

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

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION as at 30 June 2017**

	Note	Economic Entity		The Bank	
		Current Financial Quarter 30/6/2017 RM'000	Previous Financial Year-End 31/12/2016 RM'000	Current Financial Quarter 30/6/2017 RM'000	Previous Financial Year-End 31/12/2016 RM'000
<b>ASSETS</b>					
Cash and short-term funds		1,700,486	1,057,844	1,700,486	1,057,844
Derivative financial assets	13	42,726	8,987	42,726	8,987
Financial investments available-for-sale	14	2,135,200	1,833,408	2,135,200	1,833,408
Financial investments held-to-maturity	15	66,099	72,122	66,099	72,122
Financing, advances and other financing	16	13,376,914	11,914,943	13,376,914	11,914,943
Other assets	17	5,985	7,901	5,985	7,901
Amount due from holding company		33,787	-	33,787	-
Amount due from joint ventures	18	50,378	46,725	50,378	46,725
Amount due from associate	19	500	500	500	500
Deferred tax assets		2,677	8,056	2,677	8,056
Statutory deposits with Bank Negara Malaysia		294,640	332,000	294,640	332,000
Investment in joint ventures		-	-	650	650
Investment in associate		750	750	750	750
Property and equipment		2,247	2,347	2,247	2,347
<b>TOTAL ASSETS</b>		<b>17,712,389</b>	<b>15,285,583</b>	<b>17,713,039</b>	<b>15,286,233</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	20	11,796,682	10,528,698	11,796,682	10,528,698
Investment accounts of customers	21	706	-	706	-
Deposits and placements of banks and other financial institutions	22	2,282,477	1,248,993	2,282,477	1,248,993
Investment accounts due to designated financial institutions	23	2,148,110	2,110,049	2,148,110	2,110,049
Derivative financial liabilities	24	41,027	1,412	41,027	1,412
Other liabilities	25	26,473	36,331	26,473	36,331
Amount due to holding company		-	196,828	-	196,828
Provision for taxation		1,531	6,015	1,531	6,015
<b>TOTAL LIABILITIES</b>		<b>16,297,006</b>	<b>14,128,326</b>	<b>16,297,006</b>	<b>14,128,326</b>
Share capital		760,000	560,000	760,000	560,000
Reserves	26	655,383	597,257	656,033	597,907
<b>TOTAL EQUITY</b>		<b>1,415,383</b>	<b>1,157,257</b>	<b>1,416,033</b>	<b>1,157,907</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>17,712,389</b>	<b>15,285,583</b>	<b>17,713,039</b>	<b>15,286,233</b>
<b>COMMITMENTS AND CONTINGENCIES</b>					
	33	4,545,512	3,317,468	4,545,512	3,317,468
<b>Capital Adequacy</b>					
CET1 capital ratio	36	13.122%	12.421%	13.124%	12.424%
Tier 1 capital ratio	36	13.122%	12.421%	13.124%	12.424%
Total capital ratio	36	14.301%	13.598%	14.301%	13.598%

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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENTS** *for the financial quarter ended 30 June 2017*

	Note	Individual Quarter Economic Entity		Cumulative Quarter Economic Entity	
		Current Financial Quarter 30/6/2017 RM'000	Preceding Year Corresponding Quarter 30/6/2016 RM'000	Current Financial Quarter 30/6/2017 RM'000	Preceding Year Corresponding Quarter 30/6/2016 RM'000
Income derived from investment of depositors' funds and others	27	<b>166,753</b>	143,550	<b>314,835</b>	273,455
Income derived from investment of investment account funds	28	<b>25,369</b>	26,538	<b>53,763</b>	45,719
Income derived from investment of shareholders' funds	29	<b>16,981</b>	12,771	<b>32,619</b>	24,061
(Allowances for)/write-back of impairment losses on financing, advances and other financing	30	<b>(11,110)</b>	11,408	<b>(16,502)</b>	8,873
<b>Total distributable income</b>		<b>197,993</b>	194,267	<b>384,715</b>	352,108
Income attributable to the depositors	31	<b>(131,724)</b>	(116,672)	<b>(247,226)</b>	(217,565)
<b>Total net income</b>		<b>66,269</b>	77,595	<b>137,489</b>	134,543
Other operating expenses	32	<b>(43,283)</b>	(31,657)	<b>(81,753)</b>	(63,112)
<b>Profit before zakat and taxation</b>		<b>22,986</b>	45,938	<b>55,736</b>	71,431
Zakat		-	(2,887)	-	(2,887)
<b>Profit before taxation</b>		<b>22,986</b>	43,051	<b>55,736</b>	68,544
Taxation		<b>(4,092)</b>	(7,387)	<b>(12,773)</b>	(13,899)
<b>Net profit after zakat and taxation</b>		<b>18,894</b>	35,664	<b>42,963</b>	54,645
<b>Attributable to:</b>					
Equity holder of the Bank		<b>18,894</b>	35,664	<b>42,963</b>	54,645
<b>Earnings per share (sen):</b>					
- Basic		<b>2.7</b>	7.8	<b>6.2</b>	11.9

**AFFIN Islamic Bank Berhad**  
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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
*for the financial quarter ended 30 June 2017 (continued)*

	Individual Quarter Economic Entity		Cumulative Quarter Economic Entity	
	Current Financial Quarter 30/6/2017 RM'000	Preceding Year Corresponding Quarter 30/6/2016 RM'000	Current Financial Quarter 30/6/2017 RM'000	Preceding Year Corresponding Quarter 30/6/2016 RM'000
<b>Profit after zakat and taxation</b>	<b>18,894</b>	35,664	<b>42,963</b>	54,645
Other comprehensive income:				
Items that may be reclassified subsequently to profit and loss:				
Net fair value change in financial investments available-for-sale	<b>11,238</b>	6,087	<b>19,952</b>	21,837
Deferred tax on financial investments available-for-sale	<b>(2,698)</b>	(1,461)	<b>(4,789)</b>	(5,241)
Other comprehensive income for the financial period, net of tax	<b>8,540</b>	4,626	<b>15,163</b>	16,596
<b>Total comprehensive income for the financial period</b>	<b>27,434</b>	40,290	<b>58,126</b>	71,241
<b>Attributable to equity holder of the Bank:</b>				
- Total comprehensive income	<b>27,434</b>	40,290	<b>58,126</b>	71,241

**AFFIN Islamic Bank Berhad**  
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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENTS** *for the financial quarter ended 30 June 2017*

(continued)

	Note	Individual Quarter The Bank		Cumulative Quarter The Bank	
		Current Financial Quarter 30/6/2017 RM'000	Preceding Year Corresponding Quarter 30/6/2016 RM'000	Current Financial Quarter 30/6/2017 RM'000	Preceding Year Corresponding Quarter 30/6/2016 RM'000
Income derived from investment of depositors' funds and others	27	166,753	143,550	314,835	273,455
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Income derived from investment of shareholders' funds	29	16,981	12,771	32,619	24,061
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Other operating expenses	32	(43,283)	(31,657)	(81,753)	(63,112)
<b>Profit before zakat and taxation</b>		<b>22,986</b>	<b>45,938</b>	<b>55,736</b>	<b>71,431</b>
Zakat		-	(2,887)	-	(2,887)
<b>Profit before taxation</b>		<b>22,986</b>	<b>43,051</b>	<b>55,736</b>	<b>68,544</b>
Taxation		(4,092)	(7,387)	(12,773)	(13,899)
<b>Net profit after zakat and taxation</b>		<b>18,894</b>	<b>35,664</b>	<b>42,963</b>	<b>54,645</b>
<b>Attributable to:</b>					
Equity holder of the Bank		<b>18,894</b>	<b>35,664</b>	<b>42,963</b>	<b>54,645</b>
<b>Earnings per share (sen):</b>					
- Basic		<b>2.7</b>	<b>7.8</b>	<b>6.2</b>	<b>11.9</b>

**AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS****UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME***for the financial quarter ended 30 June 2017 (continued)*

	Individual Quarter		Cumulative Quarter	
	The Bank		The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/6/2017	30/6/2016	30/6/2017	30/6/2016
	RM'000	RM'000	RM'000	RM'000
<b>Profit after zakat and taxation</b>	<b>18,894</b>	35,664	<b>42,963</b>	54,645
Other comprehensive income:				
Items that may be reclassified subsequently to profit and loss:				
Net fair value change in financial investments available-for-sale	<b>11,238</b>	6,087	<b>19,952</b>	21,837
Deferred tax on financial investments available-for-sale	<b>(2,698)</b>	(1,461)	<b>(4,789)</b>	(5,241)
Other comprehensive income for the financial period, net of tax	<b>8,540</b>	4,626	<b>15,163</b>	16,596
<b>Total comprehensive income for the financial period</b>	<b>27,434</b>	40,290	<b>58,126</b>	71,241
<b>Attributable to equity holder of the Bank:</b>				
- Total comprehensive income	<b>27,434</b>	40,290	<b>58,126</b>	71,241

**AFFIN Islamic Bank Berhad**  
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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
*for the financial quarter ended 30 June 2017*

Economic Entity	Attributable to Equity Holder 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	
<b>At 1 January 2017</b>	<b>560,000</b>	<b>305,016</b>	<b>(18,064)</b>	<b>73,178</b>	<b>237,127</b>	<b>1,157,257</b>
Net profit for the financial period	-	-	-	-	<b>42,963</b>	<b>42,963</b>
Other comprehensive income (net of tax)						
- Financial investments available-for-sale	-	-	<b>15,163</b>	-	-	<b>15,163</b>
Total comprehensive income	-	-	<b>15,163</b>	-	<b>42,963</b>	<b>58,126</b>
Issued during the financial period	<b>200,000</b>	-	-	-	-	<b>200,000</b>
Transfer to regulatory reserves	-	-	-	<b>9,827</b>	<b>(9,827)</b>	-
Transfer to retained profits	-	<b>(305,016)</b>	-	-	<b>305,016</b>	-
<b>At 30 June 2017</b>	<b>760,000</b>	<b>-</b>	<b>(2,901)</b>	<b>83,005</b>	<b>575,279</b>	<b>1,415,383</b>

Economic Entity	Attributable to Equity Holder 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	
<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	-	-	-	-	<b>54,645</b>	<b>54,645</b>
Other comprehensive income (net of tax)						
- Financial investments available-for-sale	-	-	<b>16,596</b>	-	-	<b>16,596</b>
Total comprehensive income	-	-	<b>16,596</b>	-	<b>54,645</b>	<b>71,241</b>
Transfer to regulatory reserves	-	-	-	<b>2,467</b>	<b>(2,467)</b>	-
<b>At 30 June 2016</b>	<b>460,000</b>	<b>248,717</b>	<b>8,688</b>	<b>60,867</b>	<b>247,784</b>	<b>1,026,056</b>

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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
*for the financial quarter ended 30 June 2017*  
*(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 2017</b>	<b>560,000</b>	<b>305,016</b>	<b>(18,064)</b>	<b>73,178</b>	<b>237,777</b>	<b>1,157,907</b>
Net profit for the financial period	-	-	-	-	42,963	42,963
Other comprehensive income (net of tax)						
- Financial investments available-for-sale	-	-	15,163	-	-	15,163
Total comprehensive income	-	-	15,163	-	42,963	58,126
Issued during the financial period	200,000	-	-	-	-	200,000
Transfer to regulatory reserves	-	-	-	9,827	(9,827)	-
Transfer to retained profits	-	(305,016)	-	-	305,016	-
<b>At 30 June 2017</b>	<b>760,000</b>	<b>-</b>	<b>(2,901)</b>	<b>83,005</b>	<b>575,929</b>	<b>1,416,033</b>

	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	-	-	-	-	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)	-
<b>At 30 June 2016</b>	<b>460,000</b>	<b>248,717</b>	<b>8,688</b>	<b>60,867</b>	<b>248,434</b>	<b>1,026,706</b>

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

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CASH FLOWS** *for the financial quarter ended 30 June 2017*

	Economic Entity		The Bank	
	30/6/2017 RM'000	30/6/2016 RM'000	30/6/2017 RM'000	30/6/2016 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Profit before taxation</b>	<b>55,736</b>	68,544	<b>55,736</b>	68,544
Adjustments for items not involving the movement of cash and cash equivalents:				
Finance income and hibah from:				
- financial investments available-for-sale	(36,335)	(26,470)	(36,335)	(26,470)
- financial investments held-to-maturity	(2,360)	(2,708)	(2,360)	(2,708)
Accretion of discount less amortisation of premium:				
- financial investments available-for-sale	(2,640)	(2,630)	(2,640)	(2,630)
Gain on sale/redemption:				
- financial investments available-for-sale	(2,974)	(3,108)	(2,974)	(3,108)
Loss on unrealised foreign exchange	5,876	1,042	5,876	1,042
Depreciation of property and equipment	433	519	433	519
Property and equipment written-off	1	-	1	-
Amortisation of intangible assets	-	232	-	232
Net individual impairment	2,906	(13,224)	2,906	(13,224)
Net collective impairment	14,033	5,339	14,033	5,339
Bad debt on financing written-off	1	4	1	4
Zakat	-	2,887	-	2,887
<b>Operating profit before changes in working capital</b>	<b>34,677</b>	30,427	<b>34,677</b>	30,427
<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	(1,478,911)	(1,439,842)	(1,478,911)	(1,439,842)
Other assets	(3,382)	(10,259)	(3,382)	(10,259)
Statutory deposits with Bank Negara Malaysia	37,360	(46,400)	37,360	(46,400)
Amount due from holding company	(33,787)	367,172	(33,787)	367,172
Amount due from joint ventures	(3,653)	(884)	(3,653)	(884)
Derivative financial instruments	5,876	1,042	5,876	1,042
<i>Increase/(Decrease) in operating liabilities:</i>				
Deposits from customers	1,267,984	(1,450,066)	1,267,984	(1,450,066)
Investment accounts of customers	706	-	706	-
Deposits and placements of banks and other financial institutions	1,033,484	1,329,537	1,033,484	1,329,537
Investment accounts due to designated financial institutions	38,061	784,021	38,061	784,021
Amount due to holding company	(196,828)	47,084	(196,828)	47,084
Other liabilities	(8,957)	(15,103)	(8,957)	(15,103)
Cash generated from/(used in) operations	<b>692,630</b>	(488,341)	<b>692,630</b>	(488,341)
Zakat paid	(901)	(1,467)	(901)	(1,467)
Tax paid	(16,667)	(10,227)	(16,667)	(10,227)
<b>Net cash generated from/(used in) operating activities</b>	<b>675,062</b>	(500,035)	<b>675,062</b>	(500,035)



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**INTERIM FINANCIAL STATEMENTS**

**UNAUDITED STATEMENTS OF CASH FLOWS** *for the financial quarter ended 30 June 2017*  
(continued)

	Economic Entity		The Bank	
	30/6/2017 RM'000	30/6/2016 RM'000	30/6/2017 RM'000	30/6/2016 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Finance income and hibah received from:				
- financial investments available-for-sale	38,975	26,470	38,975	26,470
- financial investments held-to-maturity	2,360	2,708	2,360	2,708
Redemption of financial investments held-to-maturity	6,023	4,175	6,023	4,175
Net (purchase)/ sale of financial investments available-for-sale	(278,866)	7,996	(278,866)	7,996
Purchase of property and equipment	(320)	(523)	(320)	(523)
<b>Net cash (used in)/generated from investing activities</b>	<b>(231,828)</b>	<b>40,826</b>	<b>(231,828)</b>	<b>40,826</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Increase in share capital	200,000	-	200,000	-
<b>Net cash generated from financing activities</b>	<b>200,000</b>	<b>-</b>	<b>200,000</b>	<b>-</b>
Net increase/(decrease) in cash and cash equivalents	643,234	(459,209)	643,234	(459,209)
Net decrease in foreign exchange	(592)	(3,084)	(592)	(3,084)
Cash and cash equivalents at beginning of the financial period	1,057,844	1,918,570	1,057,844	1,918,570
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<b>1,700,486</b>	<b>1,456,277</b>	<b>1,700,486</b>	<b>1,456,277</b>

**AFFIN Islamic Bank Berhad**  
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**MFRS 134 INTERIM FINANCIAL REPORTING - 30 June 2017**

**1 BASIS OF PREPARATION**

This unaudited condensed interim financial information for the 6 months ended 30 June 2017 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, 2016 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 2016, 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 2016.

**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 2017.

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 107 'Statement of Cash Flows - Disclosure Initiative' (effective from 1 January 2017);  
Amendment to MFRS 112 'Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses' (effective from 1 January 2017);  
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.  
MFRS 16 'Leases' (effective from 1 January 2019) supersedes MFRS 117 'Leases' and the 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 2016 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**  
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**MFRS 134 INTERIM FINANCIAL REPORTING - 30 June 2017**

**5 EXCEPTIONAL ITEMS**

There was no exceptional items for the quarter ended 30 June 2017.

**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 2017 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 2017 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 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 2017 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 2017.

**AFFIN Islamic Bank Berhad**  
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**MFRS 134 INTERIM FINANCIAL REPORTING - 30 June 2017**

**13 DERIVATIVE FINANCIAL ASSETS**

	<b>Economic Entity and The Bank</b>			
	<b>Current Financial Quarter</b>		<b>Previous Financial Year End</b>	
	<b>30/6/2017</b>		<b>31/12/2016</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				
	<b>898,334</b>	<b>42,726</b>	939,223	8,987
	<b>898,334</b>	<b>42,726</b>	939,223	8,987

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

	<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>30/6/2017</b>	<b>31/12/2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>		
Money market instruments:		
Malaysian Government treasury bills	<b>12,318</b>	-
Malaysian Government investment issues	<b>703,521</b>	628,785
Sukuk Perumahan Kerajaan	<b>130,577</b>	129,431
Khazanah Sukuk	<b>177,501</b>	173,287
	<b>1,023,917</b>	931,503
Unquoted securities:		
Corporate bonds/sukuk		
- in Malaysia	<b>1,111,283</b>	901,905
	<b>2,135,200</b>	1,833,408
Allowance for impairment losses	-	-
	<b>2,135,200</b>	1,833,408
<b>Movement in allowance for impairment losses</b>		
At beginning of the financial period	-	550
Writeback of allowance for impairment loss	-	(550)
<b>At end of the financial period</b>	<b>-</b>	<b>-</b>

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**15 FINANCIAL INVESTMENTS HELD-TO-MATURITY**

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter 30/6/2017 RM'000</b>	<b>Previous Financial Year-End 31/12/2016 RM'000</b>
<b>At amortised cost</b>		
Unquoted securities:		
Corporate bonds/sukuk in Malaysia	<b>66,099</b>	72,122
	<b>66,099</b>	72,122

**16 FINANCING, ADVANCES AND OTHER FINANCING**

**(i) By type**

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter 30/6/2017 RM'000</b>	<b>Previous Financial Year-End 31/12/2016 RM'000</b>
Cash line	<b>265,529</b>	278,880
Term financing		
- House financing	<b>3,520,252</b>	2,857,530
- Hire purchase receivables	<b>3,618,070</b>	3,181,358
- Syndicated financing	<b>681,417</b>	582,739
- Business term financing	<b>3,837,130</b>	3,541,779
Bills receivables	<b>9,031</b>	21,376
Trust receipts	<b>6,248</b>	6,938
Claims on customers under acceptances credits	<b>186,146</b>	174,623
Staff financing (of which RM Nil to Directors)	<b>21,161</b>	13,109
Revolving credits	<b>1,304,174</b>	1,319,609
<b>Gross financing, advances and other financing</b>	<b>13,449,158</b>	11,977,941
Less:		
Allowance for impairment losses		
- Individual	<b>(19,880)</b>	(18,003)
- Collective	<b>(52,364)</b>	(44,995)
<b>Total net financing, advances and other financing</b>	<b>13,376,914</b>	11,914,943

Included in business term financing as at reporting date is RM53.7 million (31 December 2016: RM53.7 million) and RM63.9 million (31 December 2016: RM78.0 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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**16 FINANCING, ADVANCES AND OTHER FINANCING**

(ii) By maturity structure

	Economic Entity and The Bank	
	Current Financial Quarter 30/6/2017 RM'000	Previous Financial Year-End 31/12/2016 RM'000
Maturing within one year	2,056,339	2,038,888
One year to three years	923,006	1,009,718
Three years to five years	1,515,431	1,375,861
Over five years	8,954,382	7,553,474
	<b>13,449,158</b>	<b>11,977,941</b>

(iii) By contract

Economic Entity and The Bank  
30/6/2017  
RM'000

	Al-Bai Bithaman Ajil	Ijarah	Al-Ijarah Thumma Al-Bai	Murabahah	Musyarakah	Istisna'	Others	Total
Cash line	-	-	-	198,818	-	-	66,711	265,529
Term financing								
House financing	880,756	-	-	4,473	2,635,023	-	-	3,520,252
Hire purchase receivables	-	-	3,618,070	-	-	-	-	3,618,070
Syndicated financing	-	327,690	-	353,727	-	-	-	681,417
Business term financing	386,151	877,688	-	1,530,132	436,363	601,070	5,726	3,837,130
Bills receivables	-	-	-	-	-	-	9,031	9,031
Trust receipts	-	-	-	6,248	-	-	-	6,248
Claims on customers under acceptance credits	-	-	-	186,146	-	-	-	186,146
Staff financing	6,924	-	-	12,265	1,972	-	-	21,161
Revolving credit	-	-	-	1,304,174	-	-	-	1,304,174
<b>Total Financing</b>	<b>1,273,831</b>	<b>1,205,378</b>	<b>3,618,070</b>	<b>3,595,983</b>	<b>3,073,358</b>	<b>601,070</b>	<b>81,468</b>	<b>13,449,158</b>

Economic Entity and The Bank  
31/12/2016  
RM'000

	Al-Bai Bithaman Ajil	Ijarah	Al-Ijarah Thumma Al-Bai	Murabahah	Musyarakah	Istisna'	Others	Total
Cash line	-	-	-	192,690	-	-	86,189	278,879
Term financing								
House financing	921,406	-	-	1,612	1,934,289	-	-	2,857,307
Hire purchase receivables	-	-	3,181,357	-	-	-	-	3,181,357
Syndicated financing	-	144,898	-	341,769	-	-	96,072	582,739
Business term financing	419,323	789,192	-	1,382,270	258,827	686,279	6,113	3,542,004
Bills receivables	-	-	-	-	-	-	21,376	21,376
Trust receipts	-	-	-	6,938	-	-	-	6,938
Claims on customers under acceptance credits	-	-	-	174,623	-	-	-	174,623
Staff financing	7,546	-	-	5,289	274	-	-	13,109
Revolving credit	-	-	-	1,319,609	-	-	-	1,319,609
<b>Total Financing</b>	<b>1,348,275</b>	<b>934,090</b>	<b>3,181,357</b>	<b>3,424,800</b>	<b>2,193,390</b>	<b>686,279</b>	<b>209,750</b>	<b>11,977,941</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</b>	<b>Previous</b>
	<b>Financial</b>	<b>Financial</b>
	<b>Quarter</b>	<b>Year-End</b>
	<b>30/6/2017</b>	<b>31/12/2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic non-banking institutions		
- Others	<b>198,619</b>	209,499
Domestic business enterprises		
- Small medium enterprises	<b>1,964,840</b>	1,774,697
- Others	<b>3,173,345</b>	2,517,012
Government and statutory bodies	<b>932,254</b>	1,381,918
Individuals	<b>7,047,976</b>	5,966,553
Other domestic entities	<b>10,215</b>	9,690
Foreign entities	<b>121,909</b>	118,572
	<b>13,449,158</b>	<b>11,977,941</b>

**(v) By profit rate sensitivity**

	<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>30/6/2017</b>	<b>31/12/2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed rate		
- House financing	<b>45,181</b>	45,937
- Hire purchase receivables	<b>3,618,070</b>	3,181,357
- Other fixed rate financing	<b>1,797,690</b>	1,354,586
Variable rate		
- BR and BFR	<b>5,899,760</b>	5,389,570
- Cost - plus	<b>2,088,457</b>	2,006,491
	<b>13,449,158</b>	<b>11,977,941</b>

**(vi) By economic sectors**

	<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>30/6/2017</b>	<b>31/12/2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Primary agriculture	<b>415,477</b>	402,119
Mining and quarrying	<b>1,380</b>	11,348
Manufacturing	<b>291,736</b>	334,745
Electricity, gas and water supply	<b>63,943</b>	64,369
Construction	<b>681,954</b>	523,091
Real estate	<b>1,592,382</b>	1,455,409
Wholesale & retail trade and restaurants & hotels	<b>418,801</b>	407,649
Transport, storage and communication	<b>811,918</b>	284,216
Finance, insurance and business activities	<b>522,657</b>	460,983
Education, health and others	<b>1,557,081</b>	2,031,720
Household	<b>7,090,942</b>	6,002,241
Others	<b>887</b>	51
	<b>13,449,158</b>	<b>11,977,941</b>

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

**(vii) By economic purpose**

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter 30/6/2017 RM'000</b>	<b>Previous Financial Year-End 31/12/2016 RM'000</b>
Purchase of securities	275,139	275,516
Purchase of transport vehicles	3,691,540	3,250,531
Purchase of landed property of which:		
- Residential	3,642,845	2,943,870
- Non-residential	1,417,359	1,112,190
Fixed assets other than land and building	75,601	72,421
Personal use	49,224	53,593
Construction	812,267	895,685
Working capital	3,074,256	3,137,471
Others	410,927	236,664
	<b>13,449,158</b>	<b>11,977,941</b>

**(viii) By geographical distribution**

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter 30/6/2017 RM'000</b>	<b>Previous Financial Year-End 31/12/2016 RM'000</b>
Perlis	131,981	147,438
Kedah	631,239	661,893
Pulau Pinang	453,140	362,260
Perak	555,639	442,731
Selangor	3,699,154	3,460,892
Wilayah Persekutuan	4,772,748	4,234,116
Negeri Sembilan	542,573	448,601
Melaka	222,977	199,155
Johor	1,201,777	834,371
Pahang	336,883	302,330
Terengganu	391,735	395,910
Kelantan	163,103	153,175
Sarawak	113,511	132,131
Sabah	80,428	55,896
Labuan	73,152	63,974
Outside Malaysia	79,118	83,068
	<b>13,449,158</b>	<b>11,977,941</b>



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

**(ix) Movements of impaired financing**

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter 30/6/2017 RM'000</b>	<b>Previous Financial Year-End 31/12/2016 RM'000</b>
At beginning of the financial period	97,498	141,708
Classified as impaired	331,813	164,338
Reclassified as non-impaired	(41,064)	(111,590)
Amount recovered	(12,919)	(87,213)
Amount written-off	(6,701)	(9,745)
<b>At end of the financial period</b>	<b>368,627</b>	<b>97,498</b>
Ratio of gross impaired financing, advances and other financing to gross financing, advances and other financing (*)	<b>1.16%</b>	<b>0.99%</b>
* RIA financing excluded in the ratio calculation.		
Gross financing, advances and other financing	13,449,158	11,977,941
RIA financing	(2,148,523)	(2,112,243)
	<b>11,300,635</b>	<b>9,865,698</b>
Less:		
- Individual impairment allowance	(19,880)	(18,003)
- Collective impairment allowance on impaired financing	(19,751)	(16,454)
<b>Total net financing, advances and other financing</b>	<b>11,261,004</b>	<b>9,831,241</b>
Net impaired financing, advances and other financing as a percentage of net financing, advances and other financing	<b>0.82%</b>	<b>0.64%</b>

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

**(x) Movements in allowance for impairment on financing**

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter 30/6/2017 RM'000</b>	<b>Previous Financial Year-End 31/12/2016 RM'000</b>
<b>Individual impairment</b>		
At beginning of the financial period	18,003	38,516
Allowance made during the financial period	7,485	19,340
Amount recovered	(4,579)	(35,863)
Amount written-off	-	(4,149)
Unwinding of income	(386)	(198)
Exchange differences	(643)	357
<b>At end of the financial period</b>	<b>19,880</b>	<b>18,003</b>
<b>Collective impairment</b>		
At beginning of the financial period	44,995	36,671
Allowance made during the financial period	14,033	13,897
Amount written-off	(6,664)	(5,573)
<b>At end of the financial period</b>	<b>52,364</b>	<b>44,995</b>
As a percentage of gross financing and advances (excluding RIA financing) less individual impairment allowance	<b>0.47%</b>	0.46%

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

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter 30/6/2017 RM'000</b>	<b>Previous Financial Year-End 31/12/2016 RM'000</b>
Primary agriculture	104	43
Mining and quarrying	62	57
Manufacturing	1,092	1,028
Electricity, gas and water supply	469	111
Construction	8,968	5,081
Real estate	282,431	33,635
Wholesale & retail trade and restaurants & hotels	959	589
Transport, storage and communication	165	307
Finance, insurance and business activities	611	492
Education, health and others	59	162
Household	73,707	55,993
	<b>368,627</b>	<b>97,498</b>

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

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

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter 30/6/2017 RM'000</b>	<b>Previous Financial Year-End 31/12/2016 RM'000</b>
Purchase of transport vehicles	17,276	16,330
Purchase of landed property of which:		
- Residential	55,596	41,395
- Non-residential	219,435	6,153
Fixed assets other than land and building	225	227
Personal use	809	825
Construction	44,335	-
Working capital	30,868	32,568
Others	83	-
	<b>368,627</b>	<b>97,498</b>

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

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter 30/6/2017 RM'000</b>	<b>Previous Financial Year-End 31/12/2016 RM'000</b>
Perlis	4,847	4,801
Kedah	8,725	3,016
Pulau Pinang	56,241	2,105
Perak	4,371	4,326
Selangor	39,319	30,969
Wilayah Persekutuan	206,455	2,670
Negeri Sembilan	5,147	4,849
Melaka	779	938
Johor	2,796	1,517
Pahang	1,082	1,694
Terengganu	5,553	5,016
Kelantan	2,801	3,643
Sarawak	320	198
Sabah	265	172
Outside Malaysia	29,926	31,584
	<b>368,627</b>	<b>97,498</b>

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**17 OTHER ASSETS**

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter 30/6/2017 RM'000</b>	<b>Previous Financial Year-End 31/12/2016 RM'000</b>
Other debtors	1,242	2,025
Prepayment and deposits	1,144	469
Clearing accounts	1,154	2,962
Foreclosed properties (a)	2,445	2,445
	<u>5,985</u>	<u>7,901</u>
<b>(a) Foreclosed properties</b>		
At beginning of the financial period	2,445	395
Amount arising during the financial period	-	2,050
At end of the financial period	<u>2,445</u>	<u>2,445</u>

**18 AMOUNT DUE FROM JOINT VENTURES**

	<b>Economic Entity and The Bank</b>	
	<b>30/6/2017 RM'000</b>	<b>31/12/2016 RM'000</b>
Advances to joint ventures	<u>50,378</u>	<u>46,725</u>

The advances to joint ventures are unsecured, bear profit rate of 7.60% (31 December 2016: 7.60%) and payable on demand.

**19 AMOUNT DUE FROM ASSOCIATE**

	<b>Economic Entity and The Bank</b>	
	<b>30/6/2017 RM'000</b>	<b>31/12/2016 RM'000</b>
Advances to associate	<u>500</u>	<u>500</u>

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

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**20 DEPOSITS FROM CUSTOMERS**

**(i) By type of deposit**

	<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>30/6/2017</b>	<b>31/12/2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Wadiah</b>		
Demand deposits	2,414,659	2,572,559
Savings deposits	524,684	477,284
	<u>2,939,343</u>	<u>3,049,843</u>
<b>Mudharabah</b>		
General investment deposits	79,446	104,047
<b>Tawarruq</b>		
Murabahah term deposits	8,002,487	6,606,396
Commodity Murabahah	775,406	768,412
	<u>8,777,893</u>	<u>7,374,808</u>
	<u>11,796,682</u>	<u>10,528,698</u>

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

	<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>30/6/2017</b>	<b>31/12/2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Due within six months	5,164,074	4,729,087
Six months to one year	2,614,932	1,793,301
One year to three years	145,487	31,431
Three years to five years	157,440	156,624
	<u>8,081,933</u>	<u>6,710,443</u>

**(iii) By type of customer**

	<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>30/6/2017</b>	<b>31/12/2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Government and statutory bodies	3,892,402	3,204,538
Business enterprise	3,444,873	4,318,973
Individuals	1,478,861	1,320,223
Domestic banking institutions	3,095	117
Domestic non-banking financial institutions	2,656,125	1,280,170
Foreign entities	77,507	73,693
Others entities	243,819	330,984
	<u>11,796,682</u>	<u>10,528,698</u>

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**21 INVESTMENT ACCOUNTS OF CUSTOMERS**

	<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>30/6/2017</b>	<b>31/12/2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Mudharabah</b>	<b>706</b>	<b>-</b>
	<b>706</b>	<b>-</b>
	<b>706</b>	<b>-</b>

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

One year to three years

	<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>30/6/2017</b>	<b>31/12/2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Movement in investment accounts</b>		
At beginning of the financial period	-	-
New placement during the period	870	-
Redemption during the period	(167)	-
Finance expense on RIA	18	-
Profit distributed	(15)	-
At end of the financial period	<b>706</b>	<b>-</b>

**Profit Sharing Ratio and Rate of Return**

	<b>Economic Entity and The Bank</b>			
	<b>30/6/2017</b>		<b>31/12/2016</b>	
	<b>Average profit</b>	<b>Average rate</b>	<b>Average profit</b>	<b>Average rate of</b>
	<b>sharing ratio</b>	<b>of return</b>	<b>sharing ratio</b>	<b>return (ROR)</b>
	<b>(PSR)</b>	<b>(ROR)</b>	<b>(PSR)</b>	<b>return (ROR)</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Investment accounts:				
One year to three years	<b>80</b>	<b>6.08</b>	<b>-</b>	<b>-</b>

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

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

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter 30/6/2017 RM'000</b>	<b>Previous Financial Year-End 31/12/2016 RM'000</b>
<b>Wadiah</b>		
Licensed banks	80,797	84,392
	<u>80,797</u>	<u>84,392</u>
<b>Tawarruq</b>		
Licensed banks	1,998,534	801,436
Other financial institutions	203,146	363,165
	<u>2,201,680</u>	<u>1,164,601</u>
	<u>2,282,477</u>	<u>1,248,993</u>
<b>Maturity structure of deposits are as follows:</b>		
Due within six months	2,282,477	1,201,454
Six months to one year	-	47,539
	<u>2,282,477</u>	<u>1,248,993</u>

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

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter 30/6/2017 RM'000</b>	<b>Previous Financial Year-End 31/12/2016 RM'000</b>
<b>Mudharabah</b>		
Licensed banks	2,148,110	2,110,049
	<u>2,148,110</u>	<u>2,110,049</u>
<b>Maturity structure of investment accounts are as follows:</b>		
Due within six months	328,066	699,591
Six months to one year	401,446	130,514
One year to three years	443,981	341,280
Three years to five years	192,088	-
Five years and above	782,529	938,664
	<u>2,148,110</u>	<u>2,110,049</u>

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter 30/6/2017 RM'000</b>	<b>Previous Financial Year-End 31/12/2016 RM'000</b>
<b>Movement in investment accounts</b>		
At beginning of the financial period	2,110,049	1,331,318
New placement during the period	710,780	800,000
Redemption during the period	(672,586)	(10,606)
Finance expense on RIA	51,583	89,272
Profit distributed	(51,716)	(99,935)
At end of the financial period	<u>2,148,110</u>	<u>2,110,049</u>

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**23 INVESTMENT ACCOUNTS DUE FROM DESIGNATED FINANCIAL INSTITUTIONS (continued)**

**Profit Sharing Ratio and Rate of Return**

	<b>Economic Entity and The Bank</b>			
	<b>30/6/2017</b>		<b>31/12/2016</b>	
	<b>Average profit sharing ratio (PSR)</b>	<b>Average rate of return (ROR)</b>	<b>Average profit sharing ratio (PSR)</b>	<b>Average rate of return (ROR)</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Investment accounts:				
Due within six months	<b>96</b>	<b>5.12</b>	96	4.37
Six months to one year	<b>95</b>	<b>4.40</b>	96	4.75
One year to three years	<b>92</b>	<b>5.27</b>	95	5.07
Three years to five years	<b>95</b>	<b>5.11</b>	-	-
Five years and above	<b>96</b>	<b>5.38</b>	95	5.02

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

**24 DERIVATIVE FINANCIAL LIABILITIES**

	<b>Economic Entity and The Bank</b>			
	<b>Current Financial Quarter</b>		<b>Previous Financial Year End</b>	
	<b>30/6/2017</b>		<b>31/12/2016</b>	
	<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>921,909</b>	<b>41,027</b>	110,639	1,412
	<b>921,909</b>	<b>41,027</b>	110,639	1,412

**25 OTHER LIABILITIES**

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter</b>	<b>Previous Financial Year-End</b>
	<b>30/6/2017</b>	<b>31/12/2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Margin and collateral deposits	<b>8,757</b>	8,413
Other creditors and accruals	<b>2,597</b>	3,449
Cheque clearing accounts	<b>3,043</b>	-
Sundry creditors	<b>7,783</b>	18,729
Provision for zakat	<b>1,431</b>	2,332
Defined contribution plan (a)	<b>792</b>	1,057
Accrued employee benefits (b)	<b>1,995</b>	2,261
Charity funds	<b>75</b>	90
	<b>26,473</b>	36,331

**(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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**26 RESERVES**

	<b>Economic Entity</b>		<b>The Bank</b>	
	<b>Current Financial Quarter 30/6/2017 RM'000</b>	<b>Previous Financial Year-End 31/12/2016 RM'000</b>	<b>Current Financial Quarter 30/6/2017 RM'000</b>	<b>Previous Financial Year-End 31/12/2016 RM'000</b>
Retained profits	575,279	237,127	575,929	237,777
AFS revaluation reserves	(2,901)	(18,064)	(2,901)	(18,064)
Statutory reserves	-	305,016	-	305,016
Regulatory reserves	83,005	73,178	83,005	73,178
	<b>655,383</b>	<b>597,257</b>	<b>656,033</b>	<b>597,907</b>
<b>Statutory reserves</b>				
At beginning of the financial period	305,016	248,717	305,016	248,717
Transfer (to)/from retained profits	(305,016)	56,299	(305,016)	56,299
At end of the financial period	-	305,016	-	305,016

- (a) As at 30 June 2017, the Bank has tax exempt account balance of RM34,165,467 (31 December 2016: RM34,165,467) 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 is maintained in compliance with Section 57(2)(f) of the Islamic Financial Services Act 2013 and is not distributable as cash dividends. Based on Bank Negara Malaysia's revised Guidelines on Capital Fund, the Bank no longer required to maintain a reserve fund effective 3 May 2017. The statutory reserves is transferred to retained profits as at reporting date.
- (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 RM1,409,897.05 (31 December 2016: net unrealised losses of RM28,835,478).
- (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>30/6/2017</b>	<b>30/6/2016</b>	<b>30/6/2017</b>	<b>30/6/2016</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>166,753</b>	143,550	<b>314,835</b>	273,455
Income derived from investment of investment account funds	<b>25,369</b>	26,538	<b>53,763</b>	45,719
Income derived from investment of shareholders' funds	<b>16,981</b>	12,771	<b>32,619</b>	24,061
Income attributable to depositors	<b>(131,724)</b>	(116,672)	<b>(247,226)</b>	(217,565)
	<b>77,379</b>	66,187	<b>153,991</b>	125,670
of which:				
Profit earned on impaired financing, advances and other financing	<b>20</b>	(95)	<b>745</b>	101

**27 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>30/6/2017</b>	<b>30/6/2016</b>	<b>30/6/2017</b>	<b>30/6/2016</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>95,255</b>	69,216	<b>175,427</b>	135,935
- Other deposits (ii)	<b>71,498</b>	74,334	<b>139,408</b>	137,520
	<b>166,753</b>	143,550	<b>314,835</b>	273,455

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**27 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
	30/6/2017	30/6/2016	30/6/2017	30/6/2016
	RM'000	RM'000	RM'000	RM'000
<b>Finance income and hibah</b>				
Financing, advances and other financing	74,218	51,144	138,589	103,458
Financial investments available-for-sale	8,687	5,048	15,887	10,483
Financial investments held-to-maturity	500	508	1,032	1,072
Money at call and deposits with other financial institutions	6,270	7,740	10,124	13,041
	<b>89,675</b>	<b>64,440</b>	<b>165,632</b>	<b>128,054</b>
Accretion of discount less amortisation of premium	611	482	1,154	1,042
Total finance income and hibah	<b>90,286</b>	<b>64,922</b>	<b>166,786</b>	<b>129,096</b>
<b>Other operating income</b>				
Fee income:				
Commission	272	166	640	374
Service charges and fees	1,034	581	1,997	1,171
Guarantee fees	670	336	1,042	591
	<b>1,976</b>	<b>1,083</b>	<b>3,679</b>	<b>2,136</b>
Income from financial instruments:				
Gain on arising on financial investments available-for-sale:				
- net gain on disposal	852	921	1,300	1,231
	<b>852</b>	<b>921</b>	<b>1,300</b>	<b>1,231</b>
Other income:				
Foreign exchange profit/(loss)				
- realised	1,808	2,613	4,693	2,944
- unrealised	(563)	(985)	(2,569)	(413)
Other non-operating income	896	662	1,538	941
	<b>2,141</b>	<b>2,290</b>	<b>3,662</b>	<b>3,472</b>
	<b>95,255</b>	<b>69,216</b>	<b>175,427</b>	<b>135,935</b>

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**27 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
	30/6/2017	30/6/2016	30/6/2017	30/6/2016
	RM'000	RM'000	RM'000	RM'000
<b>Finance income and hibah</b>				
Financing, advances and other loans	55,608	55,122	110,135	104,665
Financial investments available-for-sale	6,526	5,457	12,625	10,605
Financial investments held-to-maturity	370	551	820	1,085
Money at call and deposits with other financial institutions	4,781	8,173	8,045	-
	<b>67,285</b>	<b>69,303</b>	<b>131,625</b>	<b>129,548</b>
Accretion of discount less amortisation of premium	457	524	917	1,054
Total finance income and hibah	<b>67,742</b>	<b>69,827</b>	<b>132,542</b>	<b>130,602</b>
<b>Other operating income</b>				
Fee income:				
Commission	198	181	509	378
Service charges and fees	771	625	1,587	1,184
Guarantee fees	513	356	828	598
	<b>1,482</b>	<b>1,162</b>	<b>2,924</b>	<b>2,160</b>
Income from financial instruments:				
Gain on arising on financial investments available-for-sale:				
- net gain on disposal	654	951	1,033	1,245
	<b>654</b>	<b>951</b>	<b>1,033</b>	<b>1,245</b>
Other income:				
Foreign exchange profit/(loss)				
- realised	1,285	2,665	3,729	2,978
- unrealised	(343)	(959)	(2,042)	(417)
Other non-operating income	678	688	1,222	952
	<b>1,620</b>	<b>2,394</b>	<b>2,909</b>	<b>3,513</b>
	<b>71,498</b>	<b>74,334</b>	<b>139,408</b>	<b>137,520</b>

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**28 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
	30/6/2017	30/6/2016	30/6/2017	30/6/2016
	RM'000	RM'000	RM'000	RM'000
<b>Finance income and hibah</b>				
Financing, advances and other loans	19,674	19,756	42,473	34,796
Financial investments available-for-sale	2,319	1,963	4,869	3,526
Financial investments held-to-maturity	128	199	316	361
Money at call and deposits with other financial institutions	1,738	2,862	3,103	4,386
	<b>23,859</b>	<b>24,780</b>	<b>50,761</b>	<b>43,069</b>
Accretion of discount less amortisation of premium	162	189	354	350
Total finance income and hibah	<b>24,021</b>	<b>24,969</b>	<b>51,115</b>	<b>43,419</b>
<b>Other operating income</b>				
Fee income:				
Commission	66	66	196	126
Service charges and fees	271	224	612	394
Guarantee fees	187	126	319	199
	<b>524</b>	<b>416</b>	<b>1,127</b>	<b>719</b>
Income from financial instruments:				
Gain on arising on financial investments available-for-sale:				
- net gain on disposal	240	325	399	414
	<b>240</b>	<b>325</b>	<b>399</b>	<b>414</b>
Other income:				
Foreign exchange profit/(loss)				
- realised	416	895	1,438	990
- unrealised	(76)	(303)	(787)	(139)
Other non-operating income	244	236	471	316
	<b>584</b>	<b>828</b>	<b>1,122</b>	<b>1,167</b>
	<b>25,369</b>	<b>26,538</b>	<b>53,763</b>	<b>45,719</b>

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**29 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
	30/6/2017	30/6/2016	30/6/2017	30/6/2016
	RM'000	RM'000	RM'000	RM'000
<b>Finance income and hibah</b>				
Financing, advances and other financing	13,213	9,459	25,769	18,312
Financial investments available-for-sale	1,550	936	2,954	1,856
Financial investments held-to-maturity	88	95	192	190
Money at call and deposits with other financial institutions	1,130	1,411	1,882	2,308
	<b>15,981</b>	<b>11,901</b>	<b>30,797</b>	<b>22,666</b>
Accretion of discount less amortisation of premium	109	89	215	184
Total finance income and hibah	<b>16,090</b>	<b>11,990</b>	<b>31,012</b>	<b>22,850</b>
<b>Other operating income</b>				
Fee income:				
Commission	47	31	119	66
Service charges and fees	183	107	371	207
Guarantee fees	122	62	194	105
	<b>352</b>	<b>200</b>	<b>684</b>	<b>378</b>
Income from financial instruments:				
Gain on arising on financial investments available-for-sale:				
- net gain on disposal	155	166	242	218
	<b>155</b>	<b>166</b>	<b>242</b>	<b>218</b>
Other income:				
Foreign exchange profit/(loss)				
- realised	310	465	873	521
- unrealised	(87)	(170)	(478)	(73)
Other non-operating income	161	120	286	167
	<b>384</b>	<b>415</b>	<b>681</b>	<b>615</b>
	<b>16,981</b>	<b>12,771</b>	<b>32,619</b>	<b>24,061</b>

**30 ALLOWANCES FOR/(WRITE-BACK OF) 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
	30/6/2017	30/6/2016	30/6/2017	30/6/2016
	RM'000	RM'000	RM'000	RM'000
Individual impairment				
- made in the financial period	1,737	883	7,485	1,465
- written-back	(748)	(14,600)	(4,579)	(14,689)
Collective impairment				
- net allowance made in the financial period	10,294	2,710	14,033	5,339
Bad debts on financing				
- recovered	(174)	(405)	(438)	(992)
- written-off	1	4	1	4
	<b>11,110</b>	<b>(11,408)</b>	<b>16,502</b>	<b>(8,873)</b>

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**31 INCOME ATTRIBUTABLE TO DEPOSITORS**

	<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>	<b>Preceding Year</b>	<b>Current</b>	<b>Preceding Year</b>
	<b>Financial</b>	<b>Corresponding</b>	<b>Financial</b>	<b>Corresponding</b>
	<b>Quarter</b>	<b>Quarter</b>	<b>Quarter</b>	<b>Quarter</b>
	<b>30/6/2017</b>	<b>30/6/2016</b>	<b>30/6/2017</b>	<b>30/6/2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits from customers				
- Mudharabah	475	798	1,128	1,618
- Non-mudharabah	87,900	70,464	165,077	138,995
Deposits and placements of banks and other financial institutions				
- Mudharabah	18,228	21,482	29,420	35,072
Profit distributed to investment account holders	25,121	23,928	51,601	41,880
	<b>131,724</b>	<b>116,672</b>	<b>247,226</b>	<b>217,565</b>

**32 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>	<b>Preceding Year</b>	<b>Current</b>	<b>Preceding Year</b>
	<b>Financial</b>	<b>Corresponding</b>	<b>Financial</b>	<b>Corresponding</b>
	<b>Quarter</b>	<b>Quarter</b>	<b>Quarter</b>	<b>Quarter</b>
	<b>30/6/2017</b>	<b>30/6/2016</b>	<b>30/6/2017</b>	<b>30/6/2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Personnel costs (a)	26,345	19,275	50,853	38,606
Establishment costs (b)	12,068	8,534	21,674	17,018
Marketing expenses (c)	970	717	1,736	1,255
Administrative and general expenses (d)	3,900	3,131	7,490	6,233
	<b>43,283</b>	<b>31,657</b>	<b>81,753</b>	<b>63,112</b>

(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>	<b>Preceding Year</b>	<b>Current</b>	<b>Preceding Year</b>
	<b>Financial</b>	<b>Corresponding</b>	<b>Financial</b>	<b>Corresponding</b>
	<b>Quarter</b>	<b>Quarter</b>	<b>Quarter</b>	<b>Quarter</b>
	<b>30/6/2017</b>	<b>30/6/2016</b>	<b>30/6/2017</b>	<b>30/6/2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Wages, salaries and bonuses	20,419	14,611	39,133	29,413
Defined contribution plan ('EPF')	3,345	2,445	6,567	4,911
Other personnel costs	2,581	2,219	5,153	4,282
	<b>26,345</b>	<b>19,275</b>	<b>50,853</b>	<b>38,606</b>

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**32 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
	30/6/2017	30/6/2016	30/6/2017	30/6/2016
	RM'000	RM'000	RM'000	RM'000
Rental of premises	1,501	1,268	3,202	2,482
Equipment rental	24	17	42	32
Repair and maintenance	2,446	1,760	3,927	3,437
Depreciation of property and equipment	208	261	433	519
Amortisation of intangible assets	-	116	-	232
IT consultancy fees	4,350	2,476	7,154	4,802
Dataline rental	332	255	624	412
Security services	1,040	938	2,071	1,898
Electricity, water and sewerage	497	429	966	798
Licence fee	85	85	178	175
Insurance/takaful and indemnities	462	(3)	895	414
Other establishment costs	1,123	932	2,182	1,817
	<b>12,068</b>	<b>8,534</b>	<b>21,674</b>	<b>17,018</b>

(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
	30/6/2017	30/6/2016	30/6/2017	30/6/2016
	RM'000	RM'000	RM'000	RM'000
Business promotion and advertisement	481	294	729	386
Entertainment	71	138	138	187
Traveling and accommodation	300	214	544	385
Other marketing expenses	118	71	325	297
	<b>970</b>	<b>717</b>	<b>1,736</b>	<b>1,255</b>



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**32 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
	30/6/2017	30/6/2016	30/6/2017	30/6/2016
	RM'000	RM'000	RM'000	RM'000
Telecommunication expenses	227	222	489	458
Auditors' remuneration	110	147	222	269
Professional fees	360	306	687	560
Property and equipment written-off	-	-	1	-
Mail and courier charges	185	146	291	332
Stationery and consumables	569	624	1,264	1,187
Commissions expenses	349	255	597	464
Brokerage expenses	278	349	494	574
Directors' fees and allowances	180	59	548	545
Donations	54	282	81	300
Settlement, clearing and bank charges	300	234	576	512
Stamp duties	1	1	4	1
GST Input tax-non recoverable	1,238	437	2,140	868
Other administration and general expenses	49	69	96	163
	<b>3,900</b>	<b>3,131</b>	<b>7,490</b>	<b>6,233</b>

**33 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
	30/6/2017	31/12/2016
	RM'000	RM'000
Direct credit substitutes (*)	162,770	33,386
Transaction-related contingent items (*)	260,775	282,867
Short-term self-liquidating trade related contingencies	399,762	312,550
Irrevocable commitments to extend credit:		
- maturity less than one year	1,370,364	1,129,279
- maturity more than one year	480,180	469,986
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	51,418	39,538
Foreign exchange related contracts (#):		
- less than one year	1,820,243	1,049,862
	<b>4,545,512</b>	<b>3,317,468</b>

\* Included in direct credit substitutes as above are financial guarantee contracts of RM38.0 million at the Bank (31 December 2016: RM33.4 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 24 to the financial statements.

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**34 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.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Economic Entity and The Bank</b>				
<b>30/6/2017</b>				
<b>Assets</b>				
Derivative financial assets		42,726		42,726
Financial investments available-for-sale				
- Money market instruments	-	1,023,917	-	1,023,917
- Equity securities	-	-	-	-
- Corporate bonds/sukuk	-	1,111,283	-	1,111,283
	-	2,177,926	-	2,177,926
<b>Liabilities</b>				
Derivative financial liabilities	-	41,027	-	41,027
	-	41,027	-	41,027
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Economic Entity and The Bank</b>				
<b>31/12/2016</b>				
<b>Assets</b>				
Derivative financial assets	-	8,987	-	8,987
Financial investments available-for-sale				
- Money market instruments	-	931,503	-	931,503
- Equity securities	-	-	-	-
- Corporate bonds/sukuk	-	901,905	-	901,905
	-	1,842,395	-	1,842,395
<b>Liabilities</b>				
Derivative financial liabilities	-	1,412	-	1,412
	-	1,412	-	1,412

\* Net of allowance for impairment.

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**34 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 2016: Nil)

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

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter 30/6/2017 RM'000</b>	Previous Financial Year-End 31/12/2016 RM'000
As at beginning of the financial period	-	525
Sales	-	(25)
Reclassify to investment in associate	-	(500)
As at end of the financial period	<u>-</u>	<u>-</u>

**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
	30/6/2017 RM'000	31/12/2016 RM'000			
<b>Economic Entity and The Bank Financial investments available-for-sale</b>					
Unquoted shares	-	-	Net tangible assets	Net tangible assets	Higher net tangible assets results in higher fair value

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

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**35 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 for Islamic Banks (Capital Components), the minimum capital adequacy requirement for Common Equity Tier 1 Capital Ratio ('CET 1') and Tier 1 Capital Ratio are 5.750% (2016: 5.125%) and 7.250% (2016: 6.625%) respectively for year 2017. The minimum regulatory capital adequacy requirement has increased to 9.250% (2016 : 8.625%) 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 36 below summarises the composition of regulatory capital and the ratios of the Bank for the financial quarter ended 30 June 2017.

**36 CAPITAL ADEQUACY**

The capital adequacy ratios are as follows:

	<b>Economic Entity</b>		<b>The Bank</b>	
	<b>Current Financial Quarter</b>	Previous Financial Year-End	<b>Current Financial Quarter</b>	Previous Financial Year-End
	<b>30/6/2017</b>	31/12/2016	<b>30/6/2017</b>	31/12/2016
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Paid-up share capital	<b>760,000</b>	560,000	<b>760,000</b>	560,000
Statutory reserves	-	305,016	-	305,016
Retained profits	<b>532,316</b>	237,127	<b>532,966</b>	237,777
Unrealised gains and losses on AFS	<b>(3,816)</b>	(23,768)	<b>(3,816)</b>	(23,768)
	<b>1,288,500</b>	1,078,375	<b>1,289,150</b>	1,079,025
Less:				
Deferred tax assets	<b>(2,677)</b>	(8,056)	<b>(2,677)</b>	(8,056)
Investment in associate/joint ventures	<b>(600)</b>	(450)	<b>(1,120)</b>	(840)
<b>CET1 Capital</b>	<b>1,285,223</b>	1,069,869	<b>1,285,353</b>	1,070,129
<b>Tier 1 Capital</b>	<b>1,285,223</b>	1,069,869	<b>1,285,353</b>	1,070,129

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**36 CAPITAL ADEQUACY (continued)**

	<b>Economic Entity</b>		<b>The Bank</b>	
	<b>Current Financial Quarter Financial 30/6/2017 RM'000</b>	<b>Previous Financial Year-End Financial 31/12/2016 RM'000</b>	<b>Current Financial Quarter Financial 30/6/2017 RM'000</b>	<b>Previous Financial Year-End Financial 31/12/2016 RM'000</b>
Collective impairment <sup>@</sup>	<b>32,613</b>	28,541	<b>32,613</b>	28,541
Regulatory adjustments	<b>83,005</b>	73,178	<b>83,005</b>	73,178
Less:				
Investment in associate/joint ventures	<b>(150)</b>	(300)	<b>(280)</b>	(560)
<b>Tier II capital</b>	<b>115,468</b>	101,419	<b>115,338</b>	101,159
<b>Total capital</b>	<b>1,400,691</b>	1,171,288	<b>1,400,691</b>	1,171,288
CET1 capital ratio	<b>13.122%</b>	12.421%	<b>13.124%</b>	12.424%
Tier 1 capital ratio	<b>13.122%</b>	12.421%	<b>13.124%</b>	12.424%
Total capital ratio	<b>14.301%</b>	13.598%	<b>14.301%</b>	13.598%
CET1 capital ratio (net of proposed dividends)	<b>13.122%</b>	12.421%	<b>13.124%</b>	12.424%
Tier 1 capital ratio (net of proposed dividends)	<b>13.122%</b>	12.421%	<b>13.124%</b>	12.424%
Total capital ratio (net of proposed dividends)	<b>14.301%</b>	13.598%	<b>14.301%</b>	13.598%
Risk-weighted assets for:				
Credit risk	<b>9,294,761</b>	8,124,441	<b>9,294,761</b>	8,124,441
Market risk	<b>12,340</b>	37,254	<b>12,340</b>	37,254
Operational risk	<b>487,009</b>	451,894	<b>487,009</b>	451,894
<b>Total risk-weighted assets</b>	<b>9,794,110</b>	8,613,589	<b>9,794,110</b>	8,613,589

<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 30 June 2017, RIA assets excluded from Total Capital Ratio calculation amounted to RM2,148,522,835 (31 December 2016: RM2,112,242,742).

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

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**37 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 2017, the Bank registered a profit before tax of RM23.0 million as compared to the previous year's corresponding quarter of RM43.1 million, a decrease of RM20.1 million or 46.6%.

This was due to:

- i) higher allowances for impairment losses on financing, advances and other financing by RM22.5 million.
- ii) higher operating expenses by RM11.6 million.

The above was off-set by:

- i) higher income derived from investments after netting off income attributable to depositors' funds by RM11.1 million.
- ii) lower zakat by RM2.9 million.

**38 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 2017 stood at RM23.0 million as compared to RM32.8 million reported in the 1st quarter of 2017, a decrease of RM9.8 million or 29.9%.

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

- i) higher allowances for impairment losses on financing, advances and other financing by RM5.7 million.
- ii) higher operating expenses by RM4.8 million.

The above was off-set by:

- iii) higher income derived from investments after netting off income attributable to the depositors' funds by RM0.7 million.

**39 PROSPECT FOR THE CURRENT FINANCIAL YEAR**

Business Outlook for Remaining Period Financial Year 2017

Malaysia's economic growth expanding consistently in the first half of 2017 with the gross domestic product (GDP) growth is predicted slightly higher than the projection of 4.3-4.8% for 2017. The growth backed by both strong domestic and foreign demand. Domestic demand will continue to be the main driver of growth, supported primarily by private sector activity. Foreign demand would be driven by export activities mainly from technology and electronic sector for electronic components to make smart phone and gadgets.

Moving forward, AFFIN Islamic remains optimistic of improving its market positioning in Islamic banking by prioritize on the growth of Shariah-compliant assets, in line with BNM's 10-year Financial Sector Blueprint. Our focus will continue to be on driving operating efficiency and productivity with the emphasis on SME and millennial segments in supporting our financing growth and profitability. In consumer market, hire purchase financing and residential property mortgages will continue as key business drivers.

Overall performance is expected to remain steady supported by stable funding position through emplacement of Islamic deposits. With the implementation of "Priority Islamic" approach and AFFINITY Transformation Program initiatives, the pace of AFFIN Islamic asset and liability growth are expected to meet our financial year targets and support AFFIN Bank group overall performance.

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**40 VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT**

The Bank's profit before tax registered an adverse variance of RM20.4 million. The main contributing factors are follows:

Other operating expenses

Operating costs showed an adverse variance of RM9.7 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 RM11.5 million.

Income derived from investments after netting off income attributable to the depositors' funds

Income derived from investments after netting off income attributable to the depositors' funds showed a favourable variance of RM0.8 million.

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**BASEL II Pillar 3 Disclosures**

**Disclosure on Capital Adequacy under the Standardised Approach (RM'000)**  
Economic Entity/The Bank  
30.06.2017

	Exposure Class	Gross Exposures		Net Exposures	Risk Weighted Assets	Total Risk Weighted Assets after Effects of PSIA	Minimum Capital Requirements at 8%
		/EAD before CRM	/EAD after CRM				
<b>1</b>	<b><u>CREDIT RISK</u></b>						
	<u>On Balance Sheet Exposures</u>						
	Corporates	4,696,442	4,745,987	3,565,870	3,565,870	285,270	
	Regulatory Retail	3,395,194	3,406,335	1,597,254	1,597,254	127,781	
	Other Assets	3,896,707	3,915,912	2,922,606	2,922,606	233,808	
	Sovereigns/Central Banks	435,353	435,353	92,115	92,115	7,369	
	Public Sector Entities	-	-	-	-	-	
	Banks, Development Financial Institutions & MDBs	59,819	59,819	7,983	7,983	639	
	Insurance Companies, Securities Firms & Fund Managers	57	57	57	57	5	
	Residential Mortgages	2,694,607	2,694,607	1	1	-	
	Higher Risk Assets	137,183	143,331	197,709	197,709	15,817	
	Specialised Financing/Investment	-	-	-	-	-	
	Equity Exposure	-	-	-	-	-	
	Securitisation Exposure	-	-	-	-	-	
	Defaulted Exposures	167,678	167,753	193,091	193,091	15,447	
	<b>Total for On-Balance Sheet Exposures</b>	<b>15,483,040</b>	<b>15,569,154</b>	<b>8,576,686</b>	<b>8,576,686</b>	<b>686,136</b>	
	<u>Off Balance Sheet Exposures</u>						
	Off Balance sheet Exposures other than OTC derivatives or credit derivatives	915,480	930,684	715,200	715,200	57,215	
	Defaulted Exposures	1,946	1,946	2,875	2,875	230	
	<b>Total for Off-Balance Sheet Exposures</b>	<b>917,426</b>	<b>932,630</b>	<b>718,075</b>	<b>718,075</b>	<b>57,445</b>	
	<b>Total for On and Off-Balance Sheet Exposures</b>	<b>16,400,466</b>	<b>16,501,784</b>	<b>9,294,761</b>	<b>9,294,761</b>	<b>743,581</b>	
<b>2</b>	<b><u>MARKET RISK</u></b>						
		<b>Long Position</b>	<b>Short Position</b>				
	Interest Rate Risk	1,793,642	1,791,921	1,721	309	25	
	Foreign Currency Risk	12,031	(452)	12,483	12,031	962	
<b>3</b>	<b><u>OPERATIONAL RISK</u></b>						
	Operational Risk			487,009		38,961	
	<b>Total RWA and Capital Requirements</b>			<b>9,794,110</b>	<b>9,294,761</b>	<b>783,529</b>	

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**

31.12.2016

	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	<u>CREDIT RISK</u>					
	<u>On Balance Sheet Exposures</u>					
	Corporates	4,417,410	4,332,373	3,428,386	3,428,386	274,271
	Regulatory Retail	3,441,735	3,425,420	2,569,179	2,569,179	205,535
	Other Assets	19,347	18,890	19,285	19,285	1,543
	Sovereigns/Central Banks	1,964,813	1,964,813	-	-	-
	Public Sector Entities	-	-	-	-	-
	Banks, Development Financial Institutions & MDBs	29,582	29,582	1,968	1,968	157
	Insurance Companies, Securities Firms & Fund Managers	65	65	65	65	5
	Residential Real Estate (RRE) Financing	2,741,411	2,730,951	1,280,061	1,280,061	102,405
	Higher Risk Assets	475,513	475,513	82,266	82,266	6,581
	Specialised Financing/Investment	-	-	-	-	-
	Equity Exposure	-	-	-	-	-
	Securitisation Exposure	-	-	-	-	-
	Defaulted Exposures	147,920	144,717	189,837	189,837	15,187
	Total for On-Balance Sheet Exposures	13,237,796	13,122,324	7,571,047	7,571,047	605,684
	<u>Off Balance Sheet Exposures</u>					
	Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	693,127	683,193	531,270	531,270	42,500
	Defaulted Exposures	14,937	14,769	22,124	22,124	1,770
	Total for Off-Balance Sheet Exposures	708,064	697,962	553,394	553,394	44,270
	Total for On and Off-Balance Sheet Exposures	13,945,860	13,820,286	8,124,441	8,124,441	649,954
2	<u>MARKET RISK</u>					
		Long Position	Short Position			
	Profit Rate Risk	1,051,537	1,043,829	7,708	-	1
	Foreign Currency Risk	37,245	-	37,245	-	2,980
3	<u>OPERATIONAL RISK</u>					
	Operational Risk			451,894		36,152
	Total RWA and Capital Requirements			8,613,589	8,124,441	689,087

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)**

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 and foreign exchange rates. A CaR reference threshold is set as a management trigger to ensure that the Bank's capital adequacy is not impinged upon in the event of adverse market movements. The Bank currently adopts BNM's Standardised Approach for the computation of market risk capital charges. The market risk capital charge addresses among others, capital requirement for market risk which includes the profit rate risk in the Bank's Trading Book as well as foreign exchange risk in the Trading and Banking Books.

The computation of market risk capital charge covers the following outstanding financial instruments:

- a) Foreign Exchange ('FX')
- b) Interest Rate Swap ('IRS')
- c) Cross Currency Swap ('CCS')
- d) Fixed Income Instruments (i.e. Corporate Sukuk 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. 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  
30.06.2017

Risk Weights	Exposures after Netting and Credit Risk Mitigation												Total Exposure after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	PSEs	Banks, MDBs and FDIs	Insurance Companies, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Specialised Financing /Investment	Securitization	Equity		
0%	2,743,918	-	19,902	-	575,954	-	-	-	312,821	-	-	-	3,652,595	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	61,396	-	88,627	-	678,783	-	-	-	38,022	-	-	-	866,828	173,366
35%	-	-	-	-	-	-	2,426,707	-	-	-	-	-	2,426,707	849,347
50%	-	-	-	-	164,565	996	453,609	8,066	-	-	-	-	627,236	313,618
70%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
75%	-	-	-	-	-	3,934,801	203	-	-	-	-	-	3,935,004	2,951,253
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	57	3,976,389	58,699	542,282	-	84,510	-	-	-	4,661,937	4,661,937
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
115%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	58,592	11,861	30,294	129,413	-	-	-	-	230,160	345,240
250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
937.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Average Risk Weight</b>														
<b>Deduction from Capital Base</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	

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**  
31.12.2016

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%	2,005,137	-	19,742	-	480,679	-	-	-	391,213	-	-	-	2,896,771	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	47,416	-	24,005	-	504,556	-	-	-	4,826	-	-	-	580,803	116,161
35%	-	-	-	-	-	-	1,977,746	-	-	-	-	-	1,977,746	692,211
50%	-	-	-	-	159,280	-	330,928	9,051	-	-	-	-	499,259	249,629
70%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
75%	-	-	-	-	-	3,466,599	288	-	-	-	-	-	3,466,887	2,600,165
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	65	3,739,703	5,266	443,062	-	75,818	-	-	-	4,263,914	4,263,914
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
115%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	79,633	12,180	29,199	13,895	-	-	-	-	134,907	202,361
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  
30.06.2017

Exposure Class	Ratings of Corporate by Approved ECAIs					
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
<b>On and Off-Balance-Sheet Exposures</b>						
<b>Credit Exposures (using Corporate Risk Weights)</b>						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers		-	-	-	-	-
Corporates		388,156	65,807	-	-	5,059,835
<b>Total</b>		388,156	65,807	-	-	5,059,835

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
<b>On and Off-Balance-Sheet Exposures</b>						
Banks, MDBs and FDIs		-	-	-	-	-
<b>Rated Credit Exposures (using Corporate Risk Weights)</b>						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers		-	-	-	-	-
Corporates		-	-	-	-	-
<b>Total</b>		-	-	-	-	-

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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**  
31.12.2016

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
<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		-	-	-	-	65
Corporates		234,345	91,360	-	-	4,878,163
Total		234,345	91,360	-	-	4,878,228

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  
30.06.2017

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
<b>On and Off-Balance-Sheet Exposures</b>							
Sovereigns and Central Banks		-	2,805,314	-	-	-	-
<b>Total</b>		-	2,805,314	-	-	-	-

Exposure Class	Ratings of Banking Institutions by Approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3-	A1 to A3	BBB1+ to BBB3	BB1 to B3	C1+ to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
<b>On and Off-Balance-Sheet Exposures</b>							
Banks, MDBs and FDIs		46,500	30,000	-	-	-	32,029
<b>Total</b>		46,500	30,000	-	-	-	32,029

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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**  
31.12.2016

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
<u>On and Off-Balance-Sheet Exposures</u>							
Sovereigns and Central Banks		-	2,052,552	-	-	-	-
Total		-	2,052,552	-	-	-	-

Exposure Class	Ratings of Banking Institutions by Approved ECAIs						
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3-	A1 to A3	BBB1+ to BBB3	BB1 to B3	C1+ to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
<u>On and Off-Balance-Sheet Exposures</u>							
Banks, MDBs and FDIs		12,414	-	-	-	-	31,333
Total		12,414	-	-	-	-	31,333



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**BASEL II Pillar 3 Disclosures (continued)**

**a) Disclosures on Credit Risk Mitigation (RM'000)**  
**Economic Entity/The Bank**  
**30.06.2017**

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees /Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
<b><u>Credit Risk</u></b>				
<b><u>On-Balance Sheet Exposures</u></b>				
Sovereigns/Central Banks	435,353	-	-	-
Public Sector Entities	-	-	-	-
Banks, Development Financial Institutions & MDBs	59,819	-	-	-
Insurance Cos, Securities Firms & Fund Managers	57	-	-	-
Corporates	4,696,442	63,947	59,517	-
Regulatory Retail	3,395,194	-	24,437	-
Residential Mortgages	2,694,607	-	11,140	-
Higher Risk Assets	137,183	-	6,148	-
Other Assets	3,896,707	-	-	-
Specialised Financing/Investment	-	-	-	-
Equity Exposure	-	-	-	-
Securitisation Exposures	-	-	-	-
Defaulted Exposures	167,678	-	-	-
<b>Total for On-Balance Sheet Exposures</b>	<b>15,483,040</b>	<b>63,947</b>	<b>101,242</b>	<b>-</b>
<b><u>Off-Balance Sheet Exposures</u></b>				
Off-Balance sheet exposures other than OTC derivatives or credit derivatives	915,480	-	-	-
Defaulted Exposures	1,946	-	75	-
<b>Total for Off-Balance Sheet Exposures</b>	<b>917,426</b>	<b>-</b>	<b>75</b>	<b>-</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>16,400,466</b>	<b>63,947</b>	<b>101,317</b>	<b>-</b>

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

31.12.2016

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	1,964,813	-	-	-
Banks, Development Financial Institutions & MDBs	29,582	-	-	-
Corporates	4,417,410	53,633	90,551	-
Regulatory Retail	3,441,735	-	20,735	-
Residential Mortgages	2,741,411	-	10,460	-
Higher Risk Assets	23,002	9,051	457	-
Other Assets	471,858	-	-	-
Defaulted Exposures	147,920	-	3,370	-
<b>Total for On-Balance Sheet Exposures</b>	<b>13,237,796</b>	<b>62,684</b>	<b>125,573</b>	<b>-</b>
<u>Off-Balance Sheet Exposures</u>				
Off-Balance sheet exposures other than OTC derivatives or credit derivatives	693,127	-	-	-
Defaulted Exposures	14,937	-	-	-
<b>Total for Off-Balance Sheet Exposures</b>	<b>708,064</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>13,945,860</b>	<b>62,684</b>	<b>125,573</b>	<b>-</b>

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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**  
**30.06.2017**

Description	Total Principle Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk Weighted Amount
Direct Credit Substitutes	162,770		162,770	154,839
Transaction related contingent Items	260,775		130,387	128,393
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	480,180		240,090	232,085
Short Term Self Liquidating trade related contingencies	399,762		79,952	23,801
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	1,370,364		274,073	169,642
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	51,418		-	-
<b>Foreign exchange related contracts</b>				
-less than one year	1,820,243	42,726	45,358	9,315
<b>Total</b>	<b>4,545,512</b>	<b>42,726</b>	<b>932,630</b>	<b>718,075</b>

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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**

31.12.2016

Description	Total Principle Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk Weighted Amount
Direct Credit Substitutes	33,386		33,386	25,476
Transaction related contingent Items	282,867		141,434	145,156
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	469,986		234,993	226,458
Short Term Self Liquidating trade related contingencies	312,550		62,510	17,534
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	1,129,279		225,856	136,791
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	39,538		-	-
Foreign exchange related contracts				
-less than one year	1,049,862	8,987	9,885	1,979
<b>Total</b>	<b>3,317,468</b>	<b>8,987</b>	<b>708,064</b>	<b>553,394</b>

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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 risk to earnings and capital arising from exposure to adverse movements in profit rates mainly due to mismatches in timing repricing of assets and liabilities. These mismatches are actively managed from an earnings and economic value perspective.

The objective of profit rate risk management is to achieve a stable and sustainable net profit income from the following perspectives:

(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.

Profit rate risk thresholds are established in line with the Group's strategy and risk appetite. These thresholds are reviewed regularly to ensure relevance in the context of prevailing market conditions.

Type of Currency	The Bank/Economic Entity 30.06.2017		The Bank/Economic Entity 31.12.2016	
	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	(11.9)	114.2	(13.2)	91.9
US Dollar	(0.8)	-	(0.8)	-
Others (*)	(0.1)	-	(3.6)	-
<b>Total</b>	<b>(12.8)</b>	<b>114.2</b>	<b>(17.6)</b>	<b>91.9</b>

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