

Affin Islamic Bank Berhad
(Incorporated in Malaysia)

FRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2008

1) BASIS OF PREPARATION

The financial statements of the Bank have been prepared with the Malaysian Accounting Standards Board ('MASB') Approved Accounting Standards for Entities Other Than Private Entities, Bank Negara Malaysia ('BNM') Guidelines, Shariah requirements and the provisions of the Companies Act, 1965. The Bank has adopted the revised Guidelines on Financial Reporting for Licensed Islamic Banks ('BNM/GP8-i') issued by BNM in June 2005.

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 statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 December 2007. 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 2007.

2) CHANGES IN ACCOUNTING POLICIES

The financial policies and methods of computations applied for the condensed interim financial statements are consistent with those applied in the annual financial statements for year ended 31 December 2007.

The presentation of the comparative financial statements of the Bank have been restated to conform with the current period's presentation.

The Bank's present provisioning for bad and doubtful debts and financing is in conformity with the requirements of Bank Negara Malaysia's guidelines on the classification of non-performing loans and provision for sub-standard, bad and doubtful debts, BNM/GP3 which is consistent with those applied in the previous annual financial statements.

3) QUALIFICATION OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2007 was not qualified.

4) SEASONAL OR CYCLICAL FACTORS

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

5) EXCEPTIONAL ITEMS

There was no exceptional items for the quarter ended 30 September 2008.

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6) CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENT

There were no changes in accounting policies and prior year adjustment for the quarter ended 30 September 2008.

7) CHANGES IN DEBTS AND EQUITY SECURITIES

There were no purchases or disposal of quoted securities for the quarter ended 30 September 2008 other than in the ordinary course of business.

8) DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Bank	
	Current Financial Quarter 30/9/2008 RM'000	Previous Financial Year-End 31/12/2007 RM'000
Licensed banks	-	-
Bank Negara Malaysia	-	-
	<u>-</u>	<u>-</u>

9) SECURITIES PORTFOLIO

(i) Available-for-sale securities

	The Bank	
	Current Financial Quarter 30/9/2008 RM'000	Previous Financial Year-End 31/12/2007 RM'000
At fair value		
Malaysian Government treasury bills	257,082	279,246
Malaysian Government investment certificates	-	24,784
Khazanah bonds	23,684	-
Bankers' acceptances and Islamic accepted bills	129,432	72,514
Bank Negara Malaysia Monetary Notes	401,086	200,254
	<u>811,284</u>	<u>576,798</u>
Unquoted securities:		
Private debt securities in Malaysia	215,116	197,452
	<u>1,026,400</u>	<u>774,250</u>

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9) SECURITIES PORTFOLIO (CONTINUED)

(ii) Held-to-maturity securities

	The Bank	
	Current Financial Quarter 30/9/2008 RM'000	Previous Financial Year-End 31/12/2007 RM'000
At amortised cost		
Unquoted securities:		
Shares in Malaysia	<u>575</u>	<u>-</u>

10) FINANCING, ADVANCES AND OTHER LOANS

	The Bank	
	Current Financial Quarter 30/9/2008 RM'000	Previous Financial Year-End 31/12/2007 RM'000
(i) By type		
Cash line	205,636	171,901
Term financing		
- House financing	2,033,463	1,517,539
- Hire purchase receivables	831,416	599,925
- Syndicated financing	895,884	349,942
- Other term financing	539,074	492,916
Bills receivables	7,830	8,037
Trust receipts	65,452	64,895
Claims on customers under acceptances credits	134,389	54,259
Staff financing (of which RM Nil to Directors)	10,812	11,452
Revolving credits	3,000	3,024
	<u>4,726,956</u>	<u>3,273,890</u>
Less:		
Unearned income	(2,374,646)	(1,506,080)
Gross financing, advances and other loans	<u>2,352,310</u>	<u>1,767,810</u>
Less:		
Allowance for bad and doubtful debts and financing:		
- General	(36,170)	(26,485)
- Specific	(12,110)	(7,170)
Total net financing, advances and other loans	<u>2,304,030</u>	<u>1,734,155</u>

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10) FINANCING, ADVANCES AND OTHER LOANS (CONTINUED)

	The Bank	
	Current Financial Quarter 30/9/2008 RM'000	Previous Financial Year-End 31/12/2007 RM'000
(ii) By contract		
Bai' Bithamin Ajil (deferred payment sale)	1,112,431	989,881
AITAB	676,543	487,691
Murabahah (cost-plus)	176,223	1,234
Others	387,113	289,004
	<u>2,352,310</u>	<u>1,767,810</u>

	The Bank	
	Current Financial Quarter 30/9/2008 RM'000	Previous Financial Year-End 31/12/2007 RM'000
(iii) By type of customer		
Domestic non-bank financial institutions		
- Others	64,877	11,259
Domestic business enterprises		
- Small medium enterprises	464,278	362,352
- Others	220,835	193,887
Government and statutory bodies	25,976	35,568
Individuals	1,407,198	1,093,088
Other domestic entities	3,037	9,398
Foreign entities	166,109	62,258
	<u>2,352,310</u>	<u>1,767,810</u>

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10) FINANCING, ADVANCES AND OTHER LOANS (CONTINUED)

Financing, advances and other loans analysed by their sectorial and purpose are as follows:

	The Bank	
	Current Financial Quarter 30/9/2008 RM'000	Previous Financial Year-End 31/12/2007 RM'000
(iv) By profit rate sensitivity		
Fixed rate:		
- House financing	266,688	364,417
- Hire purchase receivables	676,543	487,691
- Other fixed rate financing	566,740	426,416
Variable rate:		
- BLR - plus	840,343	487,705
- Cost - plus	1,483	1,322
- Other variable rate financing	513	259
	<u>2,352,310</u>	<u>1,767,810</u>

	The Bank	
	Current Financial Quarter 30/9/2008 RM'000	Previous Financial Year-End 31/12/2007 RM'000
(v) By purpose		
Purchase of securities	25,250	5,405
Purchase of transport vehicles	684,707	496,390
Purchase of landed property of which:		
- Residential	754,216	636,864
- Non-residential	85,275	56,504
Fixed assets other than land and building	1,419	-
Personal use	28,648	29,380
Consumer durable	51	55
Construction	91,656	20,222
Working capital	630,272	364,699
Others	50,816	158,291
	<u>2,352,310</u>	<u>1,767,810</u>

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10) FINANCING, ADVANCES AND OTHER LOANS (CONTINUED)

	The Bank	
	Current Financial Quarter 30/9/2008 RM'000	Previous Financial Year-End 31/12/2007 RM'000
(vi) By sector		
Primary agriculture	73,572	54,848
Mining and quarrying	103	105
Manufacturing	110,163	148,351
Electricity, gas and water supply	373	283
Construction	309,894	154,278
Real estate	33,894	31,599
Wholesale and retail trade, restaurants and hotels	113,094	58,839
Transport, storage and communication	21,009	45,894
Finance, insurance and business activities	146,617	101,210
Education, health and others	115,370	56,267
Household	1,424,855	1,102,687
Others	3,366	13,449
	2,352,310	1,767,810

(vii) Movements in non-performing financing, advances and other loans

	The Bank	
	Current Financial Quarter 30/9/2008 RM'000	Previous Financial Year-End 31/12/2007 RM'000
At beginning of financial period	37,779	39,150
Classified as non-performing during the financial period	45,624	56,440
Reclassified as performing during the financial period	(26,941)	(52,642)
Amount recovered	(3,223)	(5,169)
Amount written off	(3,918)	-
At end of the financial period	49,321	37,779
Less:		
Specific allowance	(12,110)	(7,170)
Net non-performing financing, advances and other loans	37,211	30,609
Ratio of net non-performing financing, advances and other loans to total gross financing, advances and other loans less specific allowance	1.59%	1.74%

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10) FINANCING, ADVANCES AND OTHER LOANS (CONTINUED)

(viii) Movements in allowance for bad and doubtful debts and financing

	The Bank	
	Current Financial Quarter 30/9/2008 RM'000	Previous Financial Year-End 31/12/2007 RM'000
General allowance		
At beginning of the financial period	26,485	19,885
Allowance made during the financial period	9,685	6,600
At end of the financial period	<u>36,170</u>	<u>26,485</u>
As % of gross financing, advances and other loans less specific allowance	<u>1.55%</u>	<u>1.50%</u>
Specific allowance		
At beginning of the financial period	7,170	4,770
Allowance made during the financial period	9,854	3,248
Amount recovered	(973)	(848)
Amount written off	(3,941)	-
At end of the financial period	<u>12,110</u>	<u>7,170</u>

(ix) Non-performing financing, advances and other loans by economic purposes

	The Bank	
	Current Financial Quarter 30/9/2008 RM'000	Previous Financial Year-End 31/12/2007 RM'000
Purchase of securities	1	2
Purchase of transport vehicles	4,551	7,551
Purchase of landed property of which:		
- Residential	20,889	20,423
- Non-residential	4,336	3,009
Personal use	20	58
Construction	2,245	2,230
Working capital	17,279	3,646
Others	-	860
	<u>49,321</u>	<u>37,779</u>

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10) FINANCING, ADVANCES AND OTHER LOANS (CONTINUED)

(x) Non-performing financing, advances and other loans by sectors

	The Bank	
	Current Financial Quarter 30/9/2008 RM'000	Previous Financial Year-End 31/12/2007 RM'000
Primary agriculture	-	65
Mining and quarrying	103	40
Manufacturing	7,545	6,267
Construction	12,232	307
Wholesale and retail trade, restaurants and hotels	3,241	137
Finance, insurance and business activities	773	512
Education, health and others	-	1,933
Household	25,427	28,518
	49,321	37,779

11) OTHER ASSETS

	The Bank	
	Current Financial Quarter 30/9/2008 RM'000	Previous Financial Year-End 31/12/2007 RM'000
Other debtors, deposits and prepayments	1,810	9,224
Clearing accounts	27,622	116,761
Stocks and stationery	1	-
Accrued income receivable	6,194	9,691
	35,627	135,676

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12) PROPERTY, PLANT AND EQUIPMENT

	The Bank	
	Current Financial Quarter 30/9/2008 RM'000	Previous Financial Year-End 31/12/2007 RM'000
Cost		
At beginning of the financial period	346	204
Additions	3,554	142
Reclassified	1	-
At end of the financial period	<u>3,901</u>	<u>346</u>
Less: Accumulated depreciation		
At beginning of the financial period	73	16
Charge for the financial period	436	57
Reclassified	1	-
At end of the financial period	<u>510</u>	<u>73</u>
Net book value as at financial period	<u>3,391</u>	<u>273</u>

13) INTANGIBLE ASSETS

	The Bank	
	Current Financial Quarter 30/9/2008 RM'000	Previous Financial Year-End 31/12/2007 RM'000
Cost		
At beginning of the financial period	2,416	2,416
Additions	40	-
At end of the financial period	<u>2,456</u>	<u>2,416</u>
Less: Accumulated amortisation		
At beginning of the financial period	806	323
Amortised during the financial period	364	483
At end of the financial period	<u>1,170</u>	<u>806</u>
Net book value as at financial period	<u>1,286</u>	<u>1,610</u>

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	The Bank	
	Current Financial Quarter 30/9/2008 RM'000	Previous Financial Year-End 31/12/2007 RM'000
<i>Non-Mudharabah</i>		
Demand deposits	1,542,012	1,415,404
Savings deposits	194,109	183,216
Negotiable instrument of deposits	-	82,215
<i>Mudharabah</i>		
Savings deposits	6,738	5,792
General investment deposits	855,202	798,415
Special investment deposits	1,213,831	1,223,571
	<u>3,811,892</u>	<u>3,708,613</u>

(ii) By type of customer

	The Bank	
	Current Financial Quarter 30/9/2008 RM'000	Previous Financial Year-End 31/12/2007 RM'000
Government and statutory bodies	1,872,954	2,098,748
Business enterprise	1,225,433	675,484
Individuals	265,803	262,781
Others	447,702	671,600
	<u>3,811,892</u>	<u>3,708,613</u>

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15) DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Bank	
	Current Financial Quarter 30/9/2008 RM'000	Previous Financial Year-End 31/12/2007 RM'000
<i>Mudharabah</i>		
Licensed banks	366,236	189,000
Bank Negara Malaysia	12,301	4,715
Other financial institutions	1,290,474	1,885,208
	<u>1,669,011</u>	<u>2,078,923</u>

16) OTHER LIABILITIES

	The Bank	
	Current Financial Quarter 30/9/2008 RM'000	Previous Financial Year-End 31/12/2007 RM'000
Bank Negara Malaysia and Credit Guarantee Corporation Funding programmes	-	40
Margin and collateral deposits	2,022	3,795
Accrued income payable	18,954	17,719
Sundry creditors	26,471	10,962
Defined contribution plan	219	128
Accrued employee benefits	30	30
	<u>47,696</u>	<u>32,674</u>

17) DIVIDENDS

There were no interim dividend declared.

18) SEGMENTAL REPORTING

As per appendix 1.

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19) SUBSEQUENT MATERIAL EVENT

There is no material subsequent event after the quarter ended 30 September 2008 that have material financial impact.

20) CHANGES IN THE COMPOSITION OF THE BANK

There is no change in the composition of the Bank between now and 31 December 2007 audited accounts.

21) RISK-WEIGHTED EXPOSURE OF THE BANK

As per appendix 2.

22) FINANCIAL INSTRUMENTS WITH OFF BALANCE SHEET RISK

Value of contract classified by remaining period to maturity (As per appendix 3).

MARKET RISK

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at 30 September 2008, the notional amount of foreign exchange exposure which were not hedged and hence, exposed to market risk was RM 0.4 million (31 December 2007: RM 51.4 million), while the notional amount of interest rate contract was RM Nil (31 December 2007: RM Nil).

CREDIT RISK

Credit risk arises from the possibility that a counter-party may be unable to meet the term of a contract in which the Bank has a gain position. As at 30 September 2008, the amounts of foreign exchange and interest rate credit risk, measured in terms of the cost to replace the profitable contracts, were RM Nil (31 December 2007: RM Nil) and RM Nil (31 December 2007: RM Nil) respectively. This amount will increase or decrease over the life of contracts, mainly as a function of maturity dates and market rates or prices.

23) PROFIT RATE RISK

As per appendix 4.

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- (i) The capital adequacy ratios are as follows:

	The Bank	
	Current Financial Quarter 30/9/2008 RM'000	Previous Financial Year-End 31/12/2007 RM'000
Tier I capital		
Paid-up share capital	160,000	160,000
Retained profit	47,736	38,004
Statutory reserves	47,736	38,004
	<u>255,472</u>	<u>236,008</u>
Less:		
Deferred tax assets	(4,908)	(6,071)
Total Tier I capital	<u>250,564</u>	<u>229,937</u>
Tier II capital		
General allowance for bad and doubtful financing	36,170	26,485
Total Tier II capital	<u>36,170</u>	<u>26,485</u>
Capital base	<u>286,734</u>	<u>256,422</u>
Core capital ratio	9.84%	11.82%
Risk-weighted capital ratio	11.26%	13.18%
Core capital ratio (net of proposed dividends)	9.84%	11.82%
Risk-weighted capital ratio (net of proposed dividends)	11.26%	13.18%

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

	The Bank	
	*Principal Current Financial Quarter 30/9/2008 RM'000	Principal Previous Financial Year-End 31/12/2007 RM'000
0%	4,001,421	4,597,606
10%	-	-
20%	845,466	318,514
35%	54,751	-
50%	186,819	595,854
75%	1,324,857	-
100%	1,042,650	1,529,153
150%	27,662	-
Total risk-weighted assets for credit risk	<u>7,483,626</u>	<u>7,041,127</u>

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24) CAPITAL ADEQUACY (CONTINUED)

(ii) Breakdown of gross risk weighted assets in the various categories of risk-weights (continued):

	* Risk- Weighted Current Financial Quarter 30/9/2008 RM'000	Risk- Weighted Previous Financial Year-End 31/12/2007 RM'000
0%	-	-
10%	-	-
20%	169,093	63,703
35%	19,163	-
50%	93,410	297,927
75%	993,643	-
100%	1,042,650	1,529,153
150%	41,493	-
Total risk-weighted assets for credit risk	2,359,451	1,890,783
Risk-weighted assets for market risk	596	53,380
Risk-weighted assets for operational risk	185,977	-
Total risk-weighted assets	2,546,024	1,944,163

* Effective 1 January 2008, the Bank has adopted the Capital Adequacy Framework for Islamic Banks .

25) PURCHASE AND SALE OF QUOTED SECURITIES

There were no purchases or disposals of quoted securities for the quarter ended 30 September 2008 other than in the ordinary course of business.

26) STATUS OF CORPORATE PROPOSAL

There were no corporate proposals announced but not completed during the period ended 30 September 2008.

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27) 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 2008, the Bank registered a profit before tax of RM 8.1 million as compared to the preceding quarter of RM 13.8 million, a decrease of RM 5.7 million or 41.3%. This was due to:

- i) higher income attributable to depositors by RM 1.5 million.
- ii) higher allowance for losses on financing by RM 5.8 million.
- iii) higher operating expenses by RM 4.5 million.
- iv) nil profit equalisation reserve in current quarter as compared to RM 0.3 million in previous corresponding quarter.

The above was off-set by:

- i) higher income derived from investment of depositors' funds and others by RM 6.3 million.
- ii) higher income derived from investment of shareholders' funds by RM 0.1 million.

28) 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 2008 stood at RM 8.1 million as compared to RM 11.1 million reported in the 2nd quarter of 2008, a decrease of RM 3.0 million or 27.0%.

Decrease in Profit Before Tax as compared to immediate preceding quarter due to:

- i) lower income derived from investment of depositors' funds and others by RM 3.9 million.
- ii) higher allowance for losses on financing by RM 5.3 million.

The above was off-set by:

- i) lower income attributable to depositors by RM 6.1 million.
- ii) lower other operating expenses by RM 0.1 million.

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29) PROSPECT FOR THE CURRENT FINANCIAL YEAR

For Year 2008, Affin Islamic plans to implement a range of new strategies that includes developing new innovative products and structures, moving into new territories, developing human capital talents and fostering strategic relationship. The approval from Bank Negara Malaysia to allow Affin Islamic to establish its own International Currencies Business Unit in November 2007 was also timely and augur well with the Bank's business plan and strategy.

As a wholly owned subsidiary of Affin Bank, Affin Islamic will continue to leverage on the parent bank's infrastructure including the over 80 branches across the country for better cost efficiency purposes. As a full fledged Islamic bank, customers of Affin Islamic are assured that all banking transactions are free from the elements of interests (riba), uncertainty (gharar), gambling (maisir) and other un-Islamic fundamentals as these are monitored by the Bank's Shariah Department and supervised by the Shariah Committee.

Barring unforeseen circumstances, the Bank and its group will again produce a satisfactory financial performance for the year.

30) VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

The Bank's profit before tax registered an adverse variance of RM 15.7 million. The main contributing factors are as follows:

Net Interest Income and Other Operating Income

The net interest income and other operating income showed a favourable variance of RM 3.3 million.

Other Operating Expenses

Operating costs showed an adverse variance of RM 7.6 million.

Loan Loss Provisions

Loan loss provisions showed an adverse variance of RM 14.8 million.

Profit Equalisation Reserve

Profit equalisation reserve showed a favourable variance of RM 3.4 million.

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	Individual Quarter		Cumulative Quarter	
	The Bank		The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/9/2008	30/9/2007	30/9/2008	30/9/2007
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	67,101	60,747	207,242	164,405
Income attributable to depositors	(35,925)	(34,413)	(116,838)	(89,622)
Income derived from investment of shareholders' funds	2,886	2,815	8,725	8,398
	34,062	29,149	99,129	83,181

32) INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS

	Individual Quarter		Cumulative Quarter	
	The Bank		The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/9/2008	30/9/2007	30/9/2008	30/9/2007
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
(i) General investment deposits	40,848	45,865	132,262	84,488
(ii) Other deposits	26,253	14,882	74,980	79,917
	67,101	60,747	207,242	164,405

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

	Individual Quarter		Cumulative Quarter	
	The Bank		The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/9/2008	30/9/2007	30/9/2008	30/9/2007
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing, advances and other loans	21,672	19,271	61,824	36,109
Available-for-sale securities	1,555	1,069	5,252	1,378
Held-to-maturity securities	-	271	-	979
Money at call and deposits with other financial institutions	13,782	22,557	53,497	40,230
Total finance income and hibah	37,009	43,168	120,573	78,696
Accretion of discount less amortisation of premium	2,945	1,194	7,764	2,872
	39,954	44,362	128,337	81,568
Other operating income				
Fee income				
Commission	198	347	933	763
Service charges and fees	443	560	1,390	914
Guarantee fees	152	154	421	235
Other fees income	(2)	-	(2)	-
	791	1,061	2,742	1,912
Securities income				
Gain from sale of securities:				
- Held-for-trading	-	-	25	-
- Available-for-sale	3	-	31	-
	3	-	56	-
Other income				
Foreign exchange profit / (loss):				
- realised	(4,564)	823	(7,683)	952
- unrealised	4,605	(452)	8,581	(58)
Other non-operating income	59	71	229	114
	40,848	45,865	132,262	84,488

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FRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2008**32) INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS
(CONTINUED)****(ii) INCOME DERIVED FROM INVESTMENT OF OTHER DEPOSITS**

	Individual Quarter		Cumulative Quarter	
	The Bank		The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/9/2008	30/9/2007	30/9/2008	30/9/2007
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing, advances and other loans	13,645	5,803	35,048	34,155
Available-for-sale securities	1,006	783	2,977	1,303
Held-to-maturity securities	-	(266)	-	926
Money at call and deposits with other financial institutions	9,159	8,296	30,328	38,054
Total finance income and hibah	23,810	14,616	68,353	74,438
Accretion of discount less amortisation of premium	1,833	(109)	4,402	2,717
	25,643	14,507	72,755	77,155
Other operating income				
Fee income				
Commission	137	22	529	722
Service charges and fees	284	268	788	864
Guarantee fees	96	86	239	222
Other fees income	(1)	-	(1)	-
	516	376	1,555	1,808
Securities income				
Gain from sale of securities:				
- Held-for-trading	-	-	14	-
- Available-for-sale	2	-	17	-
	2	-	31	-
Other income				
Foreign exchange profit / (loss):				
- realised	(2,693)	683	(4,356)	901
- unrealised	2,745	(719)	4,865	(55)
Other non-operating income	40	35	130	108
	26,253	14,882	74,980	79,917

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FRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2008**33) ALLOWANCES FOR LOSSES ON FINANCING**

	Individual Quarter		Cumulative Quarter	
	The Bank		The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/9/2008	30/9/2007	30/9/2008	30/9/2007
	RM'000	RM'000	RM'000	RM'000
Allowance for bad and doubtful financing, advances and other loans:				
Specific allowance				
- made in the financial period	6,842	654	9,854	2,018
- written back	(224)	(299)	(973)	(710)
General allowance				
- made in the financial period	2,495	3,000	9,685	3,300
Bad debts on financing				
- recovered	(30)	-	(52)	-
- written off	28	(1)	177	-
	9,111	3,354	18,691	4,608

34) INCOME ATTRIBUTABLE TO DEPOSITORS

	Individual Quarter		Cumulative Quarter	
	The Bank		The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/9/2008	30/9/2007	30/9/2008	30/9/2007
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudharabah	19,013	15,090	56,422	34,582
- Non-mudharabah	3,779	5,319	13,882	19,539
Deposits and placements of banks and other financial institutions				
- Mudharabah	12,629	12,918	44,785	29,310
Others	504	1,086	1,749	6,191
	35,925	34,413	116,838	89,622

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FRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2008**35) INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS**

	Individual Quarter		Cumulative Quarter	
	The Bank		The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/9/2008	30/9/2007	30/9/2008	30/9/2007
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing, advances and other loans	1,513	1,155	4,078	3,589
Available-for-sale securities	110	92	346	137
Held-to-maturity securities	-	(5)	-	97
Money at call and deposits with other financial institutions	992	1,445	3,529	3,999
Total finance income and hibah	2,615	2,687	7,953	7,822
Accretion of discount less amortisation of premium	204	43	512	286
	2,819	2,730	8,465	8,108
Other operating income				
Fee income				
Commission	15	16	62	76
Service charges and fees	32	40	92	91
Guarantee fees	11	11	28	23
	58	67	182	190
Securities income				
Gain from sale of securities:				
- Held-for-trading	-	-	2	-
- Available-for-sale	-	-	2	-
	-	-	4	-
Other income				
Foreign exchange profit / (loss):				
- realised	(307)	76	(507)	95
- unrealised	312	(63)	566	(6)
Other non-operating income	4	5	15	11
	2,886	2,815	8,725	8,398

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FRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2008**36) OTHER OPERATING EXPENSES**

	Individual Quarter		Cumulative Quarter	
	The Bank		The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/9/2008	30/9/2007	30/9/2008	30/9/2007
	RM'000	RM'000	RM'000	RM'000
Personnel costs	2,310	1,266	6,997	3,364
Establishment costs	644	322	2,114	830
Marketing expenses	1,224	1,303	4,034	2,656
Administrative and general expenses	12,670	9,444	36,728	26,601
	16,848	12,335	49,873	33,451

Personnel costs comprise the following:

	Individual Quarter		Cumulative Quarter	
	The Bank		The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/9/2008	30/9/2007	30/9/2008	30/9/2007
	RM'000	RM'000	RM'000	RM'000
Wages, salaries and bonus	1,821	973	5,323	2,671
Defined contribution plan ('EPF')	300	150	876	423
Other personnel costs	189	143	798	270
	2,310	1,266	6,997	3,364

Establishment costs comprise the following:

	Individual Quarter		Cumulative Quarter	
	The Bank		The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/9/2008	30/9/2007	30/9/2008	30/9/2007
	RM'000	RM'000	RM'000	RM'000
Rental of premises	149	10	437	47
Equipment rental	4	-	4	-
Repair and maintenance	9	71	325	91
Depreciation	171	15	436	41
Amortisation of intangible assets	122	120	364	362
Other establishment costs	189	106	548	289
	644	322	2,114	830

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FRS 134 INTERIM FINANCIAL REPORTING - 30 SEPTEMBER 2008**36) OTHER OPERATING EXPENSES (CONTINUED)**

Marketing expenses comprise the following:

	Individual Quarter		Cumulative Quarter	
	The Bank		The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/9/2008	30/9/2007	30/9/2008	30/9/2007
	RM'000	RM'000	RM'000	RM'000
Dealers' handling charges	1,229	1,143	3,338	2,223
Business promotion and advertisement	61	88	219	221
Entertainment	-	12	42	26
Travelling and accommodation	(70)	54	303	109
Other marketing expenses	4	6	132	77
	1,224	1,303	4,034	2,656

Administration and general expenses comprise the following:

	Individual Quarter		Cumulative Quarter	
	The Bank		The Bank	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Quarter	Quarter	Quarter	Quarter
	30/9/2008	30/9/2007	30/9/2008	30/9/2007
	RM'000	RM'000	RM'000	RM'000
Telecommunication expenses	19	-	60	12
Audit expenses	40	38	121	117
Professional fees	1,091	816	3,068	2,289
Management fee paid to Affin Bank	11,094	8,361	32,126	23,266
Other administration and general expenses	426	229	1,353	917
	12,670	9,444	36,728	26,601

37) EARNINGS PER SHARE

The earnings per share for the financial quarter ended 30 September 2008 have been calculated based on the net profit after taxation and zakat of the Bank of RM 19,464,000 (30 September 2007: RM 31,654,000), divided by the weighted average number of ordinary shares of RM1 each in issue during the financial quarter of 160,000,002 (30 September 2007: 160,000,002).

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38) CONNECTED PARTIES TRANSACTIONS AND BALANCES

In compliance with the requirement of BNM's guidelines on Credit Transactions and Exposures with Connected Parties for the Bank (Ref No: BNM/RH/GL/002-15), the following information is disclosed as follows:

i)	The aggregate value of outstanding credit exposures with connected parties (RM'000)	96,500
ii)	The percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	2%
iii)	The percentage of outstanding credit exposures with connected parties which is non-performing or in default	-

39) SIGNIFICANT EVENT

Establishment of joint venture (50% owned) company, Affin-i Goodyear Sdn Bhd being a joint venture between Affin Islamic Bank Berhad and Jurus Positif Sdn Bhd

On 1st April 2008, Affin Islamic Bank a wholly-owned subsidiary of Affin Bank Berhad entered into shariah principled joint venture agreement known as the Musharakah Agreement with Jurus Positif Sdn Bhd (a subsidiary of Mutiara Goodyear Development Berhad) for a land development project in Bukit Gambir, Penang.

A joint venture company called Affin-i Goodyear Sdn Bhd had been established with a 50:50 (paid-up of RM 1.0 million) ownership as the special purpose vehicle to carry out the objectives of the Musharakah Agreement.

As this is a hybrid structure, Affin Islamic is currently the sole banker to Affin-i Goodyear by providing financing by using the Islamic concept such as murabahah (for the purchase of the land) and Istisna' (for the bridging financing).

The company have not kicked off their operation due to the economy uncertainties this year. Operation is to be kicked off next year.