sound financial and banking system in the country, the investment bank and asset management should benefit from the overall improved market sentiments.

Despite improving market sentiments and business opportunities in 2017, the Group will continue to build resilience across its business and drive efficiency savings in all its business operations, with collaborative efforts within the group to increase its ability to offer a wider range of products and services to its enlarged clientele.

#### Insurance

The Malaysian life insurance industry continued to grow at a moderate rate. AXA AFFIN Life Insurance Berhad expects to continue its growth trajectory on relative low insurance penetration. Customer segmentation is in its infancy with growing potentials. Priority segments of the population continue to be mass affluent established families and mass affluent young professionals. This continuous growth is to be achieved through expanding reach of consumers through multi distribution channels and platforms as well as product development to cater to different needs.

The general insurance sector outlook is expected to be challenging for 2017 as the phased liberalisation of Motor and Fire tariffs being set in motion. After five years of significant profitable development, AXA AFFIN General Insurance Berhad's strategy is to consolidate its operations by focusing on selective growth (diversification) and efficiency projects to enhance the level of profitability and investing in transformation projects to prepare the Company for future industry challenges.

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

There were no profit forecast and profit guarantee issued by the Company.

### B5. TAXATION

	<-----Group----->			
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2017	30/9/2016	30/9/2017	30/9/2016
	RM'000	RM'000	RM'000	RM'000
Malaysian Taxation :-				
- Income tax based on profit for the financial period	45,165	43,164	123,708	113,170
Deferred tax :-				
- Relating to originating temporary differences	(19,349)	(1,080)	(14,778)	5,621
Under provision in prior years :-				
- Current taxation	1,637	(930)	1,677	(782)
	<b>27,453</b>	<b>41,154</b>	<b>110,607</b>	<b>118,009</b>

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

## B6. STATUS OF CORPORATE PROPOSALS

### a) Proposed acquisition of additional equity interest in AXA AFFIN General Insurance Berhad ("AAGI") ("Proposed Acquisition")

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AFFIN Holdings Berhad (the "Company" or "AHB") had on 25 March 2016 announced that Bank Negara Malaysia ("BNM") had vide its letter dated 25 March 2016 stated that it had no objection in principle for AHB to commence negotiations with Felda Marketing Services Sdn Bhd ("FELMA"), AXA Asia and subsequently with the minority shareholders to acquire additional shares in AAGI in relation to the Proposed Acquisition, subject to all parties concluding negotiations within 6 months from the date of the said letter. The said approval should not be construed as approval for the Proposed Acquisition. Upon concluding negotiations, AHB would be required to obtain prior approval from BNM pursuant to the Financial Services Act 2013, before entering into any agreement to affect the Proposed Acquisition.

AAGI is principally engaged in the underwriting of all classes of general insurance business and AHB holds approximately 36.94% equity interest in AAGI as at 31 December 2016.

On 23 September 2016, AFFIN Hwang Investment Bank Berhad ("AHIB") had on behalf of the Board of Directors of AHB announced that the negotiations between AHB, AXA Asia and FELMA were still on-going as at the date of announcement. AHB had on the same day submitted an application to Bank Negara Malaysia for an extension of time from 24 September 2016 to 31 December 2016 for AHB and AXA Asia to conclude negotiations with FELMA to the Proposed Acquisition.

On 28 October 2016, AHIB had on behalf of the Board of Directors of AHB announced that BNM had in its letter dated 28 October 2016 informed that it has no objection for an extension of 3 months from 28 October 2016 for AHB to complete its negotiations with FELMA and AXA Asia in relation to the Proposed Acquisition.

AHB had on 27 January 2017 submitted an application to BNM to seek BNM's approval for an extension of time of a further six months for AHB to conclude negotiations with FELMA to the Proposed Acquisition.

On 23 February 2017, AHIB had on behalf of the Board of Directors of AHB announced that BNM had informed that it has no objection for an extension of 6 months up to 5 August 2017 for AHB to complete its negotiations with FELMA and AXA Asia in relation to the Proposed Acquisition.

On 4 August 2017, AHIB had on behalf of the Board of Directors of AHB announced that AHB had submitted an application to BNM to seek BNM's approval for AHB to:

- (i) acquire 8,411,959 ordinary shares in AAGI from FELMA for a cash consideration of RM99.09 million; and
- (ii) enter into a share purchase agreement with FELMA for the Proposed Acquisition ("SPA").

On 18 September 2017, AHIB had on behalf of the Board of Directors of AHB announced that BNM had in its letter dated 18 September 2017, approved the application made by AHB and AFFIN Bank Berhad ("AFFIN Bank") to acquire 7.07% equity interest in AAGI from FELMA pursuant to Section 90(3)(a) of the Financial Services Act 2013. The Proposed Acquisition will result in an increase in the equity interest in AAGI held by AHB (or AFFIN Bank) from 37.07% to 44.14%.

On 27 November 2017, AHIB had on behalf of the Board of Directors of AHB, announced that AHB and AFFIN Bank had on 27 November 2017 submitted an application to Bank Negara Malaysia ("BNM") to seek BNM's approval for AFFIN Bank to:

- (i) acquire an additional 6,913,788 ordinary shares in AAGI ("Shares") (which represents 5.81% equity interest herein) from FELMA for a cash consideration of RM81.44 million ("Proposed Acquisition of Additional Shares"); and
- (ii) enter into a share purchase agreement with FELMA for all the 15,325,747 Shares to be acquired by AFFIN Bank pursuant to the First Tranche and the Proposed Acquisition of Additional Shares ("SPA").

Further announcements will be made to Bursa Malaysia Securities Berhad as and when there are material developments pertaining to the Proposed Acquisition.



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

### b) Proposals in relation to the Reorganisation of the AFFIN Holdings Berhad Group of Companies

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On 16 February 2017, AFFIN Hwang Investment Bank Berhad ("AHIB") had on behalf of the Board of Directors of AFFIN Holdings Berhad (the "Company" or "AHB") announced that AHB and AFFIN Bank Berhad ("ABB") intend to undertake the following proposals:-

- (i) Proposed Transfer by AHB of the following identified companies to ABB:
- AFFIN Hwang Investment Bank Berhad, a wholly-owned subsidiary of AHB ("AHIB");
  - AFFIN Moneybrokers Sdn Bhd, a wholly-owned subsidiary of AHB ("AMB");
  - AXA AFFIN Life Insurance Berhad, a 51.00%-owned joint venture company of AHB ("AALI"); and
  - AXA AFFIN General Insurance Berhad, a 37.07%-owned associate company of AHB ("AAGI"),
- (AHIB, AMB, AALI and AAGI shall collectively be referred to as the "Identified Companies" and item (i) above shall now be referred to as the "Reorganisation");
- (ii) Proposed distribution of the entire shareholdings in ABB held by AHB to the entitled shareholders of AHB whose names appear in AHB's Record of Depositors on an entitlement date to be determined and announced by the Board at a later date ("Entitlement Date") ("Entitled Shareholders"), after the completion of the Reorganisation, on the Entitlement Date by way of a distribution-in-specie via a reduction of the following:
- the entire consolidated capital of AHB (which includes the entire issued and paid-up share capital of AHB and the entire share premium account of AHB); and
  - the retained profits of AHB,
- (item (ii) above shall be referred to as the "Proposed Distribution");
- (iii) Proposed subscription by ABB of 2 new ordinary shares in AHB ("AHB Shares") which will be undertaken simultaneously with the Proposed Distribution ("Proposed Subscription");
- (iv) Proposed amendments of the Memorandum and Articles of Association ("M&A") of AHB and ABB to facilitate the Proposed Transfer of Listing Status ("Proposed Amendments");
- (v) Proposed transfer of the listing status from AHB to ABB on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Proposed Transfer of Listing Status"); and
- (vi) Proposed members' voluntary winding-up of AHB in accordance with the Companies Act, 2016 ("Act") ("Proposed Winding-up"),
- (the above shall collectively be referred to as the "Proposals").

#### (1) Transfer consideration for the Identified Companies and mode of satisfaction

The transfer consideration for each of the Identified Companies shall be based on their respective carrying value recorded by AHB in its management accounts as at the Cut-Off Date ("Transfer Consideration"). Carrying value comprised AHB's cost of investment in the said Identified Companies and its share of post-acquisition profits recorded by the respective Identified Companies.

The mode of satisfaction for the Transfer Consideration had been agreed to be as follows:

- for AHIB, AMB, and AALI - issuance of 254,178,931 new ordinary shares in ABB ("ABB Shares"); and
- for AAGI - to be fully satisfied in cash to be paid by ABB to AHB

AHB and ABB had decided to fix the number of new ABB Shares that the ABB would issue to AHB to satisfy part of the Transfer Consideration to facilitate the exchange ratio for the Proposed Distribution. As at 16 February 2017, ABB had 1,688,769,616 ABB Shares in issue whilst AHB had 1,942,948,547 AHB Shares in issue. ABB would issue 254,178,931 new ABB Shares for the Transfer Consideration of AHIB, AMB and AALI. This would result in both AHB and ABB having the same resultant number of shares in issue, being 1,942,948,547 shares.

With the equal amount number of shares in issue, AHB would be able to undertake a distribution-in-specie of 1 ABB Share for each existing AHB Share held pursuant to the Proposed Distribution, minimising the incidence of odd lots for its shareholders when undertaking the Proposed Distribution.

#### (2) Approvals required

The Proposals are subject to the following approvals being obtained:

- (a) BNM and the Ministry of Finance, Malaysia ("MOF") [on recommendation of BNM] for the Reorganisation, Proposed Distribution and Proposed Subscription.

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

### **b) Proposals in relation to the Reorganisation of the AFFIN Holdings Berhad Group of Companies (Cont.)**

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#### **(2) Approvals required (Cont.)**

(b) SC for the following:-

- (i) change in controller of AHIB, AFFIN Hwang Asset Management Berhad ("AHAM") and AIIMAN Asset Management Sdn Bhd ("AIIMAN"), being holders of the Capital Markets and Services License issued by the SC, pursuant to the proposed transfer of AHIB under the Proposed Reorganisation; and
- (ii) exemption to LTAT and its persons acting in concert under Paragraph 4.13(1)(c) of the Rules from the obligation to make a mandatory take-over offer to acquire all the ABB Shares not held by LTAT and its persons acting in concert upon completion of the Proposed Distribution.

(c) Bursa Malaysia Securities Berhad ("Bursa Securities") for the following:-

- (i) the withdrawal of AHB's listing status from the Main Market of Bursa Securities, pursuant to the Proposed Transfer of Listing Status; and
- (ii) admission to the Official List and the listing of and quotation for the entire enlarged issued and paid-up share capital of ABB on the Main Market of Bursa Securities, pursuant to the Proposed Transfer of Listing Status;

(d) sanction of the High Court of Malaya under Section 116(4) of the Act for the Proposed Distribution;

(e) shareholders of AHB at an EGM to be convened for the Proposed Distribution, Proposed Subscription, Proposed Amendments and Proposed Transfer of Listing Status;

(f) shareholder of ABB for the Reorganisation, the issuance of new ABB Shares to settle the transfer consideration for AHIB, AMB and AALI under the Reorganisation, Proposed Subscription, Proposed Amendments and Proposed Winding-Up;

(g) approvals of the lenders of AHB Group and the Identified Companies, if required; and

(h) approval, waiver and/or consent of any other relevant authority or party, if required.

#### **(3) Inter-conditionality of the Proposals**

The Reorganisation is not conditional upon any of the other Proposals.

The Proposed Distribution, Proposed Subscription, Proposed Amendments and Proposed Transfer of Listing Status are inter-conditional upon each other and are also conditional upon the Reorganisation.

The Proposed Winding-Up is conditional upon all the other Proposals.

Save as disclosed above, the Proposals are not conditional upon any other proposal undertaken or to be undertaken by AHB or ABB.

On 14 July 2017, AHIB had on behalf of the Board of Directors of AHB announced that BNM had in its letter dated 13 July 2017 informed that the MOF and/or BNM, as the case may be, had approved the Reorganisation, Proposed Distribution and Proposed Subscription pursuant to the Financial Services Act 2013 and the Islamic Financial Services Act 2013. The approvals are subject to AHB obtaining the necessary approvals from the other regulatory authorities, including the SC with regard to the Reorganisation.

Further to the above, SC had also approved the proposal for a change in the ultimate shareholder of AHIB, AHAM and AIIMAN via its letter dated 14 July 2017 pursuant to the Reorganisation.

On 2 October 2017, AHB had entered into a share sale agreement ("SSA") with ABB in relation to the Reorganisation. The Cut-off Date for the Transfer Consideration for the Identified Companies was fixed at 30 September 2017 as all the conditions precedent to the SSA had been fulfilled by both parties on 2 October 2017.

AHB and ABB had on the same date submitted an application to Bursa Malaysia Securities Berhad ("Bursa Securities") to seek the approval of Bursa Securities for the Proposed Transfer of Listing Status.

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

### b) Proposals in relation to the Reorganisation of the AFFIN Holdings Berhad Group of Companies (Cont.)

On 16 October 2017, the Transfer Consideration for the Identified Companies had been finalised to be RM2.505 billion and satisfied by ABB, partly in cash and partly in shares as follows:-

Identified Companies	Number of shares transferred from AHB to ABB	Transfer Consideration RM'000	Mode of Consideration
AHIB	780,000,000	1,966,460	233,866,035 shares in ABB
AMB	1,000,000	22,278	2,649,692 New ABB Shares
AALI	368,000,100	148,340	17,643,204 New ABB Shares
AAGI	119,047,619	367,945	Cash
<b>Total Consideration</b>		<b>2,505,023</b>	

The Reorganisation is deemed completed on 16 October 2017.

The shareholders of AHB had also approved the Proposed Distribution, Proposed Subscription, Proposed Amendments and Proposed Transfer of Listing Status at the Company's Extraordinary General Meeting (EGM) held on 16 October 2017.

On 14 November 2017, AHIB had on behalf of the Board of Directors of AHB announced that the application for the order of the High Court of Malaya ("High Court") under Section 116(4) of the Companies Act, 2016 in relation to the Reorganisation of the AHB group of companies had been submitted to the High Court on 14 November 2017.

On 17 November 2017, AHIB had on behalf of the Board of Directors of AHB announced that Bursa Malaysia Securities Berhad ("Bursa Securities") had in its letter dated 17 November 2017 informed the Company and its wholly-owned subsidiary, ABB that Bursa Securities had resolved to approve the following:

- (i) withdrawal of AHB and the ordinary shares of AHB from the Official List of Bursa Securities and the admission of ABB and the entire enlarged issued share capital of ABB comprising up to 1,942,948,547 ordinary shares to the Official List of Bursa Securities in place of AHB; and
- (ii) the listing of and quotation for the entire enlarged issued share capital of ABB comprising up to 1,942,948,547 ordinary shares on the Main Market of Bursa Securities.

Further announcements will be made to Bursa Malaysia Securities Berhad as and when there are material developments pertaining to the Reorganisation.

## B7. GROUP BORROWINGS AND DEBT SECURITIES

### (i) Deposits from Customers

	Group	
	30/9/2017 RM'000	31/12/2016 RM'000
<u>By Type of Deposits:-</u>		
Money Market Deposits	863,451	518,016
Demand Deposits	6,693,859	7,608,593
Savings Deposits	2,101,546	2,043,157
Fixed Deposits	35,320,247	30,045,975
Negotiable Instruments of Deposits ('NIDs')	5,050,382	10,279,492
Commodity Murabahah Deposit (CMD)	1,097,233	768,412
Other deposits	491,944	241,997
	<u>51,618,662</u>	<u>51,505,642</u>
 Maturity structure of fixed deposits and NIDs are as follows:-		
Due within six months	29,442,030	33,143,123
Six months to one year	8,519,719	6,533,358
One year to three years	2,130,253	477,883
Three years to five years	278,627	171,103
	<u>40,370,629</u>	<u>40,325,467</u>
 <u>By Type of Customers:-</u>		
Government and statutory bodies	8,105,642	7,481,350
Business enterprises	14,597,686	13,999,473
Individuals	14,365,883	12,991,518
Domestic banking institutions	4,849,124	7,479,171
Domestic non-banking financial institutions	8,519,439	8,376,495
Foreign Entities	516,229	504,612
Others	664,659	673,023
	<u>51,618,662</u>	<u>51,505,642</u>

### (ii) Deposits and Placements of Banks and Other Financial Institutions

<u>By Type of Institutions:-</u>		
Licensed banks	3,022,360	2,638,076
Licensed investment banks	117,408	93,725
Bank Negara Malaysia	353,542	63,235
Other financial institutions	1,183,854	1,099,001
	<u>4,677,164</u>	<u>3,894,037</u>
 <u>By Maturity Structure:-</u>		
Due within six months	4,677,164	3,846,498
Six months to one year	-	47,539
	<u>4,677,164</u>	<u>3,894,037</u>

## B7. GROUP BORROWINGS AND DEBT SECURITIES

	Group	
	30/9/2017 RM'000	31/12/2016 RM'000
<b>(iii) Borrowings</b>		
<u>Unsecured :-</u>		
<u>One year or less (short-term)</u>		
Floating rate Term Loans	1,161,179	302,662
<u>More than one year (long-term)</u>		
Floating rate Term Loans	-	1,303,935
Tier-2 Subordinated Medium Term Notes ("Subordinated MTNs")	2,009,729	-
	3,170,908	1,606,597

All the above borrowings are denominated in Ringgit Malaysia.

The movement of the Group's borrowings and debt securities during the year are summarised below:-

### a) Floating rate Term Loan

On 16 January 2017, AFFIN Holdings Berhad ("AHB" or "the Company") had fully repaid a term loan facility of RM300.0 million upon maturity.

On 28 March 2017, AHB secured another 5-year term loan facility of RM57.4 million to fund its subordinated loan of the same amount to an associated company.

In view of the Proposals in relation to the Reorganisation as mentioned Note B(6)(b) above, it is the Company's intention to fully settle all its term loan facilities prior to the completion of the Proposals, as follows:-

- (i) The Company had partially prepaid a term loan facility of RM200.0 million on 4 August 2017 and fully settled another three (3) term loan facilities amounting to RM900.0 million on 17 October 2017.
- (ii) The Company intends to fully settle another term loan facility of RM200.0 million on 2 November 2017 and the remaining borrowing of RM57.4 million in February 2018.

The interest rates for the above term loan facilities are ranging from 4.075% to 4.415% per annum for the financial period under review.

### b) Tier-2 Subordinated MTNs

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

## B8. REALISED AND UNREALISED UNAPPROPRIATED PROFITS

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses into realised and unrealised profits or losses as at the end of the reporting period. On 20 December 2010, Bursa Malaysia had also issued a guide to all listed issuers on the disclosure requirement for the realised and unrealised unappropriated profits and losses.

Pursuant to the above directives, the breakdown of retained profits of the Group into realised and unrealised profits as at the reporting date is disclosed as follows :-

	<b>Group</b>	
	<b>30/9/2017</b>	<b>31/12/2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Total retained profits of AFFIN Holdings Berhad and its subsidiaries :-</u>		
- Realised	4,162,556	2,204,118
- Unrealised		
- deferred tax recognised in the income statement	34,578	22,034
- other items of income and expense	43,752	150,434
	4,240,886	2,376,586
<u>Total share of retained profits in an associate:-</u>		
- Realised	322,408	299,893
- Unrealised	3,022	726
<u>Total share of retained losses in a joint venture :-</u>		
- Realised	(43,369)	(7,582)
- Unrealised	(1,340)	(679)
	4,521,607	2,668,944
Add: Consolidation adjustments	(402,008)	(268,031)
Total Group retained profits as per consolidated financial statements	4,119,599	2,400,913

The breakdown of realised and unrealised retained profits is determined based on the Guidance of Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad listing Requirements" issued by the Malaysian Institute of Accountants on 20 December 2010.

The unrealised retained profits of the Group as disclosed above does not include translation gains and losses on monetary items denominated in a currency other than the functional currency and foreign exchange contracts. These translation gains and losses are incurred in the ordinary course of business of the Group and hence deemed as realised.

The above disclosure of realised and unrealised unappropriated profits and losses is strictly for the compliance of the disclosure requirements stipulated in the directive issued by Bursa Malaysia and should not be used for any other purposes.

## B9. MATERIAL LITIGATION

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

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

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

The Plaintiff was made bankrupt on 17 January 2013. The bankruptcy was set aside in September 2015 on the grounds that he was solvent due to a third party, Chenet Finance Ltd ("Chenet") being ordered by a Singapore Court to pay damages to the Director General of Insolvency Malaysia ("DGI") as receiver of Plaintiff's Estate. ABB has appealed and Case Management ("CM") has been fixed on 24 June 2016.

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

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

ABB has a good defence ("Defence") on the merits with regard to each of the alleged wrongful act as follows:-

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

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

The Board of Directors of ABB are of the view that save for the orders, cost and other relief sought by the Plaintiff, which will only materialize if the Court rules in the Plaintiff's favour, the Writ and Statement of Claim is not expected to result in any immediate losses, material financial and operational impact on ABB for the current financial year ending 30 June 2017.

- b) Other than the above, there are various legal suits against AFFIN Bank Berhad ("ABB") in respect of claims and counter claims of approximately RM72.2 million (31 December 2016: RM71.8 million). Based on legal advice, the Directors of the Bank are of the opinion that no provision for damages need to be made in the financial statements, as the probability of adverse adjudication against ABB is remote.

## B10. DIVIDENDS

The interim dividend for the current financial year ending 31 December 2017 will be announced at a later date.

Amount per share	: To be announced at a later date
Previous corresponding period	: 3.0 sen per share
Date payable	: To be announced at a later date
Date of entitlement	: To be announced at a later date

## B11. EARNINGS PER SHARE

	<-----Group----->			
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2017	30/9/2016	30/9/2017	30/9/2016
Net profit attributable to equity holders of the Company (RM'000)	<u>73,257</u>	139,649	<u>341,839</u>	392,611
Weighted average number of ordinary shares in issue	<u>1,942,948,547</u>	1,942,948,547	<u>1,942,948,547</u>	1,942,948,547
Basic earnings per share (sen)	<u>3.77</u>	7.19	<u>17.59</u>	20.21

The basic earnings per share of the Group for the current financial quarter ended 30 September 2017 has been calculated based on the net profit attributable to the equity holders of the company of RM73,257,000 (2016: RM139,649,000) divided by the weighted average number of ordinary shares in issue during the current financial quarter of 1,942,948,547 (2016: 1,942,948,547).

The basic earnings per share of the Group for the cumulative quarter ended 30 June 2016 has been calculated based on the net profit attributable to the equity holders of the company of RM341,839,000 (2016: RM392,611,000) divided by the weighted average number of ordinary shares in issue during the current financial quarter of 1,942,948,547 (2016: 1,942,948,547).