

Company No.

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| 716122 | P |
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ASIAN FINANCE BANK BERHAD

INTERIM FINANCIAL STATEMENTS

UNAUDITED BALANCE SHEET AS AT 30 SEPTEMBER 2009

| | Note | <u>30.09.2009</u> RM | <u>31.12.2008</u> RM |
|---|------|-----------------------------|-----------------------------|
| ASSETS | | | |
| Cash and short-term funds | 2 | 619,919,961 | 1,430,697,127 |
| Deposits and placements with banks and other financial institutions | 3 | - | - |
| Securities held-for-trading | 4 | 17,964,525 | - |
| Securities available-for-sale | 5 | 37,682,511 | 61,461,157 |
| Securities held-to-maturity | 6 | 68,009,858 | 16,875,260 |
| Financing and advances | 7 | 614,466,845 | 249,827,727 |
| Other assets | 8 | 6,089,408 | 39,097,494 |
| Statutory deposits with Bank Negara Malaysia | | 3,393,715 | - |
| Deferred tax assets | | 6,897,893 | 9,756,257 |
| Property, plant and equipment | | 4,866,175 | 5,349,243 |
| Intangible assets | | 9,887,954 | 11,561,849 |
| TOTAL ASSETS | | <u>1,389,178,845</u> | <u>1,824,626,114</u> |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Deposits from customers | 9 | 802,922,848 | 968,107,036 |
| Deposits and placements of banks and other financial institutions | 10 | 245,300,992 | 524,640,155 |
| Other liabilities | 11 | 11,943,172 | 7,837,469 |
| | | <u>1,060,167,012</u> | <u>1,500,584,660</u> |
| Ordinary share capital | | 355,020,010 | 355,020,010 |
| Available-for-sale reserve | | (5,140,118) | (6,929,150) |
| Accumulated losses | | (20,868,059) | (24,049,406) |
| Shareholders' equity | | <u>329,011,833</u> | <u>324,041,454</u> |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | <u>1,389,178,845</u> | <u>1,824,626,114</u> |
| COMMITMENTS AND CONTINGENCIES | | | |
| | 18 | <u>420,521,804</u> | <u>178,333,000</u> |
| Capital Ratios | | | |
| Core capital ratio | 20 | 41.19% | 92.13% |
| Risk-weighted capital ratio | 20 | 42.49% | 94.41% |

ASIAN FINANCE BANK BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009

| | | 3rd Quarter Ended <u>30.09.2009</u> | 3rd Quarter Ended <u>30.09.2008</u> | Nine Months Ended <u>30.09.2009</u> | Nine Months Ended <u>30.09.2008</u> |
|---|-------------|--|---|--|---|
| | <u>Note</u> | RM | RM | RM | RM |
| Income derived from investment of depositors' funds | 12 | 9,949,675 | 11,608,294 | 27,874,546 | 30,121,946 |
| Income derived from investment of shareholders' funds | 13 | 10,126,798 | 3,574,280 | 23,738,810 | 12,179,354 |
| Allowance for losses on financing and advances | 14 | (1,407,872) | (1,202,000) | (2,170,872) | (4,103,000) |
| Total distributable income | | 18,668,601 | 13,980,574 | 49,442,484 | 38,198,300 |
| Income attributable to the depositors | 15 | (5,098,709) | (9,900,297) | (17,360,978) | (26,003,849) |
| Total net income | | 13,569,892 | 4,080,277 | 32,081,506 | 12,194,451 |
| Personnel expenses | 16 | (5,308,833) | (5,710,315) | (14,733,689) | (13,651,572) |
| Other overheads and expenditures | 17 | (3,850,462) | (3,421,847) | (12,933,621) | (9,458,543) |
| Profit / (loss) before taxation | | 4,410,597 | (5,051,885) | 4,414,196 | (10,915,664) |
| Taxation | | (1,265,929) | - | (1,232,849) | 242,000 |
| Net profit / (loss) for the financial year | | 3,144,668 | (5,051,885) | 3,181,347 | (10,673,664) |

ASIAN FINANCE BANK BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009

| | Share Capital RM | Accumulated Losses RM | AFS Reserve RM | Total RM |
|---|------------------------|-----------------------------|----------------------|--------------------|
| <u>30.09.2009</u> | | | | |
| 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 | - | - | 3,414,547 | 3,414,547 |
| Deferred taxation | - | - | (1,625,515) | (1,625,515) |
| Net profit for the financial year | - | 3,181,347 | - | 3,181,347 |
| Balance as at 30.09.2009 | <u>355,020,010</u> | <u>(20,868,059)</u> | <u>(5,140,118)</u> | <u>329,011,833</u> |
| <u>31.12.2008</u> | | | | |
| Balance as at 1.1.2008 | 355,020,010 | (8,296,296) | (239,253) | 346,484,461 |
| Unrealised net loss on revaluation of securities available-for-sale | - | - | (10,032,124) | (10,032,124) |
| Deferred taxation | - | - | 3,342,227 | 3,342,227 |
| Net loss for the financial year | - | (15,753,110) | - | (15,753,110) |
| Balance as at 31.12.2008 | <u>355,020,010</u> | <u>(24,049,406)</u> | <u>(6,929,150)</u> | <u>324,041,454</u> |

ASIAN FINANCE BANK BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

UNAUDITED CASHFLOW STATEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009

| | <u>Note</u> | <u>30.09.2009</u> RM | <u>31.12.2008</u> RM |
|--|-------------|-------------------------|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit / (Loss) before taxation for the period/financial year | | 4,414,196 | (20,528,865) |
| Adjustments for: | | | |
| Revaluation of investment in securities available-for-sale | | - | - |
| Depreciation of property, plant and equipment | | 1,226,095 | 1,461,215 |
| Amortisation of intangible assets | | 2,198,576 | 2,135,888 |
| Property, plant and equipment written off | | - | 38,616 |
| Unrealised loss/(gain) from securities held for trading | | (550,025) | - |
| Unrealised loss/(gain) from revaluation of securities available for sale | | (7,498,160) | (3,013,640) |
| Unrealised loss/(gain) from revaluation of securities held-to-maturity | | 14,273 | 1,289,260 |
| Net gain on sale of securities available-for-sale | | - | - |
| Accretion of discount less amortisation of premium | | 7,244,482 | (58,963) |
| Allowance for losses on financing and advances | | 1,565,610 | 7,410,060 |
| Profit equalisation reserve | | - | - |
| Operating gain / (loss) before working capital changes | | <u>8,615,047</u> | <u>(11,266,429)</u> |
| Decrease/(increase) in operating assets: | | | |
| Deposits and placements with financial institutions | | - | 100,000,000 |
| Financing and advances | | (366,204,728) | (166,448,599) |
| Other assets | | 33,008,086 | (34,181,046) |
| Statutory deposit with Bank Negara Malaysia | | (3,393,715) | - |
| Increase/(decrease) in operating liabilities: | | | |
| Deposits from customers | | (165,184,188) | 139,407,465 |
| Deposits and placements of banks and other financial institutions | | (279,339,163) | 455,832,972 |
| Bills and acceptances payable | | - | - |
| Other liabilities | | 4,105,702 | (975,233) |
| Cash (used in) / generated from operating activities | | <u>(768,392,959)</u> | <u>1,049,452,833</u> |
| Taxation paid | | - | - |
| Zakat paid | | - | - |
| Net cash (used in) / generated from operating activities | | <u>(768,392,959)</u> | <u>482,369,130</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | | (1,267,707) | (5,936,591) |
| Purchase of securities held-for-trading | | (17,414,500) | - |
| Sale / (purchase) of securities available-for-sale | | 34,710,000 | (35,728,747) |
| Purchase of securities held-to-maturity | | (58,412,000) | (18,122,101) |
| Net cash used in investing activities | | <u>(42,384,207)</u> | <u>(59,787,439)</u> |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Proceeds from issuance of share capital | | - | - |
| ANALYSIS OF CASH AND CASH EQUIVALENT | | | |
| Net (decrease) / increase in cash and cash equivalents | | (810,777,166) | 422,581,691 |
| Cash and cash equivalent at beginning of period/financial year | | 1,430,697,127 | 1,008,115,436 |
| Cash and cash equivalent carried forward | 2 | <u>619,919,961</u> | <u>1,430,697,127</u> |

ASIAN FINANCE BANK BERHAD
(Incorporated in Malaysia)

NOTES TO FINANCIAL STATEMENTS

FOR QUARTER ENDED 30 SEPTEMBER 2009

-PART A – EXPLANATORY NOTES PURSUANT TO GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKS (BNM GP8-1) ISSUED BY BANK NEGARA MALAYSIA

1. GENERAL INFORMATION

a) Performance Review

The Bank registered a profit before zakat and tax of RM4.4m for the nine months ended 30th September 2009.

The Bank's gross financing and advances stood at RM626.6m whilst total Deposit at RM1,048.2m.

b) Prospect for 2009

In view of the country's improving economic indicators and positive outlook ahead as well as Malaysia's resilient banking environment amidst the global financial crisis, the Bank is poised to chart its growth in the Islamic Banking business.

2. CASH AND SHORT-TERM FUNDS

| | <u>30.09.2009</u> | <u>31.12.2008</u> |
|--|--------------------|----------------------|
| | RM | RM |
| Cash and balances with banks and other financial institutions | 4,709,707 | 8,477,127 |
| Money at call and deposit placements maturing within one month | 615,210,254 | 1,422,220,000 |
| | <u>619,919,961</u> | <u>1,430,697,127</u> |

3. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

| | <u>30.09.2009</u> | <u>31.12.2008</u> |
|------------------------|-------------------|-------------------|
| | RM | RM |
| Licensed Islamic Banks | - | - |

4. SECURITIES HELD-FOR-TRADING

| | <u>30.09.2009</u> | <u>31.12.2008</u> |
|---|-------------------|-------------------|
| | RM | RM |
| <u>At fair value</u> | | |
| <u>Quoted securities in Malaysia</u> | | |
| Islamic commercial paper | 6,854,208 | - |
| <u>Quoted securities outside Malaysia</u> | | |
| Islamic private debt securities | 11,110,317 | - |
| | <u>17,964,525</u> | <u>-</u> |

ASIAN FINANCE BANK BERHAD
(Incorporated in Malaysia)

NOTES TO FINANCIAL STATEMENTS

FOR QUARTER ENDED 30 SEPTEMBER 2009

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

5. SECURITIES AVAILABLE-FOR-SALE

| | <u>30.09.2009</u> | <u>31.12.2008</u> |
|---|-------------------|-------------------|
| | RM | RM |
| <u>At fair value</u> | | |
| <u>Quoted securities in Malaysia</u> | | |
| Islamic private debt securities | 20,221,071 | 20,662,901 |
| <u>Quoted securities outside Malaysia</u> | | |
| Foreign corporate debt securities held | 17,461,440 | 40,798,256 |
| | <u>37,682,511</u> | <u>61,461,157</u> |

6. SECURITIES HELD-TO-MATURITY

| | <u>30.09.2009</u> | <u>31.12.2008</u> |
|--|-------------------|-------------------|
| | RM | RM |
| Bank Negara Malaysia Sukuk Ijarah | 10,012,118 | - |
| <u>Quoted securities outside Malaysia</u> | | |
| Foreign corporate debt securities held | 27,113,864 | - |
| <u>Quoted securities in and outside Malaysia</u> | | |
| Foreign corporate debt securities held | 30,883,876 | 16,875,260 |
| | <u>68,009,858</u> | <u>16,875,260</u> |

7. FINANCING AND ADVANCES

| | <u>30.09.2009</u> | <u>31.12.2008</u> |
|--|--------------------|--------------------|
| | RM | RM |
| (i) By type | | |
| Term financing | | |
| - housing financing | 20,906,955 | 14,910,042 |
| - syndicated term financing | 104,243,149 | 104,620,793 |
| - hire purchase receivables | 50,600 | - |
| - other term financing | 531,923,821 | 197,858,502 |
| Trust receipts | 44,886,103 | 2,002,323 |
| Staff financing | 1,657,526 | 618,877 |
| Others | 24,639,441 | 43,227,129 |
| | <u>728,307,595</u> | <u>363,237,666</u> |
| Less: Unearned income | (101,744,036) | (103,484,097) |
| Gross financing and advances | 626,563,559 | 259,753,569 |
| Less : Allowance for bad and doubtful financing: | | |
| - general | (10,094,393) | (7,965,782) |
| - specific | (2,002,321) | (1,960,060) |
| Net financing and advances | <u>614,466,845</u> | <u>249,827,727</u> |

ASIAN FINANCE BANK BERHAD
(Incorporated in Malaysia)

NOTES TO FINANCIAL STATEMENTS

FOR QUARTER ENDED 30 SEPTEMBER 2009

-PART A – EXPLANATORY NOTES PURSUANT TO GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKS (BNM GP8-1) ISSUED BY BANK NEGARA MALAYSIA

7. FINANCING AND ADVANCES (CONTINUED)

| | <u>30.09.2009</u> | <u>31.12.2008</u> |
|---|--------------------|--------------------|
| | RM | RM |
| (ii) By type of customer | | |
| Domestic non-bank financial institutions | | |
| - Others | 53,613,375 | - |
| Domestic business enterprises | | |
| - Small medium enterprises | 23,446,965 | 8,045,321 |
| - Others | 457,913,383 | 159,629,228 |
| Government and statutory bodies | | |
| Individuals | 13,707,408 | 11,766,652 |
| Other domestic entities | | - |
| Foreign entities | 77,882,428 | 80,312,368 |
| | <u>626,563,559</u> | <u>259,753,569</u> |
| (iii) Financing and advances analysed by contract are as follows: | | |
| Tawarruq | 370,316,647 | 136,676,541 |
| Murabahah | 87,061,768 | - |
| Ijarah | 59,913,517 | 46,069,975 |
| Istisna | 108,883,267 | 76,903,410 |
| Qardhul Hassan | 388,360 | 103,643 |
| | <u>626,563,559</u> | <u>259,753,569</u> |
| (iv) By profit rate sensitivity | | |
| Fixed rate | | |
| - Other fixed rate financing | 117,769,942 | 80,075,366 |
| Variable rate | | |
| -Others | 508,405,257 | 179,574,560 |
| Non-profit sensitive | | |
| -Others | 388,360 | 103,643 |
| | <u>626,563,559</u> | <u>259,753,569</u> |
| (v) By purpose | | |
| Purchase of landed property: | | |
| - Residential | 45,938,826 | 18,590,000 |
| - Non-residential | 85,328,446 | 8,962,365 |
| Working Capital | 418,361,299 | 207,393,689 |
| Personal Use | 1,069,198 | 820,800 |
| Purchase of transport vehicles | 73,863,469 | 21,984,394 |
| Others | 2,002,321 | 2,002,321 |
| | <u>626,563,559</u> | <u>259,753,569</u> |

ASIAN FINANCE BANK BERHAD
(Incorporated in Malaysia)

NOTES TO FINANCIAL STATEMENTS

FOR QUARTER ENDED 30 SEPTEMBER 2009

-PART A – EXPLANATORY NOTES PURSUANT TO GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKS (BNM GP8-1) ISSUED BY BANK NEGARA MALAYSIA

7. FINANCING AND ADVANCES (CONTINUED)

| | <u>30.09.2009</u> | <u>31.12.2008</u> |
|--|-------------------|-------------------|
| | RM | RM |
| (vi) Movement in allowance for bad and doubtful financing | | |
| General allowance | | |
| As at 1 January | 7,965,782 | 2,515,782 |
| Allowance made during the period | 2,170,872 | 5,450,000 |
| Transfer to Specific allowance | (42,261) | - |
| Balance carried forward | <u>10,094,393</u> | <u>7,965,782</u> |
| As % of gross financing and advances less specific allowance | <u>1.62%</u> | <u>3.09%</u> |
| Specific allowance | | |
| As at 1 January | 1,960,060 | - |
| Transfer from General allowance | 42,261 | - |
| Balance carried forward | <u>2,002,321</u> | <u>1,960,060</u> |
| (vii) Movement in non performing financing and advances | | |
| At 1 January | 2,002,321 | - |
| Classified as non-performing | - | 2,002,321 |
| | 2,002,321 | 2,002,321 |
| Less: Specific allowance | (2,002,321) | (1,960,060) |
| Net non-performing financing and advances | <u>-</u> | <u>42,261</u> |
| Ratio of net non-performing financing and advances to total net financing and advances | <u>0.00%</u> | <u>0.02%</u> |
| (viii) Non-performing financing by purpose | | |
| Others | <u>2,002,321</u> | <u>2,002,321</u> |
| 8. OTHER ASSETS | | |
| | <u>30.09.2009</u> | <u>31.12.2008</u> |
| | RM | RM |
| Other debtors, deposits and prepayments | 4,974,604 | 1,917,269 |
| Income receivable from placements and securities | 1,114,804 | 37,180,225 |
| | <u>6,089,408</u> | <u>39,097,494</u> |

ASIAN FINANCE BANK BERHAD
(Incorporated in Malaysia)

NOTES TO FINANCIAL STATEMENTS

FOR QUARTER ENDED 30 SEPTEMBER 2009

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

| 9. DEPOSITS FROM CUSTOMERS | <u>30.09.2009</u> | <u>31.12.2008</u> |
|------------------------------|--------------------|--------------------|
| | RM | RM |
| <u>Non-Mudharabah Funds:</u> | | |
| Demand deposits | 66,433,806 | 24,561,297 |
| Savings deposits | 400,465 | 85,281 |
| | <u>66,834,271</u> | <u>24,646,578</u> |
| <u>Mudharabah Funds:</u> | | |
| Savings deposits | 802,278 | 741,656 |
| General investment deposits | 106,918,624 | 45,197,458 |
| Special investment deposits | 628,367,675 | 897,521,344 |
| | <u>736,088,576</u> | <u>943,460,458</u> |
| Total deposits | <u>802,922,848</u> | <u>968,107,036</u> |

(i) The deposits are sourced from the following classes of customers:

| | | |
|----------------------|--------------------|--------------------|
| Business enterprises | 770,224,026 | 954,682,738 |
| Individuals | 32,698,822 | 13,424,298 |
| | <u>802,922,848</u> | <u>968,107,036</u> |

10. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

| | <u>30.09.2009</u> | <u>31.12.2008</u> |
|------------------------------|--------------------|--------------------|
| | RM | RM |
| <u>Non-Mudharabah Funds:</u> | | |
| Licensed Islamic banks | 65,222,593 | 133,441,644 |
| Other financial institutions | 138,930,392 | 48,620 |
| | <u>204,152,985</u> | <u>133,490,264</u> |
| <u>Mudharabah Fund:</u> | | |
| Licensed Islamic banks | - | 15,000,000 |
| Other financial institutions | 41,148,007 | 376,149,891 |
| | <u>41,148,007</u> | <u>391,149,891</u> |
| Total deposits | <u>245,300,992</u> | <u>524,640,155</u> |

11. OTHER LIABILITIES

| | <u>30.09.2009</u> | <u>31.12.2008</u> |
|------------------------------|-------------------|-------------------|
| | RM | RM |
| Income payable | 4,790,279 | 2,007,715 |
| Sundry creditors | 3,610,077 | 5,665,331 |
| Other provisions and accrual | 3,542,816 | 164,423 |
| | <u>11,943,172</u> | <u>7,837,469</u> |

ASIAN FINANCE BANK BERHAD
(Incorporated in Malaysia)

NOTES TO FINANCIAL STATEMENTS

FOR QUARTER ENDED 30 SEPTEMBER 2009

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

12. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS

Income derived from investment of depositors' funds are as follows:

| | 3rd Quarter Ended 30.09.2009 | 3rd Quarter Ended 30.09.2008 | Nine Months Ended 30.09.2009 | Nine Months Ended 30.09.2008 |
|-------------------------------------|---|------------------------------------|---|------------------------------------|
| | RM | RM | RM | RM |
| Income derived from investment of:- | | | | |
| (i) General investment deposit | 1,020,896 | 351,872 | 2,554,903 | 1,054,539 |
| (ii) Other deposits | 8,928,779 | 11,256,422 | 25,319,643 | 29,067,407 |
| | 9,949,675 | 11,608,294 | 27,874,546 | 30,121,946 |

(i) Income derived from investment of general investment deposits

Finance income and hibah:

| | | | | |
|---|------------------|---------|------------------|-----------|
| Financing and advances | 682,912 | 58,373 | 1,367,036 | 191,643 |
| Securities available-for-sale | 51,150 | 20,438 | 139,104 | 57,890 |
| Securities held-to-maturity | 27,716 | - | 47,020 | - |
| Money at call and deposit with financial institutions | 249,597 | 272,842 | 976,070 | 804,663 |
| | 1,011,375 | 351,653 | 2,529,230 | 1,054,196 |
| Accretion of discount less amortisation of premium | 9,521 | 219 | 25,673 | 343 |
| | 1,020,896 | 351,872 | 2,554,903 | 1,054,539 |

(ii) Income derived from investment of other deposits

Finance income and hibah:

| | 3rd Quarter Ended 30.09.2009 | 3rd Quarter Ended 30.09.2008 | Nine Months Ended 30.09.2009 | Nine Months Ended 30.09.2008 |
|---|---|------------------------------------|---|------------------------------------|
| | RM | RM | RM | RM |
| Financing and advances | 6,237,759 | 1,867,343 | 13,547,633 | 5,261,226 |
| Securities available-for-sale | 438,764 | 653,849 | 1,378,547 | 1,606,834 |
| Securities held-to-maturity | 259,720 | - | 465,976 | - |
| Money at call and deposit with financial institutions | 1,910,698 | 8,728,263 | 9,673,068 | 22,189,526 |
| | 8,846,941 | 11,249,455 | 25,065,224 | 29,057,586 |
| Accretion of discount less amortisation of premium | 81,838 | 6,967 | 254,419 | 9,821 |
| | 8,928,779 | 11,256,422 | 25,319,643 | 29,067,407 |

ASIAN FINANCE BANK BERHAD
(Incorporated in Malaysia)

NOTES TO FINANCIAL STATEMENTS

FOR QUARTER ENDED 30 SEPTEMBER 2009

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

13. INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

| | 3rd Quarter Ended 30.09.2009 | 3rd Quarter Ended 30.09.2008 | Nine Months Ended 30.09.2009 | Nine Months Ended 30.09.2008 |
|---|---|------------------------------------|---|------------------------------------|
| | RM | RM | RM | RM |
| <u>Finance income and hibah:</u> | | | | |
| Financing and advances | 2,493,660 | 543,238 | 4,852,076 | 1,833,025 |
| Securities available-for-sale | 190,519 | 190,215 | 493,726 | 553,015 |
| Securities held-to-maturity | 100,344 | - | 166,889 | - |
| Money at call and deposit with financial institutions | 959,996 | 2,539,184 | 3,464,403 | 7,723,763 |
| | 3,744,519 | 3,272,637 | 8,977,094 | 10,109,803 |
| Accretion of discount less amortisation of premium | 35,439 | 2,028 | 91,120 | 3,371 |
| Total finance income and hibah | 3,779,958 | 3,274,665 | 9,068,214 | 10,113,174 |
| Other operating income (note a) | 6,346,840 | 299,615 | 14,670,596 | 2,066,180 |
| | 10,126,798 | 3,574,280 | 23,738,810 | 12,179,354 |
| a) Other operating income : | | | | |
| Commission | 804,972 | - | 1,587,049 | - |
| Service charges and fees | 2,444,518 | 297,441 | 8,193,723 | 2,063,166 |
| Other fee income | 3,097,350 | 2,174 | 4,889,824 | 3,014 |
| Total other operating income | 6,346,840 | 299,615 | 14,670,596 | 2,066,180 |

14. ALLOWANCES FOR LOSSES ON FINANCING AND ADVANCES

| | 3rd Quarter Ended 30.09.2009 | 3rd Quarter Ended 30.09.2008 | Nine Months Ended 30.09.2009 | Nine Months Ended 30.09.2008 |
|--|---|------------------------------------|---|------------------------------------|
| | RM | RM | RM | RM |
| <u>Allowance for bad and doubtful financing:</u> | | | | |
| Specific allowance | | | | |
| - Made during the financial period | 42,261 | - | 42,261 | - |
| General allowance | | | | |
| - Made during the financial period | 1,365,611 | 1,202,000 | 2,128,611 | 4,103,000 |
| \ | 1,407,872 | 1,202,000 | 2,170,872 | 4,103,000 |

15. INCOME ATTRIBUTABLE TO DEPOSITORS

| | 3rd Quarter Ended 30.09.2009 | 3rd Quarter Ended 30.09.2008 | Nine Months Ended 30.09.2009 | Nine Months Ended 30.09.2008 |
|---|---|------------------------------------|---|------------------------------------|
| | RM | RM | RM | RM |
| <u>Deposits from customers:</u> | | | | |
| - Mudharabah funds | 4,317,313 | 4,843,583 | 14,264,798 | 16,071,889 |
| - Non-mudharabah funds | - | - | - | - |
| <u>Deposits and placements of banks and other financial institutions:</u> | | | | |
| - Mudharabah funds | 253,354 | 3,864,579 | 1,123,263 | 7,274,171 |
| - Non-mudharabah funds | 528,042 | 1,192,125 | 1,972,917 | 2,657,779 |
| | 5,098,709 | 9,900,287 | 17,360,978 | 26,003,839 |

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FOR QUARTER ENDED 30 SEPTEMBER 2009

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

16. PERSONNEL EXPENSES

| | 3rd Quarter Ended 30.09.2009 | 3rd Quarter Ended 30.09.2008 | Nine Months Ended 30.09.2009 | Nine Months Ended 30.09.2008 |
|----------------------------------|---|------------------------------------|---|------------------------------------|
| | RM | RM | RM | RM |
| Salaries, allowances and bonuses | 4,490,223 | 3,835,636 | 12,380,964 | 10,589,201 |
| Contributions to EPF and SOCSO | 487,270 | 429,396 | 1,360,015 | 1,000,436 |
| Medical related expenses | 141,906 | 102,658 | 454,174 | 268,895 |
| Travelling and parking | 38,709 | 16,774 | 102,142 | 145,884 |
| House rental | - | - | - | 102,000 |
| Other staff related cost | 150,725 | 1,325,851 | 436,394 | 1,545,156 |
| | 5,308,833 | 5,710,315 | 14,733,689 | 13,651,572 |

17. OTHER OVERHEADS AND EXPENDITURES

| | 3rd Quarter Ended 30.09.2009 | 3rd Quarter Ended 30.09.2008 | Nine Months Ended 30.09.2009 | Nine Months Ended 30.09.2008 |
|--|---|------------------------------------|---|------------------------------------|
| | RM | RM | RM | RM |
| <u>ESTABLISHMENT EXPENSES</u> | | | | |
| Depreciation | 1,165,134 | 825,482 | 3,424,671 | 2,584,103 |
| Rental of premises | 478,568 | 362,631 | 1,105,596 | 861,402 |
| Software and hardware maintenance | 875,436 | 616,897 | 3,481,657 | 1,770,628 |
| Rental of equipment and network line | 95,207 | 8,400 | 406,633 | 521,870 |
| Security expenses | 56,742 | 110,063 | 179,597 | 215,984 |
| Others | 259,683 | 399,356 | 760,924 | 920,788 |
| | 2,930,770 | 2,322,829 | 9,359,078 | 6,874,775 |
| <u>MARKETING EXPENSES</u> | | | | |
| Advertising and promotional activities | 55,420 | 156,978 | 627,438 | 356,021 |
| Entertainment expenses | 6,569 | 9,622 | 8,771 | 26,122 |
| Travelling expenses | 41,981 | 18,283 | 286,259 | 42,971 |
| Others | 4,066 | 2,400 | 16,664 | 5,004 |
| | 108,036 | 187,283 | 939,132 | 430,118 |
| <u>ADMINISTRATION AND GENERAL EXPENSES</u> | | | | |
| License association fees and levies | 142,194 | 111,382 | 389,501 | 415,292 |
| Travelling, transport and accomodation expenses | 85,375 | 163,897 | 241,563 | 368,447 |
| Printing, stationery, postage and clearing charges | 120,405 | 83,509 | 290,090 | 187,322 |
| Telecommunication charges | 148,765 | 92,622 | 443,381 | 267,117 |
| Shariah Committee remunerations | 36,750 | 33,750 | 110,250 | 101,512 |
| Electricity and water charges | 70,326 | 87,780 | 228,482 | 178,288 |
| Directors related fees | 15,289 | 201,207 | 307,677 | 330,946 |
| Other professional fees | 53,714 | 97,592 | 129,327 | 211,898 |
| Auditors remuneration | 27,000 | 21,000 | 107,450 | 67,000 |
| Donations | 5,000 | 1,000 | 40,488 | 6,251 |
| Others | 106,838 | 17,996 | 347,202 | 19,577 |
| | 811,656 | 911,735 | 2,635,411 | 2,153,650 |
| | 3,850,462 | 3,421,847 | 12,933,621 | 9,458,543 |

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18. 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 Bank are as follows:

| | 30.09.2009 | | | 31.12.2008 | | |
|---|-----------------------------------|--|---------------------------------------|-----------------------------------|--|---------------------------------------|
| | <u>Principal Amount</u> RM | <u>Credit Equivalent Amount*</u> RM | <u>Risk Weighted Amount</u> RM | <u>Principal Amount</u> RM | <u>Credit Equivalent Amount*</u> RM | <u>Risk Weighted Amount</u> RM |
| Transaction-related contingent items | 94,401,000 | 47,200,500 | 46,900,500 | 15,977,000 | 7,988,500 | 7,688,000 |
| Irrevocable commitments to extend credit: | | | | | | |
| - one year or less | 146,812,777 | - | - | - | - | - |
| - over one year to five years | 1,500,000 | - | - | 82,702,000 | 41,350,500 | 41,351,000 |
| - over five years | 141,027 | - | - | 25,709,000 | 12,855,000 | 3,251,000 |
| Foreign exchange related contracts | | | | | | |
| - one year or less | 177,667,000 | 6,054,000 | 1,540,000 | 53,945,000 | 1,754,000 | 351,000 |
| Total | 420,521,804 | 53,254,500 | 48,440,500 | 178,333,000 | 63,948,000 | 52,641,000 |

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

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NOTES TO FINANCIAL STATEMENTS

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19. PROFIT RATE RISK

The table below summarises the Bank's exposure to profit rate risk. The assets and liabilities at carrying amount are categorised by the earlier of contractual repricing or maturity dates.

| | ← Non-Trading Book → | | | | | | Trading book | Total | Effective profit rate |
|---|----------------------|-------------------|--------------------|--------------------|--------------------|----------------------|-------------------|----------------------|-----------------------|
| | Up to 1 month | >1-3 months | >3-12 months | >1-5 years | Over 5 years | Non-profit sensitive | | | |
| <u>30.09.2009</u> | RM | RM | RM | RM | RM | RM | RM | RM | % |
| <u>Assets</u> | | | | | | | | | |
| Cash and short term funds | 615,210,254 | - | - | - | - | 4,709,707 | - | 619,919,961 | 2.15 |
| Deposits and placements with financial institutions | - | - | - | - | - | - | - | - | - |
| Securities held-for-trading | - | - | - | - | - | - | 17,964,525 | 17,964,525 | - |
| Securities available-for-sale | - | - | - | 9,991,571 | 27,690,940 | - | - | 37,682,511 | 4.01 |
| Securities held-to-maturity | - | 17,171,322 | 10,012,118 | 40,826,418 | - | - | - | 68,009,858 | 2.76 |
| Financing and advances | | | | | | | | | |
| - performing | 57,608,608 | 63,466,313 | 222,176,048 | 60,378,797 | 220,931,471 | (12,096,713) | - | 612,464,524 | 5.67 |
| - non-performing | - | - | - | - | - | 2,002,321 | - | 2,002,321 | - |
| Other assets | - | - | - | - | - | 6,089,408 | - | 6,089,408 | - |
| Statutory deposits | - | - | - | - | - | 3,393,715 | - | 3,393,715 | - |
| Deferred taxation assets | - | - | - | - | - | 6,897,893 | - | 6,897,893 | - |
| Property, plant and equipment | - | - | - | - | - | 4,866,175 | - | 4,866,175 | - |
| Intangible assets | - | - | - | - | - | 9,887,954 | - | 9,887,954 | - |
| Total assets | 672,818,862 | 80,637,635 | 232,188,166 | 111,196,786 | 248,622,411 | 25,750,460 | 17,964,525 | 1,389,178,845 | |

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NOTES TO FINANCIAL STATEMENTS

FOR QUARTER ENDED 30 SEPTEMBER 2009

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

19. PROFIT RATE RISK (CONTINUED)

| | ←————— Non-Trading Book —————→ | | | | | | Trading book | Total | Effective profit rate |
|---|--------------------------------|---------------|--------------|-------------|--------------|----------------------|--------------|---------------|-----------------------|
| | Up to 1 month | >1-3 months | >3-12 months | >1-5 years | Over 5 years | Non-profit sensitive | | | |
| 30.09.2009 | RM | RM | | RM | RM | RM | RM | RM | % |
| <u>Liabilities</u> | | | | | | | | | |
| Deposits from customers | 235,850,071 | 457,505,359 | 108,924,055 | 643,363 | - | - | - | 802,922,848 | 2.14 |
| Deposits and placements of banks and other financial institutions | 44,163,836 | 119,997,943 | 81,139,213 | - | - | - | - | 245,300,992 | 1.70 |
| Other liabilities | - | - | - | - | - | 11,943,172 | - | 11,943,172 | - |
| Total liabilities | 280,013,907 | 577,503,302 | 190,063,268 | 643,363 | - | 11,943,172 | - | 1,060,167,012 | |
| Total shareholders' equity | - | - | - | - | 329,011,833 | - | - | 329,011,833 | |
| | 280,013,907 | 577,503,302 | 190,063,268 | 643,363 | 329,011,833 | 11,943,172 | - | 1,389,178,845 | |
| Total profit-sensitivity gap | 392,804,955 | (496,865,667) | 42,124,898 | 110,553,423 | (80,389,422) | 13,807,288 | 17,964,525 | - | |

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FOR QUARTER ENDED 30 SEPTEMBER 2009

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19. PROFIT RATE RISK (CONTINUED)

| 31.12.2008 | Non-Trading Book | | | | | | | Trading book | Total | Effective profit rate |
|---|----------------------|-------------------|-------------------|-------------------|--------------------|----------------------|----------|----------------------|-------|-----------------------|
| | Up to 1 month | >1-3 months | >3-12 months | >1-5 years | Over 5 years | Non-profit sensitive | | | | |
| | RM | RM | RM | RM | RM | RM | RM | RM | % | |
| Assets | | | | | | | | | | |
| Cash and short term funds | 1,422,220,000 | - | - | - | - | 8,477,127 | - | 1,430,697,127 | 3.53 | |
| Deposits and placements with financial institutions | - | - | - | - | - | - | - | - | - | |
| Securities available-for-sale | - | - | - | 23,584,322 | 37,876,835 | - | - | 61,461,157 | 5.35 | |
| Securities held-to-maturity | - | - | - | 16,875,260 | - | - | - | 16,875,260 | 3.99 | |
| Financing and advances | | | | | | | | | | |
| - performing | 69,787,168 | 33,100,795 | 22,177,469 | 47,036,812 | 85,649,005 | (9,925,843) | - | 247,825,406 | 5.46 | |
| - non-performing | - | - | - | - | - | 2,002,321 | - | 2,002,321 | - | |
| Other assets | - | - | - | - | - | 39,097,494 | - | 39,097,494 | - | |
| Deferred taxation assets | - | - | - | - | - | 9,756,257 | - | 9,756,257 | - | |
| Property, plant and equipment | - | - | - | - | - | 5,349,243 | - | 5,349,243 | - | |
| Intangible assets | - | - | - | - | - | 11,561,849 | - | 11,561,849 | - | |
| Total assets | 1,492,007,168 | 33,100,795 | 22,177,469 | 87,496,394 | 123,525,840 | 66,318,448 | - | 1,824,626,114 | | |

ASIAN FINANCE BANK BERHAD
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FOR QUARTER ENDED 30 SEPTEMBER 2009

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19. PROFIT RATE RISK (CONTINUED)

| 31.12.2008 | ← Non-Trading Book → | | | | | Non-profit sensitive | Trading book | Total | Effective profit rate |
|---|----------------------|---------------|--------------|------------|---------------|----------------------|--------------|---------------|-----------------------|
| | Up to 1 month | >1-3 months | >3-12 months | >1-5 years | Over 5 years | | | | |
| | RM | RM | RM | RM | RM | RM | RM | RM | |
| <u>Liabilities</u> | | | | | | | | | |
| Deposits from customers | 845,796,483 | 108,206,645 | 10,303,908 | 3,800,000 | - | - | - | 968,107,036 | 3.73 |
| Deposits and placements of banks and other financial institutions | 419,610,235 | 103,909,100 | 1,120,820 | - | - | - | - | 524,640,155 | 3.64 |
| Bills and acceptances payable | - | - | - | - | - | - | - | - | - |
| Taxation and zakat | - | - | - | - | - | - | - | - | - |
| Other liabilities | - | - | - | - | - | 7,837,469 | - | 7,837,469 | - |
| Total liabilities | 1,265,406,718 | 212,115,745 | 11,424,728 | 3,800,000 | - | 7,837,469 | - | 1,500,584,660 | |
| Total shareholders equity | - | - | - | - | 324,041,454 | - | - | 324,041,454 | |
| | 1,265,406,718 | 212,115,745 | 11,424,728 | 3,800,000 | 324,041,454 | 7,837,469 | - | 1,824,626,114 | |
| Total profit-sensitivity gap | 226,600,450 | (179,014,950) | 10,752,741 | 83,696,394 | (200,515,614) | 58,480,979 | - | - | |

Company No.

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ASIAN FINANCE BANK BERHAD

(Incorporated in Malaysia)

NOTES TO FINANCIAL STATEMENTS

FOR QUARTER ENDED 30 SEPTEMBER 2009

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

20. CAPITAL ADEQUACY

| | <u>30.09.2009</u> |
|--|--------------------|
| | RM |
| <u>Tier I Capital</u> | |
| Paid-up ordinary share capital | 355,020,010 |
| Accumulated losses | (26,907,770) |
| | <u>328,112,240</u> |
| Less : | |
| Deferred tax assets | (6,897,893) |
| Total Tier I capital | <u>321,214,347</u> |
| <u>Tier II Capital</u> | |
| General allowance for bad and doubtful financing | 10,094,392 |
| Total Tier II capital | <u>10,094,392</u> |
| Total capital base | <u>331,308,739</u> |
| <u>Capital ratios</u> | |
| Inclusive of market risk : | |
| Core capital ratio (inclusive of market risk) | 41.19% |
| Risk-weighted capital ratio (inclusive of market risk) | <u>42.49%</u> |

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

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NOTES TO FINANCIAL STATEMENTS

FOR QUARTER ENDED 30 SEPTEMBER 2009

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

20. CAPITAL ADEQUACY (CONTINUED)

30.09.2009

| Exposure Class | <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 |
|--|----------------------------------|--------------------------------|---------------------------------------|--|---|---------------------------------------|
| <u>Credit Risk</u> | | | | | | |
| <i>On-Balance Sheet Exposures</i> | | | | | | |
| Sovereigns & Central Banks | 10,012 | 10,012 | - | - | - | - |
| Banks, MDBs and FDIs | 53,613 | 53,613 | 10,723 | - | 10,723 | 858 |
| Corporates | 654,575 | 654,575 | 543,911 | - | 543,911 | 43,513 |
| Regulatory Retail | 18,907 | 18,907 | 14,181 | - | 14,181 | 1,134 |
| Other Assets | 11,110 | 11,110 | 11,110 | - | 11,110 | 889 |
| Total for On-Balance Sheet Exposures | 748,217 | 748,217 | 579,925 | - | 579,925 | 46,394 |
| <i>Off-Balance Sheet Exposures</i> | | | | | | |
| Off balance sheet exposures other than OTC derivatives or credit derivatives | 420,522 | 53,255 | 48,441 | - | 48,441 | 3,875 |
| Total for Off-Balance Sheet Exposures | 420,522 | 53,255 | 48,441 | - | 48,441 | 3,875 |
| Total On and Off-Balance Sheet Exposures | 1,168,739 | 801,472 | 628,366 | - | 628,366 | 50,269 |
| <u>Market Risk</u> | | | | | | |
| | Long Position | Short Position | | | | |
| Equity Position Risk | 11,110 | - | 11,110 | 11,110 | - | 11,110 |
| Foreign Currency Risk | 35,329 | 101,461 | 66,132 | 101,461 | - | 101,461 |
| Operational Risk | - | - | - | 38,832 | - | 38,832 |
| Total RWA and Capital Requirements | 1,215,178 | 101,461 | 878,714 | 779,769 | - | 62,382 |

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

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FOR QUARTER ENDED 30 SEPTEMBER 2009

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

20. CAPITAL ADEQUACY (CONTINUED)

30.09.2009

| | ← Exposures after Netting and Credit Risk Mitigation → | | | | | | | | | | | | Total Exposure | Total Risk Weighted Assets |
|--|--|---------------------|-------------------------------|---------------------|---|---------------------|-------------------------------|---------------------|-------------------------------|---------------------|-------------------------------|---------------------|----------------|----------------------------|
| | Sovereigns & Central Banks | | Banks, MDBs and FDI's | | Insurance Companies, Securities Firms & Fund Managers | | Corporates | | Regulatory Retail | | Other Assets | | | |
| | Exposures after Netting & CRM | Risk Weighted Asset | Exposures after Netting & CRM | Risk Weighted Asset | Exposures after Netting & CRM | Risk Weighted Asset | Exposures after Netting & CRM | Risk Weighted Asset | Exposures after Netting & CRM | Risk Weighted Asset | Exposures after Netting & CRM | Risk Weighted Asset | | |
| Risk Weights Performing Exposures | | | | | | | | | | | | | | |
| 0% | 10,012 | - | - | - | 300 | - | 9,992 | - | - | - | - | - | 20,304 | - |
| 20% | - | - | 59,256 | 11,851 | - | - | 93,459 | 18,692 | - | - | - | - | 152,715 | 30,543 |
| 50% | - | - | - | - | - | - | 51,810 | 25,905 | - | - | - | - | 51,810 | 25,905 |
| 75% | - | - | - | - | - | - | - | - | 18,907 | 14,181 | - | - | 18,907 | 14,181 |
| 100% | - | - | - | - | - | - | 546,627 | 546,627 | - | - | 11,110 | 11,110 | 557,737 | 557,737 |
| Total | 10,012 | - | 59,256 | 11,851 | 300 | - | 701,888 | 591,224 | 18,907 | 14,181 | 11,110 | 11,110 | 801,473 | 628,366 |
| Defaulted Exposures | | | | | | | | | | | | | | |
| Total | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Performing and Defaulted | 10,012 | - | 59,256 | 11,851 | 300 | - | 701,888 | 591,224 | 18,907 | 14,181 | 11,110 | 11,110 | 801,473 | 628,366 |

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

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ASIAN FINANCE BANK BERHAD

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NOTES TO FINANCIAL STATEMENTS

FOR HALF YEAR ENDED 30 SEPTEMBER 2009

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20. CAPITAL ADEQUACY (CONTINUED)

| | <u>31.12.2008</u> |
|--|---------------------------|
| | RM |
| <u>Tier I Capital</u> | |
| Paid-up ordinary share capital | 355,020,010 |
| Accumulated losses | <u>(24,049,406)</u> |
| | 330,970,604 |
| Less : | |
| Deferred tax assets | <u>(9,756,257)</u> |
| Total Tier I capital | <u>321,214,347</u> |
| <u>Tier II Capital</u> | |
| General allowance for bad and doubtful financing | <u>7,965,782</u> |
| Total Tier II capital | <u>7,965,782</u> |
| Total capital base | <u><u>329,180,129</u></u> |
| <u>Capital ratios</u> | |
| Inclusive of market risk : | |
| Core capital ratio (inclusive of market risk) | 92.13% |
| Risk-weighted capital ratio (inclusive of market risk) | <u>94.41%</u> |

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

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20. CAPITAL ADEQUACY (CONTINUED)

31.12.2008

| Exposure Class | <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 |
|--|----------------------------------|--------------------------------|---------------------------------------|--|---|---------------------------------------|
| <u>Credit Risk</u> | | | | | | |
| <i>On-Balance Sheet Exposures</i> | | | | | | |
| Corporates | 324,049 | 324,049 | 225,058 | - | 225,058 | 18,005 |
| Regulatory Retail | 12,067 | 12,067 | 9,050 | - | 9,050 | 724 |
| Total for On-Balance Sheet Exposures | 336,116 | 336,116 | 234,108 | - | 234,108 | 18,729 |
| <i>Off-Balance Sheet Exposures</i> | | | | | | |
| Off balance sheet exposures other than OTC derivatives or credit derivatives | 178,333 | 63,948 | 52,641 | - | 52,641 | 4,211 |
| Total for Off-Balance Sheet Exposures | 178,333 | 63,948 | 52,641 | - | 52,641 | 4,211 |
| Total On and Off-Balance Sheet Exposures | 514,449 | 400,064 | 286,749 | - | 286,749 | 22,940 |
| <u>Market Risk</u> | | | | | | |
| | Long Position | Short Position | | | | |
| Interest Rate Risk | 1,483,681 | 1,491,639 | 7,958 | 15,726 | - | 1,258 |
| Foreign Currency Risk | 1,094 | (13,166) | (14,260) | 13,163 | - | 1,053 |
| Operational Risk | - | - | - | 33,015 | - | 2,641 |
| Total RWA and Capital Requirements | - | - | - | 348,653 | - | 27,892 |

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

ASIAN FINANCE BANK BERHAD
(Incorporated in Malaysia)

NOTES TO FINANCIAL STATEMENTS

FOR QUARTER ENDED 30 SEPTEMBER 2009

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

20. CAPITAL ADEQUACY (CONTINUED)

31.12.2008

| Risk Weights | Exposures after Netting and Credit Risk Mitigation | | | | | | | | Total Exposure after Netting & CRM | Total Risk Weighted Assets <i>Exposures after Netting & CRM</i> |
|--------------------------------|--|----------------------------|---|----------------------------|-------------------------------|----------------------------|-------------------------------|----------------------------|------------------------------------|--|
| | Banks, MDBs and FDI | | Insurance Companies, Securities Firms & Fund Managers | | Corporates | | Regulatory Retail | | | |
| | 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> | | |
| Performing Exposures | | | | | | | | | | |
| 0% | - | - | 300 | - | 10,314 | - | - | - | 10,614 | - |
| 20% | 1,754 | 351 | - | - | 104,012 | 20,802 | - | - | 105,766 | 21,153 |
| 50% | - | - | - | - | 30,100 | 15,050 | - | - | 30,100 | 15,050 |
| 75% | - | - | - | - | - | - | 12,067 | 9,050 | 12,067 | 9,050 |
| 100% | - | - | - | - | 241,475 | 241,475 | - | - | 241,475 | 241,475 |
| Total | 1,754 | 351 | 300 | - | 385,901 | 277,327 | 12,067 | 9,050 | 400,022 | 286,728 |
| Defaulted Exposures | | | | | | | | | | |
| 50% | - | - | - | - | 42 | 21 | - | - | 42 | 21 |
| Total | - | - | - | - | 42 | 21 | - | - | 42 | 21 |
| Total Performing and Defaulted | 1,754 | 351 | 300 | - | 385,943 | 277,348 | 12,067 | 9,050 | 400,064 | 286,749 |

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

Company No.

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ASIAN FINANCE BANK BERHAD
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NOTES TO FINANCIAL STATEMENTS

FOR HALF YEAR ENDED 30 SEPTEMBER 2009

--PART B – EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134 (“FRS134”) ISSUED BY MALAYSIAN ACCOUNTING STANDARDS BOARD

21. BASIS OF PREPARATION

The unaudited condensed interim financial statements for the period ended 30 September 2009 have been prepared in accordance with FRS 134 : Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”), Guidelines on Financial Reporting for Licensed Islamic Banks (“BNM/GP8-I”) issued by Bank Negara Malaysia (BNM) and comply with the provisions of the Companies Act, 1965 as well as the principles of Shariah.

The interim financial statements should be read in conjunction with the financial statements ended 31 December 2008. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Bank since the year ended 31 December 2008.

22. ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the financial statements ended 31 December 2008.

23. AUDIT REPORT ON PRECEEDING ANNUAL FINANCIAL STATEMENTS

The auditors’ report on the financial statements for the financial year ended 31 December 2008 was not qualified.

24. SEASONAL OR CYCLICAL FACTORS AFFECTING OPERATIONS

The operations of the Bank were not materially affected by any seasonal or cyclical factors during the financial period ended 30 September 2009.

25. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no items of unusual nature, size or incidence affecting the assets, liabilities, equity, net income or cash flows of the Bank during the financial period ended 30 September 2009.

26. CHANGES IN ESTIMATES

There were no changes to the estimates of amounts reported in interim periods in previous financial year that have a material effect in the financial period ended 30 September 2009.

27. DEBT AND EQUITY SECURITIES

There were no issuances, cancellation, repurchases, resale or repayments of debt and equity securities during the financial period ended 30 September 2009.

28. DIVIDENDS PAID

There were no dividends paid during the financial period ended 30 September 2009.

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ASIAN FINANCE BANK BERHAD
(Incorporated in Malaysia)

NOTES TO FINANCIAL STATEMENTS

FOR HALF YEAR ENDED 30 SEPTEMBER 2009

--PART B – EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134 (“FRS134”) ISSUED BY MALAYSIAN ACCOUNTING STANDARDS BOARD

29. SEGMENT INFORMATION

| | 3rd Quarter Ended 30.09.2009 | | Nine Months Ended 30.09.2009 | | Period ended 30.09.2009 |
|--------------------------------------|---------------------------------|--|---------------------------------|--|----------------------------|
| | Operating Revenue RM | Profit/(Loss) Before Tax Expense RM | Operating Revenue RM | Profit/(Loss) Before Tax Expense RM | Total Assets RM |
| Domestic banking | 13,353,049 | 6,628,876 | 28,165,276 | 12,521,489 | 615,035,966 |
| Investment and International banking | 6,570,745 | 4,156,301 | 23,145,996 | 11,255,004 | 746,401,450 |
| Asset Management | 105,768 | (82,902) | 140,918 | (320,619) | - |
| Others* | 46,911 | (6,291,678) | 161,166 | (19,041,678) | 27,741,429 |
| | 20,076,473 | 4,410,597 | 51,613,356 | 4,414,196 | 1,389,178,845 |
| | | | | | |
| | 3rd Quarter Ended 30.09.2008 | | Nine Months Ended 30.09.2008 | | Period ended 30.09.2008 |
| | Operating Revenue RM | Profit/(Loss) Before Tax Expense RM | Operating Revenue RM | Profit/(Loss) Before Tax Expense RM | Total Assets RM |
| Domestic banking | 2,936,346 | (3,893,981) | 8,464,331 | (4,604,388) | 190,843,145 |
| Investment and International banking | 12,240,681 | 5,244,524 | 33,829,536 | 9,667,326 | 1,294,523,134 |
| Asset Management | - | - | - | - | - |
| Others* | 5,547 | (6,402,428) | 7,433 | (15,978,602) | 12,940,259 |
| | 15,182,574 | (5,051,885) | 42,301,300 | (10,915,664) | 1,498,306,538 |

*Others comprise of Business Support and Independent Support Units

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NOTES TO FINANCIAL STATEMENTS

FOR HALF YEAR ENDED 30 SEPTEMBER 2009

--PART B – EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134 (“FRS134”) ISSUED BY MALAYSIAN ACCOUNTING STANDARDS BOARD

30. CREDIT EXPOSURES ARISING FROM CREDIT TRANSACTIONS WITH CONNECTED PARTIES

30 September 2009

| | |
|---|---------------|
| Outstanding credit exposures with connected parties (RM'000) | <u>79,614</u> |
| Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures | <u>11.99%</u> |
| Percentage of outstanding credit exposures with connected parties which is non-performing or in default | <u>0.00%</u> |

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.

31. VALUATION OF PROPERTY & EQUIPMENT

The property & equipment are stated at cost less accumulated depreciation and impairment losses. There were no changes in the valuation of property & equipment brought forward from previous audited financial statements for the financial year ended 31 December 2008.

32. SUBSEQUENT EVENTS

There were no material events subsequent to the end of current interim period that requires disclosure or adjustments to the unaudited condensed interim financial statements.