

**AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF FINANCIAL POSITION as at 30 September 2012**

	Economic Entity		The Bank	
	Current Financial Quarter 30/9/2012 RM'000	Previous Financial Year-End 31/12/2011 RM'000	Current Financial Quarter 30/9/2012 RM'000	Previous Financial Year-End 31/12/2011 RM'000
<b>ASSETS</b>				
Cash and short-term funds	4,119,070	4,455,700	4,119,070	4,455,700
Deposits and placements with banks and other financial institutions	80,048	-	80,048	-
Financial investments available-for-sale	2,020,496	1,480,275	2,020,496	1,480,275
Financing, advances and other financing	4,977,253	4,374,205	4,977,253	4,374,205
Other assets	540	48,002	540	48,002
Tax recoverable	-	3,422	-	3,422
Statutory deposits with Bank Negara Malaysia	184,000	160,000	184,000	160,000
Investment in jointly controlled entity	137	290	500	500
Amount due from jointly controlled entity	2,745	2,745	2,745	2,745
Property and equipment	3,265	3,017	3,265	3,017
Intangible assets	2,657	3,255	2,657	3,255
<b>TOTAL ASSETS</b>	<b>11,390,211</b>	<b>10,530,911</b>	<b>11,390,574</b>	<b>10,531,121</b>
<b>LIABILITIES AND EQUITY</b>				
Deposits from customers	9,501,421	7,477,239	9,501,421	7,477,239
Deposits and placements of banks and other financial institutions	1,036,203	2,199,144	1,036,203	2,199,144
Other liabilities	91,897	16,798	91,897	16,798
Amount due to holding company	111,163	355,535	111,163	355,535
Provision for taxation	11,099	-	11,099	-
Deferred tax liabilities	144	907	144	907
<b>TOTAL LIABILITIES</b>	<b>10,751,927</b>	<b>10,049,623</b>	<b>10,751,927</b>	<b>10,049,623</b>
Share capital	360,000	260,000	360,000	260,000
Reserves	278,284	221,288	278,647	221,498
<b>TOTAL EQUITY</b>	<b>638,284</b>	<b>481,288</b>	<b>638,647</b>	<b>481,498</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>11,390,211</b>	<b>10,530,911</b>	<b>11,390,574</b>	<b>10,531,121</b>
<b>COMMITMENTS AND CONTINGENCIES</b>				
	<b>1,556,819</b>	1,889,674	<b>1,556,819</b>	1,889,674
<b>Capital Adequacy</b>				
Core capital ratio	14.59%	11.08%	14.60%	11.08%
Risk-weighted capital ratio	15.08%	12.10%	15.09%	12.10%

**AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS****UNAUDITED INCOME STATEMENTS for the financial quarter ended 30 September 2012**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Economic Entity</b>		<b>Economic Entity</b>	
	<b>Current</b>	<b>Preceding Year</b>	<b>Current</b>	<b>Preceding Year</b>
	<b>Financial</b>	<b>Corresponding</b>	<b>Financial</b>	<b>Corresponding</b>
	<b>Quarter</b>	<b>Quarter</b>	<b>Quarter</b>	<b>Quarter</b>
	<b>30/9/2012</b>	<b>30/9/2011</b>	<b>30/9/2012</b>	<b>30/9/2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of depositors' funds and others	<b>116,131</b>	100,621	<b>344,475</b>	267,617
Income derived from investment of shareholders' funds	<b>6,277</b>	5,313	<b>16,686</b>	15,426
Allowances for losses on financing	<b>2,259</b>	(773)	<b>18,720</b>	(8,277)
<b>Total distributable income</b>	<b>124,667</b>	105,161	<b>379,881</b>	274,766
Income attributable to the depositors	<b>(74,544)</b>	(60,911)	<b>(222,345)</b>	(149,847)
Transfer to profit equalisation reserve	-	(70)	-	(204)
<b>Total net income</b>	<b>50,123</b>	44,180	<b>157,536</b>	124,715
Personnel expenses	<b>(15,421)</b>	(13,693)	<b>(45,934)</b>	(41,611)
Other overheads and expenditures	<b>(8,462)</b>	(8,840)	<b>(26,245)</b>	(27,177)
	<b>26,240</b>	21,647	<b>85,357</b>	55,927
Share of joint venture's results	<b>(75)</b>	-	<b>(153)</b>	-
<b>Profit before zakat and taxation</b>	<b>26,165</b>	21,647	<b>85,204</b>	55,927
Zakat	-	(5,492)	<b>(6,064)</b>	(5,492)
Taxation	<b>(6,233)</b>	(7,565)	<b>(20,838)</b>	(15,226)
<b>Net profit after zakat and taxation</b>	<b>19,932</b>	8,590	<b>58,302</b>	35,209
<b>Attributable to:</b>				
Equity holders of the Bank	<b>19,932</b>	8,590	<b>58,302</b>	35,209
<b>Earnings per share (sen):</b>				
- Basic/fully diluted	<b>7.6</b>	3.3	<b>22.3</b>	13.5

**AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS****UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME** for the financial quarter ended 30 September 2012  
(continued)

	Individual Quarter Economic Entity		Cumulative Quarter Economic Entity	
	Current Financial Quarter 30/9/2012 RM'000	Preceding Year Corresponding Quarter 30/9/2011 RM'000	Current Financial Quarter 30/9/2012 RM'000	Preceding Year Corresponding Quarter 30/9/2011 RM'000
<b>Profit after zakat and taxation</b>	<b>19,932</b>	8,590	<b>58,302</b>	35,209
Other comprehensive income:				
Net fair value change in financial investments available-for-sale	(2,103)	496	(1,741)	(4,235)
Deferred tax on financial investments available-for-sale	652	(124)	435	1,059
Other comprehensive income for the financial period, net of tax	(1,451)	372	(1,306)	(3,176)
<b>Total comprehensive income for the financial period</b>	<b>18,481</b>	8,962	<b>56,996</b>	32,033
<b>Attributable to equity holders of the Bank:</b>				
- Total comprehensive income	<b>18,481</b>	8,962	<b>56,996</b>	32,033

**AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS****UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME** for the financial quarter ended 30 September 2012

(continued)

	Individual Quarter The Bank		Cumulative Quarter The Bank	
	Current Financial Quarter 30/9/2012 RM'000	Preceding Year Corresponding Quarter 30/9/2011 RM'000	Current Financial Quarter 30/9/2012 RM'000	Preceding Year Corresponding Quarter 30/9/2011 RM'000
Income derived from investment of depositors' funds and others	116,131	100,621	344,475	267,617
Income derived from investment of shareholders' funds	6,277	5,313	16,686	15,426
Allowances for losses on financing	2,259	(773)	18,720	(8,277)
<b>Total distributable income</b>	<b>124,667</b>	<b>105,161</b>	<b>379,881</b>	<b>274,766</b>
Income attributable to the depositors	(74,544)	(60,911)	(222,345)	(149,847)
Transfer to profit equalisation reserve	-	(70)	-	(204)
<b>Total net income</b>	<b>50,123</b>	<b>44,180</b>	<b>157,536</b>	<b>124,715</b>
Personnel expenses	(15,421)	(13,693)	(45,934)	(41,611)
Other overheads and expenditures	(8,462)	(8,840)	(26,245)	(27,177)
<b>Profit before zakat and taxation</b>	<b>26,240</b>	<b>21,647</b>	<b>85,357</b>	<b>55,927</b>
Zakat	-	(5,492)	(6,064)	(5,492)
Taxation	(6,233)	(7,565)	(20,838)	(15,226)
<b>Net profit after zakat and taxation</b>	<b>20,007</b>	<b>8,590</b>	<b>58,455</b>	<b>35,209</b>
<b>Attributable to:</b>				
Equity holders of the Bank	20,007	8,590	58,455	35,209
<b>Earnings per share (sen):</b>				
- Basic/fully diluted	7.7	3.3	22.4	13.5

**AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS****UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME** for the financial quarter ended 30 September 2012  
(continued)

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>The Bank</b>		<b>The Bank</b>	
	<b>Current</b>	Preceding Year	<b>Current</b>	Preceding Year
	<b>Financial</b>	Corresponding	<b>Financial</b>	Corresponding
	<b>Quarter</b>	Quarter	<b>Quarter</b>	Quarter
	<b>30/9/2012</b>	30/9/2011	<b>30/9/2012</b>	30/9/2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Profit after zakat and taxation</b>	<b>20,007</b>	8,590	<b>58,455</b>	35,209
Other comprehensive income:				
Net fair value change in financial investments available-for-sale	(2,103)	496	(1,741)	(4,235)
Deferred tax on financial investments available-for-sale	652	(124)	435	1,059
Other comprehensive income for the financial period, net of tax	(1,451)	372	(1,306)	(3,176)
<b>Total comprehensive income for the financial period</b>	<b>18,556</b>	8,962	<b>57,149</b>	32,033
<b>Attributable to equity holders of the Bank:</b>				
- Total comprehensive income	<b>18,556</b>	8,962	<b>57,149</b>	32,033

**AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS****UNAUDITED STATEMENTS OF CHANGES IN EQUITY for the financial quarter ended 30 September 2012**

	Attributable to Equity Holders of the Bank				
	Share capital	Statutory reserves	AFS revaluation reserves	Retained profits	Total
Economic Entity	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2012</b>	<b>260,000</b>	<b>106,420</b>	<b>2,719</b>	<b>112,149</b>	<b>481,288</b>
Comprehensive income:					
Net profit for the financial period	-	-	-	58,302	58,302
Other Comprehensive income	-	-	(1,306)	-	(1,306)
Total comprehensive income	-	-	(1,306)	58,302	56,996
Issued during the financial period	100,000	-	-	-	100,000
Transfer to statutory reserves	-	29,227	-	(29,227)	-
<b>At 30 September 2012</b>	<b>360,000</b>	<b>135,647</b>	<b>1,413</b>	<b>141,224</b>	<b>638,284</b>
	Non-distributable		Distributable		Total
	Share capital	Statutory reserves	AFS revaluation reserves	Retained profits	
The Bank	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2012</b>	<b>260,000</b>	<b>106,420</b>	<b>2,719</b>	<b>112,359</b>	<b>481,498</b>
Comprehensive income:					
Net profit for the financial period	-	-	-	58,455	58,455
Other Comprehensive income	-	-	(1,306)	-	(1,306)
Total comprehensive income	-	-	(1,306)	58,455	57,149
Issued during the financial period	100,000	-	-	-	100,000
Transfer to statutory reserves	-	29,227	-	(29,227)	-
<b>At 30 September 2012</b>	<b>360,000</b>	<b>135,647</b>	<b>1,413</b>	<b>141,587</b>	<b>638,647</b>
	Share capital	Statutory reserves	AFS revaluation reserves	Retained profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Economic Entity/The Bank					
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	-	-	(3,176)	-	(3,176)
Total comprehensive income	-	-	(3,176)	35,209	32,033
Transfer to statutory reserves	-	17,604	-	(17,604)	-
At 30 September 2011	260,000	99,014	1,569	104,954	465,537

**AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS****UNAUDITED STATEMENTS OF CASH FLOWS for the financial quarter ended 30 September 2012**

	<b>Economic Entity</b>		<b>The Bank</b>	
	<b>30/9/2012</b>	<b>30/9/2011</b>	<b>30/9/2012</b>	<b>30/9/2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Profit before zakat and taxation</b>	<b>85,204</b>	55,927	<b>85,357</b>	55,927
Adjustments for items not involving the movement of cash and cash equivalents:				
Finance income and hibah from:				
- financial investments available-for-sale	<b>(42,517)</b>	(33,895)	<b>(42,517)</b>	(33,895)
Accretion of discount less amortisation of premium:				
- financial investments available-for-sale	<b>(11,913)</b>	(3,150)	<b>(11,913)</b>	(3,150)
Gain on sale from:				
- financial assets held-for-trading	-	(104)	-	(104)
- financial investments available-for-sale	<b>(5,807)</b>	(4,089)	<b>(5,807)</b>	(4,089)
Depreciation of property and equipment	<b>853</b>	701	<b>853</b>	701
Property and equipment written-off	-	8	-	8
Amortisation of intangible assets	<b>598</b>	409	<b>598</b>	409
Net individual impairment	<b>1,448</b>	3,497	<b>1,448</b>	3,497
Net collective impairment	<b>(19,763)</b>	5,431	<b>(19,763)</b>	5,431
Bad debt on financing written-off	<b>76</b>	125	<b>76</b>	125
Share of joint venture's results	<b>153</b>	-	-	-
Transfer to profit equalisation reserve	-	204	-	204
<b>Operating profit before changes in working capital</b>	<b>8,332</b>	25,064	<b>8,332</b>	25,064
<i>(Increase)/decrease in operating assets:</i>				
Deposits and placements with banks and other financial institutions	<b>(80,048)</b>	(50,013)	<b>(80,048)</b>	(50,013)
Financial assets held-for-trading	-	104	-	104
Foreign exchange transaction	<b>(1,173)</b>	(92)	<b>(1,173)</b>	(92)
Financing, advances and other financing	<b>(584,809)</b>	(647,810)	<b>(584,809)</b>	(647,810)
Other assets	<b>47,462</b>	(30,120)	<b>47,462</b>	(30,120)
Statutory deposits with Bank Negara Malaysia	<b>(24,000)</b>	-	<b>(24,000)</b>	-
<i>Increase/(decrease) in operating liabilities:</i>				
Deposits from customers	<b>2,024,182</b>	1,271,340	<b>2,024,182</b>	1,271,340
Deposits and placements of banks and other financial institutions	<b>(1,162,941)</b>	306,288	<b>(1,162,941)</b>	306,288
Amount due to holding company	<b>(244,372)</b>	55,100	<b>(244,372)</b>	55,100
Other liabilities	<b>71,726</b>	(22,606)	<b>71,726</b>	(22,606)
Cash generated from operations	<b>54,359</b>	907,255	<b>54,359</b>	907,255
Tax paid	<b>(6,647)</b>	(11,250)	<b>(6,647)</b>	(11,250)
Zakat paid	<b>(2,693)</b>	(2,107)	<b>(2,693)</b>	(2,107)
<b>Net cash generated from operating activities</b>	<b>45,019</b>	893,898	<b>45,019</b>	893,898

**AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS****UNAUDITED STATEMENTS OF CASH FLOWS for the financial quarter ended 30 September 2012 (continued)**

	<b>Economic Entity</b>		<b>The Bank</b>	
	<b>30/9/2012</b>	<b>30/9/2011</b>	<b>30/9/2012</b>	<b>30/9/2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Finance income and hibah received from:				
- financial investments available-for-sale	<b>42,517</b>	33,895	<b>42,517</b>	33,895
Net purchase of financial investments available-for-sale	<b>(524,240)</b>	(178,753)	<b>(524,240)</b>	(178,753)
Purchase of property and equipment	<b>(1,099)</b>	(1,739)	<b>(1,099)</b>	(1,739)
<b>Net cash used in investing activities</b>	<b>(482,822)</b>	(146,597)	<b>(482,822)</b>	(146,597)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Increase in share capital	<b>100,000</b>	-	<b>100,000</b>	-
<b>Net cash generated from financing activities</b>	<b>100,000</b>	-	<b>100,000</b>	-
Net (decrease)/increase in cash and cash equivalents	<b>(337,803)</b>	747,301	<b>(337,803)</b>	747,301
Net increase in foreign exchange	<b>1,173</b>	92	<b>1,173</b>	92
Cash and cash equivalents at beginning of the financial period	<b>4,455,700</b>	2,639,972	<b>4,455,700</b>	2,639,972
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<b>4,119,070</b>	3,387,365	<b>4,119,070</b>	3,387,365



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

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2012**

**1 BASIS OF PREPARATION**

This unaudited condensed interim financial information for the 9 months ended 30 September 2012 has been prepared in accordance with MFRS134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ('MASB') Approved Accounting Standards in Malaysia for Entities Other Than Private Entities, 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 2011, which have been prepared in accordance with the Malaysian 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 2011.

**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 2012.

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 Malaysian Financial Reporting Standards ('MFRS') which became effective for the financial period beginning 1 January 2012 are duly adopted by the Bank when preparing the financial report for the quarter ended 30 September 2012 are as follows:

MFRS 139 "Financial instruments: recognition and measurement"  
The revised MFRS 124 "Related party disclosures"  
IC Interpretation 19 "Extinguishing financial liabilities with equity instruments"

Beginning of the financial period, the Bank has adopted the Guidelines on Profit Equalisation Reserve ('PER') introduced by Bank Negara Malaysia ('BNM'). The guidelines are applicable to the Bank in managing the Displaced Commercial Risk ('DCR') in accordance with Shariah principles. The explanatory note is provided in Note 6 Changes in Accounting Policies and Adjustment.

**3 QUALIFICATION OF PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2011 was not qualified.

**4 SEASONAL OR CYCLICAL FACTORS**

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

**5 EXCEPTIONAL ITEMS**

There was no exceptional items for the quarter ended 30 September 2012.

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

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2012**

**6 CHANGES IN ACCOUNTING POLICIES AND ADJUSTMENT**

(a) Transition to the MFRS framework

During the financial period, the Bank has applied MFRS 1 "First-time adoption of Malaysian Financial Reporting Standards" in the transition to the MFRS framework, which has resulted in the following change in accounting policy with effect 1 January 2012.

MFRS 139 "Financial Instruments: recognition and measurement" - Accounting Policy on Collective Assessment Allowance for Financing, Advances and Other Financing

Prior to the transition to MFRS 139, the Bank had maintained their collective assessment allowance of at least 1.5% of the total outstanding financing, net of individual assessment allowance, in line with Bank Negara Malaysia's transitional provisions under its Guidelines on Classification and Impairment Provisions for Loans/Financing.

Upon the transition to MFRS 139 on 1 January 2012, these transitional provisions which were allowed under the previous FRS framework, were removed and the Bank has applied the requirements of MFRS 139 in the determination of collective assessment allowance.

There is no significant financial impact arising from the retrospective application of MFRS 139 and accordingly, there are no restatement of both the opening balances of retained profits and allowance for collective impairment, which are allowed under MFRS 1.

(b) Adoption of Revised Guidelines on Profit Equalisation Reserve ('PER') issued by Bank Negara Malaysia

Bank Negara Malaysia has issued its revised Guidelines on Profit Equalisation Reserve ('PER') and the implementation date of the guidelines take effect for financial year beginning 1 July 2011.

Beginning of the financial period, the Bank has adopted the revised Guidelines on PER and has apply in managing the Displaced Commercial Risk ('DCR') in accordance with Shariah principles.

With these revised PER Guidelines, the release of PER shall be appropriated from both Investment Account Holder ('IAH') and the Bank's portion based on the contractual profit sharing ratio at the point of utilisation. The amount of PER shall be limited to the maximum of the either PER of the IAH or Bank depending on prevailing profit sharing ratio.

The IAH portion of the existing PER shall be classified as a liability and is recognised at cost. Subsequent apportionments will be recognised in the income statement. The eventual distribution of PER as profit distributable to the IAH will be treated as an outflow of funds due to the settlement of the obligation to the IAH.

The PER of the Bank shall be classified as a separate reserve in equity and subsequent apportionments from and distributions to retained earnings will be treated as a transfer between reserves.

The change in accounting policy is accounted for prospectively and there is no financial impact to the result of the Bank.

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

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2012**

**7 CHANGES IN DEBTS AND EQUITY SECURITIES**

There were no purchases or disposal of quoted securities for the quarter ended 30 September 2012 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 2012 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 2011 audited accounts.

**11 PURCHASE AND SALE OF QUOTED SECURITIES**

There were no purchases or disposals of quoted securities for the quarter ended 30 September 2012 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 2012.

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

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2012**

**13 FINANCING, ADVANCES AND OTHER FINANCING**

**(i) By type**

	<b>Economic Entity/The Bank</b>	
	<b>Current Financial Quarter 30/9/2012 RM'000</b>	<b>Previous Financial Year-End 31/12/2011 RM'000</b>
Cash line	202,648	207,564
Term financing		
- House financing	1,448,203	1,270,814
- Hire purchase receivables	1,377,088	1,232,416
- Syndicated financing	192,053	144,462
- Other term financing	1,519,554	1,347,351
Bills receivables	463	394
Trust receipts	14,687	33,581
Claims on customers under acceptances credits	114,220	91,844
Staff financing (of which RM Nil to Directors)	10,308	8,871
Revolving credits	167,572	132,544
<b>Gross financing, advances and other financing</b>	<b>5,046,796</b>	<b>4,469,841</b>
Less:		
Allowance for impairment		
- Individual	(34,991)	(34,927)
- Collective	(34,552)	(60,709)
<b>Total net financing, advances and other financing</b>	<b>4,977,253</b>	<b>4,374,205</b>

**(ii) By maturity structure**

	<b>Economic Entity/The Bank</b>	
	<b>Current Financial Quarter 30/9/2012 RM'000</b>	<b>Previous Financial Year-End 31/12/2011 RM'000</b>
Maturing within one year	602,087	617,049
One year to three years	286,396	226,528
Three years to five years	781,904	696,513
Over five years	3,376,409	2,929,751
	<b>5,046,796</b>	<b>4,469,841</b>

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

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2012**

**13 FINANCING, ADVANCES AND OTHER FINANCING (continued)**

**(iii) By contract**

	<b>Economic Entity/The Bank</b>	
	<b>Current Financial Quarter 30/9/2012 RM'000</b>	<b>Previous Financial Year-End 31/12/2011 RM'000</b>
Bai' Bithamin Ajil (deferred payment sale)	2,261,723	2,278,578
AITAB	1,377,088	1,232,416
Murabahah (cost-plus)	197,844	172,282
Others	1,210,141	786,565
	<b>5,046,796</b>	<b>4,469,841</b>

**(iv) By type of customer**

	<b>Economic Entity/The Bank</b>	
	<b>Current Financial Quarter 30/9/2012 RM'000</b>	<b>Previous Financial Year-End 31/12/2011 RM'000</b>
Domestic non-banking institutions		
- Others	319,845	307,259
Domestic business enterprises		
- Small medium enterprises	717,586	584,698
- Others	988,463	848,317
Government and statutory bodies	671	15,845
Individuals	2,792,058	2,470,533
Other domestic entities	105,102	117,520
Foreign entities	123,071	125,669
	<b>5,046,796</b>	<b>4,469,841</b>

**(v) By profit rate sensitivity**

	<b>Economic Entity/The Bank</b>	
	<b>Current Financial Quarter 30/9/2012 RM'000</b>	<b>Previous Financial Year-End 31/12/2011 RM'000</b>
Fixed rate		
- House financing	85,711	92,769
- Hire purchase receivables	1,377,088	1,232,416
- Other fixed rate financing	651,507	594,839
Variable rate		
- BLR - plus	2,283,151	2,045,947
- Cost - plus	649,339	503,870
	<b>5,046,796</b>	<b>4,469,841</b>

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

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2012**

**13 FINANCING, ADVANCES AND OTHER FINANCING (continued)**

**(vi) By economic purpose**

	Economic Entity/The Bank	
	Current Financial Quarter 30/9/2012 RM'000	Previous Financial Year-End 31/12/2011 RM'000
Purchase of securities	44	81
Purchase of transport vehicles	1,377,035	1,232,126
Purchase of landed property of which:		
- Residential	1,560,197	1,374,301
- Non-residential	848,646	748,396
Fixed assets other than land and building	64,437	50,036
Personal use	38,179	38,726
Consumer durable	19	26
Construction	186,652	149,920
Working capital	936,647	870,231
Others	34,940	5,998
	<b>5,046,796</b>	<b>4,469,841</b>

**(vii) By geographical distribution**

	Economic Entity/The Bank	
	Current Financial Quarter 30/9/2012 RM'000	Previous Financial Year-End 31/12/2011 RM'000
Perlis	8,970	3,014
Kedah	247,881	213,779
Pulau Pinang	121,081	101,315
Perak	233,869	198,587
Selangor	1,828,460	1,471,952
Wilayah Persekutuan	1,338,192	1,211,294
Negeri Sembilan	90,097	70,886
Melaka	53,779	40,046
Johor	162,593	174,660
Pahang	250,928	254,947
Terengganu	345,926	327,431
Kelantan	201,740	209,938
Sarawak	25,893	25,589
Sabah	36,475	60,990
Labuan	8	9
Outside Malaysia	100,904	105,404
	<b>5,046,796</b>	<b>4,469,841</b>

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

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2012**

**13 FINANCING, ADVANCES AND OTHER FINANCING (continued)**

**(viii) Movements of impaired financing**

	<b>Economic Entity/The Bank</b>	
	<b>Current Financial Quarter 30/9/2012 RM'000</b>	<b>Previous Financial Year-End 31/12/2011 RM'000</b>
At beginning of the financial period	172,344	152,601
Classified as impaired	50,932	112,975
Reclassified as non-impaired	(38,774)	(70,602)
Amount recovered	(17,316)	(20,025)
Amount written-off	(6,394)	(2,605)
<b>At end of the financial period</b>	<b>160,792</b>	<b>172,344</b>
Ratio of gross impaired financing, advances and other financing to gross financing, advances and other financing	<b>3.19%</b>	<b>3.86%</b>

**(ix) Movements in allowance for impairment on financing**

	<b>Economic Entity/The Bank</b>	
	<b>Current Financial Quarter 30/9/2012 RM'000</b>	<b>Previous Financial Year-End 31/12/2011 RM'000</b>
<b>Individual impairment</b>		
At beginning of the financial period	34,927	36,141
Provision for loan impairment	1,476	5,029
Amount recovered	(28)	(1,372)
Amount written-off	-	(2,338)
Unwinding of discount of allowance	(1,384)	(2,533)
<b>At end of the financial period</b>	<b>34,991</b>	<b>34,927</b>
<b>Collective impairment</b>		
At beginning of the financial period	60,709	52,481
Provision for loan impairment/(recovered)	(19,763)	7,874
Amount written-off	(6,394)	-
Exchange differences	-	354
<b>At end of the financial period</b>	<b>34,552</b>	<b>60,709</b>

**AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2012****13 FINANCING, ADVANCES AND OTHER FINANCING (continued)****(x) Impaired financing by economic purpose**

	<b>Economic Entity/The Bank</b>	
	<b>Current Financial Quarter 30/9/2012 RM'000</b>	<b>Previous Financial Year-End 31/12/2011 RM'000</b>
Purchase of transport vehicles	7,440	11,315
Purchase of landed property of which:		
- Residential	35,394	41,892
- Non-residential	782	504
Personal use	-	4,088
Construction	61,219	63,490
Working capital	55,854	50,955
Others	103	100
	<b>160,792</b>	<b>172,344</b>

**(xi) Impaired financing by geographical distribution**

	<b>Economic Entity/The Bank</b>	
	<b>Current Financial Quarter 30/9/2012 RM'000</b>	<b>Previous Financial Year-End 31/12/2011 RM'000</b>
Perlis	45	-
Kedah	1,123	1,001
Pulau Pinang	1,694	1,811
Perak	1,682	2,552
Selangor	46,410	46,930
Wilayah Persekutuan	6,202	12,217
Negeri Sembilan	2,848	2,181
Melaka	310	196
Johor	2,106	2,799
Pahang	3,367	3,718
Terengganu	1,938	2,620
Kelantan	2,297	4,486
Sarawak	562	238
Sabah	1,453	443
Outside Malaysia	88,755	91,152
	<b>160,792</b>	<b>172,344</b>



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

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2012**

**14 DEPOSITS FROM CUSTOMERS**

**(i) By type of deposit**

	<b>Economic Entity/The Bank</b>	
	<b>Current Financial Quarter 30/9/2012 RM'000</b>	<b>Previous Financial Year-End 31/12/2011 RM'000</b>
<b>Non-Mudharabah</b>		
Demand deposits	2,132,117	1,923,732
Savings deposits	211,509	204,743
Negotiable instruments of deposit ('NID')	-	119,778
<b>Mudharabah</b>		
Demand deposits	25,568	14,147
Savings deposits	97,878	98,790
General investment deposits	5,979,678	4,293,135
Special investment deposits	1,054,671	822,914
	<b>9,501,421</b>	<b>7,477,239</b>

**(ii) Maturity structure of general investment deposits and NID**

	<b>Economic Entity/The Bank</b>	
	<b>Current Financial Quarter 30/9/2012 RM'000</b>	<b>Previous Financial Year-End 31/12/2011 RM'000</b>
Due within six months	4,684,454	3,540,513
Six months to one year	1,293,875	809,427
One year to three years	1,077	62,771
Three years to five years	272	202
	<b>5,979,678</b>	<b>4,412,913</b>

**(iii) By type of customer**

	<b>Economic Entity/The Bank</b>	
	<b>Current Financial Quarter 30/9/2012 RM'000</b>	<b>Previous Financial Year-End 31/12/2011 RM'000</b>
Government and statutory bodies	2,992,379	3,192,422
Business enterprise	3,077,210	2,358,011
Individuals	710,105	605,957
Others	2,721,727	1,320,849
	<b>9,501,421</b>	<b>7,477,239</b>

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

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2012**

**15 INCOME FROM ISLAMIC BANKING OPERATIONS**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Economic Entity/The Bank</b>		<b>Economic Entity/The Bank</b>	
	<b>Current</b>	Preceding Year	<b>Current</b>	Preceding Year
	<b>Financial</b>	Corresponding	<b>Financial</b>	Corresponding
	<b>Quarter</b>	Quarter	<b>Quarter</b>	Quarter
	<b>30/9/2012</b>	30/9/2011	<b>30/9/2012</b>	30/9/2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Income derived from investment of depositors' funds and others	<b>116,131</b>	100,621	<b>344,475</b>	267,617
Income attributable to depositors	<b>(74,544)</b>	(60,911)	<b>(222,345)</b>	(149,847)
Income derived from investment of shareholders' funds	<b>6,277</b>	5,313	<b>16,686</b>	15,426
	<b>47,864</b>	45,023	<b>138,816</b>	133,196
of which:				
Profit earned on impaired financing, advances and other financing	<b>857</b>	427	<b>1,189</b>	2,841

**16 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Economic Entity/The Bank</b>		<b>Economic Entity/The Bank</b>	
	<b>Current</b>	Preceding Year	<b>Current</b>	Preceding Year
	<b>Financial</b>	Corresponding	<b>Financial</b>	Corresponding
	<b>Quarter</b>	Quarter	<b>Quarter</b>	Quarter
	<b>30/9/2012</b>	30/9/2011	<b>30/9/2012</b>	30/9/2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Income derived from investment of:				
- General investment deposits (i)	<b>85,560</b>	64,919	<b>228,869</b>	163,380
- Other deposits (ii)	<b>30,571</b>	35,702	<b>115,606</b>	104,237
	<b>116,131</b>	100,621	<b>344,475</b>	267,617

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

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2012**

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

**(i) INCOME DERIVED FROM INVESTMENT OF GENERAL INVESTMENT DEPOSITS**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Economic Entity/The Bank</b>		<b>Economic Entity/The Bank</b>	
	<b>Current</b>	Preceding Year	<b>Current</b>	Preceding Year
	<b>Financial</b>	Corresponding	<b>Financial</b>	Corresponding
	<b>Quarter</b>	Quarter	<b>Quarter</b>	Quarter
	<b>30/9/2012</b>	30/9/2011	<b>30/9/2012</b>	30/9/2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Finance income and hibah</b>				
Financing, advances and other loans	<b>46,740</b>	35,759	<b>122,469</b>	96,306
Financial investments available-for-sale	<b>10,124</b>	7,396	<b>26,943</b>	19,565
Money at call and deposits with other financial institutions	<b>24,137</b>	17,505	<b>62,849</b>	37,580
Total finance income and hibah	<b>81,001</b>	60,660	<b>212,261</b>	153,451
Accretion of discount less amortisation of premium	<b>1,327</b>	532	<b>7,550</b>	1,818
	<b>82,328</b>	61,192	<b>219,811</b>	155,269
<b>Other operating income</b>				
Fee income				
Commission	<b>254</b>	287	<b>769</b>	805
Service charges and fees	<b>926</b>	609	<b>2,461</b>	1,647
Guarantee fees	<b>350</b>	246	<b>773</b>	901
	<b>1,530</b>	1,142	<b>4,003</b>	3,353
Income from financial instruments				
Gains/(losses) on arising on financial assets held-for-trading:				
- net gain on disposal	-	3	-	60
- unrealised losses	-	(1)	-	-
Gains on arising on financial investments available-for-sale:				
- net gain on disposal	<b>1,171</b>	1,421	<b>3,680</b>	2,360
	<b>1,171</b>	1,423	<b>3,680</b>	2,420
Other income				
Foreign exchange profit:				
- realised	<b>127</b>	879	<b>201</b>	1,083
Other non-operating income	<b>404</b>	283	<b>1,174</b>	1,255
	<b>531</b>	1,162	<b>1,375</b>	2,338
	<b>85,560</b>	64,919	<b>228,869</b>	163,380

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

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2012**

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

**(ii) INCOME DERIVED FROM INVESTMENT OF OTHER DEPOSITS**

	Individual Quarter		Cumulative Quarter	
	Economic Entity/The Bank		Economic Entity/The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/9/2012	30/9/2011	30/9/2012	30/9/2011
	RM'000	RM'000	RM'000	RM'000
<b>Finance income and hibah</b>				
Financing, advances and other loans	16,926	19,298	61,861	61,443
Financial investments available-for-sale	3,630	4,013	13,610	12,483
Money at call and deposits with other financial institutions	8,776	10,003	31,746	23,976
Total finance income and hibah	29,332	33,314	107,217	97,902
Accretion of discount less amortisation of premium	121	265	3,813	1,160
	29,453	33,579	111,030	99,062
<b>Other operating income</b>				
Fee income				
Commission	82	152	388	513
Service charges and fees	332	329	1,243	1,051
Guarantee fees	140	119	391	575
	554	600	2,022	2,139
Income from financial instruments				
Gains/(losses) on arising on financial assets held-for-trading:				
- net (loss)/gain on disposal	-	(2)	-	38
- unrealised losses	-	(1)	-	-
Gains on arising on financial investments available-for-sale:				
- net gain on disposal	370	853	1,859	1,506
	370	850	1,859	1,544
Other income				
Foreign exchange profit:				
- realised	57	549	101	691
Other non-operating income	137	124	594	801
	194	673	695	1,492
	30,571	35,702	115,606	104,237

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

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2012**

**17 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS**

	Individual Quarter		Cumulative Quarter	
	Economic Entity/The Bank Current Financial Quarter 30/9/2012 RM'000	Preceding Year Corresponding Quarter 30/9/2011 RM'000	Economic Entity/The Bank Current Financial Quarter 30/9/2012 RM'000	Preceding Year Corresponding Quarter 30/9/2011 RM'000
<b>Finance income and hibah</b>				
Financing, advances and other loans	3,428	2,874	8,929	9,093
Financial investments available-for-sale	742	597	1,964	1,847
Money at call and deposits with other financial institutions	1,770	1,486	4,582	3,548
Total finance income and hibah	5,940	4,957	15,475	14,488
Accretion of discount less amortisation of premium	98	40	550	172
	6,038	4,997	16,025	14,660
<b>Other operating income</b>				
Fee income				
Commission	19	23	56	76
Service charges and fees	68	49	179	156
Guarantee fees	26	18	57	85
	113	90	292	317
Income from financial instruments				
Gains on arising on financial assets held-for-trading:				
- net gain on disposal	-	-	-	6
Gains on arising on financial investments available-for-sale:				
- net gain on disposal	86	127	268	223
	86	127	268	229
Other income				
Foreign exchange profit:				
- realised	10	81	15	102
Other non-operating income	30	18	86	118
	40	99	101	220
	6,277	5,313	16,686	15,426

**AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2012****18 ALLOWANCES FOR LOSSES ON FINANCING**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Economic Entity/The Bank</b>		<b>Economic Entity/The Bank</b>	
	<b>Current</b>	Preceding Year	<b>Current</b>	Preceding Year
	<b>Financial</b>	Corresponding	<b>Financial</b>	Corresponding
	<b>Quarter</b>	Quarter	<b>Quarter</b>	Quarter
	<b>30/9/2012</b>	30/9/2011	<b>30/9/2012</b>	30/9/2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Individual impairment				
- made in the financial period	<b>1,331</b>	392	<b>1,476</b>	4,139
- written-back	<b>(13)</b>	(17)	<b>(28)</b>	(642)
Collective impairment				
- made/(written-back)	<b>(3,389)</b>	592	<b>(19,763)</b>	5,431
Bad debts on financing				
- recovered	<b>(246)</b>	(253)	<b>(481)</b>	(776)
- written-off	<b>58</b>	59	<b>76</b>	125
	<b>(2,259)</b>	773	<b>(18,720)</b>	8,277

**19 INCOME ATTRIBUTABLE TO DEPOSITORS**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Economic Entity/The Bank</b>		<b>Economic Entity/The Bank</b>	
	<b>Current</b>	Preceding Year	<b>Current</b>	Preceding Year
	<b>Financial</b>	Corresponding	<b>Financial</b>	Corresponding
	<b>Quarter</b>	Quarter	<b>Quarter</b>	Quarter
	<b>30/9/2012</b>	30/9/2011	<b>30/9/2012</b>	30/9/2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Deposits from customers				
- Mudharabah	<b>56,857</b>	39,592	<b>154,578</b>	95,838
- Non-mudharabah	<b>7,314</b>	5,671	<b>21,349</b>	16,488
Deposits and placements of banks and other financial institutions				
- Mudharabah	<b>8,808</b>	14,678	<b>43,566</b>	34,836
Others	<b>1,565</b>	970	<b>2,852</b>	2,685
	<b>74,544</b>	60,911	<b>222,345</b>	149,847

**AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2012****20 PERSONNEL EXPENSES**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Economic Entity/The Bank</b>		<b>Economic Entity/The Bank</b>	
	<b>Current</b>	Preceding Year	<b>Current</b>	Preceding Year
	<b>Financial</b>	Corresponding	<b>Financial</b>	Corresponding
	<b>Quarter</b>	Quarter	<b>Quarter</b>	Quarter
	<b>30/9/2012</b>	30/9/2011	<b>30/9/2012</b>	30/9/2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Wages, salaries and bonuses	<b>11,912</b>	10,646	<b>35,589</b>	31,892
Defined contribution plan ('EPF')	<b>1,947</b>	1,736	<b>5,800</b>	4,951
Other personnel costs	<b>1,562</b>	1,311	<b>4,545</b>	4,768
	<b>15,421</b>	13,693	<b>45,934</b>	41,611

**21 OTHER OVERHEADS AND EXPENDITURES**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Economic Entity/The Bank</b>		<b>Economic Entity/The Bank</b>	
	<b>Current</b>	Preceding Year	<b>Current</b>	Preceding Year
	<b>Financial</b>	Corresponding	<b>Financial</b>	Corresponding
	<b>Quarter</b>	Quarter	<b>Quarter</b>	Quarter
	<b>30/9/2012</b>	30/9/2011	<b>30/9/2012</b>	30/9/2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Establishment costs</b>				
Rental of premises	<b>949</b>	866	<b>2,857</b>	2,601
Equipment rental	<b>10</b>	8	<b>26</b>	20
Repair and maintenance	<b>807</b>	918	<b>3,076</b>	2,944
Depreciation of property and equipment	<b>298</b>	242	<b>853</b>	701
Amortisation of intangible assets	<b>200</b>	83	<b>598</b>	409
Licence fee	<b>46</b>	44	<b>146</b>	136
Insurance and indemnities	<b>26</b>	8	<b>92</b>	29
Security services	<b>619</b>	454	<b>1,647</b>	1,321
Electricity, water and sewerage	<b>394</b>	326	<b>1,124</b>	924
Other establishment costs	<b>2,981</b>	3,009	<b>9,083</b>	8,856
	<b>6,330</b>	5,958	<b>19,502</b>	17,941

**AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2012****21 OTHER OVERHEADS AND EXPENDITURES (continued)**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Economic Entity/The Bank</b>		<b>Economic Entity/The Bank</b>	
	<b>Current</b>	Preceding Year	<b>Current</b>	Preceding Year
	<b>Financial</b>	Corresponding	<b>Financial</b>	Corresponding
	<b>Quarter</b>	Quarter	<b>Quarter</b>	Quarter
	<b>30/9/2012</b>	30/9/2011	<b>30/9/2012</b>	30/9/2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Marketing expenses</b>				
Business promotion and advertisement	79	391	294	792
Entertainment	146	103	310	279
Traveling and accommodation	236	211	772	551
Other marketing expenses	78	78	291	306
	<b>539</b>	<b>783</b>	<b>1,667</b>	<b>1,928</b>

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Economic Entity/The Bank</b>		<b>Economic Entity/The Bank</b>	
	<b>Current</b>	Preceding Year	<b>Current</b>	Preceding Year
	<b>Financial</b>	Corresponding	<b>Financial</b>	Corresponding
	<b>Quarter</b>	Quarter	<b>Quarter</b>	Quarter
	<b>30/9/2012</b>	30/9/2011	<b>30/9/2012</b>	30/9/2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Administration and general expenses</b>				
Telecommunication expenses	207	194	593	554
Auditors' remuneration	64	118	205	229
Professional fees	145	856	743	3,145
Property and equipment written-off	-	-	-	8
Mail and courier charges	175	118	475	391
Stationery and consumables	565	420	1,588	1,521
Other administration and general expenses	437	393	1,472	1,460
	<b>1,593</b>	<b>2,099</b>	<b>5,076</b>	<b>7,308</b>
	<b>8,462</b>	<b>8,840</b>	<b>26,245</b>	<b>27,177</b>

**22 COMMITMENTS AND CONTINGENCIES**

Economic Entity/The Bank	Current financial quarter ended 30/9/2012			Previous financial year ended 31/12/2011		
	Principal	* Credit	* Risk-weighted	Principal	* Credit	* Risk-weighted
	Amount	Equivalent	Amount	Amount	Equivalent	Amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	8,544	8,544	6,903	8,104	8,104	6,470
Transaction-related contingent items	119,636	59,818	58,239	149,456	74,728	69,462
Short-term self-liquidating trade-related contingencies	244,877	48,975	12,605	345,900	69,180	28,160
Irrevocable commitments to extend credit:						
- Maturity less than one year	852,861	170,572	147,488	958,076	191,615	156,334
- Maturity more than one year	330,901	165,451	149,900	428,138	85,628	79,644
	<b>1,556,819</b>	<b>453,360</b>	<b>375,135</b>	<b>1,889,674</b>	<b>429,255</b>	<b>340,070</b>

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



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

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2012**

**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 2012.

**24 CAPITAL ADEQUACY**

The capital adequacy ratios are as follows:

	Economic Entity		The Bank	
	Current Financial Quarter 30/9/2012 RM'000	Previous Financial Year-End 31/12/2011 RM'000	Current Financial Quarter 30/9/2012 RM'000	Previous Financial Year-End 31/12/2011 RM'000
<b>Tier I capital</b>				
Paid-up share capital	360,000	260,000	360,000	260,000
Retained profits	141,224	112,149	141,587	112,359
Statutory reserves	135,647	106,420	135,647	106,420
	<b>636,871</b>	478,569	<b>637,234</b>	478,779
Less:				
Deferred tax assets *	(327)	-	(327)	-
Total Tier I capital	<b>636,544</b>	478,569	<b>636,907</b>	478,779
<b>Tier II capital</b>				
Collective impairment ^	21,671	44,041	21,671	44,041
Total Tier II capital	<b>21,671</b>	44,041	<b>21,671</b>	44,041
Total capital	<b>658,215</b>	522,610	<b>658,578</b>	522,820
<b>Capital base</b>	<b>658,215</b>	522,610	<b>658,578</b>	522,820
Core capital ratio	14.59%	11.08%	14.60%	11.08%
Risk-weighted capital ratio	15.08%	12.10%	15.09%	12.10%
Core capital ratio (net of proposed dividends)	14.59%	11.08%	14.60%	11.08%
Risk-weighted capital ratio (net of proposed dividends)	15.08%	12.10%	15.09%	12.10%

\* Deferred tax assets exclude deferred tax arising from AFS revaluation reserves.

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

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

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2012**

**24 CAPITAL ADEQUACY (continued)**

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

	Economic Entity		The Bank	
	Principal Current Financial Quarter 30/9/2012 RM'000	Principal Previous Financial Year-End 31/12/2011 RM'000	Principal Current Financial Quarter 30/9/2012 RM'000	Principal Previous Financial Year-End 31/12/2011 RM'000
0%	5,033,942	5,387,683	5,033,942	5,387,683
10%	-	-	-	-
20%	1,223,825	836,420	1,223,825	836,420
35%	849,041	93,541	849,041	93,541
50%	264,784	110,119	264,784	110,119
75%	1,728,377	2,118,497	1,728,377	2,118,497
100%	1,915,158	1,864,063	1,915,158	1,864,063
150%	104,551	183,367	104,551	183,367
Total risk-weighted assets for credit risk	<b>11,119,678</b>	10,593,690	<b>11,119,678</b>	10,593,690

	Economic Entity		The Bank	
	Risk-Weighted Current Financial Quarter 30/9/2012 RM'000	Risk-Weighted Previous Financial Year-End 31/12/2011 RM'000	Risk-Weighted Current Financial Quarter 30/9/2012 RM'000	Risk-Weighted Previous Financial Year-End 31/12/2011 RM'000
0%	-	-	-	-
10%	-	-	-	-
20%	244,765	167,284	244,765	167,284
35%	297,164	32,740	297,164	32,740
50%	132,392	55,059	132,392	55,059
75%	1,296,283	1,588,873	1,296,283	1,588,873
100%	1,915,158	1,864,063	1,915,158	1,864,063
150%	156,826	275,051	156,826	275,051
Total risk-weighted assets for credit risk	<b>4,042,588</b>	3,983,070	<b>4,042,588</b>	3,983,070
Risk-weighted assets for market risk	2,102	30,671	2,102	30,671
Risk-weighted assets for operational risk	318,781	307,036	318,781	307,036
<b>Total risk-weighted assets</b>	<b>4,363,471</b>	4,320,777	<b>4,363,471</b>	4,320,777

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 operational risk computation.

## **AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

### **MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2012**

#### **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 2012, the Bank registered a profit before tax of RM26.2 million as compared to the previous year's corresponding quarter of RM21.6 million, an increase of RM4.6 million or 21.2%.

This was due to:

- i) higher income derived from investment of depositors' funds and others by RM15.5 million.
- ii) higher income derived from investment of shareholders' funds by RM1.0 million.
- iii) lower allowance for losses on financing by RM3.0 million.
- iv) lower profit equalisation reserve by RM0.1 million.

The above was off-set by:

- i) higher income attributable to depositors by RM13.6 million.
- ii) higher operating expenses by RM1.4 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 2012 stood at RM26.2 million as compared to RM38.4 million reported in the 2nd quarter of 2012, a decrease of RM12.2 million or 31.8%.

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

- i) lower income derived from investment of depositors' funds and others by RM0.7 million.
- ii) higher allowance for losses on financing by RM14.3 million.

The above was off-set by:

- i) higher income derived from investment of shareholders' funds by RM0.7 million.
- ii) lower income attributable to depositors by RM1.7 million.
- iii) lower other operating expenses by RM0.4 million.

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

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2012**

**27 PROSPECT FOR THE CURRENT FINANCIAL YEAR**

In 2012, AFFIN Islamic will look into 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.
- Continue to improve the Bank's asset quality.
- Making our Islamic branches shine.
- Strategic Partnership with Bank of East Asia (BEA) on Islamic Banking.
- Creation of new wealth, i.e. new markets, new products, etc.

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 AFFIN Bank, AFFIN Islamic believes that it 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 2012 will provide growth opportunities in various business segments especially within the ASEAN region as it moved into 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 RM21.0 million. The main contributing factors are follows:

Net income and other operating income

The net income and other operating income showed an adverse variance of RM11.7 million.

Other operating expenses

Operating costs showed a favourable variance of RM2.7 million.

Allowance for losses on financing

Allowance for losses on financing showed a favourable variance of RM30.0 million.