

AFFIN Islamic Bank Berhad
(Incorporated in Malaysia)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION as at 30 June 2011

	The Bank/Economic Entity	
	Current	Previous
	Financial	Financial
	Quarter	Year-End
	30/6/2011	31/12/2010
	RM'000	RM'000
ASSETS		
Cash and short-term funds	2,654,432	2,635,218
Financial assets held-for-trading	2	-
Financial investments available-for-sale	1,504,118	1,334,083
Financing, advances and other loans	4,037,721	3,555,596
Other assets	55,248	17,441
Tax recoverable	3,419	3,816
Investment in jointly controlled entity	500	500
Amount due from jointly controlled entity	2,745	2,745
Property and equipment	2,476	2,123
Intangible assets	1,136	1,462
Deferred tax assets	5,710	4,291
TOTAL ASSETS	8,267,507	7,557,275
LIABILITIES		
Deposits from customers	5,548,784	5,533,474
Deposits and placements of banks and other financial institutions	2,040,370	1,345,086
Other liabilities	42,729	61,670
Amount due to holding company	179,049	183,541
TOTAL LIABILITIES	7,810,932	7,123,771
EQUITY		
Share capital	260,000	260,000
Reserves	196,575	173,504
TOTAL EQUITY	456,575	433,504
TOTAL LIABILITIES AND EQUITY	8,267,507	7,557,275
COMMITMENTS AND CONTINGENCIES	2,103,198	2,022,889
Capital Adequacy		
Core capital ratio	10.57%	12.36%
Risk-weighted capital ratio	11.67%	13.59%

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CONDENSED INTERIM FINANCIAL STATEMENTS**UNAUDITED INCOME STATEMENTS for the financial quarter ended 30 June 2011**

	Individual Quarter		Cumulative Quarter	
	The Bank/Economic Entity		The Bank/Economic Entity	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/6/2011	30/6/2010	30/6/2011	30/6/2010
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	83,381	69,067	165,032	132,589
Income derived from investment of shareholders' funds	5,086	4,578	9,994	8,554
Allowances for impairment on financing	(3,296)	(2,939)	(5,421)	(7,418)
Total distributable income	85,171	70,706	169,605	133,725
Income attributable to the depositors	(45,983)	(31,815)	(88,936)	(58,364)
Transfer to profit equalisation reserve	(134)	(271)	(134)	(271)
Total net income	39,054	38,620	80,535	75,090
Personnel expenses	(13,305)	(13,752)	(27,918)	(27,128)
Other overheads and expenditures	(9,075)	(9,821)	(18,337)	(18,313)
Profit before zakat and taxation	16,674	15,047	34,280	29,649
Zakat	-	(4,626)	-	(4,626)
Taxation	(3,926)	(6,868)	(7,661)	(10,309)
Net profit after zakat and taxation	12,748	3,553	26,619	14,714
Attributable to:				
Equity holders of the Bank	12,748	3,553	26,619	14,714
Earnings per share				
- basic/fully diluted (sen)	4.9	1.4	10.2	5.7

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CONDENSED INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME** for the financial quarter ended 30 June 2011

(continued)

	Individual Quarter		Cumulative Quarter	
	The Bank/Economic Entity		The Bank/Economic Entity	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/6/2011	30/6/2010	30/6/2011	30/6/2010
	RM'000	RM'000	RM'000	RM'000
Net profit after zakat and taxation	12,748	3,553	26,619	14,714
Other comprehensive income:				
Income and expense recognised directly in equity	725	3,503	(4,731)	1,588
Deferred tax on financial investments available-for-sale	(181)	(875)	1,183	(397)
Other comprehensive income for the financial period, net of tax	544	2,628	(3,548)	1,191
Total comprehensive income for the financial period	13,292	6,181	23,071	15,905
Equity holders of the Bank:				
Total comprehensive income	13,292	6,181	23,071	15,905

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CONDENSED INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF CHANGES IN EQUITY for the financial quarter ended 30 June 2011**

	Non-distributable			Distributable	Total
	Share capital	Statutory reserve	Investment fluctuation reserve	Retained profits	
The Bank/Economic Entity	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2011	260,000	81,410	4,745	87,349	433,504
Comprehensive income:					
Net profit for the financial period	-	-	-	26,619	26,619
Other Comprehensive income:					
Income and expense recognised directly in equity	-	-	(4,731)	-	(4,731)
Deferred tax on financial investments available-for-sale	-	-	1,183	-	1,183
Total comprehensive income	<u>-</u>	<u>-</u>	<u>(3,548)</u>	<u>26,619</u>	<u>23,071</u>
At 30 June 2011	<u>260,000</u>	<u>81,410</u>	<u>1,197</u>	<u>113,968</u>	<u>456,575</u>
At 1 January 2010	260,000	68,397	1,277	68,397	398,071
Adoption of FRS 139	-	-	(377)	5,939	5,562
	<u>260,000</u>	<u>68,397</u>	<u>900</u>	<u>74,336</u>	<u>403,633</u>
Comprehensive income:					
Net profit for the financial period	-	-	-	14,714	14,714
Other Comprehensive income:					
Income and expense recognised directly in equity	-	-	1,588	-	1,588
Deferred tax on financial investments available-for-sale	-	-	(397)	-	(397)
Total comprehensive income	<u>-</u>	<u>-</u>	<u>1,191</u>	<u>14,714</u>	<u>15,905</u>
At 30 June 2010	<u>260,000</u>	<u>68,397</u>	<u>2,091</u>	<u>89,050</u>	<u>419,538</u>

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CONDENSED INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF CASH FLOWS for the financial quarter ended 30 June 2011**

	The Bank/Economic Entity	
	30/6/2011	30/6/2010
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before zakat and taxation	34,280	29,649
Adjustments for items not involving the movement of cash and cash equivalents:		
Income from:		
- financial assets held-for-trading	-	(9)
- financial investments available-for-sale	(21,889)	(17,646)
Accretion of discount less amortisation of premium:		
- financial investments available-for-sale	(2,313)	(3,839)
Gain on sale:		
- financial assets held-for-trading	(101)	(108)
- financial investments available-for-sale	(1,688)	(2,249)
Unrealised gain on revaluation:		
- trading	(2)	-
- foreign exchange	-	(8,376)
Depreciation of property and equipment	459	352
Property and equipment written-off	8	-
Amortisation of intangible assets	326	408
Net individual impairment	1,039	(1,922)
Net collective impairment	4,839	9,379
Bad debt on financing written-off	66	97
Transfer to profit equalisation reserve	134	271
Operating profit before changes in working capital	15,158	6,007
(Increase)/decrease in operating assets:		
Financial assets held-for-trading	101	117
Foreign exchange transaction	70	8,748
Financing, advances and other loans	(488,069)	(432,113)
Other assets	(37,807)	(9,926)
Amount due to holding company	(4,493)	71,066
Increase/(decrease) in operating liabilities:		
Deposits from customers	15,310	812,390
Deposits and placements of banks and other financial institutions	695,284	(196,160)
Other liabilities	(18,719)	(2,269)
Cash generated from operations	176,835	257,860
Tax paid	(7,500)	(7,500)
Zakat paid	(356)	(2,681)
Net cash generated from operating activities	168,979	247,679

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS *for the financial quarter ended 30 June 2011 (continued)*

	The Bank/Economic Entity	
	30/6/2011	30/6/2010
	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Income received:		
- financial investments available-for-sale	21,889	17,646
Net (purchase)/sale of financial investments available-for-sale	(170,764)	15,145
Purchase of property and equipment	(820)	(10)
Net cash (used in)/generated from investing activities	(149,695)	32,781
Net increase in cash and cash equivalents	19,284	280,460
Net decrease in foreign exchange	(70)	(372)
Cash and cash equivalents at beginning of the financial period	2,635,218	2,211,477
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	2,654,432	2,491,565

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1 BASIS OF PREPARATION

This unaudited condensed interim financial information for the 6 months ended 30 June 2011 has been prepared in accordance with FRS134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ('MASB'), Bank Negara Malaysia ('BNM') Guidelines and the provisions of the Companies Act, 1965.

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

The unaudited condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2010, which have been prepared in accordance with the Financial Reporting Standards. The explanatory notes to this interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the Bank since the year ended 31 December 2010.

2 ACCOUNTING POLICIES

The consolidated financial statements include the financial statements of the Bank and a jointly controlled entity, made up to the quarter ended 30 June 2011.

The presentation of the comparative financial statements of the Bank has been restated to conform with the current period's presentation. The new and revised Financial Reporting Standards ('FRS') which became effective for the financial period beginning 1 January 2011 are duly adopted by the Bank when preparing the financial report for the quarter ended 30 June 2011 are as follows:.

FRS 1	First-time adoption of financial reporting standards
FRS 3	Business combinations
FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements
FRS 121	The Effect of Changes in Foreign Exchange Rates
FRS 128	Investment in associates
FRS 131	Interest in Joint Ventures
FRS 132	Financial Instruments: Presentation
FRS 134	Interim Financial Reporting
FRS 139	Financial Instruments: Recognition and Measurement

3 QUALIFICATION OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2010 was not qualified.

4 SEASONAL OR CYCLICAL FACTORS

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

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5 EXCEPTIONAL ITEMS

There was no exceptional items for the quarter ended 30 June 2011.

6 CHANGES IN ACCOUNTING POLICIES AND ADJUSTMENT

Refer note 2.

7 CHANGES IN DEBTS AND EQUITY SECURITIES

There were no purchases or disposal of quoted securities for the quarter ended 30 June 2011 other than in the ordinary course of business.

8 DIVIDENDS

There were no interim dividend declared.

9 SUBSEQUENT MATERIAL EVENT

There is no material subsequent event after the quarter ended 30 June 2011 that have material financial impact.

10 CHANGES IN THE COMPOSITION OF THE BANK

There is no change in the composition of the Bank between now and 31 December 2010 audited accounts.

11 PURCHASE AND SALE OF QUOTED SECURITIES

There were no purchases or disposals of quoted securities for the quarter ended 30 June 2011 other than in the ordinary course of business.

12 STATUS OF CORPORATE PROPOSAL

There were no corporate proposals announced but not completed during the period ended 30 June 2011.

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13 FINANCING, ADVANCES AND OTHER LOANS

	The Bank/Economic Entity	
	Current Financial Quarter 30/6/2011 RM'000	Previous Financial Year-End 31/12/2010 RM'000
(i) By type		
Cash line	195,610	223,926
Term financing		
- House financing	1,154,855	1,053,556
- Hire purchase receivables	1,156,424	1,061,166
- Syndicated financing	101,937	116,995
- Other term financing	1,171,454	934,792
Bills receivables	214	1,389
Trust receipts	41,824	43,958
Claims on customers under acceptances credits	148,678	57,938
Staff financing (of which RM Nil to Directors)	8,360	8,035
Revolving credits	152,623	142,463
Gross financing, advances and other loans	4,131,979	3,644,218
Less:		
Allowance for impairment		
- Individual	(37,180)	(36,141)
- Collective	(57,078)	(52,481)
Total net financing, advances and other loans	4,037,721	3,555,596

	The Bank/Economic Entity	
	Current Financial Quarter 30/6/2011 RM'000	Previous Financial Year-End 31/12/2010 RM'000
(ii) By maturity structure		
Maturing within one year	630,319	562,320
One year to three years	143,361	167,772
Three years to five years	674,883	505,314
Over five years	2,683,416	2,408,812
	4,131,979	3,644,218

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13 FINANCING, ADVANCES AND OTHER LOANS (continued)

	The Bank/Economic Entity	
	Current Financial Quarter	Previous Financial Year-End
(iii) By contract	30/6/2011	31/12/2010
	RM'000	RM'000
Bai' Bithamin Ajil (deferred payment sale)	2,170,221	1,930,780
AITAB	1,156,424	1,061,166
Murabahah (cost-plus)	217,433	97,882
Others	587,901	554,390
	4,131,979	3,644,218

	The Bank/Economic Entity	
	Current Financial Quarter	Previous Financial Year-End
(iv) By type of customer	30/6/2011	31/12/2010
	RM'000	RM'000
Domestic non-bank financial institutions		
- Others	413,066	421,701
Domestic business enterprises		
- Small medium enterprises	526,150	478,087
- Others	764,435	520,041
Government and statutory bodies	13,613	-
Individuals	2,293,085	2,104,253
Other domestic entities	1,283	1,835
Foreign entities	120,347	118,301
	4,131,979	3,644,218

	The Bank/Economic Entity	
	Current Financial Quarter	Previous Financial Year-End
(v) By profit rate sensitivity	30/6/2011	31/12/2010
	RM'000	RM'000
Fixed rate		
- House financing	96,200	102,763
- Hire purchase receivables	1,156,424	1,061,005
- Other fixed rate financing	664,235	534,012
Variable rate		
- BLR - plus	1,905,941	1,613,660
- Cost - plus	309,179	332,778
	4,131,979	3,644,218

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13 FINANCING, ADVANCES AND OTHER LOANS (continued)

	The Bank/Economic Entity	
	Current Financial Quarter 30/6/2011 RM'000	Previous Financial Year-End 31/12/2010 RM'000
(vi) By purpose		
Purchase of securities	11,708	13,439
Purchase of transport vehicles	1,156,350	1,061,924
Purchase of landed property of which:		
- Residential	1,167,279	1,069,215
- Non-residential	621,442	425,851
Fixed assets other than land and building	54,273	10,096
Personal use	36,983	32,317
Consumer durable	29	34
Construction	143,359	124,087
Working capital	938,140	895,788
Others	2,416	11,467
	4,131,979	3,644,218

	The Bank/Economic Entity	
	Current Financial Quarter 30/6/2011 RM'000	Previous Financial Year-End 31/12/2010 RM'000
(vii) By geographical distribution		
Perlis	2,442	1,886
Kedah	204,168	211,638
Pulau Pinang	86,244	95,025
Perak	181,038	164,339
Selangor	1,407,251	1,178,385
Wilayah Persekutuan	1,032,421	844,114
Negeri Sembilan	65,608	61,171
Melaka	37,262	40,779
Johor	152,226	137,953
Pahang	256,110	254,716
Terengganu	315,465	289,479
Kelantan	204,794	197,841
Sarawak	25,475	25,324
Sabah	59,496	36,285
Labuan	10	12
Abroad	101,969	105,271
	4,131,979	3,644,218

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FRS 134 INTERIM FINANCIAL REPORTING - 30 JUNE 2011**13 FINANCING, ADVANCES AND OTHER LOANS (continued)****(viii) Movements of impaired financing**

	The Bank/Economic Entity	
	Current	Previous
	Financial	Financial
	Quarter	Year-End
	30/6/2011	31/12/2010
	RM'000	RM'000
At beginning of the financial period	152,601	60,456
Adoption of FRS 139	-	70,384
	<u>152,601</u>	<u>130,840</u>
Classified as impaired	48,507	92,689
Reclassified as non-impaired	(47,043)	(42,087)
Amount recovered	(10,756)	(22,714)
Amount written-off	(266)	(6,127)
At end of the financial period	<u>143,043</u>	<u>152,601</u>

(ix) Movements in allowance for impairment

	The Bank/Economic Entity	
	Current	Previous
	Financial	Financial
	Quarter	Year-End
	30/6/2011	31/12/2010
	RM'000	RM'000
Individual impairment		
At beginning of the financial period	36,141	-
Adoption of FRS 139	-	23,228
	<u>36,141</u>	<u>23,228</u>
Provision for loan impairment	3,747	25,307
Amount recovered	(1,913)	(9,891)
Amount written-off	-	(1,175)
Unwind of discount of allowance	(795)	(1,328)
At end of the financial period	<u>37,180</u>	<u>36,141</u>
Collective impairment		
At beginning of the financial period	52,481	-
Adoption of FRS 139	-	43,925
	<u>52,481</u>	<u>43,925</u>
Provision for loan impairment/(recovered)	4,839	13,365
Amount written-off	(242)	(4,809)
At end of the financial period	<u>57,078</u>	<u>52,481</u>

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13 FINANCING, ADVANCES AND OTHER LOANS (continued)

(x) Impaired financing by economic purposes

	The Bank/Economic Entity	
	Current Financial Quarter 30/6/2011 RM'000	Previous Financial Year-End 31/12/2010 RM'000
Purchase of transport vehicles	9,574	7,844
Purchase of landed property of which:		
- Residential	42,021	42,441
- Non-residential	536	625
Fixed assets other than land and building	448	448
Personal use	-	202
Construction	60,418	61,713
Working capital	30,046	39,324
Others	-	4
	143,043	152,601

(xi) Impaired financing by geographical distribution

	The Bank/Economic Entity	
	Current Financial Quarter 30/6/2011 RM'000	Previous Financial Year-End 31/12/2010 RM'000
Kedah	1,074	1,384
Pulau Pinang	1,917	2,228
Perak	2,464	1,643
Selangor	46,840	44,399
Wilayah Persekutuan	14,137	11,666
Negeri Sembilan	2,832	2,017
Melaka	219	498
Johor	2,833	2,846
Pahang	3,561	3,645
Terengganu	2,251	1,480
Kelantan	3,931	3,159
Sarawak	283	227
Sabah	283	227
Abroad	60,418	77,182
	143,043	152,601

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14 DEPOSITS FROM CUSTOMERS

(i) By type of deposit

	The Bank/Economic Entity	
	Current Financial Quarter 30/6/2011 RM'000	Previous Financial Year-End 31/12/2010 RM'000
<i>Non-Mudharabah</i>		
Demand deposits	1,622,713	1,488,093
Savings deposits	196,583	192,016
<i>Mudharabah</i>		
Demand deposits	10,723	10,794
Savings deposits	77,573	66,187
General investment deposits	2,825,212	3,134,711
Special investment deposits	815,980	641,673
	5,548,784	5,533,474

(ii) Maturity structure of general investment deposits and NID

	The Bank/Economic Entity	
	Current Financial Quarter 30/6/2011 RM'000	Previous Financial Year-End 31/12/2010 RM'000
Due within six months	2,250,634	2,740,786
Six months to one year	572,634	389,700
One year to three years	1,097	3,288
Three years to five years	847	937
	2,825,212	3,134,711

(iii) By type of customer

	The Bank/Economic Entity	
	Current Financial Quarter 30/6/2011 RM'000	Previous Financial Year-End 31/12/2010 RM'000
Government and statutory bodies	2,302,939	1,794,287
Business enterprise	1,771,561	1,586,524
Individuals	497,547	434,960
Others	976,737	1,717,703
	5,548,784	5,533,474

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15 INCOME FROM ISLAMIC BANKING OPERATIONS

	Individual Quarter		Cumulative Quarter	
	The Bank/Economic Entity		The Bank/Economic Entity	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/6/2011	30/6/2010	30/6/2011	30/6/2010
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	83,381	69,067	165,032	132,589
Income attributable to depositors	(45,983)	(31,815)	(88,936)	(58,364)
Income derived from investment of shareholders' funds	5,086	4,578	9,994	8,554
	42,484	41,830	86,090	82,779

Income includes of RM331,000 (30/6/2010: RM886,000) of unwinding of discounting on impaired financial assets in accordance with FRS 139.

16 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS

	Individual Quarter		Cumulative Quarter	
	The Bank/Economic Entity		The Bank/Economic Entity	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/6/2011	30/6/2010	30/6/2011	30/6/2010
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
- General investment deposits * (i)	49,170	41,501	97,303	76,146
- Other deposits (ii)	34,211	27,566	67,729	56,443
	83,381	69,067	165,032	132,589

* Includes the profit earned from investment of RPSIA in financing, advances and other loans of RM1,302,495 (30/6/2010: RM1,959,120).

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16 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS (continued)

(i) INCOME DERIVED FROM INVESTMENT OF GENERAL INVESTMENT DEPOSITS

	Individual Quarter		Cumulative Quarter	
	The Bank/Economic Entity		The Bank/Economic Entity	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/6/2011	30/6/2010	30/6/2011	30/6/2010
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing, advances and other loans	30,426	25,419	59,389	46,861
Financial assets held-for-trading	-	5	-	5
Financial investments available-for-sale	6,486	4,950	12,169	9,520
Money at call and deposits with other financial institutions	9,648	7,201	20,075	13,212
Total finance income and hibah	46,560	37,575	91,633	69,598
Accretion of discount less amortisation of premium	598	1,597	1,286	2,071
	47,158	39,172	92,919	71,669
Other operating income				
Fee income				
Commission	230	290	518	596
Service charges and fees	465	438	1,038	733
Guarantee fees	245	279	655	523
	940	1,007	2,211	1,852
Income from financial instruments				
Gains on arising on financial assets held-for-trading:				
- net gain on disposal	38	26	57	58
- unrealised (losses)/gains	(3)	-	1	-
Gains on arising on financial investments available-for-sale:				
- net gain on disposal	98	491	939	1,213
	133	517	997	1,271
Other income				
Foreign exchange profit:				
- realised	149	566	204	962
Other non-operating income	790	239	972	392
	49,170	41,501	97,303	76,146

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FRS 134 INTERIM FINANCIAL REPORTING - 30 JUNE 2011**16 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS (continued)****(ii) INCOME DERIVED FROM INVESTMENT OF OTHER DEPOSITS**

	Individual Quarter		Cumulative Quarter	
	The Bank/Economic Entity		The Bank/Economic Entity	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/6/2011	30/6/2010	30/6/2011	30/6/2010
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing, advances and other loans	21,170	16,864	41,339	34,736
Financial assets held-for-trading	-	3	-	3
Financial investments available-for-sale	4,512	3,248	8,470	7,057
Money at call and deposits with other financial institutions	6,712	4,782	13,973	9,793
Total finance income and hibah	32,394	24,897	63,782	51,589
Accretion of discount less amortisation of premium	416	1,140	895	1,535
	32,810	26,037	64,677	53,124
Other operating income				
Fee income				
Commission	161	187	361	442
Service charges and fees	323	297	722	543
Guarantee fees	170	185	456	388
	654	669	1,539	1,373
Income from financial instruments				
Gains on arising on financial assets held-for-trading:				
- net gain on disposal	27	16	40	43
- unrealised (losses)/gains	(2)	-	1	-
Gains on arising on financial investments available-for-sale:				
- net gain on disposal	68	299	653	900
	93	315	694	943
Other income				
Foreign exchange profit:				
- realised	104	381	142	712
Other non-operating income	550	164	677	291
	34,211	27,566	67,729	56,443

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FRS 134 INTERIM FINANCIAL REPORTING - 30 JUNE 2011**17 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS**

	Individual Quarter		Cumulative Quarter	
	The Bank/Economic Entity		The Bank/Economic Entity	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/6/2011	30/6/2010	30/6/2011	30/6/2010
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing, advances and other loans	3,147	2,803	6,100	5,264
Financial assets held-for-trading	-	1	-	1
Financial investments available-for-sale	671	545	1,250	1,069
Money at call and deposits with other financial institutions	999	794	2,062	1,484
Total finance income and hibah	4,817	4,143	9,412	7,818
Accretion of discount less amortisation of premium	62	179	132	233
	4,879	4,322	9,544	8,051
Other operating income				
Fee income				
Commission	24	32	53	67
Service charges and fees	49	48	107	82
Guarantee fees	25	31	67	59
	98	111	227	208
Income from financial instruments				
Gains on arising on financial assets held-for-trading:				
- net gain on disposal	4	3	6	7
- unrealised (losses)/gains	(1)	-	-	-
Gains on arising on financial investments available-for-sale:				
- net gain on disposal	10	53	96	136
	13	56	102	143
Other income				
Foreign exchange profit:				
- realised	15	63	21	108
Other non-operating income	81	26	100	44
	5,086	4,578	9,994	8,554

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FRS 134 INTERIM FINANCIAL REPORTING - 30 JUNE 2011**18 ALLOWANCES FOR IMPAIRMENT ON FINANCING**

	Individual Quarter		Cumulative Quarter	
	The Bank/Economic Entity		The Bank/Economic Entity	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/6/2011	30/6/2010	30/6/2011	30/6/2010
	RM'000	RM'000	RM'000	RM'000
Individual impairment				
- made in the financial period	2,180	67	3,747	137
- written-back	(1,330)	(1,420)	(2,708)	(2,059)
Collective impairment				
- made/(written-back)	2,552	4,338	4,839	9,379
Bad debts on financing				
- recovered	(149)	(83)	(523)	(136)
- written-off	43	37	66	97
	3,296	2,939	5,421	7,418

19 INCOME ATTRIBUTABLE TO DEPOSITORS

	Individual Quarter		Cumulative Quarter	
	The Bank/Economic Entity		The Bank/Economic Entity	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/6/2011	30/6/2010	30/6/2011	30/6/2010
	RM'000	RM'000	RM'000	RM'000
Deposits from customers:				
- Mudharabah	28,469	20,591	56,246	36,227
- Non-mudharabah	5,346	5,072	10,817	9,742
Deposits and placements of banks and other financial institutions:				
- Mudharabah	11,415	4,979	20,158	9,642
Others	753	1,173	1,715	2,753
	45,983	31,815	88,936	58,364

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FRS 134 INTERIM FINANCIAL REPORTING - 30 JUNE 2011**20 PERSONNEL EXPENSES**

	Individual Quarter		Cumulative Quarter	
	The Bank/Economic Entity		The Bank/Economic Entity	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/6/2011	30/6/2010	30/6/2011	30/6/2010
	RM'000	RM'000	RM'000	RM'000
Wages, salaries and bonus	10,334	10,490	21,246	20,744
Defined contribution plan ('EPF')	1,510	1,671	3,215	3,294
Other personnel costs	1,461	1,591	3,457	3,090
	13,305	13,752	27,918	27,128

21 OTHER OVERHEADS AND EXPENDITURES

	Individual Quarter		Cumulative Quarter	
	The Bank/Economic Entity		The Bank/Economic Entity	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/6/2011	30/6/2010	30/6/2011	30/6/2010
	RM'000	RM'000	RM'000	RM'000
Establishment costs				
Rental of premises	860	833	1,735	1,661
Equipment rental	6	6	12	12
Repair and maintenance	969	961	2,026	1,739
Depreciation of property and equipment	259	176	459	352
Amortisation of intangible assets	122	204	326	408
Licence fee	46	39	92	84
Insurance and indemnities	8	21	21	26
Security services	455	380	867	748
Electricity, water and sewerage	311	285	598	583
Other establishment costs	2,817	3,518	5,847	6,990
	5,853	6,423	11,983	12,603

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21 OTHER OVERHEADS AND EXPENDITURES (continued)

	Individual Quarter		Cumulative Quarter	
	The Bank/Economic Entity		The Bank/Economic Entity	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/6/2011	30/6/2010	30/6/2011	30/6/2010
	RM'000	RM'000	RM'000	RM'000
Marketing expenses				
Business promotion and advertisement	336	100	401	131
Entertainment	76	66	176	102
Travelling and accommodation	160	268	340	547
Other marketing expenses	60	53	228	199
	632	487	1,145	979

	Individual Quarter		Cumulative Quarter	
	The Bank/Economic Entity		The Bank/Economic Entity	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/6/2011	30/6/2010	30/6/2011	30/6/2010
	RM'000	RM'000	RM'000	RM'000
Administration and general expenses				
Telecommunication expenses	181	182	360	352
Auditors' remuneration	63	124	111	168
Professional fees	1,140	1,690	2,289	2,566
Property and equipment written-off	1	-	8	-
Mail and courier charges	140	182	273	371
Stationery and consumables	622	479	1,101	719
Other administration and general expenses	443	254	1,067	555
	2,590	2,911	5,209	4,731
	9,075	9,821	18,337	18,313

22 COMMITMENTS AND CONTINGENCIES

	Current financial quarter ended			Previous financial year ended		
	30/6/2011			31/12/2010		
	Principal Amount	* Credit Equivalent	* Risk-weighted Amount	Principal Amount	* Credit Equivalent	* Risk-weighted Amount
The Bank/Economic Entity	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	8,024	8,024	6,270	26,528	26,528	18,864
Transaction-related contingent items	161,182	80,591	75,579	198,425	99,212	93,813
Short-term self-liquidating trade-related contingencies	782,757	156,551	40,399	686,477	137,295	31,527
Irrevocable commitments to extend credit:						
- Maturity less than one year	589,848	117,970	90,160	651,595	-	-
- Maturity more than one year	561,387	112,277	105,707	459,864	-	-
	2,103,198	475,413	318,115	2,022,889	263,035	144,204

* The credit equivalent amount and risk-weighted amount is arrived at using the credit conversion factor as per Bank Negara Malaysia Guidelines.

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FRS 134 INTERIM FINANCIAL REPORTING - 30 JUNE 2011**23 CAPITAL MANAGEMENT**

The Bank's objectives when managing capital, are:

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

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

The table in Note 24 below summarises the composition of regulatory capital and the ratios of the Bank for the financial quarter ended 30 June 2011.

24 CAPITAL ADEQUACY

The capital adequacy ratios are as follows:

	The Bank/Economic Entity	
	Current	Previous
	Financial	Financial
	Quarter	Year-End
	30/6/2011	31/12/2010
	RM'000	RM'000
Tier I capital		
Paid-up share capital	260,000	260,000
Retained profits	87,349	87,349
Statutory reserves	81,410	81,410
	428,759	428,759
Less:		
Deferred tax assets *	(5,872)	(5,872)
Total Tier I capital	422,887	422,887
Tier II capital		
Collective impairment ^	44,038	42,234
Total Tier II capital	44,038	42,234
Capital base	466,925	465,121
Core capital ratio	10.57%	12.36%
Risk-weighted capital ratio	11.67%	13.59%
Core capital ratio (net of proposed dividends)	10.57%	12.36%
Risk-weighted capital ratio (net of proposed dividends)	11.67%	13.59%

* Deferred tax assets exclude deferred tax arising from investment fluctuation reserves.

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

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24 CAPITAL ADEQUACY (continued)

Breakdown of gross risk weighted assets in the various categories of risk-weights:

	The Bank/Economic Entity	
	Principal	Principal
	Current	Previous
	Financial	Financial
	Quarter	Year-End
	30/6/2011	31/12/2010
	RM'000	RM'000
0%	3,524,490	3,568,310
10%	-	-
20%	817,957	545,688
35%	68,066	57,554
50%	145,836	164,229
75%	2,138,006	1,927,320
100%	1,617,249	1,288,793
150%	146,168	123,867
Total risk-weighted assets for credit risk	8,457,772	7,675,761

	The Bank/Economic Entity	
	Risk-	Risk-
	Weighted	Weighted
	Current	Previous
	Financial	Financial
	Quarter	Year-End
	30/6/2011	31/12/2010
	RM'000	RM'000
0%	-	-
10%	-	-
20%	163,591	109,138
35%	23,823	20,144
50%	72,918	82,115
75%	1,603,505	1,445,490
100%	1,617,249	1,288,793
150%	219,252	185,800
Total risk-weighted assets for credit risk	3,700,338	3,131,480
Risk-weighted assets for market risk	4,294	4,599
Risk-weighted assets for operational risk	297,211	285,924
Total risk-weighted assets	4,001,843	3,422,003

Pursuant to Bank Negara Malaysia's circular, 'Recognition of Deferred Tax Asset ('DTA') and Treatment of DTA for RWCR Purposes' dated 8 August 2003, deferred tax income/(expenses) is excluded from the calculation of Tier I capital and DTA is excluded from the calculation of risk-weighted assets.

Effective 1 January 2008, the Bank's capital ratios is being computed in accordance with the RWCAF (Basel II - Risk Weighted Assets Computation) or Capital Adequacy Framework for Islamic Banks (CAFIB). The Bank has adopted the Standardised Approach for credit risk and market risk, and Basic Indicator Approach for operation risk computation.

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

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25 REVIEW OF PERFORMANCE OF THE BANK

(Analysis of financial performance of current quarter comparing to previous year's corresponding quarter)

During the 2nd quarter of 2011, the Bank registered a profit before tax of RM16.7 million as compared to the preceding quarter of RM15.1 million, an increase of RM1.6 million or 10.8%.

This was due to:

- i) higher income derived from investment of depositors' funds and others by RM14.3 million.
- ii) higher income derived from investment of shareholders' funds by RM0.5 million.
- iii) lower operating expenses by RM1.2 million.
- iv) lower profit equalisation reserve by RM0.1 million.

The above was off-set by:

- i) higher income attributable to depositors by RM14.2 million.
- ii) higher allowance for impairment on financing by RM0.3 million.

26 COMMENT ON FINANCIAL RESULTS

(Analysis of financial performance of current quarter comparing to immediate preceding quarter)

The Bank's profit before tax for 2nd quarter of 2011 stood at RM16.7 million as compared to RM17.6 million reported in the 1st quarter of 2011, a decrease of RM0.9 million or 5.3%.

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

- i) higher income attributable to depositors by RM3.0 million.
- i) higher allowance for impairment on financing by RM1.2 million.
- iii) higher profit equalisation reserve by RM0.1 million.

The above was off-set by:

- i) higher income derived from investment of depositors' funds and others by RM1.7 million.
- ii) higher income derived from investment of shareholders' funds by RM0.2 million.
- iii) lower other operating expenses by RM1.5 million.

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27 PROSPECT FOR THE CURRENT FINANCIAL YEAR

In 2011, AFFIN ISLAMIC will look the following areas to increase and improve its business further:-

- Further develop the deposits business sector especially the retail segment.
- Increase fee-based income segment.
- Improve asset quality.
- Synergise all resources.

AFFIN ISLAMIC is confident that the business climate will be favourable in the coming year. Eventhough, the Bank is still relatively new and small, it is an advantage as it is able to move agilely and change accordingly to the needs of the market.

Being a wholly-owned subsidiary of AFFINBANK, AFFIN ISLAMIC believes that its complementary role to conventional banking will act as a catalyst to increase market share and create new business opportunities.

While there are synergistic and tangible benefits from the sharing of resources, branches as well as people, the unity that is demonstrated by close collaboration will ensure that AFFIN ISLAMIC will have the opportunity to be a meaningful contributor to the Group as the growth of Islamic banking in Malaysia is on the rise.

Furthermore, the strength and capabilities of the Bank in promoting its Islamic banking products and services will place the bank in good standing not only in Malaysia but in the region.

AFFIN ISLAMIC anticipates that 2011 will provide growth opportunities in various business segments especially within the ASEAN region as it look into moving to the Indonesian market. The Bank will seek to leverage on these opportunities and will play a catalytic role to ensure that it remains a significant and relevant entity to the growth of Islamic banking throughout.

28 VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

The Bank's profit before tax registered a favourable variance of RM2.0 million. The main contributing factors are as follows:

Net income and other operating income

The net income and other operating income showed an adverse variance of RM11.3 million.

Other operating expenses

Operating costs showed a favourable variance of RM7.1 million.

Allowance for impairment on financing

Allowance for impairment on financing showed a favourable variance of RM6.3 million.

Profit equalisation reserve

Profit equalisation reserve showed an adverse variance of RM0.1 million.

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29 CONNECTED PARTIES TRANSACTIONS AND BALANCES

The following credit exposure are based on Bank Negara Malaysia's revised Guidelines on Credit Transaction and Exposures with Connected Parties, which are effective 1 January 2008.

i)	The aggregate value of outstanding credit exposures with connected parties (RM'000)	330,941
ii)	The percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	5%
iii)	The percentage of outstanding credit exposures with connected parties which is non-performing or in default	Nil

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BASEL II Pillar 3 Disclosures**Disclosure on Capital Adequacy under the Standardised Approach (RM'000)****The Bank/Economic Entity****30.6.2011**

	Exposure Class	Gross Exposures /EAD before CRM		Net Exposures /EAD after CRM	Risk Weighted Assets	Total Risk Weighted Assets after Effects of PSIA	Minimum Capital Requirements at 8%
1	<u>CREDIT RISK</u>						
	<u>On Balance Sheet Exposures</u>						
	Corporates	1,748,524	1,704,095		1,297,667	1,297,667	104,857
	Regulatory Retail	2,114,185	2,108,706		1,582,717	1,582,717	126,617
	Other Assets	64,704	64,704		24,474	24,474	1,959
	Sovereigns/Central Banks	3,479,540	3,479,540		-	-	-
	Banks, Development Financial Institutions & MDBs	175,569	175,569		35,114	35,114	2,809
	Insurance Companies, Securities Firms & Fund Managers	111,861	111,861		99,800	99,800	7,984
	Residential Mortgages	129,868	129,521		54,554	54,554	4,363
	Higher Risk Assets	41,435	41,434		62,151	62,151	4,972
	Defaulted Exposures	176,239	176,225		225,746	225,746	17,016
	Total for On-Balance Sheet Exposures	8,041,925	7,991,655		3,382,223	3,382,223	270,577
	<u>Off Balance Sheet Exposures</u>						
	Off Balance sheet Exposures other than OTC derivatives or credit derivatives	474,794	465,498		317,187	317,187	25,375
	Defaulted Exposures	619	619		928	928	74
	Total for Off-Balance Sheet Exposures	475,413	466,117		318,115	318,115	25,449
	Total for On and Off-Balance Sheet Exposures	8,517,338	8,457,772		3,700,338	3,700,338	296,026
2	<u>MARKET RISK</u>						
		Long Position	Short Position				
	Foreign Currency Risk	4,294	1,402	2,892	4,294	-	344
3	<u>OPERATIONAL RISK</u>						
	Operational Risk				297,211		23,777
	Total RWA and Capital Requirements				4,001,843	3,700,338	320,147

OTC "Over The Counter"

PSIA "Profit Sharing Investment Account"

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BASEL II Pillar 3 Disclosures (continued)**Disclosure on Capital Adequacy under the Standardised Approach (RM'000)****The Bank/Economic Entity**

31.12.2010

	Exposure Class	Gross Exposures /EAD before CRM	Net Exposures /EAD after CRM	Risk Weighted Assets	Total Risk Weighted Assets after Effects of PSIA	Minimum Capital Requirements at 8%
1	CREDIT RISK					
	<u>On Balance Sheet Exposures</u>					
	Corporates	1,478,875	1,402,285	1,080,790	1,080,790	86,463
	Regulatory Retail	1,934,946	1,927,320	1,445,490	1,445,490	115,639
	Other Assets	81,081	81,081	42,246	42,246	3,381
	Sovereigns/Central Banks	3,540,757	3,540,757	10,941	10,941	875
	Banks, Development Financial Institutions & MDBs	55,839	55,839	11,168	11,168	893
	Insurance Companies, Securities Firms & Fund Managers	95,057	95,057	95,056	95,056	7,605
	Residential Mortgages	121,302	120,959	51,846	51,846	4,147
	Higher Risk Assets	42,663	42,663	63,995	63,995	5,120
	Defaulted Exposures	146,785	146,764	185,744	185,744	14,859
	Total for On-Balance Sheet Exposures	7,497,305	7,412,725	2,987,276	2,987,276	238,982
	<u>Off Balance Sheet Exposures</u>					
	Off Balance sheet Exposures other than OTC derivatives or credit derivatives	263,036	263,036	144,204	144,204	11,536
	Total for Off-Balance Sheet Exposures	263,036	263,036	144,204	144,204	11,536
	Total for On and Off-Balance Sheet Exposures	7,760,341	7,675,761	3,131,480	3,131,480	250,518
2	MARKET RISK					
		Long Position	Short Position			
	Foreign Currency Risk	4,599	-	4,599	4,599	-
3	OPERATIONAL RISK					
	Operational Risk			285,924		22,874
	Total RWA and Capital Requirements			3,422,003	3,131,480	273,760

OTC "Over The Counter"

PSIA "Profit Sharing Investment Account"

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BASEL II Pillar 3 Disclosures (continued)

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

Market risk is defined as the risk of losses in on and off-balance sheet positions arising from movements in market prices. The Bank's Capital-at-Risk ('CaR') is defined as the amount of the Bank's capital that is exposed to the risk of unexpected losses arising particularly from movements in profit rates and foreign exchange rates. A CaR Limit is set as a management trigger to ensure that the Bank's exposure to such movements do not compromise the Bank's capital adequacy. The Bank is currently adopting BNM's Standardised Approach for the computation of market risk capital charges. The market risk capital charges addresses among others, capital requirement for market risk which includes the profit rate risk pertaining to the Bank's exposure in the trading book as well as foreign exchange risk in the trading and banking books.

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

- a) Foreign Exchange
- b) Islamic Profit Rate Swap
- c) Cross Currency Swap ('CCS')
- d) Fixed Income instruments (i.e. Private Debt and Government Securities)

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BASEL II Pillar 3 Disclosures (continued)

Disclosure on Credit Risk: Disclosures on Risk Weights under the Standardised Approach (RM'000)
The Bank/Economic Entity
30.6.2011

Risk Weights	Exposures after Netting and Credit Risk Mitigation											Total Exposure after Netting & Credit Risk Mitigation	Total Risk Weighted Assets	
	Sovereigns & Central Banks	PSEs	Banks, MDBs and FDIs	Insurance Companies, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Specialised Financing /Investment	Securitization			Equity
0%	3,484,545	-	-	-	-	-	-	-	39,945	-	-	-	3,524,490	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	144,952	-	186,196	15,075	469,350	-	-	-	2,384	-	-	-	817,957	163,591
35%	-	-	-	-	-	-	68,066	-	-	-	-	-	68,066	23,823
50%	-	-	-	-	84,355	-	61,481	-	-	-	-	-	145,836	72,918
70%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
75%	-	-	-	-	-	2,138,006	-	-	-	-	-	-	2,138,006	1,603,505
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	117,029	1,430,175	-	16,929	33,986	19,130	-	-	-	1,617,249	1,617,249
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
115%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	540	84,803	-	57,580	3,245	-	-	-	146,168	219,252
250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
937.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Average Risk Weight														
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	-	-

PSE "Public Sector Entities"

MDB "Multilateral Development Banks"

FDI "Financial Development Institutions"

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BASEL II Pillar 3 Disclosures (continued)

Disclosure on Credit Risk: Disclosures on Risk Weights (RM'000)
The Bank/Economic Entity
31.12.2010

Risk Weights	Exposures after Netting and Credit Risk Mitigation											Total Exposure after Netting & Credit Risk Mitigation	Total Risk Weighted Assets	
	Sovereigns & Central Banks	PSEs	Banks, MDBs and FDIs	Insurance Companies, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Specialised Financing /Investment	Securitization			Equity
0%	3,529,816	-	-	-	-	-	-	-	38,494	-	-	-	3,568,310	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	131,966	-	67,700	-	343,568	-	-	-	2,454	-	-	-	545,688	109,138
35%	-	-	-	-	-	-	57,554	-	-	-	-	-	57,554	20,144
50%	-	-	-	-	100,824	-	63,405	-	-	-	-	-	164,229	82,115
70%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
75%	-	-	-	-	-	1,927,320	-	-	-	-	-	-	1,927,320	1,445,490
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	10,941	-	-	95,056	1,091,030	4,828	15,492	34,559	36,887	-	-	-	1,288,793	1,288,793
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
115%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	-	61,646	-	58,976	3,245	-	-	-	123,867	185,800
250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
937.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Average Risk Weight														
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	-	-

PSE "Public Sector Entities"

MDB "Multilateral Development Banks"

FDI "Financial Development Institutions"

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BASEL II Pillar 3 Disclosures (continued)**(i) Disclosures on Rated Exposures according to Ratings by ECAIs (RM'000)****The Bank/Economic Entity****30.6.2011**

Exposure Class	Ratings of Corporate by Approved ECAIs					
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
On and Off-Balance-Sheet Exposures						
Credit Exposures (using Corporate Risk Weights)						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)						
Insurance Cos, Securities Firms & Fund Managers						
Corporates						
Total						
		-	-	-	-	-
		-	-	-	-	132,103
		5,353	84,475	-	-	1,946,849
		5,353	84,475	-	-	2,078,952

Exposure Class	Short term Ratings of Banking Institutions and Corporate by Approved ECAIs					
	Moody's	P-1	P-2	P-3	Others	Unrated
	S&P	A-1	A-2	A-3	Others	Unrated
	Fitch	F1+, F1	F2	F3	B to D	Unrated
	RAM	P-1	P-2	P-3	NP	Unrated
	MARC	MARC-1	MARC-2	MARC-3-	MARC-4	Unrated
	Rating & Investment Inc	a-1+, a-1	a-2	a-3	b, c	Unrated
On and Off-Balance-Sheet Exposures						
Banks, MDBs and FDIs						
Rated Credit Exposures (using Corporate Risk Weights)						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)						
Insurance Cos, Securities Firms & Fund Managers						
Corporates						
Total						
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-

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BASEL II Pillar 3 Disclosures (continued)

- (i) **Disclosures on Rated Exposures according to Ratings by ECAIs (RM'000)**
The Bank/Economic Entity
31.12.2010

Exposure Class	Ratings of Corporate by Approved ECAIs					
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
On and Off-Balance-Sheet Exposures						
Credit Exposures (using Corporate Risk Weights)						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)						
Insurance Cos, Securities Firms & Fund Managers						
Corporates						
Total						
		-	-	-	-	-
		-	-	-	-	95,056
		6,017	100,824	-	-	1,440,303
		6,017	100,824	-	-	1,535,359

Exposure Class	Short term Ratings of Banking Institutions and Corporate by Approved ECAIs					
	Moody's	P-1	P-2	P-3	Others	Unrated
	S&P	A-1	A-2	A-3	Others	Unrated
	Fitch	F1+, F1	F2	F3	B to D	Unrated
	RAM	P-1	P-2	P-3	NP	Unrated
	MARC	MARC-1	MARC-2	MARC-3-	MARC-4	Unrated
	Rating & Investment Inc	a-1+, a-1	a-2	a-3	b, c	Unrated
On and Off-Balance-Sheet Exposures						
Banks, MDBs and FDIs						
Rated Credit Exposures (using Corporate Risk Weights)						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)						
Insurance Cos, Securities Firms & Fund Managers						
Corporates						
Total						
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-

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BASEL II Pillar 3 Disclosures (continued)

- (ii) **Disclosures on Rated Exposures according to Ratings by ECAIs (RM'000) (continued)**
The Bank/Economic Entity
30.6.2011

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
On and Off-Balance-Sheet Exposures							
Sovereigns and Central Banks		-	3,629,497	-	-	-	-
Total		-	3,629,497	-	-	-	-

Exposure Class	Ratings of Banking Institutions by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3-	A1 to A3	BBB1+ to BBB3	BB1 to B3	C1+ to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
On and Off-Balance-Sheet Exposures							
Banks, MDBs and FDIs		10,626	604	-	-	-	174,966
Total		10,626	604	-	-	-	174,966

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BASEL II Pillar 3 Disclosures (continued)**(ii) Disclosures on Rated Exposures according to Ratings by ECAIs (RM'000) (continued)****The Bank/Economic Entity**

31.12.2010

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
On and Off-Balance-Sheet Exposures							
Sovereigns and Central Banks		-	3,661,782	-	10,941	-	-
Total		-	3,661,782	-	10,941	-	-

Exposure Class	Ratings of Banking Institutions by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3-	A1 to A3	BBB1+ to BBB3	BB1 to B3	C1+ to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
On and Off-Balance-Sheet Exposures							
Banks, MDBs and FDIs		11,861	-	-	-	-	55,839
Total		11,861	-	-	-	-	55,839

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BASEL II Pillar 3 Disclosures (continued)**a) Disclosures on Credit Risk Mitigation (RM'000)****The Bank/Economic Entity****30.6.2011**

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees /Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
Credit Risk				
<u>On-Balance Sheet Exposures</u>				
Sovereigns/Central Banks	3,479,540	-	-	-
Banks, Development Financial Institutions & MDBs	175,569	-	-	-
Insurance Cos, Securities Firms & Fund Managers	111,861	-	-	-
Corporates	1,748,524	3,200	52,256	-
Regulatory Retail	2,114,185	-	6,946	-
Residential Mortgages	129,868	-	347	-
Higher Risk Assets	41,435	-	2	-
Other Assets	64,704	-	-	-
Defaulted Exposures	176,239	-	15	-
Total for On-Balance Sheet Exposures	8,041,925	3,200	59,566	-
<u>Off-Balance Sheet Exposures</u>				
Off-Balance sheet exposures other than OTC derivatives or credit derivatives	474,794	-	-	-
Defaulted Exposures	619	-	-	-
Total for Off-Balance Sheet Exposures	475,413	-	-	-
Total On and Off-Balance Sheet Exposures	8,517,338	3,200	59,566	-

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

31.12.2010

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees /Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
Credit Risk				
<u>On-Balance Sheet Exposures</u>				
Sovereigns/Central Banks	3,540,757	-	-	-
Banks, Development Financial Institutions & MDBs	55,839	-	-	-
Insurance Cos, Securities Firms & Fund Managers	95,057	-	-	-
Corporates	1,478,875	-	76,590	-
Regulatory Retail	1,934,946	-	7,627	-
Residential Mortgages	121,302	-	343	-
Higher Risk Assets	42,663	-	-	-
Other Assets	81,081	-	-	-
Defaulted Exposures	146,785	-	20	-
Total for On-Balance Sheet Exposures	7,497,305	-	84,580	-
<u>Off-Balance Sheet Exposures</u>				
Off-Balance sheet exposures other than OTC derivatives or credit derivatives	263,036	-	-	-
Total for Off-Balance Sheet Exposures	263,036	-	-	-
Total On and Off-Balance Sheet Exposures	7,760,341	-	84,580	-

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BASEL II Pillar 3 Disclosures (continued)**b) Disclosure on Off-Balance Sheet and Counterparty Credit Risk (RM'000)**

Counterparty Credit Risk is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cashflows. An economic loss could occur if the transactions with the counterparty has a positive economic value for the Bank at the time of default.

In contrast to the exposure to credit risk through a financing, where the exposure to credit risk is unilateral and only the financing bank faces the risk of loss, Counterparty Credit Risk creates a bilateral risk of loss where the market value for many types of transactions can be positive or negative to either counterparty.

In respect of Off-balance sheet items, the credit risk inherent in each off-balance sheet instrument is translated into an on-balance sheet exposure equivalent (credit equivalent) by multiplying the nominal principal amount with a credit conversion factor ('CCF') as prescribed by the Standardised Approach under the Risk Weighted Capital Adequacy Framework. The resulting amount is then weighted against the risk weight of the counterparty. In addition, counterparty risk weights for over-the-counter ('OTC') derivative transactions will be determined based on the external rating of the counterparty and will not be subject to any specific ceiling.

The Bank/Economic Entity

30.6.2011

Description	Total Principle Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk Weighted Amount
Direct Credit Substitutes	8,024		8,024	6,270
Transaction related contingent Items	161,182		80,591	75,579
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	561,387		112,277	105,707
Short Term Self Liquidating trade related contingencies	782,757		156,551	40,399
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	589,848		117,970	90,160
Total	2,103,198	-	475,413	318,115

The Bank/Economic Entity

31.12.2010

Description	Total Principle Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk Weighted Amount
Direct Credit Substitutes	26,528		26,528	18,864
Transaction related contingent Items	198,425		99,212	93,813
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	459,864		-	-
Short Term Self Liquidating trade related contingencies	686,477		137,295	31,527
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	651,595		-	-
Total	2,022,889	-	263,035	144,204

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BASEL II Pillar 3 Disclosures (continued)**c) Disclosures on Market Risk - Profit Rate Risk/Rate of Return Risk in the Banking Book (RM million)**

Profit rate risk is the current and prospective impact to the Bank's financial condition due to adverse changes in the profit rates to which the statement of financial position is exposed. The objective is to manage profit rate risk to achieve stable and sustainable net gap income in the long term which impact can be viewed from the perspectives of (1) earnings in the next 12 months, and (2) economic value.

(1) Next 12 months' Earnings - Profit rate risk from the earnings perspective is the impact based on changes to the net gap income over the next 12 months. This risk is measured monthly through sensitivity analysis including the application of an instantaneous 100 basis point parallel shock in profit rates across the yield curve. The prospective change to the net gap income is measured using an Asset Liability Management simulation model which incorporates the assessment of both existing and new business.

(2) Economic Value - Measuring the change in the economic value of equity is an assessment of the long term impact to the earnings potential. This is assessed through the application of relevant duration factors to capture the net economic value impact over the long term or total life of all balance sheet assets and liabilities to adverse changes in profit rates.

The above calculations do not take into account loan prepayments.

Type of Currency	The Bank/Economic Entity 30.6.2011		The Bank/Economic Entity 31.12.2010	
	Impact on Positions (100 basis points) Parallel Shift		Impact on Positions (100 basis points) Parallel Shift	
	Increase/(Decline) in Earnings	Increase/(Decline) in Economic Value	Increase/(Decline) in Earnings	Increase/(Decline) in Economic Value
Ringgit Malaysia	1.1	(14.8)	4.7	(16.7)
US Dollar	(0.6)	-	(0.2)	0.2
Others (*)	-	-	-	-
Total	0.5	(14.8)	4.6	(16.5)

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