

AFFIN Islamic Bank Berhad

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF FINANCIAL POSITION *as at 31 March 2019***

		Economic Entity		The Bank	
	Note	31/3/2019 RM'000	31/12/2018 RM'000	31/3/2019 RM'000	31/12/2018 RM'000
ASSETS					
Cash and short-term funds		4,280,768	3,210,533	4,280,768	3,210,533
Derivative financial assets	13	1,199	2,042	1,199	2,042
Financial investments at fair value through other comprehensive income ('FVOCI')	14	2,949,294	2,804,257	2,949,294	2,804,257
Financing, advances and other financing	15	18,517,985	18,617,860	18,517,985	18,617,860
Other assets	16	21,918	43,194	21,918	43,194
Amount due from holding company		-	107,722	-	107,722
Amount due from joint ventures	17	31,843	31,295	31,843	31,295
Amount due from associate	18	500	500	500	500
Deferred tax assets		8,999	17,993	8,999	17,993
Statutory deposits with Bank Negara Malaysia		551,000	512,000	551,000	512,000
Investment in joint ventures		-	-	650	650
Investment in associate		750	750	750	750
Property and equipment		2,404	2,677	2,404	2,677
Right-of-use assets		1,036	-	1,036	-
Intangible assets		714	670	714	670
TOTAL ASSETS		26,368,410	25,351,493	26,369,060	25,352,143
LIABILITIES AND EQUITY					
Deposits from customers	19	20,418,525	19,687,388	20,418,525	19,687,388
Investment accounts of customers	20	769	875	769	875
Deposits and placements of banks and other financial institutions	21	453,529	245,582	453,529	245,582
Investment accounts due to designated financial institutions	22	1,967,270	2,368,295	1,967,270	2,368,295
Derivative financial liabilities	23	3,639	4,289	3,639	4,289
Other liabilities	24	121,813	89,863	121,813	89,863
Amount due to holding company		387,880	-	387,880	-
Provision for taxation		3,609	8,743	3,609	8,743
Lease liabilities	25	1,121	-	1,121	-
Subordinated term financing and medium term notes	26	1,125,372	1,111,231	1,125,372	1,111,231
TOTAL LIABILITIES		24,483,527	23,516,266	24,483,527	23,516,266
Share capital		1,060,000	1,060,000	1,060,000	1,060,000
Reserves	27	824,883	775,227	825,533	775,877
TOTAL EQUITY		1,884,883	1,835,227	1,885,533	1,835,877
TOTAL LIABILITIES AND EQUITY		26,368,410	25,351,493	26,369,060	25,352,143
COMMITMENTS AND CONTINGENCIES					
	35	5,169,876	5,543,823	5,169,876	5,543,823
CAPITAL ADEQUACY RATIOS					
CET1 capital ratio		10.813%	10.869%	10.813%	10.869%
Tier 1 capital ratio	38	12.803%	12.882%	12.803%	12.882%
Total capital ratio		19.296%	19.438%	19.296%	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 31 March 2019***

	Note	Economic Entity Individual Quarter Ended		Economic Entity Cumulative Quarter Ended	
		31/3/2019 RM'000	31/3/2018 RM'000	31/3/2019 RM'000	31/3/2018 RM'000
Income derived from investment of depositors' funds and others	29	270,114	210,615	270,114	210,615
Income derived from investment of investment account funds	30	26,648	23,550	26,648	23,550
Income derived from investment of shareholders' funds	31	24,687	21,530	24,687	21,530
Allowances for impairment losses on financing, advances and other financing	32	(3,816)	(14,936)	(3,816)	(14,936)
Total distributable income		317,633	240,759	317,633	240,759
Income attributable to the depositors and others	33	(224,179)	(154,548)	(224,179)	(154,548)
Total net income		93,454	86,211	93,454	86,211
Other operating expenses	34	(61,462)	(53,938)	(61,462)	(53,938)
Profit before zakat and taxation		31,992	32,273	31,992	32,273
Zakat		-	-	-	-
Profit before taxation		31,992	32,273	31,992	32,273
Taxation		(7,556)	(7,682)	(7,556)	(7,682)
Net profit after zakat and taxation		24,436	24,591	24,436	24,591
Attributable to:					
Equity holder of the Bank		24,436	24,591	24,436	24,591
Earnings per share (sen):					
- Basic		2.3	2.3	2.3	2.3

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.

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INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME

for the financial quarter ended 31 March 2019 (continued)

	Economic Entity Individual Quarter Ended		Economic Entity Cumulative Quarter Ended	
	31/3/2019 RM'000	31/3/2018 RM'000	31/3/2019 RM'000	31/3/2018 RM'000
Profit after zakat and taxation	24,436	24,591	24,436	24,591
Other comprehensive income:				
Items that may be reclassified subsequently to profit and loss:				
Net fair value change in				
- financial investments at FVOCI	33,208	(475)	33,208	(475)
Net credit impairment losses change in financial investments at FVOCI	(18)	-	(18)	-
Deferred tax on				
- financial investments at FVOCI	(7,970)	114	(7,970)	114
Other comprehensive income/(expense) for the financial period, net of tax	25,220	(361)	25,220	(361)
Total comprehensive income for the financial period	49,656	24,230	49,656	24,230
Attributable to equity holder of the Bank:				
- Total comprehensive income	49,656	24,230	49,656	24,230

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.

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INTERIM FINANCIAL STATEMENTS**UNAUDITED INCOME STATEMENTS *for the financial quarter ended 31 March 2019****(continued)*

		The Bank		The Bank	
	Note	Individual Quarter Ended	31/3/2018	Cumulative Quarter Ended	31/3/2018
		31/3/2019		31/3/2019	
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	29	270,114	210,615	270,114	210,615
Income derived from investment of investment account funds	30	26,648	23,550	26,648	23,550
Income derived from investment of shareholders' funds	31	24,687	21,530	24,687	21,530
Allowances for impairment losses on financing, advances and other financing	32	(3,816)	(14,936)	(3,816)	(14,936)
Total distributable income		317,633	240,759	317,633	240,759
Income attributable to the depositors and others	33	(224,179)	(154,548)	(224,179)	(154,548)
Total net income		93,454	86,211	93,454	86,211
Other operating expenses	34	(61,462)	(53,938)	(61,462)	(53,938)
Profit before zakat and taxation		31,992	32,273	31,992	32,273
Zakat		-	-	-	-
Profit before taxation		31,992	32,273	31,992	32,273
Taxation		(7,556)	(7,682)	(7,556)	(7,682)
Net profit after zakat and taxation		24,436	24,591	24,436	24,591
Attributable to:					
Equity holder of the Bank		24,436	24,591	24,436	24,591
Earnings per share (sen):					
- Basic		2.3	2.3	2.3	2.3

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

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INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME***for the financial quarter ended 31 March 2019 (continued)*

	The Bank		The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2019	31/3/2018	31/3/2019	31/3/2018
	RM'000	RM'000	RM'000	RM'000
Profit after zakat and taxation	24,436	24,591	24,436	24,591
Other comprehensive income:				
Items that may be reclassified subsequently to profit and loss:				
Net fair value change in				
- financial investments at FVOCI	33,208	(475)	33,208	(475)
Net credit impairment losses change in financial investments at FVOCI	(18)	-	(18)	-
Deferred tax on				
- financial investments at FVOCI	(7,970)	114	(7,970)	114
Other comprehensive income/(expense) for the financial period, net of tax	25,220	(361)	25,220	(361)
Total comprehensive income for the financial period	49,656	24,230	49,656	24,230
Attributable to equity holder of the Bank:				
- Total comprehensive income	49,656	24,230	49,656	24,230

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

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INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF CHANGES IN EQUITY***for the financial quarter ended 31 March 2019*

Economic Entity	Attributable to Equity Holder of the Bank				
		FVOCI	Regulatory	Retained	Total
	Share capital	revaluation reserves	reserves	profits	Equity
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	1,060,000	3,172	194,384	577,671	1,835,227
Net profit for the financial period	-	-	-	24,436	24,436
Other comprehensive income (net of tax)					
- Financial investments at FVOCI	-	25,220	-	-	25,220
Total comprehensive income for the financial period	-	25,220	-	24,436	49,656
Transfer to regulatory reserves	-	-	10,082	(10,082)	-
At 31 March 2019	1,060,000	28,392	204,466	592,025	1,884,883

Economic Entity	Share capital	FVOCI		Regulatory reserves	Retained profits	Total Equity
		revaluation reserves	AFS revaluation reserves			
	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	-	-	-	-	24,591	24,591
Other comprehensive income (net of tax)						
- Financial investments at FVOCI	-	(361)	-	-	-	(361)
Total comprehensive income for the financial period	-	(361)	-	-	24,591	24,230
Transfer to regulatory reserves	-	-	-	4,140	(4,140)	-
At 31 March 2018	1,060,000	(7,061)	-	79,939	604,265	1,737,143

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.

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INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF CHANGES IN EQUITY***for the financial quarter ended 31 March 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
At 1 January 2019	1,060,000	3,172	194,384	578,321	1,835,877
Net profit for the financial period	-	-	-	24,436	24,436
Other comprehensive income (net of tax)					
- Financial investments at FVOCI	-	25,220	-	-	25,220
Total comprehensive income for the financial period	-	25,220	-	24,436	49,656
Transfer to regulatory reserves	-	-	10,082	(10,082)	-
At 31 March 2019	1,060,000	28,392	204,466	592,675	1,885,533

	Share capital	FVOCI revaluation reserves	AFS revaluation reserves	Regulatory reserves	Retained profits	Total Equity
The Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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	-	-	-	-	24,591	24,591
Other comprehensive income (net of tax)						
- Financial investments at FVOCI	-	(361)	-	-	-	(361)
Total comprehensive income for the financial period	-	(361)	-	-	24,591	24,230
Transfer to regulatory reserves	-	-	-	4,140	(4,140)	-
At 31 March 2018	1,060,000	(7,061)	-	79,939	604,915	1,737,793

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.

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INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENTS OF CASH FLOW for the financial quarter ended 31 Mar 2019

	Economic Entity		The Bank	
	31/3/2019	31/3/2018	31/3/2019	31/3/2018
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	31,992	32,272	31,992	32,272
Adjustments for items not involving the movement of cash and cash equivalents:				
Finance income and hibah from:				
- financial investments at FVOCI	(27,435)	(21,451)	(27,435)	(21,451)
Accretion of discount less amortisation of premium:				
- financial investments at FVOCI	(2,180)	(1,445)	(2,180)	(1,445)
Gain on sale/redemption:				
- financial investments at FVOCI	(9,024)	(836)	(9,024)	(836)
Loss on unrealised foreign exchange	194	761	194	761
Depreciation of property and equipment	217	184	217	184
Property and equipment written-off	-	3	-	3
Amortisation of intangible assets	40	11	40	11
Depreciation-Lease Premises Rental	338	-	338	-
Expected credit losses ('ECL') made on:				
- financing, advances and other financing	4,831	17,158	4,831	17,158
- securities	(18)	(1,869)	(18)	(1,869)
- financing commitments and financial guarantees	(529)	-	(529)	-
Bad debt on financing written-off	29	3	29	3
Finance expense - Subordinated term financing and medium term notes	14,141	-	14,141	-
Operating profit before changes in working capital	12,596	24,791	12,596	24,791
(Increase)/Decrease in operating assets:				
Financing, advances and other financing	95,015	(360,565)	95,015	(360,565)
Other assets	21,266	(2,631)	21,266	(2,631)
Right-of-use assets -Lease Commitment	(1,373)	-	(1,373)	-
Statutory deposits with Bank Negara Malaysia	(39,000)	(60,360)	(39,000)	(60,360)
Amount due from holding company	107,722	148,450	107,722	148,450
Amount due from joint ventures	(548)	(454)	(548)	(454)
Derivative financial instruments	193	761	193	761
Increase/(Decrease) in operating liabilities:				
Deposits from customers	731,137	136,742	731,137	136,742
Investment accounts of customers	(106)	1,007	(106)	1,007
Deposits and placements of banks and other financial institutions	207,947	2,157,972	207,947	2,157,972
Investment accounts due to designated financial institutions	(401,025)	(912,132)	(401,025)	(912,132)
Amount due to holding company	387,880	-	387,880	-
Other liabilities	32,090	224,377	32,090	224,377
Lease liabilities	1,121	-	1,121	-
Cash generated from operations	1,154,915	1,357,958	1,154,915	1,357,958
Zakat paid	389	(466)	389	(466)
Tax paid	(11,667)	(7,500)	(11,667)	(7,500)
Net cash generated from operating activities	1,143,637	1,349,992	1,143,637	1,349,992

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.

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INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENTS OF CASH FLOW for the financial quarter ended 31 Mar 2019

(continued)

	Economic Entity		The Bank	
	31/3/2019	31/3/2018	31/3/2019	31/3/2018
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Finance income and hibah received from:				
- financial investments at FVOCI	29,615	22,896	29,615	22,896
Net purchase of				
- financial investments at FVOCI	(102,804)	(114,575)	(102,804)	(114,575)
Purchase of property and equipment	(20)	(234)	(20)	(234)
Net cash used in investing activities	(73,209)	(91,913)	(73,209)	(91,913)
Net increase in cash and cash equivalents	1,070,428	1,258,079	1,070,428	1,258,079
Effects of foreign exchange	(193)	(761)	(193)	(761)
Cash and cash equivalents at beginning of the financial period	3,210,533	1,423,594	3,210,533	1,423,594
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	4,280,768	2,680,912	4,280,768	2,680,912

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MFRS 134 INTERIM FINANCIAL REPORTING - 31 March 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 IAS 17 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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MFRS 134 INTERIM FINANCIAL REPORTING - 31 March 2019

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 31 March 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 31 March 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 31 March 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 31 March 2019 other than in the

12 STATUS OF CORPORATE PROPOSAL

There were no corporate proposals announced but not completed during the period ended 31 March 2019.

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MFRS 134 INTERIM FINANCIAL REPORTING - 31 March 2019**13 DERIVATIVE FINANCIAL ASSETS**

	Economic Entity and The Bank			
	31/3/2019		31/12/2018	
	Contract/ notional amount RM'000	Assets RM'000	Contract/ notional amount RM'000	Assets RM'000
At fair value				
Foreign exchange derivatives				
- Currency forwards	136,902	1,199	436,525	2,042
	136,902	1,199	436,525	2,042

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

	Economic Entity and The Bank	
	31/3/2019	31/12/2018
	RM'000	RM'000
At fair value		
Money market instruments:		
Malaysian Government treasury bills	-	79,728
Malaysian Government investment issues	864,996	861,677
Bank Negara Interbank Bills Islamic	49,902	-
Sukuk Perumahan Kerajaan	90,535	90,749
Khazanah Sukuk	155,812	163,172
Cagamas Sukuk	5,077	5,161
	1,166,322	1,200,487
Unquoted securities:		
Corporate Sukuk in Malaysia	1,782,972	1,603,770
	2,949,294	2,804,257

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MFRS 134 INTERIM FINANCIAL REPORTING - 31 March 2019**15 FINANCING, ADVANCES AND OTHER FINANCING****(i) By type**

	Economic Entity and The Bank	
	31/3/2019	31/12/2018
	RM'000	RM'000
Cash line	367,850	374,079
Term financing		
- House financing	6,786,713	6,434,202
- Hire purchase receivables	4,181,387	4,243,662
- Syndicated financing	694,005	700,118
- Business term financing	5,253,697	5,591,252
Bills receivables	8,109	5,150
Trust receipts	5,967	16,329
Claims on customers under acceptances credits	432,514	352,435
Staff financing (of which RM Nil to Directors)	43,480	42,224
Credit/charge card	16,997	11,408
Revolving credit	860,643	976,018
Gross financing, advances and other financing	18,651,362	18,746,877
Less:		
Allowance for impairment losses		
- Expected credit losses ("ECL")	(133,377)	(129,017)
Total net financing, advances and other financing	18,517,985	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 Nadayu Sdn Bhd.

(ii) By maturity structure

	Economic Entity and The Bank	
	31/3/2019	31/12/2018
	RM'000	RM'000
Maturing within one year	1,901,723	2,227,193
One year to three years	692,592	694,582
Three years to five years	1,410,790	1,425,456
Over five years	14,646,257	14,399,646
	18,651,362	18,746,877

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MFRS 134 INTERIM FINANCIAL REPORTING - 31 March 2019

15 FINANCING, ADVANCES AND OTHER FINANCING

(iii) By contract

Economic Entity and The Bank

31/3/2019

RM'000

	Al- Bai Bithaman Ajil	Ijarah	Al-Ijarah Thumma Al-Bai	Murabahah	Musarakah	Istisna'	Others	Total
Cash line	-	-	-	310,508	-	-	57,342	367,850
Term financing								
House financing	750,513	-	-	67,521	5,968,679	-	-	6,786,713
Hire purchase receivables	-	-	4,181,387	-	-	-	-	4,181,387
Syndicated financing	-	269,508	-	424,497	-	-	-	694,005
Business term financing	121,167	884,228	-	2,595,925	832,744	814,575	5,058	5,253,697
Bills receivables	-	-	-	1,030	-	-	7,079	8,109
Trust receipts	-	-	-	5,967	-	-	-	5,967
Claims on customers under acceptance credits	-	-	-	432,514	-	-	-	432,514
Staff financing	4,946	-	-	29,573	8,961	-	-	43,480
Credit/charge cards	-	-	-	-	-	-	16,997	16,997
Revolving credit	-	-	-	860,643	-	-	-	860,643
Total Financing	876,626	1,153,736	4,181,387	4,728,178	6,810,384	814,575	86,476	18,651,362

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

31/3/2019 31/12/2018

RM'000 RM'000

Domestic non-banking institutions

- Others

153,715 155,406

Domestic business enterprises

- Small medium enterprises

1,945,803 2,009,531

- Others

4,200,538 4,297,466

Government and statutory bodies

765,587 1,064,147

Individuals

11,196,460 10,812,205

Other domestic entities

1,097 1,220

Foreign entities

388,162 406,902

18,651,362 18,746,877

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MFRS 134 INTERIM FINANCIAL REPORTING - 31 March 2019**15 FINANCING, ADVANCES AND OTHER FINANCING****(v) By profit rate sensitivity**

	Economic Entity and The Bank	
	31/3/2019	31/12/2018
	RM'000	RM'000
Fixed rate		
- House financing	43,965	45,349
- Hire purchase receivables	4,181,387	4,243,662
- Other fixed rate financing	1,369,599	1,493,163
Variable rate		
- BFR plus	10,467,068	10,029,219
- Cost-plus	2,524,168	2,863,008
- Other variable rate	65,175	72,476
	18,651,362	18,746,877

(vi) By economic sector

	Economic Entity and The Bank	
	31/3/2019	31/12/2018
	RM'000	RM'000
Primary agriculture	1,040,403	924,391
Mining and quarrying	303,099	318,505
Manufacturing	561,445	567,021
Electricity, gas and water supply	523,044	509,080
Construction	478,767	546,984
Real estate	1,877,903	1,956,198
Wholesale & retail trade and restaurants & hotels	522,854	590,747
Transport, storage and communication	314,011	316,339
Finance, takaful/insurance and business services	464,200	464,736
Education, health and others	1,311,998	1,682,738
Household	11,253,463	10,869,949
Others	175	189
	18,651,362	18,746,877

(vii) By economic purpose

	Economic Entity and The Bank	
	31/3/2019	31/12/2018
	RM'000	RM'000
Purchase of securities	298,423	325,481
Purchase of transport vehicles	4,240,194	4,300,093
Purchase of landed property of which:		
- Residential	6,919,201	6,570,340
- Non-residential	2,173,293	2,191,771
Fixed assets other than land and building	96,483	135,413
Personal use	73,446	64,577
Credit/charge card	16,997	11,408
Consumer durable	3	47
Construction	1,256,497	1,233,103
Working capital	3,131,454	3,455,407
Others	445,371	459,237
	18,651,362	18,746,877

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MFRS 134 INTERIM FINANCIAL REPORTING - 31 March 2019**15 FINANCING, ADVANCES AND OTHER FINANCING (continued)****(viii) By geographical distribution**

	Economic Entity and The Bank	
	31/3/2019	31/12/2018
	RM'000	RM'000
Perlis	216,879	192,981
Kedah	802,098	781,062
Pulau Pinang	840,392	798,332
Perak	715,871	728,637
Selangor	5,928,557	5,899,212
Wilayah Persekutuan	4,051,410	4,422,583
Negeri Sembilan	922,028	900,252
Melaka	281,537	286,179
Johor	2,287,498	2,190,243
Pahang	648,782	600,886
Terengganu	498,012	476,001
Kelantan	187,586	185,228
Sarawak	499,747	477,656
Sabah	661,782	695,052
Labuan	39,576	41,996
Outside Malaysia	69,607	70,577
	18,651,362	18,746,877

(ix) Movements of impaired financing

	Economic Entity and The Bank	
	31/3/2019	31/12/2018
	RM'000	RM'000
At beginning of the financial period	530,829	142,310
Effect of adoption of MFRS 9	-	(594)
At beginning of the financial period, as restated	530,829	141,716
Classified as impaired	57,467	551,758
Reclassified as non-impaired during the financial period	(35,015)	(117,229)
Amount recovered during the financial period	(10,625)	(27,139)
Amount written-off during the financial period	(89)	(18,277)
At end of the financial period	542,567	530,829
Ratio of gross impaired financing, advances and other financing to gross financing, advances and other financing (exclude restricted investment accounts)	2.10%	2.05%

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MFRS 134 INTERIM FINANCIAL REPORTING - 31 March 2019**15 FINANCING, ADVANCES AND OTHER FINANCING (continued)****(x) Impaired financing by economic sector**

	Economic Entity and The Bank	
	31/3/2019	31/12/2018
	RM'000	RM'000
Primary agriculture	32	-
Manufacturing	62,721	62,739
Construction	11,833	11,946
Real estate	312,168	315,973
Wholesale & retail trade and restaurants & hotels	4,710	5,775
Transport, storage and communication	503	415
Finance, takaful/insurance and business services	1,036	1,217
Education, health and others	92	92
Household	149,472	132,672
	542,567	530,829

(xi) Impaired financing by economic purpose

	Economic Entity and The Bank	
	31/3/2019	31/12/2018
	RM'000	RM'000
Purchase of securities	18	6
Purchase of transport vehicles	25,677	23,213
Purchase of landed property of which:		
- Residential	128,727	115,070
- Non-residential	208,710	210,649
Fixed assets other than land and building	63	62
Personal use	1,247	983
Credit/charge card	71	13
Construction	106,659	107,642
Working capital	71,313	73,108
Others	82	83
	542,567	530,829

(xii) Impaired financing by geographical distribution

	Economic Entity and The Bank	
	31/3/2019	31/12/2018
	RM'000	RM'000
Perlis	2,222	2,135
Kedah	7,447	6,920
Pulau Pinang	7,125	3,274
Perak	7,612	6,604
Selangor	82,794	80,494
Wilayah Persekutuan	321,316	315,896
Negeri Sembilan	14,940	13,683
Melaka	2,623	2,184
Johor	14,021	12,982
Pahang	1,912	1,155
Terengganu	7,049	5,338
Kelantan	2,637	2,568
Sarawak	182	170
Sabah	1,091	6,860
Outside Malaysia	69,596	70,566
	542,567	530,829

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MFRS 134 INTERIM FINANCIAL REPORTING - 31 March 2019**15 FINANCING, ADVANCES AND OTHER FINANCING (continued)****(xiii) Movement in expected credit losses for financing, advances and other financing**

Economic Entity and The Bank 31/3/2019	12 - Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
At beginning of the financial period	50,292	10,864	67,861	129,017
Total transfer between stages	1,843	6,441	(8,284)	-
Changes due to change in credit risk :-				
- Transfer to 12-month ECL (Stage 1)	2,589	(2,428)	(161)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(742)	9,327	(8,585)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(4)	(458)	462	-
Financing, advances and other financing derecognised during the financial period (other than write-offs)	(7,931)	(1,061)	(578)	(9,570)
New financing, advances and other financing originated or purchased	8,636	476	-	9,112
Changes due to change in credit risk	(2,970)	(6,791)	15,050	5,289
Write-offs	-	-	(59)	(59)
Other adjustments	-	-	(412)	(412)
At end of the financial period	49,870	9,929	73,578	133,377

Economic Entity and The Bank 31/12/2018	12 - Month ECL Stage 1 RM'000	Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
At beginning of the financial year	54,528	10,975	58,334	123,837
Total transfer between stages	8,431	4,517	(12,948)	-
Changes 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)	(35,900)
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)
At end of the financial year	50,292	10,864	67,861	129,017

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MFRS 134 INTERIM FINANCIAL REPORTING - 31 March 2019
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
31/3/2019

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At beginning of the financial period	17,490,102	725,946	530,829	18,746,877
Total transfer between stages	(96,771)	75,956	20,815	-
Changes due to change in credit risk :-				
- Transfer to 12-month ECL (Stage 1)	99,872	(99,028)	(844)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(194,543)	228,713	(34,170)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(2,100)	(53,729)	55,829	-
Financing, advances and other financing derecognised during the financial period (other than write-offs)	(2,471,520)	(74,429)	(1,774)	(2,547,723)
New financing, advances and other financing originated or purchased	2,495,388	87,170	1	2,582,559
Changes due to change in credit risk	(72,949)	(49,249)	(8,926)	(131,124)
Write-offs	-	-	(89)	(89)
Other adjustments	-	(849)	1,711	862
At end of the financial period	17,344,250	764,545	542,567	18,651,362

Economic Entity and The Bank
31/12/2018

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
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	-
Changes 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
At end of the financial year	17,490,102	725,946	530,829	18,746,877

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MFRS 134 INTERIM FINANCIAL REPORTING - 31 March 2019
16 OTHER ASSETS

	Economic Entity and The Bank	
	31/3/2019	31/12/2018
	RM'000	RM'000
Other debtors	1,267	2,872
Deposits and prepayments	580	657
Cheque clearing accounts	15,198	34,792
Foreclosed properties (a)	4,873	4,873
	21,918	43,194

(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	4,873	4,873

17 AMOUNT DUE FROM JOINT VENTURES

	Economic Entity and The Bank	
	31/3/2019	31/12/2018
	RM'000	RM'000
Advances to joint ventures	55,891	55,343
Expected credit losses (a)	(24,048)	(24,048)
	31,843	31,295

(a) Movement in expected credit losses

	Lifetime ECL credit impaired Stage 3	Lifetime ECL credit impaired Stage 3
	RM'000	RM'000
At beginning of the financial period/year	24,048	18,329
Allowance made during the financial period/year	-	5,719
At end of the financial period/year	24,048	24,048

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

18 AMOUNT DUE FROM ASSOCIATE

	Economic Entity and The Bank	
	31/3/2019	31/12/2018
	RM'000	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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MFRS 134 INTERIM FINANCIAL REPORTING - 31 March 2019**19 DEPOSITS FROM CUSTOMERS****(i) By type of deposit**

	Economic Entity and The Bank	
	31/3/2019	31/12/2018
	RM'000	RM'000
Qard		
Demand deposits	2,409,122	2,598,371
Savings deposits	606,023	600,701
	3,015,145	3,199,072
Mudharabah		
General investment deposits	66,032	68,476
Tawarruq		
Murabahah term deposits	16,569,654	16,024,673
Commodity Murabahah	767,694	395,167
	17,337,348	16,419,840
	20,418,525	19,687,388

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

	Economic Entity and The Bank	
	31/3/2019	31/12/2018
	RM'000	RM'000
Due within six months	9,442,659	8,707,686
Six months to one year	5,471,566	6,247,341
One year to three years	1,344,534	760,535
Three years to five years	376,927	377,587
	16,635,686	16,093,149

(iii) By type of customer

	Economic Entity and The Bank	
	31/3/2019	31/12/2018
	RM'000	RM'000
Government and statutory bodies	9,690,197	9,628,596
Business enterprise	5,016,686	5,204,019
Individuals	2,803,997	1,887,907
Domestic banking institutions	3,189	5,360
Domestic non-banking financial institutions	2,492,786	2,633,437
Foreign entities	105,739	98,822
Others entities	305,931	229,247
	20,418,525	19,687,388

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MFRS 134 INTERIM FINANCIAL REPORTING - 31 March 2019**20 INVESTMENT ACCOUNTS OF CUSTOMERS**

	Economic Entity and The Bank	
	31/3/2019	31/12/2018
	RM'000	RM'000
Mudharabah	769	875
Movement in investment accounts		
At beginning of the financial period/year	875	449
New placement during the financial period/year	-	1,135
Redemption during the financial period/year	(105)	(712)
Finance expense on RIA	5	69
Profit distributed	(6)	(66)
At end of the financial period/year	769	875

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

	Economic Entity and The Bank	
	31/3/2019	31/12/2018
	Average profit sharing ratio (PSR)	Average rate of return (ROR)
	%	%
Investment accounts:		
Due within:		
One year to three years	85	7.19

21 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Economic Entity and The Bank	
	31/3/2019	31/12/2018
	RM'000	RM'000
Qard		
Licensed banks	119,804	70,708
Licensed investment banks	2,371	-
	122,175	70,708
Tawarruq		
Other financial institutions	331,354	174,874
	331,354	174,874
	453,529	245,582
Maturity structure of deposits are as follows:		
Due within six months	453,529	245,582
	453,529	245,582

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MFRS 134 INTERIM FINANCIAL REPORTING - 31 March 2019**22 INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTIONS**

	Economic Entity and The Bank	
	31/3/2019	31/12/2018
	RM'000	RM'000
Mudharabah		
Licensed banks	1,967,270	2,368,295
Maturity structure of investment accounts are as follows:		
Due within six months	100,374	424,677
Six months to one year	-	-
One year to three years	41,634	41,836
Three years to five years	155,364	240,071
Five years and above	1,669,898	1,661,711
	1,967,270	2,368,295

	Economic Entity and The Bank	
	31/3/2019	31/12/2018
	RM'000	RM'000
Movement in investment accounts		
At beginning of the financial period/year	2,368,295	2,749,016
New placement during the financial period/year	15,782	1,296,030
Redemption during the financial period/year	(410,578)	(1,676,765)
Finance expense on RIA	23,855	116,662
Profit distributed	(26,499)	(118,577)
Exchange difference	(3,585)	1,929
At end of the financial period/year	1,967,270	2,368,295

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

	Economic Entity and The Bank			
	31/3/2019		31/12/2018	
	Average profit sharing ratio (PSR)	Average rate of return (ROR)	Average profit sharing ratio (PSR)	Average rate of return (ROR)
	%	%	%	%
Investment accounts:				
Due within:				
One month	-	-	95	5.20
One to three months	98	4.41%	95	5.11
Three to six months	-	-	98	4.41
One year to three years	89	6.83%	89	6.82
Three years to five years	83	4.93%	83	4.78
Five years and above	93	5.17%	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 RM1,973.2 million. These investments are used to fund certain specific financing. The RIA is a contract based on the Mudarabah 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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MFRS 134 INTERIM FINANCIAL REPORTING - 31 March 2019
23 DERIVATIVE FINANCIAL LIABILITIES

	Economic Entity and The Bank			
	31/3/2019		31/12/2018	
	Contract/ notional amount RM'000	Liabilities RM'000	Contract/ notional amount RM'000	Liabilities RM'000
At fair value				
Foreign exchange derivatives				
- Currency forwards	624,085	3,639	591,701	4,289
	624,085	3,639	591,701	4,289

24 OTHER LIABILITIES

	Economic Entity and The Bank	
	31/3/2019 RM'000	31/12/2018 RM'000
Bank Negara Malaysia and Credit Guarantee Corporation Funding programmes	913	1,000
Margin and collateral deposits	13,657	13,828
Other creditors and accruals	10,020	8,740
Sundry creditors	78,045	32,831
Provision for zakat	1,299	910
Defined contribution plan (a)	1,099	1,337
Accrued employee benefits	938	3,065
Charity funds (b)	23	23
Unearned income	4,215	15,997
Financing commitments (c)	11,604	12,132
	121,813	89,863

(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	
	31/3/2019 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
	-	40
At end of the financial period/year	23	23

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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MFRS 134 INTERIM FINANCIAL REPORTING - 31 March 2019

24 OTHER LIABILITIES (Continued)

(c) Movement in expected credit losses

	Economic Entity and The Bank	
	31/3/2019	31/12/2018
	RM'000	RM'000
At beginning of the financial year, as restated	12,132	16,463
Net remeasurement of loss allowance	(887)	(9,293)
New financing commitments and financial guarantees issued during the financial year	359	4,962
At end of the financial period/year	11,604	12,132

25 LEASE LIABILITIES

	Economic Entity and The Bank	
	31/3/2019	31/12/2018
	RM'000	RM'000
At beginning of financial period/year, on adoption of MFRS 16	1,373	-
Finance expense	5	-
Lease payment	(257)	-
At end of the financial period/year	1,121	-

26 SUBORDINATED TERM FINANCING AND MEDIUM TERM NOTES

	Economic Entity and The Bank	
	31/3/2019	31/12/2018
	RM'000	RM'000
(a) Medium Term Notes ("MTN") Tier-2 Sukuk Murabahah	817,710	807,748
(b) Additional Tier-1 Sukuk Wakalah ("AT1S")	307,662	303,483
	1,125,372	1,111,231

	At 1 January 2019 RM'000	Cash flow RM'000	Profit expense RM'000	At 31 March 2019 RM'000
MTN Tier-2 Sukuk Murabahah	800,000	-	-	800,000
AT1S	300,000	-	-	300,000
Profit payable	11,231	-	14,141	25,372
	1,111,231	-	14,141	1,125,372

	At 1 January 2018 RM'000	Cash flow RM'000	Profit expense RM'000	At 31 December 2018 RM'000
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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MFRS 134 INTERIM FINANCIAL REPORTING - 31 March 2019
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

	Economic Entity		The Bank	
	31/3/2019	31/12/2018	31/3/2019	31/12/2018
	RM'000	RM'000	RM'000	RM'000
Retained profits (a)	592,025	577,671	592,675	578,321
FVOCI revaluation reserves (b)	28,392	3,172	28,392	3,172
Regulatory reserves	204,466	194,384	204,466	194,384
	824,883	775,227	825,533	775,877

- (a) As at 31 March 2019, the Bank has tax exempt account balance of RM38,503,751 (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 RM31,128,935.99.

28 INCOME FROM ISLAMIC BANKING BUSINESS

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2019	31/3/2018	31/3/2019	31/3/2018
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	270,114	210,615	270,114	210,615
Income derived from investment of investment account funds	26,648	23,550	26,648	23,550
Income derived from investment of shareholders' funds	24,687	21,530	24,687	21,530
Income attributable to depositors	(224,179)	(154,548)	(224,179)	(154,548)
	97,270	101,147	97,270	101,147
of which:				
Profit earned on impaired financing, advances and other financing	943	1,794	943	1,794

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29 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS

	Economic Entity and The Bank Individual Quarter Ended		Economic Entity and The Bank Cumulative Quarter Ended	
	31/3/2019	31/3/2018	31/3/2019	31/3/2018
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
- General investment deposits (i)	210,392	132,709	210,392	132,709
- Other deposits (ii)	59,722	77,906	59,722	77,906
	270,114	210,615	270,114	210,615

(i) INCOME DERIVED FROM INVESTMENT OF GENERAL INVESTMENT DEPOSITS

	Economic Entity and The Bank Individual Quarter Ended		Economic Entity and The Bank Cumulative Quarter Ended	
	31/3/2019	31/3/2018	31/3/2019	31/3/2018
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing, advances and other financing	156,047	104,367	156,047	104,367
Financial investments at FVOCI	17,957	12,157	17,957	12,157
Money at call and deposits with other financial institutions	20,894	8,003	20,894	8,003
	194,898	124,527	194,898	124,527
Accretion of discount less amortisation of premium	1,427	750	1,427	750
Total finance income and hibah	196,325	125,277	196,325	125,277
Other operating income				
Fee income:				
Commission	685	286	685	286
Service charges and fees	1,413	2,738	1,413	2,738
Guarantee fees	599	463	599	463
	2,697	3,487	2,697	3,487
Commission paid on will/wasiat	(3)	(3)	(3)	(3)
Income from financial instruments:				
Gain on arising on financial investments at FVOCI	5,906	434	5,906	434
	5,906	434	5,906	434
Other income:				
Foreign exchange profit/(loss)				
- realised	2,590	2,057	2,590	2,057
- unrealised	(126)	(395)	(126)	(395)
Other non-operating income	3,003	1,852	3,003	1,852
	5,467	3,514	5,467	3,514
Total income derived from investment of general investment deposits	210,392	132,709	210,392	132,709

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29 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS (continued)
(ii) INCOME DERIVED FROM INVESTMENT OF OTHER DEPOSITS

	Economic Entity and The Bank Individual Quarter Ended		Economic Entity and The Bank Cumulative Quarter Ended	
	31/3/2019	31/3/2018	31/3/2019	31/3/2018
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing, advances and other financing	44,296	61,268	44,296	61,268
Financial investments at FVOCI	5,097	7,137	5,097	7,137
Money at call and deposits with other financial institutions	5,931	4,698	5,931	4,698
	<u>55,324</u>	<u>73,103</u>	<u>55,324</u>	<u>73,103</u>
Accretion of discount less amortisation of premium	405	440	405	440
Total finance income and hibah	<u>55,729</u>	<u>73,543</u>	<u>55,729</u>	<u>73,543</u>
Other operating income				
Fee income:				
Commission	195	168	195	168
Service charges and fees	401	1,607	401	1,607
Guarantee fees	170	272	170	272
	<u>766</u>	<u>2,047</u>	<u>766</u>	<u>2,047</u>
Commission paid on will/wasiat	(1)	(2)	(1)	(2)
Income from financial instruments:				
Gain on arising on financial investments at FVOCI	1,677	255	1,677	255
	<u>1,677</u>	<u>255</u>	<u>1,677</u>	<u>255</u>
Other income:				
Foreign exchange profit/(loss)				
- realised	735	1,208	735	1,208
- unrealised	(36)	(232)	(36)	(232)
Other non-operating income	852	1,087	852	1,087
	<u>1,551</u>	<u>2,063</u>	<u>1,551</u>	<u>2,063</u>
Total income derived from investment of other deposits	<u>59,722</u>	<u>77,906</u>	<u>59,722</u>	<u>77,906</u>

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MFRS 134 INTERIM FINANCIAL REPORTING - 31 March 2019**30 INCOME DERIVED FROM INVESTMENT OF INVESTMENT ACCOUNT FUNDS**

	Economic Entity and The Bank Individual Quarter Ended		Economic Entity and The Bank Cumulative Quarter Ended	
	31/3/2019	31/3/2018	31/3/2019	31/3/2018
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing, advances and other financing	19,765	18,521	19,765	18,521
Financial investments at FVOCI	2,274	2,157	2,274	2,157
Money at call and deposits with other financial institutions	2,646	1,420	2,646	1,420
	24,685	22,098	24,685	22,098
Accretion of discount less amortisation of premium	181	133	181	133
Total finance income and hibah	24,866	22,231	24,866	22,231
Other operating income				
Fee income:				
Commission	87	51	87	51
Service charges and fees	179	486	179	486
Guarantee fees	76	82	76	82
	342	619	342	619
Commission paid on will/wasiat	-	(1)	-	(1)
Income from financial instruments:				
Gain on arising on financial investments at FVOCI	748	77	748	77
	748	77	748	77
Other income:				
Foreign exchange profit/(loss)				
- realised	328	365	328	365
- unrealised	(16)	(70)	(16)	(70)
Other non-operating income	380	329	380	329
	692	624	692	624
Total income derived from investment of investment account funds	26,648	23,550	26,648	23,550

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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	
	31/3/2019	31/3/2018	31/3/2019	31/3/2018
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing, advances and other financing	18,311	16,932	18,311	16,932
Financial investments at FVOCI	2,107	1,972	2,107	1,972
Money at call and deposits with other financial institutions	2,452	1,298	2,452	1,298
	<u>22,870</u>	<u>20,202</u>	<u>22,870</u>	<u>20,202</u>
Accretion of discount less amortisation of premium	167	122	167	122
Total finance income and hibah	<u>23,037</u>	<u>20,324</u>	<u>23,037</u>	<u>20,324</u>
Other operating income				
Fee income:				
Commission	80	47	80	47
Service charges and fees	166	444	166	444
Guarantee fees	70	75	70	75
	<u>316</u>	<u>566</u>	<u>316</u>	<u>566</u>
Commission paid on will/wasiat	-	-	-	-
Income from financial instruments:				
Gain on arising on financial investments at FVOCI	693	70	693	70
	<u>693</u>	<u>70</u>	<u>693</u>	<u>70</u>
Other income:				
Foreign exchange profit/(loss)				
- realised	304	334	304	334
- unrealised	(15)	(64)	(15)	(64)
Other non-operating income	352	300	352	300
	<u>641</u>	<u>570</u>	<u>641</u>	<u>570</u>
Total income derived from investment of shareholders' fund	<u>24,687</u>	<u>21,530</u>	<u>24,687</u>	<u>21,530</u>

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	
	31/3/2019	31/3/2018	31/3/2019	31/3/2018
	RM'000	RM'000	RM'000	RM'000
Expected credit loss ("ECL") made/(written-back) on:				
- Financing, advances and other financing	4,831	17,158	4,831	17,158
- Securities	(18)	-	(18)	-
- Financing commitments and financial guarantees	(528)	(1,869)	(528)	(1,869)
Bad debts and financing				
- recovered	(498)	(356)	(498)	(356)
- written-off	29	3	29	3
	<u>3,816</u>	<u>14,936</u>	<u>3,816</u>	<u>14,936</u>

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MFRS 134 INTERIM FINANCIAL REPORTING - 31 March 2019**33 INCOME ATTRIBUTABLE TO DEPOSITORS**

	Economic Entity and The Bank Individual Quarter Ended		Economic Entity and The Bank Cumulative Quarter Ended	
	31/3/2019	31/3/2018	31/3/2019	31/3/2018
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudharabah	446	514	446	514
- Non-mudharabah	183,431	109,302	183,431	109,302
Deposits and placements of banks and other financial institutions				
- Mudharabah	2,062	15,870	2,062	15,870
Finance expense-Subordinated term financing and medium term notes	14,141	-	14,141	-
Restricted investment account - Mudarabah	24,092	28,862	24,092	28,862
Others	7	-	7	-
	224,179	154,548	224,179	154,548

34 OTHER OPERATING EXPENSES

	Economic Entity and The Bank Individual Quarter Ended		Economic Entity and The Bank Cumulative Quarter Ended	
	31/3/2019	31/3/2018	31/3/2019	31/3/2018
	RM'000	RM'000	RM'000	RM'000
Personnel costs (a)	42,343	36,460	42,343	36,460
Establishment costs (b)	14,296	10,752	14,296	10,752
Marketing expenses (c)	1,850	1,972	1,850	1,972
Administrative and general expenses (d)	2,973	4,754	2,973	4,754
	61,462	53,938	61,462	53,938

(a) Personnel costs

	Economic Entity and The Bank Individual Quarter Ended		Economic Entity and The Bank Cumulative Quarter Ended	
	31/3/2019	31/3/2018	31/3/2019	31/3/2018
	RM'000	RM'000	RM'000	RM'000
Wages, salaries and bonuses	32,441	27,405	32,441	27,405
Defined contribution plan (EPF)	5,464	4,976	5,464	4,976
Voluntary separation scheme	-	-	-	-
Other personnel costs	4,438	4,079	4,438	4,079
	42,343	36,460	42,343	36,460

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MFRS 134 INTERIM FINANCIAL REPORTING - 31 March 2019**34 OTHER OPERATING EXPENSES (continued)**

(b) Establishment costs

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2019	31/3/2018	31/3/2019	31/3/2018
	RM'000	RM'000	RM'000	RM'000
Rental of premises	2,315	2,060	2,315	2,060
Equipment rental	5	36	5	36
Repair and maintenance	2,239	1,431	2,239	1,431
Depreciation of property and equipment	217	184	217	184
Amortisation of intangible assets	40	11	40	11
Depreciation of right-of-use assets	338	-	338	-
IT consultancy fees	2,484	2,457	2,484	2,457
Dataline rental	1,618	412	1,618	412
Security services	1,517	960	1,517	960
Electricity, water and sewerage	792	823	792	823
Licence fee	103	113	103	113
Insurance/takaful and indemnities	499	485	499	485
Other establishment costs	2,129	1,780	2,129	1,780
	14,296	10,752	14,296	10,752

(c) Marketing expenses

	Economic Entity and The Bank		Economic Entity and The Bank	
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2019	31/3/2018	31/3/2019	31/3/2018
	RM'000	RM'000	RM'000	RM'000
Business promotion and advertisement	213	376	213	376
Entertainment	60	11	60	11
Traveling and accommodation	465	381	465	381
Commissions expenses	213	390	213	390
Brokerage expenses	393	339	393	339
Other marketing expenses	506	475	506	475
	1,850	1,972	1,850	1,972

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MFRS 134 INTERIM FINANCIAL REPORTING - 31 March 2019**34 OTHER OPERATING EXPENSES (continued)**

(d) Administration and general expenses

	Economic Entity and The Bank Individual Quarter Ended		Economic Entity and The Bank Cumulative Quarter Ended	
	31/3/2019	31/3/2018	31/3/2019	31/3/2018
	RM'000	RM'000	RM'000	RM'000
Telecommunication expenses	513	353	513	353
Auditors' remuneration	180	110	180	110
Professional fees	114	1,112	114	1,112
Property and equipment written-off	-	3	-	3
Mail and courier charges	251	-	251	-
Stationery and consumables	887	860	887	860
Directors' fees and allowances	525	348	525	348
Shariah fees	104	-	104	-
Donations	14	10	14	10
Settlement, clearing and bank charges	378	269	378	269
Stamp duties	-	2	-	2
GST Input tax-non recoverable	9	1,244	9	1,244
Other administration and general expenses	(2)	443	(2)	443
	2,973	4,754	2,973	4,754

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:

	Economic Entity and The Bank	
	31/3/2019	31/12/2018
	Principal amount	Principal amount
	RM'000	RM'000
Direct credit substitutes (*)	101,378	101,288
Transaction-related contingent items	265,597	281,206
Short-term self-liquidating trade related contingencies	294,543	318,969
Irrevocable commitments to extend credit:		
- maturity less than one year	1,712,244	1,605,783
- maturity more than one year	1,845,337	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	-	14,139
Unutilised credit card lines	189,789	195,947
Foreign exchange related contracts (#):		
- less than one year	760,988	1,028,226
	5,169,876	5,543,823

* Included in direct credit substitutes as above are financial guarantee contracts of RM101.4 million 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:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Economic Entity and The Bank				
31/3/2019				
Assets				
Derivative financial assets	-	1,199	-	1,199
Financial investments at FVOCI				
- Money market instruments	-	1,166,322	-	1,166,322
- Corporate Sukuk	-	1,782,972	-	1,782,972
	-	2,950,493	-	2,950,493
Liabilities				
Derivative financial liabilities	-	3,639	-	3,639
	-	3,639	-	3,639
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Economic Entity and The Bank				
31/12/2018				
Assets				
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
	-	2,806,299	-	2,806,299
Liabilities				
Derivative financial liabilities	-	4,289	-	4,289
	-	4,289	-	4,289

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36 FAIR VALUE MEASUREMENTS (continued)

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

	Economic Entity and The Bank	
	31/3/2019	31/12/2018
	RM'000	RM'000
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):

Description	Fair value assets		Valuation techniques	Unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
	31/3/2019	31/12/2018			
	RM'000	RM'000			
Economic Entity and The Bank					
Financial investments at FVOCI/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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MFRS 134 INTERIM FINANCIAL REPORTING - 31 March 2019**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 31 March 2019.

38 CAPITAL ADEQUACY

The capital adequacy ratios are as follows:

	Economic Entity		The Bank	
	31/3/2019	31/12/2018	31/3/2019	31/12/2018
	RM'000	RM'000	RM'000	RM'000
Paid-up share capital	1,060,000	1,060,000	1,060,000	1,060,000
Retained profits	567,589	577,671	568,239	578,321
FVOCI revaluation reserve	28,393	3,172	28,393	3,172
	1,655,982	1,640,843	1,656,632	1,641,493
Less:				
Goodwill and other intangibles	(714)	(670)	(714)	(670)
Deferred tax assets	(8,999)	(17,993)	(8,999)	(17,993)
55% of cumulative unrealised gains of FVOCI	(15,616)	(1,745)	(15,616)	(1,745)
Investment in associate/joint ventures	(750)	(750)	(1,400)	(1,400)
CET1 Capital	1,629,903	1,619,685	1,629,903	1,619,685

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MFRS 134 INTERIM FINANCIAL REPORTING - 31 March 2019**38 CAPITAL ADEQUACY (continued)**

	Economic Entity		The Bank	
	31/3/2019	31/12/2018	31/3/2019	31/12/2018
	RM'000	RM'000	RM'000	RM'000
Additional Tier 1 capital				
Sukuk Wakalah	300,000	300,000	300,000	300,000
	300,000	300,000	300,000	300,000
Total Tier 1 capital	1,929,903	1,919,685	1,929,903	1,919,685
Subordinated medium term financing	800,000	800,000	800,000	800,000
Loss provision	178,697	177,100	178,697	177,100
Tier II capital	978,697	977,100	978,697	977,100
Total capital	2,908,600	2,896,785	2,908,600	2,896,785
CET1 capital ratio	10.813%	10.869%	10.813%	10.869%
Tier 1 capital ratio	12.803%	12.882%	12.803%	12.882%
Total capital ratio	19.296%	19.438%	19.296%	19.438%
Risk-weighted assets for:				
Credit risk	14,295,733	14,167,963	14,295,733	14,167,963
Market risk	121,488	98,198	121,488	98,198
Operational risk	656,441	636,209	656,441	636,209
Total risk-weighted assets	15,073,662	14,902,370	15,073,662	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 31 March 2019, RIA assets excluded from Total Capital Ratio calculation amounted to RM1,973,215,410 (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 1st quarter of 2019, the Bank registered a profit before tax of RM32.0 million as compared to the previous year's corresponding quarter of RM32.3 million, a decrease of RM0.3 million or 0.9%.

This was mainly due to:

- i) higher operating expenses by RM7.5 million.
- ii) lower income derived from investments after netting off income attributable to depositors' funds by RM3.9 million.

The above was offsetted by:

- i) lower allowances for impairment losses on financing, advances and other financing & other assets by RM11.1 million.

40 COMMENT ON FINANCIAL RESULTS

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

The Bank's profit before tax for 1st quarter of 2019 stood at RM32.0 million as compared to RM38.2 million reported in the 4th quarter of 2018, a decrease of RM6.2 million or 16.2%.

This was mainly due to:

- i) higher allowances for impairment losses on financing, advances and other financing & other assets by RM4.2 million.
- ii) higher operating expenses by RM2.4 million.

The above was off-set by:

- i) higher income derived from investments after netting off income attributable to depositors' funds by RM0.4 million.

41 PROSPECT FOR THE CURRENT FINANCIAL YEAR

Moving forward in 2019, Malaysia GDP growth is expected to expand between 4.3% to 4.8% as compared to 4.7% in 2018. This will be supported by continuing expansion in domestic demand and positive growth in net export. Private sector expenditure remains as the main driver of domestic demand.

Average inflation rate in 2019 is expected to be broadly stable compared to 2018. The current rate of Overnight Policy Rate stays at 3.25%, in which the level of monetary accommodative is consistent with the intended policy stance.

In 2019, priority will be given on improving operating efficiency and productivity with the emphasis on Retail, Small and Medium Enterprise (SME) and Corporate Banking businesses.

With the extension of Net Stable Fund Ratio (NSFR) implementation to 2020, the Bank will continue to strengthen its liquidity in compliance to the Bank Negara Malaysia requirement. This will be backed by growing the low-cost and long term deposits segment.

The Bank is committed to upgrading its capability specifically on digital initiatives in enriching customer experience and services. The Bank also believes in instilling a culture that values efficiencies, the bank will continue to invest in its people, to build a strong compliance and risk culture to gain greater flexibility in managing the environment changes towards sustainability.

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42 VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

The Bank's profit before tax registered an adverse variance of RM16.6 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 RM15.6 million.

Allowances for impairment losses on financing, advances and other financing showed an adverse variance of RM1.4 million.

Other operating expenses showed a favorable variance of RM0.4 million.