

AFFIN Islamic Bank Berhad

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION as at 30 September 2011**

	The Bank/Economic Entity	
	Current Financial Quarter 30/9/2011 RM'000	Previous Financial Year-End 31/12/2010 RM'000
ASSETS		
Cash and short-term funds	3,381,790	2,635,218
Deposits and placements with banks and other financial institutions	50,000	-
Financial investments available-for-sale	1,517,368	1,334,083
Financing, advances and other loans	4,194,353	3,555,596
Other assets	46,867	17,441
Tax recoverable	5,267	3,816
Investment in jointly controlled entity	500	500
Amount due from jointly controlled entity	2,745	2,745
Property and equipment	3,154	2,123
Intangible assets	1,052	1,462
Deferred tax assets	-	4,291
TOTAL ASSETS	9,203,096	7,557,275
LIABILITIES		
Deposits from customers	6,796,612	5,533,474
Deposits and placements of banks and other financial institutions	1,647,726	1,345,086
Other liabilities	54,503	61,670
Amount due to holding company	238,641	183,541
Deferred tax liabilities	77	-
TOTAL LIABILITIES	8,737,559	7,123,771
EQUITY		
Share capital	260,000	260,000
Reserves	205,537	173,504
TOTAL EQUITY	465,537	433,504
TOTAL LIABILITIES AND EQUITY	9,203,096	7,557,275
COMMITMENTS AND CONTINGENCIES	2,138,419	2,022,889
Capital Adequacy		
Core capital ratio	11.36%	12.36%
Risk-weighted capital ratio	12.44%	13.59%

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CONDENSED INTERIM FINANCIAL STATEMENTS

UNAUDITED INCOME STATEMENTS for the financial quarter ended 30 September 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
	30/9/2011	30/9/2010	30/9/2011	30/9/2010
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	100,621	75,677	267,617	208,266
Income derived from investment of shareholders' funds	5,313	4,622	15,426	13,176
Allowances for impairment on financing	(773)	(10,678)	(8,277)	(18,096)
Total distributable income	105,161	69,621	274,766	203,346
Income attributable to the depositors	(60,911)	(38,031)	(149,847)	(96,395)
Transfer (to)/from profit equalisation reserve	(70)	271	(204)	-
Total net income	44,180	31,861	124,715	106,951
Personnel expenses	(13,693)	(14,976)	(41,611)	(42,104)
Other overheads and expenditures	(8,840)	(8,841)	(27,177)	(27,154)
Profit before zakat and taxation	21,647	8,044	55,927	37,693
Zakat	(5,492)	-	(5,492)	(4,626)
Taxation	(7,565)	(7,073)	(15,226)	(17,382)
Net profit after zakat and taxation	8,590	971	35,209	15,685
Attributable to:				
Equity holders of the Bank	8,590	971	35,209	15,685
Earnings per share				
- basic/fully diluted (sen)	3.3	0.4	13.5	6.0

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CONDENSED INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME** for the financial quarter ended 30 September 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
	30/9/2011	30/9/2010	30/9/2011	30/9/2010
	RM'000	RM'000	RM'000	RM'000
Net profit after zakat and taxation	8,590	971	35,209	15,685
Other comprehensive income:				
Income and expense recognised				
directly in equity	496	5,688	(4,235)	7,276
Deferred tax on financial investments				
available-for-sale	(124)	(1,423)	1,059	(1,820)
Other comprehensive income for the				
financial period, net of tax	372	4,265	(3,176)	5,456
Total comprehensive income for the				
 financial period	8,962	5,236	32,033	21,141
Equity holders of the Bank:				
Total comprehensive income	8,962	5,236	32,033	21,141

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CONDENSED INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF CHANGES IN EQUITY for the financial quarter ended 30 September 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	-	-	-	35,209	35,209
Other Comprehensive income:					
Income and expense recognised directly in equity	-	-	(4,235)	-	(4,235)
Deferred tax on financial investments available-for-sale	-	-	1,059	-	1,059
Total comprehensive income	-	-	(3,176)	35,209	32,033
Transfer to statutory reserve	-	17,604	-	(17,604)	-
At 30 September 2011	260,000	99,014	1,569	104,954	465,537
At 1 January 2010	260,000	68,397	1,277	68,397	398,071
Adoption of FRS 139	-	-	(377)	5,939	5,562
	260,000	68,397	900	74,336	403,633
Comprehensive income:					
Net profit for the financial period	-	-	-	15,685	15,685
Other Comprehensive income:					
Income and expense recognised directly in equity	-	-	7,276	-	7,276
Deferred tax on financial investments available-for-sale	-	-	(1,820)	-	(1,820)
Total comprehensive income	-	-	5,456	15,685	21,141
Transfer to statutory reserve	-	7,842	-	(7,842)	-
At 30 September 2010	260,000	76,239	6,356	82,179	424,774

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

	The Bank/Economic Entity	
	30/9/2011	30/9/2010
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before zakat and taxation	55,927	37,693
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	(33,895)	(25,896)
Accretion of discount less amortisation of premium:		
- financial investments available-for-sale	(3,150)	(7,272)
Gain on sale:		
- financial assets held-for-trading	(104)	(137)
- financial investments available-for-sale	(4,089)	(2,453)
Depreciation of property and equipment	701	527
Property and equipment written-off	8	2
Foreclosed properties - diminution in value	-	19
Amortisation of intangible assets	409	612
Net individual impairment	3,497	7,183
Net collective impairment	5,431	11,022
Bad debt on financing written-off	125	118
Transfer to profit equalisation reserve	204	-
Operating profit before changes in working capital	25,064	21,409
<i>(Increase)/decrease in operating assets:</i>		
Deposits and placements with banks and other financial institutions	(50,000)	-
Financial assets held-for-trading	104	145
Foreign exchange transaction	(92)	(213)
Financing, advances and other loans	(647,810)	(661,597)
Other assets	(29,425)	(9,886)
Amount due from holding company	-	(136,732)
Amount due from jointly controlled entity	-	(588)
<i>Increase/(decrease) in operating liabilities:</i>		
Deposits from customers	1,263,138	937,875
Deposits and placements of banks and other financial institutions	302,640	180,322
Amount due to holding company	55,100	-
Other liabilities	(10,756)	5,271
Cash generated from operations	907,963	336,006
Tax paid	(11,250)	(16,545)
Zakat paid	(2,107)	(3,010)
Net cash generated from operating activities	894,606	316,451

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

	The Bank/Economic Entity	
	30/9/2011	30/9/2010
	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Income received:		
- financial investments available-for-sale	33,895	25,896
Net (purchase)/sale of financial investments available-for-sale	(180,282)	32,361
Purchase of property and equipment	(1,739)	(11)
Net cash (used in)/generated from investing activities	(148,126)	58,246
Net increase in cash and cash equivalents	746,480	374,697
Net increase in foreign exchange	92	213
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	3,381,790	2,586,387

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1 BASIS OF PREPARATION

This unaudited condensed interim financial information for the 9 months ended 30 September 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 statement 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 September 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 September 2011 are as follows:

FRS1	First-time adoption of financial reporting standards
FRS3	Business combinations
FRS7	Financial Instruments: Disclosures
FRS101	Presentation of Financial Statements
FRS121	The Effect of Changes in Foreign Exchange Rates
FRS128	Investment in associates
FRS131	Interest in Joint Ventures
FRS132	Financial Instruments: Presentation
FRS134	Interim Financial Reporting
FRS139	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 September 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 September 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 September 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 September 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 September 2011.

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13 FINANCING, ADVANCES AND OTHER LOANS

	The Bank/Economic Entity	
	Current Financial Quarter 30/9/2011 RM'000	Previous Financial Year-End 31/12/2010 RM'000
(i) By type		
Cash line	207,322	223,926
Term financing		
- House financing	1,203,472	1,053,556
- Hire purchase receivables	1,200,081	1,061,166
- Syndicated financing	213,738	116,995
- Other term financing	1,171,197	934,792
Bills receivables	780	1,389
Trust receipts	34,749	43,958
Claims on customers under acceptances credits	96,422	57,938
Staff financing (of which RM Nil to Directors)	8,810	8,035
Revolving credits	153,322	142,463
Gross financing, advances and other loans	4,289,893	3,644,218
Less:		
Allowance for impairment		
- Individual	(37,222)	(36,141)
- Collective	(58,318)	(52,481)
Total net financing, advances and other loans	4,194,353	3,555,596

	The Bank/Economic Entity	
	Current Financial Quarter 30/9/2011 RM'000	Previous Financial Year-End 31/12/2010 RM'000
(ii) By maturity structure		
Maturing within one year	599,328	562,320
One year to three years	184,831	167,772
Three years to five years	715,271	505,314
Over five years	2,790,463	2,408,812
	4,289,893	3,644,218

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13 FINANCING, ADVANCES AND OTHER LOANS (continued)

	The Bank/Economic Entity	
	Current Financial Quarter 30/9/2011 RM'000	Previous Financial Year-End 31/12/2010 RM'000
(iii) By contract		
Bai' Bithamin Ajil (deferred payment sale)	2,266,807	1,930,780
AITAB	1,200,081	1,061,166
Murabahah (cost-plus)	156,939	97,882
Others	666,066	554,390
	4,289,893	3,644,218
(iv) By type of customer		
Domestic non-bank financial institutions		
- Others	417,194	421,701
Domestic business enterprises		
- Small medium enterprises	548,163	478,087
- Others	794,279	520,041
Government and statutory bodies	18,551	-
Individuals	2,382,247	2,104,253
Other domestic entities	4,135	1,835
Foreign entities	125,324	118,301
	4,289,893	3,644,218
(v) By profit rate sensitivity		
Fixed rate		
- House financing	95,191	102,763
- Hire purchase receivables	1,200,081	1,061,005
- Other fixed rate financing	734,507	534,012
Variable rate		
- BLR - plus	1,923,517	1,613,660
- Cost - plus	336,597	332,778
	4,289,893	3,644,218

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13 FINANCING, ADVANCES AND OTHER LOANS (continued)

	The Bank/Economic Entity	
	Current Financial Quarter 30/9/2011 RM'000	Previous Financial Year-End 31/12/2010 RM'000
(vi) By economic purpose		
Purchase of securities	11,230	13,439
Purchase of transport vehicles	1,199,772	1,061,924
Purchase of landed property of which:		
- Residential	1,228,901	1,069,215
- Non-residential	725,539	425,851
Fixed assets other than land and building	52,332	10,096
Personal use	38,454	32,317
Consumer durable	28	34
Construction	159,980	124,087
Working capital	866,033	895,788
Others	7,624	11,467
	4,289,893	3,644,218

	The Bank/Economic Entity	
	Current Financial Quarter 30/9/2011 RM'000	Previous Financial Year-End 31/12/2010 RM'000
(vii) By geographical distribution		
Perlis	2,789	1,886
Kedah	203,420	211,638
Pulau Pinang	97,449	95,025
Perak	189,498	164,339
Selangor	1,406,960	1,178,385
Wilayah Persekutuan	1,166,954	844,114
Negeri Sembilan	70,134	61,171
Melaka	34,796	40,779
Johor	156,574	137,953
Pahang	256,170	254,716
Terengganu	324,500	289,479
Kelantan	210,063	197,841
Sarawak	25,276	25,324
Sabah	38,401	36,285
Labuan	10	12
Abroad	106,899	105,271
	4,289,893	3,644,218

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

	The Bank/Economic Entity	
	Current Financial Quarter 30/9/2011 RM'000	Previous Financial Year-End 31/12/2010 RM'000
At beginning of the financial period	152,601	60,456
Adoption of FRS 139	-	70,384
	152,601	130,840
Classified as impaired	93,574	92,689
Reclassified as non-impaired	(58,155)	(42,087)
Amount recovered	(13,783)	(22,714)
Amount written-off	(266)	(6,127)
At end of the financial period	173,971	152,601

(ix) Movements in allowance for impairment

	The Bank/Economic Entity	
	Current Financial Quarter 30/9/2011 RM'000	Previous Financial Year-End 31/12/2010 RM'000
Individual impairment		
At beginning of the financial period	36,141	-
Adoption of FRS 139	-	23,228
	36,141	23,228
Provision for loan impairment	4,139	25,307
Amount recovered	(642)	(9,891)
Amount written-off	-	(1,175)
Unwind of discount of allowance	(2,416)	(1,328)
At end of the financial period	37,222	36,141
Collective impairment		
At beginning of the financial period	52,481	-
Adoption of FRS 139	-	43,925
	52,481	43,925
Provision for loan impairment/(recovered)	5,431	13,365
Amount written-off	-	(4,809)
Exchange differences	406	-
At end of the financial period	58,318	52,481

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FRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2011**13 FINANCING, ADVANCES AND OTHER LOANS (continued)****(x) Impaired financing by economic purposes**

	The Bank/Economic Entity	
	Current Financial Quarter 30/9/2011 RM'000	Previous Financial Year-End 31/12/2010 RM'000
Purchase of transport vehicles	10,214	7,844
Purchase of landed property of which:		
- Residential	41,019	42,441
- Non-residential	533	625
Fixed assets other than land and building	448	448
Personal use	-	202
Construction	63,899	61,713
Working capital	57,858	39,324
Others	-	4
	173,971	152,601

(xi) Impaired financing by geographical distribution

	The Bank/Economic Entity	
	Current Financial Quarter 30/9/2011 RM'000	Previous Financial Year-End 31/12/2010 RM'000
Kedah	986	1,384
Pulau Pinang	2,081	2,228
Perak	2,608	1,643
Selangor	46,913	44,399
Wilayah Persekutuan	13,693	11,666
Negeri Sembilan	2,024	2,017
Melaka	198	498
Johor	2,913	2,846
Pahang	3,902	3,645
Terengganu	2,551	1,480
Kelantan	3,926	3,159
Sarawak	235	227
Sabah	262	227
Abroad	91,679	77,182
	173,971	152,601

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14 DEPOSITS FROM CUSTOMERS

(i) By type of deposit

	The Bank/Economic Entity	
	Current	Previous
	Financial	Financial
	Quarter	Year-End
	30/9/2011	31/12/2010
	RM'000	RM'000
<i>Non-Mudharabah</i>		
Demand deposits	1,514,894	1,488,093
Savings deposits	193,815	192,016
<i>Mudharabah</i>		
Demand deposits	11,362	10,794
Savings deposits	75,991	66,187
General investment deposits	3,799,671	3,134,711
Special investment deposits	1,200,879	641,673
	6,796,612	5,533,474

(ii) Maturity structure of general investment deposits and NID

	The Bank/Economic Entity	
	Current	Previous
	Financial	Financial
	Quarter	Year-End
	30/9/2011	31/12/2010
	RM'000	RM'000
Due within six months	3,378,591	2,740,786
Six months to one year	368,561	389,700
One year to three years	52,326	3,288
Three years to five years	193	937
	3,799,671	3,134,711

(iii) By type of customer

	The Bank/Economic Entity	
	Current	Previous
	Financial	Financial
	Quarter	Year-End
	30/9/2011	31/12/2010
	RM'000	RM'000
Government and statutory bodies	3,090,257	1,794,287
Business enterprise	1,884,618	1,586,524
Individuals	554,319	434,960
Others	1,267,418	1,717,703
	6,796,612	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
	30/9/2011	30/9/2010	30/9/2011	30/9/2010
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	100,621	75,677	267,617	208,266
Income attributable to depositors	(60,911)	(38,031)	(149,847)	(96,395)
Income derived from investment of shareholders' funds	5,313	4,622	15,426	13,176
	45,023	42,268	133,196	125,047

Income includes of RM2,841,000 (30/9/2010: RM1,210,000) 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
	30/9/2011	30/9/2010	30/9/2011	30/9/2010
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
- General investment deposits * (i)	64,919	48,585	163,380	124,731
- Other deposits (ii)	35,702	27,092	104,237	83,535
	100,621	75,677	267,617	208,266

* Includes the profit earned from investment of RPSIA in financing, advances and other loans of RM1,829,308 (30/9/2010: RM2,811,735).

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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
	30/9/2011	30/9/2010	30/9/2011	30/9/2010
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing, advances and other loans	35,759	29,823	96,306	76,684
Financial assets held-for-trading	-	-	-	5
Financial investments available-for-sale	7,396	5,066	19,565	14,586
Money at call and deposits with other financial institutions	17,505	10,181	37,580	23,393
Total finance income and hibah	60,660	45,070	153,451	114,668
Accretion of discount less amortisation of premium	532	2,025	1,818	4,096
	61,192	47,095	155,269	118,764
Other operating income				
Fee income				
Commission	287	207	805	803
Service charges and fees	609	336	1,647	1,069
Guarantee fees	246	332	901	855
	1,142	875	3,353	2,727
Income from financial instruments				
Gains on arising on financial assets held-for-trading:				
- net gain on disposal	3	19	60	77
- unrealised losses	(1)	-	-	-
Gains on arising on financial investments available-for-sale:				
- net gain on disposal	1,421	169	2,360	1,382
	1,423	188	2,420	1,459
Other income				
Foreign exchange profit:				
- realised	879	219	1,083	1,181
Other non-operating income	283	208	1,255	600
	64,919	48,585	163,380	124,731

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

(ii) INCOME DERIVED FROM INVESTMENT OF OTHER DEPOSITS

	Individual Quarter The Bank/Economic Entity		Cumulative Quarter The Bank/Economic Entity	
	Current Financial Quarter 30/9/2011 RM'000	Preceding Year Corresponding Quarter 30/9/2010 RM'000	Current Financial Quarter 30/9/2011 RM'000	Preceding Year Corresponding Quarter 30/9/2010 RM'000
Finance income and hibah				
Financing, advances and other loans	19,298	16,621	61,443	51,357
Financial assets held-for-trading	-	-	-	3
Financial investments available-for-sale	4,013	2,712	12,483	9,769
Money at call and deposits with other financial institutions	10,003	5,874	23,976	15,667
Total finance income and hibah	33,314	25,207	97,902	76,796
Accretion of discount less amortisation of premium	265	1,208	1,160	2,743
	33,579	26,415	99,062	79,539
Other operating income				
Fee income				
Commission	152	96	513	538
Service charges and fees	329	173	1,051	716
Guarantee fees	119	184	575	572
	600	453	2,139	1,826
Income from financial instruments				
Gains on arising on financial assets held-for-trading:				
- net (loss)/gain on disposal	(2)	9	38	52
- unrealised losses	(1)	-	-	-
Gains on arising on financial investments available-for-sale:				
- net gain on disposal	853	25	1,506	925
	850	34	1,544	977
Other income				
Foreign exchange profit:				
- realised	549	79	691	791
Other non-operating income	124	111	801	402
	35,702	27,092	104,237	83,535

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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
	30/9/2011	30/9/2010	30/9/2011	30/9/2010
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing, advances and other loans	2,874	2,836	9,093	8,100
Financial assets held-for-trading	-	-	-	1
Financial investments available-for-sale	597	472	1,847	1,541
Money at call and deposits with other financial institutions	1,486	987	3,548	2,471
Total finance income and hibah	4,957	4,295	14,488	12,113
Accretion of discount less amortisation of premium	40	200	172	433
	4,997	4,495	14,660	12,546
Other operating income				
Fee income				
Commission	23	18	76	85
Service charges and fees	49	31	156	113
Guarantee fees	18	31	85	90
	90	80	317	288
Income from financial instruments				
Gains on arising on financial assets				
held-for-trading:				
- net gain on disposal	-	1	6	8
Gains on arising on financial investments				
available-for-sale:				
- net gain on disposal	127	10	223	146
	127	11	229	154
Other income				
Foreign exchange profit:				
- realised	81	17	102	125
Other non-operating income	18	19	118	63
	5,313	4,622	15,426	13,176

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	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
	30/9/2011	30/9/2010	30/9/2011	30/9/2010
	RM'000	RM'000	RM'000	RM'000
Individual impairment				
- made in the financial period	392	10,014	4,139	10,151
- written-back	(17)	(909)	(642)	(2,968)
Collective impairment				
- made/(written-back)	592	1,643	5,431	11,022
Bad debts on financing				
- recovered	(253)	(91)	(776)	(227)
- written-off	59	21	125	118
	773	10,678	8,277	18,096

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
	30/9/2011	30/9/2010	30/9/2011	30/9/2010
	RM'000	RM'000	RM'000	RM'000
Deposits from customers:				
- Mudharabah	39,592	27,510	95,838	63,737
- Non-mudharabah	5,671	3,860	16,488	13,602
Deposits and placements of banks and other financial institutions:				
- Mudharabah	14,678	5,699	34,836	15,341
Others	970	962	2,685	3,715
	60,911	38,031	149,847	96,395

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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
	30/9/2011	30/9/2010	30/9/2011	30/9/2010
	RM'000	RM'000	RM'000	RM'000
Wages, salaries and bonuses	10,646	11,866	31,892	32,610
Defined contribution plan ('EPF')	1,736	1,693	4,951	4,987
Other personnel costs	1,311	1,417	4,768	4,507
	13,693	14,976	41,611	42,104

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
	30/9/2011	30/9/2010	30/9/2011	30/9/2010
	RM'000	RM'000	RM'000	RM'000
Establishment costs				
Rental of premises	866	830	2,601	2,491
Equipment rental	8	6	20	18
Repair and maintenance	918	1,020	2,944	2,759
Depreciation of property and equipment	242	175	701	527
Amortisation of intangible assets	83	204	409	612
Licence fee	44	39	136	123
Insurance and indemnities	8	4	29	30
Security services	454	361	1,321	1,109
Electricity, water and sewerage	326	339	924	922
Other establishment costs	3,009	3,221	8,856	10,211
	5,958	6,199	17,941	18,802

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FRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2011**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
	30/9/2011	30/9/2010	30/9/2011	30/9/2010
	RM'000	RM'000	RM'000	RM'000
Marketing expenses				
Business promotion and advertisement	391	105	792	236
Entertainment	103	57	279	159
Travelling and accommodation	211	210	551	757
Other marketing expenses	78	38	306	237
	783	410	1,928	1,389

	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
	30/9/2011	30/9/2010	30/9/2011	30/9/2010
	RM'000	RM'000	RM'000	RM'000
Administration and general expenses				
Telecommunication expenses	194	176	554	528
Auditors' remuneration	118	44	229	212
Professional fees	856	1,303	3,145	3,869
Property and equipment written-off	-	2	8	2
Mail and courier charges	118	147	391	518
Stationery and consumables	420	278	1,521	997
Other administration and general expenses	393	282	1,460	837
	2,099	2,232	7,308	6,963
	8,840	8,841	27,177	27,154

22 COMMITMENTS AND CONTINGENCIES

	Current financial quarter ended			Previous financial year ended		
	30/9/2011			31/12/2010		
	Principal	* Credit	* Risk-weighted	Principal	* Credit	* Risk-weighted
The Bank/Economic Entity	Amount	Equivalent	Amount	Amount	Equivalent	Amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	7,957	7,957	6,328	26,528	26,528	18,864
Transaction-related contingent items	160,235	80,118	75,023	198,425	99,212	93,813
Short-term self-liquidating trade-related contingencies	479,298	95,859	27,699	686,477	137,295	31,527
Irrevocable commitments to extend credit:						
- Maturity less than one year	1,035,107	207,021	120,392	651,595	-	-
- Maturity more than one year	455,822	91,165	84,885	459,864	-	-
	2,138,419	482,120	314,327	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 SEPTEMBER 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 September 2011.

24 CAPITAL ADEQUACY

The capital adequacy ratios are as follows:

	The Bank/Economic Entity	
	Current	Previous
	Financial	Financial
	Quarter	Year-End
	30/9/2011	31/12/2010
	RM'000	RM'000
Tier I capital		
Paid-up share capital	260,000	260,000
Retained profits	104,954	87,349
Statutory reserves	99,014	81,410
	463,968	428,759
Less:		
Deferred tax assets *	(445)	(5,872)
Total Tier I capital	463,523	422,887
Tier II capital		
Collective impairment ^	43,731	42,234
Total Tier II capital	43,731	42,234
Capital base	507,254	465,121
Core capital ratio	11.36%	12.36%
Risk-weighted capital ratio	12.44%	13.59%
Core capital ratio (net of proposed dividends)	11.36%	12.36%
Risk-weighted capital ratio (net of proposed dividends)	12.44%	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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FRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2011**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
	30/9/2011	31/12/2010
	RM'000	RM'000
0%	4,335,799	3,568,310
10%	-	-
20%	802,521	545,688
35%	72,953	57,554
50%	143,902	164,229
75%	2,093,040	1,927,320
100%	1,716,431	1,288,793
150%	151,092	123,867
Total risk-weighted assets for credit risk	9,315,738	7,675,761

	The Bank/Economic Entity	
	Risk-Weighted	Risk-Weighted
	Current	Previous
	Financial	Financial
	Quarter	Year-End
	30/9/2011	31/12/2010
	RM'000	RM'000
0%	-	-
10%	-	-
20%	160,504	109,138
35%	25,534	20,144
50%	71,951	82,115
75%	1,569,780	1,445,490
100%	1,716,431	1,288,793
150%	226,638	185,800
Total risk-weighted assets for credit risk	3,770,838	3,131,480
Risk-weighted assets for market risk	4,729	4,599
Risk-weighted assets for operational risk	303,324	285,924
Total risk-weighted assets	4,078,891	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.

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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 3rd quarter of 2011, the Bank registered a profit before tax of RM21.6 million as compared to the previous year's corresponding quarter of RM8.0 million, an increase of RM13.6 million or 169.1%.

This was due to:

- i) higher income derived from investment of depositors' funds and others by RM24.9 million.
- ii) higher income derived from investment of shareholders' funds by RM0.7 million.
- iii) lower allowance for impairment on financing by RM9.9 million.
- iv) lower operating expenses by RM1.3 million.

The above was off-set by:

- i) higher income attributable to depositors by RM22.9 million.
- ii) higher profit equalisation reserve 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 3rd quarter of 2011 stood at RM21.6 million as compared to RM16.7 million reported in the 2nd quarter of 2011, an increase of RM5.0 million or 29.8%.

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

- i) higher income derived from investment of depositors' funds and others by RM16.0 million.
- ii) higher income derived from investment of shareholders' funds by RM0.2 million.
- iii) lower allowance for impairment on financing by RM3.8 million.
- iv) lower profit equalisation reserve by RM0.1 million.

The above was off-set by:

- i) higher income attributable to depositors by RM14.9 million.
- ii) higher other operating expenses by RM0.2 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 RM7.5 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 RM12.8 million.

Other operating expenses

Operating costs showed a favourable variance of RM11.3 million.

Allowance for impairment on financing

Allowance for impairment on financing showed a favourable variance of RM9.2 million.

Profit equalisation reserve

Profit equalisation reserve showed an adverse variance of RM0.2 million.