

AFFIN HOLDINGS BERHAD
(Company no. 23218 - W)
Condensed Interim Financial Statements
Unaudited Balance Sheets As At 31 December 2007

	<-----GROUP----->		<-----COMPANY----->	
	Financial Quarter Ended 31/12/2007 RM'000	Previous Financial Year Ended 31/12/2006 RM'000	Financial Quarter Ended 31/12/2007 RM'000	Previous Financial Year Ended 31/12/2006 RM'000
ASSETS				
Cash and short term funds	8,386,113	7,734,134	238,213	95,016
Deposits and placements with financial institutions	721,548	326,482	230,000	3,484
Securities held for trading	280,326	533,805	-	-
Securities available-for-sale	5,868,465	5,245,310	-	-
Securities held-to-maturity	443,307	1,065,972	-	-
Loans, advances and financing	17,277,639	17,356,971	-	-
Statutory deposits with Bank Negara Malaysia	841,647	820,755	-	-
Investment in subsidiaries	-	-	3,807,617	3,523,400
Amount due from subsidiaries	-	-	-	45,731
Investment in jointly-controlled entity	97,330	107,913	111,180	111,180
Investment in associate	109,976	98,342	10,597	10,597
Trade debtors	855,363	401,651	-	-
Other assets	470,044	223,319	1,201	846
Tax recoverable	72,834	104,196	35,350	38,003
Deferred tax assets	32,871	87,430	-	161
Property, plant and equipment	226,159	228,750	1,245	1,257
Land held for sale	92,835	100,814	-	-
Intangible assets	1,036,929	1,048,148	-	-
TOTAL ASSETS	36,813,386	35,483,992	4,435,403	3,829,675
LIABILITIES AND EQUITY				
Deposits from customers	25,558,739	25,688,093	-	-
Deposits and placements of banks and other financial institutions	4,079,074	1,351,527	-	-
Obligation on securities sold under repurchase agreements	-	1,760,313	-	-
Bills and acceptances payable	126,697	281,177	-	-
Trade creditors	844,160	369,678	-	-
Recourse obligation on loans sold to Cagamas Berhad	361,510	637,758	-	-
Other liabilities	676,595	727,693	9,176	14,023
Provision for taxation	25,317	5,457	-	-
Amount due to subsidiaries	-	-	798,715	714,078
Deferred tax liabilities	4,316	22,809	219	-
Borrowings	900,000	1,162,644	400,000	653,530
TOTAL LIABILITIES	32,576,408	32,007,149	1,208,110	1,381,631

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	Financial Quarter Ended 31/12/2007 RM'000	Previous Financial Year Ended 31/12/2006 RM'000	Financial Quarter Ended 31/12/2007 RM'000	Previous Financial Year Ended 31/12/2006 RM'000
EQUITY				
Share capital	1,486,981	1,252,913	1,486,981	1,252,913
Reserves:-				
Share premium	1,397,183	1,077,424	1,397,183	1,077,424
Statutory reserve	534,212	410,230	-	-
Retained profits	801,401	723,233	343,129	117,707
Investment fluctuation reserve	17,201	13,043	-	-
TOTAL EQUITY	4,236,978	3,476,843	3,227,293	2,448,044
TOTAL LIABILITIES AND EQUITY	36,813,386	35,483,992	4,435,403	3,829,675
COMMITMENTS AND CONTINGENCIES	19,416,143	17,846,701	-	-
CAPITAL ADEQUACY				
<u>Before deducting proposed dividends:</u>				
Core capital ratio	11.26%	11.07%		
Risk-weighted capital ratio	14.17%	14.16%		
<u>After deducting proposed dividends:</u>				
Core capital ratio	11.10%	11.07%		
Risk-weighted capital ratio	14.01%	14.16%		
NET ASSETS PER SHARE (RM)	2.85	2.78		

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2006.

AFFIN HOLDINGS BERHAD

(Company no. 23218 - W)

Condensed Interim Financial Statements

Unaudited Income Statements For The Financial Year Ended 31 December 2007

<u>Group</u>	<-----Individual Quarter----->		<-----Cumulative Quarter----->	
	Current Year Quarter ended 31/12/2007 RM'000	Preceding Year Corresponding Quarter ended 31/12/2006 RM'000	Current year- to-date ended 31/12/2007 RM'000	Preceding Year- to-date ended 31/12/2006 RM'000
Revenue	537,541	516,498	2,184,873	1,988,029
Interest income	401,946	394,343	1,631,078	1,530,054
Interest expense	(216,827)	(236,481)	(953,322)	(886,402)
Net interest income	185,119	157,862	677,756	643,652
Income from Islamic operations	34,252	33,177	129,226	104,646
Other operating income	82,732	110,623	333,817	339,511
Operating income	302,103	301,662	1,140,799	1,087,809
Other operating expenses	(156,618)	(125,789)	(588,411)	(512,058)
Operating profit before loan and financing loss and provision	145,485	175,873	552,388	575,751
Allowance for losses on loans and financing	(52,091)	(35,549)	(137,881)	(149,355)
Impairment losses	(9,763)	(18,099)	(39,489)	(91,516)
Transfer from profit equalisation reserve	-	-	501	5,206
Operating profit	83,631	122,225	375,519	340,086
Finance cost	(6,273)	(8,933)	(29,439)	(39,669)
Share of results of jointly controlled entity	(10,161)	(3,437)	(10,583)	(3,267)
Share of results of associate	3,398	9,349	17,474	17,261
Profit before taxation and zakat	70,595	119,204	352,971	314,411
Taxation	(13,715)	(21,441)	(98,848)	(83,661)
Zakat	(85)	(1,499)	(2,350)	(3,832)
Net profit for the financial period	56,795	96,264	251,773	226,918
Earnings per share (sen)	3.93	7.75	19.11	18.48
Fully diluted earnings per share (sen)	3.90	7.67	18.99	18.29

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2006.

AFFIN HOLDINGS BERHAD
(Company no. 23218 - W)
Condensed Interim Financial Statements
Unaudited Income Statements For The Financial Year Ended 31 December 2007

<u>Company</u>	<-----Individual Quarter----->		<-----Cumulative Quarter----->	
	Current Year Quarter ended 31/12/2007 RM'000	Preceding Year Corresponding Quarter ended 31/12/2006 RM'000	Current year ended 31/12/2007 RM'000	Preceding Year ended 31/12/2006 RM'000
Revenue	409,885	11,612	421,587	69,274
Interest income	3,625	1,047	7,023	4,498
Interest expense	-	-	-	-
Net interest income	3,625	1,047	7,023	4,498
Income from Islamic operations	-	-	-	-
Other operating income	406,260	10,553	414,576	64,768
Operating income	409,885	11,600	421,599	69,266
Other operating expenses	(1,596)	(1,570)	(6,858)	(7,564)
Impairment loss on investment in subsidiary	-	-	(5,784)	-
Operating profit before loan and financing loss and provision	408,289	10,030	408,957	61,702
Allowance for losses on loans and financing	-	-	-	-
Transfer from profit equalisation reserve	-	-	-	-
Operating profit	408,289	10,030	408,957	61,702
Finance cost	(6,273)	(8,943)	(29,439)	(38,984)
Profit before taxation and zakat	402,016	1,087	379,518	22,718
Taxation	(104,473)	(368)	(104,473)	(6,775)
Zakat	-	-	-	-
Net profit for the financial period	297,543	719	275,045	15,943

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2006.

AFFIN HOLDINGS BERHAD

(Company no. 23218 - W)

**Unaudited Condensed Consolidated Statement Of Changes In Equity
For The Financial Year Ended 31 December 2007**

GROUP	Issued and fully paid ordinary shares of RM1 each		Non-distributable				Distributable	TOTAL EQUITY RM'000
	Number of shares '000	Nominal value RM'000	Share premium RM'000	Statutory reserves RM'000	Investment fluctuation reserve RM'000	Other reserve RM'000	Retained profits RM'000	
At 1 January 2007	1,252,913	1,252,913	1,077,424	410,230	13,043	-	723,233	3,476,843
Net change in fair value of securities available-for-sale	-	-	-	-	4,310	-	-	4,310
Deferred taxation on revaluation of securities available-for-sale	-	-	-	-	(152)	-	-	(152)
Income and expense recognised directly in equity	-	-	-	-	4,158	-	-	4,158
Net profit for the financial year	-	-	-	-	-	-	251,773	251,773
Total recognised income and expense for the financial year	-	-	-	-	4,158	-	251,773	255,931
Issue of share capital:								
- pursuant to the exercise of Employees Shares Options Scheme	40,865	40,865	15,614	-	-	-	-	56,479
- pursuant to the exercise of Warrants 1997/2007	1	1	3	-	-	-	-	4
- pursuant to placement of new ordinary shares to The Bank of East Asia, Limited ("BEA")	193,202	193,202	305,259	-	-	-	-	498,461
Share issue expenses on placement of shares to BEA	-	-	(1,117)	-	-	-	-	(1,117)
Transfer to statutory reserves	-	-	-	123,982	-	-	(123,982)	-
Dividends paid	-	-	-	-	-	-	(49,623)	(49,623)
At 31 December 2007	1,486,981	1,486,981	1,397,183	534,212	17,201	-	801,401	4,236,978
At 1 January 2006	1,211,388	1,211,388	1,063,541	364,669	(11,490)	944	577,380	3,206,432
Net change in fair value of securities available-for-sale	-	-	-	-	31,704	-	-	31,704
Deferred taxation on revaluation of securities securities available-for-sale	-	-	-	-	(7,171)	-	-	(7,171)
Income and expense recognised directly in equity	-	-	-	-	24,533	-	-	24,533
Net profit for the financial year	-	-	-	-	-	-	226,918	226,918
Total recognised income and expense for the financial year	-	-	-	-	24,533	-	226,918	251,451
Issue of share capital arising from:								
- pursuant to the exercise of Employees Shares Options Scheme	41,525	41,525	13,883	-	-	-	-	55,408
Transfer to statutory reserve	-	-	-	125,869	-	-	(125,869)	-
Transfer of statutory reserve to retained profits upon cessation of discount house operations of a subsidiary	-	-	-	(80,308)	-	-	80,308	-
Reversal/realisation of asset revaluation reserve	-	-	-	-	-	(944)	-	(944)
Dividends paid	-	-	-	-	-	-	(35,504)	(35,504)
At 31 December 2006	1,252,913	1,252,913	1,077,424	410,230	13,043	-	723,233	3,476,843

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2006.

AFFIN HOLDINGS BERHAD
(Company no. 23218 - W)
Unaudited Condensed Statement Of Changes In Equity
For The Financial Year Ended 31 December 2007

<u>Company</u>	Issued and fully paid ordinary shares of RM1 each		Non-distributable	Distributable	Total Equity RM'000
	Number of shares '000	Nominal value RM'000	Share premium RM'000	Retained profits RM'000	
At 1 January 2007	1,252,913	1,252,913	1,077,424	117,707	2,448,044
Total recognised income and expense for the financial year - Net profit for the financial year	-	-	-	275,045	275,045
Issue of share capital pursuant to:-					
- Exercise of Employees Share Options Scheme	40,865	40,865	15,614	-	56,479
- Exercise of Warrants 1997/2007	1	1	3	-	4
- Placement of new ordinary shares to The Bank of East Asia, Limited ("BEA")	193,202	193,202	305,259	-	498,461
Share issue expenses on placement of shares to BEA	-	-	(1,117)	-	(1,117)
Dividends paid	-	-	-	(49,623)	(49,623)
At 31 December 2007	1,486,981	1,486,981	1,397,183	343,129	3,227,293
At 1 January 2006	1,211,388	1,211,388	1,063,541	137,268	2,412,197
Total recognised income and expense for the financial year - Net profit for the financial year	-	-	-	15,943	15,943
Issue of share capital pursuant to the exercise of Employees Share Options Scheme	41,525	41,525	13,883	-	55,408
Dividends paid	-	-	-	(35,504)	(35,504)
At 31 December 2006	1,252,913	1,252,913	1,077,424	117,707	2,448,044

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2006.

AFFIN HOLDINGS BERHAD
(Company no. 23218 - W)
Unaudited Condensed Consolidated Cash Flow Statement
For The Financial Year Ended 31 December 2007

	Group	
	As at 31/12/2007 RM'000	As at 31/12/2006 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and zakat	352,971	314,411
Adjustment for items not involving the movement of cash and cash equivalents:-	<u>193,164</u>	<u>62,801</u>
Operating profit before changes in working capital	546,135	377,212
(Increase)/decrease in operating assets	(1,442,145)	(267,796)
Increase/(decrease) in operating liabilities	813,130	4,056,188
Tax and zakat paid	(54,200)	(18,708)
Tax refund	36,696	53,965
Net cash generated from operating activities	<u>(100,384)</u>	<u>4,200,861</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from securities	173,650	175,005
Net disposal/(purchase) of:		
- securities	338,448	184,158
- property, plant and equipment	(25,812)	(22,126)
- intangible assets	(2,314)	(15,310)
Dividend received from:		
- associate	5,840	2,880
- securities	4,089	2,574
Proceeds from disposal of prepaid lease payments	228	703
Expenses on acquisition of additional interests in a subsidiary	-	(510)
Capital injection into a jointly controlled entity	-	(111,180)
Net cash used in investing activities	<u>494,129</u>	<u>216,194</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in borrowings	(262,644)	(60,817)
Proceeds from issuance of shares	56,483	55,408
Proceeds from placement of new shares	498,461	-
Dividends paid to shareholders of the Company	(49,623)	(35,504)
Net cash used in financing activities	<u>242,677</u>	<u>(40,913)</u>
Net increase in cash and cash equivalents	636,422	4,376,142
Cash and cash equivalents at beginning of the period	7,702,346	3,326,204
Cash and cash equivalents at end of the period	<u>8,338,768</u>	<u>7,702,346</u>
<u>Analysis of cash & cash equivalent</u>		
Cash and short term funds	8,386,113	7,734,134
Adjustment for money held in trust on behalf of clients and remisers	(47,345)	(31,788)
	<u>8,338,768</u>	<u>7,702,346</u>

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2006.

Part A - Explanatory Notes pursuant to Financial Reporting Standard ('FRS 134') and Revised Guidelines on Financial Reporting for Licensed Institutions ('BNM/GP8') issued by Bank Negara Malaysia

A1. BASIS OF PREPARATION

The unaudited condensed interim financial statements for the quarter ended 31 December 2007 have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values:

- (i) securities held-for-trading,
- (ii) securities available-for-sale,
- (iii) derivative financial instruments, and
- (iv) investment properties.

The unaudited condensed financial statements has been prepared in accordance with FRS134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board ('MASB') and Chapter 9, part K of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Company for the year ended 31 December 2006. The explanatory notes to this interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the Group since the year ended 31 December 2006.

A2. ACCOUNTING POLICIES AND METHODS OF COMPUTATIONS

The significant accounting policies and methods of computations applied for the condensed interim financial statements are consistent with those applied in the annual financial statements for the year ended 31 December 2006, except for the adoption of the revised FRS 117 Leases issued by the MASB that is effective for the Group's annual reporting date, 31 December 2007. The principal effect of the change in accounting policy resulting from the adoption of the revised FRS 117 is disclosed in Note A26.

A3. AUDITOR'S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the audited financial statements for the financial year ended 31 December 2006 was not subjected to any qualification.

A4. SEASONAL OR CYCLICAL FACTORS

The operations of the Group are generally not affected by any seasonal or cyclical factors but are in tandem with the country's economic situation.

A5. ITEMS OF UNUSUAL NATURE, SIZE AND INCIDENCE AFFECTING NET ASSETS, EQUITY, NET INCOME OR CASH FLOWS

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Company during the current financial quarter ended 31 December 2007.

A6. CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the current financial quarter ended 31 December 2007.

A7. DEBT AND EQUITY SECURITIES

Save as disclosed below, there were no issuance, cancellations, share buy-backs, resale of shares bought back and repayment of debts and equity securities by the Company.

Issuance of shares

During the financial year, the Company's issued and paid-up capital was increased from RM1,252,912,615 to RM1,486,980,767 by way of issuance of 234,068,152 new ordinary shares of RM1.00 each pursuant to the following:

	Number of new ordinary shares of RM1.00 each issued	Issue price per share
Exercise of ESOS	2,782,000	RM 1.00
Exercise of ESOS	38,083,400	RM 1.41
Exercise of Warrant 1997/2007	1,126	RM 3.74
Placement of new ordinary shares to The Bank of East Asia, Limited	193,201,626	RM 2.58

A8. DIVIDEND

During the financial year, the following dividends were paid by the Company:-

- (i) A final dividend of 3 sen per share less 27% tax for the financial year ended 31 December 2006 which was approved by the shareholders in the Annual General Meeting held on 13 April 2007, amounting to RM27,925,307 was paid on 8 June 2007.
- (ii) An interim dividend of 2 sen per share less 27% tax for the financial year ended 31 December 2007 amounting to RM21,698,139 was paid on 28 December 2007.

A9. SECURITIES HELD

	Group	
	As at 31/12/2007 RM'000	As at 31/12/2006 RM'000
(a) <u>Securities held-for-trading</u>		
At fair value		
Malaysian Government Securities	89,188	-
Quoted Securities		
- Shares	1,721	-
- Warrants	383	341
Unquoted Securities		
- Private Debt Securities	189,034	533,464
Total securities held for trading	280,326	533,805

A9. SECURITIES HELD (cont.)

	Group	
	As at 31/12/2007 RM'000	As at 31/12/2006 RM'000
(b) <u>Securities available-for-sale</u>		
At fair value		
Malaysian Government Securities	216,750	839,030
Malaysian Government Treasury Bills	284,194	102,957
Malaysian Government Investment Issuance ('GII')	161,071	260,196
Cagamas Bonds	454,211	516,326
Khazanah Bonds	230,535	698,036
Bankers' Acceptance and Islamic Accepted Bills	495,009	540,334
Bank Negara Malaysia Notes	1,070,385	123,713
Negotiable Instruments of Deposit	1,139,190	664,985
Negotiable Islamic Debt Certificate	-	148,000
	4,051,345	3,893,577
Quoted Securities		
- Shares	185,315	239,093
- Private Debt Securities	3,474	29,820
Unquoted Securities		
- Private Debt Securities	1,769,044	1,210,186
- Irredeemable Convertible Unsecured Loan Stock	4,031	-
	6,013,209	5,372,676
Allowance for impairment of securities	(144,744)	(127,366)
Total securities available-for-sale	5,868,465	5,245,310
(c) <u>Securities held-to-maturity</u>		
At amortised cost		
Malaysian Government Securities	-	331,968
Cagamas Bonds	-	60,089
Khazanah Bonds	-	8,274
	-	400,331
Quoted Securities		
- Private Debt Securities	38,123	54,675
- Irredeemable Convertible Unsecured Loan Stock ('ICULS')	-	15,000
Unquoted Securities		
- Private Debt Securities	476,446	668,540
	514,569	1,138,546
At cost		
Unquoted Securities		
- Shares	56,384	64,615
- Private Debt Securities	16	16
	570,969	1,203,177
Allowance for impairment of securities	(127,662)	(137,205)
Total securities held-to-maturity	443,307	1,065,972
Total securities held	6,592,098	6,845,087

A10. LOANS, ADVANCES AND FINANCING

(a) <u>BY TYPE</u>	Group	
	As at 31/12/2007 RM'000	As at 31/12/2006 RM'000
Overdrafts	1,880,246	1,900,549
Term loans/financing		
Housing loans/financing	4,063,704	3,818,732
Syndicated term loan/financing	766,835	535,728
Hire purchase receivables	6,982,975	6,686,710
Other term loans/financing	4,728,047	4,273,817
Bills receivable	95,596	97,752
Trust receipts	452,453	473,237
Claims on customers under acceptance credits	731,869	719,865
Staff loans/financing (of which RM NIL to Directors)	161,437	170,229
Credit/charge cards	115,291	95,084
Revolving credit	1,460,173	1,665,137
Other loans/financing	17,102	17,444
	<hr/>	<hr/>
	21,455,728	20,454,284
Less: Unearned interest and income	(2,596,133)	(1,863,854)
Gross loans, advances and financing	18,859,595	18,590,430
Less: Allowance for bad and doubtful debts and financing		
- General	(274,585)	(267,970)
- Specific	(1,307,371)	(965,489)
Total net loans, advances and financing	17,277,639	17,356,971
	<hr/>	<hr/>
	18,859,595	18,590,430

(b) <u>BY TYPE OF CUSTOMER</u>		
Domestic non-banking institutions		
- Stockbroking companies	410	25,415
- Others	157,121	478,823
Domestic business enterprises		
- Small medium enterprises	5,354,466	4,666,017
- Others	3,867,732	3,922,470
Government and statutory bodies	53,499	124,886
Individuals	9,136,558	8,863,393
Other domestic entities	100,738	201,185
Foreign entities	189,071	308,241
	<hr/>	<hr/>
	18,859,595	18,590,430

A10. LOANS, ADVANCES AND FINANCING (cont.)

	Group	
	As at 31/12/2007 RM'000	As at 31/12/2006 RM'000
(c) <u>BY INTEREST / PROFIT RATE SENSITIVITY</u>		
Fixed rate		
Housing loans/financing	478,049	486,555
Hire purchase receivables	5,911,029	5,650,066
Other fixed rate loan/financing	2,278,659	4,301,780
Variable rate		
BLR plus	9,024,593	6,469,537
Cost-plus	1,140,888	1,635,145
Other variable rates	26,377	47,347
	18,859,595	18,590,430
(d) <u>BY ECONOMIC PURPOSE</u>		
Construction	580,620	151,345
Purchase of landed property		
(of which: - Residential	3,262,510	3,106,837
- Non-residential)	962,186	554,966
Purchase of securities	540,788	479,833
Purchase of transport vehicles	5,948,323	5,366,188
Fixed assets other than land and building	188,402	63,411
Personal uses	648,834	565,748
Credit card	115,292	95,084
Consumer durable	4,461	6,317
Working capital	3,641,865	1,440,613
Others	2,966,314	6,760,088
	18,859,595	18,590,430
(e) <u>NON-PERFORMING LOANS/FINANCING</u>		
(i) <u>Movements in non-performing loans, advances and financing</u>		
Balance at the beginning of financial year	3,089,706	3,290,501
Classified as non-performing during the financial year	811,185	947,097
Reclassified as performing during the financial year	(633,024)	(463,928)
Loans/financing converted to securities	(25,723)	-
Amount recovered	(503,257)	(506,821)
Amount written-off	(47,497)	(177,143)
Reclassification arising from the merger between AFFIN Securities Sdn Bhd and AFFIN Investment Bank Berhad	147	-
Balance at the end of financial year	2,691,537	3,089,706
less: Specific allowance	(1,307,371)	(965,489)
Net non-performing loans, advances and financing	1,384,166	2,124,217
Net NPL as a % of gross loans, advances and financing less specific allowance	7.89%	12.05%

A10. LOANS, ADVANCES AND FINANCING (cont.)

	Group	
	As at 31/12/2007	As at 31/12/2006
	RM'000	RM'000
(e) NON-PERFORMING LOANS/FINANCING (cont.)		
(ii) <u>Non-performing loans, advances and financing by economic purpose</u>		
Construction	43,633	73,793
Purchase of landed property:		
- Residential	546,544	625,936
- Non-residential	138,123	155,761
Purchase of securities	125,541	131,557
Purchase of transport vehicles	269,636	259,165
Fixed assets other than land and building	21,726	-
Personal uses	42,911	53,569
Credit card	3,236	3,144
Consumer durable	768	1,233
Working capital	372,631	235,122
Others	1,126,788	1,550,426
	2,691,537	3,089,706
(iii) <u>Aging of net non-performing loans, advances and financing</u>		
Less than 5 years	1,069,341	1,609,495
5 years and above	314,825	514,722
	1,384,166	2,124,217
(iv) <u>Movement in allowance for bad and doubtful debts</u>		
General allowance		
Balance at the beginning of financial year	267,970	327,039
Allowance made during the financial year	6,586	-
Amount written back during the financial year	-	(59,069)
Reclassification arising from the merger between AFFIN Securities Sdn Bhd and AFFIN Investment Bank Berhad	29	-
Balance at the end of financial year	274,585	267,970
As % of gross loans, advances and financing less specific allowance	1.56%	1.52%
Specific allowance		
Balance at the beginning of financial year	965,489	828,846
Allowance made during the financial year	529,604	388,729
Amount transferred to allowance for impairment loss on securities held-to-maturity/available-for-sales	(10,012)	-
Amount written-off	(46,279)	(176,055)
Amount written back during the financial year	(131,553)	(76,031)
Reclassification arising from the merger between AFFIN Securities Sdn Bhd and AFFIN Investment Bank Berhad	122	-
Balance at the end of financial year	1,307,371	965,489

A11. OTHER ASSETS

	Group	
	As at 31/12/2007 RM'000	As at 31/12/2006 RM'000
Clearing accounts	213,757	-
Money order and postal order purchased	1,915	3,212
Income / interest receivable	66,608	34,292
Premium receivable	1,431	2,024
Foreclosed properties	74,347	85,068
Derivative assets	44,148	22,314
Other debtors, deposits and prepayments	50,148	58,220
Prepaid lease payments	17,690	18,189
	470,044	223,319
	470,044	223,319

A12. OTHER LIABILITIES

	Group	
	As at 31/12/2007 RM'000	As at 31/12/2006 RM'000
Bank Negara Malaysia and Credit Guarantee Corporation Funding Programmes	124,254	167,342
Liabilities directly associated with land held for sale	30,440	33,081
Interest payable	177,834	170,171
Margin and collateral deposits	38,723	24,314
Trust accounts for clients and remisiers	47,345	31,788
Clearing accounts	-	57,473
Defined contribution plan	8,480	7,429
Accrued employee benefits	1,577	1,802
Derivative liabilities	25,899	27,119
Other creditors and accruals	215,813	204,980
Profit equalisation reserve	-	501
Provision for zakat	6,230	1,693
	676,595	727,693
	676,595	727,693

A13. INTEREST INCOME

	<-----Group----->			
	Current Financial Quarter ended 31/12/2007 RM'000	Preceding Year Financial Quarter ended 31/12/2006 RM'000	Current Year- to-date 31/12/2007 RM'000	Preceding Year-to-date 31/12/2006 RM'000
Loans and advances				
- Interest income other than recoveries from NPL	246,421	238,336	972,797	960,691
- Recoveries from NPL	26,325	35,795	115,265	99,622
Money at call and deposit placement with financial institutions	54,273	51,091	250,732	177,074
Securities				
- Held-for-trading	5,565	6,474	24,847	30,688
- Available-for-sale	37,017	32,223	129,867	125,017
- Held-to-maturity	4,505	10,760	36,225	44,422
Interest rate derivatives	13,176	7,328	55,016	37,869
Others	20	18	193	30
	<u>387,302</u>	<u>382,025</u>	<u>1,584,942</u>	<u>1,475,413</u>
Accretion of discount less amortisation of premium	14,644	12,318	46,136	54,641
	<u><u>401,946</u></u>	<u><u>394,343</u></u>	<u><u>1,631,078</u></u>	<u><u>1,530,054</u></u>

A14. INTEREST EXPENSE

Deposits and placements of banks and other financial institutions	19,692	7,893	73,461	42,532
Deposits from customers	169,944	189,131	726,891	682,923
Subordinated term loan	7,877	8,570	31,280	34,000
Loans sold to Cagamas	3,995	7,599	20,352	39,976
Interest rate derivatives	13,976	6,278	67,255	35,751
Others	1,343	17,010	34,083	51,220
	<u>216,827</u>	<u>236,481</u>	<u>953,322</u>	<u>886,402</u>

A15. OTHER OPERATING INCOME

	<-----Group----->			
	Current	Preceding		
	Financial	Year		
	Quarter	Financial	Current Year-	Preceding
	ended	Quarter	to-date	Year-to-date
	31/12/2007	ended	31/12/2007	31/12/2006
	RM'000	31/12/2006	RM'000	RM'000
		RM'000		
<u>Fees income:</u>				
Fees on loans, advances and financing	-	263	562	1,609
Brokerage (net)	14,742	16,952	80,563	49,526
Portfolio management fees	1,940	1,047	5,777	2,066
Corporate advisory fees	1,118	6,433	6,434	11,132
Commission	4,574	5,871	20,287	19,769
Service charges and fees	13,381	17,951	53,547	56,459
Guarantee fees	5,393	2,883	21,081	20,769
Other fee income	1,394	3,112	8,266	6,953
	42,542	54,512	196,517	168,283
<u>Investment income:</u>				
Gains/(losses) arising from sales of securities:				
- Held-for-trading	1,818	2,648	7,129	4,418
- Available-for-sale	3,647	1,080	31,509	9,090
- Held-to-maturity	2,843	87	6,726	9,427
Unrealised gains on revaluation of securities held-for-trading	4,557	5,379	9,823	48,449
Gains/(losses) on revaluation of derivatives:				
- realised	(135)	401	1,493	556
- unrealised	(2,153)	(5,586)	(1,294)	(6,147)
	10,577	4,009	55,386	65,793
<u>Dividend income:</u>				
- Securities held-for-trading	47	11	66	12
- Securities available-for-sale	(21)	63	581	377
- Securities held-to-maturity	483	647	3,508	2,197
	509	721	4,155	2,586
<u>Other income:</u>				
Foreign exchange gains/(losses):				
- realised	(24,036)	22,603	(8,176)	23,192
- unrealised	37,784	(7,960)	59,218	22,571
Gain on disposal of property, plant and equipment	191	675	2,684	3,668
Proceeds on surrendering the discount house licence	8,750	35,000	8,750	35,000
Other non-operating income	6,415	1,063	15,283	18,418
	29,104	51,381	77,759	102,849
Total Other Operating Income	82,732	110,623	333,817	339,511

A16. OTHER OPERATING EXPENSES

	<-----Group----->			
	Current Financial Quarter ended 31/12/2007 RM'000	Preceding Year Financial Quarter ended 31/12/2006 RM'000	Current Year- to-date 31/12/2007 RM'000	Preceding Year-to-date 31/12/2006 RM'000
<u>Personnel costs</u>				
Wages, salaries and bonus	69,377	59,922	242,418	221,421
Defined contribution plan	10,599	8,746	35,155	32,950
Termination benefits	(8,991)	(1,400)	9	7,600
Other personnel costs	9,773	5,704	31,971	28,722
	80,758	72,972	309,553	290,693
<u>Promotion and marketing-related expenses</u>				
Business promotion and advertisement	711	1,131	3,006	2,782
Entertainment	635	446	2,998	2,213
Travelling and accomodation	757	707	3,480	3,352
Dealers' handling fees	7,114	6,526	27,987	26,495
Others	930	1,424	2,304	5,127
	10,147	10,234	39,775	39,969
<u>Establishment-related expenses</u>				
Rental of premises	6,044	6,014	24,120	24,530
Equipment rental	(182)	1,458	1,499	4,028
Repair and maintenance	5,767	1,040	21,679	20,722
Depreciation	5,852	6,701	26,493	28,092
Amortisation	4,289	4,353	16,476	14,796
Lease rental - leasehold properties	54	50	271	273
Others	14,304	6,575	55,234	30,499
	36,128	26,191	145,772	122,940
<u>General administrative expenses</u>				
Telecommunication expenses	1,651	870	7,066	7,686
Director's Remuneration	6,525	5,910	8,609	8,157
Auditors' remuneration:				
(i) Statutory audit				
- current year	261	332	1,193	1,050
- (over)/underprovision in previous years	(1)	3	(12)	88
(ii) Others	146	177	318	343
Professional fees	4,579	2,384	13,776	8,231
Property, plant & equipment written off	433	585	1,215	2,329
Intangible asset written off	473	171	473	171
Foreclosed properties - dimunition in value	11,446	21	11,836	21
Others	4,072	5,939	48,837	30,380
	29,585	16,392	93,311	58,456
Total other operating expenses	156,618	125,789	588,411	512,058

A17. ALLOWANCE FOR LOSSES ON LOANS AND FINANCING

	<-----Group----->			
	Current Financial Quarter ended 31/12/2007 RM'000	Preceding Year Financial Quarter ended 31/12/2006 RM'000	Current Year- to-date 31/12/2007 RM'000	Preceding Year-to-date 31/12/2006 RM'000
<u>Allowance for bad and doubtful debts on loans and financing:-</u>				
Specific allowance				
- Made during the financial year	116,382	125,726	529,604	388,729
- Written back	(50,821)	(26,695)	(131,891)	(76,031)
General allowance (net)	3,130	(14,240)	6,586	(59,069)
<u>Bad debts:-</u>				
- recovered	(17,697)	(48,305)	(269,490)	(110,855)
- written off	1,239	817	4,136	4,557
<u>Losses arising from non-performing loans sold to Danaharta:-</u>				
- written back on final settlement	-	(758)	(39)	(1,398)
<u>Addition / (Writeback) of allowance for bad and doubtful debts:</u>				
- trade debtors	(87)	(133)	(364)	(424)
- other debtors	(55)	(863)	(661)	3,846
	52,091	35,549	137,881	149,355

A18. IMPAIRMENT LOSSES

<u>Addition / (Writeback) of allowance for impairment loss (Net):</u>				
- Property, plant and equipment	-	(32)	(38)	(32)
- Securities available-for-sale	(5,654)	3,684	27,682	26,805
- Securities held-to-maturity	15,417	14,447	11,845	64,743
	9,763	18,099	39,489	91,516

A19. SEGMENTAL INFORMATION ON REVENUE AND PROFIT

The segment analysis by activity for the individual and cumulative quarters ended 31 December 2007 and 31 December 2006 are as follows:-

-----Current year's individual quarter ended 31 December 2007-----							
RM '000	Commercial Banking and Hire Purchase	Investment Banking	Stockbroking	Insurance	Others	Eliminations	Group
Segment revenue	476,665	43,739	14,193	-	2,944	-	537,541
Intersegment revenue	(83)	3,027	(288)	-	144	(2,800)	-
Revenue	<u>476,582</u>	<u>46,766</u>	<u>13,905</u>	<u>-</u>	<u>3,088</u>	<u>(2,800)</u>	<u>537,541</u>
Segment results	62,670	8,925	969	-	9,054	3,153	84,771
Unallocated expenses	-	-	-	-	-	-	(7,413)
Share of results of:							
- jointly controlled entity	-	-	-	(10,161)	-	-	(10,161)
- associate	-	-	-	3,398	-	-	3,398
Profit before taxation and zakat							<u>70,595</u>
Taxation and zakat							<u>(13,800)</u>
Net profit for the quarter							<u>56,795</u>

A19. SEGMENTAL INFORMATION ON REVENUE AND PROFIT

<-----Preceding year's individual quarter ended 31 December 2006----->

RM '000	Commercial Banking and Hire Purchase	Investment Banking	Stockbroking	Insurance	Others	Eliminations	Group
Segment revenue	428,636	70,315	14,764	-	2,783	-	516,498
Intersegment revenue	214	11	638	-	(2,073)	1,210	-
Revenue	<u>428,850</u>	<u>70,326</u>	<u>15,402</u>	-	<u>710</u>	<u>1,210</u>	<u>516,498</u>
Segment results	67,926	52,196	2,180	-	484	3,370	126,156
Unallocated expenses	-	-	-	-	-	-	(12,864)
Share of results of:							
- jointly controlled entity	-	-	-	(3,437)	-	-	(3,437)
- associate	-	-	-	9,349	-	-	9,349
Profit before taxation and zakat							<u>119,204</u>
Taxation and zakat							<u>(22,940)</u>
Net profit for the quarter							<u>96,264</u>

A19. SEGMENTAL INFORMATION ON REVENUE AND PROFIT

	<-----Current year's cumulative quarter ended 31 December 2007----->						
RM '000	Commercial Banking and Hire Purchase	Investment Banking	Stockbroking	Insurance	Others	Eliminations	Group
Segment revenue	1,892,937	203,961	75,627	-	12,348	-	2,184,873
Intersegment revenue	198	4,650	312	-	1,152	(6,312)	-
Revenue	<u>1,893,135</u>	<u>208,611</u>	<u>75,939</u>	-	<u>13,500</u>	<u>(6,312)</u>	<u>2,184,873</u>
Segment results	322,003	37,199	24,775	-	10,362	(12,931)	381,408
Unallocated expenses							(35,328)
Share of results of:							
- jointly controlled entity	-	-	-	(10,583)	-	-	(10,583)
- associate	-	-	-	17,474	-	-	17,474
Profit before taxation and zakat							<u>352,971</u>
Taxation and zakat							<u>(101,198)</u>
Net profit for the cumulative quarter							<u>251,773</u>

A19. SEGMENTAL INFORMATION ON REVENUE AND PROFIT

	<-----Preceding year's cumulative quarter ended 31 December 2006----->						
RM '000	Commercial Banking and Hire Purchase	Investment Banking	Stockbroking	Insurance	Others	Eliminations	Group
Segment revenue	1,647,334	287,725	41,965	-	11,005	-	1,988,029
Intersegment revenue	2,828	1,018	681	-	1,089	(5,616)	-
Revenue	<u>1,650,162</u>	<u>288,743</u>	<u>42,646</u>	<u>-</u>	<u>12,094</u>	<u>(5,616)</u>	<u>1,988,029</u>
Segment results	272,314	63,933	6,141	-	2,012	1,553	345,953
Unallocated expenses	-	-	-	-	-	-	(45,536)
Share of results of:							
- jointly controlled entity	-	-	-	(3,267)	-	-	(3,267)
- associate	-	-	-	17,261	-	-	17,261
Profit before taxation and zakat							<u>314,411</u>
Taxation and zakat							<u>(87,493)</u>
Net profit for the cumulative quarter							<u><u>226,918</u></u>

A20. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

The Group's and the Company's property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

There were no changes in the valuation of property, plant and equipment that were brought forward from the previous audited financial statements for the year ended 31 December 2006.

A21. SUBSEQUENT MATERIAL EVENT

There were no material events subsequent to the balance sheet date that require disclosure or adjustments to the unaudited condensed interim financial statements.

A22. CHANGES IN THE COMPOSITION OF THE GROUP

Establishment of AFFIN Investment Banking Group

On 14 December 2006, AFFIN Investment Bank Berhad ("AIBB") entered into a Business Transfer Agreement with AFFIN Securities Sdn Bhd ("ASSB") to acquire certain assets and liabilities of ASSB for a cash purchase consideration of RM103.53 million. On 22 December 2006, the Kuala Lumpur High Court of Malaya had given the Order under Section 124(B) of the Securities Commission Act, 1993 confirming the scheme of transfer involving the sale and transfer of the stockbroking business ("Stockbroking Business") of ASSB to AIBB. Pursuant to the Order, the Stockbroking Business of ASSB was transferred to AIBB on 1 January 2007.

The transfer of Stockbroking Business is made pursuant to the Guidelines on Investment Banks jointly issued by Bank Negara Malaysia and the Securities Commission on 1 July 2005, that provide for, amongst others, the creation of investment banks. All the requisite approvals required for the transfer of Stockbroking Business had been obtained.

Upon transferring the Stockbroking Business to AIBB, ASSB became a dormant company and was placed under Members' Voluntary Winding-up on 26 November 2007.

A23. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

GROUP	Current financial year ended 31/12/2007			Previous financial year ended 31/12/2006		
	Principal Amount RM'000	Credit Equivalent Amount* RM'000	Risk- weighted amount* RM'000	Principal Amount RM'000	Credit Equivalent Amount* RM'000	Risk-weighted amount* RM'000
Direct credit substitutes	779,119	779,119	779,119	478,338	478,338	478,338
Transaction-related contingent items	2,420,083	1,210,042	1,210,042	2,324,962	1,162,481	1,162,481
Short-term self-liquidating trade-related contingencies	3,511,291	702,258	108,604	3,868,200	773,640	217,947
Obligations under underwriting agreements	283,000	141,500	141,500	444,024	225,024	225,024
Foreign exchange related contracts						
- Less than one year	3,263,570	68,391	17,244	1,329,025	27,848	8,505
- One year to less than five years	389,739	33,789	12,600	401,401	41,574	20,787
Interest rate related contracts						
- Less than one year	114,728	86	43	2,027,000	864	432
- One year to less than five years	352,478	9,144	4,572	249,962	4,155	1,725
- Five years and above	25,075	1,739	870	90,150	4,657	2,328
Irrevocable commitments to extend credit:						
- Maturity exceeding 1 year	3,205,735	1,602,868	1,575,004	2,486,068	1,243,034	1,208,967
- Maturity not exceeding 1 year	5,071,325	-	-	4,147,571	-	-
	19,416,143	4,548,936	3,849,598	17,846,701	3,961,615	3,326,534

* The credit equivalent amount and risk-weighted amount are arrived at using the credit conversion factors as per Bank Negara Malaysia guidelines.

A24. INTEREST / PROFIT RATE RISK

GROUP	<-----Non-trading Book----->						Trading Book	Total	Weighted average interest rate (%)
	Up to 1 month	1-3 months	> 3-12 months	> 1-5 years	Over 5 years	Non-interest bearing			
<u>31 December 2007</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
ASSETS									
Cash & short-term funds	8,205,915	-	-	-	-	180,198	-	8,386,113	3.63
Deposits & placements with banks and other financial institutions	9,264	545,581	166,690	-	-	13	-	721,548	4.68
Securities held for trading	1,721	-	-	-	-	-	278,605	280,326	6.21
Securities available-for-sale	1,221,682	820,334	1,608,833	1,609,907	489,693	118,016	-	5,868,465	4.09
Securities held-to-maturity	10,670	-	34,615	162,946	394	234,682	-	443,307	6.85
Loans, advances & financing:									
- Performing	8,653,429	1,224,554	1,374,289	3,589,711	1,326,075	(274,585)	-	15,893,473	7.69
- Non-performing	-	-	-	-	-	1,384,166	-	1,384,166	
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	841,647	-	841,647	
Other assets	-	-	-	-	-	2,828,459	213	2,828,672	
Tax recoverable	-	-	-	-	-	72,834	-	72,834	
Land held for sale	-	-	-	-	-	92,835	-	92,835	
TOTAL ASSETS	18,102,681	2,590,469	3,184,427	5,362,564	1,816,162	5,478,265	278,818	36,813,386	
LIABILITIES, INSURANCE RESERVES AND EQUITY									
Deposits from customers	12,384,021	6,142,544	4,950,286	143,136	-	1,938,752	-	25,558,739	2.98
Deposits & placements of banks and other financial institutions	2,272,111	1,777,063	29,900	-	-	-	-	4,079,074	3.65
Obligations on securities sold repurchase agreements	-	-	-	-	-	-	-	-	-
Bills and acceptance payable	-	-	-	-	-	126,697	-	126,697	-
Recourse obligation on loans sold to Cagamas Berhad	15,321	148,340	185,590	12,259	-	-	-	361,510	4.02
Other liabilities	47,345	-	-	-	-	1,473,781	3,945	1,525,071	
Provision for taxation	-	-	-	-	-	25,317	-	25,317	
Borrowings	200,000	-	200,000	500,000	-	-	-	900,000	5.43
TOTAL LIABILITIES	14,918,798	8,067,947	5,365,776	655,395	-	3,564,547	3,945	32,576,408	

A24. INTEREST / PROFIT RATE RISK (cont.)

GROUP	<-----Non-trading Book----->						Trading Book	Total	Weighted average interest rate (%)
	Up to 1 month RM'000	1-3 months RM'000	> 3-12 months RM'000	> 1-5 years RM'000	Over 5 years RM'000	Non-interest bearing RM'000			
<u>31 December 2007</u>									
EQUITY									
Shareholders' Funds	-	-	-	-	-	4,236,978	-	4,236,978	
Total liabilities and shareholders' funds	14,918,798	8,067,947	5,365,776	655,395	-	7,801,525	3,945	36,813,386	-
On balance sheet- interest sensitivity gap	3,183,883	(5,477,478)	(2,181,349)	4,707,169	1,816,162	(2,323,260)	274,873	-	-
Off balance sheet- interest sensitivity gap	203,704	173,177	(1,458)	(350,348)	(25,075)	-	-	-	-
Total interest sensitivity gap	3,387,587	(5,304,301)	(2,182,807)	4,356,821	1,791,087	(2,323,260)	274,873	-	-

A24. INTEREST / PROFIT RATE RISK (cont.)

GROUP	<-----Non-trading Book----->						Trading Book	Total	Weighted average interest rate (%)
	Up to 1 month	1-3 months	> 3-12 months	> 1-5 years	Over 5 years	Non-interest bearing			
<u>31 December 2006</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
ASSETS									
Cash and short-term funds	7,548,677	-	-	-	-	185,457	-	7,734,134	3.58
Deposits & placements with banks and other financial institutions	15,528	307,524	3,430	-	-	-	-	326,482	3.56
Securities held for trading	-	-	-	-	-	-	533,805	533,805	7.53
Securities available-for-sale	437,175	967,460	1,002,319	2,309,410	384,443	144,503	-	5,245,310	3.80
Securities held-to-maturity	-	14,809	561,726	146,286	86,285	256,866	-	1,065,972	4.23
Loans, advances & financing:									
- performing	8,174,650	1,043,326	1,288,997	3,547,437	1,446,314	(275,201)	-	15,225,523	7.96
- non-performing	-	-	-	-	-	2,131,448	-	2,131,448	
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	820,755	-	820,755	
Other assets	13,569	20,859	4	55	-	2,158,868	2,198	2,195,553	
Tax recoverable	-	-	-	-	-	104,196	-	104,196	
Land held for sale	-	-	-	-	-	100,814	-	100,814	
Total assets	16,189,599	2,353,978	2,856,476	6,003,188	1,917,042	5,627,706	536,003	35,483,992	
LIABILITIES									
Deposits from customers	11,647,823	7,484,831	4,722,527	70,963	-	1,761,949	-	25,688,093	3.03
Deposits & placements of banks and other financial institutions	917,427	220,440	213,660	-	-	-	-	1,351,527	4.21
Obligations on securities sold repurchase agreements	1,757,341	2,972	-	-	-	-	-	1,760,313	3.40
Bills and acceptance payable	110,338	75,771	2,662	-	-	92,406	-	281,177	3.80
Recourse obligation on loans sold to Cagamas Berhad	37,697	-	143,340	456,721	-	-	-	637,758	4.00
Other liabilities	41,401	-	-	-	-	1,073,965	4,814	1,120,180	
Provision for taxation	-	-	-	-	-	5,457	-	5,457	
Borrowings	794,114	48,530	120,000	200,000	-	-	-	1,162,644	5.54
Total liabilities	15,306,141	7,832,544	5,202,189	727,684	-	2,933,777	4,814	32,007,149	

A24. INTEREST / PROFIT RATE RISK (cont.)

GROUP	<-----Non-trading Book----->						Trading Book	Total	Weighted average interest rate (%)
	Up to 1 month	1-3 months	> 3-12 months	> 1-5 years	Over 5 years	Non-interest bearing			
<u>31 December 2006</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
EQUITY									
Shareholders' Funds	-	-	-	-	-	3,476,843	-	3,476,843	
Total liabilities and shareholders' funds	15,306,141	7,832,544	5,202,189	727,684	-	6,410,620	4,814	35,483,992	
On balance sheet- interest sensitivity gap	883,458	(5,478,566)	(2,345,713)	5,275,504	1,917,042	(782,914)	531,189	-	
Off balance sheet- interest sensitivity gap	267,341	71,000	(49,000)	(199,191)	(90,150)	-	-	-	
Total interest sensitivity gap	1,150,799	(5,407,566)	(2,394,713)	5,076,313	1,826,892	(782,914)	531,189	-	

A25. CAPITAL ADEQUACY

The capital adequacy ratios in respect of the banking subsidiaries are as follows:-

	As at 31/12/2007 RM'000	As at 31/12/2006 RM'000
<u>Tier I Capital</u>		
Paid-up share capital	1,661,531	1,501,938
Share premium	550,659	420,252
Retained profits	226,904	374,211
Statutory reserve	585,360	464,363
	<u>3,024,454</u>	<u>2,760,764</u>
less: Goodwill	(190,384)	(137,323)
Deferred tax assets/(liabilities)	(40,117)	(61,207)
Total Tier 1 capital (a)	<u>2,793,953</u>	<u>2,562,234</u>
<u>Tier II Capital</u>		
Subordinated loans/financing	500,000	500,000
General allowance for bad and doubtful debts and financing	274,295	267,656
Total Tier 2 capital (b)	<u>774,295</u>	<u>767,656</u>
Total capital (a) + (b)	3,568,248	3,329,890
less: Investment in subsidiaries	(53,229)	(53,229)
Capital base	<u>3,515,019</u>	<u>3,276,661</u>
<u>Before deducting proposed dividends:</u>		
Core capital ratio	11.26%	11.07%
Risk-weighted capital ratio	14.17%	14.16%
<u>After deducting proposed dividends:</u>		
Core capital ratio	11.10%	11.07%
Risk-weighted capital ratio	14.01%	14.16%

A26. CHANGE IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS

(a) Change in Accounting Policies

The Group has adopted the revised FRS 117 Leases issued by the MASB which is applicable for the current financial year ended 31 December 2007 for the Group and resulted in a change in accounting policy during the year.

FRS 117: Leases

Prior to 1 January 2007, lease of land and buildings held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment loss. The adoption of the revised FRS 117 Leases in 2007 resulted in a change of accounting policy relating to the classification of lease of land and buildings. Under FRS 117, lease of land and buildings are classified as operating or finance leases in the same way as leases of other assets. The land and building elements of a lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease. The up-front payment made are allocated between the land and buildings elements in proportion to the relative fair values for leasehold interests in the land element and building element of the lease at the inception of the lease. The up-front payment of the land element is treated as the prepaid lease payment and is amortised on a straight-line basis over the remaining lease term.

The Group have applied the change in accounting policy in respect of leasehold land in accordance with the transitional provision of FRS 117. At 1 January 2007, the unamortised carrying amount of leasehold land is classified as prepaid lease payments. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively.

The change of this accounting policy does not affect the recognition and measurement of the Group's net assets but has resulted in reclassification of prior year's comparatives as shown in Note A26(b).

(b) Comparative figures

The following comparative figures have been restated to reflect the effect of change in accounting policy as disclosed in Note A26(a) :-

	<-----GROUP----->		
	As previously reported RM '000	Reclassified RM '000	As restated RM '000
<u>Balance sheet as at 31 December 2006</u>			
Property, plant and equipment	246,939	(18,189)	228,750
Prepaid lease payments	-	18,189	18,189
<u>Income Statement for fourth quarter ended 31 December 2006</u>			
Depreciation	6,751	(50)	6,701
Lease rental - leasehold properties	-	50	50
<u>Income Statement for cumulative quarter ended 31 December 2006</u>			
Depreciation	28,365	(273)	28,092
Lease rental - leasehold properties	-	273	273

In addition, certain comparative figures have been reclassified to conform with current year's presentation.

A27. OPERATIONS OF ISLAMIC BANKING

(i) **Unaudited Islamic Balance Sheet**

	GROUP	
	Current Financial Quarter Ended 31/12/2007 RM'000	Previous Financial Year Ended 31/12/2006 RM'000
ASSETS		
Cash and short term funds	3,532,550	2,207,863
Securities available-for-sale	774,250	381,288
Securities held-to-maturity	-	90,600
Loans, advances and financing	1,734,155	1,233,014
Statutory deposit with Bank Negara Malaysia	82,300	42,000
Other assets	135,676	36,416
Tax recoverable	-	-
Deferred tax assets	6,212	4,122
Property, plant and equipment	273	188
Intangible assets	1,610	2,092
TOTAL ASSETS	6,267,026	3,997,583
LIABILITIES, ISLAMIC BANKING FUNDS		
Deposits from customers	3,708,613	2,823,420
Deposits and placements of banks and other financial institutions	2,078,923	300,450
Bills and acceptances payable	-	23,690
Other liabilities	238,045	562,160
Provision for tax and zakat	5,838	7,150
Total Liabilities	6,031,419	3,716,870
Total Islamic Banking Capital Funds	235,607	280,713
TOTAL LIABILITIES & ISLAMIC BANKING FUNDS	6,267,026	3,997,583
	-	-
COMMITMENTS AND CONTINGENCIES	3,917,054	4,228,741

A27. OPERATIONS OF ISLAMIC BANKING (cont.)

(ii) Unaudited Islamic Income Statement

<-----GROUP----->

	Current Year Quarter ended 31/12/2007 RM'000	Preceding Year Corresponding Quarter ended 31/12/2006 RM'000	Current year- to-date ended 31/12/2007 RM'000	Preceding Year-to-date ended 31/12/2006 RM'000
Income derived from investment of depositors' funds and others	62,999	43,770	227,404	148,775
Allowance for losses on financing	(4,538)	(1,834)	(7,138)	(6,129)
Transfer from/(to) profit equalisation reserve	-	-	501	5,206
	<u>58,461</u>	<u>41,936</u>	<u>220,767</u>	<u>147,852</u>
Income attributable to depositors	(34,995)	(19,119)	(124,647)	(69,342)
Income attributable to shareholders	23,466	22,817	96,120	78,510
Income derived from investment of Islamic banking capital funds	2,842	4,259	12,636	15,432
	<u>26,308</u>	<u>27,076</u>	<u>108,756</u>	<u>93,942</u>
Other operating expenses	(14,046)	(9,585)	(47,512)	(27,062)
Profit before tax and zakat	12,262	17,491	61,244	66,880
Taxation	(4,476)	(4,189)	(16,205)	(13,523)
Zakat	-	(1,592)	(2,240)	(1,592)
Net profit for the financial period	<u><u>7,786</u></u>	<u><u>11,710</u></u>	<u><u>42,799</u></u>	<u><u>51,765</u></u>

(iii) Financing

<u>BY TYPE</u>	Group	
	As at 31/12/2007 RM'000	As at 31/12/2006 RM'000
Cash line	171,901	94,263
Term financing		
Housing financing	1,517,539	1,032,244
Syndicated term financing	349,942	-
Hire purchase receivables	599,925	342,368
Other term financing	492,916	368,438
Bills financing	8,037	7,070
Trust receipts	64,895	69,578
Interest-free accepted bills	54,259	49,282
Staff financing	11,452	14,074
Revolving credit	3,024	3,024
	<u>3,273,890</u>	<u>1,980,341</u>
less: Unearned income	(1,506,080)	(720,664)
	<u>1,767,810</u>	<u>1,259,677</u>
less: Allowance for bad and doubtful debts and financing		
- General	(26,485)	(21,893)
- Specific	(7,170)	(4,770)
Total net financing	<u><u>1,734,155</u></u>	<u><u>1,233,014</u></u>

A27. OPERATIONS OF ISLAMIC BANKING (cont.)

(iv) Non-performing financing (NPF)

<u>Movements in non-performing financing</u> <u>(including income receivables):</u>	GROUP	
	As at 31/12/2007 RM'000	As at 31/12/2006 RM'000
Balance at the beginning of financial year	39,150	481,426
Classified as non-performing during the financial year	56,440	71,439
Reclassified as performing during the financial year	(52,642)	(31,981)
Amount written-off	-	(688)
Amount written back in respect of recoveries	(5,169)	(5,025)
Amount transferred to Conventional book	-	(476,021)
Balance at the end of financial year	37,779	39,150
less: Specific allowance	(7,170)	(4,770)
Net non-performing loans, advances and financing	30,609	34,380
As % of gross loans, advances and financing less specific allowance	1.74%	2.74%

Movements in allowance for bad and doubtful financing:

General allowance

Balance at the beginning of financial year	21,893	28,717
Allowance made during the year	6,600	-
Amount written back during the year	(2,008)	-
Amount transferred to Conventional book	-	(6,824)
Balance at the end of financial year	26,485	21,893
As % of gross loans, advances and financing less specific allowance	1.50%	1.74%

Specific allowance

Balance at the beginning of financial year	4,770	102,147
Allowance made during the financial year	3,248	6,912
Amount written off	-	(165)
Amount written back in respect of recoveries	(848)	(652)
Amount transferred to Conventional book	-	(103,472)
Balance at the end of financial year	7,170	4,770

A27. OPERATIONS OF ISLAMIC BANKING (cont.)

(v) Deposits from customers

	GROUP	
	As at 31/12/2007 RM'000	As at 31/12/2006 RM'000
<u>By type of deposits</u>		
Non-Mudharabah Funds		
Demand deposits	1,415,404	1,371,377
Savings deposits	183,216	149,542
Negotiable Instruments of Deposits	82,215	770,899
	1,680,835	2,291,818
Mudharabah Funds		
Savings deposits	5,792	5,700
General investment deposits	798,415	412,515
Special investment deposits	1,223,571	113,387
	2,027,778	531,602
	3,708,613	2,823,420

**Part B - Explanatory Notes pursuant to Appendix 9B of the Listing Requirements of Bursa
Malaysia Securities Berhad**

B1. REVIEW OF PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES

The Group posted a lower pretax profit of RM70.6 million for the fourth quarter ended 31 December 2007 as compared to the pretax profit of RM119.2 million for the preceding year's corresponding quarter. For the year ended 31 December 2007, the Group's pre-tax profit of RM353.0 million was an improvement of RM38.6 million or 12.3% as compared to RM314.4 million reported in the previous year. This was mainly due to the increase in net interest income and Islamic banking income totalling RM58.7 million as well as the reduction in impairment loss on securities, loan loss provision and finance cost of RM52.0 million, RM11.5 million and RM10.2 million respectively. This was partially offset by the increase in overhead expenses of RM76.4 million, higher share of losses in jointly controlled entity of RM7.3 million, lower other operating income of RM4.5 million and lower write-back of profit equalisation reserve of RM4.7 million.

AFFIN Bank Berhad ("ABB") group recorded a lower pretax profit of RM62.7 million for the current financial quarter as compared to RM67.9 million for the preceding year's corresponding quarter. In spite of having to meet BNM's request on additional specific allowance for non-performing loans (NPLs) aged 5 to 7 years, based on a discount of 50% on the underlying collateral values of the said NPLs, the ABB group continued to perform well and reported a higher pretax profit of RM322.0 million for the year ended 31 December 2007, an increase of RM49.7 million or 18.3% as compared to RM272.3 million reported last year. This was mainly due to the increase in Islamic banking income, other operating income and net interest income totalling RM81.4 million and the reduction in both loan loss provision and allowance for impairment loss on securities of RM23.5 million and RM23.7 million respectively. The overhead expenses however increased by RM74.2 million while write-back of profit equalisation reserve was lower by RM4.7 million for the year under review.

AFFIN Investment Bank Berhad ("AIBB") group reported a lower pretax profit of RM9.9 million for the current financial quarter as compared to RM18.2 million for the preceding year's corresponding quarter. The group's pretax profit for the year ended 31 December 2007 of RM62.0 million indicated a drop of RM19.0 million as compared to RM81.0 million achieved last year. This was mainly due to the increase in overhead expenses of RM51.4 million outpacing the increase in total operating income of RM43.8 million, higher loan loss provisions and impairment loss on securities of RM7.9 million and RM1.2 million. The stockbroking operations acquired by AIBB on 1 January 2007, contributed a pretax profit of approximately RM24.8 million for the year under review.

AFFIN Moneybrokers Sdn Bhd posted a higher pretax profit of RM0.3 million for the current financial quarter as compared to RM0.2 million for the same quarter last year. For the year ended 31 December 2007, the company's pretax profit of RM1.9 million also indicated an improvement of RM0.3 million as compared to the pretax profit of RM1.6 reported last year, mainly due to higher net brokerage income net of higher overheads.

B2. COMMENTS ON CURRENT FINANCIAL PERFORMANCE AGAINST THE PRECEDING

For the current financial quarter, the Group recorded a lower pretax profit of RM70.6 million as compared to RM84.7 million for the preceding quarter ended 30 September 2007, mainly due to higher loan loss provisions of RM25.2 million and higher share of losses in jointly controlled entity of RM10.1 million. This was cushioned by the reduction in overhead expenses and allowance for impairment loss on securities of RM12.8 million and RM3.6 million respectively, with an increase in both net interest income and Islamic banking income totalling RM5.3 million net of lower other operating income of RM3.1 million.

B3. HEADLINES KEY PERFORMANCE INDICATORS ("KPI") FOR YEAR 2007

The Group has achieved most of its headline KPIs for the financial year ended 31 December 2007 as follows:-

	<----For Financial Year 2007---->	
	<u>As announced</u>	<u>Actual achieved</u>
<u>Headline KPIs</u>		
(i) After Tax Returns on Equity (ROE)	7.1%	6.8%
(ii) After Tax Returns on Assets (ROA)	0.7%	0.7%
(iii) Net NPL Ratio	8.2%	7.9%
(iv) Earnings Per Share (EPS)	19.0 sen	19.1 sen

B4. PROSPECT FOR YEAR 2008

Barring any unforeseen circumstances, the Group is expected to continue to achieve satisfactory results for year 2008

B5. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

There were no profit forecast and profit guarantee issued by the Company.

B6. TAXATION

	<-----Group----->			
	Current financial quarter ended 31/12/2007 RM'000	Preceding year corresponding quarter ended 31/12/2006 RM'000	Current year- to-date 31/12/2007 RM'000	Preceding year- to-date 31/12/2006 RM'000
Malaysian Taxation:				
- Income tax based on profit for the period	13,724	4,976	61,865	1,653
Deferred tax relating to net originating temporary differences	(670)	12,898	35,914	84,230
Under/(Over)provision in previous year:				
- Current taxation	661	3,567	1,069	(2,222)
	<u>13,715</u>	<u>21,441</u>	<u>98,848</u>	<u>83,661</u>

The effective tax rate was higher than the prevailing statutory tax rate, mainly due to certain expenses being disallowed for tax purposes.

B7. SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no material gains or losses on disposal of investments or properties other than in the ordinary course of business of the Group.

B8. PURCHASE OR DISPOSAL OF QUOTED SECURITIES

There were no purchases or disposals of quoted securities for the financial period other than in the ordinary course of business of the Group.

B9. STATUS OF CORPORATE PROPOSALS

a) **Proposed acquisition by Boustead Holdings Berhad (Boustead) of the London Assurance Shareholdings in BH Insurance Berhad ("BHI") (formerly known as Royal & Sun Alliance Insurance (M) Bhd) and proposed rationalisation of Boustead's interest in BHI and AXA AFFIN General Insurance Berhad**

On 25 July 2005, the Board of Directors of AFFIN Holdings Berhad ("AHB") announced that Bank Negara Malaysia ("BNM") had vide its letter dated 21 July 2005 stated that it had no objection in principle for Boustead (a company related to AHB by virtue of LTAT being a common major shareholder in AHB and Boustead) to commence negotiations to acquired the entire 45.0% equity interest held by London Assurance in BHI.

Boustead intends to rationalise its shareholdings in BHI and consolidate its interests in BHI into AXA AFFIN General Insurance Berhad, a 40.0% associated company of AFFIN Holdings Berhad thereafter.

On 5 December 2007, the Board of Directors of Boustead announced that BNM had vide its letter dated 4 December 2007 stated that it had no objection in principle for Boustead to commence preliminary negotiations with the shareholders of AXA AFFIN General Insurance Berhad on the proposed rationalisation of Boustead's interest in BHI and AXA AFFIN General Insurance Berhad. The approval in principle from BNM for commencement of the negotiations is not an approval for the proposed rationalisation.

Further announcement on the development will be made to Bursa Malaysia Securities Berhad at the appropriate time.

b) **Joint venture between AFFIN Fund Management Sdn Bhd ("AFM") with Asia Equity Partners Sdn Bhd ("AEP")("JV")**

On 7 March 2007, the Board of Directors of AHB announced the signing of a joint venture agreement ("JVA") on 6 March 2007 between AFM, a wholly-owned subsidiary of AFFIN Investment Bank Berhad (which in turn, is a wholly-owned subsidiary of AHB) and AEP, for the purpose of collaborating and sharing each other expertise and network and set up a RM150 million commercial property fund ("Proposed Fund") within the prime or central locations in Malaysia.

Pursuant to the JVA, AFM and AEP intend to jointly establish and set up the Proposed Fund. The Proposed Fund shall be incorporated as a closed-end investment company in Malaysia and will seek to acquire commercial properties with strong potential for growth in rental income and capital value. The Proposed Fund shall comprise equity investments of RM150 million with a duration not exceeding five (5) years.

Under the Proposed Fund, AFM will act as the Fund Manager whilst AEP will act as the Portfolio Advisor. The JV would not involve any capital investment by AFM as there would not be any joint venture company to be incorporated.

The JV is conditional upon satisfaction of the following condition precedent:

- (i) AFM's Board, shareholders, SC and/or any other authorities, if required; and,
- (ii) AEP's Board, shareholders and/or investment committee or other relevant authorities, if required.

Further announcement on the development will be made to Bursa Malaysia Securities Berhad at the appropriate time.

B9. STATUS OF CORPORATE PROPOSALS (cont.)

c) Proposed acquisition of equity interest in Malaysian Assurance Alliance Berhad ("MAA Assurance") ("Proposed Acquisition")

On 21 September 2007, the Board of Directors of AHB announced that Bank Negara Malaysia ("BNM") had vide its letter dated 21 September 2007 stated that it had no objection in principle for AXA Asia Pacific Holdings Limited ("AXA APH") and AHB to commence preliminary negotiations with MAA Holdings Berhad ("MAA Holdings") for the proposed acquisition of equity interest in MAA Assurance, a wholly-owned subsidiary of MAA Holdings.

AXA APH, AHB and MAA Holdings would be required to obtain the prior approval of the Minister of Finance, based on the recommendation of BNM, pursuant to the Insurance Act 1966 ("Act") before entering into any agreement to effect the Proposed Acquisition.

The final approval pursuant to the Act will only be considered upon AXA APH and AHB complying with the following requirements:-

- (i) submitting a plan to rationalise the insurance business of MAA Holdings with AXA AFFIN General Insurance Berhad ("AXA AFFIN General") and AXA AFFIN Life Insurance Berhad ("AXA AFFIN Life") in accordance with Section 69 of the Act;
- (ii) submitting a detailed capital plan for AXA AFFIN General and AXA AFFIN Life as well as the rationalised entities to comply with the supervisory and internal target capital as prescribed under the Risk Based Capital Framework; and
- (iii) compliance with the foreign equity participation limit imposed on insurance companies.

Further announcement will be made to Bursa Malaysia Securities Berhad on the development at the appropriate time.

d) Proposed disposal of equity interest in AFFIN Insurance Brokers Sdn Bhd ("AIB") ("Proposed Disposal")

On 16 October 2007, the Board of Directors of AHB announced that BNM had vide its letter dated 5 October 2007 stated it had no objection for AHB to enter into discussions with CIMB Group ("CIMBG") for the proposed disposal of the equity interest in AFFIN Insurance Brokers Sdn Bhd ("AIB"), a wholly owned subsidiary of AFFIN-ACF Holdings Sdn Bhd which in turn is a wholly-owned subsidiary of AHB.

The approval by BNM is for AHB to initiate discussions and negotiations with CIMBG and should not be deemed as the final approval. Under Section 67 of the Insurance Act 1996 (Act), BNM's approval is required before entering into any agreement to acquire or dispose of equity interest in any licensees under the Act.

Further announcement will be made to Bursa Malaysia Securities Berhad on the development at the appropriate time.

B9. STATUS OF CORPORATE PROPOSALS (cont.)

d) Proposed formation of AFFIN Banking Group

On 28 January 2008, AFFIN Investment Bank Berhad ("AFFIN Investment") had on behalf of the Board of Directors of AHB announced that Bank Negara Malaysia ("BNM") had vide its letter dated 25 January 2008 informed that BNM had obtained the approval from Minister of Finance for the following:-

- (i) Pursuant to Section 45(1)(a) and (b) of the Banking and Financial Institutions Act 1989 ("BAFIA") for AFFIN Capital Sdn Bhd (formerly known as AFFIN Capital Holdings Sdn Bhd) ("ACSB"), a wholly-owned subsidiary of AHB, to acquire the entire equity interest in AFFIN Bank Berhad ("AFFIN Bank") and AFFIN Investment;
- (ii) Pursuant to Section 45(3) of the BAFIA for AHB to subscribe to the issuance of new ordinary shares of RM1.00 each in AFFIN Bank and AFFIN Investment;
- (iii) Pursuant to Section 46 of BAFIA for ACSB to hold shares in AFFIN Bank and AFFIN Investment in excess of the maximum permissible limit;
- (iv) Pursuant to Section 49 of the BAFIA for AHB and ACSB to enter into an agreement or arrangement which would result in the change in the control of AFFIN Bank and AFFIN Investment, after (i) above ; and
- (v) Pursuant to Section 22 of the Islamic Banking Act 1983 for ACSB and AFFIN Bank to enter into an arrangement or agreement for ACSB to acquire from AFFIN Bank the entire equity interest in AFFIN Islamic Bank Berhad ("AFFIN Islamic"), which would result in a change in the control or management of AFFIN Islamic.

Further, BNM informed that following the above internal restructuring exercise, in addition to AHB, ACSB would be designated as a Financial Holding Company in view of its holding of the licensed institutions comprising AFFIN Bank, AFFIN Investment and AFFIN Islamic (collectively the "Banking Subsidiaries"). In this regard, ACSB would be subjected to the following conditions:

- (i) its investment should be confined to the financial sector and prior approval of BNM is to be obtained for any new investments; and
- (ii) compliance with the Guidelines on Corporate Governance for Licensed Institutions (Revised BNM/GP1).

The approval from MOF represents a key milestone for the proposed rationalisation by AHB to put together its banking businesses undertaken by AFFIN Bank, AFFIN Investment and AFFIN Islamic under ACSB ("Proposed Formation of AFFIN Banking Group"). The Banking Subsidiaries with ACSB as their immediate holding company will be re-branded as the "AFFIN Banking Group".

The Proposed Formation of AFFIN Banking Group is part of AHB's continuous effort to review its business model and corporate structure to ensure it remains effective amidst the competitive banking industry. The Proposed Formation of AFFIN Banking Group is expected to bring greater focus and efficiency in delivery capabilities through a comprehensive and seamless range of products and services. Over the long term, it is expected that the Proposed Formation of AFFIN Banking Group will result in sustainable, positive and tangible benefits to the shareholders of AHB.

Further announcement on the development will be made to Bursa Malaysia Securities Berhad at the appropriate time.

B10. GROUP BORROWINGS AND DEBT SECURITIES

(i) <u>Deposits from Customers</u>	Group	
	As at 31/12/2007 RM'000	As at 31/12/2006 RM'000
<u>By Type of Deposits:-</u>		
Demand Deposits	3,658,132	3,310,680
Savings Deposits	903,325	869,449
Fixed Deposits	15,860,651	17,290,828
Negotiable Instruments of Deposits ('NIDs')	2,488,265	4,103,749
Special Investment Deposits	1,223,571	113,387
Money Market Deposits	1,424,795	-
	25,558,739	25,688,093
Maturity structure of fixed deposits and NIDs are as follows:		
Due within six months	14,332,480	19,606,037
Six months to one year	3,014,233	1,721,273
One year to three years	998,355	62,764
Three years to five years	3,848	4,503
	18,348,916	21,394,577
<u>By Type of Customers:-</u>		
Government and statutory bodies	5,605,041	3,830,618
Business enterprises	9,052,289	6,017,788
Individuals	3,317,576	3,350,313
Others	7,583,833	12,489,374
	25,558,739	25,688,093
(ii) <u>Deposits and Placements of Banks and Other Financial Institutions</u>		
<u>By Type of Institutions:-</u>		
Licensed banks	538,420	713,470
Licensed investment banks	-	57,013
Bank Negara Malaysia	327,280	-
Other financial institutions	3,213,374	581,044
	4,079,074	1,351,527
<u>By Maturity Structure:-</u>		
Due within six months	4,079,074	1,351,527
(iii) <u>Borrowings</u>		
Unsecured		
- One year or less (short-term)	200,000	462,644
- More than one year (medium/long-term)	700,000	700,000
	900,000	1,162,644

B11. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

Value of contract classified by remaining period to maturity/repricing date (whichever is earlier) as at reporting date are as follows:-

RM'000

Items	Principal Amount	> 1 - 3 months	> 3 - 6 months	> 6 - 12 months	> 1 - 5 years	> 5 years	Margin requirement
Foreign Exchange	3,653,309	1,806,452	1,381,907	75,211	389,739	-	-
- Forwards	832,356	464,876	65,162	52,789	249,529	-	-
- Swaps	2,722,919	1,320,802	1,258,858	3,049	140,210	-	-
- Options	98,034	20,774	57,887	19,373	-	-	-
Interest Rate related	492,281	88,270	15,000	11,458	352,478	25,075	18
- Forwards	-	-	-	-	-	-	-
- Futures	65,000	50,000	15,000	-	-	-	18
- Swaps	427,281	38,270	-	11,458	352,478	25,075	-
Total	4,145,590	1,894,722	1,396,907	86,669	742,217	25,075	18

Foreign exchange and interest rate related contracts are subject to market risk and credit risk.

Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at end of the financial year, the notional amount of foreign exchange exposure which was not hedged and hence, exposed to market risk was RM19.2 million (FYE 31/12/2006: RM 4.2 million), while the notional amount of interest rate contract was RM452.3 million (FYE 31/12/2006: RM 505.1 million).

Credit risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the bank has a gain position. As at the reporting date, the amounts of foreign exchange and interest rate credit risk, measured in term of the cost to replace the profitable contracts, was RM102.2 million (FYE 31/12/2006: RM69.4 million) and RM11.0 million (FYE 31/12/2006: RM9.7 million) respectively. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Related accounting policies

i. Derivative financial instruments

Derivatives are initially recognised at fair values at inception and are subsequently remeasured at their fair values. Fair values are obtained from quoted market price in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair values are positive and as liabilities when fair values are negative.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either : (1) hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge); or (2) hedges of highly probable future cash flow attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedge). Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and an on-going basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

B11. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK (cont.)

Related accounting policies (cont.)

a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged assets or liabilities that are attributable to the hedged risk. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method used is amortised to income statement over the period to maturity. The adjustments to the carrying amount of a hedged equity security remain in retained earnings until the disposal of the equity securities.

b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain and loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are recycled to the income statement in the periods in which the hedged item will affect income statement (for example, when the projected hedged transaction crystallised). When a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement.

c) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

ii. Forward exchange related contracts

Unmatured forward exchange contracts are valued at forward rates as at balance sheet date applicable to their respective dates of maturity and unrealised losses and gains are recognised in the income statement for the period.

B12. MATERIAL LITIGATION

There is a lawsuit against the investment bank subsidiary, namely AFFIN Investment Bank Berhad ('AIBB') in respect of counter claims of approximately RM200.1 million and interest thereon until full settlement. As the Directors are confident that they will be successful in winning the case, no provision has been made at this juncture.

There are various other legal suits against ABB in respect of claims and counter claims of approximately RM118.2 million (31 December 2006: RM85.9 million). Based on legal advice, the Directors are of the opinion that no provision for damages need to be made in the financial statements, as the probability of adverse adjudication against ABB is remote.

B13. PROPOSED DIVIDENDS

a) A final dividend has been proposed for the financial year ended 31 December 2007 as follows:-

Amount per share	: 3 sen per share less 26% tax
Previous corresponding period	: 3 sen per share less 27% tax
Date payable	: To be announced later
Date of entitlement	: To be announced later

b) Total dividend for the current financial period: 5 sen per share, comprising 2 sen per share less 27% tax and 3 sen per share less 26% tax

B14. EARNINGS PER SHARE

	<-----Group----->			
	Current Financial Quarter ended 31/12/2007	Preceding Year Financial Quarter ended 31/12/2006	Current Year- to-date 31/12/2007	Preceding Year-to-date 31/12/2006
Net profit attributable to equity holders of the parent (RM'000)	56,795	96,264	251,773	226,918
Weighted average number of ordinary share in issue	1,446,578,912	1,241,691,714	1,317,481,265	1,227,690,931
Adjustment for share options	8,602,941	13,185,916	8,602,941	13,185,916
Adjusted weighted average number of ordinary shares for diluted earnings per share	1,455,181,853	1,254,877,630	1,326,084,206	1,240,876,847
Basic earning per share (sen)	3.93	7.75	19.11	18.48
Diluted earnings per share (sen)	3.90	7.67	18.99	18.29

Basic earnings per share

The basic earnings per share of the Group for the current financial quarter ended 31 December 2007 has been calculated based on the net profit attributable to the equity holders of the parent of RM56,795,000 (31 December 2006: RM96,264,000) divided by the weighted average number of ordinary shares in issue during the current financial quarter of 1,446,578,912 (31 December 2006: 1,241,691,714).

The basic earnings per share of the Group for the financial year ended 31 December 2007 has been calculated based on the net profit attributable to the equity holders of the parent of RM251,773,000 (31 December 2006: RM226,918,000) divided by the weighted average number of ordinary shares in issue during the financial year of 1,317,481,265 (31 December 2006: 1,227,690,931).

Diluted earnings per share

For the diluted earnings per share calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group has two categories of dilutive potential ordinary shares: share options granted to employees and warrants convertible into ordinary shares.

The shares option is assumed to be converted into ordinary shares. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options.

The number of shares calculated is compared with the number of shares that would have been issued assuming the exercise of the shares options. The difference added to the denominator as an issue of ordinary shares for no consideration. This calculation serves to determine the 'bonus' element in the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to the net profit for the financial period for the share options calculation.

The conversion of warrants is considered dilutive when they would result in the issue of new ordinary shares for less than market value of the shares. As the current exercise price of the warrants is higher than the market value of the ordinary shares, there is no impact of dilution to the earnings per share. Hence, the warrants are not taken into the computation of diluted earnings per share.

B15. ECONOMIC PROFIT

	<-----Group----->			
	Current Financial Quarter ended 31/12/2007 RM'000	Preceding Year Financial Quarter ended 31/12/2006 RM'000	Current Year- to-date 31/12/2007 RM'000	Preceding Year-to-date 31/12/2006 RM'000
Net profit for the financial year	56,795	96,264	251,773	226,918
Less: Economic charge	(109,814)	(96,060)	(320,023)	(282,743)
Economic (loss) / profit for the financial year	<u>(53,019)</u>	<u>204</u>	<u>(68,250)</u>	<u>(55,825)</u>

Formula for calculation of economic charge:

- (i) Economic charge = Cost of equity x Average total equity for the financial period
- (ii) Cost of equity = Beta x Market risk premium + Risk-free rate

Beta = 5-year adjusted Bloomberg Beta

Market risk premium = the market return in excess of the return earned on risk-free assets.

Risk-free rate = the rate of return of a 10-year Malaysian Government Securities at the closing of the reporting period