

Company No: 200501027372 (709506-V)

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

**BASEL II  
PILLAR 3 DISCLOSURES  
As at 30th June 2021**

## **AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

### **BASEL II Pillar 3 Quantitative Disclosures**

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**BASEL II Pillar 3 Quantitative Disclosures**

**1 Introduction**

**1.1 Background**

The Capital Adequacy Framework (Basel II – Risk-Weighted Assets) issued by Bank Negara Malaysia ('BNM'), which is the equivalent of the Basel II issued by the Basel Committee of Banking Supervision and the Islamic Financial Services Board is structured around three fundamental pillars:

- Pillar 1 defines the minimum capital requirement to ensure that financial institutions hold sufficient capital to cover their exposure to credit, market and operational risks.
- Pillar 2 requires financial institutions to have a process for assessing their overall capital adequacy in relation to their risk profile and a strategy for maintaining their capital levels.
- Pillar 3 requires financial institutions to establish and implement an appropriate disclosure policy that promotes transparency regarding their risk management practices and capital adequacy positions.

Pillar 3 disclosure is required under the BNM Risk Weighted Capital Adequacy Framework for Islamic Banks (CAFIB) - Disclosure Requirements (Pillar 3).

AFFIN Islamic Bank Berhad ('the Bank') adopts the following approaches under Pillar 1 requirements:

- Standardised Approach for Credit Risk
- Standardised Approach for Market Risk
- Basic Indicator Approach for Operational Risk

**1.2 Scope of Application**

This document contains the disclosure requirements under Pillar 3 for the Bank for financial period ended 30 June 2021. The disclosures are made in line with the Pillar 3 disclosure requirements under the Basel II framework as laid out by BNM.

The disclosures should be read in conjunction with the Bank's 2020 Annual Report for the year ended 31 December 2020.

The capital requirements of the Bank are generally based on the principles of consolidation adopted in the preparation of its financial statements.

There are no significant restrictions or impediments on the transfer of funds or regulatory capital within the Bank.

There were no capital deficiencies in the Bank as at the financial year end.

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

**2 Capital Management**

**2.1 Internal Capital Adequacy Assessment Process ('ICAAP')**

In line with the BNM guidelines on Risk-Weighted Capital Adequacy Framework - Internal Capital Adequacy Assessment Process (Pillar 2), the Bank has put in place the ICAAP Framework to assess the capital adequacy to ensure that the level of capital maintained by the Bank is adequate at all times, taking into consideration the Bank's risk profile and business strategies.

The Bank's capital management approach is focused on maintaining an appropriate level of capital to meet its business needs and regulatory requirements as capital adequacy and risk management are closely aligned. The Bank operates within an agreed risk appetite whilst optimising the use of shareholders' funds to deliver sustainable returns.

**2.2 Capital structure**

The total capital and capital adequacy ratios of the Group and the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components).

The Bank is currently adopting the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk. In line with the transitional arrangements under the BNM Capital Adequacy Framework Islamic Banking (Capital Components), the minimum capital adequacy requirement for Common Equity Tier 1 Capital Ratio ('CET 1') and Tier 1 Capital Ratio are 7.000% (2020: 7.000%) and 8.500% (2020: 8.500%) respectively for year 2021. The minimum regulatory capital adequacy requirement is 10.500% (2020: 10.500%) for total capital ratio.

The following table sets forth further details on the capital resources and capital adequacy ratios for the Bank as at 30 June 2021.

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**BASEL II Pillar 3 Quantitative Disclosures (continued)****2 Capital Management (continued)****2.2 Capital structure (continued)**

	Economic Entity		The Bank	
	30.06.2021 RM'000	31.12.2020 RM'000	30.06.2021 RM'000	31.12.2020 RM'000
<u>CET1</u>				
Paid-up share capital	1,060,000	1,060,000	1,060,000	1,060,000
Retained profits	865,919	768,941	865,919	768,941
FVOCI revaluation reserves	(88,950)	(4,919)	(88,950)	(4,919)
	<b>1,836,969</b>	<b>1,824,022</b>	<b>1,836,969</b>	<b>1,824,022</b>
Less: Regulatory adjustments:				
- Goodwill and other intangibles	(452)	(558)	(452)	(558)
- Deferred tax assets	(40,268)	(12,390)	(40,268)	(12,390)
- Other CET1 transitional adjustment	60,548	31,418	60,548	31,418
<b>Total CET1 capital</b>	<b>1,856,797</b>	<b>1,842,492</b>	<b>1,856,797</b>	<b>1,842,492</b>
<b>Additional Tier 1 capital</b>				
Sukuk Wakalah	300,000	300,000	300,000	300,000
	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>
<b>Total Tier I capital</b>	<b>2,156,797</b>	<b>2,142,492</b>	<b>2,156,797</b>	<b>2,142,492</b>
<b>Tier 2 capital</b>				
Subordinated medium term financing	800,000	800,000	800,000	800,000
Expected loss provision #	93,702	110,509	93,702	110,509
<b>Total Tier 2 capital</b>	<b>893,702</b>	<b>910,509</b>	<b>893,702</b>	<b>910,509</b>
<b>Total capital</b>	<b>3,050,499</b>	<b>3,053,001</b>	<b>3,050,499</b>	<b>3,053,001</b>
The breakdown of risk-weighted assets:				
Credit risk	14,960,786	14,342,941	14,960,786	14,342,941
Market risk	53,922	19,079	53,922	19,079
Operational risk	727,563	698,564	727,563	698,564
<b>Total risk-weighted assets</b>	<b>15,742,271</b>	<b>15,060,584</b>	<b>15,742,271</b>	<b>15,060,584</b>
<u>With transitional arrangements</u>				
CET1 capital ratio	11.795%	12.234%	11.795%	12.234%
Tier 1 capital ratio	13.701%	14.226%	13.701%	14.226%
Total capital ratio	19.378%	20.271%	19.378%	20.271%
CET1 capital ratio (net of proposed dividend)	11.795%	12.234%	11.795%	12.234%
Tier 1 capital ratio (net of proposed dividend)	13.701%	14.226%	13.701%	14.226%
Total capital ratio (net of proposed dividend)	19.378%	20.271%	19.378%	20.271%
<u>Without transitional arrangements</u>				
CET1 capital ratio	11.410%	12.025%	11.410%	12.025%
Tier 1 capital ratio	13.316%	14.017%	13.316%	14.017%
Total capital ratio	19.378%	20.271%	19.378%	20.271%
CET 1 capital ratio (net of proposed dividends)	11.410%	12.025%	11.410%	12.025%
Tier 1 capital ratio (net of proposed dividend)	13.316%	14.017%	13.316%	14.017%
Total capital ratio (net of proposed dividend)	19.378%	20.271%	19.378%	20.271%

\* In accordance with BNM's Guidelines on Investment Account, the credit and market risk weighted on the assets funded by the RIA are included in calculation of capital adequacy for the Bank. As at 30 June 2021, RIA assets included in the Total Capital Ratio calculation amounted to RM1,740.1 million (2020: RM1,754.9 million).

# Qualifying loss provisions are restricted to allowances on the unimpaired portion of the loans, advances and other financing.

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

**2 Capital Management (continued)**

**2.2 Capital structure (continued)**

The Bank has issued capital instruments which qualify as components of regulatory capital under the BNM CAFIB (Capital Components), as summarised in the following table:

Capital Instruments		Capital Component	Main Features
<b>Issued by the Bank:</b>			
(a)	Additional Tier-1 Sukuk Wakalah ('ATIS')	Tier 1 Capital	The Bank had on 18 October 2018 issued ATIS of RM300.0 million out of its approved BASEL III Compliant ATIS programme of up to RM300.0 million in nominal value. The ATIS was on perpetual non-callable 5-year basis, at a profit rate of 5.65%. The ATIS was issued for the purpose of general banking business and working capital requirements of the Bank.
(b)	Medium Term Notes Tier-2 Sukuk Murabahah ('MTN')	Tier 2 Capital	The Bank had on 23 October 2018 issued MTN Tier-2 Sukuk Murabahah of RM800.0 million out of its approved BASEL III Compliant MTN programme of up to RM800.0 million in nominal value. The Sukuk is issued for a tenure of 10 years from the issue date on a 10-year non-callable 5-year basis, at a profit rate of 5.05%. The Sukuk is issued for the purpose of general banking business and working capital requirements of the Bank.

**2.3 Capital adequacy**

The Bank has in place an internal limit for its CET1 capital ratio, Tier I capital ratio and Total capital ratio, which is guided by the need to maintain a prudent relationship between available capital and the risks of its underlying businesses. The capital management process is monitored by senior management through periodic reviews.

Refer to Appendix I.

**3 Application of Standardised Approach for credit risk**

The Bank uses the following External Credit Assessment Institutions ('ECAIs') to determine the risk weights for the rated credit exposures:-

- RAM Rating Services Berhad
- Malaysian Rating Corporation Berhad
- Standard & Poor's Rating Services
- Moody's Investors Service
- Fitch Ratings

The external ratings of the ECAIs are used to determine the risk weights of the following types of exposure: sovereigns, banks, public sector entities and corporates.

The mapping of the rating categories of different ECAIs to the risk weights is in accordance with BNM guidelines. In cases where there is no issuer or issue rating, the exposures are treated as unrated and accorded a risk weight appropriate for unrated exposure in the respective category.

Refer to Appendix II and Appendices III (i) to III (ii).

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

#### **3 Application of Standardised Approach for credit risk (continued)**

The Bank employs various policies and practices to control and mitigate credit risk.

##### Financing limits

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

The credit risk exposure for derivatives due to potential exposure arising from market movements, and financing books are managed on an aggregated basis as part of the overall funding limits with customers.

##### Collateral

Credits are established against borrower's capacity to repay rather than rely solely on security. However, collateral may be taken to mitigate credit risk.

The main collateral types accepted and given value by the Bank are:

- Charges over business assets such as business premises, inventory and accounts receivable; and
- Charges over financial instruments such as marketable securities.
- Charges over business assets such as business premises, inventory and accounts receivable; and
- Charges over financial instruments such as marketable securities.

The Bank prepares a valuation of the collateral obtained as part of the financing origination process. This assessment is reviewed periodically.

Long-term financing to corporate entities are generally secured; revolving individual credit facilities are generally unsecured.

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

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

##### Credit related commitments

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

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

Refer to Appendix IV (a) to (b).

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

**3 Application of Standardised Approach for credit risk (continued)**

Credit quality of financial assets

Total financing, advances and other financing - credit quality

All financing, advances and financing are categorised into 'neither past due nor impaired', 'past due but not impaired' and 'impaired'.

Past due financing refer to financing, advances and other financing that are overdue by one day or more.

Financing, advances and other financing are classified impaired when they fulfill any of the following criteria:

- i) the principal or profit or both is past due more than 90 days or 3 months from the first day of default;
- ii) where the account is in arrears for less than 90 days or 3 months, there is evidence of impairment to indicate that the customer is 'unlikely to repay' its credit obligations; or
- iii) the financing is classified as rescheduled and restructured in Central Credit Reference Information System ('CCRIS').

Analysed by economic sectors

Past due financing

Economic Entity and The Bank	30.06.2021			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Primary agriculture	393	295	-	688
Mining and quarrying	67	-	-	67
Manufacturing	5,624	582	-	6,206
Electricity, gas and water supply	-	-	-	-
Construction	7,482	1,249	-	8,731
Real estate	11,400	-	-	11,400
Wholesale & retail trade and restaurants & hotels	11,423	5,831	-	17,254
Transport, storage and communication	4,287	2,131	-	6,417
Finance, insurance and business services	9,236	1,281	-	10,517
Education, health and others	900	787	-	1,688
Household	162,755	47,584	-	210,339
	<u>213,567</u>	<u>59,741</u>	<u>-</u>	<u>273,308</u>

Economic Entity and The Bank	31.12.2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Primary agriculture	417	961	-	1,378
Mining and quarrying	-	-	-	-
Manufacturing	9,330	3,349	-	12,679
Electricity, gas and water supply	91	134	-	225
Construction	10,584	52,011	-	62,595
Real estate	14,213	38,357	-	52,570
Wholesale & retail trade and restaurants & hotels	10,886	39,712	-	50,598
Transport, storage and communication	26,531	5,407	-	31,938
Finance, insurance and business services	7,880	10,637	-	18,517
Education, health and others	1,995	2,605	-	4,600
Household	522,844	553,195	-	1,076,039
	<u>604,771</u>	<u>706,368</u>	<u>-</u>	<u>1,311,139</u>



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**BASEL II Pillar 3 Quantitative Disclosures (continued)****3 Application of Standardised Approach for credit risk (continued)**Analysed by economic sectors (continued)Expected credit losses

Economic Entity and The Bank	30.06.2021			Total RM'000
	12-month ECL	Lifetime ECL Not credit	Lifetime ECL credit impaired	
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
Primary agriculture	3,388	10	270	3,668
Mining and quarrying	85	-	-	85
Manufacturing	6,794	229	4,169	11,192
Electricity, gas and water supply	444	2	-	445
Construction	1,000	13,639	1,159	15,798
Real estate	11,980	19,098	5,390	36,468
Wholesale & retail trade and restaurants & hotels	5,377	6,467	1,618	13,462
Transport, storage and communication	1,094	1,622	24,528	27,244
Finance, takaful/insurance and business services	1,827	5,438	678	7,944
Education, health and others	2,147	3,748	454	6,349
Household	27,964	17,946	45,795	91,704
	<b>62,099</b>	<b>68,201</b>	<b>84,060</b>	<b>214,360</b>

Economic Entity and The Bank	31.12.2020			Total RM'000
	12-month ECL	Lifetime ECL Not credit	Lifetime ECL credit impaired	
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
Primary agriculture	3,330	8	77	3,415
Mining and quarrying	190	-	13	203
Manufacturing	2,872	273	514	3,659
Electricity, gas and water supply	477	1	45	523
Construction	987	7,214	1,067	9,268
Real estate	10,521	25,113	4,193	39,827
Wholesale & retail trade and restaurants & hotels	3,024	3,136	561	6,721
Transport, storage and communication	754	1,789	24,005	26,548
Finance, takaful/insurance and business services	1,552	1,907	204	3,663
Education, health and others	1,854	2,963	178	4,995
Household	21,230	12,302	51,573	85,105
Government	470	-	-	470
	<b>47,261</b>	<b>54,706</b>	<b>82,430</b>	<b>184,397</b>

Expected credit losses written-off

Economic Entity and The Bank	30.06.2021	31.12.2020
	Lifetime ECL credit impaired Stage 3 RM'000	Lifetime ECL credit impaired Stage 3 RM'000
Primary agriculture	29	-
Mining and quarrying	-	-
Manufacturing	-	69
Electricity, gas and water supply	24	-
Construction	123	598
Real estate	-	-
Wholesale & retail trade and restaurants & hotels	46	329
Transport, storage and communication	207	162
Finance, takaful/insurance and business services	72	72,140
Education, health and others	170	2
Household	<b>12,260</b>	<b>9,188</b>
	<b>12,932</b>	<b>82,488</b>

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**BASEL II Pillar 3 Quantitative Disclosures (continued)****3 Application of Standardised Approach for credit risk (continued)**Analysed by geographical areaPast due financing

Economic Entity and The Bank	30.06.2021			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
Perlis	316	14	-	330
Kedah	15,481	8,668	-	24,149
Pulau Pinang	9,702	2,594	-	12,296
Perak	12,559	4,166	-	16,726
Selangor	71,887	14,658	-	86,544
Wilayah Persekutuan	21,773	7,005	-	28,778
Negeri Sembilan	15,946	5,098	-	21,045
Melaka	8,241	3,459	-	11,700
Johor	23,702	6,367	-	30,069
Pahang	10,524	2,097	-	12,620
Terengganu	12,120	2,930	-	15,051
Kelantan	7,626	1,958	-	9,583
Sarawak	1,973	612	-	2,585
Sabah	1,717	116	-	1,833
Labuan	-	-	-	-
	<b>213,567</b>	<b>59,741</b>	<b>-</b>	<b>273,308</b>

  

Economic Entity and The Bank	31.12.2020			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
Perlis	1,329	1,632	-	2,961
Kedah	36,208	104,048	-	140,256
Pulau Pinang	27,622	29,047	-	56,669
Perak	24,755	29,817	-	54,572
Selangor	215,233	208,858	-	424,091
Wilayah Persekutuan	88,733	112,377	-	201,110
Negeri Sembilan	36,774	68,430	-	105,204
Melaka	16,350	16,056	-	32,406
Johor	71,592	77,647	-	149,239
Pahang	22,000	16,103	-	38,103
Terengganu	20,512	23,021	-	43,533
Kelantan	11,090	12,937	-	24,027
Sarawak	5,870	2,236	-	8,106
Sabah	6,221	4,159	-	10,380
Labuan	20,482	-	-	20,482
	<b>604,771</b>	<b>706,368</b>	<b>-</b>	<b>1,311,139</b>

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**BASEL II Pillar 3 Quantitative Disclosures (continued)****3 Application of Standardised Approach for credit risk (continued)**Analysed by geographical areaExpected credit losses

Economic Entity and The Bank	30.06.2021			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Perlis	1,342	41	894	2,277
Kedah	2,086	17,447	2,510	22,043
Pulau Pinang	3,455	1,703	3,604	8,762
Perak	1,199	553	26,299	28,051
Selangor	20,494	13,225	26,072	59,791
Wilayah Persekutuan	13,785	23,723	9,303	46,811
Negeri Sembilan	2,821	3,034	5,044	10,899
Melaka	814	280	963	2,057
Johor	6,479	6,824	5,797	19,099
Pahang	2,119	427	597	3,142
Terengganu	1,014	363	1,242	2,619
Kelantan	983	210	1,204	2,397
Sarawak	2,314	97	89	2,499
Sabah	2,732	277	443	3,451
Labuan	193	-	-	193
Outside Malaysia	269	-	-	269
	<b>62,099</b>	<b>68,201</b>	<b>84,060</b>	<b>214,360</b>

Economic Entity and The Bank	31.12.2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Perlis	1,336	21	884	2,241
Kedah	1,850	9,008	2,161	13,019
Pulau Pinang	2,223	1,991	1,976	6,190
Perak	1,173	473	26,464	28,110
Selangor	13,608	10,071	23,488	47,167
Wilayah Persekutuan	11,837	23,918	10,245	46,000
Negeri Sembilan	2,174	1,476	5,525	9,175
Melaka	758	284	969	2,011
Johor	4,818	4,207	6,515	15,540
Pahang	1,275	964	435	2,674
Terengganu	936	291	1,677	2,904
Kelantan	761	184	1,538	2,483
Sarawak	2,158	286	96	2,540
Sabah	2,236	1,532	457	4,225
Labuan	118	-	-	118
	<b>47,261</b>	<b>54,706</b>	<b>82,430</b>	<b>184,397</b>

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

**3 Application of Standardised Approach for credit risk (continued)**

**3.1 Distribution of Credit Exposure**

(i) The following table depicts The Bank's Gross Credit Exposure by Geographical Distribution based on credit risk resides.

Economic Entity and The Bank Exposure class	30.6.2021			31.12.2020		
	Malaysia	Other countries	Total	Malaysia	Other countries	Total
<u>On Balance Sheet Exposures</u>						
Corporates	6,411,181	-	6,411,181	5,520,673	-	5,520,673
Regulatory Retail	4,758,067	1	4,758,068	4,708,677	4	4,708,681
Other Assets	217,380	-	217,380	159,413	-	159,413
Sovereigns/Central Banks	6,224,790	-	6,224,790	5,205,489	-	5,205,489
Public Sector Entities	-	-	-	-	-	-
Banks, Development Financial Institutions & MDBs	126,758	-	126,758	98,099	-	98,099
Insurance Companies, Securities Firms & Fund Managers	177	-	177	209	-	209
Residential Mortgages	7,999,972	-	7,999,972	7,640,669	-	7,640,669
Higher Risk Assets	763	-	763	1,091	-	1,091
Specialised Financing/Investment	-	-	-	-	-	-
Equity Exposure	-	-	-	-	-	-
Securitisation Exposure	-	-	-	-	-	-
Defaulted Exposures	211,697	-	211,697	235,018	-	235,018
<b>Total for On-Balance Sheet Exposures</b>	<b>25,950,785</b>	<b>1</b>	<b>25,950,786</b>	<b>23,569,338</b>	<b>4</b>	<b>23,569,342</b>
<u>Off Balance Sheet Exposures</u>						
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	1,077,877	-	1,077,877	1,072,422	52	1,072,474
Defaulted Exposures	1,253	-	1,253	751	-	751
<b>Total for Off-Balance Sheet Exposures</b>	<b>1,079,130</b>	<b>-</b>	<b>1,079,130</b>	<b>1,073,173</b>	<b>52</b>	<b>1,073,225</b>
<b>Total for On and Off-Balance Sheet Exposures</b>	<b>27,029,915</b>	<b>1</b>	<b>27,029,916</b>	<b>24,642,511</b>	<b>56</b>	<b>24,642,567</b>

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

**3 Application of Standardised Approach for credit risk (continued)**

**3.1 Distribution of Credit Exposure (continued)**

(ii) The following table depicts The Bank's Gross Credit Exposure by Sectorial Analysis or Industry Distribution

**Economic Entity and The Bank**  
**30.6.2021**

Exposure class	Primary agriculture	Mining and quarrying	Manufacturing	Electricity, gas and water supply	Construction	Real estate	Wholesale & retail trade and restaurants & hotels	Transport, storage and communication	Finance, insurance and business services	Education, health and others	Household	Others	Total
<u>On Balance Sheet Exposures</u>													
Corporates	662,320	31,717	691,336	204,377	546,306	838,450	1,110,543	242,678	465,115	491,617	1,126,722	-	6,411,181
Regulatory Retail	16,493	2,838	63,915	2,614	95,942	23,856	151,680	51,287	100,369	41,060	4,208,014	-	4,758,068
Other Assets	-	-	-	-	-	-	-	-	-	-	-	217,380	217,380
Sovereigns/Central Banks	-	-	-	27,010	-	-	-	288,166	5,573,603	336,011	-	-	6,224,790
Public Sector Entities	-	-	-	-	-	-	-	-	-	-	-	-	-
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	51	-	123,763	2,944	-	-	126,758
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-	177	-	-	-	177
Residential Mortgages	-	-	-	-	-	-	-	-	-	-	7,999,972	-	7,999,972
Higher Risk Assets	-	-	-	-	-	-	-	-	-	-	763	-	763
Specialised Financing/Investment	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity Exposure	-	-	-	-	-	-	-	-	-	-	-	-	-
Securitisation Exposure	-	-	-	-	-	-	-	-	-	-	-	-	-
Defaulted Exposures	58	-	59,855	-	2,688	6,657	1,478	51,905	1,160	482	87,414	-	211,697
<b>Total for On-Balance Sheet Exposures</b>	<b>678,871</b>	<b>34,555</b>	<b>815,106</b>	<b>234,001</b>	<b>644,936</b>	<b>868,963</b>	<b>1,263,752</b>	<b>634,036</b>	<b>6,264,187</b>	<b>872,114</b>	<b>13,422,885</b>	<b>217,380</b>	<b>25,950,786</b>
<u>Off Balance Sheet Exposures</u>													
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	45,772	72,634	60,239	2,883	268,304	26,646	122,047	36,891	53,792	79,986	308,683	-	1,077,877
Defaulted Exposures	-	-	800	-	8	-	-	-	-	-	445	-	1,253
<b>Total for Off-Balance Sheet Exposures</b>	<b>45,772</b>	<b>72,634</b>	<b>61,039</b>	<b>2,883</b>	<b>268,312</b>	<b>26,646</b>	<b>122,047</b>	<b>36,891</b>	<b>53,792</b>	<b>79,986</b>	<b>309,128</b>	<b>-</b>	<b>1,079,130</b>
<b>Total for On and Off-Balance Sheet Exposures</b>	<b>724,643</b>	<b>107,189</b>	<b>876,145</b>	<b>236,884</b>	<b>913,248</b>	<b>895,609</b>	<b>1,385,799</b>	<b>670,927</b>	<b>6,317,979</b>	<b>952,100</b>	<b>13,732,013</b>	<b>217,380</b>	<b>27,029,916</b>

**AFFIN ISLAMIC BANK BERHAD**  
(Incorporated in Malaysia)

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

**3 Application of Standardised Approach for credit risk (continued)**

**3.1 Distribution of Credit Exposure (continued)**

(ii) The following table depicts The Bank's Gross Credit Exposure by Sectorial Analysis or Industry Distribution (continued)

Economic Entity and The Bank  
31.12.2020

Exposure class	Primary agriculture	Mining and quarrying	Manufacturing	Electricity, gas and water supply	Construction	Real estate	Wholesale & retail trade and restaurants & hotels	Transport, storage and communication	Finance, insurance and business services	Education, health and others	Household	Others	Total
<u>On Balance Sheet Exposures</u>													
Corporates	764,095	39,866	735,357	191,703	270,676	1,122,895	632,376	194,969	386,823	434,526	747,387	-	5,520,673
Regulatory Retail	14,551	1,763	92,376	7,669	110,955	52,429	214,834	65,447	124,185	40,331	3,984,141	-	4,708,681
Other Assets	-	-	-	-	-	-	-	-	-	-	-	159,413	159,413
Sovereigns/Central Banks	-	-	-	28,005	-	-	-	302,950	4,520,412	354,122	-	-	5,205,489
Public Sector Entities	-	-	-	-	-	-	-	-	-	-	-	-	-
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	24	-	94,917	3,158	-	-	98,099
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-	209	-	-	-	209
Residential Mortgages	-	-	-	-	-	-	-	-	-	-	7,640,669	-	7,640,669
Higher Risk Assets	-	-	-	-	-	-	-	-	-	-	1,091	-	1,091
Specialised Financing/Investment Equity Exposure	-	-	-	-	-	-	-	-	-	-	-	-	-
Securitisation Exposure	-	-	-	-	-	-	-	-	-	-	-	-	-
Defaulted Exposures	67	18	59,731	-	2,842	7,846	819	51,329	226	14	112,126	-	235,018
<b>Total for On-Balance Sheet Exposures</b>	<b>778,713</b>	<b>41,647</b>	<b>887,464</b>	<b>227,377</b>	<b>384,473</b>	<b>1,183,170</b>	<b>848,053</b>	<b>614,695</b>	<b>5,126,772</b>	<b>832,151</b>	<b>12,485,414</b>	<b>159,413</b>	<b>23,569,342</b>
<u>Off Balance Sheet Exposures</u>													
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	47,166	72,042	52,648	6,022	250,964	57,488	108,163	25,821	51,860	92,682	307,618	-	1,072,474
Defaulted Exposures	-	-	-	-	94	-	-	-	-	-	657	-	751
<b>Total for Off-Balance Sheet Exposures</b>	<b>47,166</b>	<b>72,042</b>	<b>52,648</b>	<b>6,022</b>	<b>251,058</b>	<b>57,488</b>	<b>108,163</b>	<b>25,821</b>	<b>51,860</b>	<b>92,682</b>	<b>308,275</b>	<b>-</b>	<b>1,073,225</b>
<b>Total for On and Off-Balance Sheet Exposures</b>	<b>825,879</b>	<b>113,689</b>	<b>940,112</b>	<b>233,399</b>	<b>635,531</b>	<b>1,240,658</b>	<b>956,216</b>	<b>640,516</b>	<b>5,178,632</b>	<b>924,833</b>	<b>12,793,689</b>	<b>159,413</b>	<b>24,642,567</b>

**AFFIN ISLAMIC BANK BERHAD**  
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**BASEL II Pillar 3 Quantitative Disclosures (continued)**

**3 Application of Standardised Approach for credit risk (continued)**

**3.1 Distribution of Credit Exposure (continued)**

(iii) The following table depicts the The Bank's gross credit exposures analysed into relevant maturity tenures by residual contractual maturity

**Economic Entity and The Bank**  
**30.6.2021**

Exposure class	< 1 year	>1-5 years	> 5 years	No specific maturity	Total
<u>On Balance Sheet Exposures</u>					
Corporates	1,624,708	1,292,441	3,494,032	-	6,411,181
Regulatory Retail	33,340	1,377,371	3,308,923	38,434	4,758,068
Other Assets	-	-	-	217,380	217,380
Sovereigns/Central Banks	3,962,225	210,746	2,051,819	-	6,224,790
Public Sector Entities	-	-	-	-	-
Banks, Development Financial Institutions & MDBs	81,018	3,202	42,538	-	126,758
Insurance Companies, Securities Firms & Fund Managers	-	177	-	-	177
Residential Mortgages	458	14,499	7,985,015	-	7,999,972
Higher Risk Assets	-	-	763	-	763
Specialised Financing/Investment	-	-	-	-	-
Equity Exposure	-	-	-	-	-
Securitisation Exposure	-	-	-	-	-
Defaulted Exposures	114,235	7,930	89,397	135	211,697
<b>Total for On-Balance Sheet Exposures</b>	<b>5,815,984</b>	<b>2,906,366</b>	<b>16,972,487</b>	<b>255,949</b>	<b>25,950,786</b>
<u>Off Balance Sheet Exposures</u>					
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	554,276	108,948	371,271	43,382	1,077,877
Defaulted Exposures	816	4	433	-	1,253
<b>Total for Off-Balance Sheet Exposures</b>	<b>555,092</b>	<b>108,952</b>	<b>371,704</b>	<b>43,382</b>	<b>1,079,130</b>
<b>Total for On and Off-Balance Sheet Exposures</b>	<b>6,371,076</b>	<b>3,015,318</b>	<b>17,344,191</b>	<b>299,331</b>	<b>27,029,916</b>

**AFFIN ISLAMIC BANK BERHAD**  
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**BASEL II Pillar 3 Quantitative Disclosures (continued)**

**3 Application of Standardised Approach for credit risk (continued)**

**3.1 Distribution of Credit Exposure (continued)**

(iii) The following table depicts the The Bank's gross credit exposures analysed into relevant maturity tenures by residual contractual maturity (continued)

Economic Entity and The Bank  
31.12.2020

Exposure class	< 1 year	>1-5 years	> 5 years	No specific maturity	Total
<b>On Balance Sheet Exposures</b>					
Corporates	1,527,232	1,131,214	2,862,227	-	5,520,673
Regulatory Retail	47,628	1,412,588	3,210,178	38,287	4,708,681
Other Assets	-	-	-	159,413	159,413
Sovereigns/Central Banks	2,872,871	194,716	2,137,902	-	5,205,489
Public Sector Entities	-	-	-	-	-
Banks, Development Financial Institutions & MDBs	50,035	3,747	44,317	-	98,099
Insurance Companies, Securities Firms & Fund Managers	-	209	-	-	209
Residential Mortgages	731	14,816	7,625,122	-	7,640,669
Higher Risk Assets	-	25	1,066	-	1,091
Specialised Financing/Investment	-	-	-	-	-
Equity Exposure	-	-	-	-	-
Securitisation Exposure	-	-	-	-	-
Defaulted Exposures	113,810	3,270	117,891	47	235,018
<b>Total for On-Balance Sheet Exposures</b>	<b>4,612,307</b>	<b>2,760,585</b>	<b>15,998,703</b>	<b>197,747</b>	<b>23,569,342</b>
<b>Off Balance Sheet Exposures</b>					
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	543,656	102,263	384,604	41,951	1,072,474
Defaulted Exposures	96	-	655	-	751
<b>Total for Off-Balance Sheet Exposures</b>	<b>543,752</b>	<b>102,263</b>	<b>385,259</b>	<b>41,951</b>	<b>1,073,225</b>
<b>Total for On and Off-Balance Sheet Exposures</b>	<b>5,156,059</b>	<b>2,862,848</b>	<b>16,383,962</b>	<b>239,698</b>	<b>24,642,567</b>

**4 Application of Standardised Approach for market risk**

The Bank adopts the Standardised Approach for the purpose of calculating the capital requirement for market risk.

Refer to Appendix I.

**5 Application of Basic Indicator Approach for operational risk**

The Banks adopt the Basic Indicator Approach for the purpose of calculating the capital requirement for operational risk. The capital requirement is calculated by taking 15% of the average annual gross income over the previous three years.

Refer to Appendix I.



**AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

**BASEL II Pillar 3 Disclosures**

The Bank has adopted Basel II - Risk Weighted Assets computation under the BNM's Risk-Weighted Capital Adequacy Framework with effect from 1 January 2008. The Bank has adopted the Standardised Approach for credit risk and market risk, and Basic Indicator Approach for operation risk computation.

The following information concerning the Economic Entity and the Bank's risk exposures are disclosed as accompanying information to the annual report, and does not form part of the audited accounts.

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

30.06.2021

	Exposure Class	Gross Exposures /EAD		Net Exposures /EAD	Risk Weighted Assets	Total Risk Weighted Assets after Effects of PSIA	Minimum Capital Requirements at 8%
		before CRM	after CRM				
1	<b>CREDIT RISK</b>						
	On Balance Sheet Exposures						
	Corporates	6,411,181	6,201,382	5,696,760	5,696,760	455,741	
	Regulatory Retail	4,758,068	4,418,892	3,299,573	3,299,573	263,966	
	Other Assets	217,380	217,381	119,779	119,779	9,581	
	Sovereigns/Central Banks	6,224,790	6,224,789	-	-	-	
	Public Sector Entities	-	-	-	-	-	
	Banks, Development Financial Institutions & MDBs	126,758	124,095	37,747	37,747	3,020	
	Insurance Companies, Securities Firms & Fund Managers	177	177	177	177	14	
	Residential Mortgages	7,999,972	7,987,556	4,757,254	4,757,254	380,580	
	Higher Risk Assets	763	763	1,145	1,145	92	
	Specialised Financing/Investment	-	-	-	-	-	
	Equity Exposure	-	-	-	-	-	
	Securitisation Exposure	-	-	-	-	-	
	Defaulted Exposures	211,697	211,646	227,625	227,625	18,210	
	<b>Total for On-Balance Sheet Exposures</b>	<b>25,950,786</b>	<b>25,386,681</b>	<b>14,140,060</b>	<b>14,140,060</b>	<b>1,131,204</b>	
	Off Balance Sheet Exposures						
	Off Balance sheet Exposures other than OTC derivatives or credit derivatives	1,077,877	1,055,601	819,220	819,220	65,538	
	Defaulted Exposures	1,253	1,253	1,506	1,506	121	
	<b>Total for Off-Balance Sheet Exposures</b>	<b>1,079,130</b>	<b>1,056,854</b>	<b>820,726</b>	<b>820,726</b>	<b>65,659</b>	
	<b>Total for On and Off-Balance Sheet Exposures</b>	<b>27,029,916</b>	<b>26,443,535</b>	<b>14,960,786</b>	<b>14,960,786</b>	<b>1,196,863</b>	
2	<b>MARKET RISK</b>						
		<b>Long Position</b>	<b>Short Position</b>				
	Interest Rate Risk	611,661	612,979	(1,319)	27,816	27,816	2,225
	Foreign Currency Risk	26,107	2	26,105	26,107	26,107	2,089
3	<b>OPERATIONAL RISK</b>						
	Operational Risk				727,563		58,205
	<b>Total RWA and Capital Requirements</b>				<b>15,742,271</b>	<b>14,986,893</b>	<b>1,259,382</b>

OTC "Over The Counter"

PSIA "Profit Sharing Investment Account"

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

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

**Disclosure on Capital Adequacy under the Standardised Approach (RM'000)**

Economic Entity and The Bank  
31.12.2020

	Exposure Class	Gross Exposures /EAD		Risk Weighted Assets	Total Risk Weighted Assets after Effects of PSIA	Minimum Capital Requirements at 8%
		before CRM	Net Exposures /EAD after CRM			
1	<b>CREDIT RISK</b>					
	<u>On Balance Sheet Exposures</u>					
	Corporates	5,520,673	5,369,576	4,987,252	4,987,252	398,980
	Regulatory Retail	4,708,681	4,435,179	3,330,457	3,330,457	266,437
	Other Assets	159,413	159,413	111,582	111,582	8,927
	Sovereigns/Central Banks	5,205,489	5,205,489	-	-	-
	Public Sector Entities	-	-	-	-	-
	Banks, Development Financial Institutions & MDBs	98,099	95,436	32,718	32,718	2,617
	Insurance Companies, Securities Firms & Fund Managers	209	209	209	209	17
	Residential Real Estate (RRE) Financing	7,640,669	7,628,450	4,818,388	4,818,388	385,471
	Higher Risk Assets	1,092	1,108	1,637	1,637	131
	Specialised Financing/Investment	-	-	-	-	-
	Equity Exposure	-	-	-	-	-
	Securitisation Exposure	-	-	-	-	-
	Defaulted Exposures	235,018	234,994	240,205	240,205	19,216
	Total for On-Balance Sheet Exposures	23,569,343	23,129,854	13,522,448	13,522,448	1,081,796
	<u>Off Balance Sheet Exposures</u>					
	Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	1,072,474	1,072,474	819,919	819,919	65,593
	Defaulted Exposures	750	750	574	574	46
	Total for Off-Balance Sheet Exposures	1,073,224	1,073,224	820,493	820,493	65,639
	Total for On and Off-Balance Sheet Exposures	24,642,567	24,203,078	14,342,941	14,342,941	1,147,435
2	<b>MARKET RISK</b>					
		Long Position	Short Position			
	Profit Rate Risk	274,354	274,572	(218)	8,958	717
	Foreign Currency Risk	10,121	-	10,121	10,121	810
3	<b>OPERATIONAL RISK</b>					
	Operational Risk			698,564		55,885
	Total RWA and Capital Requirements			15,060,584	14,362,020	1,204,847

OTC "Over The Counter"

PSIA "Profit Sharing Investment Account"

## **AFFIN Islamic Bank Berhad**

**(Incorporated in Malaysia)**

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

#### **Disclosure on Capital Adequacy under the Standardised Approach (RM'000)**

Market risk is defined as changes in the market value of financial instrument position arising from movements in market factors such as profit rate, foreign exchange rates and implied volatility rates. 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 foreign exchange financial instruments.

The Banks Trading Book Policy Statement stipulates the policies and procedures for including or excluding exposures from the Trading Book for the purpose of calculating regulatory market risk capital.

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

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

Economic Entity and The Bank

30.06.2021

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%	6,244,564	-	-	-	-	-	-	-	43,856	-	-	-	6,288,420	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	50,124	-	93,873	-	585,956	26,537	-	-	67,185	-	-	-	823,675	164,735
35%	-	-	-	-	-	-	3,711,074	-	-	-	-	-	3,711,074	1,298,876
50%	-	-	49,284	-	107,814	217	1,973,202	-	-	-	-	-	2,130,517	1,065,259
70%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
75%	-	-	-	-	-	4,444,402	3,813	-	-	-	-	-	4,448,215	3,336,161
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	177	6,227,289	13,858	2,585,731	-	106,341	-	-	-	8,933,396	8,933,397
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
115%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	105,666	1,347	-	1,225	-	-	-	-	108,238	162,358
250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
937.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Average Risk Weight													26,443,535	14,960,786
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	-	-

PSE "Public Sector Entities"

MDB "Multilateral Development Banks"

FDI "Financial Development Institutions"

**AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

**BASEL II Pillar 3 Disclosures (continued)****Disclosure on Credit Risk: Disclosures on Risk Weights under the Standardised Approach (RM'000)**

Economic Entity and The Bank

31.12.2020

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%	5,216,517	-	-	-	-	-	-	-	32,442	-	-	-	5,248,959	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	57,939	-	67,041	-	441,244	-	-	-	19,325	-	-	-	585,549	117,110
35%	-	-	-	-	-	-	3,154,308	-	-	-	-	-	3,154,308	1,104,008
50%	-	-	53,432	-	123,969	51	1,865,513	-	-	-	-	-	2,042,965	1,021,482
70%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
75%	-	-	-	-	-	4,494,291	5,857	-	-	-	-	-	4,500,148	3,375,111
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	209	5,536,350	12,922	2,905,775	-	107,734	-	-	-	8,562,990	8,562,992
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
115%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	104,750	1,582	-	1,827	-	-	-	-	108,159	162,238
250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
937.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Average Risk Weight													24,203,078	14,342,941
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 ECAs (RM'000)  
Economic Entity and The Bank  
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Exposure Class	Ratings of Corporate by Approved ECAs					
	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)		-	-	-	-	-
Takaful/Insurance Cos, Securities Firms & Fund Managers Corporates		167,776	-	-	-	177
<b>Total</b>		167,776	-	-	-	7,086,808

Exposure Class	Short term Ratings of Banking Institutions and Corporate by Approved ECAs					
	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)		-	-	-	-	-
Takaful/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 and The Bank  
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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)		-	-	-	-	-
Takaful/Insurance Cos, Securities Firms & Fund Managers Corporates		139,817	-	-	-	209
<b>Total</b>		139,817	-	-	-	6,066,496

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)		-	-	-	-	-
Takaful/Insurance Cos, Securities Firms & Fund Managers Corporates		-	-	-	-	-
<b>Total</b>		-	-	-	-	-

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

- (ii) **Disclosures on Rated Exposures according to Ratings by ECAs (RM'000) (continued)**  
**Economic Entity and The Bank**  
**30.06.2021**

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAs						
	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	288,166	5,405,248	-	-	-	-	601,273
<b>Total</b>	<b>288,166</b>	<b>5,405,248</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>601,273</b>

Exposure Class	Ratings of Banking Institutions by Approved ECAs						
	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	8,278	80,122	-	-	-	-	57,420
<b>Total</b>	<b>8,278</b>	<b>80,122</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57,420</b>

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Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAs						
	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	302,950	4,331,581	-	-	-	-	639,926
<b>Total</b>	<b>302,950</b>	<b>4,331,581</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>639,926</b>

Exposure Class	Ratings of Banking Institutions by Approved ECAs						
	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	8,918	50,328	-	-	-	-	61,227
<b>Total</b>	<b>8,918</b>	<b>50,328</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>61,227</b>



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

a) **Disclosures on Credit Risk Mitigation (RM'000)**  
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Exposure Class	Exposures before CRM	Exposures Covered by Guarantees /Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
<b>Credit Risk</b>				
<b>On-Balance Sheet Exposures</b>				
Sovereigns/Central Banks	6,224,790	-	-	-
Banks, Development Financial Institutions & MDBs	126,758	-	2,663	-
Corporates	6,411,181	200,543	227,857	-
Regulatory Retail	4,758,068	-	342,837	-
Residential Mortgages	7,999,972	-	12,972	-
Higher Risk Assets	763	-	-	-
Other Assets	217,380	-	-	-
Defaulted Exposures	211,697	-	52	-
<b>Total for On-Balance Sheet Exposures</b>	<b>25,950,786</b>	<b>200,543</b>	<b>586,381</b>	<b>-</b>
<b>Off-Balance Sheet Exposures</b>				
Off-Balance sheet exposures other than OTC derivatives or credit derivatives	1,077,877	-	-	-
Defaulted Exposures	1,253	-	-	-
<b>Total for Off-Balance Sheet Exposures</b>	<b>1,079,130</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>27,029,916</b>	<b>200,543</b>	<b>586,381</b>	<b>-</b>

Economic Entity and The Bank  
31.12.2020

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees /Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
<b>Credit Risk</b>				
<b>On-Balance Sheet Exposures</b>				
Sovereigns/Central Banks	5,205,489	-	-	-
Banks, Development Financial Institutions & MDBs	98,099	-	2,663	-
Corporates	5,520,673	208,329	151,369	-
Regulatory Retail	4,708,681	-	272,703	-
Residential Mortgages	7,640,669	-	12,731	-
Higher Risk Assets	1,092	-	-	-
Other Assets	159,413	-	-	-
Defaulted Exposures	235,018	-	23	-
<b>Total for On-Balance Sheet Exposures</b>	<b>23,569,343</b>	<b>208,329</b>	<b>439,489</b>	<b>-</b>
<b>Off-Balance Sheet Exposures</b>				
Off-Balance sheet exposures other than OTC derivatives or credit derivatives	1,072,474	-	-	-
Defaulted Exposures	750	-	-	-
<b>Total for Off-Balance Sheet Exposures</b>	<b>1,073,224</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>24,642,567</b>	<b>208,329</b>	<b>439,489</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

**Economic Entity and The Bank****30.06.2021**

Description	Total Principle Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk Weighted Amount
Direct Credit Substitutes	69,415		69,415	69,415
Transaction related contingent Items	347,530		173,765	173,769
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	820,197		409,516	265,851
Short Term Self Liquidating trade related contingencies	259,931		51,986	11,887
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	1,520,844		304,169	250,724
Unutilised credit card lines	216,908		43,382	32,536
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	-		-	-
<b>Foreign exchange related contracts</b>				
-less than one year	1,473,333	5,702	26,897	16,544
<b>Total</b>	<b>4,708,158</b>	<b>5,702</b>	<b>1,079,130</b>	<b>820,726</b>

## Economic Entity and The Bank

31.12.2020

Description	Total Principle Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk Weighted Amount
Direct Credit Substitutes	68,709		68,709	68,746
Transaction related contingent Items	368,737		184,368	184,326
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	831,745		415,022	277,138
Short Term Self Liquidating trade related contingencies	294,032		58,806	12,455
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	1,372,672		274,534	230,962
Unutilised credit card lines	209,755		41,951	31,463
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	-		-	-
<b>Foreign exchange related contracts</b>				
-less than one year	1,212,161	11,558	29,834	15,403
<b>Total</b>	<b>4,357,811</b>	<b>11,558</b>	<b>1,073,224</b>	<b>820,493</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.

Economic Entity and The Bank	30.06.2021		31.12.2020	
	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
Type of Currency (RM million)				
Ringgit Malaysia	36.4	(180.6)	35.0	157.8
US Dollar	0.4	0.1	(3.4)	(0.9)
Others (*)	(0.0)	0.0	(0.0)	(0.0)
<b>Total</b>	<b>36.8</b>	<b>(180.5)</b>	<b>31.6</b>	<b>156.9</b>

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