

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

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION as at 30 September 2016**

	Note	The Group		The Bank	
		Current Financial Quarter 30/9/2016 RM'000	Previous Financial Year-End 31/12/2015 RM'000	Current Financial Quarter 30/9/2016 RM'000	Previous Financial Year-End 31/12/2015 RM'000
<b>ASSETS</b>					
Cash and short-term funds		4,981,926	4,070,710	3,334,320	2,203,022
Deposits and placements with banks and other financial institutions		221,015	351,687	198,906	349,772
Investment accounts due from designated financial institutions	13	-	-	2,112,540	1,331,318
Financial assets held-for-trading	14	-	150,121	-	150,121
Derivative financial assets	15	85,154	174,037	89,503	174,745
Financial investments available-for-sale	16	9,164,874	10,287,350	7,533,176	8,811,977
Financial investments held-to-maturity	17	445,966	380,654	372,564	304,372
Loans, advances and financing	18	41,575,740	42,104,597	30,521,702	32,902,688
Other assets	19	75,623	84,655	68,492	80,403
Amount due from subsidiaries		-	-	3	61
Amount due from joint ventures		45,832	39,936	-	-
Tax recoverable		50,988	46,206	50,975	46,179
Deferred tax assets		-	3,598	-	-
Statutory deposits with Bank Negara Malaysia		1,496,500	1,604,600	1,169,000	1,345,000
Investment in subsidiaries		-	-	489,074	489,074
Property and equipment		400,967	407,313	393,668	399,913
Intangible assets		164,872	153,137	168,688	156,604
<b>TOTAL ASSETS</b>		<b>58,709,457</b>	<b>59,858,601</b>	<b>46,502,611</b>	<b>48,745,249</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	20	45,667,215	47,813,213	35,400,343	37,814,118
Deposits and placements of banks and other financial institutions	21	4,113,564	2,735,596	2,666,942	1,778,206
Obligation on securities sold under repurchase agreements		1,081,980	1,740,946	1,081,980	1,740,946
Derivative financial liabilities	22	223,200	414,140	226,514	413,944
Bills and acceptances payable		45,336	77,114	45,336	77,114
Recourse obligation on loans sold to Cagamas Berhad		130,569	134,585	130,569	134,585
Other liabilities	23	521,014	411,575	419,068	365,865
Amount due to subsidiaries		-	-	240,715	422,166
Provision for taxation		8,128	10,052	-	-
Deferred tax liabilities		52,538	15,104	48,375	15,104
Subordinated term loan		1,004,027	1,004,446	1,004,027	1,004,446
<b>TOTAL LIABILITIES</b>		<b>52,847,571</b>	<b>54,356,771</b>	<b>41,263,869</b>	<b>43,766,494</b>
Share capital		1,688,770	1,688,770	1,688,770	1,688,770
Reserves	24	4,173,116	3,813,060	3,549,972	3,289,985
<b>TOTAL EQUITY</b>		<b>5,861,886</b>	<b>5,501,830</b>	<b>5,238,742</b>	<b>4,978,755</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>58,709,457</b>	<b>59,858,601</b>	<b>46,502,611</b>	<b>48,745,249</b>
<b>COMMITMENTS AND CONTINGENCIES</b>					
	31	24,412,264	22,301,945	22,480,214	20,192,355
<b>Capital Adequacy</b>					
CET1 capital ratio	35	12.432%	11.632%	12.769%	11.938%
Tier 1 capital ratio	35	12.432%	11.632%	12.769%	11.938%
Total capital ratio	35	15.373%	14.535%	15.554%	14.333%

**AFFIN Bank Berhad**  
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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENTS for the financial quarter ended 30 September 2016**

	Note	Individual Quarter The Group		Cumulative Quarter The Group	
		Current Financial Quarter 30/9/2016 RM'000	Preceding Year Corresponding Quarter 30/9/2015 RM'000	Current Financial Quarter 30/9/2016 RM'000	Preceding Year Corresponding Quarter 30/9/2015 RM'000
Interest income	25	580,814	589,272	1,764,805	1,739,505
Interest expense	26	(367,343)	(369,912)	(1,142,967)	(1,121,969)
Net interest income		213,471	219,360	621,838	617,536
Income from Islamic banking business	27	69,048	63,007	193,313	174,118
		282,519	282,367	815,151	791,654
Other operating income	28	60,774	49,401	150,594	138,402
<b>Net income</b>		<b>343,293</b>	<b>331,768</b>	<b>965,745</b>	<b>930,056</b>
Other operating expense	29	(171,098)	(157,040)	(521,722)	(463,467)
<b>Operating profit before allowances</b>		<b>172,195</b>	<b>174,728</b>	<b>444,023</b>	<b>466,589</b>
Allowances for impairment losses on loans, advances and financing (Allowance for)/write-back of impairment losses on securities	30	(3,664)	(30,128)	(5,040)	(167,276)
		(3,537)	45	(3,537)	21,992
<b>Profit before zakat and taxation</b>		<b>164,994</b>	<b>144,645</b>	<b>435,446</b>	<b>321,305</b>
Zakat		-	-	(2,887)	-
<b>Profit before taxation</b>		<b>164,994</b>	<b>144,645</b>	<b>432,559</b>	<b>321,305</b>
Taxation		(35,883)	(40,593)	(98,381)	(78,684)
<b>Net profit after zakat and taxation</b>		<b>129,111</b>	<b>104,052</b>	<b>334,178</b>	<b>242,621</b>
<b>Attributable to:</b>					
Equity holders of the Bank		129,111	104,052	334,178	242,621
<b>Earnings per share (sen):</b>					
- Basic		7.6	6.2	19.8	14.4

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

	Individual Quarter The Group		Cumulative Quarter The Group	
	Current Financial Quarter 30/9/2016 RM'000	Preceding Year Corresponding Quarter 30/9/2015 RM'000	Current Financial Quarter 30/9/2016 RM'000	Preceding Year Corresponding Quarter 30/9/2015 RM'000
<b>Profit after zakat and taxation</b>	<b>129,111</b>	104,052	<b>334,178</b>	242,621
Other comprehensive income:				
Items that may be reclassified subsequently to profit and loss:				
Net fair value change in financial investments available-for-sale	<b>43,998</b>	(115,168)	<b>171,108</b>	(94,055)
Deferred tax on financial investments available-for-sale	<b>(10,608)</b>	27,443	<b>(40,864)</b>	22,335
Other comprehensive income for the financial period, net of tax	<b>33,390</b>	(87,725)	<b>130,244</b>	(71,720)
<b>Total comprehensive income for the financial period</b>	<b>162,501</b>	16,327	<b>464,422</b>	170,901
<b>Attributable to equity holders of the Bank:</b>				
- Total comprehensive income	<b>162,501</b>	16,327	<b>464,422</b>	170,901

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

	Note	Individual Quarter The Bank		Cumulative Quarter The Bank	
		Current Financial Quarter 30/9/2016 RM'000	Preceding Year Corresponding Quarter 30/9/2015 RM'000	Current Financial Quarter 30/9/2016 RM'000	Preceding Year Corresponding Quarter 30/9/2015 RM'000
Interest income	25	579,941	588,808	1,762,528	1,738,594
Interest expense	26	(367,346)	(369,914)	(1,142,974)	(1,121,987)
Net interest income		212,595	218,894	619,554	616,607
Income from Islamic banking business		-	-	-	-
		212,595	218,894	619,554	616,607
Other operating income	28	60,526	49,210	150,153	138,728
<b>Net income</b>		<b>273,121</b>	<b>268,104</b>	<b>769,707</b>	<b>755,335</b>
Other operating expense	29	(136,948)	(128,493)	(424,515)	(377,187)
<b>Operating profit before allowances</b>		<b>136,173</b>	<b>139,611</b>	<b>345,192</b>	<b>378,148</b>
Write-back of/(allowances for) impairment losses on loans, advances and financing	30	3,437	(27,096)	(6,812)	(162,332)
(Allowance for)/write-back of impairment losses on securities		(3,537)	45	(3,537)	21,992
<b>Profit before zakat and taxation</b>		<b>136,073</b>	<b>112,560</b>	<b>334,843</b>	<b>237,808</b>
Zakat		-	-	-	-
<b>Profit before taxation</b>		<b>136,073</b>	<b>112,560</b>	<b>334,843</b>	<b>237,808</b>
Taxation		(27,975)	(32,149)	(76,508)	(57,669)
<b>Net profit after zakat and taxation</b>		<b>108,098</b>	<b>80,411</b>	<b>258,335</b>	<b>180,139</b>
<b>Attributable to:</b>					
Equity holders of the Bank		108,098	80,411	258,335	180,139
<b>Earnings per share (sen):</b>					
- Basic		6.4	4.8	15.3	10.7

**AFFIN Bank Berhad**  
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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME** *for the financial quarter*  
*ended 30 September 2016 (continued)*

	Individual Quarter		Cumulative Quarter	
	The Bank		The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/9/2016	30/9/2015	30/9/2016	30/9/2015
	RM'000	RM'000	RM'000	RM'000
<b>Profit after zakat and taxation</b>	<b>108,098</b>	80,411	<b>258,335</b>	180,139
Other comprehensive income:				
Items that may be reclassified subsequently to profit and loss:				
Net fair value change in financial investments available-for-sale	33,957	(96,162)	139,231	(77,934)
Deferred tax on financial investments available-for-sale	(8,197)	22,882	(33,213)	18,466
Other comprehensive income for the financial period, net of tax	25,760	(73,280)	106,018	(59,468)
<b>Total comprehensive income for the financial period</b>	<b>133,858</b>	7,131	<b>364,353</b>	120,671
<b>Attributable to equity holders of the Bank:</b>				
- Total comprehensive income	133,858	7,131	364,353	120,671

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

The Group	Attributable to Equity Holders of the Bank						
	Share capital	Share premium	Statutory reserves	AFS revaluation reserves	Regulatory reserves	Retained profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2016</b>	<b>1,688,770</b>	<b>858,904</b>	<b>1,577,509</b>	<b>68,945</b>	<b>278,547</b>	<b>1,029,155</b>	<b>5,501,830</b>
Net profit for the financial period	-	-	-	-	-	334,178	334,178
Other Comprehensive income (net of tax)							
- Financial investments available -for-sale	-	-	-	130,244	-	-	130,244
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>130,244</b>	<b>-</b>	<b>334,178</b>	<b>464,422</b>
Dividend paid	-	-	-	-	-	(104,366)	(104,366)
Transfer to statutory reserves/ regulatory reserves	-	-	83,440	-	(35,094)	(48,346)	-
<b>At 30 September 2016</b>	<b>1,688,770</b>	<b>858,904</b>	<b>1,660,949</b>	<b>199,189</b>	<b>243,453</b>	<b>1,210,621</b>	<b>5,861,886</b>
At 1 January 2015	1,688,770	858,904	1,469,794	17,604	184,366	951,500	5,170,938
Net profit for the financial period	-	-	-	-	-	242,621	242,621
Other Comprehensive income (net of tax)							
- Financial investments available -for-sale	-	-	-	(71,720)	-	-	(71,720)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(71,720)</b>	<b>-</b>	<b>242,621</b>	<b>170,901</b>
Dividend paid	-	-	-	-	-	(66,031)	(66,031)
Transfer to statutory reserves/ regulatory reserves	-	-	60,744	-	46,690	(107,434)	-
<b>At 30 September 2015</b>	<b>1,688,770</b>	<b>858,904</b>	<b>1,530,538</b>	<b>(54,116)</b>	<b>231,056</b>	<b>1,020,656</b>	<b>5,275,808</b>

**AFFIN Bank Berhad**

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

	Non-distributable				Distributable		Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	AFS revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	
<b>The Bank</b>							
<b>At 1 January 2016</b>	<b>1,688,770</b>	<b>858,904</b>	<b>1,328,792</b>	<b>76,852</b>	<b>220,148</b>	<b>805,289</b>	<b>4,978,755</b>
Net profit for the financial period	-	-	-	-	-	258,335	258,335
Other Comprehensive income (net of tax)							
- Financial investments available -for-sale	-	-	-	106,018	-	-	106,018
Total comprehensive income	-	-	-	106,018	-	258,335	364,353
Dividend paid	-	-	-	-	-	(104,366)	(104,366)
Transfer to statutory reserves/ regulatory reserves	-	-	64,584	-	(39,203)	(25,381)	-
<b>At 30 September 2016</b>	<b>1,688,770</b>	<b>858,904</b>	<b>1,393,376</b>	<b>182,870</b>	<b>180,945</b>	<b>933,877</b>	<b>5,238,742</b>
<b>At 1 January 2015</b>	<b>1,688,770</b>	<b>858,904</b>	<b>1,263,470</b>	<b>23,478</b>	<b>135,347</b>	<b>760,153</b>	<b>4,730,122</b>
Net profit for the financial period	-	-	-	-	-	180,139	180,139
Other Comprehensive income (net of tax)							
- Financial investments available -for-sale	-	-	-	(59,468)	-	-	(59,468)
Total comprehensive income	-	-	-	(59,468)	-	180,139	120,671
Dividend paid	-	-	-	-	-	(66,031)	(66,031)
Transfer to statutory reserves/ regulatory reserves	-	-	45,034	-	28,485	(73,519)	-
<b>At 30 September 2015</b>	<b>1,688,770</b>	<b>858,904</b>	<b>1,308,504</b>	<b>(35,990)</b>	<b>163,832</b>	<b>800,742</b>	<b>4,784,762</b>

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

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

	The Group		The Bank	
	30/9/2016 RM'000	30/9/2015 RM'000	30/9/2016 RM'000	30/9/2015 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Profit before taxation</b>	<b>432,559</b>	321,305	<b>334,843</b>	237,808
Adjustments for items not involving the movement of cash and of cash and cash equivalents:				
Interest income:				
- financial assets held-for-trading	(230)	-	(230)	-
- financial investments available-for-sale	(225,901)	(205,384)	(225,901)	(205,384)
- financial investments held-to-maturity	(14,736)	(9,551)	(14,736)	(9,551)
Dividend income:				
- financial investments available-for-sale	(2,473)	(2,423)	(2,473)	(2,423)
Accretion of discount less amortisation of premium:				
- financial investments available-for-sale	(3,819)	(6,410)	(3,819)	(6,410)
- financial investments held-to-maturity	-	(250)	-	(250)
Gain on sale:				
- financial assets held-for-trading	(372)	(376)	(372)	(376)
- financial investments available-for-sale	(26,612)	(10,232)	(26,612)	(10,232)
Unrealised (gains)/loss on revaluation:				
- financial assets held-for-trading	(2)	108	(2)	108
- derivatives	1,583	3,809	1,583	3,809
- foreign exchange	(87,998)	190,090	(87,998)	190,090
Allowance/(write-back) for impairment loss:				
- financial investments held-to-maturity	3,537	(21,992)	3,537	(21,992)
Depreciation of property and equipment	11,307	11,268	10,510	10,451
Property and equipment written off	38	73	38	66
Foreclosed properties - diminution in value	59	-	59	-
Loss/(gain) on sale of property and equipment	48	(1)	48	(1)
Amortisation of intangible assets	7,229	4,584	6,880	4,235
Gain on sale of foreclosed properties	(153)	(587)	(153)	(587)
Net individual impairment	13,911	222,606	23,233	219,463
Net collective impairment	31,734	6,484	23,106	4,061
Bad debt and financing written-off	1,645	2,787	1,634	2,782
Interest expense - subordinated term loans	34,806	21,006	34,806	21,006
Zakat	2,887	-	-	-
<b>Operating profit before changes in working capital</b>	<b>179,047</b>	526,914	<b>77,981</b>	436,673
<b>Decrease/(increase) in operating assets:</b>				
Deposits and placements with banks and other financial institutions	130,672	(78,914)	150,866	95,720
Investment accounts due from designated financial institutions	-	-	(781,222)	(812,042)
Financial assets held-for-trading	150,725	150,050	150,725	150,050
Loans, advances and financing	481,567	(1,503,236)	2,333,013	(90,209)
Other assets	622,677	(168,210)	627,690	(165,401)
Derivative financial instruments	(102,057)	194,303	(102,188)	193,776
Statutory deposits with Bank Negara Malaysia	108,100	(7,080)	176,000	(6,080)
Amount due from subsidiaries	-	-	(181,392)	(335,656)
Amount due from joint ventures	(5,896)	(22,174)	-	-

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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CASH FLOWS** for the financial quarter ended 30 September 2016  
(continued)

	The Group		The Bank	
	30/9/2016 RM'000	30/9/2015 RM'000	30/9/2016 RM'000	30/9/2015 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>(continued)</b>				
<i>(Decrease)/increase in operating liabilities:</i>				
Deposits from customers	(2,145,998)	(4,924,766)	(2,413,775)	(3,899,690)
Deposits and placements of banks and other financial institutions	1,377,968	(744,366)	888,736	(442,596)
Obligation on securities sold under repurchase agreements	(658,966)	1,607,042	(658,966)	1,607,042
Bills and acceptances payable	(31,778)	(11,171)	(31,778)	(11,171)
Recourse obligation on loans sold to Cagamas Berhad	(4,016)	(3,372)	(4,016)	(3,372)
Other liabilities	120,079	38,690	65,060	41,304
Cash generated from/(used in) operations	222,124	(4,946,290)	296,734	(3,241,652)
Zakat paid	(1,671)	(3,185)	-	-
Tax refund	5,459	1,350	5,440	1,350
Tax paid	(110,380)	(140,956)	(86,687)	(122,937)
<b>Net cash generated from/(used in) operating activities</b>	<b>115,532</b>	<b>(5,089,081)</b>	<b>215,487</b>	<b>(3,363,239)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received:				
- financial investments available-for-sale	225,901	205,384	225,901	205,384
- financial investments held-to-maturity	14,736	9,551	14,736	9,551
Dividend income:				
- financial investments available-for-sale	2,473	2,423	2,473	2,423
Redemption of financial investments held-to-maturity net of purchase	(68,848)	106,395	(71,729)	101,260
Net sale of financial investments available-for-sale	1,324,015	745,373	1,448,463	736,745
Proceeds from disposal of:				
- property and equipment	(48)	2	(48)	2
- foreclosed properties	588	4,490	588	4,490
Purchase of property and equipment	(21,233)	(45,284)	(20,701)	(44,914)
Purchase of intangible assets	(2,730)	(633)	(2,730)	(633)
<b>Net cash generated from investing activities</b>	<b>1,474,854</b>	<b>1,027,701</b>	<b>1,596,953</b>	<b>1,014,308</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Interest payment on subordinated term loan	(35,225)	(20,986)	(35,225)	(20,986)
Payment of dividend	(104,366)	(66,031)	(104,366)	(66,031)
<b>Net cash used in financing activities</b>	<b>(139,591)</b>	<b>(87,017)</b>	<b>(139,591)</b>	<b>(87,017)</b>
Net increase/(decrease) in cash and cash equivalents	1,450,795	(4,148,397)	1,672,849	(2,435,948)
Net decrease in foreign exchange	(539,579)	(13,289)	(541,551)	(14,101)
Cash and cash equivalents at beginning of the financial period	4,070,710	6,938,912	2,203,022	3,777,042
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<b>4,981,926</b>	<b>2,777,226</b>	<b>3,334,320</b>	<b>1,326,993</b>

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

**MFRS134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2016**

**1 BASIS OF PREPARATION**

This unaudited condensed interim financial information for the 9 months ended 30 September 2016 has been prepared in accordance with MFRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ('MASB'), Bank Negara Malaysia ('BNM') Guidelines and the requirements of the Companies Act, 1965 in Malaysia.

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

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

**2 ACCOUNTING POLICIES**

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

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

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

The Group and 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 Group and the Bank except for MFRS 9. The financial effect of adoption of MFRS 9 is still being assessed by the Group and the Bank.

**3 QUALIFICATION OF PRECEDING ANNUAL FINANCIAL STATEMENTS**

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

**4 SEASONAL OR CYCLICAL FACTORS**

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

**5 EXCEPTIONAL ITEMS**

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

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#### **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 September 2016 other than in the ordinary course of business.

#### **8 DIVIDENDS**

A proposed single-tier interim dividend of 3.80 sen per share amounting to RM64.2 million.

#### **9 SUBSEQUENT MATERIAL EVENT**

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

#### **10 CHANGES IN THE COMPOSITION OF THE GROUP**

There is no change in the composition of the Group between now and 31 December 2015 audited account.

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

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

#### **12 STATUS OF CORPORATE PROPOSAL**

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

#### **13 INVESTMENT ACCOUNTS DUE FROM DESIGNATED FINANCIAL INSTITUTIONS**

	<b>The Bank</b>	
	<b>Current</b>	Previous
	<b>Financial</b>	Financial
	<b>Quarter</b>	Year-End
	<b>30/9/2016</b>	31/12/2015
	<b>RM'000</b>	RM'000
Licensed banks	<b>2,112,540</b>	1,331,318

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**MFRS134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2016****14 FINANCIAL ASSETS HELD-FOR-TRADING**

	<b>The Group</b>		<b>The Bank</b>	
	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>
<b>At fair value</b>				
Negotiable Instruments of Deposit	-	150,121	-	150,121
	<b>-</b>	<b>150,121</b>	<b>-</b>	<b>150,121</b>

**15 DERIVATIVE FINANCIAL ASSETS**

	<b>The Group 30/9/2016</b>		<b>The Group 31/12/2015</b>	
	<b>Contract/notional amount RM'000</b>	<b>Assets RM'000</b>	<b>Contract/notional amount RM'000</b>	<b>Assets RM'000</b>
<b>At fair value</b>				
Foreign exchange derivatives:				
Currency forwards	1,292,564	23,345	966,652	76,445
Cross currency swaps	1,412,034	37,395	2,571,803	81,272
Currency options	26,941	(363)	39,130	(12)
Interest rate derivatives:				
Interest rate swap	933,500	24,777	1,610,148	16,332
	<b>3,665,039</b>	<b>85,154</b>	<b>5,187,733</b>	<b>174,037</b>

	<b>The Bank 30/9/2016</b>		<b>The Bank 31/12/2015</b>	
	<b>Contract/notional amount RM'000</b>	<b>Assets RM'000</b>	<b>Contract/notional amount RM'000</b>	<b>Assets RM'000</b>
<b>At fair value</b>				
Foreign exchange derivatives:				
Currency forwards	1,212,070	23,138	1,099,793	77,153
Cross currency swaps	1,608,803	41,951	2,571,803	81,272
Currency options	26,941	(363)	39,130	(12)
Interest rate derivatives:				
Interest rate swap	933,500	24,777	1,610,148	16,332
	<b>3,781,314</b>	<b>89,503</b>	<b>5,320,874</b>	<b>174,745</b>

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**MFRS134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2016****16 FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE**

	<b>The Group</b>		<b>The Bank</b>	
	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>
<b>At fair value</b>				
Malaysian Government securities	-	39,997	-	39,997
Malaysian Government investment issues	<b>1,288,895</b>	1,863,822	<b>897,482</b>	1,249,964
Sukuk Perumahan Kerajaan	<b>417,726</b>	655,690	<b>285,253</b>	468,472
Negotiable Instruments of Deposit and Islamic Debt Certificates	<b>1,809,661</b>	2,134,612	<b>1,809,661</b>	2,134,612
Khazanah Bonds/Sukuk	<b>461,594</b>	437,819	<b>287,335</b>	272,538
	<b>3,977,876</b>	5,131,940	<b>3,279,731</b>	4,165,583
Unquoted securities:				
Shares in Malaysia	<b>206,899</b>	206,724	<b>205,167</b>	205,167
Corporate bonds/Sukuk				
- in Malaysia	<b>4,616,791</b>	4,446,167	<b>3,684,488</b>	3,937,676
- outside Malaysia	<b>364,059</b>	503,820	<b>364,059</b>	503,820
	<b>9,165,625</b>	10,288,651	<b>7,533,445</b>	8,812,246
Allowance for impairment losses	<b>(751)</b>	(1,301)	<b>(269)</b>	(269)
	<b>9,164,874</b>	10,287,350	<b>7,533,176</b>	8,811,977

	<b>The Group</b>		<b>The Bank</b>	
	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Quarter 31/12/2015 RM'000</b>	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Quarter 31/12/2015 RM'000</b>
<b>Movement in allowance for impairment losses</b>				
At beginning of the financial period	<b>1,301</b>	45,322	<b>269</b>	44,290
Amount written-off	<b>(550)</b>	(44,021)	<b>-</b>	(44,021)
<b>At end of the financial period</b>	<b>751</b>	1,301	<b>269</b>	269

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**MFRS134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2016****17 FINANCIAL INVESTMENTS HELD-TO-MATURITY**

	<b>The Group</b>		<b>The Bank</b>	
	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>
<b>At amortised cost</b>				
Unquoted securities:				
Corporate bonds/Sukuk in Malaysia	<b>449,614</b>	380,832	<b>376,212</b>	304,550
	<b>449,614</b>	380,832	<b>376,212</b>	304,550
Allowance for impairment losses	<b>(3,648)</b>	(178)	<b>(3,648)</b>	(178)
	<b>445,966</b>	380,654	<b>372,564</b>	304,372
<b>Movement in allowance for impairment losses</b>				
At beginning of the financial period	<b>178</b>	44,278	<b>178</b>	44,278
Allowance made during the financial period	<b>3,537</b>	-	<b>3,537</b>	-
Amount write-back	-	(22,037)	-	(22,037)
Amount written-off	<b>(67)</b>	(22,063)	<b>(67)</b>	(22,063)
<b>At end of the financial period</b>	<b>3,648</b>	178	<b>3,648</b>	178

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**MFRS134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2016****18 LOANS, ADVANCES AND FINANCING****(i) By type**

	<b>The Group</b>		<b>The Bank</b>	
	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>
Overdrafts	<b>1,929,602</b>	1,960,022	<b>1,701,017</b>	1,645,595
Term loans/financing				
- Housing loans/financing	<b>6,725,521</b>	6,172,180	<b>4,104,292</b>	4,075,922
- Hire purchase receivables	<b>11,879,599</b>	12,000,990	<b>8,870,217</b>	9,290,597
- Syndicated financing	<b>1,734,986</b>	1,810,209	<b>1,289,002</b>	1,319,486
- Business term loans/financing	<b>13,982,160</b>	13,416,080	<b>10,512,470</b>	10,555,927
Bills receivables	<b>13,283</b>	321,091	<b>10,410</b>	284,455
Trust receipts	<b>305,813</b>	298,417	<b>296,762</b>	285,817
Claims on customers under acceptances credits	<b>943,356</b>	1,016,613	<b>813,161</b>	892,716
Staff loans/financing (of which RM Nil to Directors)	<b>152,545</b>	146,494	<b>141,334</b>	136,958
Credit/charge cards	<b>84,620</b>	83,769	<b>84,620</b>	83,769
Revolving credits	<b>4,322,773</b>	5,373,961	<b>3,128,251</b>	4,751,488
Factoring	<b>3,527</b>	4,369	<b>3,527</b>	4,369
<b>Gross loans, advances and financing</b>	<b>42,077,785</b>	42,604,195	<b>30,955,063</b>	33,327,099
Less:				
Allowance for impairment losses				
- Individual	<b>(243,487)</b>	(270,137)	<b>(220,102)</b>	(231,621)
- Collective	<b>(258,558)</b>	(229,461)	<b>(213,259)</b>	(192,790)
<b>Total net loans, advances and financing</b>	<b>41,575,740</b>	42,104,597	<b>30,521,702</b>	32,902,688

- Included in the Group and the Bank's term loans are housing loans sold to Cagamas with recourse amounting to RM130.6 million (31 December 2015: RM134.6 million).

- Included in Group's business term loans/financing as at reporting date is RM53.7 million (31 December 2015: RM53.7 million) and RM81.7 million (31 December 2015: RM63.9 million) of term financing disbursed by AFFIN Islamic Bank Bhd to joint ventures AFFIN-i Nadayu Sdn Bhd and KL South Development Sdn Bhd respectively.

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**MFRS134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2016****18 LOANS, ADVANCES AND FINANCING (continued)****(ii) By maturity structure**

	<b>The Group</b>		<b>The Bank</b>	
	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>
Maturing within one year	8,179,712	9,755,365	6,369,492	8,329,031
One year to three years	4,798,330	4,455,462	3,652,503	3,913,159
Three years to five years	6,739,868	6,700,288	5,636,463	5,772,922
Over five years	22,359,875	21,693,080	15,296,605	15,311,987
	<b>42,077,785</b>	<b>42,604,195</b>	<b>30,955,063</b>	<b>33,327,099</b>

**(iii) By type of customer**

	<b>The Group</b>		<b>The Bank</b>	
	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>
Domestic banking institutions	3,483	-	3,483	-
Domestic non-banking institutions				
- Stockbroking companies	213	221	213	221
- Others	825,779	1,575,279	630,307	1,447,078
Domestic business enterprises				
- Small medium enterprises	12,249,053	9,069,401	10,548,582	8,060,187
- Others	9,941,412	13,078,516	7,714,196	10,448,275
Government and statutory bodies	1,392,177	1,137,674	65,966	534,604
Individuals	17,372,512	16,799,087	11,818,704	12,067,560
Other domestic entities	82,075	109,263	72,190	83,478
Foreign entities	211,081	834,754	101,422	685,696
	<b>42,077,785</b>	<b>42,604,195</b>	<b>30,955,063</b>	<b>33,327,099</b>

**(iv) By interest/profit rate sensitivity**

	<b>The Group</b>		<b>The Bank</b>	
	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>
Fixed rate				
- Housing loans/financing	408,907	400,386	361,736	347,831
- Hire purchase receivables	11,879,598	12,000,990	8,870,217	9,290,597
- Other fixed rate loans/financing	3,473,844	3,986,107	2,227,840	2,670,561
Variable rate				
- BLR	16,377,031	16,014,700	11,471,402	12,228,698
- Cost - plus	9,938,405	10,202,012	8,023,868	8,789,412
	<b>42,077,785</b>	<b>42,604,195</b>	<b>30,955,063</b>	<b>33,327,099</b>

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**MFRS134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2016****18 LOANS, ADVANCES AND FINANCING (continued)****(v) By economic sectors**

	<b>The Group</b>		<b>The Bank</b>	
	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>
Primary agriculture	775,442	692,126	420,879	413,218
Mining and quarrying	825,587	723,167	814,519	710,130
Manufacturing	1,989,224	2,254,941	1,673,057	2,029,121
Electricity, gas and water supply	313,768	173,888	118,927	116,517
Construction	2,546,275	3,521,131	2,030,265	2,966,971
Real estate	7,637,566	6,885,709	6,282,731	5,715,112
Wholesale & retail trade and restaurants & hotels	2,562,109	2,437,432	2,249,673	2,218,930
Transport, storage and communication	2,125,077	2,072,151	1,834,884	1,866,149
Finance, insurance and business services	2,960,306	4,285,232	2,626,443	3,718,355
Education, health and others	2,837,410	2,590,004	985,048	1,388,887
Household	17,501,798	16,925,393	11,915,468	12,164,391
Others	3,223	43,021	3,169	19,318
	<b>42,077,785</b>	<b>42,604,195</b>	<b>30,955,063</b>	<b>33,327,099</b>

**(vi) By economic purpose**

	<b>The Group</b>		<b>The Bank</b>	
	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>
Purchase of securities	419,088	299,011	417,074	296,578
Purchase of transport vehicles	12,247,007	12,438,031	9,162,662	9,702,193
Purchase of landed property of which:				
- Residential	6,942,082	6,404,657	4,235,888	4,229,105
- Non-residential	5,967,948	5,891,022	4,892,521	4,911,687
Fixed assets other than land and building	326,689	240,609	264,238	164,273
Personal use	667,428	745,510	625,102	709,015
Credit card	84,621	83,769	84,621	83,769
Consumer durable	889	852	889	852
Construction	3,333,596	3,127,244	2,419,114	2,325,499
Merger and acquisition	99,326	247,706	99,326	247,706
Working capital	11,602,882	12,777,233	8,575,987	10,440,927
Others	386,229	348,551	177,641	215,495
	<b>42,077,785</b>	<b>42,604,195</b>	<b>30,955,063</b>	<b>33,327,099</b>

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**MFRS134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2016****(vii) By geographical distribution**

	<b>The Group</b>		<b>The Bank</b>	
	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>
Perlis	157,712	155,914	49,825	34,185
Kedah	1,413,873	1,362,515	776,265	803,114
Pulau Pinang	2,388,032	2,142,594	2,057,862	1,911,468
Perak	1,368,465	1,302,338	971,736	914,655
Selangor	12,043,113	12,878,079	8,917,915	9,800,065
Wilayah Persekutuan	12,837,528	13,155,004	8,702,160	10,272,358
Negeri Sembilan	1,258,230	994,321	847,493	663,569
Melaka	1,024,000	1,003,701	836,607	854,858
Johor	3,777,555	3,449,496	3,138,482	3,004,105
Pahang	869,833	845,284	582,002	551,457
Terengganu	751,638	803,862	351,361	385,226
Kelantan	219,968	229,607	64,411	67,998
Sarawak	1,624,851	1,577,489	1,510,086	1,508,223
Sabah	1,611,160	1,621,746	1,558,133	1,593,194
Labuan	649,602	684,220	585,817	684,164
Outside Malaysia	82,225	398,025	4,908	278,460
	<b>42,077,785</b>	<b>42,604,195</b>	<b>30,955,063</b>	<b>33,327,099</b>

**(viii) Movements of impaired loans**

	<b>The Group</b>		<b>The Bank</b>	
	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>
At beginning of the financial period	767,847	713,648	626,139	584,491
Classified as impaired	489,506	872,231	371,389	763,856
Reclassified as non-impaired	(247,578)	(394,738)	(203,153)	(326,841)
Amount recovered	(145,175)	(149,944)	(84,611)	(131,082)
Amount written-off	(32,857)	(273,350)	(28,702)	(264,285)
<b>At end of the financial period</b>	<b>831,743</b>	<b>767,847</b>	<b>681,062</b>	<b>626,139</b>
Ratio of gross impaired loans, advances and financing to gross loans, advances and financing	<b>1.98%</b>	1.80%	<b>2.20%</b>	1.88%

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**MFRS134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2016****18 LOANS, ADVANCES AND FINANCING (continued)****(ix) Movements allowance for impairment on loans, advances and financing**

	<b>The Group</b>		<b>The Bank</b>	
	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>
<b>Individual impairment</b>				
At beginning of the financial period	<b>270,137</b>	239,259	<b>231,621</b>	207,740
Allowance made during the financial period	<b>46,915</b>	257,645	<b>41,548</b>	254,086
Amount recovered	<b>(33,004)</b>	(7,293)	<b>(18,315)</b>	(7,246)
Amount written-off	<b>(29,711)</b>	(192,965)	<b>(25,562)</b>	(190,583)
Unwinding of income	<b>(9,386)</b>	(33,004)	<b>(9,190)</b>	(32,376)
Exchange differences	<b>(1,464)</b>	6,495	-	-
<b>At end of the financial period</b>	<b>243,487</b>	270,137	<b>220,102</b>	231,621
<b>Collective impairment</b>				
At beginning of the financial period	<b>229,461</b>	292,619	<b>192,790</b>	255,226
Net allowance made during the financial period	<b>31,734</b>	17,224	<b>23,106</b>	11,265
Amount written-off	<b>(2,637)</b>	(80,382)	<b>(2,637)</b>	(73,701)
<b>At end of the financial period</b>	<b>258,558</b>	229,461	<b>213,259</b>	192,790

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**MFRS134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2016****18 LOANS, ADVANCES AND FINANCING (continued)****(x) Impaired loans by economic sectors**

	<b>The Group</b>		<b>The Bank</b>	
	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>
Primary agriculture	14,185	14,388	14,142	14,388
Mining and quarrying	30	15	30	15
Manufacturing	34,677	35,535	25,090	35,187
Electricity, gas and water supply	9,833	148	9,670	148
Construction	77,449	81,302	75,092	80,914
Real estate	100,476	89,268	23,414	3,401
Wholesale & retail trade and restaurants & hotels	47,819	37,463	47,198	35,563
Transport, storage and communication	2,826	3,314	2,579	3,013
Finance, insurance and business services	218,098	216,444	217,458	216,333
Education, health and others	645	2,602	556	2,460
Household	325,705	287,368	265,833	234,717
	<b>831,743</b>	<b>767,847</b>	<b>681,062</b>	<b>626,139</b>

**(xi) Impaired loans by economic purpose**

	<b>The Group</b>		<b>The Bank</b>	
	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>
Purchase of securities	172	804	172	804
Purchase of transport vehicles	104,871	82,026	85,962	69,400
Purchase of landed property of which:				
- Residential	200,542	180,137	160,776	140,674
- Non-residential	53,952	24,010	49,234	22,634
Fixed assets other than land and building	5,311	164	5,311	164
Personal use	20,949	20,539	20,469	20,044
Credit card	365	389	365	389
Consumer durable	16	16	16	16
Construction	75,599	98,031	28,395	12,164
Working capital	353,101	338,087	313,497	336,206
Others	16,865	23,644	16,865	23,644
	<b>831,743</b>	<b>767,847</b>	<b>681,062</b>	<b>626,139</b>

**AFFIN Bank Berhad**

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**MFRS134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2016****(xii) Impaired loans by geographical distribution**

	<b>The Group</b>		<b>The Bank</b>	
	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>
Perlis	902	680	818	639
Kedah	51,791	19,972	48,019	18,964
Pulau Pinang	53,491	42,525	51,806	41,000
Perak	21,126	18,793	16,314	14,871
Selangor	298,088	417,971	268,210	389,349
Wilayah Persekutuan	91,128	89,094	76,791	83,164
Negeri Sembilan	131,986	13,949	127,674	11,230
Melaka	17,292	7,231	16,313	6,749
Johor	29,226	25,596	26,859	23,518
Pahang	5,222	8,262	3,854	6,917
Terengganu	7,254	5,307	1,634	1,389
Kelantan	5,568	5,068	1,638	1,435
Sarawak	8,813	6,918	8,613	6,666
Sabah	32,793	20,614	32,519	20,248
Outside Malaysia	77,063	85,867	-	-
	<b>831,743</b>	<b>767,847</b>	<b>681,062</b>	<b>626,139</b>

**19 OTHER ASSETS**

	<b>The Group</b>		<b>The Bank</b>	
	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>
Other debtors, deposits and prepayments	55,566	72,784	53,059	69,425
Cheque clearing accounts	11,925	6,803	9,942	6,501
Foreclosed properties (a)	7,970	4,906	5,329	4,315
Land held for sale	162	162	162	162
	<b>75,623</b>	<b>84,655</b>	<b>68,492</b>	<b>80,403</b>

**(a) Foreclosed properties**

At beginning of the financial period	4,906	9,099	4,315	8,508
Amount arising during the financial period	3,558	-	1,508	-
Disposal during the financial period	(435)	(4,193)	(435)	(4,193)
	<b>8,029</b>	<b>4,906</b>	<b>5,388</b>	<b>4,315</b>
Foreclosed properties - diminution in value	(59)	-	(59)	-
<b>At end of the financial period</b>	<b>7,970</b>	<b>4,906</b>	<b>5,329</b>	<b>4,315</b>

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**MFRS134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2016****20 DEPOSITS FROM CUSTOMERS****(i) By type of deposit**

	<b>The Group</b>		<b>The Bank</b>	
	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>
Demand deposits	6,912,912	7,740,305	4,750,194	5,306,347
Savings deposits	2,060,160	1,951,353	1,597,119	1,538,959
Fixed deposits	27,103,338	28,952,441	20,996,779	22,429,816
Commodity Murabahah	1,534,554	630,118	-	-
Money market deposits	816,186	1,637,103	816,186	1,637,103
Negotiable instruments of deposit ('NID')	7,240,065	6,901,893	7,240,065	6,901,893
	<b>45,667,215</b>	<b>47,813,213</b>	<b>35,400,343</b>	<b>37,814,118</b>

**(ii) Maturity structure of fixed deposits and NID**

	<b>The Group</b>		<b>The Bank</b>	
	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>
Due within six months	27,031,909	29,025,361	23,606,028	24,244,323
Six months to one year	6,526,067	5,640,983	4,062,447	4,010,758
One year to three years	613,035	1,172,330	554,245	1,061,114
Three years to five years	172,392	15,660	14,124	15,514
	<b>34,343,403</b>	<b>35,854,334</b>	<b>28,236,844</b>	<b>29,331,709</b>

**(iii) By type of customer**

	<b>The Group</b>		<b>The Bank</b>	
	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>
Government and statutory bodies	7,032,198	8,103,704	3,186,899	5,158,224
Business enterprise	12,299,269	14,538,898	8,384,611	10,534,733
Individuals	12,774,829	12,209,520	11,479,246	10,931,299
Domestic banking institutions	7,302,348	6,944,295	7,302,285	6,943,481
Domestic non-banking financial institutions	5,241,614	4,609,745	4,300,857	3,296,595
Foreign entities	490,720	425,725	419,868	361,141
Other entities	526,237	981,326	326,577	588,645
	<b>45,667,215</b>	<b>47,813,213</b>	<b>35,400,343</b>	<b>37,814,118</b>

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**MFRS134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2016****21 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

	<b>The Group</b>		<b>The Bank</b>	
	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>
Licensed banks	3,211,807	1,583,912	2,057,550	1,031,696
Licensed investment banks	87,991	103,689	87,991	103,689
Other financial institutions	813,766	1,047,995	521,401	642,821
	<b>4,113,564</b>	<b>2,735,596</b>	<b>2,666,942</b>	<b>1,778,206</b>
<b>Maturity structure of deposits</b>				
Due within six months	4,113,564	2,735,596	2,666,942	1,778,206
	<b>4,113,564</b>	<b>2,735,596</b>	<b>2,666,942</b>	<b>1,778,206</b>

**22 DERIVATIVE FINANCIAL LIABILITIES**

	<b>The Group 30/9/2016</b>		<b>The Group 31/12/2015</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	956,869	37,923	711,091	13,821
Cross currency swaps	3,399,717	158,201	2,630,163	382,614
Currency options	102,114	241	-	-
Interest rate derivatives:				
Interest rate swap	1,607,086	26,835	1,250,991	17,705
	<b>6,065,786</b>	<b>223,200</b>	<b>4,592,245</b>	<b>414,140</b>

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**MFRS134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2016****22 DERIVATIVE FINANCIAL LIABILITIES (continued)**

	The Bank 30/9/2016		The Bank 31/12/2015	
	Contract/ notional amount RM'000	Liabilities RM'000	Contract/ notional amount RM'000	Liabilities RM'000
<b>At fair value</b>				
Foreign exchange derivatives:				
Currency forwards	886,156	35,669	745,337	13,625
Cross currency swaps	3,604,069	163,769	2,630,163	382,614
Currency options	102,114	241	-	-
Interest rate derivatives:				
Interest rate swap	1,607,086	26,835	1,250,991	17,705
	<b>6,199,425</b>	<b>226,514</b>	<b>4,626,491</b>	<b>413,944</b>

**23 OTHER LIABILITIES**

	The Group		The Bank	
	Current Financial Quarter 30/9/2016 RM'000	Previous Financial Year-End 31/12/2015 RM'000	Current Financial Quarter 30/9/2016 RM'000	Previous Financial Year-End 31/12/2015 RM'000
Bank Negara Malaysia and Credit Guarantee Corporation Funding programmes	39,300	38,536	39,300	38,536
Margin and collateral deposits	140,797	131,678	130,940	118,678
Other creditors and accruals	95,993	74,295	90,868	68,535
Sundry creditors	109,272	97,639	102,762	87,783
Cheque clearing accounts	120,315	50,363	44,211	36,742
Provision for zakat	3,524	2,307	-	-
Defined contribution plan (a)	11,584	16,528	10,781	15,385
Accrued employee benefits (b)	229	229	206	206
	<b>521,014</b>	<b>411,575</b>	<b>419,068</b>	<b>365,865</b>

- (a) The Group and the Bank contributes to the Employee Provident Fund ('EPF'), the national defined contribution plan. Once the contributions have been paid, the Group and the Bank has no further payment obligations.
- (b) 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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**MFRS134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2016**

**24 RESERVES**

	<b>The Group</b>		<b>The Bank</b>	
	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>
Retained profits	<b>1,210,621</b>	1,029,155	<b>933,877</b>	805,289
Share premium	<b>858,904</b>	858,904	<b>858,904</b>	858,904
AFS revaluation reserves	<b>199,189</b>	68,945	<b>182,870</b>	76,852
Statutory reserves	<b>1,660,949</b>	1,577,509	<b>1,393,376</b>	1,328,792
Regulatory reserves	<b>243,453</b>	278,547	<b>180,945</b>	220,148
	<b>4,173,116</b>	3,813,060	<b>3,549,972</b>	3,289,985
<b>Statutory reserves</b>				
At beginning of the financial period	<b>1,577,509</b>	1,469,794	<b>1,328,792</b>	1,263,470
Transfer from retained profits	<b>83,440</b>	107,715	<b>64,584</b>	65,322
At end of the financial period	<b>1,660,949</b>	1,577,509	<b>1,393,376</b>	1,328,792

- (a) As at reporting date, the Bank has a tax exempt account balance of RM10.9 million (31 December 2015: RM10.9 million) under Section 12 of the Income Tax (Amendment) Act 1999, subject to agreement by the Inland Revenue Board.
- (b) The statutory reserves of the Group and the Bank are maintained in compliance with Section 47(2)(f) of the Financial Services Act 2013 and Section 57(2)(f) of the Islamic Financial Services Act 2013 and is not distributable as cash dividends.
- (c) AFS revaluation reserves represent the unrealised gains or losses arising from the change in fair value of investments classified as financial investment available-for-sale. The gains or losses are transferred in the income statement upon disposal or when the securities become impaired.
- (d) The Group and the Bank are required to maintain in aggregate collective impairment allowances and regulatory reserves of no less than 1.2% of total outstanding loans, advances and financing, net of individual impairment allowances.

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**MFRS134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2016**

**25 INTEREST INCOME**

	Individual Quarter The Group		Cumulative Quarter The Group	
	Current Financial Quarter 30/9/2016 RM'000	Preceding Year Corresponding Quarter 30/9/2015 RM'000	Current Financial Quarter 30/9/2016 RM'000	Preceding Year Corresponding Quarter 30/9/2015 RM'000
Loans, advances and financing	450,886	463,590	1,367,831	1,349,065
Money at call and deposit placements with financial institutions	24,563	16,542	63,303	60,759
Financial assets				
- Held-for-trading	4	-	230	-
- Available-for-sale	71,383	70,520	225,901	205,384
- Held-to-maturity	3,812	3,148	14,736	9,551
Interest rate derivatives	29,197	34,890	88,985	108,086
	<b>579,845</b>	<b>588,690</b>	<b>1,760,986</b>	<b>1,732,845</b>
Accretion of discount less amortisation of premium	969	582	3,819	6,660
	<b>580,814</b>	<b>589,272</b>	<b>1,764,805</b>	<b>1,739,505</b>
of which:				
Interest income earned on impaired loans, advances and financing	5,309	23,553	6,653	26,157

	Individual Quarter The Bank		Cumulative Quarter The Bank	
	Current Financial Quarter 30/9/2016 RM'000	Preceding Year Corresponding Quarter 30/9/2015 RM'000	Current Financial Quarter 30/9/2016 RM'000	Preceding Year Corresponding Quarter 30/9/2015 RM'000
Loans, advances and financing	425,841	447,345	1,299,131	1,314,843
Money at call and deposit placements with financial institutions	48,735	32,323	129,726	94,070
Financial assets				
- Held-for-trading	4	-	230	-
- Available-for-sale	71,383	70,520	225,901	205,384
- Held-to-maturity	3,812	3,148	14,736	9,551
Interest rate derivatives	29,197	34,890	88,985	108,086
	<b>578,972</b>	<b>588,226</b>	<b>1,758,709</b>	<b>1,731,934</b>
Accretion of discount less amortisation of premium	969	582	3,819	6,660
	<b>579,941</b>	<b>588,808</b>	<b>1,762,528</b>	<b>1,738,594</b>
of which:				
Interest income earned on impaired loans, advances and financing	5,309	23,553	6,653	26,157

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**MFRS134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2016****26 INTEREST EXPENSE**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>The Group</b>		<b>The Group</b>	
	<b>Current</b>	Preceding Year	<b>Current</b>	Preceding Year
	<b>Financial</b>	Corresponding	<b>Financial</b>	Corresponding
	<b>Quarter</b>	Quarter	<b>Quarter</b>	Quarter
	<b>30/9/2016</b>	30/9/2015	<b>30/9/2016</b>	30/9/2015
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Deposits from customers	<b>286,942</b>	302,428	<b>902,078</b>	917,042
Deposits and placements of banks and other financial institutions	<b>33,277</b>	16,035	<b>91,405</b>	60,060
Securities sold under repurchase agreements	<b>6,653</b>	10,455	<b>26,892</b>	19,452
Interest rate derivatives	<b>27,515</b>	32,265	<b>83,016</b>	99,478
Loan sold to Cagamas Berhad	<b>1,419</b>	1,474	<b>4,301</b>	4,457
Subordinated term loan	<b>11,380</b>	7,089	<b>34,806</b>	21,006
Others	<b>157</b>	166	<b>469</b>	474
	<b>367,343</b>	369,912	<b>1,142,967</b>	1,121,969

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>The Bank</b>		<b>The Bank</b>	
	<b>Current</b>	Preceding Year	<b>Current</b>	Preceding Year
	<b>Financial</b>	Corresponding	<b>Financial</b>	Corresponding
	<b>Quarter</b>	Quarter	<b>Quarter</b>	Quarter
	<b>30/9/2016</b>	30/9/2015	<b>30/9/2016</b>	30/9/2015
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Deposits from customers	<b>286,945</b>	302,430	<b>902,085</b>	917,060
Deposits and placements of banks and other financial institutions	<b>33,277</b>	16,035	<b>91,405</b>	60,060
Securities sold under repurchase agreements	<b>6,653</b>	10,455	<b>26,892</b>	19,452
Interest rate derivatives	<b>27,515</b>	32,265	<b>83,016</b>	99,478
Loan sold to Cagamas Berhad	<b>1,419</b>	1,474	<b>4,301</b>	4,457
Subordinated term loan	<b>11,380</b>	7,089	<b>34,806</b>	21,006
Others	<b>157</b>	166	<b>469</b>	474
	<b>367,346</b>	369,914	<b>1,142,974</b>	1,121,987

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**MFRS134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2016****27 INCOME FROM ISLAMIC BANKING BUSINESS**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>The Group</b>		<b>The Group</b>	
	<b>Current</b>	Preceding Year	<b>Current</b>	Preceding Year
	<b>Financial</b>	Corresponding	<b>Financial</b>	Corresponding
	<b>Quarter</b>	Quarter	<b>Quarter</b>	Quarter
	<b>30/9/2016</b>	30/9/2015	<b>30/9/2016</b>	30/9/2015
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Income derived from investment of depositors' funds and others	<b>121,496</b>	118,849	<b>359,108</b>	330,026
Income derived from investment of investment account funds	<b>23,961</b>	8,622	<b>65,193</b>	46,853
Income derived from investment of shareholders' funds	<b>11,367</b>	9,134	<b>32,103</b>	26,330
Total distributable income	<b>156,824</b>	136,605	<b>456,404</b>	403,209
Income attributable to depositors	<b>(87,776)</b>	(73,598)	<b>(263,091)</b>	(229,091)
	<b>69,048</b>	63,007	<b>193,313</b>	174,118
of which:				
Financing income earned on impaired financing, advances and other financing	<b>290</b>	157	<b>391</b>	213

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**MFRS134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2016****28 OTHER OPERATING INCOME**

	Individual Quarter The Group		Cumulative Quarter The Group	
	Current Financial Quarter 30/9/2016 RM'000	Preceding Year Corresponding Quarter 30/9/2015 RM'000	Current Financial Quarter 30/9/2016 RM'000	Preceding Year Corresponding Quarter 30/9/2015 RM'000
<b>Fee income</b>				
Commission	4,398	3,836	12,912	12,085
Service charges and fees	16,122	13,204	45,360	42,565
Guarantee fees	5,074	5,267	18,562	17,162
	<b>25,594</b>	<b>22,307</b>	<b>76,834</b>	<b>71,812</b>
<b>Income from financial instruments</b>				
Gains arising on financial assets held-for-trading:				
- net gain on disposal	291	40	372	376
- unrealised (losses)/gains	(269)	122	2	(108)
	<b>22</b>	<b>162</b>	<b>374</b>	<b>268</b>
Gains/(losses) on derivatives:				
- realised	312	1,275	1,871	4,019
- unrealised	(4,341)	1,799	(1,583)	(3,809)
	<b>(4,029)</b>	<b>3,074</b>	<b>288</b>	<b>210</b>
Gains arising on financial investments available-for-sale:				
- net gain on disposal	20,661	1,310	26,612	10,232
- gross dividend income	248	216	2,473	2,423
	<b>20,909</b>	<b>1,526</b>	<b>29,085</b>	<b>12,655</b>
<b>Other income</b>				
Foreign exchange gains/(losses)				
- realised	18,315	218,365	(50,678)	235,568
- unrealised	(2,127)	(198,106)	87,998	(190,090)
Rental income	344	489	1,177	1,262
(Loss)/gain on sale of property and equipment	(49)	-	(48)	1
Gain on disposal of foreclosed properties	-	249	153	587
Other non-operating income	1,795	1,335	5,411	6,129
	<b>18,278</b>	<b>22,332</b>	<b>44,013</b>	<b>53,457</b>
	<b>60,774</b>	<b>49,401</b>	<b>150,594</b>	<b>138,402</b>

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**MFRS134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2016****28 OTHER OPERATING INCOME (continued)**

	Individual Quarter		Cumulative Quarter	
	The Bank		The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/9/2016	30/9/2015	30/9/2016	30/9/2015
	RM'000	RM'000	RM'000	RM'000
<b>Fee income</b>				
Commission	4,398	3,836	12,912	12,085
Service charges and fees	16,122	13,204	45,360	42,565
Guarantee fees	5,074	5,267	18,562	17,162
	<b>25,594</b>	<b>22,307</b>	<b>76,834</b>	<b>71,812</b>
<b>Income from financial instruments</b>				
Gains arising on financial assets held-for-trading:				
- net gain on disposal	291	40	372	376
- unrealised (losses)/gains	(269)	122	2	(108)
	<b>22</b>	<b>162</b>	<b>374</b>	<b>268</b>
Gains/(losses) on derivatives:				
- realised	312	1,275	1,871	4,019
- unrealised	(4,341)	1,799	(1,583)	(3,809)
	<b>(4,029)</b>	<b>3,074</b>	<b>288</b>	<b>210</b>
Gains arising on financial investments available-for-sale:				
- net gain on disposal	20,661	1,310	26,612	10,232
- gross dividend income	248	216	2,473	2,423
	<b>20,909</b>	<b>1,526</b>	<b>29,085</b>	<b>12,655</b>
<b>Other income</b>				
Foreign exchange gains/(losses)				
- realised	18,315	218,365	(50,678)	235,568
- unrealised	(2,127)	(198,106)	87,998	(190,090)
Rental income	344	489	1,177	1,262
(Loss)/gain on sale of property and equipment	(49)	-	(48)	1
Gain on disposal of foreclosed properties	-	249	153	587
Other non-operating income	1,547	1,144	4,970	5,655
Dividend from subsidiaries	-	-	-	800
	<b>18,030</b>	<b>22,141</b>	<b>43,572</b>	<b>53,783</b>
	<b>60,526</b>	<b>49,210</b>	<b>150,153</b>	<b>138,728</b>

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**MFRS134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2016****29 OTHER OPERATING EXPENSES**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>The Group</b>		<b>The Group</b>	
	<b>Current</b>	Preceding Year	<b>Current</b>	Preceding Year
	<b>Financial</b>	Corresponding	<b>Financial</b>	Corresponding
	<b>Quarter</b>	Quarter	<b>Quarter</b>	Quarter
	<b>30/9/2016</b>	30/9/2015	<b>30/9/2016</b>	30/9/2015
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Personnel costs (a)	<b>94,550</b>	87,944	<b>288,007</b>	262,124
Establishment costs (b)	<b>57,229</b>	51,147	<b>169,190</b>	150,488
Marketing expenses (c)	<b>3,782</b>	3,097	<b>13,996</b>	10,622
Administrative and general expenses (d)	<b>15,537</b>	14,852	<b>50,529</b>	40,233
	<b>171,098</b>	157,040	<b>521,722</b>	463,467

(a) Personnel costs

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>The Group</b>		<b>The Group</b>	
	<b>Current</b>	Preceding Year	<b>Current</b>	Preceding Year
	<b>Financial</b>	Corresponding	<b>Financial</b>	Corresponding
	<b>Quarter</b>	Quarter	<b>Quarter</b>	Quarter
	<b>30/9/2016</b>	30/9/2015	<b>30/9/2016</b>	30/9/2015
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Wages, salaries and bonuses	<b>71,932</b>	68,537	<b>218,579</b>	201,554
Defined contribution plan ('EPF')	<b>12,021</b>	10,217	<b>36,379</b>	32,159
Other personnel costs	<b>10,597</b>	9,190	<b>33,049</b>	28,411
	<b>94,550</b>	87,944	<b>288,007</b>	262,124

(b) Establishment costs

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>The Group</b>		<b>The Group</b>	
	<b>Current</b>	Preceding Year	<b>Current</b>	Preceding Year
	<b>Financial</b>	Corresponding	<b>Financial</b>	Corresponding
	<b>Quarter</b>	Quarter	<b>Quarter</b>	Quarter
	<b>30/9/2016</b>	30/9/2015	<b>30/9/2016</b>	30/9/2015
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Rental of premises	<b>6,189</b>	6,103	<b>18,653</b>	18,108
Equipment rental	<b>254</b>	388	<b>909</b>	942
Repair and maintenance	<b>11,132</b>	9,712	<b>31,608</b>	27,808
Depreciation of property and equipment	<b>3,674</b>	3,849	<b>11,307</b>	11,268
Amortisation of intangible assets	<b>2,661</b>	1,671	<b>7,229</b>	4,584
IT consultancy fees	<b>16,064</b>	15,196	<b>48,613</b>	48,305
Dataline rental	<b>2,220</b>	1,459	<b>5,774</b>	4,043
Security services	<b>4,358</b>	3,983	<b>13,090</b>	12,273
Electricity, water and sewerage	<b>2,991</b>	2,422	<b>8,879</b>	8,330
Insurance and indemnities	<b>6,460</b>	5,057	<b>19,299</b>	10,932
Other establishment costs	<b>1,226</b>	1,307	<b>3,829</b>	3,895
	<b>57,229</b>	51,147	<b>169,190</b>	150,488

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(c) Marketing expenses

	Individual Quarter The Group		Cumulative Quarter The Group	
	Current Financial Quarter 30/9/2016 RM'000	Preceding Year Corresponding Quarter 30/9/2015 RM'000	Current Financial Quarter 30/9/2016 RM'000	Preceding Year Corresponding Quarter 30/9/2015 RM'000
Business promotion and advertisement	1,687	1,126	7,732	4,739
Entertainment	765	463	2,045	1,748
Traveling and accommodation	878	1,004	2,819	2,664
Other marketing expenses	452	504	1,400	1,471
	<b>3,782</b>	<b>3,097</b>	<b>13,996</b>	<b>10,622</b>

(d) Administration and general expenses

	Individual Quarter The Group		Cumulative Quarter The Group	
	Current Financial Quarter 30/9/2016 RM'000	Preceding Year Corresponding Quarter 30/9/2015 RM'000	Current Financial Quarter 30/9/2016 RM'000	Preceding Year Corresponding Quarter 30/9/2015 RM'000
Telecommunication expenses	1,303	930	3,851	3,285
Auditors' remuneration	412	396	1,310	1,107
Professional fees	1,926	2,700	8,128	7,664
Property and equipment written-off	12	2	38	73
Mail and courier charges	1,009	1,048	3,122	2,775
Stationery and consumables	2,610	2,188	8,630	6,695
Commissions expenses	2,212	1,238	5,523	3,496
Brokerage expenses	487	746	1,494	1,838
Directors' fees and allowances	217	490	2,085	1,727
Donations	435	284	2,019	1,522
Settlement, clearing and bank charges	2,568	1,988	7,624	6,238
Stamp duties	38	236	424	339
Operational and litigation write-off expenses	263	8	253	170
GST input tax-non recoverable	1,548	1,840	4,710	2,371
Other administration and general expenses	497	758	1,318	933
	<b>15,537</b>	<b>14,852</b>	<b>50,529</b>	<b>40,233</b>

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	Individual Quarter		Cumulative Quarter	
	The Bank		The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/9/2016	30/9/2015	30/9/2016	30/9/2015
	RM'000	RM'000	RM'000	RM'000
Personnel costs (a)	73,642	69,956	228,493	207,658
Establishment costs (b)	48,092	43,630	143,117	127,682
Marketing expenses (c)	3,214	2,580	12,171	8,860
Administrative and general expenses (d)	12,000	12,327	40,734	32,987
	<b>136,948</b>	<b>128,493</b>	<b>424,515</b>	<b>377,187</b>

(a) Personnel costs

	Individual Quarter		Cumulative Quarter	
	The Bank		The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/9/2016	30/9/2015	30/9/2016	30/9/2015
	RM'000	RM'000	RM'000	RM'000
Wages, salaries and bonus	55,857	54,530	173,090	159,441
Defined contribution plan ('EPF')	9,322	8,043	28,769	25,370
Other personnel costs	8,463	7,383	26,634	22,847
	<b>73,642</b>	<b>69,956</b>	<b>228,493</b>	<b>207,658</b>

(b) Establishment costs

	Individual Quarter		Cumulative Quarter	
	The Bank		The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/9/2016	30/9/2015	30/9/2016	30/9/2015
	RM'000	RM'000	RM'000	RM'000
Rental of premises	4,962	5,093	15,148	14,991
Equipment rental	244	344	829	844
Repair and maintenance	9,275	8,400	26,289	23,810
Depreciation of property and equipment	3,422	3,567	10,510	10,451
Amortisation of intangible assets	2,544	1,554	6,880	4,235
IT consultancy fees	13,485	13,027	41,232	41,572
Dataline rental	1,897	1,276	5,038	3,479
Security services	3,428	3,190	10,262	9,862
Electricity, water and sewerage	2,461	2,100	7,550	7,086
Insurance and indemnities	6,273	4,580	18,698	9,955
Other establishment costs	101	499	681	1,397
	<b>48,092</b>	<b>43,630</b>	<b>143,117</b>	<b>127,682</b>

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(c) Marketing expenses

	Individual Quarter		Cumulative Quarter	
	The Bank		The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/9/2016	30/9/2015	30/9/2016	30/9/2015
	RM'000	RM'000	RM'000	RM'000
Business promotion and advertisement	1,474	1,002	7,133	4,128
Entertainment	676	392	1,770	1,499
Traveling and accommodation	700	774	2,256	2,101
Other marketing expenses	364	412	1,012	1,132
	<b>3,214</b>	<b>2,580</b>	<b>12,171</b>	<b>8,860</b>

(d) Administration and general expenses

	Individual Quarter		Cumulative Quarter	
	The Bank		The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/9/2016	30/9/2015	30/9/2016	30/9/2015
	RM'000	RM'000	RM'000	RM'000
Telecommunication expenses	1,060	697	3,150	2,632
Auditors' remuneration	341	290	970	834
Professional fees	1,687	2,485	7,329	6,995
Property and equipment written-off	12	2	38	66
Mail and courier charges	841	872	2,623	2,340
Stationery and consumables	2,008	1,449	6,841	4,964
Commissions expenses	1,943	1,108	4,790	3,170
Brokerage expenses	256	357	688	875
Directors' fees and allowances	(191)	592	1,131	1,033
Donations	173	242	1,458	1,420
Settlement, clearing and bank charges	2,331	1,844	6,876	5,705
Stamp duties	38	234	423	336
Operational and litigation write-off expenses	2	8	(8)	130
GST input tax-non recoverable	1,079	1,448	3,373	1,722
Other administration and general expenses	420	699	1,052	765
	<b>12,000</b>	<b>12,327</b>	<b>40,734</b>	<b>32,987</b>

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**30 ALLOWANCES FOR IMPAIRMENT LOSSES ON LOANS, ADVANCES AND FINANCING**

	Individual Quarter The Group		Cumulative Quarter The Group	
	Current Financial Quarter 30/9/2016 RM'000	Preceding Year Corresponding Quarter 30/9/2015 RM'000	Current Financial Quarter 30/9/2016 RM'000	Preceding Year Corresponding Quarter 30/9/2015 RM'000
Individual impairment				
- made during the financial period	20,817	62,944	46,915	227,081
- written-back	(4,448)	(2,830)	(33,004)	(4,475)
Collective impairment				
- net (written-back)/allowance made during the financial period	(4,573)	9,300	31,734	6,484
Bad debts and financing				
- recovered	(8,892)	(39,987)	(42,250)	(64,601)
- written-off	760	701	1,645	2,787
	<b>3,664</b>	<b>30,128</b>	<b>5,040</b>	<b>167,276</b>

	Individual Quarter The Bank		Cumulative Quarter The Bank	
	Current Financial Quarter 30/9/2016 RM'000	Preceding Year Corresponding Quarter 30/9/2015 RM'000	Current Financial Quarter 30/9/2016 RM'000	Preceding Year Corresponding Quarter 30/9/2015 RM'000
Individual impairment				
- made during the financial period	16,916	62,482	41,548	223,893
- written-back	(4,447)	(2,827)	(18,315)	(4,430)
Collective impairment				
- net (written-back)/allowance made during the financial period	(7,862)	6,714	23,106	4,061
Bad debts and financing				
- recovered	(8,796)	(39,974)	(41,161)	(63,974)
- written-off	752	701	1,634	2,782
	<b>(3,437)</b>	<b>27,096</b>	<b>6,812</b>	<b>162,332</b>

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**31 COMMITMENTS AND CONTINGENCIES**

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

The commitments and contingencies consist of:

	The Group		The Bank	
	30/9/2016 Principal amount RM'000	31/12/2015 Principal amount RM'000	30/9/2016 Principal amount RM'000	31/12/2015 Principal amount RM'000
Direct credit substitutes (*)	402,413	408,318	385,530	398,935
Transaction-related contingent items	2,289,599	2,027,954	1,992,786	1,879,994
Short-term self-liquidating trade-related contingencies	368,219	470,476	181,920	101,909
Irrevocable commitments to extend credit:	10,833,192	9,211,778	9,217,598	7,476,032
- maturity less than one year	9,299,787	7,494,453	7,993,858	6,107,115
- maturity more than one year	1,533,405	1,717,325	1,223,740	1,368,917
Foreign exchange related contracts (#):	7,190,239	6,918,839	7,440,153	7,086,226
- less than one year	6,788,119	6,497,779	7,038,033	6,665,166
- one year to less than five years	402,120	421,060	402,120	421,060
Interest rate related contracts (#):	2,540,586	2,861,139	2,540,586	2,861,139
- less than one year	543,438	652,116	543,438	652,116
- one year to less than five years	1,227,148	1,612,023	1,227,148	1,612,023
- more than five years	770,000	597,000	770,000	597,000
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	567,306	215,113	500,931	199,792
Unutilised credit card lines	220,710	188,328	220,710	188,328
	<b>24,412,264</b>	<b>22,301,945</b>	<b>22,480,214</b>	<b>20,192,355</b>

\* Included in direct credit substitutes as above are financial guarantee contracts of RM402.3 million and RM385.4 million at the Group and the Bank, respectively (31 December 2015: RM408.2 million and RM398.8 million at the Group and the Bank, respectively), of which fair value at the time of issuance is zero.

# The fair value of these derivatives have been recognised as "derivative financial assets" and "derivative financial liabilities" in the statement of financial position and disclosed in Note 15 and 22 to the financial statements.

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**32 LIQUIDITY RISK**

Refer Appendix A

**33 FAIR VALUE OF FINANCIAL INSTRUMENTS**

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

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

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

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

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

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

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

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

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

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

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**33 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>The Group</b>				
<b>30/9/2016</b>				
<b>Assets</b>				
Derivative financial assets	-	85,154	-	85,154
Financial investments available-for-sale *				
- Money market instruments	-	3,977,876		3,977,876
- Equity securities	-	-	206,148	206,148
- Corporate bonds/Sukuk	-	4,980,850		4,980,850
	-	9,043,880	206,148	9,250,028
<b>Liabilities</b>				
Derivative financial liabilities	-	223,200	-	223,200
	-	223,200	-	223,200
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>The Group</b>				
<b>31/12/2015</b>				
<b>Assets</b>				
Financial assets held-for-trading	-	150,121	-	150,121
Derivative financial assets	-	174,037	-	174,037
Financial investments available-for-sale *				
- Money market instruments	-	5,131,940	-	5,131,940
- Equity securities	-	-	205,423	205,423
- Corporate bonds/Sukuk	-	4,949,987	-	4,949,987
	-	10,406,085	205,423	10,611,508
<b>Liabilities</b>				
Derivative financial liabilities	-	414,140	-	414,140
	-	414,140	-	414,140

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	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>The Bank</b>				
<b>30/9/2016</b>				
<b>Assets</b>				
Derivative financial assets	-	89,503	-	89,503
Financial investments available-for-sale *				
- Money market instruments	-	3,279,731	-	3,279,731
- Equity securities	-	-	204,898	204,898
- Corporate bonds/Sukuk	-	4,048,547	-	4,048,547
	-	7,417,781	204,898	7,622,679
<b>Liabilities</b>				
Derivative financial liabilities	-	226,514	-	226,514
	-	226,514	-	226,514
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>The Bank</b>				
<b>31/12/2015</b>				
<b>Assets</b>				
Financial assets held-for-trading	-	150,121	-	150,121
Derivative financial assets	-	174,745	-	174,745
Financial investments available-for-sale *				
- Money market instruments	-	4,165,583	-	4,165,583
- Equity securities	-	-	204,898	204,898
- Corporate bonds/Sukuk	-	4,441,496	-	4,441,496
	-	8,931,945	204,898	9,136,843
<b>Liabilities</b>				
Derivative financial liabilities	-	413,944	-	413,944
	-	413,944	-	413,944

\* Net of allowance for impairment.

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**MFRS134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2016****33 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>
At beginning of the financial period	<b>205,423</b>	130,678	<b>204,898</b>	130,652
Purchases	<b>750</b>	500	-	-
Sales	<b>(25)</b>	-	-	-
Total gains recognised in other comprehensive income	-	74,245	-	74,246
At end of the financial period	<b>206,148</b>	205,423	<b>204,898</b>	204,898

**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):

<b>Description</b>	<b>Fair value assets</b>		<b>Valuation techniques</b>	<b>Unobservable inputs</b>	<b>Inter- relationship between significant unobservable inputs and fair value measurement</b>
	<b>30/9/2016 RM'000</b>	<b>31/12/2015 RM'000</b>			
<b>Financial investments available-for-sale</b>					
<b>The Group</b>					
Unquoted shares	<b>206,148</b>	205,423	Net tangible assets	Net tangible assets	Higher net tangible assets results in higher fair value
<b>The Bank</b>					
Unquoted shares	<b>204,898</b>	204,898	Net tangible assets	Net tangible assets	Higher net tangible assets results in higher fair value

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

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**34 CAPITAL MANAGEMENT**

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

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

The Group and the Bank's objectives when managing capital, are:

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

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

The table in Note 35 summarises the composition of regulatory capital and the ratios of the Group and the Bank for the quarter ended 30 September 2016.

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**35 CAPITAL ADEQUACY**

	The Group (#)		The Bank	
	Current Financial Quarter 30/9/2016 RM'000	Previous Financial Year-End 31/12/2015 RM'000	Current Financial Quarter 30/9/2016 RM'000	Previous Financial Year-End 31/12/2015 RM'000
Paid-up share capital	1,688,770	1,688,770	1,688,770	1,688,770
Share premium	858,904	858,904	858,904	858,904
Statutory reserves	1,660,949	1,577,509	1,393,376	1,328,792
Retained profits	1,210,621	1,029,155	933,877	805,289
Unrealised gains and losses on AFS	262,091	90,983	240,619	101,388
	<b>5,681,335</b>	<b>5,245,321</b>	<b>5,115,546</b>	<b>4,783,143</b>
Less:				
Goodwill and other intangibles	(164,872)	(153,137)	(168,688)	(156,604)
55% of cumulative unrealised gains of AFS	(144,150)	(50,041)	(132,340)	(55,763)
Investment in subsidiaries/joint ventures	-	-	(293,444)	(195,630)
<b>CET1 capital</b>	<b>5,372,313</b>	<b>5,042,143</b>	<b>4,521,074</b>	<b>4,375,146</b>
<b>Tier I capital</b>	<b>5,372,313</b>	<b>5,042,143</b>	<b>4,521,074</b>	<b>4,375,146</b>
Subordinated term loan	880,000	820,000	880,000	820,000
Collective impairment <sup>@</sup>	132,216	133,809	106,814	110,058
Regulatory adjustments	243,453	278,547	180,945	220,148
Less:				
Investment in subsidiaries/joint ventures	-	-	(195,630)	(293,444)
<b>Tier II capital</b>	<b>1,255,669</b>	<b>1,232,356</b>	<b>972,129</b>	<b>856,762</b>
<b>Total capital</b>	<b>6,627,982</b>	<b>6,274,499</b>	<b>5,493,203</b>	<b>5,231,908</b>
CET1 capital ratio	12.583%	11.878%	12.953%	12.230%
Tier 1 capital ratio	12.583%	11.878%	12.953%	12.230%
Total capital ratio	15.524%	14.781%	15.738%	14.625%
CET1 capital ratio (net of proposed dividends)	12.432%	11.632%	12.769%	11.938%
Tier 1 capital ratio (net of proposed dividends)	12.432%	11.632%	12.769%	11.938%
Total capital ratio (net of proposed dividends)	15.373%	14.535%	15.554%	14.333%

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	<b>The Group (#)</b>		<b>The Bank</b>	
	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>
Risk-weighted assets for:				
Credit risk	<b>39,981,175</b>	39,766,072	<b>32,625,627</b>	33,498,227
Market risk	<b>335,992</b>	327,504	<b>331,803</b>	323,855
Operational risk	<b>2,379,171</b>	2,355,261	<b>1,946,348</b>	1,951,219
<b>Total risk-weighted assets</b>	<b>42,696,338</b>	42,448,837	<b>34,903,778</b>	35,773,301

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

# The Group comprises the Bank and all the Bank's financial and non-financial subsidiaries.

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 September 2016, RIA assets included in the Total Capital Ratio calculation amounted to RM2,115.3 million (31 December 2015: RM1,316.0 million).

The capital adequacy ratios of the AFFIN Islamic Bank Berhad is as follows:

	<b>Economic Entity</b>		<b>The Bank</b>	
	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>	<b>Current Financial Quarter 30/9/2016 RM'000</b>	<b>Previous Financial Year-End 31/12/2015 RM'000</b>
(Before and after deducting proposed dividend)				
CET1 capital ratio	<b>12.592%</b>	13.197%	<b>12.596%</b>	13.203%
Tier 1 capital ratio	<b>12.592%</b>	13.197%	<b>12.596%</b>	13.203%
Total capital ratio	<b>13.716%</b>	14.415%	<b>13.716%</b>	14.415%

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**36 REVIEW OF PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES**  
(Analysis of financial performance of current quarter comparing to previous year's corresponding quarter)

Overall the Group registered a profit before tax of RM165.0 million for the 3rd quarter of 2016 as compared the previous year's corresponding quarter profit of RM144.6 million, an increase of RM20.4 million. This was due to:

- i) higher Islamic Banking income by RM6.1 million.
- ii) higher other operating income by RM11.4 million.
- iii) lower allowance for impairment losses on loans, advances and financing by RM26.5 million.

The above was off-set by:

- i) lower net interest income by RM5.9 million.
- ii) higher other operating expenses by RM14.1 million
- iii) higher allowance of impairment losses on securities by RM3.6 million.

**37 COMMENT ON FINANCIAL RESULTS**  
(Analysis of financial performance of current quarter comparing to immediate preceding quarter)

The Group's profit before tax for 3rd quarter of 2016 stood at RM165.0 million as compared to RM147.4 million reported in the 2nd quarter of 2016, an increase of RM17.6 million.

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

- i) higher net interest income by RM1.9 million.
- ii) higher Islamic Banking income by RM3.7 million.
- iii) higher in other operating income by RM8.4 million.
- iv) lower other operating expenses by RM7.7 million.

The above was off-set by:

- i) higher allowance for impairment losses on loans, advances and financing by RM0.6 million.
- ii) higher allowance of impairment losses on securities by RM3.5 million.

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

##### **BUSINESS PLAN AND FUTURE OUTLOOK FOR 2016**

Malaysia's economic growth moderated for the first three quarters of 2016 with the softening of export sector and volatility in commodity prices. Ringgit too have experienced depreciation against most major and regional currencies with the shift in investor sentiment. Consequently, the projection of national real GDP was revised to 4.0% - 4.5%.

For the fourth quarter of 2016, the prospect of national economic growth remains cautiously optimistic as previously projected. This is supported by strong private investment, positive consumer sentiment, continuation of active investment undertakings and lower level of unemployment. Furthermore, Bank Negara Malaysia (BNM) leans towards supporting economic growth with the Overnight Policy Rate (OPR) stable at 3.00%, lower projection of inflation at the lower end of 2.0% - 3.0% and reduction of Statutory Reserve Rate (SRR) to 3.5%. On the other hand, the Bank will continue to remain vigilant to BNM future directions in preparation for potential emerging risks arising from financial prudence and policy adjustments in major economies of the develop countries.

The Bank's strategic priorities for the fourth quarter of 2016 is to continue on enhancing its customer experience, business efficiency and brand visibility. Currently, the Bank is in the process of enhancing its digital banking positioning and innovation to elevate its competitiveness in the industry. This is in line with our aspiration to become the preferred bank for the Small and Medium Enterprises (SME) segment and the millennials. Moving forward with 'Affinity', the Group's Strategic Transformation Program; the Bank foresees tangible benefits in the form of lower cost-to-income ratio, robust fee income generation and efficient business operations in the near future.

AFFIN Bank Berhad will continue our best efforts in serving our customers' interest by managing liquidity, safeguarding asset quality, preserving margins and maintain our strong capital levels.

#### **39 VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT**

Profit before tax for the Group registered an adverse variance of RM127.2 million. The main contributing factors are as follows:

Net interest income

The net interest income showed a favourable variance of RM0.2 million.

Islamic banking income

Islamic banking income showed an adverse variance of RM9.8 million.

Other operating income

The non interest income showed an adverse variance of RM49.1 million.

Other operating expenses

Operating costs showed an adverse variance of RM23.0 million.

Allowance for impairment losses on loans, advances and financing

Allowance for losses on loans, advances and financing showed an adverse variance of RM42.0 million.

Allowance of impairment losses on securities

Allowance of impairment losses on securities showed an adverse variance of RM3.5 million.

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#### **40 MATERIAL LITIGATION**

- (a) A claim by the Plaintiff against AFFIN Bank Berhad ("ABB") vide Writ of Summons and Statement of Claim dated 22 January 2016 ("Writ") for the following:

- i) RM56,885,317.82 together with interest at 5% per annum from 1999 till full settlement as alleged damages;
- ii) SGD9,928,473.75 together with interest at 5% per annum from 2013 till full settlement as alleged losses;
- iii) RM776,331.00 being alleged losses of Plaintiffs' shares in Berlian Ferries Pte. Ltd which was transferred out as a result of his bankruptcy in 2013 with interest at 5% per annum from 2013 till full settlement as alleged losses;
- iv) RM500,000 as cost in respect of legal proceedings in Singapore.

ABB had on 25 January 1996 given Suria Barisan (M) Sdn Bhd ("Suria") a credit facility of RM21.6 million ("Facility") against security of unquoted shares belongs to Naval Dockyard Sdn Bhd and guaranteed by the Plaintiff and Puan Norashikin Binti Abdul Latiff ("Guarantor").

Suria, the Plaintiff and Guarantor ("All") defaulted in the Facility which led to ABB filing a debt recovery action against All of them in 1999. Judgement was obtained against All on 8 July 2004.

The Plaintiff was made bankrupt on 17 January 2013. The bankruptcy was set aside in September 2015 on the grounds that he was solvent due to a third party, Chenet Finance Ltd ("Chenet") being ordered by a Singapore Court to pay damages to the Director General of Insolvency Malaysia ("DGI") as receiver of Plaintiff's Estate. ABB has appealed and Case Management ("CM") has been fixed on 24 June 2016.

The Plaintiff's claim ("Claim") is premised on alleged wrongful acts by ABB as follows:

- failure to sell 7.2 million shares in Naval Dockyard Sdn Bhd ("NDSB shares") which was pledged by Suria to the Bank as security for the Facility on a timely basis. On this claim, Plaintiff claims damages under (i) above;
- allowed the release of the Guarantor from her liability upon payment of a certain sum pursuant to her Guarantee without giving the same opportunity to the Plaintiff;
- ABB had corresponded with the opponent of Plaintiff in Singapore to prevent the Plaintiff from claiming his assets in Singapore. Plaintiff has alleged conspiracy between ABB and the opponent of the Plaintiff in Singapore. On this claim, Plaintiff claims losses under (ii) above;
- ABB had wrongfully made Plaintiff a bankrupt in 2013 which bankruptcy was set aside in 2015. On this claim, Plaintiff claims losses under (iii) above;
- The Plaintiff is also claiming the amount of (iv) above being cost of proceedings incurred by him in Singapore.

ABB has a good defence ("Defence") on the merits with regard to each of the alleged wrongful act as follows:

- the sale of NDSB Shares was subject to the approval from the relevant authorities as per the terms of the Facility Agreement and the price has to be based on the offer from the approved prospective buyer;
- the release of the Guarantor is the prerogative of ABB pursuant to the terms of the Guarantee Agreement;
- the Plaintiff's bankruptcy is based on a judgement of Court;
- ABB's legal firm had corresponded with the legal firm of the Plaintiff's opponent in Singapore only to inform the status of the Plaintiff proceedings in Malaysia and any alleged conspiracy is denied;
- the claim for cost is unreasonable as ABB was not in any way involved in the Singapore proceedings.

The above Claim against ABB by the Plaintiff is as a result of the Debt Recovery Action against the Plaintiff which was commenced in the ordinary course of business.

On 15 August 2016, the matter came up for hearing for the Plaintiff's Application for Discovery of Documents whereby the Court fixed the said matter for decision on 1 November 2016. The Court has also fixed the full trial dates on 13 February to 16 February 2017.

The Plaintiff's Stay Application was dismissed by the Court on 20 September 2016 with a cost of RM5,000.00. The hearing for ABB's appeal against the annulment of the Adjudicating Order Receiving Order (AORO) has been fixed on 10 November 2016.

The Board of Directors of ABB are of the view that save for the orders, cost and other relief sought by the Plaintiff, which will materialize only if the Court rules in the Plaintiff's favour, the Writ and Statement of Claim is not expected to result in any immediate losses, material, financial and operational impact on ABB for the current financial year ending 31 December 2016.

Further announcements will be made on material developments from time to time.

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#### **40 MATERIAL LITIGATION (continued)**

- (b) Other than the above, there are various legal suits against AFFIN Bank Berhad ("ABB") in respect of claims and counter claims of approximately RM66.4 million (31 December 2015: RM68.1 million). Based on legal advice, the Directors of the Bank are of the opinion that no provision for damages need to be made in the financial statements, as the probability of adverse adjudication against ABB is remote.

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**MFRS134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2016****32 LIQUIDITY RISK****Liquidity risk for assets and liabilities based on remaining contractual maturities**

The maturities of on-balance sheet assets and liabilities as well as other off-balance sheet assets and liabilities, commitments and counter-guarantees are important factors in assessing the liquidity of the Group and the Bank. The table below provides analysis of assets and liabilities into relevant maturity tenures based on remaining contractual maturities.

Maturities of assets and liabilities of the Group and the Bank by remaining contractual maturities profile are as follows:

<b>The Group 30/9/2016</b>	<b>Up to 1 month RM'000</b>	<b>&gt; 1-3 months RM'000</b>	<b>&gt;3-12 months RM'000</b>	<b>&gt;1-5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>Total RM'000</b>
<b>Assets</b>						
Cash and short-term funds	4,981,926	-	-	-	-	4,981,926
Deposits and placements with banks and other financial institutions	-	100,009	-	40,594	80,412	221,015
Derivative financial assets	12,384	24,016	30,950	4,700	13,104	85,154
Financial investments available-for-sale	533,624	546,890	1,166,757	3,228,550	3,689,053	9,164,874
Financial investments held-to-maturity	21,458	2,064	6,005	90,190	326,249	445,966
Loans, advances and financing	3,032,678	1,937,426	2,302,497	11,383,681	22,919,458	41,575,740
Other assets	39,488	1,930	18,989	6,115	9,101	75,623
Amount due from joint ventures	45,832	-	-	-	-	45,832
Statutory deposits with Bank Negara Malaysia	1,496,500	-	-	-	-	1,496,500
Other non-financial assets (1)	-	-	50,988	-	565,839	616,827
	<b>10,163,890</b>	<b>2,612,335</b>	<b>3,576,186</b>	<b>14,753,830</b>	<b>27,603,216</b>	<b>58,709,457</b>

(1) Other non-financial assets include tax recoverable, deferred tax assets, property and equipment and intangible assets.

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**MFRS134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2016****32 LIQUIDITY RISK**

Liquidity risk for assets and liabilities based on remaining contractual maturities (continued)

<b>The Group 30/9/2016</b>	<b>Up to 1 month RM'000</b>	<b>&gt; 1-3 months RM'000</b>	<b>&gt;3-12 months RM'000</b>	<b>&gt;1-5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>Total RM'000</b>
<b>Liabilities</b>						
Deposits from customers	20,613,327	8,976,063	15,292,547	785,278	-	45,667,215
Deposits and placements of banks and other financial institutions	2,154,076	1,166,677	792,811	-	-	4,113,564
Obligation on securities sold under repurchase agreements	1,081,980	-	-	-	-	1,081,980
Derivative financial liabilities	17,325	23,404	49,300	124,705	8,466	223,200
Bills and acceptances payable	45,336	-	-	-	-	45,336
Recourse obligation on loans sold to Cagamas Berhad	-	130,569	-	-	-	130,569
Other liabilities	521,014	-	-	-	-	521,014
Subordinated term loan	4,027	-	-	-	1,000,000	1,004,027
Other non-financial liabilities (2)	52,538	-	8,128	-	-	60,666
	<b>24,489,623</b>	<b>10,296,713</b>	<b>16,142,786</b>	<b>909,983</b>	<b>1,008,466</b>	<b>52,847,571</b>
<b>Net liquidity gap</b>	<b>(14,325,733)</b>	<b>(7,684,378)</b>	<b>(12,566,600)</b>	<b>13,843,847</b>	<b>26,594,750</b>	

(2) Other non-financial liabilities include deferred tax liabilities and provision for taxation.

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**MFRS134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2016****32 LIQUIDITY RISK****Liquidity risk for assets and liabilities based on remaining contractual maturities (continued)**

The Group 31/12/2015	Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
<b>Assets</b>						
Cash and short-term funds	4,070,710	-	-	-	-	4,070,710
Deposits and placements with banks and other financial institutions	-	35,034	-	286,619	30,034	351,687
Financial assets held-for-trading	150,121	-	-	-	-	150,121
Derivative financial assets	17,925	75,530	72,929	4,911	2,742	174,037
Financial investments available-for-sale	88,162	966,699	1,094,769	4,092,884	4,044,836	10,287,350
Financial investments held-to-maturity	23,438	-	48,594	32,336	276,286	380,654
Loans, advances and financing	3,640,851	1,530,550	2,205,474	11,005,462	23,722,260	42,104,597
Other assets	54,214	2,091	16,595	5,769	5,986	84,655
Amount due from joint ventures	39,936	-	-	-	-	39,936
Statutory deposits with Bank Negara Malaysia	1,604,600	-	-	-	-	1,604,600
Other non-financial assets (1)	3,598	-	46,206	-	560,450	610,254
	<u>9,693,555</u>	<u>2,609,904</u>	<u>3,484,567</u>	<u>15,427,981</u>	<u>28,642,594</u>	<u>59,858,601</u>

(1) Other non-financial assets include tax recoverable, deferred tax assets, property and equipment and intangible assets.

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**32 LIQUIDITY RISK**

**Liquidity risk for assets and liabilities based on remaining contractual maturities (continued)**

The Group 31/12/2015	Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
<b>Liabilities</b>						
Deposits from customers	20,053,169	11,973,746	14,598,308	1,187,990	-	47,813,213
Deposits and placements of banks and other financial institutions	1,575,970	897,088	262,538	-	-	2,735,596
Obligation on securities sold under repurchase agreements	95,370	1,645,576	-	-	-	1,740,946
Derivative financial liabilities	57,860	87,441	125,110	138,835	4,894	414,140
Bills and acceptances payable	77,114	-	-	-	-	77,114
Recourse obligation on loans sold to Cagamas Berhad	-	806	-	133,779	-	134,585
Other liabilities	411,575	-	-	-	-	411,575
Subordinated term loan	3,065	1,381	-	-	1,000,000	1,004,446
Other non-financial liabilities (2)	15,104	-	10,052	-	-	25,156
	<u>22,289,227</u>	<u>14,606,038</u>	<u>14,996,008</u>	<u>1,460,604</u>	<u>1,004,894</u>	<u>54,356,771</u>
Net liquidity gap	<u>(12,595,672)</u>	<u>(11,996,134)</u>	<u>(11,511,441)</u>	<u>13,967,377</u>	<u>27,637,700</u>	

(2) Other non-financial liabilities include deferred tax liabilities and provision for taxation.

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**MFRS134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2016****32 LIQUIDITY RISK**

Liquidity risk for assets and liabilities based on remaining contractual maturities (continued)

<b>The Bank 30/9/2016</b>	<b>Up to 1 month RM'000</b>	<b>&gt; 1-3 months RM'000</b>	<b>&gt;3-12 months RM'000</b>	<b>&gt;1-5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>Total RM'000</b>
<b>Assets</b>						
Cash and short-term funds	3,334,320	-	-	-	-	3,334,320
Deposits and placements with banks and other financial institutions	-	77,900	-	40,594	80,412	198,906
Investment accounts due from designated financial institutions	-	-	699,563	471,735	941,242	2,112,540
Financial assets held-for-trading	-	-	-	-	-	-
Derivative financial assets	16,776	23,973	30,950	4,700	13,104	89,503
Financial investments available-for-sale	524,304	455,009	1,093,028	2,694,623	2,766,212	7,533,176
Financial investments held-to-maturity	21,459	726	-	50,000	300,379	372,564
Loans, advances and financing	2,467,925	1,826,939	1,412,147	9,241,496	15,573,195	30,521,702
Other assets	36,217	1,384	18,624	5,837	6,430	68,492
Amount due from subsidiaries	3	-	-	-	-	3
Statutory deposits with Bank Negara Malaysia	1,169,000	-	-	-	-	1,169,000
Other non-financial assets (1)	-	-	50,975	-	1,051,430	1,102,405
	<b>7,570,004</b>	<b>2,385,931</b>	<b>3,305,287</b>	<b>12,508,985</b>	<b>20,732,404</b>	<b>46,502,611</b>

(1) Other non-financial assets include tax recoverable, deferred tax assets, investment in subsidiaries, property and equipment and intangible assets.

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**MFRS134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2016****32 LIQUIDITY RISK**

Liquidity risk for assets and liabilities based on remaining contractual maturities (continued)

<b>The Bank 30/9/2016</b>	<b>Up to 1 month RM'000</b>	<b>&gt; 1-3 months RM'000</b>	<b>&gt;3-12 months RM'000</b>	<b>&gt;1-5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>Total RM'000</b>
<b>Liabilities</b>						
Deposits from customers	15,652,206	7,405,578	11,774,338	568,221	-	35,400,343
Deposits and placements of banks and other financial institutions	1,512,679	361,452	792,811	-	-	2,666,942
Obligation on securities sold under repurchase agreements	1,081,980	-	-	-	-	1,081,980
Derivative financial liabilities	22,722	21,321	49,300	124,705	8,466	226,514
Bills and acceptances payable	45,336	-	-	-	-	45,336
Recourse obligation on loans sold to Cagamas Berhad	-	130,569	-	-	-	130,569
Other liabilities	419,068	-	-	-	-	419,068
Amount due to subsidiaries	240,715	-	-	-	-	240,715
Subordinated term loan	4,027	-	-	-	1,000,000	1,004,027
Other non-financial liabilities (2)	48,375	-	-	-	-	48,375
	<b>19,027,108</b>	<b>7,918,920</b>	<b>12,616,449</b>	<b>692,926</b>	<b>1,008,466</b>	<b>41,263,869</b>
<b>Net liquidity gap</b>	<b>(11,457,104)</b>	<b>(5,532,989)</b>	<b>(9,311,162)</b>	<b>11,816,059</b>	<b>19,723,938</b>	

(2) Other non-financial liabilities include deferred tax liabilities.

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**MFRS134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2016****32 LIQUIDITY RISK****Liquidity risk for assets and liabilities based on remaining contractual maturities (continued)**

The Bank 31/12/2015	Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
<b>Assets</b>						
Cash and short-term funds	2,203,022	-	-	-	-	2,203,022
Deposits and placements with banks and other financial institutions	-	33,119	-	286,619	30,034	349,772
Investment accounts due from designated financial institutions	-	-	202,205	170,442	958,671	1,331,318
Financial assets held-for-trading	150,121	-	-	-	-	150,121
Derivative financial assets	18,633	75,530	72,929	4,911	2,742	174,745
Financial investments available-for-sale	80,692	956,962	980,764	3,490,515	3,303,044	8,811,977
Financial investments held-to-maturity	23,439	-	44,376	-	236,557	304,372
Loans, advances and financing	3,182,982	1,331,179	1,844,673	9,555,493	16,988,361	32,902,688
Other assets	51,672	1,592	16,279	5,492	5,368	80,403
Amount due from subsidiaries	61	-	-	-	-	61
Statutory deposits with Bank Negara Malaysia	1,345,000	-	-	-	-	1,345,000
Other non-financial assets (1)	-	-	46,179	-	1,045,591	1,091,770
	<u>7,055,622</u>	<u>2,398,382</u>	<u>3,207,405</u>	<u>13,513,472</u>	<u>22,570,368</u>	<u>48,745,249</u>

(1) Other non-financial assets include tax recoverable, investment in subsidiaries, property and equipment and intangible assets.

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

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**32 LIQUIDITY RISK**

**Liquidity risk for assets and liabilities based on remaining contractual maturities (continued)**

The Bank 31/12/2015	Up to 1 month RM'000	> 1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
Liabilities						
Deposits from customers	14,961,225	10,201,186	11,575,079	1,076,628	-	37,814,118
Deposits and placements of banks and other financial institutions	1,356,350	159,318	262,538	-	-	1,778,206
Obligation on securities sold under repurchase agreements	95,370	1,645,576	-	-	-	1,740,946
Derivative financial liabilities	57,862	87,432	124,921	138,835	4,894	413,944
Bills and acceptances payable	77,114	-	-	-	-	77,114
Recourse obligation on loans sold to Cagamas Berhad	-	806	-	133,779	-	134,585
Other liabilities	365,865	-	-	-	-	365,865
Amount due to subsidiaries	422,166	-	-	-	-	422,166
Provision for taxation	15,104	-	-	-	-	15,104
Subordinated term loan	3,065	1,381	-	-	1,000,000	1,004,446
	17,354,121	12,095,699	11,962,538	1,349,242	1,004,894	43,766,494
Net liquidity gap	(10,298,499)	(9,697,317)	(8,755,133)	12,164,230	21,565,474	