

AFFIN BANK BERHAD

(Company no. 25046 T)

Condensed Interim Financial Statements

Unaudited Statements of Financial Position As At 30 September 2018

		< ----- GROUP ----- >		< ----- BANK ----- >	
	Note	30/9/2018 RM'000	31/12/2017 RM'000	30/9/2018 RM'000	31/12/2017 RM'000
ASSETS					
Cash and short-term funds		6,038,030	4,146,815	2,862,653	2,209,948
Deposits and placements with banks and other financial institutions		21,332	464,446	91,929	495,133
Investment accounts due from designated financial institutions		-	-	2,965,951	2,749,067
Financial assets at fair value through profit or loss ("FVTPL")	A9	729,929	105,180	371,724	10,129
Derivative financial assets	A29	116,442	173,125	82,335	120,819
Financial assets at fair value through other comprehensive income ("FVOCI")	A10	14,963,538	-	8,257,139	-
Financial assets at amortised cost	A11	170,545	-	121,577	-
Financial investments available-for-sale	A10	-	14,627,359	-	8,487,818
Financial investments held-to-maturity	A11	-	128,639	-	120,532
Loans, advances and financing	A12	48,624,388	45,722,158	28,852,109	29,143,900
Trade receivables	A13	408,908	550,737	-	-
Commodity Gold at FVTPL		30,830	32,198	-	-
Other assets	A14	162,028	100,503	91,500	50,795
Amount due from subsidiaries		-	-	-	2
Amount due from joint ventures		30,776	38,849	-	-
Amount due from associates		82,368	500	81,868	-
Tax recoverable		41,113	21,541	23,336	8,553
Deferred tax assets		79,137	27,185	35,682	-
Statutory deposits with Bank Negara Malaysia		1,945,604	1,772,640	1,191,701	1,203,000
Investment in subsidiaries		-	-	3,053,899	3,063,462
Investment in joint ventures		158,837	160,594	163,640	163,640
Investment in associates		600,579	566,278	548,482	548,482
Property and equipment		481,000	466,082	441,658	425,390
Intangible assets		911,080	903,962	184,382	171,980
TOTAL ASSETS		75,596,464	70,008,791	49,421,565	48,972,650
LIABILITIES AND EQUITY					
Deposits from customers	B7	55,858,312	50,920,229	33,313,080	33,295,153
Investment accounts of customers		1,010	449	-	-
Deposits and placements of banks and other financial institutions	B7	6,702,625	5,706,599	4,669,620	3,980,305
Obligation on securities sold under repurchase agreements		-	1,050,935	-	954,922
Derivative financial liabilities	A29	232,469	263,676	199,668	210,877
Bills and acceptances payable		24,944	42,152	24,944	42,152
Trade payables		587,999	677,022	-	-
Other liabilities	A15	1,048,056	945,372	499,052	482,660
Amount due to subsidiaries		-	-	430,541	448,149
Provision for taxation		11,552	9,560	-	-
Deferred tax liabilities		7,867	27,859	-	17,841
Borrowings	B7	2,514,654	2,036,144	2,514,654	2,036,144
TOTAL LIABILITIES		66,989,488	61,679,997	41,651,559	41,468,203

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 2017.

AFFIN BANK BERHAD

(Company no. 25046 T)

Condensed Interim Financial Statements

Unaudited Statements of Financial Position As At 30 September 2018

		< ----- GROUP ----- >		< ----- BANK ----- >	
	Note	30/9/2018 RM'000	31/12/2017 RM'000	30/9/2018 RM'000	31/12/2017 RM'000
EQUITY					
Share capital		4,684,752	4,684,752	4,684,752	4,684,752
Reserves:-					
FVOCI/AFS revaluation reserves		71,267	97,596	80,068	121,637
Regulatory reserves		691,647	817,399	522,737	710,743
Foreign exchange reserves		151	151	-	-
Retained profits		3,099,988	2,670,888	2,482,449	1,987,315
Equity attributable to equity holders of the Bank		8,547,805	8,270,786	7,770,006	7,504,447
Non-controlling interest		59,171	58,008	-	-
TOTAL EQUITY		8,606,976	8,328,794	7,770,006	7,504,447
TOTAL LIABILITIES AND EQUITY		75,596,464	70,008,791	49,421,565	48,972,650
COMMITMENTS AND CONTINGENCIES	A28	30,970,589	32,285,564	20,279,339	21,411,929
CAPITAL ADEQUACY RATIOS	A31				
Before deducting proposed dividends :					
CET 1 capital ratio		11.977%	12.213%	9.529%	10.124%
Tier 1 capital ratio		13.008%	12.232%	11.010%	10.124%
Total capital ratio		17.978%	17.231%	17.863%	14.862%
After deducting proposed dividends :					
CET 1 capital ratio		11.938%	12.213%	9.470%	10.124%
Tier 1 capital ratio		12.968%	12.232%	10.951%	10.124%
Total capital ratio		17.939%	17.231%	17.804%	14.862%
Net assets per share attributable to equity holders of the Bank (RM)		4.40	4.26	4.00	3.86

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 2017.

AFFIN BANK BERHAD

(Company no. 25046 T)

Condensed Interim Financial Statements

Unaudited Income Statements For The Financial Quarter Ended 30 September 2018

GROUP	Note	<-- Individual Quarter Ended -->		<-- Cumulative Quarter Ended -->	
		30/9/2018	30/9/2017	30/9/2018	30/9/2017
		RM'000	RM'000	RM'000	RM'000
Interest income	A17	626,679	550,408	1,798,195	1,659,888
Interest expense	A18	(415,126)	(344,578)	(1,160,321)	(1,032,676)
Net interest income		211,553	205,830	637,874	627,212
Income from Islamic banking business		97,147	84,557	300,369	235,782
		308,700	290,387	938,243	862,994
Fee and commission income	A19 (a)	152,076	26,703	486,473	82,005
Fee and commission expense	A19 (b)	(38,450)	(2,285)	(137,570)	(6,516)
Net fee and commission income	A19	113,626	24,418	348,903	75,489
Net gains and losses on financial instruments	A20	58,641	2,042	125,726	52,580
Other income	A21	15,282	11,107	54,172	34,689
Net income		496,249	327,954	1,467,044	1,025,752
Other operating expenses	A22	(306,469)	(240,642)	(923,970)	(624,269)
Operating profit before allowances		189,780	87,312	543,074	401,483
Write-back/(allowances) for credit impairment losses	A23	1,043	(28,885)	(75,145)	(71,268)
Allowances for impairment losses on other assets	A24	(5,763)	-	(12,145)	-
Operating profit		185,060	58,427	455,784	330,215
Share of results of a joint venture		(1,714)	-	(2,427)	-
Share of results of an associate		7,207	-	38,489	-
Profit before zakat and taxation		190,553	58,427	491,846	330,215
Zakat		(3,234)	(3,000)	(3,877)	(3,000)
Profit before taxation		187,319	55,427	487,969	327,215
Taxation	B5	(36,801)	(15,525)	(112,463)	(78,896)
Net profit for the financial period		150,518	39,902	375,506	248,319
Profit for the financial period attributable to :-					
- Equity holders of the Bank		144,563	39,902	359,336	248,319
- Non-controlling interest		5,955	-	16,170	-
		150,518	39,902	375,506	248,319
Earnings per share attributable to the equity holders of the Bank (sen)					
- Basic	B10	7.44	2.36	18.49	14.70

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 2017.

AFFIN BANK BERHAD

(Company no. 25046 T)

Condensed Interim Financial Statements**Unaudited Statement of Comprehensive Income****For The Financial Quarter Ended 30 September 2018**

GROUP	<-- Individual Quarter Ended -->		<-- Cumulative Quarter Ended -->	
	30/9/2018 RM'000	30/9/2017 RM'000	30/9/2018 RM'000	30/9/2017 RM'000
Profit after zakat and taxation	150,518	39,902	375,506	248,319
Other comprehensive income/(losses) :				
Items that may be reclassified subsequently to profit or loss :				
- Net fair value change in financial assets at FVOCI	120,503	-	45,419	-
- Net fair value change in financial investment available-for-sale	-	19,522	-	96,600
- Net credit impairment losses change in financial assets at FVOCI	741	-	609	-
- Net losses on financial assets measured at FVOCI reclassified to profit or losses on disposal	(4,348)	-	(5,380)	-
- Deferred tax on financial assets at FVOCI	(27,691)	-	(9,609)	-
- Deferred tax on financial investments available-for-sale	-	(4,685)	-	(23,184)
- Share of other comprehensive income of a joint venture	1,310	-	670	-
- Share of other comprehensive losses of an associate	3,304	-	(4,188)	-
Other comprehensive income for the financial period, net of tax	93,819	14,837	27,521	73,416
Total comprehensive income for the financial period	244,337	54,739	403,027	321,735
Total comprehensive income for the financial period attributable to :-				
- Equity holders of the Bank	238,294	54,739	386,857	321,735
- Non-controlling interest	6,043	-	16,170	-
	244,337	54,739	403,027	321,735

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 2017.

AFFIN BANK BERHAD

(Company no. 25046 T)

Condensed Interim Financial Statements**Unaudited Income Statements For The Financial Quarter Ended 30 September 2018**

	Note	<-- Individual Quarter Ended -->		<-- Cumulative Quarter Ended -->	
		30/9/2018 RM'000	30/9/2017 RM'000	30/9/2018 RM'000	30/9/2017 RM'000
<u>BANK</u>					
Interest income	A17	542,781	548,837	1,601,007	1,655,550
Interest expense	A18	(354,194)	(344,578)	(1,032,067)	(1,032,676)
Net interest income		188,587	204,259	568,940	622,874
Fee and commission income	A19 (a)	25,381	26,704	83,837	82,006
Fee and commission expense	A19 (b)	(1,858)	(2,285)	(6,884)	(6,516)
Net fee and commission income	A19	23,523	24,419	76,953	75,490
Net gains and losses on financial instruments	A20	36,509	2,042	56,221	52,580
Other income	A21	56,798	10,910	294,765	34,385
Net income		305,417	241,630	996,879	785,329
Other operating expenses	A22	(155,388)	(196,034)	(472,660)	(497,985)
Operating profit before allowances		150,029	45,596	524,219	287,344
Write-back/(allowances) for credit impairment losses	A23	6,631	(21,920)	(52,194)	(47,802)
Profit before zakat and taxation		156,660	23,676	472,025	239,542
Zakat		-	-	-	-
Profit before taxation		156,660	23,676	472,025	239,542
Taxation	B5	(23,191)	(7,059)	(62,332)	(57,566)
Net profit for the financial period		133,469	16,617	409,693	181,976

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 2017.

AFFIN BANK BERHAD
(Company no. 25046 T)
Condensed Interim Financial Statements
Unaudited Statement of Comprehensive Income
Unaudited Income Statements For The Financial Quarter Ended 30 September 2018

	<--- Individual Quarter Ended --->		<-- Cumulative Quarter Ended -->	
	30/9/2018	30/9/2017	30/9/2018	30/9/2017
<u>BANK</u>	RM'000	RM'000	RM'000	RM'000
Profit after zakat and taxation	133,469	16,617	409,693	181,976
Other comprehensive income/(losses) :				
Items that may be reclassified subsequently to profit or loss :				
- Net fair value change in financial assets at FVOCI	57,970	-	23,151	-
- Net fair value change in financial investments available-for-sale	-	15,543	-	72,669
- Net credit impairment losses change in financial assets at FVOCI	858	-	93	-
- Deferred tax on financial assets at FVOCI	(13,913)	-	(5,556)	-
- Deferred tax on financial investments available-for-sale	-	(3,731)	-	(17,441)
Other comprehensive income for the financial period, net of tax	44,915	11,812	17,688	55,228
Total comprehensive income for the financial period	178,384	28,429	427,381	237,204

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 2017.

AFFIN BANK BERHAD

(Company no. 25046 T)

Unaudited Condensed Consolidated Statement Of Changes In Equity

For The Financial Quarter Ended 30 September 2018

<u>GROUP</u>	<----- Attributable to Equity Holders of the Bank ----->						Non-controlling Interest	Total equity
	Share capital	FVOCI revaluation reserves	Regulatory reserves	Foreign exchange reserves	Retained profits	Total shareholders' equity		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2018								
- As previously reported	4,684,752	97,596	817,399	151	2,670,888	8,270,786	58,008	8,328,794
- Adjustment arising from adoption of MFRS 9	-	(53,850)	(193,250)	-	36,639	(210,461)	(7)	(210,468)
- Adjustment arising from adoption of MFRS 15	-	-	-	-	(940)	(940)	-	(940)
At 1 January 2018, as restated	4,684,752	43,746	624,149	151	2,706,587	8,059,385	58,001	8,117,386
Comprehensive income :								
- Net profit for the financial period	-	-	-	-	359,336	359,336	16,170	375,506
Other comprehensive income (net of tax) :								
- Financial assets at FVOCI	-	27,521	-	-	-	27,521	-	27,521
Total comprehensive income for the financial period	-	27,521	-	-	359,336	386,857	16,170	403,027
Effects of predecessor accounting as disclosed in Note B6	-	-	-	-	101,563	101,563	-	101,563
Transfer to regulatory reserves	-	-	67,498	-	(67,498)	-	-	-
Dividend declared and paid during the financial period	-	-	-	-	-	-	(15,000)	(15,000)
At 30 September 2018	4,684,752	71,267	691,647	151	3,099,988	8,547,805	59,171	8,606,976

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 2017.

AFFIN BANK BERHAD

(Company no. 25046 T)

Unaudited Condensed Consolidated Statement Of Changes In Equity

For The Financial Quarter Ended 30 September 2018

GROUP	<----- Attributable to Equity Holders of the Bank ----->						Total shareholders' 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	
At 1 January 2017	1,688,770	858,904	1,721,637	75,229	280,204	1,178,962	5,803,706
Comprehensive income :							
- Net profit for the financial period	-	-	-	-	-	248,319	248,319
Other comprehensive income (net of tax) :							
- Financial assets at FVOCI	-	-	-	73,416	-	-	73,416
Total comprehensive income for the financial period	-	-	-	73,416	-	248,319	321,735
Transfer of share premium to share capital pursuant to the 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	-	-	-	-	340,005	(340,005)	-
Dividends declared and paid during the financial period	-	-	-	-	-	(76,300)	(76,300)
At 30 September 2017	2,547,674	-	-	148,645	620,209	2,732,613	6,049,141

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 2017.

AFFIN BANK BERHAD

(Company no. 25046 T)

**Unaudited Condensed Consolidated Statement Of Changes In Equity
For The Financial Quarter Ended 30 September 2018**

	<-----Non-distributable----->			<-Distributable->	Total equity RM'000
	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	
<u>BANK</u>					
At 1 January 2018					
- As previously reported	4,684,752	121,637	710,743	1,987,315	7,504,447
- Adjustment arising from adoption of MFRS 9	-	(59,257)	(187,370)	84,805	(161,822)
At 1 January 2018, as restated	4,684,752	62,380	523,373	2,072,120	7,342,625
Comprehensive income :					
- Net profit for the financial period	-	-	-	409,693	409,693
Other comprehensive income (net of tax) :					
- Financial assets at FVOCI	-	17,688	-	-	17,688
Total comprehensive income for the financial period	-	17,688	-	409,693	427,381
Transfer to regulatory reserves	-	-	(636)	636	-
At 30 September 2018	4,684,752	80,068	522,737	2,482,449	7,770,006

	<-----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 period	-	-	-	-	-	181,976	181,976
Other comprehensive income (net of tax) :							
- Financial assets at FVOCI	-	-	-	55,228	-	-	55,228
Total comprehensive income for the financial period	-	-	-	55,228	-	181,976	237,204
Transfer of share premium to share capital pursuant to the 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	-	-	-	-	323,612	(323,612)	-
Dividends declared and paid during the financial period	-	-	-	-	-	(76,300)	(76,300)
At 30 September 2017	2,547,674	-	-	148,520	530,638	2,112,044	5,338,876

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 2017.

AFFIN BANK BERHAD

(Company no. 25046 T)

**Unaudited Condensed Consolidated Statement of Cash Flow
For The Financial Quarter Ended 30 September 2018**

	< ----- GROUP ----- >		< ----- BANK ----- >	
	30/9/2018	30/9/2017	30/9/2018	30/9/2017
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	487,969	327,215	472,026	239,542
Adjustment for items not involving the movement of cash and cash equivalents	(315,146)	(192,450)	(331,277)	(217,561)
Operating profit before changes in working capital	172,823	134,765	140,749	21,981
Net changes in operating assets	(3,507,008)	(1,392,981)	(321,422)	1,089,688
Net changes in operating liabilities	4,824,216	1,020,952	(279,858)	(2,373,389)
Tax and zakat paid	(143,176)	(85,613)	(84,020)	(60,621)
Net cash generated from/(used in) operating activities	<u>1,346,855</u>	<u>(322,877)</u>	<u>(544,551)</u>	<u>(1,322,341)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received :				
- financial assets at FVOCI	369,840	-	254,050	-
- financial assets at amortised cost	6,233	-	4,282	-
- financial investments available-for-sale	-	233,195	-	233,195
- financial investments held-to-maturity	-	20,627	-	20,627
Dividend income :				
- financial assets at FVTPL	3,407	-	-	-
- financial assets at FVOCI	4,095	-	787	-
- financial investments available-for-sale	-	931	-	931
Net disposal/(purchase) of :				
- financial assets at FVOCI	(394,662)	-	170,422	-
- financial assets at amortised cost	(41,906)	-	(1,045)	-
- financial investments available-for-sale	-	(457,847)	-	(163,900)
- financial investments held-to-maturity	-	224,077	-	219,242
Net cash proceeds from disposal of a subsidiary	-	-	9,563	662
Purchase of :				
- property and equipment	(93,098)	(41,326)	(86,815)	(40,816)
- intangible assets	(1,098)	(4,468)	113	(4,467)
Proceeds from disposal of :				
- property and equipment	42,015	2,487	41,842	2,487
- foreclosed properties	307	-	-	-
Capital injection into subsidiary	-	-	-	(200,000)
Cash flow arising from Group Reorganisation [Note B6]	15,545	-	-	-
Dividend received from subsidiaries	-	-	223,000	-
Net cash (used in)/generated from investing activities	<u>(89,322)</u>	<u>(22,324)</u>	<u>616,199</u>	<u>67,961</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown of AT1CS/subordinated term loan/ medium term notes	500,000	1,300,000	500,000	1,300,000
Payment for interest on subordinated term loan/medium term notes	(80,907)	(61,891)	(104,800)	(61,891)
Payment of dividend to the shareholder of the Bank	-	(76,300)	-	(76,300)
Payment of dividend to non-controlling interest	(15,000)	-	-	-
Net cash generated from financing activities	<u>404,093</u>	<u>1,161,809</u>	<u>395,200</u>	<u>1,161,809</u>
Net increase/(decrease) in cash and cash equivalents	1,661,626	816,608	466,848	(92,571)
Effect of exchange rate changes on cash and cash equivalents	(19,829)	77,994	(14,761)	77,994
Cash and cash equivalents at beginning of the financial period/year	4,347,433	4,364,490	2,410,566	3,391,038
Cash and cash equivalents at end of the period	<u>5,989,230</u>	<u>5,259,092</u>	<u>2,862,653</u>	<u>3,376,461</u>
<u>Cash and cash equivalents comprise the following:</u>				
Cash and short-term funds	6,038,030	5,279,229	2,862,653	3,396,598
Deposits and placements of banks and other financial institutions	21,332	233,129	91,929	253,210
	<u>6,059,362</u>	<u>5,512,358</u>	<u>2,954,582</u>	<u>3,649,808</u>
Less:				
Amount held on behalf of commissioned dealer's representatives	(48,800)	-	-	-
Cash and short-term funds and deposits and placements with banks and other financial institutions with original maturity of more than three months	(21,332)	(253,266)	(91,929)	(273,347)
	<u>5,989,230</u>	<u>5,259,092</u>	<u>2,862,653</u>	<u>3,376,461</u>

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 2017.

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

A1. BASIS OF PREPARATION

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

- (i) financial assets at fair value through profit or loss ("FVTPL"),
- (ii) financial assets at fair value through other comprehensive income ("FVOCI"), 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 ("BNM").

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2017. 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 2017.

There are no changes to the accounting policies adopted since the last financial year except for the adoption of MFRS 9 'Financial Instruments' and MFRS 15 'Revenue from Contracts with Customers' with effect from 1 January 2018. In addition to the adoption of these 2 new standards, IFRS 9 introduced a consequential amendments to paragraph 82 (a) of IAS 1 'Presentation of Financial Statements' which is effective from 1 January 2018.

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 2017, 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 2018 :

- MFRS 9 'Financial Instruments'
- MFRS 15 'Revenue from Contract with Customers'

(i) Adoption of MFRS 9 "Financial Instruments"

Classification and measurements

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or losses and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or losses with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main changes are :

- For financial liabilities classified as FVTPL, the fair value changes due to own credit risk should be recognised directly to OCI. There is no subsequent recycling to profit or losses.
- When a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or losses, being the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate, should be recognised immediately in profit or losses.

The combined application of the entity's business model and the cash flow characteristics of the financial assets do not result in the significant change in the classification of financial asset when compared to the existing classification of financial assets in the statement of financial position as at 31 December 2017. However, the Group and the Bank have identified certain instruments currently held at financial investments available for sales of which that fail the solely for the payment of principal and interest ("SPPI") test will be reclassified as fair value through profit or losses ("FVTPL") with certain equity instruments elected at inception to be fair valued in OCI accordingly on 1 January 2018.

The Group and the Bank do not expect a significant impact arising from the changes in classification and measurement of the financial assets.

There are no changes to the Group's and the Bank's accounting for financial liabilities. All the financial liabilities, except for derivatives financial liabilities which is at FVTPL, will remain as amortised cost as there has not been significant change in the requirements for financial liabilities under MFRS 9.

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

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

(i) Adoption of MFRS 9 "Financial Instruments" (continued)

Impairment of financial assets

MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit losses model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The new impairment model requires the recognition of impairment allowances based on expected credit losses ("ECL") rather than only incurred credit losses as is the case under MFRS 139. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, loan commitments and financial guarantee contracts.

Under MFRS 9, impairment is measured on each reporting date according to a three-stage expected credit losses impairment model :

- Stage 1: 12-month ECL
From initial recognition of a financial assets to the date on which the credit risk of the asset has increased significantly relative to its initial recognition, a loss allowance is recognised equal to the credit losses expected to result from defaults occurring over the next 12 months.
- Stage 2: Lifetime ECL - not credit impaired
Following a significant increase in credit risk relative to the initial recognition of the financial assets, a loss allowance is recognised equal to the credit losses expected over the remaining life of the asset.
- Stage 3: Lifetime ECL - credit impaired
When a financial asset is considered to be credit-impaired, a loss allowance equal to full lifetime expected credit losses is to be recognised.

As all financial assets within the scope of MFRS 9 impairment model will be assessed for at least 12-month ECL, and the population of financial assets to which full lifetime ECL applies is larger than the population of impaired loans for which there is objective evidence of impairment in accordance with MFRS 139, the total allowance for credit losses is expected to increase under MFRS 9 relative to the allowance for credit losses under MFRS 139.

In addition, changes in the required credit losses allowance, including the impact of movements between Stage 1 (12-month ECL) and Stage 2 (Lifetime ECL - not credit impaired) and the application of forward looking information, is recorded in profit or losses, and allowance for credit losses will be more volatile under MFRS 9.

The following table shows the original measurement categories in accordance with MFRS 139 and the new measurement categories under MFRS 9 for the Group's financial assets and financial liabilities as at 1 January 2018 :

Group	MFRS 139	Reclassification	Remeasurement	MFRS 9
	carrying amount			carrying amount
	31 December 2017			1 January 2018
	RM'000	RM'000	RM'000	RM'000
<u>Financial assets at amortised cost</u>				
Deposits and placements with banks and other financial institutions				
Opening balance	464,446	-	-	464,446
To financial assets at FVTPL	-	(263,828)	-	(263,828)
Remeasurement - ECL	-	-	(99)	(99)
	<u>464,446</u>	<u>(263,828)</u>	<u>(99)</u>	<u>200,519</u>
Financial assets at amortised cost				
From loans, advances and financing	-	40,497	-	40,497
From financial investments held-to-maturity	-	128,639	-	128,639
Remeasurement - ECL	-	-	(819)	(819)
Closing balance	-	<u>169,136</u>	<u>(819)</u>	<u>168,317</u>
Financial investments held-to-maturity				
Opening balance	128,639	-	-	128,639
To financial assets at amortised cost	-	(128,639)	-	(128,639)
Closing balance	<u>128,639</u>	<u>(128,639)</u>	-	-
Loans, advances and financing				
Opening balance	45,722,158	-	-	45,722,158
To financial assets at amortised cost	-	(40,497)	-	(40,497)
Remeasurement - unwinding of discount	-	-	(1,426)	(1,426)
Remeasurement - ECL	-	-	(223,605)	(223,605)
Closing balance	<u>45,722,158</u>	<u>(40,497)</u>	<u>(225,031)</u>	<u>45,456,630</u>

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

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

(i) Adoption of MFRS 9 "Financial Instruments" (continued)

The following table shows the original measurement categories in accordance with MFRS 139 and the new measurement categories under MFRS 9 for the Group's financial assets and financial liabilities as at 1 January 2018 : (continued)

Group	MFRS 139			MFRS 9
	carrying amount 31 December 2017 RM'000	Reclassification RM'000	Remeasurement RM'000	carrying amount 1 January 2018 RM'000
<u>Financial assets at amortised cost</u> (continued)				
Trade receivables				
Opening balance	550,737	-	-	550,737
Remeasurement - ECL	-	-	(105)	(105)
Closing balance	550,737	-	(105)	550,632
Other assets				
Opening balance	100,503	-	-	100,503
Remeasurement - ECL	-	-	(12)	(12)
Closing balance	100,503	-	(12)	100,491
Total financial assets at amortised cost	46,966,483	(263,828)	(226,066)	46,476,589
<u>Financial assets at FVOCI</u>				
Financial investments available-for-sale ("AFS")				
Opening balance	14,627,359	-	-	14,627,359
To financial assets at FVOCI - debt	-	(14,030,992)	-	(14,030,992)
To financial assets at FVOCI - equity	-	(264,397)	-	(264,397)
To financial assets at FVTPL	-	(331,970)	-	(331,970)
Closing balance	14,627,359	(14,627,359)	-	-
Financial assets at FVOCI - debt				
From financial investments available-for-sale	-	14,030,992	-	14,030,992
Closing balance	-	14,030,992	-	14,030,992
Financial assets at FVOCI - equity				
From financial investments available-for-sale	-	264,397	-	264,397
Closing balance	-	264,397	-	264,397
Total financial assets at FVOCI	14,627,359	(331,970)	-	14,295,389
<u>Financial assets at FVTPL</u>				
Opening balance	105,180	-	-	105,180
From financial assets at amortised cost	-	263,828	-	263,828
From financial investments available-for-sale	-	331,970	-	331,970
Remeasurement	-	-	(3,936)	(3,936)
Total financial assets at FVTPL	105,180	595,798	(3,936)	697,042
<u>Other liabilities</u>				
Opening balance	945,372	-	-	945,372
Remeasurement - ECL	-	-	48,218	48,218
Closing balance	945,372	-	48,218	993,590
<u>Net deferred tax (assets)/liabilities</u>				
Opening balance	674	-	-	674
Remeasurement - tax effect arising from MFRS 9	-	-	(67,751)	(67,751)
Closing balance	674	-	(67,751)	(67,077)

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

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

(i) Adoption of MFRS 9 "Financial Instruments" (continued)

The following table analyses the impact, net of tax, of transition to MFRS 9 on the Group's reserves and retained earnings. The impact relates to the liability credit reserve, the fair value reserve and retained earnings. There is no impact on other components of equity.

Group	Impact of adopting MFRS 9 at 1 January 2018 RM'000
FVOCI Revaluation Reserves	
Closing balance under MFRS 139 (31 December 2017)	97,596
Recognition of expected credit losses under MFRS 9 for debt financial assets at FVOCI	8,705
Reclassification of financial assets (debt and equity) from AFS to FVTPL	(62,555)
Opening balance under MFRS 9 (1 January 2018)	43,746
Regulatory Reserves ("RR") - 1.2%	
Closing balance under MFRS 139 (31 December 2017)	817,399
Reserve to retained earnings on adoption of MFRS 9	(817,399)
Opening balance under MFRS 9 (1 January 2018)	-
Regulatory Reserves ("RR") - 1%	
Transfer from retained earnings	624,149
Retained earnings	
Closing balance under MFRS 139 (31 December 2017)	2,670,888
Reclassification under MFRS 9	61,135
Recognition of expected credit losses under MFRS 9 (loans and advances including loan commitments)	(604,223)
Recognition of expected credit losses under MFRS 9 (FVOCI and amortised cost)	(9,739)
Unrealised losses on financial assets at FVTPL	(3,936)
BNM 1% Regulatory Reserve	(624,148)
Reversal of 1.2% Regulatory Reserve	817,399
Reversal of Collective Allowance and Individual Allowance under MFRS 139	332,400
Deferred Tax	67,751
Opening balance under MFRS 9 (1 January 2018)	2,707,527

The following table reconciles :

- the closing impairment allowance for financial assets in accordance with MFRS 139
- the opening ECL allowance determined in accordance with MFRS 9 as at 1 January 2018.

	MFRS 139 carrying amount 31 December 2017 RM'000	Reclassification RM'000	Remeasurement RM'000	MFRS 9 carrying amount 1 January 2018 RM'000
Reconciliation of impairment allowance				
<u>balance from MFRS 139 to MFRS 9</u>				
Loans, advances and financing	332,400	-	223,605	556,005
Loans/financing commitments	-	-	48,218	48,218
Financial assets at FVTPL	-	-	3,936	3,936
Financial assets at FVOCI and financial assets at amortised cost	-	-	9,739	9,739
	332,400	-	285,498	617,898

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

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

(i) Adoption of MFRS 9 "Financial Instruments" (continued)

The following table shows the original measurement categories in accordance with MFRS 139 and the new measurement categories under MFRS 9 for the Bank's financial assets and financial liabilities as at 1 January 2018 :

Bank	MFRS 139 carrying amount 31 December 2017 RM'000	Reclassification RM'000	Remeasurement RM'000	MFRS 9 carrying amount 1 January 2018 RM'000
<u>Financial assets at amortised cost</u>				
Deposits and placements with banks and other financial institutions				
Opening balance	495,133	-	-	495,133
To financial assets at FVTPL	-	(253,515)	-	(253,515)
Remeasurement - ECL	-	-	(116)	(116)
Closing balance	495,133	(253,515)	(116)	241,502
Investment accounts due from designated financial institutions				
Opening balance	2,749,067	-	-	2,749,067
Remeasurement - ECL	-	-	(88)	(88)
Closing balance	2,749,067	-	(88)	2,748,979
Financial assets at amortised cost				
From financial investments held-to-maturity	-	120,532	-	120,532
Remeasurement - ECL	-	-	(584)	(584)
Closing balance	-	120,532	(584)	119,948
Financial investments held-to-maturity				
Opening balance	120,532	-	-	120,532
To financial assets at amortised cost	-	(120,532)	-	(120,532)
Closing balance	120,532	(120,532)	-	-
Loans, advances and financing				
Opening balance	29,143,900	-	-	29,143,900
Remeasurement - unwinding of discount	-	-	(832)	(832)
Remeasurement - ECL	-	-	(177,282)	(177,282)
Closing balance	29,143,900	-	(178,114)	28,965,786
Total financial assets at amortised cost	32,508,632	(253,515)	(178,902)	32,076,215
<u>Financial assets at FVOCI</u>				
Financial investments available-for-sale				
Opening balance	8,487,818	-	-	8,487,818
To financial assets at FVOCI - debt	-	(8,228,576)	-	(8,228,576)
To financial assets at FVOCI - equity	-	(145,550)	-	(145,550)
To financial assets at FVTPL	-	(113,692)	-	(113,692)
Closing balance	8,487,818	(8,487,818)	-	-
Financial assets at FVOCI - debt				
From financial investments available-for-sale	-	8,228,576	-	8,228,576
Closing balance	-	8,228,576	-	8,228,576
Financial assets at FVOCI - equity				
From financial investments available-for-sale	-	145,550	-	145,550
Closing balance	-	145,550	-	145,550
Total financial assets at FVOCI	8,487,818	(113,692)	-	8,374,126

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

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

(i) Adoption of MFRS 9 "Financial Instruments" (continued)

The following table shows the original measurement categories in accordance with MFRS 139 and the new measurement categories under MFRS 9 for the Bank's financial assets and financial liabilities as at 1 January 2018 :

Bank	MFRS 139			MFRS 9
	carrying amount 31 December 2017 RM'000	Reclassification RM'000	Remeasurement RM'000	carrying amount 1 January 2018 RM'000
<u>Financial assets at FVTPL</u>				
Opening balance	10,129	-	-	10,129
From deposits and placements with banks and other financial institutions	-	253,515	-	253,515
From financial investments available-for-sale	-	113,692	-	113,692
Remeasurement	-	-	(3,936)	(3,936)
Total financial assets at FVTPL	10,129	367,207	(3,936)	373,400
<u>Other liabilities</u>				
Opening balance	482,660	-	-	482,660
Remeasurement - ECL	-	-	31,159	31,159
Closing balance	482,660	-	31,159	513,819
<u>Net deferred tax (assets)/liabilities</u>				
Opening balance	17,841	-	-	17,841
Remeasurement - tax effect arising from MFRS 9	-	-	(52,175)	(52,175)
Closing balance	17,841	-	(52,175)	(34,334)

The following table analyses the impact, net of tax, of transition to MFRS 9 on the Bank's reserves and retained earnings. The impact relates to the liability credit reserve, the fair value reserve and retained earnings. There is no impact on other components of equity.

Bank	Impact of adopting MFRS 9 at 1 January 2018 RM'000
FVOCI Revaluation Reserves	
Closing balance under MFRS 139 (31 December 2017)	121,637
Recognition of expected credit losses under MFRS 9 for debt financial assets at FVOCI	3,399
Reclassification of financial assets (debt and equity) from AFS to FVTPL	(62,656)
Opening balance under MFRS 9 (1 January 2018)	62,380
Regulatory Reserves ("RR") - 1.2%	
Closing balance under MFRS 139 (31 December 2017)	710,743
Reserve to retained earnings on adoption of MFRS 9	(710,743)
Opening balance under MFRS 9 (1 January 2018)	-
Regulatory Reserves ("RR") - 1%	
Transfer from retained earnings	523,373
Retained earnings	
Closing balance under MFRS 139 (31 December 2017)	1,987,315
Reclassification under MFRS 9	61,824
Recognition of expected credit losses under MFRS 9 (loans and advances including loan commitments)	(456,785)
Recognition of expected credit losses under MFRS 9 (FVOCI and amortised cost)	(4,187)
Unrealised losses on financial assets at FVTPL	(3,936)
BNM 1% Regulatory Reserve	(523,373)
Reversal of 1.2% Regulatory Reserve	710,743
Reversal of Collective Allowance and Individual Allowance under MFRS 139	248,344
Deferred Tax	52,175
Opening balance under MFRS 9 (1 January 2018)	2,072,120

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

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

(i) Adoption of MFRS 9 "Financial Instruments" (continued)

The following table reconciles :

- the closing impairment allowance for financial assets in accordance with MFRS 139
- the opening ECL allowance determined in accordance with MFRS 9 as at 1 January 2018.

	MFRS 139 carrying amount 31 December 2017 RM'000	Reclassification RM'000	Remeasurement RM'000	MFRS 9 carrying amount 1 January 2018 RM'000
<u>Reconciliation of impairment allowance</u>				
<u>balance from MFRS 139 to MFRS 9</u>				
Loans, advances and financing	248,344	-	177,282	425,626
Loans/financing commitments	-	-	31,159	31,159
Financial assets at FVTPL	-	-	3,936	3,936
Financial assets at FVOCI and financial assets at amortised cost	-	-	4,187	4,187
	<u>248,344</u>	<u>-</u>	<u>216,564</u>	<u>464,908</u>

(ii) Adoption of MFRS 15 "Revenue from Contracts with Customers"

MFRS 15 "Revenue from contracts with customers" replaces MFRS 118 "Revenue" and MFRS 111 "Construction contracts" and related interpretations. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

A new five-step process is applied before revenue can be recognised :

- Identify contracts with customers;
- Identify the separate performance obligations;
- Determine the transaction price of the contract;
- Allocate the transaction price to each of the separate performance obligations; and
- Recognise the revenue as each performance obligation is satisfied.

Key provisions of the new standard are as follows :

- If the consideration varies (such as for incentives, rebates, performance fees, royalties, success of an outcome etc.), minimum amounts of revenue must be recognised if they are not at significant risk of reversal;
- There are new specific rules on licenses, warranties, non-refundable upfront fees, and consignment arrangements, to name a few;
- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa; and
- As with any new Standard, there are also increased disclosures.

The Group have adopted MFRS 15 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under MFRS 118 "Revenue" and related interpretations. The impact of adoption of the MFRS 15 on the Group's opening retained profits are set out below:

	As at 1 January 2018		
Group	Gross fees DR/(CR) RM'000	Tax effect DR/(CR) RM'000	Net impact DR/(CR) RM'000
Impact to Opening Retained Profit arising from :			
Fees for services transferred at a point in time upon satisfaction of performance obligations	(755)	181	(574)
Fees for services transferred over time in respect of agency and guarantee fees	1,991	(477)	1,514
Net debit impact to Retained Profits as at 1 January 2018	<u>1,236</u>	<u>(296)</u>	<u>940</u>

There is no material impact on the financial position, comprehensive income, cashflows and earnings per share of the Group on the adoption of MFRS 15 for the financial quarter ended 30 September 2018.

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

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

(iii) Presentation of interest for derivatives and other financial instruments measured at Fair Value through Profit or Loss ("FVTPL")

MFRS 9 introduced a consequential amendment to paragraph 82 (a) of MFRS 1 "Presentation of Financial Statements", which is effective for accounting periods beginning on or after 1 January 2018. Under this amendment, interest revenue calculated using the effective interest method should be separately presented as a component of revenue on the face of the income statement.

The effective interest method does not apply to derivatives and other instruments measured at FVTPL, the interest arising on such instruments should not be included in the line item of "interest income" (except for gains and losses arising from related hedging instruments that are accounted for as hedges under MFRS 9).

Accordingly, the Group and the Bank changed the classification of interest income for financial assets measured at FVTPL from "Interest Income" to "Net gain and losses on financial instruments" for the current and previous financial quarters as reflected in Note A20 to the interim financial statements.

Interest income and interest expense on derivatives instruments are also correspondingly reclassified to "Net gain and losses on financial instruments" as reflected in Note A20 to the interim financial statements.

A3. AUDITOR'S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the audited financial statements for the financial year ended 31 December 2017 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 quarter 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 quarter 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 quarter under review.

A8. DIVIDENDS PAID

No dividend has been paid during the financial quarter under review.

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

	Group		Bank	
	30/9/2018 RM'000	31/12/2017 RM'000	30/9/2018 RM'000	31/12/2017 RM'000
At fair value				
Money market instruments				
Malaysian Government Securities	100,793	20,349	-	-
Malaysian Government Investment Issues	20,489	10,129	-	10,129
Malaysian Government Islamic Investment Issues	-	10,224	-	-
Negotiable Instruments of Deposit	262,173	-	252,205	-
	<u>383,455</u>	<u>40,702</u>	<u>252,205</u>	<u>10,129</u>
Quoted Securities :				
- Shares in Malaysia	33,172	38,696	-	-
- Unit Trusts in Malaysia	118,219	6,979	-	-
- REITs in Malaysia	5,619	-	-	-
Unquoted Securities :				
- Shares in Malaysia	88,928	-	88,928	-
- Corporate Bonds/Sukuk in Malaysia	83,508	1,775	30,591	-
- Corporate Bonds/Sukuk outside Malaysia	17,028	17,028	-	-
	<u>729,929</u>	<u>105,180</u>	<u>371,724</u>	<u>10,129</u>

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

**A10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")/
FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE**

	Group		Bank	
	30/9/2018 RM'000	31/12/2017 RM'000	30/9/2018 RM'000	31/12/2017 RM'000
At fair value				
Money market instruments				
Malaysian Government Securities	701,231	262,298	431,556	111,019
Malaysian Government Investment Issues	2,059,204	2,398,206	705,334	1,185,300
Malaysian Government Treasury Bills	79,063	12,517	-	-
Khazanah Bonds/Sukuk	397,477	384,575	235,898	228,326
Cagamas Bonds/Sukuk	228,520	137,598	121,364	70,980
Sukuk Perumahan Kerajaan	580,963	450,475	280,614	279,963
Negotiable Instruments of Deposit and Islamic Debt Certificates	345,841	760,323	1,373,955	1,772,500
	<u>4,392,299</u>	<u>4,405,992</u>	<u>3,148,721</u>	<u>3,648,088</u>
Quoted Securities :				
- Shares in Malaysia	-	6,296	-	-
- Unit Trusts in Malaysia	-	208,907	-	-
- REITs in Malaysia	19,738	13,083	-	-
- REITs outside Malaysia	43,474	10,977	-	-
Unquoted Securities :				
- Shares in Malaysia	170,351	252,432	148,469	229,568
- Corporate Bonds/Sukuk in Malaysia	9,906,886	9,230,824	4,679,416	4,309,562
- Corporate Bonds/Sukuk outside Malaysia	430,790	507,022	280,533	300,956
	<u>14,963,538</u>	<u>14,635,533</u>	<u>8,257,139</u>	<u>8,488,174</u>
Allowance for impairment losses	-	(8,174)	-	(356)
	<u>14,963,538</u>	<u>14,627,359</u>	<u>8,257,139</u>	<u>8,487,818</u>

Movement in allowances for impairment losses are as follows :

At the beginning of the financial period/year, as previously stated	8,174	11,822	356	269
Effect of adoption of MFRS 9	(8,174)	-	(356)	-
At the beginning of the financial period/year, as restated	-	11,822	-	269
Allowance made during the financial period/year	-	1,287	-	318
Amount written-off during the financial period/year	-	(4,935)	-	(231)
At the end of the financial period/year	-	8,174	-	356

Movement in allowances for impairment which reflect the expected credit losses ("ECL") model on impairment are as follows :

	12 months ECL (Stage 1) 30/9/2018 RM'000	Lifetime ECL not Credit Impaired (Stage 2) 30/9/2018 RM'000	Lifetime ECL Credit Impaired (Stage 3) 30/9/2018 RM'000	Total 30/9/2018 RM'000
	Group			
At 1 January 2018, on adoption of MFRS 9	4,525	4,180	-	8,705
Allowance made/(written-back) due to changes in credit risk	655	(59)	20	616
Exchange differences	-	(6)	-	(6)
At 30 September 2018	<u>5,180</u>	<u>4,115</u>	<u>20</u>	<u>9,315</u>
Bank				
At 1 January 2018, on adoption of MFRS 9	3,398	-	-	3,398
Allowance made due to changes in credit risk	94	-	-	94
At 30 September 2018	<u>3,492</u>	<u>-</u>	<u>-</u>	<u>3,492</u>

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

**A11. FINANCIAL ASSETS AT AMORTISED COST/
 FINANCIAL INVESTMENT HELD-TO-MATURITY**

	Group		Bank	
	30/9/2018 RM'000	31/12/2017 RM'000	30/9/2018 RM'000	31/12/2017 RM'000
At amortised cost				
Unquoted Securities :				
- Corporate Bonds/Sukuk in Malaysia	166,580	124,085	125,496	124,069
- Redeemable Secured Loan Stock in Malaysia	15,101	15,041	-	-
	181,681	139,126	125,496	124,069
ECL/Allowance for impairment losses	(11,136)	(10,487)	(3,919)	(3,537)
	170,545	128,639	121,577	120,532

Movement in allowances for impairment losses are as follows :

At the beginning of the financial period/year, as previously stated	10,487	10,487	3,537	3,537
Effect of adoption of MFRS 9	(10,487)	-	(3,537)	-
At the end of the financial period/year	-	10,487	-	3,537

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

Group	12 months ECL	Lifetime ECL not Credit Impaired	Lifetime ECL Credit Impaired	Total
	(Stage 1) 30/9/2018 RM'000	(Stage 2) 30/9/2018 RM'000	(Stage 3) 30/9/2018 RM'000	30/9/2018 RM'000
At 1 January 2018, on adoption of MFRS 9	819	-	10,487	11,306
Allowance written-back due to changes in credit risk	(170)	-	-	(170)
At 30 September 2018	649	-	10,487	11,136
Bank				
At 1 January 2018, on adoption of MFRS 9	584	-	3,537	4,121
Allowance written-back due to changes in credit risk	(202)	-	-	(202)
At 30 September 2018	382	-	3,537	3,919

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

A12. LOANS, ADVANCES AND FINANCING

	Group		Bank	
	30/9/2018 RM'000	31/12/2017 RM'000	30/9/2018 RM'000	31/12/2017 RM'000
(a) <u>BY TYPE</u>				
Overdrafts	2,008,961	1,867,780	1,560,941	1,554,785
Term loans/financing :				
- Housing loans/financing	10,015,857	8,486,642	4,033,194	4,086,865
- Syndicated financing	2,168,037	2,634,929	931,031	1,227,635
- Hire purchase receivables	12,660,601	12,365,906	8,412,010	8,501,399
- Business term loans/financing	14,793,089	13,699,795	9,424,608	9,399,271
- Other term loans/financing	670,593	412,788	-	-
Bills receivables	41,207	27,811	29,510	19,583
Trust receipts	167,331	222,179	152,304	207,462
Claims on customers under acceptances credits	1,459,653	1,260,155	1,070,712	1,009,909
Staff loans/financing of which :				
RM NIL to Directors (2017: RM NIL)	173,468	167,350	127,776	133,194
Credit cards	129,786	111,414	124,513	111,402
Revolving credits	4,578,827	4,395,924	3,438,975	3,136,532
Margin financing	354,806	357,181	-	-
Factoring	10,894	4,207	10,894	4,207
Other receivables	-	40,497	-	-
Gross loans, advances and financing	49,233,110	46,054,558	29,316,468	29,392,244
Less: Allowance for impairment losses :				
- Individual impairment	-	(93,885)	-	(69,836)
- Collective impairment	-	(238,515)	-	(178,508)
- ECL	(608,722)	-	(464,359)	-
Total net loans, advances and financing	48,624,388	45,722,158	28,852,109	29,143,900
(b) <u>BY MATURITY STRUCTURE</u>				
Maturing within one year	9,828,714	8,636,523	6,694,832	6,092,359
One year to three years	4,486,392	4,823,382	3,434,282	3,719,003
Three years to five years	6,804,465	6,805,424	5,320,820	4,988,404
Over five years	28,113,539	25,789,229	13,866,534	14,592,478
	49,233,110	46,054,558	29,316,468	29,392,244
(c) <u>BY TYPE OF CUSTOMER</u>				
Domestic non-banking institutions :				
- Others	678,073	774,836	460,601	553,756
Domestic business enterprises :				
- Small medium enterprises	11,836,422	12,511,252	9,315,243	9,988,662
- Others	12,683,725	10,842,187	7,521,378	6,878,274
Government and statutory bodies	1,183,832	1,104,981	114,671	58,657
Individuals	22,125,990	20,042,711	11,596,687	11,602,284
Other domestic entities	9,727	13,189	1,300	4,160
Foreign entities	715,341	765,402	306,588	306,451
	49,233,110	46,054,558	29,316,468	29,392,244

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

A12. LOANS, ADVANCES AND FINANCING (Cont.)

	Group		Bank	
	30/9/2018	31/12/2017	30/9/2018	31/12/2017
	RM'000	RM'000	RM'000	RM'000
(d) <u>BY INTEREST / PROFIT RATE SENSITIVITY</u>				
Fixed rate :				
- Housing loans/financing	365,589	384,844	317,470	337,989
- Hire purchase receivables	12,663,707	12,368,159	8,412,010	8,501,399
- Other fixed rate loans/financing	3,014,883	3,092,517	1,458,467	1,551,713
- Margin financing	354,806	357,181	-	-
Variable rate :				
- BLR and BR	21,149,571	19,131,797	11,449,562	11,372,025
- Cost plus	11,567,857	10,682,080	7,678,959	7,629,118
- Other variable rates	116,697	37,980	-	-
	49,233,110	46,054,558	29,316,468	29,392,244
(e) <u>BY ECONOMIC PURPOSE</u>				
Construction	3,775,386	3,451,504	2,310,299	2,328,238
Purchase of landed property of which :				
- Residential	9,970,276	8,465,547	3,799,861	3,928,963
- Non-residential	6,590,843	6,383,585	4,436,509	4,821,020
Purchase of securities	1,624,513	1,448,427	727,669	480,252
Purchase of transport vehicles	12,979,746	12,689,074	8,629,304	8,702,450
Fixed assets other than land and building	315,248	275,714	220,747	175,731
Personal use	796,683	702,599	730,452	661,340
Credit card	129,787	111,414	124,513	111,402
Consumer durable	333	582	329	577
Merger and acquisition	77,904	89,071	77,904	89,071
Working capital	11,816,873	11,402,100	7,888,747	7,666,531
Others	1,155,518	1,034,941	370,134	426,669
	49,233,110	46,054,558	29,316,468	29,392,244
(f) <u>BY ECONOMIC SECTORS</u>				
Primary agriculture	1,507,718	859,639	547,080	524,490
Mining and quarrying	546,992	638,033	222,455	263,840
Manufacturing	2,845,397	2,085,077	1,871,668	1,561,820
Electricity, gas and water supply	634,160	179,040	135,674	66,646
Construction	2,658,975	2,621,265	1,665,738	1,705,228
Real estate	8,032,900	8,373,983	5,784,172	6,375,208
Wholesale and retail trade and restaurants and hotels	3,344,699	2,782,437	2,662,533	2,283,708
Transport, storage and communication	1,660,508	2,421,243	1,348,392	1,514,303
Finance, insurance and business services	2,787,818	3,022,240	2,195,335	2,240,310
Education, health and others	2,945,227	2,783,211	1,201,481	1,163,623
Household	22,266,985	20,240,269	11,680,409	11,691,226
Others	1,731	48,121	1,531	1,842
	49,233,110	46,054,558	29,316,468	29,392,244

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

A12. LOANS, ADVANCES AND FINANCING (Cont.)

(g) <u>BY GEOGRAPHICAL DISTRIBUTION</u>	Group		Bank	
	30/9/2018	31/12/2017	30/9/2018	31/12/2017
	RM'000	RM'000	RM'000	RM'000
Perlis	256,663	231,679	22,517	28,931
Kedah	1,583,901	1,464,362	806,535	786,429
Pulau Pinang	2,602,537	2,660,130	1,843,768	2,088,712
Perak	1,688,542	1,595,065	933,468	962,749
Selangor	14,774,542	13,075,574	8,578,364	8,305,353
Wilayah Persekutuan	12,641,662	13,283,748	7,691,827	7,847,522
Negeri Sembilan	1,475,308	1,309,232	603,553	647,921
Melaka	1,021,588	1,036,264	742,602	788,511
Johor	5,952,101	5,134,735	3,489,013	3,401,016
Pahang	1,317,895	1,035,997	743,549	652,916
Terengganu	909,918	818,457	437,031	438,849
Kelantan	245,511	229,318	63,517	62,062
Sarawak	2,233,018	2,137,082	1,728,307	1,792,876
Sabah	2,259,528	1,749,113	1,476,864	1,432,806
Labuan	172,427	206,288	128,047	137,294
Outside Malaysia	97,969	87,514	27,506	18,297
	49,233,110	46,054,558	29,316,468	29,392,244

(h) IMPAIRED LOANS, ADVANCES AND FINANCING

(i) Movements of impaired loans, advances and financing

At the beginning of the financial period/year, as previously stated	1,167,306	717,865	959,086	590,447
Effect of adoption of MFRS 9	(1,426)	-	(832)	-
At the beginning of the financial period/year, as restated	1,165,880	717,865	958,254	590,447
Classified as impaired during the financial period/year	846,864	1,445,665	586,105	989,469
Reclassified as non-impaired during the financial period/year	(427,645)	(676,240)	(352,675)	(338,471)
Amount written-back during the financial period/year	(165,775)	(156,769)	(144,076)	(127,510)
Amount written-off during the financial period/year	(56,396)	(163,215)	(45,329)	(154,849)
At the end of the financial period/year	1,362,928	1,167,306	1,002,279	959,086
Ratio of gross impaired loans, advances and financing to gross loans, advances and financing (*)	2.77%	2.53%	3.10%	2.98%

(*) For the Bank, restricted investment accounts included in the ratio calculation amounting to RM2,973.9 million (2017 : RM2,749.0 million).

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

Construction	357,666	164,218	285,387	156,243
Purchase of landed property of which :				
- Residential	240,149	207,849	143,227	137,494
- Non-residential	120,357	272,499	88,053	247,641
Purchase of securities	49	51	49	51
Purchase of transport vehicles	249,507	235,606	210,908	213,673
Fixed assets other than land and building	693	984	444	749
Personal use	19,792	17,203	19,010	16,393
Credit card	1,025	622	1,020	622
Consumer durable	13	16	13	16
Working capital	353,737	256,643	244,119	184,515
Others	19,940	11,615	10,049	1,689
	1,362,928	1,167,306	1,002,279	959,086

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

A12. LOANS, ADVANCES AND FINANCING (Cont.)

(h) <u>IMPAIRED LOANS, ADVANCES AND FINANCING</u> (Cont.)	Group		Bank	
	30/9/2018	31/12/2017	30/9/2018	31/12/2017
(iii) <u>Impaired loans, advances and financing by sector</u>	RM'000	RM'000	RM'000	RM'000
Primary agriculture	14,185	14,055	14,185	13,980
Mining and quarrying	16,092	13,615	13,511	13,552
Manufacturing	86,690	24,569	24,000	23,477
Electricity, gas and water supply	148	288	-	53
Construction	141,034	144,542	85,209	88,388
Real estate	200,811	252,055	106,925	207,512
Wholesale and retail trade and restaurants and hotels	50,447	41,691	44,888	36,564
Transport, storage and communication	443,344	292,658	427,058	292,478
Finance, insurance and business services	77,374	76,650	62,970	60,756
Education, health and others	608	730	520	605
Household	332,195	306,453	223,013	221,721
	1,362,928	1,167,306	1,002,279	959,086
(iv) <u>Impaired loans, advances and financing by geographical distribution</u>				
Perlis	2,658	2,627	524	505
Kedah	60,915	55,385	47,562	41,964
Pulau Pinang	110,799	26,769	108,193	25,156
Perak	15,670	16,023	9,480	10,252
Selangor	274,869	264,602	165,506	177,166
Wilayah Persekutuan	220,987	232,178	97,827	222,501
Negeri Sembilan	82,191	79,958	68,900	73,650
Melaka	9,392	6,604	7,085	4,527
Johor	43,103	34,040	35,567	30,216
Pahang	18,966	18,715	18,055	17,615
Terengganu	399,471	296,647	393,836	290,641
Kelantan	7,683	4,925	5,288	1,437
Sarawak	58,883	58,261	22,183	21,545
Sabah	28,578	42,307	22,273	41,911
Outside Malaysia	28,763	28,265	-	-
	1,362,928	1,167,306	1,002,279	959,086
(v) <u>Movements in allowance for impairment on loans, advances and financing</u>				
Individual impairment				
At the beginning of the financial period/year, as previously stated	93,885	149,507	69,836	131,497
Effect of adoption of MFRS 9	(93,885)	-	(69,836)	-
At the beginning of the financial period/year, as restated	-	149,507	-	131,497
Allowance made during the financial period/year	-	110,892	-	94,484
Amount written-back during the financial period/year	-	(47,255)	-	(39,157)
Amount written-off during the financial period/year	-	(112,633)	-	(112,633)
Unwinding discount of allowance	-	(5,236)	-	(4,355)
Exchange difference	-	(1,390)	-	-
At the end of financial period/year	-	93,885	-	69,836
Collective impairment				
At the beginning of the financial period/year, as previously stated	238,515	237,165	178,508	189,637
Effect of adoption of MFRS 9	(238,515)	-	(178,508)	-
At the beginning of the financial period/year, as restated	-	237,165	-	189,637
Allowance made during the financial period/year	-	49,319	-	28,512
Amount written-off during the financial period/year	-	(47,969)	-	(39,641)
At the end of financial period/year	-	238,515	-	178,508

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

A12. LOANS, ADVANCES AND FINANCING (Cont.)

(vi) Movement in expected credit losses for loans, advances and financing

Group	12 months ECL (Stage 1) 30/9/2018 RM'000	Lifetime ECL not Credit Impaired (Stage 2) 30/9/2018 RM'000	Lifetime ECL Credit Impaired (Stage 3) 30/9/2018 RM'000	Total 30/9/2018 RM'000
At 1 January 2018, on adoption of MFRS 9	219,161	104,545	232,299	556,005
Total transfer between stages	54,423	(1,815)	(52,608)	-
Changes due to change in credit risk :				
- Transfer to 12-month ECL (Stage 1)	83,758	(80,778)	(2,980)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(25,072)	101,112	(76,040)	-
- Transfer to Lifetime ECL credit impaired provision (Stage 3)	(4,263)	(22,149)	26,412	-
Loans/Financing derecognised during the period (other than write-offs)	(56,605)	(11,628)	(2,481)	(70,714)
New loans/financing originated or purchased	72,418	4,840	1,141	78,399
Changes due to change in credit risk	(81,209)	(11,379)	201,472	108,884
Write-offs	-	-	(55,199)	(55,199)
Other adjustments :				
- Unwind of discount #	-	-	(8,653)	(8,653)
At 30 September 2018	208,188	84,563	315,971	608,722

Bank	12 months ECL (Stage 1) 30/9/2018 RM'000	Lifetime ECL not Credit Impaired (Stage 2) 30/9/2018 RM'000	Lifetime ECL Credit Impaired (Stage 3) 30/9/2018 RM'000	Total 30/9/2018 RM'000
At 1 January 2018, on adoption of MFRS 9	158,876	92,796	173,954	425,626
Total transfer between stages	52,367	(15,869)	(36,498)	-
Changes due to change in credit risk :				
- Transfer to 12-month ECL (Stage 1)	76,607	(73,759)	(2,848)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(20,809)	75,267	(54,458)	-
- Transfer to Lifetime ECL credit impaired provision (Stage 3)	(3,431)	(17,377)	20,808	-
Loans derecognised during the period (other than write-offs)	(31,931)	(10,029)	(2,316)	(44,276)
New loans originated or purchased	38,836	3,760	1,135	43,731
Changes due to change in credit risk	(63,814)	(16,199)	171,446	91,433
Write-offs	-	-	(44,134)	(44,134)
Other adjustments :				
- Unwind of discount #	-	-	(8,021)	(8,021)
At 30 September 2018	154,334	54,459	255,566	464,359

Unwind of discount on Stage 3 financial assets is the interest/finance income recognised on amortised cost (after deducting the ECL allowance)

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

A13. TRADE RECEIVABLES

	Group	
	30/9/2018	31/12/2017
	RM'000	RM'000
Amount due from stock-broking clients :		
- performing accounts	180,630	265,799
- impaired accounts (a)	770	1,366
Amount due from brokers	138,322	72,708
Amount due from Bursa Securities Clearing Sdn Bhd	-	83,281
Management fees receivable on fund management	89,996	128,612
	<u>409,718</u>	<u>551,766</u>
Less: Allowance for impairment :		
- Individual impairment (b)	-	(1,029)
- ECL (c)	(810)	-
	<u>408,908</u>	<u>550,737</u>
(a) Movements of impaired trade receivables		
At the beginning of financial period/year	1,366	1,742
Classified as impaired	320	136
Amount written-back during the financial period/year	(916)	(512)
At the end of financial period/year	<u>770</u>	<u>1,366</u>
(b) Movement in individual allowances		
At the beginning of the financial period/year, as previously stated	1,029	993
Effect of adoption of MFRS 9	(1,029)	-
At the beginning of the financial period/year, as restated	-	993
Allowance made during the financial period/year	-	121
Amount written-back during the financial period/year	-	(85)
At the end of financial period/year	<u>-</u>	<u>1,029</u>
(c) Movement in expected credit losses ("ECL")		
At 1 January 2018, on adoption of MFRS 9	1,134	-
Allowance made during the financial period/year	-	-
Amount written-back during the financial period/year	(324)	-
At 30 September 2018	<u>810</u>	<u>-</u>

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

A14. OTHER ASSETS

	Group		Bank	
	30/9/2018	31/12/2017	30/9/2018	31/12/2017
	RM'000	RM'000	RM'000	RM'000
Other debtors (a)	97,998	43,021	40,197	4,943
Prepayments and deposits	22,244	19,867	21,125	19,088
Cheque clearing accounts	16,121	17,535	10,707	9,493
Foreclosed properties (b)	24,344	19,912	19,471	17,271
Collaterals pledged for derivative transactions	1,321	168	-	-
	162,028	100,503	91,500	50,795
(a) Other debtors				
Other debtors	99,153	43,733	40,197	4,943
Less: Allowance for impairment :				
- Individual impairment (i)	-	(712)	-	-
- ECL (ii)	(1,155)	-	-	-
	97,998	43,021	40,197	4,943
(i) Movement in individual allowance				
At the beginning of the financial period/year, as previously stated	712	781	-	-
Effect of adoption of MFRS 9	(712)	-	-	-
At the beginning of the financial period/year, as restated	-	781	-	-
Allowance made during the financial period/year	-	403	-	-
Amount written off during the financial period/year	-	(472)	-	-
At the end of financial period/year	-	712	-	-
(ii) Movement in ECL				
At 1 January 2018, on adoption of MFRS 9	725	-	-	-
Allowance made during the financial period/year	430	-	-	-
At 30 September 2018	1,155	-	-	-
(b) Foreclosed properties				
At the beginning of financial period/year	19,912	7,970	17,271	5,329
Purchased during the financial period/year	4,628	12,012	2,200	12,012
Disposal during the financial period/year	(196)	(70)	-	(70)
At the end of financial period/year	24,344	19,912	19,471	17,271

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

A15. OTHER LIABILITIES

	Group		Bank	
	30/9/2018 RM'000	31/12/2017 RM'000	30/9/2018 RM'000	31/12/2017 RM'000
BNM and CGC Funding programmes	36,325	37,944	35,322	37,944
Margin and collateral deposits	126,051	131,494	109,391	114,402
Trust accounts for remisers	48,800	49,119	-	-
Defined contribution plan	19,675	18,111	18,449	16,737
Collaterals pledged for derivative transactions	-	29	-	-
Other creditors and accruals	179,029	190,253	73,286	53,153
Accrued employee benefits	132,890	129,887	48,362	36,969
Amounts payable to commissioned and salaried dealer's representatives	40,301	39,505	-	-
Cheque clearing accounts	19,855	34,112	19,855	34,112
Provision for zakat	3,799	3,223	325	-
Sundry creditors	209,793	175,693	151,043	156,128
Securities borrowings and lending - borrow	167,709	82,030	-	-
Unearned income	33,557	53,972	27,836	33,215
Expected credit losses (a) :				
- loan/financing commitments and financial guarantees	30,272	-	15,183	-
	1,048,056	945,372	499,052	482,660
(a) ECL				
At 1 January 2018, on adoption of MFRS 9	48,218	-	31,159	-
Net remeasurement of loss allowance	(25,061)	-	(19,513)	-
New loan/financing commitments and financial guarantees issued during the financial period/year	7,115	-	3,537	-
At 30 September 2018	30,272	-	15,183	-

A16. RESERVES

	Group		Bank	
	30/9/2018 RM'000	31/12/2017 RM'000	30/9/2018 RM'000	31/12/2017 RM'000
FVOCI/AFS revaluation reserves (a)	71,267	97,596	80,068	121,637
Regulatory reserves (b)	691,647	817,399	522,737	710,743
Foreign exchange reserves	151	151	-	-
Retained profits	3,099,988	2,670,888	2,482,449	1,987,315
	3,863,053	3,586,034	3,085,254	2,819,695

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

(b) Pursuant to BNM letter dated 1 November 2017, effective 1 January 2018, banking institutions shall maintain, in aggregate, stage 1 and 2 provisions regulatory reserves of no less than 1% of all credit exposures (on and off-balance sheet that are subject to MFRS 9 impairment requirement, excluding exposures to and with an explicit guarantee from Malaysian Government), net of Stage 3 provisions.

Prior to MFRS 9 implementation, banking institutions 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.

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

A17. INTEREST INCOME

Group	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2018	30/9/2017	30/9/2018	30/9/2017
	RM'000	RM'000	RM'000	RM'000
Loan, advances and financing	462,346	440,589	1,369,268	1,317,866
Money at call and deposits placements with financial institutions	26,875	27,512	50,868	87,832
Reverse repurchase agreements with financial institutions	-	-	-	368
Financial assets at FVOCI	133,685	-	369,840	-
Financial assets at amortised cost	2,097	-	6,233	-
Financial investments available-for-sale	-	80,864	-	233,195
Financial investments held-to-maturity	-	1,443	-	20,627
Others	1,676	-	1,986	-
	626,679	550,408	1,798,195	1,659,888

of which :-

Interest income earned on impaired loans, advances and financing	2,988	695	12,108	843
--	-------	-----	--------	-----

Bank

Loan, advances and financing	406,798	410,745	1,215,815	1,231,879
Money at call and deposits placements with financial institutions	45,198	55,785	125,273	169,481
Reverse repurchase agreements with financial institutions	-	-	-	368
Financial assets at FVOCI	87,789	-	254,050	-
Financial assets at amortised cost	1,443	-	4,282	-
Financial investments available-for-sale	-	80,864	-	233,195
Financial investments held-to-maturity	-	1,443	-	20,627
Others	1,553	-	1,587	-
	542,781	548,837	1,601,007	1,655,550

of which :-

Interest income earned on impaired loans, advances and financing	2,037	695	9,378	843
--	-------	-----	-------	-----

A18. INTEREST EXPENSE

Group

Deposits from customers	322,466	288,639	969,832	866,047
Deposits and placements of banks and other financial institutions	59,886	26,120	99,630	81,321
Securities sold under repurchase agreements	-	5,133	2,751	16,158
Subordinated term loan	-	9,283	-	31,958
Subordinated medium term notes	31,342	15,253	83,311	36,754
Others	1,432	150	4,797	438
	415,126	344,578	1,160,321	1,032,676

Bank

Deposits from customers	279,890	288,639	846,431	866,047
Deposits and placements of banks and other financial institutions	42,828	26,120	99,165	81,321
Securities sold under repurchase agreements	-	5,133	2,751	16,158
Subordinated term loan	-	9,283	-	31,958
Subordinated medium term notes	31,342	15,253	83,311	36,754
Others	134	150	409	438
	354,194	344,578	1,032,067	1,032,676

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

A19. NET FEE AND COMMISSION INCOME

Group	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2018	30/9/2017	30/9/2018	30/9/2017
	RM'000	RM'000	RM'000	RM'000
(a) Fee and commission income :				
Net brokerage	19,051	-	61,218	-
Portfolio management fees	75,870	-	227,509	-
Corporate advisory fees	2,276	-	7,568	-
Commission	6,047	4,871	19,627	15,045
Service charges and fees	14,569	16,432	51,455	50,251
Guarantee fees	5,642	5,400	17,034	16,709
Arrangement fees	139	-	1,564	-
Agency fees	157	-	2,171	-
Initial service charges	24,639	-	86,338	-
Other fee income	3,686	-	11,989	-
	152,076	26,703	486,473	82,005
(b) Fee and commission expense :				
Commission and referral expense	(38,450)	(2,285)	(137,570)	(6,516)
Net fee and commission income	113,626	24,418	348,903	75,489
Bank				
(a) Fee and commission income :				
Commission	5,565	4,871	16,783	15,045
Service charges and fees	14,324	16,433	50,731	50,252
Guarantee fees	5,492	5,400	16,323	16,709
	25,381	26,704	83,837	82,006
(b) Fee and commission expense :				
Commission and referral expense	(1,858)	(2,285)	(6,884)	(6,516)
Net fee and commission income	23,523	24,419	76,953	75,490

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

A20. NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

Group	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2018	30/9/2017	30/9/2018	30/9/2017
	RM'000	RM'000	RM'000	RM'000
Income from financial instruments:				
Gains arising on financial assets at FVTPL :				
- net gain on disposal	38,872	-	72,379	135
- unrealised gains	512	-	3,635	-
- interest income	8,332	-	26,700	-
- gross dividend income	1,190	-	3,407	-
Gains/(losses) on derivatives instruments :				
- realised	198	140	311	662
- unrealised	196	44	4,925	(21)
- interest (expenses)/income	(324)	452	(157)	2,300
Gains arising on financial investments available-for-sale :				
- net gains on disposal	-	1,365	-	8,789
- gross dividend income	-	41	-	931
Gains arising on financial assets at FVOCI :				
- net gains on disposal	8,107	-	10,431	-
- gross dividend income	1,558	-	4,095	-
Gains arising on financial investments held-to-maturity :				
- net gain on redemption	-	-	-	39,784
	58,641	2,042	125,726	52,580
Bank				
Income from financial instruments				
Gains arising on financial assets at FVTPL :				
- net gain on disposal	28,011	-	27,996	135
- unrealised gains	1,736	-	6,964	-
- interest income	3,032	-	11,531	-
Gains/(losses) on derivatives instruments :				
- realised	198	140	365	662
- unrealised	111	44	4,101	(21)
- interest (expenses)/income	(226)	452	(202)	2,300
Gains arising on financial investments available-for-sale :				
- net gains on disposal	-	1,365	-	8,789
- gross dividend income	-	41	-	931
Gains arising on financial assets at FVOCI :				
- net gains on disposal	3,455	-	4,679	-
- gross dividend income	192	-	787	-
Gains arising on financial investments held-to-maturity :				
- net gain on redemption	-	-	-	39,784
	36,509	2,042	56,221	52,580

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

A21. OTHER INCOME

Group	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2018	30/9/2017	30/9/2018	30/9/2017
	RM'000	RM'000	RM'000	RM'000
Foreign exchange gains/(losses) :				
- realised	23,981	9,694	57,991	(51,227)
- unrealised	(10,237)	(662)	(19,829)	77,994
Rental income	128	497	128	1,652
Gain on disposal of property and equipment	76	-	4,799	752
Gain on disposal of foreclosed properties	-	-	111	-
Other non-operating income	1,334	1,578	10,972	5,518
Total other income	15,282	11,107	54,172	34,689
Bank				
Foreign exchange gains/(losses) :				
- realised	17,882	9,694	44,591	(51,227)
- unrealised	(7,782)	(662)	(14,761)	77,994
Rental income	153	497	206	1,652
Gain on winding-up of a subsidiary	-	-	31,031	162
Gain on disposal of property and equipment	67	-	4,669	752
Gross dividend received from subsidiaries	45,000	-	223,000	-
Other non-operating income	1,478	1,381	6,029	5,052
Total other income	56,798	10,910	294,765	34,385

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

A22. OTHER OPERATING EXPENSES

Group	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2018	30/9/2017	30/9/2018	30/9/2017
	RM'000	RM'000	RM'000	RM'000
<u>Personnel costs</u>				
Wages, salaries and bonus	148,003	136,050	446,941	306,021
Defined contribution plan	24,818	14,681	73,262	42,844
Other personnel costs	29,684	13,888	85,525	40,650
	202,505	164,619	605,728	389,515
<u>Promotion and marketing-related expenses</u>				
Business promotion and advertisement	5,374	2,984	16,097	8,720
Entertainment	2,209	773	5,693	1,868
Travelling and accommodation	2,401	1,500	7,459	3,978
Dealers' handling fees	300	-	900	-
Commission and brokerage expenses	3,746	2,954	10,855	8,749
Others marketing expenses	1,238	942	4,383	1,906
	15,268	9,153	45,387	25,221
<u>Establishment-related expenses</u>				
Rental of premises	9,349	6,283	29,096	18,745
Equipment rental	387	438	2,101	911
Repair and maintenance	10,758	10,613	33,764	30,378
Depreciation of property and equipment	6,143	3,900	18,382	11,365
Amortisation of intangible assets	6,823	2,887	20,295	7,931
IT consultancy fee	9,865	8,444	29,384	42,321
Dataline rental	5,691	2,820	12,762	6,740
Security services	4,928	5,238	13,133	14,051
Electricity, water and sewerage	3,470	2,771	9,815	8,042
Insurance/Takaful and indemnities	7,107	6,213	21,456	17,651
Other establishment costs	1,070	1,257	4,238	3,381
	65,591	50,864	194,426	161,516
<u>General and administrative expenses</u>				
Telecommunication expenses	3,476	1,151	11,256	3,283
Auditors' remuneration :				
(i) Statutory audit fees	590	435	1,789	1,305
(ii) Regulatory related fees	40	-	71	-
(iii) Tax fees	2	15	8	46
(iv) Non-audit fees	495	316	658	634
Professional fees	5,924	2,361	14,144	11,329
Property and equipment written-off	9	81	159	116
Mail and courier charges	1,126	989	2,886	2,487
Stationery and consumables	2,538	2,458	10,945	6,564
Directors' fees and allowances	751	853	2,412	1,928
Donations	87	346	1,510	1,615
Settlement, clearing and bank charges	3,120	2,975	9,923	8,427
Stamp duties	112	94	750	185
Subscription fees	2,811	-	7,424	-
GST input tax-non recoverable	-	2,748	6,280	7,895
Other administration and general expenses	2,024	1,184	8,214	2,203
	23,105	16,006	78,429	48,017
Total other operating expenses	306,469	240,642	923,970	624,269

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

A22. OTHER OPERATING EXPENSES (Cont.)

Bank	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2018	30/9/2017	30/9/2018	30/9/2017
	RM'000	RM'000	RM'000	RM'000
<u>Personnel costs</u>				
Wages, salaries and bonus	69,823	113,687	208,286	244,526
Defined contribution plan	11,564	11,083	33,975	32,678
Other personnel costs	12,878	11,148	40,570	32,757
	94,265	135,918	282,831	309,961
<u>Promotion and marketing-related expenses</u>				
Business promotion and advertisement	2,965	2,501	8,775	7,508
Entertainment	1,138	620	2,996	1,577
Travelling and accommodation	1,054	1,176	3,438	3,110
Commission and brokerage expenses	3,219	2,321	8,917	7,025
Others marketing expenses	520	795	1,431	1,434
	8,896	7,413	25,557	20,654
<u>Establishment-related expenses</u>				
Rental of premises	4,081	4,759	13,293	14,223
Equipment rental	493	396	1,358	789
Repair and maintenance	6,768	8,555	22,118	24,385
Depreciation of property and equipment	3,636	3,682	10,861	10,689
Amortisation of intangible assets	3,184	2,887	9,446	7,931
IT consultancy fee	7,435	6,288	21,974	33,011
Dataline rental	4,170	2,263	9,762	5,559
Security services	3,486	3,921	9,370	10,663
Electricity, water and sewerage	2,014	2,210	5,676	6,515
Insurance/Takaful and indemnities	6,100	5,656	18,509	15,933
	41,367	40,617	122,367	129,698
<u>General and administrative expenses</u>				
Telecommunication expenses	390	909	2,721	2,552
Auditors' remuneration :				
(i) Statutory audit fees	324	330	984	990
(ii) Tax fees	-	10	-	29
(iii) Non-audit fees	352	202	465	520
Professional fees	4,490	2,256	11,482	10,537
Property and equipment written-off	-	76	135	110
Mail and courier charges	817	761	2,437	1,967
Stationery and consumables	1,227	1,790	6,869	4,632
Directors' fees and allowances	728	482	2,007	1,009
Donations	45	243	1,263	1,431
Settlement, clearing and bank charges	2,396	2,709	7,608	7,584
Stamp duties	41	93	671	181
GST input tax-non recoverable	860	1,460	4,337	4,466
Other administration and general expenses	(810)	765	926	1,664
	10,860	12,086	41,905	37,672
Total other operating expenses	155,388	196,034	472,660	497,985

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

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

Group	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2018	30/9/2017	30/9/2018	30/9/2017
	RM'000	RM'000	RM'000	RM'000
Individual impairment :				
- made during the financial period	-	25,925	-	72,813
- written-back during the financial period	-	(3,464)	-	(20,678)
Collective impairment :				
- made during the financial period	-	15,554	-	48,856
ECL made/(written-back) on :				
- loans, advances and financing and trade receivables	13,182	-	116,245	-
- securities and placements	1,770	-	751	-
- loan and financing commitments and financial guarantee	(7,932)	-	(17,945)	-
Bad debts and financing :				
- recovered	(8,603)	(9,245)	(25,790)	(30,344)
- written-off	540	115	1,884	621
	(1,043)	28,885	75,145	71,268
Bank				
Individual impairment :				
- made during the financial period	-	19,534	-	58,937
- written-back during the financial period	-	(3,412)	-	(16,046)
Collective impairment :				
- made during the financial period	-	14,565	-	33,834
ECL made/(written-back) on :				
- loans, advances and financing and trade receivables	5,674	-	90,888	-
- securities and placements	1,119	-	184	-
- loan and financing commitments and financial guarantee	(5,857)	-	(15,975)	-
Bad debts and financing :				
- recovered	(8,105)	(8,882)	(24,757)	(29,543)
- written-off	538	115	1,854	620
	(6,631)	21,920	52,194	47,802

A24. ALLOWANCES FOR IMPAIRMENT LOSSES ON OTHER ASSETS

Group				
Allowance made for impairment losses :				
- other debtors	44	-	426	-
- advances to joint ventures	5,719	-	11,719	-
	5,763	-	12,145	-

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

A25. SEGMENTAL INFORMATION ON REVENUE AND PROFIT

The segment analysis by activity for the individual and cumulative quarters ended 30 September 2018 and 30 September 2017 are as follows:

	< ----- Current year's individual quarter ended 30 September 2018 ----- >					
	Commercial	Investment				
	Banking RM'000	Banking RM'000	Insurance RM'000	Others RM'000	Eliminations RM'000	Group RM'000
Revenue						
External revenue	339,082	148,252	-	8,915	-	496,249
Intersegment revenue	68,360	(16,397)	-	(6,354)	(45,609)	-
Segment revenue	<u>407,442</u>	<u>131,855</u>	<u>-</u>	<u>2,561</u>	<u>(45,609)</u>	<u>496,249</u>
Operating expenses of which :-	(210,504)	(94,234)	-	(2,340)	609	(306,469)
Depreciation of property and equipment	(3,852)	(2,249)	-	(42)	-	(6,143)
Amortisation of intangible assets	(3,206)	(3,601)	-	(16)	-	(6,823)
(Allowances)/write-back for credit impairment losses on loans, advances, financing and trade receivables/securities/other assets	(5,261)	541	-	-	-	(4,720)
Segment results	<u>191,677</u>	<u>38,162</u>	<u>-</u>	<u>221</u>	<u>(45,000)</u>	<u>185,060</u>
Share of results of a joint venture (net of tax)	-	-	(1,714)	-	-	(1,714)
Share of results of an associate (net of tax)	-	-	7,207	-	-	7,207
Profit before zakat and taxation	<u>191,677</u>	<u>38,162</u>	<u>5,493</u>	<u>221</u>	<u>(45,000)</u>	<u>190,553</u>
Zakat	(3,061)	(173)	-	-	-	(3,234)
Profit before taxation	<u>188,616</u>	<u>37,989</u>	<u>5,493</u>	<u>221</u>	<u>(45,000)</u>	<u>187,319</u>
Taxation						(36,801)
Net profit for the individual quarter						<u>150,518</u>

	< ----- Preceding year's individual quarter ended 30 September 2017 ----- >					
	Commercial	Investment				
	Banking RM'000	Banking RM'000	Insurance RM'000	Others RM'000	Eliminations RM'000	Group RM'000
Revenue						
External revenue	1,124,848	-	-	-	-	1,124,848
Intersegment revenue	-	-	-	-	-	-
Segment revenue	<u>1,124,848</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,124,848</u>
Operating expenses of which :-	(1,037,536)	-	-	-	-	(1,037,536)
Depreciation of property and equipment	(3,900)	-	-	-	-	(3,900)
Amortisation of intangible assets	(2,887)	-	-	-	-	(2,887)
Allowances for credit impairment losses on loans, advances, financing and trade receivables/securities/other assets	(28,885)	-	-	-	-	(28,885)
Segment results	<u>58,427</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,427</u>
Share of results of a joint venture (net of tax)	-	-	-	-	-	-
Share of results of an associate (net of tax)	-	-	-	-	-	-
Profit before zakat and taxation	<u>58,427</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,427</u>
Zakat	(3,000)	-	-	-	-	(3,000)
Profit before taxation	<u>55,427</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,427</u>
Taxation						(15,525)
Net profit for the individual quarter						<u>39,902</u>

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

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

The segment analysis by activity for the individual and cumulative quarters ended 30 September 2018 and 30 September 2017 are as follows (Cont.):

	< ----- Current year's cumulative quarter ended 30 September 2018 ----- >					
	Banking RM'000	Banking RM'000	Insurance RM'000	Others RM'000	Eliminations RM'000	Group RM'000
Revenue						
External revenue	1,033,681	423,759	-	9,604	-	1,467,044
Intersegment revenue	246,805	(21,307)	-	1,436	(226,934)	-
Segment revenue	<u>1,280,486</u>	<u>402,452</u>	<u>-</u>	<u>11,040</u>	<u>(226,934)</u>	<u>1,467,044</u>
Operating expenses of which :-	(636,762)	(283,068)	-	(8,074)	3,934	(923,970)
Depreciation of property and equipment	(11,464)	(6,790)	-	(128)	-	(18,382)
Amortisation of intangible assets	(9,501)	(10,748)	-	(46)	-	(20,295)
Allowances for credit impairment losses on loans, advances, financing and trade receivables/securities/other assets	(83,750)	(3,540)	-	-	-	(87,290)
Segment results	<u>559,974</u>	<u>115,844</u>	<u>-</u>	<u>2,966</u>	<u>(223,000)</u>	<u>455,784</u>
Share of results of a joint venture (net of tax)	-	-	(2,427)	-	-	(2,427)
Share of results of an associate (net of tax)	-	-	38,489	-	-	38,489
Profit before zakat and taxation	559,974	115,844	36,062	2,966	(223,000)	491,846
Zakat	(3,061)	(816)	-	-	-	(3,877)
Profit before taxation	556,913	115,028	36,062	2,966	(223,000)	487,969
Taxation						(112,463)
Net profit for the cumulative quarter						<u>375,506</u>

	< ----- Preceding year's cumulative quarter ended 30 September 2017 ----- >					
	Banking RM'000	Banking RM'000	Insurance RM'000	Others RM'000	Eliminations RM'000	Group RM'000
Revenue						
External revenue	1,822,646	-	-	-	-	1,822,646
Intersegment revenue	-	-	-	-	-	-
Segment revenue	<u>1,822,646</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,822,646</u>
Operating expenses of which :-	(1,421,163)	-	-	-	-	(1,421,163)
Depreciation of property and equipment	(11,365)	-	-	-	-	(11,365)
Amortisation of intangible assets	(7,931)	-	-	-	-	(7,931)
Allowances for credit impairment losses on loans, advances, financing and trade receivables/securities/other assets	(71,268)	-	-	-	-	(71,268)
Segment results	<u>330,215</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>330,215</u>
Share of results of a joint venture (net of tax)	-	-	-	-	-	-
Share of results of an associate (net of tax)	-	-	-	-	-	-
Profit before zakat and taxation	330,215	-	-	-	-	330,215
Zakat	(3,000)	-	-	-	-	(3,000)
Profit before taxation	327,215	-	-	-	-	327,215
Taxation						(78,896)
Net profit for the cumulative quarter						<u>248,319</u>

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

A26. SUBSEQUENT MATERIAL EVENT

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

A27. CHANGES IN THE COMPOSITION OF THE GROUP

Save as disclosed below, there were no other significant changes in the composition of the Group during the financial quarter under review :

Group Reorganisation

Upon the completion of the Reorganisation as disclosed in Note B (6), AFFIN Holdings Berhad ("AHB") became the wholly-owned subsidiary of AFFIN Bank Berhad ("ABB") on 30 January 2018.

A28. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group and the Bank 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 and the Bank.

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

	<-----Group----->		<-----Bank----->	
	Principal Amount 30/9/2018 RM'000	Principal Amount 31/12/2017 RM'000	Principal Amount 30/9/2018 RM'000	Principal Amount 31/12/2017 RM'000
Direct credit substitutes	594,563	573,469	393,664	376,301
Forward assets purchases	50,000	-	-	-
Transaction-related contingent items	2,026,419	2,091,113	1,697,028	1,797,759
Short-term self-liquidating trade-related contingencies	500,242	431,400	159,126	151,867
Foreign exchange related contracts #				
- Less than one year	10,905,690	12,007,480	8,076,523	7,587,059
- One year to less than five years	345,053	380,815	96,030	97,051
- Five years and above	-	42,485	-	42,485
Interest rate related contracts #				
- Less than one year	901,000	886,000	601,000	736,000
- One year to less than five years	2,965,148	2,216,148	760,148	701,148
- Five years and above	1,195,000	1,115,000	1,165,000	1,115,000
Irrevocable commitments to extend credit				
- Maturity less than one year	7,536,041	8,349,806	5,955,256	6,707,971
- Maturity more than one year	2,891,959	3,255,925	834,250	1,598,619
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrowers' creditworthiness	575,604	571,760	131,898	136,844
Unutilised credit card lines	483,870	364,163	409,416	363,825
	30,970,589	32,285,564	20,279,339	21,411,929

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

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

A29. DERIVATIVE FINANCIAL INSTRUMENTS

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

GROUP	< ----- Contract/Notional Amount ----- >				< ----- Positive Fair Value ----- >				< ----- Negative Fair Value ----- >			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
As at 30 September 2018												
Trading derivatives												
Foreign exchange contracts :												
- Currency forwards	3,208,977	94,904	62,437	3,366,318	36,521	2,190	2,213	40,924	10,111	2,949	4,137	17,197
- Cross currency swaps	6,021,397	96,030	-	6,117,427	41,089	349	-	41,438	146,700	29,809	-	176,509
- Currency swaps	1,669,308	54,367	37,314	1,760,989	7,602	2,067	3,019	12,688	21,653	126	-	21,779
- Currency options	6,009	-	-	6,009	6	-	-	6	1	-	-	1
Interest rate contracts :												
- Interest rate swaps	901,000	1,655,148	2,505,000	5,061,148	1,425	1,556	18,405	21,386	1,909	1,218	13,856	16,983
	11,806,691	1,900,449	2,604,751	16,311,891	86,643	6,162	23,637	116,442	180,374	34,102	17,993	232,469
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

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

A29. DERIVATIVE FINANCIAL INSTRUMENTS (Cont.)

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

	< ----- Contract/Notional Amount ----- >				< ----- Positive Fair Value ----- >				< ----- Negative Fair Value ----- >			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
BANK												
As at 30 September 2018												
Trading derivatives												
Foreign exchange contracts :												
- Currency forwards	1,622,566	-	-	1,622,566	21,455	-	-	21,455	2,445	-	-	2,445
- Cross currency swaps	6,447,948	96,030	-	6,543,978	41,745	349	-	42,094	152,619	29,809	-	182,428
- Currency options	6,009	-	-	6,009	6	-	-	6	1	-	-	1
Interest rate contracts :												
- Interest rate swaps	601,000	190,148	1,735,000	2,526,148	1,425	948	16,407	18,780	1,623	922	12,249	14,794
	8,677,523	286,178	1,735,000	10,698,701	64,631	1,297	16,407	82,335	156,688	30,731	12,249	199,668
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

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

A29. DERIVATIVE FINANCIAL INSTRUMENTS (Cont.)

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

Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at the reporting date, the notional amount of foreign exchange exposure which was not hedged and hence, exposed to market risk was RM47.24 million (FYE 31/12/2017: RM64.5 million), while the notional amount of interest rate contract was RM464.1 million (FYE 31/12/2017: RM690.1 million).

Credit risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the commercial bank has a gain position. As at the reporting date, the amounts of foreign exchange and interest rate credit risk, measured in terms of the cost to replace the profitable contracts, was RM303.4 million (FYE 31/12/2017: RM363.7 million) and RM153.0 million (FYE 31/12/2017: RM341.7 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 2017.

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

A30. FAIR VALUE MEASUREMENTS

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

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

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
30 September 2018				
Assets				
Financial assets at FVTPL :				
- Money market instruments	118,219	383,455	-	501,674
- Shares, unit trusts and REITs	38,791	-	88,928	127,719
- Corporate bonds/Sukuk	-	69,945	30,591	100,536
Derivative financial assets	-	116,442	-	116,442
Financial assets at FVOCI* :				
- Money market instruments	-	4,392,299	-	4,392,299
- Shares and REITs	63,212	61	170,290	233,563
- Corporate bonds/Sukuk	-	10,337,676	-	10,337,676
	220,222	15,299,878	289,809	15,809,909
Liabilities				
Derivative financial liabilities	-	232,469	-	232,469
31 December 2017				
Assets				
Financial assets at FVTPL :				
- Money market instruments	-	40,702	-	40,702
- Shares and unit trusts	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
- Shares, unit trusts and REITs	233,637	61	249,823	483,521
- Corporate bonds/Sukuk	-	9,707,816	30,030	9,737,846
	279,312	14,346,499	279,853	14,905,664
Liabilities				
Derivative financial liabilities	-	263,676	-	263,676

* Net of allowance for impairment losses

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

A30. FAIR VALUE MEASUREMENTS (Cont.)

Bank	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
30 September 2018				
Assets				
Financial assets at FVTPL :				
- Money market instruments	-	252,205	-	252,205
- Shares, unit trusts and REITs	-	-	88,928	88,928
- Corporate bonds/Sukuk	-	-	30,591	30,591
Derivative financial assets	-	82,335	-	82,335
Financial assets at FVOCI* :				
- Money market instruments	-	3,148,721	-	3,148,721
- Shares, unit trusts and REITs	-	-	148,469	148,469
- Corporate bonds/Sukuk	-	4,959,949	-	4,959,949
	-	8,443,210	267,988	8,711,198
Liabilities				
Derivative financial liabilities	-	199,668	-	199,668
31 December 2017				
Assets				
Financial assets at FVTPL :				
- Money market instruments	-	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
- Shares	-	-	229,212	229,212
- Corporate bonds/Sukuk	-	4,580,488	30,030	4,610,518
	-	8,359,524	259,242	8,618,766
Liabilities				
Derivative financial liabilities	-	210,877	-	210,877

* 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 and the Bank then determine fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high.

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

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

A30. FAIR VALUE MEASUREMENTS (Cont.)

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

The Group and the Bank recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. Transfers between fair value hierarchy primarily due to change in the level of trading activity, change in observable market activity related to an input, reassessment of available pricing information and change in the significance of the unobservable input. There were no transfers between Level 1, 2 and 3 of the fair value hierarchy during the financial period (2017: Nil).

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

	<-----Group----->		<-----Bank----->	
	30/9/2018 RM'000	31/12/2017 RM'000	30/9/2018 RM'000	31/12/2017 RM'000
At the beginning of the financial period/year	279,853	266,501	259,242	246,637
Purchases	-	22,724	-	22,724
Sales	-	(4,159)	-	(4,159)
Net changes in income accrued	461	(15)	461	(15)
Total (losses)/gains recognised in other comprehensive income	9,495	(5,198)	8,285	(5,945)
At the end of the financial period/year	289,809	279,853	267,988	259,242

Effect of changes in significant unobservable assumptions to reasonably possible alternative

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

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

A31. CAPITAL ADEQUACY

The capital adequacy ratios of the Group and the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components) which the latest revision was issued on 2 February 2018. 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 BNM's Capital Adequacy Framework (Capital Components), the minimum capital adequacy requirement for Common Equity Tier 1 ("CET 1") Capital Ratio, Tier 1 Capital Ratio and Total Capital Ratio are 6.375% (2017: 5.75%), 7.875% (2017: 7.25%) and 9.875% (2017: 9.25%) respectively for year 2018.

	Group #		Bank	
	30/9/2018 RM'000	31/12/2017 RM'000	30/9/2018 RM'000	31/12/2017 RM'000
a) The components of CET 1, Tier 1 and Tier 2 capital :				
<u>CET 1</u>				
Paid-up share capital	4,684,752	4,684,752	4,684,752	4,684,752
Retained profits	3,061,883	2,670,888	2,482,449	1,987,315
Unrealised gains on FVOCI/AFS instruments	71,267	97,596	80,068	121,638
Foreign exchange reserves	151	151	-	-
	<u>7,818,053</u>	<u>7,453,387</u>	<u>7,247,269</u>	<u>6,793,705</u>
Less: Regulatory adjustments :				
- Goodwill and other intangibles	(911,080)	(903,962)	(184,382)	(171,980)
- Deferred tax assets	(71,270)	-	(35,682)	-
- 55% of cumulative gains on FVOCI/AFS instruments	(39,197)	(53,678)	(44,037)	(66,901)
- Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(759,416)	(581,498)	(3,766,021)	(3,020,467)
Total CET 1 Capital	<u>6,037,090</u>	<u>5,914,249</u>	<u>3,217,147</u>	<u>3,534,357</u>
<u>Additional Tier 1 Capital</u>				
Additional Tier 1 Capital	500,000	-	500,000	-
Qualifying capital instruments held by third parties	19,308	9,213	-	-
	<u>519,308</u>	<u>9,213</u>	<u>500,000</u>	<u>-</u>
Total Tier 1 Capital	<u>6,556,398</u>	<u>5,923,462</u>	<u>3,717,147</u>	<u>3,534,357</u>
<u>Tier 2 capital</u>				
Subordinated MTNs	2,000,000	2,000,000	2,000,000	2,000,000
Loss provisions	587,083	565,942	395,359	409,402
Less: Regulatory adjustments :				
- Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(81,726)	(145,374)	(81,726)	(755,117)
Total Tier 2 Capital	<u>2,505,357</u>	<u>2,420,568</u>	<u>2,313,633</u>	<u>1,654,285</u>
Total Tier 1 & 2 Capital	<u>9,061,755</u>	<u>8,344,030</u>	<u>6,030,780</u>	<u>5,188,642</u>
Total capital before proposed dividends	9,061,755	8,344,030	6,030,780	5,188,642
Proposed dividends	(19,760)	-	(19,760)	-
Total capital after proposed dividends	9,041,995	8,344,030	6,011,020	5,188,642
b) The breakdown of risk-weighted assets :				
Credit risk	46,966,600	45,275,347	31,628,718	32,752,159
Market risk	555,258	604,034	218,576	242,490
Operational risk	2,882,541	2,544,825	1,914,944	1,916,984
Total risk-weighted assets	50,404,399	48,424,206	33,762,238	34,911,633
c) Capital adequacy ratios :				
<u>Before deducting proposed dividends :</u>				
CET 1 capital ratio	11.977%	12.213%	9.529%	10.124%
Tier 1 capital ratio	13.008%	12.232%	11.010%	10.124%
Total capital ratio	<u>17.978%</u>	<u>17.231%</u>	<u>17.863%</u>	<u>14.862%</u>
<u>After deducting proposed dividends (Note 1) :</u>				
CET 1 capital ratio	11.938%	12.213%	9.470%	10.124%
Tier 1 capital ratio	12.968%	12.232%	10.951%	10.124%
Total capital ratio	<u>17.939%</u>	<u>17.231%</u>	<u>17.804%</u>	<u>14.862%</u>

The group comprises banking and non-banking subsidiaries.

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

A31. CAPITAL ADEQUACY (Cont.)

Note 1 Under a Dividend Reinvestment Plan ("DRP"), the amount of declared dividend to be deducted in the calculation of CET 1 Capital is determined in accordance with BNM's Implementation Guidance on Capital Adequacy Framework (Capital Components) (Implementation Guidance) issued on 2 February 2018.

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

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

Pursuant to Note B9, in arriving at the capital adequacy ratios as at 30 September 2018, the portion of the proposed dividends where no irrevocable written undertaking from shareholders to reinvest the electable portion into new ordinary shares of the Bank is obtained, is assumed to be paid in cash and has been deducted from the calculation of CET 1 Capital.

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 30 September 2018, RIA assets included in the Total Capital Ratio calculation amounted to RM2,973.9 million (2017: RM2,749.8 million).

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

	Economic Entity		Bank	
	30/9/2018	31/12/2017	30/9/2018	31/12/2017
(Before and after deducting proposed dividends)				
CET 1 capital ratio	11.635%	15.086%	11.635%	15.087%
Tier 1 capital ratio	11.635%	15.086%	11.635%	15.087%
Total Capital Ratio	<u>12.827%</u>	<u>16.251%</u>	<u>12.827%</u>	<u>16.251%</u>

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

	The Group		Bank	
	30/9/2018	31/12/2017	30/9/2018	31/12/2017
(Before deducting proposed dividends)				
CET 1 capital ratio	31.540%	34.806%	34.689%	40.546%
Tier 1 capital ratio	32.056%	35.064%	34.689%	40.546%
Total Capital Ratio	<u>32.882%</u>	<u>35.442%</u>	<u>35.604%</u>	<u>40.546%</u>
(After deducting proposed dividends)				
CET 1 capital ratio	28.871%	32.346%	31.447%	37.449%
Tier 1 capital ratio	29.386%	32.604%	31.447%	37.449%
Total Capital Ratio	<u>30.212%</u>	<u>32.982%</u>	<u>32.362%</u>	<u>37.449%</u>

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

A32. LIQUIDITY RISK

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

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

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

Group	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	> 1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
As at 30 September 2018							
Assets							
Cash and short-term funds	6,038,030	-	-	-	-	-	6,038,030
Deposits and placements with banks and other financial institutions	-	21,332	-	-	-	-	21,332
Financial assets at fair value through profit or loss ("FVTPL")	3,766	32,373	2,248	238,096	146,392	307,054	729,929
Derivative financial assets	20,657	47,536	28,293	13,454	6,502	-	116,442
Financial assets at fair value through other comprehensive income ("FVOCI")	488,511	234,303	1,061,450	5,288,031	7,657,680	233,563	14,963,538
Financial assets at amortised cost	20,843	734	-	148,968	-	-	170,545
Loans, advances and financing	3,819,956	1,904,953	1,607,248	11,094,499	30,197,732	-	48,624,388
Trade receivables	408,588	193	127	-	-	-	408,908
Other assets	84,190	390	17,733	12,558	1,384	45,773	162,028
Amount due from joint ventures	30,776	-	-	-	-	-	30,776
Amount due from associates	82,368	-	-	-	-	-	82,368
Statutory deposits with Bank Negara Malaysia	1,945,604	-	-	-	-	-	1,945,604
Other non-financial assets (Note 1)	35,682	-	5,765	-	-	2,261,129	2,302,576
Total assets	12,978,971	2,241,814	2,722,864	16,795,606	38,009,690	2,847,519	75,596,464
Liabilities							
Deposits from customers	20,154,133	11,934,887	21,555,883	2,213,409	-	-	55,858,312
Investment accounts of customers	31	-	-	6	973	-	1,010
Deposits and placements with banks and other financial institutions	4,095,447	1,613,896	993,282	-	-	-	6,702,625
Derivatives financial liabilities	54,825	101,578	33,726	40,075	2,265	-	232,469
Bills and acceptances payable	24,944	-	-	-	-	-	24,944
Trade payables	587,999	-	-	-	-	-	587,999
Other liabilities	853,232	44,274	130,986	13,108	-	6,456	1,048,056
Borrowings	-	-	14,654	500,000	2,000,000	-	2,514,654
Other non-financial liabilities (Note 2)	-	-	-	-	-	19,419	19,419
Total liabilities	25,770,611	13,694,635	22,728,531	2,766,598	2,003,238	25,875	66,989,488
Net liquidity gap	(12,791,640)	(11,452,821)	(20,005,667)	14,029,008	36,006,452	2,821,644	

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

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

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

A32. LIQUIDITY RISK (Cont.)

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

Group	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	> 1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
As at 31 December 2017							
Assets							
Cash and short-term funds	4,146,815	-	-	-	-	-	4,146,815
Deposits and placements with banks and other financial institutions	-	200,618	-	111,813	152,015	-	464,446
Financial assets at FVTPL	10,926	818	1,595	15,846	30,321	45,674	105,180
Derivative financial assets	35,973	56,154	59,743	12,127	9,128	-	173,125
Financial investments available-for-sale	337,126	677,080	1,211,461	4,253,970	7,634,201	513,521	14,627,359
Financial investments held-to-maturity	19,902	-	630	108,107	-	-	128,639
Loans, advances and financing	2,905,435	1,704,773	1,476,730	11,519,073	28,116,147	-	45,722,158
Trade receivables	549,932	786	19	-	-	-	550,737
Other assets	32,581	2,783	14,489	14,018	1,561	35,071	100,503
Amount due from joint ventures	38,849	-	-	-	-	-	38,849
Amount due from associates	500	-	-	-	-	-	500
Statutory deposits with Bank Negara Malaysia	1,772,640	-	-	-	-	-	1,772,640
Other non-financial assets (Note 1)	-	-	-	-	-	2,177,840	2,177,840
Total assets	9,850,679	2,643,012	2,764,667	16,034,954	35,943,373	2,772,106	70,008,791
Liabilities							
Deposits from customers	19,835,639	12,847,719	15,624,271	2,612,600	-	-	50,920,229
Investment accounts of customers	-	-	449	-	-	-	449
Deposits and placements with banks and other financial institutions	4,255,757	1,301,941	148,901	-	-	-	5,706,599
Obligation on securities sold under repurchase agreements	1,050,935	-	-	-	-	-	1,050,935
Derivatives financial liabilities	34,059	57,482	132,268	39,521	346	-	263,676
Bills and acceptances payable	42,152	-	-	-	-	-	42,152
Trade payables	677,022	-	-	-	-	-	677,022
Other liabilities	756,887	41,179	136,842	1,102	-	9,362	945,372
Borrowings	-	36,144	-	-	2,000,000	-	2,036,144
Other non-financial liabilities (Note 2)	-	-	-	-	51	37,368	37,419
Total liabilities	26,652,451	14,284,465	16,042,731	2,653,223	2,000,397	46,730	61,679,997
Net liquidity gap	(16,801,772)	(11,641,453)	(13,278,064)	13,381,731	33,942,976	2,725,376	

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

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

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

A32. LIQUIDITY RISK

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

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

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

Bank	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	> 1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
As at 30 September 2018							
Assets							
Cash and short-term funds	2,862,653	-	-	-	-	-	2,862,653
Deposits and placements with banks and other financial institutions	-	63,162	28,767	-	-	-	91,929
Investment accounts due from designated financial institutions	2,965,951	-	-	-	-	-	2,965,951
Financial assets at fair value through profit or loss ("FVTPL")	2,950	31,555	653	146,958	100,680	88,928	371,724
Derivative financial assets	16,102	36,200	22,171	1,525	6,337	-	82,335
Financial assets at fair value through other comprehensive income ("FVOCI")	243,481	125,318	586,168	3,611,585	3,542,118	148,469	8,257,139
Financial assets at amortised cost	20,843	734	-	100,000	-	-	121,577
Loans, advances and financing	2,644,195	1,150,775	931,277	8,672,329	15,453,533	-	28,852,109
Other assets	50,748	156	13,875	6,102	1,147	19,472	91,500
Amount due from associate	81,868	-	-	-	-	-	81,868
Statutory deposits with Bank Negara Malaysia	1,191,701	-	-	-	-	-	1,191,701
Other non-financial assets (Note 1)	35,682	-	-	-	-	4,415,397	4,451,079
Total assets	10,116,174	1,407,900	1,582,911	12,538,499	19,103,815	4,672,266	49,421,565
Liabilities							
Deposits from customers	12,324,925	7,095,383	12,431,049	1,461,723	-	-	33,313,080
Deposits and placements with banks and other financial institutions	2,600,316	1,067,954	1,001,350	-	-	-	4,669,620
Derivatives financial liabilities	48,753	91,137	26,553	30,960	2,265	-	199,668
Bills and acceptances payable	24,944	-	-	-	-	-	24,944
Other liabilities	499,052	-	-	-	-	-	499,052
Amount due to subsidiaries	430,541	-	-	-	-	-	430,541
Borrowings	-	-	14,654	500,000	2,000,000	-	2,514,654
Other non-financial liabilities (Note 2)	-	-	-	-	-	-	-
Total liabilities	15,928,531	8,254,474	13,473,606	1,992,683	2,002,265	-	41,651,559
Net liquidity gap	(5,812,357)	(6,846,574)	(11,890,695)	10,545,816	17,101,550	4,672,266	

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

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

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

A32. LIQUIDITY RISK (Cont.)

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

Bank	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	> 1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
As at 31 December 2017							
Assets							
Cash and short-term funds	2,209,948	-	-	-	-	-	2,209,948
Deposits and placements with banks and other financial institutions	-	241,618	-	101,500	152,015	-	495,133
Investment accounts due from designated financial institutions	2,749,067	-	-	-	-	-	2,749,067
Financial assets at FVTPL	10,129	-	-	-	-	-	10,129
Derivative financial assets	17,932	46,109	46,492	1,083	9,203	-	120,819
Financial investments available-for-sale	247,572	639,945	1,014,546	2,847,253	3,479,290	259,212	8,487,818
Financial investments held-to-maturity	19,902	-	630	100,000	-	-	120,532
Loans, advances and financing	1,941,990	1,065,019	1,027,765	8,593,938	16,515,188	-	29,143,900
Other assets	12,656	1,780	12,000	5,982	1,106	17,271	50,795
Amount due from subsidiaries	2	-	-	-	-	-	2
Statutory deposits with Bank Negara Malaysia	1,203,000	-	-	-	-	-	1,203,000
Other non-financial assets (Note 1)	-	-	-	-	-	4,381,507	4,381,507
Total assets	8,412,198	1,994,471	2,101,433	11,649,756	20,156,802	4,657,990	48,972,650
Liabilities							
Deposits from customers	12,591,327	8,996,850	9,617,871	2,089,105	-	-	33,295,153
Deposits and placements with banks and other financial institutions	2,971,701	908,941	99,663	-	-	-	3,980,305
Obligation on securities sold under repurchase agreements	954,922	-	-	-	-	-	954,922
Derivatives financial liabilities	17,895	43,049	120,080	29,432	421	-	210,877
Bills and acceptances payable	42,152	-	-	-	-	-	42,152
Other liabilities	482,660	-	-	-	-	-	482,660
Amount due to subsidiaries	448,149	-	-	-	-	-	448,149
Borrowings	-	36,144	-	-	2,000,000	-	2,036,144
Other non-financial liabilities (Note 2)	-	-	-	-	-	17,841	17,841
Total liabilities	17,508,806	9,984,984	9,837,614	2,118,537	2,000,421	17,841	41,468,203
Net liquidity gap	(9,096,608)	(7,990,513)	(7,736,181)	9,531,219	18,156,381	4,640,149	

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

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

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

A33. OPERATIONS OF ISLAMIC BANKING - AFFIN ISLAMIC BANK BERHAD

(i) Unaudited Statements of Financial Position

	Group	
	30/9/2018	31/12/2017
	RM'000	RM'000
ASSETS		
Cash and short-term funds	2,580,723	1,423,594
Derivative financial assets	6,067	2,623
Financial assets at fair value through other comprehensive income ("FVOCI")	2,526,571	-
Financial investments available-for-sale	-	2,377,724
Financing, advances and other financing	18,435,311	15,369,747
Other assets	13,833	17,833
Amount due from holding company	428,867	406,523
Amount due from joint venture	30,776	32,849
Amount due from associate	500	500
Deferred tax assets	16,771	5,020
Statutory deposits with Bank Negara Malaysia	567,500	400,640
Investment in associate	750	750
Property and equipment	2,969	2,411
Intangible assets	406	-
TOTAL ASSETS	24,611,044	20,040,214
LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		
Deposits from customers	18,403,020	14,199,332
Investment accounts of customers	1,010	449
Deposits and placements of banks and other financial institutions	1,329,192	1,261,400
Investment accounts due to designated financial institutions	2,967,442	2,749,016
Derivative financial liabilities	999	3,258
Other liabilities	91,352	67,456
Provision for taxation	11,455	1,150
Total Liabilities	22,804,470	18,282,061
ISLAMIC BANKING CAPITAL FUNDS		
Share capital	1,060,000	1,060,000
Reserves	746,574	698,153
Total Islamic Banking Capital Funds	1,806,574	1,758,153
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS	24,611,044	20,040,214
COMMITMENTS AND CONTINGENCIES	5,035,468	4,734,028

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

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

(ii) Unaudited Income Statements

	<-----Group----->			
	Individual Quarter Ended 30/9/2018 RM'000	30/9/2017 RM'000	Cumulative Quarter Ended 30/9/2018 RM'000	30/9/2017 RM'000
Income derived from investment of depositors' funds and others	246,127	183,824	691,161	498,659
Income derived from investment of investment account funds	29,772	27,412	75,721	81,175
Income derived from investment of shareholders' funds	22,491	18,281	67,048	50,900
Allowances for credit impairment losses	(6,158)	(6,964)	(19,822)	(23,466)
Impairment losses on other assets	(5,719)	-	(5,719)	-
Total distributable income	286,513	222,553	808,389	607,268
Income attributable to the depositors	(196,668)	(143,389)	(523,841)	(390,615)
Total net income	89,845	79,164	284,548	216,653
Other operating expenses	(55,138)	(44,650)	(164,220)	(126,403)
Profit before zakat and taxation	34,707	34,514	120,328	90,250
Zakat	(3,061)	(3,000)	(3,061)	(3,000)
Profit before taxation	31,646	31,514	117,267	87,250
Taxation	(12,082)	(8,407)	(32,579)	(21,180)
Net profit for the financial period	19,564	23,107	84,688	66,070

(iii) Unaudited Statements of Comprehensive Income

	<-----Group----->			
	Individual Quarter Ended 30/9/2018 RM'000	30/9/2017 RM'000	Cumulative Quarter Ended 30/9/2018 RM'000	30/9/2017 RM'000
Profit after zakat and taxation	19,564	23,107	84,688	66,070
Other comprehensive income/(losses) :				
Items that may be reclassified subsequently to profit and loss :				
- Net fair value change in financial assets at FVOCI	23,994	(19,952)	11,787	-
- Net credit impairment losses change in financial assets at FVOCI	21	-	15	-
- Net fair value change in financial investments available-for-sale	-	23,931	-	23,931
- Deferred tax on financial assets at FVOCI	(5,759)	4,789	(2,829)	-
- Deferred tax on financial investments available-for-sale	-	(5,743)	-	(5,743)
Other comprehensive income for the financial period, net of tax	18,256	3,025	8,973	18,188
Total comprehensive income for the financial period	37,820	26,132	93,661	84,258

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

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

(iv) **Unaudited Condensed Statement Of Changes In Equity**

	<-----Attributable to Equity Holder of the Bank----->					
	FVOCI					
	Share capital	Statutory reserves	revaluation reserves	Regulatory reserves	Retained profits	Total
<u>Economic Entity</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2018,						
- As previously reported	1,060,000	-	(6,915)	94,866	610,202	1,758,153
- Adjustment arising from adoption of MFRS 9	-	-	215	(19,067)	(26,388)	(45,240)
At 1 January 2018, as restated	1,060,000	-	(6,700)	75,799	583,814	1,712,913
Comprehensive income :						
- Net profit for the financial period	-	-	-	-	84,688	84,688
Other comprehensive income (net of tax) :						
- Financial assets at FVOCI	-	-	8,973	-	-	8,973
Total comprehensive income for the period	-	-	8,973	-	84,688	93,661
Transfer to regulatory reserves	-	-	-	68,515	(68,515)	-
At 30 September 2018	1,060,000	-	2,273	144,314	599,987	1,806,574

	<-----Attributable to Equity Holder of the Bank----->					
	AFS					
	Share capital	Statutory reserves	revaluation reserves	Regulatory reserves	Retained profits	Total
<u>Economic Entity</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2017	560,000	305,016	(18,064)	73,178	237,127	1,157,257
Comprehensive income :						
- Net profit for the financial period	-	-	-	-	66,070	66,070
Other comprehensive income (net of tax) :						
- Financial investments available-for-sale	-	-	18,188	-	-	18,188
Total comprehensive income for the period	-	-	18,188	-	66,070	84,258
Issued during the financial period	200,000	-	-	-	-	200,000
Transfer to regulatory reserves	-	-	-	16,394	(16,394)	-
Transfer to retained profits	-	(305,016)	-	-	305,016	-
At 30 September 2017	760,000	-	124	89,572	591,819	1,441,515

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

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

	Group	
	30/9/2018	31/12/2017
(v) Financing	RM'000	RM'000
<u>By type</u>		
Cash line	448,020	312,995
Term financing		
- Housing financing	5,982,663	4,399,777
- Syndicated financing	997,566	1,065,163
- Hire purchase receivables	4,248,590	3,864,507
- Business term financing	5,368,481	4,300,525
Bills receivables	11,696	8,228
Trust receipts	15,027	14,717
Interest-free accepted bills	388,941	250,246
Staff financing	39,958	28,931
Credit/charge cards	5,274	12
Revolving credit	1,063,505	1,205,946
	<u>18,569,721</u>	<u>15,451,047</u>
Less : Allowance for impairment losses		
- Individual impairment	-	(24,039)
- Collective impairment	-	(57,261)
- ECL	(134,410)	-
Total net financing	<u>18,435,311</u>	<u>15,369,747</u>
(vi) Impaired financing		
(a) <u>Movements of impaired financing</u>		
At the beginning of the financial period/year, as previously stated	142,310	97,498
Effect of adoption of MFRS 9	(594)	-
At the beginning of the financial period/year, as restated	<u>141,716</u>	<u>97,498</u>
Classified as impaired during the financial period/year	258,178	419,647
Reclassified as non-impaired during the financial period/year	(74,970)	(337,769)
Amount recovered during the financial period/year	(20,182)	(28,700)
Amount written-off during the financial period/year	(11,067)	(8,366)
At the end of financial period/year	<u>293,675</u>	<u>142,310</u>
Ratio of gross impaired loans, advances and financing to gross loans, advances and financing (*)	<u>1.88%</u>	<u>1.12%</u>
* RIA financing excluded in the ratio calculation		
(b) <u>Movements in the allowance for impairment on financing</u>		
Collective impairment		
At the beginning of the financial period/year, as previously stated	57,261	44,995
Effect of adoption of MFRS 9	(57,261)	-
At the beginning of the financial period/year, as restated	<u>-</u>	<u>44,995</u>
Allowance (net of write-back) made during the financial period/year	-	20,595
Amount written-off during the financial period/year	-	(8,329)
At the end of financial period/year	<u>-</u>	<u>57,261</u>
Individual impairment		
At the beginning of the financial period/year, as previously stated	24,039	18,003
Effect of adoption of MFRS 9	(24,039)	-
At the beginning of the financial period/year, as restated	<u>-</u>	<u>18,003</u>
Allowance made during the financial period/year	-	16,404
Amount recovered during the financial period/year	-	(8,096)
Unwinding discount of allowance	-	(881)
Exchange difference	-	(1,391)
At the end of financial period/year	<u>-</u>	<u>24,039</u>

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

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

(vii) Movement in expected credit losses for financing, advances and other financing

	12 months ECL (Stage 1) 30/9/2018 RM'000	Lifetime ECL not Credit Impaired (Stage 2) 30/9/2018 RM'000	Lifetime ECL Credit Impaired (Stage 3) 30/9/2018 RM'000	Total 30/9/2018 RM'000
Bank				
At 1 January 2018, on adoption of MFRS 9	54,528	10,975	58,334	123,837
Total transfer between stages	2,814	13,474	(16,288)	-
Changes due to change in credit risk :				
- Transfer to 12-month ECL (Stage 1)	7,151	(7,019)	(132)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(3,505)	25,087	(21,582)	-
- Transfer to Lifetime ECL credit impaired provision (Stage 3)	(832)	(4,594)	5,426	-
Financing, advances and other financing derecognised during the period (other than write-offs)	(22,794)	(1,161)	(165)	(24,120)
New financing, advances and other financing originated or purchased	31,525	958	6	32,489
Changes due to change in credit risk	(16,303)	1,526	28,677	13,900
Write-offs	-	-	(11,064)	(11,064)
Other adjustments				
- Unwind of discount #	-	-	(632)	(632)
At 30 September 2018	49,770	25,772	58,868	134,410

Unwind of discount on Stage 3 financial assets is the finance income recognised on amortised cost (after deducting the ECL allowance)

(viii) Deposits from customers

	Group	
	30/9/2018 RM'000	31/12/2017 RM'000
<u>Qard</u>		
Demand deposits	2,002,446	3,071,743
Savings deposits	581,627	539,826
	<u>2,584,073</u>	<u>3,611,569</u>
<u>Mudarabah</u>		
General investment deposits	68,773	76,332
<u>Tawarruq</u>		
Murabahah term deposits	14,831,898	9,925,402
Commodity Murabahah Deposit	918,276	586,029
	<u>15,750,174</u>	<u>10,511,431</u>
Total deposits from customers	<u>18,403,020</u>	<u>14,199,332</u>

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

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

Financial review for individual and cumulative quarter ended 30/9/2018 against preceding year's corresponding quarter ended 30/9/2017

	Individual Quarter Ended		Changes		Cumulative Quarter Ended		Changes	
	30/9/2018 RM'000	30/9/2017 RM'000	RM'000	%	30/9/2018 RM'000	30/9/2017 RM'000	RM'000	%
Net Income	496,249	327,954	168,295	51.32	1,467,044	1,025,752	441,292	43.02
Operating Profit	185,060	58,427	126,633	216.74	455,784	330,215	125,569	38.03
Profit Before Zakat and Tax	190,553	58,427	132,126	226.14	491,846	330,215	161,631	48.95
Profit Before Tax	187,319	55,427	131,892	237.96	487,969	327,215	160,754	49.13
Profit After Tax	150,518	39,902	110,616	277.22	375,506	248,319	127,187	51.22
Profit attributable to equity holders of the Bank	144,563	39,902	104,661	262.29	359,336	248,319	111,017	44.71

The Group reported a higher profit before taxation ("PBT") of RM187.3 million for the current financial quarter as compared to RM55.4 million for the preceding year's corresponding quarter. For the 9 months ended 30 September 2018, the Group's PBT of RM488.0 million also indicated an increase of RM160.8 million or 49.1% as compared to RM327.2 million for the corresponding period ended 30 September 2017. The improved performance was mainly due to the increase in Islamic banking income of RM64.6 million, net fee and commission income of RM273.4 million, net gain and losses on financial instruments of RM73.1 million and other operating income of RM19.5 million. These were partially offset by the increase in overhead expenses, allowance for credit impairment losses and allowance for impairment loss on other assets of RM299.7 million, RM3.9 million and RM12.1 million respectively. In addition, the share of profit in associate was higher by RM38.5 million for the period under review.

Commercial Banking

The results of the commercial banking segment was mainly attributable to the ABB and AFFIN Islamic Bank Berhad ("AiBB").

ABB reported a higher PBT of RM156.7 million for the current financial quarter as compared to RM23.7 million for the preceding year's corresponding quarter. For the 9 months ended 30 September 2018, ABB's PBT of RM472.0 million also an increase of RM232.5 million or 97.1% as compared to RM239.5 million achieved in the same period previous year. This was mainly due to dividend income of RM223.0 million received from subsidiaries, gain of RM31.0 million on winding-up of AFFIN Recoveries and lower overhead expenses of RM25.3 million, net of lower net interest income RM53.9 million. The reduction in overhead expenses was attributable to lower personnel cost of RM27.1 million and establishment cost of RM7.3 million, net of higher marketing expenses of RM11.9 million.

AiBB registered a higher PBT of RM31.6 million for the current financial quarter as compared to RM31.5 million for the preceding year's corresponding quarter. For the 9 months ended 30 September 2018, AiBB registered a higher PBT of RM117.3 million as compared to RM87.3 million achieved in the same period previous year. The improved performance was mainly due to the increase in operating income of RM70.0 million in line with the financing growth of 20.2%, net of higher in overhead expenses of RM37.8 million and allowance for financing impairment of RM2.1 million.

Investment Banking

The results of the investment banking segment was attributed to the results of AFFIN Hwang Investment Bank Berhad ("AFFIN Hwang IB") Group.

The AFFIN Hwang IB Group reported a PBT of RM124.0 million for the 9 months ended 30 September 2018, mainly made up of net fee and commission income, net gain on financial instruments and net interest income of RM267.9 million, RM69.5 million and RM56.1 million respectively, net of overhead expenses of RM274.1 million. The 70%-owned subsidiary of AFFIN Hwang IB, namely AFFIN Hwang Asset Management Berhad ("AHAM") also reported a PBT of RM70.2 million, mainly made up of net fee and commission income of RM185.3 million, net of overhead expenses of RM115.7 million. The overhead expenses were mainly made up of personnel cost, promotion and marketing related expenses and establishment cost of RM89.0 million, RM9.2 million and RM9.0 million respectively for the period under review.

The AFFIN Hwang IB Group reported a lower PBT of RM41.0 million for the current financial quarter as compared to RM52.5 million for the preceding year's corresponding quarter. For the 9 months ended 30 September 2018, the AFFIN Hwang IB Group's also reported a lower PBT of RM124.0 million as compared to RM139.2 million achieved last year. This was mainly due to lower net gain and losses on financial instruments of RM39.6 million, higher overhead expenses of RM14.1 million and higher allowance for credit impairment losses of RM3.3 million, off set by higher net fee and commission income and net interest income of RM35.4 million and RM6.0 million respectively. The increase in net fee and commission income of RM35.4 million was mainly attributable to the increase in net management fee income by AHAM of RM26.3 million while the increase in overhead expenses was attributable to the increase in personnel cost of RM16.2 million net of lower marketing expenses of RM1.9 million.

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

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

Investment Banking (Cont.)

AHAM contributed a higher PBT of RM24.4 million for the current financial quarter as compared to RM19.8 million for the preceding year's corresponding quarter. For the 9 months ended 30 September 2018, AHAM also registered a higher PBT RM70.2 million as compared to RM58.4 million achieved in the previous year. The improved performance was mainly attributable to higher net management fee income of RM26.3 million, in line with the higher AUA ("Assets Under Administration") of RM49.3 billion as at 30 September 2018 as compared to RM47.4 billion as at 31 December 2017. The overhead expenses also increased by RM9.6 million mainly due to higher personnel cost of RM18.6 million net of lower marketing expenses of RM10.0 million for the period 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").

AALI reported a pre-tax loss of RM4.5 million for the current financial quarter as compared to the pre-tax loss of RM4.3 million for the preceding year's corresponding quarter. For the 9 months ended 30 September 2018, AALI reported a lower pre-tax loss of RM6.3 million as compared to the pre-tax loss of RM15.6 million for the corresponding period last year. This was mainly due to lower reserves for future policyholders' liabilities of RM9.4 million as a result of movement in MGS rate and lower expenses of RM2.3 million, net of lower investment income of RM2.4 million.

AAGI reported a pre-tax profit of RM106.4 million for the 9 months ended 30 September 2018, mainly made up of earned premium of RM892.8 million and investment income of RM76.1 million, net of net claims incurred, net commission and management expenses of RM586.8 million, RM95.1 million and RM183.4 million respectively.

AAGI reported a lower pre-tax profit of RM20.0 million for the current financial quarter as compared to RM24.7 million for the preceding year's corresponding quarter. For the 9 months ended 30 September 2018, AAGI however reported a higher pre-tax profit of RM106.4 million as compared to RM92.6 million for the same period last year, mainly attributable to higher gain on disposal of investments of RM14.0 million. The gross written premium reported for the 9 months ended 30 September 2018 was RM1,156.0 million, a growth of 5.7% as compared to the corresponding period last year, mainly contributed by Motor and Personal Accident.

Other business segment

The results of other business segment was made up of the pre-tax profit of RM1.1 million of AFFIN Moneybrokers Sdn Bhd ("AMB") for the 9 months ended 30 September 2018 mainly made up of brokerage income of RM8.1 million net of overhead expenses of RM7.0 million.

AMB reported a pre-tax profit of RM0.5 million for the current financial quarter as compared to RM0.4 million for the preceding year's corresponding quarter. For the 9 months ended 30 September 2018, AMB reported a lower PBT of RM1.1 million as compared to RM1.3 million achieved in the previous year, mainly due to lower brokerage income of RM0.8 million, net of higher overhead expenses of RM0.6 million.

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

Financial review for current quarter against preceding quarter

	Current Financial Quarter	Preceding Financial Quarter	Changes	
	30/9/2018 RM'000	30/6/2018 RM'000	RM'000	%
Net income	496,249	494,178	2,071	0.42
Operating Profit	185,060	95,998	89,062	92.77
Profit Before Zakat and Tax	190,553	114,306	76,247	66.70
Profit Before Tax	187,319	113,900	73,419	64.46
Profit After Tax	150,518	79,001	71,517	90.53
Profit attributable to equity holders of the Bank	144,563	73,306	71,257	97.20

For the current financial quarter, the Group reported a higher pre-tax profit of RM187.3 million as compared to RM113.9 million achieved in the preceding quarter. The improved performance was mainly due to the write-back of credit impairment losses of RM1.0 million as compared to allowance of RM91.9 million in the preceding quarter and higher net gains on financial instruments of RM24.8 million. These were partially offset by lower other income, share of profit in associate, Islamic banking income and net fee and commission income of RM12.1 million, RM10.6 million, RM7.6 million and RM4.1 million respectively. For the quarter under review, the allowance for impairment on other assets was higher by RM5.4 million.

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

B3. PROSPECTS FOR FINANCIAL YEAR 2018

Banking

Malaysia's economy is expected to grow at a slower pace of 4.8% for year 2018 and 4.9% for 2019, mainly due to slow economic activities, volatile oil prices, on-going trade wars and concern on the health of the national debts status.

The Bank will continue to leverage on the Group's strengths to further develop its business and improve its market position by focusing on opportunities in the Retail, Small and Medium Enterprises ("SME") and Corporate Banking amidst the headwinds.

The Bank will also remain focused in its pursuits of operational excellence, whilst safeguarding strong governance, compliance and risk culture. In line with the rapid development in digital banking landscape, the Group will continue to accelerate its digital banking solutions and further improve its innovativeness in offering financial solutions for better customer experience.

The Investment Bank Group will continue its efforts to expand its present leading positions in the investment banking, securities and asset management businesses.

Insurance

Long-term outlook for the Malaysian insurance industry remains positive underpinned by economic growth, favourable demographics, increasing awareness for protection, and regulatory reforms in an underpenetrated market.

The life insurance market (as measured by weighted annualised new business premium) is expected to record high single digit growth for 2018, and continue to grow at a moderate rate. AALI will aim to reposition the business more towards health and protection with a focus on building a multi-channel proposition targeting different customer segments, including relatively less penetrated customer segments.

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. AAGI will focus on selective growth and harness benefits from transformation projects undertaken, while continuing its journey to be a customer centric insurer.

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

B4. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

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

B5. TAXATION

	<-----Group----->			
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2018	30/9/2017	30/9/2018	30/9/2017
	RM'000	RM'000	RM'000	RM'000
Malaysian Taxation :				
- Income tax based on profit for the financial period	55,103	29,312	120,118	88,666
Under provision in prior year :				
- Current taxation	(6,768)	1,505	5,858	1,505
Deferred tax :				
- Relating to originating temporary differences	(11,534)	(15,292)	(13,513)	(11,275)
	36,801	15,525	112,463	78,896
	<-----Bank----->			
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2018	30/9/2017	30/9/2018	30/9/2017
	RM'000	RM'000	RM'000	RM'000
Malaysian Taxation :				
- Income tax based on profit for the financial period	29,828	20,047	59,489	67,128
Under provision in prior year :				
- Current taxation	(2,879)	1,416	9,747	1,416
Deferred tax :				
- Relating to originating temporary differences	(3,758)	(14,404)	(6,904)	(10,978)
	23,191	7,059	62,332	57,566

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

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

B6. SIGNIFICANT EVENT

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 AHB announced that AHB and ABB intend to undertake the following proposals:-

- (i) Proposed Transfer by AHB of the following identified companies to ABB:
- AHIB, a wholly-owned subsidiary of AHB;
 - AMB, a wholly-owned subsidiary of AHB;
 - AALI, a 51.00%-owned joint venture company of AHB; and
 - AAGI, a 37.07%-owned associate company of AHB,

(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 account 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").

On 16 October 2017, the Transfer Consideration had been finalised to be RM 2.505 billion and satisfied by ABB, partly in cash and partly in shares and the Reorganisation is deemed completed on 16 October 2017.

Subsequent to the Reorganisation, AHB implemented the Distribution and Subscription simultaneously which was completed on 30 January 2018.

The Distribution entailed the distribution of the entire shareholding in ABB held by AHB to its Entitled Shareholders on the basis of 1 ABB share for each AHB share held was completed on 30 January 2018 by way of distribution-in-specie via a reduction of the entire consolidated capital of AHB and the retained earnings of AHB.

ABB subscribed to 2 new ordinary shares of AHB for RM2.00 under the Subscription. Consequently, AHB had become a subsidiary of ABB upon the completion of the Distribution and the Subscription on 30 January 2018.

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

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

B6. SIGNIFICANT EVENT (Cont.)

Reorganisation of AFFIN Holdings Berhad Group of Companies ["Group Reorganisation"] (Cont.)

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.

	AHB
	RM'000
ASSETS	
Cash and short-term funds	15,545
Deposits and placements with banks and other financial institutions	57,634
Amount due from associate	88,740
Other assets	532
Tax recoverable	1,862
Amount due from subsidiary	3
TOTAL ASSETS	<u>164,316</u>
LIABILITIES	
Other liabilities	5,328
Deferred tax liabilities	5
Borrowings	<u>57,420</u>
TOTAL LIABILITIES	<u>62,753</u>
Net assets transferred to the Group	101,563
Effect of predecessor accounting	<u>(101,563)</u>
Total purchase consideration [Note]	-
Add: Cash and cash equivalent of the net assets transferred	<u>15,545</u>
Net cash inflow from Group Reorganisation	<u>15,545</u>

Note: ABB had on 30 January 2018 subscribed to 2 new ordinary shares of AHB for RM2.00 pursuant to the Subscription.

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

B7. GROUP BORROWINGS AND DEBT SECURITIES

	Group		Bank	
	30/9/2018 RM'000	31/12/2017 RM'000	30/9/2018 RM'000	31/12/2017 RM'000
(i) Deposits from Customers				
<u>By Type of Deposits :</u>				
Money Market Deposits	1,444,382	1,450,161	1,444,382	1,450,161
Demand Deposits	6,142,472	7,514,976	4,152,842	4,445,816
Savings Deposits	2,097,700	2,068,084	1,516,073	1,528,259
Fixed Deposits	39,854,476	34,333,682	20,865,302	20,955,124
Negotiable Instruments of Deposits (NID)	5,324,764	4,865,486	5,334,481	4,915,793
Commodity Murabahah Deposits (CMD)	918,277	586,029	-	-
Others	76,241	101,811	-	-
	55,858,312	50,920,229	33,313,080	33,295,153
 Maturity structure of fixed deposits and NIDs are as follows :				
Due within six months	31,051,033	28,146,343	18,212,475	18,136,022
Six months to one year	11,925,156	8,440,099	6,525,577	5,645,663
One year to three years	1,981,265	2,326,825	1,434,468	2,065,142
Three years to five years	221,786	285,901	27,263	24,090
	45,179,240	39,199,168	26,199,783	25,870,917
 <u>By Type of Customers :</u>				
Government and statutory bodies	9,909,250	8,025,732	1,902,105	2,502,386
Business enterprises	14,980,056	13,909,710	9,121,567	8,813,469
Individuals	15,424,660	14,544,917	13,564,962	12,927,124
Domestic banking institutions	5,383,380	4,924,729	5,398,086	4,970,867
Domestic non-banking financial institutions	8,571,950	8,316,341	2,426,551	3,221,556
Foreign entities	566,243	596,604	453,293	507,288
Others	1,022,773	602,196	446,517	352,463
	55,858,312	50,920,229	33,313,081	33,295,153
 (ii) Deposits and Placements of Banks and Other Financial Institutions				
<u>By Type of Institutions :</u>				
Licensed banks	3,896,225	2,875,922	2,481,057	1,833,042
Licensed investment banks	207,456	98,321	-	43,711
Bank Negara Malaysia	349,159	1,176,407	349,159	1,176,296
Other financial institutions	2,249,785	1,555,949	1,839,404	927,256
	6,702,625	5,706,599	4,669,620	3,980,305
 <u>By Maturity Structure :</u>				
Due within six months	6,485,879	5,706,599	4,452,874	3,980,305
Six months to one year	216,746	-	216,746	-
	6,702,625	5,706,599	4,669,620	3,980,305
 (iii) Borrowings			Group and Bank	
			30/9/2018	31/12/2017
			RM'000	RM'000
Tier-2 Subordinated Medium Term Notes ("Subordinated MTNs")			2,009,728	2,036,144
Additional Tier-1 Capital Securities ("AT1CS")			504,926	-
			2,514,654	2,036,144

Tier-2 Subordinated Medium Term Notes ("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% per annum and 5.03% per annum respectively. The MTNs were issued for the purpose of general banking business and working capital requirements of the Bank.

Additional Tier-1 Capital Securities ("AT1CS")

The Bank had on 31 July 2018 issued AT1CS of RM500 million out of its approved BASEL III Compliant AT1CS programme of up to RM3.0 billion in nominal value. The AT1CS was on perpetual non-callable 5 years, at a coupon rate of 5.80% per annum. The AT1CS was issued for the purpose of general banking business and working capital requirements of the Bank.

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

B8. MATERIAL LITIGATION

AFFIN Bank Berhad

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. On 29 January 2018, the full trial of the suit has been fixed on 27, 28 and 29 August 2018. On 30 July 2018, the Court fixed Case Management on 15 August 2018. On 15 August 2018, full trial was fixed from 27 to 29 August 2018. Hearing was part heard on 27 and 28 August 2018, postponed to 2 October 2018 which was further postponed to 16 and 17 October 2018. On 16 October 2018, the trial dates were vacated as the presiding Judge informed that he will be transferred and a new Judge will take over the matter. New Case Management date is 5 December 2018.

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 period under review.

AFFIN Hwang Investment Bank Berhad

A chargor of a piece of land ("the Land") charged to the Bank as part of the collaterals for a syndicated facility granted to a borrower by a consortium financial institutions, had filed a claim against the Bank on 9 June 2016 for the sum of RM5,185,683.19 or in the alternative damages to be assessed, interests and costs, alleging that the Bank as Security Agent had failed to perform its contractual and/or statutory obligations in relation to the application of the sales proceeds of the Land and had wrongfully deducted the recovery and enforcement expenses, which included expenses for other properties/securities from the surplus of the sales proceed of the Land. As Security Agent, the consortium financial institutions will indemnify the Bank for the claim instituted against the Bank. The Bank had filed an application for disposal of the claim under Order 14A of the Rules of Court 2012. On 4 May 2018, the Kuala Lumpur High Court ("KLHC") decided in favour of the Bank, by dismissing the chargor's suit, with costs. Nevertheless, one out of the four questions posed by the Bank was not answered in favour of the Bank, i.e. the chargor was not estopped from disputing the redemption sum. In this regard, the Bank had filed its appeal against the said part of the decision, which is fixed for case management on 7 August 2018. The chargor had also filed its appeal against the KLHC's decision. During case management on 7 August 2018, the Court had directed the Bank's appeal to be heard together with the chargor's appeal on 23 November 2018.

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

B9. DIVIDENDS

The Board of Directors has declared a single-tier interim dividend for the financial year ending 31 December 2018. The Board of Directors has also approved that the Dividend Reinvestment Plan ("1st DRP") be applied to the said interim dividend and the entire interim dividend can be elected and reinvested in new ordinary shares.

Amount per share	:	5.0 sen per share
Previous corresponding period	:	2.34 sen per share
Date payable	:	To be announced at a later date
Date of entitlement	:	To be announced at a later date
Total dividend for the current financial period	:	5.0 sen per share

B10. EARNINGS PER SHARE

	<----- Group ----->			
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2018	30/9/2017	30/9/2018	30/9/2017
Net profit attributable to equity holders of the Bank (RM'000)	144,563	39,902	359,336	248,319
Weighted average number of ordinary shares in issue	1,942,948,547	1,688,769,616	1,942,948,547	1,688,769,616
Basic earnings per share (sen)	7.44	2.36	18.49	14.70

The basic earnings per share of the Group for the current financial quarter ended 30 September 2018 has been calculated based on the net profit attributable to the equity holders of the Bank of RM144,563,000 (2017: RM39,902,000) divided by the weighted average number of ordinary shares in issue during the current financial quarter of 1,942,948,547 (2017: 1,688,769,616).

The basic earnings per share of the Group for the cumulative quarter ended 30 September 2018 has been calculated based on the net profit attributable to the equity holders of the Bank of RM359,336,000 (2017: RM248,319,000) divided by the weighted average number of ordinary shares in issue during the current financial quarter of 1,942,948,547 (2017: 1,688,769,616).