

**AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF FINANCIAL POSITION as at 31 March 2012**

	Economic Entity		The Bank	
	Current Financial Quarter 31/3/2012 RM'000	Previous Financial Year-End 31/12/2011 RM'000	Current Financial Quarter 31/3/2012 RM'000	Previous Financial Year-End 31/12/2011 RM'000
<b>ASSETS</b>				
Cash and short-term funds	4,688,512	4,455,700	4,688,512	4,455,700
Deposits and placements with banks and other financial institutions	455,185	-	455,185	-
Financial investments available-for-sale	2,592,779	1,480,275	2,592,779	1,480,275
Financing, advances and other financing	4,552,340	4,374,205	4,552,340	4,374,205
Other assets	22	48,002	22	48,002
Tax recoverable	-	3,422	-	3,422
Statutory deposits with Bank Negara Malaysia	190,400	160,000	190,400	160,000
Investment in jointly controlled entity	253	290	500	500
Amount due from jointly controlled entity	2,745	2,745	2,745	2,745
Property and equipment	3,391	3,017	3,391	3,017
Intangible assets	3,056	3,255	3,056	3,255
<b>TOTAL ASSETS</b>	<b>12,488,683</b>	<b>10,530,911</b>	<b>12,488,930</b>	<b>10,531,121</b>
<b>LIABILITIES AND EQUITY</b>				
Deposits from customers	8,584,603	7,477,239	8,584,603	7,477,239
Deposits and placements of banks and other financial institutions	3,251,711	2,199,144	3,251,711	2,199,144
Other liabilities	19,736	16,798	19,736	16,798
Amount due to holding company	136,823	355,535	136,823	355,535
Provision for taxation	952	-	952	-
Deferred tax liabilities	708	907	708	907
<b>TOTAL LIABILITIES</b>	<b>11,994,533</b>	<b>10,049,623</b>	<b>11,994,533</b>	<b>10,049,623</b>
Share capital	260,000	260,000	260,000	260,000
Reserves	234,150	221,288	234,397	221,498
<b>TOTAL EQUITY</b>	<b>494,150</b>	<b>481,288</b>	<b>494,397</b>	<b>481,498</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>12,488,683</b>	<b>10,530,911</b>	<b>12,488,930</b>	<b>10,531,121</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	<b>1,682,167</b>	<b>1,889,674</b>	<b>1,682,167</b>	<b>1,889,674</b>
<b>Capital Adequacy</b>				
Core capital ratio	10.43%	11.08%	10.43%	11.08%
Risk-weighted capital ratio	11.38%	12.10%	11.38%	12.10%

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

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENTS for the financial quarter ended 31 March 2012**

	Individual Quarter Economic Entity		Cumulative Quarter Economic Entity	
	Current Financial Quarter 31/3/2012 RM'000	Preceding Year Corresponding Quarter 31/3/2011 RM'000	Current Financial Quarter 31/3/2012 RM'000	Preceding Year Corresponding Quarter 31/3/2011 RM'000
Income derived from investment of depositors' funds and others	111,541	82,412	111,541	82,412
Income derived from investment of shareholders' funds	4,842	4,954	4,842	4,954
Allowances for losses on financing	(119)	(2,932)	(119)	(2,932)
<b>Total distributable income</b>	<b>116,264</b>	<b>84,434</b>	<b>116,264</b>	<b>84,434</b>
Income attributable to the depositors	(71,526)	(42,953)	(71,526)	(42,953)
<b>Total net income</b>	<b>44,738</b>	<b>41,481</b>	<b>44,738</b>	<b>41,481</b>
Personnel expenses	(15,017)	(14,613)	(15,017)	(14,613)
Other overheads and expenditures	(8,998)	(9,262)	(8,998)	(9,262)
	20,723	17,606	20,723	17,606
Share of joint venture's results	(37)	-	(37)	-
<b>Profit before zakat and taxation</b>	<b>20,686</b>	<b>17,606</b>	<b>20,686</b>	<b>17,606</b>
Zakat	-	-	-	-
Taxation	(5,085)	(3,735)	(5,085)	(3,735)
<b>Net profit after zakat and taxation</b>	<b>15,601</b>	<b>13,871</b>	<b>15,601</b>	<b>13,871</b>
<b>Attributable to:</b>				
Equity holders of the Bank	15,601	13,871	15,601	13,871
<b>Earnings per share (sen):</b>				
- Basic/fully diluted	6.0	5.3	6.0	5.3

**AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS****UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME** *for the financial quarter ended 31 March 2012**(continued)*

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Economic Entity</b>		<b>Economic Entity</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>31/3/2012</b>	31/3/2011	<b>31/3/2012</b>	31/3/2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Profit after zakat and taxation</b>	<b>15,601</b>	13,871	<b>15,601</b>	13,871
Other comprehensive income:				
Net fair value change in financial investments available-for-sale	<b>(3,649)</b>	(5,456)	<b>(3,649)</b>	(5,456)
Deferred tax on financial investments available-for-sale	<b>910</b>	1,364	<b>910</b>	1,364
Other comprehensive income for the financial period, net of tax	<b>(2,739)</b>	(4,092)	<b>(2,739)</b>	(4,092)
<b>Total comprehensive income for the financial period</b>	<b>12,862</b>	9,779	<b>12,862</b>	9,779
<b>Attributable to equity holders of the Bank:</b>				
- Total comprehensive income	<b>12,862</b>	9,779	<b>12,862</b>	9,779

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**CONDENSED INTERIM FINANCIAL STATEMENTS****UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME** for the financial quarter ended 31 March 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>31/3/2012</b>	31/3/2011	<b>31/3/2012</b>	31/3/2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Income derived from investment of depositors' funds and others	<b>111,541</b>	82,412	<b>111,541</b>	82,412
Income derived from investment of shareholders' funds	<b>4,842</b>	4,954	<b>4,842</b>	4,954
Allowances for losses on financing	<b>(119)</b>	(2,932)	<b>(119)</b>	(2,932)
<b>Total distributable income</b>	<b>116,264</b>	84,434	<b>116,264</b>	84,434
Income attributable to the depositors	<b>(71,526)</b>	(42,953)	<b>(71,526)</b>	(42,953)
<b>Total net income</b>	<b>44,738</b>	41,481	<b>44,738</b>	41,481
Personnel expenses	<b>(15,017)</b>	(14,613)	<b>(15,017)</b>	(14,613)
Other overheads and expenditures	<b>(8,998)</b>	(9,262)	<b>(8,998)</b>	(9,262)
<b>Profit before zakat and taxation</b>	<b>20,723</b>	17,606	<b>20,723</b>	17,606
Zakat	-	-	-	-
Taxation	<b>(5,085)</b>	(3,735)	<b>(5,085)</b>	(3,735)
<b>Net profit after zakat and taxation</b>	<b>15,638</b>	13,871	<b>15,638</b>	13,871
<b>Attributable to:</b>				
Equity holders of the Bank	<b>15,638</b>	13,871	<b>15,638</b>	13,871
<b>Earnings per share (sen):</b>				
- Basic/fully diluted	<b>6.0</b>	5.3	<b>6.0</b>	5.3

**AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS****UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME** for the financial quarter ended 31 March 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>31/3/2012</b>	31/3/2011	<b>31/3/2012</b>	31/3/2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Profit after zakat and taxation</b>	<b>15,638</b>	13,871	<b>15,638</b>	13,871
Other comprehensive income:				
Net fair value change in financial investments available-for-sale	<b>(3,649)</b>	(5,456)	<b>(3,649)</b>	(5,456)
Deferred tax on financial investments available-for-sale	<b>910</b>	1,364	<b>910</b>	1,364
Other comprehensive income for the financial period, net of tax	<b>(2,739)</b>	(4,092)	<b>(2,739)</b>	(4,092)
<b>Total comprehensive income for the financial period</b>	<b>12,899</b>	9,779	<b>12,899</b>	9,779
<b>Attributable to equity holders of the Bank:</b>				
- Total comprehensive income	<b>12,899</b>	9,779	<b>12,899</b>	9,779

**AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS****UNAUDITED STATEMENTS OF CHANGES IN EQUITY for the financial quarter ended 31 March 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	-	-	-	15,601	15,601
Other Comprehensive income	-	-	(2,739)	-	(2,739)
Total comprehensive income	-	-	(2,739)	15,601	12,862
<b>At 31 March 2012</b>	<b>260,000</b>	<b>106,420</b>	<b>(20)</b>	<b>127,750</b>	<b>494,150</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	-	-	-	15,638	15,638
Other Comprehensive income	-	-	(2,739)	-	(2,739)
Total comprehensive income	-	-	(2,739)	15,638	12,899
<b>At 31 March 2012</b>	<b>260,000</b>	<b>106,420</b>	<b>(20)</b>	<b>127,997</b>	<b>494,397</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	-	-	-	13,871	13,871
Other Comprehensive income	-	-	(4,092)	-	(4,092)
Total comprehensive income	-	-	(4,092)	13,871	9,779
At 31 March 2011	260,000	81,410	653	101,220	443,283

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**CONDENSED INTERIM FINANCIAL STATEMENTS****UNAUDITED STATEMENTS OF CASH FLOWS for the financial quarter ended 31 March 2012**

	Economic Entity		The Bank	
	31/3/2012 RM'000	31/3/2011 RM'000	31/3/2012 RM'000	31/3/2011 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Profit before zakat and taxation</b>	<b>20,686</b>	17,606	<b>20,723</b>	17,606
Adjustments for items not involving the movement of cash and cash equivalents:				
Finance income and hibah from:				
- financial investments available-for-sale	(13,265)	(10,220)	(13,265)	(10,220)
Accretion of discount less amortisation of premium:				
- financial investments available-for-sale	(3,989)	(1,237)	(3,989)	(1,237)
Gain on sale from:				
- financial assets held-for-trading	-	(34)	-	(34)
- financial investments available-for-sale	(2,197)	(1,512)	(2,197)	(1,512)
Depreciation of property and equipment	264	200	264	200
Property and equipment written-off	-	7	-	7
Amortisation of intangible assets	199	204	199	204
Net individual impairment	71	996	71	996
Net collective impairment	138	2,287	138	2,287
Bad debt on financing written-off	17	23	17	23
Share of joint venture's results	37	-	-	-
<b>Operating profit before changes in working capital</b>	<b>1,961</b>	8,320	<b>1,961</b>	8,320
<i>(Increase)/decrease in operating assets:</i>				
Deposits and placements with banks and other financial institutions	(455,185)	-	(455,185)	-
Financial assets held-for-trading	-	26	-	26
Foreign exchange transaction	(879)	(1,208)	(879)	(1,208)
Financing, advances and other financing	(178,361)	(180,164)	(178,361)	(180,164)
Other assets	47,980	(31,040)	47,980	(31,040)
Amount due from holding company	-	(23,189)	-	(23,189)
Statutory deposits with Bank Negara Malaysia	(30,400)	-	(30,400)	-
<i>Increase/(decrease) in operating liabilities:</i>				
Deposits from customers	1,107,364	(81,062)	1,107,364	(81,062)
Deposits and placements of banks and other financial institutions	1,052,567	104,660	1,052,567	104,660
Amount due to holding company	(218,712)	-	(218,712)	-
Other liabilities	2,994	(22,567)	2,994	(22,567)
Cash generated from/(used in) operations	1,329,329	(226,224)	1,329,329	(226,224)
Tax paid	-	(3,750)	-	(3,750)
Zakat paid	(57)	(85)	(57)	(85)
<b>Net cash generated from/(used in) operating activities</b>	<b>1,329,272</b>	(230,059)	<b>1,329,272</b>	(230,059)

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**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CASH FLOWS for the financial quarter ended 31 March 2012 (continued)**

	Economic Entity		The Bank	
	31/3/2012 RM'000	31/3/2011 RM'000	31/3/2012 RM'000	31/3/2011 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Finance income and hibah received from:				
- financial investments available-for-sale	13,265	10,220	13,265	10,220
Net purchase of financial investments available-for-sale	(1,109,966)	(115,247)	(1,109,966)	(115,247)
Purchase of property and equipment	(639)	(526)	(639)	(526)
<b>Net cash used in investing activities</b>	<b>(1,097,340)</b>	<b>(105,553)</b>	<b>(1,097,340)</b>	<b>(105,553)</b>
Net increase/(decrease) in cash and cash equivalents	231,932	(335,612)	231,932	(335,612)
Net increase in foreign exchange	880	1,207	880	1,207
Cash and cash equivalents at beginning of the financial period	4,455,700	2,639,972	4,455,700	2,639,972
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<b>4,688,512</b>	<b>2,305,567</b>	<b>4,688,512</b>	<b>2,305,567</b>



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

**MFRS 134 INTERIM FINANCIAL REPORTING - 31 MARCH 2012**

**1 BASIS OF PREPARATION**

This unaudited condensed interim financial information for the 3 months ended 31 March 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 31 March 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 31 March 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 31 March 2012.

**AFFIN Islamic Bank Berhad**  
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**MFRS 134 INTERIM FINANCIAL REPORTING - 31 MARCH 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.

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**MFRS 134 INTERIM FINANCIAL REPORTING - 31 MARCH 2012**

**7 CHANGES IN DEBTS AND EQUITY SECURITIES**

There were no purchases or disposal of quoted securities for the quarter ended 31 March 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 31 March 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 31 March 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 31 March 2012.

**AFFIN Islamic Bank Berhad**  
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**MFRS 134 INTERIM FINANCIAL REPORTING - 31 MARCH 2012**

**13 FINANCING, ADVANCES AND OTHER FINANCING**

**(i) By type**

	<b>Economic Entity/The Bank</b>	
	<b>Current Financial Quarter 31/3/2012 RM'000</b>	<b>Previous Financial Year-End 31/12/2011 RM'000</b>
Cash line	213,862	207,564
Term financing		
- House financing	1,324,494	1,270,814
- Hire purchase receivables	1,262,196	1,232,416
- Syndicated financing	151,265	144,462
- Other term financing	1,410,957	1,347,351
Bills receivables	195	394
Trust receipts	22,819	33,581
Claims on customers under acceptances credits	116,605	91,844
Staff financing (of which RM Nil to Directors)	9,669	8,871
Revolving credits	132,455	132,544
<b>Gross financing, advances and other financing</b>	<b>4,644,517</b>	<b>4,469,841</b>
Less:		
Allowance for impairment		
- Individual	(34,699)	(34,927)
- Collective	(57,478)	(60,709)
<b>Total net financing, advances and other financing</b>	<b>4,552,340</b>	<b>4,374,205</b>

**(ii) By maturity structure**

	<b>Economic Entity/The Bank</b>	
	<b>Current Financial Quarter 31/3/2012 RM'000</b>	<b>Previous Financial Year-End 31/12/2011 RM'000</b>
Maturing within one year	647,299	617,049
One year to three years	217,393	226,528
Three years to five years	753,621	696,513
Over five years	3,026,204	2,929,751
	<b>4,644,517</b>	<b>4,469,841</b>

**AFFIN Islamic Bank Berhad**  
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**MFRS 134 INTERIM FINANCIAL REPORTING - 31 MARCH 2012**

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

**(iii) By contract**

	<b>Economic Entity/The Bank</b>	
	<b>Current Financial Quarter 31/3/2012 RM'000</b>	<b>Previous Financial Year-End 31/12/2011 RM'000</b>
Bai' Bithamin Ajil (deferred payment sale)	2,288,894	2,278,578
AITAB	1,262,196	1,232,416
Murabahah (cost-plus)	208,730	172,282
Others	884,697	786,565
	<b>4,644,517</b>	<b>4,469,841</b>

**(iv) By type of customer**

	<b>Economic Entity/The Bank</b>	
	<b>Current Financial Quarter 31/3/2012 RM'000</b>	<b>Previous Financial Year-End 31/12/2011 RM'000</b>
Domestic non-banking institutions		
- Others	316,333	307,259
Domestic business enterprises		
- Small medium enterprises	637,726	584,698
- Others	894,147	848,317
Government and statutory bodies	195	15,845
Individuals	2,563,469	2,470,533
Other domestic entities	110,373	117,520
Foreign entities	122,274	125,669
	<b>4,644,517</b>	<b>4,469,841</b>

**(v) By profit rate sensitivity**

	<b>Economic Entity/The Bank</b>	
	<b>Current Financial Quarter 31/3/2012 RM'000</b>	<b>Previous Financial Year-End 31/12/2011 RM'000</b>
Fixed rate		
- House financing	91,065	92,769
- Hire purchase receivables	1,262,196	1,232,416
- Other fixed rate financing	595,036	594,839
Variable rate		
- BLR - plus	2,182,129	2,045,947
- Cost - plus	514,091	503,870
	<b>4,644,517</b>	<b>4,469,841</b>

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

**(vi) By economic purpose**

	Economic Entity/The Bank	
	Current Financial Quarter 31/3/2012 RM'000	Previous Financial Year-End 31/12/2011 RM'000
Purchase of securities	68	81
Purchase of transport vehicles	1,262,153	1,232,126
Purchase of landed property of which:		
- Residential	1,433,205	1,374,301
- Non-residential	712,947	748,396
Fixed assets other than land and building	47,987	50,036
Personal use	38,793	38,726
Consumer durable	24	26
Construction	223,344	149,920
Working capital	913,907	870,231
Others	12,089	5,998
	<b>4,644,517</b>	<b>4,469,841</b>

**(vii) By geographical distribution**

	Economic Entity/The Bank	
	Current Financial Quarter 31/3/2012 RM'000	Previous Financial Year-End 31/12/2011 RM'000
Perlis	3,459	3,014
Kedah	211,634	213,779
Pulau Pinang	110,850	101,315
Perak	205,552	198,587
Selangor	1,609,243	1,471,952
Wilayah Persekutuan	1,247,122	1,211,294
Negeri Sembilan	75,633	70,886
Melaka	43,654	40,046
Johor	178,690	174,660
Pahang	253,278	254,947
Terengganu	330,307	327,431
Kelantan	206,708	209,938
Sarawak	25,582	25,589
Sabah	40,831	60,990
Labuan	9	9
Outside Malaysia	101,965	105,404
	<b>4,644,517</b>	<b>4,469,841</b>

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	<b>Economic Entity/The Bank</b>	
	<b>Current Financial Quarter 31/3/2012 RM'000</b>	<b>Previous Financial Year-End 31/12/2011 RM'000</b>
At beginning of the financial period	<b>172,344</b>	152,601
Classified as impaired	<b>13,792</b>	112,975
Reclassified as non-impaired	<b>(16,089)</b>	(70,602)
Amount recovered	<b>(7,786)</b>	(20,025)
Amount written-off	<b>(3,369)</b>	(2,605)
<b>At end of the financial period</b>	<b>158,892</b>	<b>172,344</b>
Ratio of gross impaired financing, advances and other financing to gross financing, advances and other financing	<b>3.42%</b>	3.86%

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

	<b>Economic Entity/The Bank</b>	
	<b>Current Financial Quarter 31/3/2012 RM'000</b>	<b>Previous Financial Year-End 31/12/2011 RM'000</b>
<b>Individual impairment</b>		
At beginning of the financial period	<b>34,927</b>	36,141
Provision for loan impairment	<b>84</b>	5,029
Amount recovered	<b>(13)</b>	(1,372)
Amount written-off	<b>-</b>	(2,338)
Unwinding of discount of allowance	<b>(299)</b>	(2,533)
<b>At end of the financial period</b>	<b>34,699</b>	<b>34,927</b>
<b>Collective impairment</b>		
At beginning of the financial period	<b>60,709</b>	52,481
Provision for loan impairment/(recovered)	<b>138</b>	7,874
Amount written-off	<b>(3,369)</b>	-
Exchange differences	<b>-</b>	354
<b>At end of the financial period</b>	<b>57,478</b>	<b>60,709</b>

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	<b>Economic Entity/The Bank</b>	
	<b>Current Financial Quarter 31/3/2012 RM'000</b>	<b>Previous Financial Year-End 31/12/2011 RM'000</b>
Purchase of transport vehicles	8,383	11,315
Purchase of landed property of which:		
- Residential	33,420	41,892
- Non-residential	546	504
Personal use	-	4,088
Construction	61,244	63,490
Working capital	55,199	50,955
Others	100	100
	<b>158,892</b>	<b>172,344</b>

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

	<b>Economic Entity/The Bank</b>	
	<b>Current Financial Quarter 31/3/2012 RM'000</b>	<b>Previous Financial Year-End 31/12/2011 RM'000</b>
Perlis	15	-
Kedah	951	1,001
Pulau Pinang	1,345	1,811
Perak	1,924	2,552
Selangor	44,636	46,930
Wilayah Persekutuan	6,473	12,217
Negeri Sembilan	2,350	2,181
Melaka	253	196
Johor	2,704	2,799
Pahang	3,351	3,718
Terengganu	2,152	2,620
Kelantan	2,910	4,486
Sarawak	242	238
Sabah	1,663	443
Outside Malaysia	87,923	91,152
	<b>158,892</b>	<b>172,344</b>



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**14 DEPOSITS FROM CUSTOMERS**

**(i) By type of deposit**

	<b>Economic Entity/The Bank</b>	
	<b>Current Financial Quarter 31/3/2012 RM'000</b>	<b>Previous Financial Year-End 31/12/2011 RM'000</b>
<b>Non-Mudharabah</b>		
Demand deposits	1,923,585	1,923,732
Savings deposits	211,213	204,743
Negotiable instruments of deposit ('NID')	-	119,778
<b>Mudharabah</b>		
Demand deposits	18,447	14,147
Savings deposits	88,281	98,790
General investment deposits	5,034,612	4,293,135
Special investment deposits	1,308,465	822,914
	<b>8,584,603</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 31/3/2012 RM'000</b>	<b>Previous Financial Year-End 31/12/2011 RM'000</b>
Due within six months	3,025,027	3,540,513
Six months to one year	1,983,612	809,427
One year to three years	25,771	62,771
Three years to five years	202	202
	<b>5,034,612</b>	<b>4,412,913</b>

**(iii) By type of customer**

	<b>Economic Entity/The Bank</b>	
	<b>Current Financial Quarter 31/3/2012 RM'000</b>	<b>Previous Financial Year-End 31/12/2011 RM'000</b>
Government and statutory bodies	3,216,805	3,192,422
Business enterprise	2,585,809	2,358,011
Individuals	637,832	605,957
Others	2,144,157	1,320,849
	<b>8,584,603</b>	<b>7,477,239</b>

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**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>Economic Entity/The Bank</b>	<b>Economic Entity/The Bank</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>31/3/2012</b>	<b>31/3/2011</b>	<b>31/3/2012</b>	<b>31/3/2011</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>111,541</b>	82,412	<b>111,541</b>	82,412
Income attributable to depositors	<b>(71,526)</b>	(42,953)	<b>(71,526)</b>	(42,953)
Income derived from investment of shareholders' funds	<b>4,842</b>	4,954	<b>4,842</b>	4,954
	<b>44,857</b>	44,413	<b>44,857</b>	44,413
of which:				
Profit earned on impaired financing, advances and other financing	<b>208</b>	971	<b>208</b>	971

**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>Economic Entity/The Bank</b>	<b>Economic Entity/The Bank</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>31/3/2012</b>	<b>31/3/2011</b>	<b>31/3/2012</b>	<b>31/3/2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of:				
- General investment deposits (i)	<b>63,523</b>	48,582	<b>63,523</b>	48,582
- Other deposits (ii)	<b>48,018</b>	33,830	<b>48,018</b>	33,830
	<b>111,541</b>	82,412	<b>111,541</b>	82,412

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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	
	Economic Entity/The Bank		Economic Entity/The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	31/3/2012	31/3/2011	31/3/2012	31/3/2011
	RM'000	RM'000	RM'000	RM'000
<b>Finance income and hibah</b>				
Financing, advances and other loans	34,205	29,412	34,205	29,412
Financial investments available-for-sale	7,240	5,683	7,240	5,683
Money at call and deposits with other financial institutions	17,309	10,427	17,309	10,427
Total finance income and hibah	58,754	45,522	58,754	45,522
Accretion of discount less amortisation of premium	2,177	688	2,177	688
	60,931	46,210	60,931	46,210
<b>Other operating income</b>				
Fee income				
Commission	254	288	254	288
Service charges and fees	602	573	602	573
Guarantee fees	190	410	190	410
	1,046	1,271	1,046	1,271
Income from financial instruments				
Gains on arising on financial assets held-for-trading:				
- net gain on disposal	-	19	-	19
- unrealised gains	-	4	-	4
Gains on arising on financial investments available-for-sale:				
- net gain on disposal	1,200	841	1,200	841
	1,200	864	1,200	864
Other income				
Foreign exchange profit:				
- realised	34	55	34	55
Other non-operating income	312	182	312	182
	346	237	346	237
	63,523	48,582	63,523	48,582

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**MFRS 134 INTERIM FINANCIAL REPORTING - 31 MARCH 2012****16 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS (continued)****(ii) INCOME DERIVED FROM INVESTMENT OF OTHER 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>31/3/2012</b>	31/3/2011	<b>31/3/2012</b>	31/3/2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Finance income and hibah</b>				
Financing, advances and other loans	<b>25,857</b>	20,481	<b>25,857</b>	20,481
Financial investments available-for-sale	<b>5,473</b>	3,958	<b>5,473</b>	3,958
Money at call and deposits with other financial institutions	<b>13,084</b>	7,261	<b>13,084</b>	7,261
Total finance income and hibah	<b>44,414</b>	31,700	<b>44,414</b>	31,700
Accretion of discount less amortisation of premium	<b>1,646</b>	479	<b>1,646</b>	479
	<b>46,060</b>	32,179	<b>46,060</b>	32,179
<b>Other operating income</b>				
Fee income				
Commission	<b>192</b>	200	<b>192</b>	200
Service charges and fees	<b>455</b>	399	<b>455</b>	399
Guarantee fees	<b>144</b>	286	<b>144</b>	286
	<b>791</b>	885	<b>791</b>	885
Income from financial instruments				
Gains on arising on financial assets held-for-trading:				
- net gain on disposal	-	13	-	13
- unrealised gains	-	3	-	3
Gains on arising on financial investments available-for-sale:				
- net gain on disposal	<b>906</b>	585	<b>906</b>	585
	<b>906</b>	601	<b>906</b>	601
Other income				
Foreign exchange profit:				
- realised	<b>26</b>	38	<b>26</b>	38
Other non-operating income	<b>235</b>	127	<b>235</b>	127
	<b>261</b>	165	<b>261</b>	165
	<b>48,018</b>	33,830	<b>48,018</b>	33,830

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

	Individual Quarter		Cumulative Quarter	
	Economic Entity/The Bank Current Financial Quarter 31/3/2012 RM'000	Preceding Year Corresponding Quarter 31/3/2011 RM'000	Economic Entity/The Bank Current Financial Quarter 31/3/2012 RM'000	Preceding Year Corresponding Quarter 31/3/2011 RM'000
<b>Finance income and hibah</b>				
Financing, advances and other loans	2,607	2,999	2,607	2,999
Financial investments available-for-sale	552	579	552	579
Money at call and deposits with other financial institutions	1,319	1,063	1,319	1,063
Total finance income and hibah	4,478	4,641	4,478	4,641
Accretion of discount less amortisation of premium	166	70	166	70
	4,644	4,711	4,644	4,711
<b>Other operating income</b>				
Fee income				
Commission	19	29	19	29
Service charges and fees	46	58	46	58
Guarantee fees	15	42	15	42
	80	129	80	129
Income from financial instruments				
Gains on arising on financial assets held-for-trading:				
- net gain on disposal	-	2	-	2
- unrealised gains	-	1	-	1
Gains on arising on financial investments available-for-sale:				
- net gain on disposal	91	86	91	86
	91	89	91	89
Other income				
Foreign exchange profit:				
- realised	3	6	3	6
Other non-operating income	24	19	24	19
	27	25	27	25
	4,842	4,954	4,842	4,954

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**MFRS 134 INTERIM FINANCIAL REPORTING - 31 MARCH 2012****18 ALLOWANCES FOR LOSSES ON FINANCING**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Economic Entity/The Bank</b>	<b>Preceding Year</b>	<b>Economic Entity/The Bank</b>	<b>Preceding Year</b>
	<b>Current</b>	<b>Corresponding</b>	<b>Current</b>	<b>Corresponding</b>
	<b>Financial</b>	<b>Quarter</b>	<b>Financial</b>	<b>Quarter</b>
	<b>31/3/2012</b>	<b>31/3/2011</b>	<b>31/3/2012</b>	<b>31/3/2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Individual impairment				
- made in the financial period	<b>84</b>	1,567	<b>84</b>	1,567
- written-back	<b>(13)</b>	(571)	<b>(13)</b>	(571)
Collective impairment				
- made/(written-back)	<b>138</b>	2,287	<b>138</b>	2,287
Bad debts on financing				
- recovered	<b>(107)</b>	(374)	<b>(107)</b>	(374)
- written-off	<b>17</b>	23	<b>17</b>	23
	<b>119</b>	2,932	<b>119</b>	2,932

**19 INCOME ATTRIBUTABLE TO DEPOSITORS**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Economic Entity/The Bank</b>	<b>Preceding Year</b>	<b>Economic Entity/The Bank</b>	<b>Preceding Year</b>
	<b>Current</b>	<b>Corresponding</b>	<b>Current</b>	<b>Corresponding</b>
	<b>Financial</b>	<b>Quarter</b>	<b>Financial</b>	<b>Quarter</b>
	<b>31/3/2012</b>	<b>31/3/2011</b>	<b>31/3/2012</b>	<b>31/3/2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits from customers				
- Mudharabah	<b>43,811</b>	27,777	<b>43,811</b>	27,777
- Non-mudharabah	<b>6,931</b>	5,471	<b>6,931</b>	5,471
Deposits and placements of banks and other financial institutions				
- Mudharabah	<b>20,065</b>	8,743	<b>20,065</b>	8,743
Others	<b>719</b>	962	<b>719</b>	962
	<b>71,526</b>	42,953	<b>71,526</b>	42,953

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**MFRS 134 INTERIM FINANCIAL REPORTING - 31 MARCH 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>31/3/2012</b>	31/3/2011	<b>31/3/2012</b>	31/3/2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Wages, salaries and bonuses	<b>11,795</b>	10,912	<b>11,795</b>	10,912
Defined contribution plan ('EPF')	<b>1,918</b>	1,705	<b>1,918</b>	1,705
Other personnel costs	<b>1,304</b>	1,996	<b>1,304</b>	1,996
	<b>15,017</b>	14,613	<b>15,017</b>	14,613

**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>31/3/2012</b>	31/3/2011	<b>31/3/2012</b>	31/3/2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Establishment costs</b>				
Rental of premises	<b>950</b>	875	<b>950</b>	875
Equipment rental	<b>8</b>	6	<b>8</b>	6
Repair and maintenance	<b>1,430</b>	1,057	<b>1,430</b>	1,057
Depreciation of property and equipment	<b>264</b>	200	<b>264</b>	200
Amortisation of intangible assets	<b>199</b>	204	<b>199</b>	204
Licence fee	<b>54</b>	46	<b>54</b>	46
Insurance and indemnities	<b>61</b>	13	<b>61</b>	13
Security services	<b>501</b>	412	<b>501</b>	412
Electricity, water and sewerage	<b>365</b>	287	<b>365</b>	287
Other establishment costs	<b>3,086</b>	3,030	<b>3,086</b>	3,030
	<b>6,918</b>	6,130	<b>6,918</b>	6,130

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**MFRS 134 INTERIM FINANCIAL REPORTING - 31 MARCH 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>31/3/2012</b>	31/3/2011	<b>31/3/2012</b>	31/3/2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Marketing expenses</b>				
Business promotion and advertisement	<b>69</b>	65	<b>69</b>	65
Entertainment	<b>87</b>	100	<b>87</b>	100
Traveling and accommodation	<b>251</b>	180	<b>251</b>	180
Other marketing expenses	<b>163</b>	168	<b>163</b>	168
	<b>570</b>	513	<b>570</b>	513

	<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>31/3/2012</b>	31/3/2011	<b>31/3/2012</b>	31/3/2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Administration and general expenses</b>				
Telecommunication expenses	<b>186</b>	179	<b>186</b>	179
Auditors' remuneration	<b>77</b>	48	<b>77</b>	48
Professional fees	<b>134</b>	1,149	<b>134</b>	1,149
Property and equipment written-off	-	7	-	7
Mail and courier charges	<b>152</b>	133	<b>152</b>	133
Stationery and consumables	<b>394</b>	479	<b>394</b>	479
Other administration and general expenses	<b>567</b>	624	<b>567</b>	624
	<b>1,510</b>	2,619	<b>1,510</b>	2,619
	<b>8,998</b>	9,262	<b>8,998</b>	9,262

**22 COMMITMENTS AND CONTINGENCIES**

Economic Entity/The Bank	Current financial quarter ended 31/3/2012			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	7,311	7,311	5,701	8,104	8,104	6,470
Transaction-related contingent items	129,510	64,755	63,634	149,456	74,728	69,462
Short-term self-liquidating trade-related contingencies	289,826	57,965	18,426	345,900	69,180	28,160
Irrevocable commitments to extend credit:						
- Maturity less than one year	847,855	169,571	145,708	958,076	191,615	156,334
- Maturity more than one year	407,665	203,832	188,779	428,138	85,628	79,644
	<b>1,682,167</b>	<b>503,434</b>	<b>422,248</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.



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**MFRS 134 INTERIM FINANCIAL REPORTING - 31 MARCH 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 31 March 2012.

**24 CAPITAL ADEQUACY**

The capital adequacy ratios are as follows:

	<b>Economic Entity</b>		<b>The Bank</b>	
	<b>Current Financial Quarter</b>	<b>Previous Financial Year-End</b>	<b>Current Financial Quarter</b>	<b>Previous Financial Year-End</b>
	<b>31/3/2012</b>	<b>31/12/2011</b>	<b>31/3/2012</b>	<b>31/12/2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Tier I capital</b>				
Paid-up share capital	<b>260,000</b>	260,000	<b>260,000</b>	260,000
Retained profits	<b>112,149</b>	112,149	<b>112,359</b>	112,359
Statutory reserves	<b>106,420</b>	106,420	<b>106,420</b>	106,420
Total Tier I capital	<b>478,569</b>	478,569	<b>478,779</b>	478,779
<b>Tier II capital</b>				
Collective impairment ^	<b>43,534</b>	44,041	<b>43,534</b>	44,041
Total Tier II capital	<b>43,534</b>	44,041	<b>43,534</b>	44,041
Total capital	<b>522,103</b>	522,610	<b>522,313</b>	522,820
<b>Capital base</b>	<b>522,103</b>	522,610	<b>522,313</b>	522,820
Core capital ratio	<b>10.43%</b>	11.08%	<b>10.43%</b>	11.08%
Risk-weighted capital ratio	<b>11.38%</b>	12.10%	<b>11.38%</b>	12.10%
Core capital ratio (net of proposed dividends)	<b>10.43%</b>	11.08%	<b>10.43%</b>	11.08%
Risk-weighted capital ratio (net of proposed dividends)	<b>11.38%</b>	12.10%	<b>11.38%</b>	12.10%

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

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**MFRS 134 INTERIM FINANCIAL REPORTING - 31 MARCH 2012****24 CAPITAL ADEQUACY (continued)**

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

	<b>Economic Entity</b>		<b>The Bank</b>	
	<b>Principal Current Financial Quarter</b>	Principal Previous Financial Year-End	<b>Principal Current Financial Quarter</b>	Principal Previous Financial Year-End
	<b>31/3/2012</b>	31/12/2011	<b>31/3/2012</b>	31/12/2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
0%	<b>6,698,497</b>	5,387,683	<b>6,698,497</b>	5,387,683
10%	-	-	-	-
20%	<b>1,285,802</b>	836,420	<b>1,285,802</b>	836,420
35%	<b>106,381</b>	93,541	<b>106,381</b>	93,541
50%	<b>110,157</b>	110,119	<b>110,157</b>	110,119
75%	<b>2,206,742</b>	2,118,497	<b>2,206,742</b>	2,118,497
100%	<b>2,022,474</b>	1,864,063	<b>2,022,474</b>	1,864,063
150%	<b>164,115</b>	183,367	<b>164,115</b>	183,367
Total risk-weighted assets for credit risk	<b>12,594,168</b>	10,593,690	<b>12,594,168</b>	10,593,690

	<b>Economic Entity</b>		<b>The Bank</b>	
	<b>Risk-Weighted Current Financial Quarter</b>	Risk-Weighted Previous Financial Year-End	<b>Risk-Weighted Current Financial Quarter</b>	Risk-Weighted Previous Financial Year-End
	<b>31/3/2012</b>	31/12/2011	<b>31/3/2012</b>	31/12/2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
0%	-	-	-	-
10%	-	-	-	-
20%	<b>257,160</b>	167,284	<b>257,160</b>	167,284
35%	<b>37,233</b>	32,740	<b>37,233</b>	32,740
50%	<b>55,079</b>	55,059	<b>55,079</b>	55,059
75%	<b>1,655,056</b>	1,588,873	<b>1,655,056</b>	1,588,873
100%	<b>2,022,474</b>	1,864,063	<b>2,022,474</b>	1,864,063
150%	<b>246,173</b>	275,051	<b>246,173</b>	275,051
Total risk-weighted assets for credit risk	<b>4,273,175</b>	3,983,070	<b>4,273,175</b>	3,983,070
Risk-weighted assets for market risk	<b>4,523</b>	30,671	<b>4,523</b>	30,671
Risk-weighted assets for operational risk	<b>311,591</b>	307,036	<b>311,591</b>	307,036
<b>Total risk-weighted assets</b>	<b>4,589,289</b>	4,320,777	<b>4,589,289</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.

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### **MFRS 134 INTERIM FINANCIAL REPORTING - 31 MARCH 2012**

#### **25 REVIEW OF PERFORMANCE OF THE BANK**

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

During the 1st quarter of 2012, the Bank registered a profit before tax of RM20.7 million as compared to the previous year's corresponding quarter of RM17.6 million, an increase of RM3.1 million or 17.7%.

This was due to:

- i) higher income derived from investment of depositors' funds and others by RM29.1 million.
- ii) lower allowance for losses on financing by RM2.8 million.

The above was off-set by:

- i) higher income attributable to depositors by RM28.6 million.
- ii) lower income derived from investment of shareholders' funds by RM0.1 million.
- iii) higher operating expenses by RM0.1 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 1st quarter of 2012 stood at RM20.7 million as compared to RM19.0 million reported in the 4th quarter of 2011, an increase of RM1.7 million or 8.1%.

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 RM10.2 million.
- ii) lower allowance for losses on financing by RM2.4 million.
- iii) improvement in share of joint venture's results by RM0.2 million.

The above was off-set by:

- i) lower income derived from investment of shareholders' funds by RM0.6 million.
- ii) higher income attributable to depositors by RM9.3 million.
- iii) higher other operating expenses by RM1.0 million.
- iv) higher profit equalisation reserve by RM0.2 million.

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**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 an adverse variance of RM0.7 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 RM5.3 million.

Other operating expenses

Operating costs showed a favourable variance of RM0.9 million.

Allowance for losses on financing

Allowance for losses on financing showed a favourable variance of RM3.7 million.