

AFFIN HOLDINGS BERHAD
(Company no. 23218 - W)
Condensed Interim Financial Statements
Unaudited Balance Sheets As At 31 March 2009

	<-----GROUP----->		<-----COMPANY----->	
	31/03/2009 RM'000	31/12/2008 RM'000	31/03/2009 RM'000	31/12/2008 RM'000
ASSETS				
Cash and short term funds	7,759,836	6,851,602	41,730	34,293
Deposits and placements with banks and other financial institutions	-	-	-	295,121
Securities held-for-trading	95,042	403,813	-	-
Securities available-for-sale	5,908,856	5,896,608	-	-
Securities held-to-maturity	549,610	602,665	-	-
Loans, advances and financing	20,477,303	19,927,677	-	-
Statutory deposits with Bank Negara Malaysia	240,445	835,628	-	-
Investment in subsidiaries	-	-	3,807,617	3,807,617
Amount due from subsidiary	-	-	300,000	-
Investment in jointly-controlled entities	103,725	96,030	128,520	120,870
Investment in associate	118,203	113,661	10,597	10,597
Trade debtors	34,779	40,005	-	-
Other assets	556,398	626,772	1,416	4,304
Tax recoverable	47,733	49,765	12,964	13,509
Deferred tax assets	64,715	63,938	-	-
Property and equipment	198,014	203,153	1,069	1,104
Land held for sale	85,269	87,412	-	-
Intangible assets	1,035,672	1,037,702	2	2
TOTAL ASSETS	37,275,600	36,836,431	4,303,915	4,287,417
LIABILITIES AND EQUITY				
Deposits from customers	27,248,537	26,934,976	-	-
Deposits and placements of banks and other financial institutions	4,567,597	3,888,707	-	-
Bills and acceptances payable	86,330	136,243	-	-
Trade creditors	30,893	36,941	-	-
Recourse obligation on loans sold to Cagamas Berhad	-	11,088	-	-
Other liabilities	575,778	658,783	2,783	5,676
Amount due to subsidiaries	-	-	839,122	839,122
Provision for taxation	52,320	57,131	-	-
Deferred tax liabilities	1,526	1,257	191	1,191
Borrowings	200,000	700,000	200,000	200,000
TOTAL LIABILITIES	32,762,981	32,425,126	1,042,096	1,045,989

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	31/03/2009 RM'000	31/12/2008 RM'000	31/03/2009 RM'000	31/12/2008 RM'000
EQUITY				
Share capital	1,494,367	1,494,367	1,494,367	1,494,367
Reserves:-				
Share premium	1,399,970	1,399,970	1,399,970	1,399,970
Statutory reserve	698,181	698,181	-	-
Investment fluctuation reserve	(13,214)	(22,940)	-	-
Retained profits	933,315	841,727	367,482	347,091
TOTAL EQUITY	<u>4,512,619</u>	<u>4,411,305</u>	<u>3,261,819</u>	<u>3,241,428</u>
TOTAL LIABILITIES AND EQUITY	<u>37,275,600</u>	<u>36,836,431</u>	<u>4,303,915</u>	<u>4,287,417</u>
COMMITMENTS AND CONTINGENCIES	<u>20,131,093</u>	<u>22,682,166</u>	<u>-</u>	<u>-</u>
CAPITAL ADEQUACY				
<u>Before deducting proposed dividends:</u>				
Core capital ratio	12.36%	11.08%		
Risk-weighted capital ratio	<u>14.70%</u>	<u>13.88%</u>		
<u>After deducting proposed dividends:</u>				
Core capital ratio	12.36%	11.00%		
Risk-weighted capital ratio	<u>14.70%</u>	<u>13.80%</u>		
NET ASSETS PER SHARE (RM)	<u>3.02</u>	<u>2.95</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 2008.

AFFIN HOLDINGS BERHAD
(Company no. 23218 - W)
Condensed Interim Financial Statements
Unaudited Income Statements For The Financial Period Ended 31 March 2009

<u>Group</u>	<----Individual Quarter Ended ---->		<---Cumulative Quarter Ended --->	
	31/03/2009 RM'000	31/03/2008 RM'000	31/03/2009 RM'000	31/03/2008 RM'000
Revenue	<u>498,976</u>	<u>547,162</u>	<u>498,976</u>	<u>547,162</u>
Interest income	372,173	389,061	372,173	389,061
Interest expense	<u>(187,546)</u>	<u>(214,870)</u>	<u>(187,546)</u>	<u>(214,870)</u>
Net interest income	184,627	174,191	184,627	174,191
Islamic banking income	38,098	36,031	38,098	36,031
Other operating income	<u>62,398</u>	<u>88,485</u>	<u>62,398</u>	<u>88,485</u>
Operating income	285,123	298,707	285,123	298,707
Other operating expenses	<u>(144,931)</u>	<u>(151,096)</u>	<u>(144,931)</u>	<u>(151,096)</u>
Operating profit before loan and financing loss and provision	140,192	147,611	140,192	147,611
Allowance for losses on loans, advances and financing	(20,887)	(18,204)	(20,887)	(18,204)
Impairment losses	(904)	(4,095)	(904)	(4,095)
Transfer from profit equalisation reserve	-	-	-	-
Operating profit	118,401	125,312	118,401	125,312
Finance cost	(2,723)	(3,588)	(2,723)	(3,588)
Share of results of a jointly controlled entity	45	331	45	331
Share of results of associate	4,542	2,359	4,542	2,359
Profit before taxation and zakat	120,265	124,414	120,265	124,414
Taxation	(28,677)	(32,019)	(28,677)	(32,019)
Zakat	-	-	-	-
Net profit for the financial period	<u>91,588</u>	<u>92,395</u>	<u>91,588</u>	<u>92,395</u>
Basic earnings per share (sen)	<u>6.13</u>	<u>6.19</u>	<u>6.13</u>	<u>6.19</u>
Fully diluted earnings per share (sen)	<u>6.13</u>	<u>6.19</u>	<u>6.13</u>	<u>6.19</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 2008.

AFFIN HOLDINGS BERHAD
 (Company no. 23218 - W)
Condensed Interim Financial Statements
Unaudited Income Statements For The Financial Period Ended 31 March 2009

<u>Company</u>	<----Individual Quarter Ended ---->		<---Cumulative Quarter Ended --->	
	31/03/2009 RM'000	31/03/2008 RM'000	31/03/2009 RM'000	31/03/2008 RM'000
Revenue	31,345	56,595	31,345	56,595
Interest income	2,552	2,880	2,552	2,880
Interest expense	-	-	-	-
Net interest income	2,552	2,880	2,552	2,880
Islamic banking income	-	-	-	-
Other operating income	28,793	53,715	28,793	53,715
Operating income	31,345	56,595	31,345	56,595
Other operating expenses	(1,490)	(1,703)	(1,490)	(1,703)
Impairment loss on investment in subsidiary	-	-	-	-
Operating profit before loan and financing loss and provision	29,855	54,892	29,855	54,892
Allowance for losses on loans, advances and financing	-	-	-	-
Transfer from profit equalisation reserve	-	-	-	-
Operating profit	29,855	54,892	29,855	54,892
Finance cost	(2,723)	(3,588)	(2,723)	(3,588)
Profit before taxation and zakat	27,132	51,304	27,132	51,304
Taxation	(6,741)	(13,396)	(6,741)	(13,396)
Zakat	-	-	-	-
Net profit for the financial period	20,391	37,908	20,391	37,908

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2008.

AFFIN HOLDINGS BERHAD

(Company no. 23218 - W)

**Unaudited Condensed Consolidated Statement Of Changes In Equity
For The Financial Period Ended 31 March 2009**

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	Retained profits RM'000		
At 1 January 2009	1,494,367	1,494,367	1,399,970	698,181	(22,940)	841,727	4,411,305	
Net change in fair value of securities available-for-sale	-	-	-	-	12,028	-	12,028	
Deferred tax on revaluation of securities available-for-sale	-	-	-	-	(2,302)	-	(2,302)	
Income and expense recognised directly in equity	-	-	-	-	9,726	-	9,726	
Net profit for the financial period	-	-	-	-	-	91,588	91,588	
Total recognised income and expense for the financial period	-	-	-	-	9,726	91,588	101,314	
At 31 March 2009	1,494,367	1,494,367	1,399,970	698,181	(13,214)	933,315	4,512,619	
At 1 January 2008	1,486,981	1,486,981	1,397,183	534,212	17,201	801,401	4,236,978	
Net change in fair value of securities available-for-sale	-	-	-	-	(1,822)	-	(1,822)	
Deferred tax on revaluation of securities available-for-sale	-	-	-	-	306	-	306	
Income and expense recognised directly in equity	-	-	-	-	(1,516)	-	(1,516)	
Net profit for the financial period	-	-	-	-	-	92,395	92,395	
Total recognised income and expense for the financial period	-	-	-	-	(1,516)	92,395	90,879	
Issue of share capital:-								
- pursuant to the exercise of Employee Share Option Scheme	7,386	7,386	2,787	-	-	-	10,173	
At 31 March 2008	1,494,367	1,494,367	1,399,970	534,212	15,685	893,796	4,338,030	

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2008.

AFFIN HOLDINGS BERHAD
(Company no. 23218 - W)
Unaudited Condensed Statement Of Changes In Equity
For The Financial Period Ended 31 March 2009

<u>COMPANY</u>	Issued and fully paid ordinary shares of RMI 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 2008	1,494,367	1,494,367	1,399,970	347,091			3,241,428
Total recognised income and expense for the financial period							
- Net profit for the financial period	-	-	-	20,391			20,391
At 31 March 2009	1,494,367	1,494,367	1,399,970	367,482			3,261,819
At 1 January 2008	1,486,981	1,486,981	1,397,183	343,129			3,227,293
Total recognised income and expense for the financial period							
- Net profit for the financial period	-	-	-	37,908			37,908
Issue of share capital							
- pursuant to the exercise of Employee Share Option Scheme	7,386	7,386	2,787	-			10,173
At 31 March 2008	1,494,367	1,494,367	1,399,970	381,037			3,275,374

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2008.

AFFIN HOLDINGS BERHAD
(Company no. 23218 - W)
Unaudited Condensed Consolidated Cash Flow Statement
For The Financial Period Ended 31 March 2009

	<-----3 Months Ended----->	
	31/03/2009 RM'000	31/03/2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and zakat	120,265	124,414
Adjustment for non-operating and non-cash items	12,183	(19,174)
Operating profit before changes in working capital	<u>132,448</u>	<u>105,240</u>
Net changes in operating assets	364,402	43,367
Net changes in operating liabilities	841,525	553,043
Payment of tax and zakat	(34,520)	(38,103)
Taxation refund	-	558
Net cash generated from operating activities	<u>1,303,855</u>	<u>664,105</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from securities	47,022	36,904
Net disposal/(purchase) of:		
- securities	64,774	365,094
- property and equipment	(5,140)	(10,737)
- intangible assets	(20)	(1,986)
- leasehold land	-	565
Dividend received from:		
- associate	2,961	-
- securities	139	132
Proceeds from disposal of property & equipment	1,595	-
Cash consideration for acquisition of a new joint venture business	(7,650)	-
Net cash generated from investing activities	<u>103,681</u>	<u>389,972</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in borrowings	(500,000)	(200,000)
Proceeds from issue of shares pursuant to the exercise of Employee Share Option Scheme and Warrants	-	10,173
Net cash used in financing activities	<u>(500,000)</u>	<u>(189,827)</u>
Net increase in cash and cash equivalents	907,536	864,250
Cash and cash equivalents at beginning of the period	6,812,543	8,338,768
Cash and cash equivalents at end of the period	<u>7,720,079</u>	<u>9,203,018</u>
<u>Analysis of cash & cash equivalent</u>		
Cash and short term funds	7,759,836	9,252,139
Adjustment for money held in trust on behalf of clients and remisiers	(39,757)	(49,121)
	<u>7,720,079</u>	<u>9,203,018</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 2008.

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 current financial quarter ended 31 March 2009 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 2008. The explanatory notes to the 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 2008.

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 2008.

A3. AUDITOR'S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the audited financial statements for the financial year ended 31 December 2008 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 March 2009.

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 March 2009.

A7. DEBT AND EQUITY SECURITIES

There were no issuance, cancellations, shares, share buy-backs, resale of shares bought back and repayment of debts and equity securities by the Company.

A8. DIVIDENDS PAID

No dividend has been paid during the current financial quarter ended 31 March 2009.

A9. SECURITIES HELD

	Group	
	31/03/2009	31/12/2008
	RM'000	RM'000
(a) <u>Securities held-for-trading</u>		
At fair value		
Negotiable Instruments of Deposit	-	70,000
Quoted Securities		
- Shares	-	433
- Warrants	28	57
Unquoted Securities		
- Private Debt Securities	95,014	333,323
Total securities held for trading	95,042	403,813

A9. SECURITIES HELD (cont.)

	Group	
	31/03/2009	31/12/2008
	RM'000	RM'000
(b) <u>Securities available-for-sale</u>		
At fair value		
Malaysian Government Securities	391,482	821,181
Malaysian Government Treasury Bills	196,235	364,774
Malaysian Government Investment Issuance	306,951	211,689
Cagamas Bonds	524,514	461,298
Khazanah Bonds	39,200	24,078
Bankers' Acceptance and Islamic Acceptance Bills	176,296	320,824
Bank Negara Malaysia Notes	1,392,425	897,736
Negotiable Instruments of Deposit and Islamic Debt Certificate	310,315	639,702
	3,337,418	3,741,282
Quoted Securities		
- Shares	86,280	83,646
- Private Debt Securities	2,943	2,867
- Irredeemable Convertible Unsecured Loan Stock	4,031	4,031
Unquoted Securities		
- Shares	50	50
- Private Debt Securities	2,612,751	2,198,234
	6,043,473	6,030,110
Allowance for impairment of securities	(134,617)	(133,502)
Total securities available-for-sale	5,908,856	5,896,608
(c) <u>Securities held-to-maturity</u>		
At amortised cost		
Quoted Securities		
- Private Debt Securities	38,123	38,123
Unquoted Securities		
- Private Debt Securities	550,766	615,333
	588,889	653,456
At cost		
Unquoted Securities		
- Shares	57,240	57,240
- Private Debt Securities	16	16
	646,145	710,712
Allowance for impairment of securities	(96,535)	(108,047)
Total securities held-to-maturity	549,610	602,665
Total securities held	6,553,508	6,903,086

A10. LOANS, ADVANCES AND FINANCING

(a) <u>BY TYPE</u>	Group	
	31/03/2009 RM'000	31/12/2008 RM'000
Overdrafts	2,152,082	2,059,761
Term loans/financing		
- Housing loans/financing	4,689,625	4,620,336
- Syndicated term loans/financing	1,525,241	1,354,582
- Hire purchase receivables	7,187,386	7,253,275
- Other term loans/financing	5,816,347	5,268,884
Bills receivables	49,989	57,879
Trust receipts	308,460	299,477
Claims on customers under acceptance credits	620,820	583,103
Staff loans/financing (of which RM NIL to Directors)	164,661	164,295
Credit/charge cards	101,324	108,273
Revolving credit	2,290,953	2,540,205
Margin financing	29,943	32,728
Factoring	13,127	12,691
	<hr/>	<hr/>
Less: Unearned interest and income	(3,615,900)	(3,568,311)
Gross loans, advances and financing	21,334,058	20,787,178
Less: Allowance for bad and doubtful debts and financing		
- General	(313,808)	(306,033)
- Specific	(542,947)	(553,468)
Total net loans, advances and financing	20,477,303	19,927,677

(b) **BY TYPE OF CUSTOMER**

Domestic banking institutions	2,178	-
Domestic non-banking institutions		
- Stock-broking companies	150	194
- Others	1,283,639	939,819
Domestic business enterprises		
- Small medium enterprises	6,421,419	6,271,165
- Others	3,827,364	3,711,190
Government and statutory bodies	84,046	91,130
Individuals	9,438,473	9,451,464
Other domestic entities	13,308	54,841
Foreign entities	263,481	267,375
	<hr/>	<hr/>
	21,334,058	20,787,178

A10. LOANS, ADVANCES AND FINANCING (cont.)

	Group	
	31/03/2009 RM'000	31/12/2008 RM'000
(c) <u>BY INTEREST / PROFIT RATE SENSITIVITY</u>		
Fixed rate		
- Housing loans/financing	407,566	451,498
- Hire purchase receivables	6,073,826	6,118,148
- Margin financing	29,943	32,728
- Other fixed rate loans/financing	2,819,986	3,000,371
Variable rate		
- BLR plus	8,872,201	8,328,511
- Cost plus	3,130,536	2,855,922
	21,334,058	20,787,178
(d) <u>BY ECONOMIC PURPOSE</u>		
Construction	461,830	462,359
Purchase of landed property of which		
- Residential	3,409,356	3,381,681
- Non-residential	1,475,033	1,456,315
Purchase of securities	375,390	365,285
Purchase of transport vehicles	6,109,938	6,163,738
Fixed assets other than land and building	264,636	114,429
Personal use	753,519	764,574
Credit card	101,326	108,273
Consumer durable	1,680	1,841
Merger and acquisition	42,250	29,522
Working capital	7,207,050	7,282,135
Others	1,132,050	657,026
	21,334,058	20,787,178
(e) <u>BY SECTOR</u>		
Primary agriculture	604,160	608,588
Mining and quarrying	175,304	170,103
Manufacturing	1,552,957	1,536,451
Electricity, gas and water supply	9,088	10,754
Construction	2,126,519	2,017,580
Real estate	1,212,652	1,161,005
Wholesale and retail trade and restaurants and hotels	1,228,824	1,238,710
Transport, storage and communication	905,189	895,997
Finance, insurance and business services	3,240,933	2,848,131
Education, health and others	619,728	568,687
Household	9,521,860	9,537,023
Others	136,844	194,149
	21,334,058	20,787,178

A10. LOANS, ADVANCES AND FINANCING (cont.)

(f) NON-PERFORMING LOANS/FINANCING

	Group	
	31/03/2009 RM'000	31/12/2008 RM'000
(i) <u>Movements in non-performing loans, advances and financing</u>		
Balance at the beginning of financial year	1,200,823	2,691,432
Classified as non-performing during the financial period/year	249,690	690,130
Reclassified as performing during the financial period/year	(97,737)	(478,188)
Amount recovered	(41,750)	(645,324)
Amount written-off	(64,867)	(1,057,227)
Balance at the end of financial period/year	1,246,159	1,200,823
less: Specific allowance	(542,947)	(553,468)
Net non-performing loans, advances and financing	703,212	647,355
Net NPL as a % of gross loans, advances and financing less specific allowance	3.38%	3.20%
(ii) <u>Non-performing loans, advances and financing by economic purpose</u>		
Construction	48,269	62,132
Purchase of landed property of which		
- Residential	406,830	405,854
- Non-residential	67,187	73,948
Purchase of securities	7,695	6,377
Purchase of transport vehicles	78,815	82,306
Fixed assets other than land and building	27,478	27,492
Personal use	26,914	24,214
Credit card	3,380	3,804
Consumer durable	102	96
Working capital	393,867	395,006
Others	185,622	119,594
	1,246,159	1,200,823

A10. LOANS, ADVANCES AND FINANCING (cont.)

(f) NON-PERFORMING LOANS/FINANCING (cont.)

	Group	
	31/03/2009	31/12/2008
	RM'000	RM'000
(iii) <u>Non-performing loans, advances and financing by sector</u>		
Primary agriculture	9,436	6,428
Mining and quarrying	4,728	4,753
Manufacturing	194,338	206,992
Electricity, gas and water supply	82	85
Construction	109,876	125,761
Real estate	93,426	93,763
Wholesale and retail trade and restaurants and hotels	53,397	55,447
Transport, storage and communication	46,227	46,539
Finance, insurance and business services	49,409	52,874
Education, health and others	33,285	37,964
Household	538,804	540,930
Others	113,151	29,287
	1,246,159	1,200,823
(iv) <u>Aging of net non-performing loans, advances and financing</u>		
Less than 5 years	615,639	566,104
5 years to 7 years	87,573	81,251
	703,212	647,355
(v) <u>Movement in allowance for bad and doubtful debts and financing</u>		
General allowance		
Balance at the beginning of financial year	306,033	274,585
Allowance made during the financial period/year	7,796	31,738
Amount written-back during the financial period/year	(21)	(290)
Balance at the end of financial period/year	313,808	306,033
As a % of gross loans, advances and financing less specific allowance	1.51%	1.51%
Specific allowance		
Balance at the beginning of financial year	553,468	1,307,371
Allowance made during the financial period/year	57,224	417,019
Transferred to allowance for impairment of securities	(10,775)	-
Amount written-off	(43,218)	(1,055,027)
Amount written-back during the financial period/year	(13,752)	(115,895)
Balance at the end of financial period/year	542,947	553,468

A11. OTHER ASSETS

	Group	
	31/03/2009	31/12/2008
	RM'000	RM'000
Clearing accounts	118,622	173,371
Income / interest receivable	66,364	74,173
Prepaid lease payments	16,594	17,347
Foreclosed properties	187,422	187,422
Derivative assets	68,250	60,276
Other debtors, deposits and prepayments	98,391	110,472
Amount due from jointly-controlled entity	755	750
Amount due from associate	-	2,961
	556,398	626,772
	556,398	626,772

A12. OTHER LIABILITIES

	Group	
	31/03/2009	31/12/2008
	RM'000	RM'000
Bank Negara Malaysia and Credit Guarantee Corporation Funding Programmes	68,545	69,358
Amount due from other shareholders of a subsidiary		
- Liabilities directly associated with land held for sale	26,365	26,696
Interest payable	150,501	183,315
Margin and collateral deposits	44,026	43,916
Trust accounts for clients and remisiers	39,757	39,059
Defined contribution plan	6,197	9,539
Accrued employee benefits	530	987
Derivative liabilities	80,036	81,393
Other creditors and accruals	153,884	197,231
Provision for zakat	5,937	7,289
	575,778	658,783
	575,778	658,783

A13. INTEREST INCOME

	-----Group-----			
	Individual Quarter Ended 31/03/2009 RM'000	31/03/2008 RM'000	Cumulative Quarter Ended 31/03/2009 RM'000	31/03/2008 RM'000
Loans and advances				
- Interest income other than recoveries from NPL	268,141	252,965	268,141	252,965
- Recoveries from NPL	13,021	21,403	13,021	21,403
Money at call and deposit with financial institutions	24,355	52,705	24,355	52,705
Securities				
- Held-for-trading	3,706	3,846	3,706	3,846
- Available-for-sale	39,685	32,882	39,685	32,882
- Held-to-maturity	3,631	3,661	3,631	3,661
Interest rate derivatives	14,623	10,098	14,623	10,098
Others	(12)	107	(12)	107
	<u>367,150</u>	<u>377,667</u>	<u>367,150</u>	<u>377,667</u>
Accretion of discount less amortisation of premium	11,343	15,698	11,343	15,698
Interest suspended	(6,320)	(4,304)	(6,320)	(4,304)
	<u>372,173</u>	<u>389,061</u>	<u>372,173</u>	<u>389,061</u>

A14. INTEREST EXPENSE

Deposits and placements of banks and other financial institutions	16,056	22,061	16,056	22,061
Deposits from customers	146,710	167,229	146,710	167,229
Subordinated term loan	5,589	7,791	5,589	7,791
Loans sold to Cagamas Berhad	89	3,348	89	3,348
Interest rate derivatives	16,296	13,201	16,296	13,201
Others	2,806	1,240	2,806	1,240
	<u>187,546</u>	<u>214,870</u>	<u>187,546</u>	<u>214,870</u>

A15. OTHER OPERATING INCOME

	-----Group-----			
	Individual Quarter Ended 31/03/2009 RM'000	31/03/2008 RM'000	Cumulative Quarter Ended 31/03/2009 RM'000	31/03/2008 RM'000
<u>Fees income:</u>				
Fees on loans, advances and financing	1,808	360	1,808	360
Brokerage (net)	4,767	19,424	4,767	19,424
Underwriting fees	458	765	458	765
Portfolio management fees	1,379	1,514	1,379	1,514
Corporate advisory fees	564	384	564	384
Commission	3,208	3,521	3,208	3,521
Service charges and fees	10,042	12,052	10,042	12,052
Guarantee fees	7,044	6,754	7,044	6,754
Arrangement fees	2,320	4,583	2,320	4,583
Agency fees	317	7	317	7
Other fee income	115	172	115	172
	32,022	49,536	32,022	49,536
<u>Investment income:</u>				
Gains/(losses) arising from sales of securities:				
- Held-for-trading	1,382	920	1,382	920
- Available-for-sale	5	3,200	5	3,200
- Held-to-maturity	1,178	279	1,178	279
Unrealised gains/(losses) on revaluation of securities held-for-trading	7,613	1,778	7,613	1,778
Gains/(losses) on revaluation of derivatives:				
- realised	226	15	226	15
- unrealised	1,102	465	1,102	465
	11,506	6,657	11,506	6,657
<u>Dividend income:</u>				
- Securities available-for-sale	19	12	19	12
- Securities held-to-maturity	120	120	120	120
	139	132	139	132
<u>Other income:</u>				
Foreign exchange gains/(losses):				
- realised	13,789	(10,775)	13,789	(10,775)
- unrealised	690	38,510	690	38,510
Rental income	418	403	418	403
Gains/(losses) on disposal of property and equipment	877	1,351	877	1,351
Gains/(losses) on disposal of foreclosed properties	-	125	-	125
Other non-operating income	2,957	2,546	2,957	2,546
	18,731	32,160	18,731	32,160
Total Other Operating Income	62,398	88,485	62,398	88,485

A16. OTHER OPERATING EXPENSES

	<-----Group----->			
	Individual Quarter Ended 31/03/2009 RM'000	31/03/2008 RM'000	Cumulative Quarter Ended 31/03/2009 RM'000	31/03/2008 RM'000
<u>Personnel costs</u>				
Wages, salaries and bonus	60,468	60,749	60,468	60,749
Defined contribution plan	9,304	8,844	9,304	8,844
Termination benefits	-	3,000	-	3,000
Other personnel costs	8,073	6,654	8,073	6,654
	<u>77,845</u>	<u>79,247</u>	<u>77,845</u>	<u>79,247</u>
<u>Promotion and marketing-related expenses</u>				
Business promotion and advertisement	539	693	539	693
Entertainment	353	449	353	449
Travelling and accommodation	830	925	830	925
Dealers' handling fees	5,035	8,597	5,035	8,597
Commission	23	20	23	20
Others	472	517	472	517
	<u>7,252</u>	<u>11,201</u>	<u>7,252</u>	<u>11,201</u>
<u>Establishment-related expenses</u>				
Rental of premises	6,084	6,051	6,084	6,051
Equipment rental	332	724	332	724
Repair and maintenance	6,247	8,518	6,247	8,518
Depreciation	6,600	6,658	6,600	6,658
Amortisation	5,135	4,403	5,135	4,403
Lease rental - leasehold properties	61	280	61	280
IT consultancy fee	10,297	8,069	10,297	8,069
Dataline rental	2,304	2,276	2,304	2,276
Securities services	2,135	2,065	2,135	2,065
Others	4,969	4,664	4,969	4,664
	<u>44,164</u>	<u>43,708</u>	<u>44,164</u>	<u>43,708</u>
<u>General administrative expenses</u>				
Telecommunication expenses	1,741	1,827	1,741	1,827
Director's Remuneration	247	497	247	497
Auditors' remuneration:				
(i) Statutory audit	316	295	316	295
(ii) Others	149	65	149	65
Professional fees	5,158	3,606	5,158	3,606
Property & equipment written off	50	35	50	35
Mail and courier charges	1,304	1,418	1,304	1,418
Stationery and consumables	1,851	1,802	1,851	1,802
Subscription	471	596	471	596
Subsidies and allowance	212	211	212	211
Transaction levy	157	609	157	609
Commissioned dealers representative performance incentive	263	1,221	263	1,221
Others	3,751	4,758	3,751	4,758
	<u>15,670</u>	<u>16,940</u>	<u>15,670</u>	<u>16,940</u>
Total other operating expenses	<u>144,931</u>	<u>151,096</u>	<u>144,931</u>	<u>151,096</u>

A17. ALLOWANCE FOR LOSSES ON LOANS AND FINANCING

	<-----Group----->			
	Individual Quarter Ended 31/03/2009 RM'000	31/03/2008 RM'000	Cumulative Quarter Ended 31/03/2009 RM'000	31/03/2008 RM'000
<u>Allowance for bad and doubtful debts</u> <u>on loans and financing</u>				
Specific allowance				
- Made during the financial period	57,224	81,381	57,224	81,381
- Written back	(13,752)	(33,181)	(13,752)	(33,181)
General allowance (net)	7,774	4,997	7,774	4,997
<u>Bad debts</u>				
- recovered	(33,221)	(35,576)	(33,221)	(35,576)
- written off	2,880	864	2,880	864
<u>Addition / (Writeback) of allowance for bad</u> <u>and doubtful debt</u>				
- trade debtors	(84)	(178)	(84)	(178)
- other debtors	66	(103)	66	(103)
	20,887	18,204	20,887	18,204

A18. IMPAIRMENT LOSSES

Net allowance for impairment loss on securities held-to-maturity	904	4,095	904	4,095
	904	4,095	904	4,095

A19. SEGMENTAL INFORMATION ON REVENUE AND PROFIT

The segment analysis by activity for the individual and cumulative quarters ended 31 March 2009 and 31 March 2008 are as follows:-

<-----Individual and cumulative quarters ended 31 March 2009----->							
RM '000	Commercial Banking and Hire Purchase	Investment Banking	Stockbroking	Insurance	Others	Eliminations	Group
Segment revenue	445,151	46,682	5,422	-	1,721	-	498,976
Intersegment revenue	2,116	2,004			261	(4,381)	-
Revenue	<u>447,267</u>	<u>48,686</u>	<u>5,422</u>	<u>-</u>	<u>1,982</u>	<u>(4,381)</u>	<u>498,976</u>
Segment results	100,531	20,218	(3,819)	-	402	2,552	119,884
Unallocated expenses							(4,206)
Share of results of:							
- jointly controlled entity	-	-	-	45	-	-	45
- associate	-	-	-	4,542	-	-	4,542
Profit before taxation and zakat							<u>120,265</u>
Taxation and zakat							(28,677)
Net profit for the quarter							<u>91,588</u>

<-----Individual and cumulative quarters ended 31 March 2008----->							
RM '000	Commercial Banking and Hire Purchase	Investment Banking	Stockbroking	Insurance	Others	Eliminations	Group
Segment revenue	485,671	41,277	17,014	-	3,200	-	547,162
Intersegment revenue	3	558	33	-	320	(914)	-
Revenue	<u>485,674</u>	<u>41,835</u>	<u>17,047</u>	<u>-</u>	<u>3,520</u>	<u>(914)</u>	<u>547,162</u>
Segment results	108,164	12,668	2,716	-	602	2,785	126,935
Unallocated expenses							(5,211)
Share of results of:							
- jointly controlled entity	-	-	-	331	-	-	331
- associate	-	-	-	2,359	-	-	2,359
Profit before taxation and zakat							<u>124,414</u>
Taxation and zakat							(32,019)
Net profit for the quarter							<u>92,395</u>

A20. VALUATION OF PROPERTY AND EQUIPMENT

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

There were no changes in the valuation of property and equipment that were brought forward from the previous financial year ended 31 December 2008.

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

There were no significant changes in the composition of the Group during the financial quarter ended 31 March 2009.

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 period ended 31/03/2009			Previous financial year ended 31/12/2008		
	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	552,112	552,112	519,957	658,062	658,062	609,474
Transaction-related contingent items	2,577,753	1,288,876	1,055,862	2,785,699	1,392,849	1,115,835
Short-term self-liquidating trade-related contingencies	1,784,685	356,937	144,296	2,379,763	475,952	202,368
Obligations under underwriting agreements	203,718	101,858	165,518	60,214	30,107	20,622
Foreign exchange related contracts						
- Less than one year	2,499,765	62,971	23,713	1,925,805	60,174	11,722
- One year to less than five years	325,802	25,463	12,572	354,390	27,420	11,455
Interest rate related contracts						
- Less than one year	202,000	730	241	277,000	790	11,596
- One year to less than five years	703,693	11,783	3,170	750,024	14,197	7,556
- Five years and above	506,787	55,788	11,894	507,100	63,522	13,449
Irrevocable commitments to extend credit:						
- Maturity exceeding 1 year	3,961,189	-	-	3,808,203	1,904,102	1,703,168
- Maturity not exceeding 1 year	6,294,780	-	-	8,669,397	1,715,466	820,105
Unutilised credit card lines	518,809	103,762	77,794	506,509	101,302	75,946
	20,131,093	2,560,280	2,015,017	22,682,166	6,443,943	4,603,296

* 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						Total	Weighted average interest rate (%)
	Up to 1 month	1-3 months	> 3-12 months	Over 5 years	Non-interest bearing	Trading Book		
As at 31 March 2009	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
ASSETS								
Cash & short-term funds	7,623,639	-	1,570	-	-	-	7,759,836	2.00
Deposits & placements with banks and other financial institutions	-	-	-	-	-	-	-	-
Securities held for trading	-	-	-	-	-	95,042	95,042	4.74
Securities available-for-sale	697,656	1,452,317	1,060,222	1,530,016	1,129,914	38,731	5,908,856	4.04
Securities held-to-maturity	27,938	472	223,971	106,217	16	190,996	549,610	4.80
Loans, advances & financing:								
- Performing	10,972,387	1,607,435	1,771,423	4,293,381	1,443,273	(313,808)	19,774,091	4.97
- Non-performing	-	-	-	-	-	703,212	703,212	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	240,445	240,445	-
Other assets	-	-	-	-	-	2,159,075	2,159,239	-
Land held for sale	-	-	-	-	-	85,269	85,269	-
TOTAL ASSETS	19,321,620	3,060,224	3,057,186	5,929,614	2,573,203	3,238,547	37,275,600	
LIABILITIES, INSURANCE RESERVES AND EQUITY								
Deposits from customers	12,516,743	7,753,222	5,021,462	145,736	-	1,811,374	27,248,537	2.31
Deposits & placements of banks and other financial institutions	2,823,759	1,720,468	23,370	-	-	-	4,567,597	2.06
Bills and acceptance payable	-	-	-	-	-	86,330	86,330	-
Other liabilities	-	-	-	-	-	656,393	660,517	-
Borrowings	-	-	200,000	-	-	-	200,000	3.86
TOTAL LIABILITIES	15,340,502	9,473,690	5,244,832	145,736	-	2,554,097	32,762,981	

A24. INTEREST / PROFIT RATE RISK (cont.)

GROUP	Non-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		
<u>As at 31 March 2009</u>							
EQUITY							
Shareholders' Funds	-	-	-	-	-	4,512,619	4,512,619
Total liabilities and shareholders' funds	15,340,502	9,473,690	5,244,832	145,736	-	7,066,716	37,275,600
On balance sheet- interest sensitivity gap	3,981,118	(6,413,466)	(2,187,646)	5,783,878	2,573,203	(3,828,169)	91,082
Off balance sheet- interest sensitivity gap	529,360	247,314	(74,643)	(604,769)	(97,262)	-	-
Total interest sensitivity gap	4,510,478	(6,166,152)	(2,262,289)	5,179,109	2,475,941	(3,828,169)	91,082

A24. INTEREST / PROFIT RATE RISK (cont.)

GROUP	Non-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			
As at 31 December 2008	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
ASSETS									
Cash and short-term funds	6,695,731	-	2,829	-	-	153,042	-	6,851,602	3.25
Securities held for trading	-	-	-	-	-	433	403,380	403,813	5.75
Securities available-for-sale	798,999	1,565,703	1,441,547	1,399,684	653,155	37,520	-	5,896,608	4.21
Securities held-to-maturity	27,938	-	15,564	111,087	214,407	233,669	-	602,665	4.72
Loans, advances & financing:									
- performing	10,500,418	1,601,685	1,698,820	4,312,181	1,473,251	(306,033)	-	19,280,322	5.54
- non-performing	-	-	-	-	-	647,355	-	647,355	
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	835,628	-	835,628	
Other assets	-	-	-	-	-	2,202,810	28,216	2,231,026	
Land held for sale	-	-	-	-	-	87,412	-	87,412	
Total assets	18,023,086	3,167,388	3,158,760	5,822,952	2,340,813	3,891,836	431,596	36,836,431	
LIABILITIES									
Deposits from customers	11,343,132	8,188,700	5,224,468	139,217	-	2,039,459	-	26,934,976	3.01
Deposits & placements of banks and other financial institutions	2,878,968	1,004,994	4,745	-	-	-	-	3,888,707	3.01
Bills and acceptance payable	-	-	-	-	-	136,243	-	136,243	
Recourse obligation on loans sold to Cagamas Berhad	-	11,088	-	-	-	-	-	11,088	4.82
Other liabilities	-	-	-	-	-	696,012	58,100	754,112	
Borrowings	-	-	200,000	500,000	-	-	-	700,000	5.63
Total liabilities	14,222,100	9,204,782	5,429,213	639,217	-	2,871,714	58,100	32,425,126	

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			
As at 31 December 2008	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
EQUITY								
Shareholders' Funds	-	-	-	-	-	-	4,411,305	4,411,305
Total liabilities and shareholders' funds	14,222,100	9,204,782	5,429,213	639,217	-	58,100	7,283,019	36,836,431
On balance sheet- interest sensitivity gap	3,800,986	(6,037,394)	(2,270,453)	5,183,735	2,340,813	373,496	(3,391,183)	-
Off balance sheet- interest sensitivity gap	597,179	101,855	43,402	(648,461)	(93,975)	-	-	-
Total interest sensitivity gap	4,398,165	(5,935,539)	(2,227,051)	4,535,274	2,246,838	373,496	(3,391,183)	-

A25. CAPITAL ADEQUACY

The components of the Group's Tier I and Tier II capital are that of the banking subsidiaries, namely AFFIN Bank Berhad, AFFIN Islamic Bank Berhad and AFFIN Investment Bank Berhad as follows:-

	31/03/2009	31/12/2008
	RM'000	RM'000
<u>Tier 1 Capital</u>		
Share capital	1,661,531	1,661,531
Share premium	550,659	550,659
Retained profits	248,121	269,709
Statutory reserve	749,330	749,330
	<u>3,209,641</u>	<u>3,231,229</u>
Less:-		
Goodwill	(190,384)	(190,384)
Deferred tax assets/(liabilities)	(54,389)	(55,896)
Total Tier 1 capital (a)	<u>2,964,868</u>	<u>2,984,949</u>
<u>Tier 2 Capital</u>		
Subordinated loans	300,000	500,000
General allowance for bad and doubtful debts and financing	313,582	305,853
Total Tier 2 capital (b)	<u>613,582</u>	<u>805,853</u>
Total capital (a) + (b)	3,578,450	3,790,802
Less:-		
Investment in subsidiaries	(53,229)	(53,229)
Capital base	<u>3,525,221</u>	<u>3,737,573</u>

The risk-weighted assets of the Group are derived by aggregating the risk-weighted assets of the banking subsidiaries. The breakdown of risk-weighted assets of the Group in the various categories of risk-weights are as follows:-

	31/03/2009	31/12/2008
	RM'000	RM'000
Credit risk	21,649,575	24,545,176
Market risk	247,873	320,843
Operational risk	2,090,666	2,060,483
Total risk-weighted assets	<u>23,988,114</u>	<u>26,926,502</u>

The capital adequacy ratios of the Group are as follows:-

Before deducting proposed dividends:-

Core capital ratio	12.36%	11.08%
Risk capital weighted ratio	<u>14.70%</u>	<u>13.88%</u>

After deducting proposed dividends:-

Core capital ratio	12.36%	11.00%
Risk capital weighted ratio	<u>14.70%</u>	<u>13.80%</u>

Pursuant to Bank Negara Malaysia's circular, 'Recognition of Deferred Tax Asset ("DTA") and Treatment of DTA for RWCR Purposes' dated 8 August 2003, deferred tax income/(expenses) is excluded from the calculation of Tier I capital and DTA is excluded from the calculation of risk - weighted assets.

The Group implemented the Basel II – Risk Weighted Assets Computation under the BNM's Risk Weighted Capital Adequacy Framework with effect from 1 January 2008. The Group has adopted the Standardised Approach for credit risk and market risk, and Basic Indicator Approach for operational risk computation.

A26. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with current year's presentation.

A27. OPERATIONS OF ISLAMIC BANKING

(i) Unaudited Islamic Balance Sheet

ASSETS	Group	
	31/03/2009	31/12/2008
	RM'000	RM'000
Cash and short term funds	3,223,889	2,358,150
Securities available-for-sale	810,179	1,071,326
Securities held-to-maturity	575	575
Loans, advances and financing	2,534,983	2,449,939
Statutory deposit with Bank Negara Malaysia	29,000	106,400
Investment in jointly-controlled entity	500	500
Amount due from jointly-controlled entity	755	750
Other assets	26,359	52,585
Tax recoverable	3,115	5,187
Deferred tax assets	6,636	4,552
Property and equipment	3,123	3,247
Land held for sale	15,000	15,000
Intangible assets	1,258	1,392
TOTAL ASSETS	6,655,372	6,069,603
LIABILITIES, ISLAMIC BANKING FUNDS		
Deposits from customers	4,584,116	4,252,119
Deposits and placements of banks and other financial institutions	1,591,487	1,261,205
Other liabilities	164,975	293,608
Total Liabilities	6,340,578	5,806,932
SHAREHOLDERS' EQUITY		
Share capital	160,000	160,000
Reserves	154,794	102,671
Total Equity	314,794	262,671
TOTAL LIABILITIES & EQUITY	6,655,372	6,069,603
COMMITMENTS AND CONTINGENCIES	4,135,254	6,994,462

A27. OPERATIONS OF ISLAMIC BANKING (cont.)

(ii) Unaudited Islamic Income Statement

	-----Group-----			
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/03/2009 RM'000	31/03/2008 RM'000	31/03/2009 RM'000	31/03/2008 RM'000
Income derived from investment of depositors' funds and others	63,887	69,158	63,887	69,158
Allowance for losses on financing	(2,175)	(5,726)	(2,175)	(5,726)
	61,712	63,432	61,712	63,432
Income attributable to depositors	(31,692)	(38,920)	(31,692)	(38,920)
	30,020	24,512	30,020	24,512
Income attributable to shareholders				
Income derived from investment of Shareholders' funds	2,843	2,957	2,843	2,957
	32,863	27,469	32,863	27,469
Other operating expenses	(18,743)	(16,102)	(18,743)	(16,102)
Profit before tax and zakat	14,120	11,367	14,120	11,367
Taxation	(3,303)	(3,067)	(3,303)	(3,067)
Net profit for the financial period	10,817	8,300	10,817	8,300

(iii) Financing

<u>BY TYPE</u>	Group	
	31/03/2009 RM'000	31/12/2008 RM'000
Cash line	221,019	193,632
Term financing		
- Housing financing	2,176,565	2,121,908
- Syndicated term financing	933,696	896,342
- Hire purchase receivables	904,422	874,759
- Other term financing	611,890	606,786
Bills financing	5,374	6,275
Trust receipts	76,956	83,763
Interest-free accepted bills	103,132	88,092
Staff financing	11,866	11,780
Revolving credit	99,265	99,486
	5,144,185	4,982,823
less: Unearned income	(2,563,443)	(2,488,795)
	2,580,742	2,494,028
less: Allowance for bad and doubtful debts and financing		
- General	(38,604)	(37,309)
- Specific	(7,155)	(6,780)
Total net financing	2,534,983	2,449,939

A27. OPERATIONS OF ISLAMIC BANKING (cont.)

(iv) Non-performing financing (NPF)

	Group	
	31/03/2009	31/12/2008
	RM'000	RM'000
<u>Movements in non-performing financing (including income receivables):</u>		
Balance at the beginning of financial year	40,102	37,779
Classified as non-performing during the financial period/year	26,227	61,712
Reclassified as performing during the financial period/year	(10,978)	(38,442)
Amount written-off	(518)	(16,697)
Amount written back in respect of recoveries	(919)	(4,250)
Balance at the end of financial period/year	53,914	40,102
less: Specific allowance	(7,155)	(6,780)
Net non-performing loans, advances and financing	46,759	33,322
As a % of gross loans, advances and financing less specific allowance	1.82%	1.34%

Movements in allowance for bad and doubtful financing:

General allowance

Balance at the beginning of financial year	37,309	26,485
Allowance made during the financial period/year	1,295	10,824
Balance at the end of financial period/year	38,604	37,309
As a % of gross loans, advances and financing less specific allowance	1.50%	1.50%

Specific allowance

Balance at the beginning of financial year	6,780	7,170
Allowance made during the financial period/year	1,182	17,562
Amount written off	(518)	(16,573)
Amount written back in respect of recoveries	(289)	(1,379)
Balance at the end of financial period/year	7,155	6,780

(v) Deposits from customers

	Group	
	31/03/2009	31/12/2008
	RM'000	RM'000
<u>By type of deposits</u>		
Non-Mudharabah Funds		
Demand deposits	1,284,652	1,333,821
Savings deposits	199,954	190,415
Negotiable Instruments of Deposits	348,753	222,268
	1,833,359	1,746,504
Mudharabah Funds		
Savings deposits	7,042	6,677
General investment deposits	1,222,031	1,095,288
Special investment deposits	1,521,684	1,403,650
	2,750,757	2,505,615
Total deposits from customers	4,584,116	4,252,119

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 reported a pretax profit of RM120.3 million for the first quarter ended 31 March 2009, a slight drop of RM4.1 million or 3.3% as compared to RM124.4 million for the preceding year's corresponding quarter. The decrease in other operating income of RM26.1 million was substantially offset by the increase in both net interest income and Islamic banking income totalling RM12.5 million and the drop in both overhead expenses and impairment loss on securities of RM6.2 million and RM3.2 million respectively.

AFFIN Bank Berhad group recorded a lower pretax profit of RM100.5 million for the current financial quarter as compared to RM108.2 million for the preceding year's corresponding quarter. The drop in other operating income of RM18.6 million was partially cushioned by the increase in both net interest income and Islamic banking income totalling RM10.1 million.

AFFIN Investment Bank Berhad group reported a higher pretax profit of RM16.4 million for the current financial quarter as compared to RM15.4 million for the preceding year's corresponding quarter, mainly due to lower overhead expenses of RM4.6 million and higher net interest income of RM2.8 million net of lower other operating income of RM6.1 million. The drop in operating income was mainly due to lower net brokerage income of RM11.2 million net of the reversal of unrealised loss of RM6.0 million on held-for-trading securities. For the current financial quarter, the stockbroking division suffered a pretax loss of RM3.8 million as compared to a pretax profit of RM2.7 million for the preceding year's corresponding quarter. As for AFFIN Fund Management Berhad, the company registered a pretax profit of RM0.3 million as compared to a pretax loss of RM69,000 for the same period last year.

AFFIN Moneybrokers Sdn Bhd posted a lower pretax profit of RM0.3 million for the current financial quarter as compared to RM0.6 million for the same quarter last year, mainly due to lower net brokerage income net of lower overhead expenses.

AXA AFFIN Life Insurance Berhad reported a lower pretax profit of RM89,000 for the current financial quarter as compared to RM555,800 for the preceding year's corresponding quarter. This was mainly attributed to the unrealised loss on investment securities of RM175,500 net of higher investment income of RM97,400. In addition, there was an adjustment of RM373,000 made in the first quarter of 2008 in respect of 2007's deficit of the Life Fund Revenue Accounts over-transferred to the Income Statement.

AXA AFFIN General Insurance Berhad recorded a higher pretax profit of RM8.9 million for the current financial quarter as compared to RM8.0 million for the preceding year's corresponding quarter. The increase in earned premium of RM13.5 million was partially offset by the drop in gains on sale of investments of RM7.8 million and the increase in both net commission and overhead expenses of RM2.1 million and RM1.5 million respectively.

B2. COMMENTS ON CURRENT FINANCIAL PERFORMANCE AGAINST THE PRECEDING QUARTER'S RESULTS

The Group recorded a higher pretax profit of RM120.3 million for the current financial quarter as compared to RM115.6 million for the preceding quarter ended 31 December 2008. This was mainly due to higher other operating income and lower impairment loss on securities of RM24.7 million and RM22.3 million respectively, net of the loan loss provision of RM20.9 million as compared to the write-back of RM19.6 million for the preceding quarter.

B3. PROSPECT FOR THE CURRENT FINANCIAL YEAR

Barring any unforeseen circumstances, the Group is expected to perform well and achieve satisfactory results for the financial year ending 31 December 2009.

Based on the current performance, the Board of Directors is of the view that the Group is on track to achieve following announced headline Key Performance Indicators (KPIs) for the financial year 2009:-

<u>Headline KPIs</u>	As announced	Actual
	for financial Year 2009	achieved for 3 months ended 31-3-09
(i) After Tax Returns on Equity (ROE)	7.5%	2.1%
(ii) After Tax Returns on Assets (ROA)	0.9%	0.2%
(iii) Net NPL Ratio	2.3%	3.4%
(iv) Earnings Per Share (EPS)	22.70 sen	6.13 sen

B4. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

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

B5. TAXATION

	-----Group----->			
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/03/2009	31/03/2008	31/03/2009	31/03/2008
	RM'000	RM'000	RM'000	RM'000
Malaysian Taxation:				
- Income tax based on profit for the financial period	31,799	40,576	31,799	40,576
Deferred tax:				
- Relating to originating temporary differences	(3,127)	(8,552)	(3,127)	(8,552)
- Relating to changes in tax rate	-	(30)	-	(30)
Under provision in previous year:				
- Current taxation	5	25	5	25
	<u>28,677</u>	<u>32,019</u>	<u>28,677</u>	<u>32,019</u>

The Group's effective tax rate was slightly lower than the prevailing statutory tax rate mainly due to certain income not subject to tax or subject to lower tax rate, net of certain expenses not deductible for tax purposes.

B6. 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.

B7. 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.

B8. STATUS OF CORPORATE PROPOSALS

a) Proposed acquisition by Boustead Holdings Berhad (Boustead) of The London Assurance's shareholdings in BH Insurance Berhad ("BHI") 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 acquire the entire 45.0% equity interest held by The London Assurance in BHI. It is Boustead's intention to rationalise its shareholdings in BHI and consolidate its interests in BHI into AXA AFFIN General Insurance Berhad ("AAGI"), a 40.0% associated company of AHB 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 AAGI on the proposed rationalisation of Boustead's interest in BHI and AAGI. The approval in principle from BNM for commencement of the negotiations is not an approval for the proposed rationalisation.

On 3 March 2009, the Board of Directors of AHB announced that BNM had vide its letter dated 27 February 2009 stated that it had no objection in principle for AHB and AXA Asia Pacific General Insurance to commence preliminary negotiations with Felda Holdings Bhd or any other designated entity within its Group of Companies ("Felda") on the proposed acquisition of Felda's equity interest in BHI. The approval in principle from BNM for commencement of the negotiations is not an approval for the acquisition of equity interest in BHI.

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

b) 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.

B8. STATUS OF CORPORATE PROPOSALS(cont.)

b) Proposed formation of AFFIN Banking Group (cont.)

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).

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

B9. GROUP BORROWINGS AND DEBT SECURITIES

(i) Deposits from Customers

	Group	
	31/03/2009 RM'000	31/12/2008 RM'000
<u>By Type of Deposits:-</u>		
Money Market Deposits	956,100	1,654,643
Demand Deposits	3,407,088	3,714,185
Savings Deposits	1,064,016	990,251
Fixed Deposits	17,998,139	16,521,716
Negotiable Instruments of Deposits ('NIDs')	2,301,511	2,650,531
Special Investment Deposits	1,521,683	1,403,650
	27,248,537	26,934,976

Maturity structure of fixed deposits and NIDs are as follows:

Due within six months	17,796,802	16,566,570
Six months to one year	2,307,116	2,412,991
One year to three years	194,695	191,240
Three years to five years	1,037	1,446
	20,299,650	19,172,247

By Type of Customers:-

Government and statutory bodies	4,964,147	5,087,629
Business enterprises	9,979,843	10,274,853
Individuals	3,484,832	3,467,846
Others	8,819,715	8,104,648
	27,248,537	26,934,976

(ii) Deposits and Placements of Banks and Other Financial Institutions

By Type of Institutions:-

Licensed banks	2,166,774	1,062,942
Licensed investment banks	-	339,350
Bank Negara Malaysia	225,000	65,353
Other financial institutions	2,175,823	2,421,062
	4,567,597	3,888,707

By Maturity Structure:-

Due within six months	4,535,474	3,883,962
Six months to one year	32,123	4,745
	4,567,597	3,888,707

(iii) Borrowings

Unsecured

- One year or less (short-term)	-	200,000
- More than one year (medium/long-term)	200,000	500,000
	200,000	700,000

B10. 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	2,825,567	1,802,789	560,691	136,285	325,802	-	-
- Forwards	818,008	493,917	99,158	89,341	135,592	-	-
- Swaps	1,993,099	1,294,412	461,533	46,944	190,210	-	-
- Options	14,460	14,460	-	-	-	-	-
Interest Rate related	1,412,480	100,000	50,000	52,000	703,693	506,787	-
- Forwards	-	-	-	-	-	-	-
- Futures	-	-	-	-	-	-	-
- Swaps	1,412,480	100,000	50,000	52,000	703,693	506,787	-
Total	4,238,047	1,902,789	610,691	188,285	1,029,495	506,787	-

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 RM12.1 million (FYE 31/12/2008: RM1.3 million), while the notional amount of interest rate contract was RM746.80 million (FYE 31/12/2008: RM868.5 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 commercial bank has a gain position. As at the reporting date, the amounts of foreign exchange and interest rate credit risk, measured in terms of the cost to replace the profitable contracts, was RM94.5 million (FYE 31/12/2008: RM27.6 million) and RM78.5 million (FYE 31/12/2008: RM45.5 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.

B10. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK (cont.)

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.

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.

B11. MATERIAL LITIGATION

- a) There are various other legal suits against AFFIN Bank Berhad ("ABB") in respect of claims and counter claims of approximately RM97.1 million (31 December 2008: RM103.8 million). Based on legal advice, the Directors of the Bank 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.
- b) As part of a merger of banking businesses, by an Agreement dated 30 August 2000 ("the Acquisition Agreement") between AFFIN Holdings Berhad ("AHB"), AFFIN Bank Berhad ("ABB" or "the Bank"), BSN Commercial Bank (Malaysia) Berhad ("BSNC") and Bank Simpanan Nasional Berhad ("BSN"), it was agreed that all banking assets and liabilities of BSNC would be sold to ABB in consideration of a purchase price of RM338,560,000 to be paid partly in cash and partly in AHB shares ("the Purchase Price"). Pursuant to clause 2.1.5 of the Acquisition Agreement, BSNC and BSN undertook to ABB that debts other than those reflected as bad or doubtful debts in the audited financial statements of BSNC will be recoverable in the ordinary course of business. For the debts not recoverable, BSNC undertook to pay ABB within 30 days from the date of receipt of the Bank's letter of demand, the amounts claimed subject to a limit of 30% of the Purchase Price amounting to RM101,568,000.

Subsequent to the merger, an audit was conducted and it was found that there had been significant under provisioning of bad and doubtful debts by BSNC. AHB, ABB and BSN agreed that the purchase price payable to BSNC would be reduced to compensate for this under provisioning ("the Settlement Agreement"). In return, it was agreed that ABB would assign the bad and doubtful debts to BSNC under clause 2.1.5 of the Acquisition Agreement, subject to approval being given to both parties by regulatory authorities for the reassignment. However, the accounts to be reassign to BSNC were not identified then.

Dispute arose when ABB subsequently did not agree with BSNC on the assignment of 106 non performing accounts with gross amount of RM988,000,000 or net amount of RM578,000,000 which have been identified unilaterally by BSNC. In 2005, BSNC issued an Originating Summons against AHB and ABB seeking an order for ABB to reassign the 106 accounts to BSNC.

On 6 February 2009, the High Court has given its decision on the Originating Summons. The High Court concluded that there were numerous disputes of fact which had to be resolved before any final conclusion could be reached and has ordered to proceed to a full trial. No date has been fixed for the trial.

The Directors are of the opinion that the probable outcome of the legal case is still uncertain at this junction and it is too preliminary to quantify the financial impact to both ABB and the Group.

B12. PROPOSED DIVIDENDS

No dividend has been proposed for the current financial quarter ended 31 March 2009.

B13. EARNINGS PER SHARE

	-----Group----->			
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/03/2009	31/03/2008	31/03/2009	31/03/2008
Net profit attributable to equity holders of the parent (RM'000)	91,588	92,395	91,588	92,395
Weighted average number of ordinary share in issue	1,494,366,667	1,492,338,430	1,494,366,667	1,492,338,430
Basic earning per share (sen)	6.13	6.19	6.13	6.19
Diluted earnings per share (sen)	6.13	6.19	6.13	6.19

The basic and diluted earnings per share of the Group for the current financial quarter ended 31 March 2009 have been calculated based on the net profit attributable to the equity holders of the parent of RM91,588,000 (31 March 2008: RM92,395,000) divided by the weighted average number of ordinary shares in issue during the current financial quarter of 1,494,366,667 (31 March 2008: 1,492,338,430).

The Group has only one category of potential ordinary shares, that is Warrants 2000/2010. The conversion of the said warrants is considered dilutive when it 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 2000/2010 is higher than the market value of the ordinary shares, there is no impact of dilution to the earnings per share. Hence, the said warrants are not included in the computation of diluted earnings per share.

B14. ECONOMIC PROFIT

	-----Group----->			
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/03/2009	31/03/2008	31/03/2009	31/03/2008
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	91,588	92,395	91,588	92,395
Less: Economic charge	(117,497)	(103,157)	(117,497)	(103,157)
Economic loss for the financial period	(25,909)	(10,762)	(25,909)	(10,762)

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