

AFFIN Islamic Bank Berhad
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION as at 30 June 2016

	Note	Economic Entity		The Bank	
		Current Financial Quarter 30/6/2016 RM'000	Previous Financial Year-End 31/12/2015 RM'000	Current Financial Quarter 30/6/2016 RM'000	Previous Financial Year-End 31/12/2015 RM'000
ASSETS					
Cash and short-term funds		1,456,277	1,918,570	1,456,277	1,918,570
Deposits and placements with banks and other financial institutions		120,104	35,034	120,104	35,034
Derivative financial assets	13	2,388	132	2,388	132
Financial investments available-for-sale	14	1,494,950	1,475,373	1,494,950	1,475,373
Financial investments held-to-maturity	15	72,107	76,283	72,107	76,283
Financing, advances and other financing	16	10,649,632	9,201,909	10,649,632	9,201,909
Other assets	17	15,898	3,759	15,898	3,759
Amount due from holding company		-	367,172	-	367,172
Amount due from joint ventures	18	40,820	39,936	40,820	39,936
Deferred tax assets		-	3,598	-	3,598
Statutory deposits with Bank Negara Malaysia		306,000	259,600	306,000	259,600
Investment in joint ventures		-	-	650	650
Property and equipment		2,781	2,613	2,781	2,613
Intangible assets		194	426	194	426
TOTAL ASSETS		14,161,151	13,384,405	14,161,801	13,385,055
LIABILITIES AND EQUITY					
Deposits from customers	19	8,551,629	10,001,695	8,551,629	10,001,695
Deposits and placements of banks and other financial institutions	20	2,370,929	1,041,392	2,370,929	1,041,392
Investment accounts due to designated financial institutions	21	2,115,339	1,331,318	2,115,339	1,331,318
Derivative financial liabilities	22	4,333	1,035	4,333	1,035
Other liabilities	23	30,435	44,119	30,435	44,119
Amount due to holding company		47,084	-	47,084	-
Provision for taxation		13,109	10,031	13,109	10,031
Deferred tax liabilities		2,237	-	2,237	-
TOTAL LIABILITIES		13,135,095	12,429,590	13,135,095	12,429,590
Share capital		460,000	460,000	460,000	460,000
Reserves	24	566,056	494,815	566,706	495,465
TOTAL EQUITY		1,026,056	954,815	1,026,706	955,465
TOTAL LIABILITIES AND EQUITY		14,161,151	13,384,405	14,161,801	13,385,055
COMMITMENTS AND CONTINGENCIES					
	31	2,591,415	2,499,754	2,591,415	2,499,754
Capital Adequacy					
CET1 capital ratio	34	12.272%	13.197%	12.275%	13.203%
Tier 1 capital ratio	34	12.272%	13.197%	12.275%	13.203%
Total capital ratio	34	13.422%	14.415%	13.422%	14.415%

AFFIN Islamic Bank Berhad

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INTERIM FINANCIAL STATEMENTS**UNAUDITED INCOME STATEMENTS for the financial quarter ended 30 June 2016**

	Note	Individual Quarter Economic Entity		Cumulative Quarter Economic Entity	
		Current Financial Quarter 30/6/2016 RM'000	Preceding Year Corresponding Quarter 30/6/2015 RM'000	Current Financial Quarter 30/6/2016 RM'000	Preceding Year Corresponding Quarter 30/6/2015 RM'000
Income derived from investment of depositors' funds and others	25	143,550	96,719	273,455	225,416
Income derived from investment of investment account funds	26	26,538	40,809	45,719	40,809
Income derived from investment of shareholders' funds	27	12,771	9,423	24,061	18,355
Write-back of/(allowances for) impairment losses on financing, advances and other financing	28	11,408	(252)	8,873	(1,911)
Total distributable income		194,267	146,699	352,108	282,669
Income attributable to the depositors	29	(116,672)	(90,235)	(217,565)	(173,022)
Total net income		77,595	56,464	134,543	109,647
Other operating expenses	30	(31,657)	(28,131)	(63,112)	(57,792)
Profit before zakat and taxation		45,938	28,333	71,431	51,855
Zakat		(2,887)	-	(2,887)	-
Profit before taxation		43,051	28,333	68,544	51,855
Taxation		(7,387)	(6,716)	(13,899)	(12,473)
Net profit after zakat and taxation		35,664	21,617	54,645	39,382
Attributable to:					
Equity holders of the Bank		35,664	21,617	54,645	39,382
Earnings per share (sen):					
- Basic		7.8	6.0	11.9	10.9

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INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME***for the financial quarter ended 30 June 2016(continued)*

	Individual Quarter Economic Entity		Cumulative Quarter Economic Entity	
	Current Financial Quarter 30/6/2016 RM'000	Preceding Year Corresponding Quarter 30/6/2015 RM'000	Current Financial Quarter 30/6/2016 RM'000	Preceding Year Corresponding Quarter 30/6/2015 RM'000
Profit after zakat and taxation	35,664	21,617	54,645	39,382
Other comprehensive income:				
Items that may be reclassified subsequently to profit and loss:				
Net fair value change in financial investments available-for-sale	6,087	(4,675)	21,837	2,885
Deferred tax on financial investments available-for-sale	(1,461)	1,122	(5,241)	(692)
Other comprehensive income for the financial period, net of tax	4,626	(3,553)	16,596	2,193
Total comprehensive income for the financial period	40,290	18,064	71,241	41,575
Attributable to equity holders of the Bank:				
- Total comprehensive income	40,290	18,064	71,241	41,575

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INTERIM FINANCIAL STATEMENTS**UNAUDITED INCOME STATEMENTS for the financial quarter ended 30 June 2016***(continued)*

	Note	Individual Quarter The Bank		Cumulative Quarter The Bank	
		Current Financial Quarter 30/6/2016 RM'000	Preceding Year Corresponding Quarter 30/6/2015 RM'000	Current Financial Quarter 30/6/2016 RM'000	Preceding Year Corresponding Quarter 30/6/2015 RM'000
Income derived from investment of depositors' funds and others	25	143,550	96,719	273,455	225,416
Income derived from investment of investment account funds	26	26,538	40,809	45,719	40,809
Income derived from investment of shareholders' funds	27	12,771	9,423	24,061	18,355
Write-back of/(allowances for) impairment losses on financing, advances and other financing	28	11,408	(252)	8,873	(1,911)
Total distributable income		194,267	146,699	352,108	282,669
Income attributable to the depositors	29	(116,672)	(90,235)	(217,565)	(173,022)
Total net income		77,595	56,464	134,543	109,647
Other operating expenses	30	(31,657)	(28,131)	(63,112)	(57,792)
Profit before zakat and taxation		45,938	28,333	71,431	51,855
Zakat		(2,887)	-	(2,887)	-
Profit before taxation		43,051	28,333	68,544	51,855
Taxation		(7,387)	(6,716)	(13,899)	(12,473)
Net profit after zakat and taxation		35,664	21,617	54,645	39,382
Attributable to:					
Equity holders of the Bank		35,664	21,617	54,645	39,382
Earnings per share (sen):					
- Basic		7.8	6.0	11.9	10.9

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INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME***for the financial quarter ended 30 June 2016(continued)*

	Individual Quarter		Cumulative Quarter	
	The Bank		The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/6/2016	30/6/2015	30/6/2016	30/6/2015
	RM'000	RM'000	RM'000	RM'000
Profit after zakat and taxation	35,664	21,617	54,645	39,382
Other comprehensive income:				
Items that may be reclassified subsequently to profit and loss:				
Net fair value change in financial investments available-for-sale	6,087	(4,675)	21,837	2,885
Deferred tax on financial investments available-for-sale	(1,461)	1,122	(5,241)	(692)
Other comprehensive income for the financial period, net of tax	4,626	(3,553)	16,596	2,193
Total comprehensive income for the financial period	40,290	18,064	71,241	41,575
Attributable to equity holders of the Bank:				
- Total comprehensive income	40,290	18,064	71,241	41,575

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
for the financial quarter ended 30 June 2016

Economic Entity	Attributable to Equity Holders of the Bank					Total RM'000
	Share capital RM'000	Statutory reserves RM'000	AFS revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	
At 1 January 2016	460,000	248,717	(7,908)	58,400	195,606	954,815
Net profit for the financial period	-	-	-	-	54,645	54,645
Other comprehensive income (net of tax)						
- Financial investments available-for-sale	-	-	16,596	-	-	16,596
Total comprehensive income	-	-	16,596	-	54,645	71,241
Transfer to regulatory reserves	-	-	-	2,467	(2,467)	-
At 30 June 2016	460,000	248,717	8,688	60,867	247,784	1,026,056

Economic Entity	Attributable to Equity Holders of the Bank					Total RM'000
	Share capital RM'000	Statutory reserves RM'000	AFS revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	
At 1 January 2015	360,000	206,324	(5,876)	49,020	162,594	772,062
Net profit for the financial period	-	-	-	-	39,382	39,382
Other comprehensive income (net of tax)						
- Financial investments available-for-sale	-	-	2,193	-	-	2,193
Total comprehensive income	-	-	2,193	-	39,382	41,575
Transfer to regulatory reserves	-	-	-	20,160	(20,160)	-
At 30 June 2015	360,000	206,324	(3,683)	69,180	181,816	813,637

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
for the financial quarter ended 30 June 2016
(continued)

	Non-distributable				Distributable	Total
	Share capital	Statutory reserves	AFS revaluation reserves	Regulatory reserves	Retained profits	
The Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2016	460,000	248,717	(7,908)	58,400	196,256	955,465
Net profit for the financial period	-	-	-	-	54,645	54,645
Other comprehensive income (net of tax)						
- Financial investments available-for-sale	-	-	16,596	-	-	16,596
Total comprehensive income	-	-	16,596	-	54,645	71,241
Transfer to regulatory reserves	-	-	-	2,467	(2,467)	-
At 30 June 2016	460,000	248,717	8,688	60,867	248,434	1,026,706
The Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2015	360,000	206,324	(5,876)	49,020	163,244	772,712
Net profit for the financial period	-	-	-	-	39,382	39,382
Other comprehensive income (net of tax)						
- Financial investments available-for-sale	-	-	2,193	-	-	2,193
Total comprehensive income	-	-	2,193	-	39,382	41,575
Transfer to regulatory reserves	-	-	-	20,160	(20,160)	-
At 30 June 2015	360,000	206,324	(3,683)	69,180	182,466	814,287

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS for the financial quarter ended 30 June 2016

	Economic Entity		The Bank	
	30/6/2016 RM'000	30/6/2015 RM'000	30/6/2016 RM'000	30/6/2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	68,544	51,855	68,544	51,855
Adjustments for items not involving the movement of cash and cash equivalents:				
Finance income and hibah from:				
- financial investments available-for-sale	(26,470)	(23,513)	(26,470)	(23,513)
- financial investments held-to-maturity	(2,708)	(2,901)	(2,708)	(2,901)
Accretion of discount less amortisation of premium:				
- financial investments available-for-sale	(2,630)	(5,021)	(2,630)	(5,021)
Gain on sale/redemption:				
- financial investments available-for-sale	(3,108)	(1,122)	(3,108)	(1,122)
Gain on unrealised foreign exchange	1,042	(35)	1,042	(35)
Depreciation of property and equipment	519	509	519	509
Property and equipment written-off	-	7	-	7
Amortisation of intangible assets	232	232	232	232
Net individual impairment	(13,224)	2,683	(13,224)	2,683
Net collective impairment	5,339	(163)	5,339	(163)
Bad debt on financing written-off	4	6	4	6
Zakat	2,887	-	2,887	-
Operating profit before changes in working capital	30,427	22,537	30,427	22,537
<i>(Increase)/Decrease in operating assets:</i>				
Deposits and placements with banks and other financial institutions				
	(85,070)	-	(85,070)	-
Financing, advances and other financing	(1,439,842)	(1,669,064)	(1,439,842)	(1,669,064)
Other assets	(10,259)	29,055	(10,259)	29,055
Statutory deposits with Bank Negara Malaysia	(46,400)	(12,000)	(46,400)	(12,000)
Amount due from holding company	367,172	242,058	367,172	242,058
Amount due from joint ventures	(884)	(10,297)	(884)	(10,297)
Derivative financial instruments	1,042	(35)	1,042	(35)
<i>(Decrease)/Increase in operating liabilities:</i>				
Deposits from customers				
	(1,450,066)	(550,337)	(1,450,066)	(550,337)
Deposits and placements of banks and other financial institutions				
	1,329,537	(571,745)	1,329,537	(571,745)
Investment accounts due to designated financial institutions				
	784,021	1,182,496	784,021	1,182,496
Amount due to holding company	47,084	312,155	47,084	312,155
Other liabilities	(15,103)	(4,534)	(15,103)	(4,534)
Cash used in operations	(488,341)	(1,029,711)	(488,341)	(1,029,711)
Zakat paid	(1,467)	(1,810)	(1,467)	(1,810)
Tax paid	(10,227)	(10,000)	(10,227)	(10,000)
Net cash used in operating activities	(500,035)	(1,041,521)	(500,035)	(1,041,521)

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INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENTS OF CASH FLOWS *for the financial quarter ended 30 June 2016*

(continued)

	Economic Entity		The Bank	
	30/6/2016	30/6/2015	30/6/2016	30/6/2015
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Finance income and hibah received from:				
- financial investments available-for-sale	26,470	23,513	26,470	23,513
- financial investments held-to-maturity	2,708	2,901	2,708	2,901
Redemption of financial investments held-to-maturity	4,175	6,481	4,175	6,481
Net sale of financial investments available-for-sale	7,996	103,959	7,996	103,959
Purchase of property and equipment	(523)	(357)	(523)	(357)
Net cash generated from investing activities	40,826	136,497	40,826	136,497
Net decrease in cash and cash equivalents	(459,209)	(905,024)	(459,209)	(905,024)
Net decrease in foreign exchange	(3,084)	(3,327)	(3,084)	(3,327)
Cash and cash equivalents at beginning of the financial period	1,918,570	3,333,472	1,918,570	3,333,472
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	1,456,277	2,425,121	1,456,277	2,425,121

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MFRS 134 INTERIM FINANCIAL REPORTING - 30 JUNE 2016

1 BASIS OF PREPARATION

This unaudited condensed interim financial information for the 6 months ended 30 June 2016 has been prepared in accordance with MFRS134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ('MASB'), Bank Negara Malaysia ('BNM') Guidelines and the requirements of the Companies Act, 1965 in Malaysia.

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

The unaudited condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with the Malaysian Financial Reporting Standards ('MFRS'). The explanatory notes to this interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the Bank since the year ended 31 December 2015.

2 ACCOUNTING POLICIES

The consolidated financial statements include the financial statements of the Bank and a joint ventures, made up to the quarter ended 30 June 2016.

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

Amendment to MFRS 11 'Joint arrangements' (effective from 1 January 2016);
Amendment to MFRS 116 'Property, plant and equipment' and MFRS 138 'Intangible assets' (effective from 1 January 2016);
MFRS 9 'Financial Instruments' (effective from 1 January 2018) will replace MFRS 139 'Financial instruments : Recognition and Measurement' and
MFRS 15 'Revenue from contracts with customers' (effective from 1 January 2017) replaces MFRS 118 'Revenue' and MFRS 111 'Construction contracts' and related interpretations.

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

3 QUALIFICATION OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2015 was not qualified.

4 SEASONAL OR CYCLICAL FACTORS

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

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MFRS 134 INTERIM FINANCIAL REPORTING - 30 JUNE 2016

5 EXCEPTIONAL ITEMS

There was no exceptional items for the quarter ended 30 June 2016.

6 CHANGES IN ACCOUNTING POLICIES AND ADJUSTMENT

Refer to Note 2

7 CHANGES IN DEBTS AND EQUITY SECURITIES

There were no purchases or disposal of quoted securities for the quarter ended 30 June 2016 other than in the ordinary course of business.

8 DIVIDENDS

There were no interim dividend declared.

9 SUBSEQUENT MATERIAL EVENT

There is no material subsequent event after the quarter ended 30 June 2016 that have material financial impact.

10 CHANGES IN THE COMPOSITION OF THE BANK

There is no changes in the composition of the Bank between now and 30 June 2016 audited accounts.

11 PURCHASE AND SALE OF QUOTED SECURITIES

There were no purchases or disposals of quoted securities for the quarter ended 30 June 2016 other than in the ordinary course of business.

12 STATUS OF CORPORATE PROPOSAL

There were no corporate proposals announced but not completed during the period ended 30 June 2016.

AFFIN Islamic Bank Berhad

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MFRS 134 INTERIM FINANCIAL REPORTING - 30 JUNE 2016**13 DERIVATIVE FINANCIAL ASSETS**

	Economic Entity and The Bank			
	Current Financial Quarter		Previous Financial Year End	
	30/6/2016		31/12/2015	
	Contract/ notional amount RM'000	Assets RM'000	Contract/ notional amount RM'000	Assets RM'000
At fair value				
Foreign exchange derivatives				
- Currency forwards	57,519	2,388	61,967	132
	57,519	2,388	61,967	132

14 FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Economic Entity and The Bank	
	Current Financial Quarter 30/6/2016 RM'000	Previous Financial Year-End 31/12/2015 RM'000
At fair value		
Money market instruments:		
Malaysian Government investment issues	586,863	613,857
Sukuk Perumahan Kerajaan	161,694	187,219
Khazanah Sukuk	171,295	165,280
	919,852	966,356
Unquoted securities:		
Shares in Malaysia	1,825	1,075
Private debt securities/sukuk		
- in Malaysia	573,823	508,492
	1,495,500	1,475,923
Allowance for impairment losses	(550)	(550)
	1,494,950	1,475,373
Movement in allowance for impairment losses		
At beginning of the financial period	550	550
At end of the financial period	550	550

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MFRS 134 INTERIM FINANCIAL REPORTING - 30 JUNE 2016**15 FINANCIAL INVESTMENTS HELD-TO-MATURITY**

	Economic Entity and The Bank	
	Current	Previous
	Financial	Financial
	Quarter	Year-End
	30/6/2016	31/12/2015
	RM'000	RM'000
At amortised cost		
Unquoted securities:		
Private debt securities/sukuk in Malaysia	72,107	76,283
	72,107	76,283

16 FINANCING, ADVANCES AND OTHER FINANCING**(i) By type**

	Economic Entity and The Bank	
	Current	Previous
	Financial	Financial
	Quarter	Year-End
	30/6/2016	31/12/2015
	RM'000	RM'000
Cash line	216,953	314,426
Term financing		
- House financing	2,424,683	2,096,258
- Hire purchase receivables	2,888,186	2,710,393
- Syndicated financing	575,252	490,723
- Business term financing	3,239,172	2,860,153
Bills receivables	47,265	36,637
Trust receipts	12,836	12,600
Claims on customers under acceptances credits	124,025	123,897
Staff financing (of which RM Nil to Directors)	10,338	9,536
Revolving credits	1,176,202	622,473
Gross financing, advances and other financing	10,714,912	9,277,096
Less:		
Allowance for impairment losses		
- Individual	(23,270)	(38,516)
- Collective	(42,010)	(36,671)
Total net financing, advances and other financing	10,649,632	9,201,909

Included in business term financing as at reporting date is RM53.7 million (31 December 2015: RM53.7 million) and RM83.4 million (31 December 2015: RM63.9 million) of term financing disbursed by the Bank to joint ventures with AFFIN-i Nadayu Sdn Bhd and KL South Development Sdn Bhd respectively.

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MFRS 134 INTERIM FINANCIAL REPORTING - 30 JUNE 2016**16 FINANCING, ADVANCES AND OTHER FINANCING****(ii) By maturity structure**

	Economic Entity and The Bank	
	Current Financial Quarter 30/6/2016 RM'000	Previous Financial Year-End 31/12/2015 RM'000
Maturing within one year	1,825,413	1,426,334
One year to three years	1,036,793	542,303
Three years to five years	1,057,821	927,366
Over five years	6,794,885	6,381,093
	10,714,912	9,277,096

(iii) By contract

Economic Entity and The Bank
30/6/2016
RM'000

	Al- Bai Bithaman Ajil	Ijarah	Al-Ijarah Thumma Al-Bai	Murabahah	Musarakah	Istisna'	Others	Total
Cash line	-	-	-	95,938	-	-	121,015	216,953
Term financing								
House financing	966,103	-	-	561	1,458,019	-	-	2,424,683
Hire purchase receivables	-	-	2,888,186	-	-	-	-	2,888,186
Syndicated financing	-	141,919	-	331,872	-	-	101,461	575,252
Business term financing	446,148	636,611	-	1,200,134	195,856	754,546	5,877	3,239,172
Bills receivables	-	-	-	-	-	-	47,265	47,265
Trust receipts	-	-	-	12,836	-	-	-	12,836
Claims on customers under acceptance credits	-	-	-	124,025	-	-	-	124,025
Staff financing	8,016	-	-	2,322	-	-	-	10,338
Revolving credit	-	-	-	1,176,202	-	-	-	1,176,202
Total Financing	1,420,267	778,530	2,888,186	2,943,890	1,653,875	754,546	275,618	10,714,912

Economic Entity and The Bank
31/12/2015
RM'000

	Al- Bai Bithaman Ajil	Ijarah	Al-Ijarah Thumma Al-Bai	Murabahah	Musarakah	Istisna'	Others	Total
Cash line	-	-	-	237,431	-	-	76,995	314,426
Term financing								
House financing	1,011,560	-	-	-	1,084,698	-	-	2,096,258
Hire purchase receivables	-	-	2,710,393	-	-	-	-	2,710,393
Syndicated financing	-	191,591	-	192,317	-	-	106,815	490,723
Business term financing	470,659	596,813	-	912,308	150,671	724,333	5,369	2,860,153
Bills receivables	-	-	-	-	-	-	36,637	36,637
Trust receipts	-	-	-	12,600	-	-	-	12,600
Claims on customers under acceptance credits	-	-	-	123,897	-	-	-	123,897
Staff financing	8,499	-	-	1,037	-	-	-	9,536
Revolving credit	-	-	-	622,473	-	-	-	622,473
Total Financing	1,490,718	788,404	2,710,393	2,102,063	1,235,369	724,333	225,816	9,277,096

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16 FINANCING, ADVANCES AND OTHER FINANCING

(iv) **By type of customer**

	Economic Entity and The Bank	
	Current Financial Quarter 30/6/2016 RM'000	Previous Financial Year-End 31/12/2015 RM'000
Domestic non-banking institutions		
- Others	233,365	128,201
Domestic business enterprises		
- Small medium enterprises	1,725,471	1,009,214
- Others	2,022,726	2,630,241
Government and statutory bodies	1,371,827	603,070
Individuals	5,245,944	4,731,527
Other domestic entities	10,168	25,785
Foreign entities	105,411	149,058
	10,714,912	9,277,096

(v) **By profit rate sensitivity**

	Economic Entity and The Bank	
	Current Financial Quarter 30/6/2016 RM'000	Previous Financial Year-End 31/12/2015 RM'000
Fixed rate		
- House financing	48,818	52,555
- Hire purchase receivables	2,888,186	2,710,393
- Other fixed rate financing	1,264,884	1,315,546
Variable rate		
- BFR	4,701,246	3,786,002
- Cost - plus	1,811,778	1,412,600
	10,714,912	9,277,096

(vi) **By economic sectors**

	Economic Entity and The Bank	
	Current Financial Quarter 30/6/2016 RM'000	Previous Financial Year-End 31/12/2015 RM'000
Primary agriculture	351,673	278,908
Mining and quarrying	10,664	13,037
Manufacturing	242,973	225,820
Electricity, gas and water supply	195,705	57,371
Construction	528,548	554,160
Real estate	1,348,758	1,170,597
Wholesale & retail trade and restaurants & hotels	258,792	218,502
Transport, storage and communication	267,843	206,002
Finance, insurance and business activities	352,506	566,877
Education, health and others	1,880,849	1,201,117
Household	5,276,420	4,761,002
Others	181	23,703
	10,714,912	9,277,096

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	Economic Entity and The Bank	
	Current Financial Quarter 30/6/2016 RM'000	Previous Financial Year-End 31/12/2015 RM'000
Purchase of securities	2,157	2,433
Purchase of transport vehicles	2,962,898	2,735,838
Purchase of landed property of which:		
- Residential	2,508,871	2,175,552
- Non-residential	1,055,839	979,335
Fixed assets other than land and building	64,535	76,336
Personal use	46,445	36,495
Construction	931,103	801,745
Working capital	2,909,991	2,336,306
Others	233,073	133,056
	10,714,912	9,277,096

(viii) By geographical distribution

	Economic Entity and The Bank	
	Current Financial Quarter 30/6/2016 RM'000	Previous Financial Year-End 31/12/2015 RM'000
Perlis	127,141	121,729
Kedah	614,926	559,401
Pulau Pinang	300,276	231,126
Perak	397,672	387,683
Selangor	3,061,406	3,078,014
Wilayah Persekutuan	3,942,865	2,882,646
Negeri Sembilan	382,025	330,752
Melaka	177,122	148,843
Johor	574,397	445,391
Pahang	285,331	293,827
Terengganu	406,445	418,636
Kelantan	156,855	161,609
Sarawak	112,614	69,266
Sabah	50,549	28,552
Labuan	50,324	56
Outside Malaysia	74,964	119,565
	10,714,912	9,277,096

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	Economic Entity and The Bank	
	Current	Previous
	Financial	Financial
	Quarter	Year-End
	30/6/2016	31/12/2015
	RM'000	RM'000
At beginning of the financial period	141,708	129,157
Classified as impaired	49,298	108,375
Reclassified as non-impaired	(28,942)	(67,897)
Amount recovered	(57,034)	(18,862)
Amount written-off	(3)	(9,065)
At end of the financial period	105,027	141,708
Ratio of gross impaired financing, advances and other financing to gross financing, advances and other financing	0.98%	1.53%
Gross financing, advances and other financing	10,714,912	9,277,096
RIA financing	(2,118,614)	(1,316,026)
	8,596,298	7,961,070
Less:		
- Individual impairment allowance	(23,270)	(38,516)
- Collective impairment allowance on impaired financing	(17,901)	(12,921)
Total net financing, advances and other financing	8,555,127	7,909,633
Net impaired financing, advances and other financing as a percentage of net financing, advances and other financing	0.75%	1.14%

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	Economic Entity and The Bank	
	Current Financial Quarter 30/6/2016 RM'000	Previous Financial Year-End 31/12/2015 RM'000
Individual impairment		
At beginning of the financial period	38,516	31,519
Allowance made during the financial period	1,465	3,559
Amount recovered	(14,689)	(47)
Amount written-off	-	(2,383)
Unwinding of income	(56)	(628)
Exchange differences	(1,966)	6,496
At end of the financial period	23,270	38,516
Collective impairment		
At beginning of the financial period	36,671	37,393
Allowance made during the financial period	5,339	5,959
Amount written-off	-	(6,681)
At end of the financial period	42,010	36,671
As a percentage of gross financing and advances (excluding RIA financing) less individual impairment allowance	0.49%	0.46%

(xi) Impaired financing by economic sectors

	Economic Entity and The Bank	
	Current Financial Quarter 30/6/2016 RM'000	Previous Financial Year-End 31/12/2015 RM'000
Primary agriculture	46	-
Manufacturing	419	348
Construction	737	388
Real estate	46,033	85,867
Wholesale & retail trade and restaurants & hotels	1,986	1,900
Transport, storage and communication	242	301
Finance, insurance and business activities	443	111
Education, health and others	84	142
Household	55,037	52,651
	105,027	141,708

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	Economic Entity and The Bank	
	Current Financial Quarter 30/6/2016 RM'000	Previous Financial Year-End 31/12/2015 RM'000
Purchase of transport vehicles	15,379	12,626
Purchase of landed property of which:		
- Residential	38,250	39,463
- Non-residential	2,964	1,376
Personal use	506	495
Construction	46,033	85,867
Working capital	1,894	1,881
Others	1	-
	105,027	141,708

(xiii) Impaired financing by geographical distribution

	Economic Entity and The Bank	
	Current Financial Quarter 30/6/2016 RM'000	Previous Financial Year-End 31/12/2015 RM'000
Perlis	81	41
Kedah	1,358	1,008
Pulau Pinang	1,804	1,525
Perak	3,995	3,922
Selangor	28,317	28,622
Wilayah Persekutuan	6,613	5,930
Negeri Sembilan	3,969	2,719
Melaka	666	482
Johor	1,791	2,078
Pahang	1,449	1,345
Terengganu	4,798	3,918
Kelantan	3,682	3,633
Sarawak	198	252
Sabah	273	366
Outside Malaysia	46,033	85,867
	105,027	141,708

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MFRS 134 INTERIM FINANCIAL REPORTING - 30 JUNE 2016**17 OTHER ASSETS**

	Economic Entity and The Bank	
	Current Financial Quarter 30/6/2016 RM'000	Previous Financial Year-End 31/12/2015 RM'000
Other debtors, deposits and prepayments	3,073	3,062
Clearing accounts	10,380	302
Foreclosed properties (a)	2,445	395
	15,898	3,759
(a) Foreclosed properties		
At beginning of the financial period	395	395
Amount arising during the financial period	2,050	-
At end of the financial period	2,445	395

18 AMOUNT DUE FROM JOINT VENTURES

	Economic Entity and The Bank	
	30/6/2016 RM'000	31/12/2015 RM'000
Advances to joint ventures	40,820	39,936

The advances to joint ventures are unsecured, bear profit rate of 7.85% (31 December 2015: 7.85%) and payable on demand.

19 DEPOSITS FROM CUSTOMERS**(i) By type of deposit**

	Economic Entity and The Bank	
	Current Financial Quarter 30/6/2016 RM'000	Previous Financial Year-End 31/12/2015 RM'000
Non-Mudharabah		
Demand deposits	2,165,407	2,435,998
Savings deposits	454,954	412,394
Murabahah term deposits	5,292,457	6,413,389
Commodity Murabahah	533,811	630,118
Mudharabah		
General investment deposits	105,000	109,796
	8,551,629	10,001,695

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MFRS 134 INTERIM FINANCIAL REPORTING - 30 JUNE 2016**19 DEPOSITS FROM CUSTOMERS (continued)****(ii) Maturity structure of Murabahah term deposits and general investment deposits**

	Economic Entity and The Bank	
	Current	Previous
	Financial	Financial
	Quarter	Year-End
	30/6/2016	31/12/2015
	RM'000	RM'000
Due within six months	3,459,152	4,781,599
Six months to one year	1,724,836	1,630,224
One year to three years	56,976	111,216
Three years to five years	156,493	146
	5,397,457	6,523,185

(iii) By type of customer

	Economic Entity and The Bank	
	Current	Previous
	Financial	Financial
	Quarter	Year-End
	30/6/2016	31/12/2015
	RM'000	RM'000
Government and statutory bodies	2,974,873	2,945,481
Business enterprise	2,731,185	4,004,165
Individuals	1,253,805	1,278,221
Domestic banking institutions	479	814
Domestic non-banking financial institutions	1,343,200	1,313,150
Foreign entities	66,299	64,584
Others entities	181,788	395,280
	8,551,629	10,001,695

20 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Economic Entity and The Bank	
	Current	Previous
	Financial	Financial
	Quarter	Year-End
	30/6/2016	31/12/2015
	RM'000	RM'000
Mudharabah		
Licensed banks	1,770,158	636,217
Other financial institutions	600,771	405,175
	2,370,929	1,041,392

Maturity structure of deposits are as follows:

Due within six months	2,370,929	1,041,392
	2,370,929	1,041,392

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21 INVESTMENT ACCOUNTS DUE FROM DESIGNATED FINANCIAL INSTITUTIONS

	Economic Entity and The Bank	
	Current Financial Quarter 30/6/2016 RM'000	Previous Financial Year-End 31/12/2015 RM'000
Licensed banks	2,115,339	1,331,318
Maturity structure of investment accounts are as follows:		
Due within six months	197,999	-
Six months to one year	501,648	202,205
One year to three years	471,804	130,036
Three years to five years	-	40,406
Five years and above	943,888	958,671
	2,115,339	1,331,318

	Economic Entity and The Bank	
	Current Financial Quarter 30/6/2016 RM'000	Previous Financial Year-End 31/12/2015 RM'000
Movement in investment accounts		
At beginning of the financial period	1,331,318	-
Amount transferred from RPSIA	-	695,588
New placement during the period	800,000	1,630,000
Redemption during the period	(5,303)	(1,012,803)
Finance expense on RIA	41,880	33,414
Profit distributed	(52,556)	(14,881)
At end of the financial period	2,115,339	1,331,318

Profit Sharing Ratio and Rate of Return

	Economic Entity and The Bank			
	30/6/2016		31/12/2015	
	Average profit sharing ratio %	Average rate of return %	Average profit sharing ratio %	Average rate of return %
Investment accounts:				
Due within six months	-	-	-	-
Six months to one year	95	4.01	98	4.87
One year to three years	95	5.27	96	4.68
Three years to five years	-	-	93	6.37
Five years and above	96	4.90	96	4.81

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22 DERIVATIVE FINANCIAL LIABILITIES

	Economic Entity and The Bank			
	Current Financial Quarter 30/6/2016		Previous Financial Year End 31/12/2015	
	Contract/ notional amount RM'000	Liabilities RM'000	Contract/ notional amount RM'000	Liabilities RM'000
At fair value				
Foreign exchange derivatives				
- Currency forwards	304,986	4,333	160,810	1,035
	304,986	4,333	160,810	1,035

23 OTHER LIABILITIES

	Economic Entity and The Bank	
	Current Financial Quarter 30/6/2016 RM'000	Previous Financial Year-End 31/12/2015 RM'000
Margin and collateral deposits	11,896	13,000
Other creditors and accruals	3,859	5,370
Cheque clearing accounts	-	13,621
Sundry creditors	9,974	8,292
Provision for zakat	3,728	2,307
Defined contribution plan (a)	655	1,143
Accrued employee benefits (b)	23	23
Charity funds	300	363
	30,435	44,119

(a) Defined contribution plan

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

(b) Accrued employee benefits

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

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24 RESERVES

	Economic Entity		The Bank	
	Current	Previous	Current	Previous
	Financial	Financial	Financial	Financial
	Quarter	Year-End	Quarter	Year-End
	30/6/2016	31/12/2015	30/6/2016	31/12/2015
	RM'000	RM'000	RM'000	RM'000
Retained profits	247,784	195,606	248,434	196,256
AFS revaluation reserves	8,688	(7,908)	8,688	(7,908)
Statutory reserves	248,717	248,717	248,717	248,717
Regulatory reserves	60,867	58,400	60,867	58,400
	566,056	494,815	566,706	495,465
Statutory reserves				
At beginning of the financial period	248,717	206,324	248,717	206,324
Transfer from retained profits	-	42,393	-	42,393
At end of the financial period	248,717	248,717	248,717	248,717

- (a) As at 30 June 2016, the Bank has tax exempt account balance of RM15,253,965 (31 December 2015: RM13,322,724) under Section 12 of the Income Tax (Amendment) Act 1999, subject to agreement by the Inland Revenue Board.
- (b) The statutory reserves of the Bank are maintained in compliance with Section 57(2)(f) of the Islamic Financial Services Act 2013 and is not distributable as cash dividends.
- (c) AFS revaluation reserves represent the unrealised gains or losses arising from the change in fair value of investments classified as financial investment available-for-sale. The gains or losses are transferred to the income statement upon disposal or when the securities become impaired. The depositors' portion of net unrealised gains or losses on 'Available-for-sale' at the end of financial year is net unrealised losses of RM2,774,629 (31 December 2015: net unrealised losses of RM9,711,083).
- (d) The Bank is required to maintain in aggregate collective impairment allowances and regulatory reserves of no less than 1.2% of total outstanding financing, advances and other financing, net of individual impairment allowances.

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INCOME FROM ISLAMIC BANKING BUSINESS

	Individual Quarter		Cumulative Quarter	
	Economic Entity and The Bank		Economic Entity and The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/6/2016	30/6/2015	30/6/2016	30/6/2015
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	143,550	96,719	273,455	225,416
Income derived from investment of investment account funds	26,538	40,809	45,719	40,809
Income derived from investment of shareholders' funds	12,771	9,423	24,061	18,355
Income attributable to depositors	(116,672)	(90,235)	(217,565)	(173,022)
	66,187	56,716	125,670	111,558
of which:				
Profit earned on impaired financing, advances and other financing	(95)	(69)	101	56

25 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS

	Individual Quarter		Cumulative Quarter	
	Economic Entity and The Bank		Economic Entity and The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/6/2016	30/6/2015	30/6/2016	30/6/2015
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
- General investment deposits (i)	69,216	55,633	135,935	134,614
- Other deposits (ii)	74,334	41,080	137,520	90,796
	143,550	96,713	273,455	225,410

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

(i) INCOME DERIVED FROM INVESTMENT OF GENERAL INVESTMENT DEPOSITS

	Individual Quarter		Cumulative Quarter	
	Economic Entity and The Bank		Economic Entity and The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/6/2016	30/6/2015	30/6/2016	30/6/2015
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing, advances and other financing	51,144	38,013	103,458	90,628
Financial investments available-for-sale	5,048	4,679	10,483	11,122
Financial investments held-to-maturity	508	542	1,072	1,369
Money at call and deposits with other financial institutions	7,740	9,362	13,041	23,005
	64,440	52,596	128,054	126,124
Accretion of discount less amortisation of premium	482	592	1,042	2,375
Total finance income and hibah	64,922	53,188	129,096	128,499
Other operating income				
Fee income:				
Commission	166	167	374	486
Service charges and fees	581	550	1,171	1,479
Guarantee fees	336	168	591	479
	1,083	885	2,136	2,444
Income from financial instruments:				
Gains on arising on financial investments available-for-sale:				
- net gain on disposal	921	461	1,231	529
	921	461	1,231	529
Other income:				
Foreign exchange profit/(loss)				
- realised	2,613	766	2,944	2,476
- unrealised	(985)	31	(413)	16
Other non-operating income	662	302	941	650
	2,290	1,099	3,472	3,142
	69,216	55,633	135,935	134,614

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

(ii) INCOME DERIVED FROM INVESTMENT OF OTHER DEPOSITS

	Individual Quarter		Cumulative Quarter	
	Economic Entity and The Bank		Economic Entity and The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/6/2016	30/6/2015	30/6/2016	30/6/2015
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing, advances and other loans	55,122	28,007	104,665	61,126
Financial investments available-for-sale	5,457	3,446	10,605	7,502
Financial investments held-to-maturity	551	403	1,085	924
Money at call and deposits with other financial institutions	8,173	6,928	13,193	15,516
	69,303	38,784	129,548	85,068
Accretion of discount less amortisation of premium	524	480	1,054	1,602
Total finance income and hibah	69,827	39,264	130,602	86,670
Other operating income				
Fee income:				
Commission	181	127	378	328
Service charges and fees	625	412	1,184	997
Guarantee fees	356	127	598	323
	1,162	666	2,160	1,648
Income from financial instruments:				
Gains on arising on financial investments available-for-sale:				
- net gain on disposal	951	315	1,245	358
	951	315	1,245	358
Other income:				
Foreign exchange profit/(loss)				
- realised	2,665	594	2,978	1,670
- unrealised	(959)	21	(417)	11
Other non-operating income	688	220	952	439
	2,394	835	3,513	2,120
	74,334	41,080	137,520	90,796

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26 INCOME DERIVED FROM INVESTMENT OF INVESTMENT ACCOUNT FUNDS

	Individual Quarter		Cumulative Quarter	
	Economic Entity and The Bank		Economic Entity and The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/6/2016	30/6/2015	30/6/2016	30/6/2015
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing, advances and other loans	19,756	27,473	34,796	27,473
Financial investments available-for-sale	1,963	3,372	3,526	3,372
Financial investments held-to-maturity	199	415	361	415
Money at call and deposits with other financial institutions	2,862	6,974	4,386	6,974
	24,780	38,234	43,069	38,234
Accretion of discount less amortisation of premium	189	720	350	720
Total finance income and hibah	24,969	38,954	43,419	38,954
Other operating income				
Fee income:				
Commission	66	147	126	147
Service charges and fees	224	448	394	448
Guarantee fees	126	145	199	145
	416	740	719	740
Income from financial instruments:				
Gains on arising on financial investments available-for-sale:				
- net gain on disposal	325	162	414	162
	325	162	414	162
Other income:				
Foreign exchange profit/(loss)				
- realised	895	751	990	751
- unrealised	(303)	5	(139)	5
Other non-operating income	236	197	316	197
	828	953	1,167	953
	26,538	40,809	45,719	40,809

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27 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

	Individual Quarter		Cumulative Quarter	
	Economic Entity and The Bank		Economic Entity and The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/6/2016	30/6/2015	30/6/2016	30/6/2015
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing, advances and other financing	9,459	6,407	18,312	12,357
Financial investments available-for-sale	936	788	1,856	1,517
Financial investments held-to-maturity	95	93	190	187
Money at call and deposits with other financial institutions	1,411	1,594	2,308	3,137
	11,901	8,882	22,666	17,198
Accretion of discount less amortisation of premium	89	122	184	324
Total finance income and hibah	11,990	9,004	22,850	17,522
Other operating income				
Fee income:				
Commission	31	30	66	66
Service charges and fees	107	96	207	201
Guarantee fees	62	30	105	65
	200	156	378	332
Income from financial instruments:				
Gains on arising on financial investments available-for-sale:				
- net gain on disposal	166	65	218	73
	166	65	218	73
Other income:				
Foreign exchange profit/(loss)				
- realised	465	145	521	338
- unrealised	(170)	4	(73)	2
Other non-operating income	120	49	167	88
	415	198	615	428
	12,771	9,423	24,061	18,355

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

	Individual Quarter		Cumulative Quarter	
	Economic Entity and The Bank		Economic Entity and The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/6/2016	30/6/2015	30/6/2016	30/6/2015
	RM'000	RM'000	RM'000	RM'000
Individual impairment				
- made in the financial period	883	289	1,465	2,726
- written-back	(14,600)	(3)	(14,689)	(43)
Collective impairment				
- made/(written back) in the financial period	2,710	438	5,339	(163)
Bad debts on financing				
- recovered	(405)	(478)	(992)	(615)
- written-off	4	6	4	6
	(11,408)	252	(8,873)	1,911

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MFRS 134 INTERIM FINANCIAL REPORTING - 30 JUNE 2016**29 INCOME ATTRIBUTABLE TO DEPOSITORS**

	Individual Quarter		Cumulative Quarter	
	Economic Entity and The Bank		Economic Entity and The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/6/2016	30/6/2015	30/6/2016	30/6/2015
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudharabah	798	1,697	1,618	3,106
- Non-mudharabah	70,464	65,862	138,995	130,002
Deposits and placements of banks and other financial institutions				
- Mudharabah	21,482	13,526	35,072	24,488
Profit distributed to Restricted Profit Sharing Investment Account ('RPSIA') account holders	-	7,016	-	13,292
Profit distributed to investment account holders	23,928	2,134	41,880	2,134
	116,672	90,235	217,565	173,022

30 OTHER OPERATING EXPENSES

	Individual Quarter		Cumulative Quarter	
	Economic Entity and The Bank		Economic Entity and The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/6/2016	30/6/2015	30/6/2016	30/6/2015
	RM'000	RM'000	RM'000	RM'000
Personnel costs (a)	19,275	17,465	38,606	36,477
Establishment costs (b)	8,534	7,862	17,018	15,391
Marketing expenses (c)	717	556	1,255	1,242
Administrative and general expenses (d)	3,131	2,248	6,233	4,682
	31,657	28,131	63,112	57,792

(a) Personnel costs

	Individual Quarter		Cumulative Quarter	
	Economic Entity and The Bank		Economic Entity and The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/6/2016	30/6/2015	30/6/2016	30/6/2015
	RM'000	RM'000	RM'000	RM'000
Wages, salaries and bonuses	14,611	13,281	29,413	28,106
Defined contribution plan ('EPF')	2,445	2,189	4,911	4,615
Other personnel costs	2,219	1,995	4,282	3,756
	19,275	17,465	38,606	36,477

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MFRS 134 INTERIM FINANCIAL REPORTING - 30 JUNE 2016**30 OTHER OPERATING EXPENSES (continued)**

(b) Establishment costs

	Individual Quarter		Cumulative Quarter	
	Economic Entity and The Bank		Economic Entity and The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
Quarter	Quarter	Quarter	Quarter	
30/6/2016	30/6/2015	30/6/2016	30/6/2015	
RM'000	RM'000	RM'000	RM'000	
Rental of premises	1,268	1,178	2,482	2,311
Equipment rental	17	15	32	28
Repair and maintenance	1,760	1,425	3,437	2,661
Depreciation of property and equipment	261	255	519	509
Amortisation of intangible assets	116	116	232	232
IT consultancy fees	2,476	2,262	4,802	4,563
Dataline rental	255	204	412	381
Security services	938	787	1,898	1,618
Electricity, water and sewerage	429	494	798	922
Licence fee	85	89	175	183
Insurance/takaful and indemnities	(3)	320	414	500
Other establishment costs	932	717	1,817	1,483
	8,534	7,862	17,018	15,391

(c) Marketing expenses

	Individual Quarter		Cumulative Quarter	
	Economic Entity and The Bank		Economic Entity and The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
Quarter	Quarter	Quarter	Quarter	
30/6/2016	30/6/2015	30/6/2016	30/6/2015	
RM'000	RM'000	RM'000	RM'000	
Business promotion and advertisement	294	212	386	487
Entertainment	138	73	187	178
Traveling and accommodation	214	177	385	333
Other marketing expenses	71	94	297	244
	717	556	1,255	1,242

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MFRS 134 INTERIM FINANCIAL REPORTING - 30 JUNE 2016**30 OTHER OPERATING EXPENSES (continued)**

(d) Administration and general expenses

	Individual Quarter		Cumulative Quarter	
	Economic Entity and The Bank		Economic Entity and The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
Quarter	Quarter	Quarter	Quarter	
30/6/2016	30/6/2015	30/6/2016	30/6/2015	
RM'000	RM'000	RM'000	RM'000	
Telecommunication expenses	222	228	458	420
Auditors' remuneration	147	73	269	160
Professional fees	306	130	560	450
Property and equipment written-off	-	7	-	7
Mail and courier charges	146	89	332	258
Stationery and consumables	624	439	1,187	989
Commissions expenses	255	123	464	197
Brokerage expenses	349	227	574	574
Directors' fees and allowances	59	416	545	796
Donations	282	30	300	60
Settlement, clearing and bank charges	234	181	512	389
Stamp duties	1	2	1	2
Operational and litigation write-off expenses	-	-	-	40
GST Input tax-non recoverable	437	256	868	256
Other administration and general expenses	69	47	163	84
	3,131	2,248	6,233	4,682

31 COMMITMENTS AND CONTINGENCIES

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

The commitments and contingencies consist of:

	Economic Entity and The Bank	
	Principal amount	Principal amount
	30/6/2016	31/12/2015
	RM'000	RM'000
Direct credit substitutes (*)	11,850	9,383
Transaction-related contingent items (*)	183,113	147,960
Short-term self-liquidating trade related contingencies	296,822	368,567
Irrevocable commitments to extend credit:		
- maturity less than one year	1,306,634	1,387,337
- maturity more than one year	403,027	348,409
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	27,464	15,321
Foreign exchange related contracts (#):		
- less than one year	362,505	222,777
	2,591,415	2,499,754

* Included in direct credit substitutes as above are financial guarantee contracts of RM11.8 million at the Bank (31 December 2015: RM9.4 million), of which fair value at the time of issuance is zero.

The fair value of these derivatives have been recognised as "derivative financial assets" and "derivative financial liabilities" in the statement of financial position and disclosed in Note 13 and 22 to the financial statements.

AFFIN Islamic Bank Berhad**(Incorporated in Malaysia)****MFRS 134 INTERIM FINANCIAL REPORTING - 30 JUNE 2016****32 FAIR VALUE MEASUREMENTS**

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

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

Level 2: Quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

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

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include actively traded listed equities and actively exchange-traded derivatives.

Where fair value is determined using unquoted market price in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Bank then determine fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high.

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Economic Entity and The Bank				
30/6/2016				
Assets				
Derivative financial assets		2,388		2,388
Financial investments available-for-sale				
- Money market instruments	-	919,852	-	919,852
- Equity securities	-	-	1,275	1,275
- Private debt securities/sukuk	-	573,823	-	573,823
	-	1,496,063	1,275	1,497,338
Liabilities				
Derivative financial liabilities	-	4,333	-	4,333
	-	4,333	-	4,333
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Economic Entity and The Bank				
31/12/2015				
Assets				
Derivative financial assets		132		132
Financial investments available-for-sale				
- Money market instruments	-	966,356	-	966,356
- Equity securities	-	-	525	525
- Private debt securities/sukuk	-	508,492	-	508,492
	-	1,474,980	525	1,475,505
Liabilities				
Derivative financial liabilities	-	1,035	-	1,035
	-	1,035	-	1,035

* Net of allowance for impairment.

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MFRS 134 INTERIM FINANCIAL REPORTING - 30 JUNE 2016**32 FAIR VALUE MEASUREMENTS (continued)**

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

The Bank recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. Transfers between fair value hierarchy primarily due to change in the level of trading activity, change in observable market activity related to an input, reassessment of available pricing information and change in the significance of the unobservable input. There were no transfers between Level 1, 2 and 3 of the fair value hierarchy during the financial year (31 December 2015: Nil)

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

	Economic Entity and The Bank	
	Current Financial Quarter 30/6/2016 RM'000	Previous Financial Year-End 31/12/2015 RM'000
As at beginning of the financial year	525	25
Purchases	750	500
As at end of the financial year	1,275	525

Effect of changes in significant unobservable assumptions to reasonably possible alternatives

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

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

Description	Fair value assets		Valuation techniques	Unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
	30/6/2016 RM'000	31/12/2015 RM'000			
Economic Entity and The Bank Financial investments available-for-sale					
Unquoted shares	1,275	525	Net tangible assets	Net tangible assets	Higher net tangible assets results in higher fair value

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

AFFIN Islamic Bank Berhad**(Incorporated in Malaysia)****MFRS 134 INTERIM FINANCIAL REPORTING - 30 JUNE 2016****33 CAPITAL MANAGEMENT**

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

The Bank is currently adopting Standardised Approach for Credit Risk and Market Risk, the Basic Indicator Approach for Operational Risk. In line with the transitional arrangements under the Bank Negara Malaysia's Capital Adequacy Framework (Capital Components), the minimum capital adequacy and capital buffer requirements for Common Equity Tier 1 Capital Ratio ('CET 1') and Tier 1 Capital Ratio are 5.125% and 6.625% respectively for year 2016. The minimum regulatory capital adequacy and capital buffer requirements is 8.625% (31 December 2015: 8.0%) for total capital ratio.

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

The Bank's objectives when managing capital, are:

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

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

The table in Note 34 below summarises the composition of regulatory capital and the ratios of the Bank for the financial quarter ended 30 June 2016.

34 CAPITAL ADEQUACY

The capital adequacy ratios are as follows:

	Economic Entity		The Bank	
	Current Financial Quarter 30/6/2016 RM'000	Previous Financial Year-End 31/12/2015 RM'000	Current Financial Quarter 30/6/2016 RM'000	Previous Financial Year-End 31/12/2015 RM'000
Paid-up share capital	460,000	460,000	460,000	460,000
Statutory reserves	248,717	248,717	248,717	248,717
Retained profits	193,139	195,606	193,789	196,256
Unrealised gains and losses on AFS	11,431	(10,405)	11,431	(10,405)
	913,287	893,918	913,937	894,568
Less:				
Goodwill and other intangibles	(194)	(426)	(194)	(426)
Deferred tax assets	-	(3,598)	-	(3,598)
55% of cumulative unrealised gains of AFS	(6,287)	-	(6,287)	-
Investment in joint ventures	-	-	(390)	(260)
CET1 Capital	906,806	889,894	907,066	890,284
Tier 1 Capital	906,806	889,894	907,066	890,284

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MFRS 134 INTERIM FINANCIAL REPORTING - 30 JUNE 2016**34 CAPITAL ADEQUACY (continued)**

	Economic Entity		The Bank	
	Current Financial Quarter	Previous Financial Year-End	Current Financial Quarter	Previous Financial Year-End
	30/6/2016	31/12/2015	30/6/2016	31/12/2015
	RM'000	RM'000	RM'000	RM'000
Collective impairment [@]	24,109	23,750	24,109	23,750
Regulatory adjustments	60,867	58,400	60,867	58,400
Less:				
Investment in joint ventures	-	-	(260)	(390)
Tier II capital	84,976	82,150	84,716	81,760
Total capital	991,782	972,044	991,782	972,044
CET1 capital ratio	12.272%	13.197%	12.275%	13.203%
Tier 1 capital ratio	12.272%	13.197%	12.275%	13.203%
Total capital ratio	13.422%	14.415%	13.422%	14.415%
CET1 capital ratio (net of proposed dividends)	12.272%	13.197%	12.275%	13.203%
Tier 1 capital ratio (net of proposed dividends)	12.272%	13.197%	12.275%	13.203%
Total capital ratio (net of proposed dividends)	13.422%	14.415%	13.422%	14.415%
Risk-weighted assets for:				
Credit risk	6,921,441	6,336,026	6,921,441	6,336,026
Market risk	46,823	3,650	46,823	3,650
Operational risk	421,031	403,377	421,031	403,377
Total risk-weighted assets	7,389,295	6,743,053	7,389,295	6,743,053

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

In accordance with BNM's Guidelines on Investment Account, the credit and market risk weighted on the assets funded by the RIA are excluded from calculation of capital adequacy. As at 31 June 2016, RIA assets excluded from Total Capital Ratio calculation amounted to RM2,118,613,900 (31 December 2015: RM1,316,026,354).

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

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35 REVIEW OF PERFORMANCE OF THE BANK

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

During the 2nd quarter of 2016, the Bank registered a profit before tax of RM45.9 million as compared to the previous year's corresponding quarter of RM28.3 million, an increase of RM17.6 million or 62.2%.

This was due to:

- i) higher income derived from investments after netting off income attributable to depositors' funds by RM9.5 million.
- ii) higher individual impairment writeback by RM14.6 million

The above was off-set by:

- i) higher collective and individual impairment by RM3.0 million.
- ii) higher operating expenses by RM3.5 million.

36 COMMENT ON FINANCIAL RESULTS

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

The Bank's profit before tax for 2nd quarter of 2016 stood at RM45.9 million as compared to RM25.5 million reported in the 1st quarter of 2016, an increase of RM20.4 million or 0.8%.

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

- i) higher income derived from investments after netting off income attributable to the depositors' funds by RM6.7 million.
- ii) higher individual impairment writeback by RM13.9 million.

The above was off-set by:

- i) higher operating expenses by RM0.2 million.

37 PROSPECT FOR THE CURRENT FINANCIAL YEAR

Business Outlook for Remaining Period Financial Year 2016

The second half of 2016 seems to be looking up for the Banking industry where a higher consumer confidence level and stronger Bank's valuation is projected, a much needed relief after the challenging first half of the year. Malaysia's economy has weathered the fall of oil price better than most of big producers, although the earlier loss still weighs on the revenues of businesses.

The economy is on track to expand 4.0% to 4.5 % as projected and the inflation is forecasted to lower between 2.0% and 3.0%. Moreover, BNM still maintains the highly accommodative and supportive monetary policy with the OPR lowered by 25 b.p. from 3.25% to 3.00%. Furthermore, the Bank is being cautious while waiting for BNM future direction in addressing to potential challenges posed by the Brexit event. Nevertheless, economic growth is expected to improve in the second half in terms of consumer spending and export sector, with the factors of higher minimum wages placed and improved commodities production playing into effect.

Both the domestic and global Islamic Banking industry is expected to grow in 2016 at 12% in term of financing assets and Malaysia is estimated to see an additional RM287.91 billion* in its asset pool. The momentum is expected to continue until year 2020, in line with the government's "10-year financial sector blueprint" to increase Islamic financing share of total financing to at least 40%.

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37 PROSPECT FOR THE CURRENT FINANCIAL YEAR (continued)

Business Outlook for Remaining Period Financial Year 2016 (continued)

Advancing on the Group's Strategic Transformation Program, the Bank is currently looking into business efficiency by improving technical capabilities and building up talents. Moving forward, the Bank also actively exploring into the digitalization environment in order to capture opportunities provided by the market's direction.

The Bank is progressing well on extending its customer reach with the launching of two new branches in Denai Alam and Tabuan Jaya. Furthermore, thru refining our product and services; we will continue to support business activities of small medium enterprise (SME), and we will also enhance product offerings for Generation Y population and Royal Armed Forces customer segments. Currently, we are on the stage of diversifying our portfolio with the development of Bancatakafu, credit card and mobile banking services.

The development of the Bank's digital banking and transactional banking capabilities within is expected to further enhance our business proposition to our customer. AFFIN Islamic will continue its efforts to best serve its customers by providing comprehensive Islamic product offerings.

*According to the currency exchange rate of USD1=RM4.22 +0.02 (+0.43%) as of 27th June 2016.

38 VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

The Bank's profit before tax registered an adverse variance of RM8.7 million. The main contributing factors are follows:

Net income and other operating income

The net income and other operating income showed an adverse variance of RM9.8 million.

Other operating expenses

Operating costs showed an favourable variance of RM3.9 million.

Allowances for impairment losses on financing, advances and other financing

Allowances for impairment losses on financing, advances and other financing showed an adverse variance of RM2.8 million.

39 CONNECTED PARTIES TRANSACTIONS AND BALANCES

The following credit exposure are based on Bank Negara Malaysia's revised Guidelines on Credit Transaction and Exposures with Connected Parties, which are effective 1 January 2008.

i)	The aggregate value of outstanding credit exposures with connected parties (RM'000)	544,697
ii)	The percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	3%
iii)	The percentage of outstanding credit exposures with connected parties which is non-performing or in default	Nil

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BASEL II Pillar 3 Disclosures**Disclosure on Capital Adequacy under the Standardised Approach (RM'000)****Economic Entity/The Bank****30.6.2016**

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	3,688,434		3,480,056		2,673,774	2,673,774	213,902
Regulatory Retail	3,118,566		3,100,559		2,325,880	2,325,880	183,967
Other Assets	456,955		456,956		63,026	63,026	5,042
Sovereigns/Central Banks	2,089,926		2,089,926		-	-	-
Banks, Development Financial Institutions & MDBs	226,606		226,606		49,326	49,326	3,946
Residential Mortgages	2,308,997		2,299,151		1,007,716	1,007,716	81,158
Higher Risk Assets	18,235		17,779		22,507	22,507	1,795
Defaulted Exposures	224,268		218,378		301,082	301,082	25,655
Total for On-Balance Sheet Exposures	12,131,987		11,889,411		6,443,311	6,443,311	515,465
Off Balance Sheet Exposures							
Off Balance sheet Exposures other than OTC derivatives or credit derivatives	612,184		601,843		455,538	455,538	36,443
Defaulted Exposures	18,540		15,077		22,592	22,592	1,807
Total for Off-Balance Sheet Exposures	630,724		616,920		478,130	478,130	38,250
Total for On and Off-Balance Sheet Exposures	12,762,711		12,506,331		6,921,441	6,921,441	553,715
2 MARKET RISK							
		Long Position	Short Position				
Interest Rate Risk		334,518	336,398	(1,880)	8,196	-	656
Foreign Currency Risk		38,627	6,505	32,122	38,627	-	3,090
3 OPERATIONAL RISK							
Operational Risk					421,031		33,682
Total RWA and Capital Requirements					7,389,295	6,921,441	591,143

OTC "Over The Counter"

PSIA "Profit Sharing Investment Account"

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BASEL II Pillar 3 Disclosures (continued)**Disclosure on Capital Adequacy under the Standardised Approach (RM'000)****Economic Entity/The Bank**

31.12.2015

	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						
	<u>On Balance Sheet Exposures</u>						
	Corporates	3,670,640		3,400,665	2,656,194	2,656,194	212,496
	Regulatory Retail	2,904,191		2,890,253	2,167,828	2,167,828	173,426
	Other Assets	738,826		738,826	137,870	137,870	11,030
	Sovereigns/Central Banks	2,736,934		2,736,934	-	-	-
	Banks, Development Financial Institutions & MDBs	19,623		19,623	-	-	-
	Residential Real Estate (RRE) Financing	1,974,206		1,963,672	799,774	799,774	63,982
	Higher Risk Assets	6,345		6,345	9,518	9,518	761
	Defaulted Exposures	78,261		78,261	102,619	102,619	8,209
	Total for On-Balance Sheet Exposures	12,129,026		11,834,579	5,873,803	5,873,803	469,904
	<u>Off Balance Sheet Exposures</u>						
	Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	599,980		582,972	447,760	447,760	35,821
	Defaulted Exposures	9,666		9,666	14,463	14,463	1,157
	Total for Off-Balance Sheet Exposures	609,646		592,638	462,223	462,223	36,978
	Total for On and Off-Balance Sheet Exposures	12,738,672		12,427,217	6,336,026	6,336,026	506,882
2	MARKET RISK						
		<u>Long Position</u>	<u>Short Position</u>				
	Profit Rate Risk	50,690	50,894	(205)	323	-	26
	Foreign Currency Risk	3,327	-	3,327	3,327	-	266
3	OPERATIONAL RISK						
	Operational Risk				403,377		32,270
	Total RWA and Capital Requirements				6,743,053	6,336,026	539,444

OTC "Over The Counter"

PSIA "Profit Sharing Investment Account"

AFFIN Islamic Bank Berhad**(Incorporated in Malaysia)****BASEL II Pillar 3 Disclosures (continued)****Disclosure on Capital Adequacy under the Standardised Approach (RM'000)**

Market risk is defined as the risk of losses in on and off-balance sheet positions arising from movements in market prices. The Bank's Capital-at-Risk ('CaR') is defined as the amount of the Bank's capital that is exposed to the risk of unexpected losses arising particularly from movements in profit rates and foreign exchange rates. A CaR Limit is set as a management trigger to ensure that the Bank's exposure to such movements do not compromise the Bank's capital adequacy. The Bank is currently adopting BNM's Standardised Approach for the computation of market risk capital charges. The market risk capital charges addresses among others, capital requirement for market risk which includes the profit rate risk pertaining to the Bank's exposure in the 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
- b) Islamic Profit Rate Swap
- c) Cross Currency Swap ('CCS')
- d) Fixed Income instruments (i.e. Private Debt and Government Securities)

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.

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BASEL II Pillar 3 Disclosures (continued)

Disclosure on Credit Risk: Disclosures on Risk Weights under the Standardised Approach (RM'000)

Economic Entity/The Bank

30.6.2016

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	Securitization	Equity		
0%	2,147,971	-	19,954	-	308,131	-	-	-	390,395	-	-	-	2,866,451	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	48,166	-	185,677	-	613,439	-	-	-	4,417	-	-	-	851,699	170,340
35%	-	-	-	-	-	-	1,791,551	-	-	-	-	-	1,791,551	627,043
50%	-	-	26,651	-	88,231	163	255,405	4,162	-	-	-	-	374,612	187,306
70%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
75%	-	-	-	-	-	-	3,133,214	238	-	-	-	-	3,133,452	2,350,089
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	-	2,953,491	3,851	272,880	-	62,144	-	-	-	3,292,366	3,292,366
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
115%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	143,489	13,838	24,689	14,182	-	-	-	-	196,198	294,297
250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
937.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Average Risk Weight														
Deduction from Capital Base														

PSE "Public Sector Entities"

MDB "Multilateral Development Banks"

FDI "Financial Development Institutions"

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BASEL II Pillar 3 Disclosures (continued)

Disclosure on Credit Risk: Disclosures on Risk Weights (RM'000)
Economic Entity/The Bank
31.12.2015

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	Securitization	Equity		
0%	2,794,890	-	19,623	-	270,254	-	-	-	301,056	-	-	-	3,385,823	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	59,684	-	5,386	-	600,245	-	-	-	374,873	-	-	-	1,040,188	208,038
35%	-	-	-	-	-	-	1,635,087	-	-	-	-	-	1,635,087	572,280
50%	-	-	-	-	25,760	608	202,409	-	-	-	-	-	228,777	114,388
70%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
75%	-	-	-	-	-	2,914,873	244	-	-	-	-	-	2,915,117	2,186,338
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	-	2,938,656	3,966	151,193	-	62,896	-	-	-	3,156,711	3,156,711
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
115%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	17,953	14,249	26,451	6,861	-	-	-	-	65,514	98,271
250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
937.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Average Risk Weight														
Deduction from Capital Base														

PSE "Public Sector Entities"
MDB "Multilateral Development Banks"
FDI "Financial Development Institutions"

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BASEL II Pillar 3 Disclosures (continued)

- (i) **Disclosures on Rated Exposures according to Ratings by ECAIs (RM'000)**
Economic Entity/The Bank
30.6.2016

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						
		-	-	-	-	-
Corporates						
		282,771	62,476	-	-	3,983,433
Total						
		282,771	62,476	-	-	3,983,433

Exposure Class	Short term Ratings of Banking Institutions and Corporate by Approved ECAIs					
	Moodys	P-1	P-2	P-3	Others	Unrated
	S&P	A-1	A-2	A-3	Others	Unrated
	Fitch	F1+, F1	F2	F3	B to D	Unrated
	RAM	P-1	P-2	P-3	NP	Unrated
	MARC	MARC-1	MARC-2	MARC-3-	MARC-4	Unrated
	Rating & Investment Inc	a-1+, a-1	a-2	a-3	b, c	Unrated
On and Off-Balance-Sheet Exposures						
Banks, MDBs and FDIs						
		-	-	-	-	-
Rated 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						
		-	-	-	-	-
Corporates						
		-	-	-	-	-
Total						
		-	-	-	-	-

AFFIN Islamic Bank Berhad

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BASEL II Pillar 3 Disclosures (continued)**(i) Disclosures on Rated Exposures according to Ratings by ECAIs (RM'000)**

Economic Entity/The Bank

31.12.2015

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
<u>On and Off-Balance-Sheet Exposures</u>						
<u>Credit Exposures (using Corporate Risk Weights)</u>						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)						
		-	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers						
		-	-	-	-	-
Corporates						
		296,112	-	-	-	3,836,014
Total						
		296,112	-	-	-	3,836,014

Exposure Class	Short term Ratings of Banking Institutions and Corporate by Approved ECAIs					
	Moodys	P-1	P-2	P-3	Others	Unrated
	S&P	A-1	A-2	A-3	Others	Unrated
	Fitch	F1+, F1	F2	F3	B to D	Unrated
	RAM	P-1	P-2	P-3	NP	Unrated
	MARC	MARC-1	MARC-2	MARC-3-	MARC-4	Unrated
	Rating & Investment Inc	a-1+, a-1	a-2	a-3	b, c	Unrated
<u>On and Off-Balance-Sheet Exposures</u>						
Banks, MDBs and FDIs						
		-	-	-	-	-
<u>Rated Credit Exposures (using Corporate Risk Weights)</u>						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)						
		-	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers						
		-	-	-	-	-
Corporates						
		-	-	-	-	-
Total						
		-	-	-	-	-

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BASEL II Pillar 3 Disclosures (continued)**(ii) Disclosures on Rated Exposures according to Ratings by ECAIs (RM'000) (continued)**

Economic Entity/The Bank

30.6.2016

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moody's	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	-	2,196,137	-	-	-	-	-
Total	-	2,196,137	-	-	-	-	-

Exposure Class	Ratings of Banking Institutions by Approved ECAIs						
	Moody's	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	124,892	60,000	-	-	-	47,391	
Total	124,892	60,000	-	-	-	47,391	

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BASEL II Pillar 3 Disclosures (continued)**(ii) Disclosures on Rated Exposures according to Ratings by ECAIs (RM'000) (continued)**

Economic Entity/The Bank

31.12.2015

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moody's	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
<u>On and Off-Balance-Sheet Exposures</u>							
Sovereigns and Central Banks		-	2,854,574	-	-	-	-
Total		-	2,854,574	-	-	-	-

Exposure Class	Ratings of Banking Institutions by Approved ECAIs						
	Moody's	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
<u>On and Off-Balance-Sheet Exposures</u>							
Banks, MDBs and FDIs		5,310	-	-	-	-	19,699
Total		5,310	-	-	-	-	19,699

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BASEL II Pillar 3 Disclosures (continued)

a) **Disclosures on Credit Risk Mitigation (RM'000)**
Economic Entity/The Bank
30.6.2016

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees /Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
<u>Credit Risk</u>				
<u>On-Balance Sheet Exposures</u>				
Sovereigns/Central Banks	2,089,926	-	-	-
Banks, Development Financial Institutions & MDBs	226,606	-	-	-
Corporates	3,688,434	28,955	212,590	-
Regulatory Retail	3,118,566	-	24,136	-
Residential Mortgages	2,308,997	-	9,846	-
Higher Risk Assets	18,235	-	457	-
Other Assets	456,955	-	-	-
Defaulted Exposures	224,268	-	-	-
Total for On-Balance Sheet Exposures	12,131,987	28,955	247,029	-
<u>Off-Balance Sheet Exposures</u>				
Off-Balance sheet exposures other than OTC derivatives or credit derivatives	612,184	-	-	-
Defaulted Exposures	18,540	-	9,352	-
Total for Off-Balance Sheet Exposures	630,724	-	9,352	-
Total On and Off-Balance Sheet Exposures	12,762,711	28,955	256,381	-

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BASEL II Pillar 3 Disclosures (continued)**a) Disclosures on Credit Risk Mitigation (RM'000)****Economic Entity/The Bank**

31.12.2015

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees /Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
<u>Credit Risk</u>				
<u>On-Balance Sheet Exposures</u>				
Sovereigns/Central Banks	2,736,934	-	-	-
Banks, Development Financial Institutions & MDBs	19,623	-	-	-
Corporates	3,670,640	28,960	279,259	-
Regulatory Retail	2,904,191	-	21,662	-
Residential Mortgages	1,974,206	-	10,535	-
Higher Risk Assets	6,345	-	-	-
Other Assets	738,826	-	-	-
Defaulted Exposures	78,261	-	-	-
Total for On-Balance Sheet Exposures	12,129,026	28,960	311,456	-
<u>Off-Balance Sheet Exposures</u>				
Off-Balance sheet exposures other than OTC derivatives or credit derivatives	599,980	-	-	-
Defaulted Exposures	9,666	-	-	-
Total for Off-Balance Sheet Exposures	609,646	-	-	-
Total On and Off-Balance Sheet Exposures	12,738,672	28,960	311,456	-

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BASEL II Pillar 3 Disclosures (continued)**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 financing, where the exposure to credit risk is unilateral and only the financing 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.

Economic Entity/The Bank
30.6.2016

Description	Total Principle Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk Weighted Amount
Direct Credit Substitutes	11,850		11,850	11,871
Transaction related contingent Items	183,113		91,556	92,430
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	403,027		201,514	197,354
Short Term Self Liquidating trade related contingencies	296,822		59,364	20,064
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	1,306,634		261,327	152,340
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	27,464		-	-
Foreign exchange related contracts				
-less than one year	362,505	2,388	5,113	4,072
Total	2,591,415	2,388	630,724	478,131

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BASEL II Pillar 3 Disclosures (continued)**b) Disclosure on Off Balance Sheet and Counterparty Credit Risk (RM'000)****Economic Entity/The Bank**

31.12.2015

Description	Total Principle Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk Weighted Amount
Direct Credit Substitutes	9,383		9,383	9,383
Transaction related contingent Items	147,960		73,980	74,399
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	348,409		174,205	171,299
Short Term Self Liquidating trade related contingencies	368,567		73,713	25,863
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	1,387,337		277,467	180,823
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	15,321		-	-
Foreign exchange related contracts				
-less than one year	222,777	132	898	456
Total	2,499,754	132	609,646	462,223

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BASEL II Pillar 3 Disclosures (continued)**c) Disclosures on Market Risk - Profit Rate Risk/Rate of Return Risk in the Banking Book (RM million)**

Profit rate risk is the current and prospective impact to the Bank's financial condition due to adverse changes in the profit rates to which the statement of financial position is exposed. The objective of profit rate risk management is to achieve a stable and sustainable net profit income from the perspectives of (1) earnings in the next 12 months, and (2) economic value.

(1) Next 12 months' Earnings - Profit rate risk from the earnings perspective is the impact based on changes to the net profit income ('NPI') over the next 12 months. This risk is measured through sensitivity analysis including the application of an instantaneous 100 basis point parallel shock in 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 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 profit rates.

Type of Currency	The Bank/Economic Entity 30.6.2016		The Bank/Economic Entity 31.12.2015	
	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	(11.0)	66.7	(17.8)	73.0
US Dollar	(0.7)	-	(0.6)	-
Others (*)	(0.4)	-	(0.1)	-
Total	(12.1)	66.7	(18.5)	73.0

* Others comprise of AUD, EUR and GBP currencies where the amount of each currency is relatively small.