

MBSB BANK BERHAD (716122-P)
(Formerly known as Asian Finance Bank Berhad)
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2018

MBSB BANK BERHAD (716122-P)
(Formerly known as Asian Finance Bank Berhad)
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2018

		Economic Entity and Bank	
		31-Mar-18	31-Dec-17
		RM	RM
	Note		
Assets			
Cash and short-term funds	3	726,863,110	478,674,087
Securities at FVTOCI			
/Financial investments available-for-sale	4	227,031,431	227,086,132
Securities at amortised cost			
/Financial investments held-to-maturity	5	601,009,491	600,599,757
Financing and advances	6	911,139,226	1,035,667,653
Derivative assets	7	152,479	3,090,928
Other assets	8	3,841,580	8,139,839
Tax recoverable		5,637,386	5,749,936
Statutory deposits with Bank Negara Malaysia		18,923,822	26,773,822
Investment in joint venture		-	-
Deferred tax assets		625,637	625,638
Property, plant and equipment		895,509	965,118
Investment properties		820,000	820,000
Intangible assets		1,465,780	1,619,581
Total assets		<u>2,498,405,451</u>	<u>2,389,812,491</u>
Liabilities			
Deposits from customers	9	1,269,215,488	1,198,675,832
Deposits and placements of			
banks and other financial institutions	10	730,443,847	681,267,846
Derivative liabilities	7	-	777,343
Other liabilities	11	19,655,688	14,622,814
Total liabilities		<u>2,019,315,023</u>	<u>1,895,343,835</u>
Equity			
Ordinary share capital		532,530,020	532,530,020
Reserves		(53,439,592)	(38,061,364)
Total equity		<u>479,090,428</u>	<u>494,468,656</u>
Total Liabilities and Equity		<u>2,498,405,451</u>	<u>2,389,812,491</u>
Commitments and contingencies	19	<u>634,832,351</u>	<u>598,062,145</u>
Capital Adequacy	21	Economic Entity and Bank	
CET1 capital		<u>30.303%</u>	30.236%
Tier 1 capital		<u>30.303%</u>	30.236%
Total capital ratio		<u>31.475%</u>	<u>30.947%</u>

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2018

	Note	Economic Entity and Bank	
		1st Quarter Ended	1st Quarter Ended
		31-Mar-18 RM	31-Mar-17 RM
Income derived from investment of depositors' funds	12	21,435,823	20,721,012
Income derived from investment of shareholders' funds	13	6,420,624	7,407,280
Allowances for impairment on financing and advances	14	7,263,360	(174,882)
Total distributable income		35,119,807	27,953,410
Income attributable to depositors	15	(17,838,051)	(17,449,856)
		17,281,756	10,503,554
Personnel expenses	16	(5,284,265)	(4,367,517)
Other overheads and expenditures	17	(4,112,307)	(4,297,441)
Profit before taxation		7,885,184	1,838,596
Taxation		(1,892,444)	(441,264)
Net profit for the financial period		5,992,740	1,397,332
Profit attributable to:			
Owners of the Bank		5,992,740	1,397,332
Non-controlling interest		-	-
		5,992,740	1,397,332
Earnings per shares (sen)			
Basic and diluted		4.50	1.05
Profit for the financial period		5,992,740	1,397,332
Other comprehensive income/(loss) :			
Financial investments available-for-sale	18		
- Unrealised net gain on revaluation		97,661	1,041,865
Income tax relating to components of other comprehensive income		-	-
Other comprehensive income/(loss) for the financial period		97,661	1,041,865
Total comprehensive income for the financial period		6,090,401	2,439,197
Total comprehensive income attributable to:			
Owners of the Bank		6,090,401	2,439,197
Non-controlling interest		-	-
		6,090,401	2,439,197

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2018

	Share Capital RM	Accumulated Losses RM	Statutory Reserve RM	Regulatory Reserve RM	AFS Reserve RM	Total RM
<u>Economic Entity and Bank</u>						
<u>31-Mar-18</u>						
Balance as at 1 January 2018	532,530,020	(43,336,425)	-	5,233,721	41,340	494,468,656
Other comprehensive income:						
Financial investments available- for-sale - Unrealised net gain on revaluation	-	-	-	-	97,661	97,661
Income tax relating to components of other comprehensive income	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	97,661	97,661
Net profit for the financial period	-	5,992,740	-	-	-	5,992,740
Total other comprehensive income	-	5,992,740	-	-	97,661	6,090,401
Additional loss allowance recognised under MFRS 9	-	(21,468,629)	-	-	-	(21,468,629)
Balance as at 31 March 2018	532,530,020	(58,812,314)	-	5,233,721	139,001	479,090,428

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2018 (CONTINUED)

	Share Capital RM	Accumulated Losses RM	Statutory Reserve RM	Regulatory Reserve RM	AFS Reserve RM	Total RM
<u>Economic Entity and Bank</u>						
31-Dec-17						
Balance as at						
1 January 2017	532,530,020	(53,094,267)	13,363,710	5,233,721	(777,068)	497,256,116
Other comprehensive income/(loss):						
Financial investments available- for-sale						
- Unrealised net gain on revaluation	-	-	-	-	1,076,853	1,076,853
Income tax relating to components of other comprehensive income	-	-	-	-	(258,445)	(258,445)
Other comprehensive income for the year	-	-	-	-	818,408	818,408
Net loss for the financial year	-	(3,605,868)	-	-	-	(3,605,868)
Total comprehensive (loss)/income for the year	-	(3,605,868)	-	-	818,408	(2,787,460)
Transfer to Accumulated Losses	-	13,363,710	(13,363,710)	-	-	-
Balance as at						
31 December 2017	<u>532,530,020</u>	<u>(43,336,425)</u>	<u>-</u>	<u>5,233,721</u>	<u>41,340</u>	<u>494,468,656</u>

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MARCH 2018

	Economic Entity and Bank	
	31-Mar-18	31-Dec-17
	RM	RM
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	7,885,184	(3,605,868)
Adjustments for:		
Depreciation of property, plant and equipment (Note 17)	69,609	400,376
Amortisation of intangible assets (Note 17)	153,801	799,203
Loss on sale of property, plant and equipment	-	8,284
Net impairment loss on investment properties	-	54,000
Profit income from financial investments	(8,633,392)	(30,508,938)
Net (gain)/loss on sale of financial investments	31,211	(22,889)
Net Accretion of discount less amortisation of premium	12,955	50,323
Allowances for losses on financing and advances (Note 14 ('c), (d) & (e))	(8,085,016)	12,762,763
Allowances for gain on undrawn financing & other receivable (note 14 ('c), (d) & (e))	821,656	-
Operating loss before working capital changes	<u>(7,743,992)</u>	<u>(20,062,746)</u>
Adjustments for change in operating assets and liabilities:		
Financing and advances	116,666,972	408,552,797
Derivative assets	2,938,449	(2,878,498)
Other assets	2,574,642	(4,610,752)
Investment properties	-	(874,000)
Statutory deposit with Bank Negara Malaysia	7,850,000	3,600,000
Deposits from customers	70,539,656	300,941,807
Deposits and placements of banks and other financial institutions	49,176,001	(366,941,888)
Derivative liabilities	(777,343)	219,293
Other liabilities	(1,310,941)	2,337,902
Cash generated from/(used in) operating activities	<u>239,913,444</u>	<u>320,283,915</u>
Taxation paid	(56,275)	(794,481)
Net cash generated from/(used in) operating activities	<u>239,857,169</u>	<u>319,489,434</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	(351,972)
Purchase of intangible assets	-	(899,772)
Profit income from financial investments	8,633,392	30,508,938
Net proceeds from (purchase)/sale of financial instruments	(301,538)	(80,196,999)
Proceeds from sale of property, plant and equipment	-	70
Net cash generated from/(used in) investing activities	<u>8,331,854</u>	<u>(50,939,735)</u>
ANALYSIS OF CASH AND CASH EQUIVALENT		
Net increase/(decrease) in cash and cash equivalents	248,189,023	268,549,699
Cash and cash equivalents at beginning of financial year	478,674,087	210,124,388
Cash and cash equivalents at end of financial period/year (Note 3)	<u>726,863,110</u>	<u>478,674,087</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THREE MONTHS ENDED 31 MARCH 2018

-PART A - EXPLANATORY NOTES PURSUANT TO GUIDELINES ON FINANCIAL REPORTING
FOR LICENSED ISLAMIC BANK ("BNM/RH/STD 033-4") ISSUED BY BANK NEGARA MALAYSIA

1. General information

a) Performance Review

The Economic Entity and the Bank registered a profit before zakat and tax of RM7.89 million for the three months period ended 31 March 2018.

The Economic Entity and the Bank's gross financing and advances stood at RM0.97 billion whilst total Deposit at RM2.0 billion.

b) Business Plan and outlook for 2018

At 3.8 percent, global growth in 2017 was the fastest since 2011. With financial conditions still supportive, global growth is expected to tick up to a 3.9 percent rate in both 2018 and 2019.(IMF)

The economic growth outlook for developing Asia remains vibrant. After growth accelerated to 6.1% in 2017, the region is expected to expand by 6.0% in 2018 and 5.9% in 2019. (ADB)

Malaysia's economy is showing resilience and is performing strongly. Growth is running above potential, driven by strong global demand for electronics and improved terms of trade for commodities, such as oil and gas. On the domestic front, Malaysia's strong employment is boosting private consumption, and investment is also helping to drive growth. With higher than anticipated growth at 5.8 percent in 2017, and projected growth of 5.3 percent for 2018, the country is well on its way to achieving high-income status. (IMF)

The Bank has been successfully acquired by Malaysian Building Society Berhad and rebranded as MBSB Bank. Going forward, the new Bank aspires to be the top progressive Islamic bank leveraging on digital technology and fintech to facilitate its business to achieve its objective and meets its stakeholders expectation.

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2. Application of new and revised Malaysian Financial Reporting Standards (MFRSs)

New and revised MFRSs affecting the reported financial performance and/or financial position

Impact of application of MFRS 9 Financial Instruments

In the current period, the Bank has applied MFRS 9 *Financial Instruments* (as revised in July 2014) and the related consequential amendments to other MFRSs. MFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) impairment for financial assets and 3) general hedge accounting. Details of these new requirements as well as their impact on the Bank's financial statements are described below.

The Bank has applied MFRS 9 in accordance with the transition provisions set out in MFRS 9.

(a) *Classification and measurement of financial assets*

The date of initial application (i.e. the date on which the Bank has assessed its existing financial assets and financial liabilities in terms of the requirements of MFRS 9) is 1 January 2018. Accordingly, the Bank has applied the requirements of MFRS 9 to instruments that have not been derecognised as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018.

All recognised financial assets that are within the scope of MFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the Bank's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and profit on the principal amount outstanding, are subsequently measured at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and profit on the principal amount outstanding, are subsequently measured at fair value through other comprehensive income (FVTOCI);

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- all other debt instruments and equity instruments are subsequently measured at fair value through profit or loss (FVTPL).

Despite the foregoing, the Bank may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Bank may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which MFRS 3 applies in other comprehensive income; and
- the Bank may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

In the current period, the Bank has not designated any debt investments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain or loss previously recognised in other comprehensive income is not subsequently reclassified to profit or loss.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment. See note **2 (b)**.

The directors of the Bank reviewed and assessed the Bank's existing financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of MFRS 9 has had the following impact on the Bank's financial assets as regards their classification and measurement:

- the Bank's financial investments that were classified as available-for-sale financial assets under MFRS 139 have been classified as financial assets at FVTOCI as they are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and they have contractual cash flows that are solely payments of principal and profit on the principal amount outstanding. The change in fair value on these redeemable notes continues to be accumulated in the investment revaluation reserve until they are derecognised or reclassified;

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- the Bank's investments in equity instruments (neither held for trading nor a contingent consideration arising from a business combination) that were previously classified as available-for-sale financial assets and were measured at fair value at each reporting date under MFRS 139 have been designated as at FVTOCI. The change in fair value on these equity instruments continues to be accumulated in the investment revaluation reserve;
- financial assets classified as held-to-maturity and loans and receivables receivables under MFRS 139 that were measured at amortised cost continue to be measured at amortised cost under MFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and profit on the principal amount outstanding;
- financial assets that were measured at FVTPL under MFRS 139 continue to be measured as such under MFRS 9.

Note 2 (d) tabulates the change in classification of the Bank's financial assets upon application of MFRS 9.

None of the other reclassifications of financial assets have had any impact on the Bank's financial position, profit or loss, other comprehensive income or total comprehensive income.

(b) *Impairment of financial assets*

In relation to the impairment of financial assets, MFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under MFRS 139. The expected credit loss model requires the Bank to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, MFRS 9 requires the Bank to recognise a loss allowance for expected credit losses on (i) debt investments subsequently measured at amortised cost or at FVTOCI, (ii) lease receivables, (iii) contract assets and (iv) loan commitments and financial guarantee contracts to which the impairment requirements of MFRS 9 apply. In particular, MFRS 9 requires the Bank to measure the loss allowance for a financial instrument at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. On the other hand, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Bank is required to measure the loss allowance for that financial instrument at an amount equal to 12 months ECL.

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As at 1 January 2018, the directors of the Bank reviewed and assessed the Bank's existing financial assets and written financing commitment for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of MFRS 9 to determine the credit risk of the respective items at the date they were initially recognised, and compared that to the credit risk as at 1 January 2018. The result of the assessment is as follows:

Items existing as at 1 January 2018 that are subject to the impairment provisions of MFRS 9	Credit risk attributes at 1 January 2018	Cumulative additional loss allowance recognised on 1 January 2018
		RM
Financial assets at FVTOCI		
Held-to-maturity investments		-
Financing and advances		15,946,470
Undrawn financing		5,034,092
Commitment and contingencies		488,067
		<hr/>
		21,468,629 <hr/>

(c) *Classification and measurement of financial liabilities*

One major change introduced by MFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, MFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under MFRS 139, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

Apart from the above, the application of MFRS 9 has had no impact on the classification and measurement of the Bank's financial liabilities.

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(d) Disclosures in relation to the initial application of MFRS 9

The table below illustrates the classification and measurement of financial assets and financial liabilities under MFRS 9 and MFRS 139 at the date of initial application, 1 January 2018.

	Original measurement category under MFRS 139	New measurement category under MFRS 9	Original carrying amount under MFRS 139 RM	Additional loss allowance recognised under MFRS 9 RM	New carrying amount under MFRS 9 RM
Cash and short-term funds	Loans and receivables	Financial assets at amortised cost	478,674,087	-	478,674,087
Financial investment held-for- trading	Financial assets at FVTPL	Financial assets at FVTPL	-	-	-
Financial investments available- for-sale	Available-for-sale investments	Financial assets at FVTOCI	227,086,132	-	227,086,132
Financial investments held-to- maturity	Held-to-maturity investments	Financial assets at amortised cost	600,599,757	-	600,599,757
Financing and advances	Loans and receivables	Financial assets at amortised cost	1,035,667,653	(15,946,470)	1,019,721,183
Derivatives assets	Financial assets at FVTPL	Financial assets at FVTPL	3,090,928	-	3,090,928
Others assets	Loans and receivables	Financial assets at amortised cost	8,139,839	-	8,139,839

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	Original measurement category under MFRS 139	New measurement category under MFRS 9	Original carrying amount under MFRS 139 RM	Additional loss allowance recognised under MFRS 9 RM	New carrying amount under MFRS 9 RM
Deposits from customers	Financial liabilities at amortised cost	Financial liabilities at amortised cost	1,198,675,832	-	1,198,675,832
Deposits and placements of the banks and other financial institutions	Financial liabilities at amortised cost	Financial liabilities at amortised cost	681,267,846	-	681,267,846
Derivatives liabilities	Financial liabilities at FVTPL	Financial liabilities at FVTPL	777,343	-	777,343
Other liabilities	Financial liabilities at amortised cost	Financial liabilities at amortised cost	14,622,814	(5,522,159)	20,144,973

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The tables below show information relating to financial assets and financial liabilities that have been reclassified as a result of transition to MFRS 9:

	(i)	(ii)	(iii)	(iv) = (i) + (ii) + (iii)	(v) = (iii)
	MFRS 139 carrying amount 31 December 2017	Reclassifications	Remeasurements	MFRS 9 carrying amount 1 January 2018	Retained earnings effect on I January 2018
	RM	RM	RM	RM	RM
Financial investment held-for-trading	-				
Financial investments available-for-sale	227,086,132				
Financial investments held-to-maturity	600,599,757				
Financing and advances	1,035,667,653		(15,946,470)	1,019,721,183	(15,946,470)
Other liabilities	14,622,814		5,522,159	20,144,973	(5,522,159)

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The additional loss allowance recognised upon the initial application of MFRS 9 as disclosed above resulted entirely from a change in the measurement attribute of the loss allowance relating to each financial asset. The change in measurement category of the different financial assets has had no impact on their respective carrying amounts on initial application.

There were no financial assets or financial liabilities which the Bank had previously designated as at FVTPL under MFRS 139 that were subject to reclassification, or which the Bank has elected to reclassify upon the application of MFRS 9. There were no financial assets or financial liabilities which the Bank has elected to designate as at FVTPL at the date of initial application of MFRS 9.

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3. Cash and short-term funds

	Economic Entity and Bank	
	31-Mar-18	31-Dec-17
	RM	RM
Cash and balances with banks and other financial institutions	27,183,217	47,674,194
Money at call and deposit placements maturing within one month	<u>699,679,893</u>	<u>430,999,893</u>
	<u>726,863,110</u>	<u>478,674,087</u>

4. Securities at FVTOCI/Financial investments available-for-sale

	Economic Entity and Bank	
	31-Mar-18	31-Dec-17
	RM	RM
At fair value		
Quoted securities:		
<u>In Malaysia</u>		
Islamic Medium Term Notes	211,985,664	211,884,791
Corporate Sukuk	<u>15,045,767</u>	<u>15,201,341</u>
	<u>227,031,431</u>	<u>227,086,132</u>

5. Securities at amortised cost/Financial investments held-to-maturity

	Economic Entity and Bank	
	31-Mar-18	31-Dec-17
	RM	RM
At amortised cost		
Quoted securities:		
<u>In Malaysia</u>		
Islamic Medium Term Notes	<u>601,009,491</u>	<u>600,599,757</u>
	<u>601,009,491</u>	<u>600,599,757</u>

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6. Financing and advances

	Economic Entity and Bank	
	31-Mar-18	31-Dec-17
	RM	RM
At amortised cost		
Term financing		
- house financing	20,283,132	20,391,272
- other term financing	272,938,900	269,843,354
Trusts receipts	725,056	-
Staff financing	277,833	307,486
Revolving Credit	568,104,646	712,222,741
Others	109,796,888	86,028,574
Gross financing and advances	<u>972,126,455</u>	<u>1,088,793,427</u>
Less: Allowance for impaired financing and advances:		
- individual impairment allowance	-	(45,716,627)
- collective impairment allowance	-	(7,409,147)
Less: Loss allowance		
- Stage 1	(9,659,712)	-
- Stage 2	(5,629,414)	-
- Stage 3	(45,698,103)	-
Net financing and advances	<u>911,139,226</u>	<u>1,035,667,653</u>

Note: The loss allowance pertains to the outstanding financing.

(i) By type of customer

Domestic non-bank financial institution		
- Others	-	-
Domestic business enterprises		
- Small medium enterprise	331,680	341,139
- Government	241,950,964	242,261,349
- Others	708,670,489	824,853,128
Individuals	12,957,842	13,060,987
Foreign entities	8,215,480	8,276,824
	<u>972,126,455</u>	<u>1,088,793,427</u>

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6. Financing and advances (continued)

	Economic Entity and Bank	
	31-Mar-18	31-Dec-17
	RM	RM
(ii) By profit rate sensitivity		
Fixed rate		
- Other fixed rate financing	33,288,590	39,155,518
Variable		
- Base Financing Rate	345,397,424	344,258,740
- Base Rate	454,443	175,591
- Cost-plus	592,978,096	705,171,163
Non-profit sensitive	7,902	32,415
	972,126,455	1,088,793,427
(iii) By contractual maturity		
Maturity within one year	600,858,778	748,567,079
More than one year to three years	125,750,098	112,152,536
More than three years to five years	79,618,417	92,550,257
More than five years	165,899,162	135,523,555
	972,126,455	1,088,793,427
(iv) By geographical distribution		
Malaysia	971,699,258	1,088,352,339
United Kingdom	427,197	441,088
	972,126,455	1,088,793,427

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6. Financing and advances (continued)

	Economic Entity and Bank	
	31-Mar-18	31-Dec-17
	RM	RM
(v) By economic purpose		
Purchase of landed property:		
- Residential	18,946,351	19,556,245
- Non-Residential	102,798,267	73,142,439
Working Capital	775,920,392	884,526,997
Personal Use	17,753	42,596
Purchase of transport vehicles	97,318	101,234
Purchase of Fixed Asset (excluding landed properties)	-	-
Others	74,346,374	111,423,916
	972,126,455	1,088,793,427
(vi) By sector		
Agriculture	114,598,493	160,378,344
Mining and quarrying	70,390,040	70,390,140
Manufacturing	134,029,611	129,758,945
Electricity, gas and water	-	60,130,685
Construction	124,824,292	153,895,573
Purchase of landed property	21,058,989	21,194,718
Wholesale & retail trade and restaurants & hotels	110,138,386	104,962,750
Transport, storage and communication	68,589,334	62,949,961
Finance, insurance and business services	328,382,239	324,988,481
Purchase of transport vehicles	97,318	101,234
Consumption credit	17,753	42,596
	972,126,455	1,088,793,427

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6. Financing and advances (continued)

(vii) Financing by types and Shariah contracts

Economic Entity and Bank

31-Mar-18 Type	Bai'	Ijarah	Qard	Total financing and advances
	RM	RM	RM	RM
Term Financing	288,155,149	5,066,883	-	293,222,032
House Financing	17,660,246	2,622,886	-	20,283,132
Other term financing	270,494,903	2,443,997	-	272,938,900
Trust receipts	725,056	-	-	725,056
Staff financing	95,564	174,367	7,902	277,833
Revolving credit	568,104,646	-	-	568,104,646
Others	109,796,888	-	-	109,796,888
	966,877,303	5,241,250	7,902	972,126,455

31-Dec-17 Type	Bai'	Ijarah	Qard	Total financing and advances
	RM	RM	RM	RM
Term Financing	285,345,531	4,889,095	-	290,234,626
House Financing	18,031,390	2,359,882	-	20,391,272
Other term financing	267,314,141	2,529,213	-	269,843,354
Trust receipts	-	-	-	-
Staff financing	99,480	175,591	32,415	307,486
Revolving credit	712,222,741	-	-	712,222,741
Others	86,028,574	-	-	86,028,574
	1,083,696,326	5,064,686	32,415	1,088,793,427

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6. Financing and advances (continued)

(viii) Movement in the allowance for impaired advances and financing

	Economic Entity and Bank				31-Dec-17 RM
	Stage 1	Stage 2	Stage 3	31-Mar-18	
	12 Months ECL RM	12 Months ECL RM	12 Months ECL RM	RM	
Individual Assessment Allowance					
Balance beginning of financial year					37,822,797
Allowance made during the financial period/year (Note 14 (a))					17,867,169
Amount written back in respect of recoveries (Note 14 (a))					(114,689)
Reclassified from collective assessment allowance amount written off during the period					-
Balance as at end of financial period/year					(9,858,650)
Collective Assessment Allowance					
Balance beginning of financial year					12,398,864
Allowance made during the financial period/year (Note 14 (b))					-
Reclassified to individual assessment allowance					(4,989,717)
Loss allowance upon adoption of MFRS 9 as at 1 January 2018	16,690,902	6,664,716	45,716,627	69,072,245	
Changes in the loss allowance					
- Transfer to stage 1			(18,524)	(18,524)	
- Transfer to stage 2				-	
- Transfer to stage 3		(47,672)		(47,672)	
- Increases due changes in credit risk				-	
- Decreases due changes in credit risk	(7,031,190)	(987,630)		(8,018,820)	
- Write-offs				-	
Changes in models/parameters				-	
Loss allowance as at 31 March 2018	<u>9,659,712</u>	<u>5,629,414</u>	<u>45,698,103</u>	<u>60,987,229</u>	<u>53,125,774</u>
Regulatory reserve				5,233,721	5,233,721
As % of gross financing and advances less ECL Stage 3				<u>7.65%</u>	<u>10.23%</u>

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6. Financing and advances (continued)

(ix) Movement in gross financing and advances

Economic Entity and Bank	Stage 1	Stage 2	Stage 3	31-Mar-18
	12 Months ECL	12 Months ECL	12 Months ECL	
	RM	RM	RM	RM
Gross carrying amount upon adoption as at 1 January 2018	729,497,881	247,870,924	111,423,916	1,088,792,721
Changes in the loss allowance				
- Transfer to stage 1			(38,204,133)	(38,204,133)
- Transfer to stage 2				-
- Transfer to stage 3		(876,892)		(876,892)
- Write-offs				-
Other charges	(74,423,151)	(4,288,683)	1,126,593	(77,585,241)
Gross carrying amount as at 31 March 2018	<u>655,074,730</u>	<u>242,705,349</u>	<u>74,346,376</u>	<u>972,126,455</u>

(x) Movement in impaired financing and advances

Balance beginning of financial year	111,423,916	124,935,030
Classified as impaired during the financial period/year	1,127,039	2,963,130
Reclassified as non-impaired	(38,204,133)	(685,831)
Amount recovered	(446)	(5,929,763)
Amount written off during the financial period/year as uncollectible	-	(9,858,650)
Balance as at end of financial period/year	<u>74,346,376</u>	<u>111,423,916</u>
Gross impaired financing and advances ratio	<u>7.65%</u>	<u>10.23%</u>

Economic Entity and Bank

31-Mar-18	31-Dec-17
RM	RM

(xi) Impaired financing by sector

Mining and quarrying	70,390,553	70,390,653
Finance, insurance and business services	-	37,492,755
Purchase of landed property	3,955,823	3,540,508
	<u>74,346,376</u>	<u>111,423,916</u>

(xii) Impaired financing by geographical distribution

Malaysia	<u>74,346,376</u>	<u>111,423,916</u>
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7. Derivative financial instruments

The table below shows the fair values of derivative financial instruments, recorded as assets or liabilities, together with their notional amounts. The notional amount, recorded gross, is the amount of derivative's underlying asset, reference rate or index and is the basis upon which change in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the period/year end and are indicative of neither the market risks nor the credit risk.

	Economic Entity and Bank					
	31-Mar-18			31-Dec-17		
	Contract/ Notional amount RM	Fair value		Contract/ Notional amount RM	Fair value	
		Assets RM	Liabilities RM		Assets RM	Liabilities RM
<u>Trading derivatives</u>						
<u>Foreign exchange contracts:</u>						
Currency forward						
- Less than one year	2,141,745	152,479	-	130,503,294	3,090,928	(777,343)

8. Other assets

	Economic Entity and Bank	
	31-Mar-18 RM	31-Dec-17 RM
Prepayment and deposit	1,908,045	3,877,087
Other debtors	1,933,535	4,262,752
	3,841,580	8,139,839

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9. Deposits from customers

	Economic Entity and Bank	
	31-Mar-18	31-Dec-17
	RM	RM
(i) By type of deposit:		
<u>Non-Mudharabah Funds:</u>		
Demand deposits	72,953,156	70,796,742
Savings deposits	1,857,284	1,820,576
Commodity Murabahah	<u>1,186,418,191</u>	<u>1,118,029,069</u>
	<u>1,261,228,631</u>	<u>1,190,646,387</u>
 <u>Mudharabah Funds:</u>		
Savings deposits	457,796	513,574
General investment deposits	<u>7,529,061</u>	<u>7,515,871</u>
	<u>7,986,857</u>	<u>8,029,445</u>
	<u>1,269,215,488</u>	<u>1,198,675,832</u>

(ii) The deposits are sourced from the following classes of customers:

Business enterprises	1,254,503,045	1,183,326,682
Individuals	<u>14,712,443</u>	<u>15,349,150</u>
	<u>1,269,215,488</u>	<u>1,198,675,832</u>

	Economic Entity and Bank	
	31-Mar-18	31-Dec-17
	RM	RM
(iii) The maturity structure of saving deposits, amount payable on demand and term deposits are as follows:		
Due within six months	1,058,117,340	988,527,969
More than six months to one year	68,571,670	67,623,395
More than one year to three years	<u>142,526,478</u>	<u>142,524,468</u>
	<u>1,269,215,488</u>	<u>1,198,675,832</u>

(iv) By type of contract:

Mudharabah	7,986,858	8,029,445
Tawarruq	1,186,418,191	1,118,029,069
Wadiah	<u>74,810,439</u>	<u>72,617,318</u>
	<u>1,269,215,488</u>	<u>1,198,675,832</u>

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10. Deposits and placements of banks and other financial institutions

Economic Entity and Bank	
31-Mar-18	31-Dec-17
RM	RM

(i) By type of deposit:

Non-Mudharabah Funds:

Licensed Islamic banks	211,349,326	180,708,017
Other financial institutions	519,094,521	500,559,829
	<u>730,443,847</u>	<u>681,267,846</u>

(ii) By type of contract:

Tawarruq	729,805,819	680,807,591
Wadiah	638,028	460,255
	<u>730,443,847</u>	<u>681,267,846</u>

11. Other liabilities

Economic Entity and Bank	
31-Mar-18	31-Dec-17
RM	RM

Sundry creditors	4,941,785	8,632,563
Other provisions and accruals	14,713,903	5,990,251
	<u>19,655,688</u>	<u>14,622,814</u>

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12. Income derived from investment of depositors' funds

	Economic Entity and Bank	
	31-Mar-18	31-Mar-17
	RM	RM
Income derived from investment of:		
(i) General investment deposit	81,944	253,287
(ii) Other deposits	21,353,879	20,467,725
	21,435,823	20,721,012
(i) Income derived from investment of general investment deposits		
<u>Finance income and hibah:</u>		
Financing and advances	41,389	163,029
Financial investment held-for-trading	-	2,016
Financial investment available-for-sale	7,356	25,967
Financial investment held-to-maturity	19,053	42,321
Money at call and deposits with financial institutions	14,145	19,954
	81,944	253,287
(ii) Income derived from investment of other deposits		
<u>Finance income and hibah:</u>		
Financing and advances	10,785,711	13,174,129
Financial investment held-for-trading	-	162,936
Financial investment available-for-sale	1,916,897	2,098,332
Financial investment held-to-maturity	4,965,094	3,419,877
Money at call and deposits with financial institutions	3,686,177	1,612,451
	21,353,879	20,467,725

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13. Income derived from investment of shareholders' funds

	Economic Entity and Bank	
	31-Mar-18	31-Mar-17
	RM	RM
<u>Finance income and hibah</u>		
Financing and advances	2,634,253	3,442,756
Financial investment held-for-trading	-	42,579
Financial investment available-for-sale	468,174	548,351
Financial investments held-to-maturity	1,212,652	893,706
Money at call and deposits with financial institutions	900,295	421,377
Total finance income and hibah	5,215,374	5,348,770
Other operating income (note 13 (a))	1,205,250	2,058,511
	6,420,624	7,407,280
Other operating income comprise of:		
(a) Fee and other income:		
Commission	165,643	174,932
Fees and other income	887,128	1,347,935
Net gain on derivatives foreign exchange contracts	152,479	535,644
Total other operating income	1,205,250	2,058,511

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14. Allowance for impairment on financing and advances

	Economic Entity and Bank	
	31-Mar-18	31-Mar-17
	RM	RM
Allowance for impaired financing and advances:		
(a) Individual impairment allowance (Note 6 (viii))		
- made during the financial period	-	143,456
- written back during the financial period	-	(33,713)
(b) Collective impairment allowance (Note 6 (viii))		
- made during the financial period	-	65,139
- written back during the financial period	-	-
(c) Individual impairment - ECL Stage 3		
- made during the financial period	-	-
- written back during the financial period	(17,339)	-
(d) Collective impairment - ECL Stage 1		
- made during the financial period	-	-
- written back during the financial period	(6,157,026)	-
(e) Collective impairment - ECL Stage 2		
- made during the financial period	-	-
- written back during the financial period	(1,088,995)	-
	(7,263,360)	174,882

15. Income attributable to depositors

	Economic Entity and Bank	
	31-Mar-18	31-Mar-17
	RM	RM
Deposits from customers:		
- Mudharabah funds	38,550	54,210
- Non-mudharabah funds	11,006,526	7,620,155
	11,045,076	7,674,365
Deposits and placements of banks and other financial institutions:		
- Mudharabah funds	-	-
- Non-mudharabah funds	6,792,975	9,775,491
	6,792,975	9,775,491
	17,838,051	17,449,856

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16. Personnel expenses

	Economic Entity and Bank	
	31-Mar-18	31-Mar-17
	RM	RM
Salaries, allowances and bonuses	4,610,820	3,653,975
Contributions to Employee Provident Fund and SOCSO	462,716	408,567
Medical related expenses	125,143	178,761
Travelling and parking	33,583	7,470
Other staff related cost	52,003	118,744
	5,284,265	4,367,517

17. Other overheads and expenditures

	Economic Entity and Bank	
	31-Mar-18	31-Mar-17
	RM	RM
<u>Establishment expenses</u>		
Depreciation of property, plant and equipment	69,609	121,344
Amortisation of intangible assets	153,801	183,784
Rental of premises	329,574	487,163
Software and hardware maintenance	1,592,612	1,677,160
Rental of equipment and network line	34,786	74,107
Security expenses	69,145	100,372
Others	278,525	619,060
	2,528,052	3,262,990
<u>Marketing expenses</u>		
Advertising and promotional activities	378	7,762
Entertainment expenses	2,532	5,137
Travelling expenses	5,465	38,571
	8,375	51,470

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17. Other overheads and expenditures (continued)

	Economic Entity and Bank	
	31-Mar-18	31-Mar-17
	RM	RM
<u>Administration and general expenses</u>		
License and association fees and levies	147,586	126,143
Travelling, transport and accomodation expenses	38,455	83,542
Printing, stationery, postage and clearing charges	33,701	67,936
Telecommunication charges	323,272	171,522
Shariah Committee remunerations	17,156	-
Electricity and water	46,824	59,709
Directors related fees	554,526	127,500
Other professional fees	253,646	102,086
Auditors remuneration	99,999	95,247
Others	60,715	149,296
	<u>1,575,880</u>	<u>982,981</u>
	<u>4,112,307</u>	<u>4,297,441</u>

18. Other comprehensive income

	Economic Entity and Bank	
	31-Mar-18	31-Mar-17
	RM	RM
Financial investment available-for-sale		
- Unrealised net gain / (loss) on revaluation	97,661	1,041,865
Income tax relating to components of other comprehensive income	-	-
	<u>97,661</u>	<u>1,041,865</u>

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20. Financial risk management (continued)

20.1 Credit risk management (continued)

(i) Financing and advances

Financing and advances are summarised as follows:

	Economic Entity and Bank	
	31-Mar-18	31-Dec-17
	RM	RM
Neither past due nor impaired	818,051,581	966,758,047
Past due but not impaired	79,728,500	10,611,464
Impaired	74,346,374	111,423,916
Gross financing and advances	<u>972,126,455</u>	<u>1,088,793,427</u>
Less: Individual allowance	(45,698,103)	(45,716,627)
Collective allowance	(15,289,126)	(7,409,147)
Net financing and advances	<u><u>911,139,226</u></u>	<u><u>1,035,667,653</u></u>

(a) Financing and advances neither past due nor impaired

Analysis of financing and advances that are neither past due nor impaired analysed based on the Bank's internal credit grading system is as follows:

	Economic Entity and Bank	
	31-Mar-18	31-Dec-17
	RM	RM
<u>Internal Credit Rating (CRR)</u>		
CRR1 - CRR3	86,348,833	122,040,541
CRR4 - CRR6	693,699,946	822,800,718
CRR7 - CRR10	32,095,700	14,732,114
Non rated CRR	5,907,102	7,184,674
	<u><u>818,051,581</u></u>	<u><u>966,758,047</u></u>

20. Financial risk management (continued)

20.1 Credit risk management (continued)

(i) Financing and advances (continued)

(b) Financing and advances past due but not impaired

Analysis of aging of financing and advances that are past due but not impaired is as follows:

	Economic Entity and Bank	
	31-Mar-18	31-Dec-17
	RM	RM
Past due up to 30 days	77,387,868	9,685,250
Past due 30 to 60 days	945,748	926,214
Past due 60 to 90 days	1,394,884	-
	<u>79,728,500</u>	<u>10,611,464</u>

(c) Impaired financing and advances

Financing and advances that are individually determined to be impaired are as follows:

	Economic Entity and Bank	
	31-Mar-18	31-Dec-17
	RM	RM
Gross impaired financing and advances	74,346,374	111,423,916
Less: Impairment allowance	(45,698,103)	(45,716,627)
Net impaired financing and advances	<u>28,648,271</u>	<u>65,707,289</u>

The movements of allowances for impaired financing and advances are set out in Note 6 (viii).

Credit Risk Mitigation (CRM) Disclosures

In mitigating its credit exposure, the Bank currently employs the cash collateral (one of the form of collaterals under Credit Risk Mitigants), which provides 0% risk weights. Other form of collaterals such as financing facility against charges over residential and commercial properties, pledged over shares, and supports in the form of debentures, assignments and guarantees are not taken into consideration as CRM and are therefore assigned with 100% risk weights.

20. Financial risk management (continued)

20.1 Credit risk management (continued)

(ii) Short term funds, financial assets and investments portfolios

Short-term funds, financial assets and investments portfolios for the Economic Entity and the Bank by rating agency designation are as follows:

	Short term funds RM	Financial investments portfolios RM	Derivative assets RM	Other assets RM
Economic Entity and Bank				
<u>31-Mar-18</u>				
Neither past due nor impaired				
AAA	700,591,231	221,599,411	-	-
AA and below	22,567,433	162,546,579	-	-
Unrated	39,860	443,894,933	152,479	3,841,580
	<u>723,198,524</u>	<u>828,040,923</u>	<u>152,479</u>	<u>3,841,580</u>
Individually impaired	-	-	-	-
	<u>723,198,524</u>	<u>828,040,923</u>	<u>152,479</u>	<u>3,841,580</u>
<u>31-Dec-17</u>				
Neither past due nor impaired				
AAA	431,442,083	222,882,356	-	-
AA and below	45,890,085	181,063,916	2,754,964	-
Unrated	41,758	423,739,617	335,964	8,139,839
	<u>477,373,926</u>	<u>827,685,889</u>	<u>3,090,928</u>	<u>8,139,839</u>
Individually impaired	-	-	-	-
	<u>477,373,926</u>	<u>827,685,889</u>	<u>3,090,928</u>	<u>8,139,839</u>

*The unrated financial assets/investment portfolios are all government guaranteed securities.

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20. Financial risk management (continued)

20.2 Market risk

(i) Profit Rate Risk

Economic Entity and Bank	←----- Non-trading book ----->						Non-profit sensitive	Trading book	Total	Effective profit rate
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years					
	RM	RM	RM	RM	RM	RM	RM	RM	%	
31-Mar-18										
Assets										
Cash and short term funds	699,679,893	-	-	-	-	27,183,217	-	726,863,110	3.12	
Securities at FVTOCI										
/Financial investments available-for-sale	-	20,270,133	50,505,514	146,247,314	10,004,484	3,986	-	227,031,431	4.25	
Securities at amortised cost										
/Financial investments held-to-maturity	-	-	136,024,044	363,532,378	101,453,069	-	-	601,009,491	4.16	
Financing and advances										
- performing	440,334,108	139,391,461	21,133,208	205,368,515	91,552,788	(15,289,126)	-	882,490,954	5.16	
- non performing	-	-	-	-	-	28,648,272	-	28,648,272		
Derivative assets	152,479	-	-	-	-	-	-	152,479		
Other assets	-	-	-	-	-	3,841,580	-	3,841,580		
Tax recoverable	-	-	-	-	-	5,637,386	-	5,637,386		
Statutory deposits	-	-	-	-	-	18,923,822	-	18,923,822		
Deferred tax assets	-	-	-	-	-	625,637	-	625,637		
Property and equipment	-	-	-	-	-	895,509	-	895,509		
Investment properties	-	-	-	-	-	820,000	-	820,000		
Intangible assets	-	-	-	-	-	1,465,780	-	1,465,780		
Total assets	1,140,166,480	159,661,594	207,662,766	715,148,207	203,010,341	72,756,063	-	2,498,405,451		

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20. Financial risk management (continued)

20.2 Market risk (continued)

(i) Profit Rate Risk

Economic Entity and Bank	←----- Non-trading book ----->						Non-profit sensitive	Trading book	Total	Effective profit rate
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years					
	RM	RM	RM	RM	RM	RM	RM	RM	%	
31-Mar-18										
Liabilities										
Deposits from customers	546,289,923	474,789,803	99,486,496	142,000,000	-	6,649,266	-	1,269,215,488	3.55	
Deposits and placements of banks and other financial institutions	345,021,481	355,611,707	25,849,330	-	-	3,961,329	-	730,443,847	3.79	
Derivative liabilities	-	-	-	-	-	-	-	-	-	
Other liabilities	-	-	-	-	-	19,655,688	-	19,655,688		
Deferred tax liabilities	-	-	-	-	-	-	-	-		
Total liabilities	891,311,404	830,401,510	125,335,826	142,000,000	-	30,266,283	-	2,019,315,023		
Total shareholders equity	-	-	-	-	479,090,428	-	-	479,090,428		
	891,311,404	830,401,510	125,335,826	142,000,000	479,090,428	30,266,283	-	2,498,405,451		
Total profit-sensitivity gap	248,855,076	(670,739,916)	82,326,940	573,148,207	(276,080,087)	42,489,780	-	-		

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20. Financial risk management (continued)

20.2 Market risk (continued)

(i) Profit Rate Risk

Economic Entity and Bank	----- Non-trading book ----->						Non-profit sensitive	Trading book	Total	Effective profit rate
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years					
	RM	RM	RM	RM	RM	RM	RM	RM	%	
31-Dec-17										
Assets										
Cash and short term funds	431,000,000	-	-	-	-	47,674,087	-	478,674,087	3.01	
Securities at FVTOCI										
/Financial investments available-for-sale	-	-	70,380,249	146,609,568	10,092,329	3,986	-	227,086,132	4.31	
Securities at amortised cost										
/Financial investments held-to-maturity	-	-	50,119,726	450,103,264	100,376,767	-	-	600,599,757	4.25	
Financing and advances										
- performing	637,016,307	94,807,139	16,743,633	204,702,793	24,099,639	(7,409,147)	-	969,960,364	4.95	
- non performing	-	-	-	-	-	65,707,289	-	65,707,289		
Derivative assets	2,845,142	245,786	-	-	-	-	-	3,090,928		
Other assets	-	-	-	-	-	8,139,839	-	8,139,839		
Tax recoverable	-	-	-	-	-	5,749,936	-	5,749,936		
Statutory deposits	-	-	-	-	-	26,773,822	-	26,773,822		
Deferred tax assets	-	-	-	-	-	625,638	-	625,638		
Property and equipment	-	-	-	-	-	965,118	-	965,118		
Investment properties	-	-	-	-	-	820,000	-	820,000		
Intangible assets	-	-	-	-	-	1,619,581	-	1,619,581		
Total assets	1,070,861,449	95,052,925	137,243,608	801,415,625	134,568,735	150,670,149	-	2,389,812,491		

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20. Financial risk management (continued)

20.2 Market risk (continued)

(i) Profit Rate Risk

Economic Entity and Bank	←----- Non-trading book ----->						Non-profit sensitive	Trading book	Total	Effective profit rate
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years					
	RM	RM	RM	RM	RM	RM	RM	RM	%	
31-Dec-17										
Liabilities										
Deposits from customers	294,646,992	504,099,776	253,401,135	142,000,000	-	4,527,929	-	1,198,675,832	3.54	
Deposits and placements of banks and other financial institutions	297,152,638	269,747,152	110,745,059	-	-	3,622,997	-	681,267,846	3.80	
Derivative liabilities	777,343	-	-	-	-	-	-	777,343		
Other liabilities	-	-	-	-	-	14,622,814	-	14,622,814		
Total liabilities	592,576,973	773,846,928	364,146,194	142,000,000	-	22,773,740	-	1,895,343,835		
Total shareholders equity	-	-	-	-	494,468,656	-	-	494,468,656		
	592,576,973	773,846,928	364,146,194	142,000,000	494,468,656	22,773,740	-	2,389,812,491		
Total profit-sensitivity gap	478,284,476	(678,794,003)	(226,902,586)	659,415,625	(359,899,921)	127,896,409	-	-		

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21. Capital adequacy

	Economic Entity and Bank	
	31-Mar-18	31-Dec-17
	RM	RM
<u>CET1 Capital</u>		
Paid-up ordinary share capital	532,530,020	532,530,020
Accumulated losses	(64,805,054)	(43,336,425)
AFS revaluation reserve	139,001	41,340
Statutory reserve ¹	-	-
Regulatory reserve**	5,233,721	5,233,721
	<u>473,097,688</u>	<u>494,468,656</u>
Less : CET1 regulatory adjustments		
Deferred tax assets	(625,637)	(625,638)
Intangible assets	(1,465,781)	(1,619,581)
Cumulative (gains)/losses of AFS financial instruments	(83,631)	(29,917)
Regulatory reserve attributable to financing**	(5,233,721)	(5,233,721)
Total CET1 capital	<u>465,688,918</u>	<u>486,959,799</u>
<u>Tier 1 Capital</u>		
Additional Tier 1 capital instruments	-	-
Less: Tier 1 regulatory adjustments	-	-
Total Tier 1 capital	<u>465,688,918</u>	<u>486,959,799</u>
<u>Tier II Capital</u>		
Collective impairment/allowance for bad and doubtful financing [^]	12,773,876	6,208,630
Regulatory reserve**	5,233,721	5,223,721
Total Tier II capital	<u>18,007,597</u>	<u>11,432,351</u>
Total capital base	<u>483,696,515</u>	<u>498,392,150</u>
Breakdown of risk weighted assets in various categories of risk weights are as follows:		
	31-Mar-18	31-Dec-17
	RM	RM
<u>Total risk weighted assets ("RWA")</u>		
- Credit risk	1,440,607,723	1,511,252,527
- Market risk	10,673,603	9,835,781
- Operational risk	85,500,000	89,396,971
Total RWA	<u>1,536,781,326</u>	<u>1,610,485,279</u>
<u>Capital ratios</u>		
CET1 capital	30.303%	30.236%
Tier 1 capital	30.303%	30.236%
Total capital ratio	<u>31.475%</u>	<u>30.947%</u>

[^] Excludes collective assessment impairment allowance attributable to financing and advances classified as impaired but not individually assessed for impairment pursuant to BNM's Guideline on "Classification and impairment Provisions for Loans/Financing" issued 6 April 2015.

** The regulatory reserve is maintained in aggregate with collective impairment allowance representing financing loss provision required to be maintained at a minimum level of 1.2% of total outstanding financing and advances less individual impairment allowance.

¹ The requirement to maintain a reserve fund has been removed pursuant to BNM's Guideline on "Capital Funds for Islamic Banks" issued 3 May 2017, following which the outstanding balance was transferred to accumulated loss.