

**AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS****UNAUDITED STATEMENTS OF FINANCIAL POSITION as at 31 March 2013**

	Economic Entity		The Bank	
	Current Financial Quarter 31/3/2013 RM'000	Previous Financial Year-End 31/12/2012 RM'000	Current Financial Quarter 31/3/2013 RM'000	Previous Financial Year-End 31/12/2012 RM'000
<b>ASSETS</b>				
Cash and short-term funds	2,477,355	4,076,266	2,477,355	4,076,266
Deposits and placements with banks and other financial institutions	150,173	250,086	150,173	250,086
Financial investments available-for-sale	1,995,848	1,979,812	1,995,848	1,979,812
Financing, advances and other financing	5,171,763	5,143,356	5,171,763	5,143,356
Other assets	36,296	64,317	36,296	64,317
Amount due from jointly controlled entity	2,745	2,745	2,745	2,745
Statutory deposits with Bank Negara Malaysia	198,000	201,500	198,000	201,500
Investment in jointly controlled entity	44	60	500	500
Investment in associate	150	-	150	-
Property and equipment	2,825	3,027	2,825	3,027
Intangible assets	2,259	2,458	2,259	2,458
<b>TOTAL ASSETS</b>	<b>10,037,458</b>	<b>11,723,627</b>	<b>10,037,914</b>	<b>11,724,067</b>
<b>LIABILITIES AND EQUITY</b>				
Deposits from customers	7,601,659	9,042,261	7,601,659	9,042,261
Deposits and placements of banks and other financial institutions	1,364,352	1,839,724	1,364,352	1,839,724
Other liabilities	18,162	23,521	18,162	23,521
Amount due to holding company	372,882	153,296	372,882	153,296
Provision for taxation	8,400	9,560	8,400	9,560
Deferred tax liabilities	751	266	751	266
<b>TOTAL LIABILITIES</b>	<b>9,366,206</b>	<b>11,068,628</b>	<b>9,366,206</b>	<b>11,068,628</b>
Share capital	360,000	360,000	360,000	360,000
Reserves	311,252	294,999	311,708	295,439
<b>TOTAL EQUITY</b>	<b>671,252</b>	<b>654,999</b>	<b>671,708</b>	<b>655,439</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>10,037,458</b>	<b>11,723,627</b>	<b>10,037,914</b>	<b>11,724,067</b>
<b>COMMITMENTS AND CONTINGENCIES</b>				
	<b>1,472,842</b>	<b>1,569,943</b>	<b>1,472,842</b>	<b>1,569,943</b>
<b>Capital Adequacy</b>				
CET1 capital ratio	14.72%	-	14.73%	-
Tier 1 capital ratio/Core capital ratio	14.72%	14.61%	14.73%	14.62%
Total capital ratio/Risk-weighted capital ratio	15.24%	15.15%	15.25%	15.16%

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**INTERIM FINANCIAL STATEMENTS****UNAUDITED INCOME STATEMENTS** *for the financial quarter ended 31 March 2013*

	<b>Individual Quarter Economic Entity</b>		<b>Cumulative Quarter Economic Entity</b>	
	<b>Current Financial Quarter 31/3/2013 RM'000</b>	<b>Preceding Year Corresponding Quarter 31/3/2012 RM'000</b>	<b>Current Financial Quarter 31/3/2013 RM'000</b>	<b>Preceding Year Corresponding Quarter 31/3/2012 RM'000</b>
Income derived from investment of depositors' funds and others	<b>104,595</b>	111,541	<b>104,595</b>	111,541
Income derived from investment of shareholders' funds	<b>7,271</b>	4,842	<b>7,271</b>	4,842
Allowances for losses on financing	<b>(186)</b>	(119)	<b>(186)</b>	(119)
<b>Total distributable income</b>	<b>111,680</b>	116,264	<b>111,680</b>	116,264
Income attributable to the depositors	<b>(64,028)</b>	(71,526)	<b>(64,028)</b>	(71,526)
<b>Total net income</b>	<b>47,652</b>	44,738	<b>47,652</b>	44,738
Personnel expenses	<b>(15,888)</b>	(15,017)	<b>(15,888)</b>	(15,017)
Other overheads and expenditures	<b>(9,228)</b>	(8,998)	<b>(9,228)</b>	(8,998)
	<b>22,536</b>	20,723	<b>22,536</b>	20,723
Share of joint venture's results	<b>(16)</b>	(37)	<b>(16)</b>	(37)
<b>Profit before zakat and taxation</b>	<b>22,520</b>	20,686	<b>22,520</b>	20,686
Zakat	-	-	-	-
Taxation	<b>(5,416)</b>	(5,085)	<b>(5,416)</b>	(5,085)
<b>Net profit after zakat and taxation</b>	<b>17,104</b>	15,601	<b>17,104</b>	15,601
<b>Attributable to:</b>				
Equity holders of the Bank	<b>17,104</b>	15,601	<b>17,104</b>	15,601
<b>Earnings per share (sen):</b>				
- Basic/fully diluted	<b>4.8</b>	6.0	<b>4.8</b>	6.0

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**INTERIM FINANCIAL STATEMENTS****UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME***for the financial quarter ended 31 March 2013(continued)*

	<b>Individual Quarter Economic Entity</b>		<b>Cumulative Quarter Economic Entity</b>	
	<b>Current Financial Quarter 31/3/2013 RM'000</b>	<b>Preceding Year Corresponding Quarter 31/3/2012 RM'000</b>	<b>Current Financial Quarter 31/3/2013 RM'000</b>	<b>Preceding Year Corresponding Quarter 31/3/2012 RM'000</b>
<b>Profit after zakat and taxation</b>	<b>17,104</b>	15,601	<b>17,104</b>	15,601
Other comprehensive income:				
Net fair value change in financial investments available-for-sale	<b>(1,135)</b>	(3,649)	<b>(1,135)</b>	(3,649)
Deferred tax on financial investments available-for-sale	<b>284</b>	910	<b>284</b>	910
Other comprehensive income for the financial period, net of tax	<b>(851)</b>	(2,739)	<b>(851)</b>	(2,739)
<b>Total comprehensive income for the financial period</b>	<b>16,253</b>	12,862	<b>16,253</b>	12,862
<b>Attributable to equity holders of the Bank:</b>				
- Total comprehensive income	<b>16,253</b>	12,862	<b>16,253</b>	12,862

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**INTERIM FINANCIAL STATEMENTS****UNAUDITED INCOME STATEMENTS for the financial quarter ended 31 March 2013***(continued)*

	Individual Quarter		Cumulative Quarter	
	The Bank		The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	31/3/2013	31/3/2012	31/3/2013	31/3/2012
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	104,595	111,541	104,595	111,541
Income derived from investment of shareholders' funds	7,271	4,842	7,271	4,842
Allowances for losses on financing	(186)	(119)	(186)	(119)
<b>Total distributable income</b>	<b>111,680</b>	<b>116,264</b>	<b>111,680</b>	<b>116,264</b>
Income attributable to the depositors	(64,028)	(71,526)	(64,028)	(71,526)
<b>Total net income</b>	<b>47,652</b>	<b>44,738</b>	<b>47,652</b>	<b>44,738</b>
Personnel expenses	(15,888)	(15,017)	(15,888)	(15,017)
Other overheads and expenditures	(9,228)	(8,998)	(9,228)	(8,998)
<b>Profit before zakat and taxation</b>	<b>22,536</b>	<b>20,723</b>	<b>22,536</b>	<b>20,723</b>
Zakat	-	-	-	-
Taxation	(5,416)	(5,085)	(5,416)	(5,085)
<b>Net profit after zakat and taxation</b>	<b>17,120</b>	<b>15,638</b>	<b>17,120</b>	<b>15,638</b>
<b>Attributable to:</b>				
Equity holders of the Bank	17,120	15,638	17,120	15,638
<b>Earnings per share (sen):</b>				
- Basic/fully diluted	4.8	6.0	4.8	6.0

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**INTERIM FINANCIAL STATEMENTS****UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME***for the financial quarter ended 31 March 2013(continued)*

	Individual Quarter		Cumulative Quarter	
	The Bank		The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	31/3/2013	31/3/2012	31/3/2013	31/3/2012
	RM'000	RM'000	RM'000	RM'000
<b>Profit after taxation</b>	<b>17,120</b>	15,638	<b>17,120</b>	15,638
Other comprehensive income:				
Net fair value change in financial investments available-for-sale	(1,135)	(3,649)	(1,135)	(3,649)
Deferred tax on financial investments available-for-sale	284	910	284	910
Other comprehensive income for the financial period, net of tax	(851)	(2,739)	(851)	(2,739)
<b>Total comprehensive income for the financial period</b>	<b>16,269</b>	12,899	<b>16,269</b>	12,899
<b>Attributable to equity holders of the Bank:</b>				
- Total comprehensive income	<b>16,269</b>	12,899	<b>16,269</b>	12,899

**AFFIN Islamic Bank Berhad**

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**INTERIM FINANCIAL STATEMENTS****UNAUDITED STATEMENTS OF CHANGES IN EQUITY***for the financial quarter ended 31 March 2013*

	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 2013</b>	<b>360,000</b>	<b>143,451</b>	<b>2,598</b>	<b>148,950</b>	<b>654,999</b>
Comprehensive income:					
Net profit for the financial period	-	-	-	17,104	17,104
Other comprehensive income (net of tax)					
- Financial investments available-for-sale	-	-	(851)	-	(851)
Total comprehensive income	-	-	(851)	17,104	16,253
<b>At 31 March 2013</b>	<b>360,000</b>	<b>143,451</b>	<b>1,747</b>	<b>166,054</b>	<b>671,252</b>
Economic Entity	Share capital	Statutory reserves	AFS revaluation reserves	Retained profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2012	260,000	106,420	2,719	112,149	481,288
Comprehensive income:					
Net profit for the financial period	-	-	-	15,601	15,601
Other comprehensive income (net of tax)					
- Financial investments available-for-sale	-	-	(2,739)	-	(2,739)
Total comprehensive income	-	-	(2,739)	15,601	12,862
At 31 March 2012	260,000	106,420	(20)	127,750	494,150

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**INTERIM FINANCIAL STATEMENTS****UNAUDITED STATEMENTS OF CHANGES IN EQUITY***for the financial quarter ended 31 March 2013 (continued)*

	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 2013</b>	<b>360,000</b>	<b>143,451</b>	<b>2,598</b>	<b>149,390</b>	<b>655,439</b>
Comprehensive income:					
Net profit for the financial period	-	-	-	17,120	17,120
Other comprehensive income (net of tax)					
- Financial investments available-for-sale	-	-	(851)	-	(851)
Total comprehensive income	-	-	(851)	17,120	16,269
<b>At 31 March 2013</b>	<b>360,000</b>	<b>143,451</b>	<b>1,747</b>	<b>166,510</b>	<b>671,708</b>
The Bank	Share capital	Statutory reserves	AFS revaluation reserves	Retained profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2012	260,000	106,420	2,719	112,359	481,498
Comprehensive income:					
Net profit for the financial period	-	-	-	15,638	15,638
Other comprehensive income (net of tax)					
- Financial investments available-for-sale	-	-	(2,739)	-	(2,739)
Total comprehensive income	-	-	(2,739)	15,638	12,899
At 31 March 2012	260,000	106,420	(20)	127,997	494,397

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**INTERIM FINANCIAL STATEMENTS****UNAUDITED STATEMENTS OF CASH FLOWS for the financial quarter ended 31 March 2013**

	<b>Economic Entity</b>		<b>The Bank</b>	
	<b>31/3/2013</b>	<b>31/3/2012</b>	<b>31/3/2013</b>	<b>31/3/2012</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>22,520</b>	20,686	<b>22,536</b>	20,723
Adjustments for items not involving the movement of cash and cash equivalents:				
Finance income and hibah from:				
- financial investments available-for-sale	<b>(14,861)</b>	(13,265)	<b>(14,861)</b>	(13,265)
Accretion of discount less amortisation of premium:				
- financial investments available-for-sale	<b>(1,831)</b>	(3,989)	<b>(1,831)</b>	(3,989)
Gain on sale from:				
- financial investments available-for-sale	<b>(20)</b>	(2,197)	<b>(20)</b>	(2,197)
Depreciation of property and equipment	<b>226</b>	264	<b>226</b>	264
Amortisation of intangible assets	<b>199</b>	199	<b>199</b>	199
Net individual impairment	<b>207</b>	71	<b>207</b>	71
Net collective impairment	<b>497</b>	138	<b>497</b>	138
Bad debt on financing written-off	<b>-</b>	17	<b>-</b>	17
Share of joint venture's results	<b>16</b>	37	<b>-</b>	-
<b>Operating profit before changes in working capital</b>	<b>6,953</b>	1,961	<b>6,953</b>	1,961
<i>(Increase)/decrease in operating assets:</i>				
Deposits and placements with banks and other financial institutions	<b>99,913</b>	(455,185)	<b>99,913</b>	(455,185)
Foreign exchange transaction	<b>1,478</b>	(879)	<b>1,478</b>	(879)
Financing, advances and other financing	<b>(29,111)</b>	(178,361)	<b>(29,111)</b>	(178,361)
Other assets	<b>27,996</b>	47,980	<b>27,996</b>	47,980
Statutory deposits with Bank Negara Malaysia	<b>3,500</b>	(30,400)	<b>3,500</b>	(30,400)
<i>Increase/(decrease) in operating liabilities:</i>				
Deposits from customers	<b>(1,440,602)</b>	1,107,364	<b>(1,440,602)</b>	1,107,364
Deposits and placements of banks and other financial institutions	<b>(475,372)</b>	1,052,567	<b>(475,372)</b>	1,052,567
Amount due to holding company	<b>219,586</b>	(218,712)	<b>219,586</b>	(218,712)
Other liabilities	<b>(4,627)</b>	2,994	<b>(4,627)</b>	2,994
Cash (used in)/generated from operations	<b>(1,590,286)</b>	1,329,329	<b>(1,590,286)</b>	1,329,329
Tax refund	<b>25</b>	-	<b>25</b>	-
Tax paid	<b>(5,833)</b>	-	<b>(5,833)</b>	-
Zakat paid	<b>(707)</b>	(57)	<b>(707)</b>	(57)
<b>Net cash (used in)/generated from operating activities</b>	<b>(1,596,801)</b>	1,329,272	<b>(1,596,801)</b>	1,329,272



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**INTERIM FINANCIAL STATEMENTS****UNAUDITED STATEMENTS OF CASH FLOWS for the financial quarter ended 31 March 2013***(continued)*

	<b>Economic Entity</b>		<b>The Bank</b>	
	<b>31/3/2013</b>	<b>31/3/2012</b>	<b>31/3/2013</b>	<b>31/3/2012</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>14,861</b>	13,265	<b>14,861</b>	13,265
Net purchase of financial investments available-for-sale	<b>(15,319)</b>	(1,109,966)	<b>(15,319)</b>	(1,109,966)
Purchase of property and equipment	<b>(24)</b>	(639)	<b>(24)</b>	(639)
<b>Net cash used in investing activities</b>	<b>(482)</b>	(1,097,340)	<b>(482)</b>	(1,097,340)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Investment in associate	<b>(150)</b>	-	<b>(150)</b>	-
<b>Net cash used in financing activities</b>	<b>(150)</b>	-	<b>(150)</b>	-
Net (decrease)/increase in cash and cash equivalents	<b>(1,597,433)</b>	231,932	<b>(1,597,433)</b>	231,932
Net (decrease)/increase in foreign exchange	<b>(1,478)</b>	880	<b>(1,478)</b>	880
Cash and cash equivalents at beginning of the financial period	<b>4,076,266</b>	4,455,700	<b>4,076,266</b>	4,455,700
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<b>2,477,355</b>	4,688,512	<b>2,477,355</b>	4,688,512

## **AFFIN Islamic Bank Berhad**

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### **MFRS 134 INTERIM FINANCIAL REPORTING - 31 MARCH 2013**

#### **1 BASIS OF PREPARATION**

This unaudited condensed interim financial information for the 3 months ended 31 March 2013 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 requirements of the Companies Act, 1965 in Malaysia.

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

The unaudited condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with the Malaysian Financial Reporting Standards ('MFRS'). 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 2012.

#### **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 2013.

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 2013 are as follows:

MFRS 10 "Consolidated financial statements"

MFRS 11 "Joint arrangements"

MFRS 12 "Disclosures of interests in other entities"

MFRS 13 "Fair value measurement"

The revised MFRS 127 "Separate financial statements"

The revised MFRS 128 "Investments in associates and joint ventures"

Amendment to MFRS 101 "Presentation of items of other comprehensive income"

Amendment to MFRS 7 "Financial instruments: Disclosures"

#### **3 QUALIFICATION OF PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2012 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 2013.

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**MFRS 134 INTERIM FINANCIAL REPORTING - 31 MARCH 2013**

**6 CHANGES IN ACCOUNTING POLICIES AND ADJUSTMENT**

Refer to Note 2

**7 CHANGES IN DEBTS AND EQUITY SECURITIES**

There were no purchases or disposal of quoted securities for the quarter ended 31 March 2013 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 2013 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 2012 audited accounts.

**11 PURCHASE AND SALE OF QUOTED SECURITIES**

There were no purchases or disposals of quoted securities for the quarter ended 31 March 2013 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 2013.

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**MFRS 134 INTERIM FINANCIAL REPORTING - 31 MARCH 2013****13 FINANCING, ADVANCES AND OTHER FINANCING****(i) By type**

	<b>Economic Entity/The Bank</b>	
	<b>Current Financial Quarter 31/3/2013 RM'000</b>	<b>Previous Financial Year-End 31/12/2012 RM'000</b>
Cash line	<b>214,785</b>	187,020
Term financing		
- House financing	<b>1,581,515</b>	1,511,961
- Hire purchase receivables	<b>1,521,112</b>	1,438,230
- Syndicated financing	<b>263,181</b>	259,993
- Business term financing	<b>1,313,205</b>	1,458,138
Bills receivables	<b>840</b>	390
Trust receipts	<b>13,873</b>	28,445
Claims on customers under acceptances credits	<b>138,664</b>	133,577
Staff financing (of which RM Nil to Directors)	<b>11,469</b>	10,899
Revolving credits	<b>183,085</b>	184,734
<b>Gross financing, advances and other financing</b>	<b>5,241,729</b>	5,213,387
Less:		
Allowance for impairment		
- Individual	<b>(34,533)</b>	(35,095)
- Collective	<b>(35,433)</b>	(34,936)
<b>Total net financing, advances and other financing</b>	<b>5,171,763</b>	5,143,356

**(ii) By maturity structure**

	<b>Economic Entity/The Bank</b>	
	<b>Current Financial Quarter 31/3/2013 RM'000</b>	<b>Previous Financial Year-End 31/12/2012 RM'000</b>
Maturing within one year	<b>585,168</b>	565,710
One year to three years	<b>322,579</b>	354,583
Three years to five years	<b>768,960</b>	770,713
Over five years	<b>3,565,022</b>	3,522,381
	<b>5,241,729</b>	5,213,387

**AFFIN Islamic Bank Berhad**

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**MFRS 134 INTERIM FINANCIAL REPORTING - 31 MARCH 2013****13 FINANCING, ADVANCES AND OTHER FINANCING (continued)****(iii) By contract**

	<b>Economic Entity/The Bank</b>	
	<b>Current Financial Quarter 31/3/2013 RM'000</b>	<b>Previous Financial Year-End 31/12/2012 RM'000</b>
Bai' Bithamin Ajil (deferred payment sale)	2,032,768	2,223,828
AITAB	1,521,112	1,438,230
Murabahah (cost-plus)	264,034	248,623
Others	1,423,815	1,302,706
	<b>5,241,729</b>	<b>5,213,387</b>

**(iv) By type of customer**

	<b>Economic Entity/The Bank</b>	
	<b>Current Financial Quarter 31/3/2013 RM'000</b>	<b>Previous Financial Year-End 31/12/2012 RM'000</b>
Domestic non-banking institutions		
- Others	188,907	310,059
Domestic business enterprises		
- Small medium enterprises	399,018	427,991
- Others	1,371,130	1,326,600
Government and statutory bodies	8,758	21,662
Individuals	3,070,822	2,916,350
Other domestic entities	77,690	85,726
Foreign entities	125,404	124,999
	<b>5,241,729</b>	<b>5,213,387</b>

**(v) By profit rate sensitivity**

	<b>Economic Entity/The Bank</b>	
	<b>Current Financial Quarter 31/3/2013 RM'000</b>	<b>Previous Financial Year-End 31/12/2012 RM'000</b>
Fixed rate		
- House financing	81,480	83,011
- Hire purchase receivables	1,521,110	1,438,230
- Other fixed rate financing	610,862	662,096
Variable rate		
- BLR - plus	2,495,146	2,395,805
- Cost - plus	533,131	634,245
	<b>5,241,729</b>	<b>5,213,387</b>

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

**(vi) By economic purpose**

	<b>Economic Entity/The Bank</b>	
	<b>Current Financial Quarter 31/3/2013 RM'000</b>	<b>Previous Financial Year-End 31/12/2012 RM'000</b>
Purchase of securities	26	34
Purchase of transport vehicles	1,521,067	1,438,181
Purchase of landed property of which:		
- Residential	1,669,112	1,601,485
- Non-residential	904,343	865,774
Fixed assets other than land and building	42,749	65,883
Personal use	41,124	39,854
Consumer durable	15	17
Construction	242,038	214,075
Working capital	810,222	981,028
Others	11,033	7,056
	<b>5,241,729</b>	<b>5,213,387</b>

**(vii) By geographical distribution**

	<b>Economic Entity/The Bank</b>	
	<b>Current Financial Quarter 31/3/2013 RM'000</b>	<b>Previous Financial Year-End 31/12/2012 RM'000</b>
Perlis	43,469	9,337
Kedah	263,038	275,950
Pulau Pinang	97,175	90,357
Perak	265,570	249,961
Selangor	1,912,651	1,854,322
Wilayah Persekutuan	1,275,141	1,417,487
Negeri Sembilan	105,599	98,342
Melaka	61,218	55,684
Johor	198,936	181,161
Pahang	249,965	250,096
Terengganu	359,979	354,214
Kelantan	195,527	195,746
Sarawak	27,706	26,755
Sabah	85,223	53,344
Labuan	6	7
Outside Malaysia	100,526	100,624
	<b>5,241,729</b>	<b>5,213,387</b>

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

**(viii) Movements of impaired financing**

	<b>Economic Entity/The Bank</b>	
	<b>Current Financial Quarter 31/3/2013 RM'000</b>	<b>Previous Financial Year-End 31/12/2012 RM'000</b>
At beginning of the financial period	129,792	172,344
Classified as impaired	16,421	67,040
Reclassified as non-impaired	(10,720)	(80,004)
Amount recovered	(2,507)	(21,384)
Amount written-off	-	(8,204)
<b>At end of the financial period</b>	<b>132,986</b>	<b>129,792</b>
Ratio of gross impaired financing, advances and other financing to gross financing, advances and other financing	<b>2.54%</b>	<b>2.49%</b>

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

	<b>Economic Entity/The Bank</b>	
	<b>Current Financial Quarter 31/3/2013 RM'000</b>	<b>Previous Financial Year-End 31/12/2012 RM'000</b>
<b>Individual impairment</b>		
At beginning of the financial period	35,095	34,927
Provision for loan impairment	238	2,823
Amount recovered	(31)	(170)
Unwinding of discount of allowance	(769)	(2,485)
<b>At end of the financial period</b>	<b>34,533</b>	<b>35,095</b>
<b>Collective impairment</b>		
At beginning of the financial period	34,936	60,709
Provision for loan impairment/(recovered)	497	(17,569)
Amount written-off	-	(8,204)
<b>At end of the financial period</b>	<b>35,433</b>	<b>34,936</b>

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

**(x) Impaired financing by economic purpose**

	<b>Economic Entity/The Bank</b>	
	<b>Current</b>	<b>Previous</b>
	<b>Financial</b>	<b>Financial</b>
	<b>Quarter</b>	<b>Year-End</b>
	<b>31/3/2013</b>	<b>31/12/2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Purchase of securities	3	-
Purchase of transport vehicles	6,642	6,079
Purchase of landed property of which:		
- Residential	34,019	32,115
- Non-residential	525	560
Construction	61,910	61,296
Working capital	29,781	29,637
Others	106	105
	<b>132,986</b>	<b>129,792</b>

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

	<b>Economic Entity/The Bank</b>	
	<b>Current</b>	<b>Previous</b>
	<b>Financial</b>	<b>Financial</b>
	<b>Quarter</b>	<b>Year-End</b>
	<b>31/3/2013</b>	<b>31/12/2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Kedah	1,383	1,225
Pulau Pinang	1,830	1,342
Perak	1,664	1,484
Selangor	46,357	44,752
Wilayah Persekutuan	5,547	5,955
Negeri Sembilan	2,085	2,375
Melaka	162	237
Johor	2,278	2,116
Pahang	3,393	2,961
Terengganu	1,725	1,687
Kelantan	2,875	2,375
Sarawak	380	587
Sabah	1,396	1,400
Outside Malaysia	61,911	61,296
	<b>132,986</b>	<b>129,792</b>



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**MFRS 134 INTERIM FINANCIAL REPORTING - 31 MARCH 2013****14 DEPOSITS FROM CUSTOMERS****(i) By type of deposit**

	<b>Economic Entity/The Bank</b>	
	<b>Current</b>	<b>Previous</b>
	<b>Financial</b>	<b>Financial</b>
	<b>Quarter</b>	<b>Year-End</b>
	<b>31/3/2013</b>	<b>31/12/2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Non-Mudharabah</b>		
Demand deposits	2,163,193	2,604,233
Savings deposits	235,239	221,111
<b>Mudharabah</b>		
Demand deposits	31,404	31,496
Savings deposits	112,188	112,378
General investment deposits	4,346,056	5,239,911
Special investment deposits	713,579	833,132
	<b>7,601,659</b>	<b>9,042,261</b>

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

	<b>Economic Entity/The Bank</b>	
	<b>Current</b>	<b>Previous</b>
	<b>Financial</b>	<b>Financial</b>
	<b>Quarter</b>	<b>Year-End</b>
	<b>31/3/2013</b>	<b>31/12/2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Due within six months	3,021,467	4,353,807
Six months to one year	1,321,658	874,676
One year to three years	2,729	11,227
Three years to five years	202	201
	<b>4,346,056</b>	<b>5,239,911</b>

**(iii) By type of customer**

	<b>Economic Entity/The Bank</b>	
	<b>Current</b>	<b>Previous</b>
	<b>Financial</b>	<b>Financial</b>
	<b>Quarter</b>	<b>Year-End</b>
	<b>31/3/2013</b>	<b>31/12/2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Government and statutory bodies	2,635,334	2,941,589
Business enterprise	2,318,081	3,302,604
Individuals	886,629	845,270
Others	1,761,615	1,952,798
	<b>7,601,659</b>	<b>9,042,261</b>

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**MFRS 134 INTERIM FINANCIAL REPORTING - 31 MARCH 2013****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>31/3/2013</b>	<b>31/3/2012</b>	<b>31/3/2013</b>	<b>31/3/2012</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>104,595</b>	111,541	<b>104,595</b>	111,541
Income attributable to depositors	<b>(64,028)</b>	(71,526)	<b>(64,028)</b>	(71,526)
Income derived from investment of shareholders' funds	<b>7,271</b>	4,842	<b>7,271</b>	4,842
	<b>47,838</b>	44,857	<b>47,838</b>	44,857
of which:				
Profit earned on impaired financing, advances and other financing	<b>871</b>	208	<b>871</b>	208

**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>31/3/2013</b>	<b>31/3/2012</b>	<b>31/3/2013</b>	<b>31/3/2012</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>65,551</b>	63,523	<b>65,551</b>	63,523
- Other deposits (ii)	<b>39,044</b>	48,018	<b>39,044</b>	48,018
	<b>104,595</b>	111,541	<b>104,595</b>	111,541

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**MFRS 134 INTERIM FINANCIAL REPORTING - 31 MARCH 2013****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
	31/3/2013	31/3/2012	31/3/2013	31/3/2012
	RM'000	RM'000	RM'000	RM'000
<b>Finance income and hibah</b>				
Financing, advances and other loans	39,557	34,205	39,557	34,205
Financial investments available-for-sale	8,708	7,240	8,708	7,240
Money at call and deposits with other financial institutions	14,382	17,309	14,382	17,309
Total finance income and hibah	62,647	58,754	62,647	58,754
Accretion of discount less amortisation of premium	1,073	2,177	1,073	2,177
	63,720	60,931	63,720	60,931
<b>Other operating income</b>				
Fee income				
Commission	145	254	145	254
Service charges and fees	845	602	845	602
Guarantee fees	364	190	364	190
	1,354	1,046	1,354	1,046
Gains on arising on financial investments available-for-sale:				
- net gain on disposal	12	1,200	12	1,200
	12	1,200	12	1,200
Other income				
Foreign exchange profit:				
- realised	138	34	138	34
Other non-operating income	327	312	327	312
	465	346	465	346
	65,551	63,523	65,551	63,523

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**MFRS 134 INTERIM FINANCIAL REPORTING - 31 MARCH 2013****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>	<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>31/3/2013</b>	<b>31/3/2012</b>	<b>31/3/2013</b>	<b>31/3/2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Finance income and hibah</b>				
Financing, advances and other loans	<b>23,562</b>	25,857	<b>23,562</b>	25,857
Financial investments available-for-sale	<b>5,187</b>	5,473	<b>5,187</b>	5,473
Money at call and deposits with other financial institutions	<b>8,567</b>	13,084	<b>8,567</b>	13,084
Total finance income and hibah	<b>37,316</b>	44,414	<b>37,316</b>	44,414
Accretion of discount less amortisation of premium	<b>639</b>	1,646	<b>639</b>	1,646
	<b>37,955</b>	46,060	<b>37,955</b>	46,060
<b>Other operating income</b>				
Fee income				
Commission	<b>86</b>	192	<b>86</b>	192
Service charges and fees	<b>503</b>	455	<b>503</b>	455
Guarantee fees	<b>217</b>	144	<b>217</b>	144
	<b>806</b>	791	<b>806</b>	791
Income from financial instruments				
Gains on arising on financial investments available-for-sale:				
- net gain on disposal	<b>7</b>	906	<b>7</b>	906
	<b>7</b>	906	<b>7</b>	906
Other income				
Foreign exchange profit:				
- realised	<b>82</b>	26	<b>82</b>	26
Other non-operating income	<b>194</b>	235	<b>194</b>	235
	<b>276</b>	261	<b>276</b>	261
	<b>39,044</b>	48,018	<b>39,044</b>	48,018

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

	Individual Quarter		Cumulative Quarter	
	Economic Entity/The Bank Current Financial Quarter 31/3/2013 RM'000	Preceding Year Corresponding Quarter 31/3/2012 RM'000	Economic Entity/The Bank Current Financial Quarter 31/3/2013 RM'000	Preceding Year Corresponding Quarter 31/3/2012 RM'000
<b>Finance income and hibah</b>				
Financing, advances and other loans	4,388	2,607	4,388	2,607
Financial investments available-for-sale	966	552	966	552
Money at call and deposits with other financial institutions	1,595	1,319	1,595	1,319
Total finance income and hibah	6,949	4,478	6,949	4,478
Accretion of discount less amortisation of premium	119	166	119	166
	7,068	4,644	7,068	4,644
<b>Other operating income</b>				
Fee income				
Commission	16	19	16	19
Service charges and fees	94	46	94	46
Guarantee fees	40	15	40	15
	150	80	150	80
Income from financial instruments				
Gains on arising on financial investments available-for-sale:				
- net gain on disposal	1	91	1	91
	1	91	1	91
Other income				
Foreign exchange profit:				
- realised	15	3	15	3
Other non-operating income	37	24	37	24
	52	27	52	27
	7,271	4,842	7,271	4,842

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**MFRS 134 INTERIM FINANCIAL REPORTING - 31 MARCH 2013****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>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>31/3/2013</b>	<b>31/3/2012</b>	<b>31/3/2013</b>	<b>31/3/2012</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>238</b>	84	<b>238</b>	84
- written-back	<b>(31)</b>	(13)	<b>(31)</b>	(13)
Collective impairment				
- made/(written-back)	<b>497</b>	138	<b>497</b>	138
Bad debts on financing				
- recovered	<b>(518)</b>	(107)	<b>(518)</b>	(107)
- written-off	<b>-</b>	17	<b>-</b>	17
	<b>186</b>	119	<b>186</b>	119

**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>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>31/3/2013</b>	<b>31/3/2012</b>	<b>31/3/2013</b>	<b>31/3/2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits from customers				
- Mudharabah	<b>44,495</b>	43,811	<b>44,495</b>	43,811
- Non-mudharabah	<b>8,005</b>	6,931	<b>8,005</b>	6,931
Deposits and placements of banks and other financial institutions				
- Mudharabah	<b>10,179</b>	20,065	<b>10,179</b>	20,065
Others	<b>1,349</b>	719	<b>1,349</b>	719
	<b>64,028</b>	71,526	<b>64,028</b>	71,526

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**20 PERSONNEL EXPENSES**

	<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>Quarter</b>	<b>Quarter</b>	<b>Quarter</b>	<b>Quarter</b>
	<b>31/3/2013</b>	<b>31/3/2012</b>	<b>31/3/2013</b>	<b>31/3/2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Wages, salaries and bonuses	12,414	11,795	12,414	11,795
Defined contribution plan ('EPF')	2,012	1,918	2,012	1,918
Other personnel costs	1,462	1,304	1,462	1,304
	<b>15,888</b>	<b>15,017</b>	<b>15,888</b>	<b>15,017</b>

**21 OTHER OVERHEADS AND EXPENDITURES**

	<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>Quarter</b>	<b>Quarter</b>	<b>Quarter</b>	<b>Quarter</b>
	<b>31/3/2013</b>	<b>31/3/2012</b>	<b>31/3/2013</b>	<b>31/3/2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Establishment costs</b>				
Rental of premises	970	950	970	950
Equipment rental	10	8	10	8
Repair and maintenance	1,080	1,430	1,080	1,430
Depreciation of property and equipment	226	264	226	264
Amortisation of intangible assets	199	199	199	199
IT consultancy fees	2,198	1,949	2,198	1,949
Dataline rental	96	146	96	146
Security services	588	501	588	501
Electricity, water and sewerage	351	365	351	365
Licence fee	50	54	50	54
Insurance/takaful and indemnities	29	61	29	61
Other establishment costs	867	991	867	991
	<b>6,664</b>	<b>6,918</b>	<b>6,664</b>	<b>6,918</b>

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**21 OTHER OVERHEADS AND EXPENDITURES (continued)**

	Individual Quarter		Cumulative Quarter	
	Economic Entity/The Bank Current Financial Quarter 31/3/2013 RM'000	Preceding Year Corresponding Quarter 31/3/2012 RM'000	Economic Entity/The Bank Current Financial Quarter 31/3/2013 RM'000	Preceding Year Corresponding Quarter 31/3/2012 RM'000
<b>Marketing expenses</b>				
Business promotion and advertisement	33	69	33	69
Entertainment	91	87	91	87
Traveling and accommodation	252	251	252	251
Other marketing expenses	144	163	144	163
	<b>520</b>	<b>570</b>	<b>520</b>	<b>570</b>

	Individual Quarter		Cumulative Quarter	
	Economic Entity/The Bank Current Financial Quarter 31/3/2013 RM'000	Preceding Year Corresponding Quarter 31/3/2012 RM'000	Economic Entity/The Bank Current Financial Quarter 31/3/2013 RM'000	Preceding Year Corresponding Quarter 31/3/2012 RM'000
<b>Administration and general expenses</b>				
Telecommunication expenses	221	186	221	186
Auditors' remuneration	76	77	76	77
Professional fees	229	134	229	134
Mail and courier charges	149	152	149	152
Stationery and consumables	612	394	612	394
Commissions expenses	52	41	52	41
Brokerage expenses	20	35	20	35
Directors' fees and allowances	537	308	537	308
Donations	4	37	4	37
Settlement, clearing and bank charges	102	98	102	98
Stamp duties	1	1	1	1
Other administration and general expenses	41	47	41	47
	<b>2,044</b>	<b>1,510</b>	<b>2,044</b>	<b>1,510</b>
	<b>9,228</b>	<b>8,998</b>	<b>9,228</b>	<b>8,998</b>

**22 COMMITMENTS AND CONTINGENCIES**

	Current financial quarter ended 31/3/2013			Previous financial year ended 31/12/2012		
	Principal Amount RM'000	* Credit Equivalent RM'000	* Risk- weighted Amount RM'000	Principal Amount RM'000	* Credit Equivalent RM'000	* Risk- weighted Amount RM'000
<b>Economic Entity/The Bank</b>						
Direct credit substitutes	8,300	8,300	6,663	9,374	9,374	7,732
Transaction-related contingent items	125,087	62,543	60,570	130,067	65,034	63,374
Short-term self-liquidating trade-related contingencies	203,594	40,719	11,660	237,199	47,440	11,535
Irrevocable commitments to extend credit:						
- Maturity less than one year	760,996	152,199	108,512	811,391	162,278	139,768
- Maturity more than one year	374,865	187,432	173,094	381,912	190,955	175,291
	<b>1,472,842</b>	<b>451,193</b>	<b>360,499</b>	<b>1,569,943</b>	<b>475,081</b>	<b>397,700</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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**23 CAPITAL MANAGEMENT**

With effect from 1 January 2013, the total capital and capital adequacy ratios of the Bank are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework (Capital Components) dated 28 November 2012.

The Bank is currently adopting Standardised Approach for Credit Risk and Market Risk, the Basic Indicator Approach for Operational Risk. In line with the transitional arrangements under the Bank Negara Malaysia's Capital Adequacy Framework (Capital Components), the minimum capital adequacy requirement for Common Equity Tier 1 Capital Ratio ('CET 1') and Tier 1 Capital Ratio are 3.5% and 4.5% respectively for year 2013. The minimum regulatory capital adequacy requirement remains at 8.0% (2012: 8.0%) for total capital ratio.

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.
- 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 2013.

**24 CAPITAL ADEQUACY**

The capital adequacy ratios are as follows:

	Economic Entity		The Bank	
	Current Financial Quarter 31/3/2013 RM'000	Previous Financial Year-End 31/12/2012 RM'000	Current Financial Quarter 31/3/2013 RM'000	Previous Financial Year-End 31/12/2012 RM'000
Paid-up share capital	360,000	360,000	360,000	360,000
Share premium	-	-	-	-
Statutory reserves	143,451	143,451	143,451	143,451
Retained profits	148,950	148,950	149,390	149,390
Unrealised gains and losses on AFS	2,329	-	2,329	-
	<b>654,730</b>	652,401	<b>655,170</b>	652,841
Less:				
Deferred tax assets *	(600)	(600)	(600)	(600)
55% of cumulative unrealised gains of AFS	(1,281)	-	(1,281)	-
<b>CET1 Capital</b>	<b>652,849</b>	651,801	<b>653,289</b>	652,241
<b>Tier 1 Capital</b>	<b>652,849</b>	651,801	<b>653,289</b>	652,241

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**23 CAPITAL ADEQUACY (continued)**

	Economic Entity		The Bank	
	Current Financial Quarter Financial 31/3/2013 RM'000	Previous Financial Year-End Financial 31/12/2012 RM'000	Current Financial Quarter Financial 31/3/2013 RM'000	Previous Financial Year-End Financial 31/12/2012 RM'000
Collective impairment <sup>^</sup>	23,495	23,782	23,495	23,782
Less:				
Investment in jointly controlled entity/ associate	(650)	-	(650)	-
<b>Tier II capital</b>	<b>22,845</b>	<b>23,782</b>	<b>22,845</b>	<b>23,782</b>
<b>Total Capital/Capital base</b>	<b>675,694</b>	<b>675,583</b>	<b>676,134</b>	<b>676,023</b>
CET1 capital ratio	14.72%	-	14.73%	-
Tier 1 capital ratio/Core capital ratio	14.72%	14.61%	14.73%	14.62%
Total capital ratio/Risk-weighted capital ratio	15.24%	15.15%	15.25%	15.16%
CET1 capital ratio (net of proposed dividends)	14.72%	-	14.73%	-
Tier 1 capital ratio/Core capital ratio (net of proposed dividends)	14.72%	14.61%	14.73%	14.62%
Total capital ratio/Risk-weighted capital ratio (net of proposed dividends)	15.24%	15.15%	15.25%	15.16%

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

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

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**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 31/3/2013 RM'000	Principal Previous Financial Year-End 31/12/2012 RM'000	Principal Current Financial Quarter 31/3/2013 RM'000	Principal Previous Financial Year-End 31/12/2012 RM'000
0%	3,806,534	5,290,465	3,806,534	5,290,465
10%	-	-	-	-
20%	867,492	1,083,348	867,492	1,083,348
35%	957,265	839,987	957,265	839,987
50%	321,101	290,780	321,101	290,780
75%	1,693,087	1,863,855	1,693,087	1,863,855
100%	2,018,832	1,962,728	2,018,832	1,962,728
150%	70,079	79,084	70,079	79,084
1250%	3,395	-	3,395	-
Total risk-weighted assets for credit risk	<b>9,737,785</b>	<b>11,410,247</b>	<b>9,737,785</b>	<b>11,410,247</b>

	Economic Entity		The Bank	
	Risk-Weighted Current Financial Quarter 31/3/2013 RM'000	Risk-Weighted Previous Financial Year-End 31/12/2012 RM'000	Risk-Weighted Current Financial Quarter 31/3/2013 RM'000	Risk-Weighted Previous Financial Year-End 31/12/2012 RM'000
0%	-	-	-	-
10%	-	-	-	-
20%	173,498	216,670	173,498	216,670
35%	335,043	293,995	335,043	293,995
50%	160,551	145,390	160,551	145,390
75%	1,269,815	1,397,891	1,269,815	1,397,891
100%	2,018,832	1,962,728	2,018,832	1,962,728
150%	105,119	118,626	105,119	118,626
1250%	42,438	-	42,438	-
Total risk-weighted assets for credit risk	<b>4,105,296</b>	<b>4,135,300</b>	<b>4,105,296</b>	<b>4,135,300</b>
Risk-weighted assets for market risk	<b>2,414</b>	<b>1,782</b>	<b>2,414</b>	<b>1,782</b>
Risk-weighted assets for operational risk	<b>327,161</b>	<b>323,284</b>	<b>327,161</b>	<b>323,284</b>
Total risk-weighted assets	<b>4,434,871</b>	<b>4,460,366</b>	<b>4,434,871</b>	<b>4,460,366</b>

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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**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 2013, the Bank registered a profit before tax of RM22.5 million as compared to the previous year's corresponding quarter of RM20.7 million, an increase of RM1.8 million or 8.7%.

This was due to:

- i) higher income derived from investment of shareholders' funds and others by RM2.4 million.
- ii) lower income attributable to depositors by RM7.5 million.

The above was off-set by:

- i) lower income derived from investment of depositors' funds by RM6.9 million.
- ii) higher operating expenses by RM1.1 million.
- iii) higher allowances for losses on financing 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 2013 stood at RM22.5 million as compared to RM21.2 million reported in the 4th quarter of 2012, an increase of RM1.3 million or 6.1%.

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

- i) higher income derived from investment of shareholders' funds by RM0.3 million.
- ii) lower income attributable to depositors by RM8.6 million.
- iii) lower other operating expenses by RM0.1 million.
- iv) lower allowance for losses on financing by RM3.1 million.
- v) improvement in share of joint venture's results by RM0.1 million.

The above was off-set by:

- i) lower income derived from investment of depositors' funds and others by RM10.9 million.

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**27 PROSPECT FOR THE CURRENT FINANCIAL YEAR**

In 2013, AFFIN Islamic will look into the following areas:

- Continue to increase business revenue:
  - Improve existing business by expanding existing successful business and improving underperforming business
  - Introduce new business/products
  - Improve profit margin and fee income growth
  - Value added product/ cross selling opportunities
  - Review product/pricing/package competitiveness against competitors
  - Step-up marketing and sales performance at both Head Office and branches
  - Capabilities and capacity building, including opening of new branches
- More efficient use of Group distributional channels and services.
- Continuous improvement in Financing assets portfolio.
- Closer synergy and teamwork with Parent Bank to drive Group Business goals and aspirations.
- Increase market visibility.
- Continuous migration towards globally accepted Shariah based products and practices.

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 2013 will provide growth opportunities in various business segments especially within the ASEAN region. 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 RM6.2 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 RM3.6 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 an adverse variance of RM3.5 million.