

AFFIN Islamic Bank Berhad
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION as at 30 September 2017

	Note	Economic Entity		The Bank	
		Current Financial Quarter 30/9/2017 RM'000	Previous Financial Year-End 31/12/2016 RM'000	Current Financial Quarter 30/9/2017 RM'000	Previous Financial Year-End 31/12/2016 RM'000
ASSETS					
Cash and short-term funds		1,912,027	1,057,844	1,912,027	1,057,844
Deposits and placements with banks and other financial institutions		30,036	-	30,036	-
Derivative financial assets	13	1,276	8,987	1,276	8,987
Financial investments available-for-sale	14	2,151,287	1,833,408	2,151,287	1,833,408
Financial investments held-to-maturity	15	67,286	72,122	67,286	72,122
Financing, advances and other financing	16	13,824,601	11,914,943	13,824,601	11,914,943
Other assets	17	32,344	7,901	32,344	7,901
Amount due from holding company		142,447	-	142,447	-
Amount due from joint ventures	18	50,636	46,725	50,636	46,725
Amount due from associate	19	500	500	500	500
Deferred tax assets		2,609	8,056	2,609	8,056
Statutory deposits with Bank Negara Malaysia		452,340	332,000	452,340	332,000
Investment in joint ventures		-	-	650	650
Investment in associate		750	750	750	750
Property and equipment		2,228	2,347	2,228	2,347
TOTAL ASSETS		18,670,367	15,285,583	18,671,017	15,286,233
LIABILITIES AND EQUITY					
Deposits from customers	20	13,239,644	10,528,698	13,239,644	10,528,698
Investment accounts of customers	21	579	-	579	-
Deposits and placements of banks and other financial institutions	22	1,864,663	1,248,993	1,864,663	1,248,993
Investment accounts due to designated financial institutions	23	2,092,827	2,110,049	2,092,827	2,110,049
Derivative financial liabilities	24	1,602	1,412	1,602	1,412
Other liabilities	25	28,150	36,331	28,150	36,331
Amount due to holding company		-	196,828	-	196,828
Provision for taxation		1,387	6,015	1,387	6,015
TOTAL LIABILITIES		17,228,852	14,128,326	17,228,852	14,128,326
Share capital		760,000	560,000	760,000	560,000
Reserves	26	681,515	597,257	682,165	597,907
TOTAL EQUITY		1,441,515	1,157,257	1,442,165	1,157,907
TOTAL LIABILITIES AND EQUITY		18,670,367	15,285,583	18,671,017	15,286,233
COMMITMENTS AND CONTINGENCIES	33	3,091,870	3,317,468	3,091,870	3,317,468
Capital Adequacy					
CET1 capital ratio	36	13.258%	12.421%	13.260%	12.424%
Tier 1 capital ratio	36	13.258%	12.421%	13.260%	12.424%
Total capital ratio	36	14.445%	13.598%	14.445%	13.598%

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INTERIM FINANCIAL STATEMENTS

UNAUDITED INCOME STATEMENTS for the financial quarter ended 30 September 2017

	Note	Individual Quarter Economic Entity		Cumulative Quarter Economic Entity	
		Current Financial Quarter 30/9/2017 RM'000	Preceding Year Corresponding Quarter 30/9/2016 RM'000	Current Financial Quarter 30/9/2017 RM'000	Preceding Year Corresponding Quarter 30/9/2016 RM'000
Income derived from investment of depositors' funds and others	27	183,824	142,059	498,659	415,514
Income derived from investment of investment account funds	28	27,412	26,535	81,175	72,254
Income derived from investment of shareholders' funds	29	18,281	13,274	50,900	37,335
(Allowances for)/write-back of impairment losses on financing, advances and other financing	30	(6,964)	(7,101)	(23,466)	1,772
Total distributable income		222,553	174,767	607,268	526,875
Income attributable to the depositors	31	(143,389)	(111,949)	(390,615)	(329,514)
Total net income		79,164	62,818	216,653	197,361
Other operating expenses	32	(44,650)	(34,220)	(126,403)	(97,332)
Profit before zakat and taxation		34,514	28,598	90,250	100,029
Zakat		(3,000)	-	(3,000)	(2,887)
Profit before taxation		31,514	28,598	87,250	97,142
Taxation		(8,407)	(7,818)	(21,180)	(21,717)
Net profit after zakat and taxation		23,107	20,780	66,070	75,425
Attributable to:					
Equity holder of the Bank		23,107	20,780	66,070	75,425
Earnings per share (sen):					
- Basic		3.2	4.5	9.1	16.4

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
for the financial quarter ended 30 September 2017 (continued)

	Individual Quarter Economic Entity		Cumulative Quarter Economic Entity	
	Current Financial Quarter 30/9/2017 RM'000	Preceding Year Corresponding Quarter 30/9/2016 RM'000	Current Financial Quarter 30/9/2017 RM'000	Preceding Year Corresponding Quarter 30/9/2016 RM'000
Profit after zakat and taxation	23,107	20,780	66,070	75,425
Other comprehensive income:				
Items that may be reclassified subsequently to profit and loss:				
Net fair value change in financial investments available-for-sale	3,979	10,040	23,931	31,877
Deferred tax on financial investments available-for-sale	(954)	(2,409)	(5,743)	(7,650)
Other comprehensive income for the financial period, net of tax	3,025	7,631	18,188	24,227
Total comprehensive income for the financial period	26,132	28,411	84,258	99,652
Attributable to equity holder of the Bank:				
- Total comprehensive income	26,132	28,411	84,258	99,652

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INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS *for the financial quarter ended 30 September 2017*

(continued)

	Note	Individual Quarter The Bank		Cumulative Quarter The Bank	
		Current Financial Quarter 30/9/2017 RM'000	Preceding Year Corresponding Quarter 30/9/2016 RM'000	Current Financial Quarter 30/9/2017 RM'000	Preceding Year Corresponding Quarter 30/9/2016 RM'000
Income derived from investment of depositors' funds and others	27	183,824	142,059	498,659	415,514
Income derived from investment of investment account funds	28	27,412	26,535	81,175	72,254
Income derived from investment of shareholders' funds	29	18,281	13,274	50,900	37,335
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Total distributable income		222,553	174,767	607,268	526,875
Income attributable to the depositors	31	(143,389)	(111,949)	(390,615)	(329,514)
Total net income		79,164	62,818	216,653	197,361
Other operating expenses	32	(44,650)	(34,220)	(126,403)	(97,332)
Profit before zakat and taxation		34,514	28,598	90,250	100,029
Zakat		(3,000)	-	(3,000)	(2,887)
Profit before taxation		31,514	28,598	87,250	97,142
Taxation		(8,407)	(7,818)	(21,180)	(21,717)
Net profit after zakat and taxation		23,107	20,780	66,070	75,425
Attributable to:					
Equity holder of the Bank		23,107	20,780	66,070	75,425
Earnings per share (sen):					
- Basic		3.2	4.5	9.1	16.4

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INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME***for the financial quarter ended 30 September 2017 (continued)*

	Individual Quarter		Cumulative Quarter	
	The Bank		The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/9/2017	30/9/2016	30/9/2017	30/9/2016
	RM'000	RM'000	RM'000	RM'000
Profit after zakat and taxation	23,107	20,780	66,070	75,425
Other comprehensive income:				
Items that may be reclassified subsequently to profit and loss:				
Net fair value change in financial investments available-for-sale	3,979	10,040	23,931	31,877
Deferred tax on financial investments available-for-sale	(954)	(2,409)	(5,743)	(7,650)
Other comprehensive income for the financial period, net of tax	3,025	7,631	18,188	24,227
Total comprehensive income for the financial period	26,132	28,411	84,258	99,652
Attributable to equity holder of the Bank:				
- Total comprehensive income	26,132	28,411	84,258	99,652

AFFIN Islamic Bank Berhad
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
for the financial quarter ended 30 September 2017

Economic Entity	Attributable to Equity Holder of the Bank					Total RM'000
	Share capital RM'000	Statutory reserves RM'000	AFS revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	
At 1 January 2017	560,000	305,016	(18,064)	73,178	237,127	1,157,257
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	-	-	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

Economic Entity	Attributable to Equity Holder of the Bank					Total RM'000
	Share capital RM'000	Statutory reserves RM'000	AFS revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	
At 1 January 2016	460,000	248,717	(7,908)	58,400	195,606	954,815
Net profit for the financial period	-	-	-	-	75,425	75,425
Other comprehensive income (net of tax)						
- Financial investments available-for-sale	-	-	24,227	-	-	24,227
Total comprehensive income	-	-	24,227	-	75,425	99,652
Transfer to regulatory reserves	-	18,856	-	4,109	(22,965)	-
At 30 September 2016	460,000	267,573	16,319	62,509	248,066	1,054,467

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
for the financial quarter ended 30 September 2017
(continued)

	Non-distributable			Distributable		Total
	Share capital	Statutory reserves	AFS revaluation reserves	Regulatory reserves	Retained profits	
The Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2017	560,000	305,016	(18,064)	73,178	237,777	1,157,907
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	-	-	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	592,469	1,442,165
The Bank	Share capital	Statutory reserves	AFS revaluation reserves	Regulatory reserves	Retained profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2016	460,000	248,717	(7,908)	58,400	196,256	955,465
Net profit for the financial period	-	-	-	-	75,425	75,425
Other comprehensive income (net of tax)						
- Financial investments available-for-sale	-	-	24,227	-	-	24,227
Total comprehensive income	-	-	24,227	-	75,425	99,652
Transfer to regulatory reserves	-	18,856	-	4,109	(22,965)	-
At 30 September 2016	460,000	267,573	16,319	62,509	248,716	1,055,117

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS *for the financial quarter ended 30 September 2017*

	Economic Entity		The Bank	
	30/9/2017 RM'000	30/9/2016 RM'000	30/9/2017 RM'000	30/9/2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	87,250	97,142	87,250	97,142
Adjustments for items not involving the movement of cash and cash equivalents:				
Finance income and hibah from:				
- financial investments available-for-sale	(57,043)	(40,175)	(57,043)	(40,175)
- financial investments held-to-maturity	(3,548)	(4,003)	(3,548)	(4,003)
Accretion of discount less amortisation of premium:				
- financial investments available-for-sale	(3,957)	(3,893)	(3,957)	(3,893)
Gain on sale/redemption:				
- financial investments available-for-sale	(4,132)	(8,711)	(4,132)	(8,711)
Loss on unrealised foreign exchange	7,901	131	7,901	131
Depreciation of property and equipment	637	759	637	759
Property and equipment written-off	6	-	6	-
Amortisation of intangible assets	-	348	-	348
Net individual impairment	9,243	(9,323)	9,243	(9,323)
Net collective impairment	15,022	8,628	15,022	8,628
Bad debt on financing written-off	1	11	1	11
Zakat	3,000	2,887	3,000	2,887
Operating profit before changes in working capital	54,380	43,801	54,380	43,801
<i>(Increase)/Decrease in operating assets:</i>				
Deposits and placements with banks and other financial institutions	(30,036)	(64,975)	(30,036)	(64,975)
Financing, advances and other financing	(1,933,924)	(1,851,445)	(1,933,924)	(1,851,445)
Other assets	(28,307)	(5,212)	(28,307)	(5,212)
Statutory deposits with Bank Negara Malaysia	(120,340)	(67,900)	(120,340)	(67,900)
Amount due from holding company	(142,447)	181,642	(142,447)	181,642
Amount due from joint ventures	(3,911)	(5,896)	(3,911)	(5,896)
Derivative financial instruments	7,901	131	7,901	131
<i>Increase/(Decrease) in operating liabilities:</i>				
Deposits from customers	2,710,946	266,799	2,710,946	266,799
Investment accounts of customers	579	-	579	-
Deposits and placements of banks and other financial institutions	615,670	483,131	615,670	483,131
Investment accounts due to designated financial institutions	(17,222)	781,222	(17,222)	781,222
Amount due to holding company	(196,828)	-	(196,828)	-
Other liabilities	(9,362)	56,327	(9,362)	56,327
Cash generated from/(used in) operations	907,099	(182,375)	907,099	(182,375)
Zakat paid	(1,819)	(1,671)	(1,819)	(1,671)
Tax paid	(26,104)	(23,571)	(26,104)	(23,571)
Net cash generated from/(used in) operating activities	879,176	(207,617)	879,176	(207,617)

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UNAUDITED STATEMENTS OF CASH FLOWS *for the financial quarter ended 30 September 2017*
(continued)

	Economic Entity		The Bank	
	30/9/2017 RM'000	30/9/2016 RM'000	30/9/2017 RM'000	30/9/2016 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Finance income and hibah received from:				
- financial investments available-for-sale	61,000	40,175	61,000	40,175
- financial investments held-to-maturity	3,548	4,003	3,548	4,003
Redemption of financial investments held-to-maturity	4,836	2,880	4,836	2,880
Net (purchase)/ sale of financial investments available-for-sale	(289,816)	(111,844)	(289,816)	(111,844)
Purchase of property and equipment	(510)	(533)	(510)	(533)
Net cash (used in)/generated from investing activities	(220,942)	(65,319)	(220,942)	(65,319)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in share capital	200,000	-	200,000	-
Net cash generated from financing activities	200,000	-	200,000	-
Net increase/(decrease) in cash and cash equivalents	858,234	(272,936)	858,234	(272,936)
Net (decrease)/increase in foreign exchange	(4,051)	1,972	(4,051)	1,972
Cash and cash equivalents at beginning of the financial period	1,057,844	1,918,570	1,057,844	1,918,570
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	1,912,027	1,647,606	1,912,027	1,647,606

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MFRS 134 INTERIM FINANCIAL REPORTING - 30 September 2017

1 BASIS OF PREPARATION

This unaudited condensed interim financial information for the 9 months ended 30 September 2017 has been prepared in accordance with MFRS134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ('MASB'), Bank Negara Malaysia ('BNM') Guidelines and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements of the Bank have been prepared under the historical cost convention, unless otherwise indicated in this summary of significant accounting policies.

The unaudited condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with the Malaysian Financial Reporting Standards ('MFRS'). The explanatory notes to this interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the Bank since the year ended 31 December 2016.

2 ACCOUNTING POLICIES

The consolidated financial statements include the financial statements of the Bank and a joint ventures, made up to the quarter ended 30 September 2017.

The presentation of the comparative financial statements of the Bank has been restated to conform with the current period's presentation. The new and revised Malaysian Financial Reporting Standards ('MFRS') which became effective for the financial period beginning on or after 1 January 2016 are as follows:

Amendment to MFRS 107 'Statement of Cash Flows - Disclosure Initiative' (effective from 1 January 2017);
Amendment to MFRS 112 'Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses' (effective from 1 January 2017);
MFRS 9 'Financial Instruments' (effective from 1 January 2018) will replace MFRS 139 'Financial instruments : Recognition and Measurement' and
MFRS 15 'Revenue from contracts with customers' (effective from 1 January 2017) replaces MFRS 118 'Revenue' and MFRS 111 'Construction contracts' and related interpretations.
MFRS 16 'Leases' (effective from 1 January 2019) supersedes MFRS 117 'Leases' and the related interpretations.

The Bank will apply these standards when effective. The adoption of the above standards, amendments to published standards and interpretations to existing standards are not expected to have any significant impact on the financial statements of the Bank except for MFRS 9. The financial effect of adoption of MFRS 9 is still being assessed by the Bank.

3 QUALIFICATION OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2016 was not qualified.

4 SEASONAL OR CYCLICAL FACTORS

The business operations of the Bank are not subject to material seasonal or cyclical fluctuation.

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MFRS 134 INTERIM FINANCIAL REPORTING - 30 September 2017

5 EXCEPTIONAL ITEMS

There was no exceptional items for the quarter ended 30 September 2017.

6 CHANGES IN ACCOUNTING POLICIES AND ADJUSTMENT

Refer to Note 2

7 CHANGES IN DEBTS AND EQUITY SECURITIES

There were no purchases or disposal of quoted securities for the quarter ended 30 September 2017 other than in the ordinary course of business.

8 DIVIDENDS

There were no interim dividend declared.

9 SUBSEQUENT MATERIAL EVENT

There is no material subsequent event after the quarter ended 30 September 2017 that have material financial impact.

10 CHANGES IN THE COMPOSITION OF THE BANK

There is no changes in the composition of the Bank between now and 31 December 2016 audited accounts.

11 PURCHASE AND SALE OF QUOTED SECURITIES

There were no purchases or disposals of quoted securities for the quarter ended 30 September 2017 other than in the ordinary course of business.

12 STATUS OF CORPORATE PROPOSAL

There were no corporate proposals announced but not completed during the period ended 30 September 2017.

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MFRS 134 INTERIM FINANCIAL REPORTING - 30 September 2017

13 DERIVATIVE FINANCIAL ASSETS

	Economic Entity and The Bank			
	Current Financial Quarter		Previous Financial Year End	
	30/9/2017		31/12/2016	
	Contract/ notional amount RM'000	Assets RM'000	Contract/ notional amount RM'000	Assets RM'000
At fair value				
Foreign exchange derivatives				
- Currency forwards	176,353	1,276	939,223	8,987
	<u>176,353</u>	<u>1,276</u>	<u>939,223</u>	<u>8,987</u>

14 FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Economic Entity and The Bank	
	Current Financial Quarter 30/9/2017 RM'000	Previous Financial Year-End 31/12/2016 RM'000
At fair value		
Money market instruments:		
Malaysian Government treasury bills	12,424	-
Malaysian Government investment issues	685,777	628,785
Sukuk Perumahan Kerajaan	89,708	129,431
Khazanah Sukuk	179,598	173,287
	<u>967,507</u>	<u>931,503</u>
Unquoted securities:		
Corporate bonds/sukuk		
- in Malaysia	1,183,780	901,905
	<u>2,151,287</u>	<u>1,833,408</u>
Allowance for impairment losses	-	-
	<u>2,151,287</u>	<u>1,833,408</u>
Movement in allowance for impairment losses		
At beginning of the financial period	-	550
Writeback of allowance for impairment loss	-	(550)
At end of the financial period	<u>-</u>	<u>-</u>

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15 FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Economic Entity and The Bank	
	Current Financial Quarter 30/9/2017 RM'000	Previous Financial Year-End 31/12/2016 RM'000
At amortised cost		
Unquoted securities:		
Corporate bonds/sukuk in Malaysia	67,286	72,122
	67,286	72,122

16 FINANCING, ADVANCES AND OTHER FINANCING

(i) By type

	Economic Entity and The Bank	
	Current Financial Quarter 30/9/2017 RM'000	Previous Financial Year-End 31/12/2016 RM'000
Cash line	290,247	278,880
Term financing		
- House financing	3,947,893	2,857,530
- Hire purchase receivables	3,759,713	3,181,358
- Syndicated financing	669,347	582,739
- Business term financing	3,916,976	3,541,779
Bills receivables	9,662	21,376
Trust receipts	13,549	6,938
Claims on customers under acceptances credits	172,514	174,623
Staff financing (of which RM Nil to Directors)	25,386	13,109
Revolving credits	1,097,025	1,319,609
Gross financing, advances and other financing	13,902,312	11,977,941
Less:		
Allowance for impairment losses		
- Individual	(25,915)	(18,003)
- Collective	(51,796)	(44,995)
Total net financing, advances and other financing	13,824,601	11,914,943

Included in business term financing as at reporting date is RM53.7 million (31 December 2016: RM53.7 million) and RM55.6 million (31 December 2016: RM78.0 million) of term financing disbursed by the Bank to joint ventures with AFFIN-i Nadayu Sdn Bhd and KL South Development Sdn Bhd respectively.

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MFRS 134 INTERIM FINANCIAL REPORTING - 30 September 2017

16 FINANCING, ADVANCES AND OTHER FINANCING

(ii) **By maturity structure**

	Economic Entity and The Bank	
	Current	Previous
	Financial	Financial
	Quarter	Year-End
	30/9/2017	31/12/2016
	RM'000	RM'000
Maturing within one year	1,681,475	2,038,888
One year to three years	898,419	1,009,718
Three years to five years	1,568,013	1,375,861
Over five years	9,754,405	7,553,474
	<u>13,902,312</u>	<u>11,977,941</u>

(iii) **By contract**

Economic Entity and The Bank
30/9/2017
RM'000

	Al- Bai Bithaman Ajil	Ijarah	Al-Ijarah Thumma Al-Bai	Murabahah	Musyarakah	Istisna'	Others	Total
Cash line	-	-	-	229,962	-	-	60,285	290,247
Term financing								
House financing	861,445	-	-	11,433	3,075,015	-	-	3,947,893
Hire purchase receivables	-	-	3,759,713	-	-	-	-	3,759,713
Syndicated financing	-	321,186	-	348,161	-	-	-	669,347
Business term financing	178,581	1,067,846	-	1,595,077	467,139	602,229	6,104	3,916,976
Bills receivables	-	-	-	-	-	-	9,662	9,662
Trust receipts	-	-	-	13,549	-	-	-	13,549
Claims on customers under acceptance credits	-	-	-	172,514	-	-	-	172,514
Staff financing	6,615	-	-	16,115	2,656	-	-	25,386
Revolving credit	-	-	-	1,097,025	-	-	-	1,097,025
Total Financing	1,046,641	1,389,032	3,759,713	3,483,836	3,544,810	602,229	76,051	13,902,312

Economic Entity and The Bank
31/12/2016
RM'000

	Al- Bai Bithaman Ajil	Ijarah	Al-Ijarah Thumma Al-Bai	Murabahah	Musyarakah	Istisna'	Others	Total
Cash line	-	-	-	192,690	-	-	86,189	278,879
Term financing								
House financing	921,406	-	-	1,612	1,934,289	-	-	2,857,307
Hire purchase receivables	-	-	3,181,357	-	-	-	-	3,181,357
Syndicated financing	-	144,898	-	341,769	-	-	96,072	582,739
Business term financing	419,323	789,192	-	1,382,270	258,827	686,279	6,113	3,542,004
Bills receivables	-	-	-	-	-	-	21,376	21,376
Trust receipts	-	-	-	6,938	-	-	-	6,938
Claims on customers under acceptance credits	-	-	-	174,623	-	-	-	174,623
Staff financing	7,546	-	-	5,289	274	-	-	13,109
Revolving credit	-	-	-	1,319,609	-	-	-	1,319,609
Total Financing	1,348,275	934,090	3,181,357	3,424,800	2,193,390	686,279	209,750	11,977,941

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16 FINANCING, ADVANCES AND OTHER FINANCING

(iv) By type of customer

	Economic Entity and The Bank	
	Current	Previous
	Financial	Financial
	Quarter	Year-End
	30/9/2017	31/12/2016
	RM'000	RM'000
Domestic non-banking institutions		
- Others	188,296	209,499
Domestic business enterprises		
- Small medium enterprises	2,012,239	1,774,697
- Others	2,921,553	2,517,012
Government and statutory bodies	1,036,550	1,381,918
Individuals	7,610,587	5,966,553
Other domestic entities	9,481	9,690
Foreign entities	123,606	118,572
	13,902,312	11,977,941

(v) By profit rate sensitivity

	Economic Entity and The Bank	
	Current	Previous
	Financial	Financial
	Quarter	Year-End
	30/9/2017	31/12/2016
	RM'000	RM'000
Fixed rate		
- House financing	44,101	45,937
- Hire purchase receivables	3,759,713	3,181,357
- Other fixed rate financing	1,602,296	1,354,586
Variable rate		
- BR and BFR	6,573,339	5,389,570
- Cost - plus	1,922,863	2,006,491
	13,902,312	11,977,941

(vi) By economic sectors

	Economic Entity and The Bank	
	Current	Previous
	Financial	Financial
	Quarter	Year-End
	30/9/2017	31/12/2016
	RM'000	RM'000
Primary agriculture	168,534	402,119
Mining and quarrying	1,819	11,348
Manufacturing	319,218	334,745
Electricity, gas and water supply	78,841	64,369
Construction	738,666	523,091
Real estate	1,612,443	1,455,409
Wholesale & retail trade and restaurants & hotels	454,428	407,649
Transport, storage and communication	781,696	284,216
Finance, insurance and business activities	435,602	460,983
Education, health and others	1,654,001	2,031,720
Household	7,656,524	6,002,241
Others	540	51
	13,902,312	11,977,941

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16 FINANCING, ADVANCES AND OTHER FINANCING (continued)

(vii) By economic purpose

	Economic Entity and The Bank	
	Current Financial Quarter 30/9/2017 RM'000	Previous Financial Year-End 31/12/2016 RM'000
Purchase of securities	264,591	275,516
Purchase of transport vehicles	3,831,936	3,250,531
Purchase of landed property of which:		
- Residential	4,074,785	2,943,870
- Non-residential	1,467,270	1,112,190
Fixed assets other than land and building	76,079	72,421
Personal use	43,196	53,593
Consumer durable	5	-
Construction	827,998	895,685
Working capital	2,883,200	3,137,471
Others	433,252	236,664
	13,902,312	11,977,941

(viii) By geographical distribution

	Economic Entity and The Bank	
	Current Financial Quarter 30/9/2017 RM'000	Previous Financial Year-End 31/12/2016 RM'000
Perlis	128,914	147,438
Kedah	657,750	661,893
Pulau Pinang	498,836	362,260
Perak	572,160	442,731
Selangor	3,888,603	3,460,892
Wilayah Persekutuan	4,713,126	4,234,116
Negeri Sembilan	585,684	448,601
Melaka	234,953	199,155
Johor	1,331,010	834,371
Pahang	361,686	302,330
Terengganu	385,400	395,910
Kelantan	165,287	153,175
Sarawak	133,755	132,131
Sabah	95,985	55,896
Labuan	71,322	63,974
Outside Malaysia	77,841	83,068
	13,902,312	11,977,941

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16 FINANCING, ADVANCES AND OTHER FINANCING (continued)

(ix) Movements of impaired financing

	Economic Entity and The Bank	
	Current Financial Quarter 30/9/2017 RM'000	Previous Financial Year-End 31/12/2016 RM'000
At beginning of the financial period	97,498	141,708
Classified as impaired	379,719	164,338
Reclassified as non-impaired	(61,149)	(111,590)
Amount recovered	(19,210)	(87,213)
Amount written-off	(8,258)	(9,745)
At end of the financial period	388,600	97,498
Ratio of gross impaired financing, advances and other financing to gross financing, advances and other financing (*)	1.27%	0.99%
* RIA financing excluded in the ratio calculation.		
Gross financing, advances and other financing	13,902,312	11,977,941
RIA financing	(2,095,751)	(2,112,243)
	11,806,561	9,865,698
Less:		
- Individual impairment allowance	(25,915)	(18,003)
- Collective impairment allowance on impaired financing	(20,514)	(16,454)
Total net financing, advances and other financing	11,760,132	9,831,241
Net impaired financing, advances and other financing as a percentage of net financing, advances and other financing	0.88%	0.64%

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16 FINANCING, ADVANCES AND OTHER FINANCING (continued)

(x) Movements in allowance for impairment on financing

	Economic Entity and The Bank	
	Current Financial Quarter 30/9/2017 RM'000	Previous Financial Year-End 31/12/2016 RM'000
Individual impairment		
At beginning of the financial period	18,003	38,516
Allowance made during the financial period	13,876	19,340
Amount recovered	(4,633)	(35,863)
Amount written-off	-	(4,149)
Unwinding of income	(471)	(198)
Exchange differences	(860)	357
At end of the financial period	25,915	18,003
Collective impairment		
At beginning of the financial period	44,995	36,671
Allowance made during the financial period	15,022	13,897
Amount written-off	(8,221)	(5,573)
At end of the financial period	51,796	44,995
As a percentage of gross financing and advances (excluding RIA financing) less individual impairment allowance	0.44%	0.46%

(xi) Impaired financing by economic sectors

	Economic Entity and The Bank	
	Current Financial Quarter 30/9/2017 RM'000	Previous Financial Year-End 31/12/2016 RM'000
Primary agriculture	32	43
Mining and quarrying	63	57
Manufacturing	1,175	1,028
Electricity, gas and water supply	238	111
Construction	22,427	5,081
Real estate	283,066	33,635
Wholesale & retail trade and restaurants & hotels	1,454	589
Transport, storage and communication	113	307
Finance, insurance and business activities	558	492
Education, health and others	59	162
Household	79,415	55,993
	388,600	97,498

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16 FINANCING, ADVANCES AND OTHER FINANCING (continued)

(xii) Impaired financing by economic purpose

	Economic Entity and The Bank	
	Current Financial Quarter 30/9/2017 RM'000	Previous Financial Year-End 31/12/2016 RM'000
Purchase of transport vehicles	19,113	16,330
Purchase of landed property of which:		
- Residential	67,364	41,395
- Non-residential	220,391	6,153
Fixed assets other than land and building	230	227
Personal use	648	825
Construction	47,922	-
Working capital	32,850	32,568
Others	82	-
	388,600	97,498

(xiii) Impaired financing by geographical distribution

	Economic Entity and The Bank	
	Current Financial Quarter 30/9/2017 RM'000	Previous Financial Year-End 31/12/2016 RM'000
Perlis	4,893	4,801
Kedah	13,240	3,016
Pulau Pinang	56,231	2,105
Perak	4,194	4,326
Selangor	50,846	30,969
Wilayah Persekutuan	208,370	2,670
Negeri Sembilan	6,142	4,849
Melaka	1,285	938
Johor	3,293	1,517
Pahang	953	1,694
Terengganu	6,523	5,016
Kelantan	2,550	3,643
Sarawak	327	198
Sabah	310	172
Outside Malaysia	29,443	31,584
	388,600	97,498

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17 OTHER ASSETS

	Economic Entity and The Bank	
	Current Financial Quarter 30/9/2017 RM'000	Previous Financial Year-End 31/12/2016 RM'000
Other debtors	2,092	2,025
Prepayment and deposits	740	469
Clearing accounts	27,067	2,962
Foreclosed properties (a)	2,445	2,445
	32,344	7,901

(a) Foreclosed properties

At beginning of the financial period	2,445	395
Amount arising during the financial period	-	2,050
At end of the financial period	2,445	2,445

18 AMOUNT DUE FROM JOINT VENTURES

	Economic Entity and The Bank	
	30/9/2017 RM'000	31/12/2016 RM'000
Advances to joint ventures	50,636	46,725

19 AMOUNT DUE FROM ASSOCIATE

	Economic Entity and The Bank	
	30/9/2017 RM'000	31/12/2016 RM'000
Advances to associate	500	500

The advances to associate are unsecured, bear no profit rate and payable on demand.

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20 DEPOSITS FROM CUSTOMERS

(i) By type of deposit

	Economic Entity and The Bank	
	Current	Previous
	Financial	Financial
	Quarter	Year-End
	30/9/2017	31/12/2016
	RM'000	RM'000
Wadiah		
Demand deposits	2,457,498	2,572,559
Savings deposits	533,161	477,284
	<u>2,990,659</u>	<u>3,049,843</u>
Mudharabah		
General investment deposits	78,375	104,047
Tawarruq		
Murabahah term deposits	9,073,377	6,606,396
Commodity Murabahah	1,097,233	768,412
	<u>10,170,610</u>	<u>7,374,808</u>
	<u>13,239,644</u>	<u>10,528,698</u>

(ii) Maturity structure of Murabahah term deposits and general investment deposits

	Economic Entity and The Bank	
	Current	Previous
	Financial	Financial
	Quarter	Year-End
	30/9/2017	31/12/2016
	RM'000	RM'000
Due within six months	5,854,202	4,729,087
Six months to one year	2,827,790	1,793,301
One year to three years	207,612	31,431
Three years to five years	262,148	156,624
	<u>9,151,752</u>	<u>6,710,443</u>

(iii) By type of customer

	Economic Entity and The Bank	
	Current	Previous
	Financial	Financial
	Quarter	Year-End
	30/9/2017	31/12/2016
	RM'000	RM'000
Government and statutory bodies	4,404,971	3,204,538
Business enterprise	3,985,628	4,318,973
Individuals	1,579,687	1,320,223
Domestic banking institutions	3,117	117
Domestic non-banking financial institutions	2,686,589	1,280,170
Foreign entities	80,158	73,693
Others entities	499,494	330,984
	<u>13,239,644</u>	<u>10,528,698</u>

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21 INVESTMENT ACCOUNTS OF CUSTOMERS

	Economic Entity and The Bank	
	Current Financial Quarter 30/9/2017 RM'000	Previous Financial Year-End 31/12/2016 RM'000
Mudharabah	579	-
Maturity structure of investment accounts are as follows:		
One year to three years	579	-
	579	-

	Economic Entity and The Bank	
	Current Financial Quarter 30/9/2017 RM'000	Previous Financial Year-End 31/12/2016 RM'000
Movement in investment accounts		
At beginning of the financial period	-	-
New placement during the period	870	-
Redemption during the period	(167)	-
Finance expense on RIA	18	-
Profit distributed	(142)	-
At end of the financial period	579	-

Profit Sharing Ratio and Rate of Return

	Economic Entity and The Bank			
	30/9/2017		31/12/2016	
	Average profit sharing ratio (PSR)	Average rate of return (ROR)	Average profit sharing ratio (PSR)	Average rate of return (ROR)
	%	%	%	%
Investment accounts:				
One year to three years	80	6.08	-	-

The above table provides analysis of PSR & ROR as at reporting date into relevant maturity tenures based on remaining contractual maturities.

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22 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Economic Entity and The Bank	
	Current Financial Quarter 30/9/2017 RM'000	Previous Financial Year-End 31/12/2016 RM'000
Wadiah		
Licensed banks	79,513	84,392
Licensed investment banks	820	-
	80,333	84,392
Tawarruq		
Licensed banks	1,449,439	801,436
Other financial institutions	334,891	363,165
	1,784,330	1,164,601
	1,864,663	1,248,993
Maturity structure of deposits are as follows:		
Due within six months	1,864,663	1,201,454
Six months to one year	-	47,539
	1,864,663	1,248,993

23 INVESTMENT ACCOUNTS DUE FROM DESIGNATED FINANCIAL INSTITUTIONS

	Economic Entity and The Bank	
	Current Financial Quarter 30/9/2017 RM'000	Previous Financial Year-End 31/12/2016 RM'000
Mudharabah		
Licensed banks	2,092,827	2,110,049
Maturity structure of investment accounts are as follows:		
Due within six months	447,526	699,591
Six months to one year	-	130,514
One year to three years	443,545	341,280
Three years to five years	402,659	-
Five years and above	799,097	938,664
	2,092,827	2,110,049

	Economic Entity and The Bank	
	Current Financial Quarter 30/9/2017 RM'000	Previous Financial Year-End 31/12/2016 RM'000
Movement in investment accounts		
At beginning of the financial period	2,110,049	1,331,318
New placement during the period	789,497	800,000
Redemption during the period	(806,826)	(10,606)
Finance expense on RIA	79,579	89,272
Profit distributed	(79,472)	(99,935)
At end of the financial period	2,092,827	2,110,049

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23 INVESTMENT ACCOUNTS DUE FROM DESIGNATED FINANCIAL INSTITUTIONS (continued)

Profit Sharing Ratio and Rate of Return

	Economic Entity and The Bank			
	30/9/2017		31/12/2016	
	Average profit sharing ratio (PSR)	Average rate of return (ROR)	Average profit sharing ratio (PSR)	Average rate of return (ROR)
	%	%	%	%
Investment accounts:				
Due within six months	95	4.40	96	4.37
Six months to one year	-	-	96	4.75
One year to three years	92	5.43	95	5.07
Three years to five years	95	5.10	-	-
Five years and above	95	5.33	95	5.02

The above table provides analysis of PSR & ROR as at reporting date into relevant maturity tenures based on remaining contractual maturities.

24 DERIVATIVE FINANCIAL LIABILITIES

	Economic Entity and The Bank			
	Current Financial Quarter		Previous Financial Year End	
	30/9/2017		31/12/2016	
	Contract/notional amount RM'000	Liabilities RM'000	Contract/notional amount RM'000	Liabilities RM'000
At fair value				
Foreign exchange derivatives				
- Currency forwards	230,231	1,602	110,639	1,412
	230,231	1,602	110,639	1,412

25 OTHER LIABILITIES

	Economic Entity and The Bank	
	Current Financial Quarter	Previous Financial Year-End
	30/9/2017	31/12/2016
	RM'000	RM'000
Margin and collateral deposits	7,963	8,413
Other creditors and accruals	4,379	3,449
Cheque clearing accounts	-	-
Sundry creditors	8,235	18,729
Provision for zakat	3,513	2,332
Defined contribution plan (a)	990	1,057
Accrued employee benefits (b)	3,005	2,261
Charity funds	65	90
	28,150	36,331

(a) Defined contribution plan

The Bank contributes to the Employee Provident Fund ('EPF'), the national defined contribution plan. Once the contributions have been paid, the Bank has no further payment obligations.

(b) Accrued employee benefits

This refers to the accruals for short-term employee benefits for leave entitlement. Under employment contract, employees earn their leave entitlement which they are entitled to carry forward and will lapse if not utilised in the following accounting period. Accruals are made for the estimated liability for unutilised annual leave.

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26 RESERVES

	Economic Entity		The Bank	
	Current Financial Quarter 30/9/2017 RM'000	Previous Financial Year-End 31/12/2016 RM'000	Current Financial Quarter 30/9/2017 RM'000	Previous Financial Year-End 31/12/2016 RM'000
Retained profits	591,819	237,127	592,469	237,777
AFS revaluation reserves	124	(18,064)	124	(18,064)
Statutory reserves	-	305,016	-	305,016
Regulatory reserves	89,572	73,178	89,572	73,178
	681,515	597,257	682,165	597,907
Statutory reserves				
At beginning of the financial period	305,016	248,717	305,016	248,717
Transfer (to)/from retained profits	(305,016)	56,299	(305,016)	56,299
At end of the financial period	-	305,016	-	305,016

- (a) As at 30 September 2017, the Bank has tax exempt account balance of RM34,165,467 (31 December 2016: RM34,165,467) under Section 12 of the Income Tax (Amendment) Act 1999, subject to agreement by the Inland Revenue Board.
- (b) The statutory reserves of the Bank is maintained in compliance with Section 57(2)(f) of the Islamic Financial Services Act 2013 and is not distributable as cash dividends. Based on Bank Negara Malaysia's revised Guidelines on Capital Fund, the Bank no longer required to maintain a reserve fund effective 3 May 2017. The statutory reserves is transferred to retained profits as at reporting date.
- (c) AFS revaluation reserves represent the unrealised gains or losses arising from the change in fair value of investments classified as financial investment available-for-sale. The gains or losses are transferred to the income statement upon disposal or when the securities become impaired. The depositors' portion of net unrealised gains or losses on 'Available-for-sale' at the end of financial year is net unrealised losses of RM1,291,095 (31 December 2016: net unrealised losses of RM28,835,478).
- (d) The Bank is required to maintain in aggregate collective impairment allowances and regulatory reserves of no less than 1.2% of total outstanding financing, advances and other financing, net of individual impairment allowances.

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INCOME FROM ISLAMIC BANKING BUSINESS

	Individual Quarter		Cumulative Quarter	
	Economic Entity and The Bank		Economic Entity and The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/9/2017	30/9/2016	30/9/2017	30/9/2016
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	183,824	142,059	498,659	415,514
Income derived from investment of investment account funds	27,412	26,535	81,175	72,254
Income derived from investment of shareholders' funds	18,281	13,274	50,900	37,335
Income attributable to depositors	(143,389)	(111,949)	(390,615)	(329,514)
	86,128	69,919	240,119	195,589
of which:				
Profit earned on impaired financing, advances and other financing	399	290	1,144	391

27 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS

	Individual Quarter		Cumulative Quarter	
	Economic Entity and The Bank		Economic Entity and The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/9/2017	30/9/2016	30/9/2017	30/9/2016
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
- General investment deposits (i)	107,262	74,024	282,689	209,959
- Other deposits (ii)	76,562	68,035	215,970	205,555
	183,824	142,059	498,659	415,514

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27 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS (continued)

(i) INCOME DERIVED FROM INVESTMENT OF GENERAL INVESTMENT DEPOSITS

	Individual Quarter		Cumulative Quarter	
	Economic Entity and The Bank		Economic Entity and The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/9/2017	30/9/2016	30/9/2017	30/9/2016
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing, advances and other financing	83,857	56,233	222,446	159,691
Financial investments available-for-sale	9,679	5,581	25,566	16,064
Financial investments held-to-maturity	558	528	1,590	1,600
Money at call and deposits with other financial institutions	6,623	5,615	16,747	18,656
	100,717	67,957	266,349	196,011
Accretion of discount less amortisation of premium	620	515	1,774	1,557
Total finance income and hibah	101,337	68,472	268,123	197,568
Other operating income				
Fee income:				
Commission	275	170	915	544
Service charges and fees	1,335	925	3,332	2,096
Guarantee fees	483	270	1,525	861
	2,093	1,365	5,772	3,501
Income from financial instruments:				
Gain on arising on financial investments available-for-sale:				
- net gain on disposal	552	2,252	1,852	3,483
	552	2,252	1,852	3,483
Other income:				
Foreign exchange profit/(loss)				
- realised	3,087	947	7,780	3,891
- unrealised	(972)	361	(3,541)	(52)
Other non-operating income	1,165	627	2,703	1,568
	3,280	1,935	6,942	5,407
	107,262	74,024	282,689	209,959

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27 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS (continued)

(ii) INCOME DERIVED FROM INVESTMENT OF OTHER DEPOSITS

	Individual Quarter		Cumulative Quarter	
	Economic Entity and The Bank		Economic Entity and The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/9/2017	30/9/2016	30/9/2017	30/9/2016
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing, advances and other loans	59,810	51,676	169,945	156,341
Financial investments available-for-sale	6,907	5,122	19,532	15,727
Financial investments held-to-maturity	395	482	1,215	1,567
Money at call and deposits with other financial institutions	4,749	5,072	12,794	-
	71,861	62,352	203,486	191,900
Accretion of discount less amortisation of premium	438	470	1,355	1,524
Total finance income and hibah	72,299	62,822	204,841	193,424
Other operating income				
Fee income:				
Commission	190	155	699	533
Service charges and fees	959	868	2,546	2,052
Guarantee fees	337	245	1,165	843
	1,486	1,268	4,410	3,428
Income from financial instruments:				
Gain on arising on financial investments available-for-sale:				
- net gain on disposal	382	2,165	1,415	3,410
	382	2,165	1,415	3,410
Other income:				
Foreign exchange profit/(loss)				
- realised	2,215	831	5,944	3,809
- unrealised	(663)	366	(2,705)	(51)
Other non-operating income	843	583	2,065	1,535
	2,395	1,780	5,304	5,293
	76,562	68,035	215,970	205,555

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28 INCOME DERIVED FROM INVESTMENT OF INVESTMENT ACCOUNT FUNDS

	Individual Quarter		Cumulative Quarter	
	Economic Entity and The Bank		Economic Entity and The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/9/2017	30/9/2016	30/9/2017	30/9/2016
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing, advances and other loans	21,403	20,159	63,876	54,955
Financial investments available-for-sale	2,472	2,002	7,341	5,528
Financial investments held-to-maturity	141	190	457	551
Money at call and deposits with other financial institutions	1,706	2,035	4,809	6,421
	<u>25,722</u>	<u>24,386</u>	<u>76,483</u>	<u>67,455</u>
Accretion of discount less amortisation of premium	155	185	509	535
Total finance income and hibah	<u>25,877</u>	<u>24,571</u>	<u>76,992</u>	<u>67,990</u>
Other operating income				
Fee income:				
Commission	67	61	263	187
Service charges and fees	345	327	957	721
Guarantee fees	119	97	438	296
	<u>531</u>	<u>485</u>	<u>1,658</u>	<u>1,204</u>
Income from financial instruments:				
Gain on arising on financial investments available-for-sale:				
- net gain on disposal	133	785	532	1,199
	<u>133</u>	<u>785</u>	<u>532</u>	<u>1,199</u>
Other income:				
Foreign exchange profit/(loss)				
- realised	796	349	2,234	1,339
- unrealised	(230)	121	(1,017)	(18)
Other non-operating income	305	224	776	540
	<u>871</u>	<u>694</u>	<u>1,993</u>	<u>1,861</u>
	<u>27,412</u>	<u>26,535</u>	<u>81,175</u>	<u>72,254</u>

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29 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

	Individual Quarter		Cumulative Quarter	
	Economic Entity and The Bank		Economic Entity and The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/9/2017	30/9/2016	30/9/2017	30/9/2016
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing, advances and other financing	14,284	10,084	40,053	28,396
Financial investments available-for-sale	1,650	1,000	4,604	2,856
Financial investments held-to-maturity	94	95	286	285
Money at call and deposits with other financial institutions	1,133	1,009	3,015	3,317
	17,161	12,188	47,958	34,854
Accretion of discount less amortisation of premium	104	93	319	277
Total finance income and hibah	17,265	12,281	48,277	35,131
Other operating income				
Fee income:				
Commission	46	31	165	97
Service charges and fees	229	166	600	373
Guarantee fees	81	48	275	153
	356	245	1,040	623
Income from financial instruments:				
Gain on arising on financial investments available-for-sale:				
- net gain on disposal	91	401	333	619
	91	401	333	619
Other income:				
Foreign exchange profit/(loss)				
- realised	528	171	1,401	692
- unrealised	(160)	64	(638)	(9)
Other non-operating income	201	112	487	279
	569	347	1,250	962
	18,281	13,274	50,900	37,335

30 ALLOWANCES FOR/(WRITE-BACK OF) IMPAIRMENT LOSSES ON FINANCING, ADVANCES AND OTHER FINANCING

	Individual Quarter		Cumulative Quarter	
	Economic Entity and The Bank		Economic Entity and The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/9/2017	30/9/2016	30/9/2017	30/9/2016
	RM'000	RM'000	RM'000	RM'000
Individual impairment				
- made in the financial period	6,391	3,901	13,876	5,366
- written-back	(54)	-	(4,633)	(14,689)
Collective impairment				
- net allowance made in the financial period	989	3,289	15,022	8,628
Bad debts on financing				
- recovered	(362)	(96)	(800)	(1,088)
- written-off	-	7	1	11
	6,964	7,101	23,466	(1,772)

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31 INCOME ATTRIBUTABLE TO DEPOSITORS

	Individual Quarter		Cumulative Quarter	
	Economic Entity and The Bank		Economic Entity and The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/9/2017	30/9/2016	30/9/2017	30/9/2016
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudharabah	473	722	1,601	2,340
- Non-mudharabah	94,268	70,618	259,345	209,613
Deposits and placements of banks and other financial institutions				
- Mudharabah	20,642	16,659	50,062	51,731
Profit distributed to investment account holders	28,006	23,950	79,607	65,830
	143,389	111,949	390,615	329,514

32 OTHER OPERATING EXPENSES

	Individual Quarter		Cumulative Quarter	
	Economic Entity and The Bank		Economic Entity and The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/9/2017	30/9/2016	30/9/2017	30/9/2016
	RM'000	RM'000	RM'000	RM'000
Personnel costs (a)	28,702	20,907	79,555	59,513
Establishment costs (b)	10,314	9,235	31,988	26,253
Marketing expenses (c)	1,106	568	2,842	1,823
Administrative and general expenses (d)	4,528	3,510	12,018	9,743
	44,650	34,220	126,403	97,332

(a) Personnel costs

	Individual Quarter		Cumulative Quarter	
	Economic Entity and The Bank		Economic Entity and The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/9/2017	30/9/2016	30/9/2017	30/9/2016
	RM'000	RM'000	RM'000	RM'000
Wages, salaries and bonuses	21,363	16,075	60,496	45,488
Defined contribution plan ('EPF')	3,599	2,699	10,166	7,610
Termination benefits	1,000	-	1,000	-
Other personnel costs	2,740	2,133	7,893	6,415
	28,702	20,907	79,555	59,513

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32 OTHER OPERATING EXPENSES (continued)

(b) Establishment costs

	Individual Quarter		Cumulative Quarter	
	Economic Entity and The Bank		Economic Entity and The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/9/2017	30/9/2016	30/9/2017	30/9/2016
	RM'000	RM'000	RM'000	RM'000
Rental of premises	1,626	1,329	4,828	3,811
Equipment rental	27	21	69	53
Repair and maintenance	2,058	1,857	5,985	5,294
Depreciation of property and equipment	204	240	637	759
Amortisation of intangible assets	-	116	-	348
IT consultancy fees	2,156	2,579	9,310	7,381
Dataline rental	557	325	1,181	737
Security services	1,317	929	3,388	2,827
Electricity, water and sewerage	562	531	1,528	1,329
Licence fee	84	84	262	259
Insurance/takaful and indemnities	383	186	1,278	600
Other establishment costs	1,340	1,038	3,522	2,855
	10,314	9,235	31,988	26,253

(c) Marketing expenses

	Individual Quarter		Cumulative Quarter	
	Economic Entity and The Bank		Economic Entity and The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/9/2017	30/9/2016	30/9/2017	30/9/2016
	RM'000	RM'000	RM'000	RM'000
Business promotion and advertisement	483	213	1,212	599
Entertainment	152	88	290	275
Traveling and accommodation	324	178	868	563
Other marketing expenses	147	89	472	386
	1,106	568	2,842	1,823

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32 OTHER OPERATING EXPENSES (continued)

(d) Administration and general expenses

	Individual Quarter		Cumulative Quarter	
	Economic Entity and The Bank		Economic Entity and The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/9/2017	30/9/2016	30/9/2017	30/9/2016
	RM'000	RM'000	RM'000	RM'000
Telecommunication expenses	242	243	731	701
Auditors' remuneration	224	71	446	340
Professional fees	105	239	792	799
Property and equipment written-off	5	-	6	-
Mail and courier charges	230	166	521	498
Stationery and consumables	667	602	1,931	1,789
Commissions expenses	367	270	964	734
Brokerage expenses	265	232	759	806
Directors' fees and allowances	371	409	919	954
Donations	103	262	184	562
Settlement, clearing and bank charges	266	236	842	748
Stamp duties	-	(1)	4	-
Operational and litigation write-off expenses	117	261	117	261
GST Input tax-non recoverable	1,289	469	3,429	1,337
Other administration and general expenses	277	51	373	214
	4,528	3,510	12,018	9,743

33 COMMITMENTS AND CONTINGENCIES

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

The commitments and contingencies consist of:

	Economic Entity and The Bank	
	Principal amount	Principal amount
	30/9/2017	31/12/2016
	RM'000	RM'000
Direct credit substitutes (*)	160,700	33,386
Transaction-related contingent items (*)	297,694	282,867
Short-term self-liquidating trade related contingencies	354,012	312,550
Irrevocable commitments to extend credit:		
- maturity less than one year	1,358,158	1,129,279
- maturity more than one year	462,228	469,986
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 borrower's creditworthiness	52,493	39,538
Foreign exchange related contracts (#):		
- less than one year	406,585	1,049,862
	3,091,870	3,317,468

* Included in direct credit substitutes as above are financial guarantee contracts of RM37.8million at the Bank (31 December 2016: RM33.4 million), of which fair value at the time of issuance is zero.

The fair value of these derivatives have been recognised as "derivative financial assets" and "derivative financial liabilities" in the statement of financial position and disclosed in Note 13 and 24 to the financial statements.

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34 FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell as an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Bank measure fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

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.

Level 3: Valuations derived from valuation techniques in which one or more significant inputs are not based on observable market data.

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 price 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 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 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.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Economic Entity and The Bank				
30/9/2017				
Assets				
Derivative financial assets		1,276		1,276
Financial investments available-for-sale				
- Money market instruments	-	967,507	-	967,507
- Equity securities	-	-	-	-
- Corporate bonds/sukuk	-	1,183,780	-	1,183,780
	-	2,152,563	-	2,152,563
Liabilities				
Derivative financial liabilities	-	1,602	-	1,602
	-	1,602	-	1,602
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Economic Entity and The Bank				
31/12/2016				
Assets				
Derivative financial assets	-	8,987	-	8,987
Financial investments available-for-sale				
- Money market instruments	-	931,503	-	931,503
- Equity securities	-	-	-	-
- Corporate bonds/sukuk	-	901,905	-	901,905
	-	1,842,395	-	1,842,395
Liabilities				
Derivative financial liabilities	-	1,412	-	1,412
	-	1,412	-	1,412

* Net of allowance for impairment.

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34 FAIR VALUE MEASUREMENTS (continued)

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 Bank exposure to financial instruments classified as Level 3 comprised a small number of financial instruments which constitute an insignificant component of 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 Bank recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. Transfers between fair value hierarchy primarily due to change in the level of trading activity, change in observable market activity related to an input, reassessment of available pricing information and change in the significance of the unobservable input. There were no transfers between Level 1, 2 and 3 of the fair value hierarchy during the financial year (31 December 2016: Nil)

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

	Economic Entity and The Bank	
	Current Financial Quarter 30/9/2017 RM'000	Previous Financial Year-End 31/12/2016 RM'000
As at beginning of the financial period	-	525
Sales	-	(25)
Reclassify to investment in associate	-	(500)
As at end of the financial period	<u>-</u>	<u>-</u>

Effect of changes in significant unobservable assumptions to reasonably possible alternatives

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.

Qualitative information about the fair value measurements using significant unobservable inputs (Level 3):

Description	Fair value assets		Valuation techniques	Unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
	30/9/2017 RM'000	31/12/2016 RM'000			
Economic Entity and The Bank Financial investments available-for-sale					
Unquoted shares	-	-	Net tangible assets	Net tangible assets	Higher net tangible assets results in higher fair value

In estimating its significance, the Bank used an approach that is currently based on methodologies used for fair value adjustments. These adjustments reflects the values that the Bank estimate is appropriate to adjust from the valuations produced to reflect for uncertainties in the inputs used. The methodologies used can be a statistical or other relevant approved techniques.

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35 CAPITAL MANAGEMENT

With effect from 1 January 2013, the total capital and capital adequacy ratios of the Bank are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework (Capital Components) dated 28 November 2012.

The Bank is currently adopting Standardised Approach for Credit Risk and Market Risk, the Basic Indicator Approach for Operational Risk. In line with the transitional arrangements under the Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (Capital Components), the minimum capital adequacy requirement for Common Equity Tier 1 Capital Ratio ('CET 1') and Tier 1 Capital Ratio are 5.750% (2016: 5.125%) and 7.250% (2016: 6.625%) respectively for year 2017. The minimum regulatory capital adequacy requirement has increased to 9.250% (2016 : 8.625%) for total capital ratio.

The Bank has adopted and to comply with the Guidelines and are subject to the transition arrangements as set out by BNM.

The Bank's objectives when managing capital, are:

- To comply with the capital requirements set by the regulators of the banking markets where the entities within the Bank.
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

The Bank maintains a ratio of total regulatory capital to its risk-weighted assets above a minimum level agreed with the management which takes into account the risk profile of the Bank.

The table in Note 36 below summarises the composition of regulatory capital and the ratios of the Bank for the financial quarter ended 30 September 2017.

36 CAPITAL ADEQUACY

The capital adequacy ratios are as follows:

	Economic Entity		The Bank	
	Current Financial Quarter	Previous Financial Year-End	Current Financial Quarter	Previous Financial Year-End
	30/9/2017	31/12/2016	30/9/2017	31/12/2016
	RM'000	RM'000	RM'000	RM'000
Paid-up share capital	760,000	560,000	760,000	560,000
Statutory reserves	-	305,016	-	305,016
Retained profits	591,819	237,127	592,469	237,777
Unrealised gains and losses on AFS	163	(23,768)	163	(23,768)
	1,351,982	1,078,375	1,352,632	1,079,025
Less:				
Deferred tax assets	(2,609)	(8,056)	(2,609)	(8,056)
55% of cumulative unrealised gains of AFS	(90)	-	(90)	-
Investment in associate/joint ventures	(600)	(450)	(1,120)	(840)
CET1 Capital	1,348,683	1,069,869	1,348,813	1,070,129
Tier 1 Capital	1,348,683	1,069,869	1,348,813	1,070,129

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36 CAPITAL ADEQUACY (continued)

	Economic Entity		The Bank	
	Current Financial Quarter Financial 30/9/2017 RM'000	Previous Financial Year-End Financial 31/12/2016 RM'000	Current Financial Quarter Financial 30/9/2017 RM'000	Previous Financial Year-End Financial 31/12/2016 RM'000
Collective impairment [@]	31,282	28,541	31,282	28,541
Regulatory adjustments	89,571	73,178	89,571	73,178
Less:				
Investment in associate/joint ventures	(150)	(300)	(280)	(560)
Tier II capital	120,703	101,419	120,573	101,159
Total capital	1,469,386	1,171,288	1,469,386	1,171,288
CET1 capital ratio	13.258%	12.421%	13.260%	12.424%
Tier 1 capital ratio	13.258%	12.421%	13.260%	12.424%
Total capital ratio	14.445%	13.598%	14.445%	13.598%
CET1 capital ratio (net of proposed dividends)	13.258%	12.421%	13.260%	12.424%
Tier 1 capital ratio (net of proposed dividends)	13.258%	12.421%	13.260%	12.424%
Total capital ratio (net of proposed dividends)	14.445%	13.598%	14.445%	13.598%
Risk-weighted assets for:				
Credit risk	9,651,812	8,124,441	9,651,812	8,124,441
Market risk	14,570	37,254	14,570	37,254
Operational risk	505,892	451,894	505,892	451,894
Total risk-weighted assets	10,172,274	8,613,589	10,172,274	8,613,589

[@] Qualifying collective impairment is restricted to allowances on unimpaired portion of the financing, advances and other financing.

In accordance with BNM's Guidelines on Investment Account, the credit and market risk weighted on the assets funded by the RIA are excluded from calculation of capital adequacy. As at 30 September 2017, RIA assets excluded from Total Capital Ratio calculation amounted to RM2,095,750,534 (31 December 2016: RM2,112,242,742).

The following information concerning the Bank's risk exposures are disclosed in Appendix I, II, III and IV.

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37 REVIEW OF PERFORMANCE OF THE BANK

(Analysis of financial performance of current quarter comparing to previous year's corresponding quarter)

During the 3rd quarter of 2017, the Bank registered a profit before tax of RM31.5 million as compared to the previous year's corresponding quarter of RM28.6 million, an increase of RM2.9 million or 10.1%.

This was due to:

- i) higher income derived from investments after netting off income attributable to depositors' funds by RM16.2 million.
- ii) lower allowances for impairment losses on financing, advances and other financing by RM0.1 million.

The above was off-set by:

- iii) higher operating expenses by RM10.4 million.
- iv) higher zakat by RM3.0 million.

38 COMMENT ON FINANCIAL RESULTS

(Analysis of financial performance of current quarter comparing to immediate preceding quarter)

The Bank's profit before tax for 3rd quarter of 2017 stood at RM31.5 million as compared to RM23.0 million reported in the 2nd quarter of 2017, an increase of RM8.5 million or 37.0%.

Increase in profit before tax as compared to immediate preceding quarter was due to:

- i) higher income derived from investments after netting off income attributable to the depositors' funds by RM8.8 million.
- ii) lower allowances for impairment losses on financing, advances and other financing by RM4.1 million.

The above was off-set by:

- iii) higher zakat by RM3.0 million.
- iv) higher operating expenses by RM1.4 million.

39 PROSPECT FOR THE CURRENT FINANCIAL YEAR

Business Outlook for Remaining Period Financial Year 2017

For 2017, Malaysia's economy is expected to inflate to more than 4.8% by year end. The growth is coming from strong export cycle and faster consumption growth. Recent trends in consumer spending seem to indicate that consumer confidence is improving. Encouragingly, most analysts predicted that retail sales especially in passenger vehicle sales and property financing are nudging towards recovery. Predictably, BNM is expected to maintain its policy rate (OPR) at 3.00% until 2018 as to ease inflation pressures and strengthening our economic position.

AFFIN Islamic remains optimistic of improving its market positioning in Islamic banking by prioritize on the growth of Shariah-compliant assets, in line with BNM's 10-year Financial Sector Blueprint. Our focus will continue to be in driving operating efficiency and productivity. SME and millennial segments remain our core business drivers in supporting our financing growth and profitability. In consumer market, both hire purchase financing and residential property mortgages will continue as key revenue contributors.

The Bank has entered into Waqf Fund Strategic Collaboration Agreement with five Islamic banks in September 2017 to generate positive and sustainable impact on the economy, community and environment focusing on economic empowerment, education, health and investment. This is in line with the recent introduction of Value-Based Intermediation or (VBI), as part of strategic direction for the bank towards creating greater socioeconomic impact thru optimum product offerings together with Investment Account Platform (IAP) to support growth of SMEs and new businesses.

For the remaining 2017, overall performance of AFFIN Islamic is expected to remain steady supported by stable funding position through emplacement of Islamic deposits. With the implementation of "Priority Islamic" approach and AFFINITY Transformation Program initiatives, the pace of AFFIN Islamic asset and liability growth are expected to meet the financial year targets.

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40 VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

The Bank's profit before tax registered an adverse variance of RM24.0 million. The main contributing factors are follows:

Other operating expenses

Operating costs showed an adverse variance of RM18.4 million.

Allowances for impairment losses on financing, advances and other financing

Allowances for impairment losses on financing, advances and other financing showed an adverse variance of RM16.0 million.

Income derived from investments after netting off income attributable to the depositors' funds

Income derived from investments after netting off income attributable to the depositors' funds showed a favourable variance of RM10.4 million.