

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

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION as at 30 September 2014**

	Note	Economic Entity		The Bank	
		Current Financial Quarter 30/9/2014 RM'000	Previous Financial Year-End 31/12/2013 RM'000	Current Financial Quarter 30/9/2014 RM'000	Previous Financial Year-End 31/12/2013 RM'000
<b>ASSETS</b>					
Cash and short-term funds		2,251,464	4,506,301	2,251,464	4,506,301
Deposits and placements with banks and other financial institutions		-	120,016	-	120,016
Derivatives financial assets	13	93	-	93	-
Financial investments available-for-sale	14	1,454,371	1,283,123	1,454,371	1,283,123
Financial investments held-to-maturity	15	86,511	85,064	86,511	85,064
Financing, advances and other financing	16	6,610,335	6,048,876	6,610,335	6,048,876
Other assets	17	38,703	42,517	38,703	42,517
Amount due from jointly controlled entity		14,413	4,185	14,413	4,185
Deferred tax assets		1,849	2,960	1,849	2,960
Statutory deposits with Bank Negara Malaysia		268,300	233,000	268,300	233,000
Investment in jointly controlled entity		-	-	650	650
Property and equipment		3,477	3,046	3,477	3,046
Intangible assets		1,085	1,666	1,085	1,666
<b>TOTAL ASSETS</b>		<b>10,730,601</b>	<b>12,330,754</b>	<b>10,731,251</b>	<b>12,331,404</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	18	8,374,480	9,290,544	8,374,480	9,290,544
Deposits and placements of banks and other financial institutions	19	1,463,855	2,242,480	1,463,855	2,242,480
Derivative financial liabilities	20	104	-	104	-
Other liabilities	21	27,547	31,167	27,547	31,167
Amount due to holding company		104,045	60,115	104,045	60,115
Provision for taxation		2,492	2,031	2,492	2,031
<b>TOTAL LIABILITIES</b>		<b>9,972,523</b>	<b>11,626,337</b>	<b>9,972,523</b>	<b>11,626,337</b>
Share capital		360,000	360,000	360,000	360,000
Reserves	22	398,078	344,417	398,728	345,067
<b>TOTAL EQUITY</b>		<b>758,078</b>	<b>704,417</b>	<b>758,728</b>	<b>705,067</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>10,730,601</b>	<b>12,330,754</b>	<b>10,731,251</b>	<b>12,331,404</b>
<b>COMMITMENTS AND CONTINGENCIES</b>					
	29	1,992,272	1,667,189	1,992,272	1,667,189
<b>Capital Adequacy</b>					
CET1 capital ratio	32	13.392%	13.876%	13.401%	13.889%
Tier 1 capital ratio	32	13.392%	13.876%	13.401%	13.889%
Total capital ratio	32	14.565%	14.269%	14.565%	14.281%

**AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS****UNAUDITED INCOME STATEMENTS for the financial quarter ended 30 September 2014**

	Note	Individual Quarter Economic Entity		Cumulative Quarter Economic Entity	
		Current Financial Quarter 30/9/2014 RM'000	Preceding Year Corresponding Quarter 30/9/2013 RM'000	Current Financial Quarter 30/9/2014 RM'000	Preceding Year Corresponding Quarter 30/9/2013 RM'000
Income derived from investment of depositors' funds and others	23	<b>115,382</b>	108,162	<b>343,878</b>	315,924
Income derived from investment of shareholders' funds	24	<b>8,549</b>	7,378	<b>24,695</b>	22,107
Allowances for losses on financing	25	<b>(1,267)</b>	(283)	<b>(1,381)</b>	28
<b>Total distributable income</b>		<b>122,664</b>	115,257	<b>367,192</b>	338,059
Income attributable to the depositors	26	<b>(69,906)</b>	(68,226)	<b>(213,215)</b>	(195,136)
<b>Total net income</b>		<b>52,758</b>	47,031	<b>153,977</b>	142,923
Personnel expenses	27	<b>(19,507)</b>	(16,459)	<b>(56,764)</b>	(48,496)
Other overheads and expenditures	28	<b>(11,663)</b>	(9,705)	<b>(33,021)</b>	(28,026)
<b>Operating profit</b>		<b>21,588</b>	20,867	<b>64,192</b>	66,401
Impairment losses on securities		-	-	<b>(550)</b>	-
		<b>21,588</b>	20,867	<b>63,642</b>	66,401
Share of joint venture's results		-	(165)	-	(210)
<b>Profit before zakat and taxation</b>		<b>21,588</b>	20,702	<b>63,642</b>	66,191
Zakat		-	-	-	(8,583)
<b>Profit before taxation</b>		<b>21,588</b>	20,702	<b>63,642</b>	57,608
Taxation		<b>(5,435)</b>	(4,772)	<b>(13,865)</b>	(15,148)
<b>Net profit after zakat and taxation</b>		<b>16,153</b>	15,930	<b>49,777</b>	42,460
<b>Attributable to:</b>					
Equity holders of the Bank		<b>16,153</b>	15,930	<b>49,777</b>	42,460
<b>Earnings per share (sen):</b>					
- Basic/fully diluted		<b>4.5</b>	4.4	<b>13.8</b>	11.8

**AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
*for the financial quarter ended 30 September 2014(continued)*

	Individual Quarter Economic Entity		Cumulative Quarter Economic Entity	
	Current Financial Quarter 30/9/2014 RM'000	Preceding Year Corresponding Quarter 30/9/2013 RM'000	Current Financial Quarter 30/9/2014 RM'000	Preceding Year Corresponding Quarter 30/9/2013 RM'000
<b>Profit after zakat and taxation</b>	<b>16,153</b>	15,930	<b>49,777</b>	42,460
Other comprehensive income:				
Items that may be reclassified subsequently to profit and loss:				
Net fair value change in financial investments available-for-sale	<b>3,331</b>	(2,082)	<b>5,110</b>	(6,703)
Deferred tax on financial investments available-for-sale	<b>(799)</b>	521	<b>(1,226)</b>	1,676
Other comprehensive income for the financial period, net of tax	<b>2,532</b>	(1,561)	<b>3,884</b>	(5,027)
<b>Total comprehensive income for the financial period</b>	<b>18,685</b>	14,369	<b>53,661</b>	37,433
<b>Attributable to equity holders of the Bank:</b>				
- Total comprehensive income	<b>18,685</b>	14,369	<b>53,661</b>	37,433

**AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS****UNAUDITED INCOME STATEMENTS for the financial quarter ended 30 September 2014***(continued)*

	Note	Individual Quarter The Bank		Cumulative Quarter The Bank	
		Current Financial Quarter 30/9/2014 RM'000	Preceding Year Corresponding Quarter 30/9/2013 RM'000	Current Financial Quarter 30/9/2014 RM'000	Preceding Year Corresponding Quarter 30/9/2013 RM'000
Income derived from investment of depositors' funds and others	23	115,382	108,162	343,878	315,924
Income derived from investment of shareholders' funds	24	8,549	7,378	24,695	22,107
Allowances for losses on financing	25	(1,267)	(283)	(1,381)	28
<b>Total distributable income</b>		<b>122,664</b>	<b>115,257</b>	<b>367,192</b>	<b>338,059</b>
Income attributable to the depositors	26	(69,906)	(68,226)	(213,215)	(195,136)
<b>Total net income</b>		<b>52,758</b>	<b>47,031</b>	<b>153,977</b>	<b>142,923</b>
Personnel expenses	27	(19,507)	(16,459)	(56,764)	(48,496)
Other overheads and expenditures	28	(11,663)	(9,705)	(33,021)	(28,026)
<b>Operating profit</b>		<b>21,588</b>	<b>20,867</b>	<b>64,192</b>	<b>66,401</b>
Impairment losses on securities		-	-	(550)	-
<b>Profit before zakat and taxation</b>		<b>21,588</b>	<b>20,867</b>	<b>63,642</b>	<b>66,401</b>
Zakat		-	-	-	(8,583)
<b>Profit before taxation</b>		<b>21,588</b>	<b>20,867</b>	<b>63,642</b>	<b>57,818</b>
Taxation		(5,435)	(4,772)	(13,865)	(15,148)
<b>Net profit after zakat and taxation</b>		<b>16,153</b>	<b>16,095</b>	<b>49,777</b>	<b>42,670</b>
<b>Attributable to:</b>					
Equity holders of the Bank		<b>16,153</b>	<b>16,095</b>	<b>49,777</b>	<b>42,670</b>
<b>Earnings per share (sen):</b>					
- Basic/fully diluted		<b>4.5</b>	<b>4.5</b>	<b>13.8</b>	<b>11.9</b>

**AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
*for the financial quarter ended 30 September 2014(continued)*

	Individual Quarter		Cumulative Quarter	
	The Bank		The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/9/2014	30/9/2013	30/9/2014	30/9/2013
	RM'000	RM'000	RM'000	RM'000
<b>Profit after zakat and taxation</b>	<b>16,153</b>	16,095	<b>49,777</b>	42,670
Other comprehensive income:				
Items that may be reclassified subsequently to profit and loss:				
Net fair value change in financial investments available-for-sale	<b>3,331</b>	(2,082)	<b>5,110</b>	(6,703)
Deferred tax on financial investments available-for-sale	<b>(799)</b>	521	<b>(1,226)</b>	1,676
Other comprehensive income for the financial period, net of tax	<b>2,532</b>	(1,561)	<b>3,884</b>	(5,027)
<b>Total comprehensive income for the financial period</b>	<b>18,685</b>	14,534	<b>53,661</b>	37,643
<b>Attributable to equity holders of the Bank:</b>				
- Total comprehensive income	<b>18,685</b>	14,534	<b>53,661</b>	37,643

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

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
*for the financial quarter ended 30 September 2014*

Economic Entity	Attributable to Equity Holders of the Bank					Total RM'000
	Share capital RM'000	Statutory reserves RM'000	AFS revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	
<b>At 1 January 2014</b>	<b>360,000</b>	<b>173,026</b>	<b>(6,925)</b>	<b>-</b>	<b>178,316</b>	<b>704,417</b>
Comprehensive income:						
Net profit for the financial period	-	-	-	-	49,777	49,777
Other comprehensive income (net of tax)						
- Financial investments available-for-sale	-	-	3,884	-	-	3,884
Total comprehensive income	-	-	3,884	-	49,777	53,661
Transfer to statutory reserves/ regulatory reserves	-	24,889	-	42,235	(67,124)	-
<b>At 30 September 2014</b>	<b>360,000</b>	<b>197,915</b>	<b>(3,041)</b>	<b>42,235</b>	<b>160,969</b>	<b>758,078</b>

Economic Entity	Attributable to Equity Holders of the Bank					Total RM'000
	Share capital RM'000	Statutory reserves RM'000	AFS revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	
<b>At 1 January 2013</b>	<b>360,000</b>	<b>143,451</b>	<b>2,598</b>	<b>-</b>	<b>148,950</b>	<b>654,999</b>
Comprehensive income:						
Net profit for the financial period	-	-	-	-	42,460	42,460
Other comprehensive income (net of tax)						
- Financial investments available-for-sale	-	-	(5,027)	-	-	(5,027)
Total comprehensive income	-	-	(5,027)	-	42,460	37,433
Transfer to statutory reserves	-	21,335	-	-	(21,335)	-
<b>At 30 September 2013</b>	<b>360,000</b>	<b>164,786</b>	<b>(2,429)</b>	<b>-</b>	<b>170,075</b>	<b>692,432</b>

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

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
*for the financial quarter ended 30 September 2014*  
(continued)

	Non-distributable			Distributable		Total
	Share capital	Statutory reserves	AFS revaluation reserves	Regulatory reserves	Retained profits	
The Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2014</b>	<b>360,000</b>	<b>173,026</b>	<b>(6,925)</b>	<b>-</b>	<b>178,966</b>	<b>705,067</b>
Comprehensive income:						
Net profit for the financial period	-	-	-	-	49,777	49,777
Other comprehensive income (net of tax)						
- Financial investments available-for-sale	-	-	3,884	-	-	3,884
Total comprehensive income	-	-	3,884	-	49,777	53,661
Transfer to statutory reserves/ regulatory reserves	-	24,889	-	42,235	(67,124)	-
<b>At 30 September 2014</b>	<b>360,000</b>	<b>197,915</b>	<b>(3,041)</b>	<b>42,235</b>	<b>161,619</b>	<b>758,728</b>

	Non-distributable			Distributable		Total
	Share capital	Statutory reserves	AFS revaluation reserves	Regulatory reserves	Retained profits	
The Bank	RM'000	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>-</b>	<b>149,390</b>	<b>655,439</b>
Comprehensive income:						
Net profit for the financial period	-	-	-	-	42,670	42,670
Other comprehensive income (net of tax)						
- Financial investments available-for-sale	-	-	(5,027)	-	-	(5,027)
Total comprehensive income	-	-	(5,027)	-	42,670	37,643
Transfer to statutory reserves	-	21,335	-	-	(21,335)	-
<b>At 30 September 2013</b>	<b>360,000</b>	<b>164,786</b>	<b>(2,429)</b>	<b>-</b>	<b>170,725</b>	<b>693,082</b>

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

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CASH FLOWS for the financial quarter ended 30 September 2014**

	Economic Entity		The Bank	
	30/9/2014 RM'000	30/9/2013 RM'000	30/9/2014 RM'000	30/9/2013 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Profit before taxation</b>	<b>63,642</b>	57,608	<b>63,642</b>	66,401
Adjustments for items not involving the movement of cash and cash equivalents:				
Finance income and hibah from:				
- financial investments available-for-sale	(35,524)	(43,734)	(35,524)	(43,734)
- financial investments held-to-maturity	(4,359)	(1,511)	(4,359)	(1,511)
Accretion of discount less amortisation of premium:				
- financial investments available-for-sale	(2,640)	(2,798)	(2,640)	(2,798)
Gain on sale from:				
- financial investments available-for-sale	(773)	(859)	(773)	(859)
Unrealised gain on revaluation:				
- foreign exchange	35	-	35	-
Allowance for impairment loss				
- Financial investments AFS	550	-	550	-
Depreciation of property and equipment	694	599	694	599
Property and equipment written-off	4	-	4	-
Gain on sale of PPE	(118)	-	(118)	-
Amortisation of intangible assets	581	597	581	597
Net individual impairment	(2,242)	460	(2,242)	460
Net collective impairment	3,821	327	3,821	327
Bad debt on financing written-off	1	4	1	4
Zakat	-	8,583	-	8,583
Share of joint venture's results	-	210	-	-
<b>Operating profit before changes in working capital</b>	<b>23,672</b>	19,486	<b>23,672</b>	28,069
<i>Decrease/(increase) in operating assets:</i>				
Deposits and placements with banks and other financial institutions	120,016	250,086	120,016	250,086
Foreign exchange transaction	(2,541)	1,778	(2,541)	1,778
Financing, advances and other financing	(563,039)	(652,038)	(563,039)	(652,038)
Other assets	3,907	13,477	3,907	13,477
Statutory deposits with Bank Negara Malaysia	(35,300)	(19,000)	(35,300)	(19,000)
Amount due from jointly controlled entity	(10,228)	-	(10,228)	-
Derivative financial instruments	11	-	11	-
<i>(Decrease)/Increase in operating liabilities:</i>				
Deposits from customers	(916,064)	(713,038)	(916,064)	(713,038)
Deposits and placements of banks and other financial institutions	(778,625)	(186,216)	(778,625)	(186,216)
Amount due to holding company	43,930	55,469	43,930	55,469
Other liabilities	2,953	4,850	2,953	4,850
Cash used in operations	(2,111,308)	(1,225,146)	(2,111,308)	(1,225,146)
Zakat paid	(6,572)	(3,896)	(6,572)	(3,896)
Tax paid	(15,517)	(22,470)	(15,517)	(22,470)
Tax refund	1,997	25	1,997	25
<b>Net cash used in operating activities</b>	<b>(2,131,400)</b>	(1,251,487)	<b>(2,131,400)</b>	(1,251,487)



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

**INTERIM FINANCIAL STATEMENTS**

**UNAUDITED STATEMENTS OF CASH FLOWS** *for the financial quarter ended 30 September 2014*  
(continued)

	Economic Entity		The Bank	
	30/9/2014 RM'000	30/9/2013 RM'000	30/9/2014 RM'000	30/9/2013 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment in jointly controlled entity	-	(150)	-	(150)
Finance income and hibah received from:				
- financial investments available-for-sale	35,524	43,734	35,524	43,734
- financial investments held-to-maturity	4,359	1,511	4,359	1,511
Redemption of financial investments held-to-maturity net of purchase	(1,447)	(86,512)	(1,447)	(86,512)
Net (purchase)/sale of financial investments available-for-sale	(163,275)	615,947	(163,275)	615,947
Proceed from disposal of:				
- PPE	118	-	118	-
Purchase of property and equipment	(1,130)	(714)	(1,130)	(714)
<b>Net cash (used in) / generated from investing activities</b>	<b>(125,851)</b>	<b>573,816</b>	<b>(125,851)</b>	<b>573,816</b>
Net decrease in cash and cash equivalents	(2,257,251)	(677,671)	(2,257,251)	(677,671)
Net increase/ (decrease) in foreign exchange	2,414	(1,778)	2,414	(1,778)
Cash and cash equivalents at beginning of the financial period	4,506,301	4,076,266	4,506,301	4,076,266
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<b>2,251,464</b>	<b>3,396,817</b>	<b>2,251,464</b>	<b>3,396,817</b>

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

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2014**

**1 BASIS OF PREPARATION**

This unaudited condensed interim financial information for the 9 months ended 30 September 2014 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 have been prepared under the historical cost convention, unless otherwise indicated in this summary of significant accounting policies.

The unaudited condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2013, 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 2013.

**2 ACCOUNTING POLICIES**

The consolidated financial statements include the financial statements of the Bank and a jointly controlled entity, made up to the quarter ended 30 September 2014.

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 2014 are duly adopted by the Bank when preparing the financial report for the quarter ended 30 September 2014 are as follows:

Amendment to MFRS 10 "Consolidated Financial Statements"  
Amendment to MFRS 12 "Disclosure of Interests in Other Entities"  
Amendment to MFRS 127 "Consolidated and Separate Financial Statements"  
Amendment to MFRS 132 "Financial Instruments: Presentation"  
Amendment to MFRS 136 "Impairment of Assets"  
Amendment to MFRS 139 "Financial Instrument: Recognition and Measurement"

Classification and impairment provisions for financing - maintenance of Regulatory Reserves

Pursuant to Pagaraph 13 of the Policy Document on Classification and Impairment Povisions for Loans/Financing, Bank Negara Malaysia ('BNM') had issued a letter on 4 February 2014, which require banking institutions to maintain, in aggregate collective impairment provisions and regulatory reserves of no less than 1.2% of total outstanding financing (excluding financing with an explicit guarantee from the Federal Government of Malaysia), net of individual impairment provisions. Banking institutions are required to comply with the requirement by 31 December 2015.

As at 30 September 2014, the Bank has maintained the collective impairment provision of no less than 1.2% in the book by transferring from retained profits to regulatory reserves (RM42.2 million).

**3 QUALIFICATION OF PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2013 was not qualified.

**4 SEASONAL OR CYCLICAL FACTORS**

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

## **AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

### **MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2014**

#### **5 EXCEPTIONAL ITEMS**

There was no exceptional items for the quarter ended 30 September 2014.

#### **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 30 September 2014 other than in the ordinary course of business.

#### **8 DIVIDENDS**

There were no interim dividend declared.

#### **9 SUBSEQUENT MATERIAL EVENT**

There is no material subsequent event after the quarter ended 30 September 2014 that have material financial impact.

#### **10 CHANGES IN THE COMPOSITION OF THE BANK**

There is no changes in the composition of the Bank between now and 31 December 2013 audited accounts.

#### **11 PURCHASE AND SALE OF QUOTED SECURITIES**

There were no purchases or disposals of quoted securities for the quarter ended 30 September 2014 other than in the ordinary course of business.

#### **12 STATUS OF CORPORATE PROPOSAL**

There were no corporate proposals announced but not completed during the period ended 30 September 2014.

**AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2014****13 DERIVATIVE ASSETS**

	<b>Economic Entity and The Bank</b>			
	<b>Current Financial Quarter</b>		<b>Previous Financial Year End</b>	
	<b>30/9/2014</b>		<b>31/12/2013</b>	
	<b>Contract/ notional amount RM'000</b>	<b>Assets RM'000</b>	<b>Contract/ notional amount RM'000</b>	<b>Assets RM'000</b>
<b>At fair value</b>				
Foreign exchange derivatives				
- Currency forwards	<b>47,368</b>	<b>93</b>	-	-
	<b>47,368</b>	<b>93</b>	-	-

	<b>Economic Entity and The Bank</b>	
	<b>Current</b>	<b>Previous</b>
	<b>Financial</b>	<b>Financial</b>
	<b>Quarter</b>	<b>Year-End</b>
	<b>30/9/2014</b>	<b>31/12/2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>By maturity structure of positive fair value</b>		
Maturing within one year	<b>93</b>	-
	<b>93</b>	-

**14 FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE**

	<b>Economic Entity and The Bank</b>	
	<b>Current</b>	<b>Previous</b>
	<b>Financial</b>	<b>Financial</b>
	<b>Quarter</b>	<b>Year-End</b>
	<b>30/9/2014</b>	<b>31/12/2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>		
Malaysian Government treasury bills	<b>44,198</b>	-
Malaysian Government investment issues	<b>431,076</b>	616,840
Sukuk Perumahan Kerajaan	<b>68,766</b>	68,300
Bank Negara Malaysia Monetary Notes	<b>252,334</b>	58,514
Khazanah Sukuk	<b>126,827</b>	29,684
	<b>923,201</b>	773,338
Unquoted securities:		
Share in Malaysia	<b>575</b>	69
Private debt securities		
- in Malaysia	<b>531,145</b>	509,716
	<b>1,454,921</b>	1,283,123
Allowance for impairment of securities	<b>(550)</b>	-
	<b>1,454,371</b>	1,283,123

**Movement in Allowance for Financial Investments Available-For-Sale**

At beginning of the financial year	-	-
Writeback of allowance for impairment loss	<b>(550)</b>	-
<b>At end of the financial year</b>	<b>(550)</b>	-

**AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2014****15 FINANCIAL INVESTMENTS HELD-TO-MATURITY**

	<b>Economic Entity and The Bank</b>	
	<b>Current</b>	Previous
	<b>Financial</b>	Financial
	<b>Quarter</b>	Year-End
	<b>30/9/2014</b>	31/12/2013
	<b>RM'000</b>	RM'000
<b>At cost</b>		
Unquoted securities:		
Private debt securities in Malaysia	<b>86,511</b>	85,064
	<b>86,511</b>	85,064

**16 FINANCING, ADVANCES AND OTHER FINANCING****(i) By type**

	<b>Economic Entity and The Bank</b>	
	<b>Current</b>	Previous
	<b>Financial</b>	Financial
	<b>Quarter</b>	Year-End
	<b>30/9/2014</b>	31/12/2013
	<b>RM'000</b>	RM'000
Cash line	<b>175,594</b>	182,947
Term financing		
- House financing	<b>1,783,697</b>	1,712,692
- Hire purchase receivables	<b>1,928,505</b>	1,795,689
- Syndicated financing	<b>259,539</b>	268,072
- Other term financing	<b>1,910,988</b>	1,610,756
Bills receivables	<b>4,416</b>	32,260
Trust receipts	<b>14,051</b>	25,702
Claims on customers under acceptances credits	<b>131,992</b>	67,474
Staff financing (of which RM Nil to Directors)	<b>9,792</b>	10,880
Revolving credits	<b>459,225</b>	410,707
<b>Gross financing, advances and other financing</b>	<b>6,677,799</b>	6,117,179
Less:		
Allowance for impairment		
- Individual	<b>(29,924)</b>	(34,584)
- Collective	<b>(37,540)</b>	(33,719)
<b>Total net financing, advances and other financing</b>	<b>6,610,335</b>	6,048,876

Included in business term financing as at reporting date is RM53.0 million (2013: RM47.4 million) and RM53.8 million (2013: RM68.9 million) of term financing disbursed by the Bank to jointly controlled entity to AFFIN-i Nadayu Sdn Bhd and KL South Development Sdn Bhd respectively.

**AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2014****16 FINANCING, ADVANCES AND OTHER FINANCING****(ii) By maturity structure**

	<b>Economic Entity and The Bank</b>	
	<b>Current</b>	<b>Previous</b>
	<b>Financial</b>	<b>Financial</b>
	<b>Quarter</b>	<b>Year-End</b>
	<b>30/9/2014</b>	<b>31/12/2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Maturing within one year	<b>836,942</b>	749,108
One year to three years	<b>518,207</b>	560,747
Three years to five years	<b>916,353</b>	770,939
Over five years	<b>4,406,297</b>	4,036,385
	<b>6,677,799</b>	6,117,179

**(iii) By contract**

	<b>Economic Entity and The Bank</b>	
	<b>Current</b>	<b>Previous</b>
	<b>Financial</b>	<b>Financial</b>
	<b>Quarter</b>	<b>Year-End</b>
	<b>30/9/2014</b>	<b>31/12/2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Bai' Bithamin Ajil (deferred payment sale)	<b>1,715,412</b>	1,890,400
AITAB	<b>1,928,505</b>	1,795,689
Murabahah (cost-plus)	<b>982,489</b>	768,532
Others	<b>2,051,393</b>	1,662,558
	<b>6,677,799</b>	6,117,179

**(iv) By type of customer**

	<b>Economic Entity and The Bank</b>	
	<b>Current</b>	<b>Previous</b>
	<b>Financial</b>	<b>Financial</b>
	<b>Quarter</b>	<b>Year-End</b>
	<b>30/9/2014</b>	<b>31/12/2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic non-banking institutions		
- Others	<b>235,812</b>	173,426
Domestic business enterprises		
- Small medium enterprises	<b>641,304</b>	479,727
- Others	<b>1,963,330</b>	1,584,730
Government and statutory bodies	<b>31,707</b>	53,835
Individuals	<b>3,683,402</b>	3,463,437
Other domestic entities	<b>4,481</b>	242,599
Foreign entities	<b>117,763</b>	119,425
	<b>6,677,799</b>	6,117,179

**AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2014****16 FINANCING, ADVANCES AND OTHER FINANCING (continued)****(v) By profit rate sensitivity**

	<b>Economic Entity and The Bank</b>	
	<b>Current</b>	<b>Previous</b>
	<b>Financial</b>	<b>Financial</b>
	<b>Quarter</b>	<b>Year-End</b>
	<b>30/9/2014</b>	<b>31/12/2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed rate		
- House financing	65,220	72,091
- Hire purchase receivables	1,928,505	1,795,689
- Other fixed rate financing	607,246	621,817
Variable rate		
- BLR - plus	2,988,682	2,640,486
- Cost - plus	1,088,146	987,096
	<b>6,677,799</b>	<b>6,117,179</b>

**(vi) By economic sectors**

	<b>Economic Entity and The Bank</b>	
	<b>Current</b>	<b>Previous</b>
	<b>Financial</b>	<b>Financial</b>
	<b>Quarter</b>	<b>Year-End</b>
	<b>30/9/2014</b>	<b>31/12/2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Primary agriculture	16,907	8,013
Mining and quarrying	727	1,133
Manufacturing	216,544	219,066
Electricity, gas and water supply	53,768	37,589
Construction	567,642	504,771
Real estate	562,738	431,177
Wholesale & retail trade and restaurants & hotels	203,326	146,859
Transport, storage and communication	129,054	106,927
Finance, insurance and business activities	709,689	523,514
Education, health and others	504,229	646,994
Household	3,709,902	3,488,349
Others	3,273	2,787
	<b>6,677,799</b>	<b>6,117,179</b>

**AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2014****16 FINANCING, ADVANCES AND OTHER FINANCING (continued)****(vii) By economic purpose**

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter 30/9/2014 RM'000</b>	<b>Previous Financial Year-End 31/12/2013 RM'000</b>
Purchase of securities	10	13
Purchase of transport vehicles	1,923,670	1,794,188
Purchase of landed property of which:		
- Residential	1,797,316	1,729,436
- Non-residential	894,432	848,029
Fixed assets other than land and building	71,930	79,648
Personal use	33,752	34,056
Consumer durable	-	8
Construction	655,722	579,492
Working capital	1,157,286	1,016,670
Others	143,681	35,639
	<b>6,677,799</b>	<b>6,117,179</b>

**(viii) By geographical distribution**

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter 30/9/2014 RM'000</b>	<b>Previous Financial Year-End 31/12/2013 RM'000</b>
Perlis	111,793	51,655
Kedah	388,824	333,380
Pulau Pinang	149,298	127,866
Perak	327,214	314,735
Selangor	2,458,916	2,141,066
Wilayah Persekutuan	1,631,740	1,627,566
Negeri Sembilan	190,583	136,922
Melaka	99,071	87,178
Johor	303,870	261,096
Pahang	265,986	250,289
Terengganu	388,782	380,028
Kelantan	173,101	194,116
Sarawak	29,896	28,701
Sabah	67,428	88,033
Labuan	74	88
Outside Malaysia	91,223	94,460
	<b>6,677,799</b>	<b>6,117,179</b>



**AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2014****16 FINANCING, ADVANCES AND OTHER FINANCING (continued)****(ix) Movements of impaired financing**

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter 30/9/2014 RM'000</b>	<b>Previous Financial Year-End 31/12/2013 RM'000</b>
At beginning of the financial period	<b>131,630</b>	129,792
Classified as impaired	<b>68,264</b>	69,047
Reclassified as non-impaired	<b>(38,720)</b>	(45,964)
Amount recovered	<b>(31,387)</b>	(19,782)
Amount written-off	<b>(1,813)</b>	(1,463)
<b>At end of the financial period</b>	<b>127,974</b>	131,630
Ratio of gross impaired financing, advances and other financing to gross financing, advances and other financing	<b>1.92%</b>	2.15%
Gross financing, advances and other financing	<b>6,677,799</b>	6,117,179
RPSIA	<b>(488,214)</b>	(510,560)
	<b>6,189,585</b>	5,606,619
Less:		
- Individual allowance	<b>(29,924)</b>	(34,584)
- Collective allowance on impaired loans	<b>(17,378)</b>	(13,249)
<b>Total net financing, advances and other financing</b>	<b>6,142,283</b>	<b>5,558,786</b>
Net impaired financing, advances and other financing as a percentage of net financing, advances and other financing	<b>1.31%</b>	1.51%

**AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2014****16 FINANCING, ADVANCES AND OTHER FINANCING (continued)****(x) Movements in allowance for impairment on financing**

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter 30/9/2014 RM'000</b>	<b>Previous Financial Year-End 31/12/2013 RM'000</b>
<b>Individual impairment</b>		
At beginning of the financial period	<b>34,584</b>	35,095
Provision for loan impairment	<b>1,497</b>	690
Amount recovered	<b>(3,739)</b>	(434)
Amount written-off	<b>(1,813)</b>	-
Unwinding of discount of allowance	<b>(628)</b>	(1,045)
Exchange differences	<b>23</b>	278
<b>At end of the financial period</b>	<b><u>29,924</u></b>	<u>34,584</u>
<b>Collective impairment</b>		
At beginning of the financial period	<b>33,719</b>	34,936
Provision for loan impairment/(recovered)	<b>3,821</b>	242
Amount written-off	<b>-</b>	(1,459)
<b>At end of the financial period</b>	<b><u>37,540</u></b>	<u>33,719</u>
As a percentage of gross financing and advances (excluding RPSIA financing) less individual assessment allowance	<b><u>0.61%</u></b>	<u>0.61%</u>

The gross exposure of the assets under RPSIA is RM674.4 million (31 December 2013 : RM677.2 million). There were no collective allowance and individual allowance made for the RPSIA.

**AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2014****16 FINANCING, ADVANCES AND OTHER FINANCING (continued)****(xi) Impaired financing by economic sectors**

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter 30/9/2014 RM'000</b>	<b>Previous Financial Year-End 31/12/2013 RM'000</b>
Primary agriculture	107	113
Manufacturing	2,711	22,041
Construction	65,811	65,976
Wholesale & retail trade and restaurants & hotels	423	2,009
Transport, storage and communication	230	65
Finance, insurance and business activities	606	582
Household	58,086	40,844
	<b>127,974</b>	<b>131,630</b>

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

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter 30/9/2014 RM'000</b>	<b>Previous Financial Year-End 31/12/2013 RM'000</b>
Purchase of transport vehicles	11,626	8,570
Purchase of landed property of which:		
- Residential	46,545	30,746
- Non-residential	573	1,945
Personal use	260	195
Construction	65,701	65,656
Working capital	3,269	24,518
	<b>127,974</b>	<b>131,630</b>

**AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2014****16 FINANCING, ADVANCES AND OTHER FINANCING (continued)****(xiii) Impaired financing by geographical distribution**

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter 30/9/2014 RM'000</b>	<b>Previous Financial Year-End 31/12/2013 RM'000</b>
Perlis	146	12
Kedah	1,718	1,823
Pulau Pinang	1,461	1,472
Perak	3,769	3,066
Selangor	27,719	41,827
Wilayah Persekutuan	8,800	3,313
Negeri Sembilan	3,613	2,631
Melaka	437	357
Johor	2,882	2,613
Pahang	3,767	3,368
Terengganu	4,077	2,480
Kelantan	3,246	2,321
Sarawak	445	496
Sabah	193	198
Outside Malaysia	65,701	65,653
	<b>127,974</b>	<b>131,630</b>

**17 OTHER ASSETS**

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter 30/9/2014 RM'000</b>	<b>Previous Financial Year-End 31/12/2013 RM'000</b>
Other debtors, deposits and prepayments	718	602
Clearing accounts	37,590	41,520
Foreclosed properties (a)	395	395
	<b>38,703</b>	<b>42,517</b>
<b>(a) Foreclosed properties</b>		
At beginning of the financial period	395	395
At end of the financial period	395	395

**AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2014****18 DEPOSITS FROM CUSTOMERS****(i) By type of deposit**

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter 30/9/2014 RM'000</b>	<b>Previous Financial Year-End 31/12/2013 RM'000</b>
<b>Non-Mudharabah</b>		
Demand deposits	2,258,931	2,717,722
Savings deposits	388,407	227,884
Murabahah term deposits	3,759,516	1,021,789
Commodity Murabahah	725,773	-
<b>Mudharabah</b>		
Demand deposits	-	37,631
Savings deposits	-	136,702
General investment deposits	1,239,531	4,574,624
Special investment deposits	2,322	574,192
	<b>8,374,480</b>	<b>9,290,544</b>

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

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter 30/9/2014 RM'000</b>	<b>Previous Financial Year-End 31/12/2013 RM'000</b>
Due within six months	4,076,223	4,236,110
Six months to one year	883,133	1,357,552
One year to three years	39,051	2,478
Three years to five years	640	273
	<b>4,999,047</b>	<b>5,596,413</b>

**(iii) By type of customer**

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter 30/9/2014 RM'000</b>	<b>Previous Financial Year-End 31/12/2013 RM'000</b>
Government and statutory bodies	2,938,510	3,309,130
Business enterprise	3,218,564	3,680,168
Individuals	1,174,967	1,056,745
Others	1,042,439	1,244,501
	<b>8,374,480</b>	<b>9,290,544</b>

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

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2014**

**19 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter</b>	<b>Previous Financial Year-End</b>
	<b>30/9/2014</b>	<b>31/12/2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Mudharabah</b>		
Licensed banks	1,066,597	2,032,108
Licensed investment banks	30,111	30,031
Other financial institutions	367,147	180,341
	<b>1,463,855</b>	<b>2,242,480</b>
<b>Maturity structure of deposits are as follows:</b>		
Due within six months	1,132,130	1,920,443
One year to three years	226,543	219,884
Three years to five years	105,182	-
Over five years	-	102,153
	<b>1,463,855</b>	<b>2,242,480</b>

\* Inclusive of Restricted Profit Sharing Investment Account ("RPSIA") placed by the parent amounting to RM521.7 million (31 December 2013 : RM534.3 million) to fund certain specific financing. The contract used is based on the Mudharabah principle between two parties to finance a financing where the depositor (i.e.'AFFIN BANK') act as an investor solely provides capital and the business venture is managed solely by the bank (i.e. AFFIN Islamic) act as an entrepreneur. Both parties share the profit of the business venture based on pre-agreed ratio. Any losses will be borne by the depositor.

**20 DERIVATIVE LIABILITIES**

	<b>Economic Entity and The Bank</b>			
	<b>Current Financial Quarter</b>		<b>Previous Financial Year End</b>	
	<b>30/9/2014</b>		<b>31/12/2013</b>	
	<b>Contract/</b>		<b>Contract/</b>	
	<b>notional</b>	<b>Liabilities</b>	<b>notional</b>	<b>Liabilities</b>
	<b>amount</b>	<b>RM'000</b>	<b>amount</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>				
Foreign exchange derivatives				
- Currency forwards	43,615	104	-	-
	<b>43,615</b>	<b>104</b>	<b>-</b>	<b>-</b>

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter</b>	<b>Previous Financial Year-End</b>
	<b>30/9/2014</b>	<b>31/12/2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>By maturity structure of negative fair value</b>		
Maturing within one year	104	-
	<b>104</b>	<b>-</b>

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

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2014**

**21 OTHER LIABILITIES**

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter 30/9/2014 RM'000</b>	<b>Previous Financial Year-End 31/12/2013 RM'000</b>
Margin and collateral deposits	<b>10,959</b>	4,830
Sundry creditors	<b>15,858</b>	25,603
Defined contribution plan (a)	<b>707</b>	711
Accrued employee benefits (b)	<b>23</b>	23
	<b><u>27,547</u></b>	<u>31,167</u>

**(a) Defined contribution plan**

The Bank contributes to the Employee Provident Fund ('EPF'), the national defined contribution plan. Once the contributions have been paid, the Bank has no further payment obligations.

**(b) Accrued employee benefits**

This refers to the accruals for short-term employee benefits for leave entitlement. Under employment contract, employees earn their leave entitlement which they are entitled to carry forward and will lapse if not utilised in the following accounting period. Accruals are made for the estimated liability for unutilised annual leave.

**22 RESERVES**

	<b>Economic Entity</b>		<b>The Bank</b>	
	<b>Current Financial Quarter 30/9/2014 RM'000</b>	<b>Previous Financial Year-End 31/12/2013 RM'000</b>	<b>Current Financial Quarter 30/9/2014 RM'000</b>	<b>Previous Financial Year-End 31/12/2013 RM'000</b>
Retained profits	<b>160,969</b>	178,316	<b>161,619</b>	178,966
AFS revaluation reserves	<b>(3,041)</b>	(6,925)	<b>(3,041)</b>	(6,925)
Statutory reserves	<b>197,915</b>	173,026	<b>197,915</b>	173,026
Regulatory reserves	<b>42,235</b>	-	<b>42,235</b>	-
	<b><u>398,078</u></b>	<u>344,417</u>	<b><u>398,728</u></b>	<u>345,067</u>
<b>Statutory reserves</b>				
At beginning of the financial year	<b>173,026</b>	143,451	<b>173,026</b>	143,451
Transfer from retained profits	<b>24,889.00</b>	29,575	<b>(67,124)</b>	29,575
At end of the financial year	<b><u>197,915</u></b>	<u>173,026</u>	<b><u>105,902</u></b>	<u>173,026</u>

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

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2014**

**22 RESERVES (continued)**

Movement of the AFS revaluation reserves

	<b>Economic Entity and The Bank</b>	
	<b>30/9/2014</b>	31/12/2013
	<b>RM'000</b>	RM'000
At beginning of the financial year	<b>(6,925)</b>	2,598
Net fair value change in financial investments available-for-sale	<b>5,110</b>	(12,576)
Deferred tax on financial investments available-for-sale	<b>(1,226)</b>	3,053
At end of the financial year *	<b><u>(3,041)</u></b>	<u>(6,925)</u>

\* The depositors' portion of net unrealised gains or losses on 'Available-for-sale' at the end of financial year is net unrealised losses of RM3,733,501.(2013: net unrealised losses of RM8,519,546).

- (a) As at 30 September 2014, the Bank has a tax exempt account balance of RM11,869,772 (2013: RM6,779,562) under Section 12 of the Income Tax (Amendment) Act 1999, subject to agreement by the Inland Revenue Board.
- (b) The statutory reserves of the Bank are maintained in compliance with the provisions of the Islamic Financial Services Act 2013 and are not distributable as cash dividends.
- (c) AFS revaluation reserves represent the unrealised gains or losses arising from the change in fair value of investments classified as financial investment available-for-sale. The gains or losses are transferred in the income statement upon disposal or when the securities become impaired.
- (d) Regulatory reserve of the Bank has maintained as per the requirement by Bank Negara Malaysia in aggregate of no less than 1.2% in the books by transferring from retained profits.



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

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2014**

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

	Individual Quarter		Cumulative Quarter	
	Economic Entity and The Bank		Economic Entity and The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/9/2014	30/9/2013	30/9/2014	30/9/2013
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	115,382	108,162	343,878	315,924
Income attributable to depositors	(69,906)	(68,226)	(213,215)	(195,136)
Income derived from investment of shareholders' funds	8,549	7,378	24,695	22,107
	<b>54,025</b>	<b>47,314</b>	<b>155,358</b>	<b>142,895</b>
of which:				
Profit earned on impaired financing, advances and other financing	468	103	1,146	601

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

	Individual Quarter		Cumulative Quarter	
	Economic Entity and The Bank		Economic Entity and The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/9/2014	30/9/2013	30/9/2014	30/9/2013
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
- General investment deposits (i)	73,027	68,112	221,595	199,917
- Other deposits (ii)	42,355	40,050	122,283	116,007
	<b>115,382</b>	<b>108,162</b>	<b>343,878</b>	<b>315,924</b>

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

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2014**

**23 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 and The Bank		Economic Entity and The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/9/2014	30/9/2013	30/9/2014	30/9/2013
	RM'000	RM'000	RM'000	RM'000
<b>Finance income and hibah</b>				
Financing, advances and other loans	48,585	43,120	146,390	124,069
Financial investments available-for-sale	7,031	8,179	21,358	25,865
Financial investments held-to-maturity	862	866	2,620	894
Money at call and deposits with other financial institutions	12,068	14,315	40,776	41,645
Total finance income and hibah	68,546	66,480	211,144	192,473
Accretion of discount less amortisation of premium	1,203	(16)	1,587	1,655
	69,749	66,464	212,731	194,128
<b>Other operating income</b>				
Fee income				
Commission	247	190	629	503
Service charges and fees	899	592	2,570	2,156
Guarantee fees	312	235	845	850
	1,458	1,017	4,044	3,509
Gains on arising on financial investments available-for-sale:				
- net gain on disposal	47	53	465	508
	47	53	465	508
Other income				
Foreign exchange profit:				
- realised	1,324	274	3,363	528
- unrealised	(14)	-	(21)	-
Other non-operating income	463	304	1,013	1,244
	1,773	578	4,355	1,772
	73,027	68,112	221,595	199,917

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

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2014**

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

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

	Individual Quarter		Cumulative Quarter	
	Economic Entity and The Bank		Economic Entity and The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/9/2014	30/9/2013	30/9/2014	30/9/2013
	RM'000	RM'000	RM'000	RM'000
<b>Finance income and hibah</b>				
Financing, advances and other loans	28,165	25,344	80,783	71,994
Financial investments available-for-sale	4,078	4,817	11,786	15,009
Financial investments held-to-maturity	500	503	1,446	519
Money at call and deposits with other financial institutions	7,057	8,416	22,501	24,166
Total finance income and hibah	39,800	39,080	116,516	111,688
Accretion of discount less amortisation of premium	669	(3)	876	960
	40,469	39,077	117,392	112,648
<b>Other operating income</b>				
Fee income				
Commission	142	111	347	292
Service charges and fees	519	350	1,418	1,251
Guarantee fees	179	138	466	493
	840	599	2,231	2,036
Income from financial instruments				
Gains on arising on financial investments available-for-sale:				
- net gain on disposal	31	33	256	295
	31	33	256	295
Other income				
Foreign exchange profit:				
- realised	759	160	1,856	306
- unrealised	(8)	-	(12)	-
Other non-operating income	264	181	560	722
	1,015	341	2,404	1,028
	42,355	40,050	122,283	116,007

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

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2014**

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

	Individual Quarter		Cumulative Quarter	
	Economic Entity and The Bank		Economic Entity and The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/9/2014	30/9/2013	30/9/2014	30/9/2013
	RM'000	RM'000	RM'000	RM'000
<b>Finance income and hibah</b>				
Financing, advances and other financing	5,685	4,674	16,314	13,720
Financial investments available-for-sale	823	884	2,380	2,860
Financial investments held-to-maturity	101	96	292	99
Money at call and deposits with other financial institutions	1,424	1,551	4,544	4,605
Total finance income and hibah	8,033	7,205	23,530	21,284
Accretion of discount less amortisation of premium	135	(4)	177	183
	8,168	7,201	23,707	21,467
<b>Other operating income</b>				
Fee income				
Commission	29	21	70	56
Service charges and fees	104	63	286	238
Guarantee fees	36	25	94	94
	169	109	450	388
Income from financial instruments				
Gains on arising on financial investments available-for-sale:				
- net gain on disposal	7	5	52	56
	7	5	52	56
Other income				
Foreign exchange profit:				
- realised	153	30	375	58
- unrealised	(1)	-	(2)	-
Other non-operating income	53	33	113	138
	205	63	486	196
	8,549	7,378	24,695	22,107

**AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2014****25 ALLOWANCES FOR LOSSES ON FINANCING**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Economic Entity and The Bank</b>		<b>Economic Entity and The Bank</b>	
	<b>Current</b>	Preceding Year	<b>Current</b>	Preceding Year
	<b>Financial</b>	Corresponding	<b>Financial</b>	Corresponding
	<b>Quarter</b>	Quarter	<b>Quarter</b>	Quarter
	<b>30/9/2014</b>	30/9/2013	<b>30/9/2014</b>	30/9/2013
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Individual impairment				
- made in the financial period	<b>832</b>	302	<b>1,497</b>	625
- written-back	-	(122)	<b>(3,739)</b>	(165)
Collective impairment				
- made in the financial period	<b>535</b>	242	<b>3,821</b>	327
Bad debts on financing				
- recovered	<b>(100)</b>	(143)	<b>(199)</b>	(819)
- written-off	-	4	<b>1</b>	4
	<b>1,267</b>	283	<b>1,381</b>	(28)

**26 INCOME ATTRIBUTABLE TO DEPOSITORS**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Economic Entity and The Bank</b>		<b>Economic Entity and The Bank</b>	
	<b>Current</b>	Preceding Year	<b>Current</b>	Preceding Year
	<b>Financial</b>	Corresponding	<b>Financial</b>	Corresponding
	<b>Quarter</b>	Quarter	<b>Quarter</b>	Quarter
	<b>30/9/2014</b>	30/9/2013	<b>30/9/2014</b>	30/9/2013
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Deposits from customers				
- Mudharabah	<b>48,399</b>	46,058	<b>147,842</b>	133,941
- Non-mudharabah	<b>8,536</b>	8,013	<b>25,335</b>	23,898
Deposits and placements of banks and other financial institutions				
- Mudharabah	<b>12,847</b>	13,020	<b>39,280</b>	33,843
Others	<b>124</b>	1,135	<b>758</b>	3,454
	<b>69,906</b>	68,226	<b>213,215</b>	195,136

**AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2014****27 PERSONNEL EXPENSES**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Economic Entity and The Bank</b>		<b>Economic Entity and The Bank</b>	
	<b>Current</b>	Preceding Year	<b>Current</b>	Preceding Year
	<b>Financial</b>	Corresponding	<b>Financial</b>	Corresponding
	<b>Quarter</b>	Quarter	<b>Quarter</b>	Quarter
	<b>30/9/2014</b>	30/9/2013	<b>30/9/2014</b>	30/9/2013
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Wages, salaries and bonuses	<b>15,242</b>	12,739	<b>44,489</b>	37,714
Defined contribution plan ('EPF')	<b>2,511</b>	2,071	<b>7,230</b>	6,125
Other personnel costs	<b>1,754</b>	1,649	<b>5,045</b>	4,657
	<b>19,507</b>	16,459	<b>56,764</b>	48,496

**28 OTHER OVERHEADS AND EXPENDITURES**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Economic Entity and The Bank</b>		<b>Economic Entity and The Bank</b>	
	<b>Current</b>	Preceding Year	<b>Current</b>	Preceding Year
	<b>Financial</b>	Corresponding	<b>Financial</b>	Corresponding
	<b>Quarter</b>	Quarter	<b>Quarter</b>	Quarter
	<b>30/9/2014</b>	30/9/2013	<b>30/9/2014</b>	30/9/2013
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Establishment costs</b>				
Rental of premises	<b>1,298</b>	1,062	<b>3,777</b>	3,029
Equipment rental	<b>15</b>	10	<b>41</b>	33
Repair and maintenance	<b>1,520</b>	1,128	<b>4,315</b>	3,235
Depreciation of property and equipment	<b>252</b>	199	<b>694</b>	599
Amortisation of intangible assets	<b>194</b>	198	<b>581</b>	597
IT consultancy fees	<b>2,478</b>	2,022	<b>7,129</b>	6,392
Dataline rental	<b>184</b>	151	<b>541</b>	383
Security services	<b>918</b>	653	<b>2,656</b>	1,925
Electricity, water and sewerage	<b>516</b>	413	<b>1,416</b>	1,162
Licence fee	<b>51</b>	47	<b>156</b>	144
Insurance/takaful and indemnities	<b>4</b>	57	<b>15</b>	117
Other establishment costs	<b>876</b>	884	<b>2,531</b>	2,594
	<b>8,306</b>	6,824	<b>23,852</b>	20,210

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

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2014**

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

	Individual Quarter		Cumulative Quarter	
	Economic Entity and The Bank		Economic Entity and The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/9/2014	30/9/2013	30/9/2014	30/9/2013
	RM'000	RM'000	RM'000	RM'000
<b>Marketing expenses</b>				
Business promotion and advertisement	218	372	759	529
Entertainment	179	165	377	335
Traveling and accommodation	196	327	620	902
Other marketing expenses	183	131	425	336
	<b>776</b>	<b>995</b>	<b>2,181</b>	<b>2,102</b>

	Individual Quarter		Cumulative Quarter	
	Economic Entity and The Bank		Economic Entity and The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/9/2014	30/9/2013	30/9/2014	30/9/2013
	RM'000	RM'000	RM'000	RM'000
<b>Administration and general expenses</b>				
Telecommunication expenses	265	230	881	669
Auditors' remuneration	175	110	403	281
Professional fees	194	182	760	672
Property and equipment written-off	4	-	4	-
Mail and courier charges	198	143	539	397
Stationery and consumables	662	584	1,848	1,692
Commissions expenses	61	58	193	149
Brokerage expenses	312	29	475	83
Directors' fees and allowances	389	272	1,107	1,009
Donations	142	24	201	52
Settlement, clearing and bank charges	118	95	396	266
Stamp duties	-	1	3	2
Other administration and general expenses	61	158	178	442
	<b>2,581</b>	<b>1,886</b>	<b>6,988</b>	<b>5,714</b>
	<b>11,663</b>	<b>9,705</b>	<b>33,021</b>	<b>28,026</b>

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

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2014**

**29 COMMITMENTS AND CONTINGENCIES**

	Current financial quarter ended 30/9/2014				Previous financial year ended 31/12/2013			
	Principal Amount RM'000	Positive fair value of derivative contracts RM'000	* Credit Equivalent Amount RM'000	* Risk- weighted Amount RM'000	Principal Amount RM'000	Positive fair value of derivative contracts RM'000	* Credit Equivalent Amount RM'000	* Risk- weighted Amount RM'000
<b>Economic Entity and The Bank</b>								
Direct credit substitutes	9,565	-	9,565	7,331	8,454	-	8,454	6,876
Transaction-related contingent items	153,088	-	76,544	73,490	125,567	-	62,784	60,717
Short-term self-liquidating trade-related contingencies	328,190	-	65,638	25,621	220,392	-	44,078	13,104
Irrevocable commitments to extend credit:								
- Maturity less than one year	1,104,639	-	220,928	166,791	978,152	-	195,630	157,426
- Maturity more than one year	274,261	-	137,131	124,364	334,624	-	167,312	151,793
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	31,545	-	-	-	-	-	-	-
Foreign exchange related contracts								
- Less than one year	90,984	93	192	70	-	-	-	-
	<b>1,992,272</b>	<b>93</b>	<b>509,998</b>	<b>397,667</b>	<b>1,667,189</b>	<b>-</b>	<b>478,258</b>	<b>389,916</b>

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

**30 FAIR VALUE MEASUREMENTS**

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

- Level 1 - quoted price (unadjusted) in active markets for identical assets and liabilities;
- Level 2 - inputs other than quoted price included within level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - inputs for the asset and liability that are not based on observable market data (unobservable inputs).

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Economic Entity and The Bank</b>				
<b>30/9/2014</b>				
<b>Assets</b>				
Financial investments available-for-sale				
- Private debt securities	-	531,145	-	531,145
- Equity securities	-	-	25	25
- Other financial assets	-	923,200	-	923,200
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Economic Entity and The Bank</b>				
<b>31/12/2013</b>				
<b>Assets</b>				
Financial investments available-for-sale				
- Private debt securities	-	509,716	-	509,716
- Equity securities	-	-	69	69
- Other financial assets	-	773,338	-	773,338



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

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2014**

**30 FAIR VALUE MEASUREMENTS (continued)**

Financial instruments that are valued using quoted prices in active market are classified as Level 1 of the valuation hierarchy. These would include listed equities which are actively traded.

Where fair value is determined using quoted prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Bank then determine fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high. These would include corporate private debt securities and corporate notes.

The Bank classify financial instruments as Level 3 when there is reliance on unobservable inputs to the valuation model attributing to a significant contribution to the instrument value. Valuation reserves or pricing adjustments where applicable will be used to converge to fair value.

The Bank may also use valuation models or discounted cash flow technique to determine the fair value.

The valuation techniques and inputs used generally depend on the contractual terms and the risks inherent in the instrument as well as the availability of pricing information in the market. Principal techniques used include discounted cash flows, and other appropriate valuation models.

The following table present the changes in Level 3 instruments for the financial year ended:

	<b>Economic Entity and The Bank</b>	
	<b>Current Financial Quarter 30/9/2014 RM'000</b>	Previous Financial Year-End 31/12/2013 RM'000
Opening	<b>69</b>	69
AFS revaluation reserves	<b>506</b>	-
Allowance for impairment	<b>(550)</b>	-
Closing	<b>25</b>	69

**Effect of changes in significant unobservable assumptions to reasonably possible alternatives**

As at reporting date, financial instruments measured with valuation techniques using significant unobservable inputs (Level 3) mainly include unquoted shares held for socio economic purposes.

In estimating its significance, the Bank used an approach that is currently based on methodologies used for fair value adjustments. These adjustments reflects the values that the Bank estimates is appropriate to adjust from the valuations produced to reflect for uncertainties in the inputs used. The methodologies used can be a statistical or other relevant approved techniques.

## **AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

### **MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2014**

#### **31 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 4.0% and 5.5% respectively for year 2014. The minimum regulatory capital adequacy requirement remains at 8.0% (2013 : 8.0%) for total capital ratio.

The Bank has adopted and to comply with the Guidelines and are subject to the transition arrangements as set out by BNM.

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 shareholder 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 32 summarises the composition of regulatory capital and the ratios of the Bank for the financial quarter ended 30 September 2014.

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

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2014**

**32 CAPITAL ADEQUACY**

The capital adequacy ratios are as follows:

	Economic Entity		The Bank	
	Current Financial Quarter Financial 30/9/2014 RM'000	Previous Financial Year-End Financial 31/12/2013 RM'000	Current Financial Quarter Financial 30/9/2014 RM'000	Previous Financial Year-End Financial 31/12/2013 RM'000
Paid-up share capital	360,000	360,000	360,000	360,000
Retained profits	160,969	178,316	161,619	178,966
Statutory reserves	197,915	173,026	197,915	173,026
Unrealised gains and losses on AFS	(4,002)	(9,112)	(4,002)	(9,112)
	<b>714,882</b>	<b>702,230</b>	<b>715,532</b>	<b>702,880</b>
Less:				
Goodwill and other intangibles	(1,085)	-	(1,085)	-
Deferred tax assets	(1,849)	(773)	(1,849)	(773)
Investment in subsidiaries/associates/ jointly controlled entity	-	-	(130)	-
<b>CET1 Capital</b>	<b>711,948</b>	<b>701,457</b>	<b>712,468</b>	<b>702,107</b>
<b>Tier 1 Capital</b>	<b>711,948</b>	<b>701,457</b>	<b>712,468</b>	<b>702,107</b>
Collective impairment ^	20,162	20,470	20,162	20,470
Regulatory adjustments	42,235	-	42,235	-
Less:				
Investment in subsidiaries/associates/ jointly controlled entity	-	(650)	(520)	(650)
<b>Tier II capital</b>	<b>62,397</b>	<b>19,820</b>	<b>61,877</b>	<b>19,820</b>
<b>Total capital</b>	<b>774,345</b>	<b>721,277</b>	<b>774,345</b>	<b>721,927</b>
CET1 capital ratio	13.392%	13.876%	13.401%	13.889%
Tier 1 capital ratio	13.392%	13.876%	13.401%	13.889%
Total capital ratio	14.565%	14.269%	14.565%	14.281%
CET1 capital ratio (net of proposed dividends)	13.392%	13.876%	13.401%	13.889%
Tier 1 capital ratio (net of proposed dividends)	13.392%	13.876%	13.401%	13.889%
Total capital ratio (net of proposed dividends)	14.565%	14.269%	14.565%	14.281%

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

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

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2014**

**32 CAPITAL ADEQUACY (continued)**

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

	Economic Entity		The Bank	
	Principal Current Financial Quarter 30/9/2014 RM'000	Principal Previous Financial Year-End 31/12/2013 RM'000	Principal Current Financial Quarter 30/9/2014 RM'000	Principal Previous Financial Year-End 31/12/2013 RM'000
0%	3,666,330	5,524,677	3,666,330	5,524,677
20%	540,237	743,693	540,237	743,693
35%	1,364,305	1,219,206	1,364,305	1,219,206
50%	178,903	221,326	178,903	221,326
75%	2,163,076	2,006,120	2,163,076	2,006,120
100%	2,529,689	2,440,815	2,529,689	2,440,815
150%	82,681	53,693	82,681	53,693
Total risk-weighted assets for credit risk	<b>10,525,221</b>	12,209,530	<b>10,525,221</b>	12,209,530

	Economic Entity		The Bank	
	Risk-Weighted Current Financial Quarter 30/9/2014 RM'000	Risk-Weighted Previous Financial Year-End 31/12/2013 RM'000	Risk-Weighted Current Financial Quarter 30/9/2014 RM'000	Risk-Weighted Previous Financial Year-End 31/12/2013 RM'000
0%	-	-	-	-
20%	108,047	148,739	108,047	148,739
35%	477,507	426,722	477,507	426,722
50%	89,452	110,663	89,452	110,663
75%	1,622,307	1,504,590	1,622,307	1,504,590
100%	2,529,689	2,440,815	2,529,689	2,440,815
150%	124,021	80,539	124,021	80,539
Total risk-weighted assets for credit risk	<b>4,951,023</b>	4,712,068	<b>4,951,023</b>	4,712,068
Risk-weighted assets for market risk	9,135	3,570	9,135	3,570
Risk-weighted assets for operational risk	356,239	339,365	356,239	339,365
Total risk-weighted assets	<b>5,316,397</b>	5,055,003	<b>5,316,397</b>	5,055,003

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

## **AFFIN Islamic Bank Berhad**

(Incorporated in Malaysia)

### **MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2014**

#### **33 REVIEW OF PERFORMANCE OF THE BANK**

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

During the 3rd quarter of 2014, the Bank registered a profit before tax of RM21.6 million as compared to the previous year's corresponding quarter of RM20.7 million, an increase of RM0.9 million or 4.3%.

This was due to:

- i) higher income derived from investment of depositors' funds and others by RM7.2 million.
- ii) higher income derived from investment of shareholders' funds by RM1.2 million.
- iii) profit on share of joint venture results of RM0.1 million.

The above was off-set by:

- i) higher income attributable to the depositors' funds by RM1.7 million.
- ii) higher operating expenses by RM5.0 million.
- iii) higher allowances for losses on financing by RM0.9 million.

#### **34 COMMENT ON FINANCIAL RESULTS**

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

The Bank's profit before tax for 3rd quarter of 2014 stood at RM21.6 million as compared to RM21.0 million reported in the 2nd quarter of 2014, an increase of RM0.6 million or 2.9%.

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

- i) higher income derived from investment of depositors' funds and others by RM0.7 million
- ii) higher income derived from investment of shareholders' funds by RM0.1 million.
- iii) lower income attributable to the depositors' funds by RM1.4 million.
- iv) higher impairment losses on securities of RM0.6 million.

The above was off-set by:

- i) higher other operating expenses by RM0.9 million.
- iii) higher net writeback of allowances for losses on financing by RM1.3 million.

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

**MFRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2014**

**35 PROSPECT FOR THE CURRENT FINANCIAL YEAR**

The Malaysian economy is seen growing between 4.5% and 5.5% in 2014 on a slower demand expansion but improving external trade. The consumer demand is expected to soften in light of the property restrictions that came into effect early this year as well as higher inflationary pressures. However, the Government efforts in the Economic Transformation Programme ('ETP') will continue to offer support to activity on the corporate front. Hence, much more prospects and projects in the pipeline to be tapped under SME segment and contract financing to pace up our business growth this year.

The Islamic banking business in Malaysia is expected to further expand in 2014 with continued initiatives introduced by Bank Negara Malaysia to promote Malaysia as an international Islamic banking hub.

AFFIN Islamic ('The Bank') will continue to focus on both Consumer and Business Financing using globally accepted Shariah concepts. In addition, the Bank will launch several new products during the year to further contribute to its financing growth as well as increase its products offering. On deposit taking activities, the Bank will continue to source for cheap deposits, namely from Current and Saving Accounts, and continue to increase its Consumer deposits base. In addition, new deposits and fee based products will be developed in 2014 to meet customers' needs and expectation. As at 1st quarter of 2014, the Bank has launched two new products; one of which focused on the financing segment, namely, Affin Tawarruq Term Financing-i and the other one is focused on the deposits segment; namely, Affin Islamic Term Deposit-i (AITD-i).

**36 VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT**

The Bank's profit before tax registered an adverse variance of RM19.0 million. The main contributing factors are follows:

Net income and other operating income

The net income and other operating income showed an adverse variance of RM12.2 million.

Other operating expenses

Operating costs showed an adverse variance of RM4.2 million.

Allowance for losses on financing

Allowance for losses on financing showed an adverse variance of RM2.0 million.

Impairment losses on securities

Impairment losses on securities showed an adverse variance of RM0.6 million.