

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

	<-----GROUP----->		<-----COMPANY----->	
	31/12/2009 RM'000	31/12/2008 RM'000	31/12/2009 RM'000	31/12/2008 RM'000
ASSETS				
Cash and short term funds	6,223,544	6,851,602	193,628	34,293
Deposits and placements with banks and other financial institutions	1,817	-	51,009	295,121
Securities held-for-trading	150,000	403,813	-	-
Securities available-for-sale	8,166,664	5,896,608	-	-
Securities held-to-maturity	518,216	602,665	-	-
Loans, advances and financing	22,496,936	19,927,677	-	-
Statutory deposits with Bank Negara Malaysia	244,982	835,628	-	-
Investment in subsidiaries	-	-	3,795,474	3,807,617
Amount due from subsidiary	-	-	300,000	598
Investment in jointly controlled entities	107,642	96,030	128,520	120,870
Investment in associate	129,228	113,661	10,597	10,597
Trade debtors	79,361	40,005	-	-
Other assets	493,289	626,772	1,148	3,706
Tax recoverable	18,756	41,465	5,500	13,509
Deferred tax assets	57,430	63,938	-	-
Property and equipment	180,594	203,153	937	1,104
Land held for sale	62,354	87,412	-	-
Intangible assets	1,023,330	1,037,702	15	2
TOTAL ASSETS	39,954,143	36,828,131	4,486,828	4,287,417
LIABILITIES AND EQUITY				
Deposits from customers	28,599,251	26,934,976	-	-
Deposits and placements of banks and other financial institutions	5,147,094	3,888,707	-	-
Bills and acceptances payable	94,265	136,243	-	-
Trade creditors	74,330	36,941	-	-
Recourse obligation on loans sold to Cagamas Berhad	297,216	11,088	-	-
Other liabilities	703,788	658,783	101,357	5,676
Amount due to subsidiaries	-	-	839,206	839,122
Provision for taxation	2,734	48,831	-	-
Deferred tax liabilities	176	1,257	166	1,191
Borrowings	300,000	700,000	300,000	200,000
TOTAL LIABILITIES	35,218,854	32,416,826	1,240,729	1,045,989

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	31/12/2009 RM'000	31/12/2008 RM'000	31/12/2009 RM'000	31/12/2008 RM'000
EQUITY				
Share capital	1,494,371	1,494,367	1,494,371	1,494,367
Reserves:-				
Share premium	1,399,980	1,399,970	1,399,980	1,399,970
Statutory reserve	874,360	698,181	-	-
Investment fluctuation reserve	24,453	(22,940)	-	-
Retained profits	942,125	841,727	351,748	347,091
TOTAL EQUITY	4,735,289	4,411,305	3,246,099	3,241,428
TOTAL LIABILITIES AND EQUITY	39,954,143	36,828,131	4,486,828	4,287,417
COMMITMENTS AND CONTINGENCIES	17,891,239	22,682,166	-	-
CAPITAL ADEQUACY				
<u>Before deducting proposed dividends:</u>				
Core capital ratio	12.68%	11.08%		
Risk-weighted capital ratio	13.84%	13.88%		
<u>After deducting proposed dividends:</u>				
Core capital ratio	12.44%	11.00%		
Risk-weighted capital ratio	13.60%	13.80%		
NET ASSETS PER SHARE (RM)	3.17	2.95		

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 Quarter and Year Ended 31 December 2009

<u>Group</u>	<---Individual Quarter Ended --->		<---Cumulative Quarter Ended --->	
	31/12/2009 RM'000	31/12/2008 RM'000	31/12/2009 RM'000	31/12/2008 RM'000
Revenue	510,409	512,575	2,008,858	2,115,438
Interest income	380,997	401,371	1,468,655	1,576,021
Interest expense	(158,036)	(209,465)	(650,368)	(851,776)
Net interest income	222,961	191,906	818,287	724,245
Islamic banking income	42,630	40,187	162,637	148,134
Other operating income	94,998	37,657	318,232	265,445
Operating income	360,589	269,750	1,299,156	1,137,824
Other operating expenses	(155,859)	(144,356)	(604,494)	(587,581)
Operating profit before loan and financing loss and provision	204,730	125,394	694,662	550,243
Allowance for losses on loans, advances and financing	(86,164)	19,590	(185,065)	(100,474)
Impairment losses	(5,683)	(23,192)	(13,888)	(28,602)
Transfer to profit equalisation reserve	776	-	-	-
Operating profit	113,659	121,792	495,709	421,167
Finance cost	(2,087)	(2,804)	(11,031)	(12,112)
Share of results of jointly controlled entity	(1,632)	(3,100)	233	(11,490)
Share of results of associate	4,062	(318)	12,249	6,645
Profit before taxation and zakat	114,002	115,570	497,160	404,210
Taxation	(29,832)	(31,433)	(121,909)	(109,059)
Zakat	-	(30)	(3,408)	(2,389)
Net profit for the financial period	84,170	84,107	371,843	292,762
Basic earnings per share (sen)	5.63	5.63	24.88	19.60
Fully diluted earnings per share (sen)	5.63	5.63	24.88	19.60

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 Quarter and Year Ended 31 December 2009

Company	<----Individual Quarter Ended ---->		<---Cumulative Quarter Ended --->	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
	RM'000	RM'000	RM'000	RM'000
Revenue	130,998	79,658	168,888	141,382
Interest income	3,170	2,894	12,265	10,896
Interest expense	-	-	-	-
Net interest income	3,170	2,894	12,265	10,896
Islamic banking income	-	-	-	-
Other operating income	127,837	76,767	156,632	130,498
Operating income	131,007	79,661	168,897	141,394
Other operating expenses	(2,494)	(1,311)	(7,426)	(7,396)
Impairment loss on investment in subsidiary	(12,143)	-	(12,143)	-
Operating profit before loan and financing loss and provision	116,370	78,350	149,328	133,998
Allowance for losses on loans, advances and financing	-	-	-	-
Transfer from profit equalisation reserve	-	-	-	-
Operating profit	116,370	78,350	149,328	133,998
Finance cost	(2,087)	(2,804)	(11,031)	(12,112)
Profit before taxation and zakat	114,283	75,546	138,297	121,886
Taxation	(32,250)	(16,981)	(38,374)	(29,457)
Zakat	-	-	-	-
Net profit for the financial period	82,033	58,565	99,923	92,429

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 Consolidated Statement Of Changes In Equity
For The Financial Year Ended 31 December 2009

<u>GROUP</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	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	-	-	-	-	61,018	-	61,018	
Deferred tax on revaluation of securities available-for-sale	-	-	-	-	(13,625)	-	(13,625)	
Income and expense recognised directly in equity	-	-	-	-	47,393	-	47,393	
Net profit for the financial year	-	-	-	-	-	371,843	371,843	
Total recognised income and expense for the financial year	-	-	-	-	47,393	371,843	419,236	
Issue of share capital:-								
- pursuant to the exercise of Warrant 2000/2010	4	4	10	-	-	-	14	
Transfer to statutory reserve	-	-	-	176,179	-	(176,179)	-	
Dividends paid	-	-	-	-	-	(95,266)	(95,266)	
At 31 December 2009	1,494,371	1,494,371	1,399,980	874,360	24,453	942,125	4,735,289	
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	-	-	-	-	(52,223)	-	(52,223)	
Deferred tax on revaluation of securities available-for-sale	-	-	-	-	12,082	-	12,082	
Income and expense recognised directly in equity	-	-	-	-	(40,141)	-	(40,141)	
Net profit for the financial year	-	-	-	-	-	292,762	292,762	
Total recognised income and expense for the financial year	-	-	-	-	(40,141)	292,762	252,621	
Issue of share capital:-								
- pursuant to the exercise of Employee Share Option Scheme	7,386	7,386	2,787	-	-	-	10,173	
Transfer to statutory reserve	-	-	-	163,969	-	(163,969)	-	
Dividends paid	-	-	-	-	-	(88,467)	(88,467)	
At 31 December 2008	1,494,367	1,494,367	1,399,970	698,181	(22,940)	841,727	4,411,305	

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 Year Ended 31 December 2009

	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 2009	1,494,367	1,494,367	1,399,970	347,091			3,241,428
Total recognised income and expense for the financial period	-	-	-	99,923			99,923
- Net profit for the financial year							
Issue of share capital	4	4	10	-			14
- pursuant to the exercise of Warrant 2000/2010							
Dividends paid	-	-	-	(95,266)			(95,266)
At 31 December 2009	1,494,371	1,494,371	1,399,980	351,748			3,246,099
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	-	-	-	92,429			92,429
- Net profit for the financial year							
Issue of share capital	7,386	7,386	2,787	-			10,173
- pursuant to the exercise of Employee Share Option Scheme							
Dividends paid	-	-	-	(88,467)			(88,467)
At 31 December 2008	1,494,367	1,494,367	1,399,970	347,091			3,241,428

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 Year Ended 31 December 2009

	31/12/2009 RM'000	31/12/2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and zakat	497,160	404,210
Adjustment for non-operating and non-cash items	41,474	141,760
Operating profit before changes in working capital	<u>538,634</u>	<u>545,970</u>
Net changes in operating assets	(1,935,877)	(1,723,975)
Net changes in operating liabilities	3,235,844	25,907
Payment of tax and zakat	(155,408)	(130,574)
Taxation refund	8,114	53,965
Net cash generated from operating activities	<u>1,691,307</u>	<u>(1,228,707)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from securities	214,582	160,174
Net purchase of:		
- securities	(2,108,241)	(178,746)
- property and equipment	(15,799)	(41,695)
- intangible assets	(932)	(7,553)
Dividend received from:		
- associate	3,000	-
- securities held-to-maturity/available-for-sale	6,037	4,768
Proceeds from disposal of property and equipment	5,705	18,131
Proceeds from disposal of subsidiary	-	2,041
Proceeds from disposal of leasehold land classified under prepaid lease payments	2,111	1,318
Proceeds from disposal of land held for sale	21,250	9,030
Proceeds from disposal of foreclosed properties	45,870	23,498
Final proceeds for surrendering the discount house license in previous year	120	-
Capital injection into a jointly controlled entity	(7,650)	(10,190)
Net cash generated from investing activities	<u>(1,833,947)</u>	<u>(19,224)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in borrowings	(400,000)	(200,000)
Proceed from issuance of shares	14	10,173
Dividends paid to shareholders	(95,266)	(88,467)
Net cash used in financing activities	<u>(495,252)</u>	<u>(278,294)</u>
Net increase in cash and cash equivalents	(637,892)	(1,526,225)
Cash and cash equivalents at beginning of the period	<u>6,812,543</u>	<u>8,338,768</u>
Cash and cash equivalents at end of the period	<u>6,174,651</u>	<u>6,812,543</u>
<u>Analysis of cash & cash equivalent</u>		
Cash and short term funds	6,223,544	6,851,602
Adjustment for money held in trust on behalf of clients and remisiers	(48,893)	(39,059)
	<u>6,174,651</u>	<u>6,812,543</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 and year ended 31 December 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 and year ended 31 December 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 and year ended 31 December 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 and year ended 31 December 2009.

A9. SECURITIES HELD

	Group	
	31/12/2009	31/12/2008
	RM'000	RM'000
(a) <u>Securities held-for-trading</u>		
At fair value		
Negotiable Instruments of Deposit	150,000	70,000
Quoted Securities		
- Shares	-	433
- Warrants	-	57
Unquoted Securities		
- Private Debt Securities in Malaysia	-	333,323
Total securities held for trading	150,000	403,813

A9. SECURITIES HELD (cont.)

	Group	
	31/12/2009	31/12/2008
	RM'000	RM'000
(b) <u>Securities available-for-sale</u>		
At fair value		
Malaysian Government Securities	2,345,630	821,181
Malaysian Government Treasury Bills	151,098	364,774
Malaysian Government Investment Issuance	1,200,875	211,689
Cagamas Bonds	432,643	461,298
Khazanah Bonds	24,961	24,078
Bankers' Acceptance and Islamic Acceptance Bills	36,580	320,824
Bank Negara Malaysia Notes	638,548	897,736
Negotiable Instruments of Deposit and Islamic Debt Certificate	460,005	639,702
	5,290,340	3,741,282
Quoted Securities		
- Shares	72,047	83,646
- Private Debt Securities in Malaysia	2,253	2,867
- Irredeemable Convertible Unsecured Loan Stock	4,031	4,031
Unquoted Securities		
- Shares	50	50
- Private Debt Securities in Malaysia	2,476,526	1,932,457
- Private Debt Securities outside Malaysia	439,247	265,777
	8,284,494	6,030,110
Allowance for impairment of securities	(117,830)	(133,502)
Total securities available-for-sale	8,166,664	5,896,608
(c) <u>Securities held-to-maturity</u>		
At amortised cost		
Quoted Securities		
- Private Debt Securities in Malaysia	38,123	38,123
Unquoted Securities		
- Private Debt Securities in Malaysia	517,893	615,349
	556,016	653,472
At cost		
Unquoted Securities		
- Shares	57,235	57,240
	613,251	710,712
Allowance for impairment of securities	(95,035)	(108,047)
Total securities held-to-maturity	518,216	602,665
Total securities held	8,834,880	6,903,086

A10. LOANS, ADVANCES AND FINANCING

(a) <u>BY TYPE</u>	Group	
	31/12/2009 RM'000	31/12/2008 RM'000
Overdrafts	1,936,567	2,059,761
Term loans/financing		
- Housing loans/financing	4,892,838	4,620,336
- Syndicated term loans/financing	1,908,052	1,354,582
- Hire purchase receivables	7,800,293	7,253,275
- Other term loans/financing	6,972,185	5,268,884
Bills receivables	39,791	57,879
Trust receipts	316,962	299,477
Claims on customers under acceptance credits	606,129	583,103
Staff loans/financing (of which RM NIL to Directors)	168,116	164,295
Credit/charge cards	96,468	108,273
Revolving credit	2,299,029	2,540,205
Margin financing	31,572	32,728
Factoring	3,532	12,691
	<u>27,071,534</u>	<u>24,355,489</u>
Less: Unearned interest and income	(3,873,287)	(3,568,311)
Gross loans, advances and financing	23,198,247	20,787,178
Less: Allowance for bad and doubtful debts and financing		
- General	(343,276)	(306,033)
- Specific	(358,035)	(553,468)
Total net loans, advances and financing	22,496,936	19,927,677
(b) <u>BY TYPE OF CUSTOMER</u>		
Domestic non-banking institutions		
- Stock-broking companies	-	150
- Others	1,519,286	939,863
Domestic business enterprises		
- Small medium enterprises	6,227,637	6,271,165
- Others	5,115,236	3,711,190
Government and statutory bodies	93,267	91,130
Individuals	9,976,212	9,451,464
Other domestic entities	20,117	54,841
Foreign entities	246,492	267,375
	<u>23,198,247</u>	<u>20,787,178</u>

A10. LOANS, ADVANCES AND FINANCING (cont.)

	Group	
	31/12/2009	31/12/2008
	RM'000	RM'000
(c) <u>BY INTEREST / PROFIT RATE SENSITIVITY</u>		
Fixed rate		
- Housing loans/financing	364,888	452,300
- Hire purchase receivables	6,589,445	6,118,148
- Margin financing	31,572	32,728
- Other fixed rate loans/financing	3,845,555	2,999,569
Variable rate		
- BLR plus	8,969,682	8,328,511
- Cost plus	3,397,105	2,855,922
	23,198,247	20,787,178
(d) <u>BY ECONOMIC PURPOSE</u>		
Construction	706,810	462,359
Purchase of landed property of which :-		
- Residential	3,518,102	3,381,681
- Non-residential	1,605,207	1,456,315
Purchase of securities	337,278	365,285
Purchase of transport vehicles	6,619,191	6,163,738
Fixed assets other than land and building	274,654	114,429
Personal use	756,439	764,574
Credit card	96,468	108,273
Consumer durable	1,365	1,841
Merger and acquisition	14,598	29,522
Working capital	8,708,193	7,282,135
Others	559,942	657,026
	23,198,247	20,787,178
(e) <u>BY SECTOR</u>		
Primary agriculture	597,399	608,588
Mining and quarrying	254,864	170,103
Manufacturing	1,706,329	1,536,451
Electricity, gas and water supply	155,944	10,754
Construction	2,533,205	2,017,580
Real estate	1,575,779	1,161,005
Wholesale and retail trade and restaurants and hotels	1,209,635	1,238,710
Transport, storage and communication	1,018,628	895,997
Finance, insurance and business services	3,325,599	2,848,131
Education, health and others	698,097	568,687
Household	10,070,950	9,537,023
Others	51,818	194,149
	23,198,247	20,787,178

A10. LOANS, ADVANCES AND FINANCING (cont.)

(f) NON-PERFORMING LOANS/FINANCING

	Group	
	31/12/2009 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 year	780,474	690,130
Reclassified as performing during the financial year	(379,573)	(478,188)
Amount recovered	(263,202)	(645,324)
Amount written-off	(477,862)	(1,057,227)
Balance at the end of financial year	860,660	1,200,823
less: Specific allowance	(358,035)	(553,468)
Net non-performing loans, advances and financing	502,625	647,355
Net NPL as a % of gross loans, advances and financing less specific allowance	2.20%	3.20%

(ii) Non-performing loans, advances and financing by economic purpose

Construction	33,127	62,132
Purchase of landed property of which :-		
- Residential	341,928	405,854
- Non-residential	51,691	73,948
Purchase of securities	3,736	6,377
Purchase of transport vehicles	86,447	82,306
Fixed assets other than land and building	4,639	27,492
Personal use	18,946	24,214
Credit card	865	3,804
Consumer durable	33	96
Working capital	279,487	395,006
Others	39,761	119,594
	860,660	1,200,823

A10. LOANS, ADVANCES AND FINANCING (cont.)

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

	Group	
	31/12/2009	31/12/2008
	RM'000	RM'000
(iii) <u>Non-performing loans, advances and financing by sector</u>		
Primary agriculture	5,443	6,428
Mining and quarrying	985	4,753
Manufacturing	86,803	206,992
Electricity, gas and water supply	2,154	85
Construction	140,963	125,761
Real estate	75,153	93,763
Wholesale and retail trade and restaurants and hotels	33,902	55,447
Transport, storage and communication	3,768	46,539
Finance, insurance and business services	15,498	52,874
Education, health and others	9,021	37,964
Household	460,217	540,930
Others	26,753	29,287
	860,660	1,200,823

(iv) Aging of net non-performing loans, advances and financing

Less than 5 years	432,475	566,104
5 years to 7 years	70,150	81,251
	502,625	647,355

(v) Movement in allowance for bad and doubtful debts and financing

General allowance

Balance at the beginning of financial year	306,033	274,585
Allowance made during the financial year	37,290	31,738
Amount written-back during the financial year	(47)	(290)
Balance at the end of financial year	343,276	306,033
As a % of gross loans, advances and financing less specific allowance	1.50%	1.51%

Specific allowance

Balance at the beginning of financial year	553,468	1,307,371
Allowance made during the financial year	322,570	417,019
Amount written-off	(477,685)	(1,055,027)
Amount written-back during the financial year	(48,535)	(115,895)
Amount transferred from allowance for impairment of securities	9,843	-
Amount transferred to allowance for impairment of securities	(1,626)	-
Balance at the end of financial year	358,035	553,468

A11. OTHER ASSETS

	Group	
	31/12/2009	31/12/2008
	RM'000	RM'000
Clearing accounts	153,097	173,371
Income / interest receivable	79,686	74,173
Prepaid lease payments	16,180	17,347
Foreclosed properties	180,329	187,422
Derivative assets	24,315	60,276
Other debtors, deposits and prepayments	38,625	110,472
Amount due from jointly controlled entity	1,057	750
Amount due from associate	-	2,961
	493,289	626,772
	493,289	626,772

A12. OTHER LIABILITIES

	Group	
	31/12/2009	31/12/2008
	RM'000	RM'000
Bank Negara Malaysia and Credit Guarantee Corporation Funding Programmes	71,768	69,358
Amount due from other shareholders of a subsidiary - Liabilities directly associated with land held for sale	24,335	26,696
Interest payable	133,197	183,315
Margin and collateral deposits	57,325	43,916
Trust accounts for clients and remisiers	48,893	39,059
Defined contribution plan	9,128	9,539
Accrued employee benefits	840	987
Derivative liabilities	41,684	81,393
Other creditors and accruals	213,140	197,231
Proposed dividend	95,266	-
Provision for zakat	8,212	7,289
	703,788	658,783
	703,788	658,783

A13. INTEREST INCOME

	←-----Group----->			
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries from NPL	272,875	284,009	1,065,531	1,065,530
- Recoveries from NPL	17,302	16,737	56,034	77,505
Money at call and deposit with financial institutions	16,952	30,090	76,598	175,460
Securities				
- Held-for-trading	200	4,198	3,956	16,028
- Available-for-sale	57,715	39,177	191,829	139,707
- Held-to-maturity	8,109	6,239	22,753	20,467
Derivatives	10,244	13,075	48,614	44,574
Others	35	31	111	241
	<u>383,432</u>	<u>393,556</u>	<u>1,465,426</u>	<u>1,539,512</u>
Accretion of discount less amortisation of premium	2,560	12,906	24,973	56,071
Interest suspended	(4,995)	(5,091)	(21,744)	(19,562)
	<u>380,997</u>	<u>401,371</u>	<u>1,468,655</u>	<u>1,576,021</u>

A14. INTEREST EXPENSE

Deposits and placements of banks and other financial institutions	18,965	23,466	61,305	105,597
Deposits from customers	118,836	163,515	504,075	654,065
Subordinated term loan	-	7,562	5,589	30,151
Loans sold to Cagamas Berhad	2,931	175	6,477	4,702
Derivatives	16,439	14,493	67,594	52,868
Others	865	254	5,328	4,393
	<u>158,036</u>	<u>209,465</u>	<u>650,368</u>	<u>851,776</u>

A15. OTHER OPERATING INCOME

	-----Group-----			
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
	RM'000	RM'000	RM'000	RM'000
<u>Fees income:</u>				
Fees on loans, advances and financing	667	10	1,405	298
Brokerage (net)	12,879	8,327	49,701	48,839
Underwriting fees	877	514	3,344	2,328
Portfolio management fees	1,994	1,403	6,675	6,353
Corporate advisory fees	1,658	985	3,408	4,123
Commission	3,439	3,286	12,832	14,354
Service charges and fees	14,063	11,801	47,389	48,310
Guarantee fees	7,930	6,469	32,965	27,652
Arrangement fees	1,802	-	10,136	7,021
Agency fees	194	673	1,267	1,787
Other fee income	(161)	(207)	4,379	5,234
	<u>45,342</u>	<u>33,261</u>	<u>173,501</u>	<u>166,299</u>
<u>Investment income:</u>				
Gains/(losses) arising from sales of securities:				
- Held-for-trading	(254)	2,386	1,901	4,268
- Available-for-sale	3,168	3,791	11,212	17,833
- Held-to-maturity	22	2,995	2,507	15,230
Gain on disposal of subsidiaries	-	1,500	-	1,500
Unrealised gains/(losses) on revaluation of securities held-for-trading	473	1,066	6,061	(8,084)
Gains/(losses) on derivatives:				
- realised	286	-	951	177
- unrealised	2,703	(30,834)	13,937	(36,851)
	<u>6,398</u>	<u>(19,096)</u>	<u>36,569</u>	<u>(5,927)</u>
<u>Dividend income:</u>				
- Securities available-for-sale	33	3	179	212
- Securities held-to-maturity	2,494	177	5,858	4,556
	<u>2,527</u>	<u>180</u>	<u>6,037</u>	<u>4,768</u>
<u>Other income:</u>				
Foreign exchange gains/(losses):				
- realised	(4,121)	(3,972)	14,223	32,003
- unrealised	20,539	23,956	47,937	40,704
Rental income	331	370	1,490	1,493
Net gains/(loss) on disposal of property and equipment	(1,320)	(31)	279	10,048
Gains on disposal of prepaid lease payment	1,185	-	1,185	-
Gains on disposal of foreclosed properties	17,952	-	18,918	2,883
Other non-operating income	6,165	2,989	18,093	13,174
	<u>40,731</u>	<u>23,312</u>	<u>102,125</u>	<u>100,305</u>
Total Other Operating Income	<u>94,998</u>	<u>37,657</u>	<u>318,232</u>	<u>265,445</u>

A16. OTHER OPERATING EXPENSES

	-----Group----->			
	Individual Quarter Ended 31/12/2009 RM'000	31/12/2008 RM'000	Cumulative Quarter Ended 31/12/2009 RM'000	31/12/2008 RM'000
<u>Personnel costs</u>				
Wages, salaries and bonus	60,617	44,860	242,896	225,455
Defined contribution plan	9,584	8,647	37,937	35,537
Termination benefits	-	(6,000)	-	-
Other personnel costs	5,802	9,513	30,291	29,004
	76,003	57,020	311,124	289,996
<u>Promotion and marketing-related expenses</u>				
Business promotion and advertisement	1,849	1,761	3,851	3,433
Entertainment	574	466	1,806	2,583
Travelling and accommodation	969	794	3,536	3,711
Dealers' handling fees	8,312	6,357	26,235	30,998
Commission	7	(224)	42	339
Others	390	(177)	1,659	1,231
	12,101	8,977	37,129	42,295
<u>Establishment-related expenses</u>				
Rental of premises	6,359	5,913	25,494	24,104
Equipment rental	(186)	197	804	2,280
Repair and maintenance	6,335	7,118	26,876	23,276
Depreciation	6,643	7,056	26,693	27,474
Amortisation	5,282	4,976	21,016	18,397
Lease rental - leasehold properties	59	64	241	465
IT consultancy fee	19,320	10,628	51,292	39,758
Dataline rental	(2,607)	2,124	4,214	5,939
Security services	2,507	2,177	8,991	8,333
Others	5,007	3,946	20,482	16,634
	48,719	44,199	186,103	166,660
<u>General administrative expenses</u>				
Telecommunication expenses	1,662	1,677	6,794	6,951
Director's Remuneration	253	365	988	1,429
Auditors' remuneration:				
(i) Statutory audit	197	101	1,205	966
(ii) Others	272	246	476	427
Professional fees	7,154	6,452	21,706	19,835
Property & equipment written off	289	206	527	835
Intangible asset written off	-	(1)	-	16
Diminution in value of foreclosed properties	-	-	-	-
Postage and courier charges	821	1,143	3,975	5,466
Stationery and consumables	978	1,099	7,185	6,963
Subscription fees	432	252	1,692	1,989
Subsidies and allowances	163	154	674	932
Transaction levy	362	143	1,258	1,249
Commissioned dealers representative performance incentive	1,094	559	4,635	3,027
Loss on disposal of land held for sale	-	4,457	-	4,457
Others	5,359	17,307	19,023	34,088
	19,036	34,160	70,138	88,630
Total other operating expenses	155,859	144,356	604,494	587,581

A17. ALLOWANCE FOR LOSSES ON LOANS AND FINANCING

	←-----Group-----→			
	Individual Quarter Ended 31/12/2009 RM'000	31/12/2008 RM'000	Cumulative Quarter Ended 31/12/2009 RM'000	31/12/2008 RM'000
<u>Allowance for bad and doubtful debts</u> <u>on loans and financing</u>				
Specific allowance				
- Made during the financial year	121,335	99,546	322,570	415,842
- Written back	(8,935)	(11,523)	(48,535)	(114,718)
General allowance (net)	14,391	8,241	37,243	31,448
<u>Bad debts</u>				
- recovered	(43,374)	(118,365)	(138,267)	(240,767)
- written off	3,119	2,444	12,237	8,929
<u>Addition / (Writeback) of allowance for bad</u> <u>and doubtful debt</u>				
- trade debtors	(207)	6	(385)	(553)
- other debtors	(165)	61	202	293
	86,164	(19,590)	185,065	100,474

A18. IMPAIRMENT LOSSES

Additional / (Write-back of) allowance for impairment loss :-				
- Land held for sale	3,808	445	3,808	445
- Securities available-for-sale	2,051	23,056	10,467	31,837
- Securities held-to-maturity	(176)	(309)	(387)	(3,680)
	5,683	23,192	13,888	28,602

A19. SEGMENTAL INFORMATION ON REVENUE AND PROFIT

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

<-----Current year's individual quarter ended 31 December 2009----->							
RM '000	Commercial Banking and Hire Purchase	Investment Banking	Stockbroking	Insurance	Others	Eliminations	Group
Segment revenue	454,082	42,298	12,445	-	1,584	-	510,409
Intersegment revenue	1,573	1,374	-	-	264	(3,211)	-
Revenue	<u>455,655</u>	<u>43,672</u>	<u>12,445</u>	<u>-</u>	<u>1,848</u>	<u>(3,211)</u>	<u>510,409</u>
Segment results	101,186	9,643	1,820	-	334	3,170	116,153
Unallocated expenses							(4,581)
Share of results of:							
- jointly controlled entity	-	-	-	(1,632)	-	-	(1,632)
- associate	-	-	-	4,062	-	-	4,062
Profit before taxation and zakat							<u>114,002</u>
Taxation and zakat							<u>(29,832)</u>
Net profit for the quarter							<u>84,170</u>

<-----Preceding year's individual quarter ended 31 December 2008----->							
RM '000	Commercial Banking and Hire Purchase	Investment Banking	Stockbroking	Insurance	Others	Eliminations	Group
Segment revenue	476,037	26,445	7,315	-	2,778	-	512,575
Intersegment revenue	4,486	6,408	(112)	-	849	(11,631)	-
Revenue	<u>480,523</u>	<u>32,853</u>	<u>7,203</u>	<u>-</u>	<u>3,627</u>	<u>(11,631)</u>	<u>512,575</u>
Segment results	137,042	(18,917)	1,138	-	995	2,904	123,162
Unallocated expenses							(4,174)
Share of results of:							
- jointly controlled entity	-	-	-	(3,100)	-	-	(3,100)
- associate	-	-	-	(318)	-	-	(318)
Profit before taxation and zakat							<u>115,570</u>
Taxation and zakat							<u>(31,463)</u>
Net profit for the quarter							<u>84,107</u>

A19. SEGMENTAL INFORMATION ON REVENUE AND PROFIT

<-----Current year's cumulative quarter ended 31 December 2009----->							
RM '000	Commercial Banking and Hire Purchase	Investment Banking	Stockbroking	Insurance	Others	Eliminations	Group
Segment revenue	1,778,091	177,609	46,591	-	6,567	-	2,008,858
Intersegment revenue	7,139	6,555	-	-	1,009	(14,703)	-
Revenue	<u>1,785,230</u>	<u>184,164</u>	<u>46,591</u>	<u>-</u>	<u>7,576</u>	<u>(14,703)</u>	<u>2,008,858</u>
Segment results	425,147	60,546	4,017	-	1,151	12,265	503,126
Unallocated expenses							(18,448)
Share of results of:							
- jointly controlled entity	-	-	-	233	-	-	233
- associate	-	-	-	12,249	-	-	12,249
Profit before taxation and zakat							497,160
Taxation and zakat							(125,317)
Net profit for the cumulative quarter							<u>371,843</u>

<-----Preceding year's cumulative quarter ended 31 December 2008----->							
RM '000	Commercial Banking and Hire Purchase	Investment Banking	Stockbroking	Insurance	Others	Eliminations	Group
Segment revenue	1,927,098	134,971	40,337	-	13,032	-	2,115,438
Intersegment revenue	6,321	9,314	-	-	1,837	(17,472)	-
Revenue	<u>1,933,419</u>	<u>144,285</u>	<u>40,337</u>	<u>-</u>	<u>14,869</u>	<u>(17,472)</u>	<u>2,115,438</u>
Segment results	454,628	(41,104)	685	-	3,528	10,755	428,492
Unallocated expenses							(19,437)
Share of results of:							
- jointly controlled entity	-	-	-	(11,490)	-	-	(11,490)
- associate	-	-	-	6,645	-	-	6,645
Profit before taxation and zakat							404,210
Taxation and zakat							(111,448)
Net profit for the cumulative quarter							<u>292,762</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 year ended 31 December 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 year ended 31/12/2009			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	495,326	495,326	470,810	658,062	658,062	609,474
Transaction-related contingent items	2,648,189	1,324,094	1,106,247	2,785,699	1,392,849	1,115,835
Short-term self-liquidating trade-related contingencies	1,401,193	280,239	120,271	2,379,763	475,952	202,368
Obligations under underwriting agreements	33,020	16,510	5,240	60,214	30,107	20,622
Foreign exchange related contracts						
- Less than one year	2,110,013	45,881	20,343	1,925,805	60,174	23,038
- One year to less than five years	83,687	7,184	2,784	354,390	27,420	15,025
Interest rate related contracts						
- Less than one year	385,000	910	184	277,000	790	280
- One year to less than five years	524,086	13,144	4,037	750,024	14,197	3,986
- Five years and above	440,277	38,564	7,910	507,100	63,522	13,449
Irrevocable commitments to extend credit:						
- Maturity exceeding 1 year	3,958,046	-	-	3,808,203	1,904,102	1,703,168
- Maturity not exceeding 1 year	5,256,924	-	-	8,669,397	1,715,466	820,105
Unutilised credit card lines	555,478	111,096	83,248	506,509	101,302	75,946
	17,891,239	2,332,948	1,821,074	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 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			Trading Book RM'000
As at 31 December 2009									
ASSETS									
Cash & short-term funds	6,052,355	-	-	-	-	171,189	-	6,223,544	1.97
Deposits & placements with banks and other financial institutions	-	-	1,817	-	-	-	-	1,817	1.55
Securities held for trading	-	-	-	-	-	-	150,000	150,000	2.18
Securities available-for-sale	945,663	610,778	1,897,854	3,586,507	1,081,859	44,003	-	8,166,664	3.69
Securities held-to-maturity	236,035	-	26,530	79,261	16	176,374	-	518,216	4.75
Loans, advances & financing:									
- Performing	11,660,313	2,626,570	2,219,599	4,244,167	1,573,938	(343,276)	-	21,981,311	4.70
- Non-performing	-	-	-	-	-	-	-	515,625	
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	-	-	244,982	
Other assets	-	-	-	-	-	-	8,063	2,089,630	
Land held for sale	-	-	-	-	-	-	-	62,354	
TOTAL ASSETS	18,894,366	3,237,348	4,145,800	7,909,935	2,655,813	2,952,818	158,063	39,954,143	
LIABILITIES, INSURANCE RESERVES AND EQUITY									
Deposits from customers	10,441,278	7,856,234	6,128,411	99,327	-	4,074,001	-	28,599,251	2.29
Deposits & placements of banks and other financial institutions	2,213,325	2,525,046	408,723	-	-	-	-	5,147,094	2.05
Bills and acceptance payable	-	-	-	-	-	94,265	-	94,265	
Recourse obligation on loans sold to Cagamas Berhad	-	-	-	297,216	-	-	-	297,216	5.00
Other liabilities	-	-	-	-	-	754,082	26,946	781,028	
Borrowings	300,000	-	-	-	-	-	-	300,000	2.76
TOTAL LIABILITIES	12,954,603	10,381,280	6,537,134	396,543	-	4,922,348	26,946	35,218,854	

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	Non-interest bearing RM'000		
<u>As at 31 December 2009</u>								
EQUITY								
Shareholders' Funds	-	-	-	-	-	4,735,289	-	4,735,289
Total liabilities and shareholders' funds	12,954,603	10,381,280	6,537,134	396,543	-	9,657,637	26,946	39,954,143
On balance sheet-interest sensitivity gap	5,939,763	(7,143,932)	(2,391,334)	7,513,392	2,655,813	(6,704,819)	131,117	-
Off balance sheet-interest sensitivity gap	529,078	199,536	(339,724)	(293,106)	(95,784)	-	-	-
Total interest sensitivity gap	6,468,841	(6,944,396)	(2,731,058)	7,220,286	2,560,029	(6,704,819)	131,117	-

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	Trading Book		
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	-	-	-	-	155,871	-	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	-	-	-	-	-	2,194,510	28,216	2,222,726	
Land held for sale	-	-	-	-	-	87,412	-	87,412	
Total assets	18,023,086	3,167,388	3,155,931	5,822,952	2,340,813	3,886,365	431,596	36,828,131	
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	-	-	-	-	-	687,712	58,100	745,812	
Borrowings	-	-	200,000	500,000	-	-	-	700,000	5.63
Total liabilities	14,222,100	9,204,782	5,429,213	639,217	-	2,863,414	58,100	32,416,826	

A24. INTEREST / PROFIT RATE RISK (cont.)

GROUP	Non-trading Book					Trading Book RM'000	Total RM'000	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 December 2008</u>								
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	36,828,131	
On balance sheet- interest sensitivity gap	3,800,986	(6,037,394)	(2,273,282)	5,183,735	2,340,813	373,496	-	
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)	(2,229,880)	4,535,274	2,246,838	373,496	-	

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:-

	31/12/2009 RM'000	31/12/2008 RM'000
<u>Tier 1 Capital</u>		
Share capital	1,661,531	1,661,531
Share premium	550,659	550,659
Retained profits	356,018	269,709
Statutory reserve	925,509	749,330
	<u>3,493,717</u>	<u>3,231,229</u>
Less:-		
Goodwill	(190,384)	(190,384)
Deferred tax assets/(liabilities)	(63,434)	(55,896)
Total Tier 1 capital (a)	<u>3,239,899</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	343,276	305,853
Total Tier 2 capital (b)	<u>643,276</u>	<u>805,853</u>
Total capital (a) + (b)	3,883,175	3,790,802
Less:-		
Investment in capital instruments of other banking institutions	(305,358)	-
Investment in subsidiaries	(41,180)	(53,229)
Capital base	<u>3,536,637</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:-

	31/12/2009 RM'000	31/12/2008 RM'000
Credit risk	23,271,148	24,545,176
Market risk	88,120	320,843
Operational risk	2,190,893	2,060,483
Total risk-weighted assets	<u>25,550,161</u>	<u>26,926,502</u>

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

Before deducting proposed dividends:-

Core capital ratio	12.68%	11.08%
Risk capital weighted ratio	<u>13.84%</u>	<u>13.88%</u>

After deducting proposed dividends:-

Core capital ratio	12.44%	11.00%
Risk capital weighted ratio	<u>13.60%</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

	Group	
	31/12/2009	31/12/2008
	RM'000	RM'000
ASSETS		
Cash and short term funds	2,211,477	2,358,150
Securities available-for-sale	1,383,903	1,071,326
Securities held-to-maturity	575	575
Loans, advances and financing	2,880,708	2,449,939
Statutory deposit with Bank Negara Malaysia	-	106,400
Investment in jointly-controlled entity	500	500
Other assets	35,289	53,335
Tax recoverable	-	5,187
Deferred tax assets	8,431	4,552
Property and equipment	4,159	3,247
Land held for sale	-	15,000
Intangible assets	727	1,392
TOTAL ASSETS	6,525,769	6,069,603
LIABILITIES, ISLAMIC BANKING FUNDS		
Deposits from customers	4,627,330	4,252,119
Deposits and placements of banks and other financial institutions	1,238,459	1,261,205
Other liabilities	260,315	293,608
Provision for tax	1,594	-
Total Liabilities	6,127,698	5,806,932
SHAREHOLDERS' EQUITY		
Share capital	260,000	160,000
Reserves	138,071	102,671
Total Equity	398,071	262,671
TOTAL LIABILITIES & EQUITY	6,525,769	6,069,603
COMMITMENTS AND CONTINGENCIES	2,157,508	6,994,462

A27. OPERATIONS OF ISLAMIC BANKING (cont.)

(ii) Unaudited Islamic Income Statement

	←-----Group----->			
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	60,191	71,346	242,605	278,588
Allowance for losses on financing	(17,738)	(8,422)	(29,995)	(27,113)
Transfer from/(to) profit equalisation reserve	776	-	-	-
	43,229	62,924	212,610	251,475
Income attributable to depositors	(23,870)	(38,357)	(103,262)	(155,195)
Income attributable to shareholders	19,359	24,567	109,348	96,280
Income derived from investment of Shareholders' funds	4,299	3,337	14,284	12,062
	23,658	27,904	123,632	108,342
Other operating expenses	(19,768)	(17,108)	(76,627)	(66,981)
Profit before tax and zakat	3,890	10,796	47,005	41,361
Taxation	(624)	(2,258)	(10,913)	(11,000)
Zakat	-	-	(3,308)	(2,359)
Net profit for the financial period	3,266	8,538	32,784	28,002

(iii) Financing

<u>By type</u>	Group	
	31/12/2009	31/12/2008
	RM'000	RM'000
Cash line	218,213	193,632
Term financing		
- Housing financing	2,404,644	2,121,908
- Syndicated term financing	863,724	896,342
- Hire purchase receivables	1,050,395	874,759
- Lease receivables	50,264	-
- Other term financing	818,981	606,786
Bills financing	7,899	6,275
Trust receipts	77,390	83,763
Interest-free accepted bills	95,431	88,092
Staff financing	14,524	11,780
Revolving credit	121,112	99,486
	5,722,577	4,982,823
less: Unearned income	(2,770,998)	(2,488,795)
	2,951,579	2,494,028
less: Allowance for bad and doubtful debts and financing		
- General	(44,067)	(37,309)
- Specific	(26,804)	(6,780)
Total net financing	2,880,708	2,449,939

A27. OPERATIONS OF ISLAMIC BANKING (cont.)

(iv) Non-performing financing (NPF)

	Group	
	31/12/2009	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 year	83,346	61,712
Reclassified as performing during the financial year	(43,440)	(38,442)
Amount written-off	(3,432)	(16,697)
Amount written back in respect of recoveries	(16,120)	(4,250)
Balance at the end of financial year	60,456	40,102
less: Specific allowance	(26,804)	(6,780)
Net non-performing loans, advances and financing	33,652	33,322
As a % of gross loans, advances and financing less specific allowance	1.15%	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 year	6,758	10,824
Balance at the end of financial year	44,067	37,309

As a % of gross loans, advances and financing less specific allowance	1.51%	1.50%
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Specific allowance

Balance at the beginning of financial year	6,780	7,170
Allowance made during the financial year	24,939	17,562
Amount written off	(3,431)	(1,379)
Amount written back in respect of recoveries	(1,484)	(16,573)
Balance at the end of financial year	26,804	6,780

(v) Deposits from customers

	Group	
	31/12/2009	31/12/2008
	RM'000	RM'000
<u>By type of deposits</u>		
Non-Mudharabah Funds		
Demand deposits	1,187,013	1,333,821
Savings deposits	176,485	180,314
Negotiable Instruments of Deposits	309,626	222,268
	1,673,124	1,736,403
Mudharabah Funds		
Demand deposits	4,356	-
Savings deposits	29,490	16,778
General investment deposits	2,213,783	1,095,288
Special investment deposits	706,577	1,403,650
	2,954,206	2,515,716
Total deposits from customers	4,627,330	4,252,119

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

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

The Group recorded a lower pretax profit of RM114.0 million for the current financial quarter as compared to RM115.6 million for the preceeding year's corresponding quarter. For the financial year ended 31 December 2009, the Group's pretax profit increased by 23% or RM93.0 million to RM497.2 million as compared to RM404.2 million achieved last year. This was mainly due to the increase in net interest income, other operating and Islamic banking income totalling RM161.3 million and lower impairment loss on securities of RM14.7 million, net of higher loan loss provision and overhead expenses of RM84.6 million and RM16.9 million respectively. The Group's share of results in both jointly controlled entity and associate had also improved by RM11.7 million and RM5.6 million for the year under review.

AFFIN Bank Berhad ("ABB") group recorded a lower pretax profit of RM101.2 million for the current financial quarter as compared to RM137.0 million for the preceeding year's corresponding quarter. For the financial year ended 31 December 2009, the ABB group also registered a lower pretax profit of RM425.1 million as compared to RM454.6 million for the previous year. The increase in net interest income, other operating income and Islamic banking income totalling RM105.5 million and the reduction in impairment loss on securities of RM15.3 million were not sufficient to cushion both the increase in loan loss provision and overhead expenses of RM135.0 million and RM15.2 million.

AFFIN Investment Bank Berhad ("AIBB") group reported a pretax profit of RM11.5 million for the current financial quarter as compared to a pretax loss of RM17.8 million for the preceding year's corresponding quarter. For the financial year ended 31 December 2009, the AIBB group registered a pretax profit of RM64.6 million as compared to a pretax loss of RM40.4 million suffered last year. The improved performance was mainly due to the increase in other operating income and net interest income totalling RM61.6 million, as well as the write-back of loan loss provision of RM2.5 million as compared to a charge of RM48.0 million for the previous year. For the year under review, the stockbroking division registered a higher pretax profit of RM4.0 million as compared to RM0.7 million for the previous year. As for AFFIN Fund Management Berhad, the Company registered a lower pretax profit of RM3.8 million as compared to RM4.3 million achieved last year.

Similar to the preceding year's corresponding quarter, AFFIN Moneybrokers Sdn Bhd registered a pretax profit of RM0.1 million for the quarter ended 31 December 2009. As at year-to-date, the Company registered a pretax profit of RM0.7 million as compared to RM1.8 million for the previous year, mainly due to lower net brokerage income net of lower overheads.

AXA-AFFIN Life Insurance Berhad reported a lower pretax loss of RM3.0 million for the current financial quarter as compared to a pretax loss of RM6.1 million for the preceding year's corresponding quarter. For the financial year ended 31 December 2009, the Company however registered a pretax profit of RM0.7 million as compared to a pretax loss of RM22.6 million for the previous year. This was mainly attributable to the gain on disposal of available-for-sale securities of RM4.5 million, lower deficit transferred from Life Fund Revenue Accounts of RM16.2 million and there was no unrealised loss on investment of RM3.0 million like the previous year.

AXA-AFFIN General Insurance Berhad recorded a higher pretax profit of RM4.4 million for the current financial quarter as compared to RM0.3 million for the preceding year's corresponding quarter. For the financial year ended 31 December 2009, the Company's pretax profit increased by RM1.6 million to RM25.5 million as compared to RM23.9 million achieved last year, mainly attributable to higher earned premium of RM17.3 million and there was no unrealised loss on investment securities of RM6.8 million like the previous year. This was however offset by the increase in net claim, overhead expenses and net commission incurred of RM8.2 million, RM3.8 million and RM2.7 million respectively, with a drop in both the gain on sales of investment and investment income of RM4.6 million and RM3.5 million.

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

The Group recorded a lower pretax profit of RM114.0 million for the current financial quarter as compared to RM140.0 million for the preceding quarter ended 30 September 2009. The increase in net interest income and other operating income of RM14.0 million and RM10.7 million were not sufficient to cushion the increase in loan loss provision and overhead expenses of RM46.0 million and RM3.4 million respectively, while the write-back of profit equalisation reserve was lower by RM2.1 million for the quarter under review.

B3. HEADLINE KEY PERFORMANCE INDICATOR ("KPI") FOR YEAR 2009

The Group has achieved all its announced headline Key Performance Indicators ("KPIs") for the financial year 2009 as follows:-

<u>Headline KPIs</u>	<u>As announced</u>	<u>Actual achieved</u>
(i) After Tax Returns on Equity (ROE)	7.5%	8.1%
(ii) After Tax Returns on Assets (ROA)	0.9%	1.0%
(iii) Net NPL Ratio	2.3%	2.2%
(iv) Earnings Per Share (EPS)	<u>22.70 sen</u>	<u>24.88 sen</u>

B4. PROSPECT FOR THE CURRENT FINANCIAL YEAR

Barring any unforeseen circumstances, the Group is expected to continue to perform well and achieve satisfactory results for the financial year ending 31 December 2010.

B5. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

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

B6. TAXATION

	<-----Group----->			
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
	RM'000	RM'000	RM'000	RM'000
Malaysian Taxation:				
- Income tax based on profit for the financial year	32,763	35,739	127,873	133,124
Deferred tax:				
- Relating to originating temporary differences	(2,945)	(3,711)	(5,981)	(24,022)
- Relating to changes in tax rate	-	1,978	-	1,978
Under/(over) provision in prior years:				
- Current taxation	14	(2,573)	17	(2,021)
	<u>29,832</u>	<u>31,433</u>	<u>121,909</u>	<u>109,059</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.

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.

B8. STATUS OF CORPORATE PROPOSALS

a) Proposed acquisition of the entire share capital of BH Insurance Berhad (M) Sdn Bhd ("BHI") by AXA AFFIN General Insurance Berhad ("AAGI")

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 Holdings Berhad ("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 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.

On 22 February 2010, the Board of Directors of AHB announced that BNM had vide its letter dated 18 February 2010, informed that the Minister of Finance had approved the following applications by AAGI:-

- (i) AAGI to acquire 100% equity of BHI from Boustead (80%) and Felda Marketing Services Sdn Bhd ("FMS") (20%) pursuant to section 67 of the Insurance Act 1996 ("IA");
- (ii) FMS to subscribe 19,047,619 or 16% shares (newly issued) of AAGI as consideration for the disposal of its 20% equity interest in BHI to AAGI pursuant to Section 67 of IA; and
- (iii) AAGI to be exempted under Section 69 of IA to hold more than one general insurance licence for 12 months.

In the said letter, BNM also stated that it had no objection to AAGI to issue both RM150 million subordinated debt and RM55 million senior debt to its shareholders.

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

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").

B8. STATUS OF CORPORATE PROPOSALS(cont.)

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

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.

c) Proposed acquisition of a controlling stake in PT Bank Ina Perdana, Indonesia

On 15 January 2010, The Board of Directors ("Board") of AFFIN Holdings Berhad ("AHB") announced that Bank Negara Malaysia ("BNM") had vide its letter dated 14 January 2010 granted its approval for AHB to commence negotiations with the existing shareholders of PT Bank Ina Perdana ("Bank Ina"), Indonesia for a possible acquisition of a controlling stake in Bank Ina ("Proposal").

The necessary approvals of BNM will be sought should AHB intends to proceed with the Proposal upon conclusion of the negotiation.

The Board has considered Indonesia to be the first overseas venture for the Group which is seen to have significant growth potential given that Indonesia is the fourth most populous nation in the world and the banking penetration remains low.

The Board expects negotiations to commence soon and further announcement will be made to Bursa Malaysia Securities Berhad on the development at the appropriate time.

B9. GROUP BORROWINGS AND DEBT SECURITIES

	Group	
	31/12/2009 RM'000	31/12/2008 RM'000
(i) <u>Deposits from Customers</u>		
<u>By Type of Deposits:-</u>		
Money Market Deposits	401,391	1,654,643
Demand Deposits	4,399,320	3,714,185
Savings Deposits	1,030,103	990,251
Fixed Deposits	17,992,559	16,521,716
Negotiable Instruments of Deposits ('NIDs')	4,069,301	2,650,531
Special Investment Deposits	706,577	1,403,650
	<u>28,599,251</u>	<u>26,934,976</u>
 Maturity structure of fixed deposits and NIDs are as follows:		
Due within six months	19,102,077	16,422,017
Six months to one year	2,860,461	2,607,524
One year to three years	74,881	141,260
Three years to five years	24,441	1,446
	<u>22,061,860</u>	<u>19,172,247</u>
 <u>By Type of Customers:-</u>		
Government and statutory bodies	4,654,275	5,087,629
Business enterprises	10,195,116	10,274,853
Individuals	3,969,168	3,467,846
Others	9,780,692	8,104,648
	<u>28,599,251</u>	<u>26,934,976</u>

B9. GROUP BORROWINGS AND DEBT SECURITIES (cont.)

	Group	
	31/12/2009 RM'000	31/12/2008 RM'000
(ii) Deposits and Placements of Banks and Other Financial Institutions		
<u>By Type of Institutions:-</u>		
Licensed banks	3,697,844	1,062,942
Licensed investment banks	530,717	339,350
Bank Negara Malaysia	-	65,353
Other financial institutions	918,533	2,421,062
	5,147,094	3,888,707
<u>By Maturity Structure:-</u>		
Due within six months	5,142,870	3,883,962
Six months to one year	4,224	4,745
One year to three years	-	-
	5,147,094	3,888,707
(iii) Borrowings		
Unsecured		
- One year or less (short-term)	-	200,000
- More than one year (medium/long-term)	300,000	500,000
	300,000	700,000

B10. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

The value of derivative contracts classified by remaining period to maturity/repricing date (whichever is earlier) as at reporting date are as follows:-

Items	Principal Amount	> 1 - 3 months	> 3 - 6 months	> 6 - 12 months	> 1 - 5 years	> 5 years	Margin requirement
Foreign Exchange	2,193,700	1,510,313	365,068	234,631	83,688	-	-
- Forwards	704,000	553,715	56,941	59,656	33,688	-	-
- Swaps	1,489,700	956,598	308,127	174,975	50,000	-	-
- Options	-	-	-	-	-	-	-
Interest Rate related	1,349,363	35,000	-	350,000	524,086	440,277	-
- Forwards	-	-	-	-	-	-	-
- Futures	-	-	-	-	-	-	-
- Swaps	1,349,363	35,000	-	350,000	524,086	440,277	-
Total	3,543,063	1,545,313	365,068	584,631	607,774	440,277	-

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 RM7.2 million (FYE 31/12/2008: RM1.3 million), while the notional amount of interest rate contract was RM880.5 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 RM53.1 million (FYE 31/12/2008: RM87.6 million) and RM52.6 million (FYE 31/12/2008: RM78.5 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

B11. MATERIAL LITIGATION

- a) There are various other legal suits against AFFIN Bank Berhad ("ABB") in respect of claims and counter claims of approximately RM68.7 million (31 December 2008: RM103.8 million). Based on legal advice, the Directors of ABB 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 30 November 2009, the Court has fixed the matter for further case management where filing of documents, statement of agreed/non-agreed facts and statements of issues will be tried accordingly. The Court has set the date on 8 December 2009 on order for discovery, 9 February 2010 for monitoring of progress of trial preparation and hearing for trial to be between 13 September 2010 to 16 September 2010.

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.

- c) There is a legal claim of RM30 million by another financial institution ('FI') against AFFIN Bank Berhad ('ABB') with regards to rights over a mutual customer's collaterals which consist of shares. In November 2002, the High Court had ruled that the FI had priority over the shares and hence, ABB had to deliver to the FI the shares or payment of the proceeds if the shares have been sold. In December 2002, ABB had appealed against the decision but the Court of Appeal had affirmed the decision of the High Court in November 2008. In December 2008, ABB had appealed against the decision of the Court of Appeal at the Federal Court. However, in July 2009, the Federal Court had dismissed ABB's application for leave to appeal.

B11. MATERIAL LITIGATION (cont.)

Subsequent to the decision of the Federal Court, ABB had delivered the share certificates to the FI in August 2009. However, the FI refused to accept the share certificates, with the view that the shares had been disposed. The FI had then filed an application to enforce the application judgment that was obtained in the High Court by demanding that the sum of RM30 million together with the interest and further assessment of damages to be paid by ABB to the FI. The matter has been fixed for mention on 8 February 2010 to enable both ABB and the FI to exhaust all affidavits.

The Directors of ABB are of the opinion that the Court judgment allows ABB to return the shares as the shares are still in ABB's possession. As such, there is no current obligation to pay the FI and hence no provision has been made at this juncture.

B12. PROPOSED DIVIDENDS

- a) No final dividend has been proposed for the current financial year ended 31 December 2009.
- b) Total dividend for the current financial year : 8.5 sen per share (less 25% tax), comprising an interim of 5 sen per share (less 25% tax) and a special dividend of 3.5 sen per share (less 25% tax), paid on 18 January 2010.
- c) Total dividend for the previous financial year : Interim dividend of 5 sen per share (less 26% tax)

B13. EARNINGS PER SHARE

	-----Group----->			
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Net profit attributable to equity holders of the parent (RM'000)	84,170	84,107	371,843	292,762
Weighted average number of ordinary share in issue	1,494,367,235	1,494,366,667	1,494,366,810	1,493,862,378
Basic earning per share (sen)	5.63	5.63	24.88	19.60
Diluted earnings per share (sen)	5.63	5.63	24.88	19.60

The basic and diluted earnings per share of the Group for the current financial quarter ended 31 December 2009 have been calculated based on the net profit attributable to the equity holders of the parent of RM84,170,000 (31 December 2008: RM84,107,000) divided by the weighted average number of ordinary shares in issue during the current financial quarter of 1,494,367,235 (31 December 2008: 1,494,366,667).

The basic earnings per share of the Group for the financial year ended 31 December 2009 has been calculated based on the net profit attributable to the equity holders of the parent of RM371,843,000 (31 December 2008: RM292,762,000) divided by the weighted average number of ordinary shares in issue during the financial year of 1,494,366,810 (31 December 2008: 1,493,862,738).

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	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial year	84,170	84,107	371,843	292,762
Less: Economic charge	(120,456)	(103,133)	(465,635)	(405,553)
Economic loss for the financial year	<u>(36,286)</u>	<u>(19,026)</u>	<u>(93,792)</u>	<u>(112,791)</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