

Company No.

716122	P
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ASIAN FINANCE BANK BERHAD

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017

Company No.

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ASIAN FINANCE BANK BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017

		Economic Entity and Bank	
		30-Jun-17	31-Dec-16
		RM	RM
	Note		
Assets			
Cash and short-term funds	2	489,351,337	210,124,388
Financial investments held-for-trading	3	-	20,140,038
Financial investments available-for-sale	4	196,890,047	266,448,176
Financial investments held-to-maturity	5	479,391,939	459,851,257
Financing and advances	6	1,381,921,641	1,456,983,213
Derivative assets	7	112,963	212,430
Other assets	8	10,384,887	3,603,242
Tax recoverable		5,416,157	5,416,157
Statutory deposits with Bank Negara Malaysia		31,273,822	30,373,822
Investment in joint venture		-	-
Deferred tax assets		349,226	349,226
Property, plant and equipment		907,371	1,021,876
Intangible assets		1,459,668	1,519,012
Total assets		2,597,459,058	2,456,042,837
Liabilities			
Deposits from customers	9	987,086,885	897,734,025
Deposits and placements of banks and other financial institutions	10	1,115,170,832	1,048,209,734
Derivative liabilities	7	264,650	558,050
Other liabilities	11	15,522,324	12,284,912
Total liabilities		2,118,044,691	1,958,786,721
Equity			
Ordinary share capital		532,530,020	532,530,020
Reserves		(53,115,653)	(35,273,904)
Total equity		479,414,367	497,256,116
Total Liabilities and Equity		2,597,459,058	2,456,042,837
Commitments and contingencies	20	536,841,755	494,064,246
Capital Adequacy	22		
		Economic Entity and Bank	
CET1 capital		24.970%	24.032%
Tier 1 capital		24.970%	24.032%
Total capital ratio		25.829%	24.829%

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2017

Economic Entity and Bank

		2nd Quarter Ended 30-Jun-17 RM	2nd Quarter Ended 30-Jun-16 RM	Half Year Ended 30-Jun-17 RM	Half Year Ended 30-Jun-16 RM
	Note				
Income derived from investment of depositors' funds	12	22,892,537	23,741,627	43,613,549	46,927,416
Income derived from investment of shareholders' funds	13	7,949,780	7,261,969	15,357,060	15,026,576
Allowances for impairment on financing and advances	14	(22,571,779)	(2,003,915)	(22,746,661)	(3,625,780)
Total distributable income		8,270,538	28,999,681	36,223,948	58,328,212
Income attributable to depositors	15	(19,117,481)	(19,479,389)	(36,567,337)	(38,991,531)
		(10,846,943)	9,520,292	(343,389)	19,336,681
Personnel expenses	16	(5,330,514)	(4,346,827)	(9,698,031)	(8,636,087)
Other overheads and expenditures	17	(4,646,645)	(3,411,190)	(8,944,086)	(7,233,098)
Profit / (loss) before taxation		(20,824,102)	1,762,275	(18,985,506)	3,467,496
Taxation		441,264	(224,924)	-	(1,167,685)
Net profit / (loss) for the financial period		(20,382,838)	1,537,351	(18,985,506)	2,299,811
Profit / (loss) attributable to:					
Owners of the Bank		(20,382,838)	1,537,351	(18,985,506)	2,299,811
Non-controlling interest		-	-	-	-
		(20,382,838)	1,537,351	(18,985,506)	2,299,811
Earnings per shares (sen)					
Basic and diluted		(15.35)	1.16	(7.19)	0.87

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UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2017 (CONTINUED)

		Economic Entity and Bank			
		2nd Quarter Ended	2nd Quarter Ended	Half Year Ended	Half Year Ended
Note		30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16
		RM	RM	RM	RM
	Profit / (loss) for the financial period	(20,382,838)	1,537,351	(18,985,506)	2,299,811
	Other comprehensive Income / (loss):				
	Financial investments available-for-sale				
	- Unrealised net gain / (loss) on revaluation	101,892	392,810	1,143,757	1,508,674
18					
	Income tax relating to components of other comprehensive income	-	-	-	-
	Other comprehensive income / (loss) for the financial period	101,892	392,810	1,143,757	1,508,674
	Total comprehensive income / (loss) for the financial period	(20,280,946)	1,930,161	(17,841,749)	3,808,485
	Total comprehensive income / (loss) attributable to:				
	Owners of the Bank	(20,280,946)	1,930,161	(17,841,749)	3,808,485
	Non-controlling interest	-	-	-	-
		(20,280,946)	1,930,161	(17,841,749)	3,808,485

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2017

	Share Capital RM	Accumulated Losses RM	Statutory Reserve RM	Regulatory Reserve RM	AFS Reserve RM	Total RM
<u>Economic Entity and Bank</u>						
<u>30-Jun-17</u>						
Balance as at 1 January 2017	532,530,020	(53,094,267)	13,363,710	5,233,721	(777,068)	497,256,116
Net loss for the financial period	-	(18,985,506)	-	-	-	(18,985,506)
Transfer from statutory reserve	-	13,363,710	(13,363,710)	-	-	-
Other comprehensive income:						
Financial investments available- for-sale - Unrealised net gain on revaluation	-	-	-	-	1,143,757	1,143,757
Income tax relating to components of other comprehensive income	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	1,143,757	1,143,757
Balance as at 30 June 2017	532,530,020	(58,716,063)	-	5,233,721	366,689	479,414,367

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2017 (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-16						
Balance as at 1 January 2016	532,530,020	(49,685,510)	11,538,745	-	(1,569,330)	492,813,925
Net Profit for the financial year	-	3,649,929	-	-	-	3,649,929
Transfer to statutory reserve	-	(1,824,965)	1,824,965	-	-	-
Transfer to regulatory reserve	-	(5,233,721)	-	5,233,721	-	-
Other comprehensive income/(loss):						
Financial investments available- for-sale						
- Net amount transferred to profit or loss	-	-	-	-	826,446	826,446
- Unrealised net loss on revaluation	-	-	-	-	(44,979)	(44,979)
Income tax relating to components of other comprehensive income	-	-	-	-	10,795	10,795
Total other comprehensive income for the year	-	-	-	-	792,262	792,262
Balance as at 31 December 2016	532,530,020	(53,094,267)	13,363,710	5,233,721	(777,068)	497,256,116

ASIAN FINANCE BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CASH FLOW
FOR THE HALF YEAR ENDED 30 JUNE 2017

	Economic Entity and Bank	
	30-Jun-17	31-Dec-16
	RM	RM
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(18,985,506)	5,016,890
Adjustments for:		
Depreciation of property, plant and equipment (Note 17)	232,937	552,330
Amortisation of intangible assets (Note 17)	363,919	744,786
Loss on sale of property, plant and equipment	6,659	-
Profit income from:		
- Investment on financial investments held-for-trading	(195,043)	(117,889)
- Investment on financial investments available-for-sale	(5,066,957)	(14,395,698)
- Investment on financial investments held-to-maturity	(9,292,367)	(18,397,340)
Net (gain) / loss on sale of financial investments available-for-sale	(45,843)	900,221
Unrealised (gain) / loss from financial investments held-for-trading	(38,892)	38,892
Net accretion of discount less amortisation of premium	24,695	251,173
Allowances for losses on financing and advances (Note 14 (a) & (b))	22,746,661	11,706,070
Operating loss before working capital changes	(10,249,737)	(13,700,565)
Adjustments for change in operating assets and liabilities:		
Financing and advances	52,314,912	(9,619,525)
Derivative assets	99,467	566,150
Other assets	(5,987,165)	422,717
Statutory deposit with Bank Negara Malaysia	(900,000)	4,310,000
Deposits from customers	89,352,860	(133,952,579)
Deposits and placements of banks and other financial institutions	66,961,098	55,317,117
Derivative liabilities	(293,400)	(382,234)
Other liabilities	3,237,411	198,111
Cash generated from/(used in) operating activities	194,535,446	(96,840,808)
Taxation paid	(794,480)	(2,804,050)
Net cash generated from/(used in) operating activities	193,740,966	(99,644,858)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(125,162)	(566,255)
Purchase of intangible assets	(304,574)	(421,158)
Net proceeds from:		
- Sale of financial investments held-for-trading	20,373,973	(20,061,041)
- Sale of financial investments available-for-sale	75,814,686	115,222,782
- Purchase of financial investments held-to-maturity	(10,273,010)	(47,840,953)
- Sale of property, plant and equipment	70	-
Net cash generated from investing activities	85,485,983	46,333,375
ANALYSIS OF CASH AND CASH EQUIVALENT		
Net increase/(decrease) in cash and cash equivalents	279,226,949	(53,311,483)
Cash and cash equivalents at beginning of financial period/year	210,124,388	263,435,871
Cash and cash equivalents at end of financial period/year (Note 2)	489,351,337	210,124,388

ASIAN FINANCE BANK BERHAD
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NOTES TO THE FINANCIAL STATEMENTS
FOR SIX MONTHS ENDED 30 JUNE 2017

-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 loss before tax of RM18.99m for the six months period ended 30 June 2017.

The Economic Entity and the Bank's gross financing and advances stood at RM1.45b whilst total Deposit at RM2.10b.

b) Business Plan and outlook for 2017

Global economic growth seems to be more evenly balanced. The United States' (US) economy is gaining strength with strong labour market and rising capacity utilisation. Other major economies are also supporting the global expansion. The 19-nation euro-area's economic growth continues to accelerate, clocking its best run since the Global Financial Crisis nearly a decade ago. China's growth is rebounding after last year's deceleration.

The renewed geopolitical tensions in North Korea as well as between GCC countries could dampen investment sentiment and temper global economic growth. In addition, in the UK, Prime Minister's loss of majority power in the recent parliamentary election could lead to another round of financial market volatility as there are now uncertainties over the pace of the UK's departure from the EU. On top of that, a continuing monetary policy normalisation in the US will continue to widen interest rate gaps between the US and emerging economies, hence exerting additional pressures on emerging market (EM) currencies. This could result in another round of capital outflows from the region.

On the local front, Malaysia's real GDP rebounded strongly in 1Q2017 to 5.6% year-on-year and is expected to continue chalking up decent numbers in 2H2017 supported by both external and internal factors. On the external front, global trade value which turned positive for the first time in the final quarter of 2016 is benefitting Malaysia's exports sector. Internally, resilient private consumption growth and stronger investment momentum will continue to drive domestic demand going forward. These positive factors will support private consumption growth at around 6%-7% for the rest of 2017. Malaysia's real GDP growth is expected to be in the range of 5.0% in 2017. (MARC)

The Bank is committed to enhance its performance to ensure sustainability going forward. The Bank will continue to review its strategies and approaches to meet stakeholders' expectation, business and regulatory requirement and to better capitalise on positive development in the economy.

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2. Cash and short-term funds

	Economic Entity and Bank	
	30-Jun-17	31-Dec-16
	RM	RM
Cash and balances with banks and other financial institutions	62,351,337	40,124,495
Money at call and deposit placements maturing within one month	427,000,000	169,999,893
	489,351,337	210,124,388

3. Financial investments held-for-trading

	Economic Entity and Bank	
	30-Jun-17	31-Dec-16
	RM	RM
At fair value		
Quoted securities:		
<u>In Malaysia</u>		
Islamic Medium Term Notes	-	20,140,038
	-	20,140,038

4. Financial investments available-for-sale

	Economic Entity and Bank	
	30-Jun-17	31-Dec-16
	RM	RM
At fair value		
Quoted securities:		
<u>In Malaysia</u>		
Islamic Medium Term Notes	181,702,356	251,300,985
Malaysian Government sukuk		
Corporate Sukuk	15,187,691	15,147,191
	196,890,047	266,448,176

5. Financial investments held-to-maturity

	Economic Entity and Bank	
	30-Jun-17	31-Dec-16
	RM	RM
At amortised cost		
Quoted securities:		
<u>In Malaysia</u>		
Islamic Medium Term Notes	479,391,939	459,851,257
	479,391,939	459,851,257

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6. Financing and advances

	Economic Entity and Bank	
	30-Jun-17	31-Dec-16
	RM	RM
At amortised cost		
Term financing		
- house financing	20,818,649	24,697,460
- other term financing	303,558,375	285,314,677
Trusts receipts	186,903	2,869,467
Staff financing	372,396	322,627
Revolving Credit	1,035,650,441	1,126,793,273
Others	84,444,550	67,207,370
Gross financing and advances	<u>1,445,031,314</u>	<u>1,507,204,874</u>
Less: Allowance for impaired financing and advances:		
- individual impairment allowance	(50,645,670)	(37,822,797)
- collective impairment allowance	(12,464,003)	(12,398,864)
Net financing and advances	<u><u>1,381,921,641</u></u>	<u><u>1,456,983,213</u></u>
 (i) By type of customer		
Domestic non-bank financial institution		
- Others	-	50,060,246
Domestic business enterprises		
- Small medium enterprise	748,787	7,024,162
- Government	275,242,027	270,273,839
- Others	1,147,158,414	1,154,073,803
Individuals	13,564,144	13,826,327
Foreign entities	8,317,942	11,946,497
	<u><u>1,445,031,314</u></u>	<u><u>1,507,204,874</u></u>
 (ii) By contract		
Ijarah	5,185,749	6,313,929
Qard	132,456	321,181
Bai'	1,439,713,109	1,500,569,764
	<u><u>1,445,031,314</u></u>	<u><u>1,507,204,874</u></u>

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6. Financing and advances (continued)

	Economic Entity and Bank	
	30-Jun-17	31-Dec-16
	RM	RM
(iii) By profit rate sensitivity		
Fixed rate		
- Other fixed rate financing	50,906,036	62,232,814
Variable		
- Base Financing Rate	384,180,602	325,600,657
- Cost-plus	1,009,812,220	1,119,050,222
Non-profit sensitive	132,456	321,181
	<u>1,445,031,314</u>	<u>1,507,204,874</u>
(iv) By contractual maturity		
Maturity within one year	1,040,535,380	1,049,715,344
More than one year to three years	126,561,205	92,762,708
More than three years to five years	118,564,090	132,645,365
More than five years	159,370,639	232,081,457
	<u>1,445,031,314</u>	<u>1,507,204,874</u>
(v) By geographical distribution		
Malaysia	1,444,638,338	1,506,790,229
United Kingdom	392,976	414,645
	<u>1,445,031,314</u>	<u>1,507,204,874</u>

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6. Financing and advances (continued)

	Economic Entity and Bank	
	30-Jun-17	31-Dec-16
	RM	RM
(vi) By economic purpose		
Purchase of landed property:		
- Residential	21,430,511	23,076,504
- Non-Residential	81,179,199	97,259,346
Working Capital	1,232,045,339	1,261,596,683
Personal Use	143,297	334,964
Purchase of transport vehicles	63,641	2,347
Others	110,169,327	124,935,030
	1,445,031,314	1,507,204,874
(vii) By sector		
Agriculture	298,495,622	294,428,962
Mining and quarrying	113,334,793	119,792,958
Manufacturing	194,993,913	201,371,451
Electricity, gas and water	90,167,370	110,081,776
Construction	130,768,718	166,516,602
Purchase of landed property	21,675,884	25,428,349
Wholesale & retail trade and restaurants & hotels	152,808,164	189,783,500
Transport, storage and communication	67,216,459	30,052,009
Finance, insurance and business services	375,363,453	369,404,793
Purchase of transport vehicles	63,641	2,347
Consumption credit	143,297	342,127
	1,445,031,314	1,507,204,874

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6. Financing and advances (continued)

(viii) Financing by types and Shariah contracts

Economic Entity and Bank

30-Jun-17

Type

	Bai'	Ijarah	Qard	Total financing and advances
	RM	RM	RM	RM
Term Financing	319,369,327	5,007,697	-	324,377,024
House Financing	18,625,518	2,193,131	-	20,818,649
Other term financing	300,743,809	2,814,566	-	303,558,375
Trust receipts	186,903	-	-	186,903
Staff financing	61,888	178,052	132,456	372,396
Revolving credit	1,035,650,441	-	-	1,035,650,441
Others	84,444,550	-	-	84,444,550
	1,439,713,109	5,185,749	132,456	1,445,031,314

31-Dec-16

Type

	Bai'	Ijarah	Qard	Total financing and advances
	RM	RM	RM	RM
Term Financing	303,697,306	6,313,929	902	310,012,137
House Financing	22,461,796	2,235,664	-	24,697,460
Other term financing	281,235,510	4,078,265	902	285,314,677
Trust receipts	2,869,467	-	-	2,869,467
Staff financing	2,348	-	320,279	322,627
Revolving credit	1,126,793,273	-	-	1,126,793,273
Others	67,207,370	-	-	67,207,370
	1,500,569,764	6,313,929	321,181	1,507,204,874

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6. Financing and advances (continued)

	Economic Entity and Bank	
	30-Jun-17	31-Dec-16
	RM	RM
(ix) Movement in the allowance for impaired advances and financing		
Individual Assessment Allowance		
Balance beginning of financial year	37,822,797	10,062,217
Allowance made during the financial period/year (Note 14 (a))	22,716,792	10,494,429
Amount written back in respect of recoveries (Note 14(a))	(35,270)	(106,396)
Reclassified from collective assessment allowance	-	17,372,547
Amount written off during the financial period as uncollectible	(9,858,649)	-
Balance as at end of financial period/year	<u>50,645,670</u>	<u>37,822,797</u>
Collective Assessment Allowance		
Balance beginning of financial year,	12,398,864	28,453,374
Allowance made during the financial period/year (Note 14 (b))	65,139	1,318,037
Reclassified to individual assessment allowance	-	(17,372,547)
Amount written back in respect of recoveries	-	-
Balance as at end of financial period/year	<u>12,464,003</u>	<u>12,398,864</u>
Regulatory reserve	5,233,721	5,233,721
As % of gross financing and advances less individual assessment allowances	<u>1.27%</u>	<u>1.20%</u>
(x) Movement in impaired financing and advances		
Balance beginning of financial year	124,935,030	13,096,988
Classified as impaired during the financial period	1,201,343	113,040,116
Reclassified as non-impaired	(866,771)	(1,017,008)
Amount recovered	(5,241,626)	(185,066)
Amount written off during the financial period as uncollectible	(9,858,649)	-
Balance as at end of financial period/year	<u>110,169,327</u>	<u>124,935,030</u>
Gross impaired financing and advances ratio	<u>7.62%</u>	<u>8.29%</u>

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6. Financing and advances (continued)

	Economic Entity and Bank	
	30-Jun-17	31-Dec-16
	RM	RM
(xi) Impaired financing by sector		
Mining and quarrying	70,390,742	74,921,378
Manufacturing	-	299,778
Construction	407,028	5,596,139
Wholesale & retail trade and restaurants & hotels	-	1,172,542
Finance, insurance real estate and business services	36,990,124	37,238,143
Purchase of landed property	2,381,433	5,699,887
Consumption credit	-	7,163
	110,169,327	124,935,030
(xii) Impaired financing by geographical distribution		
Malaysia	110,169,327	124,935,030

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					
	30-Jun-17			31-Dec-16		
	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	100,598,954	112,963	(264,650)	209,997,225	212,430	(558,050)

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8. Other assets

Economic Entity and Bank	
30-Jun-17	31-Dec-16
RM	RM
Prepayment and deposit	1,001,878
Other debtors	2,601,364
10,384,887	3,603,242

9. Deposits from customers

Economic Entity and Bank	
30-Jun-17	31-Dec-16
RM	RM
(i) By type of deposit:	
<u>Non-Mudharabah Funds:</u>	
Demand deposits	56,705,294
Savings deposits	1,650,497
Commodity Murabahah	814,821,973
General investment deposits	10,577,233
979,228,963	883,754,997
<u>Mudharabah Funds:</u>	
Savings deposits	56,888
General investment deposits	13,922,140
7,857,922	13,979,028
987,086,885	897,734,025

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

Business enterprises	884,005,053
Individuals	13,728,972
987,086,885	897,734,025

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9. Deposits from customers (continued)

Economic Entity and Bank

30-Jun-17	31-Dec-16
RM	RM

(iii) The maturity structure of saving deposits, amount payable on demand and term deposits are as follows:

Due within six months	831,838,893	746,928,809
More than six months to one year	12,836,857	3,774,280
More than one year to three years	142,411,135	104,879,947
More than three years	-	42,150,989
	<u>987,086,885</u>	<u>897,734,025</u>

(iv) By type of contract:

Mudharabah	7,857,922	13,979,028
Tawarruq	926,640,195	825,399,206
Wadiah	52,588,768	58,355,791
	<u>987,086,885</u>	<u>897,734,025</u>

10. Deposits and placements of banks and other financial institutions

Economic Entity and Bank

30-Jun-17	31-Dec-16
RM	RM

(i) By type of deposit:

Non-Mudharabah Funds:

Licensed Islamic banks	246,995,574	-
Other financial institutions	868,175,258	1,048,209,734
	<u>1,115,170,832</u>	<u>1,048,209,734</u>

(ii) By type of contract:

Tawarruq	1,114,967,608	1,048,124,742
Wadiah	203,224	84,992
	<u>1,115,170,832</u>	<u>1,048,209,734</u>

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11. Other liabilities

Economic Entity and Bank	
30-Jun-17	31-Dec-16
RM	RM
Sundry creditors	8,236,494
Other provisions and accruals	4,048,418
15,522,324	12,284,912

12. Income derived from investment of depositors' funds

Economic Entity and Bank	
2nd Quarter Ended	2nd Quarter Ended
30-Jun-17	30-Jun-16
RM	RM
Income derived from investment of:	
(i) General investment deposit	293,577
(ii) Other deposits	23,448,050
22,892,537	23,741,627
(i) Income derived from investment of general investment deposits	
<u>Finance income and hibah:</u>	
Financing and advances	181,882
Financial assets held-for-trading	-
Financial investment available-for-sale	35,340
Financial investment held-to-maturity	41,929
Money at call and deposits with financial institutions	34,426
288,574	293,577
(ii) Income derived from investment of other deposits	
<u>Finance income and hibah:</u>	
Financing and advances	14,526,893
Financial assets held-for-trading	-
Financial investment available-for-sale	2,822,646
Financial investment held-to-maturity	3,348,887
Money at call and deposits with financial institutions	2,749,624
22,603,963	23,448,050

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12. Income derived from investment of depositors' funds (continued)

	Economic Entity and Bank	
	Half Year Ended	Half Year Ended
	30-Jun-17	30-Jun-16
	RM	RM
Income derived from investment of:		
(i) General investment deposit	541,861	594,156
(ii) Other deposits	43,071,688	46,333,260
	43,613,549	46,927,416
(i) Income derived from investment of general investment deposits		
<u>Finance income and hibah:</u>		
Financing and advances	344,649	378,050
Financial assets held-for-trading	2,284	-
Financial investment available-for-sale	50,682	72,177
Financial investment held-to-maturity	92,071	85,310
Money at call and deposits with financial institutions	52,175	58,619
	541,861	594,156
(ii) Income derived from investment of other deposits		
<u>Finance income and hibah:</u>		
Financing and advances	27,400,404	29,462,597
Financial assets held-for-trading	183,883	-
Financial investment available-for-sale	4,034,295	5,627,273
Financial investment held-to-maturity	7,316,768	6,651,811
Money at call and deposits with financial institutions	4,136,338	4,591,579
	43,071,688	46,333,260

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13. Income derived from investment of shareholders' funds

	Economic Entity and Bank			
	2nd Quarter Ended	2nd Quarter Ended	Half Year Ended	Half Year Ended
	30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16
	RM	RM	RM	RM
<u>Finance income and hibah</u>				
Financing and advances	3,523,364	3,463,776	6,966,120	7,190,234
Financial investments				
held-for-trading	5,188	-	47,767	-
available-for-sale	479,472	673,047	1,027,823	1,372,801
held-to-maturity	965,128	798,531	1,858,834	1,622,611
Money at call and deposits with financial institutions	625,081	655,804	1,046,458	1,115,372
Total finance income and hibah	5,598,233	5,591,158	10,947,002	11,301,018
Other operating income (note 13 (a))	2,351,547	1,670,811	4,410,058	3,725,558
	7,949,780	7,261,969	15,357,060	15,026,576
Other operating income comprise of:				
(a) Fee and other income:				
Commission	242,129	228,457	417,061	443,802
Fees and other income	2,796,749	7,921,600	4,144,684	2,450,267
Net gain/(loss) on derivatives foreign exchange contracts	(687,331)	(6,479,246)	(151,687)	831,489
Total other operating income	2,351,547	1,670,811	4,410,058	3,725,558

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14. Allowance for impairment on financing and advances

	<u>Economic Entity and Bank</u>	
	2nd Quarter Ended 30-Jun-17 RM	2nd Quarter Ended 30-Jun-16 RM
Allowance for impaired financing and advances:		
(a) Individual impairment allowance		
- made during the financial period	22,573,336	184,491
- written back during the financial period	(1,557)	(39,060)
(b) Collective impairment allowance		
- made during the financial period	-	1,852,484
- written back during the financial period	-	-
(c) Sundry debtors impairment allowance		
- made during the financial period	-	6,000
- written back during the financial period	-	-
	22,571,779	2,003,915
	Half Year Ended 30-Jun-17 RM	Half Year Ended 30-Jun-16 RM
Allowance for impaired financing and advances:		
(a) Individual impairment allowance (Note 6 (ix))		
- made during the financial period	22,716,792	428,497
- written back during the financial period	(35,270)	(84,095)
(b) Collective impairment allowance (Note 6 (ix))		
- made during the financial period	65,139	3,129,807
- written back during the financial period	-	-
(c) Sundry debtors impairment allowance		
- made during the financial period	-	280,832
- written back during the financial period	-	(129,261)
	22,746,661	3,625,780

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15. Income attributable to depositors

	Economic Entity and Bank	
	2nd Quarter Ended 30-Jun-17 RM	2nd Quarter Ended 30-Jun-16 RM
Deposits from customers:		
- Mudharabah funds	40,857	79,376
- Non-mudharabah funds	9,067,412	7,020,265
	9,108,269	7,099,641
Deposits and placements of banks and other financial institutions:		
- Mudharabah funds	-	-
- Non-mudharabah funds	10,009,212	12,379,748
	10,009,212	12,379,748
	19,117,481	19,479,389
	Half Year Ended 30-Jun-17 RM	Half Year Ended 30-Jun-16 RM
Deposits from customers:		
- Mudharabah funds	95,067	161,655
- Non-mudharabah funds	16,687,567	14,886,170
	16,782,634	15,047,825
Deposits and placements of banks and other financial institutions:		
- Mudharabah funds	-	-
- Non-mudharabah funds	19,784,703	23,943,706
	19,784,703	23,943,706
	36,567,337	38,991,531

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16. Personnel expenses

	Economic Entity and Bank	
	2nd Quarter Ended 30-Jun-17 RM	2nd Quarter Ended 30-Jun-16 RM
Salaries, allowances and bonuses	4,518,240	3,593,133
Contributions to Employee Provident Fund and SOCSO	458,985	396,774
Medical related expenses	79,559	265,674
Travelling and parking	41,296	7,823
Other staff related cost	232,434	83,424
	5,330,514	4,346,827
	Half Year Ended 30-Jun-17 RM	Half Year Ended 30-Jun-16 RM
Salaries, allowances and bonuses	8,172,215	7,390,581
Contributions to Employee Provident Fund and SOCSO	867,552	787,314
Medical related expenses	258,320	329,360
Travelling and parking	48,766	19,277
Other staff related cost	351,178	109,555
	9,698,031	8,636,087

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17. Other overheads and expenditures

	Economic Entity and Bank	
	2nd Quarter Ended 30-Jun-17 RM	2nd Quarter Ended 30-Jun-16 RM
<u>Establishment expenses</u>		
Depreciation of property, plant and equipment	111,593	138,451
Amortisation of intangible assets	180,135	184,076
Rental of premises	483,812	469,956
Software and hardware maintenance	1,722,727	1,115,255
Rental of equipment and network line	56,392	94,839
Security expenses	103,372	91,737
Others	740,307	473,286
	3,398,338	2,567,600
<u>Marketing expenses</u>		
Advertising and promotional activities	47,350	57,091
Entertainment expenses	4,710	2,672
Travelling expenses	16,852	12,534
	68,912	72,297
<u>Administration and general expenses</u>		
License and association fees and levies	78,592	84,159
Travelling, transport and accomodation expenses	76,007	37,661
Printing, stationery, postage and clearing charges	122,033	97,207
Telecommunication charges	43,146	103,308
Shariah Committee remunerations	96,000	64,000
Electricity and water	97,803	81,414
Directors related fees	233,585	128,000
Other professional fees	114,630	18,195
Auditors remuneration	95,247	67,500
Others	222,352	89,849
	1,179,395	771,293
	4,646,645	3,411,190

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17. Other overheads and expenditures (continued)

	Economic Entity and Bank	
	Half Year Ended 30-Jun-17 RM	Half Year Ended 30-Jun-16 RM
<u>Establishment expenses</u>		
Depreciation of property, plant and equipment	232,937	286,843
Amortisation of intangible assets	363,919	368,676
Rental of premises	970,975	953,953
Software and hardware maintenance	3,399,887	2,632,482
Rental of equipment and network line	130,500	195,202
Security expenses	203,744	192,744
Others	1,359,366	884,155
	6,661,328	5,514,055
<u>Marketing expenses</u>		
Advertising and promotional activities	55,112	69,626
Entertainment expenses	9,847	10,661
Travelling expenses	55,423	52,221
	120,382	132,508
<u>Administration and general expenses</u>		
License and association fees and levies	204,735	204,714
Travelling, transport and accomodation expenses	159,548	88,689
Printing, stationery, postage and clearing charges	189,969	180,215
Telecommunication charges	214,668	280,183
Shariah Committee remunerations	96,000	64,000
Electricity and water	157,512	157,977
Directors related fees	361,085	234,543
Other professional fees	216,716	59,315
Auditors remuneration	190,494	135,000
Others	371,649	181,899
	2,162,376	1,586,535
	8,944,086	7,233,098

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18. Other comprehensive income

	Economic Entity and Bank	
	2nd Quarter Ended 30-Jun-17 RM	2nd Quarter Ended 30-Jun-16 RM
Financial investment available-for-sale		
- Unrealised net (loss) / gain on revaluation	101,892	392,810
Income tax relating to components of other comprehensive income	-	-
	101,892	392,810
	Half Year Ended 30-Jun-17 RM	Half Year Ended 30-Jun-16 RM
Financial investment available-for-sale		
- Unrealised net (loss) / gain on revaluation	1,143,757	1,508,674
Income tax relating to components of other comprehensive income	-	-
	1,143,757	1,508,674

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19. Significant related party balances and transactions

Credit exposures arising from transactions with connected parties

Credit exposures with connected parties as per Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties ('Revised BNM/GP6') are as follows:

	Economic Entity and Bank	
	30-Jun-17	31-Dec-16
	RM	RM
Outstanding credit exposures with connected parties	49,183,611	67,775,522
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	1.85%	2.50%
Percentage of outstanding credit exposures to connected parties which is non-performing or in default	0.00%	2.00%

The credit exposures above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which are effective on 1 January 2008.

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20. Commitments and contingencies

In the normal course of business, the Economic Entity and the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transaction, hence, they are not provided for in the financial statements.

<u>Economic Entity and Bank</u>	Principal amount RM	Gross Positive Fair Value - Derivative Contract RM	Credit equivalent amount* RM	Risk weighted amount RM
30-Jun-17				
Direct credit substitutes	24,550,875	-	24,550,875	24,425,438
Trade-related contingencies	55,925,857	-	11,185,171	11,185,171
Irrevocable commitments to extend credit:				
- one year or less	341,644,650	-	170,822,325	128,146,272
- over one year to five years	13,904,103	-	6,952,052	6,946,392
- over five years	217,316	-	108,658	81,494
Foreign exchange related contracts				
- one year or less	100,598,954	112,963	1,594,297	720,354
Total	536,841,755	112,963	215,213,378	171,505,121

	Principal amount RM	Gross Positive Fair Value - Derivative Contract RM	Credit equivalent amount* RM	Risk weighted amount RM
31-Dec-16				
Direct credit substitutes	24,772,375	-	24,772,375	24,646,938
Trade-related contingencies	24,638,085	-	4,927,617	4,927,617
Irrevocable commitments to extend credit:				
- one year or less	218,998,924	-	109,499,462	89,499,462
- over one year to five years	10,026,600	-	5,013,300	5,013,300
- over five years	5,631,037	-	2,815,518	2,737,264
Foreign exchange related contracts				
- one year or less	209,997,225	212,430	3,149,958	954,870
Total	494,064,246	212,430	150,178,230	127,779,451

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ASIAN FINANCE BANK BERHAD
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21. Financial risk management

21.1 Credit risk management

(i) Financing and advances

Financing and advances are summarised as follows:

	Economic Entity and Bank	
	30-Jun-17	31-Dec-16
	RM	RM
Neither past due nor impaired	1,301,629,025	1,282,522,598
Past due but not impaired	33,232,962	99,747,246
Impaired	110,169,327	124,935,030
Gross financing and advances	1,445,031,314	1,507,204,874
Less: Individual allowance	(50,645,670)	(37,822,797)
Collective allowance	(12,464,003)	(12,398,864)
Net financing and advances	1,381,921,641	1,456,983,213

(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	
	30-Jun-17	31-Dec-16
	RM	RM
<u>Internal Credit Rating (CRR)</u>		
CRR1 - CRR3	96,770,650	257,713,382
CRR4 - CRR6	1,030,937,847	864,883,355
CRR7 - CRR10	156,577,680	151,385,541
Non rated CRR	17,342,848	8,540,320
	1,301,629,025	1,282,522,598

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21. Financial risk management (continued)

21.1 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	
	30-Jun-17	31-Dec-16
	RM	RM
Past due up to 30 days	31,445,911	98,630,252
Past due 30 to 60 days	602,466	885,922
Past due 60 to 90 days	1,184,585	231,072
	33,232,962	99,747,246

(c) Impaired financing and advances

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

	Economic Entity and Bank	
	30-Jun-17	31-Dec-16
	RM	RM
Gross impaired financing and advances	110,169,327	124,935,030
Less: Individual impairment allowance	(50,645,670)	(37,822,797)
Net impaired financing and advances	59,523,657	87,112,233

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

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.

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21. Financial risk management (continued)

21.1 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:

<u>Economic Entity and Bank</u>	Short term funds RM	Financial investments portfolios RM	Derivative assets RM	Other assets RM
30-Jun-17				
Neither past due nor impaired				
AAA	427,403,499	207,811,547	-	-
AA and below	54,376,909	165,956,377	-	-
Unrated	44,285	302,514,062	112,963	10,384,887
	<u>481,824,693</u>	<u>676,281,986</u>	<u>112,963</u>	<u>10,384,887</u>
Individually impaired	-	-	-	-
	<u>481,824,693</u>	<u>676,281,986</u>	<u>112,963</u>	<u>10,384,887</u>
31-Dec-16				
Neither past due nor impaired				
AAA	171,209,514	267,490,977	-	-
AA and below	35,272,124	206,842,879	-	-
Unrated	46,300	272,105,615	212,430	3,603,242
	<u>206,527,938</u>	<u>746,439,471</u>	<u>212,430</u>	<u>3,603,242</u>
Individually impaired	-	-	-	-
	<u>206,527,938</u>	<u>746,439,471</u>	<u>212,430</u>	<u>3,603,242</u>

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

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21. Financial risk management (continued)

21.2 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	%	
30-Jun-17										
Assets										
Cash and short term funds	427,000,000	-	-	-	-	62,351,337	-	489,351,337	2.95	
Financial investments										
held-for-trading	-	-	-	-	-	-	-	-	4.12	
available-for-sale	5,076,006	-	20,109,803	171,703,643	-	595	-	196,890,047	4.30	
held-to-maturity	-	-	-	379,027,131	100,364,808	-	-	479,391,939	4.21	
Financing and advances										
- performing	691,402,054	294,800,033	54,333,293	245,125,295	49,201,312	(12,464,003)	-	1,322,397,984	4.75	
- non performing	-	-	-	-	-	59,523,657	-	59,523,657		
Derivative assets	100,463	12,500	-	-	-	-	-	112,963		
Other assets	-	-	-	-	-	10,384,887	-	10,384,887		
Tax recoverable	-	-	-	-	-	5,416,157	-	5,416,157		
Statutory deposits	-	-	-	-	-	31,273,822	-	31,273,822		
Deferred tax assets	-	-	-	-	-	349,226	-	349,226		
Property and equipment	-	-	-	-	-	907,371	-	907,371		
Intangible assets	-	-	-	-	-	1,459,668	-	1,459,668		
Total assets	1,123,578,523	294,812,533	74,443,096	795,856,069	149,566,120	159,202,717	-	2,597,459,058		

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21. Financial risk management (continued)

21.2 Market risk (continued)

(i) Profit Rate Risk (continued)

Economic Entity and Bank	←----- Non-trading book ----->						Trading book	Total	Effective profit rate
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Non-profit sensitive			
	RM	RM	RM	RM	RM	RM	RM	RM	
30-Jun-17									
Liabilities									
Deposits from customers	286,982,135	454,839,501	97,898,452	142,000,000	-	5,366,797	-	987,086,885	3.51
Deposits and placements of banks and other financial institutions	292,325,185	658,192,892	156,413,394	-	-	8,239,361	-	1,115,170,832	3.75
Derivative liabilities	262,650	2,000	-	-	-	-	-	264,650	
Other liabilities	-	-	-	-	-	15,522,324	-	15,522,324	
Total liabilities	579,569,970	1,113,034,393	254,311,846	142,000,000	-	29,128,482	-	2,118,044,691	
Total shareholders equity	-	-	-	-	479,414,367	-	-	479,414,367	
	579,569,970	1,113,034,393	254,311,846	142,000,000	479,414,367	29,128,482	-	2,597,459,058	
Total profit-sensitivity gap	544,008,553	(818,221,860)	(179,868,750)	653,856,069	(329,848,247)	130,074,235	-	-	

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21. Financial risk management (continued)
21.2 Market risk (continued)
(i) Profit Rate Risk (continued)

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-16										
Assets										
Cash and short term funds	169,999,893	-	-	-	-	40,124,495	-	210,124,388	3.03	
Financial investments held-for-trading	-	-	20,140,038	-	-	-	-	20,140,038	2.32	
Financial investments available-for-sale	-	15,159,594	25,118,866	226,167,353	-	2,363	-	266,448,176	4.01	
Financial investments held-to-maturity	51,008,219	-	5,008,581	253,000,560	150,833,897	-	-	459,851,257	4.29	
Financing and advances - performing	668,375,058	294,547,042	86,793,244	225,408,073	107,146,427	(12,398,864)	-	1,369,870,980	5.06	
- non performing	-	-	-	-	-	87,112,233	-	87,112,233		
Derivative assets	202,203	10,227	-	-	-	-	-	212,430		
Other assets	-	-	-	-	-	3,603,242	-	3,603,242		
Tax recoverable	-	-	-	-	-	5,416,157	-	5,416,157		
Statutory deposits	-	-	-	-	-	30,373,822	-	30,373,822		
Deferred tax assets	-	-	-	-	-	349,226	-	349,226		
Property and equipment	-	-	-	-	-	1,021,876	-	1,021,876		
Intangible assets	-	-	-	-	-	1,519,012	-	1,519,012		
Total assets	889,585,373	309,716,863	137,060,729	704,575,986	257,980,324	157,123,562	-	2,456,042,837		

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ASIAN FINANCE BANK BERHAD
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21. Financial risk management (continued)

21.2 Market risk (continued)

(i) Profit Rate Risk (continued)

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-16										
Liabilities										
Deposits from customers	221,015,819	453,349,856	72,020,221	146,485,307	-	4,862,822	-	897,734,025	3.59	
Deposits and placements of banks and other financial institutions	219,043,157	449,282,827	373,736,015	-	-	6,147,735	-	1,048,209,734	3.87	
Derivative liabilities	460,959	97,091	-	-	-	-	-	558,050		
Other liabilities	-	-	-	-	-	12,284,912	-	12,284,912		
Total liabilities	440,519,935	902,729,774	445,756,236	146,485,307	-	23,295,469	-	1,958,786,721		
Total shareholders equity	-	-	-	-	497,256,116	-	-	497,256,116		
	440,519,935	902,729,774	445,756,236	146,485,307	497,256,116	23,295,469	-	2,456,042,837		
Total profit-sensitivity gap	449,065,438	(593,012,911)	(308,695,507)	558,090,679	(239,275,792)	133,828,093	-	-		

ASIAN FINANCE BANK BERHAD
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21. Financial risk management (continued)

21.2 Market risk (continued)

(ii) Foreign Exchange Risk (continued)

Economic Entity and Bank

30-Jun-17	USD	MYR	Others	Total
RM'000				
Assets				
Cash and short-term funds	52,437,083	434,911,603	2,001,651	489,351,337
Financial investments held-for-trading	-	-	-	-
Financial investments available-for-sale	-	196,890,047	-	196,890,047
Financial investments-held-to-maturity	-	479,391,939	-	479,391,939
Financing and advances	79,569,832	1,302,351,809	-	1,381,921,641
Derivative assets	24,860	88,103	-	112,963
Other assets	-	10,384,887	-	10,384,887
Tax recoverable	-	5,416,157	-	5,416,157
Statutory deposits with				
Bank Negara Malaysia	-	31,273,822	-	31,273,822
Deferred tax assets	-	349,226	-	349,226
Property, plant and equipment	-	907,371	-	907,371
Intangible assets	-	1,459,668	-	1,459,668
Total Assets	132,031,775	2,463,424,632	2,001,651	2,597,459,058
Liabilities				
Deposits from customers	9,334,218	977,372,666	380,001	987,086,885
Deposits and placements of banks and other financial institutions	64,529,426	1,050,641,406	-	1,115,170,832
Derivative liabilities	16,650	248,000	-	264,650
Other liabilities	-	15,522,324	-	15,522,324
Total Liabilities	73,880,294	2,043,784,396	380,001	2,118,044,691
Net on-balance sheet financial position	58,151,481	419,640,236	1,621,650	479,414,367

ASIAN FINANCE BANK BERHAD
(Incorporated in Malaysia)

21. Financial risk management (continued)

21.2 Market risk (continued)

(ii) Foreign Exchange Risk (continued)

Economic Entity and Bank

31-Dec-2016	USD	MYR	Others	Total
RM'000				
Assets				
Cash and short-term funds	32,487,169	174,788,357	2,848,862	210,124,388
Financial investments held-for-trading	-	20,140,038	-	20,140,038
Financial investments available-for-sale	-	266,448,176	-	266,448,176
Financial investments-held-to-maturity	-	459,851,257	-	459,851,257
Financing and advances	102,139,687	1,354,843,526	-	1,456,983,213
Derivative assets	54,399	158,031	-	212,430
Other assets	-	3,603,242	-	3,603,242
Tax recoverable	-	5,416,157	-	5,416,157
Statutory deposits with				
Bank Negara Malaysia	-	30,373,822	-	30,373,822
Deferred tax assets	-	349,226	-	349,226
Property, plant and equipment	-	1,021,876	-	1,021,876
Intangible assets	-	1,519,012	-	1,519,012
Total Assets	134,681,255	2,318,512,720	2,848,862	2,456,042,837
Liabilities				
Deposits from customers	6,548,669	890,075,757	1,109,599	897,734,025
Deposits and placements of banks and other financial institutions	-	1,048,209,734	-	1,048,209,734
Derivative liabilities	69,922	488,128	-	558,050
Other liabilities	-	12,284,912	-	12,284,912
Total Liabilities	6,618,591	1,951,058,531	1,109,599	1,958,786,721
Net on-balance sheet financial position	128,062,664	367,454,189	1,739,263	497,256,116

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ASIAN FINANCE BANK BERHAD
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22. Capital adequacy

	Economic Entity and Bank	
	30-Jun-17	31-Dec-16
	RM	RM
<u>CET1 Capital</u>		
Paid-up ordinary share capital	532,530,020	532,530,020
Accumulated losses	(58,716,063)	(53,094,267)
AFS revaluation reserve	366,689	(777,068)
Statutory reserve ¹	-	13,363,710
Regulatory reserve**	5,233,721	5,233,721
	479,414,367	497,256,116
Less : CET1 regulatory adjustments		
Deferred tax assets	(349,226)	(349,226)
Cumulative (gains)/losses of AFS financial instruments	(66,714)	562,352
Regulatory reserve attributable to financing**	(5,233,721)	(5,233,721)
Total CET1 capital	473,764,706	492,235,521
<u>Tier 1 Capital</u>		
Additional Tier 1 capital instruments	-	-
Less: Tier 1 regulatory adjustments	-	-
Total Tier 1 capital	473,764,706	492,235,521
<u>Tier II Capital</u>		
Collective impairment/allowance for bad and doubtful financing [^]	11,067,149	11,090,712
Regulatory reserve**	5,233,721	5,233,721
Total Tier II capital	16,300,870	16,324,433
Total capital base	490,065,576	508,559,954
Breakdown of risk weighted assets in various categories of risk weights are as follows:		
	2017	2016
	RM'000	RM'000
<u>Total risk weighted assets ("RWA")</u>		
- Credit risk	1,800,093	1,952,246
- Market risk	6,776	1,744
- Operational risk	90,479	94,281
Total RWA	1,897,348	2,048,271
<u>Capital ratios</u>		
CET1 capital	24.970%	24.032%
Tier 1 capital	24.970%	24.032%
Total capital ratio	25.829%	24.829%

[^] 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 retained earning/(loss).