

AFFIN BANK BERHAD

(Company no. 25046 T)

Condensed Interim Financial Statements

Unaudited Statements of Financial Position As At 31 December 2017

	Note	< ----- GROUP ----- >		< ----- BANK ----- >	
		31/12/2017 RM'000	31/12/2016 RM'000	31/12/2017 RM'000	31/12/2016 RM'000
ASSETS					
Cash and short-term funds		4,146,815	4,364,490	2,209,948	3,337,831
Deposits and placements with banks and other financial institutions		464,446	152,234	495,133	406,075
Investment accounts due from designated financial institutions		-	-	2,749,067	2,110,079
Financial assets at fair value through profit or loss ("FVTPL")	A9	105,180	-	10,129	-
Derivative financial assets	A30	173,125	167,304	120,819	166,240
Financial investments available-for-sale	A10	14,627,359	10,279,997	8,487,818	8,446,589
Financial investments held-to-maturity	A11	128,639	373,524	120,532	301,402
Loans, advances and financing	A12	45,722,158	42,668,297	29,143,900	30,753,354
Trade receivables	A13	550,737	-	-	-
Commodity-Gold at FVTPL		32,198	-	-	-
Other assets	A14	100,503	61,932	50,795	53,941
Amount due from subsidiaries		-	-	2	196,839
Amount due from joint ventures		38,849	46,725	-	-
Amount due from associate		500	500	-	-
Tax recoverable		21,541	15,492	8,553	15,462
Deferred tax assets		27,185	8,056	-	-
Statutory deposits with Bank Negara Malaysia		1,772,640	1,482,000	1,203,000	1,150,000
Investment in subsidiaries		-	-	3,063,462	575,224
Investment in joint ventures		160,594	-	163,640	-
Investment in associates		566,278	750	548,482	-
Property and equipment		466,082	401,799	425,390	394,717
Intangible assets		903,962	164,089	171,980	167,982
TOTAL ASSETS		70,008,791	60,187,189	48,972,650	48,075,735
LIABILITIES AND EQUITY					
Deposits from customers	B7	50,920,229	47,633,056	33,295,153	37,106,463
Investment accounts of customers		449	-	-	-
Deposits and placements of banks and other financial institutions	B7	5,706,599	3,547,203	3,980,305	2,583,235
Obligation on securities sold under repurchase agreements		1,050,935	999,740	954,922	999,740
Derivative financial liabilities	A30	263,676	402,772	210,877	409,283
Bills and acceptances payable		42,152	37,726	42,152	37,726
Trade payables		677,022	-	-	-
Other liabilities	A15	945,372	439,488	482,660	402,445
Amount due to subsidiaries		-	-	448,149	41,395
Provision for taxation		9,560	6,022	-	-
Deferred tax liabilities		27,859	12,884	17,841	12,884
Subordinated term loan and medium term notes	B7	2,036,144	1,304,592	2,036,144	1,304,592
TOTAL LIABILITIES		61,679,997	54,383,483	41,468,203	42,897,763

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

AFFIN BANK BERHAD

(Company no. 25046 T)

Condensed Interim Financial Statements**Unaudited Statements of Financial Position As At 31 December 2017**

	< ----- GROUP ----- >		< ----- BANK ----- >	
Note	31/12/2017 RM'000	31/12/2016 RM'000	31/12/2017 RM'000	31/12/2016 RM'000
EQUITY				
Share capital	4,684,752	1,688,770	4,684,752	1,688,770
Reserves:-				
Share premium	-	858,904	-	858,904
Statutory reserves	-	1,721,637	-	1,416,621
AFS revaluation reserves	97,596	75,229	121,637	93,292
Regulatory reserves	817,399	280,204	710,743	207,026
Foreign exchange reserves	151	-	-	-
Retained profits	2,670,888	1,178,962	1,987,315	913,359
Equity attributable to equity holders of the Bank	8,270,786	5,803,706	7,504,447	5,177,972
Non-controlling interest	58,008	-	-	-
TOTAL EQUITY	8,328,794	5,803,706	7,504,447	5,177,972
TOTAL LIABILITIES AND EQUITY	70,008,791	60,187,189	48,972,650	48,075,735
COMMITMENTS AND CONTINGENCIES	32,285,564	22,483,498	21,411,929	21,185,728
NET ASSETS PER SHARE (RM)	4.26	3.44		

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

AFFIN BANK BERHAD
(Company no. 25046 T)
Condensed Interim Financial Statements
Unaudited Income Statements For The Financial Quarter Ended 31 December 2017

GROUP	Note	<----Individual Quarter Ended ---->		<---Cumulative Quarter Ended --->	
		31/12/2017	31/12/2016	31/12/2017	31/12/2016
		RM'000	RM'000	RM'000	RM'000
Interest income	A17	628,233	562,956	2,367,624	2,327,761
Interest expense	A18	(402,492)	(352,712)	(1,512,371)	(1,495,679)
Net interest income		225,741	210,244	855,253	832,082
Net income from Islamic banking business		98,485	79,493	334,267	272,806
		324,226	289,737	1,189,520	1,104,888
Fee and commission income	A19 (a)	198,772	31,679	280,777	114,584
Fee and commission expense	A19 (b)	(62,017)	(2,139)	(68,533)	(8,210)
Net fee and commission income	A19	136,755	29,540	212,244	106,374
Net gains and losses on financial instruments	A20	44,062	13,770	94,342	43,517
Other income	A21	29,660	25,638	64,349	69,651
Net income		534,703	358,685	1,560,455	1,324,430
Other operating expenses	A22	(310,020)	(172,394)	(934,289)	(694,116)
Operating profit before allowances		224,683	186,291	626,166	630,314
Allowance for impairment losses on loans, advances and financing and trade receivables	A23	(351)	(18,661)	(71,619)	(23,701)
Allowance for impairment losses on securities	A24	(1,287)	(318)	(1,287)	(3,855)
Allowance for impairment losses on other assets	A25	(12,260)	-	(12,260)	-
Operating profit		210,785	167,312	541,000	602,758
Share of results of a joint venture		(4,070)	-	(4,070)	-
Share of results of an associate		17,140	-	17,140	-
Profit before taxation and zakat		223,855	167,312	554,070	602,758
Zakat		(371)	-	(3,371)	(2,887)
Profit before taxation		223,484	167,312	550,699	599,871
Taxation	B5	(47,365)	(37,359)	(126,261)	(135,740)
Net profit for the financial year		176,119	129,953	424,438	464,131
Profit for the financial year attributable to :-					
- Equity holders of the Bank		169,536	129,953	417,855	464,131
- Non-controlling interest		6,583	-	6,583	-
		176,119	129,953	424,438	464,131
Earnings per share attributable to the equity holders of the Bank (sen)					
- Basic	B12	9.2	7.7	24.0	27.5

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

AFFIN BANK BERHAD
(Company no. 25046 T)
Condensed Interim Financial Statements
Unaudited Statement of Comprehensive Income
For The Financial Quarter Ended 31 December 2017

GROUP	<----Individual Quarter Ended ---->		<---Cumulative Quarter Ended --->	
	31/12/2017 RM'000	31/12/2016 RM'000	31/12/2017 RM'000	31/12/2016 RM'000
Profit after taxation	176,119	129,953	424,438	464,131
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to profit or loss :-				
- Net fair value change in financial investments available-for-sale	(73,006)	(163,106)	23,594	8,002
- Net gain transferred to profit or loss on disposal of financial investments available-for-sale	118	-	118	-
- Net transfer to profit or loss on impairment of financial investments available-for-sale	2,298	-	2,298	-
- Deferred tax on financial investments available-for-sale	17,104	39,146	(6,080)	(1,718)
- Share of other comprehensive income/(loss) of a joint venture	1,024	-	1,024	-
- Share of other comprehensive income/(loss) of an associate	(94)	-	(94)	-
Other comprehensive income/(loss) for the financial year, net of tax	(52,556)	(123,960)	20,860	6,284
Total comprehensive income/(loss) for the financial year	123,563	5,993	445,298	470,415
Total comprehensive income/(loss) for the financial year attributable to :-				
- Equity holders of the Bank	116,778	5,993	438,513	470,415
- Non-controlling interest	6,785	-	6,785	-
	123,563	5,993	445,298	470,415

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

AFFIN BANK BERHAD
(Company no. 25046 T)
Condensed Interim Financial Statements
Unaudited Income Statements For The Financial Quarter Ended 31 December 2017

BANK	<----Individual Quarter Ended ---->		<----Cumulative Quarter Ended ---->	
	31/12/2017 RM'000	31/12/2016 RM'000	31/12/2017 RM'000	31/12/2016 RM'000
Interest income	565,046	562,689	2,300,099	2,325,217
Interest expense	(364,107)	(352,714)	(1,473,986)	(1,495,688)
Net interest income	200,939	209,975	826,113	829,529
Fee and commission income	24,725	31,679	106,731	114,584
Fee and commission expense	(2,086)	(2,139)	(8,602)	(8,210)
Net fee and commission income	22,639	29,540	98,129	106,374
Net gains and losses on financial instruments	22,192	13,770	72,472	43,517
Other operating income	25,050	25,860	59,435	69,432
Net income	270,820	279,145	1,056,149	1,048,852
Other operating expenses	(139,485)	(136,886)	(637,470)	(561,401)
Operating profit before allowances	131,335	142,259	418,679	487,451
Allowance for impairment losses on loans, advances and financing	3,511	(20,649)	(44,291)	(27,461)
Allowance for impairment losses on securities	-	(318)	-	(3,855)
Profit before taxation and zakat	134,846	121,292	374,388	456,135
Zakat	-	-	-	-
Profit before taxation	134,846	121,292	374,388	456,135
Taxation	(33,970)	(28,311)	(91,536)	(104,819)
Net profit for the financial year	100,876	92,981	282,852	351,316

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

AFFIN BANK BERHAD
(Company no. 25046 T)
Condensed Interim Financial Statements
Unaudited Statement of Comprehensive Income
Unaudited Income Statements For The Financial Quarter Ended 31 December 2017

<u>BANK</u>	<---Individual Quarter Ended ---->		<---Cumulative Quarter Ended --->	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	RM'000	RM'000	RM'000	RM'000
Profit after taxation	100,876	92,981	282,852	351,316
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss :-				
- Net fair value change in financial investments available-for-sale	(35,373)	(117,866)	37,296	21,365
- Deferred tax on financial investments available-for-sale	8,490	28,288	(8,951)	(4,925)
Other comprehensive income/(loss) for the financial year, net of tax	(26,883)	(89,578)	28,345	16,440
Total comprehensive income for the financial year	73,993	3,403	311,197	367,756

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

AFFIN BANK BERHAD
(Company no. 25046 T)
Unaudited Condensed Consolidated Statement Of Changes In Equity
For The Financial Year Ended 31 December 2017

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

GROUP	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	AFS revaluation reserves RM'000	Regulatory reserves RM'000	Foreign exchange reserves RM'000	Retained profits RM'000	Total shareholders' equity RM'000	Non- controlling Interest RM'000	Total equity RM'000
At 1 January 2017	1,688,770	858,904	1,721,637	75,229	280,204	-	1,178,962	5,803,706	-	5,803,706
Comprehensive income :										
- Net profit for the financial year	-	-	-	-	-	-	417,855	417,855	6,583	424,438
Other comprehensive income (net of tax) :										
- Financial investments available-for-sale	-	-	-	20,507	-	151	-	20,658	202	20,860
Total comprehensive income for the financial year	-	-	-	20,507	-	151	417,855	438,513	6,785	445,298
Issuance of new shares pursuant to Group Reorganisation as disclosed in Note B6	2,137,078	-	-	-	-	-	-	2,137,078	-	2,137,078
Effects of predecessor accounting as disclosed in Note B6	-	-	-	1,860	12,113	-	1,492	15,465	61,155	76,620
Transfer of share premium to share capital pursuant to Companies Act 2016	858,904	(858,904)	-	-	-	-	-	-	-	-
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	-	-	(1,721,637)	-	-	-	1,721,637	-	-	-
Transfer to regulatory reserves	-	-	-	-	525,082	-	(525,082)	-	-	-
Dilution of interest in a subsidiary, namely AFFIN Hwang AIIMAN Sukuk Fund	-	-	-	-	-	-	(2,176)	(2,176)	(932)	(3,108)
Dividends declared and paid during the financial year	-	-	-	-	-	-	(121,800)	(121,800)	(9,000)	(130,800)
At 31 December 2017	4,684,752	-	-	97,596	817,399	151	2,670,888	8,270,786	58,008	8,328,794
At 1 January 2016	1,688,770	858,904	1,577,509	68,945	278,547	-	1,029,155	5,501,830	-	5,501,830
Comprehensive income :										
- Net profit for the financial year	-	-	-	-	-	-	464,131	464,131	-	464,131
Other comprehensive income (net of tax) :										
- Financial investments available-for-sale	-	-	-	6,284	-	-	-	6,284	-	6,284
Total comprehensive income for the financial year	-	-	-	6,284	-	-	464,131	470,415	-	470,415
Transfer to statutory reserves	-	-	144,128	-	-	-	(144,128)	-	-	-
Transfer to regulatory reserves	-	-	-	-	1,657	-	(1,657)	-	-	-
Dividends declared and paid during the financial year	-	-	-	-	-	-	(168,539)	(168,539)	-	(168,539)
At 31 December 2016	1,688,770	858,904	1,721,637	75,229	280,204	-	1,178,962	5,803,706	-	5,803,706

AFFIN BANK BERHAD
(Company no. 25046 T)
Unaudited Condensed Consolidated Statement Of Changes In Equity
For The Financial Year Ended 31 December 2017

	<-----Non-distributable----->				<-Distributable->		Total equity RM'000
	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	
<u>BANK</u>							
At 1 January 2017	1,688,770	858,904	1,416,621	93,292	207,026	913,359	5,177,972
Comprehensive income :							
- Net profit for the financial year	-	-	-	-	-	282,852	282,852
Other comprehensive income (net of tax) of which :							
- Financial investments available-for-sale	-	-	-	28,345	-	-	28,345
Total comprehensive income for the financial year	-	-	-	28,345	-	282,852	311,197
Issuance of new shares pursuant to Group Reorganisation as disclosed in Note B6	2,137,078	-	-	-	-	-	2,137,078
Transfer of share premium to share capital pursuant to Companies Act 2016	858,904	(858,904)	-	-	-	-	-
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	-	-	(1,416,621)	-	-	1,416,621	-
Transfer to regulatory reserves	-	-	-	-	503,717	(503,717)	-
Dividends declared and paid during the financial year	-	-	-	-	-	(121,800)	(121,800)
At 31 December 2017	4,684,752	-	-	121,637	710,743	1,987,315	7,504,447
At 1 January 2016	1,688,770	858,904	1,328,792	76,852	220,148	805,289	4,978,755
Comprehensive income :							
- Net profit for the financial year	-	-	-	-	-	351,316	351,316
Other comprehensive income (net of tax) :							
- Financial investments available-for-sale	-	-	-	16,440	-	-	16,440
Total comprehensive income for the financial year	-	-	-	16,440	-	351,316	367,756
Transfer to statutory reserves	-	-	87,829	-	-	(87,829)	-
Transfer from regulatory reserves	-	-	-	-	(13,122)	13,122	-
Dividends declared and paid during the financial year	-	-	-	-	-	(168,539)	(168,539)
At 31 December 2016	1,688,770	858,904	1,416,621	93,292	207,026	913,359	5,177,972

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

AFFIN BANK BERHAD
(Company no. 25046 T)
Unaudited Condensed Consolidated Statement of Cash Flow
For The Financial Year Ended 31 December 2017

	< ----- GROUP ----- >		< ----- BANK ----- >	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	550,699	599,871	374,388	456,135
Adjustment for items not involving the movement of cash and cash equivalents:-	(306,129)	(238,403)	(288,714)	(240,150)
Operating profit before changes in working capital	244,570	361,468	85,674	215,985
Net changes in operating assets	(2,281,878)	589,157	1,203,869	1,845,892
Net changes in operating liabilities	64,313	(243,983)	(2,374,417)	(769,367)
Tax and zakat paid	(135,354)	(125,775)	(88,621)	(86,687)
Tax refund	3	5,459	-	5,440
Net cash (used in)/generated from operating activities	(2,108,346)	586,326	(1,173,495)	1,211,263
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received from securities:				
- financial investments available-for-sale	355,889	301,744	317,057	301,744
- financial investments held-to-maturity	22,535	17,776	22,070	17,776
Dividend income:				
- financial assets at fair value through profit or loss	198	-	-	-
- financial investments available-for-sale	4,338	2,673	1,980	2,673
Redemption of financial investments held-to-maturity net of purchase	316,586	3,594	220,654	(567)
Net purchase of financial investments available-for-sale	642,691	47,530	24,828	419,428
Proceeds from disposal of :				
- property and equipment	2,512	230	2,487	230
- intangible assets	16	-	-	-
- foreclosed properties	2,330	588	2,330	588
Purchase of property and equipment	(60,611)	(27,544)	(57,970)	(26,991)
Purchase of intangible assets	(4,900)	(2,680)	(4,071)	(2,680)
Proceed from disposal of a subsidiary	-	-	662	-
Subscription of shares in a subsidiary	-	-	(500,000)	(100,000)
Subscription of shares in a joint venture	(15,300)	-	(15,300)	-
Investment in associate				
- pursuant to the Group Reorganisation [Note B6]	(367,945)	-	(367,945)	-
- acquisition of shares from other shareholders	(180,537)	-	(180,537)	-
- subscription of shares in an associate	-	(250)	-	-
Cash outflow arising from Group Reorganisation [Note B6]	609,933	-	-	-
Net cash generated from/(used in) investing activities	1,327,735	343,661	(533,755)	612,201
CASH FLOWS FROM FINANCING ACTIVITIES				
(Repayment)/Drawdown of subordinated term loan	(1,300,000)	300,000	(1,300,000)	300,000
Payment for interest on subordinated term loan/medium term notes	(66,198)	(46,470)	(66,198)	(46,470)
Drawdown of subordinated medium term notes	2,000,000	-	2,000,000	-
Payment of dividend to the shareholder of the Bank	(121,800)	(168,539)	(121,800)	(168,539)
Payment of dividend to non-controlling interest	(9,000)	-	-	-
Net cash generated from financing activities	503,002	84,991	512,002	84,991
Net (decrease)/increase in cash and cash equivalents	(277,609)	1,014,978	(1,195,248)	1,908,455
Net increase/(decrease) in foreign exchange	211,433	(543,496)	214,776	(540,821)
Cash and cash equivalents at beginning of the financial year	4,364,490	3,893,008	3,391,038	2,023,404
Cash and cash equivalents at end of the year	4,298,314	4,364,490	2,410,566	3,391,038
<u>Cash and cash equivalents comprise the following:</u>				
Cash and short-term funds	4,146,815	4,364,490	2,209,948	3,337,831
Deposits and placements of banks and other financial institutions	464,446	152,234	495,133	406,075
	4,611,261	4,516,724	2,705,081	3,743,906
Less:				
Amount held on behalf of commissioned dealer's representatives	(49,119)	-	-	-
Cash and short-term funds and deposits and placements with banks and other financial institutions with original maturity of more than three months	(263,828)	(152,234)	(294,515)	(352,868)
	4,298,314	4,364,490	2,410,566	3,391,038

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

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

A1. BASIS OF PREPARATION

The unaudited condensed interim financial statements for the financial year 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 Bank 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 and the Bank 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 Bank 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'
- Annual Improvements to MFRSs 2014 - 2016 Cycle : MFRS 12 'Disclosures of Interests in Other Entities'

The adoption of the Amendments to MFRS 107 has required additional disclosure of changes in liabilities arising from financing activities. Other than that, the adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

Companies Act 2016

The Companies Act 2016 ("New Act") was enacted to replace the Companies Act 1965 with the objective to create a legal and regulatory structure that will facilitate business, and promote accountability as well as protection of corporate directors and shareholders, taking into consideration the interest of other stakeholders. The New Act was passed on 4 April 2016 by the Dewan Rakyat (House of Representative) and gazetted on 15 September 2016. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism announced that the date on which the New Act comes into operation while Section 241 and Division 8 of Part III of the New Act come into operation on 31 January 2017.

Amongst the key changes introduced in the New Act which affect the financial statements of the Group and the Bank upon the commencement of the New Act on 31 January 2017 for the current financial year includes the following :

- (a) removal of the authorised share capital;
- (b) shares of the Bank will cease to have par or nominal value; and
- (c) the Bank's share premium account will become part of the Bank's share capital.

Pursuant to the New Act, the Bank had transferred the entire balance of its share premium account of RM858,904,000 to share capital during the current financial year.

Notwithstanding this provision, the Bank may within 24 months from the commencement of the New Act, use the amount standing to the credit of its share premium accounts for purposes as set out in Section 618 (3) of the New Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

The adoption of the New Act does not have any financial impact on the Group and the Bank for the current financial year as any accounting implications will only be applied prospectively, if applicable, and the effect of adoption is mainly on the disclosures to the annual report and financial statements for the financial year ended 31 December 2017.

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

Bank Negara Malaysia ("BNM") has issued the policy document on Capital Funds which came into effect on 3 May 2017. The policy document has been updated to remove the requirement for a banking institution to maintain a reserve fund.

BNM expects banking institutions to exercise prudence before submitting an application to distribute the reserves as dividends. BNM in considering the dividend application, shall consider, among others, the banking institutions ability to comply with the fully phased-in capital conservation buffer requirement and any other buffers that the BNM may specify.

Accordingly, the Group and the Bank had transferred the entire balance of the statutory reserves of RM1,721,637,000 and RM1,416,621,000 respectively to retained profits during the financial year.

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 and the Bank 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 Bank during the financial year 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 year under review.

A7. DEBT AND EQUITY SECURITIES

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

A8. DIVIDENDS PAID

- (i) A single-tier final dividend of 4.52 sen per share in respect of the previous financial year ended 31 December 2016 amounting to RM76,300,000.00 was paid on 28 April 2017.
- (ii) A single-tier interim dividend of 2.34 sen per share in respect of the current financial year ended 31 December 2017 amounting to RM45,500,000.00 was paid on 27 December 2017.

A9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Bank	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	RM'000	RM'000	RM'000	RM'000
At fair value				
Unquoted securities :-				
- Corporate bonds/Sukuk in Malaysia	1,775	-	-	-
- Corporate bonds/Sukuk outside Malaysia	17,028	-	-	-
Money market instruments:				
Malaysian Government Securities	20,349	-	-	-
Malaysian Government Investment Issuance	10,129	-	10,129	-
Malaysian Government Islamic Investment Issuance	10,224	-	-	-
Quoted Securities :-				
- Shares in Malaysia	38,696	-	-	-
- Unit Trusts in Malaysia	6,979	-	-	-
Total financial assets at fair value through profit or loss	105,180	-	10,129	-

A10. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group		Bank	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	RM'000	RM'000	RM'000	RM'000
At fair value				
Malaysian Government Treasury Bills	12,517	-	-	-
Malaysian Government Securities	262,298	90,237	111,019	90,237
Malaysian Government Investment Issuance	2,398,206	1,527,767	1,185,300	898,982
Cagamas Bonds/Sukuk	137,598	76,088	70,980	70,825
Sukuk Perumahan Kerajaan	450,475	406,288	279,963	276,858
Negotiable Instruments of Deposit and Islamic Debt Certificate	760,323	2,514,468	1,772,500	2,514,468
Khazanah Bonds	384,575	439,219	228,326	265,931
	<u>4,405,992</u>	<u>5,054,067</u>	<u>3,648,088</u>	<u>4,117,301</u>
Quoted Securities :-				
- Shares in Malaysia	6,296	-	-	-
- Unit Trusts in Malaysia	208,907	-	-	-
- REITs in Malaysia	13,083	-	-	-
- REITs outside Malaysia	10,977	-	-	-
Unquoted Securities :-				
- Shares in Malaysia	252,432	216,948	229,568	216,948
- Corporate Bonds and/or Sukuk in Malaysia	9,230,824	4,587,663	4,309,562	3,691,021
- Corporate Bonds and/or Sukuk outside Malaysia	507,022	421,675	300,956	421,675
	<u>14,635,533</u>	<u>10,280,353</u>	<u>8,488,174</u>	<u>8,446,945</u>
Allowance for impairment losses of securities	(8,174)	(356)	(356)	(356)
Total financial investments available-for-sale	<u>14,627,359</u>	<u>10,279,997</u>	<u>8,487,818</u>	<u>8,446,589</u>

A11. FINANCIAL INVESTMENTS HELD-TO-MATURITY

At amortised cost				
Unquoted Securities :-				
- Corporate Bonds and/or Sukuk in Malaysia	124,085	377,061	124,069	304,939
- Redeemable Convertible Secured Loan Stocks in Malaysia	15,041	-	-	-
	<u>139,126</u>	<u>377,061</u>	<u>124,069</u>	<u>304,939</u>
Allowance for impairment losses of securities	(10,487)	(3,537)	(3,537)	(3,537)
Total financial investments held-to-maturity	<u>128,639</u>	<u>373,524</u>	<u>120,532</u>	<u>301,402</u>

A12. LOANS, ADVANCES AND FINANCING

(a) BY TYPE

	Group		Bank	
	31/12/2017 RM'000	31/12/2016 RM'000	31/12/2017 RM'000	31/12/2016 RM'000
Overdrafts	1,867,780	1,919,668	1,554,785	1,640,789
Term loans/financing :-				
- Housing Loan/financing	8,486,642	6,964,223	4,086,865	4,106,693
- Hire purchase receivables	12,365,906	11,920,683	8,501,399	8,739,325
- Syndicated term loans/financing	2,634,929	2,079,384	1,227,635	1,496,645
- Business term loans/financing	13,699,795	13,440,419	9,399,271	9,898,640
- Other term loans/financing	412,788	-	-	-
Bills receivables	27,811	30,113	19,583	8,738
Trust receipts	222,179	297,955	207,462	291,017
Claims on customers under acceptance credits	1,260,155	1,082,209	1,009,909	907,586
Staff loans/financing (of which RM NIL to Directors)	167,350	155,172	133,194	142,063
Credit/charge cards	111,414	91,091	111,402	91,091
Revolving credit	4,395,924	5,069,950	3,136,532	3,750,341
Margin financing	357,181	-	-	-
Factoring	4,207	1,560	4,207	1,560
Other receivables	40,497	-	-	-
Gross loans, advances and financing	46,054,558	43,052,427	29,392,244	31,074,488
Less: Allowance for impairment losses				
- Individual impairment	(93,885)	(149,499)	(69,836)	(131,497)
- Collective impairment	(238,515)	(234,631)	(178,508)	(189,637)
Total net loans, advances and financing	45,722,158	42,668,297	29,143,900	30,753,354
(b) BY MATURITY STRUCTURE				
Maturing within one year	8,636,523	8,828,952	6,092,359	6,790,065
One year to three years	4,823,382	4,700,048	3,719,003	3,690,330
Three years to five years	6,805,424	7,072,074	4,988,404	5,696,213
Over five years	25,789,229	22,451,353	14,592,478	14,897,880
	46,054,558	43,052,427	29,392,244	31,074,488
(c) BY TYPE OF CUSTOMER				
Domestic banking institutions	-	3,033	-	3,033
Domestic non-banking institutions :-				
- Others	774,836	814,693	553,756	605,194
Domestic business enterprises :-				
- Small medium enterprises	12,511,252	12,504,565	9,988,662	10,729,868
- Others	10,842,187	10,225,035	6,878,274	7,708,023
Government and statutory bodies	1,104,981	1,467,488	58,657	85,570
Individuals	20,042,711	17,663,433	11,602,284	11,696,882
Other domestic entities	13,189	88,036	4,160	78,346
Foreign entities	765,402	286,144	306,451	167,572
	46,054,558	43,052,427	29,392,244	31,074,488
(d) BY INTEREST / PROFIT RATE SENSITIVITY				
Fixed rate :-				
- Housing loans/financing	384,844	403,899	337,989	357,962
- Hire purchase receivables	12,368,159	11,920,683	8,501,399	8,739,326
- Other fixed rate loans/financing	3,092,517	3,434,446	1,551,713	2,079,862
- Margin financing	357,181	-	-	-
Variable rate :-				
- BLR plus	19,131,797	16,749,266	11,372,025	11,359,696
- Cost plus	10,682,080	10,544,133	7,629,118	8,537,642
- Other variable rates	37,980	-	-	-
	46,054,558	43,052,427	29,392,244	31,074,488

A12. LOANS, ADVANCES AND FINANCING (Cont.)

(e) BY ECONOMIC PURPOSE

	Group		Bank	
	31/12/2017 RM'000	31/12/2016 RM'000	31/12/2017 RM'000	31/12/2016 RM'000
Purchase of securities	1,448,427	664,778	480,252	389,262
Purchase of transport vehicles	12,689,074	12,281,400	8,702,450	9,030,869
Purchase of landed property of which :-				
- Residential	8,465,547	7,078,070	3,928,963	4,134,200
- Non-residential	6,383,585	5,991,465	4,821,020	4,879,275
Fixed assets other than land and building	275,714	325,485	175,731	253,064
Personal use	702,599	691,241	661,340	637,648
Credit card	111,414	91,091	111,402	91,091
Consumer durable	582	879	577	879
Construction	3,451,504	3,215,672	2,328,238	2,319,987
Merger and acquisition	89,071	97,992	89,071	97,992
Working capital	11,402,100	12,251,552	7,666,531	9,114,083
Others	1,034,941	362,802	426,669	126,138
	46,054,558	43,052,427	29,392,244	31,074,488

(f) BY SECTOR

Primary agriculture	859,639	896,922	524,490	494,803
Mining and quarrying	638,033	861,542	263,840	850,194
Manufacturing	2,085,077	2,102,831	1,561,820	1,768,086
Electricity, gas and water supply	179,040	182,805	66,646	118,436
Construction	2,621,265	2,509,215	1,705,228	1,986,124
Real estate	8,373,983	7,845,338	6,375,208	6,389,929
Wholesale and retail trade and restaurants and hotels	2,782,437	2,791,557	2,283,708	2,383,908
Transport, storage and communication	2,421,243	2,082,979	1,514,303	1,798,763
Finance, insurance and business services	3,022,240	2,835,367	2,240,310	2,374,384
Education, health and others	2,783,211	3,077,832	1,163,623	1,046,112
Household	20,240,269	17,795,793	11,691,226	11,793,554
Others	48,121	70,246	1,842	70,195
	46,054,558	43,052,427	29,392,244	31,074,488

(g) BY GEOGRAPHICAL DISTRIBUTION

Perlis	231,679	195,079	28,931	47,641
Kedah	1,464,362	1,434,211	786,429	772,318
Pulau Pinang	2,660,130	2,369,676	2,088,712	2,007,416
Perak	1,595,065	1,416,128	962,749	973,397
Selangor	13,075,574	12,411,054	8,305,353	8,950,162
Wilayah Persekutuan	13,283,748	12,986,958	7,847,522	8,752,844
Negeri Sembilan	1,309,232	1,216,093	647,921	767,492
Melaka	1,036,264	1,030,455	788,511	831,300
Johor	5,134,735	4,046,707	3,401,016	3,212,336
Pahang	1,035,997	897,686	652,916	595,356
Terengganu	818,457	743,413	438,849	347,503
Kelantan	229,318	216,290	62,062	63,115
Sarawak	2,137,082	1,710,795	1,792,876	1,578,664
Sabah	1,749,113	1,626,472	1,432,806	1,570,576
Labuan	206,288	664,510	137,294	600,536
Outside Malaysia	87,514	86,900	18,297	3,832
	46,054,558	43,052,427	29,392,244	31,074,488

A12. LOANS, ADVANCES AND FINANCING (Cont.)

(h) IMPAIRED LOANS, ADVANCES AND FINANCING

(i) Movements of impaired loans, advances and financing

	Group		Bank	
	31/12/2017 RM'000	31/12/2016 RM'000	31/12/2017 RM'000	31/12/2016 RM'000
Balance at the beginning of financial year	687,946	767,847	590,447	626,139
Amount arising from Reorganisation	29,919	-	-	-
Classified as impaired during the financial year	1,445,665	679,669	989,469	515,330
Reclassified as non-impaired during the financial year	(676,240)	(383,917)	(338,471)	(272,326)
Amount written-back during the financial year	(156,769)	(197,704)	(127,510)	(110,492)
Amount written-off during the financial year	(163,215)	(177,949)	(154,849)	(168,204)
Balance at the end of financial year	1,167,306	687,946	959,086	590,447

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

Purchase of securities	51	158	51	158
Purchase of transport vehicles	235,606	86,062	213,673	69,732
Purchase of landed property of which :-				
- Residential	207,849	203,075	137,494	161,680
- Non-residential	272,499	54,715	247,641	48,562
Fixed assets other than land and building	984	878	749	651
Personal use	17,203	28,441	16,393	27,616
Credit card	622	408	622	408
Consumer durable	16	17	16	17
Construction	164,218	39,998	156,243	39,998
Working capital	256,643	267,187	184,515	234,618
Others	11,615	7,007	1,689	7,007
	1,167,306	687,946	959,086	590,447

(iii) Impaired loans, advances and financing by sector

Primary agriculture	14,055	14,331	13,980	14,288
Mining and quarrying	13,615	120	13,552	63
Manufacturing	24,569	20,434	23,477	19,406
Electricity, gas and water supply	288	207	53	96
Construction	144,542	102,416	88,388	97,335
Real estate	252,055	56,931	207,512	23,296
Wholesale and retail trade and restaurants and hotels	41,691	46,878	36,564	46,289
Transport, storage and communication	292,658	2,106	292,478	1,799
Finance, insurance and business services	76,650	128,829	60,756	128,337
Education, health and others	730	732	605	570
Household	306,453	314,962	221,721	258,968
	1,167,306	687,946	959,086	590,447

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

Perlis	2,627	5,245	505	443
Kedah	55,385	48,834	41,964	45,818
Pulau Pinang	26,769	41,022	25,156	38,916
Perak	16,023	18,490	10,252	14,165
Selangor	264,602	264,698	177,166	233,730
Wilayah Persekutuan	232,178	79,564	222,501	76,894
Negeri Sembilan	79,958	79,423	73,650	74,573
Melaka	6,604	16,091	4,527	15,153
Johor	34,040	27,974	30,216	26,457
Pahang	18,715	9,574	17,615	7,880
Terengganu	296,647	6,245	290,641	1,229
Kelantan	4,925	5,337	1,437	1,694
Sarawak	58,261	7,951	21,545	7,753
Sabah	42,307	45,914	41,911	45,742
Outside Malaysia	28,265	31,584	-	-
	1,167,306	687,946	959,086	590,447

A12. LOANS, ADVANCES AND FINANCING (Cont.)

(h) IMPAIRED LOANS, ADVANCES AND FINANCING

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

	Group		Bank	
	31/12/2017 RM'000	31/12/2016 RM'000	31/12/2017 RM'000	31/12/2016 RM'000
Individual impairment				
Balance at the beginning of financial year	149,499	270,137	131,497	231,621
Amount arising from Group Reorganisation	8	-	-	-
Allowance made during the financial year	110,892	81,349	94,484	62,010
Amount recovered during the financial year	(47,255)	(59,431)	(39,157)	(23,569)
Amount written-off during the financial year	(112,633)	(132,589)	(112,633)	(128,440)
Unwinding discount of allowance	(5,236)	(10,324)	(4,355)	(10,125)
Exchange difference	(1,390)	357	-	-
	93,885	149,499	69,836	131,497
Balance at the end of financial year				
Collective impairment				
Balance at beginning of financial year	234,631	229,461	189,637	192,790
Amount arising from Group Reorganisation	2,534	-	-	-
Allowance (net of write-back) made during the financial year	49,319	49,832	28,512	35,935
Amount written-off during the financial year	(47,969)	(44,662)	(39,641)	(39,088)
Balance at the end of financial year	238,515	234,631	178,508	189,637

A13. TRADE RECEIVABLES

Amount due from stock-broking clients				
- performing accounts	265,799	-	-	-
- impaired accounts	1,366	-	-	-
Amount due from brokers	72,708	-	-	-
Amount due from Bursa Securities Clearing Sdn Bhd	83,281	-	-	-
Management fees receivable on fund management	128,612	-	-	-
	551,766	-	-	-
Less: Allowance for impairment				
- Individual impairment	(1,029)	-	-	-
	550,737	-	-	-

Movement in allowance for impairment on trade receivables :-

Individual impairment

Balance at the beginning of financial year	-	-	-	-
Amount arising from Group Reorganisation	993	-	-	-
Allowance made during the financial year	121	-	-	-
Amount written-back during the financial year	(85)	-	-	-
Balance at the end of financial year	1,029	-	-	-

A14. OTHER ASSETS

	Group		Bank	
	31/12/2017 RM'000	31/12/2016 RM'000	31/12/2017 RM'000	31/12/2016 RM'000
Cheque clearing accounts	17,535	10,721	9,493	7,759
Foreclosed properties	19,912	7,970	17,271	5,329
Other debtors, deposits and prepayments	62,888	43,241	24,031	40,853
Collaterals pledged for derivative transactions	168	-	-	-
	100,503	61,932	50,795	53,941

A15. OTHER LIABILITIES

Bank Negara Malaysia and Credit Guarantee Corporation Funding Programmes	37,944	38,563	37,944	38,563
Margin and collateral deposits	131,494	149,616	114,402	141,203
Commissioned dealer's representative trust balances	49,119	-	-	-
Defined contribution plan	18,111	15,437	16,737	14,380
Accrued employee benefits	129,887	33,621	36,969	31,360
Other creditors and accruals	190,253	52,647	53,153	49,165
Collaterals pledged for derivative transactions	29	-	-	-
Amount payable to commissioned and salaried dealer's representatives	39,505	-	-	-
Cheque clearing accounts	34,112	19,272	34,112	19,272
Provision for zakat	3,223	2,332	-	-
Sundry creditors	175,693	91,257	156,128	75,562
Unearned income	53,972	36,743	33,215	32,940
SBL borrow	82,030	-	-	-
	945,372	439,488	482,660	402,445

A16. RESERVES

Retained profits	2,670,888	1,178,962	1,987,315	913,359
Share premium	-	858,904	-	858,904
Foreign exchange reserves	151	-	-	-
AFS revaluation reserves (b)	97,596	75,229	121,637	93,292
Statutory reserves (c)	-	1,721,637	-	1,416,621
Regulatory reserves (d)	817,399	280,204	710,743	207,026
	3,586,034	4,114,936	2,819,695	3,489,202

- (a) As at 31 December 2017, the Bank has a tax exempt account balance of RM10.9 million (2016: RM10.9 million) under Section 12 of the Income Tax (Amendment) Act 1999, subject to agreement by the Inland Revenue Board.
- (b) 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.
- (c) The requirement to maintain a statutory reserve funds has been removed pursuant to BNM's Capital Fund Policy with effect from 3 May 2017. Consequently, the statutory reserve amount has been transferred to retained earnings.
- (d) The Group and the Bank 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.

A17. INTEREST INCOME

Group	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	454,098	439,913	1,771,964	1,807,744
Money at call and deposits with financial institutions	22,067	21,147	109,899	84,450
Reverse repurchase agreements with financial institutions	-	-	368	-
Financial assets held-for-trading	1,649	10	1,649	240
Financial investments available-for-sale	122,694	72,024	355,889	301,744
Financial investments held-to-maturity	1,908	3,040	22,535	17,776
Derivatives	25,648	26,822	105,151	115,807
Others	169	-	169	-
	628,233	562,956	2,367,624	2,327,761

of which :-

Interest income earned on impaired loans, advances and financing

	1,414	1,417	2,257	8,070
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Bank

Loans, advances and financing	406,245	415,377	1,638,124	1,714,508
Money at call and deposits with financial institutions	47,229	45,416	216,710	175,142
Reverse repurchase agreements with financial institutions	-	-	368	-
Financial assets held-for-trading	209	10	209	240
Financial investments available-for-sale	83,862	72,024	317,057	301,744
Financial investments held-to-maturity	1,443	3,040	22,070	17,776
Derivatives	26,058	26,822	105,561	115,807
	565,046	562,689	2,300,099	2,325,217

of which :-

Interest income earned on impaired loans, advances and financing

	1,022	1,417	1,865	8,070
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A18. INTEREST EXPENSE

Group

Deposits and placements of banks and other financial institutions	10,176	21,879	91,497	113,284
Deposits from customers	331,140	286,251	1,197,187	1,188,329
Securities sold under repurchase agreements	5,897	6,301	22,055	33,193
Derivatives	25,241	25,696	102,444	108,712
Subordinated term loan	2,622	11,810	34,580	46,616
Subordinated medium term notes	26,416	-	63,170	-
Loans sold to Cagamas Berhad	-	630	-	4,931
Others	1,000	145	1,438	614
	402,492	352,712	1,512,371	1,495,679

Bank

Deposits and placements of banks and other financial institutions	22,361	21,879	103,682	113,284
Deposits from customers	281,452	286,253	1,147,499	1,188,338
Securities sold under repurchase agreements	5,396	6,301	21,554	33,193
Derivatives	25,713	25,696	102,916	108,712
Subordinated term loan	2,622	11,810	34,580	46,616
Subordinated medium term notes	26,416	-	63,170	-
Loans sold to Cagamas Berhad	-	630	-	4,931
Others	147	145	585	614
	364,107	352,714	1,473,986	1,495,688

A19. NET FEE AND COMMISSION INCOME

	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
(a) Fee and commission income:				
Net brokerage	19,265	-	19,265	-
Underwriting fees	350	-	350	-
Portfolio management fees	96,591	-	96,591	-
Corporate advisory fees	2,312	-	2,312	-
Commission	7,034	6,922	28,595	25,905
Service charges and fees	11,805	18,964	56,380	64,324
Guarantee fees	5,963	5,793	21,832	24,355
Arrangement fees/Co-ordinating fees	2,002	-	2,002	-
Agency fees	930	-	930	-
Initial service charges	50,491	-	50,491	-
Other fee income	2,029	-	2,029	-
	<u>198,772</u>	<u>31,679</u>	<u>280,777</u>	<u>114,584</u>
(b) Fee and commission expense:				
Commission and referral expense	(62,017)	(2,139)	(68,533)	(8,210)
Net fee and commission expense	<u>136,755</u>	<u>29,540</u>	<u>212,244</u>	<u>106,374</u>
<u>Bank</u>				
(a) Fee and commission income:				
Commission	7,302	6,922	28,863	25,905
Service charges and fees	11,981	18,964	56,557	64,324
Guarantee fees	5,442	5,793	21,311	24,355
	<u>24,725</u>	<u>31,679</u>	<u>106,731</u>	<u>114,584</u>
(b) Fee and commission expense	(2,086)	(2,139)	(8,602)	(8,210)
Net fee and commission expense	<u>22,639</u>	<u>29,540</u>	<u>98,129</u>	<u>106,374</u>

A20. NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

Group	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	RM'000	RM'000	RM'000	RM'000
Income from financial instruments:				
Gains/(losses) arising on financial assets at FVTPL :-				
- net gains on disposal	17,826	60	17,961	432
- unrealised gains/(losses)	727	-	727	2
- gross dividend income	198	-	198	-
Gains/(losses) on derivatives :-				
- realised	170	581	832	2,452
- unrealised	(2,753)	6,548	(2,774)	4,965
Gains arising on financial investments available-for-sale :-				
- net gains on disposal	24,487	6,381	33,276	32,993
- gross dividend income	3,407	200	4,338	2,673
Gains arising on financial investments held-to-maturity :-				
- net gains on redemption	-	-	39,784	-
	44,062	13,770	94,342	43,517

Bank

Income from financial instruments:				
Gains/(losses) arising on financial assets at FVTPL :-				
- net gains on disposal	18	60	153	432
- unrealised gains/(losses)	(24)	-	(24)	2
Gains on derivatives :-				
- realised	170	581	832	2,452
- unrealised	1,006	6,548	985	4,965
Gains arising on financial investments available-for-sale :-				
- net gains on disposal	19,973	6,381	28,762	32,993
- gross dividend income	1,049	200	1,980	2,673
Gains arising on financial investments held-to-maturity :-				
- net gains on redemption	-	-	39,784	-
	22,192	13,770	72,472	43,517

A21. OTHER OPERATING INCOME

Group

Other income:				
Foreign exchange gains/(losses)				
- realised	23,738	81,343	(27,489)	30,665
- unrealised	1,628	(57,772)	79,622	30,226
Rental income	476	379	2,128	1,556
Gains on disposal of property and equipment	25	(46)	777	(94)
Gains on disposal of foreclosed properties	2,260	-	2,260	153
Other non-operating income	1,533	1,734	7,051	7,145
Total other operating income	29,660	25,638	64,349	69,651

Bank

Other income:				
Foreign exchange gains/(losses)				
- realised	15,527	81,343	(35,700)	30,665
- unrealised	5,227	(57,772)	83,221	30,226
Rental income	499	379	2,151	1,556
Gains on disposal of property and equipment	-	(46)	752	(94)
Gains on disposal of foreclosed properties	2,260	-	2,260	153
Gain on disposal of a subsidiary	-	-	162	-
Other non-operating income	1,537	1,956	6,589	6,926
Total other operating income	25,050	25,860	59,435	69,432

A22. OTHER OPERATING EXPENSES

<u>Group</u>	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	RM'000	RM'000	RM'000	RM'000
<u>Personnel costs</u>				
Wages, salaries and bonus	151,292	76,592	409,313	295,171
Defined contribution plan	24,311	12,766	67,155	49,145
Voluntary Separation Scheme	(1,482)	-	46,518	-
Other personnel costs	42,709	12,672	83,359	45,721
	216,830	102,030	606,345	390,037
<u>Promotion and marketing-related expenses</u>				
Business promotion and advertisement	3,652	2,580	12,372	10,312
Entertainment	856	314	2,724	2,359
Travelling and accommodation	3,166	1,198	7,144	4,017
Dealers' handling fees	300	-	300	-
Commission and brokerage expenses	3,190	2,962	11,939	9,979
Others	949	495	2,855	1,895
	12,113	7,549	37,334	28,562
<u>Establishment-related expenses</u>				
Rental of premises	9,601	6,324	28,346	24,977
Equipment rental	362	(227)	1,273	682
Repair and maintenance	7,229	2,855	37,607	34,463
Depreciation of property and equipment	6,312	3,417	17,677	14,724
Amortisation of intangible assets	6,783	2,452	14,714	9,681
IT consultancy fee	9,078	16,498	51,399	65,111
Dataline rental	1,425	1,958	8,165	7,732
Security services	3,670	4,360	17,721	17,450
Electricity, water and sewerage	3,467	2,653	11,509	11,532
Insurance and indemnities	6,438	5,671	24,089	24,970
Others	1,216	1,123	4,597	4,952
	55,581	47,084	217,097	216,274
<u>General and administrative expenses</u>				
Telecommunication expenses	3,397	1,330	6,680	5,181
Directors' remuneration	995	12	2,923	2,097
Auditors' remuneration :-				
(i) Statutory audit fees				
- current year	512	277	2,047	1,108
- over provision in prior year	(53)	(8)	(212)	(30)
(ii) Regulatory related fees	152	103	608	411
(iii) Tax fees	54	17	215	67
(iv) Non-audit fees	107	35	428	139
Professional fees	6,101	2,623	17,430	10,751
Property and equipment written-off	65	19	181	57
Postage and courier charges	669	920	3,156	4,042
Stationery and consumables	2,054	1,381	8,618	10,011
Donations	230	8	1,845	2,027
Settlement, clearing and bank charges	3,505	2,838	11,932	10,462
Stamp duties	1,606	339	1,791	763
Operational and litigation write-off expenses	797	1,623	1,155	1,876
Subscription fees	1,817	-	1,817	-
GST input tax-non recoverable	2,570	1,558	10,465	6,268
Others	918	2,656	2,434	4,013
	25,496	15,731	73,513	59,243
Total other operating expenses	310,020	172,394	934,289	694,116

A22. OTHER OPERATING EXPENSES

Bank	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	RM'000	RM'000	RM'000	RM'000
<u>Personnel costs</u>				
Wages, salaries and bonus	67,115	60,221	264,641	233,311
Defined contribution plan	11,598	9,985	44,276	38,754
Voluntary Separation Scheme	(2,729)	-	44,271	-
Other personnel costs	10,255	10,037	43,012	36,671
	86,239	80,243	396,200	308,736
<u>Promotion and marketing-related expenses</u>				
Business promotion and advertisement	1,354	2,391	8,862	9,524
Entertainment	(109)	270	1,468	2,040
Travelling and accommodation	1,504	934	4,614	3,190
Commission and brokerage expenses	2,815	2,305	9,840	7,783
Others	448	382	1,882	1,394
	6,012	6,282	26,666	23,931
<u>Establishment-related expenses</u>				
Rental of premises	4,836	5,023	19,059	20,171
Equipment rental	(23)	(266)	766	563
Repair and maintenance	1,827	1,129	26,212	27,418
Depreciation of property and equipment	3,750	3,178	14,439	13,688
Amortisation of intangible assets	3,081	2,375	11,012	9,255
IT consultancy fee	7,049	13,708	40,060	54,940
Dataline rental	871	1,553	6,430	6,591
Security services	2,408	3,391	13,071	13,653
Electricity, water and sewerage	2,264	2,208	8,779	9,758
Insurance and indemnities	5,872	5,489	22,245	24,187
Others	472	(22)	32	659
	32,407	37,766	162,105	180,883
<u>General and administrative expenses</u>				
Telecommunication expenses	605	1,073	3,157	4,223
Directors' remuneration	1,135	910	2,144	2,041
Auditors' remuneration :-				
(i) Statutory audit fees				
- current year	297	208	1,188	834
- over provision in prior year	(39)	(4)	(155)	(17)
(ii) Regulatory related fees	73	64	292	258
(iii) Tax fees	8	7	31	27
(iv) Non-audit fees	107	35	428	139
Professional fees	5,420	2,243	15,957	9,572
Property and equipment written-off	(3)	17	107	55
Diminution in value of foreclosed properties	-	-	-	-
Postage and courier charges	462	719	2,429	3,342
Stationery and consumables	844	636	5,476	7,477
Donations	131	6	1,562	1,464
Settlement, clearing and bank charges	2,382	2,579	9,966	9,455
Stamp duties	1,605	340	1,786	763
Operational and litigation write-off expenses	841	1,623	1,082	1,615
GST input tax-non recoverable	1,246	1,067	5,712	4,440
Others	(287)	1,072	1,337	2,163
	14,827	12,595	52,499	47,851
Total other operating expenses	139,485	136,886	637,470	561,401

**A23. ALLOWANCE FOR IMPAIRMENT LOSSES ON LOANS,
 ADVANCES, FINANCING AND TRADE RECEIVABLES**

Group	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	RM'000	RM'000	RM'000	RM'000
Collective impairment				
- made during the financial year	463	18,098	49,319	49,832
Individual impairment				
- made during the financial year	38,200	34,434	111,013	81,349
- written-back during the financial year	(26,662)	(26,427)	(47,340)	(59,431)
Bad debts				
- recovered	(12,331)	(8,637)	(42,675)	(50,887)
- written-off	681	1,193	1,302	2,838
	351	18,661	71,619	23,701
Bank				
Collective impairment				
- made during the financial year	(5,322)	12,829	28,512	35,935
Individual impairment				
- made during the financial year	35,547	20,462	94,484	62,010
- written-back during the financial year	(23,111)	(5,254)	(39,157)	(23,569)
Bad debts				
- recovered	(11,306)	(8,570)	(40,849)	(49,731)
- written-off	681	1,182	1,301	2,816
	(3,511)	20,649	44,291	27,461

**A24. ALLOWANCE FOR IMPAIRMENT LOSSES
 ON SECURITIES**

Group				
Allowance for impairment losses				
- Financial investments available-for-sale	1,287	318	1,287	318
- Financial investments held-to-maturity	-	-	-	3,537
	1,287	318	1,287	3,855
Bank				
Allowance for impairment losses				
- Financial investments available-for-sale	-	318	-	318
- Financial investments held-to-maturity	-	-	-	3,537
	-	318	-	3,855

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

Group				
Allowance for /(write-back of) impairment losses:				
- Other debtors	(69)	-	(69)	-
- Advances to joint venture	12,329	-	12,329	-
	12,260	-	12,260	-

A26. SEGMENTAL INFORMATION ON REVENUE AND PROFIT

The segment analysis by activity for the individual and cumulative quarters ended 31 December 2017 are as follows:-

	<----- Current year's individual quarter ended 31 December 2017 ----->					
	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Eliminations RM'000	Group RM'000
Revenue						
External revenue	347,195	169,510	-	2,351	-	519,056
Intersegment revenue	22,283	(4,355)	-	241	(2,522)	15,647
Segment revenue	369,478	165,155	-	2,592	(2,522)	534,703
Overhead expenses	(185,674)	(123,344)	-	(3,524)	2,522	(310,020)
of which :-						
Depreciation of property and equipment	(3,964)	(2,285)	-	(63)	-	(6,312)
Amortisation of intangible assets	(3,081)	(3,686)	-	(16)	-	(6,783)
Additional allowances for impairment on loans, advances and financing, trade receivables, securities and other assets	(12,450)	(1,448)	-	-	-	(13,898)
Segment results	171,354	40,363	-	(932)	-	210,785
Share of results of a joint venture (net of tax)	-	-	(4,070)	-	-	(4,070)
Share of results of an associate (net of tax)	-	-	17,140	-	-	17,140
Profit before taxation and zakat	171,354	40,363	13,070	(932)	-	223,855
Zakat	-	(371)	-	-	-	(371)
Profit before taxation	171,354	39,992	13,070	(932)	-	223,484
Taxation	-	-	-	-	-	(47,365)
Net profit for the individual quarter	-	-	-	-	-	176,119

	<----- Current year's cumulative quarter ended 31 December 2017 ----->					
	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Eliminations RM'000	Group RM'000
Revenue						
External revenue	1,388,594	169,510	-	2,351	-	1,560,455
Intersegment revenue	6,636	(4,355)	-	241	(2,522)	-
Segment revenue	1,395,230	165,155	-	2,592	(2,522)	1,560,455
Operating expenses	(809,943)	(123,344)	-	(3,524)	2,522	(934,289)
of which :-						
Depreciation of property and equipment	(15,329)	(2,285)	-	(63)	-	(17,677)
Amortisation of intangible assets	(11,012)	(3,686)	-	(16)	-	(14,714)
Additional allowances for impairment on loans, advances and financing, trade receivables, securities and other assets	(83,718)	(1,448)	-	-	-	(85,166)
Segment results	501,569	40,363	-	(932)	-	541,000
Share of results of a joint venture (net of tax)	-	-	(4,070)	-	-	(4,070)
Share of results of an associate (net of tax)	-	-	17,140	-	-	17,140
Profit before taxation and zakat	501,569	40,363	13,070	(932)	-	554,070
Zakat	(3,000)	(371)	-	-	-	(3,371)
Profit before taxation	498,569	39,992	13,070	(932)	-	550,699
Taxation	-	-	-	-	-	(126,261)
Net profit for the cumulative quarter	-	-	-	-	-	424,438

A27. SUBSEQUENT MATERIAL EVENT

There were no material events subsequent to the balance sheet date that require disclosure or adjustments to the unaudited condensed interim financial statements other than those disclosed in Note B6.

A28. 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 entire share capital of ABB Trustee Berhad 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.

b) Group Reorganisation

Pursuant to the Group Reorganisation as disclosed in Note B6, AHB had on 16 October 2017 transferred its entire equity interest in the following companies to AFFIN Bank Berhad ("ABB") :-

- AFFIN Hwang Investment Bank Berhad ("AHIB"), a wholly-owned subsidiary of AHB;
- AFFIN MoneyBrokers Sdn Bhd ("AMB"), a wholly-owned subsidiary of AHB;
- AXA AFFIN Life Insurance Berhad ("AALI"), a 51%-owned joint venture company of AHB; and
- AXA AFFIN General Insurance Berhad ("AAGI"), a 37.07%-owned associated company of AHB.

The transfer consideration for the above Companies of RM2.505 billion had been fully satisfied by ABB on 16 October 2017. The consideration for AHIB, AMB and AALI totalling RM2,137,078,000 was satisfied by way of issuance of 254,158,931 new ordinary shares in ABB while the consideration of AAGI of RM367,945,000 was fully satisfied by ABB in cash.

The effect of predecessor accounting arising from the Group Reorganisation is summarised in Note B6 (4).

(c) Acquisition of Additional 15,325,747 ordinary shares of RM1.00 each, representing 12.88% Equity Interest in AXA AFFIN General Insurance Berhad ("AAGI") from Felda Marketing Services Sdn Bhd

The Bank had on 28 December 2017 acquired additional 15,325,747 ordinary shares of RM1.00 each representing 12.88% equity interest in AAGI at a price of RM11.78 per share from Felda Marketing Services Sdn Bhd for a total consideration of RM180.5 million. Pursuant thereto, ABB holds a total 59,460,710 ordinary shares in AAGI representing 49.95% equity interest therein.

A29. 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 :-

	<-----Group----->		<-----Bank----->	
	Principal Amount 31/12/2017 RM'000	Principal Amount 31/12/2016 RM'000	Principal Amount 31/12/2017 RM'000	Principal Amount 31/12/2016 RM'000
Direct credit substitutes	573,469	423,565	376,301	390,178
Transaction related contingent items	2,091,113	2,252,924	1,797,759	1,970,056
Short-term self-liquidating trade-related contingencies	431,400	496,339	151,867	183,789
Foreign exchange related contracts #				
- Less than one year	12,007,480	6,667,157	7,587,059	7,636,993
- One year to less than five years	380,815	383,035	97,051	383,035
- Five years and above	42,485	42,485	42,485	42,485
Interest rate related contracts #				
- Less than one year	886,000	593,125	736,000	593,125
- One year to less than five years	2,216,148	1,187,148	701,148	1,187,148
- Five years and above	1,115,000	830,000	1,115,000	830,000
Irrevocable commitments to extend credit				
- Maturity less than one year	8,349,806	7,663,856	6,707,971	6,534,578
- Maturity more than one year	3,255,925	1,514,728	1,598,619	1,044,742
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	571,760	198,586	136,844	159,049
Unutilised credit card lines	364,163	230,550	363,825	230,550
	32,285,564	22,483,498	21,411,929	21,185,728

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

A30. DERIVATIVE FINANCIAL INSTRUMENTS

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

GROUP	< ----- Contract/Notional Amount ----- >				< ----- Positive Fair Value ----- >				< ----- Negative Fair Value ----- >			
	Up To 1 Year	> 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
As at 31 December 2017												
Trading derivatives												
Foreign exchange contracts												
- Currency forwards	3,714,719	121,129	42,422	3,878,270	4,090	1,557	428	6,075	97,837	5,664	3,036	106,537
- Cross currency swaps	5,481,984	96,030	42,485	5,620,499	94,236	316	2,331	96,883	108,260	27,157	(1,661)	133,756
- Currency swaps	2,810,777	87,787	33,447	2,932,011	42,251	5,042	2,918	50,211	5,147	-	-	5,147
Interest rate contracts												
- Interest rate swaps	886,000	1,179,148	2,152,000	4,217,148	2,715	1,388	15,853	19,956	4,014	2,898	11,324	18,236
	12,893,480	1,484,094	2,270,354	16,647,928	143,292	8,303	21,530	173,125	215,258	35,719	12,699	263,676
As at 31 December 2016												
Trading derivatives												
Foreign exchange contracts												
- Currency forwards	2,176,144	-	-	2,176,144	113,263	-	-	113,263	15,223	-	-	15,223
- Cross currency swaps	4,491,013	287,005	138,515	4,916,533	33,467	1,220	1,754	36,441	211,237	117,265	42,514	371,016
Interest rate contracts												
- Interest rate swaps	593,125	987,000	1,030,148	2,610,273	2,185	4,011	11,404	17,600	2,970	5,854	7,709	16,533
	7,260,282	1,274,005	1,168,663	9,702,950	148,915	5,231	13,158	167,304	229,430	123,119	50,223	402,772

A30. DERIVATIVE FINANCIAL INSTRUMENTS (Cont.)

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

	< ----- 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
BANK	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 31 December 2017												
Trading derivatives												
Foreign exchange contracts												
- Currency forwards	1,391,386	1,021	-	1,392,407	2,111	5	-	2,116	58,249	-	-	58,249
- Cross currency swaps	6,195,673	96,030	42,485	6,334,188	97,129	316	2,332	99,777	110,428	27,157	(1,661)	135,924
Interest rate contracts												
- Interest rate swaps	736,000	334,148	1,482,000	2,552,148	2,715	1,385	14,826	18,926	3,797	2,455	10,452	16,704
	8,323,059	431,199	1,524,485	10,278,743	101,955	1,706	17,158	120,819	172,474	29,612	8,791	210,877
As at 31 December 2016												
Trading derivatives												
Foreign exchange contracts												
- Currency forwards	2,142,988	-	-	2,142,988	111,513	-	-	111,513	14,510	-	-	14,510
- Cross currency swaps	5,494,005	287,005	138,515	5,919,525	34,153	1,220	1,754	37,127	218,461	117,265	42,514	378,240
Interest rate contracts												
- Interest rate swaps	593,125	987,000	1,030,148	2,610,273	2,185	4,011	11,404	17,600	2,970	5,854	7,709	16,533
	8,230,118	1,274,005	1,168,663	10,672,786	147,851	5,231	13,158	166,240	235,941	123,119	50,223	409,283

A30. DERIVATIVE FINANCIAL INSTRUMENTS (Cont.)

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

Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at the reporting date, the notional amount of foreign exchange exposure which was not hedged and hence, exposed to market risk was RM64.5 million (FYE 31/12/2016: RM54.1 million), while the notional amount of interest rate contract was RM690.1 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 RM363.7 million (FYE 31/12/2016: RM478.1 million) and RM341.7 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.

A31. FAIR VALUE MEASUREMENTS

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

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

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2017				
Assets				
Financial assets at FVTPL				
- Money market instruments	-	40,702	-	40,702
- Equity securities	45,675	-	-	45,675
- Corporate bonds/Sukuk	-	18,803	-	18,803
Derivative financial assets	-	173,125	-	173,125
Financial investments available-for-sale *				
- Money market instruments	-	4,405,992	-	4,405,992
- Equity securities	233,637	51,200	279,853	564,690
- Corporate bonds/Sukuk	-	9,656,677	-	9,656,677
	279,312	14,346,499	279,853	14,905,664
Liabilities				
Derivative financial liabilities	-	263,676	-	263,676
31 December 2016				
Assets				
Derivative financial assets	-	167,304	-	167,304
Financial investments available-for-sale *				
- Money market instruments	-	4,977,979	-	4,977,979
- Equity securities	-	-	246,637	246,637
- Corporate bonds/Sukuk	-	5,055,381	-	5,055,381
	-	10,200,664	246,637	10,447,301
Liabilities				
Derivative financial liabilities	-	402,772	-	402,772

* Net of allowance for impairment losses

A31. FAIR VALUE MEASUREMENTS

Bank	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2017				
Assets				
Financial assets at FVTPL	-	10,129	-	10,129
Derivative financial assets	-	120,819	-	120,819
Financial investments available-for-sale *				
- Money market instruments	-	3,648,088	-	3,648,088
- Equity securities	-	-	259,242	259,242
- Corporate bonds/Sukuk	-	4,580,488	-	4,580,488
	-	8,359,524	259,242	8,618,766
Liabilities				
Derivative financial liabilities	-	210,877	-	210,877
31 December 2016				
Assets				
Derivative financial assets	-	166,240	-	166,240
Financial investments available-for-sale *				
- Corporate Bonds and/or Sukuk	-	4,046,476	-	4,046,476
- Equity securities	-	-	246,637	246,637
- Money market instruments	-	4,153,476	-	4,153,476
	-	8,366,192	246,637	8,612,829
Liabilities				
Derivative financial liabilities	-	409,283	-	409,283

* 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.

A31. FAIR VALUE MEASUREMENTS (Cont.)

This category includes unquoted shares held for socio economic reasons. Fair values for shares held for socio economic reasons are based on the net tangible assets of the affected companies. The Group 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----->		<-----Bank----->	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	RM'000	RM'000	RM'000	RM'000
As at beginning of the financial year	246,637	205,423	246,637	204,898
Amount arising from Group Reorganisation	19,864	-	-	-
Purchases	22,724	30,045	22,724	30,045
Sales	(4,159)	(25)	(4,159)	-
Reclassified to investment in associate	-	(500)	-	-
Net changes in interest accrued	(15)	-	(15)	-
Total (losses)/gains recognised in other comprehensive income	(5,198)	12,012	(5,945)	12,012
Allowance for impairment losses	-	(318)	-	(318)
As at end of the financial year	279,853	246,637	259,242	246,637

Effect of changes in significant unobservable assumptions to reasonably possible alternative

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

A32. CAPITAL ADEQUACY

With effect from 1 January 2013, the total capital and capital adequacy ratios of the Group and the Bank 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.

	Group (#)		Bank	
	31/12/2017 RM'000	31/12/2016 RM'000	31/12/2017 RM'000	31/12/2016 RM'000
a) The components of CET I, Tier I				
Tier II capital :-				
<u>CET I/Tier I capital</u>				
Paid-up share capital	4,684,752	1,688,770	4,684,752	1,688,770
Share premium	-	858,904	-	858,904
Statutory reserves	-	1,721,637	-	1,416,621
Retained profits	2,670,888	1,178,962	1,987,315	913,359
Unrealised gains and losses on AFS	97,596	98,985	121,638	122,753
Translation reserve	151	-	-	-
	<u>7,453,387</u>	<u>5,547,258</u>	<u>6,793,705</u>	<u>5,000,407</u>
Less Regulatory adjustments:-				
- Goodwill and other intangibles	(903,962)	(164,089)	(171,980)	(167,982)
- 55% of cumulative unrealised gains of AFS	(53,678)	(54,442)	(66,901)	(67,514)
- Investments in subsidiaries/joint venture/associate	(581,498)	(450)	(3,020,467)	(345,134)
Total CET I Capital	<u>5,914,249</u>	<u>5,328,277</u>	<u>3,534,357</u>	<u>4,419,777</u>
Non-controlling interest	9,213	-	-	-
Total Tier I Capital (a)	<u>5,923,462</u>	<u>5,328,277</u>	<u>3,534,357</u>	<u>4,419,777</u>
<u>Tier II capital</u>				
Subordinated MTNs/loans	2,000,000	1,180,000	2,000,000	1,180,000
Collective impairment @	129,725	137,903	94,643	109,362
Regulatory adjustments	436,217	280,204	314,759	207,026
Less : Investment in subsidiaries/joint venture/associate	(145,374)	(300)	(755,117)	(230,090)
Total Tier II Capital (b)	<u>2,420,568</u>	<u>1,597,807</u>	<u>1,654,285</u>	<u>1,266,298</u>
Total Tier I & II Capital (a) + (b)	<u>8,344,030</u>	<u>6,926,084</u>	<u>5,188,642</u>	<u>5,686,075</u>
Capital base before proposed dividends	8,344,030	6,926,084	5,188,642	5,686,075
Proposed dividends	-	(76,300)	-	(76,300)
Capital base after proposed dividends	<u>8,344,030</u>	<u>6,849,784</u>	<u>5,188,642</u>	<u>5,609,775</u>
b) The breakdown of risk-weighted assets :-				
Credit risk	45,275,347	40,928,681	32,752,159	32,838,523
Market risk	604,034	333,445	242,490	296,191
Operational risk	2,544,825	2,408,896	1,916,984	1,956,481
Total risk-weighted assets	<u>48,424,206</u>	<u>43,671,022</u>	<u>34,911,633</u>	<u>35,091,195</u>
c) Capital adequacy ratios :-				
<u>Before deducting proposed dividends:-</u>				
CET I capital ratio	12.213%	12.201%	10.124%	12.595%
Tier I capital ratio	12.232%	12.201%	10.124%	12.595%
Total capital ratio	<u>17.231%</u>	<u>15.860%</u>	<u>14.862%</u>	<u>16.204%</u>
<u>After deducting proposed dividends:-</u>				
CET I capital ratio	12.213%	12.026%	10.124%	12.378%
Tier I capital ratio	12.232%	12.026%	10.124%	12.378%
Total capital ratio	<u>17.231%</u>	<u>15.685%</u>	<u>14.862%</u>	<u>15.986%</u>

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

The group comprises the banking and non-banking subsidiaries.

A32. CAPITAL ADEQUACY

In accordance with BNM's Guidelines on Investment Account, the credit and market risk weighted on the assets funded by the Restricted Investment Accounts ("RIA") are included in calculation of capital adequacy for the Bank. As at 31 December 2017, RIA are included in calculation of capital adequacy for the Bank. As at 31 December 2017, RIA assets included in the Total Capital Ratio calculation amounted to RM2,749.8 million (2016: RM2,112.2 million).

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

	Economic Entity		Bank	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
(Before and after deducting proposed dividend)				
CET 1 capital ratio	15.086%	12.421%	15.087%	12.424%
Tier 1 capital ratio	15.086%	12.421%	15.087%	12.424%
Total Capital Ratio	<u>16.251%</u>	<u>13.598%</u>	<u>16.251%</u>	<u>13.598%</u>

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

	The Group		Bank	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
(Before deducting proposed dividend)				
CET 1 capital ratio	34.802%	-	40.546%	-
Tier 1 capital ratio	35.059%	-	40.546%	-
Total Capital Ratio	<u>35.438%</u>	<u>-</u>	<u>40.546%</u>	<u>-</u>
(After deducting proposed dividend)				
CET 1 capital ratio	32.342%	-	37.449%	-
Tier 1 capital ratio	32.599%	-	37.449%	-
Total Capital Ratio	<u>32.978%</u>	<u>-</u>	<u>37.449%</u>	<u>-</u>

A33. OPERATIONS OF ISLAMIC BANKING - AFFIN ISLAMIC BANK BERHAD

(i) Unaudited Statements of Financial Position

	Group	
	31/12/2017	31/12/2016
	RM'000	RM'000
ASSETS		
Cash and short-term funds	1,423,594	1,057,844
Financial investments available-for-sale	2,377,724	1,833,408
Financial investments held-to-maturity	-	72,122
Derivative financial assets	2,623	8,987
Financing, advances and other financing	15,369,747	11,914,943
Other assets	17,833	7,901
Statutory deposit with Bank Negara Malaysia	400,640	332,000
Investment in associate	750	750
Amount due from associate/joint venture	33,349	47,225
Amount due from holding company	406,523	-
Deferred tax assets	5,020	8,056
Property and equipment	2,411	2,347
TOTAL ASSETS	20,040,214	15,285,583
LIABILITIES, ISLAMIC BANKING CAPITAL FUNDS		
Deposits from customers	14,199,332	10,528,698
Investment accounts of customers	449	-
Deposits and placements of banks and other financial institutions	1,261,400	1,248,993
Investment accounts due to designated financial institutions	2,749,016	2,110,049
Derivative financial liabilities	3,258	1,412
Other liabilities	67,456	233,159
Provision for taxation	1,150	6,015
Total Liabilities	18,282,061	14,128,326
ISLAMIC BANKING CAPITAL FUNDS		
Share capital	1,060,000	560,000
Reserves	698,153	597,257
Total Islamic Banking Capital Funds	1,758,153	1,157,257
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS	20,040,214	15,285,583
COMMITMENTS AND CONTINGENCIES	4,734,028	3,317,468

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

(ii) Unaudited Income Statements

	<-----Group----->			
	Individual Quarter Ended 31/12/2017 RM'000	31/12/2016 RM'000	Cumulative Quarter Ended 31/12/2017 RM'000	31/12/2016 RM'000
Income derived from investment of depositors' funds and others	196,007	147,849	694,666	563,363
Income derived from investment of investment account funds	29,343	27,390	110,519	99,644
Income derived from investment of shareholders' funds	20,354	13,951	71,254	51,286
Allowance for impairment on financing and advances	(3,633)	1,989	(27,099)	3,761
Impairment losses on other assets	(18,329)	-	(18,329)	-
Total distributable income	223,742	191,179	831,011	718,054
Income attributable to depositors	(146,764)	(109,429)	(537,379)	(438,943)
	76,978	81,750	293,632	279,111
Other operating expenses	(46,227)	(35,490)	(172,630)	(132,822)
Profit before taxation and zakat	30,751	46,260	121,002	146,289
Zakat	-	-	(3,000)	(2,887)
Profit before taxation	30,751	46,260	118,002	143,402
Taxation	(7,075)	(9,087)	(28,255)	(30,804)
Net profit for the financial year	23,676	37,173	89,747	112,598

(iii) Unaudited Statements of Comprehensive Income

	<-----Group----->			
	Individual Quarter Ended 31/12/2017 RM'000	31/12/2016 RM'000	Cumulative Quarter Ended 31/12/2017 RM'000	31/12/2016 RM'000
Profit after taxation	23,676	37,173	89,747	112,598
Other comprehensive income :-				
- Net fair value change in financial investments available-for-sale	(9,261)	(45,240)	14,670	(13,363)
- Deferred tax on revaluation of financial investments available-for-sale	2,223	10,857	(3,521)	3,207
Other comprehensive income/(loss) for the financial year, net of tax	(7,038)	(34,383)	11,149	(10,156)
Total comprehensive income for the financial period	16,638	2,790	100,896	102,442

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

(iv) Financing

	Group	
	31/12/2017	31/12/2016
	RM'000	RM'000
<u>By type</u>		
Cash line	312,995	278,880
Term financing		
- Housing financing	4,399,777	2,857,530
- Syndicated term financing	1,065,163	582,739
- Hire purchase receivables	3,864,507	3,181,358
- Business term financing	4,300,525	3,541,779
Bills receivables	8,228	21,376
Trust receipts	14,717	6,938
Interest-free accepted bills	250,246	174,623
Staff financing	28,931	13,109
Credit/charge cards	12	-
Revolving credit	1,205,946	1,319,609
	15,451,047	11,977,941
Less : Allowance for impairment losses		
- Individual impairment	(24,039)	(18,003)
- Collective impairment	(57,261)	(44,995)
Total net financing	15,369,747	11,914,943

(v) Impaired financing

(a) Movements of impaired financing

Balance at the beginning of financial year	97,498	141,708
Classified as impaired during the financial year	419,647	164,338
Reclassified as non-impaired during the financial year	(337,769)	(111,590)
Amount recovered during the financial year	(28,700)	(87,213)
Amount written-off during the financial year	(8,366)	(9,745)
Balance at the end of financial year	142,310	97,498

(b) Movements in the allowance for impairment on financing

Collective impairment

Balance at the beginning of financial year	44,995	36,671
Allowance (net of write-back) made during the financial year	20,595	13,897
Amount written-off during the financial year	(8,329)	(5,573)
Balance at the end of financial year	57,261	44,995

Individual impairment

Balance at the beginning of financial year	18,003	38,516
Allowance made during the financial year	16,404	19,340
Amount recovered during the financial year	(8,096)	(35,863)
Amount written-off during the financial year	-	(4,149)
Unwinding discount of allowance	(881)	(198)
Exchange difference	(1,391)	357
Balance at the end of financial year	24,039	18,003

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

(vi) Deposits from customers

	Group	
	31/12/2017	31/12/2016
	RM'000	RM'000
<u>Qard</u>		
Demand deposits	3,071,743	2,572,559
Savings deposits	539,826	477,284
	<hr/> 3,611,569	<hr/> 3,049,843
 <u>Mudarabah</u>		
General investment deposits	<hr/> 76,332	<hr/> 104,047
 <u>Tawarruq</u>		
Murabahah term deposits	9,925,402	6,606,396
Commodity Murabahah Deposit (CMD)	586,029	768,412
	<hr/> 10,511,431	<hr/> 7,374,808
 Total deposits from customers	<hr/> 14,199,332	<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 31/12/2017 against preceding year's corresponding quarter ended 31/12/2016

	Individual Quarter ended		Changes		Cumulative Quarter ended		Changes	
	31/12/2017 RM'000	31/12/2016 RM'000	RM'000	%	31/12/2017 RM'000	31/12/2016 RM'000	RM'000	%
Revenue	534,703	358,685	176,018	49.07	1,560,455	1,324,430	236,025	17.82
Operating Profit	210,785	167,312	43,473	25.98	541,000	602,758	(61,758)	(10.25)
Profit Before Interest and Tax	223,855	167,312	56,543	33.79	554,070	602,758	(48,688)	(8.08)
Profit Before Tax	223,484	167,312	56,172	33.57	550,699	599,871	(49,172)	(8.20)
Profit After Tax	176,119	129,953	46,166	35.53	424,438	464,131	(39,693)	(8.55)
Profit attributable to equity holders of the Company	169,536	129,953	39,583	30.46	417,855	464,131	(46,276)	(9.97)

The Group reported a profit before tax ("PBT") of RM223.5 million for the current financial quarter as compared to RM167.3 million for the preceding year's corresponding quarter. For the year ended 31 December 2017, the Group's PBT of RM550.7 million indicated a decrease of RM49.2 million or 8.2% as compared to RM599.9 million achieved in the previous year.

As disclosed in Note B6, the Group's Reorganisation which entailed the transfer by AFFIN Holdings Berhad ("AHB") of its entire equity interest in AFFIN Hwang Investment Bank Berhad ("AHB"), AFFIN MoneyBrokers Sdn Bhd ("AMB"), AXA AFFIN Life Insurance Berhad ("AALI") and AXA AFFIN General Insurance Berhad ("AAGI") to AFFIN Bank Berhad ("ABB") on 16 October 2017. The Group applies predecessor accounting to account for business combination under common control. Consequently, the Group's results for the current and cumulative quarters have incorporated the results of AHIB, AMB, AALI and AAGI for the 3 months ended 31 December 2017. The amounts for the corresponding quarter and the previous year are not restated.

Accordingly, the Group's PBT for the individual and cumulative quarter ended 31 December 2017 are mainly attributable to the PBT of the commercial banking for the respective individual and cumulative quarter, plus the 3 months results of AHIB, AMB, AALI and AAGI.

Commercial Banking

For the current financial quarter, the commercial banking segment reported a higher PBT of RM171.4 million as compared to RM167.3 million for the preceding year's corresponding quarter. For the year ended 31 December 2017, the commercial banking segment however reported a lower PBT of RM498.6 million as compared to RM599.9 million achieved in the previous financial year, mainly due to higher overhead expenses and higher allowance for loan impairment of RM115.8 million and RM47.7 million respectively. The increase in overhead expenses was attributable to higher personnel cost of RM117.4 million due largely to the provision for VSS ("Voluntary Separation Scheme") of RM46.5 million, salary adjustment for staff under union and higher headcount. For the year under review, the Islamic banking income and the net gain and losses on financial instruments were higher by RM61.5 million and RM29.0 million respectively, while the other operating income reduced by RM10.2 million. In addition, there was an allowance for impairment loss of RM12.3 million on advances to joint venture for the year under review.

AiBB registered a lower PBT of RM30.8 million for the current financial quarter as compared to RM46.3 million for the preceding year's corresponding quarter. For the year ended 31 December 2017, AiBB also reported a lower PBT of RM118.0 million as compared to RM143.4 million for the previous year. The increase in operating income of RM63.7 million in line with the financing growth of 29.0%, was not sufficient to cushion both the increase in overhead expenses of RM39.8 million and the allowance for financing impairment of RM27.1 million as compared to a net write-back of RM3.8 million in the previous year. In addition, there was an allowance for impairment loss of RM18.3 million on advances to joint venture for the year under review.

Investment Banking

The results of the investment banking segment was attributed to the results of AFFIN Hwang Investment Bank Berhad ["AFFIN Hwang IB"] Group for the 3 months ended 31 December 2017.

The AFFIN HwangIB Group reported a PBT of RM40.0 million for the 3 months ended 31 December 2017, mainly made up of net fee and commission income, net interest income, net gain /losses on financial instruments of RM114.1 million, RM24.3 million and RM21.9 million respectively, net of overhead expenses of RM120.2 million. The 70%-owned subsidiary of AFFIN HwangIB, namely AFFIN Hwang Asset Management Berhad (AHAM) also reported a PBT of RM23.4 million, mainly made up of net fee and commission income of RM91.6 million and net interest income of RM1.2 million, net of overhead expenses of RM70.2 million. The overhead expenses was mainly made up of personnel cost of RM53.0 million and promotion and marketing related expenses of RM18.5 million.

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

Investment Banking (Cont.)

For the year ended 31 December 2017, the AHIB Group's PBT of RM170.0 million indicated a significant improvement of RM69.1 million or 68.6% as compared to RM100.8 million achieved last year. This was mainly due to higher net fee and commission income and higher net gain and losses on financial instruments of RM95.8 million and RM48.8 million respectively, in line with the improved market sentiments and trading activities during current financial year. The increase in net fee and commission income was in turn attributable to the increase in management fee income and net brokerage income of RM79.9 million and RM15.1 million respectively. The overhead expenses was up by RM92.8 million, mainly due to higher personnel cost and higher promotion and marketing related expenses of RM86.0 million and RM8.0 million respectively.

The 70%-owned subsidiary namely AFFIN Hwang Asset Management Berhad ("AHAM") registered a PBT RM52.8 million for the year ended 31 December 2017 indicated a significant improvement of 32% as compared to RM40.0 million achieved in the previous year. The improved performance was mainly attributable to higher management fee income of RM79.9 million, in line with the higher AUA ("Assets Under Administration") of RM47.4 billion as at 31 December 2017 as compared to RM36.3 billion as at 31 December 2016. The overhead expenses also increased by RM62.4 million, mainly due to higher personnel cost and higher promotion and marketing related expenses of RM47.3 million and RM13.8 million respectively, in line with the increasing business activities for the year under review.

Insurance

The results of the insurance segment was made up of share of after tax results of AXA AFFIN Life Insurance Berhad ("AALI") and AXA AFFIN General Insurance Berhad ("AAGI") for the 3 months ended 31 December 2017.

AXA AFFIN Life Insurance Berhad ("AALI") reported a pre-tax loss of RM10.5 million for the 3 months ended 31 December 2017 mainly made up of reserves for future policyholders' liabilities of RM10.9 million as a result of movement in MGS rate. For the year ended 31 December 2017, AALI also reported a higher pre-tax loss of RM26.1 million as compared to the pre-tax loss of RM20.2 million for the previous financial year. This was mainly attributable to higher reserves for future policyholders' liabilities of RM5.7 million and higher expenses of RM4.5 million, net of higher investment income of RM4.3 million.

AAGI reported a pre-tax profit of RM 50.7 million for the 3 months ended 31 December 2017, mainly made up of earned premium of RM288.5 million and investment income of RM27.3 million, net of net claims incurred, net commission and management expenses of RM173.5 million, RM22.1 million and RM65.3 million respectively. For the year ended 31 December 2017, AAGI also registered a lower PBT of RM143.3 million as compared to RM181.2 million achieved last year. Overall, GWP declined (GWP-5.4%YoY) on the back of market contraction, partial impact of market liberalisation as well as maintaining selective growth strategy with focus on profitability. Despite the decline in GWP, the Company managed to achieve to a profit before tax of RM143.3 million for the year under review, contributed mainly by underwriting surplus of RM62.6 million and investment income of RM96.5 million.

Other business segment

The results of other business segment was made up of the pretax loss of RM0.9 million of AFFIN Moneybrokers Sdn Bhd ("AMB") for the 3 months ended 31 December 2017, mainly made up of brokerage income of RM2.5 million net of overhead expenses of RM3.5 million which includes the provision for MSS ("Mutual Separation Scheme") of RM1.2 million.

For the year ended 31 December 2017, AMB also reported a lower PBT of RM0.4 million as compared to RM1.6 million achieved in the previous year, mainly due to the provision for MSS.

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

Financial review for current quarter against preceding quarter

	Current Financial Quarter 31/12/2017 RM'000	Preceding Financial Quarter 30/9/2017 RM'000	Changes	
			RM'000	%
Revenue	534,703	327,954	206,749	63.04
Operating Profit	210,785	58,427	152,358	260.77
Profit Before Interest and Tax	227,925	58,427	169,498	290.10
Profit Before Tax	223,484	55,427	168,057	303.20
Profit After Tax	176,119	39,902	136,217	341.38
Profit attributable to equity holders of the Company	169,536	39,902	129,634	324.88

For the current financial quarter, the Group's pre-tax profit of RM223.5 million indicated an increase of RM168.1 million or 303.2% as compared to RM55.4 million achieved in the preceding quarter. This was mainly due to the reduction in overhead expenses of RM55.0 million attributed largely to the provision for VSS of RM48.0 million in the preceding quarter, higher net gain/losses on financial instruments and higher Islamic banking income of RM20.6 million and RM13.9 million respectively. The allowance for loan impairment decreased by RM28.2 million but there was an allowance for impairment loss of RM12.3 million on advances to joint venture for the quarter under review.

In addition, pretax profit for the current financial quarter is inclusive of the 3 months results of AHIB, AMB, AALI and AAGI as mentioned in Note B1 above.

B3. PROSPECTS FOR FINANCIAL YEAR 2018

Commercial Banking

Malaysia's economic growth is set to continue in 2018 with GDP expected to remain strong ranging from 5.0% to 5.5%. Domestic demand will remain the key growth supported by solid labour market conditions and investments, mainly in infrastructure spending. Inflation is projected to hold at range from 3.0% to 3.5% with lower impact from global oil prices but the increasing food prices is likely to continue. With GDP growth projected above 5%, BNM is expected to raise the Overnight Policy Rate (OPR) by between 25 to 50 basis points in 2018.

Malaysian banking industry is anticipated to remain sound, supported by healthy asset quality and strong capital buffers. Loan growth for the banking sector is expected to remain flat from 5% to 6%. The Islamic banking market share is close to 30% of the banking system and it is expected to grow faster than conventional banks.

2018 will be a momentous year for the Group as we continue our growth path with AFFINITY. In addition, the reorganization of the Group is expected to strengthen the Bank's capital position. Leveraging on the Group's infrastructure, the Bank will continue to strengthen its existing offering to accelerate the development of its digital banking solution and further improve its innovativeness to meet customers' requirement.

The strategic focus for the 2018 will be on both retail and business banking segments, especially in the Small and Medium Enterprises ('SME') segment as well as transactional banking. For 2018, the Bank will also be focusing on brand visibility, compliance requirements, asset quality and liquidity management.

Investment Banking

The Investment Banking group is cautiously optimistic of its prospect in 2018 as it expects the domestic economic fundamentals to remain resilient notwithstanding potential external vulnerabilities such as pockets of geopolitical concerns observed in 2017 that is anticipated to continue in 2018.

The Investment Banking Group will continue on its efforts to expand its present market leading positions in the securities and asset management businesses. The increasing domestic equity capital markets and mergers and acquisitions activities in 2017 are expected to continue into 2018 and this will augur well for the investment banking business of the group. The asset management business continues to be upbeat in its performance and will continue to focus on increasing its AUA and revenue by launching more new and innovative funds locally and abroad where possible. The asset management business shall continue to focus on growing its Private Retirement Funds.

In summary, the Investment Banking Group remains positive on the industry outlook for 2018 and will continue to build resilience across its businesses, and drive efficiency savings in its business operations, with collaborative efforts across the larger AFFIN Banking Group to better serve its clientele base. However, the Investment Banking Group takes cognisance that its business and operations are highly dependent on the performance of the equity and capital markets.

Insurance

Outlook for the Malaysian life insurance industry remains positive on the back of economic growth, favourable demographics, increasing awareness for life and health protection, and regulatory reforms in an underpenetrated market. AXA AFFIN Life Insurance Berhad strives to be the preferred Health and Protection insurer by building strong propositions, streamlining and transforming our operations with a customer centric focus for sustainable growth.

The general insurance market experienced some contraction in 2017 amidst the second phase of liberalisation. Market conditions are still expected to be challenging in 2018 as impact of motor and fire detariffication will be felt more profoundly. AXA AFFIN General Insurance Berhad will focus on selective growth and harness benefits from transformation projects undertaken, while continuing its journey to be a customer centric insurer.

B4. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

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

B5. TAXATION

<-----Group----->				
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	RM'000	RM'000	RM'000	RM'000
Malaysian Taxation :-				
- Income tax based on profit for the financial period	54,337	45,922	143,003	143,516
Deferred tax :-				
- Relating to originating temporary differences	(7,018)	(8,563)	(18,293)	(8,396)
Under provision in prior years :-				
- Current taxation	46	-	1,551	620
	47,365	37,359	126,261	135,740

<-----Bank----->				
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	RM'000	RM'000	RM'000	RM'000
Malaysian Taxation :-				
- Income tax based on profit for the financial period	26,986	35,514	94,114	111,560
Deferred tax :-				
- Relating to originating temporary differences	6,984	(7,203)	(3,994)	(7,145)
Under provision in prior years :-				
- Current taxation	-	-	1,416	404
	33,970	28,311	91,536	104,819

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

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

B6. SIGNIFICANT AND SUBSEQUENT EVENT

Proposals in relation to the Reorganisation of AFFIN Holdings Berhad Group of Companies ["Group Reorganisation"]

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") proposed 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 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 share premium of AHB); and
- the retained profits of AHB,

(item (ii) above shall now referred to as "the Distribution");

(iii) Proposed subscription by ABB of 2 new ordinary shares in AHB ("AHB Shares") which will be undertaken simultaneously with the Proposed Distribution ("the 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 ("the Amendments");

(v) Proposed transfer of the listing status from AHB to ABB on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("the Transfer of Listing Status"); and

(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 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 Distribution, minimising the incidence of odd lots for its shareholders when undertaking the Distribution.

(2) Inter-conditionality of the Proposals

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

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

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

B6. SIGNIFICANT AND SUBSEQUENT EVENT

Proposals in relation to the Reorganisation of AFFIN Holdings Berhad Group of Companies ["Group Reorganisation"]

(3) Status of Corporate Proposals

(a) 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.

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	233,886,035 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
Total Consideration		2,505,023	

The Reorganisation is deemed completed on 16 October 2017.

(b) The Distribution

On 5 January 2018, AHIB had on behalf of the Board of Directors of AHB announced that the Entitlement Date for the Distribution was fixed at 5.00 p.m. on 22 January 2018. The said Distribution which entailed the distribution of the entire shareholding in ABB held by AHB to the Entitled Shareholders on the basis of 1 ABB share for each.

The Distribution was implemented by way of distribution-in-specie via a reduction of the entire consolidated capital of AHB and the retained earnings of AHB.

(c) The Subscription

The Subscription was implemented concurrently with the Distribution. The said Subscription which entailed ABB subscribing to 2 new ordinary shares of AHB for RM2.00 had been completed on 30 January 2018.

Consequently, AHB had become a subsidiary of ABB upon the completion of the Distribution and the Subscription on 30 January 2018.

(d) The Transfer of Listing Status

Upon completion of the Distribution and the Subscription, the Transfer of Listing Status from AHB to ABB was completed on 2 February 2018, where:-

- i) ABB had been admitted to the Official List of Bursa Securities in place of AHB, with the listing and quotation for the entire enlarged issued share capital of ABB on the Main Market of Bursa Securities; and
- ii) AHB and AHB shares had been withdrawn from the Official List of Bursa Securities.

B6. SIGNIFICANT AND SUBSEQUENT EVENT (CONT')

Proposals in relation to the Reorganisation of AFFIN Holdings Berhad Group of Companies ["Group Reorganisation"]

(4) The effects of the predecessor accounting arising from the Reorganisation

The Group has adopted predecessor accounting and consolidated the acquired entity's results, assets and liabilities prospectively from the date on which the business combination between entities under common control occurred. Consequently, the consolidated financial statements do not reflect the results of the acquired entity for the period before the transaction occurred. The corresponding amounts for the previous year are not restated.

(a) Transfer of AFFIN Hwang Investment Bank Berhad ("AHIB") and AFFIN Moneybrokers Sdn Bhd ("AMB") are as follows:-

	AHIB RM'000	AMB RM'000	Total RM'000
ASSETS			
Cash and short-term funds	606,328	3,605	609,933
Reverse repurchase agreements with financial institutions	47,527	-	47,527
Deposits and placements with banks and other financial institutions	10,142	5,040	15,182
Financial assets at fair value through profit and loss	194,074	-	194,074
Derivative financial assets	86,075	-	86,075
Financial investments available-for-sale	4,932,124	81	4,932,205
Financial investments held-to-maturity	31,917	-	31,917
Loans, advances and financing	1,218,034	-	1,218,034
Trade receivables	548,946	1,927	550,873
Other assets	79,654	458	80,112
Tax recoverable	17,731	406	18,137
Deferred tax assets	4,157	-	4,157
Statutory deposits with Bank Negara Malaysia	182,000	-	182,000
Property and equipment	33,679	525	34,204
Intangible assets			
- Goodwill	678,501	11,120	689,621
- Brand name and customers relationship	41,924	-	41,924
- Computer software and others	7,065	154	7,219
TOTAL ASSETS	8,719,878	23,316	8,743,194
LIABILITIES			
Deposits from customers	4,793,290	-	4,793,290
Deposits and placements of banks and other financial institutions	671,106	-	671,106
Obligation on securities sold under repurchase agreements	96,898	-	96,898
Derivative financial liabilities	93,517	-	93,517
Trade payables	762,707	74	762,781
Other liabilities	244,829	899	245,728
Provision for taxation	2,300	-	2,300
Deferred tax liabilities	12,151	65	12,216
TOTAL LIABILITIES	6,676,798	1,038	6,677,836
Net assets transferred to the Group	2,043,080	22,278	2,065,358
Less: Non-controlling interest	(61,155)	-	(61,155)
Effect of predecessor accounting	(15,465)	-	(15,465)
Total purchase consideration	1,966,460	22,278	1,988,738
Less: New issuance of shares	(1,966,460)	(22,278)	(1,988,738)
Add: Cash and cash equivalent of the net assets transferred	606,328	3,605	609,933
Net cash inflow from Group Reorganisation	606,328	3,605	609,933

(b) Transfer of AXA AFFIN Life Insurance Berhad ("AALI") and AXA AFFIN General Insurance Berhad ("AAGI") are as follows:-

	AALI RM'000	AAGI RM'000	Total RM'000
Share of net assets at the date of Group Reorganisation	148,340	367,945	516,285
Less: Purchase consideration			
- New issuance of shares	(148,340)	-	(148,340)
- Cash consideration	-	(367,945)	(367,945)
Premium/ discount arising from the transfer	-	-	-
Net cash outflow arising from the transfer	-	(367,945)	(367,945)

B7. GROUP BORROWINGS AND DEBT SECURITIES

(i) Deposits from Customers

	Group		Bank	
	31/12/2017 RM'000	31/12/2016 RM'000	31/12/2017 RM'000	31/12/2016 RM'000
<u>By Type of Deposits:-</u>				
Demand Deposits	7,514,976	7,608,648	4,445,816	5,037,616
Savings Deposits	2,068,084	2,043,157	1,528,259	1,565,872
Fixed Deposits	34,333,682	26,549,515	20,955,124	19,839,651
Commodity Murabahah Deposit (CMD)	586,029	768,412	-	-
Money Market Deposits	1,450,161	518,016	1,450,161	518,016
Negotiable Instruments of Deposits ('NIDs')	4,865,486	10,145,308	4,915,793	10,145,308
Other deposits	101,811	-	-	-
	<u>50,920,229</u>	<u>47,633,056</u>	<u>33,295,153</u>	<u>37,106,463</u>
<u>Maturity structure of fixed deposits and NIDs are as follows:-</u>				
Due within six months	28,146,343	29,695,766	18,136,022	24,967,259
Six months to one year	8,440,099	6,283,803	5,645,663	4,490,502
One year to three years	2,326,825	544,151	2,065,142	512,720
Three years to five years	285,901	171,103	24,090	14,478
	<u>39,199,168</u>	<u>36,694,823</u>	<u>25,870,917</u>	<u>29,984,959</u>
<u>By Type of Customers:-</u>				
Government and statutory bodies	8,025,732	6,970,831	2,502,386	3,766,293
Business enterprises	13,909,710	12,855,326	8,813,469	8,536,353
Individuals	14,544,917	12,922,185	12,927,124	11,601,961
Domestic banking institutions	4,924,729	7,399,892	4,970,867	7,399,775
Domestic non-banking financial institutions	8,316,341	6,332,943	3,221,556	5,052,773
Foreign Entities	596,604	499,655	507,288	425,962
Others	602,196	652,224	352,463	323,346
	<u>50,920,229</u>	<u>47,633,056</u>	<u>33,295,153</u>	<u>37,106,463</u>

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

<u>By Type of Institutions:-</u>				
Licensed banks	2,875,922	2,211,825	1,833,042	1,611,023
Licensed investment banks	98,321	165,173	43,711	165,172
Bank Negara Malaysia	1,176,407	63,235	1,176,296	63,235
Other financial institutions	1,555,949	1,106,970	927,256	743,805
	<u>5,706,599</u>	<u>3,547,203</u>	<u>3,980,305</u>	<u>2,583,235</u>
<u>By Maturity Structure:-</u>				
Due within six months	5,706,599	3,499,664	3,980,305	2,583,235
Six months to one year	-	47,539	-	-
	<u>5,706,599</u>	<u>3,547,203</u>	<u>3,980,305</u>	<u>2,583,235</u>

B7. GROUP BORROWINGS AND DEBT SECURITIES

	Group and Bank	
	31/12/2017	31/12/2016
	RM'000	RM'000
(iii) <u>Borrowings</u>		
<u>Unsecured :-</u>		
<u>More than one year (long-term)</u>		
Subordinated term loans	-	1,304,592
Tier-2 Subordinated Medium Term Notes ("Subordinated MTNs")	2,036,144	-
	2,036,144	1,304,592

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) Subordinated Term Loan

During the financial year, the Bank had fully repaid all its subordinated term loans totalling RM1.3 billion to holding company, namely AFFIN Holdings Berhad.

The interest rates for the subordinated term loans are ranging from 4.11 % to 4.69 % per annum for the financial year under review.

b) Tier-2 Subordinated MTNs

The Bank 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 the Bank.

B9. MATERIAL LITIGATION

A claim by the Plaintiff against the Bank vide Write of Summons and Statement of Claim dated 22 January 2016 ("Writ") for the following:-

- i) RM56,885,317.82 together with interest at 5% per annum from 1999 till full settlement as alleged damages;
- ii) SGD9,928,473.75 together with interest at 5% per annum from 2013 till full settlement as alleged losses;
- iii) RM776,331.00 being alleged losses of Plaintiff's shares in Berlian Ferries Pte. Ltd which was transferred out as a result of his bankruptcy in 2013 with interest at 5% per annum from 2013 till full settlement as alleged losses;
- iv) RM500,000 as cost in respect of legal proceedings in Singapore.

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

Suria, the Plaintiff and the Guarantor ("All") defaulted in the Facility which led to the Bank 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. The Bank has appealed and hearing of appeal is fixed on 2 April 2018 at the Federal Court.

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

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

The Bank has a good defence ("Defence") 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 the Bank pursuant to the terms of the Guarantee Agreement;
- the Plaintiff's bankruptcy is based on a judgement of Court;
- the Bank's legal firm has corresponded with the legal firm of the Plaintiff's opponent in Singapore only to inform the status of the Plaintiff proceedings in Malaysia and any alleged conspiracy is denied;
- The Claim for cost is unreasonable as the Bank was not in any way involved in the Singapore proceedings.

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

The Board of Directors of the Bank are of the view that save for the orders, cost and other relief sought by the Plaintiff, which will only materialize if the Court rules in the Plaintiff's favour, the Writ and Statement of Claim is not expected to result in any immediate losses, material, financial and operational impact on the Bank for the current financial year ended 31 December 2017.

B10. DIVIDENDS

- a) The Directors do not propose any final dividend for the current financial year ended 31 December 2017.
- b) Total dividend for the current financial year : Interim dividend of 2.34 sen per share
- c) Total dividend for the previous financial year : 8.32 sen per share, comprising of an interim dividend of 3.80 sen per share and final dividend of 4.52 sen per share

B11. EARNINGS PER SHARE

	<-----Group----->			
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Net profit attributable to equity holders of the Bank (RM'000)	169,536	129,953	417,855	464,131
Weighted average number of ordinary shares in issue	1,849,194,023	1,688,769,616	1,742,390,925	1,688,769,616
Basic earnings per share (sen)	9.2	7.7	24.0	27.5

The basic earnings per share of the Group for the current financial quarter ended 31 December 2017 has been calculated based on the net profit attributable to the equity holders of the Bank of RM169,536,000 (2016: RM129,953,000) divided by the weighted average number of ordinary shares in issue during the current financial quarter of 1,849,194,023 (2016: 1,688,769,616).

The basic earnings per share of the Group for the cumulative quarter ended 31 December 2017 has been calculated based on the net profit attributable to the equity holders of the Bank of RM417,855,000 (2016: RM464,131,000) divided by the weighted average number of ordinary shares in issue during the current financial quarter of 1,742,390,925 (2016: 1,688,769,616).