FINANCIAL STATEMENTS

DIRECTORS' REPORT
for the financial year ended 31 December 2018

The Directors hereby submit their report together with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activities of the Bank during the financial year are banking and related financial services. The principal activities of the subsidiaries are Islamic banking business, investment banking and stock-broking, money-broking, fund and asset management, property management services, nominee and trustee services.

The details of the subsidiary companies are disclosed in Note 17 of the financial statements.

The principal activities of the joint ventures are underwriting of life insurance business and property development while the associates are principally engaged in the underwriting of general insurance business and investment holding.

Islamic banking business refers generally to the acceptance of deposits and granting of financing under the Shariah principles. There were no significant changes in the nature of these activities during the financial year.

During the previous financial year, AFFIN Holdings Berhad ('AHB'), the former holding company of the Bank have undertaken an internal reorganisation as disclosed in Note 54 to the financial statements.

FINANCIAL RESULTS

	The Group RM'000	The Bank RM'000
Profit before zakat and taxation	679,109	674,909
Zakat	(4,113)	-
Profit before taxation	674,996	674,909
Taxation	(147,576)	(80,903)
Net profit for the financial year	**527,420**	**594,006**

DIVIDENDS

The Board of Directors has declared a single-tier interim dividend of 5 sen per ordinary share for the financial year ended 31 December 2018. The Board of Directors has also approved that the Dividend Reinvestment Plan ('DRP') as disclosed in Note Z be applied to the said interim dividend and the entire interim dividend can be elected and reinvested in new ordinary shares.

In respect of the financial year ended 31 December 2018:

	RM'000
Single-tier interim dividend of 5 sen per share payable on 22 January 2019	97,147

The Directors do not propose any final dividend for the financial year ended 31 December 2018.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are shown in the financial statements and notes to the financial statements.

SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

Significant events during and after financial year are disclosed in Note 54 to the financial statements.

DIRECTORS' REPORT
for the financial year ended 31 December 2018

DIRECTORS

The name of Directors of the Bank in office since the date of the last report and at the date of the report are:

Gen Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (Retired)
Chairman/Non-Independent Non-Executive Director

En. Mohd Suffian bin Haji Haron
Non-Independent Non-Executive Director

Tan Sri Mohd Ghazali bin Mohd Yusoff
Independent Non-Executive Director

En. Abd Malik bin A Rahman
Independent Non-Executive Director

Dato' Abdul Aziz bin Abu Bakar
Independent Non-Executive Director

Dato' Mohd Hata bin Robani
Independent Non-Executive Director

Dato' Rozalila binti Abdul Rahman
Independent Non-Executive Director
(appointed w.e.f. 4.2.2019)

Mr Ignatius Chan Tze Ching
Non-Independent Non-Executive Director

Mr Joseph Yuk Wing Pang
Non-Independent Non-Executive Director
(appointed w.e.f. 18.4.2018)

Mr Tang Peng Wah
Non-Independent Non-Executive Director
(completed his tenure of directorship w.e.f. 17.4.2018)

In accordance with Article 118 of the Bank's Constitution, the following Directors retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election:

1. Gen Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (Retired)
2. Encik Mohd Suffian bin Haji Haron
3. Tan Sri Mohd Ghazali bin Mohd Yusoff

In accordance with Article 124 of the Bank's Constitution, Dato' Rozalila binti Abdul Rahman retires at the forthcoming Annual General Meeting and being eligible, offers herself for re-election.

The Directors' names of the subsidiaries and their remuneration details are set out in the subsidiaries' statutory accounts and the said names and details are deemed incorporated herein by such reference and made a part hereof.

RESPONSIBILITY STATEMENT BY BOARD OF DIRECTORS

In the course of preparing the annual financial statements of the Group and of the Bank, the Directors are collectively responsible in ensuring that these financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

It is the responsibility of the Directors to ensure that the financial reporting of the Group and of the Bank present a true and fair view of the state of affairs of the Group and of the Bank as at 31 December 2018 and of the financial results and cash flows of the Group and of the Bank for the financial year then ended.

The financial statements are prepared on the going concern basis and the Directors have ensured that proper accounting records are kept, applied the appropriate accounting policies on a consistent basis and made accounting estimates that are reasonable and fair so as to enable the preparation of the financial statements of the Group and of the Bank with reasonable accuracy.

The Directors have also taken the necessary steps to ensure that appropriate systems are in place for the assets of the Group and of the Bank to be properly safeguarded for the prevention and detection of fraud and other irregularities. The systems, by their nature, can only provide reasonable and not absolute assurance against material misstatements, whether due to fraud or error.

The Statement by Directors pursuant to Section 251(2) of the Companies Act, 2016 is set out on page 333 of the financial statements.

DIRECTORS' REPORT
for the financial year ended 31 December 2018

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings required to be kept under Section 59 of the Companies Act, 2016, the interest of the Directors in office at the end of the financial year held in the Bank or its subsidiaries or its related companies during the financial year are as follows:

	Number of ordinary shares			
	As at 1.1.2018	**Bought**	**Sold**	**As at 31.12.2018**
AFFIN Holdings Berhad				
Gen Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (Retired)	40,000	-	# 40,000	-
Abd Malik bin A Rahman	13,000	-	# 13,000	-
AFFIN Bank Berhad				
Gen Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (Retired)	-	# 40,000	-	40,000
Abd Malik bin A Rahman	-	# 13,000	-	13,000
Boustead Heavy Industries Corporation Berhad				
Abd Malik bin A Rahman	3,000	-	-	3,000
Abd Malik bin A Rahman *	1,000	-	-	1,000
Boustead Holdings Berhad				
Abd Malik bin A Rahman	6,580	-	-	6,580
Abd Malik bin A Rahman *	13,580	-	-	13,580
Boustead Plantations Berhad				
Gen Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (Retired)	50,000	-	50,000	-
Abd Malik bin A Rahman	2,000	800	-	2,800
Abd Malik bin A Rahman *	2,000	800	-	2,800

Arising from distribution of the entire shareholdings of the former holding company, AHB in the Bank by way of distribution-in-specie via a reduction of entire consolidated capital and the retained profits of AHB pursuant to Section 116(4) of the Companies Act, 2016 with the basis of one Bank share for each AHB share held

* Indirect shares

Other than the above, the Directors in office at the end of the financial year did not have any other interest in the shares in the Bank or its related companies during the financial year.

DIRECTORS' BENEFITS

During and at the end of the financial year, no other arrangements subsisted to which the Bank or any of its subsidiaries is a party with the object or objects of enabling Directors of the Bank or any of its subsidiaries to acquire benefits by means of the acquisition of shares in, or debenture of, the Bank or any other body corporate.

Since the end of the previous financial year, no Director of the Bank has received or become entitled to receive a benefit (other than the fees and other emoluments shown in the Note 38 to the financial statements) by reason of a contract made by the Bank or by a related corporation with the Director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

OTHER STATUTORY INFORMATION

Statutory information regarding the Group and the Bank

(a) As at the end of the financial year

Before the financial statements of the Group and the Bank were prepared, the Directors took reasonable steps:

- to ascertain that proper action had been taken in relation to the writing off of bad debts and financing and the making of allowance for doubtful debts and financing and satisfied themselves that all known bad debts and financing had been written-off and that adequate allowance had been made for doubtful debts; and
- to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Bank had been written down to an amount which the current assets might be expected so to realise.

DIRECTORS' REPORT
for the financial year ended 31 December 2018

OTHER STATUTORY INFORMATION

Statutory information regarding the Group and the Bank (continued)

(b) From the end of the financial year to the date of this report

The Directors are not aware of any circumstances:

- which would render the amounts written-off for bad debts and financing or the amount of the allowance for doubtful debts and financing inadequate to any substantial extent;
- which would render the values attributed to current assets in the financial statements of the Group and of the Bank misleading; and
- which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Bank misleading or inappropriate.

(c) As at the date of this report

(i) there are no charges on the assets of the Group and of the Bank which have arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) there are no contingent liabilities in the Group and in the Bank which have arisen since the end of the financial year other than in the ordinary course of banking business or activities of the Group.

(d) No contingent or other liability of any company in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Bank and its subsidiaries to meet their obligations when they fall due.

(e) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Bank which would render any amount stated in the respective financial statements misleading.

(f) In the opinion of the Directors:

(i) the results of the operations of the Group and of the Bank during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Bank for the financial year in which this report is made.

BUSINESS PLAN AND STRATEGY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

In 2018, the banking industry in Malaysia continues to operate in challenging environment with pressure on asset quality and profitability. The Group had been focusing on Affinity Program ('AFFINITY') initiatives to improve earnings and operating efficiencies. It has been supported with the implementation of 'Priority Islamic' approach to further tap into the faster growing segment of the banking industry.

We will continue to focus on attracting low cost deposits current and saving accounts ('CASA') to further strengthen the Bank's liquidity and funding profile. The focus is on building digital banking capabilities with enhanced analytics for better customer engagement, expanding targeted growth segments, enhancing productivity through automation and emphasising on customer experience.

The Group's profit before tax and zakat recorded at RM679.1 million for financial year ended 31 December 2018, with the expansion in total net income and overhead expenses by 23.1% and 30.3% respectively.

Gross loan, advances and financing expanded by RM2.9 billion or 6.3%, closed at RM49.0 billion as at 31 December 2018. Total customer deposits increased by RM6.4 billion (12.6%) to RM57.3 billion with higher contribution mainly from term deposits by RM8.5 billion, with lower Negotiable Instruments of Deposit by RM1.0 billion.

The Group maintained Total Capital ratio of 18.996%, while Common Equity Tier 1 and Tier 1 ratios stood at 11.924% and 13.559% respectively as at 31 December 2018.

DIRECTORS' REPORT
for the financial year ended 31 December 2018

BUSINESS OUTLOOK FOR 2019

In 2019, Malaysia's economic growth is forecasted to expand by 4.7%, similar to the growth in 2018, dampened by weak domestic and external demand as a result of slowing down of global economy. However, the government is maintaining the 2019 GDP growth at 4.9%. The country's growth will continue to be supported by private consumption and private investment mainly in household spending and on-going infrastructure projects. Despite the proposed reintroduction of targeted fuel subsidy in the 2H2019, inflation is projected to remain manageable in the range of 2.0% to 2.2% this year versus the official target of 2.5% to 3.5%. Due to the weak ringgit and rising downside risk to global economy, Bank Negara Malaysia will likely hold its Overnight Policy Rate ('OPR') at 3.25% throughout 2019.

The industry is expected to be dragged by moderate loan growth with fee-based income expected to be soft due to volatile capital markets. Caution will still prevail in the industry due to the soft economy outlook. Selective asset growth will be the focus for the banks. Impairment allowances will remain consistent, which could buffer the banks' bottom lines. Competitive lending rates are expected in the near term as banks strive to achieve their loan growth targets. Although Malaysian banks may see earnings come under pressure due to keen competition on both loans and deposits, their asset quality, capital as well as funding and liquidity profiles remain strong. Malaysian banks' credit matrics compare favourably against its regional peers.

2019 will be another momentous year for the Group as we will continue our growth path with AFFINITY. In addition, the reorganisation of the Group which was completed in year 2018 is expected to strengthen the Bank's capital position. Leveraging on the Group's infrastructure, the Bank will continue to strengthen its existing offerings, accelerate the development of its digital banking solution and further improve its innovativeness to meet customers' requirement.

Our strategic focus for the 2019 will remain on both retail and business banking segments, especially in the Small and Medium Enterprises ('SME') segment as well as transactional banking. This year, we will also be focusing on brand visibility, compliance requirements, asset quality and liquidity management.

RATING BY EXTERNAL AGENCIES

The Bank has been rated by the following external rating agency:

Name of rating agency	: RAM Rating Services Berhad
Date of rating	: 15 August 2018
Rating classifications:	
- Long term	: AA_3
- Short term	: P1

RAM has reaffirmed the Bank's long-term and short-term financial institution ratings, at AA_3 and P1, respectively, with a stable outlook.

'AA' rating is defined by RAM as an entity has a strong capacity to meet its financial obligations and is resilient against adverse changes in circumstances, economic condition and/or operating environments. The subscript 3 in this category indicates as the lower end of its generic rating in the AA category.

A P1 rating is defined by RAM as obligations which are supported by superior ability with regards to timely payment of obligations.

ZAKAT OBLIGATION

The Bank's subsidiary, AFFIN Islamic Bank Berhad ('AFFIN Islamic') is obliged to pay zakat to comply with the principles of Shariah. AFFIN Islamic does not pay zakat on behalf of its depositors.

HOLDING CORPORATE BODY

The holding corporate body is Lembaga Tabung Angkatan Tentera, a statutory body incorporated under the Tabung Angkatan Tentera Act, 1973.

SUBSIDIARIES

Details of subsidiaries are set out in Note 17 to the financial statements.

DIRECTORS' REMUNERATION

Details of Directors' remuneration and total amount of indemnity given are set out in Note 38 to the financial statements.

DIRECTORS' REPORT
for the financial year ended 31 December 2018

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 37 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Gen Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (Retired)
Chairman

Abd Malik bin A Rahman
Director

Kuala Lumpur, Malaysia
18 March 2019

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2018

		The Group		The Bank	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
ASSETS					
Cash and short-term funds	2	**6,331,798**	4,146,815	**2,569,003**	2,209,948
Deposits and placements with banks and other financial institutions	3	**71,801**	464,446	**113,610**	495,133
Investment accounts due from designated financial institutions	4	**-**	-	**2,366,711**	2,749,067
Financial assets at fair value through profit or loss ('FVTPL')	5	**606,462**	105,180	**373,638**	10,129
Derivative financial assets	6	**88,805**	173,125	**61,831**	120,819
Financial investments at fair value through other comprehensive income ('FVOCI')	7(a)	**15,361,758**	-	**9,144,507**	-
Financial investments at amortised cost ('AC')	8(a)	**163,027**	-	**114,646**	-
Financial investments available-for-sale	7(b)	**-**	14,627,359	**-**	8,487,818
Financial investments held-to-maturity	8(b)	**-**	128,639	**-**	120,532
Loans, advances and financing	9	**48,392,012**	45,722,158	**28,498,149**	29,143,900
Trade receivables	10	**369,651**	550,737	**-**	-
Commodity Gold at FVTPL		**42,733**	32,198	**-**	-
Other assets	11	**138,884**	100,503	**60,423**	50,795
Amount due from subsidiaries	12	**-**	-	**420**	2
Amount due from joint ventures	13	**31,295**	38,849	**-**	-
Amount due from associates	14	**57,717**	500	**57,217**	-
Tax recoverable		**62,271**	21,541	**31,182**	8,553
Deferred tax assets	15	**114,830**	27,185	**70,239**	-
Statutory deposits with Bank Negara Malaysia	16	**1,946,669**	1,772,640	**1,238,069**	1,203,000
Investment in subsidiaries	17	**-**	-	**3,053,899**	3,063,462
Investment in joint ventures	18	**158,051**	160,594	**163,640**	163,640
Investment in associates	19	**611,996**	566,278	**548,482**	548,482
Property and equipment	20	**520,644**	466,082	**482,708**	425,390
Intangible assets	21	**906,068**	903,962	**182,235**	171,980
TOTAL ASSETS		**75,976,472**	70,008,791	**49,130,609**	48,972,650
LIABILITIES AND EQUITY					
Deposits from customers	22	**57,346,447**	50,920,229	**33,561,219**	33,295,153
Investment accounts of customers		**875**	449	**-**	-
Deposits and placements of banks and other financial institutions	23	**4,846,912**	5,706,599	**4,300,848**	3,980,305
Obligation on securities sold under repurchase agreements		**142,477**	1,050,935	**-**	954,922
Derivative financial liabilities	24	**113,132**	263,676	**85,660**	210,877
Bills and acceptances payable		**32,585**	42,152	**32,585**	42,152
Trade payables	25	**600,974**	677,022	**-**	-
Other liabilities	26	**1,082,148**	945,372	**571,575**	482,660
Amount due to subsidiaries	27	**-**	-	**109,399**	448,149
Provision for taxation		**8,748**	9,560	**-**	-
Deferred tax liabilities	15	**7,126**	27,859	**-**	17,841
Borrowings	28	**3,053,812**	2,036,144	**2,548,379**	2,036,144
TOTAL LIABILITIES		**67,235,236**	61,679,997	**41,209,665**	41,468,203
Share capital	29	**4,684,752**	4,684,752	**4,684,752**	4,684,752
Reserves	30	**3,986,931**	3,586,034	**3,236,192**	2,819,695
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		**8,671,683**	8,270,786	**7,920,944**	7,504,447
Non-controlling interest	17	**69,553**	58,008	**-**	-
TOTAL EQUITY		**8,741,236**	8,328,794	**7,920,944**	7,504,447
TOTAL LIABILITIES AND EQUITY		**75,976,472**	70,008,791	**49,130,609**	48,972,650
COMMITMENTS AND CONTINGENCIES	45	**30,873,074**	32,285,564	**20,469,123**	21,411,929

The accounting policies and notes form an integral part of these financial statements.

INCOME STATEMENTS
for the financial year ended 31 December 2018

	Note	The Group 2018 RM'000	The Group 2017 RM'000	The Bank 2018 RM'000	The Bank 2017 RM'000
Interest income	31	**2,419,367**	2,260,824	**2,154,823**	2,194,329
Interest expense	32	**(1,573,967)**	(1,409,927)	**(1,398,061)**	(1,371,070)
Net interest income		**845,400**	850,897	**756,762**	823,259
Income from Islamic banking business	33	**398,190**	334,267	**-**	-
		1,243,590	1,185,164	**756,762**	823,259
Fee and commission income	34	**620,874**	280,777	**109,839**	106,731
Fee and commission expense	34	**(164,009)**	(68,533)	**(9,103)**	(8,602)
Net fee and commission income	34	**456,865**	212,244	**100,736**	98,129
Net gains on financial instruments	35	**146,037**	98,698	**62,808**	75,326
Other income	36	**74,110**	64,349	**413,347**	59,435
Other operating income		**677,012**	375,291	**576,891**	232,890
Net income		**1,920,602**	1,560,455	**1,333,653**	1,056,149
Other operating expenses	37	**(1,217,509)**	(934,289)	**(633,933)**	(637,470)
Operating profit before allowances		**703,093**	626,166	**699,720**	418,679
Allowances for credit impairment losses	39	**(58,668)**	(72,906)	**(24,811)**	(44,291)
Allowances for impairment losses on other assets	40	**(12,243)**	(12,260)	**-**	-
Operating profit		**632,182**	541,000	**674,909**	374,388
Share of results of a joint venture		**(3,098)**	(4,070)	**-**	-
Share of results of an associate		**50,025**	17,140	**-**	-
Profit before zakat and taxation		**679,109**	554,070	**674,909**	374,388
Zakat		**(4,113)**	(3,371)	**-**	-
Profit before taxation		**674,996**	550,699	**674,909**	374,388
Taxation	42	**(147,576)**	(126,261)	**(80,903)**	(91,536)
Net profit after zakat and taxation		**527,420**	424,438	**594,006**	282,852
Attributable to:					
Equity holders of the Bank		**503,086**	417,855	**594,006**	282,852
Non-controlling interest		**24,334**	6,583	**-**	-
		527,420	424,438	**594,006**	282,852
Earnings per share attributable to equity holders of the Bank (sen):					
- Basic	43	**25.9**	24.0	**30.6**	16.2
- Diluted	43	**25.3**	24.0	**29.9**	16.2

The accounting policies and notes form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2018

	Note	The Group 2018 RM'000	The Group 2017 RM'000	The Bank 2018 RM'000	The Bank 2017 RM'000
Profit after zakat and taxation		**527,420**	424,438	**594,006**	282,852
Other comprehensive income/(losses):					
Items that may be reclassified subsequently to profit or losses:					
Net fair value change in financial investments at FVOCI (debt instruments)		**25,139**	-	**7,744**	-
Net credit impairment loss change in financial investments at FVOCI (debt instruments)		**14,156**	-	**2,001**	-
Net gain on financial investments measured at FVOCI reclassified to profit or loss on disposal (debt instruments)		**(6,555)**	-	**-**	-
Exchange differences on translation of foreign operations		**631**	215	**-**	-
Net fair value change in financial investments available-for-sale		**-**	23,379	**-**	37,296
Net gain transferred to profit or loss on disposal of financial investments available-for-sale		**-**	118	**-**	-
Net transfer to profit or loss on impairment of financial investments available-for-sale		**-**	2,298	**-**	-
Deferred tax on financial investments at FVOCI	15	**37,637**	-	**39,036**	-
Deferred tax on financial investments available-for-sale	15	**-**	(6,080)	**-**	(8,951)
Share of other comprehensive income of a joint venture		**555**	1,024	**-**	-
Share of other comprehensive losses of an associate		**(4,307)**	(94)	**-**	-
Other comprehensive income for the financial year, net of tax		**67,256**	20,860	**48,781**	28,345
Total comprehensive income for the financial year		**594,676**	445,298	**642,787**	311,197
Total comprehensive income for the financial year attributable to:					
Equity holders of the Bank		**570,153**	438,513	**642,787**	311,197
Non-controlling interest		**24,523**	6,785	**-**	-
		594,676	445,298	**642,787**	311,197

The accounting policies and notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
for the financial year ended 31 December 2018

The Group	Note	Share capital RM'000	AFS revaluation reserves RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Foreign exchange reserves RM'000	Stock option reserves RM'000	Retained profits RM'000	Total Shareholders' equity RM'000	Non-controlling interest RM'000	Total equity RM'000
		Attributable to Equity Holders of the Bank									
At 1 January 2018											
As previously reported		4,684,752	97,596	-	817,399	151	-	2,670,888	8,270,786	58,008	8,328,794
Adjustment arising from adoption of MFRS 9	(A)(i)	-	(97,596)	43,746	(252,835)	-	-	128,902	(177,783)	(7)	(177,790)
Adjustment arising from adoption of MFRS 15	(A)(ii)	-	-	-	-	-	-	(1,262)	(1,262)	-	(1,262)
At 1 January 2018, as restated		4,684,752	-	43,746	564,564	151	-	2,798,528	8,091,741	58,001	8,149,742
Net profit for the financial year		-	-	-	-	-	-	503,086	503,086	24,334	527,420
Other comprehensive income (net of tax)											
- Financial investments at FVOCI		-	-	70,377	-	-	-	-	70,377	-	70,377
- Share of other comprehensive income of a joint venture		-	-	555	-	-	-	-	555	-	555
- Share of other comprehensive loss of an associate		-	-	(4,307)	-	-	-	-	(4,307)	-	(4,307)
- Exchange differences on translation of foreign operations		-	-	-	-	442	-	-	442	189	631
Total comprehensive income		-	-	66,625	-	442	-	503,086	570,153	24,523	594,676
Options charged during the year		-	-	-	-	-	8,328	-	8,328	3,569	11,897
Obligation to buy a subsidiary's shares		-	-	-	-	-	-	(3,822)	(3,822)	(1,638)	(5,460)
Dilution of interest in subsidiaries		-	-	-	-	-	-	867	867	98	965
Transfer to regulatory reserves		-	-	-	374,491	-	-	(374,491)	-	-	-
Effects of predecessor accounting	54(b)	-	-	-	-	-	-	101,563	101,563	-	101,563
Dividends	44	-	-	-	-	-	-	(97,147)	(97,147)	(15,000)	(112,147)
At 31 December 2018		4,684,752	-	110,371	939,055	593	8,328	2,928,584	8,671,683	69,553	8,741,236

The accounting policies and notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
for the financial year ended 31 December 2018

		Attributable to Equity Holders of the Bank									
The Group	Note	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	AFS revaluation reserves RM'000	Regulatory reserves RM'000	Foreign exchange reserves RM'000	Retained profits RM'000	Total Shareholders' equity RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 January 2017		1,688,770	858,904	1,721,637	75,229	280,204	-	1,178,962	5,803,706	-	5,803,706
Net profit for the financial year		-	-	-	-	-	-	417,855	417,855	6,583	424,438
Other comprehensive income (net of tax)											
- Financial investments available-for-sale		-	-	-	20,507	-	-	-	20,507	138	20,645
- Exchange differences on translation of foreign operations		-	-	-	-	-	151	-	151	64	215
Total comprehensive income		-	-	-	20,507	-	151	417,855	438,513	6,785	445,298
Issuance of new shares pursuant to Group Reorganisation	54(a)	2,137,078	-	-	-	-	-	-	2,137,078	-	2,137,078
Effects of predecessor accounting	54(a)	-	-	-	1,860	12,113	-	1,492	15,465	61,155	76,620
Transfer of share premium to share capital pursuant to the Companies Act, 2016 (*)		858,904	(858,904)	-	-	-	-	-	-	-	-
Transfer of statutory reserves to retained profits pursuant to Policy Documents on 'Capital Funds' and 'Capital Funds for Islamic Banks' issued by BNM on 3 May 2017		-	-	(1,721,637)	-	-	-	1,721,637	-	-	-
Transfer to regulatory reserves		-	-	-	-	525,082	-	(525,082)	-	-	-
Dilution of interest in a subsidiary		-	-	-	-	-	-	(2,176)	(2,176)	(932)	(3,108)
Dividends declared and paid during the financial year	44	-	-	-	-	-	-	(121,800)	(121,800)	(9,000)	(130,800)
At 31 December 2017		4,684,752	-	-	97,596	817,399	151	2,670,888	8,270,786	58,008	8,328,794

* The New Companies Act, 2016 ('New Act'), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, any amount standing to credit of the share premium account of RM858,904 becomes part of Group's share capital pursuant to the transitional provisions set out in Section 618(2) of the New Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transaction.

The accounting policies and notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
for the financial year ended 31 December 2018

The Bank	Note	Non-distributable				Distributable	
		Share capital RM'000	AFS revaluation reserves RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Total equity RM'000
At 1 January 2018							
As previously reported		4,684,752	121,637	-	710,743	1,987,315	7,504,447
Adjustment arising from adoption of MFRS 9	(A)(i)	-	(121,637)	62,380	(238,212)	168,326	(129,143)
At 1 January 2018, as restated		4,684,752	-	62,380	472,531	2,155,641	7,375,304
Net profit for the financial year		-	-	-	-	594,006	594,006
Other comprehensive income (net of tax)							
- Financial investments at FVOCI		-	-	48,781	-	-	48,781
Total comprehensive income		-	-	48,781	-	594,006	642,787
Transfer to regulatory reserves		-	-	-	243,782	(243,782)	-
Dividends	44	-	-	-	-	(97,147)	(97,147)
At 31 December 2018		4,684,752	-	111,161	716,313	2,408,718	7,920,944

The accounting policies and notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
for the financial year ended 31 December 2018

The Bank	Note	Share capital RM'000	Non-distributable Share premium RM'000	Statutory reserves RM'000	AFS revaluation reserves RM'000	Regulatory reserves RM'000	Distributable Retained profits RM'000	Total equity RM'000
At 1 January 2017		1,688,770	858,904	1,416,621	93,292	207,026	913,359	5,177,972
Net profit for the financial year		-	-	-	-	-	282,852	282,852
Other comprehensive income (net of tax)								
- Financial investments available-for-sale		-	-	-	28,345	-	-	28,345
Total comprehensive income		-	-	-	28,345	-	282,852	311,197
Issuance of new shares pursuant to Group Reorganisation	54	2,137,078	-	-	-	-	-	2,137,078
Transfer of share premium to share capital pursuant to the Companies Act, 2016 (*)		858,904	(858,904)	-	-	-	-	-
Transfer of statutory reserves to retained profits pursuant to Policy Documents on 'Capital Funds' and 'Capital Funds for Islamic Banks' issued by BNM on 3 May 2017		-	-	(1,416,621)	-	-	1,416,621	-
Transfer to regulatory reserves		-	-	-	-	503,717	(503,717)	-
Dividends declared and paid during the financial year	44	-	-	-	-	-	(121,800)	(121,800)
At 31 December 2017		4,684,752	-	-	121,637	710,743	1,987,315	7,504,447

* The New Companies Act, 2016 ('New Act'), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, any amount standing to credit of the share premium account of RM858,904 becomes part of Group's share capital pursuant to the transitional provisions set out in Section 618(2) of the New Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transaction.

The accounting policies and notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
for the financial year ended 31 December 2018

	The Group		The Bank	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	**674,996**	550,699	**674,909**	374,388
Adjustments for items not involving the movement of cash and cash equivalents:				
Interest income:				
- financial investments at FVOCI	**(502,419)**	-	**(349,298)**	-
- financial investments at amortised cost	**(8,366)**	-	**(5,725)**	-
- financial investments available-for-sale	**-**	(355,889)	**-**	(317,057)
- financial investments held-to-maturity	**-**	(22,535)	**-**	(22,070)
Dividend income:				
- financial assets at FVTPL	**(5,167)**	(198)	**-**	-
- financial investments at FVOCI	**(5,284)**	-	**(970)**	-
- financial investments available-for-sale	**-**	(4,338)	**-**	(1,980)
- subsidiaries	**-**	-	**(323,000)**	-
Gain on sale:				
- financial assets at FVTPL	**(72,154)**	(17,961)	**(23,737)**	(153)
- financial investments at FVOCI	**(14,406)**	-	**(7,175)**	-
- financial investments available-for-sale	**-**	(33,276)	**-**	(28,762)
Gain on redemption of financial investment held-to-maturity	**-**	(39,784)	**-**	(39,784)
Unrealised loss/(gain) on revaluation:				
- financial assets at FVTPL	**(7,863)**	(727)	**(10,355)**	24
- derivatives	**(5,567)**	2,774	**(4,582)**	(985)
- foreign exchange	**8,540**	(79,622)	**7,236**	(83,221)
Allowance for impairment loss:				
- financial investments available-for-sale	**-**	1,287	**-**	-
Depreciation of property and equipment	**24,578**	17,677	**14,497**	14,439
Property and equipment written-off	**193**	181	**157**	107
Gain on sale of property and equipment	**(6,052)**	(777)	**(5,921)**	(752)
Amortisation of intangible assets	**27,661**	14,714	**13,164**	11,012
Gain on sale of foreclosed properties	**(111)**	(2,260)	**-**	(2,260)
Share of results of a joint venture	**3,098**	4,070	**-**	-
Share of results of an associate	**(50,025)**	(17,140)	**-**	-
Expected credit losses ('ECL') made/(written-back) on:				
- loans, advances and financing and trade receivables	**91,960**	-	**64,430**	-
- securities and placements	**15,571**	-	**3,472**	-
- loans and financing commitments and financial guarantee	**(22,363)**	-	**(17,471)**	-
Net individual impairment	**-**	63,673	**-**	55,327
Net collective impairment	**-**	49,319	**-**	28,512
Bad debt and financing written-off	**4,281**	1,302	**3,682**	1,301
Allowances for impairment losses on other assets	**12,243**	12,260	**-**	-
Interest expense on borrowings	**122,469**	97,750	**117,036**	97,750
Zakat	**4,113**	3,371	**-**	-
Gain on winding up of a subsidiary	**-**	-	**(21,468)**	-
Gain on disposal of subsidiary	**-**	-	**-**	(162)
Operating profit before changes in working capital	**289,926**	244,570	**128,881**	85,674

STATEMENTS OF CASH FLOWS
for the financial year ended 31 December 2018

	The Group		The Bank	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Decrease/(increase) in operating assets:				
Reverse repurchase agreements with financial institutions	**-**	47,527	**-**	-
Cash and short-term funds and deposits and placements with banks and other financial institutions with original maturity of more than three months	**291,063**	(96,413)	**265,627**	58,353
Investment accounts due from designated financial institutions	**-**	-	**382,371**	(638,988)
Financial assets at FVTPL	**(421,265)**	107,582	**(217,902)**	(10,000)
Commodity Gold at FVTPL	**(10,535)**	(32,198)	**-**	-
Loans, advances and financing	**(2,977,636)**	(1,950,052)	**379,840**	1,524,314
Other assets	**(115,136)**	41,577	**21,856**	4,139
Trade receivables	**181,086**	136	**-**	-
Derivative financial instruments	**(60,657)**	(155,133)	**(61,647)**	(152,985)
Statutory deposits with Bank Negara Malaysia	**(174,029)**	(108,640)	**(35,069)**	(53,000)
Amount due from subsidiaries	**-**	-	**(339,168)**	603,591
Amount due from joint ventures	**7,554**	(4,453)	**-**	-
Amount due from associate	**31,523**	-	**(57,453)**	-
(Decrease)/increase in operating liabilities:				
Deposits from customers	**6,426,218**	(1,541,260)	**266,066**	(3,811,310)
Investment accounts of customers	**426**	449	**-**	-
Deposits and placements of banks and other financial institutions	**(859,687)**	1,488,290	**320,543**	1,397,070
Obligation on securities sold under repurchase agreements	**(908,458)**	51,195	**(954,922)**	(44,818)
Bills and acceptances payable	**(9,567)**	(92,474)	**(9,567)**	4,426
Trade payables	**(76,048)**	(85,759)	**-**	-
Other liabilities	**(13,223)**	243,872	**(2,338)**	80,215
Cash generated from/(used in) operations	**1,601,555**	(1,841,184)	**87,118**	(953,319)
Zakat paid	**(5,394)**	(4,161)	**-**	-
Tax refund	**104**	3	**-**	-
Tax paid	**(184,501)**	(131,193)	**(95,677)**	(88,621)
Net cash generated from/(used in) operating activities	**1,411,764**	(1,976,535)	**(8,559)**	(1,041,940)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received:				
- financial investments at FVOCI	**502,419**	-	**349,298**	-
- financial investments at amortised cost	**8,366**	-	**5,725**	-
- financial investments available-for-sale	**-**	355,889	**-**	317,057
- financial investments held-to-maturity	**-**	22,535	**-**	22,070
Dividend income:				
- financial assets at FVTPL	**5,167**	198	**-**	-
- financial investments available-for-sale	**-**	4,338	**-**	1,980
- financial investments at FVOCI	**5,284**	-	**970**	-
- subsidiaries	**-**	-	**323,000**	-

STATEMENTS OF CASH FLOWS
for the financial year ended 31 December 2018

	The Group		The Bank	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Net purchase of financial investments at amortised cost net of redemption	**(34,388)**	-	**4,600**	-
Net sale of financial investments at FVOCI	**(660,619)**	-	**(729,951)**	-
Redemption of financial investments held-to-maturity net of purchase	**-**	316,586	**-**	220,654
Net sale of financial investments available-for-sale	**-**	642,691	**-**	24,828
Proceeds from disposal of:				
- property and equipment	**43,323**	2,512	**43,144**	2,487
- intangible assets	**-**	16	**-**	-
- foreclosed properties	**307**	2,330	**-**	2,330
Purchase of property and equipment	**(139,711)**	(60,611)	**(131,956)**	(57,970)
Purchase of intangible assets	**(2,767)**	(4,900)	**(1,075)**	(4,071)
Proceed from disposal of subsidiary	**-**	-	**-**	662
Subscription of shares in subsidiary	**-**	-	**-**	(500,000)
Subscription of shares in a joint venture	**-**	(15,300)	**-**	(15,300)
Investment in associates (Note 19)				
- pursuant to the Group Reorganisation	**-**	(367,945)	**-**	(367,945)
- acquisitions of shares from other shareholders	**-**	(180,537)	**-**	(180,537)
Cash flow arising from Group Reorganisation	**15,545**	609,933	**-**	-
Net cash (used in)/generated from investing activities	**(257,074)**	1,327,735	**(136,245)**	(533,755)
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown of borrowings	**1,000,000**	700,000	**500,000**	700,000
Interest payment on borrowings	**(104,801)**	(66,198)	**(104,801)**	(66,198)
Payment of dividend to the equity holders of the Bank	**-**	(121,800)	**-**	(121,800)
Payment of dividend to non-controlling interest	**(15,000)**	(9,000)	**-**	-
Net cash generated from financing activities	**880,199**	503,002	**395,199**	512,002
Net increase/(decrease) in cash and cash equivalents	**2,034,889**	(145,798)	**250,395**	(1,063,693)
Effects of foreign exchange	**(8,540)**	79,622	**(7,236)**	83,221
Cash and cash equivalents at beginning of the financial year	**4,298,314**	4,364,490	**2,410,566**	3,391,038
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	**6,324,663**	4,298,314	**2,653,725**	2,410,566
Cash and cash equivalents comprise the following:				
Cash and short-term funds (Note 2)	**6,331,798**	4,146,815	**2,569,003**	2,209,948
Deposits and placements of banks and other financial institutions (Note 3)	**71,801**	464,446	**113,610**	495,133
	6,403,599	4,611,261	**2,682,613**	2,705,081
Less:				
Amount held on behalf of commissioned dealer's representatives	**(48,537)**	(49,119)	**-**	-
Cash and short-term funds and deposits and placements with banks and other financial institutions with original maturity of more than three months	**(30,399)**	(263,828)	**(28,888)**	(294,515)
	6,324,663	4,298,314	**2,653,725**	2,410,566

The accounting policies and notes form an integral part of these financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the financial year ended 31 December 2018

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

(A) BASIS OF PREPARATION

The financial statements of the Group and the Bank have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRS'), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The financial statements incorporate those activities relating to Islamic banking business which have been undertaken by AFFIN Islamic, a wholly owned subsidiary of the Bank. Islamic banking business refers generally to the acceptance of deposits and granting of financing under the Shariah principles.

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

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Group and Bank's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note AF.

Standards, amendments to published standards and interpretations that are effective

The Group and the Bank have applied the following standards and amendments for the first time for the financial year beginning on 1 January 2018:

- MFRS 9 'Financial Instruments'
- MFRS 15 'Revenue from Contract with Customers'
- Amendment to MFRS 2 'Share-Based Payment' - classification and measurement of Share-based Payment Transactions
- IC interpretation 22 'Foreign Currency Transaction and Advance Consideration'
- Annual Improvements to MFRSs 2014 - 2016 Cycle: MFRS 128 'Investment in Associates and Joint Ventures'.

The Group and the Bank have adopted MFRS 9 and MFRS 15 for the first time in the 2018 financial statements, which resulted in changes in accounting policies. The detailed impact of change in accounting policies are set out in Note (A)(i) and Note A(ii).

Other than that, the adoption of other amendments noted above did not have any impact on the current period or any prior period and is not likely to affect future period.

(i) Change in accounting policies - adoption of MFRS 9 'Financial Instruments'

The Group and the Bank have adopted MFRS 9 with a date of transition of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amount previously recognised in the financial statements. The Group and the Bank did not early adopt any of MFRS 9 in previous periods.

As permitted by the transitional provisions of MFRS 9, the Group and the Bank elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities were recognised in the opening retained earnings and other reserves of the current period.

Consequently, for notes disclosures, consequential amendments to MFRS 7 disclosures have also only been applied to the current period. The comparative period notes disclosures repeat those disclosures made in prior year.

The adoption of MFRS 9 has resulted in changes in accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. MFRS 9 also significantly amends other standards dealing with financial instruments such as MFRS 7 'Financial Instruments: Disclosures'.

Set out below are disclosures relating to the impact of the adoption of MFRS 9 on the Group and the Bank. Further details of the specific MFRS 9 accounting policies applied in the current period (as well as the previous MFRS 139 accounting policies applied in the comparative period) as described in more details in Note H and I.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the financial year ended 31 December 2018

(A) BASIS OF PREPARATION

Standards, amendments to published standards and interpretations that are effective (continued)

(i) Change in accounting policies - adoption of MFRS 9 'Financial Instruments' (continued)

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

The Group Financial assets	MFRS 139 Measurement category	MFRS 139 Carrying amount RM'000	MFRS 9 Measurement category	MFRS 9 Carrying amount RM'000
Cash and short-term funds	Amortised cost (loans and receivables)	4,146,815	Amortised cost	4,146,815
Deposits and placements with banks and other financial institutions	Amortised cost (loans and receivables)	464,446	Amortised cost	200,519
			FVTPL	263,927
Financial assets at fair value through profit or loss	FVTPL (Trading)	105,180	FVTPL	105,180
Derivative financial assets	FVTPL (Trading)	173,125	FVTPL	173,125
Financial investments	FVOCI (Available-for-Sale)	14,627,359	FVOCI (debt)	14,030,992
			FVOCI (equity)	264,397
			FVTPL	355,788
	Amortised cost (Held-to-Maturity)	128,639	Amortised cost	128,055
Loans, advances and financing	Amortised cost (loans and receivables)	45,722,158	Amortised cost (loans, advances and financing)	45,438,545
			Amortised cost (financial investments at amortised cost)	40,262
Trade receivables	Amortised cost (loans and receivables)	550,737	Amortised cost	550,632
Other assets	Amortised cost (loans and receivables)	100,503	Amortised cost	100,490
Amount due from joint ventures	Amortised cost (loans and receivables)	38,849	Amortised cost	38,849
Amount due from associate	Amortised cost (loans and receivables)	500	Amortised cost	500

The Group Financial liabilities	MFRS 139 Measurement category	MFRS 139 Carrying amount RM'000	MFRS 9 Measurement category	MFRS 9 Carrying amount RM'000
Other liabilities	Amortised cost	945,372	Amortised cost	995,189

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the financial year ended 31 December 2018

(A) BASIS OF PREPARATION

Standards, amendments to published standards and interpretations that are effective (continued)

(i) Change in accounting policies - adoption of MFRS 9 'Financial Instruments' (continued)

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

	MFRS 139		MFRS 9	
The Bank Financial assets	**Measurement category**	**Carrying amount RM'000**	**Measurement category**	**Carrying amount RM'000**
Cash and short-term funds	Amortised cost (loans and receivables)	2,209,948	Amortised cost	2,209,948
Deposits and placements with banks and other financial institutions	Amortised cost (loans and receivables)	495,133	Amortised cost	241,502
			FVTPL	253,631
Investment accounts due from designated financial institutions	Amortised cost (loans and receivables)	2,749,067	Amortised cost	2,748,979
Financial assets at fair value through profit or loss	FVTPL (Trading)	10,129	FVTPL	10,129
Derivative financial assets	FVTPL (Trading)	120,819	FVTPL	120,819
Financial investments	FVOCI (Available-for-Sale)	8,487,818	FVOCI (debt)	8,228,576
			FVOCI (equity)	145,550
			FVTPL	137,493
	Amortised cost (Held-to-Maturity)	120,532	Amortised cost	119,948
Loans, advances and financing	Amortised cost (loans and receivables)	29,143,900	Amortised cost	28,947,701
Other assets	Amortised cost (loans and receivables)	50,795	Amortised cost	50,795
Amount due from subsidiaries	Amortised cost (loans and receivables)	2	Amortised cost	2
Amount due from associate	Amortised cost (loans and receivables)	8,553	Amortised cost	8,553

	MFRS 139		MFRS 9	
The Bank Financial liabilities	**Measurement category**	**Carrying amount RM'000**	**Measurement category**	**Carrying amount RM'000**
Other liabilities	Amortised cost	482,660	Amortised cost	515,418

There were no changes to the classification and remeasurement of other financial liabilities of the Group and the Bank under MFRS 9.

The following explains how applying the new classification requirements of MFRS 9 led to changes in classification of certain financial assets held by the Group and the Bank as shown in the table below:

(a) Classification of deposits and placements with banks and other financial institutions which fail the 'Solely Payments of Principal and Interest' ('SPPI')

Deposit and placements with banks and other financial institutions are classified under MFRS 9 as mandatorily measured at FVTPL due to certain assets having contractual cash flows that are not solely payment of principal and interest.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the financial year ended 31 December 2018

(A) BASIS OF PREPARATION

Standards, amendments to published standards and interpretations that are effective (continued)

(i) Change in accounting policies - adoption of MFRS 9 'Financial Instruments' (continued)

(b) Reclassification from retired categories with no change in measurement

In addition to the above, certain debt instruments have been reclassified to new categories under MFRS 9, as their previous categories under MFRS 139 were 'retired', with no changes to their measurement basis:

(i) Those previously classified as available-for-sale and now classified as measured at FVOCI; and

(ii) Those previously classified as held-to-maturity and now classified as measured at amortised cost.

(c) Designation of equity instruments at FVOCI

The Group and the Bank have elected to irrevocably designate certain socio-economic unquoted shares and other strategic investments of non-trading equity securities in local and foreign exchanges at FVOCI as permitted under MFRS 9. These securities were previously classified as available-for-sale. The changes in fair value of such securities will no longer be reclassified to profit or loss when they are disposed of.

(d) Relassification of equity instruments previously classified as AFS to FVTPL

Under MFRS 9, all investment in equity instruments, other than those designated at fair value through other comprehensive income with no subsequent reclassification of gains and losses to net income, must be classified as at fair value through profit or loss.

(e) Reclassification of receivables from loans, advances and financing to financial investment at amortised cost

Investments in unquoted bonds are reclassified to financial investments at amortised cost with no change to the measurement basis.

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

The Group	MFRS 139 carrying amount 31 December 2017 RM'000	Reclassification RM'000	Remeasurement RM'000	MFRS 9 carrying amount 1 January 2018 RM'000
Deposits and placements with banks and other financial institutions				
Opening balance	464,446	-	-	464,446
To financial assets at FVTPL	-	(263,828)	-	(263,828)
Remeasurement - expected credit losses ('ECL')	-	-	(99)	(99)
Adjusted opening balance	464,446	(263,828)	(99)	200,519
Financial assets at FVTPL				
Opening balance	105,180	-	-	105,180
From deposits and placements with banks and other financial institutions	-	263,828	-	263,828
From financial investments AFS	-	331,970	-	331,970
Remeasurement - fair value adjustment	-	-	23,917	23,917
Adjusted opening balance	105,180	595,798	23,917	724,895

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the financial year ended 31 December 2018

(A) BASIS OF PREPARATION

Standards, amendments to published standards and interpretations that are effective (continued)

(i) Change in accounting policies - adoption of MFRS 9 'Financial Instruments' (continued)

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

The Group	MFRS 139 carrying amount 31 December 2017 RM'000	Reclassification RM'000	Remeasurement RM'000	MFRS 9 carrying amount 1 January 2018 RM'000
Financial investments at FVOCI - debt				
From financial investments AFS	-	14,030,992	-	14,030,992
Adjusted opening balance	-	14,030,992	-	14,030,992
Financial investments at FVOCI - equity				
From financial investments AFS	-	264,397	-	264,397
Adjusted opening balance	-	264,397	-	264,397
Financial investments at amortised cost				
From loans, advances and financing	-	40,497	-	40,497
From financial investments held-to-maturity	-	128,639	-	128,639
Remeasurement - ECL	-	-	(819)	(819)
Adjusted opening balance	-	169,136	(819)	168,317
Financial investments available-for-sale				
Opening balance	14,627,359	-	-	14,627,359
To financial investments at FVOCI - debt	-	(14,030,992)	-	(14,030,992)
To financial investments at FVOCI - equity	-	(264,397)	-	(264,397)
To financial assets at FVTPL	-	(331,970)	-	(331,970)
Adjusted opening balance	14,627,359	(14,627,359)	-	-
Financial investments held-to-maturity				
Opening balance	128,639	-	-	128,639
To financial investments at amortised cost	-	(128,639)	-	(128,639)
Adjusted opening balance	128,639	(128,639)	-	-
Loans, advances and financing				
Opening balance	45,722,158	-	-	45,722,158
To financial investments at amortised cost	-	(40,497)	-	(40,497)
Remeasurement - unwinding of discount	-	-	(1,426)	(1,426)
Remeasurement - ECL	-	-	(241,690)	(241,690)
Adjusted opening balance	45,722,158	(40,497)	(243,116)	45,438,545

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the financial year ended 31 December 2018

(A) BASIS OF PREPARATION

Standards, amendments to published standards and interpretations that are effective (continued)

(i) Change in accounting policies - adoption of MFRS 9 'Financial Instruments' (continued)

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

The Group	MFRS 139 carrying amount 31 December 2017 RM'000	Reclassification RM'000	Remeasurement RM'000	MFRS 9 carrying amount 1 January 2018 RM'000
Trade receivables				
Opening balance	550,737	-	-	550,737
Remeasurement - ECL	-	-	(105)	(105)
Adjusted opening balance	550,737	-	(105)	550,632
Other assets				
Opening balance	100,503	-	-	100,503
Remeasurement - ECL	-	-	(13)	(13)
Adjusted opening balance	100,503	-	(13)	100,490
Other liabilities				
Opening balance	945,372	-	-	945,372
Remeasurement - ECL	-	-	49,817	49,817
Adjusted opening balance	945,372	-	49,817	995,189

There were no changes to the classification and remeasurement of other financial liabilities of the Group under MFRS 9.

The following table analyses the impact, net of tax, of transition to MFRS 9 on reserves and retained earnings. The impact relates to the FVOCI revaluation reserves, regulatory reserves and retained profits. There is no impact on other components of equity.

The Group		Impact of adopting MFRS 9 1 January 2018 RM'000
FVOCI revaluation reserves		
Closing balance under MFRS 139 (31 December 2017)		97,596
Recognition of expected credit losses under MFRS 9 for debt financial investments at FVOCI	8,705	
Reclassification of financial investments from AFS to FVTPL	(82,341)	
Tax effect arising from MFRS 9	19,786	(53,850)
Total adjusted opening balance under MFRS 9 (1 January 2018)		43,746
Regulatory reserves		
Closing balance under MFRS 139 (31 December 2017)		817,399
Transfer to retained profits		(252,835)
Total adjusted opening balance under MFRS 9 (1 January 2018)		564,564

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the financial year ended 31 December 2018

(A) BASIS OF PREPARATION

Standards, amendments to published standards and interpretations that are effective (continued)

(i) Change in accounting policies - adoption of MFRS 9 'Financial Instruments' (continued)

The following table analyses the impact, net of tax, of transition to MFRS 9 on reserves and retained earnings. The impact relates to the FVOCI revaluation reserves, regulatory reserves and retained profits. There is no impact on other components of equity (continued):

The Group		**Impact of adopting MFRS 9 1 January 2018 RM'000**
Retained profits		
Closing balance under MFRS 139 (31 December 2017)		2,670,888
Reclassification of financial investment from AFS to FVTPL	82,341	
Recognition of NCI expected credit losses under MFRS 9 (from a subsidiary)	7	
Remeasurement arising from reclassification of financial assets	23,917	
Other remeasurement	(1,426)	
Recognition of expected credit losses under MFRS 9 (loans, advances and financing including loan commitments)	(623,897)	
Recognition of expected credit losses under MFRS 9 (financial investments at FVOCI and amortised cost)	(9,740)	
Transfer from regulatory reserve	252,835	
Reversal of Collective Allowance and Individual Allowance under MFRS 139	332,390	
Tax effect arising from MFRS 9	72,475	128,902
Adjusted opening balance under MFRS 9 (1 January 2018), before MFRS 15 adjustments		2,799,790

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

The Bank	**MFRS 139 carrying amount 31 December 2017 RM'000**	**Reclassification RM'000**	**Remeasurement RM'000**	**MFRS 9 carrying amount 1 January 2018 RM'000**
Deposits and placements with banks and other financial institutions				
Opening balance	495,133	-	-	495,133
To financial assets at FVTPL	-	(253,515)	-	(253,515)
Remeasurement - ECL	-	-	(116)	(116)
Adjusted opening balance	495,133	(253,515)	(116)	241,502
Investment accounts due from designated financial institutions				
Opening balance	2,749,067	-	-	2,749,067
Remeasurement - ECL	-	-	(88)	(88)
Adjusted opening balance	2,749,067	-	(88)	2,748,979

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the financial year ended 31 December 2018

(A) BASIS OF PREPARATION

Standards, amendments to published standards and interpretations that are effective (continued)

(i) Change in accounting policies - adoption of MFRS 9 'Financial Instruments' (continued)

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

The Bank	MFRS 139 carrying amount 31 December 2017 RM'000	Reclassification RM'000	Remeasurement RM'000	MFRS 9 carrying amount 1 January 2018 RM'000
Financial assets at FVTPL				
Opening balance	10,129	-	-	10,129
From deposits and placements with banks and other financial institutions	-	253,515	-	253,515
From financial investments AFS	-	113,692	-	113,692
Remeasurement - fair value adjustment	-	-	23,917	23,917
Adjusted opening balance	10,129	367,207	23,917	401,253
Financial investments at FVOCI - debt				
From financial investments AFS	-	8,228,576	-	8,228,576
Adjusted opening balance	-	8,228,576	-	8,228,576
Financial investments at FVOCI - equity				
From financial investments AFS	-	145,550	-	145,550
Adjusted opening balance	-	145,550	-	145,550
Financial investments at amortised cost				
From financial investments held-to-maturity	-	120,532	-	120,532
Remeasurement - ECL	-	-	(584)	(584)
Adjusted opening balance	-	120,532	(584)	119,948
Financial investments available-for-sale				
Opening balance	8,487,818	-	-	8,487,818
To financial investments at FVOCI - debt	-	(8,228,576)	-	(8,228,576)
To financial investments at FVOCI - equity	-	(145,550)	-	(145,550)
To financial assets at FVTPL	-	(113,692)	-	(113,692)
Adjusted opening balance	8,487,818	(8,487,818)	-	-
Financial investments held-to-maturity				
Opening balance	120,532	-	-	120,532
To financial investments at amortised cost	-	(120,532)	-	(120,532)
Adjusted opening balance	120,532	(120,532)	-	-

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the financial year ended 31 December 2018

(A) BASIS OF PREPARATION

Standards, amendments to published standards and interpretations that are effective (continued)

(i) Change in accounting policies - adoption of MFRS 9 'Financial Instruments' (continued)

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

The Bank	MFRS 139 carrying amount 31 December 2017 RM'000	Reclassification RM'000	Remeasurement RM'000	MFRS 9 carrying amount 1 January 2018 RM'000
Loans, advances and financing				
Opening balance	29,143,900	-	-	29,143,900
Remeasurement - unwinding of discount	-	-	(832)	(832)
Remeasurement - ECL	-	-	(195,367)	(195,367)
Adjusted opening balance	29,143,900	-	(196,199)	28,947,701
Other liabilities				
Opening balance	482,660	-	-	482,660
Remeasurement - ECL	-	-	32,758	32,758
Adjusted opening balance	482,660	-	32,758	515,418

There were no changes to the classification and remeasurement of other financial liabilities of the Bank under MFRS 9.

The following table analyses the impact, net of tax, of transition to MFRS 9 on reserves and retained earnings. The impact relates to the FVOCI revaluation reserves, regulatory reserves and retained profits. There is no impact on other components of equity.

The Bank		Impact of adopting MFRS 9 1 January 2018 RM'000
FVOCI revaluation reserves		
Closing balance under MFRS 139 (31 December 2017)		121,637
Recognition of expected credit losses under MFRS 9 for debt financial investments at FVOCI	3,399	
Reclassification of financial investments from AFS to FVTPL	(82,442)	
Tax effect arising from MFRS 9	19,786	(59,257)
Total adjusted opening balance under MFRS 9 (1 January 2018)		62,380
Regulatory reserves		
Closing balance under MFRS 139 (31 December 2017)		710,743
Transfer to retained profits		(238,212)
Total adjusted opening balance under MFRS 9 (1 January 2018)		472,531

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the financial year ended 31 December 2018

(A) BASIS OF PREPARATION

Standards, amendments to published standards and interpretations that are effective (continued)

(i) Change in accounting policies - adoption of MFRS 9 'Financial Instruments' (continued)

The following table analyses the impact, net of tax, of transition to MFRS 9 on reserves and retained earnings. The impact relates to the FVOCI revaluation reserves, regulatory reserves and retained profits. There is no impact on other components of equity (continued):

The Bank		**Impact of adopting MFRS 9 1 January 2018 RM'000**
Retained profits		
Closing balance under MFRS 139 (31 December 2017)		1,987,315
Reclassification of financial investment from AFS to FVTPL	82,442	
Remeasurement arising from reclassification of financial assets	23,917	
Other remeasurement	(832)	
Recognition of expected credit losses under MFRS 9 (loans, advances and financing including loan commitments)	(476,469)	
Recognition of expected credit losses under MFRS 9 (financial investments at FVOCI and amortised cost)	(4,187)	
Transfer from regulatory reserve	238,212	
Reversal of Collective Allowance and Individual Allowance under MFRS 139	248,344	
Tax effect arising from MFRS 9	56,899	168,326
Adjusted opening balance under MFRS 9 (1 January 2018), before MFRS 15 adjustments		2,155,641

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

MFRS 15 'Revenue from contracts with customers' (effective from 1 January 2018) replaces MFRS 118 'Revenue' and MFRS 111 'Construction contracts' and related interpretations. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

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

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

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

Key provisions of the new standard are as follows:

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the financial year ended 31 December 2018

(A) BASIS OF PREPARATION

Standards, amendments to published standards and interpretations that are effective (continued)

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

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

	As at 1 January 2018		
The Group	**Gross fees Dr/(Cr) RM'000**	**Tax effect Dr/(Cr) RM'000**	**Net impact Dr/(Cr) RM'000**
Impact to opening retained profit arising from:			
Fees for services transferred at a point in time upon satisfaction of performance obligations	(755)	181	(574)
Fees for services transferred over time in respect of agency and guarantee fees	2,416	(580)	1,836
Net debit impact to Retained Profits as at 1 January 2018	1,661	(399)	1,262

There is no material impact on the financial position, comprehensive income, cashflows and earnings per share of the Group on the adoption of MFRS 15 for the financial year ended 31 December 2018.

(iii) Presentation of interest for derivatives and other financial instruments measured at FVTPL

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

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

Accordingly, the Group and the Bank have changed the classification of interest/profit income for financial assets measured at FVTPL from 'Interest/income' to 'Net gains and losses on financial instruments' as reflected in Note 35.

Interest and financing income and expense on derivatives instruments are also correspondingly reclassified to 'Net gain and losses on financial instruments' as reflected in Note 35.

	Previously stated RM'000	**Reclassification RM'000**	**Amount restated RM'000**
The Group			
Interest income	2,367,624	(106,800)	2,260,824
Interest expense	1,512,371	(102,444)	1,409,927
Net gains on financial instruments	94,342	4,356	98,698
The Bank			
Interest income	2,300,099	(105,770)	2,194,329
Interest expense	1,473,986	(102,916)	1,371,070
Net gains on financial instruments	72,472	2,854	75,326

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the financial year ended 31 December 2018

(A) BASIS OF PREPARATION

Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective

- MFRS 16 has an effective date for annual periods beginning on or after 1 January 2019. MFRS 16 results in lessees accounting for most lease within the scope of the standard in a manner similar to the way in which finance leases are currently accounted for under MFRS 117 'Leases'. Lessees will recognise a Right of Use ('ROU') asset and corresponding financial liability on the balance sheet. The asset will be amortised over the length of the lease, and the financial liability measured at amortised cost. Lessor accounting remains substantially the same as under MFRS 117.

  At 1 January 2019, the Group and the Bank expect to adopt the standard using a modified retrospective approach where the cumulative effect of initially applying the standard is recognised an adjustment to the opening balance of retained profits and comparatives are not restated. The implementation is expected to increase ROU assets and increase financial liabilities with no significant effect on net assets or retained profits.

- IC Interpretation 23 'Uncertainty over Income Tax Treatments' (effective 1 January 2019) provides guidance on how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

  If an entity concludes that it is not probable that the tax treatment will be accepted by the tax authority, the effect of the tax uncertainty should be included in the period when such determination is made. An entity shall measure the effect of uncertainty using the method which best predicts the resolution of the uncertainty.

  IC Interpretation 23 will be applied retrospectively.

- Amendments to MFRS 128 'Long-term Interests in Associates and Joint Ventures' (effective from 1 January 2019) clarify that an entity should apply MFRS 9 'Financial Instruments' (including the impairment requirements) to long-term interests in an associate or joint venture, which are in substance form part of the entity's net investment, for which settlement is neither planned nor likely to occur in the foreseeable future.

  In addition, such long-term interest are subject to loss allocation and impairment requirements in MFRS 128.

  The amendments shall be applied retrospectively.

- Amendments to MFRS 9 'Prepayment Features with Negative Compensation' (effective 1 January 2019) allow companies to measure some prepayable financial assets with negative compensation at amortised cost. Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than the unpaid amounts of principal and interest. To qualify for amortised cost measurement, the negative compensation must be reasonable compensation for early termination of the contract, and the asset must be held within a 'held to collect' business model.

  The amendments will be applied retrospectively.

- Annual Improvements to MFRSs 2015 – 2017 Cycle:

  - Amendments to MFRS 3 'Business Combinations' (effective from 1 January 2019) clarify that when a party obtains control of a business that is a joint operation, the acquirer should account the transaction as a business combination achieved in stages. Accordingly it should remeasure its previously held interest in the joint operation (rights to the assets and obligations for the liabilities) at fair value on the acquisition date.

  - Amendments to MFRS 11 'Joint Arrangements' (effective from 1 January 2019) clarify that when a party obtains joint control of a business that is a joint operation, the party should not remeasure its previously held interest in the joint operation.

  - Amendments to MFRS 112 'Income Taxes' (effective from 1 January 2019) clarify that where income tax consequences of dividends on financial instruments classified as equity is recognised (either in profit or loss, other comprehensive income or equity) depends on where the past transactions that generated distributable profits were recognised. Accordingly, the tax consequences are recognised in profit or loss when an entity determines payments on such instruments are distribution of profits (that is, dividends). Tax on dividend should not be recognised in equity merely on the basis that it is related to a distribution to owners.

  - Amendments to MFRS 123 'Borrowing Costs' (effective from 1 January 2019) clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

(B) CONSOLIDATION

The consolidated financial statements include the financial statements of the Bank, subsidiaries, joint ventures and associates, made up to the end of the financial year.

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on the acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of the consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Acquisition related costs are expensed as incurred.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The Group applies predecessor accounting to account for business combinations under common control. Under the predecessor accounting, assets and liabilities acquired are not restated to their respective fair values but at the carrying amounts from the consolidated financial statements of the ultimate holding company of the Group and adjusted to ensure uniform accounting policies of the Group. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities (as of the date of the transaction) of the acquired entity is recognised as an adjustment to equity. No additional goodwill is recognised.

Inter-company transactions, balances, unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the financial year ended 31 December 2018

(B) CONSOLIDATION

(iii) Obligation to purchase the subsidiary's shares from non-controlling interest

When there is an obligation to purchase the subsidiary's shares held by non-controlling interest, at initial recognition, a liability is to be recognised with a corresponding reduction to retained earnings in the consolidated financial statements. The financial liability is recognised at the present value of the redemption amount and accreted through finance charges in the income statement over the contract period, up to the final redemption amount. Any adjustments to the redemption amount are recognised as finance charges in the income statement.

In the separate financial statements, subsidiary's shares are other entity's shares and not considered own equity instrument. The contractual obligation to buy the subsidiary's shares from the non-controlling interest meets the definition of financial liability and is accounted as disclosed in Note I.

(iv) Disposal of subsidiaries

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

(v) Joint arrangements

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position. Under the equity method, the investment in a joint venture is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the joint venture in profit or loss, and the Group's share of movements in other comprehensive income of the joint venture in other comprehensive income. Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture, including any long-term interests that, in substance, form part of the Group's net investment in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. An impairment loss is recognised for the amount by which the carrying amount of the joint venture exceeds its recoverable amount.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to equity account its joint venture because of a loss of joint control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture is reduced but joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the financial year ended 31 December 2018

(B) CONSOLIDATION

(vi) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment in an associate is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the associate in profit or loss, and the Group's share of movements in other comprehensive income of the associate in other comprehensive income. Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interests in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Group's investment in associates includes goodwill identified on acquisition.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. An impairment loss is recognised for the amount by which the carrying amount of the associate exceeds its recoverable amount.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to equity account its associate because of a loss of significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Dilution gains or losses arising in investments in associates are recognised in the profit or loss.

(C) INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES IN SEPARATE FINANCIAL STATEMENTS

In the Bank's separate financial statements, investments in subsidiaries, joint ventures and associates are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries and joint ventures, the difference between disposal proceeds and carrying amounts of the investments are recognised in profit or loss.

The amount due from subsidiaries of which the Bank does not expect repayment in the foreseeable future are considered as part of the Bank's investments in the subsidiaries.

(D) INTANGIBLE ASSETS

Goodwill

Goodwill arises from a business combination and represents the excess of the aggregate of fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed on the acquisition date. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of previously held interest in the acquiree are less than the fair value of the net identifiable assets of the acquiree, the resulting gain is recognised in the profit or loss.

Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ('CGUs'), or groups of CGUs, that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the financial year ended 31 December 2018

(D) INTANGIBLE ASSETS

Identifiable intangible assets arising from business combination

Identifiable intangible assets arising from business combination are recognised at cost. The cost of an intangible asset acquired in a business combination is its fair value at the date of acquisition. The fair value of intangible assets are generally determined using income approach methodologies such as the discounted cash flow method. Intangible assets with a definite useful life are amortised using the straight-line method over their estimated useful economic life. Intangible assets within an indefinite useful life are not amortised. Generally, the identified intangible assets are reviewed for indications of impairment or changes in estimated future economic benefits. If such indications exists, the intangible assets are analysed to assess whether their carrying amount is fully recoverable. An impairment loss is recognised if the carrying amount exceeds the recoverable amount. Intangible assets with indefinite useful life are annually tested for impairment and whether there is an indication that the asset may be impaired.

The identifiable intangible assets arising from business combination consist of brand and customer relationship. Brand and customer relationship are amortised over their useful lives in a manner that reflects the pattern to which they contribute to future cash flows as follows:

Brand	- 3 years
Customer relationship	- 7 years

Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group and the Bank are recognised as intangible assets when the following criteria are met:

(i) it is technically feasible to complete the software product so that it will be available for use;

(ii) management intends to complete the software product and use or sell it;

(iii) there is an ability to use or sell the software product;

(iv) it can be demonstrated how the software product will generate probable future economic benefits;

(v) adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and

(vi) the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised from the point at which the asset is ready for use over their estimated useful lives of five years.

(E) IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the financial year ended 31 December 2018

(F) RECOGNITION OF INTEREST AND FINANCING INCOME AND EXPENSE

Interest and financing income and expense for all interest/profit-bearing financial instruments are recognised within 'interest income', 'interest expense' and 'income from Islamic banking business' respectively in the income statement using the effective interest/profit method. Interest/profit income from financial assets at FVTPL is recognised as part of net gains and losses on financial instrument.

Accounting policies applied from 1 January 2018

Interest/profit income is calculated by applying effective interest/profit rate to the gross carrying amount of a financial assets except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest/profit rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance).

Accounting policies applied until 31 December 2017

When a loan/financing receivable is impaired, the Group and the Bank reduce the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest/profit rate of the instrument, and continues unwinding the discount as interest/profit income. Interest/profit income on impaired loans/financing and receivables are recognised using the original effective interest/profit rate.

(G) RECOGNITION OF FEES AND OTHER INCOME

(i) Fees and commissions are recognised as income when all conditions precedent are fulfilled. Commitment fees for loans, advances and financing that are likely to be drawn down are deferred (together with related direct costs) and income which forms an integral part of the effective interest/profit rate of a financial instrument is recognised as an adjustment to the effective interest/profit rate on the financial instrument.

(ii) Corporate advisory fees are recognised as income after fulfilling each of the performance obligations.

(iii) Portfolio management fees, commitment fees, guarantee fees and agency fees which are material are recognised as income based on a time apportionment method.

(iv) For stock-broking business, brokerage income is recognised on execution of contract. Rollover fee is recognised upon the rollover of specific contracts under share margin financing. Where debtors are classified as doubtful or bad, interest income is suspended until it is realised on cash basis.

(v) For fund and unit trusts management, initial service charge and management fee are recognised as income on an accrual basis at the rates stated in the prospectus of the respective unit trust funds. Distribution income from the unit trust funds is recognised on the ex-distribution date. Management fee for private mandates is recognised as income on an accrual basis at the rates stated in the Investment Mandate Agreement of the respective private mandates.

(vi) Dividends are recognised when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

Accounting policies applied from 1 January 2018

From 1 January 2018 onwards, dividends that clearly represent a recovery of part of the cost of investment is recognised in other comprehensive income if it relate to an investment in equity instruments measured at FVOCI.

(H) FINANCIAL ASSETS

Accounting policies applied from 1 January 2018

(a) Classifications

From 1 January 2018, the Group and the Bank classify their financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ('OCI') or through profit or loss); and
- those to be measured at amortised cost.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the financial year ended 31 December 2018

(H) FINANCIAL ASSETS

Accounting policies applied from 1 January 2018 (continued)

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on settlement-date, the date on which the Group and the Bank settle the commitment to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Bank have transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group and the Bank measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ('FVTPL'), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirely when determining whether their cash flows are SPPI.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flows characteristics of the asset. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

There are three measurement categories into which the Group and the Bank classify its debt instruments:

(i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest/profit income from these financial assets is included in 'interest income' and 'income from Islamic banking business' using the effective interest/profit rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in 'net gains and losses on financial instruments' together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the income statements.

(ii) Fair value through other comprehensive income ('FVOCI')

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'net gains and losses on financial instruments'. Interest/profit income from these financial assets is included in 'interest income' and 'income from Islamic banking business' using the effective interest/profit rate method. Foreign exchange gains and losses are presented in 'net gains and losses on financial instruments' and impairment expenses are presented as separate line item in the income statement.

(iii) Fair value through profit or loss ('FVTPL')

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Group and the Bank may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different basis. Fair value changes is recognised in profit or loss and presented net within 'net gains and losses on financial instruments' in the period which it arises.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the financial year ended 31 December 2018

(H) FINANCIAL ASSETS

Accounting policies applied from 1 January 2018 (continued)

(c) Measurement (continued)

Business model

The business model reflects how the Group and the Bank manage the assets in order to generate cash flows. That is, whether the Group's and the Bank's objectives are solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (i.e financial investments held-for-trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Group and the Bank in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. For example, the Group's and the Bank's business model for the mortgage loan book is to hold to collect contractual cash flows with no resulting derecognition by the Group and the Bank. Another example is the liquidity portfolio of assets, which is held by the Group and the Bank as part of liquidity management and is generally classified within the hold to collect and sell business model. Securities held-for-trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVTPL.

SPPI

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group and the Bank assess whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group and the Bank consider whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Equity instruments

The Group and the Bank subsequently measure all equity investments at fair value. Where the Group's and the Bank's management have elected to present fair value gains and losses on equity investments in FVOCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's and the Bank's right to receive payments is established.

Changes in the fair value of equity instruments at FVTPL are recognised in 'net gains and losses on financial instruments' in the income statement.

(d) Subsequent measurement – Impairment

Impairment for debt instruments and financial guarantee contracts

The Group and the Bank assess on a forward looking basis the expected credit losses ('ECL') associated with its debt instruments carried at amortised cost and at FVOCI and financial guarantee contracts issued. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

ECL represents a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Bank expect to receive, over the remaining life of the financial instrument. For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group and the Bank expect to receive from the holder, the debtor or any other party.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the financial year ended 31 December 2018

(H) FINANCIAL ASSETS

Accounting policies applied from 1 January 2018 (continued)

(d) Subsequent measurement – Impairment (continued)

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(i) General 3-stage approach

At each reporting date, the Group measures ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required. Note 46 sets out the measurement details of ECL. The Group applies 3-stage approach on debt instruments measured at amortised cost and FVOCI, except for those that are under simplified approach, as explained below.

(ii) Simplified approach

The Group and the Bank apply MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for trade receivables and other assets.

Significant increase in credit risk

The Group and the Bank consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Bank compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are incorporated:

- internal credit rating;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower/issuer's ability to meet its obligations;
- actual or expected significant changes in the operating results of the borrower;
- significant increases in credit risk on other financial instruments of the same debtor;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a borrower/issuer is more than 30 days or 1 month past due in making a contractual payment.

(H) FINANCIAL ASSETS

Accounting policies applied from 1 January 2018 (continued)

(d) Subsequent measurement – Impairment (continued)

Definition of default and credit-impaired financial assets

The Group and the Bank define a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the mandatory and/or judgmental indicators, which include amongst others, the following criteria:

(i) Mandatory indicators

- failure to make contractual payment within 90 days or 3 months of when they fall due;
- bankruptcy or winding up order issued;
- account turns fraud;
- rescheduled and/or restructured due to credit deterioration or weakness in repayment capacity of borrower;
- internal rating deteriorated to default credit grade or worse;
- financial cashflow problems, classify as stressed company with evidence of business failure by Bursa;
- collateral coverage ratio falls below 100% (for share margin financing).

(ii) Judgmental indicators

- evidence of three or more judgmental events;
- account is past due or in excess of approved limit but less than or equal to 30 days;
- non-compliance with financial covenants imposed and evidence of misuse and diversion of funds or monies;
- weakening in financial statements with sign of over-leveraging, erosion in capital base, deterioration in profitability and cash flows;
- credit deterioration such as adverse change in payment pattern and default in other related accounts;
- legal proceedings that have negative impact to the credit profile;
- sign of operational weakness or disruptions arising from change in company's operations and management activities;
- company/director/management involved in fraudulent activities;
- consistently require margin call or unable to meet margin call (for share margin financing).

The Group and the Bank first assesses whether objective evidence of impairment exists for financial assets which are individually significant. If the Group and the Bank determine that objective evidence of impairment exists, i.e. credit impaired, for an individually assessed financial asset, a lifetime ECL will be recognised.

Financial assets which are individually significant but non-impaired and not individually significant are grouped on the basis of similar credit risk characteristics (such as credit quality, instrument type, credit risk ratings, credit utilisation, customer types and other relevant factors) for collective assessment.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the financial year ended 31 December 2018

(H) FINANCIAL ASSETS

Accounting policies applied from 1 January 2018 (continued)

(d) Subsequent measurement – Impairment (continued)

Write-off policy

The Group and the Bank write-off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery.

Indicators that there is no reasonable expectation of recovery include:

- ceasing enforcement activity; and
- where the Group's and the Bank's recoveries method are foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

Modification of loans/financing

The Group and the Bank sometime renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group and the Bank assess whether or not the new terms are substantially different to the original terms. The Group and the Bank do this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest/profit rate.
- Change in the currency the loan/financing is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan/financing.

If the terms are substantially different, the Group and the Bank derecognise the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest/profit rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group and the Bank also assess whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group and the Bank recalculate the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest/profit rate (or credit-adjusted effective interest/profit rate for purchased or originated credit-impaired financial assets).

Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group and the Bank transfer substantially all the risks and rewards of ownership, or (ii) the Group and the Bank neither transfer nor retain substantially all the risks and rewards of ownership and the Group and the Bank have not retained control.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the financial year ended 31 December 2018

(H) FINANCIAL ASSETS

Accounting policies applied from 1 January 2018 (continued)

(d) Subsequent measurement – Impairment (continued)

Derecognition other than on a modification (continued)

The Group and the Bank enter into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Group and the Bank:

(i) Have no obligation to make payments unless it collects equivalent amounts from the assets;

(ii) Are prohibited from selling or pledging the assets; and

(iii) Have obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and bonds) furnished by the Group and the Bank under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Group and the Bank retain substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Group and the Bank retain a subordinated residual interest/profit.

(e) Regulatory reserve requirements

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

(f) Temporary exemption from applying MFRS 9 for an associate and a joint venture

The Group has applied the temporary exemption for AXA AFFIN General Insurance Berhad (associate) and AXA AFFIN Life Insurance Berhad (joint venture) in accordance with MFRS 4 Insurance Contracts as both entities will adopt MFRS 9 together with the adoption of MFRS 4 effective from the reporting period of 1 January 2021.

Accounting policies applied until 31 December 2017

(a) Classifications

The Group and the Bank classify its financial assets in the following categories: at fair value through profit or loss, loans/financing and receivables, available-for-sale and held-to-maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluate this designation at the end of each reporting period.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held-for-trading. A financial asset is classified in this category if it is acquired or incurred principally for the purpose of selling it in the short-term. Derivatives are also categorised as held-for-trading unless they are designated as hedges (Note O).

The Group and the Bank have not elected to designate any financial assets at fair value through profit or loss.

(ii) Loans/financing and receivables

Loans/financing and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

(iii) Financial investments available-for-sale

Financial investments available-for-sale are non-derivatives that are either designated in this category or not classified in any of the other categories.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the financial year ended 31 December 2018

(H) FINANCIAL ASSETS

Accounting policies applied until 31 December 2017 (continued)

(a) Classifications (continued)

(iv) Financial investments held-to-maturity

Financial investments held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's and the Bank's management have the positive intention and ability to hold to maturity. If the Group and the Bank were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

(b) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the settlement date, the date that an asset is delivered to or by the Group and the Bank.

Financial assets are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

(c) Subsequent measurement – gains and losses

Financial investments available-for-sale and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans/financing and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest/profit method.

Changes in the fair values of financial assets at fair value through profit or loss, including the effects of currency translation, interest/profit and dividend income are recognised in income statement in the period in which the changes arise.

Changes in the fair value financial investments available-for-sale are recognised in other comprehensive income, except for impairment losses (Note H) and foreign exchange gains and losses on monetary assets (Note N).

Interest/profit and dividend income on financial investments available-for-sale are recognised separately in income statements. Interest/profit on financial investments available-for-sale calculated using the effective interest/profit method is recognised in income statements. Dividend income on available-for-sale equity instruments are recognised in income statements when the Group's right to receive payments is established.

(d) De-recognition

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group and the Bank have transferred substantially all risks and rewards of ownership.

Loans/financing and receivables that are factored out to banks and other financial institutions with recourse to the Group and the Bank are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

When financial investments available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss.

(e) Reclassification of financial assets

The Group and the Bank may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans/financing and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Group and the Bank may choose to reclassify financial assets that would meet the definition of loans/financing and receivables out of the held-for-trading or available-for-sale categories if the Group and the Bank have the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

(H) FINANCIAL ASSETS

Accounting policies applied until 31 December 2017 (continued)

(e) Reclassification of financial assets (continued)

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest/profit rates for financial assets reclassified to loans/financing and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust the effective interest/profit rates prospectively.

(f) Impairment of financial assets

Assets carried at amortised cost

The Group and the Bank assess at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or 'events') has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group and the Bank use to determine that there is objective evidence of an impairment loss include among others:

- past due contractual payments;
- significant financial difficulties of the borrower;
- probability of bankruptcy or other financial re-organisation;
- default of related borrower;
- breach of trading accounts terms and conditions;
- contract of dealer;
- measurable decrease in estimated future cash flows than was originally envisaged; and
- significant deterioration in issuer's credit rating.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest/profit rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in income statements. If 'loans/financing and receivables' or a 'held-to-maturity investment' has a variable interest/profit rate, the discount rate for measuring any impairment loss is the current effective interest/profit rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in income statements.

When an asset is uncollectible, it is written-off against the related allowance account. Such assets are written-off after all the necessary procedures have been completed and the amount of the loss has been determined.

For loans, advances and financing, the Group and the Bank first assess whether objective evidence of impairment exists individually for loans, advances and financing that are individually significant, and individually or collectively for loans, advances and financing that are not individually significant. If the Group and the Bank determine that no objective evidence of impairment exists for individually assessed loans, advances and financing, whether significant or not, it includes the asset in a group of loans, advances and financing with similar credit risk characteristics and collectively assesses them for impairment.

(H) FINANCIAL ASSETS

Accounting policies applied until 31 December 2017 (continued)

(f) Impairment of financial assets (continued)

Individual impairment allowance

Loans, advances and financing that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment. Loans/financing that are individually assessed for impairment and for which no impairment loss is required (over-collateralised loans/financing) are collectively assessed as a separate segment.

The amount of the loss is measured as the difference between the loan/financing's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the loans/financing's original effective interest/profit rate. The carrying amount of the loan/financing is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. If a loans/financing has a variable interest/profit rate, the discount rate for measuring any impairment loss is the current effective interest/profit rate determined under the contract.

The calculation of the present value of the estimated future cash flows of a collateralised loan/financing reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

Collective impairment allowance

For the purposes of a collective evaluation of impairment, loans, advances and financing are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows for groups of such loans, advances and financing by being indicative of the borrowers' ability to pay all amounts due according to the contractual terms of the loans/financing being evaluated.

Future cash flows in a group of loans/financing that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the loans/financing in the Bank and historical loss experience for loans/financing with credit risk characteristics similar to those in the Bank. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of loans/financing should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the Group and the Bank and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group and the Bank to reduce any differences between loss estimates and actual loss experience.

Based on the Guideline on Classification and Impairment Provisions for Loans/Financing, banking institutions are required to maintain, in aggregate, collective impairment provisions and regulatory reserves of no less than 1.2% of total outstanding loans/financing (excluding loans/financing with an explicit guarantee from the Federal Government of Malaysia), net of individual impairment provisions. Banking institutions are required to comply with the requirement by 31 December 2015.

As at reporting date, the Group and the Bank have maintained the collective impairment provisions and regulatory reserves of no less than 1.2% in the books.

Assets classified as available-for-sale

The Group and the Bank assess at the end of the reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, the Group and the Bank assess at each date of the statement of financial position whether there is any objective evidence that a financial investment or group of financial investments is impaired. The criteria the Group and the Bank use to determine whether there is objective evidence of impairment include non-payment of coupon or principal redemption, significant financial difficulty of issuer or obligor and significant drop in rating.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the financial year ended 31 December 2018

(H) FINANCIAL ASSETS

Accounting policies applied until 31 December 2017 (continued)

(f) Impairment of financial assets (continued)

Assets classified as available-for-sale (continued)

In the case of equity securities classified as available-for-sale, in addition to the criteria above, a significant or prolonged decline in the fair value of the security below its cost is also considered as an indicator that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in income statements. The amount of cumulative loss reclassified to profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in income statements. Impairment losses recognised in income statements on equity instruments classified as available-for-sale are not reversed through income statements.

If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in income statements, the impairment loss is reversed through income statements in subsequent periods.

(I) FINANCIAL LIABILITIES

In both the current and prior period, financial liabilities are classified and subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives, financial liabilities held-for-trading (i.e. short positions in the trading booking) and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss; and

- Financial guarantee contracts and loan commitments (see Note J).

De-recognition

Financial liabilities are de-recognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

Accounting policies applied until 31 December 2017

All financial liabilities which include derivative financial instruments have to be recognised in the statement of financial position and measured in accordance with their assigned category.

The Group's and the Bank's holding in financial liabilities are in financial liabilities at fair value through profit or loss (including financial liabilities held-for-trading and those that designated at fair value) and financial liabilities at amortised cost. Financial liabilities are initially recognised at fair value plus transaction costs for all financial liabilities not carried at fair value through profit or loss.

Financial liabilities at fair value through profit or loss

This category comprises two sub-categories: financial liabilities classified as held-for-trading, and financial liabilities designated by the Group and the Bank as at fair value through profit or loss upon initial recognition. The Group and the Bank do not have any non-derivative financial liabilities designated at fair value through profit or loss.

A financial liability is classified as held-for-trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held-for-trading unless they are designated and effective as hedging instruments.

Financial liabilities classified as held-for-trading are initially recognised at fair value, and transaction costs are expensed in profit or loss. Gains and losses arising from changes in fair value of financial liabilities classified held-for-trading are included in the income statement.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the financial year ended 31 December 2018

(I) FINANCIAL LIABILITIES

Accounting policies applied until 31 December 2017 (continued)

Other liabilities measured at amortised cost

Financial liabilities that are not classified as at fair value through profit or loss fall into this category and are measured at amortised cost.

De-recognition

Financial liabilities are de-recognised when they have been redeemed or otherwise extinguished.

(J) FINANCIAL GUARANTEE CONTRACTS AND LOAN/FINANCING COMMITMENTS

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance; and
- The premium received on initial recognition less income recognised in accordance with the principles of MFRS 15.

Loan/financing commitments provided by the Group and the Bank are measured as the amount of the loss allowance. The Group and the Bank have not provided any commitment to provide loans/financing at a below-market interest/profit rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan/financing commitments and financial guarantee contracts, the loss allowance is recognised as provision. However, for contracts that include both a loan/financing and undrawn commitment and the Group and the Bank cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan/financing component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan/financing. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan/financing, the expected credit losses are recognised as a provision.

Accounting policies applied from 1 January 2018

Financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the expected credit loss model under MFRS 9 'Financial instruments' and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15 'Revenue from Contracts with Customers', where appropriate.

Accounting policies applied until 31 December 2017

Financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with MFRS 137 'Provisions, Contingent Liabilities and Contingent Assets' and the amount initially recognised less cumulative amortisation, where appropriate.

(K) OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liability simultaneously.

The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the financial year ended 31 December 2018

(L) PROPERTY AND EQUIPMENT AND DEPRECIATION

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also include borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Freehold land is not depreciated as it has an infinite life. Other property and equipment are depreciated on the straight-line basis to allocate the cost, to their residual values over their estimated useful lives, summarised as follows:

Buildings	50 years
Leasehold buildings	50 years or over the remaining lease period, whichever is shorter
Renovation and leasehold premises	5 to 10 years or the period of the lease whichever is greater
Office equipment and furniture	3 to 10 years
Computer equipment and software	5 years
Motor vehicles	5 years

Depreciation on capital work in progress commences when the assets are ready for their intended use.

Residual value and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

At the end of the reporting period, the Group and the Bank assess whether there is any indication of impairment or whenever events or changes in circumstances indicate the carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with carrying amount and are recognised within other operating income in the income statement.

(M) LEASES

Accounting by lessee

Finance leases

Leases of property and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a periodic constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property and equipment acquired under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to the carrying amount of the leased assets and recognised as an expense in income statement over the lease term on the same basis as the lease expense.

Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on the straight-line basis over the lease period.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are recognised in income statement when incurred.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the financial year ended 31 December 2018

(N) FOREIGN CURRENCY TRANSLATIONS

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Ringgit Malaysia, which is the Bank's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. However, exchange differences are deferred in other comprehensive income when they arose from qualifying cash flows or net investment hedge or are attributable to items that form part of the net investment in a foreign operation.

Changes in the fair value of monetary securities denominated in foreign currency classified as financial investment at FVOCI (2017: available-for-sale) are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in income statement, and other changes in the carrying amount are recognised in other comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit and loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as financial investment at FVOCI (2017: available-for-sale) are included in other comprehensive income.

(O) DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are initially recognised at fair values on the date on which derivative contracts are entered into and are subsequently remeasured at their fair values at the end of each reporting period. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flows models and option pricing models, as appropriate. All derivatives are carried as assets when fair values are positive and as liabilities when fair values are negative.

The best evidence of fair value of a derivative at initial recognition is the transaction price (i.e the fair value of the consideration given or received) unless fair value of the instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

As at reporting date, the Group and the Bank have not designated any derivative as hedging instruments.

Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

(P) CURRENT AND DEFERRED INCOME TAXES

Current tax

Tax expense for the period comprises current and deferred income tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and branch operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the financial year ended 31 December 2018

(P) CURRENT AND DEFERRED INCOME TAXES

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax assets is realised or the deferred tax liability is settled.

Deferred tax liability is recognised for all temporary differences associated with investment in subsidiaries, associates and joint venture except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the investor or joint venturer is unable to control the reversal of the temporary difference for joint ventures. Only where there is an agreement in place that gives the investor or joint venturer the ability to control the reversal of the temporary difference, a deferred tax liability is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investment in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in future and there is sufficient taxable profit available against which the deductible temporary difference can be utilised.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on net basis.

(Q) ZAKAT

Zakat represents business zakat payable by the Group to comply with the principles of Shariah and as approved by the Shariah Committee. The Bank's subsidiary, AFFIN Islamic only pays zakat on its business and does not pay zakat on behalf of depositors. Zakat provision is calculated based on 2.5775% of the prior year's asset growth method.

(R) CASH AND CASH EQUIVALENTS

Cash and short-term funds consists of cash in hand, bank balances and deposits and placements maturing within one month which are held for the purpose of meeting short-term commitments and are readily convertible to known amount of cash without significant risk of changes in value.

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash and short-term funds and deposits and placements with financial institutions, with original maturity 3 months or less.

(S) FORECLOSED PROPERTIES

Foreclosed properties are stated at the lower of their carrying amount and fair value less cost to sell.

(T) CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The Group and the Bank do not recognise contingent assets and liabilities other than those arising from business combination, but disclose its existence in the financial statements. A contingent liability is possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Bank or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Bank. The Group and the Bank do not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the financial year ended 31 December 2018

(U) BILLS AND ACCEPTANCES PAYABLE

Bills and acceptances payable, which are financial liabilities, represent the Bank's own bills and acceptances rediscounted and outstanding in the market (Note I).

(V) PROVISIONS

Provisions are recognised by the Group and the Bank when all of the following conditions have been met:

- the Group and the Bank have a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources to settle the obligation will be required; and
- a reliable estimate of the amount of obligation can be made.

Where the Group and the Bank expect a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

(W) EMPLOYEE BENEFITS

Short-term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

Defined contribution plan

The defined contribution plan is a pension plan under which the Group pays fixed contributions to the National Pension Scheme, the Employees' Provident Fund ('EPF') and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The Group's contribution to defined contribution plans are charged to the income statement in the period to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without any possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Share-based payments

The settlement method of the subsidiary's stock option incentive scheme for key employees is dependent on an uncertain future event which is outside the control of the subsidiary or its employees. At each reporting date, the subsidiary assesses the probability of the outcome of the uncertain future event in giving rise to a liability in determining whether the stock option incentive scheme is treated as cash-settled or equity-settled. If obligation to settle in cash exists, the entity accounts for the transaction as a cash-settled share-based payment transaction. If there is no obligation to settle in cash or other assets, the transaction should be treated as an equity-settled share-based payment transaction.

(W) EMPLOYEE BENEFITS

Share-based payments (continued)

An equity-settled share-based payment plan is where the subsidiary receives services from employees as consideration for equity instruments (stock options) of the subsidiary. The fair value of the stock options granted in exchange for services of the employees are recognised as an expense in the profit or loss over the vesting periods of the grant with a corresponding increase in equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the stock options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each reporting date, the subsidiary revises its estimates of the number of stock options that are expected to vest based on the non-market conditions and service conditions. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to stock option reserves in equity.

In the terms of an equity-settled share-based payment plan is modified, at a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increase the total fair value of the share-based payment arrangement, or its otherwise beneficial to the employee, as measured at the date of modification.

A cash-settled share-based payment plan is initially recognised at the fair value of the liability at reporting date and is recognised as an expense in the profit or loss over the vesting periods of the grant with a corresponding increase in liability. The total amount to be expensed over the vesting period is determined by reference to the fair value of the stock options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The subsidiary re-measures the fair value of the liability at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss. The subsidiary revises its estimate of the number of stock options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to liability.

(X) SALE AND REPURCHASE AGREEMENTS

Securities purchased under resale agreements are securities which the Group and the Bank have purchased with a commitment to resell at future dates. The commitment to resell the securities is reflected as an asset on the statements of financial position.

Conversely, obligations on securities sold under repurchase agreements are securities which the Group and the Bank have sold from its portfolio, with a commitment to repurchase at future dates. Such financing and the obligation to repurchase the securities is reflected as a liability on the statement of financial position.

The difference between sale and repurchase price as well as purchase and resale price are amortised as interest income and interest expense respectively on an effective yield method.

(Y) RESTRICTED INVESTMENT ACCOUNTS ('RIA')

These deposits are used to fund specific financing. The RIA is a contract based on the Shariah concept of Mudharabah between two parties, i.e. investor and entrepreneur to finance a business venture where the investor provides capital and the business venture is managed solely by the entrepreneur. The profit of the business venture will be shared-based on pre-agreed ratios with the Bank as Mudarib (manager or manager of funds), and losses shall be borne solely by capital provider.

(Z) SHARE CAPITAL

Classification

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the substance of the contractual agreement of the particular instrument.

Share issue costs

Incremental costs directly attributable to the issue of new shares or options are deducted against share premium account.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the financial year ended 31 December 2018

(Z) SHARE CAPITAL

Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

Distributions to holders of an equity instrument are recognised directly in equity.

In declaring dividend, DRP is offered to the Shareholders. Where the Electable Portion is not reinvested by the Shareholders, the remaining portion of the dividend will be paid in cash.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Bank, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(AA) BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred.

Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest/profit method.

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

(AB) SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is the person or group that allocates resources to and assess the performance of the operating segments of an entity. The Group has determined the CEO of the respective operating segments as its chief operating decision-maker.

(AC) TRUST ACTIVITIES

The Group act as trustees in other fiduciary capabilities that result in holding or placing of assets on behalf of individuals, trust and other institutions. These assets and income arising thereon are excluded from the financial statements, as they are not assets of the Group.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the financial year ended 31 December 2018

(AD) TRADE RECEIVABLES

In accordance with the Rules of Bursa Malaysia Securities Berhad ('Bursa Securities'), clients' accounts are classified as impaired accounts under the following circumstances:

Types	Criteria for classification of accounts as impaired
Contra losses	When an account remains outstanding for 16 calendar days or more from the date of contra transaction.
Overdue purchase contract	When an account remains outstanding from T+5 market days onwards (non-margin purchase) and T+9 market days onwards discretionary financing.

Bad debts are written-off when identified. Impairment allowances are made based on simplified approach (see Note H) for balances due from clients which are considered doubtful or which have been classified as impaired, after taking into consideration collateral held by the Group and deposits of and amounts due to dealer representative in accordance with the Rules of Bursa Securities.

(AE) COMMODITY GOLD

Commodity comprises gold bullion and is designated at fair value through profit or loss upon initial recognition. The commodity is recognised when the commodity is received into the vault of the Custodian.

The fair value of gold bullion as at the reporting date is determined by reference to prices published by the London Bullion Market Association ('LBMA'). Differences arising from changes in gold prices are recorded in profit or loss.

The commodity is de-recognised when the risks and rewards of ownership have been substantially transferred.

(AF) CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's and the Bank's accounting policies.

This note provides an overview of the areas that involve a higher degree of judgement or complexity, and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year. Detailed information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the financial statements.

Measurement of the expected credit losses allowance

The measurement of the expected credit losses allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (i.e. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 46, which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Detailed information about the judgements and estimates made by the Group and the Bank in the above areas is set out in Note 46.

Estimated impairment of goodwill

The Group performs an impairment review on an annual basis to ensure that the carrying value of the goodwill does not exceed its recoverable amounts from cash generating units to which the goodwill is allocated. The recoverable amount represents the present value of the estimated future cash flows expected to arise from continuing operations. Therefore, in arriving at the recoverable amount, management exercise judgment in estimating the future cash flows, growth rate and discount rate.

The recoverable amounts of the cash generating units to which goodwill are allocated were determined based on discounted cash flows valuation model. The calculations require the use of estimates as set out in Note 21 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

1 GENERAL INFORMATION

There have been no significant changes in the principal activities of the Group and the Bank during the financial year.

The Bank is principally engaged in all aspects of banking and related financial services. The principal activities of the Bank's subsidiaries are commercial banking and hire purchase business, Islamic banking business, investment banking and stock-broking, money-broking, fund and asset management, property management services, nominee and trustee services. The principal activities of the joint ventures are underwriting of life insurance business and property development while the associates are principally engaged in general insurance business and investment holding.

The holding corporate body is Lembaga Tabung Angkatan Tentera, a statutory body incorporated under the Tabung Angkatan Tentera Act, 1973.

The Bank is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of the Bursa Securities as at 31 December 2018.

2 CASH AND SHORT-TERM FUNDS

	The Group		The Bank	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Cash and bank balances with banks and other financial institutions	**948,692**	1,018,054	**472,229**	566,301
Money at call and deposit placements maturing within one month	**5,383,165**	3,128,761	**2,096,841**	1,643,647
Less: Expected credit losses ('ECL')	**(59)**	-	**(67)**	-
	6,331,798	4,146,815	**2,569,003**	2,209,948

The cash and short-term funds is inclusive of remisiers' trust monies of RM48,537,000 (2017: RM49,119,000).

3 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group		The Bank	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Licensed banks	**65,948**	464,446	**107,768**	495,133
Licensed investment banks	**5,855**	-	**5,855**	-
Less: Expected credit losses ('ECL')	**(2)**	-	**(13)**	-
	71,801	464,446	**113,610**	495,133

4 INVESTMENT ACCOUNTS DUE FROM DESIGNATED FINANCIAL INSTITUTIONS

	The Bank	
	2018 RM'000	**2017 RM'000**
Licensed banks	**2,366,784**	2,749,067
Less: Expected credit losses ('ECL')	**(73)**	-
	2,366,711	2,749,067

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ('FVTPL')

	The Group		The Bank	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
At fair value				
Money market instruments:				
Malaysian Government Securities	**50,387**	20,349	**-**	-
Malaysian Government Investment Issues	**10,115**	10,129	**-**	10,129
Malaysian Government Islamic Investment Issues	**-**	10,224	**-**	-
Negotiable Instruments of Deposit	**264,667**	-	**254,660**	-
	325,169	40,702	**254,660**	10,129
Quoted securities:				
- Shares in Malaysia	**21,531**	38,696	**-**	-
- Unit Trusts in Malaysia	**120,143**	6,979	**-**	-
	141,674	45,675	**-**	-
Unquoted securities:				
- Shares in Malaysia	**88,928**	-	**88,928**	-
- Corporate Bonds/Sukuk in Malaysia	**34,415**	1,775	**30,050**	-
- Corporate Bonds/Sukuk outside Malaysia	**16,276**	17,028	**-**	-
	139,619	18,803	**118,978**	-
	606,462	105,180	**373,638**	10,129

6 DERIVATIVE FINANCIAL ASSETS

	The Group 2018		The Group 2017	
	Contract/ notional amount RM'000	**Assets RM'000**	Contract/ notional amount RM'000	Assets RM'000
At fair value				
Foreign exchange derivatives:				
- Currency Forwards	**1,582,572**	**26,980**	515,361	6,075
- Cross Currency Swaps	**2,840,411**	**24,117**	3,075,603	96,883
- Currency Swaps	**982,612**	**14,998**	2,402,127	50,211
Interest rate derivatives:				
- Interest Rate Swaps	**2,391,000**	**22,710**	1,801,000	19,956
	7,796,595	**88,805**	7,794,091	173,125

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

6 DERIVATIVE FINANCIAL ASSETS

	The Bank 2018		The Bank 2017	
	Contract/ notional amount RM'000	**Assets RM'000**	Contract/ notional amount RM'000	Assets RM'000
At fair value				
Foreign exchange derivatives:				
- Currency Forwards	**828,905**	**14,436**	135,977	2,116
- Cross Currency Swaps	**3,337,872**	**28,228**	3,468,924	99,777
Interest rate derivatives:				
- Interest Rate Swaps	**1,171,000**	**19,167**	1,326,000	18,926
	5,337,777	**61,831**	4,930,901	120,819

7 (a) FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ('FVOCI')

	The Group 2018 RM'000	**The Bank 2018 RM'000**
At fair value		
Money market instruments:		
Malaysian Government Treasury Bills	**79,728**	**-**
Malaysian Government Securities	**726,620**	**479,538**
Malaysian Government Investment Issues	**2,026,362**	**644,531**
Cagamas Bonds/Sukuk	**228,728**	**121,661**
Sukuk Perumahan Kerajaan	**320,790**	**230,042**
Negotiable Instruments of Deposit and Islamic Debt Certificates	**649,090**	**1,658,485**
Khazanah Bonds/Sukuk	**401,634**	**238,462**
	4,432,952	**3,372,719**
Quoted securities:		
- REITs in Malaysia	**18,406**	**-**
- REITs outside Malaysia	**41,126**	**-**
Unquoted securities:		
- Shares in Malaysia	**171,383**	**149,501**
- Corporate Bonds/Sukuk in Malaysia (#)	**10,267,617**	**5,343,312**
- Corporate Bonds/Sukuk outside Malaysia	**430,274**	**278,975**
	15,361,758	**9,144,507**

Included in the Group's financial investments at FVOCI are Corporate Bonds/Sukuk amounting to RM148.9 million which are pledged as collateral for obligation on the securities sold under repurchase agreements.

Certain unquoted perpetual bonds are designated at fair value through other comprehensive income.

7 (a) FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ('FVOCI')

	The Group 2018 RM'000	The Bank 2018 RM'000
Movement in allowance for impairment losses:		
At beginning of the financial year	8,174	356
Effect of adoption of MFRS 9	(8,174)	(356)
At end of the financial year	-	-

Debt instruments at FVOCI

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

The Group 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, on adoption of MFRS 9	4,525	4,180	-	8,705
Total transfer between stages	(22)	(4,072)	4,094	-
Changes due to change in credit risk:				
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(22)	22	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	-	(4,094)	4,094	-
Financial assets derecognised during the year (other than write-offs)	(1,334)	-	-	(1,334)
New financial assets originated or purchased	2,011	-	-	2,011
Changes due to change in credit risk	127	(79)	13,421	13,469
Other adjustments				
- Foreign exchange and other movements	-	10	-	10
At end of the financial year	5,307	39	17,515	22,861

The Bank 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, on adoption of MFRS 9	3,398	-	-	3,398
Financial assets derecognised during the year (other than write-offs)	(682)	-	-	(682)
New financial assets originated or purchased	2,754	-	-	2,754
Changes due to change in credit risk	(70)	-	-	(70)
Other adjustments				
- Foreign exchange and other movements	(1)	-	-	(1)
At end of the financial year	5,399	-	-	5,399

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

7 (a) FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ('FVOCI')

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

The Group 2018	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
At beginning of the financial year, on adoption of MFRS 9	13,927,017	103,914	-	14,030,931
Total transfer between stages	(910)	(30,877)	31,787	-
Changes due to change in credit risk:				
- Transfer to 12-month ECL (Stage 1)	10,062	(10,062)	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(10,972)	10,972	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	-	(31,787)	31,787	-
Financial assets derecognised during the year (other than write-offs)	(8,236,772)	-	-	(8,236,772)
New financial assets originated or purchased	9,315,375	-	-	9,315,375
Changes due to change in credit risk	(88,842)	255	(5,228)	(93,815)
Other adjustments				
- Foreign exchange and other movements	(1,588)	303	(19)	(1,304)
- Others	34,910	-	-	34,910
At end of the financial year	14,949,190	73,595	26,540	15,049,325

The Bank 2018	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
At beginning of the financial year, on adoption of MFRS 9	8,228,576	-	-	8,228,576
Financial assets derecognised during the year (other than write-offs)	(6,164,872)	-	-	(6,164,872)
New financial assets originated or purchased	6,910,991	-	-	6,910,991
Other adjustments				
- Foreign exchange and other movements	(2,156)	-	-	(2,156)
- Others	22,467	-	-	22,467
At end of the financial year	8,995,006	-	-	8,995,006

7 (a) FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ('FVOCI')

Equity instruments designated at FVOCI

At 1 January 2018, the Group and the Bank designated certain equity instruments at FVOCI, which include equity instruments made for stategic and socio-economic purpose rather than with a view to perform subsequent sale.

	The Group 2018 RM'000	The Bank 2018 RM'000
Quoted securities:		
Al-Aqar Healthcare REIT	631	-
AM First Real Estate Investment Trust	4,788	-
Hektar Real Estate Investment Trust	2,175	-
YTL Hospitality REIT	10,812	-
RHT Health Trust	3,203	-
Cache Logistics Trust	7,001	-
Mapletree North Asia Commercial Trust	11,770	-
AIMS AMP Capital Industrial REIT	5,893	-
First REIT	4,173	-
Capitaretail China Trust	9,086	-
	59,532	-
Unquoted securities:		
Corporate Bonds - perpetual bonds		
Mah Sing Group Berhad	51,032	-
Aeon Credit Services (M) Bhd	30,486	-
Shares in Malaysia:		
Credit Guarantee Corporation	38,668	38,668
Cagamas Berhad	18,314	-
PayNet	24,238	24,238
TPPT Sdn Bhd	80,997	80,997
RAM Holdings Berhad	6,828	4,448
Malaysian Rating Corporation Berhad	1,127	-
Others (i)	1,211	1,150
	252,901	149,501
	312,433	149,501

(i) Comprise of other socio-economic shares held by the Group and the Bank.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

7 (b) FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	The Group 2017 RM'000	The Bank 2017 RM'000
At fair value		
Money market instruments:		
Malaysian Government treasury bills	12,517	-
Malaysian Government securities	262,298	111,019
Malaysian Government investment issues	2,398,206	1,185,300
Cagamas Bonds/Sukuk	137,598	70,980
Sukuk Perumahan Kerajaan	450,475	279,963
Negotiable Instruments of Deposit and Islamic Debt Certificates	760,323	1,772,500
Khazanah Bonds/Sukuk	384,575	228,326
	4,405,992	3,648,088
Quoted securities:		
Shares in Malaysia	6,296	-
Unit trusts in Malaysia	208,907	-
REITs in Malaysia	13,083	-
REITs outside Malaysia	10,977	-
Unquoted securities:		
Shares in Malaysia	252,432	229,568
Corporate bonds/Sukuk in Malaysia	9,230,824	4,309,562
Corporate bonds/Sukuk outside Malaysia	507,022	300,956
	14,635,533	8,488,174
Allowance for impairment losses	(8,174)	(356)
	14,627,359	8,487,818

Movement in allowance for impairment losses		
At beginning of the financial year	356	356
Amount arising from Group Reorganisation	11,466	-
Allowance made during the financial year	1,287	-
Amount written-off	(4,935)	-
At end of the financial year	8,174	356

Included in the Group's and the Bank's financial investments at Available-For-Sale are Corporate Bonds/Sukuk amounting to RM1,085.6 million and RM985.0 million respectively which are pledged as collateral for obligation on the securities sold under repurchase agreements.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

8 (a) FINANCIAL INVESTMENTS AT AMORTISED COST ('AC')

	The Group 2018 RM'000	The Bank 2018 RM'000
At amortised cost		
Unquoted securities:		
Corporate Bonds/Sukuk in Malaysia	160,550	120,053
Redeemable Convertible Secured Loan Stock in Malaysia	15,000	-
	175,550	120,053
Expected credit losses	(12,523)	-
Allowance for impairment losses	-	(5,407)
	163,027	114,646

Movement in expected credit losses for financial investment at AC:

The Group 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, on adoption of MFRS 9	819	-	10,487	11,306
Financial assets derecognised during the year (other than write-offs)	(2,446)	-	-	(2,446)
New financial assets originated or purchased	2,438	-	-	2,438
Changes due to change in credit risk	(233)	-	1,458	1,225
At end of the financial year	578	-	11,945	12,523

The Bank 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, on adoption of MFRS 9	584	-	3,537	4,121
Financial assets derecognised during the year (other than write-offs)	(1,959)	-	-	(1,959)
New financial assets originated or purchased	1,951	-	-	1,951
Changes due to change in credit risk	(164)	-	1,458	1,294
At end of the financial year	412	-	4,995	5,407

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

8 (a) FINANCIAL INVESTMENTS AT AMORTISED COST ('AC')

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

The Group 2018	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
At beginning of the financial year, on adoption of MFRS 9	**141,143**	**-**	**38,480**	**179,623**
Financial assets derecognised during the year (other than write-offs)	**(1,004,363)**	**-**	**(4,000)**	**(1,008,363)**
New financial assets originated or purchased	**1,004,331**	**-**	**-**	**1,004,331**
Changes due to change in credit risk	**-**	**-**	**(41)**	**(41)**
At end of the financial year	**141,111**	**-**	**34,439**	**175,550**

The Bank 2018	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
At beginning of the financial year, on adoption of MFRS 9	**100,630**	**-**	**23,439**	**124,069**
Financial assets derecognised during the year (other than write-offs)	**(804,329)**	**-**	**(4,000)**	**(808,329)**
New financing assets originated or purchased	**804,313**	**-**	**-**	**804,313**
At end of the financial year	**100,614**	**-**	**19,439**	**120,053**

8 (b) FINANCIAL INVESTMENTS HELD-TO-MATURITY

	The Group 2017 RM'000	The Bank 2017 RM'000
At amortised cost		
Unquoted securities:		
Corporate Bonds/Sukuk in Malaysia	124,085	124,069
Redeemable Convertible Secured Loan Stock in Malaysia	15,041	-
	139,126	124,069
Allowance for impairment losses	(10,487)	(3,537)
	128,639	120,532

Movement in allowance for impairment losses

	The Group 2017 RM'000	The Bank 2017 RM'000
At beginning of the financial year	3,537	3,537
Amount arising from Group Reorganisation (Note 54(a))	6,950	-
At end of the financial year	10,487	3,537

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

9 LOANS, ADVANCES AND FINANCING

(i) By type

	The Group		The Bank	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Overdrafts	**1,874,549**	1,867,780	**1,500,470**	1,554,785
Term loans/financing				
- Housing loans/financing	**10,562,367**	8,486,642	**4,128,165**	4,086,865
- Hire purchase receivables	**12,470,551**	12,365,906	**8,226,889**	8,501,399
- Syndicated financing	**1,826,729**	2,634,929	**897,168**	1,227,635
- Business term loans/financing	**14,806,235**	13,699,795	**9,214,982**	9,399,271
- Other term loans/financing	**643,887**	412,788	**-**	-
Bills receivables	**67,569**	27,811	**62,418**	19,583
Trust receipts	**219,522**	222,179	**203,193**	207,462
Claims on customers under acceptances credits	**1,508,583**	1,260,155	**1,156,149**	1,009,909
Staff loans/financing (of which RM Nil to Directors)	**173,261**	167,350	**125,543**	133,194
Credit cards	**144,065**	111,414	**132,657**	111,402
Revolving credits	**4,335,508**	4,395,924	**3,289,095**	3,136,532
Margin financing	**336,644**	357,181	**-**	-
Factoring	**3,334**	4,207	**3,334**	4,207
Other receivables	**-**	40,497	**-**	-
Gross loans, advances and financing	**48,972,804**	46,054,558	**28,940,063**	29,392,244
Less: Allowance for impairment losses				
- Individual	**-**	(93,885)	**-**	(69,836)
- Collective	**-**	(238,515)	**-**	(178,508)
- Expected credit losses ('ECL')	**(580,792)**	-	**(441,914)**	-
Total net loans, advances and financing	**48,392,012**	45,722,158	**28,498,149**	29,143,900

Included in the Group's business term loans/financing as at reporting date is RM53.7 million (2017: RM53.7 million) and RM Nil (2017: RM51.1 million) of term financing disbursed by AFFIN Islamic Bank Berhad to joint ventures AFFIN-i Nadayu Sdn Bhd and KL South Development Sdn Bhd respectively.

(ii) By maturity structure

	The Group		The Bank	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Maturing within one year	**9,644,235**	8,636,523	**6,732,081**	6,092,359
One year to three years	**4,404,240**	4,823,382	**3,357,228**	3,719,003
Three years to five years	**6,473,231**	6,805,424	**4,933,303**	4,988,404
Over five years	**28,451,098**	25,789,229	**13,917,451**	14,592,478
	48,972,804	46,054,558	**28,940,063**	29,392,244

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

9 LOANS, ADVANCES AND FINANCING

(iii) By type of customer

	The Group		The Bank	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Domestic banking institutions	**330**	-	**330**	-
Domestic non-banking institutions				
- Others	**669,959**	774,836	**457,191**	553,756
Domestic business enterprises				
- Small medium enterprises	**9,105,395**	12,511,252	**7,000,688**	9,988,662
- Others	**14,837,156**	10,842,187	**9,600,947**	6,878,274
Government and statutory bodies	**1,140,619**	1,104,981	**76,472**	58,657
Individuals	**22,600,736**	20,042,711	**11,594,485**	11,602,284
Other domestic entities	**2,333**	13,189	**1,113**	4,160
Foreign entities	**616,276**	765,402	**208,837**	306,451
	48,972,804	46,054,558	**28,940,063**	29,392,244

(iv) By interest/profit rate sensitivity

	The Group		The Bank	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Fixed rate				
- Housing loans/financing	**357,863**	384,844	**309,886**	337,989
- Hire purchase receivables	**12,473,377**	12,368,159	**8,226,889**	8,501,399
- Other fixed rate loans/financing	**2,887,471**	3,092,517	**1,357,723**	1,551,713
- Margin financing	**336,644**	357,181	**-**	-
Variable rate				
- BLR and BR	**21,847,166**	19,131,797	**11,796,822**	11,372,025
- Cost plus	**10,961,346**	10,682,080	**7,248,743**	7,629,118
- Other variable rate	**108,937**	37,980	**-**	-
	48,972,804	46,054,558	**28,940,063**	29,392,244

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

9 LOANS, ADVANCES AND FINANCING

(v) By economic sectors

	The Group		The Bank	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Primary agriculture	**1,602,401**	859,639	**627,262**	524,490
Mining and quarrying	**432,848**	638,033	**108,752**	263,840
Manufacturing	**2,789,571**	2,085,077	**1,913,017**	1,561,820
Electricity, gas and water supply	**670,798**	179,040	**141,971**	66,646
Construction	**2,204,057**	2,621,265	**1,547,936**	1,705,228
Real estate	**7,878,494**	8,373,983	**5,694,222**	6,375,208
Wholesale & retail trade and restaurants & hotels	**3,484,431**	2,782,437	**2,806,868**	2,283,708
Transport, storage and communication	**1,765,261**	2,421,243	**1,342,780**	1,514,303
Finance, insurance and business services	**2,549,744**	3,022,240	**1,930,638**	2,240,310
Education, health and others	**2,853,306**	2,783,211	**1,149,443**	1,163,623
Household	**22,740,086**	20,240,269	**11,675,555**	11,691,226
Others	**1,807**	48,121	**1,619**	1,842
	48,972,804	46,054,558	**28,940,063**	29,392,244

(vi) By economic purpose

	The Group		The Bank	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Purchase of securities	**1,615,833**	1,448,427	**763,647**	480,252
Purchase of transport vehicles	**12,799,056**	12,689,074	**8,457,093**	8,702,450
Purchase of landed property of which:				
- Residential	**10,435,105**	8,465,547	**3,862,137**	3,928,963
- Non-residential	**6,654,767**	6,383,585	**4,399,872**	4,821,020
Fixed assets other than land and building	**343,047**	275,714	**207,634**	175,731
Personal use	**776,714**	702,599	**712,097**	661,340
Credit card	**144,065**	111,414	**132,657**	111,402
Consumer durable	**310**	582	**263**	577
Construction	**3,459,827**	3,451,504	**2,172,802**	2,328,238
Merger and acquisition	**76,571**	89,071	**76,571**	89,071
Working capital	**11,354,983**	11,402,100	**7,678,538**	7,666,531
Others	**1,312,526**	1,034,941	**476,752**	426,669
	48,972,804	46,054,558	**28,940,063**	29,392,244

9 LOANS, ADVANCES AND FINANCING

(vii) By geographical distribution

	The Group 2018 RM'000	The Group 2017 RM'000	The Bank 2018 RM'000	The Bank 2017 RM'000
Perlis	**214,640**	231,679	**21,659**	28,931
Kedah	**1,547,761**	1,464,362	**765,727**	786,429
Pulau Pinang	**2,687,196**	2,660,130	**1,872,124**	2,088,712
Perak	**1,714,148**	1,595,065	**934,576**	962,749
Selangor	**14,810,884**	13,075,574	**8,518,433**	8,305,353
Wilayah Persekutuan	**12,290,647**	13,283,748	**7,402,196**	7,847,522
Negeri Sembilan	**1,501,126**	1,309,232	**598,463**	647,921
Melaka	**997,552**	1,036,264	**711,373**	788,511
Johor	**5,961,598**	5,134,735	**3,527,873**	3,401,016
Pahang	**1,337,285**	1,035,997	**736,399**	652,916
Terengganu	**932,494**	818,457	**436,746**	438,849
Kelantan	**250,314**	229,318	**65,086**	62,062
Sarawak	**2,304,544**	2,137,082	**1,784,917**	1,792,876
Sabah	**2,246,427**	1,749,113	**1,500,876**	1,432,806
Labuan	**45,759**	206,288	**3,763**	137,294
Outside Malaysia	**130,429**	87,514	**59,852**	18,297
	48,972,804	46,054,558	**28,940,063**	29,392,244

(viii) Movements of impaired loans/financing

	The Group 2018 RM'000	The Group 2017 RM'000	The Bank 2018 RM'000	The Bank 2017 RM'000
At beginning of the financial year	**1,167,306**	687,946	**959,086**	590,447
Effect of adoption of MFRS 9	**(1,426)**	-	**(832)**	-
At beginning of the financial year, as restated	**1,165,880**	687,946	**958,254**	590,447
Amount arising from Group Reorganisation (Note 54(a))	**-**	29,919	**-**	-
Classified as impaired	**1,340,576**	1,445,665	**765,110**	989,469
Reclassified as non-impaired	**(629,919)**	(676,240)	**(512,689)**	(338,471)
Amount written-back during the year	**(208,680)**	(156,769)	**(172,774)**	(127,510)
Amount written-off during the year	**(77,960)**	(163,215)	**(59,683)**	(154,849)
At end of the financial year	**1,589,897**	1,167,306	**978,218**	959,086
Ratio of gross impaired loans, advances and financing to gross loans, advances and financing (*)	**3.25%**	2.53%	**3.75%**	2.98%

* For the Bank, restricted investment accounts included in the ratio calculation amounting to RM2,369.7 million (2017: RM2,749.0 million).

The Group and the Bank may write-off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written-off during the year ended 31 December 2018 amounting to RM77,960,000 for the Group and RM59,683,000 for the Bank. The Group and the Bank still seek to recover amounts that is legally owed in full, but which have been partially written-off due to no reasonable expectation of full recovery.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

9 LOANS, ADVANCES AND FINANCING

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

	The Group		The Bank	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Individual impairment				
At beginning of the financial year	**93,885**	149,499	**69,836**	131,497
Effect of adoption of MFRS 9	**(93,885)**	-	**(69,836)**	-
At beginning of the financial year, as restated	**-**	149,499	**-**	131,497
Amount arising from Group Reorganisation (Note 54(a))	**-**	8	**-**	-
Allowance made during the year	**-**	110,892	**-**	94,484
Amount written-back during the year	**-**	(47,255)	**-**	(39,157)
Amount written-off during the year	**-**	(112,633)	**-**	(112,633)
Unwinding of income	**-**	(5,236)	**-**	(4,355)
Exchange differences	**-**	(1,390)	**-**	-
At end of the financial year	**-**	93,885	**-**	69,836

	The Group		The Bank	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Collective impairment				
At beginning of the financial year	**238,515**	234,631	**178,508**	189,637
Effect of adoption of MFRS 9	**(238,515)**	-	**(178,508)**	-
At beginning of the financial year, as restated	**-**	234,631	**-**	189,637
Amount arising from Group Reorganisation (Note 54(a))	**-**	2,534	**-**	-
Net allowance made during the year	**-**	49,319	**-**	28,512
Amount written-off during the year	**-**	(47,969)	**-**	(39,641)
At end of the financial year	**-**	238,515	**-**	178,508

(x) Impaired loans by economic sectors

	The Group		The Bank	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Primary agriculture	**14,165**	14,055	**14,165**	13,980
Mining and quarrying	**14,738**	13,615	**12,157**	13,552
Manufacturing	**84,989**	24,569	**22,250**	23,477
Electricity, gas and water supply	**-**	288	**-**	53
Construction	**121,166**	144,542	**72,675**	88,388
Real estate	**363,440**	252,055	**39,975**	207,512
Wholesale & retail trade and restaurants & hotels	**53,427**	41,691	**47,558**	36,564
Transport, storage and communication	**418,564**	292,658	**418,149**	292,478
Finance, insurance and business services	**72,910**	76,650	**58,683**	60,756
Education, health and others	**86,122**	730	**64,905**	605
Household	**360,376**	306,453	**227,701**	221,721
	1,589,897	1,167,306	**978,218**	959,086

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

9 LOANS, ADVANCES AND FINANCING

(xi) Impaired loans by economic purpose

	The Group 2018 RM'000	The Group 2017 RM'000	The Bank 2018 RM'000	The Bank 2017 RM'000
Purchase of securities	**65**	51	**58**	51
Purchase of transport vehicles	**233,957**	235,606	**208,161**	213,673
Purchase of landed property of which:				
- Residential	**252,180**	207,849	**137,110**	137,494
- Non-residential	**306,676**	272,499	**83,017**	247,641
Fixed assets other than land and building	**497**	984	**435**	749
Personal use	**19,384**	17,203	**18,400**	16,393
Credit card	**1,025**	622	**1,012**	622
Consumer durable	**10**	16	**10**	16
Construction	**445,679**	164,218	**316,912**	156,243
Working capital	**317,693**	256,643	**208,040**	184,515
Others	**12,731**	11,615	**5,063**	1,689
	1,589,897	1,167,306	**978,218**	959,086

(xii) Impaired loans by geographical distribution

	The Group 2018 RM'000	The Group 2017 RM'000	The Bank 2018 RM'000	The Bank 2017 RM'000
Perlis	**2,677**	2,627	**542**	505
Kedah	**56,420**	55,385	**49,500**	41,964
Pulau Pinang	**37,318**	26,769	**34,043**	25,156
Perak	**101,432**	16,023	**73,703**	10,252
Selangor	**249,607**	264,602	**158,944**	177,166
Wilayah Persekutuan	**407,353**	232,178	**78,447**	222,501
Negeri Sembilan	**82,395**	79,958	**68,712**	73,650
Melaka	**18,594**	6,604	**16,411**	4,527
Johor	**45,830**	34,040	**32,849**	30,216
Pahang	**21,520**	18,715	**20,364**	17,615
Terengganu	**397,855**	296,647	**392,516**	290,641
Kelantan	**7,961**	4,925	**5,393**	1,437
Sarawak	**59,103**	58,261	**22,388**	21,545
Sabah	**31,266**	42,307	**24,406**	41,911
Outside Malaysia	**70,566**	28,265	**-**	-
	1,589,897	1,167,306	**978,218**	959,086

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

9 LOANS, ADVANCES AND FINANCING

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

The Group 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	Individual/ collective allowances RM'000	Total RM'000
At beginning of the financial year	-	-	-	332,400	332,400
Effect on adoption of MFRS 9	229,571	111,656	232,863	(332,400)	241,690
At beginning of the financial year, as restated	229,571	111,656	232,863	-	574,090
Total transfer between stages	79,520	(29,368)	(50,152)	-	-
Changes due to change in credit risk:					
- Transfer to 12-month ECL (Stage 1)	112,223	(107,863)	(4,360)	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(28,409)	131,537	(103,128)	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(4,294)	(53,042)	57,336	-	-
Loans/Financing derecognised during the year (other than write-offs)	(80,832)	(16,547)	(3,376)	-	(100,755)
New loans/financing originated or purchased	92,354	5,117	1,144	-	98,615
Changes due to change in credit risk	(126,278)	(23,229)	243,853	-	94,346
Write-offs	-	-	(75,973)	-	(75,973)
Other adjustments	-	-	(9,531)	-	(9,531)
At end of the financial year	194,335	47,629	338,828	-	580,792

The Bank 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	Individual/ collective allowances RM'000	Total RM'000
At beginning of the financial year	-	-	-	248,344	248,344
Effect on adoption of MFRS 9	169,286	99,906	174,519	(248,344)	195,367
At beginning of the financial year, as restated	169,286	99,906	174,519	-	443,711
Total transfer between stages	71,847	(30,424)	(41,423)	-	-
Changes due to change in credit risk:					
- Transfer to 12-month ECL (Stage 1)	98,866	(94,668)	(4,198)	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(23,560)	97,677	(74,117)	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(3,459)	(33,433)	36,892	-	-
Loans/Financing derecognised during the year (other than write-offs)	(46,135)	(13,238)	(3,155)	-	(62,528)
New loans/financing originated or purchased	49,843	3,987	1,137	-	54,967
Changes due to change in credit risk	(104,863)	(23,689)	200,543	-	71,991
Write-offs	-	-	(57,748)	-	(57,748)
Other adjustments	-	-	(8,479)	-	(8,479)
At end of the financial year	139,978	36,542	265,394	-	441,914

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

9 LOANS, ADVANCES AND FINANCING

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

The Group 2018	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Loans, advances and financing RM'000	Total RM'000
At beginning of the financial year	-	-	-	46,054,558	46,054,558
Effect on adoption of MFRS 9	42,488,656	2,358,099	1,165,880	(46,054,558)	(41,923)
At beginning of the financial year, as restated	42,488,656	2,358,099	1,165,880	-	46,012,635
Total transfer between stages	(826,558)	161,621	664,937	-	-
Changes due to change in credit risk:					
- Transfer to 12-month ECL (Stage 1)	2,761,243	(2,472,516)	(288,727)	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(3,357,538)	3,708,949	(351,411)	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(230,263)	(1,074,812)	1,305,075	-	-
Loans/Financing derecognised during the year (other than write-offs)	(15,667,838)	(500,690)	(80,598)	-	(16,249,126)
New loans/financing originated or purchased	22,595,737	253,148	1,268	-	22,850,153
Changes due to change in credit risk	(3,135,900)	(334,424)	(97,619)	-	(3,567,943)
Write-offs	-	-	(77,960)	-	(77,960)
Other adjustments					
- Unwind of discount	(43)	(9,694)	13,989	-	4,252
- Foreign exchange and other movements	793	-	-	-	793
At end of the financial year	**45,454,847**	**1,928,060**	**1,589,897**	**-**	**48,972,804**

The Bank 2018	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Loans, advances and financing RM'000	Total RM'000
At beginning of the financial year	-	-	-	29,392,244	29,392,244
Effect on adoption of MFRS 9	26,802,668	1,630,490	958,254	(29,392,244)	(832)
At beginning of the financial year, as restated	26,802,668	1,630,490	958,254	-	29,391,412
Total transfer between stages	(251,991)	32,082	219,909	-	-
Changes due to change in credit risk:					
- Transfer to 12-month ECL (Stage 1)	1,797,043	(1,528,537)	(268,506)	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(1,908,577)	2,162,022	(253,445)	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(140,457)	(601,403)	741,860	-	-
Loans/Financing derecognised during the year (other than write-offs)	(7,731,060)	(321,765)	(74,229)	-	(8,127,054)
New loans/financing originated or purchased	10,989,734	125,396	1,281	-	11,116,411
Changes due to change in credit risk	(3,036,038)	(270,346)	(75,603)	-	(3,381,987)
Write-offs	-	-	(59,683)	-	(59,683)
Other adjustments					
- Unwind of discount	(41)	(7,284)	8,289	-	964
At end of the financial year	**26,773,272**	**1,188,573**	**978,218**	**-**	**28,940,063**

10 TRADE RECEIVABLES

	The Group 2018 RM'000	The Group 2017 RM'000
Amount due from stock-broking clients:		
- performing accounts	**179,766**	265,799
- impaired accounts (i)	**424**	1,366
Amount due from brokers	**60,879**	72,708
Amount due from Bursa Securities Clearing Sdn Bhd	**40,142**	83,281
Management fees receivable on fund management	**88,908**	128,612
	370,119	551,766
Less: Allowance for impairment (ii)		
- Individual	**-**	(1,029)
- Expected credit losses ('ECL')	**(468)**	-
	369,651	550,737

(i) Movements of impaired trade receivables

	2018	2017
At beginning of the financial year	**1,366**	-
Amount arising from Group Reorganisation (Note 54(a))	**-**	1,742
Classified as impaired	**295**	136
Reclassified to other assets	**(583)**	-
Amount written-back during the year	**(654)**	(512)
At end of the financial year	**424**	1,366

(ii) Movements in allowance for impairment on trade receivables

	2018	2017
Individual impairment		
At beginning of the financial year	**1,029**	-
Effects of adoption of MFRS 9	**(1,029)**	-
At beginning of the financial year, as restated	**-**	-
Amount arising from Group Reorganisation (Note 54(a))	**-**	993
Allowance made during the year	**-**	121
Amount written-back during the year	**-**	(85)
At end of the financial year	**-**	1,029

The Group 2018	**Lifetime ECL RM'000**	**Individual impairment RM'000**	**Total RM'000**
Expected credit losses ('ECL')			
At beginning of the financial year	**-**	**1,029**	**1,029**
Effect on adoption of MFRS 9	**1,134**	**(1,029)**	**105**
At beginning of the financial year, as restated	**1,134**	**-**	**1,134**
Reclassified to other assets	**(420)**	**-**	**(420)**
Allowance made during the year	**366**	**-**	**366**
Amount written-back during the year	**(612)**	-	**(612)**
At end of the financial year	**468**	**-**	**468**

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

11 OTHER ASSETS

	The Group 2018 RM'000	The Group 2017 RM'000	The Bank 2018 RM'000	The Bank 2017 RM'000
Other debtors	**51,811**	43,733	**13,386**	4,943
Prepayments and deposits	**16,126**	19,867	**15,384**	19,088
Cheque clearing accounts	**45,267**	17,535	**10,475**	9,493
Foreclosed properties (b)	**26,051**	19,912	**21,178**	17,271
Collaterals pledged for derivative transactions	**1,298**	168	**-**	-
	140,553	101,215	**60,423**	50,795
Less: Allowance for impairment (a)				
- Individual (i)	**-**	(712)	**-**	-
- Expected credit losses ('ECL') (ii)	**(1,669)**	-	**-**	-
	138,884	100,503	**60,423**	50,795

(a) Movement in the allowance for impairment

	The Group 2018 RM'000	The Group 2017 RM'000	The Bank 2018 RM'000	The Bank 2017 RM'000
(i) Individual impairment				
At beginning of the financial year	**712**	-	**-**	-
Effect of adoption of MFRS 9	**(712)**	-	**-**	-
At beginning of the financial year, as restated	**-**	-	**-**	-
Amount arising from Group Reorganisation (Note 54(a))	**-**	781	**-**	-
Allowance made during the financial year	**-**	403	**-**	-
Amount written-back during the financial year	**-**	(472)	**-**	-
At end of the financial year	**-**	712	**-**	-

The Group 2018	Lifetime ECL Total RM'000
(ii) Expected credit losses ('ECL')	
At beginning of the financial year, on adoption of MFRS 9	**725**
Reclassified to other assets	**420**
Classified as impaired during the financial year	**1,439**
Amount written-back during the financial year	**(915)**
At end of the financial year	**1,669**

	The Group 2018 RM'000	The Group 2017 RM'000	The Bank 2018 RM'000	The Bank 2017 RM'000
(b) Foreclosed properties				
At beginning of the financial year	**19,912**	7,970	**17,271**	5,329
Purchased during the financial year	**6,335**	12,012	**3,907**	12,012
Disposal during the financial year	**(196)**	(70)	**-**	(70)
At end of the financial year	**26,051**	19,912	**21,178**	17,271

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

12 AMOUNT DUE FROM SUBSIDIARIES

	The Bank	
	2018 RM'000	2017 RM'000
Advances to other subsidiaries	**420**	2

The advances to subsidiaries are unsecured, bear no interest/profit rate and repayable on demand.

13 AMOUNT DUE FROM JOINT VENTURES

	The Group	
	2018 RM'000	2017 RM'000
Advances to joint ventures	**55,343**	51,178
Less: Expected credit losses ('ECL')	**(24,048)**	-
Allowance for impairment loss	**-**	(12,329)
	31,295	38,849

Movement in the expected credit losses for amount due from joint ventures

At beginning of the financial year	**12,329**	-
Expected credit losses	**11,719**	-
Allowance made during the year	**-**	12,329
At end of the financial year	**24,048**	12,329

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

14 AMOUNT DUE FROM ASSOCIATES

	The Group	
	2018 RM'000	2017 RM'000
10-year Subordinated Loan II (a)	**57,453**	-
Advances to an associate (b)	**500**	500
Expected credit losses	**(236)**	-
	57,717	500

(a) The 10-year Subordinated Loan II to an associate is unsecured and carries a fixed interest rate of 6.50% per annum during the financial year. The Subordinated Loan II has a bullet repayment on 28 March 2027.

Movement in gross carrying amount of subordinated loan that contributed to changes in the expected credit losses:

The Group 2018	Stage 1 RM'000
At beginning of the financial year, on adoption of MFRS 9	**-**
New loans/financing originated or purchased	**57,453**
At end of the financial year	**57,453**

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

14 AMOUNT DUE FROM ASSOCIATES

(a) The 10-year Subordinated Loan II to an associate is unsecured and carries a fixed interest rate of 6.50% per annum during the financial year. The Subordinated Loan II has a bullet repayment on 28 March 2027. (continued)

Movement in expected credit losses for subordinated loan:

The Group **2018**	**12 - Month ECL Stage 1** **RM'000**
At beginning of the financial year, on adoption of MFRS 9	**-**
New loans/financing originated or purchased	**236**
At end of the financial year	**236**

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

15 DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts determined after appropriate offsetting, are shown in the statement of financial position:

	The Group		**The Bank**	
	2018 **RM'000**	**2017** **RM'000**	**2018** **RM'000**	**2017** **RM'000**
Deferred tax assets	**114,830**	27,185	**70,239**	-
Deferred tax liabilities	**(7,126)**	(27,859)	**-**	(17,841)
	107,704	(674)	**70,239**	(17,841)
Deferred tax assets:				
- settled more than 12 months	**7,871**	4,580	**-**	-
- settled within 12 months	**121,855**	33,686	**74,268**	-
Deferred tax liabilities:				
- settled more than 12 months	**(20,859)**	(23,865)	**(4,029)**	(4,867)
- settled within 12 months	**(1,163)**	(15,075)	**-**	(12,974)
Deferred tax assets/(liabilities)	**107,704**	(674)	**70,239**	(17,841)
At beginning of the financial year	**(674)**	(4,828)	**(17,841)**	(12,884)
Effects of adoption of MFRS 15	**399**	-	**-**	-
At beginning of the financial year, as restated	**(275)**	(4,828)	**(17,841)**	(12,884)
Amount arising from Group Reorganisation (Note 54 (a))	**-**	(8,059)	**-**	-
Credited to income statement (Note 42)	**70,342**	18,293	**49,044**	3,994
Charged to equity	**37,637**	(6,080)	**39,036**	(8,951)
At end of the financial year	**107,704**	(674)	**70,239**	(17,841)

15 DEFERRED TAX ASSETS/(LIABILITIES)

The movement in deferred tax assets and liabilities during the financial year are as follows (RM'000):

The Group 2018	**Property and equipment**	**Intangible assets**	**Loans, advances and financing**	**Other liabilities**	**Foreign exchange translation gain**	**Unutilised business tax losses and unabsorbed capital allowances losses**	**Financial investment at AC**	**Financial investment at FVOCI**	**Total**
At beginning of the financial year	**(6,864)**	**(15,125)**	**-**	**62,396**	**(9,511)**	**-**	**-**	**(31,570)**	**(674)**
Effects of adoption of MFRS 15	**-**	**-**	**-**	**399**	**-**	**-**	**-**	**-**	**399**
At beginning of the financial year, as restated	**(6,864)**	**(15,125)**	**-**	**62,795**	**(9,511)**	**-**	**-**	**(31,750)**	**(275)**
Recognised in income statement	**1,358**	**3,549**	**53,355**	**9,599**	**295**	**527**	**117**	**1,542**	**70,342**
Recognised in equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**37,637**	**37,637**
At end of the financial year	**(5,506)**	**(11,576)**	**53,355**	**72,394**	**(9,216)**	**527**	**117**	**7,609**	**107,704**

The Group 2017	Property and equipment	Intangible assets	Other liabilities	Foreign exchange translation gain	Financial Investment AFS	Total
At beginning of the financial year	(3,628)	(7,120)	29,676	-	(23,756)	(4,828)
Amount arising from Group Reorganisation	(2,737)	(10,350)	19,742	(12,980)	(1,734)	(8,059)
Recognised in income statement	(499)	2,345	12,978	3,469	-	18,293
Recognised in equity	-	-	-	-	(6,080)	(6,080)
At end of the financial year	(6,864)	(15,125)	62,396	(9,511)	(31,570)	(674)

15 DEFERRED TAX ASSETS/(LIABILITIES)

The movement in deferred tax assets and liabilities during the financial year are as follows (RM'000): (continued)

The Bank 2018	**Property and equipment**	**Intangible assets**	**Loans, advances and financing**	**Other liabilities**	**Financial investment at AC**	**Financial investment at FVOCI**	**Total**
At beginning of the financial year	(3,985)	(5,605)	-	30,161	-	(38,412)	(17,841)
Recognised in income statements	759	1,065	38,956	6,869	99	1,296	49,044
Recognised in equity	-	-	-	-	-	39,036	39,036
At end of the financial year	**(3,226)**	**(4,540)**	**38,956**	**37,030**	**99**	**1,920**	**70,239**

The Bank 2017	Property and equipment	Intangible assets	Other liabilities	Fianancial investment AFS	Total
At beginning of the financial year	(3,376)	(7,120)	27,073	(29,461)	(12,884)
Recognised in income statements	(609)	1,515	3,088	-	3,994
Recognised in equity	-	-	-	(8,951)	(8,951)
At end of the financial year	(3,985)	(5,605)	30,161	(38,412)	(17,841)

The amount of unused tax losses for which no deferred tax asset is recognised in the statement of financial position are as follows:

	The Group		**The Bank**	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Tax losses	-	90,884	-	-

16 STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA

A non-interest bearing statutory deposits are maintained with Bank Negara Malaysia in compliance with requirements of Section 26(2)(c) of the Central Bank of Malaysia Act 2009, the amount of which is determined at a set percentage of total eligible liabilities.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

17 INVESTMENT IN SUBSIDIARIES

	The Bank 2018 RM'000	2017 RM'000
Unquoted shares, at cost	**3,056,778**	3,066,341
Less: Allowance for impairment losses	**(2,879)**	(2,879)
	3,053,899	3,063,462
Movement of Investment in Subsidiaries		
At beginning of financial year	**3,066,341**	578,103
Amount arising from Group Reorganisation (Note 54(a))	**-**	1,988,738
Additional subscription in shares issued by AFFIN Islamic	**-**	500,000
Disposal/winding up of subsidiaries	**(9,563)**	(500)
At end of the financial year	**3,056,778**	3,066,341
Movement in allowance for impairment losses		
At beginning/end of the financial year	**2,879**	2,879

The subsidiaries of the Bank, all of which are incorporated in Malaysia, are as follows:

Name	Principal Activities	Issued and Paid up share capital RM'000	Percentage of equity held 2018 %	2017 %
AFFIN Islamic Bank Bhd	Islamic banking business	1,060,000	**100**	100
PAB Properties Sdn Bhd	Property management services	8,000	**100**	100
ABB Nominee (Tempatan) Sdn Bhd	Share nominee services	40	**100**	100
AFFIN Recoveries Bhd	In members' voluntary winding-up	125,000	**-**	100
ABB Nominee (Asing) Sdn Bhd	Dormant	@	**100**	100
AFFIN Hwang Investment Bank Berhad	Provision of investment banking services	999,800	**100**	100
- AFFIN Hwang Asset Management Berhad	Asset management, management of unit trust and private retirement schemes	10,000	**70**	70
- Bintang Capital Partners Berhad (formerly known as AFFIN Capital Services Berhad) ^^	Private equity management	12,000	**70**	70
- AIIMAN Asset Management Sdn. Bhd. ^^	Islamic fund management	10,000	**70**	70
- AccelVantage Academy Sdn. Bhd. ^^	Training and coaching services	408	**51**	51
- Affin Hwang AIIMAN Global Sukuk Fund	Investment in Shariah-compliant fixed income instruments	**	**44**	99
- TradePlus Shariah Gold Tracker **	Investment in Shariah-Gold bar	**	**47**	62
- AFFIN Hwang Nominees (Asing) Sdn Bhd	Nominee services	726	**100**	100
- AFFIN Hwang Nominees (Tempatan) Sdn Bhd	Nominee services	731	**100**	100
- AHC Global Sdn Bhd	Investment holdings	726	**100**	100
- AHC Associates Sdn Bhd	Investment holdings	726	**100**	100
- Affin Hwang Trustee Berhad	Trustee services	3,500	**100**	100
AFFIN Moneybrokers Sdn Bhd	Money-broking	1,000	**100**	100
AFFIN Holdings Bhd	Investment holdings	@	**100**	100

^^ Direct subsidiaries of AFFIN Hwang Asset Management Berhad

** These Funds are subsidiaries consolidated in the Group as the Group controls the funds in accordance with 'MFRS 10 "Consolidated Financial Statements"

@ Subsidiary with issued and paid up share capital of RM2 each

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

17 INVESTMENT IN SUBSIDIARIES

Details of a subsidiary which has material non-controlling interests.

The summarised financial information of the asset management subsidiary, AFFIN Hwang Asset Management Berhad ('AHAM') has non-controlling interests which is material to the Group is set out below. The proportion of ownership interests and voting rights held by non-controlling interests is 30.0%. The summarised financial information below represents amounts before inter-company eliminations.

	2018 RM'000	2017 RM'000
Summarised financial position		
Total assets	**643,228**	613,384
NCI share of Intangible Asset in AHAM at ABB Group level	**12,600**	18,200
Total assets	**655,828**	631,584
Total liabilities	**(423,247)**	(438,223)
Net asset	**232,581**	193,361
Non-controlling interest ('NCI')	**69,553**	58,008
Summarised financial results		
Profit before taxation	**105,598**	27,181
NCI share of amortisation of Intangible Asset in AHAM at ABB Group level	**(5,600)**	(1,400)
Profit before taxation	**99,998**	25,781
Taxation	**(18,788)**	(3,837)
Other comprehensive income	**631**	671
Total comprehensive income	**81,841**	22,615
Summarised cash flows		
Net cash used in operating activities	**96,344**	(3,724)
Net cash used in financing activities	**(50,012)**	-
Net cash used in investing activities	**9,629**	(9,389)
Net increase/(decrease) in cash and cash equivalents	**55,961**	(13,113)
Profit allocated to NCI of the Group	**24,334**	6,583
Dividends paid to NCI of the Group	**(15,000)**	(9,000)
Movements in NCI at Group level		
At beginning of the financial year	**58,008**	-
Effect of adoption of MFRS 9	**(7)**	-
At beginning of the financial year, as restated	**58,001**	-
Amount arising from Group Reorganisation (Note 54(a))	**-**	61,155
Profit for the financial year	**24,334**	6,583
Other comprehensive income for the financial year	**189**	202
Options charged during the year	**3,569**	-
Obligation to buy a subsidiary's shares	**(1,638)**	-
Dilution of interest in subsidiaries	**98**	(932)
Dividends paid for the financial year	**(15,000)**	(9,000)
Balance at end of the financial year	**69,553**	58,008

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

18 INVESTMENT IN JOINT VENTURES

	The Group		The Bank	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Unquoted shares at cost	**164,290**	650	**163,640**	-
Amount arising from Group Reorganisation (Note 54 (a))	**-**	148,340	**-**	148,340
Acquisition of additional shares (a)	**-**	15,300	**-**	15,300
Group's share of post acquisition retained losses	**(7,818)**	(4,720)	**-**	-
Share of post acquisition reserve	**1,579**	1,024	**-**	-
	158,051	160,594	**163,640**	163,640

(a) During the year, the Bank subscribed to NIL (2017: 15,300,000) new ordinary shares in AXA AFFIN Life Insurance Berhad ('AALI').

The joint ventures, all of which are incorporated in Malaysia, are as follows:

Name	Principal Activities	Issued and Paid up share capital (RM'000)	Percentage of equity held 2018 %	2017 %
AXA AFFIN Life Insurance Bhd (*)	Underwriting of life insurance business	398,000	**51**	51
AFFIN-I Nadayu Sdn Bhd (#)	Property development	1,000	**50**	50
KL South Development Sdn Bhd (#)	Property development	500	**30**	30

* Shareholding held directly by the Bank.

Shareholding held directly by AFFIN Islamic.

The summarised financial information of the material joint venture namely AALI is as follows:

	The Group	
	2018 RM'000	2017 RM'000
The summarised financial information of the joint venture are as follows:		
Revenue	**458,914**	490,380
Tax expense	**(828)**	(4,965)
Loss after tax	**(6,075)**	(21,094)
Total assets	**1,938,810**	1,771,203
Total liabilities	**1,628,899**	1,456,313
Total comprehensive loss	**(4,986)**	(16,615)
Cash and cash equivalent	**54,142**	33,221

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

18 INVESTMENT IN JOINT VENTURES

Reconciliation of the summarised financial information to the carrying amount of the interest in AALI recognised in the consolidated financial statements:

	The Group	
	2018 RM'000	2017 RM'000
Opening net assets as at beginning of the financial year	**314,890**	301,505
Loss for the financial year	**(6,075)**	(21,094)
Other comprehensive income	**1,089**	4,479
Proceeds from issuance of shares	**-**	30,000
Closing net assets as at end of the financial year	**309,904**	314,890
Interest in AALI:		
- In percentage (%)	**51**	51
- In thousand (RM'000)	**158,051**	160,594
- Share of results of a joint venture	**(3,098)**	(4,070)

The financial information of AFFIN-i Nadayu Sdn Bhd and KL South Development Sdn Bhd is not significant to the Group.

Allowance for impairment of investment in joint ventures

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint ventures is impaired. When an objective evidence of impairment is identified, the investment in joint venture is tested for impairment. An impairment loss is recognised for the amount by which the carrying amount of the joint ventures exceed its recoverable amount. The recoverable amount is assessed based on higher of the fair value less costs to sell and value in use.

AXA AFFIN Life Insurance Berhad

For the financial year ended 31 December 2018 and 2017, the recoverable amount of AXA AFFIN Life Insurance Berhad is assessed using the European Embedded Value ('EEV'). EEV is a measure of the consolidated value of shareholders' interests in the covered business of a life insurance company at a particular point in time.

The EEV components consist of free surplus allocated to the covered business, required capital less the cost of holding required capital, and the present value of future shareholder cash flows from in-force covered business.

Swap rates with ultimate forward rates of 4.05% (2017: 4.20%) is used as discount and earning rates.

Investment in AXA AFFIN Life Insurance Berhad is not sensitive to impairment assessment as at 31 December 2018 and 31 December 2017.

19 INVESTMENT IN ASSOCIATES

	The Group		The Bank	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Unquoted share at cost	**549,232**	750	**548,482**	-
Amount arising from Group reorganisation (Note 54 (a))	**-**	367,945	**-**	367,945
Acquisition of additional shares (a)	**-**	180,537	**-**	180,537
Group's share of post acquisition reserves	**62,764**	17,046	**-**	-
	611,996	566,278	**548,482**	548,482

(a) The Bank had on 28 December 2017 acquired additional 15,325,747 shares at a price of RM11.78 per share from Felda Marketing Services Sdn Bhd for a total consideration of RM180.5 million. Pursuant thereto, the Bank hold a total 59,460,710 ordinary shares in AXA AFFIN General Insurance Bhd representing 49.95% equity interest therein.

19 INVESTMENT IN ASSOCIATES

The associates, all of which are incorporated in Malaysia, are as follows:

Name	Principal Activities	Issued and Paid up share capital (RM'000)	Percentage of equity held 2018 %	2017 %
AXA AFFIN General Insurance Bhd (*)	Underwriting of general insurance business	190,645	**49.95**	49.95
Raeed Holdings Sdn Bhd	Investment holding company	4,500	**16.67**	16.67

*	Shareholding held directly by the Bank.

\#	Raeed Holdings Sdn Bhd is a consortium formed by six Islamic banking institutions and the shareholding is directly held by AFFIN Islamic.

The summarised financial information of the material associate namely AXA AFFIN General Insurance Berhad is as follows:

	The Group 2018 RM'000	2017 RM'000
Revenue	**1,462,303**	1,491,964
Profit after taxation	**100,156**	103,174
Total comprehensive income	**91,533**	112,492
Total assets	**3,592,792**	3,595,059
Total liabilities	**2,454,970**	2,561,962
Capital commitment for property and equipment	**8,122**	10,968
Uncertain tax position	**20,460**	13,616

Reconciliation of the summarised financial information to the carrying amount of the interest in associate recognised in the consolidated financial statements:

	The Group 2018 RM'000	2017 RM'000
Net assets		
At beginning of the financial year	**1,033,097**	920,605
Profit for the financial year	**100,156**	103,174
Other comprehensive income	**(8,623)**	9,318
At end of the financial year	**1,124,630**	1,033,097
Interest in associate:		
- in percentage (%)	**49.95**	49.95
- in thousand (RM'000)	**561,719**	516,001
- premium on acquisition	**49,527**	49,527
	611,246	565,528
Share of results of an associate	**50,025**	17,140
Share of other comprehensive losses of an associate	**(4,307)**	(94)

The financial information of Raeed Holdings Sdn Bhd is not significant to the Group.

20 PROPERTY AND EQUIPMENT

The Group 2018	Freehold land RM'000	<---Leasehold land--> 50 years or more RM'000	Less than 50 years RM'000	Buildings on freehold land RM'000	Buildings on leasehold land RM'000	Renovation RM'000	Office equipment and furniture RM'000	Computer equipment RM'000	Motor vehicles RM'000	Capital work in progress RM'000	Total RM'000
Cost											
At beginning of the financial year	278,905	11,822	5,900	23,740	80,982	147,346	81,177	145,849	9,567	33,650	818,938
Additions	-	-	-	-	-	7,503	1,982	10,005	2,603	117,618	139,711
Disposals	-	(2,035)	-	-	(54,013)	(7,693)	(409)	(476)	(2,289)	-	(66,915)
Write-off	-	-	-	-	-	(1,601)	(7,154)	(1,437)	-	-	(10,192)
Reclassification	-	-	-	-	-	-	-	859	-	(23,966)	(23,107)
At end of the financial year	278,905	9,787	5,900	23,740	26,969	145,555	75,596	154,800	9,881	127,302	858,435
Accumulated depreciation and impairment losses											
At beginning of the financial year	140	2,298	2,334	12,777	29,163	122,491	65,700	111,783	6,170	-	352,856
Charge for the financial year	-	78	128	385	547	7,344	3,868	10,944	1,284	-	24,578
Disposal	-	(533)	-	-	(18,364)	(7,693)	(408)	(472)	(2,174)	-	(29,644)
Write-off	-	-	-	-	-	(1,600)	(6,970)	(1,429)	-	-	(9,999)
At end of the financial year	140	1,843	2,462	13,162	11,346	120,542	62,190	120,826	5,280	-	337,791
Net book value at end of the financial year	**278,765**	**7,944**	**3,438**	**10,578**	**15,623**	**25,013**	**13,406**	**33,974**	**4,601**	**127,302**	**520,644**

20 PROPERTY AND EQUIPMENT

The Group 2017	Freehold land RM'000	<---Leasehold land--> 50 years or more RM'000	Less than 50 years RM'000	Buildings on freehold land RM'000	Buildings on leasehold land RM'000	Renovation RM'000	Office equipment and furniture RM'000	Computer equipment RM'000	Motor vehicles RM'000	Capital work in progress RM'000	Total RM'000
Cost											
At beginning of the financial year	278,905	11,822	5,900	26,368	80,982	116,686	60,636	83,289	3,114	10,363	678,065
Amount acquired from Group Reorganisation (Note 54)	-	-	-	-	-	30,362	20,749	46,861	7,476	-	105,448
Additions	-	-	-	-	-	2,721	2,073	20,268	5	35,544	60,611
Disposals	-	-	-	(2,628)	-	(655)	(519)	(1,433)	(377)	-	(5,612)
Write-off	-	-	-	-	-	(1,799)	(1,762)	(4,423)	(651)	-	(8,635)
Reclassification	-	-	-	-	-	31	-	1,287	-	(12,257)	(10,939)
At end of the financial year	278,905	11,822	5,900	23,740	80,982	147,346	81,177	145,849	9,567	33,650	818,938
Accumulated depreciation and impairment losses											
At beginning of the financial year	140	2,200	2,206	13,262	27,536	108,206	47,932	72,410	2,374	-	276,266
Amount acquired from Group Reorganisation (Note 54)	-	-	-	-	-	12,351	16,542	38,231	4,120	-	71,244
Charge for the financial year	-	98	128	408	1,627	4,388	3,457	6,933	638	-	17,677
Disposal	-	-	-	(893)	-	(655)	(519)	(1,433)	(377)	-	(3,877)
Write-off	-	-	-	-	-	(1,799)	(1,712)	(4,358)	(585)	-	(8,454)
Reclassification	-	-	-	-	-	1	(1)	-	-	-	-
At end of the financial year	140	2,298	2,334	12,777	29,163	122,492	65,699	111,783	6,170	-	352,856
Net book value at end of the financial year	278,765	9,524	3,566	10,963	51,819	24,854	15,478	34,066	3,397	33,650	466,082

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20 PROPERTY AND EQUIPMENT

The Bank 2018	Freehold land RM'000	<---Leasehold land--> 50 years or more RM'000	Less than 50 years RM'000	Buildings on freehold land RM'000	Buildings on leasehold land RM'000	Renovation RM'000	Office equipment and furniture RM'000	Computer equipment RM'000	Motor vehicles RM'000	Capital work in progress RM'000	Total RM'000
Cost											
At beginning of the financial year	276,397	9,932	5,900	22,441	80,074	113,946	58,523	95,084	2,149	33,322	697,768
Additions	-	-	-	-	-	5,320	1,068	7,355	848	117,365	131,956
Disposals	-	(2,035)	-	-	(54,013)	(7,693)	-	-	(1,334)	-	(65,075)
Write-off	-	-	-	-	-	(596)	(3,396)	(12)	-	-	(4,004)
Reclassification	-	-	-	-	-	(3)	4	741	-	(23,503)	(22,761)
At end of the financial year	276,397	7,897	5,900	22,441	26,061	110,974	56,199	103,168	1,663	127,184	737,884
Accumulated depreciation and impairment losses											
At beginning of the financial year	-	2,023	2,334	11,881	28,552	105,804	47,876	72,108	1,800	-	272,378
Charge for the financial year	-	69	128	360	528	3,686	2,408	7,133	185	-	14,497
Disposal	-	(533)	-	-	(18,364)	(7,693)	-	-	(1,262)	-	(27,852)
Write-off	-	-	-	-	-	(596)	(3,239)	(12)	-	-	(3,847)
At end of the financial year	-	1,559	2,462	12,241	10,716	101,201	47,045	79,229	723	-	255,176
Net book value at end of the financial year	276,397	6,338	3,438	10,200	15,345	9,773	9,154	23,939	940	127,184	482,708

20 PROPERTY AND EQUIPMENT

The Bank 2017	Freehold land RM'000	<---Leasehold land--> 50 years or more RM'000	Less than 50 years RM'000	Buildings on freehold land RM'000	Buildings on leasehold land RM'000	Renovation RM'000	Office equipment and furniture RM'000	Computer equipment RM'000	Motor vehicles RM'000	Capital work in progress RM'000	Total RM'000
Cost											
At beginning of the financial year	276,397	9,932	5,900	25,069	80,074	112,111	58,150	80,471	2,614	10,363	661,081
Additions	-	-	-	-	-	3,408	1,756	17,578	5	35,223	57,970
Disposals	-	-	-	(2,628)	-	(656)	(400)	-	(377)	-	(4,061)
Write-off	-	-	-	-	-	(948)	(982)	(4,126)	(584)	-	(6,640)
Reclassification	-	-	-	-	-	31	(1)	1,161	491	(12,264)	(10,582)
At end of the financial year	276,397	9,932	5,900	22,441	80,074	113,946	58,523	95,084	2,149	33,322	697,768
Accumulated depreciation and impairment losses											
At beginning of the financial year	-	1,933	2,206	12,392	26,943	104,055	46,330	70,482	2,023	-	266,364
Charge for the financial year	-	90	128	382	1,609	3,353	2,885	5,687	305	-	14,439
Disposal	-	-	-	(893)	-	(656)	(400)	-	(377)	-	(2,326)
Write-off	-	-	-	-	-	(948)	(939)	(4,061)	(585)	-	(6,533)
Reclassification	-	-	-	-	-	-	-	-	434	-	434
At end of the financial year	-	2,023	2,334	11,881	28,552	105,804	47,876	72,108	1,800	-	272,378
Net book value at end of the financial year	276,397	7,909	3,566	10,560	51,522	8,142	10,647	22,976	349	33,322	425,390

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

21 INTANGIBLE ASSETS

The Group 2018	**Goodwill RM'000**	**Brand RM'000**	**Customer Relationship RM'000**	**Computer Software RM'000**	**Total RM'000**
Cost					
At beginning of the financial year	**823,051**	**5,415**	**83,622**	**209,808**	**1,121,896**
Amount arising from winding up a subsidiary	**3,893**	**-**	**-**	**-**	**3,893**
Additions	**-**	**-**	**-**	**2,767**	**2,767**
Write-off	**-**	**-**	**-**	**(8)**	**(8)**
Reclassification from property and equipment (Note 20)	**-**	**-**	**-**	**23,107**	**23,107**
At end of the financial year	**826,944**	**5,415**	**83,622**	**235,674**	**1,151,655**
Less: Accumulated amortisation					
At beginning of the financial year	**-**	**5,415**	**44,796**	**167,723**	**217,934**
Amortised during the financial year	**-**	**-**	**11,951**	**15,710**	**27,661**
Write-off	**-**	**-**	**-**	**(8)**	**(8)**
At end of the financial year	**-**	**5,415**	**56,747**	**183,425**	**245,587**
Net book value at end of the financial year	**826,944**	**-**	**26,875**	**52,249**	**906,068**

The Group 2017	Goodwill RM'000	Brand RM'000	Customer Relationship RM'000	Computer Software RM'000	Total RM'000
Cost					
At beginning of the financial year	133,430	-	-	166,727	300,157
Amount arising from Group Reorganisation (Note 54(a))	689,621	5,415	83,622	27,266	805,924
Additions	-	-	-	4,900	4,900
Disposals	-	-	-	(20)	(20)
Write-off	-	-	-	(4)	(4)
Reclassification from property and equipment (Note 20)	-	-	-	10,939	10,939
At end of the financial year	823,051	5,415	83,622	209,808	1,121,896
Less: Accumulated amortisation					
At beginning of the financial year	-	-	-	136,068	136,068
Amount arising from Group Reorganisation (Note 54(a))	-	5,302	41,811	20,047	67,160
Amortised during the financial year	-	113	2,985	11,616	14,714
Disposals	-	-	-	(4)	(4)
Write-off	-	-	-	(4)	(4)
At end of the financial year	-	5,415	44,796	167,723	217,934
Net book value at end of the financial year	823,051	-	38,826	42,085	903,962

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

21 INTANGIBLE ASSETS

The Bank 2018	**Goodwill RM'000**	**Computer Software RM'000**	**Total RM'000**
Cost			
At beginning of the financial year	**137,323**	**175,332**	**312,655**
Additions	**-**	**1,075**	**1,075**
Write-off	**-**	**(8)**	**(8)**
Reclassification from property and equipment (Note 20)	**-**	**22,761**	**22,761**
Reclassification to subsidiary	**-**	**(417)**	**(417)**
At end of the financial year	**137,323**	**198,743**	**336,066**
Less: Accumulated amortisation			
At beginning of the financial year	**-**	**140,675**	**140,675**
Amortised during the financial year	**-**	**13,164**	**13,164**
Write-off	**-**	**(8)**	**(8)**
At end of the financial year	**-**	**153,831**	**153,831**
Net book value at end of the financial year	**137,323**	**44,912**	**182,235**

The Bank 2017	Goodwill RM'000	Computer Software RM'000	Total RM'000
Cost			
At beginning of the financial year	137,323	160,326	297,649
Additions	-	4,071	4,071
Write-off	-	(4)	(4)
Reclassification from property and equipment (Note 20)	-	10,939	10,939
At end of the financial year	137,323	175,332	312,655
Less: Accumulated amortisation			
At beginning of the financial year	-	129,667	129,667
Amortised during the financial year	-	11,012	11,012
Write-off	-	(4)	(4)
At end of the financial year	-	140,675	140,675
Net book value at end of the financial year	137,323	34,657	171,980

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for the financial year ended 31 December 2018

21 INTANGIBLE ASSETS

Goodwill

The carrying amount of the Group's and the Bank's goodwill has been allocated to the following business segments, which represent the Bank's cash-generating units ('CGUs'):

	The Group		The Bank	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Business banking	**123,591**	119,698	**123,591**	123,591
Consumer banking	**13,732**	13,732	**13,732**	13,732
Investment banking	**266,884**	266,884	**-**	-
Asset management	**180,931**	180,931	**-**	-
Stock-broking	**230,686**	230,686	**-**	-
Money-broking	**11,120**	11,120	**-**	-
	826,944	823,051	**137,323**	137,323

Goodwill is allocated to the Group's CGUs which are expected to benefit from the synergies of the acquisitions. For annual impairment testing purposes, the recoverable amount of the CGUs are based on their value-in-use calculations using the cash flow projections based on 3 years financial budgets of the respective subsidiaries, which were approved by Directors. The cash flows beyond the third year are assumed to grow on perpetual basis based on forecasted GDP growth rate of Malaysia, adjusted for specific risk of the CGUs.

The cash flow projections are derived based on a number of key factors including past performance and management's expectations of the market developments. The discount rates used are based on the pre-tax weighted average cost of capital plus an appropriate risk premium where applicable, at the date of assessment of the CGUs.

During the financial year, impairment was not required for goodwill arising from all the business segments. The impairment charge is most sensitive to discount rate and the directors are of the view that any reasonable possible changes to the assumptions applied are not likely to cause the recoverable amount of all the CGUs to be lower than its carrying amount, other than Investment Banking and Stock-broking CGUs.

The estimated terminal growth rates and discount rates used for value-in-use calculation are as follows:

	Discount Rate		Terminal Rate	
	2018 %	2017 %	2018 %	2017 %
Business banking	**10.44**	12.48	**4.70**	5.00
Consumer banking	**10.45**	12.43	**4.70**	5.00
Investment banking	**9.64**	11.25	**4.70**	5.00
Asset management	**9.64**	11.25	**4.70**	5.00
Stock-broking	**9.64**	11.25	**4.70**	5.00
Money-broking	**10.74**	7.41	**4.70**	5.00

For Investment banking and Stockbroking CGUs, the estimated recoverable amount will be equal to the carrying value under the assumptions below:

	2018 banking %	2018 broking %	2017 banking %	2017 broking %
Discount rate	**10.83**	**9.56**	11.55	11.64
Terminal growth rate	**3.57**	**3.74**	4.78	3.65
Cash flows	**83.88**	**86.24**	96.38	81.40

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

22 DEPOSITS FROM CUSTOMERS

(i) By type of deposit	The Group		The Bank	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Demand deposits	**6,830,259**	7,514,976	**4,245,815**	4,445,816
Savings deposits	**2,109,239**	2,068,084	**1,508,539**	1,528,259
Fixed deposits	**42,820,134**	34,333,682	**22,702,344**	20,955,124
Commodity Murabahah	**395,167**	586,029	**-**	-
Money market deposits	**1,256,223**	1,450,161	**1,256,223**	1,450,161
Negotiable instruments of deposit ('NID')	**3,838,419**	4,865,486	**3,848,298**	4,915,793
Others	**97,006**	101,811	**-**	-
	57,346,447	50,920,229	**33,561,219**	33,295,153

(ii) Maturity structure of fixed deposits, NID and others	The Group		The Bank	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Due within six months	**29,459,431**	28,248,154	**16,890,847**	18,136,022
Six months to one year	**14,371,113**	8,440,099	**7,579,649**	5,645,663
One year to three years	**2,521,315**	2,326,825	**2,054,033**	2,065,142
Three years to five years	**403,700**	285,901	**26,113**	24,090
	46,755,559	39,300,979	**26,550,642**	25,870,917

(iii) By type of customer	The Group		The Bank	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	**12,148,553**	8,025,732	**2,205,373**	2,502,386
Business enterprise	**15,343,682**	13,909,710	**9,111,267**	8,813,469
Individuals	**16,220,138**	14,544,917	**14,289,446**	12,927,124
Domestic banking institutions	**3,915,899**	4,924,729	**3,932,579**	4,970,867
Domestic non-banking financial institutions	**8,446,052**	8,316,341	**3,133,150**	3,221,556
Foreign entities	**547,452**	596,604	**431,780**	507,288
Other entities	**724,671**	602,196	**457,624**	352,463
	57,346,447	50,920,229	**33,561,219**	33,295,153

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

23 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group		The Bank	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Licensed banks	**2,371,858**	2,875,922	**2,154,065**	1,833,042
Licensed investment banks	**153,398**	98,321	**-**	43,711
Bank Negara Malaysia	**361,359**	1,176,407	**361,359**	1,176,296
Other financial institutions	**1,960,297**	1,555,949	**1,785,424**	927,256
	4,846,912	5,706,599	**4,300,848**	3,980,305
Maturity structure of deposits				
Due within six months	**4,772,885**	5,706,599	**4,226,821**	3,980,305
Six months to one year	**74,027**	-	**74,027**	-
	4,846,912	5,706,599	**4,300,848**	3,980,305

24 DERIVATIVE FINANCIAL LIABILITIES

	The Group 2018		The Group 2017	
	Contract/ notional amount RM'000	**Liabilities RM'000**	Contract/ notional amount RM'000	Liabilities RM'000
At fair value				
Foreign exchange derivatives:				
- Currency forwards	**1,905,296**	**23,653**	3,362,909	106,537
- Cross currency swaps	**3,450,846**	**63,889**	2,544,896	133,756
- Currency swaps	**648,049**	**7,198**	529,884	5,147
Interest rate derivatives:				
- Interest rate swaps	**2,380,148**	**18,392**	2,416,148	18,236
	8,384,339	**113,132**	8,853,837	263,676

	The Bank 2018		The Bank 2017	
	Contract/ notional amount RM'000	**Liabilities RM'000**	Contract/ notional amount RM'000	Liabilities RM'000
At fair value				
Foreign exchange derivatives:				
- Currency forwards	**794,141**	**5,532**	1,256,430	58,249
- Cross currency swaps	**3,712,078**	**64,701**	2,865,264	135,924
Interest rate derivatives:				
- Interest rate swaps	**1,065,148**	**15,427**	1,226,148	16,704
	5,571,367	**85,660**	5,347,842	210,877

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

25 TRADE PAYABLES

	The Group	
	2018	**2017**
	RM'000	**RM'000**
Amount due to unit trust funds	**260,864**	253,359
Amount due to unit holders	**47,089**	29,865
Amount due to clients	**151,463**	299,655
Amount due to brokers	**141,558**	94,143
	600,974	677,022

Trade payables include amount payable under outstanding contracts from the stock and sharebroking activities and amounts due to unit trust funds and unit holders.

26 OTHER LIABILITIES

	The Group		The Bank	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Bank Negara Malaysia and Credit Guarantee Corporation Funding programmes	**32,009**	37,944	**31,009**	37,944
Margin and collateral deposits	**127,948**	131,494	**114,120**	114,402
Other creditors and accruals	**166,410**	156,146	**64,776**	53,153
Sundry creditors	**197,892**	175,693	**151,274**	156,128
Cheque clearing accounts	**7,874**	34,112	**7,874**	34,112
Provision for zakat	**2,397**	3,223	**320**	-
Defined contribution plan (a)	**21,098**	18,111	**19,761**	16,737
Accrued employee benefits	**113,960**	129,887	**43,021**	36,969
Unearned income	**31,969**	53,972	**26,986**	33,215
Commissioned dealer's representatives trust balances	**48,537**	49,119	**-**	-
Collaterals pledged for derivative transactions	**29**	29	**-**	-
Securities borrowings and lending - borrow	**127,194**	82,030	**-**	-
Amounts payable to commissioned and salaried dealer's representatives	**37,874**	39,505	**-**	-
ESOS liabilities	**8,028**	21,707	**-**	-
Puttable liabilities (b)	**34,328**	12,400	**-**	-
Dividend payable	**97,147**	-	**97,147**	-
Expected credit losses ('ECL') (c)				
- loan/financing commitments and financial guarantees	**27,454**	-	**15,287**	-
	1,082,148	945,372	**571,575**	482,660

(a) The Group and the Bank contributes to the EPF, the national defined contribution plan. Once the contributions have been paid, the Group and the Bank has no further payment obligations.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

26 OTHER LIABILITIES

(b) Puttable liabilities are in respect of the following:

	The Group		The Bank	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Obligation to buy a subsidiary's shares (i)	**5,460**	-	**-**	-
Investment in funds	**28,868**	12,400	**-**	-
At end of the financial year	**34,328**	12,400	**-**	-

(i) This represents the fair value of an obligation to buy a subsidiary's shares pursuant to the terms of the exit mechanism in a shareholders agreement entered into between the Company and GV Capital Dynamic Sdn Bhd ('GVCD'). AHAM is granted a call option to acquire the entire 49% equity shares in its subsidiary, Accel Vantage Academy Sdn Bhd held by GVCD within 90 days of the call option period. The exercise price under the call option is determined based on pre-agreed formula.

(c) Movement in expected credit losses ('ECL')

	The Group		The Bank	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At beginning of the financial year, on adoption of MFRS 9	**49,817**	-	**32,758**	-
Net remeasurement of loss allowance	**(40,668)**	-	**(29,635)**	-
New loan commitments & financial guarantees issued	**18,305**	-	**12,164**	-
At end of the financial year	**27,454**	-	**15,287**	-

27 AMOUNT DUE TO SUBSIDIARIES

The amount due to subsidiaries are relating to intercompany transactions which are unsecured, bear no interest rate (2017: Nil) and repayable on demand.

28 BORROWINGS

		The Group		The Bank	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
(a)	Tier-2 Subordinated Medium Term Notes ('MTN')	**2,036,144**	2,036,144	**2,036,144**	2,036,144
(b)	Additional Tier-1 Capital Securities ('AT1CS')	**512,235**	-	**512,235**	-
(c)	Additional Tier-1 Sukuk Wakalah ('AT1S')	**303,483**	-	**-**	-
(d)	MTN Tier-2 Sukuk Murabahah	**201,950**	-	**-**	-
		3,053,812	2,036,144	**2,548,379**	2,036,144

28 BORROWINGS

The Group	**At 1 January 2018 RM'000**	**Cash flow RM'000**	**Interest/ Finance expense RM'000**	**At 31 December 2018 RM'000**
Tier-2 Subordinated MTN	**2,000,000**	**-**	**-**	**2,000,000**
AT1CS	**-**	**500,000**	**-**	**500,000**
AT1S	**-**	**300,000**	**-**	**300,000**
MTN Tier-2 Sukuk Murabahah	**-**	**200,000**	**-**	**200,000**
Interest/profit payable	**36,144**	**(104,801)**	*** 122,469**	**53,812**
	2,036,144	**895,199**	**122,469**	**3,053,812**

* inclusive of finance expense on MTN, Tier-2 Sukuk Murabahah and AT1S from Islamic Banking business.

The Bank	**At 1 January 2018 RM'000**	**Cash flow RM'000**	**Interest/ Finance expense RM'000**	**At 31 December 2018 RM'000**
Tier-2 Subordinated MTN	**2,000,000**	**-**	**-**	**2,000,000**
AT1CS	**-**	**500,000**	**-**	**500,000**
Interest payable	**36,144**	**(104,801)**	**117,036**	**48,379**
	2,036,144	**395,199**	**117,036**	**2,548,379**

The Group and the Bank	At 1 January 2017 RM'000	Cash flow RM'000	Interest expense RM'000	At 31 December 2017 RM'000
Tier-2 Subordinated MTN	-	2,000,000	-	2,000,000
Subordinated Term Loans	1,300,000	(1,300,000)	-	-
Interest payable	4,592	(66,198)	97,750	36,144
	1,304,592	633,802	97,750	2,036,144

(a) The Bank had on 7 February 2017 and 20 September 2017 issued 2 tranches of Tier-2 Subordinated MTNs of RM1.0 billion each out of its approved BASEL III Compliant MTN programme of up to RM6.0 billion in nominal value. The Subordinated MTNs were issued for a tenure of 10 years from the issue date on a 10-year non-callable 5-year basis, at a coupon rate of 5.45% and 5.03% respectively. The MTNs were issued for the purpose of general banking business and working capital requirements of the Bank.

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

(c) AFFIN Islamic had on 18 October 2018 issued first tranche of AT1S of RM300.0 million out of its approved BASEL III Complaint Islamic Medium Term Notes Programme ('Sukuk Programme') of up to RM5.0 billion in nominal value. The Sukuk Wakalah was on a perpetual non-callable 5 years, at a coupon rate of 5.65%. The Sukuk Wakalah was issued for the purpose of general banking business and working capital requirements of AFFIN Islamic.

(d) AFFIN Islamic had on 23 October 2018 issued a MTN Tier-2 Sukuk Murabahah of RM800.0 million out of its Sukuk Programme. The Sukuk Murabahah was issued for a tenure of 10 years from the issue date on a 10-year non-callable 5-year basis, at a coupon rate of 5.05%. The Sukuk Murabahah was issued for the purpose of general banking business and working capital requirements of AFFIN Islamic.

NOTES TO THE FINANCIAL STATEMENTS
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29 SHARE CAPITAL

	The Group and The Bank			
	2018 Number of ordinary shares ‘000	**2018 RM’000**	**2017 Number of ordinary shares ‘000**	**2017 RM’000**
Ordinary shares issued and fully paid:				
At beginning of the financial year	**1,942,949**	**4,684,752**	1,688,770	1,688,770
New shares issuance	**-**	**-**	254,179	2,137,078
Transition to no-par value regime under the Companies Act, 2016 (a)	**-**	**-**	-	858,904
At end of the financial year (shares with no par value)	**1,942,949**	**4,684,752**	1,942,949	4,684,752

(a) The new Companies Act, 2016 (‘New Act’), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account of RM858,904,000 becomes part of the Group and the Bank’s share capital pursuant to the transitional provisions set out in Section 618 (2) of the New Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

30 RESERVES

	The Group		The Bank	
	2018 RM’000	**2017 RM’000**	**2018 RM’000**	**2017 RM’000**
FVOCI revaluation reserves (b)	**110,371**	-	**111,161**	-
AFS revaluation reserves (c)	**-**	97,596	**-**	121,637
Regulatory reserves (d)	**939,055**	817,399	**716,313**	710,743
Stock option reserves (e)	**8,328**	-	**-**	-
Foreign exchange reserves	**593**	151	**-**	-
Retained profits	**2,928,584**	2,670,888	**2,408,718**	1,987,315
	3,986,931	3,586,034	**3,236,192**	2,819,695

(a) As at 31 December 2018, the Bank has a tax exempt account balance of RM11.0 million (2017: RM11.0 million) under Section 12 of the Income Tax (Amendment) Act 1999, subject to agreement by the Inland Revenue Board.

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

(c) AFS revaluation reserves represent the unrealised gains or losses arising from the change in fair value of investments classified as financial investments at available-for-sale. The gains or losses are transferred to the income statement upon disposal or when the securities become impaired.

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

Prior to MFRS 9 implementation, the banking institutions are required to maintain in aggregate collective impairment allowances and regulatory reserves of no less than 1.2% of the total outstanding loans, advances and financing, net of individual impairment allowances.

(e) The stock option reserves represent the fair value of the options of a subsidiary’s employee stock option incentive scheme arising from the modification of the vesting period as detailed in Note 51.

31 INTEREST INCOME

	The Group		The Bank	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Loans, advances and financing	**1,835,797**	1,771,964	**1,620,788**	1,638,124
Money at call and deposit placements with financial institutions	**66,883**	109,899	**176,391**	216,710
Reverse repurchase agreements with financial institutions	**-**	368	**-**	368
Financial investments at FVOCI	**502,419**	-	**349,298**	-
Financial investments at amortised cost	**8,366**	-	**5,725**	-
Financial investments available-for-sale	**-**	355,889	**-**	317,057
Financial investments held-to-maturity	**-**	22,535	**-**	22,070
Subordinated term loan	**5,385**	-	**2,621**	-
Others	**517**	169	**-**	-
	2,419,367	2,260,824	**2,154,823**	2,194,329
of which:				
Interest income earned on impaired loans, advances and financing	**7,428**	2,257	**2,790**	1,865

32 INTEREST EXPENSE

	The Group		The Bank	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deposits from customers	**1,301,777**	1,197,187	**1,135,427**	1,147,499
Deposits and placements of banks and other financial institutions	**145,966**	91,497	**142,314**	103,682
Securities sold under repurchase agreements	**4,128**	22,055	**2,752**	21,554
Subordinated term loan	**-**	34,580	**-**	34,580
Subordinated medium term notes	**117,036**	63,170	**117,036**	63,170
Foreign currency borrowing	**1,986**	574	**-**	-
Others	**3,074**	864	**532**	585
	1,573,967	1,409,927	**1,398,061**	1,371,070

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33 INCOME FROM ISLAMIC BANKING BUSINESS

	The Group	
	2018	**2017**
	RM'000	**RM'000**
Income derived from investment of depositors' funds and others	**839,148**	605,874
Income derived from investment of investment account funds	**106,694**	92,746
Income derived from investment of shareholders' funds	**80,491**	62,362
Total distributable income	**1,026,333**	760,982
Income attributable to depositors and others	**(628,143)**	(426,715)
	398,190	334,267
of which:		
Financing income earned on impaired financing, advances and other financing	**3,658**	1,794

34 OTHER OPERATING INCOME

		The Group		The Bank	
		2018	**2017**	**2018**	**2017**
		RM'000	**RM'000**	**RM'000**	**RM'000**
(a)	**Fee and commission income**				
	Net brokerage	**78,131**	19,265	**-**	-
	Underwriting	**-**	350	**-**	-
	Portfolio management fees	**293,269**	96,591	**-**	-
	Corporate advisory fees	**9,883**	2,312	**-**	-
	Commission	**26,723**	28,595	**23,319**	28,863
	Service charges and fees	**65,378**	56,380	**64,510**	56,557
	Guarantee fees	**22,712**	21,832	**22,010**	21,311
	Arrangement fees	**2,814**	2,002	**-**	-
	Agency fees	**1,199**	930	**-**	-
	Initial service charges	**103,619**	50,491	**-**	-
	Other fee income	**17,146**	2,029	**-**	-
		620,874	280,777	**109,839**	106,731
(b)	**Fee and commission expenses**				
	Commission and referral expense	**(164,009)**	(68,533)	**(9,103)**	(8,602)
	Net fee and commision income	**456,865**	212,244	**100,736**	98,129

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

35 NET GAINS ON FINANCIAL INSTRUMENTS

	The Group		The Bank	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Income from financial instruments:				
Gain/(loss) arising on financial assets at FVTPL				
- net gain on disposal	**72,154**	17,961	**23,737**	153
- unrealised gains/(losses)	**7,863**	727	**10,355**	(24)
- interest income	**35,414**	1,649	**15,801**	209
- gross dividend income	**5,167**	198	**-**	-
	120,598	20,535	**49,893**	338
Gain/(loss) on derivatives instruments:				
- realised	**492**	832	**546**	832
- unrealised	**5,567**	(2,774)	**4,582**	985
- interest (expenses)/income	**(310)**	2,707	**(358)**	2,645
	5,749	765	**4,770**	4,462
Gain arising on financial investments at FVOCI				
- net gain on disposal	**14,406**	-	**7,175**	-
- gross dividend income	**5,284**	-	**970**	-
	19,690	-	**8,145**	-
Gain arising on financial investments available-for-sale:				
- net gain on disposal	**-**	33,276	**-**	28,762
- gross dividend income	**-**	4,338	**-**	1,980
	-	37,614	**-**	30,742
Gain arising on financial investments held-to-maturity:				
- net gain on redemption	**-**	39,784	**-**	39,784
	-	39,784	**-**	39,784
Net gains on financial instruments	**146,037**	98,698	**62,808**	75,326

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36 OTHER INCOME

	The Group		The Bank	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Foreign exchange gain/(loss):				
- realised	**64,598**	(27,489)	**53,121**	(35,700)
- unrealised	**(8,540)**	79,622	**(7,236)**	83,221
Rental income	**136**	2,128	**246**	2,151
Gain on sale of property and equipment	**6,052**	777	**5,921**	752
Gain on disposal of foreclosed properties	**111**	2,260	**-**	2,260
Other non-operating income	**11,753**	7,051	**7,264**	6,589
Gross dividend received from subsidiaries	**-**	-	**323,000**	-
Gain on winding up of a subsidiary	**-**	-	**31,031**	162
	74,110	64,349	**413,347**	59,435

37 OTHER OPERATING EXPENSES

	The Group		The Bank	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Personnel costs (a)	**782,765**	606,345	**369,898**	396,200
Establishment costs (b)	**262,276**	217,097	**165,526**	162,105
Marketing expenses (c)	**59,995**	37,334	**34,790**	26,666
Administrative and general expenses (d)	**112,473**	73,513	**63,719**	52,499
	1,217,509	934,289	**633,933**	637,470

(a) Personnel costs

	The Group		The Bank	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Wages, salaries and bonuses	**590,348**	409,313	**272,200**	264,641
Defined contribution plan ('EPF')	**96,263**	67,155	**44,525**	44,276
Voluntary separation scheme	**-**	46,518	**-**	44,271
Other personnel costs	**96,154**	83,359	**53,173**	43,012
	782,765	606,345	**369,898**	396,200

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for the financial year ended 31 December 2018

37 OTHER OPERATING EXPENSES

(b) Establishment costs

	The Group		The Bank	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Rental of premises	**40,015**	28,346	**18,819**	19,059
Equipment rental	**2,992**	1,273	**2,086**	766
Repair and maintenance	**45,143**	37,607	**29,630**	26,212
Depreciation of property and equipment	**24,578**	17,677	**14,497**	14,439
Amortisation of intangible assets	**27,661**	14,714	**13,164**	11,012
IT Consultancy fees	**38,077**	51,399	**27,841**	40,060
Dataline rental	**16,851**	8,165	**12,616**	6,430
Security services	**18,582**	17,721	**13,168**	13,071
Electricity, water and sewerage	**13,116**	11,509	**7,482**	8,779
Insurance/Takaful and indemnities	**30,441**	24,089	**22,299**	22,245
Other establishment costs	**4,820**	4,597	**3,924**	32
	262,276	217,097	**165,526**	162,105

(c) Marketing expenses

	The Group		The Bank	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Business promotion and advertisement	**21,197**	12,372	**12,466**	8,862
Entertainment	**7,158**	2,724	**3,569**	1,468
Traveling and accommodation	**10,532**	7,144	**4,831**	4,614
Dealers' handling charges	**1,200**	300	**-**	-
Commission and brokerage expenses	**14,561**	11,939	**12,165**	9,840
Other marketing expenses	**5,347**	2,855	**1,759**	1,882
	59,995	37,334	**34,790**	26,666

(d) Administration and general expenses

	The Group		The Bank	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Telecommunication expenses	**14,541**	6,680	**3,621**	3,157
Auditors' remuneration	**4,189**	3,086	**2,134**	1,784
Professional fees	**27,529**	17,430	**23,456**	15,957
Property and equipment written-off	**193**	181	**157**	107
Mail and courier charges	**4,180**	3,156	**3,214**	2,429
Stationery and consumables	**13,439**	8,618	**8,531**	5,476
Directors' fees and allowances	**3,576**	2,923	**2,287**	2,144
Donations	**2,053**	1,845	**1,598**	1,562
Settlement, clearing and bank charges	**13,160**	11,932	**9,919**	9,966
Stamp duties	**1,006**	1,791	**722**	1,786
Subscription fees	**10,448**	1,817	**-**	-
GST input tax-non recoverable	**7,204**	10,465	**4,337**	5,712
Other administration and general expenses	**10,955**	3,589	**3,743**	2,419
	112,473	73,513	**63,719**	52,499

Included in other operating expenses of the Group and the Bank are Group Chief Executive Officer ('GCEO') and Directors' remuneration totalling RM4,019,000 (2017: RM3,457,000).

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

37 OTHER OPERATING EXPENSES

The expenditure includes the following statutory disclosure:

	The Group		The Bank	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Directors' remuneration (Note 38)	**7,595**	6,380	**6,306**	5,601
Auditors' remuneration: (a)				
- statutory audit fees	**2,413**	2,047	**1,225**	1,188
- over provision in prior year	**-**	(212)	**-**	(155)
- regulatory related fees	**709**	608	**388**	292
- tax fees	**285**	215	**114**	31
- non audit fees	**782**	428	**407**	428

(a) There was no indemnity given to or insurance effected for the Group and the Bank during the financial year.

38 GROUP CHIEF EXECUTIVE OFFICER AND DIRECTORS' REMUNERATION

The GCEO and Directors of the Bank who have held office during the financial year are as follows:

GCEO

Kamarul Ariffin bin Mohd Jamil

Non-Executive Directors

Gen Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (Retired)
(Chairman)

En. Mohd Suffian bin Haji Haron

Tan Sri Mohd Ghazali bin Mohd Yusoff

En. Abd Malik bin A Rahman

Dato' Abdul Aziz bin Abu Bakar

Dato' Mohd Hata bin Robani

Mr Ignatius Chan Tze Ching

Mr Joseph Yuk Wing Pang
(appointed w.e.f. 18.4.2018)

Mr Tang Peng Wah
(completed his tenure of directorship w.e.f. 17.4.2018)

38 GROUP CHIEF EXECUTIVE OFFICER AND DIRECTORS' REMUNERATION

The aggregate amount of remuneration for the Directors of the Group and the Bank for the financial year are as follows:

	The Group		The Bank	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
GCEO				
Salaries	**1,740**	1,410	**1,740**	1,410
Bonuses	**1,520**	1,450	**1,520**	1,450
Defined contribution plan ('EPF')	**531**	467	**531**	467
Other employee benefits	**61**	61	**61**	61
Benefits-in-kind	**167**	69	**167**	69
Non-Executive Directors				
Fees and other emoluments	**3,567**	2,894	**2,280**	2,124
Benefits-in-kind	**9**	29	**7**	20
Directors' remuneration (Note 37)	**7,595**	6,380	**6,306**	5,601
Directors of subsidiaries	**1,603**	1,212	**-**	-
Total directors' remuneration	**9,198**	7,592	**6,306**	5,601

The Directors' remuneration in the current financial year represents remuneration for Directors of the Group, the Bank and its subsidiaries to comply with the requirements of the Companies Act, 2016. The comparative figures have not been restated to include the Directors in the subsidiaries of the Bank. The names of directors of subsidiaries and their remuneration details are set out in the respective subsidiary's statutory accounts and the said information is deemed incorporated herein by such reference and made a part thereof.

Included in the Directors' emoluments are benefits-in-kind (based on estimated monetary value) receivable from the Bank and its subsidiaries of RM9,000 (2017: RM29,000) and RM7,000 (2017: RM20,000) respectively.

During the financial year, Directors and Officers of the Group are covered under the Directors' & Officers' Liability Insurance in respect of liabilities arising from acts committed in their respective capacity as, inter alia, Directors and Officers of the Group subject to the terms of the policy. The total amount of Directors' & Officers' Liability Insurance effected for the Directors & Officers of the Group was RM40 million. The total amount of premium paid for the Directors' and Officers' Liability Insurance by the Group and the Bank was RM968,839 (2017: RM1,048,851) and RM55,018 (2017: RM57,913) respectively.

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for the financial year ended 31 December 2018

38 GROUP CHIEF EXECUTIVE OFFICER AND DIRECTORS' REMUNERATION

A summary of the total remuneration of the GCEO and Directors are as follows:

The Group 2018	Salaries RM'000	Bonuses RM'000	Directors' Fees RM'000	Other emoluments RM'000	Benefits-in-kind RM'000	Total RM'000
GCEO						
Kamarul Ariffin bin Mohd Jamil	1,740	1,520	-	* 592	167	4,019
Total	1,740	1,520	-	592	167	4,019
Non-Executive Directors						
Gen Dato' Seri Diraja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (Retired)	-	-	300	276	7	583
En. Mohd Suffian bin Haji Haron	-	-	566	-	2	568
Tan Sri Mohd Ghazali bin Mohd Yusoff	-	-	484	15	-	499
En. Abd Malik bin A Rahman	-	-	645	105	-	750
Mr Tang Peng Wah	-	-	48	15	-	63
Dato' Mohd Hata bin Robani	-	-	356	15	-	371
Dato' Abdul Aziz bin Abu Bakar	-	-	256	-	-	256
Ignatius Chan Tze Ching	-	-	229	60	-	289
Joseph Yuk Wing Pang	-	-	152	45	-	197
Total	-	-	3,036	531	9	3,576
Grand total	1,740	1,520	3,036	1,123	176	7,595

* Includes allowances and EPF

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

38 GROUP CHIEF EXECUTIVE OFFICER AND DIRECTORS' REMUNERATION

A summary of the total remuneration of the GCEO and Directors are as follows: (continued)

The Group 2017	Salaries RM'000	Bonuses RM'000	Directors' Fees RM'000	Other emoluments RM'000	Benefits-in-kind RM'000	Total RM'000
GCEO						
Kamarul Ariffin bin Mohd Jamil	1,410	1,450	-	* 528	69	3,457
Total	1,410	1,450	-	528	69	3,457
Non-Executive Directors						
Gen Dato' Seri Diraja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (Retired)	-	-	137	-	8	145
En. Mohd Suffian bin Haji Haron	-	-	596	-	9	605
Tan Sri Mohd Ghazali bin Mohd Yusoff	-	-	366	-	-	366
En. Abd Malik bin A Rahman	-	-	363	-	-	363
Mr Tang Peng Wah	-	-	115	-	-	115
Dato' Mohd Hata bin Robani	-	-	39	-	-	39
Dato' Abdul Aziz bin Abu Bakar	-	-	38	-	-	38
Ignatius Chan Tze Ching	-	-	13	-	-	13
Jen Tan Sri Dato' Seri Ismail bin Haji Omar (Bersara)	-	-	130	369	12	511
Mr Aubrey Li Kwok-Sing	-	-	35	150	-	185
Tan Sri Dato' Seri Mohamed Jawhar	-	-	288	255	-	543
Total	-	-	2,120	774	29	2,923
Grand total	1,410	1,450	2,120	1,302	98	6,380

* Includes allowances and EPF

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

38 GROUP CHIEF EXECUTIVE OFFICER AND DIRECTORS' REMUNERATION

A summary of the total remuneration of the GCEO and Directors are as follows:

The Bank 2018	Salaries RM'000	Bonuses RM'000	Directors' Fees RM'000	Other emoluments RM'000	Benefits-in-kind RM'000	Total RM'000
GCEO						
Kamarul Ariffin bin Mohd Jamil	1,740	1,520	-	* 592	167	4,019
Total	1,740	1,520	-	592	167	4,019
Non-Executive Directors						
Gen Dato' Seri Diraja Tan Sri (Dr.) Mohd Zahidi Bin Haji Zainuddin (Retired)	-	-	258	72	7	337
En. Mohd Suffian bin Haji Haron	-	-	321	-	-	321
Tan Sri Mohd Ghazali bin Mohd Yusoff	-	-	338	-	-	338
En. Abd Malik bin A Rahman	-	-	355	-	-	355
Mr Tang Peng Wah	-	-	48	15	-	63
Dato' Mohd Hata bin Robani	-	-	303	-	-	303
Dato' Abdul Aziz bin Abu Bakar	-	-	256	-	-	256
Ignatius Chan Tze Ching	-	-	192	-	-	192
Joseph Yuk Wing Pang	-	-	122	-	-	122
Total	-	-	2,193	87	7	2,287
Grand total	1,740	1,520	2,193	679	174	6,306

* Includes allowances and EPF

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

38 GROUP CHIEF EXECUTIVE OFFICER AND DIRECTORS' REMUNERATION

A summary of the total remuneration of the GCEO and Directors are as follows: (continued)

The Bank 2017	Salaries RM'000	Bonuses RM'000	Directors' Fees RM'000	Other emoluments RM'000	Benefits-in-kind RM'000	Total RM'000
GCEO						
Kamarul Ariffin bin Mohd Jamil	1,410	1,450	-	* 528	69	3,457
Total	1,410	1,450	-	528	69	3,457
Non-Executive Directors						
Gen Dato' Seri Diraja Tan Sri (Dr.) Mohd Zahidi Bin Haji Zainuddin (Retired)	-	-	137	-	8	145
En. Mohd Suffian bin Haji Haron	-	-	367	-	-	367
Tan Sri Mohd Ghazali bin Mohd Yusoff	-	-	366	-	-	366
En. Abd Malik bin A Rahman	-	-	310	-	-	310
Mr Tang Peng Wah	-	-	115	-	-	115
Dato' Mohd Hata bin Robani	-	-	39	-	-	39
Dato' Abdul Aziz bin Abu Bakar	-	-	38	-	-	38
Ignatius Chan Tze Ching	-	-	13	-	-	13
Jen Tan Sri Dato' Seri Ismail bin Haji Omar (Bersara)	-	-	75	204	12	291
Mr Aubrey Li Kwok-Sing	-	-	35	150	-	185
Tan Sri Dato' Seri Mohamed Jawhar	-	-	185	90	-	275
Total	-	-	1,680	444	20	2,144
Grand total	1,410	1,450	1,680	972	89	5,601

* Includes allowances and EPF

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

39 ALLOWANCES FOR CREDIT IMPAIRMENT LOSSES

	The Group 2018 RM'000	The Group 2017 RM'000	The Bank 2018 RM'000	The Bank 2017 RM'000
Individual impairment - loans, advances and financing and trade receivables				
- made during the financial year	-	111,013	-	94,484
- written-back	-	(47,340)	-	(39,157)
Collective impairment				
- net allowance made during the financial year	-	49,319	-	28,512
Allowance for impairment losses				
- Financial investments AFS	-	1,287	-	-
Expected credit losses ('ECL') made/(written-back) on:				
- loans, advances and financing and trade receivables	**91,960**	-	**64,430**	-
- securities and placements	**15,571**	-	**3,472**	-
- loans and financing commitments and financial guarantee	**(22,363)**	-	**(17,471)**	-
Bad debts and financing				
- recovered	**(30,781)**	(42,675)	**(29,302)**	(40,849)
- written-off	**4,281**	1,302	**3,682**	1,301
	58,668	72,906	**24,811**	44,291

40 ALLOWANCES FOR IMPAIRMENT LOSSES ON OTHER ASSETS

	The Group 2018 RM'000	The Group 2017 RM'000	The Bank 2018 RM'000	The Bank 2017 RM'000
Expected credit losses				
- Other debtors	**524**	-	-	-
- Amount due from joint ventures	**11,719**	-	-	-
	12,243	-	-	-
Allowance for/(write-back of) impairment losses				
- Other debtors	-	(69)	-	-
- Amount due from joint ventures	-	12,329	-	-
	-	12,260	-	-

41 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

Related parties that have transactions and their relationship with the Bank are as follows:

Related parties	Relationship
Lembaga Tabung Angkatan Tentera ('LTAT')	Ultimate holding corporate body, which is Government-Linked Investment Company of the Government of Malaysia
AFFIN Holdings Berhad #	Holding company - before group reorganisation in 2018 (Note 54(a))
Subsidiaries and associates of LTAT	Subsidiary and associate companies of the ultimate holding corporate body
Subsidiaries of AFFIN Bank Berhad as disclosed in Note 17	Subsidiaries
Joint ventures as disclosed in Note 18	Joint ventures
Associates as disclosed in Note 19	Associates
Key management personnel	The key management personnel of the Group and the Bank consist of: - Directors - GCEO - Members of Senior Management team and the company secretary
Related parties of key management personnel (deemed as related to the Bank)	- Close family members and dependents of key management personnel - Entities that are controlled, jointly controlled or for which significant voting power in such entity resides with, directly or indirectly by key management personnel or its close family members

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Bank either directly or indirectly. Key management personnel include the GCEO of the Bank in office during the financial year and his remuneration for the financial year are disclosed in Note 38.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

41 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

The Group and the Bank do not have any individually or collectively significant transactions outside the ordinary course of business with the Government of Malaysia and government-related entities. In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances.

(a) Related parties transactions and balances

The Group	Ultimate holding corporate body 2018 RM'000	Ultimate holding corporate body 2017 RM'000	Holding company # 2018 RM'000	Holding company # 2017 RM'000	Other related companies 2018 RM'000	Other related companies 2017 RM'000
Income						
Interest on NID purchased	**-**	-	**-**	-	**48,005**	40,804
Interest on loans, advances and financing	**-**	-	**-**	-	**59,273**	53,654
Interest rate derivatives	**-**	-	**-**	-	**17,436**	1,613
Interest on subordinated term loan	**-**	-	**-**	-	**-**	-
Commission income	**-**	-	**-**	-	**764**	-
Other income	**1,088**	-	**-**	-	**8,569**	8,568
	1,088	-	**-**	-	**134,047**	104,729
Expenditure						
Interest on deposits and placements of banks and other financial institutions	**2,996**	1,753	**-**	2,464	**19,925**	32,771
Insurance premium	**-**	-	**-**	32,080	**73**	-
Brokerage fees	**-**	-	**-**	-	**671**	516
Rental	**318**	318	**-**	-	**21,163**	12,279
Other expenditure	**-**	-	**-**	-	**7,017**	7,120
	3,314	2,071	**-**	34,544	**48,849**	52,686

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

41 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

(a) Related parties transactions and balances (continued)

The Group	Joint ventures/ Associates 2018 RM'000	Joint ventures/ Associates 2017 RM'000	Companies in which certain Directors have substantial interest 2018 RM'000	Companies in which certain Directors have substantial interest 2017 RM'000	Key management personnel 2018 RM'000	Key management personnel 2017 RM'000
Income						
Interest on loans, advances and financing	**-**	-	**9,657**	4,577	**88**	130
Interest rate derivatives	**880**	-	**7,551**	-	**-**	-
Interest on subordinated term loan	**5,965**	-	**-**	-	**-**	-
Commission income	**6,691**	-	**-**	-	**-**	-
Other income	**488**	-	**530**	-	**-**	-
	14,024	-	**17,738**	4,577	**88**	130
Expenditure						
Interest on deposits and placements of banks and other financial institutions	**1,248**	-	**9,968**	748	**92**	324
Insurance premium	**4,109**	-	**-**	-	**-**	-
Rental	**-**	-	**60**	-	**-**	157
Other expenditure	**1,188**	-	**-**	-	**-**	-
	6,545	-	**10,028**	748	**92**	481

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

41 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

(a) Related parties transactions and balances (continued)

The Group	Ultimate holding corporate body 2018 RM'000	Ultimate holding corporate body 2017 RM'000	Holding company # 2018 RM'000	Holding company # 2017 RM'000	Other related companies 2018 RM'000	Other related companies 2017 RM'000
Amount due from						
Other assets	**65**	-	**-**	-	**1,009,395**	1,012,177
Loans, advances and financing	**-**	-	**-**	-	**1,803,036**	1,284,802
Deposits and placements with banks and other financial institutions	**-**	-	**-**	-	**-**	66
Intercompany balances	**-**	-	**-**	9	**31,795**	33,349
Security deposits	**-**	-	**-**	-	**5,448**	3,206
	65	-	**-**	9	**2,849,674**	2,333,600
Amount due to						
Demand and savings deposits	**18,056**	-	**-**	1,356	**348,864**	564,581
Fixed deposits	**-**	-	**-**	73,233	**314,822**	420,613
Negotiable instruments of deposit	**-**	-	**-**	-	**353,662**	450,186
Money market deposits	**89,629**	-	**-**	250	**395,805**	230,399
Sales of securities	**1,199**	-	**-**	-	**1,413**	-
Other liabilities	**-**	-	**-**	-	**153**	-
	108,884	-	**-**	74,839	**1,414,719**	1,665,779
Commitments and contingencies	**-**	-	**-**	-	**1,501,345**	2,147,317

The Group	Joint ventures/ Associates 2018 RM'000	Joint ventures/ Associates 2017 RM'000	Companies in which certain Directors have substantial interest 2018 RM'000	Companies in which certain Directors have substantial interest 2017 RM'000	Key management personnel 2018 RM'000	Key management personnel 2017 RM'000
Amount due from						
Other assets	**193**	-	**260**	-	**-**	-
Loans, advances and financing	**-**	-	**114,860**	78,320	**3,733**	4,365
Security deposits	**-**	-	**11**	9	**-**	-
Subordinated loans	**57,453**	-	**-**	-	**-**	-
	57,646	-	**115,131**	78,329	**3,733**	4,365
Amount due to						
Demand and savings deposits	**15,292**	38,068	**5,755**	5,247	**9,918**	8,708
Fixed deposits	**219,858**	110,261	**309,014**	-	**1,507**	-
	235,150	148,329	**314,769**	5,247	**11,425**	8,708
Commitments and contingencies	**81,870**	85,010	**46**	1,013	**265**	-

41 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

(a) Related parties transactions and balances (continued)

The Bank	Ultimate holding corporate body 2018 RM'000	Ultimate holding corporate body 2017 RM'000	Holding company # 2018 RM'000	Holding company # 2017 RM'000	Subsidiaries 2018 RM'000	Subsidiaries 2017 RM'000	Other related companies 2018 RM'000	Other related companies 2017 RM'000
Income								
Interest on deposits and placements with banks and other financial institutions	**-**	-	**-**	-	**1,827**	3,607	**-**	-
Interest on restricted investment accounts ('RIA')	**-**	-	**-**	-	**115,603**	106,516	**-**	-
Interest on NID purchased	**-**	-	**-**	-	**41,945**	40,804	-	-
Interest on loans, advances and financing	**-**	-	**-**	-	**-**	-	**34,606**	43,007
Interest rate derivatives	**-**	-	**-**	-	**1,202**	1,613	**-**	-
Interest on Corporate Bond/Sukuk	**-**	-	**-**	-	**11,125**	-	**-**	-
Interest on subordinated term loan	**-**	-	**-**	-	**-**	-	**-**	-
Other income	**-**	-	**-**	-	**158,960**	112,199	**-**	-
	-	-	**-**	-	**330,662**	264,739	**34,606**	43,007
Expenditure								
Interst on fixed deposit	**-**	-	**-**	1,781	**1,238**	591	**3,650**	4,096
Interest on negotiable instruments of deposit	**-**	-	**-**	-	**15,650**	12,420	**-**	-
Interest on deposits and placements of banks and other financial institutions	**-**	-	**-**	-	**755**	302	**-**	-
Interest on money market deposit	**2,867**	1,621	**-**	683	**5,038**	3,886	**2,908**	1,600
Interest rate derivatives	**-**	-	**-**	-	**1,155**	1,473	**-**	-
Interest on subordinated term loan	**-**	-	**-**	32,080	**515**	-	**-**	-
Brokerage fees	**-**	-	**-**	-	**532**	516	**-**	-
Rental	**318**	318	**-**	-	**407**	407	**12,418**	12,279
Other expenditure	**-**	-	**-**	-	**1,932**	1,051	**3,130**	2,703
	3,185	1,939	**-**	34,544	**27,222**	20,646	**22,106**	20,678

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

41 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

(a) Related parties transactions and balances (continued)

The Bank	Joint ventures/ Associates 2018 RM'000	Joint ventures/ Associates 2017 RM'000	Companies in which certain Directors have substantial interest 2018 RM'000	Companies in which certain Directors have substantial interest 2017 RM'000	Key management personnel 2018 RM'000	Key management personnel 2017 RM'000
Income						
Interest on loans, advances and financing	**-**	-	**-**	-	**107**	102
Interest on subordinated term loan	**2,621**	-	**-**	-	**-**	-
Other Income	**6,691**	7,524	**-**	-	**-**	-
	9,312	7,524	**-**	-	**107**	102
Expenditure						
Interest on fixed deposits	**4,972**	3,679	**909**	748	**271**	221
Interest on money market deposits	**-**	105	**-**	-	**-**	-
Rental	**-**	-	**-**	-	**60**	157
Other expenditure	**3,628**	3,252	**-**	-	**-**	-
	8,600	7,036	**909**	748	**331**	378

41 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

(a) Related parties transactions and balances (continued)

The Bank	Ultimate holding corporate body 2018 RM'000	Ultimate holding corporate body 2017 RM'000	Holding company # 2018 RM'000	Holding company # 2017 RM'000	Subsidiaries 2018 RM'000	Subsidiaries 2017 RM'000	Other related companies 2018 RM'000	Other related companies 2017 RM'000
Amount due from								
Restricted investment accounts ('RIA')	**-**	-	**-**	-	**2,366,784**	2,749,072	**-**	-
Corporate bonds/sukuk	**-**	-	**-**	-	**1,009,395**	1,012,177	**-**	-
Loans, advances and financing	**-**	-	**-**	-	**-**	-	**934,111**	998,210
Deposits and placements with banks and other financial institutions	**-**	-	**-**	-	**70,708**	69,324	**-**	-
Intercompany balances	**-**	-	**-**	9	**9**	-	**-**	-
Subordinated term loan	**-**	-	**-**	-	**600,000**	-	**-**	-
Security deposits	**-**	-	**-**	-	**-**	-	**3,308**	3,206
	-	-	**-**	9	**4,046,896**	3,830,573	**937,419**	1,001,416
Amount due to								
Demand and savings deposits	**17,399**	133,933	**-**	1,356	**71,405**	72,068	**286,829**	320,329
Fixed deposits	**-**	-	**-**	73,233	**83,105**	26,432	**159,286**	131,291
Negotiable instruments of deposit	**-**	-	**-**	-	**353,662**	450,186	**-**	-
Deposits and placements of banks and other financial institutions	**-**	-	**-**	-	**-**	43,783	**-**	-
Money market deposits	**89,629**	104,233	**-**	250	**185,460**	164,523	**210,345**	65,876
Intercompany balances	**-**	-	**-**	-	**108,979**	448,146	**-**	-
	107,028	238,166	**-**	74,839	**802,611**	1,205,138	**656,460**	517,496
Commitments and contingencies	**-**	-	**-**	-	**-**	-	**1,501,345**	1,658,732

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for the financial year ended 31 December 2018

41 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

(a) Related parties transactions and balances (continued)

The Bank	Joint ventures/ Associates 2018 RM'000	Joint ventures/ Associates 2017 RM'000	Companies in which certain Directors have substantial interest 2018 RM'000	Companies in which certain Directors have substantial interest 2017 RM'000	Key management personnel 2018 RM'000	Key management personnel 2017 RM'000
Amount due from						
Loans, advances and financing	**-**	-	**-**	-	**3,399**	2,923
Subordinated term loan	**57,453**	-	**-**	-	**-**	-
Security deposits	**-**	-	**-**	-	**11**	-
	57,453	-	**-**	-	**3,410**	2,923
Amount due to						
Demand and savings deposits	**15,129**	38,068	**907**	539	**5,890**	4,890
Fixed deposits	**171,522**	110,261	**65,814**	20,185	**6,745**	6,063
	186,651	148,329	**66,721**	20,724	**12,635**	10,953
Commitments and contingencies	**81,870**	85,010	**-**	1,000	**-**	-

(b) Key management personnel compensation

The remuneration of key management personnel of the Group and the Bank during the year are as follows:

	The Group 2018 RM'000	The Group 2017 RM'000	The Bank 2018 RM'000	The Bank 2017 RM'000
Directors' fees, other emoluments and benefits				
Fees	**3,036**	2,120	**2,193**	1,680
Other emoluments	**531**	774	**87**	444
Benefits-in-kind	**9**	29	**7**	20
	3,576	2,923	**2,287**	2,144
Short-term employment benefits				
Salaries	**10,492**	11,911	**9,383**	8,101
Bonuses	**6,788**	8,671	**5,892**	6,739
Defined contribution plan ('EPF')	**2,987**	3,669	**2,642**	2,556
Other employee benefits	**1,677**	1,758	**1,497**	1,336
Benefits-in-kind	**524**	464	**446**	339
	22,468	26,473	**19,860**	19,071

Included in the above table is the GCEO and directors' remuneration as disclosed in Note 38.

42 TAXATION

	The Group		The Bank	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Malaysian income tax				
Current tax	**211,722**	143,003	**120,200**	94,114
Under provision in prior year	**6,196**	1,551	**9,747**	1,416
Deferred tax (Note 15)	**(70,342)**	(18,293)	**(49,044)**	(3,994)
Tax expense for the year	**147,576**	126,261	**80,903**	91,536

	The Group		The Bank	
	2018 %	2017 %	2018 %	2017 %
Statutory tax rate in Malaysia	**24.00**	24.00	**24.00**	24.00
Tax effect in respect of:				
Non-allowable expenses	**1.47**	1.36	**0.61**	1.53
Non taxable income	**(4.00)**	(1.13)	**(13.86)**	(0.16)
Effect of different tax rate	**(0.20)**	(0.88)	**(0.20)**	(1.29)
Tax savings arising from income exempt from tax for International Currency Business Unit ('ICBU')	**-**	(0.17)	**-**	-
Under provision in prior year	**0.93**	0.28	**1.44**	0.38
Other temporary differences not recognised in prior years	**(0.34)**	(0.55)	**-**	-
Average effective tax rate	**21.86**	22.91	**11.99**	24.46

43 EARNINGS PER SHARE

(a) Basic

The basic earnings per ordinary share for the Group and the Bank have been calculated based on the net profit attributable to equity holders of the Group and the Bank of RM503,086,000 (2017: RM417,855,000) and RM594,006,000 (2017: RM282,852,000) respectively. The weighted average number of shares in issue during the financial year of 1,942,949,000 (2017: 1,742,391,000) is used for the computation.

	The Group		The Bank	
	2018	2017	2018	2017
Net profit attributable to equity holders of the Bank (RM'000)	**503,086**	417,855	**594,006**	282,852
Weighted average number of ordinary shares in issue ('000)	**1,942,949**	1,742,391	**1,942,949**	1,742,391
Basic earnings per share (sen)	**25.9**	24.0	**30.6**	16.2

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

43 EARNINGS PER SHARE

(b) Diluted

The diluted earnings per ordinary share has been calculated by dividing the net profit attributable to equity holders of the Group and the Bank as stated above by the weighted average number of shares in issue during the financial year including the dilution from the potential issuance of new ordinary shares arising from DRP.

	The Group		The Bank	
	2018	**2017**	**2018**	**2017**
Basic weighted average number of ordinary shares in issue ('000)	**1,942,949**	1,742,391	**1,942,949**	1,742,391
Number of potential ordinary shares in issue ('000)	**43,071**	-	**43,071**	-
Diluted weighted average number of ordinary shares in issue ('000)	**1,986,020**	1,742,391	**1,986,020**	1,742,391
Net profit attributable to equity holders of the Bank (RM'000)	**503,086**	417,855	**594,006**	282,852
Diluted weighted average number of ordinary shares in issue ('000)	**1,986,020**	1,742,391	**1,986,020**	1,742,391
Diluted earnings per share (sen)	**25.3**	24.0	**29.9**	16.2

44 DIVIDENDS

Dividends recognised as distribution to ordinary equity holders of the Bank:

	The Group and The Bank 2018		The Group and The Bank 2017	
	Dividend per share sen	**Amount of dividend RM'000**	Dividend per share sen	Amount of dividend RM'000
Ordinary shares				
Single tier dividend:				
- Interim dividend	**5.00**	**97,147**	2.34	45,500
- Final dividend	**-**	**-**	4.52	76,300
	5.00	**97,147**	6.86	121,800

The Board of Directors has declared a single-tier interim dividend of 5 sen per ordinary share for the financial year ended 31 December 2018. The Board of Directors has also approved that the DRP as disclosed in Note Z be applied to the said interim dividend and the entire interim dividend can be elected and reinvested in new ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

45 COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group and the Bank make 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 commitment and contingencies are not secured over the assets of the Group and the Bank.

The commitments and contingencies consist of:

	The Group		The Bank	
	2018 Principal amount RM'000	2017 Principal amount RM'000	2018 Principal amount RM'000	2017 Principal amount RM'000
Direct credit substitutes (*)	**613,796**	573,469	**415,834**	376,301
Transaction-related contingent items	**1,943,980**	2,091,113	**1,662,775**	1,797,759
Short-term self-liquidating trade-related contingencies	**432,728**	431,400	**113,759**	151,867
Obligations under an on-going underwriting agreement	**27,000**	-	**-**	-
Irrevocable commitments to extend credit:	**10,445,260**	11,605,731	**6,816,492**	8,306,590
- maturity less than one year	**7,690,157**	8,349,806	**6,060,241**	6,707,971
- maturity more than one year	**2,755,103**	3,255,925	**756,251**	1,598,619
Foreign exchange related contracts (#):	**11,409,786**	12,430,780	**8,672,996**	7,726,595
- less than one year	**11,009,067**	12,007,480	**8,576,966**	7,587,059
- one year to less than five years	**400,719**	380,815	**96,030**	97,051
- more than five years	**-**	42,485	**-**	42,485
Interest rate related contracts (#):	**4,771,148**	4,217,148	**2,236,148**	2,552,148
- less than one year	**946,000**	886,000	**251,000**	736,000
- one year to less than five years	**2,800,148**	2,216,148	**990,148**	701,148
- more than five years	**1,025,000**	1,115,000	**995,000**	1,115,000
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	**615,870**	571,760	**133,561**	136,844
Unutilised credit card lines	**613,506**	364,163	**417,558**	363,825
	30,873,074	32,285,564	**20,469,123**	21,411,929

* Included in direct credit substitutes are financial guarantee contracts of RM582.0 million and RM415.7 million at the Group and the Bank respectively (2017: RM533.4 million and RM376.2 million at the Group and the Bank respectively), 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 6 and Note 24 to the financial statements.

46 FINANCIAL RISK MANAGEMENT

The Group has set up objectives and policies to manage the risks that arise in connection with financial instruments. The risk management framework and policies of the Group are guided by specific objectives to ensure that comprehensive and adequate risk management policies are established to mitigate the salient risk elements in the operations of the Group. The establishment of the overall financial risk management objectives is consistent and in tandem with the strategy to create and enhance shareholders' value, whilst guided by a prudent and robust framework of risk management policies. In achieving the objective of maximising returns to shareholders, the Board takes cognisance of the risk elements that the Group is confronted with in its operations. In view of the multi-faceted risks inherent especially in the Group's operations in the banking sector, the Group places great emphasis on the importance of risk management and has put in place clear and comprehensive risk management mechanisms and strategies to identify, monitor, manage and control the relevant risk factors.

(i) Credit risk

Credit risk is the potential financial loss resulting from the failure of the customer to settle financial and contractual obligations through lending/financing, hedging, trading and investing activities. It includes both pre-settlement and settlement risks of trading counterparties. Credit risk emanates mainly from loans, advances and financing, loan/financing commitments arising from such lending activities, as well as through financial transaction with counterparties including interbank money market activities as well as derivative instruments used for hedging and debt securities.

The management of credit risk in the Group and the Bank are governed by a set of approved credit policies, guidelines and procedures to ensure that the overall lending objectives are in compliance with the internal and regulatory requirements. New and existing businesses are governed by Credit Plan which is developed as part of the annual business planning and budgeting process. The Credit Plan is reviewed at least annually to ensure the guidelines and criteria reflect portfolio strategy and market environment. Approval authorities are delegated to Senior Management and Group Management Credit Committee to implement the credit policies and ensure sound credit granting standards. Board Credit Review and Recovery Committee has review/veto power.

An independent Group Credit Management function is headed by Group Chief Credit Officer with direct reporting line to GCEO to ensure sound credit appraisal and approval process. Group Risk Management with direct reporting line to Group Board Risk Management and Compliance Committee has functional responsibilities for the management of credit risk, to ensure adherence to risk standards and discipline.

Credit risk measurement

Loans, advances and financing

Credit evaluation is the process of analysing the creditworthiness of the prospective customer against the Group and the Bank's underwriting criteria and the ability to make a return commensurate with the level of risk undertaken. Assessment and quantification of credit risk are supported by the use of internal rating models, scorecards and decision support tools.

A critical element in the evaluation process for business loans, advances and financing is the assignment of a credit risk grade to the counterparty. The Group and the Bank adopt a credit risk grading methodology encompassing probability of default driven scorecards to assist in the risk assessment and decision making process.

For consumer mass market products, statistically developed application scorecards are used to assess the risks associated with the credit application as a decision support tool at loans, advances and financing origination. For share margin financing, the credit decisions are guided by an internally developed rating scorecard as well as other terms and conditions stipulated in the Bank's Margin Financing Policy. The credit risk of share margin financing is largely mitigated by holding of collateral in the form of marketable securities.

Stress Testing supplements the overall assessment of credit risk.

Over-the-Counter ('OTC') Derivatives

The OTC Derivatives credit exposure is computed using the Current Exposure Method. Under the Current Exposure Method, computation of credit equivalent exposure for interest rate and exchange rate related contracts is derived from the summation of the two elements; the replacement costs (obtained by marking-to-market) of all contracts and the potential future exposure of outstanding contracts (Add On charges depending on the specific remaining tenure to maturity).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2018

46 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Risk limit control and mitigation policies

The Group and the Bank employ various policies and practices to control and mitigate credit risk.

Lending/Financing limits

The Group and the Bank establish internal limits and related lending guidelines to manage large exposures and avoid undue concentration of credit risk in its credit portfolio. The limits include single customer groupings, connected parties and industry segments. These risks are monitored regularly and the limits reviewed annually or sooner depending on changing market and economic conditions.

The credit risk exposure for derivative and loans, advances and financing books is managed as part of the overall lending/financing limits with customers together with potential exposure from market movements.

Collateral

Credits are established against borrower's capacity to repay rather than rely solely on security. However, collateral may be taken to mitigate credit risk. The main collateral types accepted and given value are:

- mortgage over residential;
- charges over commercial real estate or vehicles financed;
- charges over business assets such as business premises, inventory and accounts receivable; and
- charges over financial instruments such as marketable securities

Documentary and commercial letters of credit are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Credit related commitments

Commitment to extend credit represents unutilised portion of approved credit in the form of loans/financing, guarantees or letters of credit. In terms of credit risk, the Group and the Bank are potentially exposed to loss in an amount equal to the total unutilised commitments. However, the potential amount of loss is less than the total unutilised commitments, as most commitments to extend credit are contingent upon customers maintaining specific minimum credit standards.

The Group and the Bank monitor the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than short-term commitments.

Credit risk monitoring

Corporate credits and large individual accounts are reviewed by the Business Units at least once a year using updated financial and other relevant information. This is to ensure that the credit grades remain appropriate and any signs of weaknesses or deterioration in the credit quality are detected. Remedial action is taken where evidence of deterioration emanates.

Retail credits are actively monitored and managed on a portfolio basis by product type. A collection management system is in place to promptly identify, monitor and manage delinquent accounts at early stages of delinquency.

An Early Control Process is in place as part of a means to pro-actively identify, report and manage deteriorating credit quality. Watchlist accounts are closely reviewed and monitored with corrective measures initiated to prevent them from turning impaired. As a rule, watchlist accounts are either worked up or worked out within a period of twelve months.

The Group and the Bank have established MFRS 9 - Stage Transfer Policy to provide guidance in determining significant increases in credit risk of financial assets. There are 3 stages to differentiate the credit risk of the financial assets in conjunction with MFRS 9 standards: Performing Accounts (Stage 1), Underperforming Accounts (Stage 2) and Impaired Accounts (Stage 3).

Active portfolio monitoring as well as exceptions reporting is in place to manage the overall risk profile, identify, analyse and mitigate adverse trends or specific areas of risk concerns.

46 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Maximum exposure to credit risk

For financial assets recognised on the statement of financial position, the exposure to credit risk equals their carrying amount. For financial guarantees granted, the maximum exposure to credit risk is the maximum amount that the Group and the Bank would have to pay if the guarantee was to be called upon. For loan commitments and other commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers.

All financial assets of the Group and the Bank are subject to credit risk except for cash in hand, equity securities held as financial assets at FVTPL or financial investments at FVOCI, as well as non-financial assets.

The exposure to credit risk of the Group and the Bank equals their carrying amount in the statement of financial position as at reporting date, except for the followings:

	The Group		The Bank	
	2018 Maximum Credit Exposure RM'000	**2017 Maximum Credit Exposure RM'000**	**2018 Maximum Credit Exposure RM'000**	**2017 Maximum Credit Exposure RM'000**
Credit risk exposures of on-balance sheet assets:				
Short-term funds (*)	**6,064,780**	3,901,539	**2,302,115**	1,964,718
Financial assets at FVTPL(**)	**375,860**	59,505	**284,710**	10,129
Financial investments at FVOCI (#)	**15,049,325**	-	**8,995,006**	-
Financial investments at available-for-sale (#)	**-**	14,143,838	**-**	8,258,606
Other assets (@)	**99,839**	63,377	**30,944**	21,449
Credit risk exposure of off-balance sheet items:				
Financial guarantees	**613,796**	573,469	**415,834**	376,301
Loan commitments and other credit related commitments	**14,078,344**	15,064,167	**9,144,145**	10,756,885
Total maximum credit risk exposure	**36,281,944**	33,805,895	**21,172,754**	21,388,088

The following have been excluded for the purpose of maximum credit risk exposure calculation:

- * cash in hand
- ** investment in shares and unit trusts
- # investment in quoted and unquoted shares, unit trusts and REITS
- @ prepayment

Whilst the Group and the Bank's maximum exposure to credit risk is the carrying value of the assets, or in the case of off-balance sheet items, the amount guaranteed, committed or accepted, in most cases the likely exposure is far less due to collateral, credit enhancements and other actions taken to mitigate the credit exposure.

Collateral and other credit enhancements

The Group and the Bank prepare a valuation of the collateral obtained as part of the loan/financing origination process. This assessment is reviewed periodically.

The main collateral types accepted and given value are as follows:

- Mortgages over residential properties;
- Charges over commercial real estate or vehicles financed;
- Charges over business assets such as business premises, inventory and account receivables; and
- Charges over financial instruments such as marketable securities

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

46 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Collateral and other credit enhancements (continued)

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured.

Collateral held as security for financial assets other than loans, advances and financing depends on the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments. Derivatives are also collateralised.

The Group's and the Bank's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Group and the Bank since the prior period.

The Group and the Bank closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Group and the Bank will take possession of collateral to mitigate potential credit losses. Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown below:

The Group 2018	Gross loans, advances and financing RM'000	Expected credit losses on impaired loans/financing RM'000	Net loans, advances and financing RM'000	Fair value of collateral held RM'000
Consumer Banking				
- Overdraft	8,506	3,184	5,322	28,066
- Credit cards	1,025	669	356	-
- Term loans/financing	93,448	9,832	83,616	111,526
- Mortgages	264,329	44,986	219,343	344,394
- Hire purchase	89,892	68,759	21,133	294,775
Corporate Banking	892,458	150,304	742,154	1,730,561
Small medium enterprise	240,239	61,094	179,145	1,162,834
Total credit-impaired assets	1,589,897	338,828	1,251,069	3,672,156

The Bank 2018	Gross loans, advances and financing RM'000	Expected credit losses on impaired loans RM'000	Net loans, advances and financing RM'000	Fair value of collateral held RM'000
Consumer Banking				
- Overdraft	8,379	3,116	5,263	27,786
- Credit cards	1,012	660	352	-
- Term loans/financing	7,704	2,607	5,097	24,241
- Mortgages	155,767	24,581	131,186	219,492
- Hire purchase	66,680	51,740	14,940	239,741
Corporate Banking	516,946	124,183	392,763	784,040
Small medium enterprise	221,730	58,507	163,223	714,500
Total credit-impaired assets	978,218	265,394	712,824	2,009,800

The financial effect of collateral held for loans, advances and financing of the Group and the Bank are 77.6% (2017: 77.0%) and 77.1% (2017: 78.0%) respectively. The financial effects of collateral for the other financial assets are insignificant.

NOTES TO THE FINANCIAL STATEMENTS
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46 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Collateral and other credit enhancements obtained

The Group and the Bank obtained assets by taking possession of collateral held as security or calling upon other credit enhancements.

	The Group		The Bank	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Nature of assets				
Industrial and residential properties	**26,051**	19,912	**21,178**	17,271

Foreclosed properties are sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness. The carrying amount of foreclosed properties held by the Group and the Bank as at reporting date has been classified as 'Other assets' as disclosed in Note 11.

Collateral for financial assets at fair value through profit or loss (FVTPL)

	The Group		The Bank	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Derivatives	**1,298**	168	**-**	-

The Group and the Bank mitigate the credit risk of derivatives by entering into master netting agreements and holding collateral in the form of cash.

Expected Credit Losses ('ECL')

Credit risk grades

The Group and the Bank allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

Each exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically takes into consideration a number of relevant factors when identifying and analysing of counterparty credit risk. These factors determines the credit rating under the Credit Risk Grading Policy, which considers factors such as competitive position, operating performance, cash flow strength and management strength.

46 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Expected Credit Losses ('ECL') (continued)

Generating the term structure of probability of default ('PD')

Credit risk grades and past due status are a primary input into the determination of the term structure of PD for exposures. The Group and the Bank collect performance and default information about its credit risk exposures analysed by type of product and borrower as well as by credit risk grading. For some portfolios, information from external credit reference agencies are also used.

The Group and the Bank employ statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

The Lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans/financing. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

The 12-month and lifetime exposure at default are determined based on the expected payment profile, which varies by product type.

This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors as well as in-depth analysis of the impact of certain other factors (e.g. forbearance experience) on the risk of default. For most exposures, key macro-economic indicators include: GDP growth, benchmark interest rates and unemployment.

The Group and the Bank formulate a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios (see discussion below on incorporation of forward-looking information). The Group and the Bank then use these forecasts to adjust its estimates of PDs.

Determining whether credit risk has increased significantly

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency.

The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Group and the Bank's quantitative modelling, the remaining lifetime PD is determined to have increased by more than a predetermined percentage/range.

Using its expert credit judgement and, where possible, relevant historical experience, the Group and the Bank may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

As a backstop, the Group and the Bank consider that a significant increase in credit risk occurs no later than when an asset is more than 30 days or 1 month past due. Days or months past due are determined by counting the number of days or month since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

The Group and the Bank monitor the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (stage 1) and lifetime PD (stage 2).

46 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Expected Credit Losses ('ECL') (continued)

Modified financial assets

The contractual terms of a loan/financing may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan/financing whose terms have been modified may be derecognised and the renegotiated loan/financing recognised as a new loan/financing at fair value.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

The Group and the Bank renegotiates loans/financing to customers in financial difficulties to maximise collection opportunities and minimise the risk of default. Loan/financing forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan/financing covenants.

For financial assets modified, the estimate of PD reflects whether the modification has improved or restored the Bank's ability to collect interest and principal and the Bank's previous experience of similar forbearance action. As part of this process, the Bank evaluates the borrower's payment performance against the modified contractual terms and considers various behavioural indicators.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired. A customer needs to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be credit-impaired/in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECL.

Definition of default

The Group and the Bank consider a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group and the Bank in full, without recourse by the Group and the Bank to actions such as realising security (if any is held); or
- the borrower is past due more than 90 days or 3 months on any material credit obligation to the Group and the Bank.

In assessing whether a borrower is in default, the Group and the Bank consider indicators that are:

- qualitative - e.g. breaches of covenant;
- quantitative - e.g. past due more than 90 days or 3 months; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

46 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Expected Credit Losses ('ECL') (continued)

Incorporation of forward-looking information

The Group and the Bank incorporate forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The Group and the Bank formulate a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios.

This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities.

The base case represents a most-likely outcome and is aligned with information used by the Group and the Bank for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group and the Bank carry out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Group and the Bank have identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past 3 to 5 years.

The economic screnarios used for the ECL estimate and the effect to the ECL estimate due to the changes in the economic variables by % as at 31 December 2018 are set out as below:

Measurement variables **MEV Change (%)**	**2018** **%**
Overnight Policy Rate ('OPR')	**0.8**
USD/MYR exchange rate	**2.8**
Kuala Lumpur Composite Index ('KLCI')	**0.5**
3 months KLIBOR	**0.3**
Housing price index	**2.3**
Unemployment rate	**4.4**
GDP of Malaysia	**1.0**

The impact based on 5 years historical MEV as below:

	The Group		**The Bank**	
	+	**-**	**+**	**-**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Impact on expected credit losses	5,594	(3,407)	5,269	(3,839)

46 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Expected Credit Losses ('ECL') (continued)

Measurement of ECL

The Group and the Bank use three categories for financial instruments at amortised cost for recognising ECL.

Category	Definition	Basic for recognising
Performing accounts	- Financial assets that do not have significant increase in credit risk since initial recognition of the asset and therefore, less likely to default; - Performing accounts with credit grade 13 or better; - Accounts past due less than or equal to 30 days or; - For early control acounts where one that has risk or potential weakness which if left unchecked, may result in significant deterioration of repayment prospect and transfer to underperforming status (stage 2) or worse.	12 months ECL (Stage 1)
Underperforming accounts	- An account with significant increase in credit risk since initial recognition and if left uncorrected, may result in impairment of the account within the next 12 months; - Accounts past due more than 30 days or 1 month but less than 90 days or 3 months; - Account demonstrates critical level of risk and therefore, credit graded to 14 and place under watchlist.	Lifetime ECL - not credit impaired (Stage 2)
Impaired accounts	- Impaired credit; - Credit grade 15 or worse; - Accounts past due more than 90 days or 3 months; - All restructure and rescheduling (R&R) accounts due to credit deterioration are to be classified as impaired	Lifetime ECL - credit impaired (Stage 3)
Write-off	- Evidence indicating that there is no reasonable expectation of recovery based on unavailability of debtor's sources of income or; - Assets unable to generate sufficient future cash flow to repay the amount.	Asset is written off

The Group and the Bank have not used the low credit risk exemption for any financial instrument for the year ended 31 December 2018.

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default ('PD');
- loss given default ('LGD'); and
- exposure at default ('EAD').

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

PD estimates are estimates at a certain date, which are calculated based on statistical models. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. If a counterparty or exposure migrates between rating classes or changes in past due status, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

LGD is the magnitude of the likely loss if there is a default. The Group and the Bank estimate LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. LGD estimates are recalibrated for different economic scenarios. They are calculated on a discounted cash flow basis using the effective interest/profit rate as the discounting factor.

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for the financial year ended 31 December 2018

46 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Expected Credit Losses ('ECL') (continued)

Measurement of ECL (continued)

EAD represents the expected exposure in the event of a default. The Group and the Bank derive the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

ECL is determined by projecting the PD, LGD and EAD at each future point on a yearly basis individual exposure, or collective segment, and discounting these monthly expected losses back to the reporting date. The discount rate used in the ECL calculation is the original interest/profit rate or an approximation thereof.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group and the Bank measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Bank considers a longer period. The maximum contractual period extends to the date at which the Bank has the right to require repayment of an advance or terminate a loan/financing commitment or guarantee.

Forward looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

- product/instrument type;
- past due status;
- credit risk grading;
- collateral type;
- date of initial recognition;
- remaining term to maturity.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

46 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Credit risk concentrations

Credit risk is the risk of financial loss from the failure of customers to meet their obligations. Exposure to credit risk is managed through portfolio management. The credit portfolio's risk profiles and exposures are reviewed and monitored regularly to ensure that an acceptable level of risk diversification is maintained. Exposure to credit risk is also managed in part by obtaining collateral security and corporate and personal guarantees.

The credit risk concentrations of the Group and the Bank, by industry concentration, are set out in the following tables:

The Group 2018	Short-term funds RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial assets at FVTPL RM'000	Derivative financial assets RM'000	Financial investments at FVOCI RM'000	Financial investments at amortised cost RM'000	Loans, advances and financing RM'000	Other assets RM'000	On balance sheet total RM'000	Commitments and contingencies RM'000
Agriculture	-	-	-	-	61,356	-	1,595,469	5	1,656,830	304,474
Mining and quarrying	-	-	-	-	12,402	-	424,456	-	436,858	239,694
Manufacturing	-	-	-	1,425	118,568	8,050	2,762,905	736	2,891,684	2,292,678
Electricity, gas and water supply	-	-	-	-	867,792	-	666,493	904	1,535,189	217,793
Construction	-	-	-	-	819,116	-	2,167,724	1,406	2,988,246	2,867,126
Real estate	-	-	-	-	273,761	-	7,774,441	169	8,048,371	1,062,546
Transport, storage and communication	-	-	-	-	453,121	-	1,651,095	716	2,104,932	445,199
Finance, insurance and business services	1,019,682	71,801	285,308	85,607	2,919,349	140,533	2,509,960	96,454	7,128,694	1,080,877
Government and government agencies	5,045,098	-	60,502	-	7,561,086	-	1,138,398	98	13,805,182	1,298,709
Wholesale & retail trade and restaurants & hotels	-	-	30,050	1,773	767,906	14,444	3,443,145	20	4,257,338	1,438,405
Others	-	-	-	-	1,194,868	-	24,257,926	^ 457,994	25,910,788	3,444,639
Total assets	6,064,780	71,801	375,860	88,805	15,049,325	163,027	48,392,012	558,502	70,764,112	14,692,140

^ Others include amount due from associate, joint ventures, trade receivables and other assets.

46 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Credit risk concentrations (continued)

The Group 2017	Short-term funds RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial assets at FVTPL RM'000	Derivative financial assets RM'000	Financial investments available-for-sale RM'000	Financial investments held-to-maturity RM'000	Loans, advances and financing RM'000	Other assets RM'000	On balance sheet total RM'000	Commitments and contingencies RM'000
Agriculture	-	-	-	-	80,848	-	856,488	110	937,446	682,229
Mining and quarrying	-	-	-	-	22,596	-	636,896	-	659,492	220,875
Manufacturing	-	-	-	1,285	76,912	-	2,067,305	628	2,146,130	2,401,295
Electricity, gas and water supply	-	-	-	-	1,010,826	-	178,409	735	1,189,970	398,622
Construction	-	-	-	-	824,433	-	2,582,926	274	3,407,633	2,998,056
Real estate	-	-	-	-	388,386	-	8,339,677	720	8,728,783	1,451,013
Transport, storage and communication	-	-	-	-	349,442	-	2,395,644	777	2,745,863	547,940
Finance, insurance and business services	1,098,232	464,446	18,803	170,988	3,009,170	108,737	2,997,807	104,679	7,972,862	1,091,833
Government and government agencies	2,803,307	-	40,702	-	6,790,380	-	1,103,682	109	10,738,180	1,061,315
Wholesale & retail trade and restaurants & hotels	-	-	-	852	583,078	19,902	2,759,440	8	3,363,280	1,299,822
Others	-	-	-	-	1,007,767	-	21,803,884	^ 545,423	23,357,074	3,484,636
Total assets	3,901,539	464,446	59,505	173,125	14,143,838	128,639	45,722,158	653,463	65,246,713	15,637,636

^ Others include amount due from associate, joint ventures and other assets.

46 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Credit risk concentrations (continued)

The Bank 2018	Short-term funds RM'000	Deposits and placements with banks and other financial institutions RM'000	Investment accounts due from designated financial institutions RM'000	Financial assets at FVTPL RM'000	Derivative financial assets RM'000	Financial investments at FVOCI RM'000	Financial investments at amortised cost RM'000	Loans, advances and financing RM'000	Other assets RM'000	On balance sheet total RM'000	Commitments and contingencies RM'000
Agriculture	-	-	-	-	-	-	-	623,684	-	623,684	185,763
Mining and quarrying	-	-	-	-	-	-	-	102,007	-	102,007	232,246
Manufacturing	-	-	-	-	1,425	40,268	-	1,890,339	-	1,932,032	2,010,679
Electricity, gas and water supply	-	-	-	-	-	164,446	-	138,723	-	303,169	32,889
Construction	-	-	-	-	-	36,137	-	1,515,952	-	1,552,089	2,057,260
Real estate	-	-	-	-	-	86,352	-	5,626,782	-	5,713,134	713,672
Transport, storage and communication	-	-	-	-	-	65,999	-	1,231,753	-	1,297,752	371,083
Finance, insurance and business services	462,558	113,610	2,366,711	254,660	59,678	3,440,371	100,202	1,895,828	-	8,693,618	904,725
Government and government agencies	1,839,557	-	-	-	-	4,478,971	-	75,281	-	6,393,809	635,211
Wholesale & retail trade and restaurants & hotels	-	-	-	30,050	728	616,991	14,444	2,769,463	-	3,431,676	1,258,067
Others	-	-	-	-	-	65,471	-	12,628,337	^ 88,581	12,782,389	1,158,384
Total assets	2,302,115	113,610	2,366,711	284,710	61,831	8,995,006	114,646	28,498,149	88,581	42,825,359	9,559,979

^ Others include amount due from subsidiaries, associate and other assets.

46 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Credit risk concentrations (continued)

The Bank 2017	Short-term funds RM'000	Deposits and placements with banks and other financial institutions RM'000	Investment accounts due from designated financial institutions RM'000	Financial assets at FVTPL RM'000	Derivative financial assets RM'000	Financial investments available-for-sale RM'000	Financial investments held-to-maturity RM'000	Loans, advances and financing RM'000	Other assets RM'000	On balance sheet total RM'000	Commitments and contingencies RM'000
Agriculture	-	-	-	-	-	-	-	522,016	-	522,016	258,196
Mining and quarrying	-	-	-	-	-	-	-	262,794	-	262,794	212,872
Manufacturing	-	-	-	-	1,285	19,974	-	1,544,992	-	1,566,251	2,224,463
Electricity, gas and water supply	-	-	-	-	-	258,110	-	66,451	-	324,561	263,141
Construction	-	-	-	-	-	81,248	-	1,679,878	-	1,761,126	2,545,447
Real estate	-	-	-	-	-	60,229	-	6,357,082	-	6,417,311	1,137,645
Transport, storage and communication	-	-	-	-	-	65,759	-	1,489,941	-	1,555,700	488,596
Finance, insurance and business services	583,937	495,133	2,749,067	-	118,883	2,998,016	100,630	2,217,583	-	8,679,312	745,455
Government and government agencies	1,380,781	-	-	10,129	-	4,257,775	-	58,584	-	4,326,488	528,491
Wholesale & retail trade and restaurants & hotels	-	-	-	-	651	441,760	19,902	2,264,176	-	2,726,489	1,259,921
Others	-	-	-	-	-	75,735	-	12,680,403	^ 21,451	12,777,589	1,468,959
Total assets	1,964,718	495,133	2,749,067	10,129	120,819	8,258,606	120,532	29,143,900	21,451	40,919,637	11,133,186

^ Others include amount due from subsidiaries and other assets.

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for the financial year ended 31 December 2018

46 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Total loans, advances and financing - credit quality

All loans, advances and financing are categorised into 'neither past due nor impaired', 'past due but not impaired' and 'impaired'.

Past due loans refer to loans, advances and financing that are overdue by one day or more.

Loans, advances and financing are classified impaired when they fulfill any of the following criteria:

i) the principal or interest/profit or both is past due more than 90 days or 3 months from the first day of default;

ii) where the account is in arrears for less than 90 days or 3 months, there is evidence of impairment to indicate that the borrower/customer is 'unlikely to repay' its credit obligations; or

iii) the loan/financing is classified as rescheduled and restructured in Central Credit Reference Information System ('CCRIS').

Distribution of loans, advances and financing by credit quality

The Group	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	2017 Total RM'000
Neither past due nor impaired (a)	**43,447,169**	**714,336**	**-**	**44,161,505**	41,461,068
Past due but not impaired (b)	**2,007,678**	**1,213,724**	**-**	**3,221,402**	3,426,184
Impaired (c)	**-**	**-**	**1,589,897**	**1,589,897**	1,167,306
Gross loans, advances and financing	**45,454,847**	**1,928,060**	**1,589,897**	**48,972,804**	46,054,558
less: Allowance for impairment					
- Individual	**-**	**-**	**-**	**-**	(93,885)
- Collective	**-**	**-**	**-**	**-**	(238,515)
- Expected credit losses ('ECL')	**(194,335)**	**(47,629)**	**(338,828)**	**(580,792)**	-
Net loans, advances and financing	**45,260,512**	**1,880,431**	**1,251,069**	**48,392,012**	45,722,158

The Bank	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	2017 Total RM'000
Neither past due nor impaired (a)	**25,475,083**	**393,432**	**-**	**25,868,515**	25,930,215
Past due but not impaired (b)	**1,298,189**	**795,141**	**-**	**2,093,330**	2,502,943
Impaired (c)	**-**	**-**	**978,218**	**978,218**	959,086
Gross loans, advances and financing	**26,773,272**	**1,188,573**	**978,218**	**28,940,063**	29,392,244
less: Allowance for impairment					
- Individual	**-**	**-**	**-**	**-**	(69,836)
- Collective	**-**	**-**	**-**	**-**	(178,508)
- Expected credit losses ('ECL')	**(139,978)**	**(36,542)**	**(265,394)**	**(441,914)**	-
Net loans, advances and financing	**26,633,294**	**1,152,031**	**712,824**	**28,498,149**	29,143,900

46 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Total loans, advances and financing - credit quality (continued)

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Group's and the Bank's maximum exposure to credit risk on these assets.

The Group 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
Credit grade				
Satisfactory	21,212,614	237,274	4,163	21,454,051
Special mention	533,262	345,624	300,487	1,179,373
Default/impaired	-	-	903,418	903,418
Unrated	23,708,971	1,345,162	381,829	25,435,962
Gross loans, advances and financing	45,454,847	1,928,060	1,589,897	48,972,804
Expected credit losses ('ECL')	(194,335)	(47,629)	(338,828)	(580,792)
Total net loans, advances and financing	45,260,512	1,880,431	1,251,069	48,392,012

The Bank 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
Credit grade				
Satisfactory	14,094,124	175,781	3,759	14,273,664
Special mention	34,633	164,440	63,376	262,449
Default/impaired	-	-	665,650	665,650
Unrated	12,644,515	848,352	245,434	13,738,300
Gross loans, advances and financing	26,773,272	1,188,573	978,218	28,940,063
Expected credit losses ('ECL')	(139,978)	(36,542)	(265,394)	(441,914)
Total net loans, advances and financing	26,633,294	1,152,031	712,824	28,498,149

NOTES TO THE FINANCIAL STATEMENTS
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46 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Total loans, advances and financing - credit quality (continued)

Until 31 December 2017, analysis of loans, advances and financing that are neither past due nor impaired analysed based on the Group and the Bank's internal credit grading system is as follows:

	The Group 2017 RM'000	The Bank 2017 RM'000
Quality classification		
Satisfactory	41,040,244	25,714,471
Special mention	420,824	215,744
	41,461,068	25,930,215

Quality classification definitions

Satisfactory: Exposures demonstrate a strong capacity to meet financial commitments, with negligible or low probability of default and/or levels of expected loss.

Special mention: Exposures require varying degrees of special attention and default risk is of greater concern which are under the monitoring of Group Early Alert Committee ('GEAC').

Deposits and short-term funds, corporate bonds/sukuk, treasury bills and derivatives - credit quality

Corporate bonds/Sukuk, treasury bills and other eligible bills included in financial assets at FVTPL and financial investments at FVOCI are measured on a fair value basis. The fair value will reflect the credit risk of the issuer.

Most listed and some unlisted securities are rated by external rating agencies. The Group and the Bank mainly uses external credit ratings provided by RAM, MARC, Standard & Poors' or Moody's.

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46 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

The table below presents the deposits and short-term funds, corporate bonds/sukuk, treasury bills and other eligible bills that neither past due nor impaired and impaired, analysed by rating:

The Group	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
Short-term funds, deposits and placements with banks and other financial institutions				
Sovereigns	5,045,098	-	-	5,045,098
AAA	272,737	-	-	272,737
AA- to AA+	413,331	-	-	413,331
A- to A+	231,732	-	-	231,732
Lower than A-	89,329	-	-	89,329
Unrated	84,415	-	-	84,415
Expected credit losses ('ECL')	(61)	-	-	(61)
	6,136,581	-	-	6,136,581
Financial assets at FVTPL				
Sovereigns	60,502	-	-	60,502
AAA	265,662	-	-	265,662
AA- to AA+	204	-	-	204
A- to A+	8,867	-	-	8,867
Lower than A-	8,910	-	-	8,910
Unrated	31,715	-	-	31,715
	375,860	-	-	375,860
Derivative financial assets				
Sovereigns	-	-	-	-
AAA	30,493	-	-	30,493
AA- to AA+	17,348	-	-	17,348
A- to A+	5,751	-	-	5,751
Lower than A-	3,797	-	-	3,797
Unrated	31,416	-	-	31,416
	88,805	-	-	88,805

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46 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

The table below presents the deposits and short-term funds, corporate bonds/sukuk, treasury bills and other eligible bills that neither past due nor impaired and impaired, analysed by rating (continued):

The Group	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
Financial investments at FVOCI				
Sovereigns	9,904,511	-	-	9,904,511
AAA	2,297,287	-	-	2,297,287
AA- to AA+	1,539,732	73,595	-	1,613,327
A- to A+	142,547	-	-	142,547
Lower than A-	37,862	-	-	37,862
Unrated	1,027,251	-	26,540	1,053,791
	14,949,190	73,595	26,540	15,049,325
Financial investments at amortised cost				
Unrated	141,111	-	-	141,111
Impaired	-	-	34,439	34,439
Expected credit losses ('ECL')	(578)	-	(11,945)	(12,523)
	140,533	-	22,494	163,027

The Bank	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
Short-term funds, deposits and placements with banks and other financial institutions				
Sovereigns	1,839,557	-	-	1,839,557
AAA	264,123	-	-	264,123
AA- to AA+	70,345	-	-	70,345
A- to A+	205,909	-	-	205,909
Lower than A-	35,871	-	-	35,871
Expected credit losses ('ECL')	(80)	-	-	(80)
	2,415,725	-	-	2,415,725
Investment accounts due from designated financial institution				
Unrated	2,366,784	-	-	2,366,784
Expected credit losses ('ECL')	(73)	-	-	(73)
	2,366,711	-	-	2,366,711

46 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

The table below presents the deposits and short-term funds, corporate bonds/sukuk, treasury bills and other eligible bills that neither past due nor impaired and impaired, analysed by rating (continued):

The Bank	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
	2018			
Financial assets at FVTPL				
Sovereigns	-	-	-	-
AAA	254,660	-	-	254,660
Unrated	30,050	-	-	30,050
	284,710	-	-	284,710
Derivative financial assets				
AAA	18,971	-	-	18,971
AA- to AA+	15,972	-	-	15,972
A- to A+	4,101	-	-	4,101
Lower than A-	3,471	-	-	3,471
Unrated	19,316	-	-	19,316
	61,831	-	-	61,831
Financial investments at FVOCI				
Sovereigns	4,478,971	-	-	4,478,971
AAA	1,215,121	-	-	1,215,121
AA- to AA+	1,759,287	-	-	1,759,287
A- to A+	695,539	-	-	695,539
Lower than A-	37,862	-	-	37,862
Unrated	808,226	-	-	808,226
	8,995,006	-	-	8,995,006
Financial investments at amortised cost				
Unrated	100,614	-	-	100,614
Impaired	-	-	19,439	19,439
Expected credit losses ('ECL')	(412)	-	(4,995)	(5,407)
	100,202	-	14,444	114,646

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

46 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

The table below presents the deposits and short-term funds, corporate bonds/sukuk, treasury bills and other eligible bills that neither past due nor impaired and impaired, analysed by rating (continued):

The Group 2017	Deposits and placements with banks and other financial institutions RM'000	Financial assets at FVTPL RM'000	Derivative financial assets RM'000	Financial investments available-for-sale RM'000	Financial investments held-to-maturity RM'000	Total RM'000
Sovereigns	2,803,306	40,702	-	8,723,760	-	11,567,768
AAA	680,479	-	84,953	2,259,303	-	3,024,735
AA- to AA+	593,067	-	43,032	2,036,455	-	2,672,554
A- to A+	148,206	5,249	27,376	81,808	-	262,639
Lower than A-	99,881	7,542	10,835	156,858	-	275,116
Unrated	41,046	6,012	6,929	885,654	100,646	1,040,287
Impaired	-	-	-	-	27,993	27,993
	4,365,985	59,505	173,125	14,143,838	128,639	18,871,092

The Bank 2017	Deposits and placements with banks and other financial institutions RM'000	Financial assets at FVTPL RM'000	Derivative financial assets RM'000	Financial investments available-for-sale RM'000	Financial investments held-to-maturity RM'000	Total RM'000
Sovereigns	1,380,781	10,129	-	4,257,775	-	5,648,685
AAA	657,033	-	54,211	1,112,736	-	1,823,980
AA- to AA+	267,982	-	40,757	2,198,738	-	2,507,477
A- to A+	107,721	-	15,259	20,430	-	143,410
Lower than A-	46,334	-	7,308	138,862	-	190,504
Unrated	-	-	3,284	532,065	100,630	635,979
Impaired	-	-	-	-	19,902	19,902
	2,459,851	10,129	120,819	8,260,606	120,532	10,969,937

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

46 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Other financial assets - credit quality

Other financial assets of the Group and the Bank are neither past due nor impaired are summarised as below:

The Group	2018 12 - Month ECL Stage 1 RM'000	2018 Lifetime ECL not credit impaired Stage 2 RM'000	2018 Lifetime ECL credit impaired Stage 3 RM'000	2018 Total RM'000	2017 Total RM'000
Neither past due nor impaired					
Trade receivables	1,222	368,419	10	369,651	550,737
Other assets	68,873	30,963	3	99,839	63,377
Amount due from associate	57,717	-	-	57,717	500

The Bank	2018 12 - Month ECL Stage 1 RM'000	2018 Lifetime ECL not credit impaired Stage 2 RM'000	2018 Lifetime ECL credit impaired Stage 3 RM'000	2018 Total RM'000	2017 Total RM'000
Neither past due nor impaired					
Other assets	30,944	-	-	30,944	21,449
Amount due from subsidiaries	420	-	-	420	2
Amount due from associate	57,217	-	-	57,217	-

The Group	2018 Lifetime ECL credit impaired Stage 3 RM'000	2017 Lifetime ECL credit impaired Stage 3 RM'000
Impaired		
Amount due from joint ventures	55,343	51,178
Allowance for impairment	(24,048)	(12,329)
	31,295	38,849

Other financial assets that are past due but not impaired or impaired are not significant.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

46 FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

Loans/financing commitments and financial guarantees below represent the expected credit losses ('ECL') being recognised.

The Group	12 - Month ECL Stage 1 RM'000	2018 Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
Loans/financing commitments and financial guarantees				
Satisfactory	22,677	3,422	-	26,099
Special mention	4	-	-	4
Default/impaired	-	-	1,351	1,351
	22,681	3,422	1,351	27,454

The Bank	12 - Month ECL Stage 1 RM'000	2018 Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
Loans/financing commitments and financial guarantees				
Satisfactory	13,089	1,713	-	14,802
Special mention	4	-	-	4
Default/impaired	-	-	481	481
	13,093	1,713	481	15,287

(ii) Market risk

Market risk is defined as changes in the market value of a trading or investment position arising from movements in market factors such as interest/profit rate, foreign exchange rates and implied volatility rates. The Group and the Bank's exposure to market risk results largely from interest/profit rate and foreign exchange rate risks.

Market risk may arise from proprietary trading position and investment activities (including those for liquidity requirement purposes) in the Trading and Investment Book respectively.

The Market Risk Management Framework governs the market risk activities of the Group and the Bank which are supported by a set of approved market risk management policies, guidelines and procedures.

Risk parameters are established based on risk appetite, market liquidity and business strategies as well as macro economic conditions. These parameters are reviewed at least annually.

Market risk arising from the Trading Book is primarily controlled through the imposition of Stop-loss and Value-at-Risk ('VaR') risk parameters.

Interest rate risk is quantified by analysing the mismatches in timing repricing of the rate sensitive assets and rate sensitive liabilities. Earnings-at-Risk ('EaR') or Net Interest/Profit Income simulation is conducted to assess the variation in short term earnings under various rates scenarios. The potential long term effect of the overall exposure is tracked by assessing the impact on Economic Value of Equity ('EVE'), also known as Economic Value-at-Risk ('EVaR'). Thresholds are set for EaR and EVaR as management triggers.

Periodic stress tests are conducted to quantify market risk arising from probability of abnormal market movements.

46 FINANCIAL RISK MANAGEMENT

(ii) Market risk (continued)

Risk Management Policies and Procedures

Risk management policies and procedures are reviewed and updated to ensure relevance to current business needs as well as current/applicable regulatory requirements such as BNM's policy documents on:

a) Managing Unauthorised Trading & Market Manipulation,

b) Code of Conduct for Malaysia Wholesale Financial Markets, and

c) Principles for a Fair and Effective Financial Market for Malaysian Financial Market.

Value-at-Risk

VaR estimates the potential loss of a Trading portfolio from adverse market price movements which may occur over a specified holding period of the Trading portfolio.

It measures the risk of losses arising from potential adverse movements in interest/profit rates, implied volatility rates and foreign exchange rates that could affect values of financial instruments.

Backtesting of the VaR results is conducted to validate and reassess the accuracy of the risk measurement systems.

Other risk measures

- Mark-to-market
  Mark-to-market valuation tracks the current market value of the outstanding financial instruments.

- Stress testing
  Stress tests are conducted to attempt to quantify market risk arising from abnormal market movements. Stress tests measure the changes in values arising from extreme movements in interest/profit rates and foreign exchange rates based on past experiences and simulated stress scenarios.

Interest/profit rate sensitivity

The table below shows the sensitivity for the financial assets and financial liabilities held as at reporting date.

Impact on profit after tax is measured using Repricing Gap Simulation methodology based on 100 basis point parallel shifts in interest/profit rate.

Impact on equity represents the changes in fair value of fixed income instruments held in financial investments at FVOCI/available-for-sale portfolio arising from the shifts in interest/profit rate.

	The Group		**The Bank**	
	2018 +100 basis point RM million	**2018 -100 basis point RM million**	**2018 +100 basis point RM million**	**2018 -100 basis point RM million**
Impact on profit after tax	**(18.2)**	**18.2**	**(24.2)**	**24.2**
Impact on equity	**(160.4)**	**185.0**	**(264.3)**	**281.2**

	The Group		The Bank	
	2017 +100 basis point RM million	2017 -100 basis point RM million	2017 +100 basis point RM million	2017 -100 basis point RM million
Impact on profit after tax	(58.9)	58.9	(26.9)	26.9
Impact on equity	(125.1)	147.0	(220.6)	234.7

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

46 FINANCIAL RISK MANAGEMENT

(ii) Market risk (continued)

Foreign exchange risk sensitivity analysis

An analysis of the exposure to assess the impact of a one per cent change in exchange rate to the profit after tax are as follows:

	The Group		The Bank	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
+1%				
Euro	**2,156**	6,557	**2,629**	4,989
United States Dollar	**43,720**	43,022	**38,448**	36,265
Great Britain Pound	**41**	1,057	**39**	1,056
Australian Dollar	**208**	243	**136**	88
New Zealand Dollar	**4**	11	**3**	10
Japanese Yen	**175**	115	**83**	24
Others	**2,210**	2,209	**719**	691
	48,514	53,214	**42,057**	43,123
-1%				
Euro	**(2,156)**	(6,557)	**(2,629)**	(4,989)
United States Dollar	**(43,720)**	(43,022)	**(38,448)**	(36,265)
Great Britain Pound	**(41)**	(1,057)	**(39)**	(1,056)
Australian Dollar	**(208)**	(243)	**(136)**	(88)
New Zealand Dollar	**(4)**	(11)	**(3)**	(10)
Japanese Yen	**(175)**	(115)	**(83)**	(24)
Others	**(2,210)**	(2,209)	**(719)**	(691)
	(48,514)	(53,214)	**(42,057)**	(43,123)

Foreign exchange risk

The Group and the Bank are exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The risk of fluctuations in foreign currency exchange rates is managed via setting of thresholds on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily.

The following table summarises the Group and the Bank's exposure to foreign currency exchange rate risk at reporting date. Included in the table are the Group's financial instruments at carrying amounts, categorised by currency.

46 FINANCIAL RISK MANAGEMENT

(ii) Market risk (continued)

Foreign exchange risk (continued)

The Group 2018	Euro RM'000	United States Dollar RM'000	Great Britain Pound RM'000	Australian Dollar RM'000	New Zealand Dollar RM'000	Japanese Yen RM'000	Others RM'000	Total RM'000
Assets								
Short-term funds	601	465,021	3,714	11,703	266	(208)	17,732	498,829
Deposits and placements with banks and other financial institutions	-	-	-	56,484	-	-	15,317	71,801
Financial assets at FVTPL	-	62,597	-	122	-	-	477	63,196
Derivative financial assets	769	20,853	19	5	-	93	501	22,239
Financial investments at FVOCI	115,642	109,447	-	-	-	-	246,313	471,401
Loans, advances and financing	-	616,025	-	-	-	-	-	616,025
Trade receivables	-	6,974	-	5,343	-	-	66,148	78,465
Other assets	-	1,674	-	-	-	-	-	1,674
Total financial assets	117,012	1,282,590	3,733	73,657	266	(115)	346,487	1,823,629
Liabilities								
Deposits from customers	175,462	244,704	5,202	6,292	607	155	30,955	463,377
Deposits and placements of banks and other financial institutions	-	303,753	-	50,629	-	-	73,863	428,244
Derivative financial liabilities	622	16,657	7	77	14	-	915	18,292
Trade payables	-	22,474	-	6,567	-	-	65,195	94,236
Other liabilities	44	124,584	55	460	11	-	527	125,682
Total financial liabilities	176,128	712,172	5,264	64,026	632	155	171,455	1,129,822
Net on-balance sheet financial position	(59,116)	570,418	(1,531)	9,631	(366)	(270)	175,032	693,798
Off balance sheet commitments	342,854	5,182,194	6,898	17,800	852	23,246	115,765	5,689,608

46 FINANCIAL RISK MANAGEMENT

(ii) Market risk (continued)

Foreign exchange risk (continued)

The Group 2017	Euro RM'000	United States Dollar RM'000	Great Britain Pound RM'000	Australian Dollar RM'000	New Zealand Dollar RM'000	Japanese Yen RM'000	Others RM'000	Total RM'000
Assets								
Short-term funds	1,115	556,109	(29)	7,300	475	970	18,416	584,356
Financial assets at FVTPL	-	172	-	110	-	-	279	561
Derivative financial assets	2,449	25	812	3,566	764	2	739	8,357
Financial investments available-for-sale	145,397	165,251	-	16,217	-	-	191,134	517,999
Loans, advances and financing	-	791,930	-	-	-	-	-	791,930
Trade receivables	-	7,822	-	3,705	-	-	24,167	35,694
Other assets	-	1,579	-	-	-	-	-	1,579
Total financial assets	148,961	1,522,888	783	30,898	1,239	972	234,735	1,940,476
Liabilities								
Deposits from customers	212,283	581,433	3,732	7,289	638	651	40,938	846,964
Deposits and placements of banks and other financial institutions	-	852,263	14,751	192,813	63,950	-	36,411	1,160,188
Derivative financial liabilities	795	86,960	5	8	-	-	1,090	88,858
Trade payables	-	9,205	-	6,397	-	-	20,565	36,167
Other liabilities	25	8,025	59	588	-	-	730	9,427
Total financial liabilities	213,103	1,537,886	18,547	207,095	64,588	651	99,734	2,141,604
Net on-balance sheet financial position	(64,142)	(14,998)	(17,764)	(176,197)	(63,349)	321	135,001	(201,128)
Off balance sheet commitments	926,903	5,675,805	156,830	208,190	64,815	14,798	155,699	7,203,040

46 FINANCIAL RISK MANAGEMENT

(ii) Market risk (continued)

Foreign exchange risk (continued)

The Bank 2018	Euro RM'000	United States Dollar RM'000	Great Britain Pound RM'000	Australian Dollar RM'000	New Zealand Dollar RM'000	Japanese Yen RM'000	Others RM'000	Total RM'000
Assets								
Short-term funds	121	432,310	3,457	523	223	(387)	6557	442,804
Deposits and placements with banks and other financial institutions	-	41,809	-	56,484	-	-	15,317	113,610
Investment accounts due from designated financial institution	-	277,562	-	-	-	-	-	277,562
Derivative financial assets	1,087	20,869	19	5	-	93	501	22,573
Financial investments at FVOCI	115,642	76,893	-	-	-	-	86,441	278,975
Loans, advances and financing	-	255,905	-	-	-	-	-	255,905
Other assets	-	1,609	-	-	-	-	-	1,609
Total financial assets	116,849	1,106,956	3,476	57,012	223	(294)	108,815	1,393,037
Liabilities								
Deposits from customers	136,558	218,135	5,183	6,238	607	150	30,836	397,707
Deposits and placements of banks and other financial institutions	-	262,315	-	50,629	-	-	73,863	386,806
Derivative financial liabilities	628	17,296	7	77	14	-	915	18,936
Other liabilities	44	2,492	55	-	11	-	-	2,603
Total financial liabilities	137,230	500,237	5,245	56,944	632	150	105,614	806,043
Net on-balance sheet financial position	(20,381)	606,718	(1,769)	68	(409)	(444)	3,201	586,983
Off balance sheet commitments	366,324	4,452,237	6,898	17,800	852	11,409	91,445	4,946,965

46 FINANCIAL RISK MANAGEMENT

(ii) Market risk (continued)

Foreign exchange risk (continued)

The Bank 2017	Euro RM'000	United States Dollar RM'000	Great Britain Pound RM'000	Australian Dollar RM'000	New Zealand Dollar RM'000	Japanese Yen RM'000	Others RM'000	Total RM'000
Assets								
Short-term funds	744	575,120	216	283	287	668	6,614	583,932
Deposits and placements with banks and other financial institutions	-	41,000	-	-	-	-	-	41,000
Investment accounts due from designated financial institution	-	361,691	-	-	-	-	-	361,691
Derivative financial assets	3,490	91	812	3,566	764	2	739	9,464
Financial investments available-for-sale	145,397	100,094	-	-	-	-	55,465	300,956
Loans, advances and financing	-	335,378	-	-	-	-	-	335,378
Other assets	-	1,578	-	-	-	-	-	1,578
Total financial assets	149,631	1,414,952	1,028	3,849	1,051	670	62,818	1,633,999
Liabilities								
Deposits from customers	150,600	151,585	3,644	7,177	638	647	40,926	355,217
Deposits and placements of banks and other financial institutions	-	852,263	14,751	192,813	63,950	-	36,411	1,160,188
Derivative financial liabilities	795	88,895	5	8	-	-	1,090	90,793
Other liabilities	25	7,214	59	-	-	-	-	7,298
Total financial liabilities	151,420	1,099,957	18,459	199,998	64,588	647	78,427	1,613,496
Net on-balance sheet financial position	(1,789)	314,995	(17,431)	(196,149)	(63,537)	23	(15,609)	20,503
Off balance sheet commitments	658,258	4,456,674	156,393	207,688	64,815	3,136	106,466	5,653,430

46 FINANCIAL RISK MANAGEMENT

(ii) Market risk (continued)

Interest/profit rate risk

Interest/profit rate risk is the risk to earnings and capital arising from exposure to adverse movements in interest/profit rates mainly due to mismatches in timing repricing of assets and liabilities. These mismatches are actively managed from an earnings and economic value perspective.

The objective of interest/profit rate risk management is to achieve a stable and sustainable net interest/profit income from the following perspectives:

(1) Next 12 months' Earnings - Interest/profit rate risk from the earnings perspective is the impact based on changes to the net interest/profit income ('NII') over the next 12 months. This risk is measured through sensitivity analysis including the application of an instantaneous 100 basis point parallel shock in interest/profit rates across the yield curve.

(2) Economic Value - Measuring the change in the EVE is an assessment of the long term impact to the Group and the Bank's capital. This is assessed through the application of relevant duration factors to capture the net economic value impact over the long term or total life of all balance sheet assets and liabilities to adverse changes in interest/profit rates.

Interest/profit rate risk thresholds are established in line with the Group and the Bank's strategy and risk appetite. These thresholds are reviewed regularly to ensure relevance in the context of prevailing market conditions.

The following table represents the Group's and the Bank's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates as at reporting date.

46 FINANCIAL RISK MANAGEMENT

(ii) Market risk (continued)

Interest/profit rate risk (continued)

The Group 2018	Non-trading book: Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest/profit sensitive RM'000	Trading book RM'000	Total RM'000
Assets								
Cash and short-term funds	5,501,861	-	-	-	-	829,937	-	6,331,798
Deposits and placements with banks and other financial institutions	-	71,749	-	-	-	52	-	71,801
Financial assets at FVTPL	-	-	-	158,083	232,616	122,123	93,640	606,462
Derivative financial assets	-	-	-	-	-	-	88,805	88,805
Financial investments at FVOCI	200,041	757,685	958,050	6,181,959	6,860,238	403,785	-	15,361,758
Financial investments at amortised cost	-	-	1,330	146,512	-	15,185	-	163,027
Loans, advances and financing								
- non-impaired	23,173,220	2,878,636	4,076,465	11,312,788	5,941,797	(247,537) ^	-	47,135,369
- impaired	-	-	-	-	-	1,256,643 #	-	1,256,643
Commodity - Gold at FVTPL	-	-	-	-	-	42,733	-	42,733
Others (1)	1,302	7	19	14	57,176	512,978	-	571,496
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	1,946,669	-	1,946,669
Total assets	28,876,424	3,708,077	5,035,864	17,799,356	13,091,827	4,882,568	182,445	73,576,561

^ The negative balance represents collective impairment allowance for loans, advances and financing in accordance with the Group's accounting policy on allowance for unimpaired loans, advances and financing

Net of expected credit losses ('ECL')/individual and collective impairment allowance for impaired loans, advances and financing.

(1) Others include other assets, amount due from joint ventures, amount due from associate and trade receivables.

46 FINANCIAL RISK MANAGEMENT

(ii) Market risk (continued)

Interest/profit rate risk (continued)

The Group 2018	Non-trading book Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest/ profit sensitive RM'000	Trading book RM'000	Total RM'000
Liabilities								
Deposits from customers	15,054,688	10,824,717	24,210,336	3,912,057	-	3,344,649	-	57,346,447
Investment accounts of customers	-	-	-	870	-	5	-	875
Deposits and placements of banks and other financial institutions	2,607,476	1,592,549	617,773	-	-	29,114	-	4,846,912
Obligation on securities sold under repurchase agreements	142,186	-	-	-	-	291	-	142,477
Derivative financial liabilities	-	-	-	-	-	-	113,132	113,132
Bills and acceptances payable	-	-	-	-	-	32,585	-	32,585
Borrowings	-	-	-	-	3,000,000	53,812	-	3,053,812
Other liabilities (2)	29	-	-	-	-	1,683,093	-	1,683,122
Total liabilities	17,804,379	12,417,266	24,828,109	3,912,927	3,000,000	5,143,549	113,132	67,219,362
Net interest/profit sensitivity gap	11,072,045	(8,709,189)	(19,792,245)	13,886,429	10,091,827			

(2) Other liabilities include trade payables and other liabilities.

46 FINANCIAL RISK MANAGEMENT

(ii) Market risk (continued)

Interest/profit rate risk (continued)

The Group 2017	Non-trading book Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest/ profit sensitive RM'000	Trading book RM'000	Total RM'000
Assets								
Cash and short-term funds	3,243,136	-	-	-	-	903,679	-	4,146,815
Deposits and placements with banks and other financial institutions	40,000	250,000	160,000	10,000	-	4,446	-	464,446
Financial assets at FVTPL	-	-	-	-	-	-	105,180	105,180
Derivative financial assets	-	-	-	-	-	-	173,125	173,125
Financial investments available-for-sale	308,844	716,603	1,223,268	4,142,464	7,601,107	635,073	-	14,627,359
Financial investment held-to-maturity	16	-	-	108,050	-	20,573	-	128,639
Loans, advances and financing								
- non-impaired	25,557,490	2,759,674	3,142,786	9,630,482	3,796,971	(129,725) ^	-	44,757,678
- impaired	-	-	-	-	-	964,480 #	-	964,480
Commodity - Gold at FVTPL	-	-	-	-	-	32,198	-	32,198
Others (1)	170	5	20	24	-	670,458	-	670,677
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	1,772,640	-	1,772,640
Total assets	29,149,656	3,726,282	4,526,074	13,891,020	11,398,078	4,873,822	278,305	67,843,237

^ The negative balance represents collective impairment allowance for loans, advances and financing in accordance with the Group's accounting policy on allowance for unimpaired loans, advances and financing

Net of expected credit losses ('ECL')/individual and collective impairment allowance for impaired loans, advances and financing.

(1) Others include other assets, amount due from joint ventures, amount due from associate and trade receivables.

46 FINANCIAL RISK MANAGEMENT

(ii) Market risk (continued)

Interest/profit rate risk (continued)

	Non-trading book							
The Group 2017	Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest/ profit sensitive RM'000	Trading book RM'000	Total RM'000
Liabilities								
Deposits from customers	16,995,794	12,690,397	15,418,778	2,587,791	-	3,227,469	-	50,920,229
Investment accounts of customers	-	-	449	-	-	-	-	449
Deposits and placements of banks and other financial institutions	4,247,158	1,297,924	148,322	-	-	13,195	-	5,706,599
Obligation on securities sold under repurchase agreements	1,050,022	-	-	-	-	913	-	1,050,935
Derivative financial liabilities	-	-	-	-	-	-	263,676	263,676
Bills and acceptances payable	-	-	-	-	-	42,152	-	42,152
Borrowings	-	-	-	-	2,000,000	36,144	-	2,036,144
Other liabilities (2)	29	-	-	-	-	1,622,365	-	1,622,394
Total liabilities	22,293,003	13,988,321	15,567,549	2,587,791	2,000,000	4,942,238	263,676	61,642,578
Net interest/profit sensitivity gap	6,856,653	(10,262,039)	(11,041,475)	11,303,229	9,398,078			

(2) Other liabilities include trade payables and other liabilities.

46 FINANCIAL RISK MANAGEMENT

(ii) Market risk (continued)

Interest/profit rate risk (continued)

The Bank 2018	Non-trading book Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
Assets								
Cash and short-term funds	2,094,104	-	-	-	-	474,899	-	2,569,003
Deposits and placements with banks and other financial institutions	-	113,565	-	-	-	45	-	113,610
Investment accounts due from designated financial institutions	480,089	744,144	171,221	41,606	921,296	8,355	-	2,366,711
Financial assets at FVTPL	-	-	-	148,140	221,918	3,580	-	373,638
Derivative financial assets	-	-	-	-	-	-	61,831	61,831
Financial investments at FVOCI	160,015	614,943	598,732	3,885,151	3,642,843	242,823	-	9,144,507
Financial investments at amortised cost	-	-	-	100,000	-	14,646	-	114,646
Loans, advances and financing								
- non-impaired	12,328,005	1,904,591	3,160,315	7,530,769	3,038,165	(176,520) ^	-	27,785,325
- impaired	-	-	-	-	-	712,824 #	-	712,824
Others (1)	-	-	-	-	57,176	39,286	-	96,462
Amount due from subsidiaries	-	-	-	-	-	420	-	420
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	1,238,069	-	1,238,069
Total assets	15,062,213	3,377,243	3,930,268	11,705,666	7,881,398	2,558,427	61,831	44,577,046

^ The negative balance represents collective impairment allowance for loans, advances and financing in accordance with the Group's accounting policy on allowance for unimpaired loans, advances and financing

Net of expected credit losses ('ECL')/individual and collective impairment allowance for impaired loans, advances and financing.

(1) Others include other assets and amount due from associate.

46 FINANCIAL RISK MANAGEMENT

(ii) Market risk (continued)

Interest/profit rate risk (continued)

The Bank 2018	Non-trading book Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
Liabilities								
Deposits from customers	8,625,792	6,358,759	13,419,316	2,065,597	-	3,091,755	-	33,561,219
Deposits and placements of banks and other financial institutions	2,067,481	1,587,049	617,773	-	-	28,545	-	4,300,848
Derivative financial liabilities	-	-	-	-	-	-	85,660	85,660
Bills and acceptances payable	-	-	-	-	-	32,585	-	32,585
Borrowings	-	-	-	-	2,500,000	48,379	-	2,548,379
Other liabilities	-	-	-	-	-	571,575	-	571,575
Amount due to subsidiaries	-	-	-	-	-	109,399	-	109,399
Total liabilities	10,693,273	7,945,808	14,037,089	2,065,597	2,500,000	3,882,238	85,660	41,209,665
Net interest sensitivity gap	4,368,940	(4,568,565)	(10,106,821)	9,640,069	5,381,398			

46 FINANCIAL RISK MANAGEMENT

(ii) Market risk (continued)

Interest/profit rate risk (continued)

	Non-trading book							
The Bank 2017	Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
Assets								
Cash and short-term funds	1,642,430	-	-	-	-	567,518	-	2,209,948
Deposits and placements with banks and other financial institutions	40,000	290,993	160,000	-	-	4,140	-	495,133
Investment accounts due from designated financial institutions	2,739,077	-	-	-	-	9,990	-	2,749,067
Financial assets at FVTPL	-	-	-	-	-	-	10,129	10,129
Derivative financial assets	-	-	-	-	-	-	120,819	120,819
Financial investments available-for-sale	230,009	689,078	1,031,991	2,743,520	3,479,290	313,930	-	8,487,818
Financial investment held-to-maturity	-	-	-	100,000	-	20,532	-	120,532
Loans, advances and financing								
- non-impaired	17,378,864	1,507,542	2,138,415	5,936,942	1,471,395	(94,643) ^	-	28,338,515
- impaired	-	-	-	-	-	805,385 #	-	805,385
Other assets	-	-	-	-	-	33,523	-	33,523
Amount due from subsidiaries	-	-	-	-	-	2	-	2
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	1,203,000	-	1,203,000
Total assets	22,030,380	2,487,613	3,330,406	8,780,462	4,950,685	2,863,377	130,948	44,573,871

^ The negative balance represents collective impairment allowance for loans, advances and financing in accordance with the Group's accounting policy on allowance for unimpaired loans, advances and financing

Net of expected credit losses ('ECL')/individual and collective impairment allowance for impaired loans, advances and financing.

46 FINANCIAL RISK MANAGEMENT

(ii) Market risk (continued)

Interest/profit rate risk (continued)

	Non-trading book							
The Bank 2017	Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
Liabilities								
Deposits from customers	9,769,750	8,897,045	9,492,115	2,068,951	-	3,067,292	-	33,295,153
Deposits and placements of banks and other financial institutions	2,965,592	905,971	99,500	-	-	9,242	-	3,980,305
Obligation on securities sold under repurchase agreements	954,403	-	-	-	-	519	-	954,922
Derivative financial liabilities	-	-	-	-	-	-	210,877	210,877
Bills and acceptances payable	-	-	-	-	-	42,152	-	42,152
Borrowings	-	-	-	-	2,000,000	36,144	-	2,036,144
Other liabilities	-	-	-	-	-	482,660	-	482,660
Amount due to subsidiaries	-	-	-	-	-	448,149	-	448,149
Total liabilities	13,689,745	9,803,016	9,591,615	2,068,951	2,000,000	4,086,158	210,877	41,450,362
Net interest sensitivity gap	8,340,635	(7,315,403)	(6,261,209)	6,711,511	2,950,685			

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for the financial year ended 31 December 2018

46 FINANCIAL RISK MANAGEMENT

(iii) Liquidity risk

Liquidity risk is the risk of inability of a bank to fund increases in assets and meet obligations as they come due, without incurring unacceptable losses. Liquidity risk includes the inability to manage sudden decreases or changes in funding sources. Liquidity risk also arises from the failure to recognise changes in market conditions that affect the ability to liquidate assets quickly and with minimal loss in value.

The Liquidity Risk Management Framework governs the liquidity risk management activities of the Group and the Bank. The objective of liquidity risk management is to ensure that there are sufficient funds to meet contractual and regulatory obligations without incurring unacceptable losses as well as to undertake new transactions. The Group and the Bank's liquidity management process involves establishing liquidity risk management policies and prudential thresholds, liquidity risk threshold monitoring, stress testing and establishing contingency funding plans. These building blocks of liquidity risk management are subject to regular reviews to ensure relevance in the context of prevailing market conditions and regulatory landscape.

The Group and the Bank's short term liquidity risk management is premised on BNM's Liquidity Coverage Ratio ('LCR') final standards. The LCR is a quantitative requirement which seeks to ensure that the Group and the Bank holds sufficient high-quality liquid assets ('HQLA') to withstand a significant liquidity stress scenario over a 30-day horizon.

Long term liquidity risk profile is assessed via the Net Stable Funding Ratio ('NSFR') which promotes resilience over a longer time horizon for the Group and the Bank to fund its activities with more stable sources of funding on an ongoing basis.

The Group and the Bank also employs a set of liquidity risk indicators as an early alert of any structural change for liquidity risk management. The liquidity risk indicators include internal and external qualitative as well as quantitative indicators.

Liquidity stress tests are conducted periodically and on ad-hoc basis to gauge the Group and the Bank's resilience in the event of a liquidity disruption.

The Contingency Funding Plan provides a systematic approach in handling liquidity disruption. The document encompasses strategies, decision-making authorities, and courses of action to be taken in the event of liquidity crisis and emergencies, enabling the Group and the Bank to respond to an unexpected liquidity disruption in an effective and efficient manner.

The Group Board Risk Management and Compliance Committee ('GBRMCC') is responsible for the Group and the Bank's liquidity policy and the strategic management of liquidity has been delegated to the Group Asset Liability Management Committee ('GALCO'). The Liquidity Management Committee ('LMC'), which is a sub-committee of GALCO, augments the functions of GALCO by directing its focus specifically to liquidity issues. The GBRMCC is informed regularly on the liquidity position of the Group and the Bank.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

46 FINANCIAL RISK MANAGEMENT

(iii) Liquidity risk (continued)

Liquidity risk disclosure table which is based on contractual undiscounted cash flow

The table below provides analysis of cash flow payables for financial liabilities based on remaining contractual maturities on undiscounted basis. The balances in the table below do not agree directly to the balances reported in the statement of financial position as the table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments.

The Group 2018	**Up to 1 month RM'000**	**> 1-3 months RM'000**	**>3-12 months RM'000**	**>1-5 years RM'000**	**Over 5 years RM'000**	**Total RM'000**
Deposits from customers	**18,968,529**	**11,067,333**	**24,865,880**	**3,585,996**	**-**	**58,487,738**
Investment accounts of customers	**5**	**10**	**47**	**922**	**-**	**984**
Deposits and placements of banks and other financial institutions	**2,657,223**	**1,577,412**	**634,348**	**-**	**-**	**4,868,983**
Obligation on securities sold under repurchase agreements	**142,607**	**-**	**-**	**-**	**-**	**142,607**
Bills and acceptances payable	**32,585**	**-**	**-**	**-**	**-**	**32,585**
Trade payables	**600,974**	**-**	**-**	**-**	**-**	**600,974**
Other liabilities	**874,940**	**39,685**	**107,950**	**59,417**	**156**	**1,082,148**
Borrowings	**14,699**	**52,417**	**91,877**	**643,887**	**3,443,044**	**4,245,924**
	23,291,562	**12,736,857**	**25,700,102**	**4,290,222**	**3,443,200**	**69,461,493**

The Group 2017	Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
Deposits from customers	19,851,076	12,929,811	15,984,826	2,863,857	-	51,629,570
Investment accounts of customers	10	20	509	-	-	539
Deposits and placements of banks and other financial institutions	4,258,688	1,308,459	151,312	-	-	5,718,459
Obligation on securities sold under repurchase agreements	1,053,056	-	-	-	-	1,053,056
Bills and acceptances payable	42,152	-	-	-	-	42,152
Trade payables	677,022	-	-	-	-	677,022
Other liabilities	766,109	41,179	136,842	1,242	-	945,372
Borrowings	-	52,417	52,383	420,038	2,498,237	3,023,075
	26,648,113	14,331,886	16,325,872	3,285,137	2,498,237	63,089,245

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for the financial year ended 31 December 2018

46 FINANCIAL RISK MANAGEMENT

(iii) Liquidity risk (continued)

Liquidity risk disclosure table which is based on contractual undiscounted cash flow (continued)

The Bank 2018	**Up to 1 month RM'000**	**> 1-3 months RM'000**	**>3-12 months RM'000**	**>1-5 years RM'000**	**Over 5 years RM'000**	**Total RM'000**
Deposits from customers	**11,465,945**	**6,507,386**	**13,967,131**	**2,206,874**	**-**	**34,147,336**
Deposits and placements of banks and other financial institutions	**2,081,289**	**1,606,594**	**634,348**	**-**	**-**	**4,322,231**
Bills and acceptances payable	**32,585**	**-**	**-**	**-**	**-**	**32,585**
Other liabilities	**571,575**	**-**	**-**	**-**	**-**	**571,575**
Amount due to subsidiaries	**109,399**	**-**	**-**	**-**	**-**	**109,399**
Borrowings	**14,699**	**52,417**	**66,763**	**535,567**	**2,892,461**	**3,561,907**
	14,275,492	**8,166,397**	**14,668,242**	**2,742,441**	**2,892,461**	**42,745,033**

The Bank 2017	Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
Deposits from customers	12,601,702	9,055,103	9,846,720	2,216,668	-	33,720,193
Deposits and placements of banks and other financial institutions	2,973,945	913,257	101,484	-	-	3,988,686
Obligation on securities sold under repurchase agreements	956,916	-	-	-	-	956,916
Bills and acceptances payable	42,152	-	-	-	-	42,152
Other liabilities	482,660	-	-	-	-	482,660
Amount due to subsidiaries	448,149	-	-	-	-	448,149
Borrowings	-	52,417	52,383	420,038	2,498,237	3,023,075
	17,505,524	10,020,777	10,000,587	2,636,706	2,498,237	42,661,831

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for the financial year ended 31 December 2018

46 FINANCIAL RISK MANAGEMENT

(iii) Liquidity risk (continued)

Derivative financial liabilities

Derivative financial liabilities based on contractual undiscounted cash flow:

The Group 2018	**Up to 1 month RM'000**	**> 1-3 months RM'000**	**>3-12 months RM'000**	**>1-5 years RM'000**	**Over 5 years RM'000**	**Total RM'000**
Derivatives settled on net basis						
Interest rate derivatives	**(277)**	**(787)**	**(2,800)**	**(8,379)**	**(1,244)**	**(13,487)**
Derivatives settled on gross basis						
Foreign exchange derivatives:						
Outflow	**(1,739,069)**	**(2,661,206)**	**(2,128,068)**	**(16,404)**	**-**	**(6,544,747)**
Inflow	**1,731,071**	**2,658,898**	**2,123,474**	**236,262**	**-**	**6,749,705**
	(7,998)	**(2,308)**	**(4,594)**	**219,858**	**-**	**204,958**

The Bank 2018	**Up to 1 month RM'000**	**> 1-3 months RM'000**	**>3-12 months RM'000**	**>1-5 years RM'000**	**Over 5 years RM'000**	**Total RM'000**
Derivatives settled on net basis						
Interest rate derivatives	**(230)**	**(522)**	**(1,774)**	**(7,708)**	**(1,244)**	**(11,478)**
Derivatives settled on gross basis						
Foreign exchange derivatives:						
Outflow	**(714,413)**	**(2,066,823)**	**(1,625,967)**	**127,396**	**-**	**(4,279,807)**
Inflow	**714,726**	**2,068,320**	**1,629,794**	**98,702**	**-**	**4,511,542**
	313	**1,497**	**3,827**	**226,098**	**-**	**231,735**

The Group 2017	Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
Derivatives settled on net basis						
Interest rate derivatives	(236)	(1,645)	(3,479)	(6,948)	(1,393)	(13,701)
Derivatives settled on gross basis						
Foreign exchange derivatives:						
Outflow	(3,098,864)	(2,345,793)	(1,576,490)	(265,812)	-	(7,286,959)
Inflow	3,082,036	2,332,287	1,486,613	228,958	-	7,129,894
	(16,828)	(13,506)	(89,877)	(36,854)	-	(157,065)

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

46 FINANCIAL RISK MANAGEMENT

(iii) Liquidity risk (continued)

Derivative financial liabilities (continued)

Derivative financial liabilities based on contractual undiscounted cash flow:

The Bank 2017	Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
Derivatives settled on net basis						
Interest rate derivatives	(260)	(1,103)	(3,226)	(7,057)	(1,393)	(13,039)
Derivatives settled on gross basis						
Foreign exchange derivatives:						
Outflow	(1,652,143)	(1,233,050)	(1,223,218)	(125,134)	-	(4,233,545)
Inflow	1,652,712	1,235,301	1,147,539	100,851	-	4,136,403
	569	2,251	(75,679)	(24,283)	-	(97,142)

Liquidity risk for assets and liabilities based on remaining contractual maturities

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

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

The Group 2018	**Up to 1 month RM'000**	**> 1-3 months RM'000**	**>3-12 months RM'000**	**>1-5 years RM'000**	**Over 5 years RM'000**	**No specific maturity RM'000**	**Total RM'000**
Assets							
Cash and short-term funds	6,331,798	-	-	-	-	-	6,331,798
Deposits and placements with banks and other financial institutions	-	71,801	-	-	-	-	71,801
Financial assets at FVTPL	1,285	727	1,576	228,585	113,688	260,601	606,462
Derivative financial assets	30,300	26,681	16,979	8,803	6,042	-	88,805
Financial investments at FVOCI	228,192	817,447	645,603	5,446,684	7,911,399	312,433	15,361,758
Financial investments at amortised cost	14,444	-	1,954	146,629	-	-	163,027
Loans, advances and financing	3,674,905	1,945,475	1,735,631	9,700,401	31,335,600	-	48,392,012
Trade receivables	369,651	469	37	-	-	-	369,651
Other assets	76,269	470	13,967	16,016	1,169	30,993	138,885
Amount due from joint ventures	31,295	-	-	-	-	-	31,295
Amount due from associate	-	41	-	-	-	-	57,717
Statutory deposits with Bank Negara Malaysia	1,946,669	-	-	-	57,676	-	1,946,669
Other non-financial assets (1)	70,239	-	-	-	-	2,346,354	2,416,592
	12,774,541	2,863,111	2,415,747	15,547,118	39,425,574	2,950,381	75,976,472

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for the financial year ended 31 December 2018

46 FINANCIAL RISK MANAGEMENT

(iii) Liquidity risk (continued)

Liquidity risk for assets and liabilities based on remaining contractual maturities (continued)

The Group 2018	Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
Liabilities							
Deposits from customers	18,931,969	10,987,337	24,190,584	3,236,557	-	-	57,346,447
Investment accounts of customers	-	-	-	875	-	-	875
Deposits and placements of banks and other financial institutions	2,619,473	1,603,437	624,002	-	-	-	4,846,912
Obligation on securities sold under repurchase agreements	142,477	-	-	-	-	-	142,477
Derivative financial liabilities	24,633	22,870	24,419	38,853	2,357	-	113,132
Bills and acceptances payable	32,585	-	-	-	-	-	32,585
Trade payables	600,974	-	-	-	-	-	600,974
Other liabilities	874,445	39,685	107,950	59,417	-	651	1,082,418
Borrowings	-	36,143	5,433	-	2,200,000	800,000	3,053,812
Other non-financial liabilities (2)	-	-	-	-	-	15,874	15,874
	23,238,792	12,689,472	24,952,388	3,335,702	2,202,357	816,525	67,235,236
Net liquidity gap	(10,464,251)	(9,826,361)	(22,536,641)	12,211,416	37,223,217	2,133,856	

(2) Other non-financial liabilities include deferred tax liabilities and provision for taxation.

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for the financial year ended 31 December 2018

46 FINANCIAL RISK MANAGEMENT

(iii) Liquidity risk (continued)

Liquidity risk for assets and liabilities based on remaining contractual maturities (continued)

The Group 2017	Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
Assets							
Cash and short-term funds	4,146,815	-	-	-	-	-	4,146,815
Deposits and placements with banks and other financial institutions	-	200,618	-	111,813	152,015	-	464,446
Financial assets at FVTPL	10,926	818	1,595	15,846	30,321	45,674	105,180
Derivative financial assets	35,973	56,154	59,743	12,127	9,128	-	173,125
Financial investments available-for-sale	337,126	677,080	1,211,461	4,253,970	7,634,201	513,521	14,627,359
Financial investments held-to-maturity	19,902	-	630	108,107	-	-	128,639
Loans, advances and financing	2,905,435	1,704,773	1,476,730	11,519,073	28,116,147	-	45,722,158
Trade receivables	549,932	786	19	-	-	-	550,737
Other assets	32,581	2,783	14,489	14,018	1,561	35,071	100,503
Amount due from joint ventures	38,849	-	-	-	-	-	38,849
Amount due from associate	500	-	-	-	-	-	500
Statutory deposits with Bank Negara Malaysia	1,772,640	-	-	-	-	-	1,772,640
Other non-financial assets (1)	-	-	-	-	-	2,177,840	2,177,840
	9,850,679	2,643,012	2,764,667	16,034,954	35,943,373	2,772,106	70,008,791

(1) Other non-financial assets include tax recoverable, deferred tax assets, property and equipment and intangible assets.

46 FINANCIAL RISK MANAGEMENT

(iii) Liquidity risk (continued)

Liquidity risk for assets and liabilities based on remaining contractual maturities (continued)

The Group 2017	Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
Liabilities							
Deposits from customers	19,835,639	12,847,719	15,624,271	2,612,600	-	-	50,920,229
Investment accounts of customers	-	-	449	-	-	-	449
Deposits and placements of banks and other financial institutions	4,255,757	1,301,941	148,901	-	-	-	5,706,599
Obligation on securities sold under repurchase agreements	1,050,935	-	-	-	-	-	1,050,935
Derivative financial liabilities	34,059	57,482	132,268	39,521	346	-	263,676
Bills and acceptances payable	42,152	-	-	-	-	-	42,152
Trade payables	677,022	-	-	-	-	-	677,022
Other liabilities	756,887	41,179	136,842	1,102	-	9,362	945,372
Borrowings	-	36,144	-	-	2,000,000	-	2,036,144
Other non-financial liabilities (2)	-	-	-	-	51	37,368	37,419
	26,652,451	14,284,465	16,042,731	2,653,223	2,000,397	46,730	61,679,997
Net liquidity gap	(16,801,772)	(11,641,453)	(13,278,064)	13,381,731	33,942,976	2,725,376	

(2) Other non-financial liabilities include deferred tax liabilities and provision for taxation.

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for the financial year ended 31 December 2018

46 FINANCIAL RISK MANAGEMENT

(iii) Liquidity risk (continued)

Liquidity risk for assets and liabilities based on remaining contractual maturities (continued)

The Bank 2018	Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
Assets							
Cash and short-term funds	2,569,003	-	-	-	-	-	2,569,003
Deposits and placements with banks and other financial institutions	-	113,610	-	-	-	-	113,610
Investment accounts due from designated financial institutions	2,177,662	189,049	-	-	-	-	2,366,711
Financial assets at FVTPL	1,277	727	1,576	148,140	102,990	118,928	373,638
Derivative financial assets	15,586	24,376	13,531	2,530	5,808	-	61,831
Financial investments at FVOCI	178,650	663,197	625,165	3,885,151	3,642,843	149,501	9,144,507
Financial investments at amortised cost	14,444	-	614	99,588	-	-	114,646
Loans, advances and financing	2,350,159	1,215,484	1,141,156	8,193,808	15,597,542	-	28,498,149
Other assets	23,854	7	8,215	6,055	1,114	21,178	60,423
Amount due from subsidiaries	420	-	-	-	-	-	420
Amount due from associate	-	41	-	-	57,176	-	57,217
Statutory deposits with Bank Negara Malaysia	1,238,069	-	-	-	-	-	1,238,069
Other non-financial assets (1)	70,238	-	-	-	-	4,462,147	4,532,385
	8,639,362	2,206,491	1,790,257	12,335,272	19,407,473	4,721,754	49,130,609

(1) Other non-financial assets include tax recoverable, deferred tax assets, investment in subsidiaries, investment in joint ventures, investment in associates, property and equipment and intangible assets.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

46 FINANCIAL RISK MANAGEMENT

(iii) Liquidity risk (continued)

Liquidity risk for assets and liabilities based on remaining contractual maturities (continued)

The Bank 2018	Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
Liabilities							
Deposits from customers	11,447,652	6,450,009	13,583,419	2,080,139	-	-	33,561,219
Deposits and placements of banks and other financial institutions	2,078,911	1,597,935	624,002	-	-	-	4,300,848
Derivative financial liabilities	12,981	21,701	17,657	30,964	2,357	-	85,660
Bills and acceptances payable	32,585	-	-	-	-	-	32,585
Other liabilities	571,575	-	-	-	-	-	571,575
Amount due to subsidiaries	109,399	-	-	-	-	-	109,399
Borrowings	12,236	36,143	-	-	2,000,000	500,000	2,548,379
	14,265,339	8,105,788	14,225,078	2,111,103	2,002,357	500,000	41,209,665
Net liquidity gap	(5,625,977)	(5,899,297)	(12,434,821)	10,224,169	17,405,116	4,721,754	

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for the financial year ended 31 December 2018

46 FINANCIAL RISK MANAGEMENT

(iii) Liquidity risk (continued)

Liquidity risk for assets and liabilities based on remaining contractual maturities (continued)

The Bank 2017	Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
Assets							
Cash and short-term funds	2,209,948	-	-	-	-	-	2,209,948
Deposits and placements with banks and other financial institutions	-	241,618	-	101,500	152,015	-	495,133
Investment accounts due from designated financial institutions	2,749,067	-	-	-	-	-	2,749,067
Financial assets at FVTPL	10,129	-	-	-	-	-	10,129
Derivative financial assets	17,932	46,109	46,492	1,083	9,203	-	120,819
Financial investments available-for-sale	247,572	639,945	1,014,546	2,847,253	3,479,290	259,212	8,487,818
Financial investments held-to-maturity	19,902	-	630	100,000	-	-	120,532
Loans, advances and financing	1,941,990	1,065,019	1,027,765	8,593,938	16,515,188	-	29,143,900
Other assets	12,656	1,780	12,000	5,982	1,106	17,271	50,795
Amount due from subsidiaries	2	-	-	-	-	-	2
Statutory deposits with Bank Negara Malaysia	1,203,000	-	-	-	-	-	1,203,000
Other non-financial assets (1)	-	-	-	-	-	4,381,507	4,381,507
	8,412,198	1,994,471	2,101,433	11,649,756	20,156,802	4,657,990	48,972,650

(1) Other non-financial assets include tax recoverable, deferred tax assets, investment in subsidiaries, property and equipment and intangible assets.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

46 FINANCIAL RISK MANAGEMENT

(iii) Liquidity risk (continued)

Liquidity risk for assets and liabilities based on remaining contractual maturities (continued)

The Bank 2017	Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	No specific maturity RM'000	Total RM'000
Liabilities							
Deposits from customers	12,591,327	8,996,850	9,617,871	2,089,105	-	-	33,295,153
Deposits and placements of banks and other financial institutions	2,971,701	908,941	99,663	-	-	-	3,980,305
Obligation on securities sold under repurchase agreements	954,922	-	-	-	-	-	954,922
Derivative financial liabilities	17,895	43,049	120,080	29,432	421	-	210,877
Bills and acceptances payable	42,152	-	-	-	-	-	42,152
Other liabilities	482,660	-	-	-	-	-	482,660
Amount due to subsidiaries	448,149	-	-	-	-	-	448,149
Borrowings	-	36,144	-	-	2,000,000	-	2,036,144
Other non-financial liabilities (2)	-	-	-	-	-	17,841	17,841
	17,508,806	9,984,984	9,837,614	2,118,537	2,000,421	17,841	41,468,203
Net liquidity gap	(9,096,608)	(7,990,513)	(7,736,181)	9,531,219	18,156,381	4,640,149	

(2) Other non-financial liabilities include provision for taxation.

(iv) Operational risk management

Operational risk is defined as the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or external events. The definition includes legal risk, and exposure to litigation from all aspects of the Bank's activities, but excludes strategic business, reputational and systemic risks.

Information Technology ('IT') and cyber risks are managed as part of the operational risk activities. IT and cyber risk span a range of business critical areas, such as security, availability, performance and compliance.

The Group Operational Risk Management Framework governs the management of operational risk across the Group and the Bank. IT Risk Management Framework is an extended framework that define the control objectives and minimum standards to guide the IT Department/ relevant personnel in managing the IT & cyber risks involved in the daily operations. The scope of IT Risk Management Framework covers risk governance, risk management approaches, risk management process, risk management tool and exception handling.

GBRMCC approves all policies/policy changes relating to operational risk. GORMC supports GBRMCC in the review and monitoring of operational risk and provides the forum to discuss and manage all aspects of operational risk including control lapses.

The Operational Risk Management ('ORM') and IT Risk Management ('ITRM') function within GRM operates in independent capacity to facilitate business/support units managing the risks in activities associated with the operational and IT function of the Bank.

Operational risks are managed daily through established systems and processes to ensure compliance with policies, guidelines and control procedures.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

46 FINANCIAL RISK MANAGEMENT

(iv) Operational risk management (continued)

The Bank employs the following standard operational risk tools for risk and control identification and assessment:

- Risk Control Self Assessment ('RCSA')
- Key Control Standards ('KCS')
- Key Risk Indicator ('KRI')
- Loss Event Database ('LED')

Scenario analysis is an extension of the risk assessment process whereby business/support unit identify potential operational risk events in a given scenario, assess the potential outcomes and the need for additional risk management controls or mitigation solutions for each of the potential outcome.

The IT systems and processes are assessed and tested regularly for resilience and continuity, and that they are secure from internal and external threats. IT risk appetite have been formally determined as part of a risk assessment and monitoring scope. It enables the Board and senior management to more deeply understand exposure to specific IT & cyber risks, establish clarity on the IT & cyber imperatives for the organisation, work out tradeoffs, and determine priorities.

Introduction of new products or services are evaluated to assess suitability, potential risks and operational readiness. Operational Risk Coordinators ('ORC') are appointed at business and support units as champions of ORM activities within respective units. The ORC is responsible for the reporting of ORM activities and to liaise with Group Operational Risk Management on all operational defects and results.

(v) Shariah Non-Compliance Risk

Shariah Non-Compliance ('SNC') risk is the risk of legal or regulatory sanctions, financial loss or non-financial implications including reputational damage, which the Bank may suffer arising from the failure to comply with the rulings of the Shariah Advisory Council of Bank Negara Malaysia ('SAC'), standards on Shariah matters issued by BNM pursuant to Section 29(1) of the Islamic Financial Services Act, or decisions or advice of the Shariah Committee that are consistent with the rulings of the SAC.

The Shariah Risk Management Framework governs the management of SNC risk within the Bank.

The Shariah Committee deliberates on Shariah issues presented to them, and provide resolution and guidance. GORMC together with GBRMCC assist the Board in the overall oversight of Shariah Risk Management of the Group.

Shariah Risk Management is part of an integrated risk management control function. It assists business units and functional lines to identify all possible SNC risk and its mitigating measures.

SNC risk is proactively managed with the following tools:

1. SNC Event Reporting to BNM

   Shariah loss data are collected for evaluation, monitoring and reporting.

2. Shariah Risk and Control Self-Assessment ('RCSA')

   To systematically assist business units and functional lines to identify and assess SNC risks and controls. RCSA is performed annually or when there is occurrence of significant events either internal or external.

3. Key Risk Indicator ('KRI')

   By monitoring key SNC risk exposures over time, it provides the management early alert of changes in the risk and control environment.

4. Key Control Standard ('KCS')

   To validate the effectiveness of control measures.

46 FINANCIAL RISK MANAGEMENT

(vi) Business Continuity Risk

Business continuity risk is the risk of losses in assets, revenue, reputation and stakeholder/customer confidence due to the discontinuation of services in both business and technology operations.

The Business Continuity Management Framework governs the management of business continuity issues, in line with BNM Guidelines on Business Continuity Management ('BCM').

GBRMCC approves all policies and its changes relating to business continuity management. It also reviews, monitors and discusses business continuity management reports tabled at its meetings. GORMC supports GBRMCC in the review and monitoring of Business Continuity Risk and provides the forum to discuss and manage all aspects of operational risk including control lapses.

The BCM function is an independent body overseeing the management of the overall business continuity risk.

Annual Risk Assessment and Business Impact Analysis are made compulsory for each business and support unit in the Bank to undertake. The outcome of this assessment will translate into a risks listing that require business and support units to derive action plans to address the risks.

Risk control is established through adherence with established BCM guidelines and standards throughout the implementation of BCM programs. Rigorous testing on business continuity and disaster recovery plans are diligently performed to ensure effective and smooth execution of the plan for resumption and recovery of disrupted business.

Policies and processes are in place to support the monitoring and reporting of business continuity risks.

(vii) Fair value of financial instruments

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

The Group and 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 prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group and the Bank then determine fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high.

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

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

46 FINANCIAL RISK MANAGEMENT

(vii) Fair value of financial instruments (continued)

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

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

The Group 2018	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Assets				
Financial assets at FVTPL				
- Money market instruments	**-**	**325,169**	**-**	**325,169**
- Shares and unit trusts	**141,674**	**-**	**88,928**	**230,602**
- Corporate bonds/Sukuk	**-**	**20,641**	**30,050**	**50,691**
Derivative financial assets	**-**	**88,805**	**-**	**88,805**
Financial investments at FVOCI *				
- Money market instruments	**-**	**4,432,952**	**-**	**4,432,952**
- Shares, unit trusts and REITs	**59,532**	**61**	**171,322**	**230,915**
- Corporate bonds/Sukuk	**-**	**10,697,891**	**-**	**10,697,891**
Total	**201,206**	**15,565,519**	**290,300**	**16,057,025**
Derivative financial liabilities	**-**	**113,132**	**-**	**113,132**
Total	**-**	**113,132**	**-**	**113,132**

The Group 2017	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets				
Financial assets at FVTPL				
- Money market instruments	-	40,702	-	40,702
- Shares and unit trusts	45,675	-	-	45,675
- Corporate bonds/Sukuk	-	18,803	-	18,803
Derivative financial assets	-	173,125	-	173,125
Financial investments available-for-sale *				
- Money market instruments	-	4,405,992	-	4,405,992
- Shares, unit trusts and REITs	233,637	61	249,823	483,521
- Corporate bonds/Sukuk	-	9,707,816	30,030	9,737,846
Total	279,312	14,346,499	279,853	14,905,664
Liabilities				
Derivative financial liabilities	-	263,676	-	263,676
Total	-	263,676	-	263,676

* Net of allowance for impairment.

46 FINANCIAL RISK MANAGEMENT

(vii) Fair value of financial instruments (continued)

The Bank 2018	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Assets				
Financial assets at FVTPL				
- Money market instruments	**-**	**254,660**	**-**	**254,660**
- Unquoted shares	**-**	**-**	**88,928**	**88,928**
- Corporate bonds/Sukuk	**-**	**-**	**30,050**	**30,050**
Derivative financial assets	**-**	**61,831**	**-**	**61,831**
Financial investments at FVOCI *				
- Money market instruments	**-**	**3,372,719**	**-**	**3,372,719**
- Unquoted shares	**-**	**-**	**149,501**	**149,501**
- Corporate bonds/Sukuk	**-**	**5,622,287**	**-**	**5,622,287**
Total	**-**	**9,311,497**	**268,479**	**9,579,976**
Liabilities				
Derivative financial liabilities	**-**	**85,660**	**-**	**85,660**
Total	**-**	**85,660**	**-**	**85,660**

The Bank 2017	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets				
Financial assets at FVTPL				
- Money market instruments	-	10,129	-	10,129
Derivative financial assets	-	120,819	-	120,819
Financial investments available-for-sale *				
- Money market instruments	-	3,648,088	-	3,648,088
- Unquoted shares	-	-	229,212	229,212
- Corporate bonds/Sukuk	-	4,580,488	30,030	4,610,518
Total	-	8,359,524	259,242	8,618,766
Liabilities				
Derivative financial liabilities	-	210,877	-	210,877
Total	-	210,877	-	210,877

* Net of allowance for impairment.

46 FINANCIAL RISK MANAGEMENT

(vii) Fair value of financial instruments (continued)

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

	The Group		The Bank	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At beginning of the financial year	**279,853**	246,637	**259,242**	246,637
Amount arising from Group Reorganisation (Note 54)	**-**	19,864	**-**	-
Purchases	**-**	22,724	**-**	22,724
Sales	**-**	(4,159)	**-**	(4,159)
Net changes in income accrued	**20**	(15)	**20**	(15)
Total gains/(losses) recognised in other comprehensive income	**10,427**	(5,198)	**9,217**	(5,945)
At end of the financial year	**290,300**	279,853	**268,479**	259,242

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 2018 RM'000	Fair value assets 2017 RM'000	Valuation techniques	Unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at FVTPL					
The Group/The Bank					
Unquoted shares	**88,928**	-	Net tangible assets	Net tangible assets	Higher net tangible assets results in higher fair value
Financial investments at FVOCI/ available-for-sale					
The Group					
Unquoted shares	**171,322**	249,823	Net tangible assets	Net tangible assets	Higher net tangible assets results in higher fair value
The Bank					
Unquoted shares	**149,501**	229,212	Net tangible assets	Net tangible assets	Higher net tangible assets results in higher fair value

In estimating its significance, the Group and the Bank used an approach that is currently based on methodologies used for fair value adjustments. These adjustments reflects the values that the Group and the Bank estimate are 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.

46 FINANCIAL RISK MANAGEMENT

(vii) Fair value of financial instruments (continued)

The Group 2018	**Carrying value RM'000**	**Fair value Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Financial assets					
Financial investments at amortised cost	**163,027**	**-**	**164,873**	**-**	**164,873**
Loans, advances and financing	**48,392,012**	**-**	**48,068,915**	**-**	**48,068,915**
	48,555,039	**-**	**48,233,788**	**-**	**48,233,788**
Financial liabilities					
Deposits from customers	**57,346,447**	**-**	**57,367,236**	**-**	**57,367,236**
Deposits and placements of banks and other financial institutions	**4,846,912**	**-**	**4,847,167**	**-**	**4,847,167**
Borrowings	**3,053,812**	**-**	**3,095,750**	**-**	**3,095,750**
	65,247,171	**-**	**65,310,153**	**-**	**65,310,153**

The Group 2017	Carrying value RM'000	Fair value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets					
Loans, advances and financing	45,722,158	-	44,957,430	-	44,957,430
	45,722,158	-	44,957,430	-	44,957,430
Financial liabilities					
Deposits from customers	50,920,229	-	50,947,469	-	50,947,469
Borrowings	2,036,144	-	2,050,984	-	2,050,984
	52,956,373	-	52,998,453	-	52,998,453

The Bank 2018	**Carrying value RM'000**	**Fair value Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Financial assets					
Financial investments at amortised cost	**114,646**	**-**	**116,492**	**-**	**116,492**
Loans, advances and financing	**28,498,149**	**-**	**28,279,166**	**-**	**28,279,166**
	28,612,795	**-**	**28,395,658**	**-**	**28,395,658**
Financial liabilities					
Deposits from customers	**33,561,219**	**-**	**33,592,563**	**-**	**33,592,563**
Deposits and placements of banks and other financial institutions	**4,300,848**	**-**	**4,301,103**	**-**	**4,301,103**
Borrowings	**2,548,379**	**-**	**2,587,929**	**-**	**2,587,929**
	40,410,446	**-**	**40,481,595**	**-**	**40,481,595**

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46 FINANCIAL RISK MANAGEMENT

(vii) Fair value of financial instruments (continued)

The Bank 2017	Carrying value RM'000	Fair value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets					
Loans, advances and financing	29,143,900	-	28,739,120	-	28,739,120
	29,143,900	-	28,739,120	-	28,739,120
Financial liabilities					
Deposits from customers	33,295,153	-	33,304,706	-	33,304,706
Borrowings	2,036,144	-	2,050,984	-	2,050,984
	35,331,297	-	35,355,690	-	35,355,690

Other than as disclosed above, the total fair value of each financial assets and liabilities presented on the statements of financial position as at reporting date of the Group and the Bank approximates the total carrying amount.

The fair value estimates were determined by application of the methodologies and assumptions described below.

Short-term funds and placements with banks and other financial institutions

For short-term funds and placements with banks and other financial institutions with maturity of less than six months, the carrying amount is a reasonable estimate of fair value.

For amounts with maturities of six months or more, fair values have been estimated by reference to current rates at which similar deposits and placements would be made to banks with similar credit ratings and maturities.

The fair value estimates were determined by application of the methodologies and assumptions described below:

Financial investments at amortised cost

The fair values of financial investments at amortised cost are reasonable estimates based on quoted market prices. In the absence of such quoted prices, the fair values are based on the expected cash flows of the instruments discounted by indicative market yields for the similar instruments as at reporting date or the audited net tangible asset of the invested company.

Loans, advances and financing

Loans, advances and financing of the Group comprise of floating rate loans and fixed rate loans. For performing floating rate loans/financing, the carrying amount is a reasonable estimate of their fair values.

The fair values of performing fixed rate loans are arrived at using the discounted cash flows based on the prevailing market rates of loans, advances and financing with similar credit ratings and maturities.

The fair values of impaired loans, advances and financing, whether fixed or floating are represented by their carrying values, net expected credit losses, being the reasonable estimate of recoverable amount.

Other assets and liabilities

The carrying value less any estimated allowance for financial assets and liabilities included in other assets and other liabilities are assumed to approximate their fair values.

46 FINANCIAL RISK MANAGEMENT

(vii) Fair value of financial instruments (continued)

Deposits from customers, banks and other financial institutions, bills and acceptances payable

The carrying values of deposits and liabilities with maturities of six months or less are assumed to be reasonable estimates of their fair values. Where the remaining maturities of deposits and liabilities are above six months, their estimated fair values are arrived at using the discounted cash flows based on prevailing market rates currently offered for similar remaining maturities.

The estimated fair value of deposits with no stated maturity, which include non-interest bearing deposits, approximates carrying amount which represents the amount repayable on demand.

Borrowings

For fixed rate borrowings, the estimate of fair value is based on discounted cash flow model using prevailing lending rates for borrowings with similar risks and remaining term to maturity.

For floating rate borrowings, the carrying value is generally a reasonable estimate of their fair values.

47 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

In accordance with MFRS 132 'Financial Instruments: Presentation', the Group and the Bank report financial assets and financial liabilities on a net basis on the statements of financial position only if there is a legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The following table shows the impact of netting arrangement on:

- All financial assets and liabilities that are reported net on statements of financial position; and
- All derivative financial instruments and reverse repurchase and repurchased agreements and other similar secured lending and borrowing agreements that are subject to enforceable master netting arrangements or similar agreements, but do not qualify for statements of financial position netting.

The table identifies the amounts that have been offset in the statements of financial position and also those amounts that are covered by enforceable netting arrangements (offsetting arrangements and financial collateral) but do not qualify for netting under the requirements of MFRS 132 described above.

The 'Net amounts' presented below are not intended to represent the Group's and the Bank's actual exposure to credit risk, as a variety of credit mitigation strategies are employed in addition to netting and collateral arrangements.

Related amount not offset

Derivative financial assets and liabilities

The 'Financial instruments' column identifies financial assets and liabilities that are subject to set off under netting agreements, such as the ISDA Master Agreement or derivative exchange or clearing counterparty agreements, whereby all outstanding transactions with the same counterparty can be offset and close-out netting applied across all outstanding transaction covered by the agreements if an event of default or other predetermined events occur.

Financial collateral refers to cash and non-cash collateral obtained, typically daily or weekly, to cover the net exposure between counterparties by enabling the collateral to be realised in an event of default or if other predetermined events occur.

Obligation on securities sold under repurchase agreements

The 'Financial instruments' column identifies financial assets and liabilities that are subject to set-off under netting agreements, such as global master repurchase agreements, whereby all outstanding transactions with the same counterparty can be offset and close-out netting applied across all outstanding transaction covered by the agreements if an event of default or other predetermined events occur.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

47 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	Effects of offsetting on the statements of financial position			Related amounts not offset		
The Group 2018	**Gross amount RM'000**	**Amount offset RM'000**	**Net amount reported on statement of financial position RM'000**	**Financial instruments RM'000**	**Financial collateral RM'000**	**Net amount RM'000**
Financial assets						
Derivative financial assets	**88,805**	**-**	**88,805**	**(43,283)**	**-**	**45,522**
Trade receivables						
- Amount due from Bursa Securities Clearing Sdn Bhd	**503,850**	**(463,708)**	**40,142**	**-**	**-**	**40,142**
Total assets	**592,655**	**(463,708)**	**128,947**	**(43,283)**	**-**	**85,664**
Financial liabilities						
Obligation on securities sold under repurchase agreements	**142,477**	**-**	**142,477**	**(142,477)**	**-**	**-**
Derivative financial liabilities	**113,132**	**-**	**113,132**	**(43,283)**	**(1,298)**	**68,551**
Trade payables						
- Amount due to Bursa Securities Clearing Sdn Bhd	**463,708**	**(463,708)**	**-**	**-**	**-**	**-**
Total liabilities	**719,317**	**(463,708)**	**255,609**	**(185,760)**	**(1,298)**	**68,551**

	Effects of offsetting on the statements of financial position			Related amounts not offset		
The Group 2017	Gross amount RM'000	Amount offset RM'000	Net amount reported on statement of financial position RM'000	Financial instruments RM'000	Financial collateral RM'000	Net amount RM'000
Financial assets						
Derivative financial assets	173,125	-	173,125	(61,268)	-	111,857
Trade receivables						
- Amount due from Bursa Securities Clearing Sdn Bhd	956,640	(873,359)	83,281	-	-	83,281
Total assets	1,129,765	(873,359)	256,406	(61,268)	-	195,138
Financial liabilities						
Obligation on securities sold under repurchase agreements	1,050,935	-	1,050,935	(1,050,935)	-	-
Derivative financial liabilities	263,676	-	263,676	(61,268)	(138)	202,270
Trade payables						
- Amount due to Bursa Securities Clearing Sdn Bhd	873,359	(873,359)	-	-	-	-
Total liabilities	2,187,970	(873,359)	1,314,611	(1,112,203)	(138)	202,270

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

47 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	Effects of offsetting on the statements of financial position			Related amounts not offset		
The Bank 2018	**Gross amount RM'000**	**Amount offset RM'000**	**Net amount reported on statement of financial position RM'000**	**Financial instruments RM'000**	**Financial collateral RM'000**	**Net amount RM'000**
Financial assets						
Derivative financial assets	**61,831**	**-**	**61,831**	**(35,436)**	**-**	**26,395**
Total assets	**61,831**	**-**	**61,831**	**(35,436)**	**-**	**26,395**
Financial liabilities						
Derivative financial liabilities	**85,660**	**-**	**85,660**	**(35,436)**	**-**	**50,224**
Total liabilities	**85,660**	**-**	**85,660**	**(35,436)**	**-**	**50,224**

	Effects of offsetting on the statements of financial position			Related amounts not offset		
The Bank 2017	Gross amount RM'000	Amount offset RM'000	Net amount reported on statement of financial position RM'000	Financial instruments RM'000	Financial collateral RM'000	Net amount RM'000
Financial assets						
Derivative financial assets	120,819	-	120,819	(25,157)	-	95,662
Total assets	120,819	-	120,819	(25,157)	-	95,662
Financial liabilities						
Obligation on securities sold under repurchase agreements	954,922	-	954,922	(954,922)	-	-
Derivative financial liabilities	210,877	-	210,877	(25,157)	-	185,720
Total liabilities	1,165,799	-	1,165,799	(980,079)	-	185,720

48 LEASE COMMITMENTS

The Group and the Bank have lease commitments in respect of rented premises and hired equipment, all of which are classified as operating leases. A summary of the future minimum lease payments under non-cancellable operating leases commitments are as follows:

	The Group		**The Bank**	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Within one year	**24,277**	27,999	**14,882**	22,550
One year to five years	**11,656**	15,326	**9,886**	12,008

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

49 CAPITAL MANAGEMENT

The total capital and capital adequacy ratios of the Group and the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components).

The Group and the Bank are currently adopting the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk. In line with the transitional arrangements under the BNM Capital Adequacy Framework (Capital Components), the minimum capital adequacy requirement for Common Equity Tier 1 Capital Ratio ('CET 1') and Tier 1 Capital Ratio are 6.375% (2017: 5.750%) and 7.875% (2017: 7.250%) respectively for year 2018. The minimum regulatory capital adequacy requirement is 9.875% (2017: 9.250%) for total capital ratio.

The Group and 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 Group and the Bank operates;
- To safeguard the Group and 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 Group and the Bank maintain 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 Group and the Bank.

The table in Note 50 below summarises the composition of regulatory capital and the ratios of the Group and the Bank for the financial year ended 31 December 2018.

50 CAPITAL ADEQUACY

The capital adequacy ratios are as follows:

	The Group (#)		The Bank	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
CET 1				
Paid-up share capital	**4,684,752**	4,684,752	**4,684,752**	4,684,752
Retained profits	**2,928,584**	2,670,888	**2,408,718**	1,987,315
Unrealised gains and losses on FVOCI/AFS instruments	**110,371**	97,596	**111,161**	121,637
Other disclosed reserves	**8,328**	-	**-**	-
Foreign exchange reserves	**593**	151	**-**	-
	7,732,628	7,453,387	**7,204,631**	6,793,704
Less: Regulatory adjustments:				
Goodwill and other intangibles	**(906,068)**	(903,962)	**(182,235)**	(171,980)
Deferred tax assets	**(107,704)**	-	**(70,239)**	-
55% of cumulative unrealised gains on FVOCI/AFS instruments	**(60,704)**	(53,678)	**(61,138)**	(66,901)
Investment in subsidiaries, joint ventures and associates	**(770,047)**	(581,498)	**(3,766,021)**	(3,020,467)
Total CET1 capital	**5,888,105**	5,914,249	**3,124,998**	3,534,356
Additional Tier 1 capital				
Additional Tier 1 capital	**800,000**	-	**500,000**	-
Qualifying capital instruments held by third party	**19,783**	9,213	**-**	-
	819,783	9,213	**500,000**	-
Total Tier 1 capital	**6,707,888**	5,923,462	**3,624,998**	3,534,356

50 CAPITAL ADEQUACY

	The Group (#)		The Bank	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Tier 2 capital				
Subordinated medium term loans	**2,200,000**	2,000,000	**2,000,000**	2,000,000
Loss provisions	**583,115**	565,942	**383,532**	409,402
Less: Regulatory adjustments:				
Investment in associate/subsidiaries	**-**	(145,374)	**-**	(755,117)
Investment in capital instruments of unconsolidated financial and insurance entities	**(57,412)**	-	**(657,412)**	-
Total Tier 2 capital	**2,725,703**	2,420,568	**1,726,120**	1,654,285
Total capital	**9,433,591**	8,344,030	**5,351,118**	5,188,641
The breakdown of risk-weighted assets:				
Credit risk	**46,649,190**	45,275,347	**30,682,574**	32,752,159
Market risk	**523,804**	604,034	**272,300**	242,490
Operational risk	**2,962,066**	2,544,825	**1,899,866**	1,916,984
Total risk-weighted assets	**50,135,060**	48,424,206	**32,854,740**	34,911,633
Capital adequacy ratios:				
Before effect of proposed dividends:				
CET1 capital ratio	**11.744%**	12.213%	**9.512%**	10.124%
Tier 1 capital ratio	**13.380%**	12.232%	**11.033%**	10.124%
Total capital ratio	**18.816%**	17.231%	**16.287%**	14.862%
After effect of proposed dividends (Note 1):				
CET1 capital ratio	**11.924%**	12.213%	**9.786%**	10.124%
Tier 1 capital ratio	**13.559%**	12.232%	**11.307%**	10.124%
Total capital ratio	**18.996%**	17.231%	**16.561%**	14.862%

The Group comprises the banking and non-banking subsidiaries.

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

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

(i) where an irrevocable written undertaking from shareholder has been obtained to reinvest the electable portion of the dividend; or

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

In arriving at the capital adequacy ratios as at 31 December 2018, the portion of the proposed dividends where no irrevocable written undertaking from shareholders to reinvest the electable portion into new ordinary shares of the Bank is obtained, is assumed to be paid in cash and has been deducted from the calculation of CET 1 Capital.

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for the financial year ended 31 December 2018

50 CAPITAL ADEQUACY

In accordance with BNM's Guidelines on Investment Account, the credit and market risk weighted on the assets funded by the RIA are included in calculation of capital adequacy for the Bank. As at 31 December 2018, RIA assets included in the Total Capital Ratio calculation amounted to RM2,380.0 million (2017: RM2,749.8 million).

The capital adequacy ratios of the AFFIN Islamic is as follow:

	Economic Entity		The Bank	
	2018	**2017**	**2018**	**2017**
Before deducting proposed dividend				
CET1 capital ratio	**10.869%**	15.086%	**10.869%**	15.087%
Tier 1 capital ratio	**12.882%**	15.086%	**12.882%**	15.087%
Total capital ratio	**19.438%**	16.251%	**19.438%**	16.251%
After deducting proposed dividend				
CET1 capital ratio	**10.869%**	15.086%	**10.869%**	15.087%
Tier 1 capital ratio	**12.882%**	15.086%	**12.882%**	15.087%
Total capital ratio	**19.438%**	16.251%	**19.438%**	16.251%

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

	Economic Entity		The Bank	
	2018	**2017**	**2018**	**2017**
Before deducting proposed dividend				
CET1 capital ratio	**30.644%**	34.802%	**34.177%**	40.546%
Tier 1 capital ratio	**31.194%**	35.059%	**34.177%**	40.546%
Total capital ratio	**32.005%**	35.438%	**35.099%**	40.546%
After deducting proposed dividend				
CET1 capital ratio	**30.644%**	32.342%	**34.177%**	37.449%
Tier 1 capital ratio	**31.194%**	32.599%	**34.177%**	37.449%
Total capital ratio	**32.005%**	32.978%	**35.099%**	37.449%

51 EMPLOYEE SHARE OPTION INCENTIVE SCHEME

A subsidiary of the Bank, Affin Hwang Asset Management Berhad ('AHAM'), has established and implemented a stock option incentives cheme for its key employees. The shareholders of the subsidiary have approved the scheme on 24 July 2014 and the subsidiary has adopted the scheme which provides for key employees to be vested with options of the subsidiary. The subsidiary granted the 1st 250 options on the date of stock option agreement dated 16 July 2015.

The stock option incentive scheme is designed to provide long-term incentives for key employees to improve the growth and profitability of the Group and its subsidiary and to encourage them to continue in the employment of the subsidiary.

The main features of the share option scheme are, inter alia, as follows:

- Eligible persons are key employees as defined by the stock option agreement.
- The grant of the option is deemed to be incorporated in the terms of employment of the key employees with the Company.
- The stock options will vest and become exercisable by the grantees in accordance with the supplemental stock option agreement on a fix date.
- The share option scheme shall be in force until 2024. All remaining vested options which have not been exercised will expire on the expiration date.
- The stock options granted with the non-market performance vesting conditions. Generally, the vesting conditions of the stock options can be classified into four categories which are based on joining; time linked; performance linked and bonus kicker.

51 EMPLOYEE SHARE OPTION INCENTIVE SCHEME

Movements in the number of share options awarded are as follows:

Grant date	As at 1 January 2018	Granted	Exercised	Expired	As at 31 December 2018
1 June 2018	625	125	-	-	750
	625	125	-	-	750

The settlement of the stock option incentives scheme has been changed from cash-settlement to equity-settlement during the financial year. The total liability of stock option including Deferred Economic Benefit ('DEB') of RM21.74 million previously recognised under the cash-settled share-based payment was derecognised and equity-settled share-based payment is measured by reference to the fair value of the equity instrument at grant date which amounted to RM11.56 million, and a DEB of RM8.03 million, the net impact on the change in accounting treatment of RM1.81 million is recognised immediately in profit or loss.

In December 2018, AHAM has modified the employee stock option incentive scheme to shorten the vesting period of the remaining options to be granted from 1 June 2019 to 31 January 2019. The incremental fair value of the options as a result of the modification is RM338.27 thousand and will be recognised as an expense over the period from the modification date to the end of the vesting period. The modification also introduces a buy-back condition by way Selective Capital Reduction of the equity instruments if certain trigger conditions are met by 31 December 2019. The expense for the original option grant will continue to be recognised as if the terms had not been modified.

The assessed fair value at grant date of options granted during the year ended 31 December 2018 was RM19.59 per option. The fair value at grant date is independently determined using the Binomial option pricing model.

The model inputs for options granted during the year ended 31 December 2018 included:

(a) Exercise price: RM40.30

(b) Grant date: 16 July 2015 (2015–2019)

(c) Expiry date: June 2024

(d) Expected price volatility: 24%

(e) Expected dividend yield: 3.11%

(f) Risk-free interest rate: 4%

The expected price volatility is based on the average 10 year historical volatility of comparable companies at on the grant date.

52 LITIGATION AGAINST THE BANK

<u>AFFIN Bank Berhad</u>

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

i) RM56,885,317.82 together with interest at 5% per annum from 1999 till full settlement as alleged damages;

ii) SGD9,928,473.75 together with interest at 5% per annum from 2013 till full settlement as alleged losses;

iii) RM776,331.00 being alleged losses of Plaintiff's shares in Berlian Ferries Pte. Ltd which was transferred out as a result of his bankruptcy in 2013 with interest at 5% per annum from 2013 till full settlement as alleged losses;

iv) RM500,000 as cost in respect of legal proceedings in Singapore.

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

Suria, the Plaintiff and the Guarantor ('All') defaulted in the Facility which led to the Bank filing a debt recovery action against All of them in 1999. Judgement was obtained against All on 8 July 2004.

52 LITIGATION AGAINST THE BANK

The Plaintiff was made bankrupt on 17 January 2013. The bankruptcy was set aside in September 2015 on the grounds that he was solvent due to a third party, Chenet Finance Ltd ('Chenet') being ordered by a Singapore Court to pay damages to the Director General of Insolvency Malaysia ('DGI') as receiver of Plaintiff's Estate. On 29 January 2018, the full trial of the suit was fixed on 27, 28 and 29 August 2018. On 30 July 2018, the Court fixed Case Management on 15 August 2018. Hearing was part heard on 27 August 2018 and was postponed to 2 October 2018 which was further postponed to 16 and 17 October 2018 as plaintiff was admitted to hospital. On 16 October 2018, the trial dates was vacated as the presiding Judge informed that he will be transferred and a new Judge will take over the matter. On 5 December 2018, matter came up for Case Management before the new Judge, YA Dato' Ahmad bin Bache (who took over the matter from the previous Judge), whereby the Court fixed new trial dates on 25 to 28 March 2019 and 8 to 11 April 2019.

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

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

The Bank has a good defence ('Defence') on the merits with regard to each of the alleged wrongful act as follows:

- the sale of NDSB Shares was subject to the approval from the relevant authorities as per the terms of the Facility Agreement and the price has to be based on the offer from the approved prospective buyer;
- the release of the Guarantor is the prerogative of the Bank pursuant to the terms of the Guarantee Agreement;
- the Plaintiff's bankruptcy is based on a judgement of Court;
- the Bank's legal firm has corresponded with the legal firm of the Plaintiff's opponent in Singapore only to inform the status of the Plaintiff proceedings in Malaysia and any alleged conspiracy is denied;
- the Claim for cost is unreasonable as the Bank was not in any way involved in the Singapore proceedings.

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

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

<u>AFFIN Hwang Investment Bank Berhad</u>

A chargor of a piece of land ('the Land') charged to the Bank as part of the collaterals for a syndicated facility granted to a borrower by a consortium financial institutions, had filed a claim against the Bank on 9 June 2016 for the sum of RM5,185,683.19 or in the alternative damages to be assessed, interests and costs, alleging that the Bank as Security Agent had failed to perform its contractual and/or statutory obligations in relation to the application of the sales proceeds of the Land and had wrongfully deducted the recovery and enforcement expenses, which included expenses for other properties/securities from the surplus of the sales proceed of the Land. As Security Agent, the consortium financial institutions will indemnify the Bank for the claim instituted against the Bank. The Bank had filed an application for disposal of the claim under Order 14A of the Rules of Court 2012. On 4 May 2018, the Kuala Lumpur High Court ('KLHC') decided in favour of the Bank, by dismissing the chargor's suit, with costs. Nevertheless, one out of the four questions posed by the Bank was not answered in favour of the Bank, i.e. the chargor was not estopped from disputing the redemption sum. In this regard, the Bank had filed its appeal against the said part of the decision. The chargor had also filed its appeal against the KLHC's decision. The Court had directed the Bank's appeal to be heard together with the chargor's appeal on 9 April 2019. On the balance of probabilities, the Bank's solicitor is of the view that the Bank has a fairly good chance in succeeding in the Bank's appeal and in opposing the chargor's appeal.

53 CREDIT EXPOSURES ARISING FROM TRANSACTIONS WITH CONNECTED PARTIES

The following credit exposures are based on Bank Negara Malaysia's revised Guidelines on Credit Transaction and Exposures with Connected Parties, which are effective 1 January 2008.

	The Group		The Bank	
	2018	**2017**	**2018**	**2017**
(i) The aggregate value of outstanding credit exposures with connected parties (RM'000)	**6,705,082**	4,245,731	**4,014,985**	3,271,199
(ii) The percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	**8%**	5%	**8%**	6%

54 GROUP REORGANISATION IN PREVIOUS AND CURRENT FINANCIAL YEAR

a) Reorganisation of AFFIN Holdings Berhad Group of Companies ('Group Reorganisation') in previous financial year

On 16 February 2017, AFFIN Hwang Investment Bank Berhad ('AHIB') had on behalf of the Board of Directors of AFFIN Holdings Berhad (the 'Company' or 'AHB') announced that AHB and AFFIN Bank Berhad ('ABB') intend to undertake the following proposals:

(i) Proposed transfer by AHB of the following identified companies to ABB:

- AHIB, a wholly-owned subsidiary of AHB;
- AFFIN Moneybrokers Sdn Bhd, a wholly-owned subsidiary of AHB ('AMB');
- AXA AFFIN Life Insurance Berhad, a 51.00% - owned joint venture company of AHB ('AALI');
- AXA AFFIN General Insurance Berhad, a 37.07% - owned associate of AHB ('AAGI');

(AHIB, AMB, AALI and AAGI shall collectively be referred to as the 'Identified Companies' and item (i) above shall now be referred to as 'the Reorganisation');

(ii) Proposed distribution of the entire shareholdings in ABB held by AHB to the entitled shareholders of AHB whose names appear in AHB's Record of Depositors on an entitlement date to be determined and announced by the Board at a later date ('Entitlement Date') ('Entitled Shareholders'), after completion of the Reorganisation, on the Entitlement Date by way of a distribution-in-specie via a reduction of the following:

- the entire consolidated capital of AHB (which includes the entire issued and paid-up share capital of AHB and the entire share premium account of AHB); and
- the retained profits of AHB

(item (ii) above shall be referred to as 'the Distribution');

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

(iv) Proposed amendments to the Memorandum and Articles ('M&A') of AHB and ABB to facilitate the Proposed Transfer of Listing Status ('the Amendments');

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54 GROUP REORGANISATION IN PREVIOUS AND CURRENT FINANCIAL YEAR

a) Reorganisation of AFFIN Holdings Berhad Group of Companies (‘Group Reorganisation’) in previous financial year (continued)

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

(the above shall collectively be referred to as the ‘Proposals’).

Identified Companies	Number of shares transferred from AHB to ABB	Transfer Consideration (RM’000)	Mode of satisfaction
AHIB	780,000,000	1,966,460	233,886,035 shares in ABB
AMB	1,000,000	22,278	2,649,692 New ABB Shares
AALI	368,000,100	148,340	17,643,204 New ABB Shares
AAGI	119,047,619	367,945	Cash
	Total Consideration	**2,505,023**	

On 16 October 2017, the Transfer Consideration had been finalised to be RM2.505 billion and satisfied by ABB, partly in cash and partly in shares and the Reorganisation is deemed completed on 16 October 2017.

The Group has adopted predecessor accounting and only incorporate the acquired entity’s results and statements of financial position prospectively from the date on which the business combination between entities under common control occurred. Accordingly, the corresponding amounts for previous year are also not restated.

(1) Transfer of AHIB and AMB are as follows:

	AHIB RM’000	AMB RM’000	Total RM’000
ASSETS			
Cash and short-term funds	606,328	3,605	609,933
Reverse repurchase agreements with financial institutions	47,527	-	47,527
Deposits and placements with banks and other financial institutions	10,142	5,040	15,182
Financial assets at fair value through profit or loss	194,074	-	194,074
Derivative financial assets	86,075	-	86,075
Financial investments available-for-sale	4,932,124	81	4,932,205
Financial investments held-to-maturity	31,917	-	31,917
Loans, advances and financing	1,218,034	-	1,218,034
Trade receivables	548,946	1,927	550,873
Other assets	79,654	458	80,112
Tax recoverable	17,731	406	18,137
Deferred tax assets	4,157	-	4,157
Statutory deposits with Bank Negara Malaysia	182,000	-	182,000
Property and equipment	33,679	525	34,204
Intangible assets			
- Goodwill	678,501	11,120	689,621
- Brand name and customers relationship	41,924	-	41,924
- Computer software and others	7,065	154	7,219
TOTAL ASSETS	**8,719,878**	**23,316**	**8,743,194**

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

54 GROUP REORGANISATION IN PREVIOUS AND CURRENT FINANCIAL YEAR

a) Reorganisation of AFFIN Holdings Berhad Group of Companies ('Group Reorganisation') in previous financial year (continued)

(1) Transfer of AHIB and AMB are as follows: (continued)

	AHIB RM'000	AMB RM'000	Total RM'000
LIABILITIES			
Deposits from customers	4,793,290	-	4,793,290
Deposits and placements of banks and other financial institutions	671,106	-	671,106
Obligation on securities sold under repurchase agreements	96,898	-	96,898
Derivative financial liabilities	93,517	-	93,517
Trade payables	762,707	74	762,781
Other liabilities	244,829	899	245,728
Provision for taxation	2,300	-	2,300
Deferred tax liabilities	12,151	65	12,216
TOTAL LIABILITIES	**6,676,798**	**1,038**	**6,677,836**
Net assets transferred to the Group	2,043,080	22,278	2,065,358
Less: Non-controlling interest	(61,155)	-	(61,155)
Effect of predecessor accounting	(15,465)	-	(15,465)
Total purchase consideration	1,966,460	22,278	1,988,738
Less: New issuance of shares	(1,966,460)	(22,278)	(1,988,738)
Add: Cash and cash equivalent of the net assets transferred	606,328	3,605	609,933
Net cash inflow from Group Reorganisation	**606,328**	**3,605**	**609,933**

(2) Transfer of AALI (Investment in Joint Venture) and AAGI (Investment in Associate) are as follows:

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

b) Reorganisation of AFFIN Holdings Berhad Group of Companies ('Group Reorganisation') in current financial year

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

54 GROUP REORGANISATION IN PREVIOUS AND CURRENT FINANCIAL YEAR

b) Reorganisation of AFFIN Holdings Berhad Group of Companies ('Group Reorganisation') in current financial year (continued)

The effects of the predecessor accounting arising from the Reorganisation are as follows:

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

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

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

55 SEGMENT ANALYSIS

Operating segments are reported in a manner consistent with the internal financial reporting system provided to the chief operating decision-maker, who is the person or group that allocates resources to and assess the performance of the operating segments of an entity. The Group has determined the Managing Director/CEO of the respective operating segments as its chief operating decision-maker.

Following the change in composition of the Group arising from the internal reorganisation, the Group is required to disclose segmental reporting in accordance to MFRS 8 'Operating Segment'.

Comparative segment information has been presented accordingly in comformity with the changes to the reportable business segment.

The Group's operations are principally conducted in Malaysia and accordingly, no analysis in respect of geographical segments has been presented. The Group comprises the following main segments:

55 SEGMENT ANALYSIS

Commercial Banking

The Commercial Banking segment focuses on business of banking in all aspects which includes Islamic Banking operations. Its activities are generally structured into three key areas, Corporate Banking ('CBD') & Small Medium Enterprise ('SME') and Consumer Banking.

CBD and SME provide a full range of financial products and services to cater mainly the business and funding needs of corporate customers, ranging from large corporate and the public sector to small and medium enterprises. The products and services offered include long-term loans, project and equipment financing and short-term credit such as overdrafts and trade financing and other fee-based services.

Consumer Banking comprises the full range of products and services offered to individuals, including savings and fixed deposits, remittance services, current accounts, consumer loans such as vehicle loans (i.e. hire purchase), housing loans, overdrafts and personal loans, credit cards, unit trusts and bancassurance products.

Investment Banking

The Investment Banking segment focuses on business of a merchant bank, stock-broking, fund and asset management.

This segment focuses on business needs of mainly large corporate customers and financial institutions. The products and services offered to customers include advisory services and structuring of private debt securities, corporate finance and advisory services for corporate listings, mergers and acquisitions, capital raising through issues of equity and debt instruments, corporate and debts restructuring exercises.

It also provides structured lending solutions mainly in support of corporate finance and capital market activities as well as access to variety of funds and capital market investment products to corporate, institutional and individual investors for competitive returns and other investment benefits including portfolio diversification and liquidity enhancement.

The stock-broking business comprises institutional and retail stock-broking business for securities listed on local and foreign stock exchanges, investment management and research services.

The fund and asset management arm provides the establishment, management and distribution of unit trust funds and private retirement as well as provision of fund management services to private clients.

Insurance

The insurance segment includes the business of underwriting all classes of general and life insurance businesses in Malaysia.

Others

Other business segments in the Group include operation of investment holding companies, money-broking and other related financial services whose results are not material to the Group and therefore do not render separate disclosure in the financial statements and have been reported in aggregate.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

55 SEGMENT ANALYSIS

2018	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue						
External revenue	1,356,410	552,156	-	12,036	-	1,920,602
Intersegment revenue	357,282	(31,014)	-	1,776	(328,044)	-
Segment revenue	1,713,692	521,142	-	13,812	(328,044)	1,920,602
Operating expenses of which:	(857,063)	(355,074)	-	(10,416)	5,044	(1,217,509)
Depreciation of property and equipment	(15,327)	(9,079)	-	(172)	-	(24,578)
Amortisation of intangible assets	(13,257)	(14,344)	-	(60)	-	(27,661)
Allowances for impairment losses on loans, advances, financing and trade receivables/ securities/other assets	(54,429)	(16,482)	-	-	-	(70,911)
Segment results	802,200	149,586	-	3,396	(323,000)	632,182
Share of results of a joint venture (net of tax)	-	-	(3,098)	-	-	(3,098)
Share of results of an associate (net of tax)	-	-	50,025	-	-	50,025
Profit before taxation and zakat	802,200	149,586	46,927	3,396	(323,000)	679,109
Zakat	(3,061)	(1,052)	-	-	-	(4,113)
Profit before taxation	799,139	148,534	46,927	3,396	(323,000)	674,996
Taxation						(147,576)
Net profit for the financial year						527,420
Segment assets	66,554,310	8,636,901	-	15,214	-	75,206,425
Investment in joint ventures	-	-	158,051	-	-	158,051
Investment in associates	750	-	611,246	-	-	611,996
Total segment assets						75,976,472
Segment liabilities						
Total segment liabilities	61,491,310	5,742,193	-	1,733	-	67,235,236
Other information						
Capital expenditure	134,423	8,050	-	5	-	142,478

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2018

55 SEGMENT ANALYSIS

2017	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue						
External revenue	1,388,594	169,510	-	2,351	-	1,560,455
Intersegment revenue	6,636	(4,355)	-	241	(2,522)	-
Segment revenue	1,395,230	165,155	-	2,592	(2,522)	1,560,455
Operating expenses of which:	(809,943)	(123,344)	-	(3,524)	2,522	(934,289)
Depreciation of property and equipment	(15,329)	(2,285)	-	(63)	-	(17,677)
Amortisation of intangible assets	(11,012)	(3,686)	-	(16)	-	(14,714)
Allowances for impairment losses on loans, advances, financing and trade receivables/ securities/other assets	(83,718)	(1,448)	-	-	-	(85,166)
Segment results	501,569	40,363	-	(932)	-	541,000
Share of results of a joint venture (net of tax)	-	-	(4,070)	-	-	(4,070)
Share of results of an associate (net of tax)	-	-	17,140	-	-	17,140
Profit before taxation and zakat	501,569	40,363	13,070	(932)	-	554,070
Zakat	(3,000)	(371)	-	-	-	(3,371)
Profit before taxation	498,569	39,992	13,070	(932)	-	550,699
Taxation						(126,261)
Net profit for the financial year						424,438
Segment assets	61,000,856	8,267,007	-	14,056	-	69,281,919
Investment in joint ventures	-	-	160,594	-	-	160,594
Investment in associates	750	-	565,528	-	-	566,278
Total segment assets						70,008,791
Segment liabilities						
Total segment liabilities	56,369,634	5,308,014	-	2,349	-	61,679,997
Other information						
Capital expenditure	62,876	2,635	-	-	-	65,511

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act, 2016

We, GEN DATO' SERI DIRAJA TAN SRI (DR.) MOHD ZAHIDI BIN HAJI ZAINUDDIN (RETIRED) and ABD MALIK BIN A RAHMAN, two of the Directors of AFFIN BANK BERHAD, state that, in the opinion of the Directors, the accompanying financial statements set out on pages 152 to 332 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Bank as at 31 December 2018 and of the results and cash flows of the Group and the Bank for the financial year ended on the date in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

GEN DATO' SERI DIRAJA TAN SRI (DR.) MOHD ZAHIDI BIN HAJI ZAINUDDIN (RETIRED)
Chairman

ABD MALIK BIN A RAHMAN
Director

Kuala Lumpur, Malaysia
18 March 2019

STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act, 2016

I, RAMANATHAN RAJOO, the officer of AFFIN BANK BERHAD primarily responsible for the financial management of the Group and the Bank, do solemnly and sincerely declare that, in my opinion, the accompanying financial statements set out on pages 152 to 332, are correct and I make this solemn declaration conscientiously believing the same to be true, by virtue of the provisions of the Statutory Declarations Act, 1960.

RAMANATHAN RAJOO

Subscribed and solemnly declared by the above named RAMANATHAN RAJOO at Kuala Lumpur in Malaysia on 18 March 2019, before me.

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

to the Members of Affin Bank Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of AFFIN Bank Berhad ('the Bank') and its subsidiaries ('the Group') give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2018, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Bank, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Bank, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 152 to 332.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Bank in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ('By-Laws') and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Bank. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Bank, the accounting processes and controls, and the industry in which of the Group and of the Bank operate.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Bank for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Bank as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Impairment of loans, advances and financing assets – RM580,792,000 (expected credit losses) (Refer to Summary of Significant Accounting Policy Notes H (d), Note AF and Notes 9 to the financial statement).	We tested the design and operating effectiveness of the controls over impairment of loans, advances and financing. These controls covered: • Identification of loans displayed indicators of impairment or loans that have experienced significant increase in credit risk • Governance over the impairment processes, including model development, model approval and model validation • Data used to determine the allowances for credit losses including the completeness and accuracy of the key inputs and assumptions into the ECL models • Calculation, review and approval of the ECL calculation

INDEPENDENT AUDITORS' REPORT
to the Members of Affin Bank Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Key audit matters	How our audit addressed the key audit matters
Impairment of loans, advances and financing assets – RM580,792,000 (expected credit losses) (continued) The Group and the Bank have adopted MFRS 9 'Financial Instruments' with a date of transition of 1 January 2018. MFRS 9 introduces an expected credit losses ('ECL') impairment model for financial assets measured at amortised cost and fair value through other comprehensive income. The measurement of ECL requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. We focused on the ECL for loans, advances and financing due to the significance of impairment allowance on loans, advances and financing assets balance. The Directors also exercised significant judgement on the following areas: *Timing of identification of Stage 2 and Stage 3 loans, advances and financing* • Assessment of objective evidence of impairment of loans, advances and financing based on mandatory and judgemental triggers • Identification of loans, advances and financing that have experienced a significant increase in credit risk *Individual assessment* • Estimates on the amount and timing of futures cash flows based on realisation of collateral or borrowers' business cash flows *Collective assessment* • Choosing the appropriate collective assessment models and assumptions for the measurement of ECL such as expected future cash flows and forward – looking macroeconomic factors as disclosed in Note 46 Financial Risk Management – credit quality of financial assets	Based on the tests of control performed, we did not identify any material exceptions. Our detailed testing over the loans, advances and financing were as below: Individual assessment We performed individual credit assessment on a sample of loans, advances and financing on those identified as Early Alert, Rescheduled and Restructured, Stages 2 and 3 loans accounts and formed our own judgement on whether the occurrence of loss event or significant increase in credit risk had been identified. We found no material exceptions in these tests. Where individual impairment had been identified for loans, advances and financing, we assessed the reasonableness of the underlying assumptions of the cash flows forecasts prepared by management. For cash flows forecasts based on realisation of collateral, we agreed the collateral valuation to the current valuation report prepared by independent valuers. If current valuation report is not available, we compared the value used by management against the independent third party publicly available report on property market based on similar property type, location and size. For cash flow forecasts based on borrower's business cash flows, we assessed the reasonableness of the underlying key assumptions used by management and performed sensitivity analysis. *Collective assessment* Where ECL was calculated on a collective basis, our testing, on a sample basis, included the following: • Assessed the methodologies inherent within the collective assessment ECL models applied against the requirements of MFRS 9 • We re-performed the bucketing of loans into delinquency buckets (loans impairment migration) and re-computed the Probability of Default • We agreed the loans recoveries data for Loss Given Default to supporting evidence • Assessed and considered the reasonableness of forward-looking forecasts assumptions • We re-performed the calculation of ECL and agreed the results to the general ledger. We also checked the accuracy of posting of impairment allowance to the general ledger We involved our financial risk modelling expertise and IT specialist in areas such as reviewing appropriateness of the ECL models and data reliability. Based on our work done, we noted certain differences in the quantum of individual assessment and collective impairment required. The differences were not material in the context of the overall financial statements.

INDEPENDENT AUDITORS' REPORT
to the Members of Affin Bank Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Key audit matters	How our audit addressed the key audit matters
Impairment assessment of goodwill – RM826,944,000 (Refer to Summary of Significant Accounting Policy Notes D, Note AF and Note 21 to the financial statement). Goodwill amounting to RM826,944,000 arose from previous acquisitions and is allocated to Commercial Banking, Investment Banking, Stock-broking, Asset Management and Money-broking cash generating units ('CGUs'). The Bank determines the recoverable amount of the CGUs based on the value-in-use calculations. We focused on this area due to the slowing down in loan growth and capital market activities of the Group. Given the materiality of the goodwill and sensitivity of the recoverable amount of Investment Banking and Stock-broking CGUs, impairment of goodwill could have significant impact on the financial statements. We also focused on this area due to the significant judgements made by the Directors over underlying assumptions in the impairment tests. Based on the impairment assessment prepared by management, the Investment Banking and Stock-broking CGUs were sensitive to changes in the discount rates and terminal growth rates as disclosed in Note 21 Intangible Assets.	We satisfied ourselves with the procedures performed below on the management's assumptions used in the impairment model. We have compared cash flow projections to the budgets, which were approved by the respective subsidiaries' Board of Directors. We also held discussions with management to understand the basis for the assumptions used and compared the budgets against the actual results from prior years to assess the reliability of budgeting. We tested the assumptions used by management, in relation to the discounts rates, compounded annual and terminal growth rates for all CGUs. The discount rates used were based on the pre-tax weighted average cost of capital plus an appropriate risk premium, at the date of assessment of all the CGUs. We have assessed the reasonableness of the discount rates by independently re-calculating the pre-tax weighted average cost of capital based on data of comparable entities obtained from independent sources for each CGUs. The terminal growth rates were based on the forecasted Gross Domestic Product ('GDP') growth rate of Malaysia. We have compared the terminal growth rates used by management with the forecasted GDP growth rates independently obtained and assessed the reasonableness of the adjustments made to reflect the specific risk of the CGUs. We have assessed the sensitivity of the impairment assessment for each of the CGU by varying the following: • underlying assumptions applied on the budgeted cash flows in relation to compounded annual growth rates; • discount rates; and terminal growth rates

Information other than the financial statements and auditors' report thereon

The directors of the Bank are responsible for the other information. The other information comprises:

- Management Discussion and Analysis,
- Corporate Governance Statement,
- Statement on Risk Management and Internal Control,
- Board Audit Committee Report,
- Risk Management,
- Five-Year Group Financial Summary,
- Directors' Report,
- Basel II Pillar 3 Disclosures

but does not include the financial statements of the Group and of the Bank and our auditors' report thereon.

INDEPENDENT AUDITORS' REPORT
to the Members of Affin Bank Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Information other than the financial statements and auditors' report thereon (continued)

In connection with our audit of the financial statements of the Group and of the Bank, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Bank or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Bank are responsible for the preparation of the financial statements of the Group and of the Bank that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Bank that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Bank, the Directors are responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Bank or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Bank as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Bank, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Bank's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Bank or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Bank to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Bank, including the disclosures, and whether the financial statements of the Group and of the Bank represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Auditors' responsibilities for the audit of the financial statements (continued)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Bank for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

This report is made solely to the members of the Bank, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

NG YEE LING
03032/01/2021 J
Chartered Accountant

Kuala Lumpur, Malaysia
18 March 2018

BASEL II
PILLAR 3 DISCLOSURES

BASEL II
PILLAR 3 DISCLOSURES
as at 31st December 2018

1 INTRODUCTION

1.1 Background

The Capital Adequacy Framework (Basel II – Risk-Weighted Assets) issued by Bank Negara Malaysia ('BNM'), which is the equivalent of the Basel II issued by the Basel Committee of Banking Supervision and the Islamic Financial Services Board is structured around three fundamental pillars:

- Pillar 1 defines the minimum capital requirement to ensure that financial institutions hold sufficient capital to cover their exposure to credit, market and operational risks.
- Pillar 2 requires financial institutions to have a process for assessing their overall capital adequacy in relation to their risk profile and a strategy for maintaining their capital levels.
- Pillar 3 requires financial institutions to establish and implement an appropriate disclosure policy that promotes transparency regarding their risk management practices and capital adequacy positions.

Pillar 3 disclosure is required under the BNM Risk Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirements (Pillar 3).

Affin Bank Berhad ('the Bank') and its subsidiaries ('the Group') adopt the following approaches under Pillar 1 requirements:

- Standardised Approach for Credit Risk
- Basic Indicator Approach for Operational Risk
- Standardised Approach for Market Risk

1.2 Scope of Application

This document contains the disclosure requirements under Pillar 3 for the Bank and its subsidiaries (the 'Group') for the year ended 31 December 2018. The disclosures are made in line with the Pillar 3 disclosure requirements under the Basel II framework as laid out by BNM.

The disclosures should be read in conjunction with the Group and the Bank's 2018 Annual Report for the year ended 31 December 2018.

The capital requirements of the Group and the Bank are generally based on the principles of consolidation adopted in the preparation of its financial statements.

2 RISK GOVERNANCE STRUCTURE

2.1 Overview

The Board of Directors of the Bank is ultimately responsible for the overall performance of the Bank. The Board's responsibilities are congruent with the framework of BNM Guidelines. The Board also exercises great care to ensure that high ethical standards are upheld, and that the interests of stakeholders are not compromised. These include responsibility for determining the Bank's general policies and strategies for the short, medium and long term, approving business plans, including targets and budgets, and approving major strategic decisions.

The Board has overall responsibility for maintaining the proper management and protection of the Bank's interests by ensuring effective implementation of the risk management policy and process, as well as adherence to a sound system of internal control. The Board also recognises that risks cannot be eliminated completely. As such, the inherent system of internal control is designed to provide a reasonable though not absolute assurance against the risk of material errors, fraud or losses occurring. The system of internal controls encompasses controls relating to financial, operational, risk management and compliance with applicable laws, regulations, policies and guidelines.

The terms of reference of the Board Committees as disclosed in the Annual Report provide an outline of respective roles and functions. In carrying out its functions, the Board has delegated specific responsibilities to other Board Committees, which operate under approved terms of reference, to assist the Board in discharging their duties. The Chairmen of the various Committees report on the outcome of their Committee meetings to the Board and any further deliberation is made at Board level, if required. These reports and deliberations are incorporated into the Minutes of the Board meetings. The Board meets on a monthly basis.

2 RISK GOVERNANCE STRUCTURE

2.2 Board Committees

Board Nomination and Remuneration Committee ('BNRC')

The BNRC is responsible for providing a formal and transparent procedure for the appointment of Directors, Group Chief Executive Officer ('GCEO') and Senior Management. The BNRC develops the remuneration policy for Directors, GCEO, Senior Management and other material risk takers, whereby, it assesses the effectiveness of individual Director, the Board as a whole and the performance of the GCEO as well as Senior Management.

The Committee obtains advice from experts in compensation and benefits, both internally and externally.

Group Board Risk Management and Compliance Committee ('GBRMCC')

The GBRMCC is responsible for overseeing management activities in managing credit, market, liquidity, operational, legal, reputational and other material risks as well as ensuring that the risk management process and compliance framework are in place and functioning effectively.

It is responsible for setting the overall tone of the Group and the Bank's strategy and ensuring effective communication and integration of risk appetite and compliance within the business strategy, operations and culture.

The Committee also assists the Board in oversight responsibilities on internal controls, and risk management and compliance strategies, policies, processes, frameworks and other risk related matters. It has the responsibility of reviewing and/or approving risk management and compliance policies, guidelines and reports.

Board Credit Review and Recovery Committee ('BCRRC')

The BCRRC is responsible for providing critical review of loans/financing and other credit facilities with high risk implications and vetoing loan/financing applications that have been approved by the Group Management Credit Committee ('GMCC') as appropriate.

Board Audit Committee ('BAC')

The BAC is responsible for providing oversight and reviewing the adequacy and integrity of the internal control systems as well as oversees the work of the internal and external auditors.

Reliance is placed on the results of independent audits performed primarily by internal auditors, the outcome of statutory audits on financial statements conducted by external auditors and on representations by Management based on their control self-assessment of all areas of their responsibility.

Minutes of BAC meetings, which provide a summary of the proceedings, are circulated to Board members for notation and discussion. The Bank has an established Group Internal Audit Division ('GIA') which reports functionally to the BAC and administratively to the GCEO.

Board Oversight Transformation Committee ('BOTC')

The BOTC is responsible for overseeing the transformation plan (Affinity Program) in the Bank, secure the consistency of strategic decision and ensure that the transformation plan is implemented effectively in a timely manner.

Shariah Committee ('SC')

The Shariah Committee is formed as legislated under the Islamic Financial Services Act 2013 and as per the Shariah Governance Framework for Islamic Financial Institutions.

The roles and responsibilities of the Shariah Committee include advising the Board on Shariah matters to ensure that the business operations of the Bank comply with Shariah principles at all times. SC is also responsible for endorsing and validating relevant documentations of the Bank's products to ensure that the products comply with Shariah principles, and advising the Bank on matters to be referred to the Shariah Advisory Council.

2 RISK GOVERNANCE STRUCTURE

2.3 Management Committees

Management Committee ('MCM')

The MCM comprises the senior management team chaired by GCEO. MCM is responsible for assisting the Board in managing the day-to-day operations, formulating tactical plans and business strategies while monitoring the banking entities' overall performance, and ensuring all business activities conducted are in accordance with the Bank's corporate objectives, strategies, policies as well as Annual Business Plan and Budget.

The MCM is supported by the following sub-committees:

- Governance, Risk and Compliance
- Branch Performance
- IT, Operations, Digital and Customer Experience

Group Management Credit Committee ('GMCC')

The GMCC is established within senior management to approve complex and large loans/financing and workout/recovery proposals beyond the delegated authority of the individual approvers.

Group Asset and Liability Management Committee ('GALCO')

The GALCO comprising the senior management team chaired by the GCEO, manages the Bank's asset and liability position by identifying, managing and controlling balance sheet risks and capital management in the execution of the business strategy, while implementing asset liability strategy and policy for the balance sheet of the respective subsidiary.

Liquidity Management Committee ('LMC')

The LMC is a sub-committee of the GALCO. The role of LMC is to augment the functions of GALCO by directing its focus specifically to liquidity issues.

Group Operational Risk Management Committee ('GORMC')

The GORMC is a senior management committee chaired by the Group Chief Risk Officer (GCRO'), established to oversee the management of operational risks issues and control lapses while supporting GBRMCC in its review and monitoring of operational risk. It is also responsible for reviewing and ensuring that the operational risk programme, process and framework are implemented in accordance with regulatory requirement and manage loss incidents to an acceptable level.

Group Early Alert Committee ('GEAC')

The GEAC is a senior management committee, established to monitor credit quality through monthly reviews of the Early Control (MFRS 9 Stage 1) and Underperforming (MFRS 9 Stage 2) Accounts as well as to review the actions taken to address the emerging risks and issues in these accounts.

2.4 Risk Management Function

Group Risk Management ('GRM'), headed by the GCRO is segregated from the lines of business, with direct reporting line to GBRMCC to ensure independence of risk management function.

The independence of risk function is critical towards controlling and managing the risk taking activities of the Group and the Bank to achieve an optimum return in line with the subsidiaries' risk appetite, with consideration to variations required due to differences in each subsidiary's business model.

Committees namely BCRRC, SC, MCM, GMCC, GALCO, LMC, GORMC and GEAC assist GBRMCC in managing credit, market, liquidity, operational and other material risks in the Group and the Bank. The responsibilities of these Committees include risk identification, risk assessment and measurement, risk control and mitigation and risk monitoring and reporting.

2 RISK GOVERNANCE STRUCTURE

2.5 Internal Audit and Internal Control Activities

In accordance with BNM's guidelines on Corporate Governance, GIA conducts continuous reviews on auditable areas within the Bank. The reviews by GIA are focused on areas of significant risks and effectiveness of internal control in accordance with the audit plan approved by the BAC.

Based on GIA's review, identification and assessment of risk, testing and evaluation of controls, GIA will provide an opinion on the effectiveness of internal controls maintained by each entity. The risks highlighted on the respective auditable areas as well as recommendation made by the GIA are addressed at BAC and Management meetings on bi-monthly basis. The BAC also conducts annual reviews on the adequacy of internal audit function, scope of work, resources and budget of GIA.

3 CAPITAL MANAGEMENT

3.1 Internal Capital Adequacy Assessment Process ('ICAAP')

In line with the BNM guidelines on Risk-Weighted Capital Adequacy Framework - Internal Capital Adequacy Assessment Process (Pillar 2), the Bank has put in place the ICAAP Framework to assess the capital adequacy to ensure that the level of capital maintained by the Bank is adequate at all times, taking into consideration the Bank's risk profile and business strategies.

The Bank's capital management approach is focused on maintaining an appropriate level of capital to meet its business needs and regulatory requirements as capital adequacy and risk management are closely aligned. The Bank operates within an agreed risk appetite whilst optimising the use of shareholders' funds to deliver sustainable returns.

3.2 Capital structure

The total capital and capital adequacy ratios of the Group and the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components).

The Group and the Bank are currently adopting the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk. In line with the transitional arrangements under the BNM Capital Adequacy Framework (Capital Components), the minimum capital adequacy requirement for Common Equity Tier 1 Capital Ratio ('CET 1') and Tier 1 Capital Ratio are 6.375% (2017: 5.750%) and 7.875% (2017: 7.250%) respectively for year 2018. The minimum regulatory capital adequacy requirement is 9.875% (2017: 9.250%) for total capital ratio.

The following table sets forth further details on the capital resources and capital adequacy ratios for the Group and the Bank as at 31 December 2018.

BASEL II PILLAR 3 DISCLOSURES
as at 31st December 2018

3 CAPITAL MANAGEMENT

3.2 Capital structure (continued)

	The Group (#)		The Bank	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
CET1				
Paid-up share capital	**4,684,752**	4,684,752	**4,684,752**	4,684,752
Retained profits	**2,928,584**	2,670,888	**2,408,718**	1,987,315
Unrealised gains and losses on FVOCI/AFS instruments	**110,371**	97,596	**111,161**	121,637
Other disclosed reserves	**8,328**	-	**-**	-
Foreign exchange reserves	**593**	151	**-**	-
	7,732,628	7,453,387	**7,204,631**	6,793,704
Less: Regulatory adjustments:				
- Goodwill and other intangibles	**(906,068)**	(903,962)	**(182,235)**	(171,980)
- Deferred tax assets	**(107,704)**	-	**(70,239)**	-
- 55% of cumulative unrealised gains on FVOCI/AFS instruments	**(60,704)**	(53,678)	**(61,138)**	(66,901)
- Investment in subsidiaries, joint ventures and associates	**(770,047)**	(581,498)	**(3,766,021)**	(3,020,467)
Total CET1 capital	**5,888,105**	5,914,249	**3,124,998**	3,534,356
Additional Tier 1 capital				
Additional Tier 1 capital	**800,000**	-	**500,000**	-
Qualifying capital instruments held by third party	**19,783**	9,213	**-**	-
	819,783	9,213	**500,000**	-
Total Tier I capital	**6,707,888**	5,923,462	**3,624,998**	3,534,356
Tier 2 capital				
Subordinated medium term notes	**2,200,000**	2,000,000	**2,000,000**	2,000,000
Loss provisions	**583,115**	565,942	**383,532**	409,402
Less: Regulatory adjustments:				
- Investment in associate/subsidiaries	**-**	(145,374)	**-**	(755,117)
- Investment in capital instruments of unconsolidated financial and insurance entities	**(57,412)**	-	**(657,412)**	-
Total Tier 2 capital	**2,725,703**	2,420,568	**1,726,120**	1,654,285
Total capital	**9,433,591**	8,344,030	**5,351,118**	5,188,641
The breakdown of risk-weighted assets:				
Credit risk	**46,649,190**	45,275,347	**30,682,574**	32,752,159
Market risk	**523,804**	604,034	**272,300**	242,490
Operational risk	**2,962,066**	2,544,825	**1,899,866**	1,916,984
Total risk-weighted assets	**50,135,060**	48,424,206	**32,854,740**	34,911,633
Capital adequacy ratios:				
Before effect of proposed dividends:				
CET1 capital ratio	**11.744%**	12.213%	**9.512%**	10.124%
Tier 1 capital ratio	**13.380%**	12.232%	**11.033%**	10.124%
Total capital ratio	**18.816%**	17.231%	**16.287%**	14.862%
After effect of proposed dividends (Note 1):				
CET1 capital ratio	**11.924%**	12.213%	**9.786%**	10.124%
Tier 1 capital ratio	**13.559%**	12.232%	**11.307%**	10.124%
Total capital ratio	**18.996%**	17.231%	**16.561%**	14.862%

The Group comprises banking and non-banking subsidiaries.

BASEL II PILLAR 3 DISCLOSURES
as at 31st December 2018

3 CAPITAL MANAGEMENT

3.2 Capital structure (continued)

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

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

(i) where an irrevocable written undertaking from shareholder has been obtained to reinvest the electable portion of the dividend; or

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

In arriving at the capital adequacy ratios as at 31 December 2018, the portion of the proposed dividends where no irrevocable written undertaking from shareholders to reinvest the electable portion into new ordinary shares of the Bank is obtained, is assumed to be paid in cash and has been deducted from the calculation of CET 1 Capital.

In accordance with BNM's Guidelines on Investment Account, the credit and market risk weighted on the assets funded by the RIA are included in calculation of capital adequacy for the Bank. As at 31 December 2018, RIA assets included in the Total Capital Ratio calculation amounted to RM2,380.0 million (2017: RM2,749.8 million).

3.3 Capital adequacy

The Group and the Bank have in place an internal limit for its CET1 capital ratio, Tier I capital ratio and Total capital ratio, which is guided by the need to maintain a prudent relationship between available capital and the risks of its underlying businesses. The capital management process is monitored by senior management through periodic reviews.

Refer to Appendix I.

4 RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Bank are principally engaged in all aspects of banking and related financial services. The principal activities of the Bank's subsidiaries are Islamic banking business, investment banking, stockbroking activities, dealing in options and futures, property management services, nominee and trustee services.

The Group and the Bank's business activities involve the analysis, measurement, acceptance, and management of risks which operates within well defined risk acceptance criteria covering customer segments, industries and products. The Group and the Bank do not enter into risk it cannot administer, book, monitor or value, or deal with persons of questionable integrity.

The Group and the Bank have established robust and comprehensive risk management policies and framework, supported by Group Risk Management Framework and Policies based on best practices, to ensure that the salient risk elements in the operations of the Group and the Bank are adequately managed and mitigated. The risk management policies are established to identify, assess, measure, control and mitigate all key risks as well as manage and monitor the risk positions. The risk measurement tools employed are commonly used in market practices and commensurate with the size and complexity of the Group's and the Bank's business operations.

The risk management policies and systems are reviewed regularly to reflect changes in markets, products and best practices in risk management processes. The Group and the Bank's aim are to achieve an appropriate balance between risk and return as well as minimise any potential adverse effects.

5 CREDIT RISK

5.1 Credit risk management objectives and policies

Credit risk is the potential financial loss resulting from the failure of the customer to settle financial and contractual obligations through lending/financing, hedging, trading and investing activities. It includes both pre-settlement and settlement risks of trading counterparties. Credit risk emanates mainly from loans/financing and advances, loan/financing commitments arising from such lending activities, as well as through financial transaction with counterparties including interbank money market activities as well as derivative instruments used for hedging and debt securities.

5 CREDIT RISK

The management of credit risk in the Group and the Bank are governed by a set of approved credit policies, guidelines and procedures to ensure that the overall lending objectives are in compliance with the internal and regulatory requirements. New and existing businesses are governed by Credit Plan which is developed as part of the annual business planning and budgeting process. The Credit Plan is reviewed at least annually to ensure the guidelines and criteria reflect portfolio strategy and market environment. Approval authorities are delegated to Senior Management and GMCC to implement the credit policies and ensure sound credit granting standards. BCRRC has review/veto power.

An independent Group Credit Management ('GCM') function is headed by Group Chief Credit Officer ('GCCO') with direct reporting line to GCEO to ensure sound credit appraisal and approval process. GRM with direct reporting line to GBRMCC has functional responsibilities for the management of credit risk, to ensure adherence to risk standards and discipline.

5.2 Application of Standardised Approach for credit risk

The Group and the Bank use the following External Credit Assessment Institutions ('ECAIs') to determine the risk weights for the rated credit exposures:

- RAM Rating Services Berhad
- Malaysian Rating Corporation Berhad
- Standard & Poor's Rating Services
- Moody's Investors Service
- Fitch Ratings

The external ratings of the ECAIs are used to determine the risk weights of the following types of exposure: sovereigns, banks, public sector entities and corporates.

The mapping of the rating categories of different ECAIs to the risk weights is in accordance with BNM guidelines. In cases where there is no issuer or issue rating, the exposures are treated as unrated and accorded a risk weight appropriate for unrated exposure in the respective category.

Refer to Appendix II and Appendices III (i) to III (ii).

5.3 Credit risk measurement

Loans, advances and financing

Credit evaluation is the process of analysing the creditworthiness of the prospective customer against the Group and the Bank's underwriting criteria and the ability to make a return commensurate with the level of risk undertaken. Assessment and quantification of credit risk are supported by the use of internal rating models, scorecards and decision support tools.

A critical element in the evaluation process for business loans, advances and financing is the assignment of a credit risk grade to the counterparty. The Group and the Bank adopt a credit risk grading methodology encompassing probability of default ('PD') driven scorecards to assist in the risk assessment and decision making process.

For consumer mass market products, statistically developed application scorecards are used to assess the risks associated with the credit application as a decision support tool at loans, advances and financing origination. For share margin financing, the credit decisions are guided by an internally developed rating scorecard as well as other terms and conditions stipulated in the Bank's Margin Financing Policy. The credit risk of share margin financing is largely mitigated by holding of collateral in the form of marketable securities.

Stress Testing supplements the overall assessment of credit risk.

Over-the-Counter ('OTC') Derivatives

The OTC Derivatives credit exposure is computed using the Current Exposure Method. Under the Current Exposure Method, computation of credit equivalent exposure for interest rate and exchange rate related contracts is derived from the summation of the two elements; the replacement costs (obtained by marking-to-market) of all contracts and the potential future exposure of outstanding contracts (Add On charges depending on the specific remaining tenure to maturity).

BASEL II PILLAR 3 DISCLOSURES
as at 31st December 2018

5 CREDIT RISK

5.4 Risk limit control and mitigation policies

The Bank employs various policies and practices to control and mitigate credit risk.

Lending/financing limits

The Group and the Bank establish internal limits and related lending guidelines to manage large exposures and avoid undue concentration of credit risk in its credit portfolio. The limits include single customer groupings, connected parties, geographical and industry segments. These risks are monitored regularly and the limits reviewed annually or sooner depending on changing market and economic conditions.

The credit risk exposure for derivative and loans, advances and financing books is managed on an aggregated basis as part of the overall lending/financing limits with customers together with potential exposure from market movements.

Collateral

Credits are established against borrower's capacity to repay rather than rely solely on security. However, collateral may be taken to mitigate credit risk. The main collateral types accepted and given value are:

- Mortgages over residential properties;
- Charges over commercial real estate or vehicles financed;
- Charges over business assets such as business premises, inventory and account receivables; and
- Charges over financial instruments such as marketable securities

Documentary and commercial letters of credit are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Credit related commitments

Commitment to extend credit represents unutilised portion of approved credit in the form of loans/financing, guarantees or letters of credit. In terms of credit risk, the Group and the Bank are potentially exposed to loss in an amount equal to the total unutilised commitments. However, the potential amount of loss is less than the total unutilised commitments, as most commitments to extend credit are contingent upon customers maintaining specific minimum credit standards.

The Group and the Bank monitor the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than short-term commitments.

Refer to Appendix IV (a) to (b).

5.5 Credit risk monitoring

Corporate credits and large individual accounts are reviewed by the Business Units at least once a year using updated financial and other relevant information. This is to ensure that the credit grades remain appropriate and any signs of weaknesses or deterioration in the credit quality are detected. Remedial action is taken where evidence of deterioration emanates.

Retail credits are actively monitored and managed on a portfolio basis by product type. A collection management system is in place to promptly identify, monitor and manage delinquent accounts at early stages of delinquency.

An Early Control Process is in place as part of a means to pro-actively identify, report, and manage deteriorating credit quality. Watchlist accounts are closely reviewed and monitored with corrective measures initiated to prevent them from turning impaired. As a rule, watchlist accounts are either worked up or worked out within a period of twelve months.

The Group and the Bank has established MFRS 9 - Stage Transfer Policy to provide guidance in determining significant increases in credit risk of financial assets. There are 3 stages to differentiate the credit risk of the financial assets in conjunction with MFRS 9 standards : Performing Accounts (Stage 1), Underperforming Accounts (Stage 2) and Impaired Accounts (Stage 3).

Active portfolio monitoring as well as exceptions reporting is in place to manage the overall risk profile, identify, analyse and mitigate adverse trends or specific areas of risk concerns.

5 CREDIT RISK

5.6 Expected Credit Losses ('ECL')

Credit risk grades

The Group and the Bank allocate each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

Each exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically takes into consideration a number of relevant factors when identifying and analysing of counterparty credit risk. These factors determines the credit rating under the Credit Risk Grading Policy, which considers factors such as competitive position, operating performance, cash flow strength and management strength.

Generating the term structure of PD

Credit risk grades and past due status are a primary input into the determination of the term structure of PD for exposures. The Group and the Bank collect performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of product and borrower as well as by credit risk grading. For some portfolios, information from external credit reference agencies are also used.

The Group and the Bank employ statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

The Lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors as well as in-depth analysis of the impact of certain other factors (e.g. forbearance experience) on the risk of default. For most exposures, key macro-economic indicators include: GDP growth, benchmark interest rates and unemployment. For exposures to specific industries and/or regions, the analysis may extend to relevant commodity and/or real estate prices.

The Group and the Bank formulate a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios (see discussion below on incorporation of forward-looking information). The Group and the Bank then use these forecasts to adjust its estimates of PDs.

Determining whether credit risk has increased significantly

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency.

The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Group and the Bank's quantitative modelling, the remaining lifetime PD is determined to have increased by more than a predetermined percentage/range.

Using its expert credit judgement and, where possible, relevant historical experience, the Group and the Bank may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

As a backstop, the Group and the Bank consider that a significant increase in credit risk occurs no later than when an asset is more than 30 days or 1 month past due. Days or months past due are determined by counting the number of days or month since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

5 CREDIT RISK

5.6 Expected Credit Losses ('ECL') (continued)

Determining whether credit risk has increased significantly (continued)

The Group and the Bank monitor the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (stage 1) and lifetime PD (stage 2).

Modified financial assets

The contractual terms of a loan/financing may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan/financing whose terms have been modified may be derecognised and the renegotiated loan/financing recognised as a new loan/financing at fair value.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

The Group and the Bank renegotiate loans/financing to customers in financial difficulties to maximise collection opportunities and minimise the risk of default. Loan/financing forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan/financing covenants.

For financial assets modified, the estimate of PD reflects whether the modification has improved or restored the Bank's ability to collect interest and principal and the Bank's previous experience of similar forbearance action. As part of this process, the Bank evaluates the borrower's payment performance against the modified contractual terms and considers various behavioural indicators.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired. A customer needs to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be credit-impaired/in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECL.

Definition of default

The Group and the Bank consider a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group and the Bank in full, without recourse by the Group and the Bank to actions such as realising security (if any is held); or
- the borrower is past due more than 90 days or 3 months on any material credit obligation to the Group and the Bank.

In assessing whether a borrower is in default, the Group and the Bank consider indicators that are:

- qualitative - e.g. breaches of covenant;
- quantitative - e.g. past due more than 90 days or 3 months; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

BASEL II PILLAR 3 DISCLOSURES
as at 31st December 2018

5 CREDIT RISK

5.6 Expected Credit Losses ('ECL') (continued)

Incorporation of forward-looking information

The Group and the Bank incorporate forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The Group and the Bank formulate a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios.

This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities.

The base case represents a most-likely outcome and is aligned with information used by the Group and the Bank for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group and the Bank carry out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Group and the Bank have identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past 3 to 5 years.

Measurement of expected credit losses ('ECL')

Category	Definition	Basis for recognising
Performing accounts	• Financial assets that do not have significant increase in credit risk since initial recognition ofthe asset and therefore,less likely to default; • Performing accounts with credit grade 13 or better; • Accounts past due less than or equal to 30 days or; • For early control accounts where one that has risk or potential weakness which if left unchecked, may result in significant deterioration of repayment prospect and transfer to underperfoming status (stage 2) or worse.	12 mondlS ECL (Stage 1)
Underperforming accounts	• An account with significant increase in credit risk since initial recognition and if left uncorrected may result in impairment of the account within the next 12 months; • Accounts past due more than 30 days or 1 month but lesst than 90 days or 3 months; • Account demonstrates critical level of risk and therefore, credit graded to 14 and place under watchlist.	Lifetime ECL - not credit impaired (Stage 2)
Impaired accounts	• Impaired credit; • Credit grade 15 or worse; • Accounts past due moire than 90 days or 3 months; • All rcstructure and rescheduling (R&R) accounts due to credit deterioration are to be classified as impaired.	Lifetime ECL - credit impaired (Stage 3)
Write-off	• Evidence indicating that there is no reasonable expectation of recovery based on unavailability of debtor's sources of income or; • Assets unable to generate sufficient future cash flow to repay the amount.	Asset is written off

5 CREDIT RISK

5.6 Expected Credit Losses ('ECL') (continued)

Measurement of expected credit losses ('ECL') (continued)

The Group and the Bank have not used the low credit risk exemption for any financial instrument for the year ended 31 December 2018.

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default ('PD');
- loss given default ('LGD'); and
- exposure at default ('EAD').

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. If a counterparty or exposure migrates between rating classes or changes in past due status, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. LGD estimates are recalibrated for different economic scenarios. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

ECL is determined by projecting the PD, LGD and EAD at each future point on a yearly basis individual exposure, or collective segment, and discounting these monthly expected losses back to the reporting date. The discount rate used in the ECL calculation is the original interest/ profit rate or an approximation thereof.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group and the Bank measure ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Bank considers a longer period. The maximum contractual period extends to the date at which the Bank has the right to require repayment of an advance or terminate a loan/financing commitment or guarantee.

Forward looking economic information is also included in determining the 12 month and lifetime PD, EAD and LGD.

5 CREDIT RISK

5.6 Expected Credit Losses (‘ECL’) (continued)

Measurement of expected credit losses (‘ECL’) (continued)

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

- product/instrument type;
- past due status;
- credit risk grading;
- collateral type;
- date of initial recognition;
- remaining term to maturity;

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Total loans, advances and financing - credit quality

All loans, advances and financing are categorised into “neither past due nor impaired”, “past due but not impaired” and “impaired”.

Past due loans refer to loans, advances and financing that are overdue by one day or more.

Loans, advances and financing are classified impaired when they fulfill any of the following criteria:

i) the principal or interest/profit or both is past due more than 90 days or 3 months from the first day of default;

ii) where the account is in arrears for less than 90 days or 3 months, there is evidence of impairment to indicate that the borrower/customer is “unlikely to repay” its credit obligations;

iii) the loan/financing is classified as rescheduled and restructured in Central Credit Reference Information System (CCRIS).

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5 CREDIT RISK

5.6 Expected Credit Losses ('ECL') (continued)

Analysed by economic sectors
Past due loans/financing

The Group	2018 Stage 1 RM'000	2018 Stage 2 RM'000	2018 Total RM'000	2017 Total RM'000
Primary agriculture	10,284	2,893	13,177	82,850
Mining and quarrying	416	392	808	1,836
Manufacturing	12,007	8,265	20,272	24,864
Electricity, gas and water supply	1,519	466	1,985	1,053
Construction	69,994	36,908	106,902	70,353
Real estate	420,381	72,636	493,017	426,952
Wholesale & retail trade and restaurants & hotels	60,905	34,618	95,523	106,354
Transport, storage and communication	43,212	42,580	85,792	320,089
Finance, insurance and business services	28,232	29,083	57,315	99,159
Education, health and others	90,358	6,156	96,514	262,787
Household	1,270,370	979,727	2,250,097	2,029,887
	2,007,678	1,213,724	3,221,402	3,426,184

The Bank	2018 Stage 1 RM'000	2018 Stage 2 RM'000	2018 Total RM'000	2017 Total RM'000
Primary agriculture	9,201	2,437	11,638	10,433
Mining and quarrying	417	392	809	1,691
Manufacturing	10,014	7,298	17,312	22,732
Electricity, gas and water supply	1,051	133	1,184	530
Construction	54,285	32,370	86,655	56,937
Real estate	393,061	69,903	462,964	395,137
Wholesale & retail trade and restaurants & hotels	52,576	27,987	80,563	93,294
Transport, storage and communication	23,368	25,635	49,003	313,821
Finance, insurance and business services	22,639	20,399	43,038	88,679
Education, health and others	86,257	5,383	91,640	259,376
Household	645,320	603,204	1,248,524	1,260,313
	1,298,189	795,141	2,093,330	2,502,943

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as at 31st December 2018

5 CREDIT RISK

5.6 Expected Credit Losses ('ECL') (continued)

Analysed by economic sectors (continued)
Expected credit losses

The Group	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
Primary agriculture	7,083	298	438	7,819
Mining and quarrying	3,860	1,241	3,289	8,390
Manufacturing	9,970	978	15,718	26,666
Electricity, gas and water supply	2,181	2,124	-	4,305
Construction	11,912	6,155	18,267	36,334
Real estate	55,092	10,815	38,240	104,147
Wholesale & retail trade and restaurants & hotels	15,154	7,752	19,356	42,262
Transport, storage and communication	9,186	3,842	101,136	114,164
Finance, insurance and business services	16,230	4,267	19,288	39,785
Education, health and others	11,161	262	15,338	26,761
Household	52,506	9,895	107,758	170,159
	194,335	47,629	338,828	580,792

The Group	2017 Individual impairment RM'000	Collective impairment RM'000	Total RM'000
Primary agriculture	611	2,541	3,152
Mining and quarrying	67	1,069	1,136
Manufacturing	11,071	6,700	17,771
Electricity, gas and water supply	-	630	630
Construction	16,215	22,124	38,339
Real estate	13,941	19,629	33,570
Wholesale & retail trade and restaurants & hotels	6,737	16,292	23,029
Transport, storage and communication	18,259	7,341	25,600
Finance, insurance and business services	15,600	9,714	25,314
Education, health and others	-	5,569	5,569
Household	11,384	146,906	158,290
	93,885	238,515	332,400

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5 CREDIT RISK

5.6 Expected Credit Losses ('ECL') (continued)

Analysed by economic sectors (continued)
Expected credit losses (continued)

The Bank	**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**
Primary agriculture	**3,722**	**294**	**438**	**4,454**
Mining and quarrying	**3,745**	**1,241**	**1,759**	**6,745**
Manufacturing	**6,883**	**658**	**15,137**	**22,678**
Electricity, gas and water supply	**1,125**	**2,123**	**-**	**3,248**
Construction	**9,651**	**5,829**	**16,504**	**31,984**
Real estate	**46,751**	**8,888**	**11,893**	**67,532**
Wholesale & retail trade and restaurants & hotels	**12,169**	**7,690**	**17,547**	**37,406**
Transport, storage and communication	**7,316**	**2,835**	**100,876**	**111,027**
Finance, insurance and business services	**15,346**	**1,019**	**18,444**	**34,809**
Education, health and others	**5,747**	**253**	**11,207**	**17,207**
Household	**27,523**	**5,712**	**71,589**	**104,824**
	139,978	**36,542**	**265,394**	**441,914**

The Bank	2017 Individual impairment RM'000	Collective impairment RM'000	Total RM'000
Primary agriculture	611	1,864	2,475
Mining and quarrying	67	979	1,046
Manufacturing	11,066	5,762	16,828
Electricity, gas and water supply	-	195	195
Construction	6,804	18,547	25,351
Real estate	924	17,201	18,125
Wholesale & retail trade and restaurants & hotels	5,403	14,130	19,533
Transport, storage and communication	18,259	6,103	24,362
Finance, insurance and business services	15,600	7,127	22,727
Education, health and others	-	4,084	4,084
Household	11,102	102,516	113,618
	69,836	178,508	248,344

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5 CREDIT RISK

5.6 Expected Credit Losses ('ECL') (continued)

Analysed by economic sectors (continued)
Expected credit losses written-off

The Group	2018 Lifetime ECL credit impaired Stage 3 RM'000	2017 Individual impairment written-off RM'000	Collective impairment written-off RM'000	Total RM'000
Primary agriculture	**637**	-	450	450
Mining and quarrying	**227**	-	-	-
Manufacturing	**1,278**	7,038	689	7,727
Electricity, gas and water supply	**135**	-	14	14
Construction	**18,806**	26,617	2,611	29,228
Wholesale & retail trade and restaurants & hotels	**3,188**	11,307	2,615	13,922
Transport, storage and communication	**1,659**	-	857	857
Finance, insurance and business services	**1,194**	62,993	199	63,192
Education, health and others	**249**	-	529	529
Household	**50,587**	4,678	40,005	44,683
	77,960	112,633	47,969	160,602

The Bank	2018 Lifetime ECL credit impaired Stage 3 RM'000	2017 Individual impairment written-off RM'000	Collective impairment written-off RM'000	Total RM'000
Primary agriculture	**637**	-	405	405
Mining and quarrying	**161**	-	-	-
Manufacturing	**1,274**	7,038	627	7,665
Electricity, gas and water supply	**53**	-	14	14
Construction	**11,273**	26,617	1,909	28,526
Wholesale & retail trade and restaurants & hotels	**2,571**	11,307	2,483	13,790
Transport, storage and communication	**1,570**	-	647	647
Finance, insurance and business services	**1,097**	62,993	196	63,189
Education, health and others	**185**	-	426	426
Household	**40,862**	4,678	32,934	37,612
	59,683	112,633	39,641	152,274

5 CREDIT RISK

5.6 Expected Credit Losses ('ECL') (continued)

Analysed by geographical area
Past due loans

The Group	2018 Stage 1 RM'000	2018 Stage 2 RM'000	2018 Total RM'000	2017 Total RM'000
Perlis	1,314	2,471	3,785	4,240
Kedah	65,499	55,146	120,645	129,218
Pulau Pinang	86,763	49,322	136,085	389,084
Perak	61,438	61,752	123,190	130,178
Selangor	602,922	448,544	1,051,466	726,015
Wilayah Persekutuan	443,956	114,956	558,912	587,362
Negeri Sembilan	87,680	61,958	149,638	126,667
Melaka	39,302	39,775	79,077	105,042
Johor	372,349	140,149	512,498	669,700
Pahang	42,409	21,363	63,772	85,324
Terengganu	22,720	29,218	51,938	62,522
Kelantan	13,805	15,303	29,108	33,070
Sarawak	70,056	69,759	139,815	159,885
Sabah	95,739	103,990	199,729	216,366
Labuan	3	-	3	-
Outside Malaysia	1,723	18	1,741	1,511
	2,007,678	1,213,724	3,221,402	3,426,184

The Bank	2018 Stage 1 RM'000	2018 Stage 2 RM'000	2018 Total RM'000	2017 Total RM'000
Perlis	499	1,168	1,667	2,977
Kedah	25,889	24,593	50,432	64,296
Pulau Pinang	50,847	31,041	81,888	358,682
Perak	29,236	33,129	62,365	65,719
Selangor	326,936	293,451	620,387	450,637
Wilayah Persekutuan	344,012	72,680	416,692	394,076
Negeri Sembilan	33,926	27,324	61,250	58,961
Melaka	24,466	26,174	50,640	76,767
Johor	283,661	102,842	386,503	592,916
Pahang	20,000	10,312	30,312	57,088
Terengganu	1,780	2,094	3,874	5,084
Kelantan	2,451	3,735	6,186	8,467
Sarawak	65,553	66,324	131,877	155,511
Sabah	87,257	100,256	187,513	210,262
Labuan	3	-	3	-
Outside Malaysia	1,723	18	1,741	1,500
	1,298,189	795,141	2,093,330	2,502,943

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5 CREDIT RISK

5.6 Expected Credit Losses ('ECL') (continued)

Analysed by geographical area (continued)
Expected credit losses

The Group	12 - Month ECL Stage 1 RM'000	2018 Lifetime ECL not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
Perlis	3,078	27	640	3,745
Kedah	4,720	878	13,236	18,834
Pulau Pinang	9,130	6,281	11,870	27,281
Perak	5,258	1,809	22,048	29,115
Selangor	53,638	14,076	61,038	128,752
Wilayah Persekutuan	57,409	9,277	41,102	107,788
Negeri Sembilan	3,764	1,207	22,520	27,491
Melaka	3,840	1,608	3,709	9,157
Johor	30,184	5,271	18,550	54,005
Pahang	4,618	3,060	4,447	12,125
Terengganu	1,475	345	92,235	94,055
Kelantan	639	182	4,550	5,371
Sarawak	7,556	1,106	5,363	14,025
Sabah	8,566	2,500	12,021	23,087
Labuan	421	-	-	421
Outside Malaysia	39	2	25,499	25,540
	194,335	47,629	338,828	580,792

The Group	Individual impairment RM'000	2017 Collective impairment RM'000	Total RM'000
Perlis	75	827	902
Kedah	11,124	12,262	23,386
Pulau Pinang	6,420	10,333	16,753
Perak	8	12,650	12,658
Selangor	13,478	70,050	83,528
Wilayah Persekutuan	24,071	43,452	67,523
Negeri Sembilan	14,671	10,042	24,713
Melaka	3	6,888	6,891
Johor	4,030	24,261	28,291
Pahang	90	5,133	5,223
Terengganu	18,441	5,547	23,988
Kelantan	-	4,124	4,124
Sarawak	345	11,418	11,763
Sabah	1,129	20,958	22,087
Labuan	-	407	407
Outside Malaysia	-	163	163
	93,885	238,515	332,400

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5 CREDIT RISK

5.6 Expected Credit Losses ('ECL') (continued)

Analysed by geographical area (continued)
Expected credit losses (continued)

The Bank	**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**
Perlis	**62**	**12**	**304**	**378**
Kedah	**2,258**	**242**	**9,989**	**12,489**
Pulau Pinang	**7,232**	**5,516**	**10,755**	**23,503**
Perak	**3,246**	**897**	**14,771**	**18,914**
Selangor	**35,008**	**9,686**	**42,006**	**86,700**
Wilayah Persekutuan	**48,589**	**8,334**	**37,184**	**94,107**
Negeri Sembilan	**1,705**	**825**	**18,640**	**21,170**
Melaka	**3,080**	**451**	**3,025**	**6,556**
Johor	**24,250**	**4,049**	**15,268**	**43,567**
Pahang	**2,627**	**2,960**	**3,709**	**9,296**
Terengganu	**160**	**104**	**89,960**	**90,224**
Kelantan	**193**	**51**	**3,308**	**3,552**
Sarawak	**5,679**	**1,068**	**5,337**	**12,084**
Sabah	**5,727**	**2,345**	**11,138**	**19,210**
Labuan	**124**	**-**	**-**	**124**
Outside Malaysia	**38**	**2**	**-**	**40**
	139,978	**36,542**	**265,394**	**441,914**

The Bank	2017 Individual impairment RM'000	Collective impairment RM'000	Total RM'000
Perlis	75	369	444
Kedah	3,141	7,919	11,060
Pulau Pinang	6,420	8,480	14,900
Perak	8	7,508	7,516
Selangor	10,620	51,211	61,831
Wilayah Persekutuan	11,393	35,239	46,632
Negeri Sembilan	14,671	6,712	21,383
Melaka	-	5,619	5,619
Johor	4,030	19,188	23,218
Pahang	90	3,609	3,699
Terengganu	18,259	729	18,988
Kelantan	-	1,327	1,327
Sarawak	-	10,105	10,105
Sabah	1,129	20,224	21,353
Outside Malaysia	-	25	25
	69,836	178,508	248,344

6 MARKET RISK

6.1 Market risk management objectives and policies

Market risk is defined as changes in the market value of a trading or investment position arising from movements in market factors such as interest rate, foreign exchange rates and implied volatility rates. The Group and the Bank's exposure to market risk results largely from interest rate and foreign exchange rate risks

Market risk may arise from proprietary trading position and investment activities (including those for liquidity requirement purposes) in the Trading and Investment Book respectively.

The Market Risk Management Framework governs the market risk activities of the Group and the Bank which is supported by a set of approved market risk management policies, guidelines and procedures.

Risk parameters are established based on risk appetite, market liquidity and business strategies as well as macroeconomic conditions. These parameters are reviewed at least annually.

Market risk arising from the Trading Book is primarily controlled through the imposition of Stop-loss and Value-at-Risk ('VaR') risk parameters.

Interest rate risk is quantified by analysing the mismatches in timing repricing of the rate sensitive assets and rate sensitive liabilities. Earnings-at-Risk ('EaR') or Net Interest Income simulation is conducted to assess the variation in short term earnings under various rates scenarios. The potential long term effect of the overall exposure is tracked by assessing the impact on Economic Value of Equity ('EVE'), also known as Economic Value-at-Risk ('EVaR'). Thresholds are set for EaR and EVaR as management triggers.

Periodic stress tests are conducted to quantify market risk arising from probability of abnormal market movements.

Risk Management Policies and Procedures

Risk management policies and procedures are reviewed and updated to ensure relevance to current business needs as well as current/ applicable regulatory requirements such as BNM's policy documents on:

a) Managing Unauthorised Trading & Market Manipulation,

b) Code of Conduct for Malaysia Wholesale Financial Markets, and

c) Principles for a Fair and Effective Financial Market for Malaysian Financial Market.

6.2 Application of Standardised Approach for market risk Capital Charge Computation

The Group and the Bank adopt the Standardised Approach for the purpose of calculating the capital requirement for market risk.

Refer to Appendix I.

6.3 Market risk measurement, control and monitoring

The Group and the Bank's market risks are measured primarily using mark-to-market revaluation and Value-at-Risk (VaR) methodologies. Market risk parameters are the tolerance level of risk acceptance set by the Group and the Bank to confine losses arising from adverse rate or price movements. Market risk management parameters are established based on its risk appetite, market liquidity and business strategies as well as macroeconomic conditions. These parameters are reviewed at least on an annual basis.

Market risk arising from the Trading Book is primarily controlled through the imposition of Stop-loss and Value-at-Risk ('VaR') risk parameters.

The Group and the Bank quantify interest/profit rate risk by analysing the mismatches in timing repricing of the rate sensitive assets and rate sensitive liabilities. Earnings-at-Risk ('EaR') or Net Interest/Profit Income simulation is conducted to assess the variation in short term earnings under various rates scenarios. The potential long term effect of the overall exposure is tracked by assessing the impact on Economic Value of Equity ('EVE'), also known as Economic Value-at-Risk ('EVaR'). Thresholds are set for EaR and EVaR as management triggers.

In addition, periodic stress tests are conducted to quantify market risk arising from probability of abnormal market movements.

The GALCO and GBRMCC are regularly kept informed of the Group and the Bank's risk profile and positions.

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6 MARKET RISK

6.4 Value-at-Risk ('VaR')

Value-at-Risk ('VaR') estimates the potential loss of a Trading portfolio from adverse market price movements which may occur over a specified holding period of the Trading portfolio.

It measures the risk of losses arising from potential adverse movements in interest/profit rates, implied volatility rates and foreign exchange rates that could affect values of financial instruments.

Backtesting of the VaR results is conducted to validate and reassess the accuracy of the risk measurement systems.

- Mark-to-market

  Mark-to-market valuation tracks the current market value of the outstanding financial instruments.

- Stress testing

  Stress tests are conducted to attempt to quantify market risk arising from abnormal market movements. Stress tests measure the changes in values arising from extreme movements in interest rates and foreign exchange rates based on past experiences and simulated stress scenarios.

6.5 Foreign Exchange Risk

The Group and the Bank are exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The risk of fluctuations in foreign currency exchange rates is managed via setting of thresholds on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily.

7 LIQUIDITY RISK

7.1 Liquidity risk management objectives and policies

Liquidity risk is the risk of inability of a bank to fund increases in assets and meet obligations as they come due, without incurring unacceptable losses. Liquidity risk includes the inability to manage sudden decreases or changes in funding sources. Liquidity risk also arises from the failure to recognise changes in market conditions that affect the ability to liquidate assets quickly and with minimal loss in value.

The Liquidity Risk Management Framework governs the liquidity risk management activities of the Group and the Bank. The objective of liquidity risk management is to ensure that there are sufficient funds to meet contractual and regulatory obligations without incurring unacceptable losses as well as to undertake new transactions. The Group and the Bank's liquidity management process involves establishing liquidity risk management policies and prudential thresholds, liquidity risk threshold monitoring, stress testing and establishing contingency funding plans. These building blocks of liquidity risk management are subject to regular reviews to ensure relevance in the context of prevailing market conditions and regulatory landscape.

7.2 Liquidity risk measurement, control and monitoring

The Group and the Bank's short term liquidity risk management is premised on BNM's Liquidity Coverage Ratio ('LCR') final standards. The LCR is a quantitative requirement which seeks to ensure that the Group and the Bank holds sufficient high-quality liquid assets ('HQLA') to withstand a significant liquidity stress scenario over a 30-day horizon.

Long term liquidity risk profile is assessed via the Net Stable Funding Ratio ('NSFR') which promotes resilience over a longer time horizon for the Group and the Bank to fund its activities with more stable sources of funding on an ongoing basis.

The Group and the Bank also employs a set of liquidity risk indicators as an early alert of any structural change for liquidity risk management. The liquidity risk indicators include internal and external qualitative as well as quantitative indicators.

Liquidity stress tests are conducted periodically and on ad-hoc basis to gauge the Group and the Bank's resilience in the event of a liquidity disruption.

The Contingency Funding Plan provides a systematic approach in handling liquidity disruption. The document encompasses strategies, decision-making authorities, and courses of action to be taken in the event of liquidity crisis and emergencies, enabling the Group and the Bank to respond to an unexpected liquidity disruption in an effective and efficient manner.

The Group Board Risk Management and Compliance Committee ('GBRMCC') is responsible for the Group and the Bank's liquidity policy and the strategic management of liquidity has been delegated to the Group Asset Liability Management Committee ('GALCO'). The Liquidity Management Committee ('LMC'), which is a sub-committee of GALCO, augments the functions of GALCO by directing its focus specifically to liquidity issues. The GBRMCC is informed regularly on the liquidity position of the Group and the Bank.

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8 OPERATIONAL RISK

8.1 Operational risk management objectives and policies

Operational risk is defined as the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or external events. The definition includes legal risk, and exposure to litigation from all aspects of the Bank's activities, but excludes strategic business, reputational and systemic risks.

Information Technology ('IT') and cyber risks are managed as part of the operational risk activities. IT and cyber risk span a range of business critical areas, such as security, availability, performance and compliance

The Group Operational Risk Management Framework governs the management of operational risk across the Group and the Bank. IT Risk Management Framework is an extended framework that define the control objectives and minimum standards to guide the IT Department/ relevant personnel in managing the IT & cyber risks involved in the daily operations. The scope of IT Risk Management Framework covers risk governance, risk management approaches, risk management process, risk management tool and exception handling.

GBRMCC approves all policies/policy changes relating to operational risk. GORMC supports GBRMCC in the review and monitoring of operational risk and provides the forum to discuss and manage all aspects of operational risk including control lapses.

The operational risk management ('ORM') and IT risk management (ITRM) function within GRM operates in independent capacity to facilitate business/support units managing the risks in activities associated with the operational and IT function of the Bank.

8.2 Application of Basic Indicator Approach for operational risk

The Group and the Bank adopt the Basic Indicator Approach for the purpose of calculating the capital requirement for operational risk. The capital requirement is calculated by taking 15% of the average annual gross income over the previous three years.

8.3 Operational risk measurement, control and monitoring

Operational risks are managed daily through established systems and processes to ensure compliance with policies, guidelines and control procedures.

The Bank employs the following standard operational risk tools for risk and control identification and assessment:

- Risk Control Self Assessment ('RCSA')
- Key Control Standards ('KCS')
- Key Risk Indicator ('KRI')
- Loss Event Database ('LED)

Scenario analysis is an extension of the risk assessment process whereby business/support unit identify potential operational risk events in a given scenario, assess the potential outcomes and the need for additional risk management controls or mitigation solutions for each of the potential outcome.

The IT systems and processes are assessed and tested regularly for resilience and continuity, and that they are secure from internal and external threats. IT risk appetite have been formally determined as part of a risk assessment and monitoring scope. It enables the Board and senior management to more deeply understand exposure to specific IT & cyber risks, establish clarity on the IT & cyber imperatives for the organisation, work out tradeoffs, and determine priorities.

Introduction of new products or services are evaluated to assess suitability, potential risks and operational readiness. Operational Risk Coordinators ('ORC') are appointed at business and support units as champions of ORM activities within respective units. The ORC is responsible for the reporting of ORM activities and to liaise with Group Operational Risk Management on all operational defects and results.

8.4 Certification

As an internal requirement, all Operational Risk Coordinators must satisfy an Internal Operational Risk (including business continuity management) Certification Program. These coordinators will first go through an on-line self learning exercise before attempting on-line assessments to measure their skills and knowledge level. This will enable Group Risk Management to prescribe appropriate training and development activities for the coordinators.

BASEL II PILLAR 3 DISCLOSURES
as at 31st December 2018

9 SHARIAH NON-COMPLIANCE RISK

9.1 Shariah non-compliance risk objectives and policies

Shariah non-compliance ('SNC') risk is the risk of legal or regulatory sanctions, financial loss or non-financial implications including reputational damage, which the Bank may suffer arising from the failure to comply with the rulings of the Shariah Advisory Council of Bank Negara Malaysia ('SAC'), standards on Shariah matters issued by BNM pursuant to Section 29(1) of the Islamic Financial Services Act, or decisions or advice of the Shariah Committee that are consistent with the rulings of the SAC.

The Shariah Risk Management Framework governs the management of SNC risk within the Bank.

The Shariah Committee deliberates on Shariah issues presented to them, and provide resolution and guidance. GORMC together with GBRMCC assist the Board in the overall oversight of Shariah Risk Management of the Group.

Shariah Risk Management is part of an integrated risk management control function. It assists business units and functional lines to identify all possible SNC risk and its mitigating measures.

9.2 Shariah non-compliance risk measurement, control and monitoring

SNC risk is proactively managed with the following tools:

1. SNC Event Reporting to BNM
   Shariah loss data are collected for evaluation, monitoring and reporting.

2. Shariah Risk and Control Self-Assessment ('RCSA')
   To systematically assist business units and functional lines to identify and assess SNC risks and controls. RCSA is performed annually or when there is occurrence of significant events either internal or external.

3. Key Risk Indicator ('KRI')
   By monitoring key SNC risk exposures over time, it provides the management early alert of changes in the risk and control environment.

4. Key Control Standard ('KCS')
   To validate the effectiveness of control measures.

10 BUSINESS CONTINUITY RISK

10.1 Business continuity risk management objectives and policies

Business continuity risk is the risk of losses in assets, revenue, reputation and stakeholder/customer confidence due to the discontinuation of services in both business and technology operations.

The Business Continuity Management Framework governs the management of business continuity issues, in line with BNM Guidelines on Business Continuity Management ('BCM').

GBRMCC approves all policies and its changes relating to business continuity management. It also reviews, monitors and discusses business continuity management reports tabled at its meetings. GORMC supports GBRMCC in the review and monitoring of Business Continuity Risk and provides the forum to discuss and manage all aspects of operational risk including control lapses.

The BCM function is an independent body overseeing the management of the overall business continuity risk.

10.2 Business continuity risk measurement, control and monitoring

Annual Risk Assessment and Business Impact Analysis are made compulsory for each business and support unit in the Group and the Bank to undertake. The outcome of this assessment will translate into a risks listing that require business and support units to derive action plans to address the risks.

Risk control is established through adherence with established BCM guidelines and standards throughout the implementation of BCM programs. Rigorous testing on business continuity and disaster recovery plans are diligently performed to ensure effective and smooth execution of the plan for resumption and recovery of disrupted business.

Policies and processes are in place to support the monitoring and reporting of business continuity risks.

The Group and the Bank have adopted Basel II - Risk Weighted Assets computation under the BNM's Risk-Weighted Capital Adequacy Framework with effect from 1 January 2008. The Group and the Bank have adopted the Standardised Approach for credit risk and market risk, and Basic Indicator Approach for operation risk computation.

The following information concerning the Group and the Bank's risk exposures are disclosed as accompanying information to the annual report, and does not form part of the audited accounts.

Disclosure on Capital Adequacy under the Standardised Approach (RM'000)

Group
2018

	Exposure Class	Gross Exposures/ EAD before CRM		Net Exposures/ EAD after CRM	Risk Weighted Assets	Total Risk Weighted Assets after Effects of PSIA	Minimum Capital Requirements at 8%
1	**CREDIT RISK**						
	On Balance Sheet Exposures						
	Corporates	29,408,781		28,397,054	22,205,335	22,205,335	1,776,428
	Regulatory Retail	15,250,688		14,491,691	10,992,556	10,992,556	879,404
	Other Assets	3,789,979		3,789,979	1,377,035	1,377,035	110,163
	Sovereigns/Central Banks	11,916,473		11,916,457	4,030	4,030	322
	Banks, Development Financial Institutions & MDBs	2,454,179		2,454,179	483,689	483,689	38,695
	Insurance Companies, Securities Firms & Fund Managers	218,915		218,914	194,931	194,931	15,594
	Residential Mortgages	9,318,235		9,287,628	5,290,653	5,290,653	423,252
	Higher Risk Assets	157,032		153,118	224,328	224,328	17,946
	Equity Exposure	15,902		15,902	15,902	15,902	1,272
	Defaulted Exposures	1,447,297		1,414,333	1,946,753	1,946,753	155,740
	Total for On-Balance Sheet Exposures	**73,977,481**		**72,139,255**	**42,735,212**	**42,735,212**	**3,418,816**
	Off Balance Sheet Exposures						
	Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	5,086,744		5,090,127	3,842,718	3,842,718	307,417
	Defaulted Exposures	51,819		48,437	71,260	71,260	5,702
	Total for Off-Balance Sheet Exposures	**5,138,563**		**5,138,564**	**3,913,978**	**3,913,978**	**313,119**
	Total for On and Off-Balance Sheet Exposures	**79,116,045**		**77,277,819**	**46,649,190**	**46,649,190**	**3,731,935**
2	**MARKET RISK**	**Long Position**	**Short Position**				
	Interest Rate Risk	17,397,174	17,370,741	26,433	223,556	-	17,885
	Equity Position Risk	21,153	52	21,101	58,170	-	4,654
	Foreign Currency Risk	3,041,122	2,984,198	56,924	204,953	-	16,396
	Option Risk	27,000	-	27,000	37,125	-	2,970
3	**OPERATIONAL RISK**						
	Operational Risk				2,962,066		236,965
	Total RWA and Capital Requirements				**50,135,060**	**46,649,190**	**4,010,805**

PSIA "Profit Sharing Investment Account"
OTC "Over The Counter"

Disclosure on Capital Adequacy under the Standardised Approach (RM'000) (continued)

Group
2017

	Exposure Class		Gross Exposures/ EAD before CRM	Net Exposures/ EAD after CRM	Risk Weighted Assets	Total Risk Weighted Assets after Effects of PSIA	Minimum Capital Requirements at 8%
1	CREDIT RISK						
	On Balance Sheet Exposures				21,935,287		
	Corporates		28,576,002	27,630,803	10,459,134	21,935,287	1,754,823
	Regulatory Retail		14,543,952	13,895,123	1,305,763	10,459,134	836,731
	Other Assets		3,583,287	3,952,097	4,089	1,305,763	104,461
	Sovereigns/Central Banks		8,956,404	8,956,404	891,718	4,089	327
	Banks, Development Financial Institutions & MDBs		2,859,992	2,985,564	287,973	891,718	71,337
	Insurance Companies, Securities Firms & Fund Managers		311,854	318,319	3,189,091	287,973	23,038
	Residential Mortgages		7,418,233	7,388,027	221,719	3,189,091	255,128
	Higher Risk Assets		156,983	153,368		221,719	17,737
	Equity Exposure		19,902	19,902	19,902	19,902	1,592
	Defaulted Exposures		1,786,865	1,814,959	2,510,697	2,510,697	200,856
	Total for On-Balance Sheet Exposures		68,213,474	67,114,566	40,825,373	40,825,373	3,266,030
	Off Balance Sheet Exposures						
	Off Balance Sheet Exposures other than OTC derivatives or credit derivatives		5,499,135	5,186,859	4,354,651	4,354,651	348,373
	Defaulted Exposures		69,412	64,247	95,323	95,323	7,626
	Total for Off-Balance Sheet Exposures		5,568,547	5,251,106	4,449,974	4,449,974	355,999
	Total for On and Off-Balance Sheet Exposures		73,782,021	72,365,672	45,275,347	45,275,347	3,622,029
2	MARKET RISK	Long Position	Short Position				
	Interest Rate Risk	14,710,576	14,794,357	(83,781)	307,912	-	24,633
	Equity Position Risk	47,544	-	47,544	125,607	-	10,049
	Foreign Currency Risk	4,073,979	3,942,827	131,152	170,515	-	13,641
3	OPERATIONAL RISK						
	Operational Risk				2,544,825		203,586
	Total RWA and Capital Requirements				48,424,206	45,275,347	3,873,938

PSIA "Profit Sharing Investment Account"
OTC "Over The Counter"

Disclosure on Capital Adequacy under the Standardised Approach (RM'000) (continued)

Bank
2018

	Exposure Class		Gross Exposures/ EAD before CRM	Net Exposures/ EAD after CRM	Risk Weighted Assets	Total Risk Weighted Assets after Effects of PSIA	Minimum Capital Requirements at 8%
1	**CREDIT RISK**						
	On Balance Sheet Exposures						
	Corporates		20,573,025	19,642,650	15,849,344	15,849,344	1,267,948
	Regulatory Retail		10,026,261	9,671,903	7,374,053	7,374,053	589,924
	Other Assets		2,672,961	2,672,961	882,798	882,798	70,624
	Sovereigns/Central Banks		3,935,142	3,935,127	-	-	-
	Banks, Development Financial Institutions & MDBs		2,833,092	2,833,092	862,619	862,619	69,010
	Insurance Companies, Securities Firms & Fund Managers		218,765	218,765	194,782	194,782	15,583
	Residential Mortgages		3,024,596	3,008,359	1,405,621	1,405,621	112,449
	Higher Risk Assets		9,697	9,648	14,271	14,271	1,142
	Equity Exposure		15,902	15,902	15,902	15,902	1,272
	Defaulted Exposures		1,090,421	1,059,077	1,446,415	1,446,415	115,713
	Total for On-Balance Sheet Exposures		44,399,862	43,067,484	28,045,805	28,045,805	2,243,665
	Off Balance Sheet Exposures						
	Off Balance Sheet Exposures other than OTC derivatives or credit derivatives		3,187,263	3,190,587	2,570,951	2,570,951	205,676
	Defaulted Exposures		47,415	44,092	65,818	65,818	5,265
	Total for Off-Balance Sheet Exposures		3,234,678	3,234,679	2,636,769	2,636,769	210,941
	Total for On and Off-Balance Sheet Exposures		47,634,540	46,302,163	30,682,574	30,682,574	2,454,606
2	**MARKET RISK**	Long Position	Short Position				
	Interest Rate Risk	10,840,416	10,864,312	(23,896)	151,998	-	12,160
	Foreign Currency Risk	645,900	753,348	(107,448)	120,302	-	9,624
3	**OPERATIONAL RISK**						
	Operational Risk				1,899,866		151,989
	Total RWA and Capital Requirements				32,854,740	30,682,574	2,628,379

PSIA "Profit Sharing Investment Account"
OTC "Over The Counter"

Disclosure on Capital Adequacy under the Standardised Approach (RM'000) (continued)

Bank
2017

	Exposure Class	Gross Exposures/ EAD before CRM		Net Exposures/ EAD after CRM	Risk Weighted Assets	Total Risk Weighted Assets after Effects of PSIA	Minimum Capital Requirements at 8%
1	CREDIT RISK						
	On Balance Sheet Exposures						
	Corporates		20,741,917	19,916,489	16,464,505	16,464,505	1,317,160
	Regulatory Retail		9,948,274	9,672,371	7,292,978	7,292,978	583,438
	Other Assets		3,053,336	3,053,336	920,921	920,921	73,674
	Sovereigns/Central Banks		3,545,364	3,545,364	-	-	-
	Banks, Development Financial Institutions & MDBs		3,117,230	3,117,230	942,235	942,235	75,379
	Insurance Companies, Securities Firms & Fund Managers		311,806	311,806	287,925	287,925	23,034
	Residential Mortgages		3,132,744	3,114,477	1,185,722	1,185,722	94,858
	Higher Risk Assets		7,670	7,670	11,505	11,505	920
	Equity Exposure		19,902	19,902	19,902	19,902	1,592
	Defaulted Exposures		1,629,272	1,591,527	2,293,516	2,293,516	183,482
	Total for On-Balance Sheet Exposures		45,507,515	44,350,172	29,419,209	29,419,209	2,353,537
	Off Balance Sheet Exposures						
	Off Balance Sheet Exposures other than OTC derivatives or credit derivatives		3,785,108	3,619,260	3,241,237	3,241,237	259,299
	Defaulted Exposures		66,664	61,499	91,713	91,713	7,337
	Total for Off-Balance Sheet Exposures		3,851,772	3,680,759	3,332,950	3,332,950	266,636
	Total for On and Off-Balance Sheet Exposures		49,359,287	48,030,931	32,752,159	32,752,159	2,620,173
2	MARKET RISK	Long Position	Short Position				
	Interest Rate Risk	9,869,557	9,950,325	(80,768)	212,167	-	16,973
	Foreign Currency Risk	28,789	30,323	(1,534)	30,323	-	2,426
3	OPERATIONAL RISK						
	Operational Risk				1,916,984		153,359
	Total RWA and Capital Requirements				34,911,633	32,752,159	2,792,931

PSIA "Profit Sharing Investment Account"
OTC "Over The Counter"

Disclosure on Capital Adequacy under the Standardised Approach (continued)

Market risk is defined as changes in the market value of a trading or investment position arising from movements in market factors such as interest/profit rate, foreign exchange rates and implied volatility rates. The Group and the Bank's Capital-at-Risk ('CaR') is defined as the amount of the Group and the Bank's capital that is exposed to the risk of unexpected losses arising particularly from movements in interest/profit and foreign exchange rates. A CaR reference threshold is set as a management trigger to ensure that the Group and the Bank's capital adequacy are not impinged upon in the event of adverse market movements. The Group and the Bank currently adopt BNM's Standardised Approach for the computation of market risk capital charges. The market risk capital charge addresses among others, capital requirement for market risk which includes the interest/profit rate risk in the Group and the Bank's Trading Book as well as foreign exchange risk in the Trading and Banking Books.

The computation of market risk capital charge covers the following outstanding financial instruments:

(a) Foreign Exchange ('FX')

(b) Interest Rate Swap ('IRS')

(c) Cross Currency Swap ('CCS')

(d) Fixed Income Instruments (i.e. Corporate Bonds/Sukuk and Government Securities)

(d) FX Options

The Bank's Trading Book Policy Statement stipulates the policies and procedures for including or excluding exposures from the Trading Book for the purpose of calculating regulatory market risk capital.

Disclosure on Credit Risk: Disclosures on Risk Weights under the Standardised Approach (RM'000)

Group
2018

Risk Weights	Exposures after Netting and Credit Risk Mitigation												Total Exposure after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	PSEs	Banks, MDBs and FDIs	Insurance Companies, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Specialised Financing/ Investment	Securitisation	Equity		
0%	11,950,962	-	195,975	-	3,559,929	-	-	-	2,251,289	-	-	-	17,958,155	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	118,870	-	2,425,684	29,980	3,547,962	625	-	-	202,069	-	-	-	6,325,190	1,265,038
35%	-	-	-	-	-	-	5,792,683	-	-	-	-	-	5,792,683	2,027,439
50%	-	-	182,042	-	299,633	7,517	1,200,839	7,538	-	-	-	-	1,697,569	848,784
75%	-	-	-	-	-	14,716,600	37,139	-	-	-	-	-	14,753,739	11,065,304
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	13,704	215,601	24,602,697	232,382	2,949,294	-	1,336,621	-	-	15,902	29,366,201	29,366,202
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	962,303	101,019	162,503	158,457	-	-	-	-	1,384,282	2,076,423
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
938%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Average Risk Weight											-		-	-
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	-	

PSE 'Public Sector Entities'
MDB 'Multilateral Development Banks'
FDI 'Financial Development Institutions'

Disclosure on Credit Risk: Disclosures on Risk Weights under the Standardised Approach (RM'000) (continued)

Group
2017

	Exposures after Netting and Credit Risk Mitigation													
Risk Weights	Sovereigns & Central Banks	PSEs	Banks, MDBs and FDIs	Insurance Companies, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Specialised Financing/ Investment	Securitisation	Equity	Total Exposure after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
0%	8,992,659	-	195,548	-	2,471,302	-	-	-	2,054,515	-	-	-	13,714,024	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	80,822	10	1,823,673	29,852	4,176,522	468	-	-	739,775	-	-	-	6,851,122	1,370,224
35%	-	-	-	-	-	-	6,297,954	-	-	-	-	-	6,297,954	2,204,284
50%	-	-	1,274,670	-	162,676	4,033	954,954	7,297	-	-	-	-	2,403,630	1,201,815
75%	-	-	-	-	-	14,013,355	10,356	-	-	-	-	-	14,023,711	10,517,784
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	12,596	307,625	24,773,971	179,489	809,753	2,072	1,157,808	-	-	19,902	27,263,216	27,263,216
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	1,422,972	110,104	126,997	151,944	-	-	-	-	1,812,017	2,718,023
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
938%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Average Risk Weight											-		-	-
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	-	

PSE 'Public Sector Entities'
MDB 'Multilateral Development Banks'
FDI 'Financial Development Institutions'

Disclosure on Credit Risk: Disclosures on Risk Weights under the Standardised Approach (RM'000) (continued)

Bank
2018

Risk Weights	Exposures after Netting and Credit Risk Mitigation												Total Exposure after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	PSEs	Banks, MDBs and FDIs	Insurance Companies, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Specialised Financing/ Investment	Securitisation	Equity		
0%	3,935,155	-	176,135	-	2,710,457	-	-	-	1,664,800	-	-	-	8,486,547	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	38,003	-	1,744,045	29,980	1,619,781	625	-	-	156,704	-	-	-	3,589,138	717,828
35%	-	-	-	-	-	-	2,286,827	-	-	-	-	-	2,286,827	800,389
50%	-	-	1,170,209	-	156,518	6,240	263,448	-	-	-	-	-	1,596,415	798,207
75%	-	-	-	-	-	9,733,387	33,086	-	-	-	-	-	9,766,473	7,324,855
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	13,704	211,860	17,783,101	224,402	547,273	-	851,457	-	-	15,902	19,647,699	19,647,698
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	737,907	90,569	83,851	16,737	-	-	-	-	929,064	1,393,597
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
938%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Average Risk Weight											-		-	-
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	-	

PSE 'Public Sector Entities'
MDB 'Multilateral Development Banks'
FDI 'Financial Development Institutions'

Disclosure on Credit Risk: Disclosures on Risk Weights under the Standardised Approach (RM'000) (continued)

Bank
2017

Risk Weights	Exposures after Netting and Credit Risk Mitigation												Total Exposure after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	PSEs	Banks, MDBs and FDIs	Insurance Companies, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Specialised Financing/ Investment	Securitisation	Equity		
0%	3,549,934	-	175,762	-	1,838,464	-	-	-	1,608,481	-	-	-	7,172,641	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	12,765	10	2,001,807	29,852	2,051,055	468	-	-	654,918	-	-	-	4,750,875	950,175
35%	-	-	-	-	-	-	2,854,066	-	-	-	-	-	2,854,066	998,923
50%	-	-	1,254,192	-	42,403	1,478	218,024	-	-	-	-	-	1,516,097	758,048
75%	-	-	-	-	-	9,736,246	10,211	-	-	-	-	-	9,746,457	7,309,843
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	12,596	301,112	19,026,131	172,432	179,939	-	789,937	-	-	19,902	20,502,049	20,502,049
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	1,294,951	102,455	76,890	14,451	-	-	-	-	1,488,747	2,233,120
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
938%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Average Risk Weight											-		-	-
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	-	

PSE 'Public Sector Entities'
MDB 'Multilateral Development Banks'
FDI 'Financial Development Institutions'

i) **Disclosures on Rated Exposures according to Ratings by ECAIs (RM'000)**

Group
2018

Exposure Class		Ratings of Corporate by Approved ECAIs				
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
On and Off-Balance-Sheet Exposures						
Credit Exposures (using Corporate Risk Weights)						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers		-	-	-	-	245,580
Corporates		2,702,431	143,238	8,084	-	31,174,197
Total		2,702,431	143,238	8,084	-	31,419,777

i) **Disclosures on Rated Exposures according to Ratings by ECAIs (RM'000) (continued)**

Group
2017

Exposure Class		Ratings of Corporate by Approved ECAIs				
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
On and Off-Balance-Sheet Exposures						
Credit Exposures (using Corporate Risk Weights)						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	25
Insurance Cos, Securities Firms & Fund Managers		-	-	-	-	337,668
Corporates		3,188,098	92,068	130,461	-	30,670,285
Total		3,188,098	92,068	130,461	-	31,007,978

i) **Disclosures on Rated Exposures according to Ratings by ECAIs (RM'000) (continued)**

Bank
2018

Exposure Class		Ratings of Corporate by Approved ECAIs				
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
On and Off-Balance-Sheet Exposures						
Credit Exposures (using Corporate Risk Weights)						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers		-	-	-	-	241,839
Corporates		986,311	78,708	-	-	22,903,167
Total		986,311	78,708	-	-	23,145,006

i) Disclosures on Rated Exposures according to Ratings by ECAIs (RM'000) (continued)

Bank
2017

Exposure Class	Ratings of Corporate by Approved ECAIs					
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
On and Off-Balance-Sheet Exposures						
Credit Exposures (using Corporate Risk Weights)						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	25
Insurance Cos, Securities Firms & Fund Managers		-	-	-	-	331,154
Corporates		1,363,196	33,660	28,819	-	23,837,140
Total		1,363,196	33,660	28,819	-	24,168,319

(ii) **Disclosures on Rated Exposures according to Ratings by ECAIs (RM'000) (continued)**

Group
2018

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
On and Off-Balance-Sheet Exposures							
Sovereigns and Central Banks		3,368,746	8,701,102	-	-	-	-
Total		3,368,746	8,701,102	-	-	-	-

Exposure Class	Ratings of Banking Institutions by Approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3-	A1 to A3	BBB1+ to BBB3	BB1 to B3	C1+ to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
On and Off-Balance-Sheet Exposures							
Banks, MDBs and FDIs		1,996,577	53,284	49,042	13,388	-	705,107
Total		1,996,577	53,284	49,042	13,388	-	705,107

(ii) Disclosures on Rated Exposures according to Ratings by ECAIs (RM'000) (continued)

Group
2017

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
On and Off-Balance-Sheet Exposures							
Sovereigns and Central Banks		2,756,528	6,294,245	-	-	-	22,707
Total		2,756,528	6,294,245	-	-	-	22,707

Exposure Class	Ratings of Banking Institutions by Approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3-	A1 to A3	BBB1+ to BBB3	BB1 to B3	C1+ to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
On and Off-Balance-Sheet Exposures							
Banks, MDBs and FDIs		1,589,991	36,479	17,335	12,596	-	1,650,047
Total		1,589,991	36,479	17,335	12,596	-	1,650,047

(ii) **Disclosures on Rated Exposures according to Ratings by ECAIs (RM'000) (continued)**

Bank
2018

Exposure Class		Ratings of Sovereigns and Central Banks by Approved ECAIs					
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
On and Off-Balance-Sheet Exposures							
Sovereigns and Central Banks		-	3,973,173	-	-	-	-
Total		-	3,973,173	-	-	-	-

Exposure Class		Ratings of Banking Institutions by Approved ECAIs					
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3-	A1 to A3	BBB1+ to BBB3	BB1 to B3	C1+ to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
On and Off-Balance-Sheet Exposures							
Banks, MDBs and FDIs		1,235,936	53,284	26,376	13,388	-	1,775,109
Total		1,235,936	53,284	26,376	13,388	-	1,775,109

(ii) Disclosures on Rated Exposures according to Ratings by ECAIs (RM'000) (continued)

Bank
2017

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
On and Off-Balance-Sheet Exposures Sovereigns and Central Banks		-	3,562,700	-	-	-	-
Total		-	3,562,700	-	-	-	-

Exposure Class	Ratings of Banking Institutions by Approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3-	A1 to A3	BBB1+ to BBB3	BB1 to B3	C1+ to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
On and Off-Balance-Sheet Exposures Banks, MDBs and FDIs		1,577,899	36,479	17,335	12,597	-	1,800,047
Total		1,577,899	36,479	17,335	12,597	-	1,800,047

a) **Disclosures on Credit Risk Mitigation (RM'000)**

Group
2018

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees/Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
CREDIT RISK				
On Balance Sheet Exposures				
Sovereigns/Central Banks	11,916,473	-	15	-
Banks, Development Financial Institutions & MDBs	2,454,179	-	-	-
Insurance Cos, Securities Firms & Fund Managers	218,915	-	-	-
Corporates	29,408,781	733,412	1,008,344	-
Regulatory Retail	15,250,688	545	422,353	-
Residential Mortgages	9,318,235	-	30,607	-
Higher Risk Assets	157,032	5,315	3,915	-
Other Assets	3,789,979	-	-	-
Equity Exposure	15,902	-	-	-
Defaulted Exposures	1,447,297	80	36,344	-
Total for On-Balance Sheet Exposures	**73,977,481**	**739,352**	**1,501,578**	**-**
Off Balance Sheet Exposures				
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	5,086,745	-	-	-
Defaulted Exposures	51,819	-	-	-
Total for Off-Balance Sheet Exposures	**5,138,564**	**-**	**-**	**-**
Total for On and Off-Balance Sheet Exposures	**79,116,045**	**739,352**	**1,501,578**	**-**

a) **Disclosures on Credit Risk Mitigation (RM'000) (continued)**

Group
2017

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees/Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
CREDIT RISK				
On Balance Sheet Exposures				
Sovereigns/Central Banks	8,956,404	-	-	-
Banks, Development Financial Institutions & MDBs	2,859,992	-	-	-
Insurance Cos, Securities Firms & Fund Managers	311,854	-	191	-
Corporates	28,576,002	63,490	1,031,309	-
Regulatory Retail	14,543,952	388	318,459	-
Residential Mortgages	7,418,233	-	31,417	-
Higher Risk Assets	156,983	7,297	3,615	-
Other Assets	3,583,287	-	-	-
Equity Exposure	19,902	-	-	-
Defaulted Exposures	1,786,865	80	42,971	-
Total for On-Balance Sheet Exposures	68,213,474	71,255	1,427,962	-
Off Balance Sheet Exposures				
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	5,499,135	-	15	-
Defaulted Exposures	69,412	-	-	-
Total for Off-Balance Sheet Exposures	5,568,547	-	15	-
Total for On and Off-Balance Sheet Exposures	73,782,021	71,255	1,427,977	-

a) **Disclosures on Credit Risk Mitigation (RM'000) (continued)**

Bank
2018

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees/Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
CREDIT RISK				
On Balance Sheet Exposures				
Sovereigns/Central Banks	**3,935,142**	**-**	**15**	**-**
Banks, Development Financial Institutions & MDBs	**2,833,092**	**-**	**-**	**-**
Insurance Cos, Securities Firms & Fund Managers	**218,765**	**-**	**-**	**-**
Corporates	**20,573,025**	**667,372**	**927,055**	**-**
Regulatory Retail	**10,026,261**	**545**	**354,353**	**-**
Residential Mortgages	**3,024,596**	**-**	**16,236**	**-**
Higher Risk Assets	**9,697**	**-**	**50**	**-**
Other Assets	**2,672,961**	**-**	**-**	**-**
Equity Exposure	**15,902**	**-**	**-**	**-**
Defaulted Exposures	**1,090,421**	**80**	**34,667**	**-**
Total for On-Balance Sheet Exposures	**44,399,862**	**667,997**	**1,332,376**	**-**
Off Balance Sheet Exposures				
Off-Balance Sheet exposures other than OTC derivatives or credit derivatives	**3,187,263**	**-**	**-**	**-**
Defaulted Exposures	**47,415**	**-**	**-**	**-**
Total for Off-Balance Sheet Exposures	**3,234,678**	**-**	**-**	**-**
Total for On and Off-Balance Sheet Exposures	**47,634,540**	**667,997**	**1,332,376**	**-**

a) Disclosures on Credit Risk Mitigation (RM'000) (continued)

Bank
2017

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees/Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
CREDIT RISK				
On Balance Sheet Exposures				
Sovereigns/Central Banks	3,545,364	-	-	-
Banks, Development Financial Institutions & MDBs	3,117,230	-	-	-
Insurance Cos, Securities Firms & Fund Managers	311,806	-	191	-
Corporates	20,741,917	1,625	967,651	-
Regulatory Retail	9,948,274	388	298,922	-
Residential Mortgages	3,132,744	-	18,667	-
Higher Risk Assets	7,670	-	-	-
Other Assets	3,053,336	-	-	-
Equity Exposure	19,902	-	-	-
Defaulted Exposures	1,629,272	80	42,910	-
Total for On-Balance Sheet Exposures	45,507,515	2,093	1,328,341	-
Off Balance Sheet Exposures				
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	3,785,108	-	15	-
Defaulted Exposures	66,664	-	-	-
Total for Off-Balance Sheet Exposures	3,851,772	-	15	-
Total for On and Off-Balance Sheet Exposures	49,359,287	2,093	1,328,356	-

b) **Disclosure on Off-Balance Sheet and Counterparty Credit Risk (RM'000)**

Counterparty Credit Risk is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cashflows. An economic loss could occur if the transactions with the counterparty has a positive economic value for the Bank at the time of default.

In contrast to the exposure to credit risk through a loan, where the exposure to credit risk is unilateral and only the lending bank faces the risk of loss, Counterparty Credit Risk creates a bilateral risk of loss where the market value for many types of transactions can be positive or negative to either counterparty.

In respect of off-balance sheet items, the credit risk inherent in each off-balance sheet instrument is translated into an on-balance sheet exposure equivalent (credit equivalent) by multiplying the nominal principal amount with a credit conversion factor ('CCF') as prescribed by the Standardised Approach under the Risk Weighted Capital Adequacy Framework. The resulting amount is then weighted against the risk weight of the counterparty. In addition, counterparty risk weights for over-the-counter ('OTC') derivative transactions will be determined based on the external rating of the counterparty and will not be subject to any specific ceiling.

Group
2018

Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk Weighted Amount
Direct Credit Substitutes	613,796		613,763	543,435
Transaction related contingent Items	1,943,980		971,990	906,744
Short Term Self Liquidating trade related contingencies	432,728		86,546	37,406
Foreign exchange related contracts				
One year or less	11,009,067	58,950	238,299	114,883
Over one year to five years	400,719	7,145	33,888	20,281
Over five years	-	-	-	-
Interest/Profit rate related contracts				
One year or less	946,000	795	1,657	360
Over one year to five years	2,800,148	10,113	88,647	23,482
Over five years	1,025,000	11,802	65,490	18,551
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	2,755,103		1,377,552	969,457
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	7,690,157		1,538,031	1,187,643
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	615,870		-	-
Unutilised credit card lines	613,506		122,701	91,735
Total	**30,846,075**	**88,805**	**5,138,564**	**3,913,978**

b) Disclosure on Off-Balance Sheet and Counterparty Credit Risk (RM'000) (continued)

Group
2017

Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk Weighted Amount
Direct Credit Substitutes	573,469		573,469	527,606
Transaction related contingent Items	2,091,113		1,045,556	978,111
Short Term Self Liquidating trade related contingencies	431,400		86,280	43,360
Foreign exchange related contracts				
One year or less	12,007,480	140,577	318,668	119,636
Over one year to five years	380,815	10,260	35,102	18,760
Over five years	42,485	2,332	9,965	1,993
Interest/Profit rate related contracts				
One year or less	886,000	2,715	1,781	428
Over one year to five years	2,216,148	4,616	53,760	14,545
Over five years	1,115,000	12,625	73,210	20,171
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	3,255,925		1,627,962	1,242,686
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	8,349,806		1,669,961	1,428,380
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	571,760		-	-
Unutilised credit card lines	364,163		72,833	54,298
Total	32,285,564	173,125	5,568,547	4,449,974

b) **Disclosure on Off-Balance Sheet and Counterparty Credit Risk (RM'000) (continued)**

Bank
2018

Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk Weighted Amount
Direct Credit Substitutes	415,834		415,834	353,435
Transaction related contingent Items	1,662,775		831,387	766,784
Short Term Self Liquidating trade related contingencies	113,759		22,752	22,184
Foreign exchange related contracts				
One year or less	8,576,966	42,315	188,044	78,418
Over one year to five years	96,030	349	5,762	2,881
Over five years	-	-	-	-
Interest/Profit rate related contracts				
One year or less	251,000	751	254	79
Over one year to five years	990,148	6,846	33,502	10,743
Over five years	995,000	11,570	63,458	18,145
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	756,251		378,125	332,944
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	6,060,241		1,212,048	988,818
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	133,561		-	-
Unutilised credit card lines	417,558		83,512	62,338
Total	20,469,123	61,831	3,234,678	2,636,769

b) Disclosure on Off-Balance Sheet and Counterparty Credit Risk (RM'000) (continued)

Bank
2017

Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk Weighted Amount
Direct Credit Substitutes	376,301		376,301	338,369
Transaction related contingent Items	1,797,759		898,879	834,003
Short Term Self Liquidating trade related contingencies	151,867		30,374	28,456
Foreign exchange related contracts				
One year or less	7,587,059	99,240	220,154	74,011
Over one year to five years	97,051	321	8,699	4,377
Over five years	42,485	2,332	9,965	1,993
Interest/Profit rate related contracts				
One year or less	736,000	2,715	1,761	488
Over one year to five years	701,148	3,586	18,761	6,225
Over five years	1,115,000	12,625	73,210	20,171
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	1,598,619		799,309	760,869
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	6,707,971		1,341,594	1,209,740
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	136,844		-	-
Unutilised credit card lines	363,825		72,765	54,248
Total	21,411,929	120,819	3,851,772	3,332,950

c) **Disclosures on Market Risk - Interest/profit Rate Risk/Rate of Return Risk in the Banking Book**

Interest/Profit rate risk is the risk to earnings and capital arising from exposure to adverse movements in interest/profit rates mainly due to mismatches in timing repricing of assets and liabilities. These mismatches are actively managed from an earnings and economic value perspective.

The objective of interest/profit rate risk management is to achieve a stable and sustainable net interest/profit income from the following perspectives:

(1) Next 12 months' Earnings - Interest/profit rate risk from the earnings perspective is the impact based on changes to the net interest/profit income ('NII') over the next 12 months. This risk is measured through sensitivity analysis including the application of an instantaneous 100 basis point parallel shock in interest/profit rates across the yield curve.

(2) Economic Value - Measuring the change in the economic value of equity ('EVE') is an assessment of the long term impact to the Group and the Bank's capital. This is assessed through the application of relevant duration factors to capture the net economic value impact over the long term or total life of all balance sheet assets and liabilities to adverse changes in interest/profit rates.

Interest/Profit rate risk thresholds are established in line with the Group and the Bank's strategy and risk appetite. These thresholds are reviewed regularly to ensure relevance in the context of prevailing market conditions.

2018

Type of Currency (RM million)	Group		Bank	
	Impact on Positions (100 basis points) Parallel Shift		Impact on Positions (100 basis points) Parallel Shift	
	Increase/(Decline) in Earnings	Increase/(Decline) in Economic Value	Increase/(Decline) in Earnings	Increase/(Decline) in Economic Value
Ringgit Malaysia	40.6	192.3	(33.4)	336.0
US Dollar	3.5	4.2	3.5	5.7
Euro	(1.4)	2.2	(1.4)	2.2
Great Britain Pound	(0.1)	-	(0.1)	-
Australian Dollar	(0.1)	0.1	(0.1)	0.1
Singapore Dollar	(0.5)	(2.1)	(0.4)	0.1
Japanese Yen	-	-	-	-
Others (#)	(0.4)	-	-	-
Total	**41.6**	**196.7**	**(31.9)**	**344.1**

Others comprise of CNH, NZD, HKD and AED currencies where the amount of each currency is relatively small.

c) Disclosures on Market Risk - Interest/profit Rate Risk/Rate of Return Risk in the Banking Book (continued)

2017

Type of Currency (RM million)	Group		Bank	
	Impact on Positions (100 basis points) Parallel Shift		Impact on Positions (100 basis points) Parallel Shift	
	Increase/(Decline) in Earnings	Increase/(Decline) in Economic Value	Increase/(Decline) in Earnings	Increase/(Decline) in Economic Value
Ringgit Malaysia	(45.6)	676.2	(12.6)	368.9
US Dollar	(4.5)	36.1	(3.1)	33.3
Euro	(1.1)	9.0	(1.1)	9.0
Great Britain Pound	(0.2)	-	(0.2)	-
Australian Dollar	(1.8)	(0.2)	(1.8)	(0.2)
Singapore Dollar	(0.2)	3.4	(0.2)	0.1
Others (#)	(1.3)	-	(0.8)	(0.1)
Total	(54.7)	724.5	(19.8)	411.0

Others comprise of CNH, NZD, HKD and AED currencies where the amount of each currency is relatively small.

ADDITIONAL DISCLOSURE

Pursuant to Listing Requirements

The information set out below is disclosed in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"):

1. Utilisation of proceeds raised from corporate proposals

During the financial year ended 31 December 2018, Affin Bank and its subsidiaries have issued the following instruments:

(a) Additional Tier 1 Capital Securities ("AT1CS") programme of RM3.0 billion in nominal value ("AT1CS Programme") by Affin Bank Berhad ("Affin Bank")

On 31 July 2018, Affin Bank issued AT1CS with a nominal value of RM500,000,000 ("Series 1 AT1CS"). The AT1CS issued from the AT1CS Programme qualifies as BASEL-III Additional Tier 1 Capital of Affin Bank in accordance with the Capital Adequacy Framework (Capital Components) issued on 2 February 2018 by Bank Negara Malaysia. The tenure of the Series 1 AT1CS is perpetual on a non-callable 5 years basis.

The proceeds raised have been utilised for the general banking working capital requirements and business purposes of Affin Bank.

(b) Islamic Medium-Term Notes programme of RM5.0 billion in nominal value for the issuance of Senior Sukuk Murabahah, Tier 2 Sukuk Murabahah ("T2 Sukuk Murabahah") and/or Additional Tier 1 Sukuk Wakalah ("AT1 Sukuk Wakalah") by Affin Islamic Bank Berhad ("Affin Islamic") ("Sukuk Programme")

(i) On 18 October 2018, Affin Islamic issued AT1 Sukuk Wakalah with a nominal value of RM300,000,000 under the Sukuk Programme. The AT1 Sukuk Wakalah issued under the Sukuk Programme qualifies as Basel III-compliant Additional Tier 1 capital of Affin Islamic, in accordance with the Capital Adequacy Framework for Islamic Banks (Capital Components) issued on 2 February 2018 by Bank Negara Malaysia. The tenure of the AT1 Sukuk Wakalah issued is perpetual on a non-callable 5 years basis.

The proceeds raised have been utilised for general banking working capital requirements and business purposes of Affin Islamic in Shariah compliant manner.

(ii) On 23 October 2018, Affin Islamic issued T2 Sukuk Murabahah with a nominal value of RM800,000,000 under the Sukuk Programme. The T2 Sukuk Murabahah qualifies as Basel III-compliant Tier 2 capital of Affin Islamic, in accordance with the Capital Adequacy Framework for Islamic Banks (Capital Components) issued on 2 February 2018 by Bank Negara Malaysia. The tenure of the T2 Sukuk Murabahah issued is 10 years on a non-callable 5 years basis. The T2 Sukuk Murabahah was fully subscribed by Affin Bank.

The proceeds raised have been utilised for general banking working capital requirements and business purposes of Affin Islamic in Shariah compliant manner.

2. Materials Contracts

There were no material contracts entered into by Affin Bank and/or its subsidiary companies involving the interests of directors or major shareholders which subsisted at the end of the financial year ended 31 December 2018 or, if not then subsisting entered into since the end of the previous financial year.

3. Recurrent Related Party Transactions of a Revenue or Trading Nature

At the Annual General Meeting held on 15 May 2018, Affin Bank had obtained shareholders' mandate to allow Affin Bank and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature, which are necessary for the day-to-day operations of Affin Bank and/or its subsidiaries within the ordinary course of business of Affin Bank and/or its subsidiaries ("Shareholders' Mandate").

In accordance with Section 3.1.5 of Practice Note No. 12 of the Listing Requirements, the details of the RRPTs conducted during the financial year ended 31 December 2018 by Affin Bank and its subsidiaries under the Shareholders' Mandate are disclosed as follows:

ADDITIONAL DISCLOSURE
Pursuant to Listing Requirements

Name of Company	Related Company	Nature of Transaction	Interested Directors/Major Shareholders/ Person(s) Connected to Interested Directors or Interested Major Shareholders	Value of Transaction RM'000
Affin Bank	Perbadanan Perwira Niaga Malaysia	Rental payment by Affin Bank for office premises, service charge and space for Automated Teller Machine (ATM) at various locations for a lease period ranging from two (2) to three (3) years	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron Interested Major Shareholder LTAT	157
	Boustead Travel Services Sdn Bhd ("Boustead Travel")	Provision of travelling related services to Affin Bank	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	1,634
	Boustead Properties Sdn Bhd ("Boustead Properties")	Rental payment by Affin Bank for office premises and car park payable monthly for a lease term renewable every five (5) years (Menara AFFIN)	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	11,804
	Lembaga Tabung Angkatan Tentera ("LTAT")	Rental payment by Affin Bank for office premises and car park payable monthly for a lease term renewable every three (3) years	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron Interested Major Shareholder LTAT	318
	Boustead Curve Sdn Bhd ("Boustead Curve")	Rental payment by Affin Bank for office premises, car parking and utilities charges for a lease term renewable every three (3) years and payment for other related services (The Curve)	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	207
	Boustead Hotels & Resorts Sdn Bhd ("Boustead Hotels & Resorts")	Hotel facilities and refreshment provided to Affin Bank	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	1,269
	Boustead Hotels & Resorts	Rental payment by Affin Bank for space of ATM machine at The Royale Chulan Kuala Lumpur Hotel	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	12
	Boustead Petroleum Marketing Sdn Bhd ("Boustead Petroleum")	LED advertising charges and related expenses to Affin Bank	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	87

ADDITIONAL DISCLOSURE
Pursuant to Listing Requirements

Name of Company	Related Company	Nature of Transaction	Interested Directors/Major Shareholders/ Person(s) Connected to Interested Directors or Interested Major Shareholders	Value of Transaction RM'000
Affin Bank (continued)	Boustead Petroleum	Rental payment by Affin Bank for space of ATM machine at BHP petrol stations	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	190
	Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin	Rental payment by Affin Bank for branch premises payable monthly for a lease term renewable every three (3) years (Kulai)	Interested Director Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Haji Zainuddin	60
AFFIN Islamic	Boustead Travel	Provision of travelling related services to AFFIN Islamic	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	69
	Boustead Hotels & Resorts	Hotel facilities and refreshment provided to AFFIN Islamic	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	-
AFFIN Hwang Investment Bank Berhad ("AFFIN Hwang IB")	Boustead Realty Sdn Bhd ("Boustead Realty")	Rental payment by AFFIN Hwang IB for office premises, car parking and utilities charges for a lease term renewable every three (3) years and payment for other related services (Menara Boustead)	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	2,599
	Boustead Travel	Provision of travelling related services to AFFIN Hwang IB	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	460
	Boustead Petroleum	Petrol consumption	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	41
	Boustead Curve	Rental payment by AFFIN Hwang IB for office premises, car parking and utilities charges for a lease term renewable every three (3) years and payment for other related services (The Curve)	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Tan Sri Dato' Seri Lodin bin Wok Kamaruddin Interested Major Shareholders LTAT and Boustead	266

ADDITIONAL DISCLOSURE
Pursuant to Listing Requirements

Name of Company	Related Company	Nature of Transaction	Interested Directors/Major Shareholders/ Person(s) Connected to Interested Directors or Interested Major Shareholders	Value of Transaction RM'000
AFFIN Hwang IB (continued)	Irat	Rental payment by AFFIN Hwang IB for office premises, car parking and utilities charges for a renewable lease term every three (3) years and payment for other related services (Chulan Tower)	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron Interested Major Shareholder LTAT	2,375
	Boustead Hotels & Resorts	Hotel facilities and refreshment provided to AFFIN Hwang IB for staff in-house training and other expenses	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	171
	Royale Chulan Penang	Accommodation and meeting package	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	112
AFFIN Hwang Asset Management Berhad ("AFFIN Hwang Asset Management")	LTAT	Management fees payable by LTAT to AFFIN Hwang Asset Management	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R), Mohd Suffian bin Haji Haron and Tan Sri Dato' Seri Lodin bin Wok Kamaruddin Interested Major Shareholder LTAT	273
	Boustead Travel	Provision of travelling related services to AFFIN Hwang Asset Management	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R), Mohd Suffian bin Haji Haron and Tan Sri Dato' Seri Lodin bin Wok Kamaruddin Interested Major Shareholders LTAT and Boustead	965
	Boustead Hotels & Resorts	Hotel facilities and refreshment provided to AFFIN Hwang Asset Management for staff in-house training and other expenses	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R), Mohd Suffian bin Haji Haron and Tan Sri Dato' Seri Lodin bin Wok Kamaruddin Interested Major Shareholders LTAT and Boustead	55
	Boustead Realty	Rental payment by AFFIN Hwang Asset Management for office premises and car park payable monthly for a lease term renewable every three (3) years and payment for other related services	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R), Mohd Suffian bin Haji Haron and Tan Sri Dato' Seri Lodin bin Wok Kamaruddin Interested Major Shareholders LTAT and Boustead	2,843
	Nikko Asset Management	Management fees payable by AFFIN Hwang Asset Management to Nikko Asset Management	Interested Director David Jonathan Semaya Interested Major Shareholder Nikko Asset Management	420

ADDITIONAL DISCLOSURE
Pursuant to Listing Requirements

Name of Company	Related Company	Nature of Transaction	Interested Directors/Major Shareholders/ Person(s) Connected to Interested Directors or Interested Major Shareholders	Value of Transaction RM'000
AFFIN Hwang Asset Management (continued)	Nikko Asset Management	Advisory fees payable by AFFIN Hwang Asset Management to Nikko Asset Management	Interested Director David Jonathan Semaya Interested Major Shareholder Nikko Asset Management	790
	Nikko Asset Management	Other fees and commission payable by Nikko Asset Management to AFFIN Hwang Asset Management	Interested Director David Jonathan Semaya Interested Major Shareholder Nikko Asset Management	764
AFFIN Moneybrokers Sdn Bhd ("AFFIN Moneybrokers")	Boustead Realty	Rental payment by AFFIN Moneybrokers for office premises and car park payable monthly for a lease term renewable every three (3) years and payment for other related services	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	392
	Boustead Travel	Provision of travelling related services to AFFIN Moneybrokers	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	80
AXA AFFIN Life Insurance Berhad ("AXA AFFIN Life")	Irat	Rental payment by AXA AFFIN Life for office premises, car park and utilities charges for lease term renewable every three (3) years and payment for other related services	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	1,844
	AXA Asia Pacific Ltd	Provision of information technology and other support services to AXA AFFIN Life	Interested Director Jean Paul Dominique Louis Drouffe Interested Major Shareholder AXA Asia Pacific Ltd	1,049
	AXA Asia Pacific Ltd	Software development and license fees by AXA Asia Pacific Ltd to AXA AFFIN Life	Interested Director Jean Paul Dominique Louis Drouffe Interested Major Shareholder AXA Asia Pacific Ltd	-
	Boustead Travel	Provision of travelling related services to AXA AFFIN Life	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	328
	Boustead Hotels & Resorts	Hotel facilities and refreshment provided to AXA AFFIN Life	Interested Directors Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) and Mohd Suffian bin Haji Haron Interested Major Shareholders LTAT and Boustead	31
Total				**31,665**

PARTICULAR OF PROPERTIES
as at 31 December 2018

NO.	TITLE/LOT NO.	LOCATION/ADDRESS	DESCRIPTION/EXISTING USE	TENURE	AREA (sq ft) L : LAND AREA B : BUILT-UP AREA	APPROX AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31/12/2018 (RM)
1	GERAN NO. HAKMILIK 75550 LOT 1207 SEKSYEN 62 (previously Lot 13151) GERAN NO. HAKMILIK 76429 LOT 20006 SEKSYEN 62 (previously Lot 11641) BANDAR & DISTRICT OF KUALA LUMPUR WILAYAH PERSEKUTUAN KUALA LUMPUR	TRX DISTRICT PLOT C7.9-CT	COMMERCIAL LAND	FREEHOLD	LAND : 54,266	-	259,831,312
2	LOT 51412 & 51413 HS(D) 23844 & 23843 P.T. 3479 & 3480 MUKIM OF KUALA LUMPUR DISTRICT OF W. PERSEKUTUAN	NO. 4 & 6 JALAN TELAWI 3 BANGSAR BARU 59100 KUALA LUMPUR	2 UNITS 3 STOREY SHOP OFFICE/ BRANCH PREMISES	FREEHOLD	LAND : 4,659 BUILT-UP : 11,858	27	2,928,845
3	HS(D) 52849,52850, 52988 & 52989 PT 2, 3, 6620 & 6621 MUKIM OF BATU DISTRICT OF WILAYAH PERSEKUTUAN	NO. 81, 83 & 85 JALAN 2/3A PUSAT PASAR BORONG KM 12, JALAN IPOH 68100 BATU CAVES KUALA LUMPUR	3 UNITS 4 STOREY SHOP OFFICE/ BRANCH PREMISES	LEASEHOLD/ EXP : 01/01/2086	LAND : 4,950 BUILT-UP : 16,733	23	893,356
4	LOT 14127 & 14128 GRANTS 7792 & 7793 MUKIM OF SETAPAK DISTRICT OF KUALA LUMPUR	NO. 159 & 161 JALAN GENTING KELANG 53300 SETAPAK KUALA LUMPUR	2 UNITS 3 STOREY SHOP OFFICE WITH BASEMENT/BRANCH PREMISES	FREEHOLD	LAND : 4,306 BUILT-UP : 17,224	30	1,719,676
5	HS(D) 67774 & 67773 LOTS 29427 & 29428 MUKIM OF KUALA LUMPUR DISTRICT & STATE OF WILAYAH PERSEKUTUAN	NO. 47 & 49 JALAN TUN MOHD FUAD 3 TAMAN TUN DR ISMAIL 60000 KUALA LUMPUR	2 UNITS 3 STOREY SHOP OFFICE/ BRANCH PREMISES	FREEHOLD	LAND : 5,138 BUILT-UP : 11,250	27	3,613,245
6	LOT 27/28, SEKSYEN 1 NO. HAKMILIK 980/981 MUKIM OF PEKAN BATU	NO. 840 & 842, BT 4 ½ JALAN IPOH 51200 KUALA LUMPUR	4 1/2 STOREY BUILDING WITH BASEMENT/BRANCH PREMISES	LEASEHOLD/ EXP : 13/01/2037	LAND : 3,081 BUILT-UP : 9,243	33	1,186,635

PARTICULAR OF PROPERTIES
as at 31 December 2018

NO.	TITLE/LOT NO.	LOCATION/ADDRESS	DESCRIPTION/EXISTING USE	TENURE	AREA (sq ft) L : LAND AREA B : BUILT-UP AREA	APPROX AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31/12/2018 (RM)
7	HS(D) 96849 (30438 [new]) LOT/PT 6536 (28035 [new]) MUKIM OF SETAPAK DISTRICT & STATE OF WILAYAH PERSEKUTUAN	NO. 2, JLN 1/27F KLSC WANGSA MAJU 53300 KUALA LUMPUR [C7/50/86-1, C7/50/86-2 C7/50/86-3, & C7/50/86-4]	4 STOREY SHOP OFFICE CORNER UNIT/BRANCH PREMISES	LEASEHOLD/ EXP : 19/04/2083	LAND : 4,480 BUILT-UP : 14,920	20	2,140,005
	HS(D) 96848 (30437 [new]) LOT/PT 6537 (28034 [new]) MUKIM OF SETAPAK DISTRICT & STATE OF WILAYAH PERSEKUTUAN	NO. 4, JLN 1/27F KLSC WANGSA MAJU 53300 KUALA LUMPUR [C7/50/85-1, C7/50/85-2 & C7/50/85-3]	3 STOREY SHOP OFFICE/BRANCH PREMISES		LAND : 1,920 BUILT-UP : 5,760		
8	HS(D) 23766 PT 199, SECTION 40 MUKIM KUALA LUMPUR	133, JALAN BUNUS OFF JALAN MASJID INDIA 50100 KUALA LUMPUR	1 UNIT 4 1/2 STOREY SHOP OFFICE/ BRANCH PREMISES	FREEHOLD	LAND : 1,539.9 BUILT-UP : 7,699.8	18	3,162,468
9	HS(M) 2926 & 2925 P.T. 21346 & 21345 MUKIM OF PETALING DISTRICT OF W.P.	NO. 10 & 12 JLN RADIN TENGAH BANDAR BARU SERI PETALING 57000 KUALA LUMPUR	2 UNITS 3 STOREY SHOP OFFICE/ BRANCH PREMISES	LEASEHOLD/ EXP : 05/04/2078	LAND : 3,840 BUILT-UP : 11,520	35	477,675
10	HS(D) 5217 P.T. 90 SECTION 1 TOWN OF PORT SWETHENHAM DISTRICT OF KLANG	NO. 1, JLN BERANGAN 42000 PORT KLANG SELANGOR	4 STOREY SHOP OFFICE/BRANCH PREMISES	FREEHOLD	LAND : 3,000 BUILT-UP : 12,768	37	380,895
11	HS(M) 4961 PT 457 HS(M) 4962 PT 458 MUKIM OF KAJANG DISTRICT OF ULU LANGAT	NO. 2 & 3, JLN SAGA TMN SRI SAGA OFF JLN SG CHUA 43000 KAJANG, SELANGOR	2 UNITS 3 1/2 STOREY SHOP OFFICE/ BRANCH PREMISES	FREEHOLD	LAND : 3,510 BUILT-UP : 11,136	23	209,036
12	HS(D) 11547, 11548 P.T. 15727, 15728 MUKIM OF AMPANG	NO. 11 & 11A JLN MAMANDA 7/1 AMPANG POINT 68000 AMPANG, SELANGOR	5 STOREY SHOP OFFICE BRANCH PREMISES	FREEHOLD	LAND : 3,261 BUILT-UP : 5,658.4	22	892,570

PARTICULAR OF PROPERTIES
as at 31 December 2018

NO.	TITLE/LOT NO.	LOCATION/ADDRESS	DESCRIPTION/EXISTING USE	TENURE	AREA (sq ft) L : LAND AREA B : BUILT-UP AREA	APPROX AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31/12/2018 (RM)
13	HS(D) 39216, K1 PT 2068 MUKIM AND DISTRICT OF PETALING	NO. 1, JLN TK 1/11A TMN KINRARA, SECTION 1 BATU 7 ½ JLN PUCHONG 58200 SELANGOR	3 STOREY SHOP OFFICE + BASEMENT/BRANCH PREMISES	LEASEHOLD/ EXP : 27/8/2091	LAND : 3,900 BUILT-UP : 15,600	24	1,269,218
14	HS(D) 9406, LOT 8226 & PT 4045 HS(D) 9407, LOT 8227 & PT 4046 MUKIM OF DAMANSARA DISTRICT OF PETALING	NO. 7 & 9 JLN SS 15/8A 47500 PETALING JAYA SELANGOR	2 UNITS 4 STOREY SHOP OFFICE/ BRANCH PREMISES	FREEHOLD	LAND : 3,520 BUILT-UP : 9,944	25	926,403
15	HS(M) 14862 & 14863 PT 21350 & 21351 TEMPAT BUKIT RAJA MUKIM OF KAPAR DISTRICT OF KLANG	NO. 29 & 31 JALAN TIARA 3 BANDAR BARU KELANG 41150 KELANG SELANGOR	2 UNITS 4 STOREY SHOP OFFICE/ BRANCH PREMISES	LEASEHOLD/ EXP : 8/5/2093	LAND : 3,300 BUILT-UP : 13,200	21	2,435,900
16	HS(M) 6836 P.T. 14531 MUKIM OF DAMANSARA DISTRICT OF PETALING	NO. 301, 401 & 501, BLOCK C, MENARA GLOMAC KELANA BUSINESS CENTRE 97, JALAN 227/2 47301 KELANA JAYA SELANGOR	MORTGAGE HUB, ASB HUB AND DISASTER RECOVERY CENTRE	LEASEHOLD/ EXP : 21/11/2092	LAND : N/A BUILT-UP NO 301 : 6,916 NO 401 : 6,916 NO 501 : 6,916	18	4,753,807
17	HS(D) 103053 LOT NO. 770, SECTION 11 DISTRICT OF PETALING TOWN OF SHAH ALAM	NO. 11, PUSAT DAGANGAN SHAH ALAM PERSIARAN DAMAI, SEKSYEN 11 40100 SHAH ALAM SELANGOR DARUL EHSAN	1 UNIT 5 STOREY SHOP OFFICE/ BRANCH PREMISES (BLC, MORTGAGE & STORAGE)	LEASEHOLD/ EXP : 12/05/2095	LAND : 1,650 BUILT-UP : 8,000	18	1,680,672
	HS(D) 103053 LOT NO. 770, SECTION 11 DISTRICT OF PETALING TOWN OF SHAH ALAM	NO. 12, PUSAT DAGANGAN SHAH ALAM PERSIARAN DAMAI, SEKSYEN 11 40100 SHAH ALAM SELANGOR DARUL EHSAN	1 UNIT 5 STOREY SHOP OFFICE/ BRANCH PREMISES (BLC, MORTGAGE & STORAGE)				

PARTICULAR OF PROPERTIES
as at 31 December 2018

NO.	TITLE/LOT NO.	LOCATION/ADDRESS	DESCRIPTION/EXISTING USE	TENURE	AREA (sq ft) L : LAND AREA B : BUILT-UP AREA	APPROX AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31/12/2018 (RM)
18	HS(D) 36868, LOT 25724, MUKIM OF PETALING	NO. 161, JALAN SS2/24 47300 PETALING JAYA SELANGOR	3 STOREY SHOP HOUSE/BRANCH PREMISES	FREEHOLD	LAND : 2,268 BUILT-UP : 8,902	38	793,343
19	HS(D) 194608, PT 1106, PEKAN SERDANG, DAERAH PETALING, SELANGOR	NO. 36, JALAN PSK 3 PUSAT PERDAGANGAN SERI KEMBANGAN 43300 SERI KEMBANGAN SELANGOR	3 STOREY SHOP HOUSE/BRANCH PREMISES	FREEHOLD	LAND : 3,563 BUILT-UP : 10,684	18	1,225,083
20	HS(D) 16521 & 16496 P.T. 8912/1367 & P.T. 8912/1366 MUKIM OF KUALA LUMPUR DISTRICT OF PETALING	NO. 20 & 22 JLN 21/12, SEA PARK 46730 PETALING JAYA SELANGOR	2 UNITS 2 STOREY SHOP OFFICE WITH BASEMENT/BRANCH PREMISES	FREEHOLD	LAND : 3,230 BUILT-UP : 9,750	34	1,338,305
21	PLOTS 65 & 66 HS(D) 7570 & 7571 LOT 8552 & 8553 MUKIM 12 DISTRICT OF BARAT DAYA	NO. 124 & 126 JALAN MAYANG PASIR TMN SRI TUNAS 11950 BAYAN BARU PULAU PINANG	2 UNITS 3 STOREY SHOP OFFICE/ BRANCH PREMISES	FREEHOLD	LAND : 3,080 BUILT-UP : 8,360	26	913,884
22	GM 2251 & 2252 LOTS 3991 & 3992 MUKIM 5 DISTRICT OF SEBERANG PERAI UTARA	NO. 1317 & 1318 TMN SEPAKAT OFF JLN BUTTERWORTH 13200 KEPALA BATAS SEBERANG PRAI UTARA PULAU PINANG	2 UNITS 3 STOREY SHOP OFFICE/ BRANCH PREMISES	FREEHOLD	LAND : 2,390 BUILT-UP : 6,920	23	479,569
23	PN 1825 & 1826 HS(D) 5507 & 5508 MUKIM 1 DISTRICT OF SEBERANG PERAI TENGAH, PENANG	NO. 10 JLN TODAK 1 PUSAT BANDAR SEBERANG JAYA 13700 PERAI, PENANG	4 STOREY SHOP OFFICE/BRANCH PREMISES	LEASEHOLD/ EXP : 21/10/2092	LAND : 3,681 BUILT-UP : 13,716	22	1,591,597

PARTICULAR OF PROPERTIES
as at 31 December 2018

NO.	TITLE/LOT NO.	LOCATION/ADDRESS	DESCRIPTION/EXISTING USE	TENURE	AREA (sq ft) L : LAND AREA B : BUILT-UP AREA	APPROX AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31/12/2018 (RM)
24	TITLE NO. 35120 LOT NO. 86, SECTION 2 TOWN OF BATU FERINGHI NORTH EAST DISTRICT OF PENANG New Title : Lot No. 666, Geran HBM 107/M1/22/124, Mukim Bandar Batu Peringgi Sek. 2, Daerah Timur Laut, Negeri Pulau Pinang.	SRI SAYANG RESORT APARTMENT UNIT NO. 22-06, 22ND STOREY BATU FERINGHI PULAU PINANG	AN END UNIT 3 BEDROOM APARTMENT	FREEHOLD	LAND : N/A BUILT-UP : 911	18	150,402
25	HS(D) 807 & 808 P.T. 2592 & 2593 DISTRICT OF SEBERANG PERAI UTARA	NO. 55 & 57, TMN SELAT JLN BAGAN LUAR 12710 BUTTERWORTH PULAU PINANG	2 UNITS 4 STOREY SHOP OFFICE/ BRANCH PREMISES	FREEHOLD	LAND : 4,779.2 BUILT-UP : 13,760	33	1,406,300
26	UNIT NO. P1-01-32, HELD UNDER HAKMILIK, STRATA NO BERDAFTAR GERAN 61929/M1/1/53, LOT NO. 1594, SEKSYEN 2, BANDAR TANJONG TOKONG UNIT NO. P1-02-32, HELD UNDER HAKMILIK, STRATA NO BERDAFTAR GERAN 61929/M1/2/121, LOT NO. 1594, SEKSYEN 2, BANDAR TANJONG TOKONG UNIT NO. P1-03-32, HELD UNDER HAKMILIK, STRATA NO BERDAFTAR GERAN 61929/M1 MENARA B/3/223, LOT NO. 1594, SEKSYEN 2, BANDAR TANJONG TOKONG UNIT NO. P1-04-32, HELD UNDER HAKMILIK, STRATA NO BERDAFTAR GERAN 61929/M1 MENARA B/4/257, LOT NO. 1594, SEKSYEN 2, BANDAR TANJONG TOKONG UNIT NO. P1-05-32, HELD UNDER HAKMILIK, STRATA NO BERDAFTAR GERAN 61929/M1 MENARA B/5/259, LOT NO. 1594, SEKSYEN 2, BANDAR TANJONG TOKONG	FETTES PARK 98-G-32 TO 98-3A-32 BLOCK 32 PRIMA TANJUNG BUSINESS CENTRE JALAN TANJUNG TOKONG 10470 PULAU PINANG	5 STOREY SHOP OFFICE	FREEHOLD	LAND : 1,037 BUILT-UP : 1,037 LAND : N/A BUILT-UP : 1,037 LAND : N/A BUILT-UP : 1,886 LAND : N/A BUILT-UP : 1,886 LAND : N/A BUILT-UP : 1,886	18	1,598,827

PARTICULAR OF PROPERTIES
as at 31 December 2018

NO.	TITLE/LOT NO.	LOCATION/ADDRESS	DESCRIPTION/EXISTING USE	TENURE	AREA (sq ft) L : LAND AREA B : BUILT-UP AREA	APPROX AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31/12/2018 (RM)
27	LOT 175 & 176 PT 1386 & 1387 GRANT 6787 MUKIM OF KUAH DISTRICT OF LANGKAWI	NO. 149-A, 149-B & 149-C NO. 151-A, 151-B & 151-C PERSIARAN BUNGA RAYA LANGKAWI MALL 07000 KUAH LANGKAWI, KEDAH	2 ADJACENT LOTS 3 STOREY SHOP OFFICE/BRANCH PREMISES	FREEHOLD	LAND : 3,304 BUILT-UP : 9,912	21	1,209,698
28	HS(D) 73618 & 73619 PT 5733 & 5734 MUKIM OF LABU DISTRICT OF SEREMBAN	NO. 5733 & 5734 JLN TS 2/1 TMN SEMARAK, PHASE II 71800 NILAI, N. SEMBILAN	2 UNITS 3 STOREY SHOP OFFICE/ BRANCH PREMISES	FREEHOLD	LAND : 3,600 BUILT-UP : 10,800	24	648,442
29	LOT S03 & S04 PT 72, HS(D) 7295 DISTRICT OF PORT DICKSON	NO. 3 & 4, JALAN AMAN KAWASAN PENAMBAKAN LAUT BANDAR PORT DICKSON 71009 NEGERI SEMBILAN	2 UNITS 3 STOREY SHOP OFFICE/ BRANCH PREMISES	LEASEHOLD/ EXP : 31/1/2085	LAND : 3,532 BUILT-UP : 9,900	22	679,691
30	HS(D) 9980 PT 4370 MUKIM & DISTRICT PORT DICKSON New Title: Lot No. 287, PN 2474/M1/3/48, Mukim Bandar Port Dickson, Daerah Port Dickson	CORUS LAGOON APARTMENT UNIT B-L3-06 BATU 2, JALAN PANTAI 71000 PORT DICKSON NEGERI SEMBILAN	1 UNIT APARTMENT	LEASEHOLD/ EXP : 06/07/2087	LAND : N/A BUILT-UP : 792	18	122,683
31	HS(D) 7156, 7157, 7187 & 7188 PT 34, 35, 65 & 66 BANDAR BUKIT BARU SEKSYEN 11 DISTRICT OF MELAKA TENGAH	NO. 7 & 8, JALAN DR1 DELIMA POINT TAMAN DELIMA RAYA 75150 MELAKA	2 UNITS 5 STOREY SHOP OFFICE/ BRANCH PREMISES	FREEHOLD	LAND : 3,509 BUILT-UP : 17,160	22	1,338,645
32	HS(D) 4705 & 4706, DISTRICT OF MELAKA TENGAH	NO. 200 & 201, TAMAN MELAKA RAYA OFF JALAN PARAMESWARA 75000 MELAKA	2 UNITS 3 STOREY SHOP OFFICE/ BRANCH PREMISES	LEASEHOLD/ EXP : 19/12/2075	LAND : 4,430 BUILT-UP : 10,031	38	435,654

PARTICULAR OF PROPERTIES
as at 31 December 2018

NO.	TITLE/LOT NO.	LOCATION/ADDRESS	DESCRIPTION/EXISTING USE	TENURE	AREA (sq ft) L : LAND AREA B : BUILT-UP AREA	APPROX AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31/12/2018 (RM)
33	HS(D) 2874 & PTD 4161 TOWNSHIP OF KLUANG DISTRICT OF KLUANG	NO. 503 JLN MERSING 86000 KLUANG, JOHOR	3 STOREY SHOP OFFICE/BRANCH PREMISES	LEASEHOLD/ EXP : 19/12/2075	LAND : 6,000 BUILT-UP : 9,944	25	437,225
34	HS(D) 16728, PTD 9887 & HS(D) 16729, PTD 9888, MUKIM OF SIMPANG KANAN, DISTRICT OF BATU PAHAT	NO. 3 & 4 JALAN MERAH TAMAN BUKIT PASIR 83000 BATU PAHAT, JOHOR	2 UNITS 3 STOREY SHOP HOUSE/ BRANCH PREMISES	FREEHOLD	LAND : 3,080 BUILT-UP : 16,227	28	729,308
35	PTD 48474 & 48475 HS(D) 86046 & 86047 MUKIM OF PLENTONG DISTRICT OF JOHOR BHARU	NO. 130 & 132 JLN ROSMERAH 2/17 TMN JOHOR JAYA 81100 JOHOR	2 UNITS 3 STOREY SHOP OFFICE/ BRANCH PREMISES	FREEHOLD	LAND : 4,773 BUILT-UP : 14,319	24	1,422,104
36	PTD 100479 & 100480 MUKIM OF PLENTONG DISTRICT OF JOHOR BAHRU	NO. 23 & 25, JALAN PERMAS 10/2, PERMAS JAYA, 81750 MASAI, JOHOR BAHRU, JOHOR	2 UNITS 4 STOREY SHOP OFFICE/ BRANCH PREMISES	FREEHOLD	LAND : 3,840 BUILT-UP : 13,440	25	1,747,261
37	PTD 62642 & 62643 HS(D) 227069 & 227070 MUKIM OF PULAI DISTRICT OF JOHOR BAHRU	NO. 49 & 51 JALAN SRI PERKASA 2/1 TAMAN TAMPOI UTAMA 81200 TAMPOI JOHOR BAHRU, JOHOR	2 ADJACENT LOTS 3 STOREY SHOP HOUSE/BRANCH PREMISES	LEASEHOLD/ EXP : 13/4/2094	LAND : 5,468 BUILT-UP : 10,710	21	1,108,213
38	HS(M) 6367, PT 7485 MUKIM OF CHENOR DISTRICT OF MARAN	NADI KOTA BANDAR PUSAT JENGKA 26400 JENGKA PAHANG	SINGLE STOREY BUNGALOW/ BRANCH PREMISES	LEASEHOLD/ EXP : 21/8/2091	LAND : 20,056 BUILT-UP : 2,100	28	344,054
39	LOT 1894 TITLE NO. 1289 & LOT 1895 TITLE NO. 1290, DAERAH & BANDAR KUALA TERENGGANU, NEGERI TERENGGANU	63 & 63A , JALAN SULTAN ISMAIL 20200 KUALA TERENGGANU TERENGGANU	3 STOREY SHOP OFFICE/BRANCH PREMISES	LEASEHOLD/ EXP : 18/12/2048	LAND : 4,171 BUILT-UP : 8,128	18	1,300,937

PARTICULAR OF PROPERTIES
as at 31 December 2018

NO.	TITLE/LOT NO.	LOCATION/ADDRESS	DESCRIPTION/EXISTING USE	TENURE	AREA (sq ft) L : LAND AREA B : BUILT-UP AREA	APPROX AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31/12/2018 (RM)
40	(L/H) HS(D) 1772 PT 2851 MUKIM OF KIJAL DISTRICT OF KEMAMAN	AWANA KIJAL BEACH RESORT APARTMENT (2 ROOMS) 13B, BAIDURI APARTMENT KM 28, JALAN KEMAMAN-DUNGUN 24100 KIJAL, TERENGGANU	1 UNIT APARTMENT	LEASEHOLD/ EXP : 27/11/2091	LAND : N/A BUILT-UP : 892	18	119,144
41	HS(D) 1772 PT 2851 MUKIM OF KIJAL DISTRICT OF KEMAMAN	AWANA KIJAL BEACH RESORT APARTMENT (3 ROOMS) 19A, BAIDURI APARTMENT KM 28, JALAN KEMAMAN-DUNGUN 24100 KIJAL, TERENGGANU	1 UNIT 3 BEDROOM APARTMENT	LEASEHOLD/ EXP : 27/11/2091	LAND : N/A BUILT-UP : 1,107	18	147,347
42	GM 1764 LOT 2943 & GM 1765 LOT 2945 (FORMERLY KNOWN AS GM 405, LOT 1927, GM 407, LOT 2007 GM 409, LOT 2006) MUKIM NIBONG TANAH MERAH, KELANTAN	LOT PT 1995/1996 BANDAR BARU BUKIT BUNGA 17700 TANAH MERAH, KELANTAN	1 UNIT 2 STOREY SHOP OFFICE/ BRANCH PREMISES	FREEHOLD	LAND : 2,000 BUILT-UP : 4,000	18	262,112
43	LOT 436 & 437 GERAN NO. 12256 & 12257 SECTION 13 DISTRICT OF KOTA BHARU New Title : HS(D) KB. 4/98, No. PT 133 & HS(D) KB. 5/98, No. PT 134, SECTION 13, DISTRICT OF KOTA BHARU	NO. 3788 H & 3788 I SECTION 13 JALAN SULTAN IBRAHIM 15050 KOTA BHARU, KELANTAN	2 UNITS 3 STOREY SHOP OFFICE/ BRANCH PREMISES	LEASEHOLD/ EXP : 09/03/2064	LAND : 3,200 BUILT-UP : 9,152	33	750,128
44	LOT 247 & 248, SECTION 49, LEASE OF STATE LAND	LOT 247 & 248, SECTION 49, KTLD, JALAN TUNKU ABDUL RAHMAN, 93100 KUCHING	2 UNITS 4 STOREY SHOP OFFICE/ BRANCH PREMISES	LEASEHOLD/ EXP : 24/07/2044	LAND : 2,500 BUILT-UP : 9,405	32	774,038

PARTICULAR OF PROPERTIES
as at 31 December 2018

NO.	TITLE/LOT NO.	LOCATION/ADDRESS	DESCRIPTION/EXISTING USE	TENURE	AREA (sq ft) L : LAND AREA B : BUILT-UP AREA	APPROX AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31/12/2018 (RM)
45	LOT 2387 & 2388 BLOCK 5 DISTRICT OF MIRI	LOT 2387 & 2388 JALAN BOULEVARD 1A BOULEVARD COMMERCIAL CENTRE 3KM, JALAN MIRI-PUJUT 98000 MIRI, SARAWAK	2 UNITS 3 STOREY SHOP OFFICE/ BRANCH PREMISES	LEASEHOLD/ EXP : 21/1/2050	LAND : 3,190 BUILT-UP : 8,371	22	712,211
46	SUB-LOT 13, LOT 3060 DISTRICT OF BINTULU	SUB LOT 13, OFF LOT 3299 BINTULU TOWN DISTRICT OFF JALAN DIWARTA 97000 BINTULU, SARAWAK	1 UNIT 3 STOREY SHOP OFFICE (VACANT PREMISES)	LEASEHOLD/ EXP : 29/3/2055	LAND : 3,240 BUILT-UP : 9,720	21	552,416
47	TOWN LEASE NO. 017541374 & NO. 017541383 LOTS 82 & 83, BLOK K MUKIM OF KARAMUNSING DISTRICT OF KOTA KINABALU	LOT 19 & 20 SADONG JAYA COMPLEX JALAN JUARA IKAN 3 KARAMUNSING 88300 KOTA KINABALU SABAH	4 STOREY SHOP OFFICE/BRANCH PREMISES	LEASEHOLD/ EXP : 21/1/2901	LAND : 2,780 BUILT-UP : 10,144	25	2,121,357
48	TOWN LEASE : 107516432 TOWN LEASE : 107516441 TOWN LEASE : 107516450 DISTRICT OF TAWAU	TB 281, 282 & 283 JLN HJ KARIM TOWN EXTENSION 11 91008 TAWAU, SABAH	3 UNITS 4 STOREY SHOP OFFICE/ BRANCH PREMISES	LEASEHOLD/ EXP : 31/12/2895	LAND : 6,720 BUILT-UP : 13,440	34	1,408,620
49	LOT 400, PN2117 KAWASAN BANDAR XXXIX DISTRICT OF MELAKA TENGAH MELAKA	NO. 596 JALAN MELAKA RAYA 10 TAMAN MELAKA RAYA BANDAR HILIR 75000 MELAKA	2 STOREY SHOPHOUSE/LEASED OUT PREMISES	LEASEHOLD/ EXP: 4/10/2082	LAND : 1,580 BUILT-UP : 2,790	32	249,000
							316,619,316

NETWORK OF BRANCHES

WILAYAH PERSEKUTUAN

AFFINBANK

AFFINBANK Bangsar Branch
No. 4 & 6, Jalan Telawi 3,
Bangsar Baru,
59100 Kuala Lumpur
Tel : 03-2283 5025
Fax : 03-2283 5028

AFFINBANK Bangunan Getah Asli Branch
Tingkat Bawah,
148, Jalan Ampang,
50450 Kuala Lumpur
Tel : 03-2162 8770
Fax : 03-2162 8587

AFFINBANK Batu Cantonment Branch
No. 840 & 842,
Batu 4 3/4, Jalan Ipoh,
51200 Kuala Lumpur
Tel : 03-6258 7690
Fax : 03-6251 8214

AFFINBANK Central Branch
Ground & Mezzanine Floor. 80,
Jalan Raja Chulan. P.O. Box. 12744,
50200 Kuala Lumpur
Tel : 03-2055 2222
Fax : 03-2070 7592

AFFINBANK Jalan Bunus Branch
No. 133, Jalan Bunus,
Off Jalan Masjid India,
50100 Kuala Lumpur
Tel : 03-2693 4686
Fax : 03-2691 3207

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No. 468-11 & 468-11B,
Batu 3, Jalan Ipoh,
51200 Kuala Lumpur
Tel : 03-4042 5554
Fax : 03-4042 4912

AFFINBANK LTAT Branch
Ground Floor, Bangunan LTAT,
Jalan Bukit Bintang,
55100 Kuala Lumpur
Tel : 03-2142 6311
Fax : 03-2148 0586

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No. 81-85, Jalan 2/3A,
Pusat Bandar Utara, KM 12, Jalan Ipoh,
68100 Batu Caves, Kuala Lumpur
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Fax : 03-6138 7122

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Bandar Baru Sri Petaling,
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P.O.Box 202,
53300 Setapak, Kuala Lumpur
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Fax : 03-4021 3921

AFFINBANK Taman Maluri Branch
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Taman Maluri,
55100 Kuala Lumpur
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Fax : 03-9283 4380

AFFINBANK Taman Midah Branch
No. 38 & 40, Jalan Midah 1,
Taman Midah, Cheras,
56000 Kuala Lumpur
Tel : 03-9130 0194
Fax : 03-9131 7024

AFFINBANK Taman Tun Dr. Ismail Branch
No. 47 & 49, Jalan Tun Mohd Fuad 3,
Taman Tun Dr. Ismail,
60000 Kuala Lumpur
Tel : 03-7727 9080
Fax : 03-7727 9543

AFFINBANK Wangsa Maju Branch
No. 2 & 4, Jln 1/27F,
Kuala Lumpur Sub-Urban Centre,
Wangsa Maju,
53300 Kuala Lumpur
Tel : 03-4143 2814
Fax : 03-4143 3095

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G.05, Tingkat Bawah, Wisma Pertahanan,
Kementerian Pertahanan Malaysia,
Jalan Padang Tembak,
50634 Kuala Lumpur
Tel : 03-2698 7912
Fax : 03-2698 6071

AFFINBANK MyTown Branch
Lot No. B1-063, Basement 1,
MyTown Shopping Centre,
55100 Jalan Cochrane, Kuala Lumpur
Tel : 03-9226 6390

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Bangunan Jabatan Akauntan Negara,
Kompleks Kementerian Kewangan,
No.1, Persiaran Perdana, Presint 2,
62594 WP Putrajaya
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Fax : 03-8889 2082

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468-11 & 468-11B,
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51200 Kuala Lumpur
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Fax : 03- 4041 8330

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250 & 252, Jalan Mahkota,
Taman Maluri,
55100 Kuala Lumpur
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159 & 161, 1st Floor, Jalan Genting Klang,
P.O Box 202,
53300 Setapak, Kuala Lumpur
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Fax : 03-4021 0755

AFFINBANK Mortgage Sales Hub TTDI
1st Floor, 47 & 48,
Jalan Tun Mohd Fuad 3,
Taman Tun Dr Ismail,
60000 Kuala Lumpur
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Fax : 03-7722 2380

AFFINBANK ASB & Unsecured Financing Hub Setapak
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Jalan Genting Kelang,
53300 Setapak, Kuala Lumpur
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Fax : 03-4021 0755

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No. 47 & 49, Jalan Tun Mohd Fuad 3,
Taman Tun Dr. Ismail,
60000 Kuala Lumpur
Tel : 03-7727 9080
Fax : 03-7727 9543

NETWORK OF BRANCHES

AFFINBANK Wealth Management Hub Menara Affin
Mezzanine Floor, Menara Affin,
80, Jalan Raja Chulan,
50200 Kuala Lumpur
Tel : 03-2055 9275
Fax : 03-2078 4727

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Kuala Lumpur Sub-Urban Centre
53300 Wangsa Maju, Kuala Lumpur
Tel : 03-4149 9023
Fax : 03-4149 9021

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Bangsar Baru
59100 Kuala Lumpur
Tel : 03-2283 5025
Fax : 03-2283 5028

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Jalan Tun Mohd Fuad 3
Taman Tun Dr. Ismail,
60000 Kuala Lumpur
Tel : 03-7727 9080
Fax : 03-7727 9543

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1st Floor, 10-12, Jalan Radin Tengah,
Bandar Baru Seri Petaling,
57000 Kuala Lumpur
Tel : 03-9058 4626
Fax : 03-9057 0220

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Mezzanine Floor, Menara Affin,
80, Jalan Raja Chulan,
50200 Kuala Lumpur
Tel : 03-2028 6218

AFFINBANK Bangsar Business Centre
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Bangsar Baru,
59100 Kuala Lumpur
Tel : 03-2284 8063
Fax : 03-2284 8269

AFFINBANK Wangsa Maju Business Centre
1st Floor, No. 2 & 4, Jalan 1/27F,
Kuala Lumpur Sub-Urban Centre,
Wangsa Maju, 53300 Kuala Lumpur
Tel : 03-4142 0835
Fax : 03-4142 0711

AFFIN LABUAN OFFSHORE
Unit 3 (J), Level 3. Main Office Tower,
Financial Park Labuan. Jalan Merdeka,
87000 Federal Territory Labuan
Tel : 087-411 931
Fax : 087-411 973

AFFIN ISLAMIC

AFFINISLAMIC Fraser Branch
No. 20-G & 20-1, Jalan Metro Pudu,
Fraser Business Park,
55100 Kuala Lumpur
Tel : 03-9222 8877
Fax : 03-9222 9877

AFFINISLAMIC Mortgage Sales Hub Setapak
15th Floor, Menara Affin,
80, Jalan Raja Chulan,
50200 Kuala Lumpur
Tel : 03-2055 9020
Fax : 03-2070 0773

SELANGOR

AFFINBANK

AFFINBANK Ampang Jaya Branch
No. 11 & 11A, Jalan Mamanda 7/1,
Ampang Point,
68000 Ampang, Selangor
Tel : 03-4257 6802
Fax : 03-4257 8636

AFFINBANK Ampang New Village Branch
No. 21G & 23G, Jalan Wawasan 2/2,
Bandar Baru Ampang,
68000 Ampang, Selangor
Tel : 03-4296 2311
Fax : 03-4296 2206

AFFINBANK Ara Damansara Branch
Unit B-G-07 & B-G-08, Block B,
No. 2, Jalan PJU 1A/7A, Ara Damansara,
47301 Petaling Jaya, Selangor
Tel : 03-7847 3177
Fax : 03-7847 2677

AFFINBANK Bandar Bukit Tinggi Branch
No. 77 & 79, Jalan Batu Nilam 5,
Bandar Bukit Tinggi,
41200 Klang, Selangor
Tel : 03-3323 2822
Fax : 03-3323 2858

AFFINBANK Cyberjaya Branch
P1-13, Shaftsbury Square,
Lot No. 2350, Cyber 6, Persiaran Multimedia,
63000 Cyberjaya, Selangor
Tel : 03-8318 1944
Fax : 03-8318 1934

AFFINBANK Denai Alam Branch
No. 1, Ground Floor, Jalan Elektron U/16/J,
Seksyen U16, Denai Alam,
40160 Shah Alam, Selangor
Tel : 03-7831 8895
Fax : 03-7831 8859

AFFINBANK Jalan Meru Branch
No. 38 & 40, Pelangi Avenue,
Jalan Kelicap 42A/KU1,
Klang Bandar Diraja,
41050 Klang, Selangor
Tel : 03-3341 5237
Fax : 03-3341 5427

AFFINBANK Kajang Branch
No. 2&3, Jalan Saga, Taman Sri Saga,
Off Jalan Sg. Chua,
43000 Kajang, Selangor
Tel : 03-8737 7435
Fax : 03-8737 7433

AFFINBANK Kepong Branch
No. 6, Jalan 54, Desa Jaya,
52100 Kepong, Selangor
Tel : 03-6276 4942
Fax : 03-6276 6375

AFFINBANK Taman Kinrara Branch
No. 1, Jalan TK1/11A, Taman Kinrara,
Section 1, Batu 7 1/2, Jalan Puchong,
47100 Puchong, Selangor
Tel : 03-8075 5682
Fax : 03-8075 8159

AFFINBANK Klang Utara Branch
No. 29 & 31, Jalan Tiara 3,
Bandar Baru Klang,
41150 Klang, Selangor
Tel : 03-3342 1582
Fax : 03-3342 1719

AFFINBANK Shah Alam Branch
Vista Alam, F-G-38 & 39, Jalan Ikhtisas 14/1,
Off Persiaran Damai, Seksyen 14,
40000 Shah Alam, Selangor
Tel : 03-5524 7780
Fax : 03-5524 7380

NETWORK OF BRANCHES

AFFINBANK Kota Damansara Branch
Nos. B-G-19, 20 & 21 (GF),
Dataran Cascades, Jalan PJU 5/1,
Kota Damasara PJU 5,
47810 Petaling Jaya, Selangor
Tel : 03-7610 0890
Fax : 03-7610 0889

AFFINBANK Kota Kemuning Branch
No. 15-1 & 17-1 (GF),
No. 8, Jalan Anggerik Vanilla BE 31/BE,
Kota Kemuning Seksyen 31,
40460 Shah Alam, Selangor
Tel : 03-5120 1811
Fax : 03-5120 1588

AFFINBANK Kota Warisan Branch
G-3, Ground Floor, Jalan Warisan 1,
KIP Sentral Kota Warisan,
43900 Sepang, Selangor
Tel : 03-8705 2099
Fax : 03-8705 4899

AFFINBANK PJ State Branch
No. 38 & 40, Jalan Yong Shook Lin,
46050 Petaling Jaya, Selangor
Tel : 03-7955 0032
Fax : 03-7954 0012

AFFINBANK Port Klang Branch
No. 1, Jalan Berangan,
42000 Port Klang, Selangor
Tel : 03-3168 8130
Fax : 03-3167 6432

AFFINBANK Puchong Branch
J-03-G, Blok J,
Setiawalk, Persiaran Wawasan,
Pusat Bandar Puchong,
47160 Puchong, Selangor
Tel : 03-5882 2880
Fax : 03-5882 2881

AFFINBANK Rawang Branch
No. 33G & 35G, Jln 1B, Fortune Avenue,
48000 Rawang, Selangor
Tel : 03-6091 3311
Fax : 03-6091 3344

AFFINBANK Sea Park Branch
No. 20-22, Jalan 21/12, Sea Park,
46300 Petaling Jaya, Selangor
Tel : 03-7875 6255
Fax : 03-7876 6020

AFFINBANK Seri Kembangan Branch
No. 36, Jalan PSK 3,
Pusat Perdagangan Seri Kembangan,
43300 Seri Kembangan, Selangor
Tel : 03-8945 6429
Fax : 03-8945 6442

AFFINBANK Subang Jaya Branch
No. 7 & 9, Jalan SS 15/8A,
47500 Subang Jaya, Selangor
Tel : 03-5634 8045
Fax : 03-5634 8040

AFFINBANK Taman Demang Branch
No. 47, Jalan DD3A/1,
BASCO Business Centre,
Taman Dato' Demang,
43300 Seri Kembangan, Selangor
Tel : 03-8959 2588
Fax : 03-8958 5288

AFFINBANK The Curve Branch
Lot K-G32A-D & G32,
Ground Floor, The Curve Shopping Complex,
Jalan PJU 7/8, Mutiara Damansara,
47800 Petaling Jaya, Selangor
Tel : 03-7726 7258
Fax : 03-7727 8912

AFFINBANK UiTM Branch
Universiti Teknologi MARA,
Tingkat 2, Menara Sultan Abdul Aziz Shah,
40450 Shah Alam, Selangor
Tel : 03-5519 2377
Fax : 03-5510 5580

AFFINBANK USJ Taipan Branch
No. 8A & 8B, Jalan USJ 10/1J,
47610 UEP Subang Jaya, Petaling Jaya,
Selangor
Tel : 03-8023 7271
Fax : 03-8023 9161

AFFINBANK Hire Purchase Hub Seri Kembangan
No. 36, Jalan PSK 3,
Pusat Perdagangan Seri Kembangan,
43300 Seri Kembangan, Selangor
Tel : 03-8943 6488
Fax : 03-8943 5306

AFFINBANK Hire Purchase Hub PJ SS2
No. 161, Jalan SS 2/24,
47300 Petaling Jaya, Selangor
Tel : 03-7874 8890
Fax : 03- 7875 6816

AFFINBANK Hire Purchase Hub PJ State
No. 38 & 40, Jalan Yong Shook Lin,
46050 Petaling Jaya, Selangor
Tel : 03-7956 0022
Fax : 03-7956 0052

AFFINBANK Mortgage Sales Hub Seri Kembangan
2nd Floor, No. 36, Jalan PSK 3,
Pusat Perdagangan Seri Kembangan,
43300 Seri Kembangan, Selangor
Tel : 03-8938 1626

AFFINBANK Mortgage Sales Hub Glomac
4th Floor, Menara Glomac,
Kelana Business Centre,
97, Jalan SS7/2,
47301 Kelana Jaya, Selangor
Tel : 03-7947 5555
Fax : 03-7804 0819

AFFINBANK ASB & Unsecured Financing Hub Seri Kembangan
2nd Floor,
No. 36, Jalan PSK 3,
Pusat Perdagangan Seri Kembangan,
43300 Seri Kembangan, Selangor
Tel : 03-8940 1039
Fax : 03-8940 1269

AFFINBANK ASB & Unsecured Financing Hub Glomac
4th Floor, Block C, Menara Glomac,
Kelana Business Centre,
97, Jalan SS7/2,
47301 Kelana Jaya, Selangor
Tel : 03-7947 5555
Fax : 03-7804 0819

AFFINBANK Wealth Management Hub Glomac
4th Floor, 401 Block C, Menara Glomac,
Kelana Business Centre,
97, Jalan SS7/2,
47301 Kelana Jaya, Selangor
Tel : 03-7947 5555

AFFINBANK Wealth Management Hub Bukit Tinggi
2nd Floor, No. 77 & 79,
Jalan Batu Nilam 5,
Bandar Bukit Tinggi,
41200 Klang, Selangor
Tel : 03-3323 2822
Fax : 03-3323 2858

NETWORK OF BRANCHES

AFFINBANK Bukit Tinggi Business Centre
2nd Floor, No. 77 & 79,
Jalan Batu Nilam 5, Bandar Bukit Tinggi,
41200 Klang, Selangor Darul Ehsan
Tel : 03-3318 9700
Fax : 03-3319 3100

AFFINBANK Kajang Business Centre
2nd Floor, 2 & 3. Jalan Saga,
Taman Sri Saga, Off Jalan Sg. Chua,
43000 Kajang, Selangor
Tel : 03-8733 1027
Fax : 03-8733 0951

AFFINBANK Subang Jaya Business Centre
2nd Floor, 7 & 9. Jalan SS 15/8A,
47500 Subang Jaya, Selangor
Tel : 03-5631 0930
Fax : 03-5631 0936

AFFINBANK Kinrara Business Centre
1st Floor, No. 1, Jalan TK 1/11 A,
Taman Kinrara, Section 1,
Batu 7 ½. Jalan Puchong,
47100 Puchong, Selangor
Tel : 03-8062 0074
Fax : 03-8062 0480

AFFIN ISLAMIC

AFFINISLAMIC Bangi Branch
No.175 & 177, Ground Floor,
Jalan 8/1, Seksyen 8,
43650 Bandar Baru Bangi, Selangor
Tel : 03-8927 5881
Fax : 03-8927 4815

AFFINISLAMIC MSU Branch
Management & Science University,
2nd Floor, University Drive,
Persiaran Olahraga, Seksyen 13,
40100 Shah Alam, Selangor
Tel : 03-5510 0425
Fax : 03-5510 0563

AFFINISLAMIC PJ SS2 Branch
1st Floor, 161-163, Jalan SS 2/24,
47300 Petaling Jaya, Selangor
Tel : 03-7874 3513
Fax : 03-7874 3480

AFFINISLAMIC Mortgage Sales Hub GLOMAC
4th Floor, Menara Glomac,
Kelana Business Centre,
97, Jalan SS7/2,
47301 Kelana Jaya, Selangor
Tel : 03-7947 5555
Fax : 03-7804 0819

NEGERI SEMBILAN

AFFINBANK

AFFINBANK Gemas Branch
No. 1 & 2, Ground Floor,
Laman Niaga Pernama,
Kem Syed Sirajuddin,
73400 Gemas, Negeri Sembilan
Tel : 07-948 3622
Fax : 07-948 5022

AFFINBANK Nilai Branch
No. 5733 & 5734,
Jalan TS 2/1, Taman Semarak Phase II,
71800 Nilai, Negeri Sembilan
Tel : 06-799 4114
Fax : 06-799 5115

AFFINBANK Port Dickson Branch
No. 3 & 4, Jalan Mahajaya,
P.D. Centre Point,
71000 Port Dickson, Negeri Sembilan
Tel : 06-647 3950
Fax : 06-647 4776

AFFINBANK Seremban Branch
No 175, Jalan Dato' Bandar Tunggal,
70000 Seremban, Negeri Sembilan
Tel : 06-762 9651
Fax : 06-763 6125

AFFINBANK Bandar Sri Sendayan Branch
No.71-G & 71-1, Jalan Metro Sendayan 1/3,
Sendayan Metropark,
71950 Bandar Sri Sendayan, Negeri Sembilan
Tel : 06-775 8084
Fax : 06-775 8081

AFFINBANK Hire Purchase Hub Seremban
No 175, Jalan Dato' Bandar Tunggal,
70000 Seremban, Negeri Sembilan
Tel : 06-761 1400
Fax : 06-761 2290

AFFINBANK Mortgage Sales Hub Senawang
No. 312-G & 312-1, Jalan Bandar Senawang,
17, Pusat Bandar Senawang,
70450 Seremban
Tel : 06-675 8809
Fax : 06-675 8620

AFFINBANK ASB & Unsecured Financing Hub Sendayan
No 71-G & 71-1,
Jalan Metro Sendayan 1/3,
Sendayan Metropark,
71950 Bandar Sri Sendayan,
Negeri Sembilan
Tel : 06-775 8185
Fax : 06-775 8081

AFFIN ISLAMIC

AFFINISLAMIC Senawang Branch
No 312-G & 312-1, Jalan Bandar Senawang,
17, Pusat Bandar Senawang,
70450 Seremban, Negeri Sembilan
Tel : 06-675 7288
Fax : 06-675 7088

MELAKA

AFFINBANK

AFFINBANK Bukit Baru Branch
No. 7 & 8, Jalan DR1, Delima Point,
Taman Delima Raya, 75150 Melaka
Tel : 06-232 1386
Fax : 06-232 1579

AFFINBANK Melaka Raya Branch
No. 200 & 201, Taman Melaka Raya,
Off Jalan Parameswara,
75000 Melaka
Tel : 06-283 5500
Fax : 06-284 6618

AFFINBANK Hire Purchase Hub Melaka Raya
200 & 201, Taman Melaka Raya,
Off Jalan Parameswara, 75000 Melaka
Tel : 06-283 0200
Fax : 06-283 4960

AFFINBANK Bukit Baru Business Centre
7 & 8, Jalan DR1, Delima Point,
Taman Delima Raya, Bukit Baru,
75150 Melaka
Tel : 06-232 4331
Fax : 06-231 8076

AFFINBANK Wealth Management Hub Bukit Baru
1st floor, No. 7&8, Jalan DR1,
Delima Point, Taman Delima Raya,
75150 Melaka
Tel : 06-253 2150
Fax : 06-232 1579

NETWORK OF BRANCHES

AFFINBANK Mortgage Sales Hub Melaka
NO. 7 & 8, Jalan DR1, Delima Point,
Taman Delima Raya,
75150 Bukit Baru, Melaka
Tel : 06-253 3150
Fax : 06-231 8076

JOHOR

AFFINBANK

AFFINBANK Ayer Hitam Branch
No 765, Jalan Batu Pahat,
86100 Ayer Hitam, Johor
Tel : 07-758 1100
Fax : 07-758 1001

AFFINBANK Batu Pahat Branch
No 3 & 4, Jalan Merah,
Taman Bukit Pasir,
83000 Batu Pahat, Johor
Tel : 07-433 4210
Fax : 07-433 3246

AFFINBANK Danga Bay Branch
No. 17 & 18, Blok 6, Danga Bay,
Jalan Skudai,
80200 Johor Bahru, Johor
Tel : 07-234 3842
Fax : 07-234 8852

AFFINBANK Johor Bahru Branch
No. 24 & 25, Jalan Kebun Teh 1,
Kebun Teh Commercial City,
80250 Johor Bahru, Johor
Tel : 07-221 2403
Fax : 07-221 2462

AFFINBANK Johor Jaya Branch
No. 130 & 132, Jalan Ros Merah 2/17,
Taman Johor Jaya,
81100 Johor Bahru, Johor
Tel : 07-351 8602
Fax : 07-351 4122

AFFINBANK Kluang Branch
No. 503, Jalan Mersing,
86000 Kluang, Johor
Tel : 07-772 4736
Fax : 07-772 4486

AFFINBANK Kulai Branch
No. 199 & 200, Jln Kenanga 29/4,
Bandar Indahpura,
81000 Kulai Johor
Tel : 07-660 8495
Fax : 07-660 8363

AFFINBANK Muar Branch
No. 30A & 30A-1, Jalan Arab,
84000 Muar, Johor
Tel : 06-953 2384
Fax : 06-953 3489

AFFINBANK Mutiara Rini Branch
No. 28 & 30, Jalan Utama 45,
Taman Mutiara Rini,
81300, Skudai, Johor Darul Takzim
Tel : 07-557 0900
Fax : 07-557 1244

AFFINBANK Permas Jaya Branch
No. 23 & 25, Jalan Permas 10/2,
Bandar Baru Permas Jaya,
81750 Johor Bahru, Johor
Tel : 07-386 3703
Fax : 07-386 5061

AFFINBANK Segamat Branch
No. 1, Ground Floor,
Jalan Nagasari 23, Bandar Segamat Baru,
85000 Segamat, Johor
Tel : 07-943 1378
Fax : 07-943 1373

AFFINBANK Tampoi Branch
No. 49 & 51, Jalan Sri Perkasa 2/1,
Taman Tampoi Utama,
81200 Tampoi Johor Bahru, Johor
Tel : 07-241 4946
Fax : 07-241 4953

AFFINBANK Hire Purchase Hub Batu Pahat
1st Floor, No. 3 & 4, Jalan Merah,
Taman Bukit Pasir,
83000 Batu Pahat, Johor
Tel : 07-432 6286
Fax : 07-434 5270

AFFINBANK Hire Purchase Hub Johor Bahru
1st. Floor, No. 24 & 25,
Jalan Kebun Teh 1,
Kebun Teh Commercial City,
80250 Johor Bahru, Johor
Tel : 07-224 2101
Fax : 07-224 7160

AFFINBANK Hire Purchase Hub Taman Johor Jaya Branch
No. 130 & 132, 2nd. Floor,
Jalan Ros Merah 2/17,
Taman Johor Jaya,
81100 Johor Bahru, Johor
Tel : 07-356 2457
Fax : 07-353 5188

AFFINBANK Hire Purchase Hub Kluang
1st Floor, 503, Jalan Mersing,
86000 Kluang, Johor
Tel : 07-774 1361
Fax : 07-774 1372

AFFINBANK Hire Purchase Hub Muar
No.30A & 30A-1, Jalan Arab,
84000 Muar, Johor
Tel : 06-951 4217
Fax : 06-953 8460

AFFINBANK Hire Purchase Hub Mutiara Rini
1st Floor, No. 28 & 30, Jalan Utama 45,
Taman Mutiara Rini,
81300, Skudai, Johor Darul Takzim
Tel : 07-557 7037
Fax : 07-557 6779

AFFINBANK Hire Purchase Hub Segamat
No.1, First Floor, Jalan Nagasari 23,
Bandar Segamat Baru,
85000 Segamat, Johor
Tel : 07-943 1467
Fax : 07-943 1308

AFFINBANK Mortgage Sales Hub Danga Bay
2nd Floor, No. 17 & 18,
Blok 6, Danga Bay, Jalan Skudai,
80200 Johor Bahru, Johor
Tel : 07-234 5570
Fax : 07-234 5915

AFFINBANK ASB & Unsecured Financing Hub Tampoi
1st Floor, No. 49 & 51, Jalan Sri Perkasa 2/1,
Taman Tampoi Utama,
81200 Johor Bahru, Johor
Tel : 07-241 2724
Fax : 07-241 3661

AFFINBANK Wealth Management Hub Permas Jaya
1st Floor, No. 23 & 25, Jalan Permas 10/2,
Bandar Baru Permas Jaya,
81750 Johor Bahru
Tel : 07-387 1808
Fax : 07-380 8935

AFFINBANK Trade Finance Centre Johor
2nd Floor, 23 & 25, Jalan Permas 10/2,
Bandar Baru Permas Jaya,
81750 Johor Bahru
Tel : 07-386 7597
Fax : 07-387 2749

NETWORK OF BRANCHES

AFFINBANK Regional Corporate Desk Johor Jaya
130 & 132, Jalan Rosmerah 2/17,
Taman Johor Jaya,
81100 Johor Bahru, Johor
Tel : 07-351 5122
Fax : 07-351 8604

AFFINBANK Batu Pahat Business Centre
2nd Floor, No. 3 & 4. Jalan Merah,
Taman Bukit Pasir,
83000 Batu Pahat, Johor
Tel : 07-438 5152
Fax : 07-432 5158

AFFINBANK Danga Bay Business Centre
3rd Floor, No. 17 & 18. Blok 6,
Danga Bay, Jalan Skudai,
80200 Johor Bahru
Tel : 07-235 2132
Fax : 07-235 2131

AFFINBANK Johor Jaya Business Centre
130 & 132, Jalan Rosmerah 2/17,
Taman Johor Jaya,
81100 Johor Bahru, Johor
Tel : 07-351 5122
Fax : 07-351 8604

AFFINBANK Kulai Business Centre
1st Floor, No. 200A,
Jalan Kenanga 29/4, Indahpura,
81000 Kulai, Johor
Tel : 07- 660 8717
Fax : 07-660 7744

AFFIN ISLAMIC

AFFINISLAMIC Taman Molek Branch
No. 23, 23-01, 23-02,
Jalan Molek 1/29, Taman Molek,
81100 Johor Bahru, Johor
Tel : 07-351 9522
Fax : 07-357 9522

PERAK

AFFINBANK

AFFINBANK Ipoh Branch
No. 1 & 3 Ground & First Floors, Persiaran Greentown 9, Greentown Business Centre,
30450 Ipoh, Perak
Tel : 05-255 0980
Fax : 05-255 0976

AFFINBANK Ipoh Garden Branch
No. 27A-27A1,
Jalan Sultan Azlan Shah Utara, 3
1400 Ipoh, Perak
Tel : 05-549 7275
Fax : 05-549 7299

AFFINBANK Lumut Branch
Ground Floor, Kompleks Mutiara Armada,
Jalan Nakhoda, Pangkalan TLDM,
32100 Lumut, Perak
Tel : 05-683 5051
Fax : 05-683 5579

AFFINBANK Sitiawan Branch
No. 11 & 12, Taman Sitiawan 1,
Jalan Lumut,
32000 Sitiawan, Perak
Tel : 05-692 8401
Fax : 05-691 7339

AFFINBANK Taiping Branch
No. 40 & 42, Jalan Tupai, 3
4000 Taiping, Perak
Tel : 05-806 6816
Fax : 05-808 0432

AFFINBANK Teluk Intan Branch
No. 11, Medan Sri Intan, Jalan Sekolah,
36000 Teluk Intan, Perak
Tel : 05-621 0130
Fax : 05-621 0128

AFFINBANK Bandar Meru Raya Branch
No. 47 & 47A, Jalan Meru Bestari A2,
Medan Meru Bestari,
30020 Ipoh, Perak
Tel : 05-526 3990
Fax : 05-526 3950

AFFINBANK Hire Purchase Hub Ipoh
No. 1 & 3, 1st Floor, Persiaran Greentown 9,
Greentown Business Centre,
30450 Ipoh, Perak
Tel : 05-255 0180
Fax : 05-255 2545

AFFINBANK Hire Purchase Hub Sitiawan
No. 10, 11 & 12,
Taman Sitiawan 1,
Jalan Lumut,
32000 Sitiawan, Perak
Tel : 05-692 4937
Fax : 05-692 8163

AFFINBANK Hire Purchase Hub Taiping
No. 40 & 42, 1st. Floor, Jalan Tupai,
34000 Taiping, Perak
Tel : 05-808 9020
Fax : 05-808 9903

AFFINBANK Hire Purchase Hub Teluk Intan,
11, Medan Sri Intan, Jalan Sekolah,
36000 Teluk Intan, Perak
Tel : 05-621 0130
Fax : 05-621 6786

AFFINBANK Mortgage Sales Hub Ipoh
No. 9, Ground Floor, Persiaran Greentown 6,
Pusat Perdagangan Greentown,
30450 Ipoh, Perak
Tel : 05-246 1226
Fax : 05-246 1070

AFFINBANK ASB & Unsecured Financing Hub Ipoh Garden
1st Floor, No. 27A-27A1,
Jalan Sultan Azlan Shah Utara,
31400 Ipoh, Perak
Tel : 05-546 2316

AFFINBANK ASB & Unsecured Financing Hub Sitiawan
No. 10, 11 & 12,
Taman Sitiawan 1,
Jalan Lumut,
32000 Sitiawan, Perak
Tel : 05-691 2532
Fax : 05-691 1233

AFFINBANK Wealth Management Hub Ipoh
No. 9, Ground Floor, Persiaran Greentown 6,
Greentown Business Centre
30450 Ipoh, Perak
Tel : 05-246 1050
Fax : 05-246 1070

AFFINBANK Trade Finance Centre Ipoh
1st Floor, No. 27A-27A1,
Jalan Sultan Azlan Shah Utara,
31400 Ipoh, Perak Darul Ridzuan
Tel : 05-549 9959
Fax : 05-549 9963

AFFINBANK Ipoh Business Centre
1st Floor, No. 27A-27A1,
Jalan Sultan Azlan Shah Utara,
31400 Ipoh, Perak Darul Ridzuan
Tel : 05-549 9959
Fax : 05–549 9963

NETWORK OF BRANCHES

PULAU PINANG

AFFINBANK

AFFINBANK Bayan Baru Branch
No. 124 & 126, Jalan Mayang Pasir,
Taman Sri Tunas,
11950 Bayan Baru, Pulau Pinang
Tel : 04-644 4171
Fax : 04-645 2709

AFFINBANK Butterworth Branch
No. 55-57, Jalan Selat, Taman Selat,
P.O.Box 165, Off Jalan Bagan Luar,
12000 Butterworth, Pulau Pinang
Tel : 04-333 3177
Fax : 04-332 3299

AFFINBANK Fettes Park Branch
No. 98-G-31 & 32, Jalan Fettes,
Prima Tanjung Business Centre,
Tanjung Tokong, 11200 Pulau Pinang
Tel : 04-899 9069
Fax : 04-899 0767

AFFINBANK Jalan Macalister Branch
No. 104C, 104D & 104E, Jalan Macalister,
10400 Pulau Pinang
Tel : 04-229 1495
Fax : 04-226 1530

AFFINBANK Kepala Batas Branch
Lot 1317 & 1318, Lorong Malinja,
Taman Sepakat, Off Jalan Butterworth,
13200 Kepala Batas, Seberang Prai Utara,
Pulau Pinang
Tel : 04-575 1824
Fax : 04-575 1975

AFFINBANK Prai Branch
No. 2, Tingkat Kikik 7, Taman Inderawasih,
13600 Prai, Pulau Pinang
Tel : 04-399 3900
Fax : 04-397 9243

AFFINBANK Seberang Jaya Branch
No. 10, Jalan Todak Satu,
Pusat Bandar Seberang Jaya,
13700 Prai, Pulau Pinang
Tel : 04-399 5881
Fax : 04-399 2881

AFFINBANK Wisma Pelaut Branch
No. 1A, Light Street, Wisma Pelaut,
10200 Pulau Pinang
Tel : 04-263 6633
Fax : 04-261 9801

AFFINBANK Hire Purchase Hub Jalan Macalister
1st Floor, No. 104C, 104D & 104E,
Jalan Macalister,
10400 Pulau Pinang
Tel : 04-229 2300
Fax : 04-228 8324

AFFINBANK Hire Purchase Hub Prai
1st & 2nd Floor, No.2, Tingkat Kikik 7,
Taman Inderawasih,
13600 Prai, Pulau Pinang
Tel : 04-397 7677
Fax : 04-399 0394

AFFINBANK Mortgage Sales Hub Butterworth
2nd Floor, 55-57, Jalan Selat, Taman Selat,
P.O Box 165, Jalan Bagan Luar,
12000 Butterworth, Penang
Tel : 04-323 0151
Fax : 04-323 0109

AFFINBANK Mortgage Sales Hub Wisma Pelaut
1A (1st Floor), Light Street,
Wisma Pelaut,
10200 Pulau Pinang
Tel : 04-263 5588
Fax : 04-251 9254

AFFINBANK ASB & Unsecured Financing Hub Butterworth
No. 55-57, Level 2. Jalan Selat,
Taman Selat,
12000 Butterworth, Pulau Pinang
Tel : 04-323 0151
Fax : 04-323 0109

AFFINBANK Wealth Management Hub Butterworth
1st Floor, No. 55 - 57, Jalan Selat
Taman Selat, Off Jalan Bagan Luar
12000 Butterworth, Pulau Pinang
Tel : 04-333 3177
Fax : 04-332 3299

AFFINBANK Wealth Management Hub Wisma Pelaut
1A, Light Street, Wisma Pelaut
10200 Pulau Pinang
Tel : 04-263 6633
Fax : 04-261 9801

AFFINBANK Trade Finance Centre Penang
2nd Floor, No. 10 Jalan Todak Satu,
Pusar Bandar Seberang Jaya
13700 Prai, Pulau Pinang
Tel : 04-398 8233
Fax : 04-398 8229

AFFINBANK ASB & Unsecured Financing Hub Wisma Pelaut
No. 1A, Light Street,
1st Floor, Wisma Pelaut,
10200 Penang
Tel : 04-251 9648
Fax : 04-251 9254

AFFINBANK Regional Corporate Desk Seberang Jaya
1st Floor, No 10, Jalan Todak 1,
Pusat Bandar Seberang Jaya,
13700 Prai, Pulau Pinang
Tel : 04-398 5039
Fax : 04-399 3480

AFFINBANK Seberang Jaya Business Centre
1st Floor, No 10, Jalan Todak 1,
Pusat Bandar Seberang Jaya,
13700 Prai, Pulau Pinang
Tel : 04-398 5039
Fax : 04-399 3480

AFFINBANK Bayan Baru Business Centre
No.124 & 126 (First Floor),
Jalan Mayang Pasir, Taman Sri Tunas,
11950 Bayan Baru, Pulau Pinang
Tel : 04-644 4600
Fax : 04-644 1199

AFFIN ISLAMIC

AFFINISLAMIC Juru Auto-City Branch
No. 1813A, Jalan Perusahaan, Auto-City,
North-South Highway Juru Interchange,
13600 Prai, Pulau Pinang
Tel : 04-507 7522
Fax : 04-507 0522

AFFINISLAMIC Juru Auto-City Hire Purchase
No. 1813A, Jalan Perusahaan, Auto-City,
North-South Highway Juru Interchange,
13600 Prai, Pulau Pinang
Tel : 04-507 3235
Fax : 04-507 0522

NETWORK OF BRANCHES

KEDAH

AFFINBANK

AFFINBANK Alor Setar Branch
No. 147 & 148, Susuran Sultan Abdul Hamid 8,
Kompleks Sultan Abdul Hamid,
Fasa 2, Persiaran Sultan Abdul Hamid,
05050 Alor Setar, Kedah
Tel : 04-772 1477
Fax : 04-771 4796

AFFINBANK Kulim Branch
No. 13 & 14, Jalan KLC Satu (1),
Kulim Landmark Central,
09000 Kulim, Kedah
Tel : 04-495 5566
Fax : 04-490 4717

AFFINBANK Langkawi Branch
No. 149-151, Persiaran Bunga Raya,
Langkawi Mall,
07000 Kuah, Langkawi, Kedah
Tel : 04-966 4426
Fax : 04-966 4717

AFFINBANK Sungai Petani Branch
No. 55, Jalan Perdana Heights 2/2,
Perdana Heights,
08000 Sungai Petani, Kedah
Tel : 04-421 1808
Fax : 04-422 6675

AFFINBANK Hire Purchase Hub Alor Setar
No. 147 & 148, 1st. Floor,
Susuran Sultan Abdul Hamid 8,
Kompleks Sultan Abdul Hamid, Fasa 2,
Persiaran Sultan Abdul Hamid,
05050 Alor Setar, Kedah
Tel : 04-772 2964
Fax : 04-771 4268

AFFINBANK Hire Purchase Hub Sungai Petani
1st Floor, 55, Jalan Perdana Heights 2/2,
Perdana Heights,
08000 Sungai Petani,
Kedah Darul Aman
Tel : 04-421 9482
Fax : 04-421 6292

AFFINBANK Mortgage Sales Hub Alor Setar
2nd Floor, No. 147 & 148,
Susuran Sultan Abdul Hamid 8,
Kompleks Sultan Abdul Hamid, Fasa 2,
Persiaran Sultan Abdul Hamid,
05050 Alor Setar, Kedah
Tel : 04-771 4992
Fax : 04-771 5482

AFFINBANK ASB & Unsecured Financing Hub Alor Setar
No. 147 & 148, 2nd Floor,
Susuran Sultan Abdul Hamid 8,
Kompleks Sultan Abdul Hamid, Fasa 2,
Persiaran Sultan Abdul Hamid,
05050 Alor Setar, Kedah
Tel : 04-772 1477
Fax : 04-771 4796

AFFINBANK ASB & Unsecured Financing Hub Sungai Petani
No. 55, 2nd Floor,
Jalan Perdana Heights 2/2,
Perdana Heights,
08000 Sungai Petani, Kedah Darul Aman
Tel : 04-421 1218
Fax : 04-422 1186

AFFINBANK Wealth Management Hub Alor Setar
2nd Floor, No 147 & 148,
Susuran Sultan Abdul Hamid 8,
Kompleks Sultan Abdul Hamid Fasa 2,
Persiaran Sultan Abdul Hamid,
05050 Alor Setar, Kedah
Tel : 04-771 2642
Fax : 04-771 5482

AFFINBANK Sungai Petani Business Centre
No. 55, 2nd Floor,
Jalan Perdana Heights 2/2,
Perdana Heights,
08000 Sungai Petani, Kedah Darul Aman
Tel : 04-421 4449
Fax : 04-422 4642

AFFINBANK Mortgage Sales Hub Sungai Petani
1st Floor, 55, Jalan Perdana Heights 2/2,
Perdana Heights,
08000 Sungai Petani, Kedah
Tel : 04-421 9526
Fax : 04-421 6292

AFFINBANK Regional Corporate Desk - Alor Setar
3rd Floor, No. 147 & 148,
Susuran Sultan Abdul Hamid 8,
Kompleks Sultan Abdul Hamid, Fasa 2,
Persiaran Sultan Abdul Hamid,
05050 Alor Setar, Kedah Darul Aman.
Tel : 04-773 3855
Fax : 04-773 3822

AFFIN ISLAMIC

AFFINISLAMIC Jitra Branch
No. 17, Jalan Tengku Maheran 2,
Taman Tengku Maheran Fasa 4,
06000 Jitra Kedah
Tel : 04-919 0888
Fax : 04-919 0380

TERENGGANU

AFFINBANK

AFFINBANK Kemaman Branch
K711-713, Wisma IKY Naga,
Jalan Sulaimani,
24000 Kemaman, Terengganu
Tel : 09-858 2544
Fax : 09-859 1572

AFFINBANK Kemaman Supply Base Branch
Ground Floor, Admin Building Block B,
Kemaman Supply Base,
24007 Kemaman, Terengganu
Tel : 09-863 1297
Fax : 09-863 1295

AFFIN ISLAMIC

AFFINISLAMIC Kuala Terengganu Branch
No. 63 & 63 A , Jalan Sultan Ismail,
20200 Kuala Terengganu, Terengganu
Tel : 09-622 3725
Fax : 09-623 6496

AFFINISLAMIC Kuala Terengganu Hire Purchase
No. 63 & 63A , Jalan Sultan Ismail,
20200 Kuala Terengganu, Terengganu
Tel : 09-623 5966
Fax : 09-623 2011

AFFINISLAMIC Mortgage Sales Desk Kuala Terenggganu
No. 63 & 63A , Jalan Sultan Ismail,
20200 Kuala Terengganu, Terengganu
Tel : 09-623 5966
Fax : 09-623 2011

NETWORK OF BRANCHES

KELANTAN

AFFINBANK

AFFINBANK Jeli Branch
No. A1 & A2, Block A,
Bandar Baru Bukit Bunga,
17700 Bukit Bunga, Tanah Merah, Kelantan
Tel : 09-946 8955
Fax : 09-946 8954

AFFINBANK Kota Bharu Branch
No. 3788H & 3788I, Seksyen 13,
Jalan Sultan Ibrahim,
15050 Kota Bahru, Kelantan
Tel : 09-744 5688
Fax : 09-744 2202

AFFINBANK Hire Purchase Hub Kota Bharu
1st & 2nd Floor, 3788H & 3788I,
Seksyen 13, Jalan Sultan Ibrahim,
15050 Kota Bahru, Kelantan
Tel : 09-7449 644
Fax : 09-744 9613

AFFINBANK Mortgage Sales Hub Kota Bahru
3788H & 3788I, Seksyen 13,
Jalan Sultan Ibrahim,
15050 Kota Bahru, Kelantan
Tel : 017-2337575
Fax : 09-744 2202

AFFINBANK Kota Bharu Business Centre
2nd Floor, 3788H & 3788I,
Seksyen 13, Jalan Sultan Ibrahim,
15050 Kota Bharu, Kelantan
Tel : 09-744 5688
Fax : 09-744 2202

PAHANG

AFFINBANK

AFFINBANK Jengka Branch
Nadi Kota
26400 Bandar Jengka, Pahang
Tel : 09-466 2233
Fax : 09-466 2422

AFFINBANK Kuantan Branch
G2-Ground Floor G2, Menara Zenith,
Jalan Putra Square 6, Putra Square,
25200 Kuantan, Pahang
Tel : 09-514 8584
Fax : 09-514 8580

AFFINBANK Mentakab Branch
No. 70, Jalan Temerloh,
28400 Mentakab, Pahang
Tel : 09-278 4487
Fax : 09-277 6654

AFFINBANK Temerloh Branch
No. 9, Ground Floor, Jalan Ahmad Shah,
28000, Temerloh, Pahang
Tel : 09-296 8811
Fax : 09-296 8800

AFFINBANK Mortgage Sales Desk Temerloh
No. 9, Ground Floor, Jalan Ahmad Shah,
28000, Temerloh, Pahang
Tel : 09-296 8811
Fax : 09-296 8800

AFFINBANK Mortgage Sales Desk Kemaman
No. 9, Ground Floor, Jalan Ahmad Shah,
28000, Temerloh, Pahang
Tel : 09-296 8811
Fax : 09-296 8800

AFFINBANK Hire Purchase Hub Kuantan
G2-Ground Floor G2,
Menara Zenith, Jalan Putra,
Square 6, Putra Square,
25200 Kuantan, Pahang
Tel : 09-514 8575
Fax : 09-514 8582

AFFINBANK Hire Purchase Hub Temerloh
No. 9, 1st Floor, Jalan Ahmad Shah,
28000, Temerloh, Pahang
Tel : 09-296 7788
Fax : 09-296 6677

AFFINBANK Mortgage Sales Hub Kuantan
No. 36A, 1st and 2nd Floor,
Jalan Putra Square 6,
25200 Kuantan, Pahang
Tel : 09-516 5545
Fax : 09-517 3354

AFFINBANK ASB & Unsecured Financing Hub Kuantan
No. 36A - 1st & 2nd Floor,
Jalan Putra Square 6, Putra Square,
25200 Kuantan, Pahang
Tel : 09-517 1785
Fax : 09-517 3554

AFFINBANK Wealth Management Hub Kuantan
No. 36A, 1st & 2nd Floor,
Jalan Putra Square 6, Putra Square,
25200 Kuantan, Pahang
Tel : 09-516 3484
Fax : 09-517 3554

AFFINBANK Kuantan Business Centre
Level 6K, 6L & 6M, Menara Zenith,
S/B Jalan Putra Square 6, Putra Square,
25200 Kuantan, Pahang
Tel : 09-515 0400
Fax : 09-515 0399

PERLIS

AFFINBANK

AFFINBANK Kangar Branch
No. 25 & 27, Jalan Satu,
Taman Pertiwi Indah,
Jalan Kangar - Alor Setar,
01000 Kangar, Perlis
Tel : 04-977 7200
Fax : 04-977 6100

SABAH

AFFINBANK

AFFINBANK Jalan Gaya Branch
No. 86, Jalan Gaya,
88000 Kota Kinabalu, Sabah
Tel : 088-230 213

AFFINBANK Kota Kinabalu Branch
Lot 19 & 20, Block K, Sadong Jaya Complex,
Jalan Ikan Juara 3, Karamunsing,
88300 Kota Kinabalu, Sabah
Tel : 088-261 515
Fax : 088-261 414

AFFINBANK Lahad Datu Branch
Ground Floor, Lot 1 & 2,
Bandar Sri Perdana Fasa 5,
KM 4, Jalan Silam, Bandar Sri Perdana,
91100 Lahad Datu, Sabah
Tel : 089-865 733
Fax : 089-865 735

AFFINBANK Sandakan Branch
Lot No. 163 & 164, Block 18,
Jalan Prima Square, Batu 4, Jalan Utara,
90000 Sandakan, Sabah
Tel : 089-212 752
Fax : 089-212 644

NETWORK OF BRANCHES

AFFINBANK Tawau Branch
TB. 281, 282 & 283, Jalan Hj. Karim,
Town Extension II, P.O. Box 630,
91008 Tawau, Sabah
Tel : 089-778 197
Fax : 089-762 199

AFFINBANK Hire Purchase Hub Jalan Gaya
1st. Floor, No 86, Jalan Gaya,
88000 Kota Kinabalu, Sabah
Tel : 088-212 677
Fax : 088-212 476

AFFINBANK Hire Purchase Hub Sandakan
Lot No. 163 & 164, Block 18,
Jalan Prima Square,
Batu 4, Jalan Utara,
90000 Sandakan, Sabah
Tel : 089-224 577
Fax : 089-224 566

AFFINBANK Mortgage Sales Hub Kota Kinabalu
1st Floor, Lot 19 & 20,
Block K, Sadong Jaya Complex,
Jalan Ikan Juara 3, Karamunsing,
88100 Kota Kinabalu, Sabah
Tel : 088-261 696
Fax : 088-261 697

AFFINBANK Mortgage Sales Desk Tawau
TB281 - 283, Jalan Haji Karim,
Town Extension II,
91008 Tawau, Sabah
Tel : 089-778 197
Fax : 089-762 199

AFFINBANK ASB & Unsecured Financing Hub Sadong Jaya
1st Floor, Lot 19 & 20,
Blok K, Sadong Jaya Complex,
Jalan Ikan Juara 3, Karamunsing,
88300 Kota Kinabalu, Sabah
Tel : 088-261 696
Fax : 088-261 697

AFFINBANK Wealth Management Hub Sadong Jaya
1st Floor, Lot 19 & 20,
Block K, Sadong Jaya Complex,
Jalan Ikan Juara 3, Karamunsing,
88300 Kota Kinabalu, Sabah
Tel : 088-261 692
Fax : 088-261 697

AFFINBANK Sabah Corporate Office - Kota Kinabalu,
2nd Floor, Lot 19 & 20,
Block K, Sadong Jaya Complex,
Jalan Ikan Juara 3, Karamunsing,
88100 Kota Kinabalu, Sabah
Tel : 088-240 600
Fax : 088-255 730

AFFINBANK Kota Kinabalu Business Centre
2nd Floor, Lot 19 & 20,
Block K, Sadong Jaya Complex,
Jalan Ikan Juara 3, Karamunsing,
88300 Kota Kinabalu, Sabah
Tel : 088-240 600
Fax : 088-255 760

SARAWAK

AFFINBANK

AFFINBANK Bintulu Branch
No. 17 & 18, Lot 3806 Bintulu Town District,
Jalan Tun Ahmad Zaidi,
97000 Bintulu, Sarawak
Tel : 086-314 248
Fax : 086-314 206

AFFINBANK Kuching Branch
Lot 247 & 248, Section 49, KTLD,
Jalan Tuanku Abdul Rahman,
93100 Kuching, Sarawak
Tel : 082-422 909
Fax : 082-257 366

AFFINBANK Miri Branch
Lot 2387 & 2388, 1st. Floor,
Block A4, Jln Boulevard 1A,
Boulevard Commercial Center,
KM 3, Jln Miri-Pujut,
98000 Miri, Sarawak
Tel : 085-437 442
Fax : 085-437 297

AFFINBANK Prince Commercial Centre Branch
Prince Commercial Centre,
No. 1 & 2, Ground Floor,
Jalan Penrissen Batu 7, Kota Sentosa,
93250 Kuching, Sarawak
Tel : 082-613 466
Fax : 082-629 466

AFFINBANK Sibu Branch
No. 91 & 93, Jln Kampung Nyabor,
96000 Sibu, Sarawak
Tel : 084-325 926
Fax : 084-325 960

AFFINBANK Tabuan Jaya Branch
Lot No. 77, Ground Floor,
Tabuan Tranquiility,
Jalan Canna, Tabuan Jaya,
93350 Kuching, Sarawak
Tel : 082-363 385
Fax : 082-363 061

AFFINBANK Hire Purchase Hub Bintulu
1st Floor No. 17 & 18,
Lot 3806 Bintulu Town District,
Jalan Tun Ahmad Zaidi,
97000 Bintulu, Sarawak
Tel : 086-331 893
Fax : 086-333 490

AFFINBANK Hire Purchase Hub Kuching
Lot 247 & 248, Section 49, KTLD,
Jalan Tuanku Abdul Rahman,
93100 Kuching, Sarawak
Tel : 082-422 909
Fax : 082-429 616

AFFINBANK Hire Purchase Hub Miri
Lot 2387 & 2388, 1st Floor,
Block A4, Jalan Boulevard 1A,
Boulevard Commercial Center,
KM 3, Jalan Miri-Pujut,
98000 Miri, Sarawak
Tel : 085-411 777
Fax : 085-418 882

AFFINBANK Hire Purchase Hub Prince Commercial Centre
Prince Commercial Centre,
1st. Floor, No. 1 & 2, Jalan Penrissen Batu 7,
Kota Sentosa,
93250 Kuching, Sarawak
Tel : 082-612 088
Fax : 082-612 488

AFFINBANK Hire Purchase Hub Sibu
1st Floor, No 91 & 93,
Jln Kampung Nyabor,
96000 Sibu, Sarawak
Tel : 084-340 929
Fax : 084-311 488

NETWORK OF BRANCHES

AFFINBANK Mortgage Sales Hub Kuching
Prince Commercial Centre,
2nd Floor, 1 & 2. Jalan Penrissen,
Batu 7, Kota Sentosa,
93250 Kuching, Sarawak
Tel : 082-616 449
Fax : 082-616 459

AFFINBANK Mortgage Sales Desk Sibu
No. 91 & 93, Jalan Kampung Nyabor,
96000 Sibu, Sarawak
Tel : 084-325 926
Fax : 084-325 960

AFFINBANK Mortgage Sales Hub Miri
Lot 2387 & 2388, 1st Floor, Block A4,
Jalan Boulevard 1A,
Boulevard Commercial Centre,
KM3, Jalan Miri-Pujut,
98000 Miri, Sarawak
Tel : 085-411 666
Fax : 085-418 882

AFFINBANK ASB & Unsecured Financing Hub Prince Commercial Centre
2nd Floor, No. 1 & 2, Jalan Penrissen Batu 7,
Kota Sentosa,
93050 Kuching, Sarawak
Tel : 082-616 449
Fax : 082-616 459

AFFINBANK Wealth Management Hub Prince Commercial Centre
2nd Floor, No. 1 & 2,
Jalan Penrissen Batu 7,
Kota Sentosa,
93250 Kuching, Sarawak
Tel : 082-616 449
Fax : 082-616 459

AFFINBANK Sarawak Corporate Office - Kuching
3rd Floor, Lot 247 & 248,
Section 49, KTLD,
Jalan Tunku Abdul Rahman,
93100 Kuching, Sarawak
Tel : 082-259 342
Fax : 082-239 220

AFFINBANK Sarawak Corporate Office - Miri
Lot 2387 & 2388, Block A4,
Jalan Boulevard 1A,
Boulevard Commercial Centre,
KM3, Jalan Miri-Pujut,
98000 Miri, Sarawak
Tel : 085-437 442
Fax : 085-418 882

AFFINBANK Kuching Business Centre
3rd Floor, Lot 247 & 248,
Section 49, KTLD,
Jalan Tunku Abdul Rahman,
93100 Kuching, Sarawak
Tel : 082-259 342
Fax : 082-239 220

AFFINBANK Miri Business Centre
Lot 2387 & 2388,
Block A4, Jalan Boulevard 1A,
Boulevard Commercial Centre,
KM3, Jalan Miri-Pujut,
98000 Miri, Sarawak
Tel : 085-437 442
Fax : 085-418 882

AFFIN HWANG CAPITAL

AFFIN HWANG INVESTMENT BANK

HEAD OFFICE

27th Floor, Menara Boustead,
No. 69 Jalan Raja Chulan,
50200 Kuala Lumpur,
Malaysia
Tel : 03 2142 3700
Fax : 03 2142 3799

BRANCH OFFICES

Bahau Branch
No. 6, Tingkat Atas, Jalan Mahligai,
72100 Bahau, Negeri Sembilan Darul Khusus,
Malaysia
Tel : 06 455 3188
Fax : 06 455 3288

Bukit Mertajam Branch
No. 2 & 4 Jalan Perda Barat,
Bandar Perda,
14000 Bukit Mertajam,
Penang, Malaysia
Tel : 04 537 2882
Fax : 04 537 5228

Bukit Tinggi Branch
First Floor, No. 79, Jalan Batu Nilam 5,
Bandar Bukit Tinggi,
41200 Klang,
Selangor Darul Ehsan, Malaysia
Tel : 03 3322 1999
Fax : 03 3322 1666

Chulan Tower Branch
Mezzanine & 3rd Floor, Chulan Tower,
No. 3 Jalan Conlay,
50450 Kuala Lumpur, Malaysia
Tel : 03 2143 8668
Fax : 03 2143 3663

Ipoh Branch
2nd & 3rd Floor,
No. 22 Persiaran Greentown 1,
Greentown Business Centre,
30450 Ipoh, Perak Darul Ridzuan, Malaysia
Tel : 05 255 9988
Fax : 05 255 0988

Johor Bahru Branch
Aras 7, Johor Bahru City Square (Office Tower),
No. 106-108 Jalan Wong Ah Fook,
80000 Johor Bahru, Johor Darul Takzim,
Malaysia
Tel : 07 222 2692
Fax : 07 276 5201

Klang Branch
3rd & 4th Floors, Wisma Meru,
No. 1 Lintang Pekan Baru,
Off Jalan Meru, 41050 Klang,
Selangor Darul Ehsan, Malaysia
Tel : 03 3343 9999
Fax : 03 3343 4084

Kota Kinabalu Branch
Suite 1-9-E1 (A), 9th Floor,
CPS Tower, Centre Point Sabah,
No. 1 Jalan Centre Point
88000 Kota Kinabalu, Sabah,
Malaysia
Tel : 088 311 688
Fax : 088 318 996

Kuching Branch
Ground Floor & 1st Floor, No. 1 Jalan Pending,
1st Floor, No. 3 Jalan Pending,
93450 Kuching, Sarawak,
Malaysia
Tel : 082 341 999
Fax : 082 485 999

Penang Branch
Levels 2, 3, 4, 5 & 7,
Wisma Sri Pinang,
No. 60 Green Hall, 10200 Penang,
Malaysia
Tel : 04 263 6996
Fax : 04 263 7010

NETWORK OF BRANCHES

Seremban Branch
1st Floor,
No. 105, 107 & 109 Jalan Yam Tuan,
70000 Seremban,
Negeri Sembilan Darul Khusus,
Malaysia
Tel : 06 761 2288
Fax : 06 761 4228

Shah Alam Branch
20th Floor, Plaza Masalam,
No. 2 Jalan Tengku Ampuan Zabedah E9/E,
Seksyen 9, 40100 Shah Alam,
Selangor Darul Ehsan,
Malaysia
Tel : 03 5513 3288
Fax : 03 5513 8288

Subang Jaya Branch
Suite B3A1, East Wing,
3Ath Floor, Wisma Consplant 2,
No. 7, Jalan SS 16/1,
47500 Subang Jaya,
Selangor Darul Ehsan,
Malaysia
Tel : 03 5635 6688
Fax : 03 5636 2288

Sungai Petani Branch
No. 70 A, B, C Jalan Mawar 1,
Taman Pekan Baru,
08000 Sungai Petani,
Kedah Darul Aman, Malaysia
Tel : 04 425 6666
Fax : 04 421 2288

Taiping Branch
Tingkat Bawah, Aras 1, 2 & 3,
No. 21 Jalan Stesen,
34000 Taiping, Perak Darul Ridzuan,
Malaysia
Tel : 05 806 6688
Fax : 05 808 9229

Taman Midah Branch
No. 38A & 40A Jalan Midah 1,
Taman Midah, Cheras,
56000 Kuala Lumpur, Malaysia
Tel : 03 9130 8803
Fax : 03 9130 8303

Taman Tun Dr Ismail Branch
2nd Floor, Bangunan AHP,
No. 2 Jalan Tun Mohd Fuad 3,
Taman Tun Dr Ismail,
60000 Kuala Lumpur
Tel : 03 7710 6688
Fax : 03 7710 6699

AFFIN HWANG ASSET MANAGEMENT

HEAD OFFICE

Ground Floor, Menara Boustead,
No. 69 Jalan Raja Chulan,
50200 Kuala Lumpur

BRANCH OFFICES

Ipoh Branch
No. 13A, Persiaran Greentown 7,
Greentown Business Centre,
30450 Ipoh, Perak

Johor Bahru Branch
1st Floor, No. 93, Jalan Molek 1/29,
Taman Molek, 81100 Johor Bahru, Johor

Kota Kinabalu Branch
Unit 1.09 (a), Level 1, Plaza Shell,
No. 29, Jalan Tunku Abdul Rahman,
88000 Kota Kinabalu, Sabah

Kuching Branch
Ground Floor, No. 69, Block 10,
Jalan Laksamana Cheng Ho,
93200 Kuching, Sarawak

Melaka Branch
Ground Floor, No. 584, Jalan Merdeka,
Taman Melaka Raya, 75000 Melaka

Miri Branch
1st Floor, Lot 1291, Jalan Melayu, MCLD,
98000 Miri, Sarawak

Penang Branch
No. 10-C-23 & No.10-C-24, Precinct 10,
Jalan Tanjung Tokong, 10470 Penang

AIIMAN ASSET MANAGEMENT

14th Floor, Menara Boustead,
No. 69, Jalan Raja Chulan,
50200 Kuala Lumpur

AXA AFFIN LIFE INSURANCE BERHAD

HEAD OFFICE

8th Floor, Chulan Tower,
No. 3 Jalan Conlay, 50450 Kuala Lumpur

BRANCH OFFICES

Alor Setar
5, Kompleks Perniagaan Jelatek,
Jalan Langgar, 05460 Alor Setar, Kedah

Penang
No.F-6-1, Bay Avenue, Lorong Bayan Indah 1,
Queensbay, 11900 Sungai Nibong, Penang

Ipoh
C-G-6 & C-G-7, Greentown Square,
Jalan Dato Seri Ahmad Said,
30250 Ipoh, Perak

Petaling Jaya
Block C Lot 19-01, 3 Two Square, No.2,
Jalan 19/1, 46300 Petaling Jaya, Selangor

Melaka
Ground Floor, UMB Building,
No. 61, Jalan Melaka Raya 8,
Taman Melaka Raya, 75000 Melaka

Johor Bahru
No. 69, Jalan Molek 1/29, Taman Molek,
81100 Johor Bahru, Johor

Kuching
2nd Floor, Sublot 3 of Lots 68, 70 & 71,
Section 22, Jalan Green, 93150 Kuching,
Sarawak

Sibu
2nd Floor, 16 & 18, Jalan Wong King Huo,
96000 Sibu, Sarawak

Kota Kinabalu
Unit 27-1 (Ground Floor),
26-2 (1st Floor) & 27-3 (2nd Floor),
Block D Kepayan Perdana,
Commercial Centre, Jalan Lintas,
88200 Kota Kinabalu, Sabah

NETWORK OF BRANCHES

AFFILIATE BRANCHES

AXA AFFIN GENERAL INSURANCE BERHAD

HEAD OFFICE

Ground Floor, Wisma Boustead,
71 Jalan Raja Chulan, 50200, Kuala Lumpur.

AXA Affin General Insurance Berhad - Cheras Branch
165 & 165-1 Jalan Lancang,
Taman Seri Bahtera,
56100 Cheras, Kuala Lumpur, Malaysia
Tel : 03-9130 5688
Fax : 03-9130 5788

AXA Affin General Insurance Berhad - Klang Branch
28 Jalan Tiara 2A/KU1,
Pusat Perniagaan Bandar Baru Klang,
41150 Klang, Selangor, Malaysia
Tel : 03-3341 7808, 03-3342 7808
Fax : 03-3341 6505

AXA Affin General Insurance Berhad - Petaling Jaya Branch
No. 46A & B, Jalan SS 21/35,
Damansara Utama, 47400 Petaling Jaya,
Selangor, Malaysia
Tel : 03-7727 8962
Fax : 03-7727 9057

AXA Affin General Insurance Berhad - Subang Jaya Branch
133 Ground Floor, Jalan SS15/5A,
47500 Subang Jaya, Selangor, Malaysia
Tel : 03-5632 3535
Fax : 03-5632 7177

AXA Affin General Insurance Berhad - Puchong Branch
GF-09, IOI Business Park,
Persiaran Puchong Jaya Selatan,
47170 Puchong Jaya,Selangor, Malaysia
Tel : 03-8079 0892, 03-8079 0893
Fax : 03-8079 0901

AXA Affin General Insurance Berhad - Kota Kinabalu Branch
Ground & 1st Floor Block D,
Kepayan Perdana Commercial Centre,
Jln Lintas, 88200 Kota Kinabalu, Sabah
Tel : 088-41 3240
Fax : 088-41 3270

AXA Affin General Insurance Berhad - Tawau Branch
TB 281, Tingkat 1, Blok 29, Fajar Komplex,
Jalan Haji Karim, Town Extension II,
91000 Tawau, Sabah, Malaysia
Tel : 089-75 6475, 089-75 6476
Fax : 089-75 6473

AXA Affin General Insurance Berhad - Kuching Branch
Ground Floor & 1st Floor, Sublot 3,
Lot 68-71, Jalan Green,
93150 Kuching, Sarawak, Malaysia
Tel : 082-24 8300
Fax : 082-42 8148

AXA Affin General Insurance Berhad - Miri Branch
Lot 582, Pelita Commercial Centre,
Miri Pujut Road, 98000 Miri, Sarawak,
Malaysia
Tel : 085-41 6661
Fax : 085-41 9600

AXA Affin General Insurance Berhad - Sibu Branch
Lot 4018, Block 7, Sibu Town District No. 20,
Ground Floor, Wong King Huo Road,
96000 Sibu, Sarawak, Malaysia
Tel : 084-32 6993, 084-32 6992
Fax : 084-31 0128

AXA Affin General Insurance Berhad - Penang Branch
Ground & 1st Floor, Wisma AXA, 1E,
Lebuh Penang,10200 Penang, Malaysia
Tel : 04-261 6935, 04-261 1595,
04-261 1981
Fax : 04-261 0688

AXA Affin General Insurance Berhad - Sungai Petani Branch
86, 1st Floor, Jalan Legenda 1,
Legenda Heights, 08000 Sungai Petani,
Kedah, Malaysia
Tel : 04-423 8680
Fax : 04-423 8660

AXA Affin General Insurance Berhad - Bukit Mertajam Branch
2996 Jalan Maju,Taman Sri Maju,
14000 Bukit Mertajam, Penang, Malaysia
Tel : 04-539 6808, 04-539 7808
Fax : 04-530 6308

AXA Affin General Insurance Berhad - Ipoh Branch
No. 7, 7A & 9, Persiaran Greentown 5,
Greentown Business Centre,
30450 Ipoh, Perak, Malaysia
Tel : 05-254 8034, 05 241 3477,
05-254 3395, 05-253 2809
Fax : 05-253 7078

AXA Affin General Insurance Berhad - Kota Bharu Branch
PT227 Ground & First Floor,
Jalan Kebun Sultan,
15350 Kota Bharu, Kelantan, Malaysia
Tel : 09-748 2054
Fax : 09-744 4585

AXA Affin General Insurance Berhad - Mentakab Branch
No. 66,1st Floor, Jalan Orkid,
28400 Mentakab, Pahang, Malaysia
Tel : 09-277 2002, 09-277 2003
Fax : 09-277 2008

AXA Affin General Insurance Berhad - Kuantan Branch
B-8008 2nd & 3rd floor,
Sri Kuantan Square, Jalan Telok Sisek,
25000 Kuantan, Pahang, Malaysia
Tel : 09-517 7509, 09-516 3708
Fax : 09-514 3489

AXA Affin General Insurance Berhad - Kuala Terengganu Branch
18A-Dataran Panji,
Panji Curve Business Park, Jln Panji Alam,
21100 Kuala Terengganu, Terengganu
Tel : 09-628 5340
Fax : 09-628 5345

AXA Affin General Insurance Berhad - Batu Pahat Branch
35, Jalan Flora Utama 5, Taman Flora Utama,
83000 Batu Pahat, Johor, Malaysia
Tel : 07-4313 569, 07-4313 577,
07-4313 598
Fax : 07-4313 605

AXA Affin General Insurance Berhad - Johor Bahru Branch
No.67, Jalan Molek 1/29,Taman Molek,
81100 Johor Bahru, Johor, Malaysia
Tel : 07-352 7551, 07-352 7552,
07-352 7553
Fax : 07-352 7554

AXA Affin General Insurance Berhad - Melaka Branch
Ground Floor, 61 Jalan Melaka Raya 8,
Taman Melaka Raya, 75000 Melaka, Malaysia
Tel : 06-283 6026, 06-281 9116
Fax : 06-283 6023

AXA Affin General Insurance Berhad - Seremban Branch
No. 77B & 77B-1, Lorong Haruan 5/3,
Oakland Commercial Centre,
70300 Seremban, Negeri Sembilan, Malaysia
Tel : 06-633 3366
Fax : 06-633 2882

SHAREHOLDING STATISTICS
as at 28 February 2019

Analysis of shareholdings as at 28 February 2019

SIZE OF SHAREHOLDINGS	NO OF HOLDERS	%	NO OF SHARES	%
Less than 100	747	4.41	15,132	0.00
100 to 1,000	2,464	14.51	1,717,551	0.09
1,001 to 10,000	10,530	62.01	40,236,513	2.02
10,001 to 100,000	2,906	17.11	79,413,492	4.00
100,001 to 99,301,005 *	330	1.94	150,139,782	7.56
99,301,006 ** and above	4	0.02	1,714,497,653	86.33
Total	**16,981**	**100.00**	**1,986,020,123**	**100.00**

* Less than 5% of issued shares

** 5% and above of issued shares

LIST OF TOP 30 SHAREHOLDERS AS AT 28 FEBRUARY 2019

NO.	NAME	SHAREHOLDINGS	%
1	LEMBAGA TABUNG ANGKATAN TENTERA	705,169,155	35.51
2	MAYBANK NOMINEES (ASING) SDN BHD THE BANK OF EAST ASIA LIMITED HONG KONG FOR THE BANK OF EASTASIA LIMITED (INVESTMENT AC)	467,874,131	23.56
3	BOUSTEAD HOLDINGS BERHAD ACCOUNT NON-TRADING	411,630,053	20.73
4	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	129,824,314	6.54
5	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA	21,500,000	1.08
6	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	10,571,318	0.53
7	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	7,713,585	0.39
8	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	4,133,066	0.21
9	PUBLIC NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAYLAND PARKVIEW SDN BHD (KLC)	2,800,200	0.14
10	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR AUTRALIANSUPER	2,425,800	0.12
11	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGE SECURITIES ACCOUNT FOR CHEAM HENG MING (E-KTN/RAU)	2,092,899	0.11
12	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK KIM ENG SECURITIES PTE LTD FOR LIM SHIANG LIANG (LIN XIANGLIANG)	1,978,936	0.10
13	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HII YU HO	1,912,688	0.10
14	FANG INN	1,879,558	0.09
15	HSBC NOMINEES (ASING) SDN BHD TNTC FOR LSV EMERGING MARKETS EQUITY FUND L.P.	1,801,000	0.09
16	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	1,731,164	0.09

SHAREHOLDING STATISTICS

NO.	NAME	SHAREHOLDINGS	%
17	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL (UOB AMM6939-406)	1,720,191	0.09
18	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR ZALARAZ SDN BHD (MY3113)	1,603,000	0.08
19	KEY DEVELOPMENT SDN.BERHAD	1,339,885	0.07
20	CIMB GROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR DBS BANK LTD (SFS)	1,285,200	0.06
21	LEE GUAN SEONG	1,250,210	0.06
22	PERTUBUHAN PELADANG KEBANGSAAN	1,250,000	0.06
23	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR CHE LODIN BIN WOK KAMARUDDIN (PBCL-0G0052)	1,076,400	0.06
24	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	1,018,143	0.05
25	G.T.Y. HOLDINGS SDN. BHD	1,000,000	0.05
26	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HENG TENG KUANG	951,870	0.05
27	GEMAS BAHRU ESTATES SDN. BHD.	873,601	0.04
28	AFFIN HWANG NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS VICKERS SECURITIES (SINGAPORE) PTE LTD (CLIENTS)	863,496	0.04
29	DB (MALAYSIA) NOMINEE (ASING) SDN BHD STATE STREET LONDON FUND DIMH FOR DIMENSIONAL FUNDS PLC	842,740	0.04
30	CHEE YING LIN (SEE AH TAI)	830,000	0.04
	TOTAL	**1,790,942,603**	**90.18**

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 28 FEBRUARY 2019

NAME	DIRECT SHAREHOLDINGS	%	INDIRECT SHAREHOLDINGS	%
LEMBAGA TABUNG ANGKATAN TENTERA	705,169,155	35.51	412,162,493 *	20.76
THE BANK OF EAST ASIA LIMITED	467,874,131	23.56		
BOUSTEAD HOLDINGS BERHAD (BHB)	411,630,053	20.73	532,440 #	0.03
EMPLOYEES PROVIDENT FUND	129,824,314	6.54		

* Deemed interest by virtue of LTAT's interest in BHB

\# Deemed interest by virtue of BHB's interest in UAC Berhad

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE **43RD ANNUAL GENERAL MEETING OF AFFIN BANK BERHAD (25046-T)** WILL BE HELD AT THE **TAMING SARI GRAND BALLROOM, THE ROYALE CHULAN KUALA LUMPUR, 5 JALAN CONLAY, 50450 KUALA LUMPUR** ON **MONDAY, 29 APRIL 2019** AT **10.00 A.M.** FOR THE FOLLOWING PURPOSES:

AGENDA

ORDINARY BUSINESS

1. To lay before the meeting the Audited Financial Statements for the financial year ended 31 December 2018 and the Reports of the Directors and Auditors thereon.

2. To re-elect the following Directors who retire by rotation pursuant to Article 118 of the Company's Constitution:

   2.1 Gen Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (Retired) **Resolution 1**

   2.2 Encik Mohd Suffian bin Haji Haron **Resolution 2**

   2.3 Tan Sri Mohd Ghazali bin Mohd Yusoff **Resolution 3**

3. To re-elect Dato' Rozalila Binti Abdul Rahman who retires pursuant to Article 124 of the Company's Constitution. **Resolution 4**

4. To approve the payment of Directors' Fees, other emoluments and benefits amounting to RM2,287,000 for the financial year ended 31 December 2018. **Resolution 5**

5. To approve the payment of Non-Executive Directors' Remuneration with effect from the 43rd Annual General Meeting (AGM) until the next AGM of the Company. **Resolution 6**

6. To re-appoint Messrs PricewaterhouseCoopers as the Company's Auditors for the financial year ending 31 December 2019 and to authorise the Directors to fix the Auditors' remuneration. **Resolution 7**

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:

7. Ordinary Resolution

   Authority for Directors to Allot and Issue Shares

   "THAT pursuant to Sections 75 and 76 of the Companies Act, 2016, and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are hereby empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next AGM of the Company." **Resolution 8**

8. Ordinary Resolution

   Allotment and Issuance of New Shares of AFFIN Bank Berhad ("ABB Shares") in relation to the Dividend Reinvestment Plan by the Company that gives the Shareholders of the Company the Option to Reinvest their whole or a portion of the Dividend for which the Reinvestment Option applies in New ABB Shares ("Dividend Reinvestment Plan")

   "THAT pursuant to the Dividend Reinvestment Plan as approved by the shareholders at the Extraordinary General Meeting held on 15 May 2018 and subject to the approval of the relevant regulatory authority (if any), approval be and is hereby given to the Company to allot and issue such number of new ABB Shares upon the election of the shareholders of the Company to reinvest the dividend pursuant to the Dividend Reinvestment Plan until conclusion of the next Annual General Meeting upon such terms and conditions and to such persons as the Board may, in their sole and absolute discretion, deem fit and in the interest of the Company;

NOTICE OF ANNUAL GENERAL MEETING

AND THAT, the issue price of the said new ABB Shares which will be determined by the Board on a price fixing date to be determined ("Price Fixing Date"), shall not be more than 10% discount to the adjusted 5-day volume-weighted average market price ("WAMP") of ABB Shares immediately prior to the Pricing Fixing Date, of which the WAMP shall be adjusted ex-dividend before applying the abovementioned discount in fixing the issue price;

AND THAT the Board be and is hereby authorised to do all such acts and enter into all such transactions, arrangements and agreements, deeds or undertakings and to execute, sign and deliver for and on behalf of the Company, all such documents and impose such terms and conditions or delegate all or any part of its powers as may be necessary or expedient in order to give full effect to the Dividend Reinvestment Plan with full power to assent to any conditions, variations, modifications and/or amendments, as the Board may, in its absolute discretion deem fit and in the best interest of the Company and/or as may be imposed or agreed to by any relevant authorities." **Resolution 9**

9. Ordinary Resolution

Proposed Renewal of Shareholders' Mandate and Additional Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

"THAT authority be and is hereby given in line with Chapter 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, for the Company, its subsidiaries or any of them to enter into any of the transactions falling within the types of the Recurrent Related Party Transactions, particulars of which are set out in the Circular to Shareholders dated 29 March 2019 with the Related Parties as described in the said Circular, provided that such transactions are of revenue or trading nature, which are necessary for the day-to-day operations of the Company and/or its subsidiaries within the ordinary course of business of the Company and/or its subsidiaries, made on an arm's length basis and on normal commercial terms which are those generally available to the public and are not detrimental to the minority shareholders of the Company;

AND THAT such authority shall commence immediately upon the passing of this Ordinary Resolution until:

i. the conclusion of the next AGM of the Company at which time the authority shall lapse unless by a resolution passed at a general meeting, the authority is renewed; or

ii. the expiration of the period within which the next AGM of the Company which is to be held pursuant to Section 340(2) of the Companies Act, 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act, 2016); or

iii. revoked or varied by a resolution passed by the shareholders of the Company at a general meeting, whichever is earlier.

AND FURTHER THAT the Board of Directors be and is hereby authorised to do all acts, deeds and things as may be deemed fit, necessary, expedient and/or appropriate in order to implement the Proposed Shareholders' Mandate with full power to assent to all or any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities or otherwise and to deal with all matters relating thereto and to take all such steps and to execute, sign and deliver for and on behalf of the Company all such documents, agreements, arrangements and/or undertakings, with any party or parties and to carry out any other matters as may be required to implement, finalise and complete, and give full effect to the Proposed Shareholders' Mandate in the best interest of the Company." **Resolution 10**

10. To transact any other ordinary business of the Company.

BY ORDER OF THE BOARD

NIMMA SAFIRA KHALID (LS0009015)
Secretary

Kuala Lumpur
29 March 2019

NOTICE OF ANNUAL GENERAL MEETING

Notes:

(1) A member entitled to attend and vote at the meeting may appoint a proxy or proxies (not more than 2) to attend and vote on his/her behalf. A proxy need not be a member.

(2) Where a member appoints 2 proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.

(3) The instrument appointing a proxy in the case of any individual shall be signed by the appointer or his/her attorney and in the case of a corporation, under its common seal or under the hand of the officer duly authorised.

(4) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 1 proxy in respect of each securities account which is credited with ordinary shares of the Company.

Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominees may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 which is exempted from compliance with the provisions of subsection 25A(1) of the said Act.

(5) The Form of Proxy should be completed and lodged at the office of the Company's Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time set for holding the AGM or any adjournment thereof.

(6) Only member registered in the Record of Depositors as at 18 April 2019 shall be eligible to attend the meeting or appoint proxy(ies) to attend the meeting and vote on his/her behalf.

Audited Financial Statements for Financial Year Ended 31 December 2018

The Audited Financial Statements are for discussion only as they do not require shareholders' approval pursuant to Section 340(1) of the Companies Act 2016. Hence, this matter will not be put for voting.

Ordinary Resolution 6 - Remuneration Payable to Non-Executive Directors

The proposed ordinary resolution 6, if passed, will give authority to the Company to pay the Directors' Fees, other emoluments and benefits for a period from 43rd AGM to 44th AGM of the Company.

The details of the fee structure are as follows:

	Fees (RM)	
	Chairman	**Member**
Board		
Director's Fees (per annum)	160,000	130,000
Chairman Allowance (per month)*	8,000	-
Director's Sitting Fees (per mtg)	3,000	2,000
Board Committee		
Board Committee Fees (per annum)	40,000	35,000
Board Committee Sitting Fees (per mtg)	2,400	2,000

* *Personal-to-holder basis*

Ordinary Resolution 8 - Authority for Directors to Issue Shares

The Company has not issued any shares under the general mandate for allotment of shares pursuant to Sections 75 and 76 of the Companies Act, 2016 which was approved at the 42nd AGM held on 15 May 2018 and will lapse at the conclusion of the 43rd AGM to be held on 29 April 2019.

The proposed ordinary resolution 8, if passed, will give powers to the Directors to issue up to a maximum of 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interests of the Company. The authority will, unless revoked or varied by the Company in a General Meeting, expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

The General Mandate sought will provide flexibility to the Company for any possible fund raising activities, including but not limited for further placing of shares, for purpose of funding investment(s), working capital and/or acquisition(s).

Ordinary Resolution 9 – Dividend Reinvestment Plan

The proposed ordinary resolution 9 if passed, will give authority to the Board to allot and issue new ABB Shares pursuant to the Dividend Reinvestment Plan in respect of any future dividends to be declared, to which the Dividend Reinvestment Plan applies and such authority shall expire at the conclusion of the next AGM of the Company.

Ordinary Resolution 10 - Proposed Shareholders' Mandate

The proposed ordinary resolution 10, if passed, will enable the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Company and/or its subsidiaries, subject to the transactions being carried out in the ordinary course of business of the Company and/or its subsidiaries and on normal commercial terms which are generally available to the public and not detrimental to the minority shareholders of the Company.

FORM OF PROXY

AFFINBANK
AFFIN BANK BERHAD (25046-T)

I/We ____ NRIC No./Company No. ____________________
(Full Name in Block Letters)

of ____
(Full Address)

Tel No. ____________ being a member of AFFIN BANK BERHAD, hereby appoint ______________________________
(Full Name in Block Letters)

______________________________ NRIC No. ______________ of ______________________________
(Full Address)

____ and/or ______________________________
(Full Name in Block Letters)

______________________ NRIC No./Company No. ______________ of ______________________

____
(Full Address)

or failing him/her, the CHAIRMAN OF THE MEETING as my/our first proxy to attend and vote for me/us on my/our behalf at the 43rd Annual General Meeting of the Company to be held at the **Taming Sari Grand Ballroom, The Royale Chulan Kuala Lumpur, 5 Jalan Conlay, 50450 Kuala Lumpur** on **Monday, 29 April 2019** at **10.00 a.m.**, or any adjournment thereof.

My/our proxy/proxies is/are to vote as follows:

No.	Resolutions	For	Against
	Re-election of the following Directors who retire by rotation pursuant to Article 118 of the Company's Constitution:		
1	(i) Gen Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (Retired)		
2	(ii) Encik Mohd Suffian bin Haji Haron		
3	(iii) Tan Sri Mohd Ghazali bin Mohd Yusoff		
4	Re-election of Dato' Rozalila Binti Abdul Rahman who retires pursuant to Article 124 of the Company's Constitution		
5	Approval of payment of Directors' Fees, other emoluments and benefits amounting to RM2,287,000 for the financial year ended 31 December 2018		
6	Approval of the payment of Non-Executive Directors' Remuneration with effect from the 43rd AGM until the next AGM of the Company		
7	Re-appointment of Messrs PricewaterhouseCoopers as the Company's Auditors for the financial year ending 31 December 2019 and to authorise the Directors to fix the Auditors' remuneration		
8	Authorisation to the Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016		
9	Authorisation to the Directors to allot and issue new Affin Bank Berhad Shares in relation to the Dividend Reinvestment Plan		
10	Approval of the Renewal of Shareholders' Mandate and Additional Shaholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

Signed this on ________ day of ______________ 2019.

____
Signature of Member/Common Seal

CDS Account No. :	
No. of shares held :	
Proportion of shareholdings represented by proxies :	First proxy : % Second proxy : % 100%

Notes:

(1) A member entitled to attend and vote at the meeting may appoint a proxy or proxies (not more than 2) to attend and vote on his/her behalf. A proxy need not be a member.
(2) Where a member appoints 2 proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
(3) The instrument appointing a proxy in the case of any individual shall be signed by the appointer or his/her attorney and in the case of a corporation, under its common seal or under the hand of the officer duly authorised.
(4) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 1 proxy in respect of each securities account which is credited with ordinary shares of the Company. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominees may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 which is exempted from compliance with the provisions of subsection 25A(1) of the said Act.
(5) Unless voting instructions are indicated in the spaces provided above, the proxies may vote as he/she deems fit.
(6) The Form of Proxy should be completed and lodged at the office of the Company's Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time set for holding the Annual General Meeting or any adjournment thereof.
(7) Only member registered in the Record of Depositors as at 18 April 2019 shall be eligible to attend the meeting or appoint proxy(ies) to attend the meeting and vote on his/her behalf.

FOLD THIS FLAP FOR SEALING

Stamp

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

1ST FOLD HERE

AFFIN BANK BERHAD (25046-T)

www.affinbank.com.my

Affin Bank Berhad (25046-T)
17th Floor, Menara AFFIN,
80, Jalan Raja Chulan,
50200 Kuala Lumpur

T +603 2055 9000
F +603 2026 1415