

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

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION as at 31 March 2016**

	Note	Economic Entity		The Bank	
		Current Financial Quarter 31/3/2016 RM'000	Previous Financial Year-End 31/12/2015 RM'000	Current Financial Quarter 31/3/2016 RM'000	Previous Financial Year-End 31/12/2015 RM'000
<b>ASSETS</b>					
Cash and short-term funds		2,190,893	1,918,570	2,190,893	1,918,570
Deposits and placements with banks and other financial institutions		-	35,034	-	35,034
Derivative financial assets	13	5,962	132	5,962	132
Financial investments available-for-sale	14	1,470,882	1,475,373	1,470,882	1,475,373
Financial investments held-to-maturity	15	77,638	76,283	77,638	76,283
Financing, advances and other financing	16	10,548,200	9,201,909	10,548,200	9,201,909
Other assets	17	40,461	3,759	40,461	3,759
Amount due from holding company		-	367,172	-	367,172
Amount due from joint ventures	18	40,378	39,936	40,378	39,936
Deferred tax assets		-	3,598	-	3,598
Statutory deposits with Bank Negara Malaysia		297,000	259,600	297,000	259,600
Investment in joint ventures		-	-	650	650
Property and equipment		2,722	2,613	2,722	2,613
Intangible assets		310	426	310	426
<b>TOTAL ASSETS</b>		<b>14,674,446</b>	<b>13,384,405</b>	<b>14,675,096</b>	<b>13,385,055</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	19	9,683,785	10,001,695	9,683,785	10,001,695
Deposits and placements of banks and other financial institutions	20	1,747,041	1,041,392	1,747,041	1,041,392
Investment accounts due to designated financial institutions	21	2,124,552	1,331,318	2,124,552	1,331,318
Derivative financial liabilities	22	5,490	1,035	5,490	1,035
Other liabilities	23	24,356	44,119	24,356	44,119
Amount due to holding company		91,957	-	91,957	-
Provision for taxation		10,805	10,031	10,805	10,031
Deferred tax liabilities		694	-	694	-
<b>TOTAL LIABILITIES</b>		<b>13,688,680</b>	<b>12,429,590</b>	<b>13,688,680</b>	<b>12,429,590</b>
Share capital		460,000	460,000	460,000	460,000
Reserves	24	525,766	494,815	526,416	495,465
<b>TOTAL EQUITY</b>		<b>985,766</b>	<b>954,815</b>	<b>986,416</b>	<b>955,465</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>14,674,446</b>	<b>13,384,405</b>	<b>14,675,096</b>	<b>13,385,055</b>
<b>COMMITMENTS AND CONTINGENCIES</b>					
	31	1,903,225	2,499,754	1,903,225	2,499,754
<b>Capital Adequacy</b>					
CET1 capital ratio	34	12.505%	13.197%	12.508%	13.203%
Tier 1 capital ratio	34	12.505%	13.197%	12.508%	13.203%
Total capital ratio	34	13.706%	14.415%	13.706%	14.415%

**AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS****UNAUDITED INCOME STATEMENTS for the financial quarter ended 31 March 2016**

	Note	Individual Quarter Economic Entity		Cumulative Quarter Economic Entity	
		Current Financial Quarter 31/3/2016 RM'000	Preceding Year Corresponding Quarter 31/3/2015 RM'000	Current Financial Quarter 31/3/2016 RM'000	Preceding Year Corresponding Quarter 31/3/2015 RM'000
Income derived from investment of depositors' funds and others	25	<b>129,905</b>	128,697	<b>129,905</b>	128,697
Income derived from investment of investment account funds	26	<b>19,181</b>	-	<b>19,181</b>	-
Income derived from investment of shareholders' funds	27	<b>11,290</b>	8,932	<b>11,290</b>	8,932
Allowances for impairment losses on financing, advances and other financing	28	<b>(2,535)</b>	(1,659)	<b>(2,535)</b>	(1,659)
<b>Total distributable income</b>		<b>157,841</b>	135,970	<b>157,841</b>	135,970
Income attributable to the depositors	29	<b>(100,893)</b>	(82,787)	<b>(100,893)</b>	(82,787)
<b>Total net income</b>		<b>56,948</b>	53,183	<b>56,948</b>	53,183
Other operating expenses	30	<b>(31,455)</b>	(29,661)	<b>(31,455)</b>	(29,661)
<b>Profit before zakat and taxation</b>		<b>25,493</b>	23,522	<b>25,493</b>	23,522
Zakat		-	-	-	-
<b>Profit before taxation</b>		<b>25,493</b>	23,522	<b>25,493</b>	23,522
Taxation		<b>(6,512)</b>	(5,757)	<b>(6,512)</b>	(5,757)
<b>Net profit after zakat and taxation</b>		<b>18,981</b>	17,765	<b>18,981</b>	17,765
<b>Attributable to:</b>					
Equity holders of the Bank		<b>18,981</b>	17,765	<b>18,981</b>	17,765
<b>Earnings per share (sen):</b>					
- Basic		<b>4.1</b>	4.9	<b>4.1</b>	4.9

**AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
*for the financial quarter ended 31 March 2016(continued)*

	<b>Individual Quarter Economic Entity</b>		<b>Cumulative Quarter Economic Entity</b>	
	<b>Current Financial Quarter 31/3/2016 RM'000</b>	<b>Preceding Year Corresponding Quarter 31/3/2015 RM'000</b>	<b>Current Financial Quarter 31/3/2016 RM'000</b>	<b>Preceding Year Corresponding Quarter 31/3/2015 RM'000</b>
<b>Profit after zakat and taxation</b>	<b>18,981</b>	17,765	<b>18,981</b>	17,765
Other comprehensive income:				
Items that may be reclassified subsequently to profit and loss:				
Net fair value change in financial investments available-for-sale	<b>15,750</b>	7,560	<b>15,750</b>	7,560
Deferred tax on financial investments available-for-sale	<b>(3,780)</b>	(1,814)	<b>(3,780)</b>	(1,814)
Other comprehensive income for the financial period, net of tax	<b>11,970</b>	5,746	<b>11,970</b>	5,746
<b>Total comprehensive income for the financial period</b>	<b>30,951</b>	23,511	<b>30,951</b>	23,511
<b>Attributable to equity holders of the Bank:</b>				
- Total comprehensive income	<b>30,951</b>	23,511	<b>30,951</b>	23,511

**AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS****UNAUDITED INCOME STATEMENTS for the financial quarter ended 31 March 2016***(continued)*

	Note	Individual Quarter The Bank		Cumulative Quarter The Bank	
		Current Financial Quarter 31/3/2016 RM'000	Preceding Year Corresponding Quarter 31/3/2015 RM'000	Current Financial Quarter 31/3/2016 RM'000	Preceding Year Corresponding Quarter 31/3/2015 RM'000
Income derived from investment of depositors' funds and others	25	<b>129,905</b>	128,697	<b>129,905</b>	128,697
Income derived from investment of investment account funds	26	<b>19,181</b>	-	<b>19,181</b>	-
Income derived from investment of shareholders' funds	27	<b>11,290</b>	8,932	<b>11,290</b>	8,932
Allowances for impairment losses on financing, advances and other financing	28	<b>(2,535)</b>	(1,659)	<b>(2,535)</b>	(1,659)
<b>Total distributable income</b>		<b>157,841</b>	135,970	<b>157,841</b>	135,970
Income attributable to the depositors	29	<b>(100,893)</b>	(82,787)	<b>(100,893)</b>	(82,787)
<b>Total net income</b>		<b>56,948</b>	53,183	<b>56,948</b>	53,183
Other operating expenses	30	<b>(31,455)</b>	(29,661)	<b>(31,455)</b>	(29,661)
<b>Profit before zakat and taxation</b>		<b>25,493</b>	23,522	<b>25,493</b>	23,522
Zakat		-	-	-	-
<b>Profit before taxation</b>		<b>25,493</b>	23,522	<b>25,493</b>	23,522
Taxation		<b>(6,512)</b>	(5,757)	<b>(6,512)</b>	(5,757)
<b>Net profit after zakat and taxation</b>		<b>18,981</b>	17,765	<b>18,981</b>	17,765
<b>Attributable to:</b>					
Equity holders of the Bank		<b>18,981</b>	17,765	<b>18,981</b>	17,765
<b>Earnings per share (sen):</b>					
- Basic		<b>4.1</b>	4.9	<b>4.1</b>	4.9

**AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS****UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME***for the financial quarter ended 31 March 2016(continued)*

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>The Bank</b>		<b>The Bank</b>	
	<b>Current</b>	Preceding Year	<b>Current</b>	Preceding Year
	<b>Financial</b>	Corresponding	<b>Financial</b>	Corresponding
	<b>Quarter</b>	Quarter	<b>Quarter</b>	Quarter
	<b>31/3/2016</b>	31/3/2015	<b>31/3/2016</b>	31/3/2015
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Profit after zakat and taxation</b>	<b>18,981</b>	17,765	<b>18,981</b>	17,765
Other comprehensive income:				
Items that may be reclassified subsequently to profit and loss:				
Net fair value change in financial investments available-for-sale	<b>15,750</b>	7,560	<b>15,750</b>	7,560
Deferred tax on financial investments available-for-sale	<b>(3,780)</b>	(1,814)	<b>(3,780)</b>	(1,814)
Other comprehensive income for the financial period, net of tax	<b>11,970</b>	5,746	<b>11,970</b>	5,746
<b>Total comprehensive income for the financial period</b>	<b>30,951</b>	23,511	<b>30,951</b>	23,511
<b>Attributable to equity holders of the Bank:</b>				
- Total comprehensive income	<b>30,951</b>	23,511	<b>30,951</b>	23,511

**AFFIN Islamic Bank Berhad**  
**(Incorporated in Malaysia)**
**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
*for the financial quarter ended 31 March 2016*

Economic Entity	Attributable to Equity Holders of the Bank					Total RM'000
	Share capital	Statutory reserves	AFS revaluation reserves	Regulatory reserves	Retained profits	
	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>At 1 January 2016</b>	<b>460,000</b>	<b>248,717</b>	<b>(7,908)</b>	<b>58,400</b>	<b>195,606</b>	<b>954,815</b>
Net profit for the financial period	-	-	-	-	18,981	18,981
Other comprehensive income (net of tax)						
- Financial investments available-for-sale	-	-	11,970	-	-	11,970
Total comprehensive income	-	-	11,970	-	18,981	30,951
Transfer to regulatory reserves	-	-	-	3,891	(3,891)	-
<b>At 31 March 2016</b>	<b>460,000</b>	<b>248,717</b>	<b>4,062</b>	<b>62,291</b>	<b>210,696</b>	<b>985,766</b>
Economic Entity	Share capital	Statutory reserves	AFS revaluation reserves	Regulatory reserves	Retained profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2015</b>	<b>360,000</b>	<b>206,324</b>	<b>(5,876)</b>	<b>49,020</b>	<b>162,594</b>	<b>772,062</b>
Net profit for the financial period	-	-	-	-	17,765	17,765
Other comprehensive income (net of tax)						
- Financial investments available-for-sale	-	-	5,746	-	-	5,746
Total comprehensive income	-	-	5,746	-	17,765	23,511
Transfer to regulatory reserves	-	-	-	2,194	(2,194)	-
<b>At 31 March 2015</b>	<b>360,000</b>	<b>206,324</b>	<b>(130)</b>	<b>51,214</b>	<b>178,165</b>	<b>795,573</b>

**AFFIN Islamic Bank Berhad**  
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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
*for the financial quarter ended 31 March 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
<b>At 1 January 2016</b>	<b>460,000</b>	<b>248,717</b>	<b>(7,908)</b>	<b>58,400</b>	<b>196,256</b>	<b>955,465</b>
Net profit for the financial period	-	-	-	-	18,981	18,981
Other comprehensive income (net of tax)						
- Financial investments available-for-sale	-	-	11,970	-	-	11,970
Total comprehensive income	-	-	11,970	-	18,981	30,951
Transfer to regulatory reserves	-	-	-	3,891	(3,891)	-
<b>At 31 March 2016</b>	<b>460,000</b>	<b>248,717</b>	<b>4,062</b>	<b>62,291</b>	<b>211,346</b>	<b>986,416</b>
The Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2015</b>	<b>360,000</b>	<b>206,324</b>	<b>(5,876)</b>	<b>49,020</b>	<b>163,244</b>	<b>772,712</b>
Net profit for the financial period	-	-	-	-	17,765	17,765
Other comprehensive income (net of tax)						
- Financial investments available-for-sale	-	-	5,746	-	-	5,746
Total comprehensive income	-	-	5,746	-	17,765	23,511
Transfer to regulatory reserves	-	-	-	2,194	(2,194)	-
<b>At 31 March 2015</b>	<b>360,000</b>	<b>206,324</b>	<b>(130)</b>	<b>51,214</b>	<b>178,815</b>	<b>796,223</b>

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

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CASH FLOWS for the financial quarter ended 31 March 2016**

	Economic Entity		The Bank	
	31/3/2016 RM'000	31/3/2015 RM'000	31/3/2016 RM'000	31/3/2015 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Profit before taxation</b>	<b>25,493</b>	23,522	<b>25,493</b>	23,522
Adjustments for items not involving the movement of cash and cash equivalents:				
Finance income and hibah from:				
- financial investments available-for-sale	(13,066)	(11,228)	(13,066)	(11,228)
- financial investments held-to-maturity	(1,355)	(1,441)	(1,355)	(1,441)
Accretion of discount less amortisation of premium:				
- financial investments available-for-sale	(1,346)	(3,107)	(1,346)	(3,107)
Gain on sale/redemption:				
- financial investments available-for-sale	(745)	(119)	(745)	(119)
(Gain)/loss on unrealised foreign exchange	(1,375)	27	(1,375)	27
Depreciation of property and equipment	258	254	258	254
Amortisation of intangible assets	116	116	116	116
Net individual impairment	493	2,397	493	2,397
Net collective impairment	2,629	(601)	2,629	(601)
<b>Operating profit before changes in working capital</b>	<b>11,102</b>	9,820	<b>11,102</b>	9,820
<i>Decrease/(increase) in operating assets:</i>				
Deposits and placements with banks and other financial institutions				
	35,034	-	35,034	-
Financing, advances and other financing	(1,349,413)	(135,176)	(1,349,413)	(135,176)
Other assets	(23,027)	(30,204)	(23,027)	(30,204)
Statutory deposits with Bank Negara Malaysia	(37,400)	(29,000)	(37,400)	(29,000)
Amount due from holding company	367,172	(177,837)	367,172	(177,837)
Amount due from joint ventures	(442)	(7,305)	(442)	(7,305)
Derivative financial instruments	(1,375)	27	(1,375)	27
<i>(Decrease)/Increase in operating liabilities:</i>				
Deposits from customers	(317,910)	(256,367)	(317,910)	(256,367)
Deposits and placements of banks and other financial institutions				
	705,649	193,228	705,649	193,228
Investment accounts due to designated financial institutions				
	793,234	-	793,234	-
Amount due to holding company	91,957	-	91,957	-
Other liabilities	(19,380)	(2,764)	(19,380)	(2,764)
Cash generated from/(used in) operations	255,201	(435,578)	255,201	(435,578)
Zakat paid	(383)	(559)	(383)	(559)
Tax paid	(5,227)	(5,000)	(5,227)	(5,000)
<b>Net cash generated from/(used in) operating activities</b>	<b>249,591</b>	(441,137)	<b>249,591</b>	(441,137)



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

**INTERIM FINANCIAL STATEMENTS**

**UNAUDITED STATEMENTS OF CASH FLOWS** *for the financial quarter ended 31 March 2016*  
(continued)

	<b>Economic Entity</b>		<b>The Bank</b>	
	<b>31/3/2016</b>	<b>31/3/2015</b>	<b>31/3/2016</b>	<b>31/3/2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Finance income and hibah received from:				
- financial investments available-for-sale	<b>13,066</b>	11,228	<b>13,066</b>	11,228
- financial investments held-to-maturity	<b>1,355</b>	1,441	<b>1,355</b>	1,441
Redemption of financial investments held-to-maturity	<b>(1,355)</b>	(1,441)	<b>(1,355)</b>	(1,441)
Net sale of financial investments available-for-sale	<b>22,333</b>	40,719	<b>22,333</b>	40,719
Purchase of property and equipment	<b>(203)</b>	(74)	<b>(203)</b>	(74)
<b>Net cash generated from investing activities</b>	<b>35,196</b>	51,873	<b>35,196</b>	51,873
Net increase/(decrease) in cash and cash equivalents	<b>284,787</b>	(389,264)	<b>284,787</b>	(389,264)
Net decrease in foreign exchange	<b>(12,464)</b>	(2,249)	<b>(12,464)</b>	(2,249)
Cash and cash equivalents at beginning of the financial period	<b>1,918,570</b>	3,333,472	<b>1,918,570</b>	3,333,472
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<b>2,190,893</b>	2,941,959	<b>2,190,893</b>	2,941,959

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

**MFRS 134 INTERIM FINANCIAL REPORTING - 31 MARCH 2016**

**1 BASIS OF PREPARATION**

This unaudited condensed interim financial information for the 3 months ended 31 March 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 31 March 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';  
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.

## **AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

### **MFRS 134 INTERIM FINANCIAL REPORTING - 31 MARCH 2016**

#### **5 EXCEPTIONAL ITEMS**

There was no exceptional items for the quarter ended 31 March 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 31 March 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 31 March 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 31 December 2015 audited accounts.

#### **11 PURCHASE AND SALE OF QUOTED SECURITIES**

There were no purchases or disposals of quoted securities for the quarter ended 31 March 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 31 March 2016.

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

**MFRS 134 INTERIM FINANCIAL REPORTING - 31 MARCH 2016**

**13 DERIVATIVE FINANCIAL ASSETS**

	<b>Economic Entity and The Bank</b>			
	<b>Current Financial Quarter</b>		<b>Previous Financial Year End</b>	
	<b>31/3/2016</b>		<b>31/12/2015</b>	
	<b>Contract/ notional amount RM'000</b>	<b>Assets RM'000</b>	<b>Contract/ notional amount RM'000</b>	<b>Assets RM'000</b>
<b>At fair value</b>				
Foreign exchange derivatives				
- Currency forwards	<u>25,677</u>	<u>5,962</u>	<u>61,967</u>	<u>132</u>
	<b>25,677</b>	<b>5,962</b>	<b>61,967</b>	<b>132</b>

**14 FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE**

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter 31/3/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>
<b>At fair value</b>		
Money market instruments:		
Malaysian Government investment issues	<u>557,807</u>	613,857
Sukuk Perumahan Kerajaan	<u>189,653</u>	187,219
Khazanah Sukuk	<u>168,568</u>	165,280
	<b>916,028</b>	966,356
Unquoted securities:		
Shares in Malaysia	<u>1,325</u>	1,075
Private debt securities/sukuk		
- in Malaysia	<u>554,079</u>	508,492
	<b>1,471,432</b>	1,475,923
Allowance for impairment losses	<u>(550)</u>	(550)
	<b>1,470,882</b>	1,475,373
<b>Movement in allowance for impairment losses</b>		
At beginning of the financial period	<u>550</u>	550
At end of the financial period	<b>550</b>	550

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**MFRS 134 INTERIM FINANCIAL REPORTING - 31 MARCH 2016****15 FINANCIAL INVESTMENTS HELD-TO-MATURITY**

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter 31/3/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>
<b>At amortised cost</b>		
Unquoted securities:		
Private debt securities/sukuk in Malaysia	<b>77,638</b>	76,283
	<b>77,638</b>	<b>76,283</b>

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

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter 31/3/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>
Cash line	<b>305,508</b>	314,426
Term financing		
- House financing	<b>2,238,064</b>	2,096,258
- Hire purchase receivables	<b>2,828,255</b>	2,710,393
- Syndicated financing	<b>977,851</b>	490,723
- Business term financing	<b>3,344,813</b>	2,860,153
Bills receivables	<b>15,925</b>	36,637
Trust receipts	<b>13,745</b>	12,600
Claims on customers under acceptances credits	<b>102,611</b>	123,897
Staff financing (of which RM Nil to Directors)	<b>9,752</b>	9,536
Revolving credits	<b>786,752</b>	622,473
<b>Gross financing, advances and other financing</b>	<b>10,623,276</b>	9,277,096
Less:		
Allowance for impairment losses		
- Individual	<b>(35,776)</b>	(38,516)
- Collective	<b>(39,300)</b>	(36,671)
<b>Total net financing, advances and other financing</b>	<b>10,548,200</b>	<b>9,201,909</b>

Included in business term financing as at reporting date is RM53.7 million (31 December 2015: RM53.7 million) and RM63.9 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 - 31 MARCH 2016****16 FINANCING, ADVANCES AND OTHER FINANCING****(ii) By maturity structure**

	<b>Economic Entity and The Bank</b>	
	<b>Current</b>	<b>Previous</b>
	<b>Financial</b>	<b>Financial</b>
	<b>Quarter</b>	<b>Year-End</b>
	<b>31/3/2016</b>	<b>31/12/2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Maturing within one year	<b>2,048,221</b>	1,426,334
One year to three years	<b>896,687</b>	542,303
Three years to five years	<b>1,132,722</b>	927,366
Over five years	<b>6,545,646</b>	6,381,093
	<b>10,623,276</b>	<b>9,277,096</b>

**(iii) By contract**

**Economic Entity and The Bank**  
31/3/2016  
RM'000

	<b>Al- Bai</b>		<b>Al-Ijarah</b>					
	<b>Bithaman Ajil</b>	<b>Ijarah</b>	<b>Thumma Al-Bai</b>	<b>Murabahah</b>	<b>Musyarakah</b>	<b>Istisna'</b>	<b>Others</b>	<b>Total</b>
Cash line	-	-	-	205,691	-	-	99,817	305,508
Term financing								
House financing	985,652	-	-	-	1,252,406	-	6	2,238,064
Hire purchase receivables	-	-	2,828,255	-	-	-	-	2,828,255
Syndicated financing	-	177,066	-	696,659	-	-	104,126	977,851
Business term financing	459,588	645,085	-	1,300,727	177,152	756,583	5,678	3,344,813
Bills receivables	-	-	-	-	-	-	15,925	15,925
Trust receipts	-	-	-	13,745	-	-	-	13,745
Claims on customers under acceptance credits	-	-	-	102,611	-	-	-	102,611
Staff financing	8,170	-	-	1,582	-	-	-	9,752
Revolving credit	-	-	-	786,752	-	-	-	786,752
<b>Total Financing</b>	<b>1,453,410</b>	<b>822,151</b>	<b>2,828,255</b>	<b>3,107,767</b>	<b>1,429,558</b>	<b>756,583</b>	<b>225,552</b>	<b>10,623,276</b>

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

	<b>Al- Bai</b>		<b>Al-Ijarah</b>					
	<b>Bithaman Ajil</b>	<b>Ijarah</b>	<b>Thumma Al-Bai</b>	<b>Murabahah</b>	<b>Musyarakah</b>	<b>Istisna'</b>	<b>Others</b>	<b>Total</b>
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
<b>Total Financing</b>	<b>1,490,718</b>	<b>788,404</b>	<b>2,710,393</b>	<b>2,102,063</b>	<b>1,235,369</b>	<b>724,333</b>	<b>225,816</b>	<b>9,277,096</b>

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**16 FINANCING, ADVANCES AND OTHER FINANCING**

(iv) **By type of customer**

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter 31/3/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>
Domestic non-banking institutions		
- Others	117,447	128,201
Domestic business enterprises		
- Small medium enterprises	997,938	1,009,214
- Others	3,007,511	2,630,241
Government and statutory bodies	1,340,429	603,070
Individuals	4,977,468	4,731,527
Other domestic entities	46,349	25,785
Foreign entities	136,134	149,058
	<b>10,623,276</b>	<b>9,277,096</b>

(v) **By profit rate sensitivity**

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter 31/3/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>
Fixed rate		
- House financing	50,827	52,555
- Hire purchase receivables	2,828,255	2,710,393
- Other fixed rate financing	1,301,246	1,315,546
Variable rate		
- BFR	4,500,350	3,786,002
- Cost - plus	1,942,598	1,412,600
	<b>10,623,276</b>	<b>9,277,096</b>

(vi) **By economic sectors**

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter 31/3/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>
Primary agriculture	358,480	278,908
Mining and quarrying	13,186	13,037
Manufacturing	219,694	225,820
Electricity, gas and water supply	56,654	57,371
Construction	613,039	554,160
Real estate	1,432,671	1,170,597
Wholesale & retail trade and restaurants & hotels	265,024	218,502
Transport, storage and communication	208,279	206,002
Finance, insurance and business activities	566,974	566,877
Education, health and others	1,845,758	1,201,117
Household	5,007,134	4,761,002
Others	36,383	23,703
	<b>10,623,276</b>	<b>9,277,096</b>

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	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter 31/3/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>
Purchase of securities	2,296	2,433
Purchase of transport vehicles	2,853,510	2,735,838
Purchase of landed property of which:		
- Residential	2,323,408	2,175,552
- Non-residential	1,051,319	979,335
Fixed assets other than land and building	69,935	76,336
Personal use	43,278	36,495
Construction	1,061,217	801,745
Working capital	3,086,210	2,336,306
Others	132,103	133,056
	<b>10,623,276</b>	<b>9,277,096</b>

**(viii) By geographical distribution**

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter 31/3/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>
Perlis	105,318	121,729
Kedah	583,788	559,401
Pulau Pinang	291,681	231,126
Perak	400,083	387,683
Selangor	3,035,989	3,078,014
Wilayah Persekutuan	4,020,025	2,882,646
Negeri Sembilan	357,720	330,752
Melaka	172,014	148,843
Johor	525,257	445,391
Pahang	291,202	293,827
Terengganu	415,654	418,636
Kelantan	160,228	161,609
Sarawak	112,460	69,266
Sabah	45,312	28,552
Labuan	53	56
Outside Malaysia	106,492	119,565
	<b>10,623,276</b>	<b>9,277,096</b>



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**MFRS 134 INTERIM FINANCIAL REPORTING - 31 MARCH 2016****16 FINANCING, ADVANCES AND OTHER FINANCING (continued)****(ix) Movements of impaired financing**

	<b>Economic Entity and The Bank</b>	
	<b>Current</b>	Previous
	<b>Financial</b>	Financial
	<b>Quarter</b>	Year-End
	<b>31/3/2016</b>	31/12/2015
	<b>RM'000</b>	RM'000
At beginning of the financial period	<b>141,708</b>	129,157
Classified as impaired	<b>25,788</b>	108,375
Reclassified as non-impaired	<b>(15,220)</b>	(67,897)
Amount recovered	<b>(13,769)</b>	(18,862)
Amount written-off	<b>-</b>	(9,065)
<b>At end of the financial period</b>	<b><u>138,507</u></b>	<u>141,708</u>
Ratio of gross impaired financing, advances and other financing to gross financing, advances and other financing	<b><u>1.30%</u></b>	<u>1.53%</u>
Gross financing, advances and other financing	<b>10,623,276</b>	9,277,096
RIA financing	<b>(2,121,607)</b>	(1,316,026)
	<b><u>8,501,669</u></b>	<u>7,961,070</u>
Less:		
- Individual impairment allowance	<b>(35,776)</b>	(38,516)
- Collective impairment allowance on impaired financing	<b>(14,932)</b>	(12,921)
<b>Total net financing, advances and other financing</b>	<b><u>8,450,961</u></b>	<u>7,909,633</u>
Net impaired financing, advances and other financing as a percentage of net financing, advances and other financing	<b><u>1.04%</u></b>	<u>1.14%</u>

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**MFRS 134 INTERIM FINANCIAL REPORTING - 31 MARCH 2016****16 FINANCING, ADVANCES AND OTHER FINANCING (continued)****(x) Movements in allowance for impairment on financing**

	<b>Economic Entity and The Bank</b>	
	<b>Current</b>	Previous
	<b>Financial</b>	Financial
	<b>Quarter</b>	Year-End
	<b>31/3/2016</b>	31/12/2015
	<b>RM'000</b>	RM'000
<b>Individual impairment</b>		
At beginning of the financial period	<b>38,516</b>	31,519
Allowance made during the financial period	<b>582</b>	3,559
Amount recovered	<b>(89)</b>	(47)
Amount written-off	<b>-</b>	(2,383)
Unwinding of income	<b>(26)</b>	(628)
Exchange differences	<b>(3,207)</b>	6,496
<b>At end of the financial period</b>	<b><u>35,776</u></b>	<u>38,516</u>
<b>Collective impairment</b>		
At beginning of the financial period	<b>36,671</b>	37,393
Allowance made during the financial period	<b>2,629</b>	5,959
Amount written-off	<b>-</b>	(6,681)
<b>At end of the financial period</b>	<b><u>39,300</u></b>	<u>36,671</u>
As a percentage of gross financing and advances (excluding RIA financing) less individual assessment allowance	<b><u>0.46%</u></b>	<u>0.46%</u>

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

	<b>Economic Entity and The Bank</b>	
	<b>Current</b>	Previous
	<b>Financial</b>	Financial
	<b>Quarter</b>	Year-End
	<b>31/3/2016</b>	31/12/2015
	<b>RM'000</b>	RM'000
Primary agriculture	<b>9</b>	-
Manufacturing	<b>468</b>	348
Construction	<b>617</b>	388
Real estate	<b>78,007</b>	85,867
Wholesale & retail trade and restaurants & hotels	<b>2,179</b>	1,900
Transport, storage and communication	<b>285</b>	301
Finance, insurance and business activities	<b>704</b>	111
Education, health and others	<b>214</b>	142
Household	<b>56,024</b>	52,651
	<b><u>138,507</u></b>	<u>141,708</u>

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**MFRS 134 INTERIM FINANCIAL REPORTING - 31 MARCH 2016****16 FINANCING, ADVANCES AND OTHER FINANCING (continued)****(xii) Impaired financing by economic purpose**

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter 31/3/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>
Purchase of transport vehicles	14,520	12,626
Purchase of landed property of which:		
- Residential	40,685	39,463
- Non-residential	2,530	1,376
Fixed assets other than land and building	296	-
Personal use	501	495
Construction	78,007	85,867
Working capital	1,968	1,881
	<b>138,507</b>	<b>141,708</b>

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

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter 31/3/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>
Perlis	72	41
Kedah	776	1,008
Pulau Pinang	2,122	1,525
Perak	4,424	3,922
Selangor	31,552	28,622
Wilayah Persekutuan	5,703	5,930
Negeri Sembilan	3,471	2,719
Melaka	626	482
Johor	2,007	2,078
Pahang	1,356	1,345
Terengganu	4,153	3,918
Kelantan	3,731	3,633
Sarawak	236	252
Sabah	270	366
Outside Malaysia	78,008	85,867
	<b>138,507</b>	<b>141,708</b>

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**MFRS 134 INTERIM FINANCIAL REPORTING - 31 MARCH 2016****17 OTHER ASSETS**

	<b>Economic Entity and The Bank</b>	
	<b>Current</b>	Previous
	<b>Financial</b>	Financial
	<b>Quarter</b>	Year-End
	<b>31/3/2016</b>	31/12/2015
	<b>RM'000</b>	RM'000
Other debtors, deposits and prepayments	2,676	3,062
Clearing accounts	37,390	302
Foreclosed properties (a)	395	395
	<b>40,461</b>	<b>3,759</b>
<b>(a) Foreclosed properties</b>		
At beginning/end of the financial period	<b>395</b>	<b>395</b>

**18 AMOUNT DUE FROM JOINT VENTURES**

	<b>Economic Entity and The Bank</b>	
	<b>31/3/2016</b>	31/12/2015
	<b>RM'000</b>	RM'000
Advances to joint ventures	<b>40,378</b>	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**

	<b>Economic Entity and The Bank</b>	
	<b>Current</b>	Previous
	<b>Financial</b>	Financial
	<b>Quarter</b>	Year-End
	<b>31/3/2016</b>	31/12/2015
	<b>RM'000</b>	RM'000
<b>Non-Mudharabah</b>		
Demand deposits	2,201,299	2,435,998
Savings deposits	428,789	412,394
Murabahah term deposits	6,287,007	6,413,389
Commodity Murabahah	658,815	630,118
<b>Mudharabah</b>		
General investment deposits	<b>107,875</b>	109,796
	<b>9,683,785</b>	<b>10,001,695</b>

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**MFRS 134 INTERIM FINANCIAL REPORTING - 31 MARCH 2016****19 DEPOSITS FROM CUSTOMERS (continued)****(ii) Maturity structure of Murabahah term deposits and general investment deposits**

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter 31/3/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>
Due within six months	4,841,309	4,781,599
Six months to one year	1,532,454	1,630,224
One year to three years	20,993	111,216
Three years to five years	126	146
	<b>6,394,882</b>	<b>6,523,185</b>

**(iii) By type of customer**

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter 31/3/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>
Government and statutory bodies	2,889,184	2,945,481
Business enterprise	3,520,958	4,004,165
Individuals	1,322,978	1,278,221
Domestic banking institutions	2,855	814
Domestic non-banking financial institutions	1,693,412	1,313,150
Foreign entities	65,040	64,584
Others entities	189,358	395,280
	<b>9,683,785</b>	<b>10,001,695</b>

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

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter 31/3/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>
<b>Mudharabah</b>		
Licensed banks	1,343,369	636,217
Other financial institutions	403,672	405,175
	<b>1,747,041</b>	<b>1,041,392</b>

**Maturity structure of deposits are as follows:**

Due within six months	<b>1,747,041</b>	1,041,392
	<b>1,747,041</b>	<b>1,041,392</b>

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**21 INVESTMENT ACCOUNTS DUE FROM DESIGNATED FINANCIAL INSTITUTIONS**

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter 31/3/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>
Licensed banks	<b>2,124,552</b>	1,331,318

**Maturity structure of investment accounts are as follows:**

Due within six months	<b>204,597</b>	-
Six months to one year	<b>500,989</b>	202,205
One year to three years	<b>431,208</b>	130,036
Three years to five years	<b>41,041</b>	40,406
Five years and above	<b>946,717</b>	958,671
	<b>2,124,552</b>	1,331,318

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter 31/3/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>
<b>Movement in investment accounts</b>		
At beginning of the financial period	<b>1,331,318</b>	-
Amount transferred from RPSIA	-	695,588
New placement during the period	<b>800,000</b>	1,630,000
Redemption during the period	<b>(2,651)</b>	(1,012,803)
Finance expense on RIA	<b>17,952</b>	33,414
Profit distributed	<b>(22,067)</b>	(14,881)
At end of the financial period	<b>2,124,552</b>	1,331,318

**Profit Sharing Ratio and Rate of Return**

	<b>Economic Entity and The Bank</b>			
	<b>31/3/2016</b>		<b>31/12/2015</b>	
	<b>Average profit sharing ratio %</b>	<b>Average rate of return %</b>	<b>Average profit sharing ratio %</b>	<b>Average rate of return %</b>
Investment accounts:				
Due within six months	<b>98</b>	<b>4.87</b>	-	-
Six months to one year	<b>95</b>	<b>4.01</b>	98	4.87
One year to three years	<b>96</b>	<b>4.74</b>	96	4.68
Three years to five years	<b>93</b>	<b>6.37</b>	93	6.37
Five years and above	<b>96</b>	<b>4.92</b>	96	4.81

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**22 DERIVATIVE FINANCIAL LIABILITIES**

	<b>Economic Entity and The Bank</b>			
	<b>Current Financial Quarter</b> 31/3/2016		<b>Previous Financial Year End</b> 31/12/2015	
	<b>Contract/ notional amount RM'000</b>	<b>Liabilities RM'000</b>	<b>Contract/ notional amount RM'000</b>	<b>Liabilities RM'000</b>
<b>At fair value</b>				
Foreign exchange derivatives				
- Currency forwards	<b>83,267</b>	<b>5,490</b>	160,810	1,035
	<b>83,267</b>	<b>5,490</b>	160,810	1,035

**23 OTHER LIABILITIES**

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter 31/3/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>
Margin and collateral deposits	<b>12,552</b>	13,000
Other creditors and accruals	<b>3,715</b>	5,370
Cheque clearing accounts	-	13,621
Sundry creditors	<b>4,624</b>	8,292
Provision for zakat	<b>1,925</b>	2,307
Defined contribution plan (a)	<b>1,154</b>	1,143
Accrued employee benefits (b)	<b>23</b>	23
Charity funds	<b>363</b>	363
	<b>24,356</b>	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**

	<b>Economic Entity</b>		<b>The Bank</b>	
	<b>Current</b>	Previous	<b>Current</b>	Previous
	<b>Financial</b>	Financial	<b>Financial</b>	Financial
	<b>Quarter</b>	Year-End	<b>Quarter</b>	Year-End
	<b>31/3/2016</b>	31/12/2015	<b>31/3/2016</b>	31/12/2015
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Retained profits	<b>210,696</b>	195,606	<b>211,346</b>	196,256
AFS revaluation reserves	<b>4,062</b>	(7,908)	<b>4,062</b>	(7,908)
Statutory reserves	<b>248,717</b>	248,717	<b>248,717</b>	248,717
Regulatory reserves	<b>62,291</b>	58,400	<b>62,291</b>	58,400
	<b>525,766</b>	494,815	<b>526,416</b>	495,465
<b>Statutory reserves</b>				
At beginning of the financial period	<b>248,717</b>	206,324	<b>248,717</b>	206,324
Transfer from retained profits	-	42,393	-	42,393
At end of the financial period	<b>248,717</b>	248,717	<b>248,717</b>	248,717

- (a) As at 31 March 2016, the Bank has tax exempt account balance of RM13,322,724 (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 RM1,565,805 (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**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Economic Entity and The Bank</b>		<b>Economic Entity and The Bank</b>	
	<b>Current</b>	<b>Preceding Year</b>	<b>Current</b>	<b>Preceding Year</b>
	<b>Financial</b>	<b>Corresponding</b>	<b>Financial</b>	<b>Corresponding</b>
	<b>Quarter</b>	<b>Quarter</b>	<b>Quarter</b>	<b>Quarter</b>
	<b>31/3/2016</b>	<b>31/3/2015</b>	<b>31/3/2016</b>	<b>31/3/2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of depositors' funds and others	<b>129,905</b>	128,697	<b>129,905</b>	128,697
Income attributable to depositors	<b>(100,893)</b>	(82,787)	<b>(100,893)</b>	(82,787)
Income derived from investment of investment account funds	<b>19,181</b>	-	<b>19,181</b>	-
Income derived from investment of shareholders' funds	<b>11,290</b>	8,932	<b>11,290</b>	8,932
	<b>59,483</b>	54,842	<b>59,483</b>	54,842
of which:				
Profit earned on impaired financing, advances and other financing	<b>196</b>	125	<b>196</b>	125

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

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Economic Entity and The Bank</b>		<b>Economic Entity and The Bank</b>	
	<b>Current</b>	<b>Preceding Year</b>	<b>Current</b>	<b>Preceding Year</b>
	<b>Financial</b>	<b>Corresponding</b>	<b>Financial</b>	<b>Corresponding</b>
	<b>Quarter</b>	<b>Quarter</b>	<b>Quarter</b>	<b>Quarter</b>
	<b>31/3/2016</b>	<b>31/3/2015</b>	<b>31/3/2016</b>	<b>31/3/2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of:				
- General investment deposits (i)	<b>66,719</b>	78,981	<b>66,719</b>	78,981
- Other deposits (ii)	<b>63,186</b>	49,716	<b>63,186</b>	49,716
	<b>129,905</b>	128,697	<b>129,905</b>	128,697

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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
	31/3/2016	31/3/2015	31/3/2016	31/3/2015
	RM'000	RM'000	RM'000	RM'000
<b>Finance income and hibah</b>				
Financing, advances and other financing	52,314	52,615	52,314	52,615
Financial investments available-for-sale	5,435	6,443	5,435	6,443
Financial investments held-to-maturity	564	827	564	827
Money at call and deposits with other financial institutions	5,301	13,643	5,301	13,643
	<b>63,614</b>	<b>73,528</b>	<b>63,614</b>	<b>73,528</b>
Accretion of discount less amortisation of premium	560	1,783	560	1,783
Total finance income and hibah	<b>64,174</b>	<b>75,311</b>	<b>64,174</b>	<b>75,311</b>
<b>Other operating income</b>				
Fee income:				
Commission	208	319	208	319
Service charges and fees	590	929	590	929
Guarantee fees	255	311	255	311
	<b>1,053</b>	<b>1,559</b>	<b>1,053</b>	<b>1,559</b>
Income from financial instruments:				
Gains on arising on financial investments available-for-sale:				
- net gain on disposal	310	68	310	68
	<b>310</b>	<b>68</b>	<b>310</b>	<b>68</b>
Other income:				
Foreign exchange profit/(loss)				
- realised	331	1,710	331	1,710
- unrealised	572	(15)	572	(15)
Other non-operating income	279	348	279	348
	<b>1,182</b>	<b>2,043</b>	<b>1,182</b>	<b>2,043</b>
	<b>66,719</b>	<b>78,981</b>	<b>66,719</b>	<b>78,981</b>

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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
	31/3/2016	31/3/2015	31/3/2016	31/3/2015
	RM'000	RM'000	RM'000	RM'000
<b>Finance income and hibah</b>				
Financing, advances and other loans	49,543	33,119	49,543	33,119
Financial investments available-for-sale	5,148	4,056	5,148	4,056
Financial investments held-to-maturity	534	521	534	521
Money at call and deposits with other financial institutions	5,020	8,588	5,020	8,588
	<b>60,245</b>	<b>46,284</b>	<b>60,245</b>	<b>46,284</b>
Accretion of discount less amortisation of premium	530	1,122	530	1,122
Total finance income and hibah	<b>60,775</b>	<b>47,406</b>	<b>60,775</b>	<b>47,406</b>
<b>Other operating income</b>				
Fee income:				
Commission	197	201	197	201
Service charges and fees	559	585	559	585
Guarantee fees	242	196	242	196
	<b>998</b>	<b>982</b>	<b>998</b>	<b>982</b>
Income from financial instruments:				
Gains on arising on financial investments available-for-sale:				
- net gain on disposal	294	43	294	43
	<b>294</b>	<b>43</b>	<b>294</b>	<b>43</b>
Other income:				
Foreign exchange profit/(loss)				
- realised	313	1,076	313	1,076
- unrealised	542	(10)	542	(10)
Other non-operating income	264	219	264	219
	<b>1,119</b>	<b>1,285</b>	<b>1,119</b>	<b>1,285</b>
	<b>63,186</b>	<b>49,716</b>	<b>63,186</b>	<b>49,716</b>

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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
	31/3/2016	31/3/2015	31/3/2016	31/3/2015
	RM'000	RM'000	RM'000	RM'000
<b>Finance income and hibah</b>				
Financing, advances and other loans	15,040	-	15,040	-
Financial investments available-for-sale	1,563	-	1,563	-
Financial investments held-to-maturity	162	-	162	-
Money at call and deposits with other financial institutions	1,524	-	1,524	-
	<u>18,289</u>	-	<u>18,289</u>	-
Accretion of discount less amortisation of premium	161	-	161	-
Total finance income and hibah	<u>18,450</u>	-	<u>18,450</u>	-
<b>Other operating income</b>				
Fee income:				
Commission	60	-	60	-
Service charges and fees	170	-	170	-
Guarantee fees	73	-	73	-
	<u>303</u>	-	<u>303</u>	-
Income from financial instruments:				
Gains on arising on financial investments available-for-sale:				
- net gain on disposal	89	-	89	-
	<u>89</u>	-	<u>89</u>	-
Other income:				
Foreign exchange profit/(loss)				
- realised	95	-	95	-
- unrealised	164	-	164	-
Other non-operating income	80	-	80	-
	<u>339</u>	-	<u>339</u>	-
	<u>19,181</u>	-	<u>19,181</u>	-

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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
	31/3/2016	31/3/2015	31/3/2016	31/3/2015
	RM'000	RM'000	RM'000	RM'000
<b>Finance income and hibah</b>				
Financing, advances and other financing	8,853	5,950	8,853	5,950
Financial investments available-for-sale	920	729	920	729
Financial investments held-to-maturity	95	94	95	94
Money at call and deposits with other financial institutions	897	1,543	897	1,543
	<b>10,765</b>	<b>8,316</b>	<b>10,765</b>	<b>8,316</b>
Accretion of discount less amortisation of premium	95	202	95	202
Total finance income and hibah	<b>10,860</b>	<b>8,518</b>	<b>10,860</b>	<b>8,518</b>
<b>Other operating income</b>				
Fee income:				
Commission	35	36	35	36
Service charges and fees	100	105	100	105
Guarantee fees	43	35	43	35
	<b>178</b>	<b>176</b>	<b>178</b>	<b>176</b>
Income from financial instruments:				
Gains on arising on financial investments available-for-sale:				
- net gain on disposal	52	8	52	8
	<b>52</b>	<b>8</b>	<b>52</b>	<b>8</b>
Other income:				
Foreign exchange profit/(loss)				
- realised	56	193	56	193
- unrealised	97	(2)	97	(2)
Other non-operating income	47	39	47	39
	<b>200</b>	<b>230</b>	<b>200</b>	<b>230</b>
	<b>11,290</b>	<b>8,932</b>	<b>11,290</b>	<b>8,932</b>

**28 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
	31/3/2016	31/3/2015	31/3/2016	31/3/2015
	RM'000	RM'000	RM'000	RM'000
Individual impairment				
- made in the financial period	582	2,437	582	2,437
- written-back	(89)	(40)	(89)	(40)
Collective impairment				
- made/(written back) in the financial period	2,629	(601)	2,629	(601)
Bad debts on financing				
- recovered	(587)	(137)	(587)	(137)
	<b>2,535</b>	<b>1,659</b>	<b>2,535</b>	<b>1,659</b>

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	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Economic Entity and The Bank</b>	<b>Economic Entity and The Bank</b>	<b>Economic Entity and The Bank</b>	<b>Economic Entity and The Bank</b>
	<b>Current</b>	Preceding Year	<b>Current</b>	Preceding Year
	<b>Financial</b>	Corresponding	<b>Financial</b>	Corresponding
	<b>Quarter</b>	Quarter	<b>Quarter</b>	Quarter
	<b>31/3/2016</b>	31/3/2015	<b>31/3/2016</b>	31/3/2015
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Deposits from customers				
- Mudharabah	<b>820</b>	1,409	<b>820</b>	1,409
- Non-mudharabah	<b>68,531</b>	64,140	<b>68,531</b>	64,140
Deposits and placements of banks and other financial institutions				
- Mudharabah	<b>13,590</b>	17,238	<b>13,590</b>	17,238
Profit distributed to investment account holders	<b>17,952</b>	-	<b>17,952</b>	-
	<b>100,893</b>	82,787	<b>100,893</b>	82,787

**30 OTHER OPERATING EXPENSES**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Economic Entity and The Bank</b>	<b>Economic Entity and The Bank</b>	<b>Economic Entity and The Bank</b>	<b>Economic Entity and The Bank</b>
	<b>Current</b>	Preceding Year	<b>Current</b>	Preceding Year
	<b>Financial</b>	Corresponding	<b>Financial</b>	Corresponding
	<b>Quarter</b>	Quarter	<b>Quarter</b>	Quarter
	<b>31/3/2016</b>	31/3/2015	<b>31/3/2016</b>	31/3/2015
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Personnel costs (a)	<b>19,331</b>	19,012	<b>19,331</b>	19,012
Establishment costs (b)	<b>8,484</b>	7,529	<b>8,484</b>	7,529
Marketing expenses (c)	<b>538</b>	686	<b>538</b>	686
Administrative and general expenses (d)	<b>3,102</b>	2,434	<b>3,102</b>	2,434
	<b>31,455</b>	29,661	<b>31,455</b>	29,661

(a) Personnel costs

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Economic Entity and The Bank</b>	<b>Economic Entity and The Bank</b>	<b>Economic Entity and The Bank</b>	<b>Economic Entity and The Bank</b>
	<b>Current</b>	Preceding Year	<b>Current</b>	Preceding Year
	<b>Financial</b>	Corresponding	<b>Financial</b>	Corresponding
	<b>Quarter</b>	Quarter	<b>Quarter</b>	Quarter
	<b>31/3/2016</b>	31/3/2015	<b>31/3/2016</b>	31/3/2015
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Wages, salaries and bonuses	<b>14,802</b>	14,825	<b>14,802</b>	14,825
Defined contribution plan ("EPF")	<b>2,466</b>	2,426	<b>2,466</b>	2,426
Other personnel costs	<b>2,063</b>	1,761	<b>2,063</b>	1,761
	<b>19,331</b>	19,012	<b>19,331</b>	19,012

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## (b) Establishment costs

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Economic Entity and The Bank</b>		<b>Economic Entity and The Bank</b>	
	<b>Current</b>	Preceding Year	<b>Current</b>	Preceding Year
	<b>Financial</b>	Corresponding	<b>Financial</b>	Corresponding
<b>Quarter</b>	Quarter	<b>Quarter</b>	Quarter	
<b>31/3/2016</b>	31/3/2015	<b>31/3/2016</b>	31/3/2015	
<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000	
Rental of premises	1,214	1,133	1,214	1,133
Equipment rental	15	13	15	13
Repair and maintenance	1,677	1,236	1,677	1,236
Depreciation of property and equipment	258	254	258	254
Amortisation of intangible assets	116	116	116	116
IT consultancy fees	2,326	2,301	2,326	2,301
Dataline rental	157	177	157	177
Security services	960	831	960	831
Electricity, water and sewerage	369	428	369	428
Licence fee	90	94	90	94
Insurance/takaful and indemnities	417	180	417	180
Other establishment costs	885	766	885	766
	<b>8,484</b>	<b>7,529</b>	<b>8,484</b>	<b>7,529</b>

## (c) Marketing expenses

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Economic Entity and The Bank</b>		<b>Economic Entity and The Bank</b>	
	<b>Current</b>	Preceding Year	<b>Current</b>	Preceding Year
	<b>Financial</b>	Corresponding	<b>Financial</b>	Corresponding
<b>Quarter</b>	Quarter	<b>Quarter</b>	Quarter	
<b>31/3/2016</b>	31/3/2015	<b>31/3/2016</b>	31/3/2015	
<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000	
Business promotion and advertisement	92	275	92	275
Entertainment	49	105	49	105
Traveling and accommodation	171	156	171	156
Other marketing expenses	226	150	226	150
	<b>538</b>	<b>686</b>	<b>538</b>	<b>686</b>

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**MFRS 134 INTERIM FINANCIAL REPORTING - 31 MARCH 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
	31/3/2016	31/3/2015	31/3/2016	31/3/2015
	RM'000	RM'000	RM'000	RM'000
Telecommunication expenses	236	192	236	192
Auditors' remuneration	122	87	122	87
Professional fees	254	320	254	320
Mail and courier charges	186	169	186	169
Stationery and consumables	563	550	563	550
Commissions expenses	209	74	209	74
Brokerage expenses	225	347	225	347
Directors' fees and allowances	486	380	486	380
Donations	18	30	18	30
Settlement, clearing and bank charges	278	208	278	208
Operational and litigation write-off expenses	-	40	-	40
GST Input tax-non recoverable	431	-	431	-
Other administration and general expenses	94	37	94	37
	<b>3,102</b>	<b>2,434</b>	<b>3,102</b>	<b>2,434</b>

**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	Principal
	amount	amount
	31/3/2016	31/12/2015
	RM'000	RM'000
Direct credit substitutes (*)	10,814	9,383
Transaction-related contingent items	183,503	147,960
Short-term self-liquidating trade related contingencies	275,029	368,567
Irrevocable commitments to extend credit:		
- maturity less than one year	835,346	1,387,337
- maturity more than one year	412,303	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	28,798	15,321
Foreign exchange related contracts (#):		
- less than one year	157,432	222,777
	<b>1,903,225</b>	<b>2,499,754</b>

\* Included in direct credit substitutes as above are financial guarantee contracts of RM10.8 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.



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**MFRS 134 INTERIM FINANCIAL REPORTING - 31 MARCH 2016****32 FAIR VALUE MEASUREMENTS**

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

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

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

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

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

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

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

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

This category includes unquoted shares held for socio economic reasons. Fair values for shares held for socio economic reasons are based on the net tangible assets of the affected companies. The Bank's exposures 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 recognises 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 period. (31 December 2015: Nil)

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Economic Entity and The Bank</b>				
<b>31/3/2016</b>				
<b>Assets</b>				
Derivative financial assets		5,962		5,962
Financial investments available-for-sale *				
- Money market instruments	-	916,028	-	916,028
- Equity securities	-	-	775	775
- Private debt securities/sukuk	-	554,079	-	554,079
	-	<u>1,476,069</u>	<u>775</u>	<u>1,476,844</u>
<b>Liabilities</b>				
Derivative financial liabilities	-	5,490	-	5,490
	-	<u>5,490</u>	-	<u>5,490</u>

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**MFRS 134 INTERIM FINANCIAL REPORTING - 31 MARCH 2016****32 FAIR VALUE MEASUREMENTS (continued)**

	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.

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

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter 31/3/2016 RM'000</b>	Previous Financial Year-End 31/12/2015 RM'000
As at beginning of the financial period	525	25
Purchases	250	500
As at end of the financial period	775	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
	31/3/2016 RM'000	31/12/2015 RM'000			
<b>Economic Entity and The Bank Financial investments available-for-sale</b>					
Unquoted shares	775	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 - 31 MARCH 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 requirement for Common Equity Tier 1 Capital Ratio ('CET 1') and Tier 1 Capital Ratio are 4.5% and 6.0% respectively for year 2016. The minimum regulatory capital adequacy requirement remains at 8.0% (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 31 March 2016.

**34 CAPITAL ADEQUACY**

The capital adequacy ratios are as follows:

	<b>Economic Entity</b>		<b>The Bank</b>	
	<b>Current Financial Quarter 31/3/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>	<b>Current Financial Quarter 31/3/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>
Paid-up share capital	<b>460,000</b>	460,000	<b>460,000</b>	460,000
Statutory reserves	<b>248,717</b>	248,717	<b>248,717</b>	248,717
Retained profits	<b>191,715</b>	195,606	<b>192,365</b>	196,256
Unrealised gains and losses on AFS	<b>5,345</b>	(10,405)	<b>5,345</b>	(10,405)
	<b>905,777</b>	893,918	<b>906,427</b>	894,568
Less:				
Goodwill and other intangibles	<b>(310)</b>	(426)	<b>(310)</b>	(426)
Deferred tax assets	-	(3,598)	-	(3,598)
55% of cumulative unrealised gains of AFS	<b>(2,940)</b>	-	<b>(2,940)</b>	-
Investment in joint ventures	-	-	<b>(390)</b>	(260)
<b>CET1 Capital</b>	<b>902,527</b>	889,894	<b>902,787</b>	890,284
<b>Tier 1 Capital</b>	<b>902,527</b>	889,894	<b>902,787</b>	890,284

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**MFRS 134 INTERIM FINANCIAL REPORTING - 31 MARCH 2016****34 CAPITAL ADEQUACY (continued)**

	Economic Entity		The Bank	
	Current Financial Quarter 31/3/2016 RM'000	Previous Financial Year-End 31/12/2015 RM'000	Current Financial Quarter 31/3/2016 RM'000	Previous Financial Year-End 31/12/2015 RM'000
Collective impairment <sup>@</sup>	24,368	23,750	24,368	23,750
Regulatory adjustments	62,291	58,400	62,291	58,400
Less:				
Investment in joint ventures	-	-	(260)	(390)
<b>Tier II capital</b>	<b>86,659</b>	<b>82,150</b>	<b>86,399</b>	<b>81,760</b>
<b>Total capital</b>	<b>989,186</b>	<b>972,044</b>	<b>989,186</b>	<b>972,044</b>
CET1 capital ratio	12.505%	13.197%	12.508%	13.203%
Tier 1 capital ratio	12.505%	13.197%	12.508%	13.203%
Total capital ratio	13.706%	14.415%	13.706%	14.415%
CET1 capital ratio (net of proposed dividends)	12.505%	13.197%	12.508%	13.203%
Tier 1 capital ratio (net of proposed dividends)	12.505%	13.197%	12.508%	13.203%
Total capital ratio (net of proposed dividends)	13.706%	14.415%	13.706%	14.415%
Risk-weighted assets for:				
Credit risk	6,783,431	6,336,026	6,783,431	6,336,026
Market risk	23,534	3,650	23,534	3,650
Operational risk	410,454	403,377	410,454	403,377
<b>Total risk-weighted assets</b>	<b>7,217,419</b>	<b>6,743,053</b>	<b>7,217,419</b>	<b>6,743,053</b>

<sup>@</sup> 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 March 2016, RIA assets excluded from Total Capital Ratio calculation amounted to RM2,121,607,140 (31 December 2015: RM1,316,026,354).

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### **MFRS 134 INTERIM FINANCIAL REPORTING - 31 MARCH 2016**

#### **35 REVIEW OF PERFORMANCE OF THE BANK**

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

During the 1st quarter of 2016, the Bank registered a profit before tax of RM25.5 million as compared to the previous year's corresponding quarter of RM23.5 million, an increase of RM2.0 million or 8.4%.

This was due to:

- i) higher income derived from investments after netting off income attributable to depositors' funds by RM4.7 million

The above was off-set by:

- i) higher allowances for impairment losses on financing, advances and other financing by RM0.9 million.
- ii) higher operating expenses by RM1.8 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 1st quarter of 2016 stood at RM25.5 million as compared to RM33.7 million reported in the 4th quarter of 2015, a decrease of RM8.2 million or 24.3%.

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

- i) lower income derived from investments after netting off income attributable to the depositors' funds by RM5.8 million.
- ii) higher operating expenses by RM3.4 million.

The above was off-set by:

- i) lower allowances for impairment losses on financing, advances and other financing by RM1.0 million.

#### **37 PROSPECT FOR THE CURRENT FINANCIAL YEAR**

##### Business Outlook for Remaining Period Financial Year 2016

2016 is going to be a tough year for the banking industry where it is projected to be affected by the negative consumer sentiment and moderation in household demand. BNM maintain the OPR at current level at 3.25% as it weigh the risks to economic growth and inflation rate. At the current level of the OPR, the stance of monetary policy remains accommodative and supportive of economic activity.

Slower financing growth and narrowing net interest margins is expected in 2016 with potential stress on the asset quality. The Bank is targeting on increasing its consumer deposits base by continuously to source for cheap deposits, namely from demand and saving deposits. Thru enhancing our products and services and supporting Government initiatives on new economic measure, we will continue to support business activities of small medium sized enterprises ('SME') segment.

Moving forward, the Bank is continuously enhancing its domestic reach while continuously exploring new opportunities beyond Malaysian shore. The development of Affin Bank Group's digital banking and transactional banking capabilities within is expected to further enhance our business proposition to our customer.

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**38 VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT**

The Bank's profit before tax registered an adverse variance of RM33.7 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 RM27.4 million.

Other operating expenses

Operating costs showed an favourable variance of RM2.1 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 RM8.4 million.