



**ASIAN FINANCE BANK**

بنك التمويل الآسيوي

**Interim Financial Statements  
For The Six Months Ended 30 June 2010**



**ASIAN FINANCE BANK BERHAD**

(Incorporated in Malaysia)

## INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

	Note	<u>Economic Entity</u>		<u>Bank</u>	
		<u>30.06.2010</u> RM	<u>31.12.2009</u> RM	<u>30.06.2010</u> RM	<u>31.12.2009</u> RM
<b>ASSETS</b>					
Cash and short-term funds	2	880,195,472	1,228,697,029	880,195,472	1,228,697,029
Deposits & placements with bank and other financial institutions	3	-	-	-	-
Securities held-for-trading	4	34,998,899	17,547,511	34,998,899	17,547,511
Securities available-for-sale	5	36,466,300	36,974,449	36,466,300	36,974,449
Securities held-to-maturity	6	71,174,172	67,917,233	71,174,172	67,917,233
Financing and advances	7	670,842,405	673,649,925	670,842,405	673,649,925
Other assets	8	8,645,585	6,182,821	8,645,585	6,182,821
Statutory deposits with Bank Negara Malaysia		4,263,715	4,413,715	4,263,715	4,413,715
Investment in jointly controlled entity	9	15,218,452	15,203,800	15,334,537	16,222,255
Advances to jointly controlled entity	9	-	1,000,646	-	1,000,646
Deferred tax assets		8,669,368	6,434,011	8,669,368	6,434,011
Property and equipment		4,822,615	5,421,635	4,822,615	5,421,635
Intangible assets		8,962,067	10,692,031	8,962,067	10,692,031
<b>TOTAL ASSETS</b>		<b>1,744,259,050</b>	<b>2,074,134,806</b>	<b>1,744,375,135</b>	<b>2,075,153,261</b>
<b>LIABILITIES</b>					
Deposits from customers	10	806,857,486	1,079,259,658	806,857,486	1,079,259,658
Deposits and placements of banks and other financial institutions	11	600,617,118	651,329,542	600,617,118	651,329,542
Other liabilities	12	15,577,496	16,180,066	15,577,496	16,180,066
		<b>1,423,052,100</b>	<b>1,746,769,266</b>	<b>1,423,052,100</b>	<b>1,746,769,266</b>
<b>EQUITY</b>					
Ordinary share capital		355,020,010	355,020,010	355,020,010	355,020,010
Reserves		(33,813,060)	(27,654,470)	(33,696,975)	(26,636,015)
Total Equity		<b>321,206,950</b>	<b>327,365,540</b>	<b>321,323,035</b>	<b>328,383,995</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,744,259,050</b>	<b>2,074,134,806</b>	<b>1,744,375,135</b>	<b>2,075,153,261</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	20	<b>519,478,931</b>	<b>523,340,358</b>	<b>519,478,931</b>	<b>523,340,358</b>
<b>Capital Ratios</b>					
Core capital ratio	22	<b>36.40%</b>	36.55%	<b>36.41%</b>	36.60%
Risk-weighted capital ratio	22	<b>37.59%</b>	37.71%	<b>37.59%</b>	37.76%

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## UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 30 JUNE 2010

		<b><u>Economic Entity</u></b>			
		<b>2nd Quarter Ended</b>	2nd Quarter Ended	<b>Half Year Ended</b>	Half Year Ended
	<u>Note</u>	<b><u>30.06.2010</u></b>	<u>30.06.2009</u>	<b><u>30.06.2010</u></b>	<u>30.06.2009</u>
		<b>RM</b>	RM	<b>RM</b>	RM
Income derived from investment of depositors' funds	13	<b>13,712,956</b>	9,371,333	<b>26,401,145</b>	17,924,871
Income derived from investment of shareholders' funds	14	<b>6,401,746</b>	8,602,495	<b>14,503,972</b>	13,612,012
Allowances for losses on financing and advances	15	<b>(13,221,285)</b>	(150,000)	<b>(15,341,972)</b>	(763,000)
Profit Equalisation Reserve		-	-	<b>(113,000)</b>	-
<b>Total distributable income</b>		<b><u>6,893,417</u></b>	<u>17,823,828</u>	<b><u>25,450,145</u></b>	<u>30,773,883</u>
Income attributable to depositors	16	<b>(7,950,716)</b>	(5,481,438)	<b>(14,746,321)</b>	(12,262,269)
<b>Total net income</b>		<b><u>(1,057,299)</u></b>	<u>12,342,390</u>	<b><u>10,703,824</u></b>	<u>18,511,614</u>
Personnel expenses	17	<b>(6,429,193)</b>	(5,047,008)	<b>(12,645,943)</b>	(9,424,856)
Other overheads and expenditures	18	<b>(4,311,100)</b>	(4,724,055)	<b>(8,718,070)</b>	(9,083,159)
Share of profit / (loss) after tax of jointly controlled entity		<b>455,898</b>	-	<b>902,370</b>	(3,467)
<b>Profit / (loss) before taxation</b>		<b><u>(11,341,694)</u></b>	<u>2,571,327</u>	<b><u>(9,757,819)</u></b>	<u>132</u>
Taxation		<b>2,850,554</b>	(237,065)	<b>2,576,325</b>	33,080
<b>Profit / (loss) for the period</b>		<b><u>(8,491,140)</u></b>	<u>2,334,262</u>	<b><u>(7,181,494)</u></b>	<u>33,212</u>
Profit / (loss) attributable to :					
Owners of the parent		<b>(8,491,140)</b>	2,334,262	<b>(7,181,494)</b>	33,212
Minority interest		-	-	-	-
		<b><u>(8,491,140)</u></b>	<u>2,334,262</u>	<b><u>(7,181,494)</u></b>	<u>33,212</u>
Earnings per shares (sen)					
Basic and diluted		<b>(10)</b>	3	<b>(4)</b>	0
<b>Profit/(Loss) for the period</b>		<b><u>(8,491,140)</u></b>	<u>2,334,262</u>	<b><u>(7,181,494)</u></b>	<u>33,212</u>
<b>Other comprehensive income :</b>					
Exchange difference on translating foreign operations					
Available-for-sale financial assets		<b>556,408</b>	1,337,310	<b>1,022,904</b>	1,530,275
<b>Other comprehensive income for the period, net of tax</b>	19	<b>556,408</b>	1,337,310	<b>1,022,904</b>	1,530,275
<b>Total Comprehensive Income For The Period</b>		<b><u>(7,934,732)</u></b>	<u>3,671,572</u>	<b><u>(6,158,590)</u></b>	<u>1,563,487</u>
Total comprehensive income attributable to:					
Owners of the parent		<b>(7,934,732)</b>	3,671,572	<b>(6,158,590)</b>	1,563,487
Minority interest		-	-	-	-
		<b><u>(7,934,732)</u></b>	<u>3,671,572</u>	<b><u>(6,158,590)</u></b>	<u>1,563,487</u>

**ASIAN FINANCE BANK BERHAD**

(Incorporated in Malaysia)

## INTERIM FINANCIAL STATEMENTS

## UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 30 JUNE 2010

		<u>Bank</u>			
	Note	2nd Quarter Ended <u>30.06.2010</u> RM	2nd Quarter Ended <u>30.06.2009</u> RM	Half Year Ended <u>30.06.2010</u> RM	Half Year Ended <u>30.06.2009</u> RM
Income derived from investment of depositors' funds	13	13,712,956	9,371,333	26,401,145	17,924,871
Income derived from investment of shareholders' funds	14	6,401,746	8,602,495	14,503,972	13,612,012
Allowances for losses on financing and advances	15	(13,221,285)	(150,000)	(15,341,972)	(763,000)
Profit Equalisation Reserve		-	-	(113,000)	-
<b>Total distributable income</b>		<b>6,893,417</b>	17,823,828	<b>25,450,145</b>	30,773,883
Income attributable to depositors	16	(7,950,716)	(5,481,438)	(14,746,321)	(12,262,269)
<b>Total net income</b>		<b>(1,057,299)</b>	12,342,390	<b>10,703,824</b>	18,511,614
Personnel expenses	17	(6,429,193)	(5,047,008)	(12,645,943)	(9,424,856)
Other overheads and expenditures	18	(4,311,100)	(4,724,055)	(8,718,070)	(9,083,159)
Share of profit / (loss) after tax of jointly controlled entity		-	-	-	-
<b>Profit / (loss) before taxation</b>		<b>(11,797,592)</b>	2,571,327	<b>(10,660,189)</b>	3,599
Taxation		2,850,554	(237,065)	2,576,325	33,080
<b>Profit / (loss) for the period</b>		<b>(8,947,038)</b>	2,334,262	<b>(8,083,864)</b>	36,679
Profit / (loss) attributable to :					
Owners of the parent		(8,947,038)	2,334,262	(8,083,864)	36,679
Minority interest		-	-	-	-
		<b>(8,947,038)</b>	2,334,262	<b>(8,083,864)</b>	36,679
Earnings per shares (sen)					
Basic and diluted		(5)	3	(5)	0
<b>Profit/(Loss) for the period</b>		<b>(8,947,038)</b>	2,334,262	<b>(8,083,864)</b>	36,679
<b>Other comprehensive income :</b>					
Exchange difference on translating foreign operations					
Available-for-sale financial assets		556,408	1,337,310	1,022,904	1,530,275
<b>Other comprehensive income for the period, net of tax</b>	19	<b>556,408</b>	1,337,310	<b>1,022,904</b>	1,530,275
<b>Total Comprehensive Income For The Period</b>		<b>(8,390,630)</b>	3,671,572	<b>(7,060,960)</b>	1,566,954
Total comprehensive income attributable to:					
Owners of the parent		(8,390,630)	3,671,572	(7,060,960)	1,566,954
Minority interest		-	-	-	-
		<b>(8,390,630)</b>	3,671,572	<b>(7,060,960)</b>	1,566,954

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## INTERIM FINANCIAL STATEMENTS

## UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2010

<b><u>Economic entity</u></b>	<b>Share Capital RM</b>	<b>Accumulated Losses RM</b>	<b>AFS Reserve RM</b>	<b>Total RM</b>
<b><u>30.06.2010</u></b>				
Balance as at 1.1.2010	<b>355,020,010</b>	<b>(22,475,199)</b>	<b>(5,179,271)</b>	<b>327,365,540</b>
Unrealised net gain on revaluation of securities available-for-sale	-	-	<b>1,363,872</b>	<b>1,363,872</b>
Deferred taxation	-	-	<b>(340,968)</b>	<b>(340,968)</b>
Net loss for the period	-	<b>(7,181,494)</b>	-	<b>(7,181,494)</b>
Balance as at 30.06.2010	<b>355,020,010</b>	<b>(29,656,693)</b>	<b>(4,156,367)</b>	<b>321,206,950</b>

**31.12.2009**

Balance as at 1.1.2009	355,020,010	(24,052,873)	(6,929,150)	324,037,987
Unrealised net gain on revaluation of securities available-for-sale	-	-	3,454,957	3,454,957
Deferred taxation	-	-	(1,705,078)	(1,705,078)
Net profit for the financial year	-	1,577,674	-	1,577,674
Balance as at 31.12.2009	<b>355,020,010</b>	<b>(22,475,199)</b>	<b>(5,179,271)</b>	<b>327,365,540</b>

**Bank**

	<b>Share Capital RM</b>	<b>Accumulated Losses RM</b>	<b>AFS Reserve RM</b>	<b>Total RM</b>
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**30.06.2010**

Balance as at 1.1.2010	<b>355,020,010</b>	<b>(21,456,744)</b>	<b>(5,179,271)</b>	<b>328,383,995</b>
Unrealised net gain on revaluation of securities available-for-sale	-	-	<b>1,363,872</b>	<b>1,363,872</b>
Deferred taxation	-	-	<b>(340,968)</b>	<b>(340,968)</b>
Net loss for the period	-	<b>(8,083,864)</b>	-	<b>(8,083,864)</b>
Balance as at 30.06.2010	<b>355,020,010</b>	<b>(29,540,608)</b>	<b>(4,156,367)</b>	<b>321,323,035</b>

**31.12.2009**

Balance as at 1.1.2009	355,020,010	(24,049,406)	(6,929,150)	324,041,454
Unrealised net gain on revaluation of securities available-for-sale	-	-	3,454,957	3,454,957
Deferred taxation	-	-	(1,705,078)	(1,705,078)
Net profit for the financial year	-	2,592,662	-	2,592,662
Balance as at 31.12.2009	<b>355,020,010</b>	<b>(21,456,744)</b>	<b>(5,179,271)</b>	<b>328,383,995</b>

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## INTERIM FINANCIAL STATEMENTS

## UNAUDITED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 30 JUNE 2010

	<u>Economic Entity</u>		<u>Bank</u>	
Note	<u>30.06.2010</u> RM	31.12.2009 RM	<u>30.06.2010</u> RM	31.12.2009 RM
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit / (Loss) before taxation for the period /				
Financial year	(9,757,819)	3,194,842	(10,660,189)	4,209,830
Adjustments for:				
Depreciation of property and equipment	974,359	1,645,857	974,359	1,645,857
Amortisation of intangible assets	1,739,352	2,986,866	1,739,352	2,986,866
Property and equipment written off	39,950	-	39,950	-
Unrealised loss/(gain) from revaluation of securities held-for-trading	548,612	(355,563)	548,612	(355,563)
Accretion of discount less amortisation of premium	(1,637,245)	(482,326)	(1,637,245)	(482,326)
Share of (profit) / loss in jointly controlled entity	(446,472)	1,014,988	-	-
Allowance for losses on financing and advances	15,341,972	2,870,951	15,341,972	2,870,951
Profit equalisation reserve	113,000	-	113,000	-
Operating profit / (loss) before working capital changes	6,915,709	10,875,615	6,459,811	10,875,615
<b>Decrease/(increase) in operating assets:</b>				
Deposits and placements with financial institutions	-	-	-	-
Financing and advances	(12,534,453)	(426,191,808)	(12,534,453)	(426,191,808)
Other assets	(2,462,764)	35,895,036	(2,462,764)	35,895,036
Statutory deposit with Bank Negara Malaysia	150,000	(4,413,715)	150,000	(4,413,715)
<b>Increase/(decrease) in operating liabilities:</b>				
Deposits from customers	(272,402,172)	111,152,622	(272,402,172)	111,152,622
Deposits and placements of banks and other financial institutions	(50,712,424)	126,689,387	(50,712,424)	126,689,387
Other liabilities	(715,570)	8,342,597	(715,570)	8,342,597
Net cash (used in) / generated from operating activities	(331,761,674)	(137,650,266)	(332,217,572)	(137,650,266)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of property and equipment and intangible assets	(424,677)	(3,835,298)	(424,677)	(3,835,298)
Sale / (Purchase) of securities held-for-trading	(18,000,000)	(17,547,511)	(18,000,000)	(17,547,511)
Sale / (Purchase) of securities available-for-sale	2,286,151	-	2,286,151	-
Sale / (Purchase) of securities held-to-maturity	(2,033,824)	(26,555,265)	(2,033,824)	(26,555,265)
Investment in Jointly controlled entity	431,821	(16,218,831)	887,719	(16,218,831)
Advance to jointly controlled entity	1,000,646	(192,927)	1,000,646	(192,927)
Net cash used in investing activities	(16,739,883)	(64,349,832)	(16,283,985)	(64,349,832)
<b>ANALYSIS OF CASH AND CASH EQUIVALENT</b>				
Net (decrease) / increase in cash and cash equivalents	(348,501,557)	(202,000,098)	(348,501,557)	(202,000,098)
Cash and cash equivalent at beginning of period / financial year	1,228,697,029	1,430,697,127	1,228,697,029	1,430,697,127
Cash and cash equivalent at end of period / financial year	2 880,195,472	1,228,697,029	880,195,472	1,228,697,029

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## NOTES TO THE FINANCIAL STATEMENTS

FOR HALF YEAR ENDED 30 JUNE 2010

-PART A – EXPLANATORY NOTES PURSUANT TO GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKS (BNM GP8-I) ISSUED BY BANK NEGARA MALAYSIA

**1. GENERAL INFORMATION**a) Performance Review

The Economic Entity and the Bank registered a loss before zakat and tax of (RM9.76m) and (RM10.66m) respectively for the six months period ended 30 June 2010.

The Economic Entity and the Bank's gross financing and advances stood at RM698.98m whilst total Deposit at RM1,407.47m.

b) Prospect for 2010

The economic outlook for Malaysia is positive with GDP growth strengthened to 10.1% y-o-y in 1Q10 and forecasted to record 6.5% y-o-y for 2010. OPR is expected to be maintained at 2.75% by end of 2010. The Government Transformation Program and the New Economic Model is expected to sharpen Malaysia's competitive edge in the midst of global uncertainties.

The Bank is actively strengthening talents and developing new products as well as risk mitigating strategies to suit varied business requirements, customers' expectations and the different risk profiles.

Based on the positive outlook, the Bank is set to face challenges ahead to chart further growth in its funded assets and hence improve its profitability performance.

**2. CASH AND SHORT-TERM FUNDS****Economic Entity and Bank**

	<u>30.06.2010</u> RM	<u>31.12.2009</u> RM
Cash and balances with banks and other financial institutions	4,144,056	5,565,964
Money at call and deposit placements maturing within one month	876,051,416	1,223,131,065
	<u>880,195,472</u>	<u>1,228,697,029</u>

**3. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS**

	<u>30.06.2010</u> RM	<u>31.12.2009</u> RM
Licensed Islamic Banks	-	-

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FOR HALF YEAR ENDED 30 JUNE 2010

-PART A – EXPLANATORY NOTES PURSUANT TO GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKS (BNM GP8-I) ISSUED BY BANK NEGARA MALAYSIA

	<b><u>Economic Entity and Bank</u></b>	
<b>4. SECURITIES HELD-FOR-TRADING</b>	<b><u>30.06.2010</u></b>	<b><u>31.12.2009</u></b>
	<b>RM</b>	<b>RM</b>
<u>At fair value</u>		
<u>Quoted securities in Malaysia</u>		
Islamic commercial paper	<b>24,929,500</b>	6,785,280
<u>Quoted securities outside Malaysia</u>		
Islamic private debt securities	<b>10,069,399</b>	10,762,231
	<b>34,998,899</b>	17,547,511
<b>5. SECURITIES AVAILABLE-FOR-SALE</b>	<b><u>30.06.2010</u></b>	<b><u>31.12.2009</u></b>
	<b>RM</b>	<b>RM</b>
<u>At fair value</u>		
<u>Quoted securities in Malaysia</u>		
Islamic private debt securities	<b>10,224,100</b>	20,020,612
Islamic Medium Term Notes	<b>10,059,700</b>	-
<u>Quoted securities outside Malaysia</u>		
Foreign corporate debt securities held	<b>16,182,500</b>	16,953,837
	<b>36,466,300</b>	36,974,449
<b>6. SECURITIES HELD-TO-MATURITY</b>	<b><u>30.06.2010</u></b>	<b><u>31.12.2009</u></b>
	<b>RM</b>	<b>RM</b>
Bank Negara Malaysia Sukuk Ijarah	<b>15,000,000</b>	10,003,736
<u>Quoted securities outside Malaysia</u>		
Foreign corporate debt securities held	<b>27,257,537</b>	27,306,047
<u>Quoted securities in and outside Malaysia</u>		
Foreign corporate debt securities held	<b>28,916,635</b>	30,607,450
	<b>71,174,172</b>	67,917,233

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FOR HALF YEAR ENDED 30 JUNE 2010

-PART A – EXPLANATORY NOTES PURSUANT TO GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKS (BNM GP8-I) ISSUED BY BANK NEGARA MALAYSIA

	<u>Economic Entity and Bank</u>	
	<u>30.06.2010</u>	<u>31.12.2009</u>
	RM	RM
<b>7. FINANCING AND ADVANCES</b>		
(i) By type		
Term financing		
- house financing	35,339,821	30,900,537
- syndicated term financing	106,477,101	105,689,255
- hire purchase receivables	42,692	47,804
- other term financing	470,371,413	549,114,626
Trusts receipts	112,902,133	94,702,042
Staff financing	1,262,999	1,189,564
Others	64,681,912	28,651,401
	<u>791,078,071</u>	<u>810,295,229</u>
Less: Unearned income	(92,096,900)	(123,848,511)
Gross financing and advances	698,981,171	686,446,718
Less : Allowance for impaired advances and financing:		
- collective assessment allowance	(10,376,043)	-
- individual assessment allowance	(17,762,723)	-
- general allowance	-	(10,335,393)
- specific allowance	-	(2,461,400)
Net financing and advances	<u>670,842,405</u>	<u>673,649,925</u>
(ii) By type of customer		
Domestic non-bank financial institution		
- Others	48,661,758	51,995,829
Domestic business enterprises		
- Small medium enterprise	34,767,821	25,984,063
- Government	10,698,207	4,162,553
- Others	509,801,209	509,468,584
Government and statutory bodies		
Individuals	6,367,100	12,372,754
Other domestic entities		
Foreign entities	88,685,076	82,462,935
	<u>698,981,171</u>	<u>686,446,718</u>
(iii) Financing and advances analysed by contract are as follows:		
Tawarruq	353,337,899	382,043,181
Murabahah	165,990,165	120,563,276
Ijarah	50,788,036	60,802,480
Istisna	128,517,219	122,787,324
Qardhul Hassan	347,852	250,457
	<u>698,981,171</u>	<u>686,446,718</u>

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	<b><u>Economic Entity and Bank</u></b>	
	<b><u>30.06.2010</u></b>	<b><u>31.12.2009</u></b>
	RM	RM
<b>7. FINANCING AND ADVANCES (CONTINUED)</b>		
(iv) By profit rate sensitivity		
Fixed rate		
- Other fixed rate financing	94,425,445	133,384,078
Variable rate		
- Others	604,207,874	552,812,183
Non-profit sensitive		
- Others	347,852	250,457
	<b><u>698,981,171</u></b>	<b><u>686,446,718</u></b>
(v) By residual contractual maturity		
Maturity within one year	363,974,887	407,144,619
More than one year to three years	42,509,540	20,375,098
More than three years to five years	27,815,507	23,602,857
More than five years	264,681,237	235,324,144
	<b><u>698,981,171</u></b>	<b><u>686,446,718</u></b>
(vi) By purpose		
Purchase of landed property:		
- Residential	47,885,087	50,400,949
- Non-Residential	77,113,010	82,537,324
Working Capital	463,496,660	479,219,148
Personal Use	981,788	960,366
Purchase of transport vehicles	66,527,683	71,326,610
Others	42,976,943	2,002,321
	<b><u>698,981,171</u></b>	<b><u>686,446,718</u></b>
(vii) Movement in the allowance for impaired advances and financing		
<b><u>Collective Assessment Allowance</u></b>		
As at 1 January		
- as previously stated	-	-
- effect of adopting FRS 139	10,335,393	-
At 1 January, as restated	<b><u>10,335,393</u></b>	-
Allowance made during the year	40,650	-
Balance carried forward	<b><u>10,376,043</u></b>	-

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	<u>Economic Entity and Bank</u>	
	<u>30.06.2010</u>	<u>31.12.2009</u>
	RM	RM
<b>7. FINANCING AND ADVANCES (CONTINUED)</b>		
(vii) Movement in the allowance for impaired advances and financing (continued)		
<u>Individual Assessment Allowance</u>		
As at 1 January		
- as previously stated	-	-
- effect of adopting FRS 139	<b>2,461,400</b>	-
At 1 January, as restated	<b>2,461,400</b>	-
Allowance made during the year	<b>15,301,323</b>	-
Balance carried forward	<b>17,762,723</b>	-
<u>General Allowance</u>		
As at 1 January		
- as previously stated	<b>10,335,393</b>	7,965,782
- effect of adopting FRS 139	<b>(10,335,393)</b>	-
At 1 January, as restated	-	7,965,782
Allowance made during the year	-	2,369,611
Balance carried forward	-	10,335,393
As % of gross advances and financing less specific allowances	<b>0.00%</b>	1.51%
<u>Specific Allowance</u>		
As at 1 January		
- as previously stated	<b>2,461,400</b>	1,960,060
- effect of adopting FRS 139	<b>(2,461,400)</b>	-
At 1 January, as restated	-	1,960,060
Allowance made during the year	-	501,340
Balance carried forward	-	2,461,400
(viii) Movement in impaired advances and financing		
As at 1 January		
- as previously stated	<b>2,002,321</b>	2,002,321
- effect of adopting FRS 139	-	-
At 1 January, as restated	<b>2,002,321</b>	2,002,321
Impaired during the year	<b>40,974,623</b>	-
Balance carried forward	<b>42,976,944</b>	2,002,321
Ratio of gross impaired advances and financing to gross advances and financing	<b>6.15%</b>	0.29%
(ix) Non-performing financing by purpose		
Others	<b>42,976,944</b>	2,002,321

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		<u>Economic Entity and Bank</u>	
		<u>30.06.2010</u>	<u>31.12.2009</u>
		RM	RM
<b>7. FINANCING AND ADVANCES (CONTINUED)</b>			
(x) Non-performing financing by sector			
Agriculture, hunting, forestry and fishing		9,993,682	-
Manufacturing		7,854,556	-
Wholesale & retail trade and restaurants & hotels		3,537,526	2,002,321
Transport, storage and communication		11,714,221	-
Finance, insurance and business services		9,876,959	-
		<u>42,976,944</u>	<u>2,002,321</u>
<b>8. OTHER ASSETS</b>			
		<u>30.06.2010</u>	<u>31.12.2009</u>
		RM	RM
Income receivable from placements and securities		2,144,866	2,334,296
Other debtors, deposits and prepayments		6,500,719	3,848,525
		<u>8,645,585</u>	<u>6,182,821</u>
<b>9. INVESTMENT IN JOINTLY CONTROLLED ENTITY</b>			
	<u>Economic Entity</u>	<u>Bank</u>	
	<u>30.06.2010</u>	<u>31.12.2009</u>	<u>30.06.2010</u>
	RM	RM	RM
Management share (USD 1.00 per share)	3,262	3,424	3,262
Participating share (USD 4,737,500)	15,331,275	16,218,831	15,331,275
Less: Share of loss	(116,085)	(1,018,455)	-
	<u>15,218,452</u>	<u>15,203,800</u>	<u>15,334,537</u>
			<u>16,222,255</u>
In December 2009, the Bank invested RM16,218,831 in the participating shares of Safeena (L) Ltd, a 50% joint controlled entity with AmanahRaya Investment Bank Ltd. The management share was acquired earlier in August 2008.			
<b>10. DEPOSITS FROM CUSTOMERS</b>			
		<u>Economic Entity and Bank</u>	
		<u>30.06.2010</u>	<u>31.12.2009</u>
		RM	RM
(i) By type of deposit:			
<u>Non-Mudharabah Funds:</u>			
Demand deposits		31,584,650	45,575,906
Savings deposits		760,485	433,466
		<u>32,345,135</u>	<u>46,009,372</u>
<u>Mudharabah Funds:</u>			
Savings deposits		2,027,357	967,425
General investment deposits		141,890,757	120,267,774
Special investment deposits		630,594,237	912,015,087
		<u>774,512,351</u>	<u>1,033,250,286</u>
		<u>806,857,486</u>	<u>1,079,259,658</u>
(ii) The deposits are sourced from the following classes of customers:			
Business enterprises		773,089,884	1,045,585,842
Individuals		33,767,602	33,673,816
		<u>806,857,486</u>	<u>1,079,259,658</u>

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		<u>Economic Entity and Bank</u>	
<b>11. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS</b>		<u>30.06.2010</u>	<u>31.12.2009</u>
		RM	RM
<u>Non-Mudharabah Funds:</u>			
Licensed Islamic banks		228,361,549	206,768,020
Other financial institutions		236,617,069	226,825,520
		<u>464,978,618</u>	<u>433,593,540</u>
<u>Mudharabah Fund:</u>			
Licensed Islamic banks		100,000,000	-
Other financial institutions		35,638,500	217,736,002
		<u>135,638,500</u>	<u>217,736,002</u>
		<u>600,617,118</u>	<u>651,329,542</u>
<b>12. OTHER LIABILITIES</b>		<u>30.06.2010</u>	<u>31.12.2009</u>
		RM	RM
Income payable		4,322,666	4,729,277
Sundry creditors		7,299,909	8,564,664
Other provisions and accruals		3,841,921	2,886,125
Profit equalisation reserve		113,000	-
		<u>15,577,496</u>	<u>16,180,066</u>
<b>13. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS</b>		<u>Economic Entity and Bank</u>	
	<u>2nd Quarter</u>	2nd Quarter	<u>Half Year</u>
	Ended	Ended	Ended
	<u>30.06.2010</u>	<u>30.06.2009</u>	<u>30.06.2010</u>
	RM	RM	RM
Income derived from investment of:			
(i) General investment deposit	1,335,100	1,066,251	2,573,263
(ii) Other deposits	12,377,856	8,305,082	23,827,882
	<u>13,712,956</u>	<u>9,371,333</u>	<u>26,401,145</u>
(i) Income derived from investment of general investment deposits			
<u>Finance income and hibah:</u>			
Financing and advances	816,533	513,365	1,632,363
Securities available-for-sale	38,770	75,545	73,745
Securities held-to-maturity	47,695	13,657	93,481
Money at call and deposits with financial institutions	429,625	452,741	761,327
	<u>1,332,623</u>	<u>1,055,308</u>	<u>2,560,916</u>
Accretion of discount less amortisation of premium	2,477	10,943	12,347
	<u>1,335,100</u>	<u>1,066,251</u>	<u>2,573,263</u>
(ii) Income derived from investment of other deposits			
<u>Finance income and hibah:</u>			
Financing and advances	7,570,166	4,358,073	15,114,623
Securities available-for-sale	359,439	725,283	682,876
Securities held-to-maturity	442,186	108,656	865,594
Money at call and deposit with financial institutions	3,983,096	3,030,525	7,050,546
	<u>12,354,887</u>	<u>8,222,537</u>	<u>23,713,639</u>
Accretion of discount less amortisation of premium	22,969	82,545	114,243
	<u>12,377,856</u>	<u>8,305,082</u>	<u>23,827,882</u>

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**Economic Entity and Bank****14. INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS**

	<b>2nd Quarter Ended 30.06.2010 RM</b>	<b>2nd Quarter Ended 30.06.2009 RM</b>	<b>Half Year Ended 30.06.2010 RM</b>	<b>Half Year Ended 30.06.2009 RM</b>
<u>Finance income and hibah</u>				
Financing and advances	1,929,590	1,420,099	4,066,140	2,358,417
Securities available-for-sale	91,619	235,021	183,215	303,206
Securities held-to-maturity	112,710	35,520	232,617	66,545
Money at call and deposits with financial institutions	1,015,268	1,000,250	1,883,953	2,504,408
	<b>3,149,187</b>	<b>2,690,890</b>	<b>6,365,925</b>	<b>5,232,576</b>
Accretion of discount less amortisation of premium	5,855	27,060	31,703	55,681
Total finance income and hibah	3,155,042	2,717,950	6,397,628	5,288,257
Other operating income (note a - c)	3,246,704	5,884,545	8,106,344	8,323,755
	<b>6,401,746</b>	<b>8,602,495</b>	<b>14,503,972</b>	<b>13,612,012</b>
a) Fee and other income:				
Commission	257,619	218,484	1,093,195	782,077
Fees and other income	2,970,880	5,666,061	6,868,605	7,541,678
	<b>3,228,499</b>	<b>5,884,545</b>	<b>7,961,800</b>	<b>8,323,755</b>
b) Unrealised gain / (loss) on revaluation of:				
Securities held-for-trading	(51,063)	-	22,532	-
	<b>(51,063)</b>	<b>-</b>	<b>22,532</b>	<b>-</b>
c) Gross dividend income from:				
Securities held-for-trading	69,268	-	122,012	-
	<b>69,268</b>	<b>-</b>	<b>122,012</b>	<b>-</b>
Total other operating income	<b>3,246,704</b>	<b>5,884,545</b>	<b>8,106,344</b>	<b>8,323,755</b>

**15. ALLOWANCES FOR LOSSES ON FINANCING AND ADVANCES**

	<b>2nd Quarter Ended 30.06.2010 RM</b>	<b>2nd Quarter Ended 30.06.2009 RM</b>	<b>Half Year Ended 30.06.2010 RM</b>	<b>Half Year Ended 30.06.2009 RM</b>
Allowance for impaired advances and financing				
Collective assessment allowance	40,651	-	40,651	-
Individual assessment allowance	13,180,634	-	15,301,321	-
General allowance	-	150,000	-	763,000
Total allowances	<b>13,221,285</b>	<b>150,000</b>	<b>15,341,972</b>	<b>763,000</b>

**16. INCOME ATTRIBUTABLE TO DEPOSITORS**

	<b>2nd Quarter Ended 30.06.2010 RM</b>	<b>2nd Quarter Ended 30.06.2009 RM</b>	<b>Half Year Ended 30.06.2010 RM</b>	<b>Half Year Ended 30.06.2009 RM</b>
Deposits from customers:				
- Mudharabah funds	5,374,570	4,709,583	10,375,479	9,947,485
	<b>5,374,570</b>	<b>4,709,583</b>	<b>10,375,479</b>	<b>9,947,485</b>
Deposits and placements of banks and other financial institutions:				
- Mudharabah funds	269,617	89,450	544,181	869,909
- Non-mudharabah funds	2,306,529	682,405	3,826,661	1,444,875
	<b>2,576,146</b>	<b>771,855</b>	<b>4,370,842</b>	<b>2,314,784</b>
	<b>7,950,716</b>	<b>5,481,438</b>	<b>14,746,321</b>	<b>12,262,269</b>

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17. PERSONNEL EXPENSES	<b><u>Economic Entity and Bank</u></b>			
	<b>2nd Quarter Ended 30.06.2010 RM</b>	2nd Quarter Ended 30.06.2009 RM	<b>Half Year Ended 30.06.2010 RM</b>	Half Year Ended 30.06.2009 RM
Salaries, allowances and bonuses	5,365,016	4,191,748	10,628,516	7,890,741
Contributions to Employee Provident Fund and SOCSO	592,781	447,859	1,306,317	872,745
Medical related expenses	40,991	202,060	85,760	312,268
Travelling and parking	37,745	52,512	57,718	63,433
Other staff related cost	392,660	152,829	567,632	285,669
	<b>6,429,193</b>	<b>5,047,008</b>	<b>12,645,943</b>	<b>9,424,856</b>
<b>18. OTHER OVERHEADS AND EXPENDITURES</b>				
	<b>2nd Quarter Ended 30.06.2010 RM</b>	2nd Quarter Ended 30.06.2009 RM	<b>Half Year Ended 30.06.2010 RM</b>	Half Year Ended 30.06.2009 RM
<u>Establishment expenses</u>				
- Depreciation	504,156	408,814	1,003,180	808,529
- Amortisation of intangible assets	869,764	734,874	1,739,352	1,451,008
- Rental of premises	469,291	256,247	947,689	627,028
- Software and hardware maintenance	831,250	1,754,074	1,643,737	2,606,222
- Rental of equipment and network line	193,772	202,470	355,142	311,426
- Security expenses	67,156	71,874	139,667	122,855
- Others	414,688	144,532	859,155	501,241
	<b>3,350,077</b>	<b>3,572,885</b>	<b>6,687,922</b>	<b>6,428,309</b>
<u>Marketing expenses</u>				
- Advertising and promotional activities	162,836	185,167	278,064	572,018
- Entertainment expenses	12,471	1,592	55,659	2,203
- Travelling expenses	89,679	143,205	182,965	244,279
- Others	-	5,617	-	12,597
	<b>264,986</b>	<b>335,581</b>	<b>516,688</b>	<b>831,097</b>
<u>Administration and general expenses</u>				
- License and association fees and levies	61,465	139,155	155,346	247,306
- Travelling, transport and accomodation expenses	70,597	88,394	98,167	156,188
- Printing, stationery, postage and clearing charges	68,167	77,931	185,260	169,685
- Telecommunication charges	112,091	103,923	250,846	294,616
- Shariah Committee remunerations	95,984	36,750	169,484	73,500
- Electricity and water	68,359	71,133	130,539	158,156
- Directors related fees	119,316	94,132	289,655	292,389
- Other professional fees	48,713	61,650	88,171	75,613
- Auditors remuneration	25,000	30,000	81,500	80,450
- Donations	-	23,488	-	35,488
- Others	26,345	89,033	64,492	240,362
	<b>696,037</b>	<b>815,589</b>	<b>1,513,460</b>	<b>1,823,753</b>
	<b>4,311,100</b>	<b>4,724,055</b>	<b>8,718,070</b>	<b>9,083,159</b>

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**19. OTHER COMPREHENSIVE INCOME**

	<b><u>Economic Entity</u></b>			
	<b>2nd Quarter Ended <u>30.06.2010</u> RM</b>	2nd Quarter Ended <u>30.06.2009</u> RM	<b>Half Year Ended <u>30.06.2010</u> RM</b>	Half Year Ended <u>30.06.2009</u> RM
Other comprehensive income :				
Exchange difference on translating foreign operations	-	-	-	-
Available-for-sale financial assets :				
Gains (losses) arising during the period	<b>556,408</b>	1,337,310	<b>1,022,904</b>	1,530,275
Less : Reclassification adjustments for gains (losses) included in profit or loss	-	-	-	-
Cash Flow hedges				
Gains (losses) arising during the period	-	-	-	-
Less : Reclassification adjustments for gains (losses) included in profit or loss	-	-	-	-
Less : Adjustment for amounts transferred to initial carrying amount of hedged items	-	-	-	-
Gains on property revaluation	-	-	-	-
Actuarial gains / (losses) on defined benefit pension plans	-	-	-	-
Share of other comprehensive income of associates				
<b>Other comprehensive income</b>	<b>556,408</b>	1,337,310	<b>1,022,904</b>	1,530,275
Income tax relating to components of other comprehensive income	-	-	-	-
<b>Other comprehensive income for the period</b>	<b>556,408</b>	1,337,310	<b>1,022,904</b>	1,530,275

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**19. OTHER COMPREHENSIVE INCOME**

	<b>Bank</b>			
	<b>2nd Quarter Ended 30.06.2010 RM</b>	2nd Quarter Ended 30.06.2009 RM	<b>Half Year Ended 30.06.2010 RM</b>	Half Year Ended 30.06.2009 RM
Other comprehensive income :				
Exchange difference on translating foreign operations	-	-	-	-
Available-for-sale financial assets :				
Gains (losses) arising during the period	<b>556,408</b>	1,337,310	<b>1,022,904</b>	1,530,275
Less : Reclassification adjustments for gains (losses) included in profit or loss	-	-	-	-
Cash Flow hedges				
Gains (losses) arising during the period	-	-	-	-
Less : Reclassification adjustments for gains (losses) included in profit or loss	-	-	-	-
Less : Adjustment for amounts transferred to initial carrying amount of hedged items	-	-	-	-
Gains on property revaluation	-	-	-	-
Actuarial gains / (losses) on defined benefit pension plans	-	-	-	-
Share of other comprehensive income of associates				
<b>Other comprehensive income</b>	<b>556,408</b>	1,337,310	<b>1,022,904</b>	1,530,275
Income tax relating to components of other comprehensive income	-	-	-	-
<b>Other comprehensive income for the period</b>	<b>556,408</b>	1,337,310	<b>1,022,904</b>	1,530,275

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**20. COMMITMENTS AND CONTINGENCIES**

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to customers. No material losses are anticipated as a result of this transaction, which needs to be adjusted.

Risk weighted exposures of the Economic Entity and the Bank are as follows:

	<b>30.06.2010</b>			
	<b>Principal amount</b>	<b>Gross Positive Fair Value - Derivative Contract amount</b>	<b>Credit equivalent amount *</b>	<b>Risk weighted amount</b>
	RM	RM	RM	RM
Transaction-related contingent items	80,662,018	-	40,331,009	40,331,009
Irrevocable commitments to extend credit:	-	-	-	-
- one year or less	199,368,513	-	-	-
- over one year to five years	4,643,230	-	-	-
- over five years	20,768,634	-	-	-
Foreign exchange related contracts	-	-	-	-
- one year or less	214,036,536	4,851,978	7,363,781	1,829,563
<b>Total</b>	<b>519,478,931</b>	<b>4,851,978</b>	<b>47,694,790</b>	<b>42,160,572</b>
	<b>31.12.2009</b>			
	<b>Principal amount</b>	<b>Gross Positive Fair Value - Derivative Contract amount</b>	<b>Credit equivalent amount *</b>	<b>Risk weighted amount</b>
	RM	RM	RM	RM
Transaction-related contingent items	117,195,513	-	58,597,757	58,597,757
Irrevocable commitments to extend credit:	-	-	-	-
- one year or less	155,565,824	-	-	-
- over one year to five years	2,240,050	-	-	-
- over five years	43,407,834	-	-	-
Foreign exchange related contracts	-	-	-	-
- one year or less	204,931,137	2,469,366	5,364,682	1,452,164
<b>Total</b>	<b>523,340,358</b>	<b>2,469,366</b>	<b>63,962,439</b>	<b>60,049,921</b>

\* The credit equivalent amount is arrived at using credit conversion factors as per Bank Negara Malaysia's guidelines.

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**21. PROFIT RATE RISK**

<u>Economic entity</u> <u>30.06.2010</u>	-----Non-trading book----->							Total	Effective profit rate %
	Up to 1 months RM	1-3 months RM	3-12 months RM	1-5 years RM	Over 5 years RM	Non-profit sensitive RM	Trading book RM		
<b>Assets</b>									
Cash and short term funds	876,051,416	-	-	-	-	4,144,056	-	880,195,472	2.22
Deposits and placements									
with financial institutions	-	-	-	-	-	-	-	-	2.49
Securities held-for-trading	-	-	-	-	-	-	34,998,899	34,998,899	-
Securities available-for-sale	-	-	-	20,283,800	16,182,500	-	-	36,466,300	4.51
Securities held-to-maturity	-	-	-	71,174,172	-	-	-	71,174,172	3.14
Financing and advances									
- performing	90,504,099	144,809,120	85,684,724	70,325,049	264,681,235	(28,138,766)	-	627,865,461	6.14
- non performing	-	-	-	-	-	42,976,944	-	42,976,944	-
Other assets	-	-	-	-	-	8,645,585	-	8,645,585	-
Statutory deposits	-	-	-	-	-	4,263,715	-	4,263,715	-
Investment in jointly controlled entity	-	-	-	-	15,218,452	-	-	15,218,452	-
Deferred taxation assets	-	-	-	-	-	8,669,368	-	8,669,368	-
Property, plant and equipment	-	-	-	-	-	4,822,615	-	4,822,615	-
Intangible assets	-	-	-	-	-	8,962,067	-	8,962,067	-
<b>Total assets</b>	<b>966,555,515</b>	<b>144,809,120</b>	<b>85,684,724</b>	<b>161,783,021</b>	<b>296,082,187</b>	<b>54,345,584</b>	<b>34,998,899</b>	<b>1,744,259,050</b>	

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**21. PROFIT RATE RISK**

<u>Economic entity</u> <u>30.06.2010</u>	-----Non-trading book----->							Trading book	Total	Effective profit rate
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Non-profit sensitive				
	RM	RM	RM	RM	RM	RM	RM	RM	RM	%
<b>Liabilities</b>										
Deposits from customers	360,304,865	207,919,586	236,549,213	2,083,822	-	-	-	806,857,486	2.11	
Deposits and placements of banks and other financial institutions	249,160,122	321,621,155	29,835,841	-	-	-	-	600,617,118	2.21	
Other liabilities	-	-	-	-	-	15,577,496	-	15,577,496	-	
Total liabilities	609,464,987	529,540,741	266,385,054	2,083,822	-	15,577,496	-	1,423,052,100		
Total shareholders equity	-	-	-	-	321,206,950	-	-	321,206,950		
	609,464,987	529,540,741	266,385,054	2,083,822	321,206,950	15,577,496	-	1,744,259,050		
<b>Total profit-sensitivity gap</b>	357,090,528	(384,731,621)	(180,700,330)	159,699,199	(25,124,763)	38,768,088	34,998,899	-		

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**21. PROFIT RATE RISK (CONTINUED)**

Economic entity 31.12.2009	<-----Non-trading book----->								Effective profit rate
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Non-profit sensitive	Trading book	Total	
	RM	RM	RM	RM	RM	RM	RM	RM	%
<b>Assets</b>									
Cash and short term funds	1,223,131,064	-	-	-	-	5,565,965	-	1,228,697,029	2.12
Deposits and placements with financial institutions	-	-	-	-	-	-	-	-	2.97
Securities held-for-trading	-	-	-	-	-	-	17,547,511	17,547,511	-
Securities available-for-sale	-	-	-	9,905,812	27,068,637	-	-	36,974,449	3.93
Securities held-to-maturity	-	10,003,736	-	57,913,497	-	-	-	67,917,233	2.88
Financing and advances									
- performing	57,105,697	155,019,916	193,016,685	43,977,956	235,324,142	(12,796,792)	-	671,647,604	5.77
- non performing	-	-	-	-	-	2,002,321	-	2,002,321	-
Other assets	-	-	-	-	-	6,182,821	-	6,182,821	-
Statutory deposits	-	-	-	-	-	4,413,715	-	4,413,715	-
Investment in jointly controlled entity	-	-	-	-	15,203,800	-	-	15,203,800	-
Advances to jointly controlled entity	-	-	-	-	1,000,646	-	-	1,000,646	-
Deferred taxation assets	-	-	-	-	-	6,434,011	-	6,434,011	-
Property, plant and equipment	-	-	-	-	-	5,421,635	-	5,421,635	-
Intangible assets	-	-	-	-	-	10,692,031	-	10,692,031	-
<b>Total assets</b>	<b>1,280,236,761</b>	<b>165,023,652</b>	<b>193,016,685</b>	<b>111,797,265</b>	<b>278,597,225</b>	<b>27,915,707</b>	<b>17,547,511</b>	<b>2,074,134,806</b>	

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**21. PROFIT RATE RISK (CONTINUED)**

Economic entity 31.12.2009	<-----Non-trading book----->							Total	Effective profit rate
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Non-profit sensitive	Trading book		
	RM	RM	RM	RM	RM	RM	RM	RM	
<b>Liabilities</b>									
Deposits from customers	552,892,532	111,929,618	414,237,508	200,000	-	-	-	1,079,259,658	2.23
Deposits and placements of banks and other financial institutions	304,553,696	291,509,951	55,265,895	-	-	-	-	651,329,542	1.91
Other liabilities	-	-	-	-	-	16,180,066	-	16,180,066	-
Total liabilities	857,446,228	403,439,569	469,503,403	200,000	-	16,180,066	-	1,746,769,266	
Total shareholders equity	-	-	-	-	327,365,540	-	-	327,365,540	
	857,446,228	403,439,569	469,503,403	200,000	327,365,540	16,180,066	-	2,074,134,806	
<b>Total profit-sensitivity gap</b>	422,790,533	(238,415,917)	(276,486,718)	111,597,265	(48,768,315)	11,735,641	17,547,511	-	

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**21. PROFIT RATE RISK**

<u>Bank</u> <u>30.06.2010</u>	-----Non-trading book----->							Trading book	Total	Effective profit rate %
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Non-profit sensitive	Non-profit sensitive			
	RM	RM	RM	RM	RM	RM	RM	RM		
<u>Assets</u>										
Cash and short term funds	876,051,416	-	-	-	-	4,144,056	-	880,195,472	2.22	
Deposits and placements										
with financial institutions	-	-	-	-	-	-	-	-	2.49	
Securities held-for-trading	-	-	-	-	-	-	34,998,899	34,998,899	-	
Securities available-for-sale	-	-	-	20,283,800	16,182,500	-	-	36,466,300	4.51	
Securities held-to-maturity	-	-	-	71,174,172	-	-	-	71,174,172	3.14	
Financing and advances										
- performing	90,504,099	144,809,120	85,684,724	70,325,049	264,681,235	(28,138,766)	-	627,865,461	6.14	
- non performing	-	-	-	-	-	42,976,944	-	42,976,944	-	
Other assets	-	-	-	-	-	8,645,585	-	8,645,585	-	
Statutory deposits	-	-	-	-	-	4,263,715	-	4,263,715	-	
Investment in jointly controlled entity	-	-	-	-	15,334,537	-	-	15,334,537	-	
Deferred taxation assets	-	-	-	-	-	8,669,368	-	8,669,368	-	
Property, plant and equipment	-	-	-	-	-	4,822,615	-	4,822,615	-	
Intangible assets	-	-	-	-	-	8,962,067	-	8,962,067	-	
<b>Total assets</b>	<b>966,555,515</b>	<b>144,809,120</b>	<b>85,684,724</b>	<b>161,783,021</b>	<b>296,198,272</b>	<b>54,345,584</b>	<b>34,998,899</b>	<b>1,744,375,135</b>		

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**21. PROFIT RATE RISK**

<b>Bank</b> <b>30.06.2010</b>	<b>Non-trading book</b>							<b>Trading book</b>	<b>Total</b>	<b>Effective profit rate</b>
	<b>Up to 1 months</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>Over 5 years</b>	<b>Non-profit sensitive</b>	<b>RM</b>			
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>%</b>	
<b>Liabilities</b>										
Deposits from customers	360,304,865	207,919,586	236,549,213	2,083,822	-	-	-	806,857,486	2.11	
Deposits and placements of banks and other financial institutions	249,160,122	321,621,155	29,835,841	-	-	-	-	600,617,118	2.21	
Other liabilities	-	-	-	-	-	15,577,496	-	15,577,496	-	
Total liabilities	609,464,987	529,540,741	266,385,054	2,083,822	-	15,577,496	-	1,423,052,100		
Total shareholders equity	-	-	-	-	321,323,035	-	-	321,323,035		
	609,464,987	529,540,741	266,385,054	2,083,822	321,323,035	15,577,496	-	1,744,375,135		
<b>Total profit-sensitivity gap</b>	<b>357,090,528</b>	<b>(384,731,621)</b>	<b>(180,700,330)</b>	<b>159,699,199</b>	<b>(25,124,763)</b>	<b>38,768,088</b>	<b>34,998,899</b>	<b>-</b>		

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**21. PROFIT RATE RISK (CONTINUED)**

Bank 31.12.2009	<-----Non-trading book----->								Effective profit rate
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Non-profit sensitive	Trading book	Total	
	RM	RM	RM	RM	RM	RM	RM	RM	%
<b>Assets</b>									
Cash and short term funds	1,223,131,064	-	-	-	-	5,565,965	-	1,228,697,029	2.12
Deposits and placements with financial institutions	-	-	-	-	-	-	-	-	2.97
Securities held-for-trading	-	-	-	-	-	-	17,547,511	17,547,511	-
Securities available-for-sale	-	-	-	9,905,812	27,068,637	-	-	36,974,449	3.93
Securities held-to-maturity	-	10,003,736	-	57,913,497	-	-	-	67,917,233	2.88
Financing and advances									
- performing	57,105,697	155,019,916	193,016,685	43,977,956	235,324,142	(12,796,792)	-	671,647,604	5.77
- non performing	-	-	-	-	-	2,002,321	-	2,002,321	-
Other assets	-	-	-	-	-	6,182,821	-	6,182,821	-
Statutory deposits	-	-	-	-	-	4,413,715	-	4,413,715	-
Investment in jointly controlled entity	-	-	-	-	16,222,255	-	-	16,222,255	-
Advances to jointly controlled entity	-	-	-	-	1,000,646	-	-	1,000,646	-
Deferred taxation assets	-	-	-	-	-	6,434,011	-	6,434,011	-
Property, plant and equipment	-	-	-	-	-	5,421,635	-	5,421,635	-
Intangible assets	-	-	-	-	-	10,692,031	-	10,692,031	-
<b>Total assets</b>	<b>1,280,236,761</b>	<b>165,023,652</b>	<b>193,016,685</b>	<b>111,797,265</b>	<b>279,615,680</b>	<b>27,915,707</b>	<b>17,547,511</b>	<b>2,075,153,261</b>	

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**21. PROFIT RATE RISK (CONTINUED)**

Bank 31.12.2009	<-----Non-trading book----->							Trading book	Total	Effective profit rate
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Non-profit sensitive				
	RM	RM	RM	RM	RM	RM	RM	RM	RM	%
<b>Liabilities</b>										
Deposits from customers	552,892,532	111,929,618	414,237,508	200,000	-	-	-	1,079,259,658	2.23	
Deposits and placements of banks and other financial institutions	304,553,696	291,509,951	55,265,895	-	-	-	-	651,329,542	1.91	
Other liabilities	-	-	-	-	-	16,180,066	-	16,180,066	-	
Total liabilities	857,446,228	403,439,569	469,503,403	200,000	-	16,180,066	-	1,746,769,266		
Total shareholders equity	-	-	-	-	328,383,995	-	-	328,383,995		
	857,446,228	403,439,569	469,503,403	200,000	328,383,995	16,180,066	-	2,075,153,261		
<b>Total profit-sensitivity gap</b>	422,790,533	(238,415,917)	(276,486,718)	111,597,265	(48,768,315)	11,735,641	17,547,511	-		

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**22. CAPITAL ADEQUACY**

	<u>Economic Entity</u>	<u>Economic Entity</u>
	<u>30.06.2010</u>	<u>31.12.2009</u>
	RM	RM
<u>Tier I Capital</u>		
Paid-up ordinary share capital	355,020,010	355,020,010
Accumulated losses	(29,656,693)	(22,475,199)
	<b>325,363,317</b>	332,544,811
Less : Deferred tax assets	(6,434,011)	(6,434,011)
Total Tier I capital	<b>318,929,306</b>	326,110,800
<u>Tier II Capital</u>		
Collective impairment for bad and doubtful financing	10,376,043	10,335,393
Total Tier II capital	<b>329,305,349</b>	10,335,393
Total capital base	<b>322,394,683</b>	336,446,193
<u>Capital ratios</u>		
Inclusive of market risk :		
Core capital ratio (inclusive of market risk)	<b>36.40%</b>	36.55%
Risk-weighted capital ratio (inclusive of market risk)	<b>37.59%</b>	37.71%

The capital ratios have been computed in accordance with Capital Adequacy Framework for Islamic Bank (CAFIB).

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**22. CAPITAL ADEQUACY (CONTINUED)****Economic Entity****30.06.2010**

<u>Exposure Class</u>	<u>Gross Exposures</u> RM'000	<u>Net Exposures</u> RM'000	<u>Risk Weighted Assets</u> RM'000	<u>Risk Weighted Assets Absorbed by PSIA</u> RM'000	<u>Total Risk Weighted Assets after effects of PSIA</u> RM'000	<u>Capital Requirements</u> RM'000
<b><u>Credit Risk</u></b>						
<i>On-Balance Sheet Exposures</i>						
Sovereigns & Central Banks	15,000	15,000	-	-	-	-
Banks, MDBs and FDIIs	48,662	48,662	9,732	-	9,732	779
Corporates	726,713	726,713	597,566	-	597,566	47,805
Regulatory Retail	23,413	23,413	17,560	-	17,560	1,405
Other Assets	25,287	25,287	32,897	-	32,897	2,632
<b>Total for On-Balance Sheet Exposures</b>	<b>839,075</b>	<b>839,075</b>	<b>657,754</b>	<b>-</b>	<b>657,754</b>	<b>52,621</b>
<i>Off-Balance Sheet Exposures</i>						
Off balance sheet exposures other than OTC derivatives or credit derivatives	519,480	47,696	42,161	-	42,161	3,373
<b>Total for Off-Balance Sheet Exposures</b>	<b>519,480</b>	<b>47,696</b>	<b>42,161</b>	<b>-</b>	<b>42,161</b>	<b>3,373</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>1,358,555</b>	<b>886,771</b>	<b>699,915</b>	<b>-</b>	<b>699,915</b>	<b>55,994</b>
<b><u>Market Risk</u></b>						
	<b>Long Position</b>	<b>Short Position</b>				
Benchmark Rate Risk	-	-	1,402	1,402	-	1,402
Equity Position Risk	10,642	-	10,642	10,642	-	10,642
Foreign Currency Risk	727	112,572	111,845	112,572	-	112,572
<b>Operational Risk</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51,580</b>	<b>-</b>	<b>51,580</b>
<b>Total RWA and Capital Requirements</b>	<b>1,369,924</b>	<b>112,572</b>	<b>1,010,660</b>	<b>876,111</b>	<b>-</b>	<b>876,111</b>

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**22. CAPITAL ADEQUACY (CONTINUED)****Economic Entity****30.06.2010**

Disclosures on Risk Weights - Expressed in nearest RM thousand (RM'000)

Risk Weights	Sovereigns & Central Banks		Banks, MDBs and FDIs		Insurance Companies, Securities Firms & Fund Managers		Corporates	
	Exposures after Netting & CRM	<i>Risk Weighted Asset</i>	Exposures after Netting & CRM	<i>Risk Weighted Asset</i>	Exposures after Netting & CRM	<i>Risk Weighted Asset</i>	Exposures after Netting & CRM	<i>Risk Weighted Asset</i>
<b>Performing Exposures</b>								
0%	15,000	-	-	-	-	-	-	-
20%	-	-	55,580	11,116	-	-	126,244	25,249
50%	-	-	-	-	-	-	58,987	29,493
75%	-	-	-	-	-	-	-	-
100%	-	-	-	-	-	-	552,577	552,577
150%	-	-	-	-	-	-	16,183	24,274
<b>Total</b>	<b>15,000</b>	<b>-</b>	<b>55,580</b>	<b>11,116</b>	<b>-</b>	<b>-</b>	<b>753,991</b>	<b>631,593</b>
<b>Defaulted Exposures</b>								
100%	-	-	-	-	-	-	13,500	6,750
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,500</b>	<b>6,750</b>
<b>Total Performing and Defaulted</b>	<b>15,000</b>	<b>-</b>	<b>55,580</b>	<b>11,116</b>	<b>-</b>	<b>-</b>	<b>767,491</b>	<b>638,343</b>
Risk Weights	Regulatory Retail		Other Assets		Total Exposure	Total Risk Weighted Assets		
	Exposures after Netting & CRM	<i>Risk Weighted Asset</i>	Exposures after Netting & CRM	<i>Risk Weighted Asset</i>	Exposures after Netting & CRM	Exposures after Netting & CRM		
<b>Performing Exposures</b>								
0%	-	-	-	-	15,000	-		
20%	-	-	-	-	181,824	36,365		
50%	-	-	-	-	58,987	29,493		
75%	23,413	17,560	-	-	23,413	17,560		
100%	-	-	10,069	10,069	562,646	562,646		
150%	-	-	15,218	22,827	31,401	47,101		
<b>Total</b>	<b>23,413</b>	<b>17,560</b>	<b>25,287</b>	<b>32,896</b>	<b>873,271</b>	<b>693,165</b>		
<b>Defaulted Exposures</b>								
100%	-	-	-	-	13,500	6,750		
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,500</b>	<b>6,750</b>		
<b>Total Performing and Defaulted</b>	<b>23,413</b>	<b>17,560</b>	<b>25,287</b>	<b>32,896</b>	<b>886,771</b>	<b>699,915</b>		

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-PART A – EXPLANATORY NOTES PURSUANT TO GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKS (BNM GP8-I) ISSUED BY BANK NEGARA MALAYSIA

**22. CAPITAL ADEQUACY (CONTINUED)**Economic Entity31.12.2009

<u>Exposure Class</u>	<u>Gross Exposures</u> RM'000	<u>Net Exposures</u> RM'000	<u>Risk Weighted Assets</u> RM'000	<u>Risk Weighted Assets Absorbed by PSIA</u> RM'000	<u>Total Risk Weighted Assets after effects of PSIA</u> RM'000	<u>Capital Requirements</u> RM'000
<b><u>Credit Risk</u></b>						
<i>On-Balance Sheet Exposures</i>						
Sovereigns & Central Banks	10,004	10,004	-	-	-	-
Banks, MDBs and FDIs	51,996	51,996	10,399	-	10,399	832
Corporates	710,490	710,490	602,245	-	602,245	48,180
Regulatory Retail	23,613	23,613	17,710	-	17,710	1,417
Other Assets	26,761	26,761	34,863	-	34,863	2,789
<b>Total for On-Balance Sheet Exposures</b>	<b>822,864</b>	<b>822,864</b>	<b>665,217</b>	<b>-</b>	<b>665,217</b>	<b>53,218</b>
<i>Off-Balance Sheet Exposures</i>						
Off balance sheet exposures other than OTC derivatives or credit derivatives	523,341	63,963	60,050	-	60,050	4,804
<b>Total for Off-Balance Sheet Exposures</b>	<b>523,341</b>	<b>63,963</b>	<b>60,050</b>	<b>-</b>	<b>60,050</b>	<b>4,804</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>1,346,205</b>	<b>886,827</b>	<b>725,267</b>	<b>-</b>	<b>725,267</b>	<b>58,022</b>
<b><u>Market Risk</u></b>						
	<b>Long Position</b>	<b>Short Position</b>				
Benchmark Rate Risk	-	-	656	656	-	656
Equity Position Risk	11,322	-	11,322	11,322	-	11,322
Foreign Currency Risk	49,878	113,683	63,805	113,683	-	113,683
Operational Risk	-	-	-	41,316	-	41,316
<b>Total RWA and Capital Requirements</b>	<b>1,407,405</b>	<b>113,683</b>	<b>962,610</b>	<b>892,244</b>	<b>-</b>	<b>892,244</b>

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**22. CAPITAL ADEQUACY (CONTINUED)**Economic Entity

31.12.2009

Disclosures on Risk Weights - Expressed in nearest RM thousand (RM'000)

Risk Weights	Sovereigns & Central Banks		Banks, MDBs and FDIs		Insurance Companies, Securities Firms & Fund Managers		Corporates	
	Exposures after Netting & CRM	<i>Risk Weighted Asset</i>	Exposures after Netting & CRM	<i>Risk Weighted Asset</i>	Exposures after Netting & CRM	<i>Risk Weighted Asset</i>	Exposures after Netting & CRM	<i>Risk Weighted Asset</i>
	<b>Performing Exposures</b>							
0%	10,004	-	-	-	-	-	9,906	-
20%	-	-	56,887	11,377	-	-	95,563	19,113
50%	-	-	-	-	-	-	60,724	30,361
75%	-	-	-	-	-	-	-	-
100%	-	-	-	-	-	-	585,864	585,864
150%	-	-	-	-	-	-	16,946	25,419
<b>Total</b>	<b>10,004</b>	<b>-</b>	<b>56,887</b>	<b>11,377</b>	<b>-</b>	<b>-</b>	<b>769,003</b>	<b>660,757</b>
<b>Defaulted Exposures</b>								
100%	-	-	-	-	-	-	559	559
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>559</b>	<b>559</b>
<b>Total Performing and Defaulted</b>	<b>10,004</b>	<b>-</b>	<b>56,887</b>	<b>11,377</b>	<b>-</b>	<b>-</b>	<b>769,562</b>	<b>661,316</b>

Risk Weights	Regulatory Retail		Other Assets		Total Exposure	Total Risk Weighted Assets
	Exposures after Netting & CRM	<i>Risk Weighted Asset</i>	Exposures after Netting & CRM	<i>Risk Weighted Asset</i>	Exposures after Netting & CRM	Exposures after Netting & CRM
<b>Performing Exposures</b>						
0%	-	-	-	-	19,910	-
20%	-	-	-	-	152,450	30,490
50%	-	-	-	-	60,724	30,361
75%	23,613	17,710	-	-	23,613	17,710
100%	-	-	10,557	10,557	596,421	596,421
150%	-	-	16,204	24,307	33,150	49,726
<b>Total</b>	<b>23,613</b>	<b>17,710</b>	<b>26,761</b>	<b>34,864</b>	<b>886,268</b>	<b>724,708</b>
<b>Defaulted Exposures</b>						
100%	-	-	-	-	559	559
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>559</b>	<b>559</b>
<b>Total Performing and Defaulted</b>	<b>23,613</b>	<b>17,710</b>	<b>26,761</b>	<b>34,864</b>	<b>886,827</b>	<b>725,267</b>

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-PART A – EXPLANATORY NOTES PURSUANT TO GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKS (BNM GP8-I) ISSUED BY BANK NEGARA MALAYSIA

**22. CAPITAL ADEQUACY (CONTINUED)**

	<u>Bank</u>	<u>Bank</u>
	<u>30.06.2010</u>	<u>31.12.2009</u>
	RM	RM
<u>Tier I Capital</u>		
Paid-up ordinary share capital	<b>355,020,010</b>	355,020,010
Accumulated losses	<b>(29,540,607)</b>	(21,456,744)
	<b>325,479,403</b>	333,563,266
Less : Deferred tax assets	<b>(6,434,011)</b>	(6,434,011)
Total Tier I capital	<b>319,045,392</b>	327,129,255
<u>Tier II Capital</u>		
Collective impairment for bad and doubtful financing	<b>10,376,043</b>	10,335,393
Total Tier II capital	<b>10,376,043</b>	10,335,393
Total capital base	<b>329,421,435</b>	337,464,648
<u>Capital ratios</u>		
Inclusive of market risk :		
Core capital ratio (inclusive of market risk)	<b>36.41%</b>	36.60%
Risk-weighted capital ratio (inclusive of market risk)	<b>37.59%</b>	37.76%

The capital ratios have been computed in accordance with Capital Adequacy Framework for Islamic Bank (CAFIB).

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**22. CAPITAL ADEQUACY (CONTINUED)**

<u>Bank</u>						
<u>30.06.2010</u>						
<u>Exposure Class</u>	<u>Gross Exposures</u>	<u>Net Exposures</u>	<u>Risk Weighted Assets</u>	<u>Risk Weighted Assets Absorbed by PSIA</u>	<u>Total Risk Weighted Assets after effects of PSIA</u>	<u>Capital Requirements</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>Credit Risk</u></b>						
<i>On-Balance Sheet Exposures</i>						
Sovereigns & Central Banks	15,000	15,000	-	-	-	-
Banks, MDBs and FDIIs	48,662	48,662	9,732	-	9,732	779
Corporates	726,713	726,713	597,566	-	597,566	47,805
Regulatory Retail	23,413	23,413	17,560	-	17,560	1,405
Other Assets	25,404	25,404	33,071	-	33,071	2,646
<b>Total for On-Balance Sheet Exposures</b>	<b>839,192</b>	<b>839,192</b>	<b>657,929</b>	<b>-</b>	<b>657,929</b>	<b>52,635</b>
<i>Off-Balance Sheet Exposures</i>						
Off balance sheet exposures other than OTC derivatives or credit derivatives	519,480	47,696	42,161	-	42,161	3,373
<b>Total for Off-Balance Sheet Exposures</b>	<b>519,480</b>	<b>47,696</b>	<b>42,161</b>	<b>-</b>	<b>42,161</b>	<b>3,373</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>1,358,672</b>	<b>886,888</b>	<b>700,090</b>	<b>-</b>	<b>700,090</b>	<b>56,008</b>
<b><u>Market Risk</u></b>						
	<b>Long Position</b>	<b>Short Position</b>				
Benchmark Rate Risk	-	-	1,402	1,402	-	1,402
Equity Position Risk	10,642	-	10,642	10,642	-	10,642
Foreign Currency Risk	727	112,572	111,845	112,572	-	112,572
<b>Operational Risk</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51,580</b>	<b>-</b>	<b>51,580</b>
<b>Total RWA and Capital Requirements</b>	<b>1,370,041</b>	<b>112,572</b>	<b>1,010,777</b>	<b>876,286</b>	<b>-</b>	<b>876,286</b>

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**22. CAPITAL ADEQUACY (CONTINUED)**

<b>Bank</b>								
<b>30.06.2010</b>								
Disclosures on Risk Weights - Expressed in nearest RM thousand (RM'000)								
<b>Risk Weights</b>	<b>Sovereigns &amp; Central Banks</b>		<b>Banks, MDBs and FDIs</b>		<b>Insurance Companies, Securities Firms &amp; Fund Managers</b>		<b>Corporates</b>	
	Exposures after Netting & CRM	<i>Risk Weighted Asset</i>	Exposures after Netting & CRM	<i>Risk Weighted Asset</i>	Exposures after Netting & CRM	<i>Risk Weighted Asset</i>	Exposures after Netting & CRM	<i>Risk Weighted Asset</i>
<b>Performing Exposures</b>								
0%	15,000	-	-	-	-	-	-	-
20%	-	-	55,580	11,116	-	-	126,244	25,249
50%	-	-	-	-	-	-	58,987	29,493
75%	-	-	-	-	-	-	-	-
100%	-	-	-	-	-	-	552,577	552,577
150%	-	-	-	-	-	-	16,183	24,274
<b>Total</b>	<b>15,000</b>	<b>-</b>	<b>55,580</b>	<b>11,116</b>	<b>-</b>	<b>-</b>	<b>753,991</b>	<b>631,593</b>
<b>Defaulted Exposures</b>								
100%	-	-	-	-	-	-	13,500	6,750
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,500</b>	<b>6,750</b>
<b>Total Performing and Defaulted</b>	<b>15,000</b>	<b>-</b>	<b>55,580</b>	<b>11,116</b>	<b>-</b>	<b>-</b>	<b>767,491</b>	<b>638,343</b>
<b>Risk Weights</b>	<b>Regulatory Retail</b>		<b>Other Assets</b>		<b>Total Exposure</b>	<b>Total Risk Weighted Assets</b>		
	Exposures after Netting & CRM	<i>Risk Weighted Asset</i>	Exposures after Netting & CRM	<i>Risk Weighted Asset</i>	Exposures after Netting & CRM	Exposures after Netting & CRM		
<b>Performing Exposures</b>								
0%	-	-	-	-	15,000	-	-	-
20%	-	-	-	-	181,824	36,365	-	-
50%	-	-	-	-	58,987	29,493	-	-
75%	23,413	17,560	-	-	23,413	17,560	-	-
100%	-	-	10,069	10,069	562,646	562,646	-	-
150%	-	-	15,335	23,002	31,518	47,276	-	-
<b>Total</b>	<b>23,413</b>	<b>17,560</b>	<b>25,404</b>	<b>33,071</b>	<b>873,388</b>	<b>693,340</b>		
<b>Defaulted Exposures</b>								
100%	-	-	-	-	13,500	6,750	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,500</b>	<b>6,750</b>		
<b>Total Performing and Defaulted</b>	<b>23,413</b>	<b>17,560</b>	<b>25,404</b>	<b>33,071</b>	<b>886,888</b>	<b>700,090</b>		

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**22. CAPITAL ADEQUACY (CONTINUED)**

Bank

31.12.2009

<u>Exposure Class</u>	<u>Gross Exposures</u> RM'000	<u>Net Exposures</u> RM'000	<u>Risk Weighted Assets</u> RM'000	<u>Risk Weighted Assets Absorbed by PSIA</u> RM'000	<u>Total Risk Weighted Assets after effects of PSIA</u> RM'000	<u>Capital Requirements</u> RM'000
<b><u>Credit Risk</u></b>						
<i>On-Balance Sheet Exposures</i>						
Sovereigns & Central Banks	10,004	10,004	-	-	-	-
Banks, MDBs and FDIs	51,996	51,996	10,399	-	10,399	832
Corporates	710,490	710,490	602,245	-	602,245	48,180
Regulatory Retail	23,613	23,613	17,710	-	17,710	1,417
Other Assets	27,780	27,780	36,391	-	36,391	2,911
<b>Total for On-Balance Sheet Exposures</b>	<b>823,883</b>	<b>823,883</b>	<b>666,745</b>	<b>-</b>	<b>666,745</b>	<b>53,340</b>
<i>Off-Balance Sheet Exposures</i>						
Off balance sheet exposures other than OTC derivatives or credit derivatives	523,341	63,963	60,050	-	60,050	4,804
<b>Total for Off-Balance Sheet Exposures</b>	<b>523,341</b>	<b>63,963</b>	<b>60,050</b>	<b>-</b>	<b>60,050</b>	<b>4,804</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>1,347,224</b>	<b>887,846</b>	<b>726,795</b>	<b>-</b>	<b>726,795</b>	<b>58,144</b>
<b><u>Market Risk</u></b>						
	<b>Long Position</b>	<b>Short Position</b>				
Benchmark Rate Risk	-	-	656	656	-	656
Equity Position Risk	11,322	-	11,322	11,322	-	11,322
Foreign Currency Risk	49,878	113,683	63,805	113,683	-	113,683
Operational Risk	-	-	-	41,316	-	41,316
<b>Total RWA and Capital Requirements</b>	<b>1,408,424</b>	<b>113,683</b>	<b>963,629</b>	<b>893,772</b>	<b>-</b>	<b>893,772</b>

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**22. CAPITAL ADEQUACY (CONTINUED)**Bank

31.12.2009

Disclosures on Risk Weights - Expressed in nearest RM thousand (RM'000)

Risk Weights	Sovereigns & Central Banks		Banks, MDBs and FDIs		Insurance Companies, Securities Firms & Fund Managers		Corporates	
	Exposures after Netting & CRM	<i>Risk Weighted Asset</i>	Exposures after Netting & CRM	<i>Risk Weighted Asset</i>	Exposures after Netting & CRM	<i>Risk Weighted Asset</i>	Exposures after Netting & CRM	<i>Risk Weighted Asset</i>
<b>Performing Exposures</b>								
0%	10,004	-	-	-	-	-	9,906	-
20%	-	-	56,887	11,377	-	-	95,563	19,113
50%	-	-	-	-	-	-	60,724	30,361
75%	-	-	-	-	-	-	-	-
100%	-	-	-	-	-	-	585,864	585,864
150%	-	-	-	-	-	-	16,946	25,419
<b>Total</b>	<b>10,004</b>	<b>-</b>	<b>56,887</b>	<b>11,377</b>	<b>-</b>	<b>-</b>	<b>769,003</b>	<b>660,757</b>
<b>Defaulted Exposures</b>								
100%	-	-	-	-	-	-	559	559
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>559</b>	<b>559</b>
<b>Total Performing and Defaulted</b>	<b>10,004</b>	<b>-</b>	<b>56,887</b>	<b>11,377</b>	<b>-</b>	<b>-</b>	<b>769,562</b>	<b>661,316</b>

Risk Weights	Regulatory Retail		Other Assets		Total Exposure	Total Risk Weighted Assets
	Exposures after Netting & CRM	<i>Risk Weighted Asset</i>	Exposures after Netting & CRM	<i>Risk Weighted Asset</i>	Exposures after Netting & CRM	Exposures after Netting & CRM
<b>Performing Exposures</b>						
0%	-	-	-	-	19,910	-
20%	-	-	-	-	152,450	30,490
50%	-	-	-	-	60,724	30,361
75%	23,613	17,710	-	-	23,613	17,710
100%	-	-	10,557	10,557	596,421	596,421
150%	-	-	17,223	25,835	34,169	51,254
<b>Total</b>	<b>23,613</b>	<b>17,710</b>	<b>27,780</b>	<b>36,392</b>	<b>887,287</b>	<b>726,236</b>
<b>Defaulted Exposures</b>						
100%	-	-	-	-	559	559
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>559</b>	<b>559</b>
<b>Total Performing and Defaulted</b>	<b>23,613</b>	<b>17,710</b>	<b>27,780</b>	<b>36,392</b>	<b>887,846</b>	<b>726,795</b>

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**23. SEGMENT INFORMATION****Economic Entity****2nd Quarter Ended****30.06.2010**

	<b>Domestic banking RM</b>	<b>Investment and International banking RM</b>	<b>Asset Management RM</b>	<b>Total RM</b>
External revenue	12,763,197	6,566,400	785,105	20,114,702
Inter-segment revenue	(2,209,566)	2,209,566	-	-
Total revenue	<u>10,553,631</u>	<u>8,775,966</u>	<u>785,105</u>	<u>20,114,702</u>
Depositors' payout	(525,470)	(7,425,246)	-	(7,950,716)
Net income	<u>10,028,161</u>	<u>1,350,720</u>	<u>785,105</u>	<u>12,163,986</u>
Operating overheads	(20,985,153)	(2,281,990)	(694,435)	(23,961,578)
Share of results of jointly controlled entity	-	-	-	455,898
Segmental results / loss before taxation	<u>(10,956,992)</u>	<u>(931,270)</u>	<u>90,670</u>	<u>(11,341,694)</u>
Taxation				<u>2,850,554</u>
Profit for the quarter				<u>(8,491,140)</u>

**2nd Quarter Ended****30.06.2009**

	<b>Domestic banking RM</b>	<b>Investment and International banking RM</b>	<b>Asset Management RM</b>	<b>Total RM</b>
External revenue	8,401,337	9,537,341	35,150	17,973,828
Inter-segment revenue	(2,154,547)	2,154,547	-	-
Total revenue	<u>6,246,790</u>	<u>11,691,888</u>	<u>35,150</u>	<u>17,973,828</u>
Depositors' payout	1,279,846	(6,761,284)	-	(5,481,438)
Net income	<u>7,526,636</u>	<u>4,930,604</u>	<u>35,150</u>	<u>12,492,390</u>
Operating overheads	(4,738,444)	(5,357,809)	175,190	(9,921,063)
Share of results of jointly controlled entity	-	-	-	-
Segmental results / loss before taxation	<u>2,788,192</u>	<u>(427,205)</u>	<u>210,340</u>	<u>2,571,327</u>
Taxation				<u>(237,065)</u>
Profit for the quarter				<u>2,334,262</u>

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## NOTES TO THE FINANCIAL STATEMENTS

FOR HALF YEAR ENDED 30 JUNE 2010

-PART A – EXPLANATORY NOTES PURSUANT TO GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKS (BNM GP8-I) ISSUED BY BANK NEGARA MALAYSIA

**23. SEGMENT INFORMATION (CONTINUED)****Economic Entity****Half Year Ended****30.06.2010**

	<b>Domestic banking RM</b>	<b>Investment and International banking RM</b>	<b>Asset Management RM</b>	<b>Total RM</b>
External revenue	23,965,494	16,894,623	44,999	40,905,116
Inter-segment revenue	(5,941,390)	5,941,390	-	-
Total revenue	<u>18,024,104</u>	<u>22,836,013</u>	<u>44,999</u>	<u>40,905,116</u>
Depositors' payout	(1,034,523)	(13,711,799)	-	(14,746,322)
Net income	16,989,581	9,124,214	44,999	26,158,794
Operating overheads	(28,666,272)	(7,627,442)	(525,269)	(36,818,983)
Share of results of jointly controlled entity	-	-	-	902,370
Segmental results / loss before taxation	<u>(11,676,691)</u>	<u>1,496,772</u>	<u>(480,270)</u>	<u>(9,757,819)</u>
Taxation				<u>2,576,325</u>
Profit for the period				<u>(7,181,494)</u>

**Half Year Ended****30.06.2009**

	<b>Domestic banking RM</b>	<b>Investment and International banking RM</b>	<b>Asset Management RM</b>	<b>Total RM</b>
External revenue	14,926,483	16,575,250	35,150	31,536,883
Inter-segment revenue	(3,923,056)	3,923,056	-	-
Total revenue	<u>11,003,427</u>	<u>20,498,306</u>	<u>35,150</u>	<u>31,536,883</u>
Depositors' payout	(928,587)	(11,333,682)	-	(12,262,269)
Net income	10,074,840	9,164,624	35,150	19,274,614
Operating overheads	(10,792,117)	(8,182,571)	(296,327)	(19,271,015)
Share of results of jointly controlled entity	-	-	-	(3,467)
Segmental results / loss before taxation	<u>(717,277)</u>	<u>982,053</u>	<u>(261,177)</u>	<u>132</u>
Taxation				<u>33,080</u>
Profit for the period				<u>33,212</u>

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**23. SEGMENT INFORMATION (CONTINUED)****Bank****2nd Quarter Ended****30.06.2010**

	<b>Domestic banking RM</b>	<b>Investment and International banking RM</b>	<b>Asset Management RM</b>	<b>Total RM</b>
External revenue	12,763,197	6,566,400	785,105	20,114,702
Inter-segment revenue	(2,209,566)	2,209,566	-	-
Total revenue	<u>10,553,631</u>	<u>8,775,966</u>	<u>785,105</u>	<u>20,114,702</u>
Depositors' payout	(525,470)	(7,425,246)	-	(7,950,716)
Net income	<u>10,028,161</u>	<u>1,350,721</u>	<u>785,105</u>	<u>12,163,986</u>
Operating overheads	(20,985,153)	(2,281,990)	(694,435)	(23,961,578)
Segmental results / loss before taxation	<u>(10,956,992)</u>	<u>(931,270)</u>	<u>90,670</u>	<u>(11,797,592)</u>
Taxation				<u>2,850,554</u>
Profit for the quarter				<u>(8,947,038)</u>

**2nd Quarter Ended****30.06.2009**

	<b>Domestic banking RM</b>	<b>Investment and International banking RM</b>	<b>Asset Management RM</b>	<b>Total RM</b>
External revenue	8,401,337	9,537,341	35,150	17,973,828
Inter-segment revenue	(2,154,547)	2,154,547	-	-
Total revenue	<u>6,246,790</u>	<u>11,691,888</u>	<u>35,150</u>	<u>17,973,828</u>
Depositors' payout	1,279,846	(6,761,284)	-	(5,481,438)
Net income	<u>7,526,636</u>	<u>4,930,604</u>	<u>35,150</u>	<u>12,492,390</u>
Operating overheads	(4,738,444)	(5,357,809)	175,190	(9,921,063)
Segmental results / loss before taxation	<u>2,788,192</u>	<u>(427,204)</u>	<u>210,340</u>	<u>2,571,327</u>
Taxation				<u>(237,065)</u>
Profit for the quarter				<u>2,334,262</u>

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FOR HALF YEAR ENDED 30 JUNE 2010

-PART A – EXPLANATORY NOTES PURSUANT TO GUIDELINES ON FINANCIAL REPORTING FOR LICENSED  
ISLAMIC BANKS (BNM GP8-I) ISSUED BY BANK NEGARA MALAYSIA**23. SEGMENT INFORMATION (CONTINUED)****Bank****Half Year Ended****30.06.2010**

	Domestic banking RM	Investment and International banking RM	Asset Management RM	Total RM
External revenue	23,965,494	16,894,623	44,999	40,905,116
Inter-segment revenue	(5,941,390)	5,941,390	-	-
Total revenue	<u>18,024,104</u>	<u>22,836,013</u>	<u>44,999</u>	<u>40,905,116</u>
Depositors' payout	(1,034,523)	(13,711,799)	-	(14,746,322)
Net income	16,989,581	9,124,214	44,999	26,158,794
Operating overheads	(28,666,272)	(7,627,442)	(525,269)	(36,818,983)
Segmental results / loss before taxation	<u>(11,676,691)</u>	<u>1,496,772</u>	<u>(480,270)</u>	<u>(10,660,189)</u>
Taxation				2,576,325
Profit for the period				<u>(8,083,864)</u>

**Half Year Ended****30.06.2009**

	Domestic banking RM	Investment and International banking RM	Asset Management RM	Total RM
External revenue	14,926,483	16,575,250	35,150	31,536,883
Inter-segment revenue	(3,923,056)	3,923,056	-	-
Total revenue	<u>11,003,427</u>	<u>20,498,306</u>	<u>35,150</u>	<u>31,536,883</u>
Depositors' payout	(928,587)	(11,333,682)	-	(12,262,269)
Net income	10,074,840	9,164,624	35,150	19,274,614
Operating overheads	(10,792,117)	(8,182,571)	(296,327)	(19,271,015)
Segmental results / loss before taxation	<u>(717,277)</u>	<u>982,053</u>	<u>(261,177)</u>	<u>3,599</u>
Taxation				33,080
Profit for the period				<u>36,679</u>

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-PART A – EXPLANATORY NOTES PURSUANT TO GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKS (BNM GP8-I) ISSUED BY BANK NEGARA MALAYSIA

**23. SEGMENT INFORMATION (CONTINUED)****Economic Entity****30.06.2010**

	<b>Domestic banking RM</b>	<b>Investment and International banking RM</b>	<b>Asset Management RM</b>	<b>Total RM</b>
Segment assets	680,170,297	1,040,000,173	15,419,212	1,735,589,682
Deferred tax assets	3,397,261	5,194,513	77,594	8,669,368
Total assets	<u>683,567,558</u>	<u>1,045,194,686</u>	<u>15,496,806</u>	<u>1,744,259,050</u>

**Economic Entity****31.12.2009**

	<b>Domestic banking RM</b>	<b>Investment and International banking RM</b>	<b>Asset Management RM</b>	<b>Total RM</b>
Segment assets	681,826,742	1,369,482,000	16,392,054	2,067,700,795
Deferred tax assets	2,121,535	4,258,339	54,137	6,434,011
Total assets	<u>683,948,277</u>	<u>1,373,740,339</u>	<u>16,446,191</u>	<u>2,074,134,806</u>

**Bank****30.06.2010**

	<b>Domestic banking RM</b>	<b>Investment and International banking RM</b>	<b>Asset Management RM</b>	<b>Total RM</b>
Segment assets	680,170,297	1,040,000,173	15,535,297	1,735,705,767
Deferred tax assets	3,397,261	5,194,513	77,594	8,669,368
Total assets	<u>683,567,558</u>	<u>1,045,194,686</u>	<u>15,612,891</u>	<u>1,744,375,135</u>

**Bank****31.12.2009**

	<b>Domestic banking RM</b>	<b>Investment and International banking RM</b>	<b>Asset Management RM</b>	<b>Total RM</b>
Segment assets	681,826,741	1,369,482,000	17,410,509	2,068,719,250
Deferred tax assets	2,121,535	4,258,339	54,137	6,434,011
Total assets	<u>683,948,276</u>	<u>1,373,740,339</u>	<u>17,464,646</u>	<u>2,075,153,261</u>

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**24. CREDIT EXPOSURES ARISING FROM CREDIT TRANSACTIONS WITH CONNECTED PARTIES**

	<b>Economic entity and Bank</b>
	<b>30 June 2010</b>
Outstanding credit exposures with connected parties (RM'000)	224,853
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	18.92%
Percentage of outstanding credit exposures to connected parties which is non-performing or in default	0.89%

The credit exposures above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which are effective on 1 January 2008.