

**AFFIN Islamic Bank Berhad**  
(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS**

**UNAUDITED STATEMENTS OF FINANCIAL POSITION *as at 30 September 2019***

		<b>Economic Entity</b>		<b>The Bank</b>	
	<b>Note</b>	<b>30/9/2019</b>	<b>31/12/2018</b>	<b>30/9/2019</b>	<b>31/12/2018</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>					
Cash and short-term funds		<b>4,602,698</b>	3,210,533	<b>4,602,698</b>	3,210,533
Derivative financial assets	13	<b>3,336</b>	2,042	<b>3,336</b>	2,042
Financial investments at fair value through other comprehensive income ('FVOCI')	14	<b>1,992,392</b>	2,804,257	<b>1,992,392</b>	2,804,257
Financing, advances and other financing	15	<b>18,559,794</b>	18,617,860	<b>18,559,794</b>	18,617,860
Other assets	16	<b>6,034</b>	43,194	<b>6,034</b>	43,194
Amount due from holding company		<b>204,744</b>	107,722	<b>204,744</b>	107,722
Amount due from joint ventures	17	<b>30,831</b>	31,295	<b>30,831</b>	31,295
Amount due from associate	18	<b>900</b>	500	<b>900</b>	500
Tax recoverable		<b>18,197</b>	-	<b>18,197</b>	-
Deferred tax assets		-	17,993	-	17,993
Statutory deposits with Bank Negara Malaysia		<b>537,000</b>	512,000	<b>537,000</b>	512,000
Investment in joint ventures		-	-	<b>650</b>	650
Investment in associate		<b>750</b>	750	<b>750</b>	750
Property and equipment		<b>2,129</b>	2,677	<b>2,129</b>	2,677
Right-of-use assets		<b>1,706</b>	-	<b>1,706</b>	-
Intangible assets		<b>682</b>	670	<b>682</b>	670
<b>TOTAL ASSETS</b>		<b>25,961,193</b>	25,351,493	<b>25,961,843</b>	25,352,143
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	19	<b>20,670,240</b>	19,687,388	<b>20,670,240</b>	19,687,388
Investment accounts of customers	20	<b>1,708</b>	875	<b>1,708</b>	875
Deposits and placements of banks and other financial institutions	21	<b>114,933</b>	245,582	<b>114,933</b>	245,582
Investment accounts due to designated financial institutions	22	<b>1,944,992</b>	2,368,295	<b>1,944,992</b>	2,368,295
Derivative financial liabilities	23	<b>1,605</b>	4,289	<b>1,605</b>	4,289
Other liabilities	24	<b>158,626</b>	89,863	<b>158,626</b>	89,863
Provision for taxation		-	8,743	-	8,743
Deferred tax liabilities		<b>8,917</b>	-	<b>8,917</b>	-
Lease liabilities	25	<b>1,715</b>	-	<b>1,715</b>	-
Subordinated term financing and medium term notes	26	<b>1,125,372</b>	1,111,231	<b>1,125,372</b>	1,111,231
<b>TOTAL LIABILITIES</b>		<b>24,028,108</b>	23,516,266	<b>24,028,108</b>	23,516,266
Share capital		<b>1,060,000</b>	1,060,000	<b>1,060,000</b>	1,060,000
Reserves	27	<b>873,085</b>	775,227	<b>873,735</b>	775,877
<b>TOTAL EQUITY</b>		<b>1,933,085</b>	1,835,227	<b>1,933,735</b>	1,835,877
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>25,961,193</b>	25,351,493	<b>25,961,843</b>	25,352,143
<b>COMMITMENTS AND CONTINGENCIES</b>					
	35	<b>4,017,912</b>	5,543,823	<b>4,017,912</b>	5,543,823
<b>CAPITAL ADEQUACY RATIOS</b>					
CET1 capital ratio		<b>11.656%</b>	10.869%	<b>11.656%</b>	10.869%
Tier 1 capital ratio	38	<b>13.726%</b>	12.882%	<b>13.726%</b>	12.882%
Total capital ratio		<b>20.431%</b>	19.438%	<b>20.431%</b>	19.438%

The unaudited interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2018.

**AFFIN Islamic Bank Berhad**  
(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS**

**UNAUDITED INCOME STATEMENTS** *for the financial quarter ended 30 September 2019*

	Note	Economic Entity Individual Quarter Ended		Economic Entity Cumulative Quarter Ended	
		30/9/2019 RM'000	30/9/2018 RM'000	30/9/2019 RM'000	30/9/2018 RM'000
Income derived from investment of depositors' funds and others	29	288,220	246,127	849,963	691,161
Income derived from investment of investment account funds	30	26,063	29,772	79,382	75,721
Income derived from investment of shareholders' funds	31	26,177	22,491	76,766	67,048
Allowances for impairment losses on financing, advances and other financing	32	(9,785)	(6,158)	(17,245)	(19,822)
Allowance for impairment losses on other assets	33	(1,933)	(5,719)	(1,933)	(5,719)
<b>Total distributable income</b>		<b>328,742</b>	<b>286,513</b>	<b>986,933</b>	<b>808,389</b>
Income attributable to the depositors and others	34	(239,933)	(196,668)	(700,193)	(523,841)
<b>Total net income</b>		<b>88,809</b>	<b>89,845</b>	<b>286,740</b>	<b>284,548</b>
Other operating expenses	35	(71,497)	(55,138)	(198,252)	(164,220)
<b>Profit before zakat and taxation</b>		<b>17,312</b>	<b>34,707</b>	<b>88,488</b>	<b>120,328</b>
Zakat		-	(3,061)	(3,000)	(3,061)
<b>Profit before taxation</b>		<b>17,312</b>	<b>31,646</b>	<b>85,488</b>	<b>117,267</b>
Taxation		(2,854)	(12,082)	(21,139)	(32,579)
<b>Net profit after zakat and taxation</b>		<b>14,458</b>	<b>19,564</b>	<b>64,349</b>	<b>84,688</b>
<b>Attributable to:</b>					
Equity holder of the Bank		14,458	19,564	64,349	84,688
<b>Earnings per share (sen):</b>					
- Basic		1.4	1.8	6.1	8.0

The unaudited interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2018.

**AFFIN Islamic Bank Berhad**  
(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS**

**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
*for the financial quarter ended 30 September 2019 (continued)*

	<b>Economic Entity</b>		<b>Economic Entity</b>	
	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>30/9/2019</b>	<b>30/9/2018</b>	<b>30/9/2019</b>	<b>30/9/2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Profit after zakat and taxation</b>	<b>14,458</b>	19,564	<b>64,349</b>	84,688
Other comprehensive income:				
Items that may be reclassified subsequently to profit and loss:				
Net fair value change in				
- financial investments at FVOCI	<b>5,074</b>	23,929	<b>44,689</b>	11,588
Net credit impairment losses change in financial investments at FVOCI	<b>115</b>	21	<b>272</b>	15
Net (gains)/losses on financial investments at FVOCI reclassified to profit or loss on disposal	<b>(772)</b>	65	<b>(956)</b>	199
Deferred tax on				
- financial investments at FVOCI	<b>(1,033)</b>	(5,759)	<b>(10,496)</b>	(2,829)
Other comprehensive income for the financial period, net of tax	<b>3,384</b>	18,256	<b>33,509</b>	8,973
<b>Total comprehensive income for the financial period</b>	<b>17,842</b>	37,820	<b>97,858</b>	93,661
<b>Attributable to equity holder of the Bank:</b>				
- Total comprehensive income	<b>17,842</b>	37,820	<b>97,858</b>	93,661

The unaudited interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2018.

**AFFIN Islamic Bank Berhad**  
(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS**

**UNAUDITED INCOME STATEMENTS *for the financial quarter ended 30 September 2019***

(continued)

		The Bank		The Bank	
	Note	Individual Quarter Ended		Cumulative Quarter Ended	
		30/9/2019	30/9/2018	30/9/2019	30/9/2018
		RM'000	RM'000	RM'000	RM'000
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Income derived from investment of investment account funds	30	26,063	29,772	79,382	75,721
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<b>Total distributable income</b>		<b>328,742</b>	<b>286,513</b>	<b>986,933</b>	<b>808,389</b>
Income attributable to the depositors and others	34	(239,933)	(196,668)	(700,193)	(523,841)
<b>Total net income</b>		<b>88,809</b>	<b>89,845</b>	<b>286,740</b>	<b>284,548</b>
Other operating expenses	35	(71,497)	(55,138)	(198,252)	(164,220)
<b>Profit before zakat and taxation</b>		<b>17,312</b>	<b>34,707</b>	<b>88,488</b>	<b>120,328</b>
Zakat		-	(3,061)	(3,000)	(3,061)
<b>Profit before taxation</b>		<b>17,312</b>	<b>31,646</b>	<b>85,488</b>	<b>117,267</b>
Taxation		(2,854)	(12,082)	(21,139)	(32,579)
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<b>Attributable to:</b>					
Equity holder of the Bank		14,458	19,564	64,349	84,688
<b>Earnings per share (sen):</b>					
- Basic		1.4	1.8	6.1	8.0

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**AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS****UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME***for the financial quarter ended 30 September 2019 (continued)*

	<b>The Bank</b>		<b>The Bank</b>	
	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>30/9/2019</b>	<b>30/9/2018</b>	<b>30/9/2019</b>	<b>30/9/2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Profit after zakat and taxation</b>	<b>14,458</b>	19,564	<b>64,349</b>	84,688
Other comprehensive income:				
Items that may be reclassified subsequently to profit and loss:				
Net fair value change in				
- financial investments at FVOCI	<b>5,074</b>	23,929	<b>44,689</b>	11,588
Net credit impairment losses change in financial investments at FVOCI	<b>115</b>	21	<b>272</b>	15
Net (gains)/losses on financial investments at FVOCI reclassified to profit or loss on disposal	<b>(772)</b>	65	<b>(956)</b>	199
Deferred tax on				
- financial investments at FVOCI	<b>(1,033)</b>	(5,759)	<b>(10,496)</b>	(2,829)
Other comprehensive income for the financial period, net of tax	<b>3,384</b>	18,256	<b>33,509</b>	8,973
<b>Total comprehensive income for the financial period</b>	<b>17,842</b>	37,820	<b>97,858</b>	93,661
<b>Attributable to equity holder of the Bank:</b>				
- Total comprehensive income	<b>17,842</b>	37,820	<b>97,858</b>	93,661

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**AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS****UNAUDITED STATEMENTS OF CHANGES IN EQUITY***for the financial quarter ended 30 September 2019*

Economic Entity	Attributable to Equity Holder of the Bank				
	Share capital	FVOCI revaluation reserves	Regulatory reserves	Retained profits	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2019</b>	<b>1,060,000</b>	<b>3,172</b>	<b>194,384</b>	<b>577,671</b>	<b>1,835,227</b>
Net profit for the financial period	-	-	-	<b>64,349</b>	<b>64,349</b>
Other comprehensive income (net of tax)					
- Financial investments at FVOCI	-	<b>33,509</b>	-	-	<b>33,509</b>
Total comprehensive income for the financial period	-	<b>33,509</b>	-	<b>64,349</b>	<b>97,858</b>
Transfer to regulatory reserves	-	-	<b>27,526</b>	<b>(27,526)</b>	-
<b>At 30 September 2019</b>	<b>1,060,000</b>	<b>36,681</b>	<b>221,910</b>	<b>614,494</b>	<b>1,933,085</b>

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

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**AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS****UNAUDITED STATEMENTS OF CHANGES IN EQUITY***for the financial quarter ended 30 September 2019**(continued)*

	Non-distributable			Distributable	Total Equity
	Share capital	FVOCI revaluation reserves	Regulatory reserves	Retained profits	
The Bank	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2019</b>	<b>1,060,000</b>	<b>3,172</b>	<b>194,384</b>	<b>578,321</b>	<b>1,835,877</b>
Net profit for the financial period	-	-	-	<b>64,349</b>	<b>64,349</b>
Other comprehensive income (net of tax)					
- Financial investments at FVOCI	-	<b>33,509</b>	-	-	<b>33,509</b>
Total comprehensive income for the financial period	-	<b>33,509</b>	-	<b>64,349</b>	<b>97,858</b>
Transfer to regulatory reserves	-	-	<b>27,526</b>	<b>(27,526)</b>	-
<b>At 30 September 2019</b>	<b>1,060,000</b>	<b>36,681</b>	<b>221,910</b>	<b>615,144</b>	<b>1,933,735</b>

	Share capital	FVOCI revaluation reserves	AFS revaluation reserves	Regulatory reserves	Retained profits	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Bank						
At 1 January 2018	1,060,000	-	(6,915)	94,866	610,852	1,758,803
Adjustment arising from adoption of MFRS 9	-	(6,700)	6,915	(19,067)	(26,388)	(45,240)
At 1 January 2018, as restated	1,060,000	(6,700)	-	75,799	584,464	1,713,563
Net profit for the financial period	-	-	-	-	84,688	84,688
Other comprehensive income (net of tax)						
- Financial investments at FVOCI	-	8,973	-	-	-	8,973
Total comprehensive income for the financial 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	600,637	1,807,224

The unaudited interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2018.

**AFFIN Islamic Bank Berhad**  
(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS**

**UNAUDITED STATEMENTS OF CASH FLOW** *for the financial quarter ended 30 September 2019*

	<b>Economic Entity</b>		<b>The Bank</b>	
	<b>30/9/2019</b>	<b>30/9/2018</b>	<b>30/9/2019</b>	<b>30/9/2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Profit before taxation</b>	<b>85,488</b>	117,267	<b>85,488</b>	117,267
Adjustments for items not involving the movement of cash and cash equivalents:				
Finance income and hibah from:				
- financial investments at FVOCI	(74,901)	(72,852)	(74,901)	(72,852)
Accretion of discount less amortisation of premium:				
- financial investments at FVOCI	(4,321)	(5,630)	(4,321)	(5,630)
Gain on sale/redemption:				
- financial investments at FVOCI	(58,861)	(2,178)	(58,861)	(2,178)
Gain on unrealised foreign exchange	(3,977)	(5,703)	(3,977)	(5,703)
Depreciation of property and equipment	584	564	584	564
Property and equipment written-off	-	3	-	3
Amortisation of intangible assets	130	55	130	55
Depreciation-Lease Premises Rental	1,011	-	1,011	-
Net collective impairment	-	-	-	-
Expected credit losses ('ECL') made on:				
- financing, advances and other financing	24,207	22,269	24,207	22,269
- securities	272	15	272	15
- financing commitments and financial guarantees	(4,650)	(1,512)	(4,650)	(1,512)
Bad debt on financing written-off	211	30	211	30
Allowance for impairment losses on other assets	1,933	-	1,933	-
Finance expense - Subordinated term financing and medium term notes	42,816	-	42,816	-
Zakat	3,000	3,061	3,000	3,061
<b>Operating profit before changes in working capital</b>	<b>12,942</b>	55,389	<b>12,942</b>	55,389
<b>Decrease/(Increase) in operating assets:</b>				
Financing, advances and other financing	33,648	(3,129,497)	33,648	(3,129,497)
Other assets	37,126	3,583	37,126	3,583
Right-of-use assets -Lease Commitment	(2,717)	-	(2,717)	-
Statutory deposits with Bank Negara Malaysia	(25,000)	(166,860)	(25,000)	(166,860)
Amount due from holding company	(97,022)	(22,344)	(97,022)	(22,344)
Amount due from joint ventures	(1,469)	2,073	(1,469)	2,073
Amount due from associate	(400)	-	(400)	-
Derivative financial instruments	(3,978)	(5,703)	(3,978)	(5,703)
<b>Increase/(Decrease) in operating liabilities:</b>				
Deposits from customers	982,852	4,203,688	982,852	4,203,688
Investment accounts of customers	833	561	833	561
Deposits and placements of banks and other financial institutions	(130,649)	67,792	(130,649)	67,792
Investment accounts due to designated financial institutions	(423,303)	218,426	(423,303)	218,426
Amount due to holding company	-	-	-	-
Other liabilities	71,460	6,517	71,460	6,517
Lease liabilities	1,715	-	1,715	-
Cash generated from operations	456,038	1,233,625	456,038	1,233,625
Zakat paid	(1,047)	(2,147)	(1,047)	(2,147)
Tax paid	(31,667)	(22,500)	(31,667)	(22,500)
<b>Net cash generated from operating activities</b>	<b>423,324</b>	1,208,978	<b>423,324</b>	1,208,978

The unaudited interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2018.



**AFFIN Islamic Bank Berhad**  
(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS**

**UNAUDITED STATEMENTS OF CASH FLOW** *for the financial quarter ended 30 September 2019*  
(continued)

	<b>Economic Entity</b>		<b>The Bank</b>	
	<b>30/9/2019</b>	<b>30/9/2018</b>	<b>30/9/2019</b>	<b>30/9/2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Finance income and hibah received from:				
- financial investments at FVOCI	<b>74,901</b>	72,852	<b>74,901</b>	72,852
Net sale /(purchase) of				
- financial investments at FVOCI	<b>918,781</b>	(129,236)	<b>918,781</b>	(129,236)
Purchase of property and equipment	<b>(144)</b>	(1,168)	<b>(144)</b>	(1,168)
<b>Net cash generated from/(used in) investing activities</b>	<b>993,538</b>	(57,552)	<b>993,538</b>	(57,552)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Interest Expense - Subordinated Debts	<b>(28,675)</b>	-	<b>(28,675)</b>	-
<b>Net cash generated from financing activities</b>	<b>(28,675)</b>	-	<b>(28,675)</b>	-
Net increase in cash and cash equivalents	<b>1,388,187</b>	1,151,426	<b>1,388,187</b>	1,151,426
Effects of foreign exchange	<b>3,978</b>	5,703	<b>3,978</b>	5,703
Cash and cash equivalents at beginning of the financial period	<b>3,210,533</b>	1,423,594	<b>3,210,533</b>	1,423,594
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<b>4,602,698</b>	2,580,723	<b>4,602,698</b>	2,580,723

**AFFIN Islamic Bank Berhad**  
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**MFRS 134 INTERIM FINANCIAL REPORTING - 30 September 2019**

**1 BASIS OF PREPARATION**

The unaudited 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 investments 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") 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 Bank for the year ended 31 December 2018. 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 Bank since the year ended 31 December 2018.

There are no changes to the accounting policies adopted since the last financial year except for the adoption of MFRS 16 "Leases" with effect from 1 January 2019.

**2 ACCOUNTING POLICIES**

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 2018, except for the adoption of the following amendments to MFRS 16 that are applicable to the Bank effective for the financial year beginning on 1 January 2019.

The Bank has adopted MFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

Adjustments recognised on adoption of MFRS 16

On adoption of MFRS 16, the Bank recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of MFRS 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of MFRS 16 are only applied after that date. The remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

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**3 AUDITOR'S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2018 was not subjected to any qualification.

**4 SEASONAL OR CYCLICAL FACTORS**

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

**5 EXCEPTIONAL ITEMS**

There was no exceptional items for the quarter ended 30 September 2019.

**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 2019 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 2019 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 2018 audited accounts.

**11 PURCHASE AND SALE OF QUOTED SECURITIES**

There were no purchases or disposals of quoted securities for the quarter ended 30 September 2019 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 2019.

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**13 DERIVATIVE FINANCIAL ASSETS**

	Economic Entity and The Bank			
	30/9/2019		31/12/2018	
	Contract/ notional amount RM'000	Assets RM'000	Contract/ notional amount RM'000	Assets RM'000
<b>At fair value</b>				
Foreign exchange derivatives				
- Currency forwards	203,189	3,336	436,525	2,042
	<u>203,189</u>	<u>3,336</u>	<u>436,525</u>	<u>2,042</u>

**14 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")**

	Economic Entity and The Bank	
	30/9/2019 RM'000	31/12/2018 RM'000
<b>At fair value</b>		
Money market instruments:		
Malaysian Government treasury bills	-	79,728
Malaysian Government investment issues	439,639	861,677
Sukuk Perumahan Kerajaan	91,808	90,749
Khazanah Sukuk	52,610	163,172
Cagamas Sukuk	-	5,161
	<u>584,057</u>	<u>1,200,487</u>
Unquoted securities:		
Corporate Sukuk in Malaysia	1,408,335	1,603,770
	<u>1,992,392</u>	<u>2,804,257</u>

Upon adoption of MFRS9, the expected credit losses in relation to financial instruments at FVOCI are recorded in FVOCI reserves. Movement in allowances for impairment which reflect the expected credit losses ("ECL") model on impairment are as follows:

	Lifetime ECL			
	12-Month ECL Stage 1 RM'000	not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
<b>Economic Entity and The Bank</b>				
<b>30/9/2019</b>				
At beginning of the financial period	257	-	-	257
Financial assets derecognised during the financial period (other than write-offs)	(16)	-	-	(16)
New financial assets originated or purchased	141	-	-	141
Changes due to change in credit risk	141	-	-	141
Changes in model/risk parameters	5	-	-	5
<b>At end of the financial period</b>	<u>528</u>	<u>-</u>	<u>-</u>	<u>528</u>
	Lifetime ECL			
	12-Month ECL Stage 1 RM'000	not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
<b>Economic Entity and The Bank</b>				
<b>31/12/2018</b>				
At beginning of the financial year	-	-	-	-
Effects on adoption of MFRS9	215	-	-	215
At beginning of the financial year, as restated	215	-	-	215
Financial assets derecognised during the financial year (other than write-offs)	(114)	-	-	(114)
New financial assets originated or purchased	13	-	-	13
Changes due to change in credit risk	143	-	-	143
Changes in model/risk parameters	-	-	-	-
<b>At end of the financial year</b>	<u>257</u>	<u>-</u>	<u>-</u>	<u>257</u>

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**14 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI") (continued)**

Movement in the carrying amount of financial investments at FVOCI that contributed to changes in the expected credit losses:

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>Economic Entity and The Bank 30/9/2019</b>				
At beginning of the financial year	2,804,257	-	-	<b>2,804,257</b>
Financial assets derecognised during the period (other than write-offs)	(2,257,795)	-	-	<b>(2,257,795)</b>
New financial assets originated or purchased	1,783,245	-	-	<b>1,783,245</b>
Changes in profit accrual/discount/premium	(416,418)			<b>(416,418)</b>
Other adjustments:				
- Others	79,103	-	-	<b>79,103</b>
<b>At end of the financial year</b>	<b>1,992,392</b>	<b>-</b>	<b>-</b>	<b>1,992,392</b>
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>Economic Entity and The Bank 31/12/2018</b>				
At beginning of the financial year	2,377,724	-	-	2,377,724
Financial assets derecognised during the period (other than write-offs)	(596,645)	-	-	(596,645)
New financial assets originated or purchased	1,010,735	-	-	1,010,735
Changes in profit accrual/discount/premium	(2,387)			(2,387)
Other adjustments:				
- Others	14,830	-	-	14,830
<b>At end of the financial year</b>	<b>2,804,257</b>	<b>-</b>	<b>-</b>	<b>2,804,257</b>

**15 FINANCING, ADVANCES AND OTHER FINANCING**

**(i) By type**

	<b>Economic Entity and The Bank</b>	
	<b>30/9/2019</b>	<b>31/12/2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash line	<b>477,413</b>	374,079
Term financing		
- House financing	<b>7,178,845</b>	6,434,202
- Hire purchase receivables	<b>3,973,401</b>	4,243,662
- Syndicated financing	<b>690,250</b>	700,118
- Business term financing	<b>4,918,467</b>	5,591,252
Bills receivables	<b>4,681</b>	5,150
Trust receipts	<b>35,977</b>	16,329
Claims on customers under acceptances credits	<b>440,973</b>	352,435
Staff financing (of which RM Nil to Directors)	<b>57,485</b>	42,224
Credit/charge card	<b>26,147</b>	11,408
Revolving credit	<b>898,335</b>	976,018
<b>Gross financing, advances and other financing</b>	<b>18,701,974</b>	18,746,877
Less:		
Allowance for impairment losses		
- Expected credit losses ("ECL")	<b>(142,180)</b>	(129,017)
<b>Total net financing, advances and other financing</b>	<b>18,559,794</b>	18,617,860

Included in business term financing as at reporting date is RM53.7 million (31 December 2018: RM53.7 million) of term financing disbursed by the Bank to joint venture with AFFIN-i Ndayu Sdn Bhd.

**(ii) By maturity structure**

	<b>Economic Entity and The Bank</b>	
	<b>30/9/2019</b>	<b>31/12/2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Maturing within one year	<b>2,029,516</b>	2,227,193
One year to three years	<b>689,285</b>	694,582
Three years to five years	<b>1,556,553</b>	1,425,456
Over five years	<b>14,426,620</b>	14,399,646
	<b>18,701,974</b>	18,746,877

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**15 FINANCING, ADVANCES AND OTHER FINANCING (continued)**

**(iii) By contract**

Economic Entity and The Bank  
30/9/2019  
RM'000

	Al- Bai Bithaman Ajil	Ijarah	Al-Ijarah Thumma Al-Bai	Murabahah	Musarakah	Istisna'	Others	Total
Cash line	-	-	-	438,210	-	-	39,203	477,413
Term financing								
House financing	712,287	-	-	80,508	6,385,979	-	71	7,178,845
Hire purchase receivables	-	-	3,973,401	-	-	-	-	3,973,401
Syndicated financing	-	259,191	-	431,059	-	-	-	690,250
Business term financing	105,263	712,394	-	2,539,698	873,266	683,174	4,672	4,918,467
Bills receivables	-	-	-	2,988	-	-	1,693	4,681
Trust receipts	-	-	-	35,977	-	-	-	35,977
Claims on customers under acceptance credits	-	-	-	440,973	-	-	-	440,973
Staff financing	4,638	-	-	33,024	19,823	-	-	57,485
Credit/charge cards	-	-	-	-	-	-	26,147	26,147
Revolving credit	-	-	-	898,335	-	-	-	898,335
Total Financing	822,188	971,585	3,973,401	4,900,772	7,279,068	683,174	71,786	18,701,974

Economic Entity and The Bank  
31/12/2018  
RM'000

	Al- Bai Bithaman Ajil	Ijarah	Al-Ijarah Thumma Al-Bai	Murabahah	Musarakah	Istisna'	Others	Total
Cash line	-	-	-	317,431	-	-	56,648	374,079
Term financing								
House financing	770,496	-	-	55,368	5,608,338	-	-	6,434,202
Hire purchase receivables	-	-	4,243,662	-	-	-	-	4,243,662
Syndicated financing	-	274,002	-	426,116	-	-	-	700,118
Business term financing	130,802	905,212	-	2,859,871	808,590	881,602	5,175	5,591,252
Bills receivables	-	-	-	-	-	-	5,150	5,150
Trust receipts	-	-	-	16,329	-	-	-	16,329
Claims on customers under acceptance credits	-	-	-	352,435	-	-	-	352,435
Staff financing	5,126	-	-	29,155	7,943	-	-	42,224
Credit/charge cards	-	-	-	-	-	-	11,408	11,408
Revolving credit	-	-	-	976,018	-	-	-	976,018
Total Financing	906,424	1,179,214	4,243,662	5,032,723	6,424,871	881,602	78,381	18,746,877

**(iv) By type of customer**

	Economic Entity and The Bank	
	30/9/2019	31/12/2018
	RM'000	RM'000
Domestic non-banking institutions		
- Others	56,812	155,406
Domestic business enterprises		
- Small medium enterprises	1,867,311	2,009,531
- Others	4,100,830	4,297,466
Government and statutory bodies	777,318	1,064,147
Individuals	11,552,724	10,812,205
Other domestic entities	971	1,220
Foreign entities	346,008	406,902
	18,701,974	18,746,877

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	<b>Economic Entity and The Bank</b>	
	<b>30/9/2019</b>	31/12/2018
	<b>RM'000</b>	RM'000
Fixed rate		
- House financing	<b>43,842</b>	45,349
- Hire purchase receivables	<b>3,973,401</b>	4,243,662
- Other fixed rate financing	<b>1,367,656</b>	1,493,163
Variable rate		
- BFR plus	<b>10,965,510</b>	10,029,219
- Cost-plus	<b>2,342,405</b>	2,863,008
- Other variable rate	<b>9,160</b>	72,476
	<b>18,701,974</b>	18,746,877

**(vi) By economic sector**

	<b>Economic Entity and The Bank</b>	
	<b>30/9/2019</b>	31/12/2018
	<b>RM'000</b>	RM'000
Primary agriculture	<b>946,996</b>	924,391
Mining and quarrying	<b>302,373</b>	318,505
Manufacturing	<b>573,567</b>	567,021
Electricity, gas and water supply	<b>413,857</b>	509,080
Construction	<b>592,729</b>	546,984
Real estate	<b>1,842,661</b>	1,956,198
Wholesale & retail trade and restaurants & hotels	<b>570,242</b>	590,747
Transport, storage and communication	<b>325,935</b>	316,339
Finance, takaful/insurance and business services	<b>361,189</b>	464,736
Education, health and others	<b>1,163,713</b>	1,682,738
Household	<b>11,608,712</b>	10,869,949
Others	<b>-</b>	189
	<b>18,701,974</b>	18,746,877

**(vii) By economic purpose**

	<b>Economic Entity and The Bank</b>	
	<b>30/9/2019</b>	31/12/2018
	<b>RM'000</b>	RM'000
Purchase of securities	<b>308,270</b>	325,481
Purchase of transport vehicles	<b>4,030,958</b>	4,300,093
Purchase of landed property of which:		
- Residential	<b>7,319,357</b>	6,570,340
- Non-residential	<b>2,183,567</b>	2,191,771
Fixed assets other than land and building	<b>90,438</b>	135,413
Personal use	<b>86,245</b>	64,577
Credit/charge card	<b>26,147</b>	11,408
Consumer durable	<b>35</b>	47
Construction	<b>1,150,861</b>	1,233,103
Working capital	<b>3,066,296</b>	3,455,407
Others	<b>439,800</b>	459,237
	<b>18,701,974</b>	18,746,877

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**15 FINANCING, ADVANCES AND OTHER FINANCING (continued)**

**(viii) By geographical distribution**

	<b>Economic Entity and The Bank</b>	
	<b>30/9/2019</b>	<b>31/12/2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Perlis	210,059	192,981
Kedah	818,510	781,062
Pulau Pinang	882,548	798,332
Perak	580,437	728,637
Selangor	6,066,273	5,899,212
Wilayah Persekutuan	4,078,574	4,422,583
Negeri Sembilan	948,265	900,252
Melaka	275,455	286,179
Johor	2,260,595	2,190,243
Pahang	646,383	600,886
Terengganu	501,791	476,001
Kelantan	206,678	185,228
Sarawak	487,204	477,656
Sabah	642,171	695,052
Labuan	25,585	41,996
Outside Malaysia	71,446	70,577
	<b>18,701,974</b>	<b>18,746,877</b>

**(ix) Movements of impaired financing**

	<b>Economic Entity and The Bank</b>	
	<b>30/9/2019</b>	<b>31/12/2018</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of the financial period/year	530,829	142,310
Effect of adoption of MFRS 9	-	(594)
At beginning of the financial period/year, as restated	530,829	141,716
Classified as impaired	173,297	551,758
Reclassified as non-impaired during the financial period/year	(99,790)	(117,229)
Amount recovered during the financial period/year	(29,485)	(27,139)
Amount written-off during the financial period/year	(11,318)	(18,277)
<b>At end of the financial period/year</b>	<b>563,533</b>	<b>530,829</b>
Ratio of gross impaired financing, advances and other financing to gross financing, advances and other financing (exclude restricted investment accounts)	2.22%	2.05%



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**MFRS 134 INTERIM FINANCIAL REPORTING - 30 September 2019****15 FINANCING, ADVANCES AND OTHER FINANCING (continued)****(x) Impaired financing by economic sector**

	<b>Economic Entity and The Bank</b>	
	<b>30/9/2019</b>	<b>31/12/2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Primary agriculture	45	-
Manufacturing	62,770	62,739
Electricity, gas and water supply	83	-
Construction	8,521	11,946
Real estate	318,482	315,973
Wholesale & retail trade and restaurants & hotels	1,326	5,775
Transport, storage and communication	519	415
Finance, takaful/insurance and business services	3,102	1,217
Education, health and others	264	92
Household	168,421	132,672
	<b>563,533</b>	<b>530,829</b>

**(xi) Impaired financing by economic purpose**

	<b>Economic Entity and The Bank</b>	
	<b>30/9/2019</b>	<b>31/12/2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Purchase of securities	22	6
Purchase of transport vehicles	19,244	23,213
Purchase of landed property of which:		
- Residential	150,171	115,070
- Non-residential	213,102	210,649
Fixed assets other than land and building	39	62
Personal use	1,373	983
Credit/charge card	202	13
Construction	107,255	107,642
Working capital	69,073	73,108
Others	3,052	83
	<b>563,533</b>	<b>530,829</b>

**(xii) Impaired financing by geographical distribution**

	<b>Economic Entity and The Bank</b>	
	<b>30/9/2019</b>	<b>31/12/2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Perlis	2,528	2,135
Kedah	6,725	6,920
Pulau Pinang	6,789	3,274
Perak	7,199	6,604
Selangor	89,598	80,494
Wilayah Persekutuan	329,431	315,896
Negeri Sembilan	16,822	13,683
Melaka	4,049	2,184
Johor	16,116	12,982
Pahang	2,056	1,155
Terengganu	4,936	5,338
Kelantan	2,944	2,568
Sarawak	441	170
Sabah	2,468	6,860
Outside Malaysia	71,431	70,566
	<b>563,533</b>	<b>530,829</b>

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**15 FINANCING, ADVANCES AND OTHER FINANCING (continued)**

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

<b>Economic Entity and The Bank 30/9/2019</b>	<b>12 - Month ECL Stage 1 RM'000</b>	<b>Lifetime ECL not credit impaired Stage 2 RM'000</b>	<b>Lifetime ECL credit impaired Stage 3 RM'000</b>	<b>Total RM'000</b>
At beginning of the financial period	50,292	10,864	67,861	<b>129,017</b>
Total transfer between stages	4,674	18,415	(23,089)	-
Due to change in credit risk :-				
- Transfer to 12-month ECL (Stage 1)	6,881	(6,287)	(594)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(2,193)	26,826	(24,633)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(14)	(2,124)	2,138	-
Financing, advances and other financing derecognised during the financial period (other than write-offs)	(25,532)	(2,154)	(1,370)	<b>(29,056)</b>
New financing, advances and other financing originated or purchased	24,250	1,382	10	<b>25,642</b>
Changes due to change in credit risk	(6,645)	(17,635)	42,983	<b>18,703</b>
Changes in models/risk parameters	3,581	1,288	4,049	<b>8,918</b>
Write-offs	-	-	(11,120)	<b>(11,120)</b>
Other adjustments	-	-	76	<b>76</b>
<b>At end of the financial period</b>	<b>50,620</b>	<b>12,160</b>	<b>79,400</b>	<b>142,180</b>

  

<b>Economic Entity and The Bank 31/12/2018</b>	<b>12 - Month ECL Stage 1 RM'000</b>	<b>Lifetime ECL not credit impaired Stage 2 RM'000</b>	<b>Lifetime ECL credit impaired Stage 3 RM'000</b>	<b>Total RM'000</b>
At beginning of the financial year	54,528	10,975	58,334	123,837
Total transfer between stages	8,431	4,517	(12,948)	-
Due to change in credit risk :-				
- Transfer to 12-month ECL (Stage 1)	13,357	(13,195)	(162)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(4,091)	33,102	(29,011)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(835)	(15,390)	16,225	-
Financing, advances and other financing derecognised during the financial year (other than write-offs)	(32,808)	(2,871)	(221)	<b>(35,900)</b>
New financing, advances and other financing originated or purchased	40,327	1,130	7	41,464
Changes due to change in credit risk	(20,186)	(2,887)	41,966	18,893
Write-offs	-	-	(18,225)	(18,225)
Other adjustments	-	-	(1,052)	(1,052)
<b>At end of the financial year</b>	<b>50,292</b>	<b>10,864</b>	<b>67,861</b>	<b>129,017</b>

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**15 FINANCING, ADVANCES AND OTHER FINANCING (continued)**

**(xiv) Movement in the gross carrying amount of financial assets that contributed to changes in the expected credit losses.**

**Economic Entity and The Bank**  
**30/9/2019**

	<b>Stage 1</b> <b>RM'000</b>	<b>Stage 2</b> <b>RM'000</b>	<b>Stage 3</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
At beginning of the financial period	17,490,102	725,946	530,829	<b>18,746,877</b>
Total transfer between stages	(212,074)	148,375	63,699	-
Due to change in credit risk :-				
- Transfer to 12-month ECL (Stage 1)	335,334	(332,520)	(2,814)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(540,080)	637,056	(96,976)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(7,328)	(156,161)	163,489	-
Financing, advances and other financing derecognised during the financial period (other than write-offs)	(7,057,514)	(228,451)	(9,007)	<b>(7,294,972)</b>
New financing, advances and other financing originated or purchased	7,231,891	261,496	2,992	<b>7,496,379</b>
Changes due to change in credit risk	(110,382)	(108,338)	(18,438)	<b>(237,158)</b>
Write-offs	-	-	(11,318)	<b>(11,318)</b>
Other adjustments	(18)	(2,592)	4,776	<b>2,166</b>
<b>At end of the financial period</b>	<b>17,342,005</b>	<b>796,436</b>	<b>563,533</b>	<b>18,701,974</b>

**Economic Entity and The Bank**  
**31/12/2018**

	<b>Stage 1</b> <b>RM'000</b>	<b>Stage 2</b> <b>RM'000</b>	<b>Stage 3</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
At beginning of the financial year	14,610,901	697,836	141,716	15,450,453
Total transfer between stages	(544,967)	123,672	421,295	-
Due to change in credit risk :-				
- Transfer to 12-month ECL (Stage 1)	964,015	(943,794)	(20,221)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(1,419,177)	1,517,144	(97,967)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(89,805)	(449,678)	539,483	-
Financing, advances and other financing derecognised during the financial year (other than write-offs)	(7,627,952)	(166,246)	(797)	(7,794,995)
New financing, advances and other financing originated or purchased	10,795,632	127,752	16	10,923,400
Changes due to change in credit risk	256,491	(54,657)	(18,825)	183,009
Write-offs	-	-	(18,277)	(18,277)
Other adjustments	(3)	(2,411)	5,701	3,287
<b>At end of the financial year</b>	<b>17,490,102</b>	<b>725,946</b>	<b>530,829</b>	<b>18,746,877</b>

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**16 OTHER ASSETS**

	<b>Economic Entity and The Bank</b>	
	<b>30/9/2019</b>	<b>31/12/2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Other debtors	156	2,872
Deposits and prepayments	1,005	657
Cheque clearing accounts	-	34,792
Foreclosed properties (a)	4,873	4,873
	<b>6,034</b>	<b>43,194</b>

**(a) Foreclosed properties**

At beginning of the financial period/year	4,873	2,445
Amount arising during the financial period/year	-	2,428
At end of the financial period/year	<b>4,873</b>	<b>4,873</b>

**17 AMOUNT DUE FROM JOINT VENTURES**

	<b>Economic Entity and The Bank</b>	
	<b>30/9/2019</b>	<b>31/12/2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Advances to joint ventures	56,812	55,343
Expected credit losses (a)	(25,981)	(24,048)
	<b>30,831</b>	<b>31,295</b>

**(a) Movement in expected credit losses**

	<b>Lifetime ECL credit impaired Stage 3</b>	<b>Lifetime ECL credit impaired Stage 3</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of the financial period/year	24,048	18,329
Allowance made during the financial period/year	1,933	5,719
At end of the financial period/year	<b>25,981</b>	<b>24,048</b>

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

**18 AMOUNT DUE FROM ASSOCIATE**

	<b>Economic Entity and The Bank</b>	
	<b>30/9/2019</b>	<b>31/12/2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Advances to associate	900	500

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

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	<b>Economic Entity and The Bank</b>	
	<b>30/9/2019</b>	<b>31/12/2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Qard</b>		
Demand deposits	<b>2,145,520</b>	2,598,371
Savings deposits	<b>635,988</b>	600,701
	<b>2,781,508</b>	3,199,072
<b>Mudharabah</b>		
General investment deposits	<b>62,995</b>	68,476
<b>Tawarruq</b>		
Savings deposits	<b>39</b>	-
Murabahah term deposits	<b>17,287,421</b>	16,024,673
Commodity Murabahah	<b>538,277</b>	395,167
	<b>17,825,737</b>	16,419,840
	<b>20,670,240</b>	19,687,388

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

	<b>Economic Entity and The Bank</b>	
	<b>30/9/2019</b>	<b>31/12/2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Due within six months	<b>8,580,479</b>	8,707,686
Six months to one year	<b>6,391,558</b>	6,247,341
One year to three years	<b>2,101,460</b>	760,535
Three years to five years	<b>276,919</b>	377,587
	<b>17,350,416</b>	16,093,149

**(iii) By type of customer**

	<b>Economic Entity and The Bank</b>	
	<b>30/9/2019</b>	<b>31/12/2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Government and statutory bodies	<b>9,085,084</b>	9,628,596
Business enterprise	<b>4,832,411</b>	5,204,019
Individuals	<b>5,263,462</b>	1,887,907
Domestic banking institutions	<b>78</b>	5,360
Domestic non-banking financial institutions	<b>1,178,151</b>	2,633,437
Foreign entities	<b>113,189</b>	98,822
Others entities	<b>197,865</b>	229,247
	<b>20,670,240</b>	19,687,388

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**MFRS 134 INTERIM FINANCIAL REPORTING - 30 September 2019****20 INVESTMENT ACCOUNTS OF CUSTOMERS**

	<b>Economic Entity and The Bank</b>	
	<b>30/9/2019</b>	31/12/2018
	<b>RM'000</b>	RM'000
<b>Mudharabah</b>	<b>1,708</b>	875

	<b>Economic Entity and The Bank</b>	
	<b>30/9/2019</b>	31/12/2018
	<b>RM'000</b>	RM'000
<b>Movement in investment accounts</b>		
At beginning of the financial period/year	875	449
New placement during the financial period/year	1,395	1,135
Redemption during the financial period/year	(566)	(712)
Finance expense on RIA	76	69
Profit distributed	(72)	(66)
At end of the financial period/year	<b>1,708</b>	875

**Profit Sharing Ratio ("PSR") and Rate of Return ("ROR")**

	<b>Economic Entity and The Bank</b>			
	<b>30/9/2019</b>		31/12/2018	
	<b>Average profit</b>		<b>Average profit</b>	
	<b>sharing ratio</b>	<b>Average rate of</b>	<b>sharing ratio</b>	<b>Average rate of</b>
	<b>(PSR)</b>	<b>return (ROR)</b>	<b>(PSR)</b>	<b>return (ROR)</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Investment accounts:				
Due within:				
One year to three years	85	6.74	85	7.19

**21 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

	<b>Economic Entity and The Bank</b>	
	<b>30/9/2019</b>	31/12/2018
	<b>RM'000</b>	RM'000
<b>Qard</b>		
Licensed banks	71,630	70,708
	<b>71,630</b>	70,708
<b>Tawarruq</b>		
Other financial institutions	43,303	174,874
	<b>43,303</b>	174,874
	<b>114,933</b>	245,582
<b>Maturity structure of deposits are as follows:</b>		
Due within six months	107,985	245,582
Six months to one year	6,948	-
	<b>114,933</b>	245,582

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**22 INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTIONS**

	<b>Economic Entity and The Bank</b>	
	<b>30/9/2019</b>	31/12/2018
	<b>RM'000</b>	RM'000
<b>Mudharabah</b>		
Licensed banks	<b>1,944,992</b>	2,368,295
<b>Maturity structure of investment accounts are as follows:</b>		
Due within six months	<b>93,700</b>	424,677
One year to three years	<b>72,024</b>	41,836
Three years to five years	<b>267,956</b>	240,071
Five years and above	<b>1,511,312</b>	1,661,711
	<b>1,944,992</b>	2,368,295

	<b>Economic Entity and The Bank</b>	
	<b>30/9/2019</b>	31/12/2018
	<b>RM'000</b>	RM'000
<b>Movement in investment accounts</b>		
At beginning of the financial period/year	<b>2,368,295</b>	2,749,016
New placement during the financial period/year	<b>160,631</b>	1,296,030
Redemption during the financial period/year	<b>(587,827)</b>	(1,676,765)
Finance expense on RIA	<b>67,354</b>	116,662
Profit distributed	<b>(66,695)</b>	(118,577)
Exchange difference	<b>3,234</b>	1,929
At end of the financial period/year	<b>1,944,992</b>	2,368,295

**Profit Sharing Ratio ("PSR") and Rate of Return ("ROR")**

	<b>Economic Entity and The Bank</b>			
	<b>30/9/2019</b>		<b>31/12/2018</b>	
	<b>Average profit sharing ratio</b>	<b>Average rate of return (ROR)</b>	<b>Average profit sharing ratio</b>	<b>Average rate of return (ROR)</b>
	<b>(PSR)</b>	<b>return (ROR)</b>	<b>(PSR)</b>	<b>return (ROR)</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Investment accounts:				
Due within:				
One month	-	-	95	5.20
One to three months	<b>70</b>	<b>3.71</b>	95	5.11
Three to six months	<b>95</b>	<b>5.23</b>	98	4.41
One year to three years	<b>91</b>	<b>6.28</b>	89	6.82
Three years to five years	<b>85</b>	<b>5.34</b>	83	4.78
Five years and above	<b>94</b>	<b>5.25</b>	93	5.13

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

Inclusive of RIA placed by the holding company amounting to RM1,945.0million. These investments are used to fund certain specific financing. The RIA is a contract based on the Mudharabah principle between two parties to finance a financing where the investor (i.e.'AFFIN Bank Berhad') solely provides capital and the business venture is managed solely by the entrepreneur (i.e. 'the Bank'). The profit of the business venture is shared between both parties based on pre-agreed ratio. Losses shall be borne by the investor.

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**23 DERIVATIVE FINANCIAL LIABILITIES**

	Economic Entity and The Bank			
	30/9/2019		31/12/2018	
	Contract/ notional amount RM'000	Liabilities RM'000	Contract/ notional amount RM'000	Liabilities RM'000
<b>At fair value</b>				
Foreign exchange derivatives				
- Currency forwards	116,784	1,605	591,701	4,289
	<u>116,784</u>	<u>1,605</u>	<u>591,701</u>	<u>4,289</u>

**24 OTHER LIABILITIES**

	Economic Entity and The Bank	
	30/9/2019 RM'000	31/12/2018 RM'000
Bank Negara Malaysia and Credit Guarantee Corporation Funding programmes	866	1,000
Margin and collateral deposits	16,288	13,828
Other creditors and accruals	9,659	8,740
Cheque clearing accounts	17,240	-
Sundry creditors	96,763	32,831
Provision for zakat	2,863	910
Defined contribution plan (a)	949	1,337
Accrued employee benefits	3,282	3,065
Charity funds (b)	23	23
Unearned income	3,210	15,997
Financing commitments (c)	7,483	12,132
	<u>158,626</u>	<u>89,863</u>

**(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) Charity funds**

	Economic Entity and The Bank	
	30/9/2019 RM'000	31/12/2018 RM'000
Sources and uses of charity funds		
At beginning of the financial period/year	23	63
Uses of charity funds		
- Contribution to education	-	10
- Contribution to program/event	-	30
	<u>-</u>	<u>40</u>
<b>At end of the financial period/year</b>	<b>23</b>	<b>23</b>

The source of charity fund comes from Shariah non-compliant events that involve mixed of Shariah compliant and non-Shariah compliant products and services. The charity fund was channeled to a number of charitable or public purposes for example centre of disabled children, association for less fortunate ex-government servants and module development for Islamic financial learning program.

The Bank does not charge gharamah for its financing facilities.



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**24 OTHER LIABILITIES (Continued)**

**(c) Movement in expected credit losses**

	<b>Economic Entity and The Bank</b>	
	<b>30/9/2019</b>	<b>31/12/2018</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of the financial year, as restated	<b>12,132</b>	16,463
Net remeasurement of loss allowance	<b>(6,687)</b>	(9,293)
Changes in model/risk parameters	<b>536</b>	
New financing commitments and financial guarantees issued during the financial year	<b>1,502</b>	4,962
<b>At end of the financial period/year</b>	<b>7,483</b>	<b>12,132</b>

**25 LEASE LIABILITIES**

	<b>Economic Entity and The Bank</b>	
	<b>30/9/2019</b>	<b>31/12/2018</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of financial period/year, on adoption of MFRS 16	<b>1,373</b>	-
Lease payment	<b>342</b>	-
<b>At end of the financial period/year</b>	<b>1,715</b>	<b>-</b>

**26 SUBORDINATED TERM FINANCING AND MEDIUM TERM NOTES**

	<b>Economic Entity and The Bank</b>	
	<b>30/9/2019</b>	<b>31/12/2018</b>
	<b>RM'000</b>	<b>RM'000</b>
(a) Medium Term Notes ("MTN") Tier-2 Sukuk Murabahah	<b>817,710</b>	807,748
(b) Additional Tier-1 Sukuk Wakalah ("AT1S")	<b>307,662</b>	303,483
	<b>1,125,372</b>	<b>1,111,231</b>

	<b>At 1 January 2019 RM'000</b>	<b>Cash flow RM'000</b>	<b>Profit expense RM'000</b>	<b>At 30 September 2019 RM'000</b>
MTN Tier-2 Sukuk Murabahah	<b>800,000</b>	-	-	<b>800,000</b>
AT1S	<b>300,000</b>	-	-	<b>300,000</b>
Profit payable	<b>11,231</b>	<b>(28,675)</b>	<b>42,816</b>	<b>25,372</b>
	<b>1,111,231</b>	<b>(28,675)</b>	<b>42,816</b>	<b>1,125,372</b>

	<b>At 1 January 2018 RM'000</b>	<b>Cash flow RM'000</b>	<b>Profit expense RM'000</b>	<b>At 31 December 2018 RM'000</b>
MTN Tier-2 Sukuk Murabahah	-	800,000	-	800,000
AT1S	-	300,000	-	300,000
Profit payable	-	-	11,231	11,231
	-	1,100,000	11,231	1,111,231

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**26 SUBORDINATED TERM FINANCING AND MEDIUM TERM NOTES (continued)**

- (a) The Bank had on 23 October 2018 issued MTN Tier-2 Sukuk Murabahah of RM800.0 million each out of its approved BASEL III Compliant MTN programme of up to RM800.0 million in nominal value. The Sukuk is issued for a tenure of 10 years from the issue date on a 10-year non-callable 5-year basis, at a profit rate of 5.05%. The Sukuk is issued for the purpose of general banking business and working capital requirements of the Bank.
- (b) The Bank had on 18 October 2018 issued AT1S of RM300 million out of its approved BASEL III Compliant AT1S programme of up to RM300 million in nominal value. The AT1S was on perpetual non-callable 5-year basis, at a profit rate of 5.65%. The AT1S was issued for the purpose of general banking business and working capital requirements of the Bank.

**27 RESERVES**

	<b>Economic Entity</b>		<b>The Bank</b>	
	<b>30/9/2019</b>	<b>31/12/2018</b>	<b>30/9/2019</b>	<b>31/12/2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Retained profits (a)	<b>614,494</b>	577,671	<b>615,144</b>	578,321
FVOCI revaluation reserves (b)	<b>36,681</b>	3,172	<b>36,681</b>	3,172
Regulatory reserves	<b>221,910</b>	194,384	<b>221,910</b>	194,384
	<b>873,085</b>	<b>775,227</b>	<b>873,735</b>	<b>775,877</b>

- (a) As at 30 September 2019, the Bank has tax exempt account balance of RM38,018,355 (2018: RM38,018,355) under Section 12 of the Income Tax (Amendment) Act 1999, subject to agreement by the Inland Revenue Board.
- (b) Fair value reserves represent the unrealised gains or losses arising from the change in fair value of investments classified as financial investment at FVOCI. Losses are transferred in the income statement upon disposal or when the securities become impaired. The depositors' portion of net unrealised gains or losses on financial investments at FVOCI at the end of financial year is net unrealised gain of RM40,187,273.09.

**28 INCOME FROM ISLAMIC BANKING BUSINESS**

	<b>Economic Entity and The Bank</b>		<b>Economic Entity and The Bank</b>	
	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>30/9/2019</b>	<b>30/9/2018</b>	<b>30/9/2019</b>	<b>30/9/2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of depositors' funds and others	<b>288,220</b>	246,127	<b>849,963</b>	691,161
Income derived from investment of investment account funds	<b>26,063</b>	29,772	<b>79,382</b>	75,721
Income derived from investment of shareholders' funds	<b>26,177</b>	22,491	<b>76,766</b>	67,048
Income attributable to depositors	<b>(239,933)</b>	(196,668)	<b>(700,193)</b>	(523,841)
	<b>100,527</b>	<b>101,722</b>	<b>305,918</b>	<b>310,089</b>
of which:				
Profit earned on impaired financing, advances and other financing	<b>659</b>	1,113	<b>2,439</b>	3,196

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**29 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS**

	<b>Economic Entity and The Bank Individual Quarter Ended</b>		<b>Economic Entity and The Bank Cumulative Quarter Ended</b>	
	<b>30/9/2019</b>	<b>30/9/2018</b>	<b>30/9/2019</b>	<b>30/9/2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of:				
- General investment deposits (i)	<b>229,132</b>	169,296	<b>668,921</b>	454,162
- Other deposits (ii)	<b>59,088</b>	76,831	<b>181,042</b>	236,999
	<b>288,220</b>	246,127	<b>849,963</b>	691,161

**(i) INCOME DERIVED FROM INVESTMENT OF GENERAL INVESTMENT DEPOSITS**

	<b>Economic Entity and The Bank Individual Quarter Ended</b>		<b>Economic Entity and The Bank Cumulative Quarter Ended</b>	
	<b>30/9/2019</b>	<b>30/9/2018</b>	<b>30/9/2019</b>	<b>30/9/2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Finance income and hibah</b>				
Financing, advances and other financing	<b>160,204</b>	136,018	<b>478,285</b>	360,882
Financial investments at FVOCI	<b>14,543</b>	14,147	<b>49,798</b>	39,676
Money at call and deposits with other financial institutions	<b>30,440</b>	9,829	<b>76,657</b>	27,300
	<b>205,187</b>	159,994	<b>604,740</b>	427,858
Accretion of discount less amortisation of premium	<b>169</b>	1,038	<b>2,873</b>	3,066
Total finance income and hibah	<b>205,356</b>	161,032	<b>607,613</b>	430,924
<b>Other operating income</b>				
Fee income:				
Commission	<b>898</b>	518	<b>2,429</b>	1,253
Service charges and fees	<b>1,421</b>	1,983	<b>4,529</b>	6,734
Guarantee fees	<b>713</b>	656	<b>1,932</b>	1,644
	<b>3,032</b>	3,157	<b>8,890</b>	9,631
Commission paid on will/wasiat	<b>(3)</b>	(3)	<b>(10)</b>	(8)
Income from financial instruments:				
Gain on arising on financial investments at FVOCI	<b>17,476</b>	741	<b>39,134</b>	1,186
	<b>17,476</b>	741	<b>39,134</b>	1,186
Other income:				
Foreign exchange profit/(loss)				
- realised	<b>2,004</b>	(431)	<b>4,370</b>	2,627
- unrealised	<b>249</b>	2,243	<b>2,645</b>	3,106
Other non-operating income	<b>1,018</b>	2,557	<b>6,279</b>	6,696
	<b>3,271</b>	4,369	<b>13,294</b>	12,429
<b>Total income derived from investment of general investment deposits</b>	<b>229,132</b>	169,296	<b>668,921</b>	454,162

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

**(ii) INCOME DERIVED FROM INVESTMENT OF OTHER DEPOSITS**

	<b>Economic Entity and The Bank Individual Quarter Ended</b>		<b>Economic Entity and The Bank Cumulative Quarter Ended</b>	
	<b>30/9/2019</b>	<b>30/9/2018</b>	<b>30/9/2019</b>	<b>30/9/2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Finance income and hibah</b>				
Financing, advances and other financing	<b>41,242</b>	61,891	<b>129,447</b>	188,322
Financial investments at FVOCI	<b>3,702</b>	6,350	<b>13,478</b>	20,704
Money at call and deposits with other financial institutions	<b>7,931</b>	4,423	<b>20,747</b>	14,246
	<b>52,875</b>	72,664	<b>163,672</b>	223,272
Accretion of discount less amortisation of premium	<b>27</b>	460	<b>777</b>	1,600
Total finance income and hibah	<b>52,902</b>	73,124	<b>164,449</b>	224,872
<b>Other operating income</b>				
Fee income:				
Commission	<b>233</b>	240	<b>657</b>	654
Service charges and fees	<b>364</b>	842	<b>1,226</b>	3,514
Guarantee fees	<b>185</b>	303	<b>523</b>	858
	<b>782</b>	1,385	<b>2,406</b>	5,026
Commission paid on will/wasiat	<b>(1)</b>	(1)	<b>(3)</b>	(4)
Income from financial instruments:				
Gain on arising on financial investments at FVOCI	<b>4,586</b>	369	<b>10,592</b>	619
	<b>4,586</b>	369	<b>10,592</b>	619
Other income:				
Foreign exchange profit/(loss)				
- realised	<b>527</b>	(348)	<b>1,183</b>	1,371
- unrealised	<b>52</b>	1,136	<b>716</b>	1,621
Other non-operating income	<b>240</b>	1,166	<b>1,699</b>	3,494
	<b>819</b>	1,954	<b>3,598</b>	6,486
<b>Total income derived from investment of other deposits</b>	<b>59,088</b>	76,831	<b>181,042</b>	236,999

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**30 INCOME DERIVED FROM INVESTMENT OF INVESTMENT ACCOUNT FUNDS**

	<b>Economic Entity and The Bank Individual Quarter Ended</b>		<b>Economic Entity and The Bank Cumulative Quarter Ended</b>	
	<b>30/9/2019</b>	30/9/2018	<b>30/9/2019</b>	30/9/2018
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Finance income and hibah</b>				
Financing, advances and other financing	<b>18,196</b>	23,897	<b>56,759</b>	60,168
Financial investments at FVOCI	<b>1,636</b>	2,497	<b>5,910</b>	6,615
Money at call and deposits with other financial institutions	<b>3,494</b>	1,734	<b>9,097</b>	4,552
	<b>23,326</b>	28,128	<b>71,766</b>	71,335
Accretion of discount less amortisation of premium	<b>13</b>	184	<b>341</b>	511
Total finance income and hibah	<b>23,339</b>	28,312	<b>72,107</b>	71,846
<b>Other operating income</b>				
Fee income:				
Commission	<b>102</b>	90	<b>288</b>	209
Service charges and fees	<b>160</b>	357	<b>537</b>	1,123
Guarantee fees	<b>81</b>	115	<b>229</b>	274
	<b>343</b>	562	<b>1,054</b>	1,606
Commission paid on will/wasiat	-	-	(1)	(1)
Income from financial instruments:				
Gain on arising on financial investments at FVOCI	<b>2,018</b>	126	<b>4,644</b>	198
	<b>2,018</b>	126	<b>4,644</b>	198
Other income:				
Foreign exchange profit/(loss)				
- realised	<b>232</b>	(55)	<b>519</b>	438
- unrealised	<b>24</b>	379	<b>314</b>	518
Other non-operating income	<b>107</b>	448	<b>745</b>	1,116
	<b>363</b>	772	<b>1,578</b>	2,072
<b>Total income derived from investment of investment account funds</b>	<b>26,063</b>	29,772	<b>79,382</b>	75,721

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**31 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS**

	Economic Entity and The Bank Individual Quarter Ended		Economic Entity and The Bank Cumulative Quarter Ended	
	30/9/2019	30/9/2018	30/9/2019	30/9/2018
	RM'000	RM'000	RM'000	RM'000
<b>Finance income and hibah</b>				
Financing, advances and other financing	<b>18,300</b>	18,105	<b>54,889</b>	53,277
Financial investments at FVOCI	<b>1,659</b>	1,864	<b>5,715</b>	5,857
Money at call and deposits with other financial institutions	<b>3,481</b>	1,297	<b>8,797</b>	4,030
	<b>23,440</b>	21,266	<b>69,401</b>	63,164
Accretion of discount less amortisation of premium	<b>19</b>	136	<b>330</b>	453
Total finance income and hibah	<b>23,459</b>	21,402	<b>69,731</b>	63,617
<b>Other operating income</b>				
Fee income:				
Commission	<b>103</b>	70	<b>279</b>	185
Service charges and fees	<b>162</b>	251	<b>520</b>	994
Guarantee fees	<b>82</b>	89	<b>222</b>	243
	<b>347</b>	410	<b>1,021</b>	1,422
Commission paid on will/wasiat	-	(1)	(1)	(1)
Income from financial instruments:				
Gain on arising on financial investments at FVOCI	<b>2,000</b>	105	<b>4,491</b>	175
	<b>2,000</b>	105	<b>4,491</b>	175
Other income:				
Foreign exchange profit/(loss)				
- realised	<b>229</b>	(90)	<b>501</b>	388
- unrealised	<b>27</b>	323	<b>303</b>	458
Other non-operating income	<b>115</b>	342	<b>720</b>	989
	<b>371</b>	575	<b>1,524</b>	1,835
<b>Total income derived from investment of shareholders' fund</b>	<b>26,177</b>	22,491	<b>76,766</b>	67,048

**32 ALLOWANCES FOR IMPAIRMENT LOSSES ON FINANCING, ADVANCES AND OTHER FINANCING**

	Economic Entity and The Bank Individual Quarter Ended		Economic Entity and The Bank Cumulative Quarter Ended	
	30/9/2019	30/9/2018	30/9/2019	30/9/2018
	RM'000	RM'000	RM'000	RM'000
Expected credit loss ("ECL") (written-back)/made on:				
- Financing, advances and other financing	<b>11,932</b>	8,269	<b>24,207</b>	22,269
- Securities	<b>115</b>	22	<b>272</b>	15
- Financing commitments and financial guarantees	<b>(1,297)</b>	(1,656)	<b>(4,650)</b>	(1,512)
Bad debts and financing				
- recovered	<b>(1,048)</b>	(478)	<b>(2,795)</b>	(980)
- written-off	<b>83</b>	1	<b>211</b>	30
	<b>9,785</b>	6,158	<b>17,245</b>	19,822

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**MFRS 134 INTERIM FINANCIAL REPORTING - 30 September 2019****33 ALLOWANCE FOR IMPAIRMENT LOSSES ON OTHER ASSETS**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Economic Entity and The Bank</b>		<b>Economic Entity and The Bank</b>	
	<b>Current</b>	<b>Preceding Year</b>	<b>Current</b>	<b>Preceding Year</b>
	<b>Financial</b>	<b>Corresponding</b>	<b>Financial</b>	<b>Corresponding</b>
	<b>Quarter</b>	<b>Quarter</b>	<b>Quarter</b>	<b>Quarter</b>
	<b>30/9/2019</b>	<b>30/9/2018</b>	<b>30/9/2019</b>	<b>30/9/2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Allowance for impairment for amount due from joint ventures	<b>1,933</b>	<b>5,719</b>	<b>1,933</b>	<b>5,719</b>

**34 INCOME ATTRIBUTABLE TO DEPOSITORS**

	<b>Economic Entity and The Bank</b>		<b>Economic Entity and The Bank</b>	
	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>30/9/2019</b>	<b>30/9/2018</b>	<b>30/9/2019</b>	<b>30/9/2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits from customers				
- Mudharabah	<b>454</b>	<b>549</b>	<b>1,357</b>	<b>1,532</b>
- Non-mudharabah	<b>200,993</b>	<b>150,179</b>	<b>579,120</b>	<b>389,470</b>
Deposits and placements of banks and other financial institutions				
- Mudharabah	<b>1,285</b>	<b>16,133</b>	<b>6,199</b>	<b>50,259</b>
Finance expense-Subordinated term financing and medium term notes	<b>14,337</b>	<b>-</b>	<b>42,816</b>	<b>-</b>
Restricted investment account - Mudarabah	<b>22,842</b>	<b>29,803</b>	<b>70,656</b>	<b>82,571</b>
Others	<b>22</b>	<b>4</b>	<b>45</b>	<b>9</b>
	<b>239,933</b>	<b>196,668</b>	<b>700,193</b>	<b>523,841</b>

**35 OTHER OPERATING EXPENSES**

	<b>Economic Entity and The Bank</b>		<b>Economic Entity and The Bank</b>	
	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>30/9/2019</b>	<b>30/9/2018</b>	<b>30/9/2019</b>	<b>30/9/2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Personnel costs (a)	<b>49,120</b>	<b>37,335</b>	<b>137,509</b>	<b>109,806</b>
Establishment costs (b)	<b>18,034</b>	<b>12,451</b>	<b>47,446</b>	<b>35,624</b>
Marketing expenses (c)	<b>1,339</b>	<b>1,659</b>	<b>4,498</b>	<b>5,549</b>
Administrative and general expenses (d)	<b>3,004</b>	<b>3,693</b>	<b>8,799</b>	<b>13,241</b>
	<b>71,497</b>	<b>55,138</b>	<b>198,252</b>	<b>164,220</b>

(a) Personnel costs

	<b>Economic Entity and The Bank</b>		<b>Economic Entity and The Bank</b>	
	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>30/9/2019</b>	<b>30/9/2018</b>	<b>30/9/2019</b>	<b>30/9/2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Wages, salaries and bonuses	<b>37,153</b>	<b>29,528</b>	<b>104,255</b>	<b>86,202</b>
Defined contribution plan ('EPF')	<b>6,164</b>	<b>4,952</b>	<b>17,410</b>	<b>14,866</b>
Voluntary separation scheme	<b>-</b>	<b>(30)</b>	<b>-</b>	<b>(30)</b>
Other personnel costs	<b>5,803</b>	<b>2,885</b>	<b>15,844</b>	<b>8,768</b>
	<b>49,120</b>	<b>37,335</b>	<b>137,509</b>	<b>109,806</b>

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**34 OTHER OPERATING EXPENSES (continued)**

(b) Establishment costs

	<b>Economic Entity and The Bank Individual Quarter Ended</b>		<b>Economic Entity and The Bank Cumulative Quarter Ended</b>	
	<b>30/9/2019</b>	30/9/2018	<b>30/9/2019</b>	30/9/2018
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Rental of premises	<b>345</b>	2,049	<b>756</b>	6,138
Equipment rental	<b>68</b>	6	<b>150</b>	80
Repair and maintenance	<b>2,588</b>	2,110	<b>7,287</b>	6,080
Depreciation of property and equipment	<b>182</b>	203	<b>584</b>	564
Amortisation of intangible assets	<b>45</b>	23	<b>130</b>	55
Depreciation of right-of-use assets	<b>336</b>	-	<b>1,011</b>	-
IT consultancy fees	<b>3,230</b>	2,430	<b>8,806</b>	7,410
Dataline rental	<b>2,297</b>	1,521	<b>6,000</b>	2,999
Security services	<b>2,002</b>	1,390	<b>5,262</b>	3,617
Electricity, water and sewerage	<b>939</b>	857	<b>2,474</b>	2,255
Licence fee	<b>83</b>	94	<b>272</b>	299
Insurance/takaful and indemnities	<b>487</b>	551	<b>1,722</b>	1,573
Other establishment costs	<b>5,432</b>	1,217	<b>12,992</b>	4,554
	<b>18,034</b>	12,451	<b>47,446</b>	35,624

(c) Marketing expenses

	<b>Economic Entity and The Bank Individual Quarter Ended</b>		<b>Economic Entity and The Bank Cumulative Quarter Ended</b>	
	<b>30/9/2019</b>	30/9/2018	<b>30/9/2019</b>	30/9/2018
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Business promotion and advertisement	<b>638</b>	296	<b>955</b>	1,136
Entertainment	<b>150</b>	171	<b>277</b>	275
Traveling and accommodation	<b>381</b>	397	<b>1,272</b>	1,270
Commissions expenses	<b>86</b>	272	<b>453</b>	1,061
Brokerage expenses	<b>(203)</b>	278	<b>521</b>	920
Other marketing expenses	<b>287</b>	245	<b>1,020</b>	887
	<b>1,339</b>	1,659	<b>4,498</b>	5,549



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**34 OTHER OPERATING EXPENSES (continued)**

(d) Administration and general expenses

	<b>Economic Entity and The Bank</b>		<b>Economic Entity and The Bank</b>	
	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>30/9/2019</b>	<b>30/9/2018</b>	<b>30/9/2019</b>	<b>30/9/2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Telecommunication expenses	502	474	1,472	1,114
Auditors' remuneration	256	139	616	389
Professional fees	185	555	334	1,894
Property and equipment written-off	-	-	-	3
Mail and courier charges	243	302	759	449
Stationery and consumables	684	1,022	2,387	3,280
Directors' fees and allowances	528	777	1,586	1,519
Shariah fees	74	-	289	-
Donations	33	27	48	230
Settlement, clearing and bank charges	393	333	1,167	914
Stamp duties	2	-	2	2
GST Input tax-non recoverable	-	64	9	2,867
Other administration and general expenses	104	-	130	580
	<b>3,004</b>	<b>3,693</b>	<b>8,799</b>	<b>13,241</b>

**35 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:

	<b>Economic Entity and The Bank</b>	
	<b>30/9/2019</b>	<b>31/12/2018</b>
	<b>Principal amount</b>	<b>Principal amount</b>
	<b>RM'000</b>	<b>RM'000</b>
Direct credit substitutes (*)	125,728	101,288
Transaction-related contingent items	245,517	281,206
Short-term self-liquidating trade related contingencies	305,908	318,969
Irrevocable commitments to extend credit:		
- maturity less than one year	1,531,271	1,605,783
- maturity more than one year	1,298,448	1,998,265
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	20,000	14,139
Unutilised credit card lines	171,067	195,947
Foreign exchange related contracts (#):		
- less than one year	319,973	1,028,226
	<b>4,017,912</b>	<b>5,543,823</b>

\* Included in direct credit substitutes as above are financial guarantee contracts of RM125.7million at the Bank (31 December 2018: RM101.3 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 23 to the financial statements.

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**36 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.

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 2018: Nil)

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

	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total RM'000</b>
<b>Economic Entity and The Bank 30/9/2019</b>				
<b>Assets</b>				
Derivative financial assets	-	3,336	-	3,336
Financial investments at FVOCI				
- Money market instruments	-	584,057	-	584,057
- Corporate Sukuk	-	1,408,335	-	1,408,335
	<u>-</u>	<u>1,995,728</u>	<u>-</u>	<u>1,995,728</u>
<b>Liabilities</b>				
Derivative financial liabilities	-	1,605	-	1,605
	<u>-</u>	<u>1,605</u>	<u>-</u>	<u>1,605</u>
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Economic Entity and The Bank 31/12/2018</b>				
<b>Assets</b>				
Derivative financial assets	-	2,042	-	2,042
Financial investments at FVOCI				
- Money market instruments	-	1,200,487	-	1,200,487
- Corporate Sukuk	-	1,603,770	-	1,603,770
	<u>-</u>	<u>2,806,299</u>	<u>-</u>	<u>2,806,299</u>
<b>Liabilities</b>				
Derivative financial liabilities	-	4,289	-	4,289
	<u>-</u>	<u>4,289</u>	<u>-</u>	<u>4,289</u>

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**36 FAIR VALUE MEASUREMENTS (continued)**

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

	<b>Economic Entity and The Bank</b>	
	<b>30/9/2019</b>	<b>31/12/2018</b>
	<b>RM'000</b>	<b>RM'000</b>
As at beginning of the financial period/year	-	-
As at end of the financial period/year	-	-

**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):

<b>Description</b>	<b>Fair value assets</b>		<b>Valuation techniques</b>	<b>Unobservable inputs</b>	<b>Inter-relationship between significant unobservable inputs and fair value measurement</b>
	<b>30/9/2019</b>	<b>31/12/2018</b>			
	<b>RM'000</b>	<b>RM'000</b>			
<b>Economic Entity and The Bank</b>					
<b>Financial investments at FVOCI</b>					
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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**37 CAPITAL MANAGEMENT**

The capital adequacy ratios of the Bank are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (Capital Components) dated 2 February 2018.

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') ,Tier 1 Capital Ratio are 7.000% (2018: 6.375%) and 8.500% (2018: 7.875%)and Total Capital Ratio are 10.500% (2018:9.875) respectively for year 2019.

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 operates;
- 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 38 below summarises the composition of regulatory capital and the ratios of the Bank for the financial quarter ended 30 September 2019.

**38 CAPITAL ADEQUACY**

The capital adequacy ratios are as follows:

	<b>Economic Entity</b>		<b>The Bank</b>	
	<b>30/9/2019</b>	31/12/2018	<b>30/9/2019</b>	31/12/2018
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Paid-up share capital	<b>1,060,000</b>	1,060,000	<b>1,060,000</b>	1,060,000
Retained profits	<b>614,494</b>	577,671	<b>615,144</b>	578,321
FVOCI revaluation reserve	<b>36,682</b>	3,172	<b>36,682</b>	3,172
	<b>1,711,176</b>	1,640,843	<b>1,711,826</b>	1,641,493
Less:				
Goodwill and other intangibles	<b>(682)</b>	(670)	<b>(682)</b>	(670)
Deferred tax assets	-	(17,993)	-	(17,993)
55% of cumulative unrealised gains of FVOCI	<b>(20,175)</b>	(1,745)	<b>(20,175)</b>	(1,745)
Investment in associate/joint ventures	<b>(750)</b>	(750)	<b>(1,400)</b>	(1,400)
<b>CET1 Capital</b>	<b>1,689,569</b>	1,619,685	<b>1,689,569</b>	1,619,685

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**38 CAPITAL ADEQUACY (continued)**

	<b>Economic Entity</b>		<b>The Bank</b>	
	<b>30/9/2019</b>	<b>31/12/2018</b>	<b>30/9/2019</b>	<b>31/12/2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Additional Tier 1 capital</b>				
Sukuk Wakalah	<b>300,000</b>	300,000	<b>300,000</b>	300,000
	<b>300,000</b>	300,000	<b>300,000</b>	300,000
<b>Total Tier 1 capital</b>	<b>1,989,569</b>	1,919,685	<b>1,989,569</b>	1,919,685
Subordinated medium term financing	<b>800,000</b>	800,000	<b>800,000</b>	800,000
Loss provision	<b>171,996</b>	177,100	<b>171,996</b>	177,100
<b>Tier II capital</b>	<b>971,996</b>	977,100	<b>971,996</b>	977,100
<b>Total capital</b>	<b>2,961,565</b>	2,896,785	<b>2,961,565</b>	2,896,785
CET1 capital ratio	<b>11.656%</b>	10.869%	<b>11.656%</b>	10.869%
Tier 1 capital ratio	<b>13.726%</b>	12.882%	<b>13.726%</b>	12.882%
Total capital ratio	<b>20.431%</b>	19.438%	<b>20.431%</b>	19.438%
Risk-weighted assets for:				
Credit risk	<b>13,759,644</b>	14,167,963	<b>13,759,644</b>	14,167,963
Market risk	<b>59,099</b>	98,198	<b>59,099</b>	98,198
Operational risk	<b>676,401</b>	636,209	<b>676,401</b>	636,209
<b>Total risk-weighted assets</b>	<b>14,495,144</b>	14,902,370	<b>14,495,144</b>	14,902,370

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 2019, RIA assets excluded from Total Capital Ratio calculation amounted to RM1,953,133,256 (31 December 2018: RM2,369,729,422).

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**39 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 2019, the Bank registered a profit before tax of RM17.3 million as compared to the previous year's corresponding quarter of RM31.6 million, a decrease of RM14.3million or 45.3%.

This was mainly due to:

- i) higher operating expenses by RM16.4million.
- ii) higher allowances for impairment losses on financing, advances and other financing & other assets by RM3.6 million.
- iii) lower income derived from investments after netting off income attributable to depositors' funds by RM1.2million.

The above was offsetted by:

- i) lower Zakat expenses by RM3.1 million.
- ii)lower allowance for impairment loss on other assets of RM3.8million.

**40 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 2019 stood at RM17.3 million as compared to RM36.2 million reported in the 2nd quarter of 2019, a decrease of RM18.9 million or 52.2%.

This was mainly due to:

- i) lower income derived from investments after netting off income attributable to depositors' funds by RM7.6 million.
- ii) higher operating expenses by RM6.2 million.
- iii) higher allowances for impairment losses on financing, advances and other financing & other assets by RM6.2million.
- iv) higher allowances for impairment losses on other assets of RM1.9million.

The above was off-setted by:

- i) lower Zakat expenses by RM3.0 million.

**41 PROSPECT FOR THE CURRENT FINANCIAL YEAR**

For the remaining year of 2019, global economy growth expected to remain moderate as ongoing trade pressure would continue to weigh the growth. Malaysia economy growth projected to sustain its momentum between 4.3% to 4.8% mainly supported by private sector. This outlook is subjected to the downside risks from persistent uncertainties in global and domestic environment.

The Bank will continue to leverage on expertise within AFFIN Bank Group and further strengthen the group synergies. Our target segment remains on SME and Consumer, focusing on high yield financing products and fee-based income. The Bank will emphasis on the development and introduction of innovative product suites on these segments to build stronger client relationship. While for Consumer business, our strategic initiatives will be towards enhancing customer experience through our new enhanced Affin Online Banking and Affin Pay application.

Overall performance is expected to sustain supported by stable funding position through emplacement of CASA and targeted segments in compliance with BNM's requirement on Net Stable Fund Ratio (NSFR).

The Bank remains optimistic for the year 2019 and will continue to support AFFIN Group's strategic vision in providing excellent banking services to meet our customer needs and expectations.

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**42 VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT**

The Bank's profit before tax registered an adverse variance of RM36.6 million. The main contributing factors are follows:

Income derived from investments after netting off income attributable to the depositors' funds showed as an adverse variance of RM11.5 million.

Allowances for impairment losses on financing, advances and other financing showed an adverse variance of RM9.4 million.

Other operating expenses showed an adverse variance of RM12.7 million.

Zakat expenses showed a positive variance of RM1.1 million.

Allowances for impairment losses on other assets showed an adverse variance of RM1.9million.