

AFFIN HOLDINGS BERHAD
(Company no. 23218 - W)
Condensed Interim Financial Statements
Unaudited Statements of Financial Position As At 30 September 2011

	<-----GROUP----->		<-----COMPANY----->	
	30/9/2011 RM'000	31/12/2010 RM'000	30/9/2011 RM'000	31/12/2010 RM'000
ASSETS				
Cash and short term funds	8,333,752	8,673,341	290,352	126,043
Deposits and placements with banks and other financial institutions	243,474	18,088	4,246	176,412
Financial assets held-for-trading	-	149,853	-	-
Financial investments available-for-sale	9,337,533	8,528,907	-	-
Financial investments held-to-maturity	650,145	533,458	-	-
Loans, advances and financing	29,138,593	26,574,066	-	-
Derivative financial assets	83,791	43,254	-	-
Statutory deposits with Bank Negara Malaysia	1,159,397	275,167	-	-
Investment in subsidiaries	-	-	3,536,914	3,636,991
Amount due from subsidiary	-	-	600,000	300,074
Investment in jointly controlled entities	108,931	113,311	128,520	128,520
Investment in associate	153,129	152,779	10,597	10,597
Amount due from associate	66,311	90,624	66,311	90,624
Trade receivables	95,866	270,012	-	-
Other assets	329,488	305,813	3,572	2,569
Tax recoverable	54,518	76,291	3,087	6,181
Deferred tax assets	930	10,180	-	-
Property and equipment	182,643	176,897	959	734
Intangible assets	1,008,543	1,011,867	9	12
TOTAL ASSETS	50,947,044	47,003,908	4,644,567	4,478,757
LIABILITIES AND EQUITY				
Deposits from customers	38,693,932	33,098,432	-	-
Deposits and placements of banks and other financial institutions	4,679,046	6,837,631	-	-
Bills and acceptances payable	161,383	110,161	-	-
Trade payables	115,797	258,802	-	-
Recourse obligation on loans sold to Cagamas Berhad	277,996	286,370	-	-
Derivative financial liabilities	120,290	57,560	-	-
Other liabilities	609,721	738,025	8,454	108,086
Amount due to subsidiaries	-	-	589,313	689,348
Provision for taxation	20,646	188	-	-
Deferred tax liabilities	15,519	25,082	141	141
Borrowings	666,310	390,624	666,310	390,624
TOTAL LIABILITIES	45,360,640	41,802,875	1,264,218	1,188,199

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	<-----GROUP----->		<-----COMPANY----->	
	30/9/2011 RM'000	31/12/2010 RM'000	30/9/2011 RM'000	31/12/2010 RM'000
EQUITY				
Share capital	1,494,576	1,494,576	1,494,576	1,494,576
Reserves:-				
Share premium	1,400,410	1,400,410	1,400,410	1,400,410
Statutory reserve	1,091,258	990,542	-	-
Investment fluctuation reserve	94,549	84,630	-	-
Retained profits	1,505,611	1,230,875	485,363	395,572
TOTAL EQUITY	5,586,404	5,201,033	3,380,349	3,290,558
TOTAL LIABILITIES AND EQUITY	50,947,044	47,003,908	4,644,567	4,478,757
COMMITMENTS AND CONTINGENCIES	21,948,789	18,901,770	-	-
CAPITAL ADEQUACY				
<u>Before deducting proposed dividends:</u>				
Core capital ratio	11.65%	12.64%		
Risk-weighted capital ratio	13.67%	13.92%		
<u>After deducting proposed dividends:</u>				
Core capital ratio	11.26%	12.33%		
Risk-weighted capital ratio	13.28%	13.61%		
NET ASSETS PER SHARE (RM)	3.74	3.48		

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2010.

AFFIN HOLDINGS BERHAD

(Company no. 23218 - W)

Condensed Interim Financial Statements

Unaudited Income Statements For The Financial Period Ended 30 September 2011

<u>Group</u>	<---Individual Quarter Ended --->		<---Cumulative Quarter Ended --->	
	30/9/2011 RM'000	30/9/2010 RM'000	30/9/2011 RM'000	30/9/2010 RM'000
Revenue	680,121	597,821	1,950,427	1,652,451
Interest income	505,824	438,477	1,447,443	1,201,764
Interest expense	(294,184)	(215,889)	(801,411)	(570,821)
Net interest income	211,640	222,588	646,032	630,943
Islamic banking income	50,779	45,247	146,665	133,287
Other operating income	69,065	86,841	228,429	247,750
Operating income	331,484	354,676	1,021,126	1,011,980
Other operating expenses	(162,479)	(167,583)	(495,452)	(474,991)
Operating profit before allowance for impairment on loans, advances and financing	169,005	187,093	525,674	536,989
Allowance for impairment on loans, advances and financing	50,246	(30,314)	24,203	(61,941)
Allowance for impairment on other assets	70	(3,795)	1,061	(3,250)
Transfer to profit equalisation reserve	(70)	271	(204)	-
Operating profit	219,251	153,255	550,734	471,798
Finance cost	(6,906)	(3,781)	(15,635)	(9,186)
Share of results of a jointly controlled entity	1,916	(3,238)	(4,562)	(498)
Share of results of associate	1,969	2,961	3,937	10,755
Gain on dilution of interest in associate	-	-	-	7,962
Profit before taxation and zakat	216,230	149,197	534,474	480,831
Taxation	(75,379)	(34,097)	(152,903)	(114,067)
Zakat	(5,653)	(85)	(6,119)	(4,711)
Net profit for the financial period attributable to equity holders of the Company	135,198	115,015	375,452	362,053
Earnings per share attributable to the equity holders of the Company (sen)				
- Basic and fully diluted	9.05	7.70	25.12	24.23

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2010.

AFFIN HOLDINGS BERHAD
 (Company no. 23218 - W)
Condensed Interim Financial Statements
Unaudited Statement of Comprehensive Income
For The Financial Period Ended 30 September 2011

<u>Group</u>	<---Individual Quarter Ended --->		<---Cumulative Quarter Ended --->	
	30/9/2011 RM'000	30/9/2010 RM'000	30/9/2011 RM'000	30/9/2010 RM'000
Profit after taxation and zakat	135,198	115,015	375,452	362,053
Other comprehensive income:				
- Net change in fair value of financial investments available-for-sale	11,436	8,412	13,325	5,338
- Deferred tax on revaluation of financial investments available-for-sale	(2,778)	(2,612)	(3,406)	(2,468)
Other comprehensive income for the period, net of tax	8,658	5,800	9,919	2,870
Total comprehensive income for the financial period attributable to the equity holders of the Company	143,856	120,815	385,371	364,923

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2010.

AFFIN HOLDINGS BERHAD

(Company no. 23218 - W)

Condensed Interim Financial Statements

Unaudited Income Statements For The Financial Period Ended 30 September 2011

<u>Company</u>	<---Individual Quarter Ended --->		<---Cumulative Quarter Ended --->	
	30/9/2011 RM'000	30/9/2010 RM'000	30/9/2011 RM'000	30/9/2010 RM'000
Revenue	10,140	6,004	118,592	97,364
Interest income	10,140	6,004	24,404	14,287
Interest expense	-	-	-	-
Net interest income	10,140	6,004	24,404	14,287
Islamic banking income	-	-	-	-
Other operating income	-	-	94,236	83,077
Operating income	10,140	6,004	118,640	97,364
Other operating expenses	(1,597)	(1,866)	(5,751)	(5,549)
Operating profit before allowance for impairment on loans, advances and financing	8,543	4,138	112,889	91,815
Allowance for impairment on loans, advances and financing	-	-	-	-
Allowance for impairment on other assets	-	-	-	-
Operating profit	8,543	4,138	112,889	91,815
Finance cost	(6,906)	(3,781)	(15,635)	(9,186)
Profit before taxation and zakat	1,637	357	97,254	82,629
Taxation	(1,238)	(192)	(7,463)	(20,915)
Zakat	-	-	-	-
Net profit for the financial period attributable to equity holders of the Company	399	165	89,791	61,714

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2010.

AFFIN HOLDINGS BERHAD
 (Company no. 23218 - W)
Condensed Interim Financial Statements
Unaudited Statement of Comprehensive Income
For The Financial Period Ended 30 September 2011

<u>Company</u>	<---Individual Quarter Ended --->		<---Cumulative Quarter Ended --->	
	30/9/2011	30/9/2010	30/9/2011	30/9/2010
	RM'000	RM'000	RM'000	RM'000
Profit after taxation and zakat	399	165	89,791	61,714
Other comprehensive income	-	-	-	-
Total comprehensive income for the financial period attributable to equity holders of the Company	399	165	89,791	61,714

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2010.

AFFIN HOLDINGS BERHAD
(Company no. 23218 - W)
Unaudited Condensed Consolidated Statement Of Changes In Equity
For The Financial Period Ended 30 September 2011

←-----Attributable to Equity Holders of the Company-----→

	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 2011	1,494,576	1,494,576	1,400,410	990,542	84,630	1,230,875	5,201,033	
Net profit for the financial period	-	-	-	-	-	375,452	375,452	
Other comprehensive income	-	-	-	-	9,919	-	9,919	
Total comprehensive income for the financial period	-	-	-	-	9,919	375,452	385,371	
Transfer to statutory reserve	-	-	-	100,716	-	(100,716)	-	
At 30 September 2011	1,494,576	1,494,576	1,400,410	1,091,258	94,549	1,505,611	5,586,404	
At 1 January 2010	1,494,371	1,494,371	1,399,980	874,360	75,463	959,316	4,803,490	
Net profit for the financial period	-	-	-	-	-	362,053	362,053	
Other comprehensive income	-	-	-	-	2,870	-	2,870	
Total comprehensive income for the financial period	-	-	-	-	2,870	362,053	364,923	
Issue of share capital pursuant to the exercise of Warrant 2000/2010	205	205	430	-	-	-	635	
Transfer to statutory reserve	-	-	-	87,579	-	(87,579)	-	
At 30 September 2010	1,494,576	1,494,576	1,400,410	961,939	78,333	1,233,790	5,169,048	

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2010.

AFFIN HOLDINGS BERHAD
(Company no. 23218 - W)
Unaudited Condensed Statement Of Changes In Equity
For The Financial Period Ended 30 September 2011

<u>COMPANY</u>	←-----Attributable to Equity Holders of the Company----->				
	Issued and fully paid ordinary shares of RMI each	Nominal value RM'000	Non-distributable Share premium RM'000	Distributable Retained profits RM'000	Total Equity RM'000
At 1 January 2011	1,494,576	1,494,576	1,400,410	395,572	3,290,558
Total comprehensive income for the financial period					
- Net profit for the financial period	-	-	-	89,791	89,791
At 30 September 2011	1,494,576	1,494,576	1,400,410	485,363	3,380,349
At 1 January 2010	1,494,371	1,494,371	1,399,980	351,748	3,246,099
Total comprehensive income for the financial period					
- Net profit for the financial period	-	-	-	61,714	61,714
Issue of share capital pursuant to the exercise of Warrant 2000/2010	205	205	430	-	635
At 30 September 2010	1,494,576	1,494,576	1,400,410	413,462	3,308,448

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2010.

AFFIN HOLDINGS BERHAD
(Company no. 23218 - W)
Unaudited Condensed Consolidated Statement of Cash Flow
For The Financial Period Ended 30 September 2011

	<----- 9 Months Ended ----->	
	30/9/2011	30/9/2010
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and zakat	534,474	480,831
Adjustment for non-operating and non-cash items	(57,681)	(31,294)
Operating profit before changes in working capital	476,793	449,537
Net changes in operating assets	(3,687,908)	(3,406,646)
Net changes in operating liabilities	3,288,389	4,405,540
Payment of tax and zakat	(126,101)	(110,522)
Tax refund	10,650	1,239
Net cash (used in)/generated from operating activities	(38,177)	1,339,148
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from securities	220,786	158,638
Net (purchase)/disposal of:		
- securities	(849,292)	185,125
- property and equipment	(26,975)	(8,419)
- intangible assets	(1,681)	(1,357)
Dividend received from:		
- financial investments held-to-maturity/available-for-sale	4,175	2,909
Proceeds from disposal of property and equipment	2,324	1,065
Proceeds from disposal of foreclosed properties	112,576	8,926
Net movement in amount due to/from associate	24,313	(90,624)
Net cash (used in)/generated from investing activities	(513,774)	256,263
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in borrowings	275,686	90,624
Proceed from issuance of shares	-	635
Dividends paid to shareholders	(100,884)	(95,266)
Net cash generated from /(used) in financing activities	174,802	(4,007)
Net (decrease)/increase in cash and cash equivalents	(377,149)	1,591,404
Cash and cash equivalents at beginning of the period	8,621,191	6,174,651
Cash and cash equivalents at end of the period	8,244,042	7,766,055
<u>Analysis of cash & cash equivalent</u>		
Cash and short term funds	8,333,752	7,824,868
Adjustment for money held in trust on behalf of clients and remisiers	(89,710)	(58,813)
	8,244,042	7,766,055

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2010.

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 30 September 2011 have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values:

- (i) financial assets held-for-trading,
- (ii) financial investments 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 2010. 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 2010.

A2. ACCOUNTING POLICIES AND METHODS OF COMPUTATIONS

The significant accounting policies and methods of computation applied in the condensed interim financial statements are consistent with those applied in the annual financial statements for the year ended 31 December 2010 except for the adoption of the following revised/new Financial Reporting Standards ("FRS"), Amendments to FRS, IC Interpretations and Technical Release ("TR") that are applicable and effective to the Group for the financial year beginning 1 January 2011 :-

- The Revised FRS 3 Business Combinations
- The Revised FRS 127 Consolidated and Separate Financial Statements
- Amendments to FRS 1 First-time Adoption of Financial Reporting Standards
- Amendments to FRS 2 Share-based Payment: Vesting Conditions and Cancellations
- Amendments to FRS 7 Financial Instruments: Disclosures
- TR *i*-4 Shariah Compliant Sale Contracts
- Improvements to FRSs ⁽²⁰¹⁰⁾

The adoption of these standards and amendments will not have any significant impact to the results of the Group and the Company for the financial period under review.

A3. AUDITOR'S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the audited financial statements for the financial year ended 31 December 2010 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 financial quarter under review.

A6. CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in prior financial years that have a material effect during the financial quarter under review.

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 30 September 2011.

A9. FINANCIAL ASSETS

	Group	
	30/9/2011	31/12/2010
	RM'000	RM'000
(a) <u>Financial assets held-for-trading</u>		
At fair value		
Bank Negara Malaysia Notes	-	99,853
Negotiable Instruments of Deposit	-	50,000
Total financial assets held-for-trading	-	149,853
(b) <u>Financial investments available-for-sale</u>		
At fair value		
Malaysian Government Securities	684,901	1,515,091
Malaysian Government Treasury Bills	39,116	166,566
Malaysian Government Investment Issuance	3,880,220	2,212,366
Cagamas Bonds	220,019	220,551
Bank Negara Malaysia Sukuk	-	31,712
Khazanah Bonds	14,018	13,250
Bankers' Acceptance and Islamic Acceptance Bills	304,371	556,994
Bank Negara Malaysia Notes	476,825	1,006,592
Negotiable Instruments of Deposit and Islamic Debt Certificate	49,729	140,057
	5,669,199	5,863,179
Quoted Securities		
- Shares in Malaysia	55,592	58,669
- Private Debt Securities in Malaysia	2,167	2,167
- Irredeemable Convertible Unsecured Loan Stock in Malaysia	4,031	4,031
Unquoted Securities		
- Shares in Malaysia	123,416	108,073
- Private Debt Securities in Malaysia	2,704,799	2,075,872
- Private Debt Securities outside Malaysia	861,242	507,172
	9,420,446	8,619,163
Allowance for impairment of securities	(82,913)	(90,256)
Total financial investments available-for-sale	9,337,533	8,528,907
(c) <u>Financial investments held-to-maturity</u>		
At amortised cost		
Quoted Securities		
- Private Debt Securities in Malaysia	35,623	38,123
Unquoted Securities		
- Private Debt Securities in Malaysia	702,454	583,435
- Redeemable Convertible Unsecured Loan Stock in Malaysia	12,919	12,919
	750,996	634,477
Allowance for impairment of securities	(100,851)	(101,019)
Total financial investments held-to-maturity	650,145	533,458
Total securities held	9,987,678	9,212,218

A10. LOANS, ADVANCES AND FINANCING

	Group	
	30/9/2011 RM'000	31/12/2010 RM'000
(a) <u>BY TYPE</u>		
Overdrafts	1,762,324	1,971,364
Term loans/financing		
- Housing loans/financing	4,395,988	3,885,327
- Syndicated term loans/financing	2,742,761	1,394,211
- Hire purchase receivables	8,750,167	7,835,986
- Other term loans/financing	8,656,505	8,240,501
Bills receivables	46,751	39,077
Trust receipts	291,859	266,050
Claims on customers under acceptance credits	653,469	659,074
Staff loans/financing (of which RMNIL to Directors)	157,529	160,557
Credit/charge cards	93,362	101,682
Revolving credit	2,200,686	2,566,889
Margin financing	44,446	40,955
Factoring	4,275	3,185
Gross loans, advances and financing	29,800,122	27,164,858
Less: Allowance for impairment		
- Collective impairment	(443,206)	(405,085)
- Individual impairment	(218,323)	(185,707)
Total net loans, advances and financing	29,138,593	26,574,066
(b) <u>BY TYPE OF CUSTOMER</u>		
Domestic non-banking institutions		
- Stock-broking companies	-	270
- Others	2,031,741	2,146,330
Domestic business enterprises		
- Small medium enterprises	7,341,141	6,833,345
- Others	7,289,019	6,284,713
Government and statutory bodies	77,712	75,394
Individuals	12,756,011	11,549,238
Other domestic entities	52,170	45,584
Foreign entities	252,328	229,984
	29,800,122	27,164,858
(c) <u>BY INTEREST / PROFIT RATE SENSITIVITY</u>		
Fixed rate		
- Housing loans/financing	290,673	292,884
- Hire purchase receivables	8,750,164	7,834,034
- Other fixed rate loans/financing	4,321,501	3,975,266
- Margin financing	44,446	31,356
Variable rate		
- BLR plus	10,823,159	10,210,602
- Cost plus	5,570,179	4,820,716
	29,800,122	27,164,858

A10. LOANS, ADVANCES AND FINANCING (cont.)

	Group	
	30/9/2011	31/12/2010
	RM'000	RM'000
(d) <u>BY ECONOMIC PURPOSE</u>		
Construction	1,618,307	824,650
Purchase of landed property of which :-		
- Residential	4,450,281	4,014,078
- Non-residential	3,726,493	2,637,636
Purchase of securities	267,586	357,881
Purchase of transport vehicles	8,977,794	7,869,187
Fixed assets other than land and building	369,463	339,184
Personal use	831,148	731,288
Credit card	93,362	101,682
Consumer durable	984	1,067
Merger and acquisition	94,323	4,867
Working capital	9,080,270	9,912,895
Others	290,111	370,443
	29,800,122	27,164,858
(e) <u>BY SECTOR</u>		
Primary agriculture	566,041	532,442
Mining and quarrying	404,140	373,899
Manufacturing	2,155,290	1,834,288
Electricity, gas and water supply	176,122	215,707
Construction	2,495,290	2,494,920
Real estate	2,864,449	2,410,269
Wholesale and retail trade and restaurants and hotels	1,380,316	1,244,657
Transport, storage and communication	1,605,346	1,084,086
Finance, insurance and business services	4,201,178	4,421,179
Education, health and others	1,023,243	855,655
Household	12,879,398	11,654,880
Others	49,309	42,876
	29,800,122	27,164,858
(f) <u>BY MATURITY STRUCTURE</u>		
Maturing within one year	5,972,122	6,951,917
One year to three years	3,327,232	2,808,471
Three years to five years	5,199,935	4,475,504
Over five years	15,300,833	12,928,966
	29,800,122	27,164,858
(g) <u>BY GEOGRAPHICAL DISTRIBUTION</u>		
Perlis	70,797	27,648
Kedah	918,040	902,980
Pulau Pinang	1,454,729	1,271,331
Perak	919,192	853,633
Selangor	8,779,596	7,753,378
Wilayah Persekutuan	9,149,283	9,114,769
Negeri Sembilan	747,946	721,564
Melaka	682,999	663,856
Johor	2,580,287	2,027,324
Pahang	639,187	623,000
Terengganu	592,515	567,382
Kelantan	268,664	256,176
Sarawak	1,022,265	806,070
Sabah	1,197,638	1,173,362
Labuan	270,322	277,901
Abroad	506,662	124,484
	29,800,122	27,164,858

A10. LOANS, ADVANCES AND FINANCING (cont.)

	Group	
	30/9/2011	31/12/2010
	RM'000	RM'000
(h) <u>IMPAIRED/NON-PERFORMING LOANS, ADVANCES AND FINANCING</u>		
(i) <u>Movements of impaired loans, advances and financing</u>		
Balance at the beginning of financial period/year	989,769	1,143,127
Classified as impaired during the financial period/year	410,735	689,486
Reclassified as non-impaired during the financial period/year	(264,882)	(313,634)
Amount recovered during the financial period/year	(139,735)	(234,926)
Amount written-off during the financial period/year	(46,171)	(282,920)
Amount converted to financial investments held-for-trading	-	(11,364)
Balance at the end of financial period/year	949,716	989,769
(ii) <u>Impaired loans, advances and financing by economic purpose</u>		
Construction	63,955	63,407
Purchase of landed property of which :-		
- Residential	376,171	407,763
- Non-residential	39,413	44,744
Purchase of securities	2,952	3,020
Purchase of transport vehicles	101,822	81,586
Fixed assets other than land and building	3,443	3,633
Personal use	11,546	16,373
Credit card	605	636
Consumer durable	33	34
Working capital	342,949	368,356
Others	6,827	217
	949,716	989,769
(iii) <u>Impaired loans, advances and financing by sector</u>		
Primary agriculture	11,449	11,937
Mining and quarrying	67	50
Manufacturing	61,758	99,831
Electricity, gas and water supply	2,047	2,360
Construction	236,857	253,827
Real estate	7,735	8,263
Wholesale and retail trade and restaurants and hotels	57,260	65,303
Transport, storage and communication	4,736	4,633
Finance, insurance and business services	53,741	15,108
Education, health and others	9,090	8,301
Household	504,138	520,156
Others	838	-
	949,716	989,769

A10. LOANS, ADVANCES AND FINANCING (cont.)

	Group	
	30/9/2011	31/12/2010
	RM'000	RM'000
(h) <u>IMPAIRED/NON-PERFORMING LOANS, ADVANCES AND FINANCING</u>		
(iv) <u>Impaired loans, advances and financing by geographical distribution</u>		
Perlis	323	840
Kedah	38,908	40,612
Pulau Pinang	25,566	30,120
Perak	18,740	16,202
Selangor	453,543	445,219
Wilayah Persekutuan	141,397	185,921
Negeri Sembilan	38,088	37,483
Melaka	15,723	15,854
Johor	69,155	88,097
Pahang	18,437	17,013
Terengganu	8,183	8,009
Kelantan	6,251	6,171
Sarawak	7,754	6,614
Sabah	15,954	14,387
Labuan	15	45
Abroad	91,679	77,182
	949,716	989,769
(v) <u>Movements in allowance for impairment on loans, advances and financing</u>		
Collective impairment		
Balance at the beginning of financial period/year	405,085	458,245
Allowance (net of recovery) made during the financial period/year	48,790	(1,654)
Amount written-off during the financial period/year	(11,022)	(51,148)
Amount written-back during the financial period/year	(53)	(358)
Exchange differences	406	-
Balance at the end of financial period/year	443,206	405,085
Individual impairment		
Balance at the beginning of financial period/year	185,707	261,477
Allowance made during the financial period/year	82,724	200,097
Amount recovered during the financial period/year	(9,799)	(23,799)
Amount converted to financial investments held-for-trading	-	(11,364)
Allowance written-off during the financial period/year	(31,608)	(234,152)
Unwind of discount of allowance	(8,701)	(6,552)
Balance at the end of financial period/year	218,323	185,707

A11. TRADE RECEIVABLES

	Group	
	30/9/2011 RM'000	31/12/2010 RM'000
Amount in respect of management fees receivable and cancellation of funds' units	1,687	896
Amount due from stock-broking clients	98,095	107,966
Amount due from Bursa Securities Clearing Sdn Bhd	-	165,326
	99,782	274,188
Less Allowance for impairment		
- Collective impairment	(211)	(190)
- Individual impairment	(3,705)	(3,986)
	95,866	270,012

Movement in allowance for impairment and interest-in-suspense on trade receivables:-

Collective impairment

Balance at the beginning of financial period/year	190	136
Allowance made during the financial period/year	21	177
Amount recovered during the financial period/year	-	(123)
Balance at the end of financial period/year	211	190

Individual impairment

Balance at the beginning of financial period/year	3,986	4,341
Allowance made during the financial period/year	177	128
Amount recovered during the financial period/year	(458)	(483)
Balance at the end of financial period/year	3,705	3,986

A12. OTHER ASSETS

Clearing accounts	164,119	4,160
Income / interest receivable	87,661	87,615
Foreclosed properties	48,062	161,261
Other debtors, deposits and prepayments	26,901	50,032
Amount due from jointly controlled entity	2,745	2,745
	329,488	305,813

A13. OTHER LIABILITIES

Bank Negara Malaysia and Credit Guarantee Corporation Funding Programmes	33,935	43,002
Amount due from other shareholders of a subsidiary		
- Liabilities directly associated with properties previously classified as land held-for-sale	1,414	10,541
Interest payable	199,473	180,510
Margin and collateral deposits	78,457	65,191
Trust accounts for clients and remisiers	89,710	52,150
Clearing accounts	-	44,616
Defined contribution plan	10,852	12,616
Accrued employee benefits	1,028	896
Other creditors and accruals	180,788	218,187
Profit equalisation reserve	204	-
Dividend payable	-	100,884
Provision for zakat	13,860	9,432
	609,721	738,025

A14. INTEREST INCOME

	<-----Group----->			
	Individual Quarter Ended 30/9/2011 RM'000	30/9/2010 RM'000	Cumulative Quarter Ended 30/9/2011 RM'000	30/9/2010 RM'000
Loans, advances and financing	361,603	332,875	1,052,837	904,145
Money at call and deposit with financial institutions	34,110	28,874	97,216	78,566
Financial assets held-for-trading	-	16	64	227
Financial investments available-for-sale	71,264	46,917	204,015	145,354
Financial investments held-to-maturity	6,467	4,974	16,771	13,284
Derivatives	26,085	12,009	52,667	35,628
Others	22	27	80	90
	<u>499,551</u>	<u>425,692</u>	<u>1,423,650</u>	<u>1,177,294</u>
Accretion of discount less amortisation of premium	6,273	12,785	23,793	24,470
	<u>505,824</u>	<u>438,477</u>	<u>1,447,443</u>	<u>1,201,764</u>
The above interest income includes interest/income earned on impaired loans, advances and financing - Unwinding of discount of allowance (Net)	5,951	(4,166)	4,952	(933)

A15. INTEREST EXPENSE

Deposits and placements of banks and other financial institutions	24,543	27,675	84,321	76,580
Deposits from customers	236,176	166,917	642,355	425,027
Loans sold to Cagamas Berhad	3,485	3,623	10,560	10,970
Derivatives	26,873	16,168	58,723	50,539
Others	3,107	1,506	5,452	7,705
	<u>294,184</u>	<u>215,889</u>	<u>801,411</u>	<u>570,821</u>

A16. OTHER OPERATING INCOME

	<-----Group----->			
	Individual Quarter Ended 30/9/2011 RM'000	30/9/2010 RM'000	Cumulative Quarter Ended 30/9/2011 RM'000	30/9/2010 RM'000
<u>Fees income:</u>				
Fees on loans, advances and financing	716	115	1,013	246
Brokerage (net)	15,423	13,549	48,478	42,758
Underwriting fees	349	107	547	900
Portfolio management fees	2,511	2,196	7,254	6,093
Corporate advisory fees	730	564	3,280	3,896
Commission	3,105	3,084	9,467	8,851
Service charges and fees	11,763	13,387	37,976	35,621
Guarantee fees	8,896	7,613	20,334	21,565
Arrangement fees	2,794	5,002	6,712	7,129
Agency fees	503	678	1,565	1,743
Other fee income	-	4,901	7,119	4,917
	46,790	51,196	143,745	133,719
<u>Income from financial instruments:</u>				
Gains/(losses) on financial assets held-for-trading				
- net gain on disposal	127	722	4,859	1,502
- unrealised gains/(losses)	(8,138)	(33)	(8,262)	17
Gains/(losses) on derivatives:				
- realised	200	(375)	2,382	(245)
- unrealised	(11,294)	(3,657)	(10,802)	(4,095)
Gains on financial investments available-for-sale				
- net gain on disposal	22,765	8,313	35,127	30,418
- gross dividend income	215	30	517	257
Gains on financial investments held-to-maturity				
- net gain on redemption	-	-	2,053	2,053
- gross dividend income	6	2,006	3,658	2,901
	3,881	7,006	29,532	32,808
<u>Other income:</u>				
Foreign exchange gains/(losses):				
- realised	17,778	29,912	53,215	68,805
- unrealised	(2,873)	(14,645)	(11,069)	(13,464)
Rental income	237	568	1,509	1,438
Gains/(losses) on disposal of property and equipment	10	(102)	133	8
Gains/(losses) on disposal of foreclosed properties	(603)	911	(590)	1,518
Other non-operating income	3,845	11,995	11,954	22,918
	18,394	28,639	55,152	81,223
Total Other Operating Income	69,065	86,841	228,429	247,750

A17. OTHER OPERATING EXPENSES

	←-----Group-----→			
	Individual Quarter Ended 30/9/2011 RM'000	30/9/2010 RM'000	Cumulative Quarter Ended 30/9/2011 RM'000	30/9/2010 RM'000
<u>Personnel costs</u>				
Wages, salaries and bonus	72,466	78,547	220,546	214,496
Defined contribution plan	11,318	11,401	33,465	32,780
Other personnel costs	10,074	9,896	32,710	27,120
	<u>93,858</u>	<u>99,844</u>	<u>286,721</u>	<u>274,396</u>
<u>Promotion and marketing-related expenses</u>				
Business promotion and advertisement	2,542	1,877	6,055	3,570
Entertainment	707	579	2,352	1,458
Travelling and accommodation	1,132	978	3,093	2,852
Dealers' handling fees	406	336	1,268	796
Commission	152	(52)	446	20
Others	413	376	1,289	1,317
	<u>5,352</u>	<u>4,094</u>	<u>14,503</u>	<u>10,013</u>
<u>Establishment-related expenses</u>				
Rental of premises	6,728	6,366	19,998	19,059
Equipment rental	277	242	812	707
Repair and maintenance	7,863	6,959	22,318	19,883
Depreciation	5,325	6,059	16,326	18,734
Amortisation	2,382	3,569	7,301	14,374
IT consultancy fee	14,621	13,868	42,838	40,802
Dataline rental	925	1,398	2,248	4,181
Security services	2,561	2,259	7,481	6,796
Others	4,746	4,809	13,463	13,515
	<u>45,428</u>	<u>45,529</u>	<u>132,785</u>	<u>138,051</u>
<u>General administrative expenses</u>				
Telecommunication expenses	1,758	1,674	5,008	4,772
Director's Remuneration	435	150	1,285	759
Auditors' remuneration:				
(i) Statutory audit	367	315	1,072	1,028
(ii) Others	186	71	521	276
Professional fees	3,848	5,075	11,873	14,785
Property & equipment written off	65	125	418	182
Intangible asset written off	-	292	-	292
Postage and courier charges	804	883	2,839	3,452
Stationery and consumables	2,311	1,533	7,345	5,017
Subscription fees	419	390	1,244	1,202
Subsidies and allowances	338	273	862	862
Transaction levy	396	373	1,284	991
Commissioned dealers representative performance incentive	897	395	2,619	3,123
Others	6,017	6,567	25,073	15,790
	<u>17,841</u>	<u>18,116</u>	<u>61,443</u>	<u>52,531</u>
Total other operating expenses	<u>162,479</u>	<u>167,583</u>	<u>495,452</u>	<u>474,991</u>

A18. ALLOWANCE FOR IMPAIRMENT ON LOANS AND FINANCING

	-----Group----->			
	Individual Quarter Ended 30/9/2011 RM'000	30/9/2010 RM'000	Cumulative Quarter Ended 30/9/2011 RM'000	30/9/2010 RM'000
Collective impairment				
- allowance made/(written-back) during the financial period	10,284	(24,282)	48,758	14,573
Individual impairment				
- allowance made during the financial period	61,678	48,075	82,901	112,858
- allowance written-back during the financial period	(3,094)	(3,966)	(10,257)	(14,386)
Bad debts				
- recovered	(122,715)	(42,572)	(199,243)	(140,887)
- written off	3,508	4,771	12,870	11,163
Provision for litigation loss	-	48,000	40,000	78,000
Allowance for other impaired debts				
- other debtors	93	288	.768	620
	(50,246)	30,314	(24,203)	61,941

A19. ALLOWANCE FOR IMPAIRMENT ON OTHER ASSETS

(Write-back of)/additional allowance for impairment loss:-

- Financial investments available-for-sale	(70)	3,795	(1,061)	3,793
- Financial investments held-to-maturity	-	-	-	(543)
	(70)	3,795	(1,061)	3,250

A20. SEGMENTAL INFORMATION ON REVENUE AND PROFIT

The segment analysis by activity for the individual and cumulative quarters ended 30 September 2011 and 30 September 2010 are as follows:-

<-----Individual quarter ended 30 September 2011----->						
RM '000	Commercial Banking	Investment Banking	Insurance	Others	Eliminations	Group
Segment revenue	594,807	77,086	-	3,454	-	675,347
Intersegment revenue	111	1,065	-	343	(1,519)	-
Unallocated revenue	-	-	-	-	-	4,774
Revenue	<u>594,918</u>	<u>78,151</u>	<u>-</u>	<u>3,797</u>	<u>(1,519)</u>	<u>680,121</u>
Segment results	167,934	41,485	-	1,289	8,789	219,497
Unallocated expenses						(7,152)
Share of results of:						
- a jointly controlled entity	-	-	1,916	-	-	1,916
- associate	-	-	1,969	-	-	1,969
Profit before taxation and zakat						<u>216,230</u>
Taxation and zakat						(81,032)
Net profit for the quarter						<u>135,198</u>

<-----Individual quarter ended 30 september 2010----->						
RM '000	Commercial Banking	Investment Banking	Insurance	Others	Eliminations	Group
Segment revenue	527,268	66,563	-	2,280	-	596,111
Intersegment revenue	385	1,742	-	296	(2,423)	-
Unallocated revenue	-	-	-	-	-	1,710
Revenue	<u>527,653</u>	<u>68,305</u>	<u>-</u>	<u>2,576</u>	<u>(2,423)</u>	<u>597,821</u>
Segment results	119,999	28,521	-	597	4,294	153,411
Unallocated expenses						(3,937)
Share of results of:						
- a jointly controlled entity	-	-	(3,238)	-	-	(3,238)
- associate	-	-	2,961	-	-	2,961
Gain on dilution of interest in associate	-	-	-	-	-	-
Profit before taxation and zakat						<u>149,197</u>
Taxation and zakat						(34,182)
Net profit for the quarter						<u>115,015</u>

A20. SEGMENTAL INFORMATION ON REVENUE AND PROFIT

<-----Current year's cumulative quarter ended 30 September 2011----->						
RM '000	Commercial Banking	Investment Banking	Insurance	Others	Eliminations	Group
Segment revenue	1,715,063	219,994	-	9,158	-	1,944,215
Intersegment revenue	4,758	3,356	-	1,059	(9,173)	-
Unallocated revenue	-	-	-	-	-	6,212
Revenue	<u>1,719,821</u>	<u>223,350</u>	<u>-</u>	<u>10,217</u>	<u>(9,173)</u>	<u>1,950,427</u>
Segment results	448,486	80,403	-	3,142	19,899	551,930
Unallocated expenses						(16,831)
Share of results of:						
- jointly controlled entity	-	-	(4,562)	-	-	(4,562)
- associate	-	-	3,937	-	-	3,937
Profit before taxation and zakat						<u>534,474</u>
Taxation and zakat						(159,022)
Net profit for the cumulative quarter						<u>375,452</u>

<-----Preceding year's cumulative quarter ended 30 September 2010----->						
RM '000	Commercial Banking	Investment Banking	Insurance	Others	Eliminations	Group
Segment revenue	1,466,399	176,650	-	6,506	-	1,649,555
Intersegment revenue	1,226	3,333	-	813	(5,372)	-
Unallocated revenue	-	-	-	-	-	2,896
Revenue	<u>1,467,625</u>	<u>179,983</u>	<u>-</u>	<u>7,319</u>	<u>(5,372)</u>	<u>1,652,451</u>
Segment results	392,737	68,711	-	1,601	11,391	474,440
Unallocated expenses						(11,828)
Share of results of:						
- jointly controlled entity	-	-	(498)	-	-	(498)
- associate	-	-	10,755	-	-	10,755
Gain on dilution of interest in associate	-	-	7,962	-	-	7,962
Profit before taxation and zakat						<u>480,831</u>
Taxation and zakat						(118,778)
Net profit for the cumulative quarter						<u>362,053</u>

A21. 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 2010.

A22. 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.

A23. CHANGES IN THE COMPOSITION OF THE GROUP

There were no significant changes in the composition of the Group during the financial quarter under review.

A24. 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	30/9/2011				31/12/2010			
	Positive fair value of				Positive fair value of			
	Principal Amount RM'000	derivative contracts RM'000	Credit Equivalent Amount* RM'000	Risk-Weighted Amount* RM'000	Principal Amount RM'000	derivative contracts RM'000	Credit Equivalent Amount* RM'000	Risk-Weighted Amount* RM'000
Direct credit substitutes	426,608	-	426,608	413,634	408,608	-	408,608	299,520
Transaction related contingent items	2,134,871	-	1,067,436	915,313	2,387,456	-	1,193,728	1,022,073
Short-term self-liquidating trade related contingencies	1,583,455	-	316,691	247,757	1,232,752	-	246,551	140,554
Obligation under underwriting commitments	43,870	-	6,400	1,280	19,691	-	9,845	1,969
Foreign exchange related contracts								
- Less than one year	3,432,022	67,687	95,038	44,315	2,214,726	25,839	50,818	19,949
- One year to less than five years	50,000	-	3,000	600	181,120	7,419	15,897	6,326
Interest rate related contracts								
- Less than one year	132,196	-	228	104	93,784	-	14	3
- One year to less than five years	1,798,476	1,856	46,770	11,479	940,228	1,757	31,214	7,242
- Five years and above	444,335	13,116	44,027	9,469	445,273	7,079	38,490	8,842
Irrevocable commitments to extend credit								
- Maturity more than one year	3,492,605	-	698,521	626,579	4,256,209	-	-	-
- Maturity less than 1 year	7,797,302	-	1,559,460	1,220,138	6,127,819	-	-	-
Unutilised credit card lines	613,049	-	122,610	91,874	594,104	-	118,821	89,026
	21,948,789	82,659	4,386,789	3,582,542	18,901,770	42,094	2,113,986	1,595,504

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

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:-

	30/9/2011	31/12/2010
	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	729,729	551,422
Statutory reserve	1,142,408	1,041,692
	<u>4,084,327</u>	<u>3,805,304</u>
Less:-		
Goodwill	(190,384)	(190,384)
Deferred tax assets	(8,133)	(5,650)
Total Tier 1 capital (a)	<u>3,885,810</u>	<u>3,609,270</u>
<u>Tier 2 Capital</u>		
Subordinated loans	600,000	300,000
Collective impairment #	182,211	162,870
Total Tier 2 capital (b)	<u>782,211</u>	<u>462,870</u>
Total capital (a) + (b)	4,668,021	4,072,140
Less:-		
Investment in capital instruments of other banking institutions	(68,797)	(56,216)
Investment in subsidiaries	(41,180)	(41,180)
Capital base	<u>4,558,044</u>	<u>3,974,744</u>

Qualifying collective impairment is restricted to allowances on the unimpaired loans, advances and financing.

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 into the various categories of risk-weights are as follows:-

	30/9/2011	31/12/2010
	RM'000	RM'000
Credit risk	30,833,874	26,157,944
Market risk	171,665	125,094
Operational risk	2,336,012	2,276,503
Total risk-weighted assets	<u>33,341,551</u>	<u>28,559,541</u>

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

Before deducting proposed dividends:-

Core capital ratio	11.65%	12.64%
Risk-weighted capital ratio	<u>13.67%</u>	<u>13.92%</u>

After deducting proposed dividends:-

Core capital ratio	11.26%	12.33%
Risk-weighted capital ratio	<u>13.28%</u>	<u>13.61%</u>

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.

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.

A26. COMPARATIVE FIGURES

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

A27. OPERATIONS OF ISLAMIC BANKING

(i) Unaudited Islamic Statements of Financial Position

	Group	
	30/9/2011	31/12/2010
	RM'000	RM'000
ASSETS		
Cash and short term funds	3,381,790	2,635,218
Deposits and placements with banks and other financial institutions	50,000	-
Financial investments available-for-sale	1,517,368	1,334,083
Loans, advances and financing	4,194,353	3,555,596
Investment in jointly-controlled entity	500	500
Other assets	49,612	20,186
Tax recoverable	5,267	3,816
Deferred tax assets	-	4,291
Property and equipment	3,154	2,123
Intangible assets	1,052	1,462
TOTAL ASSETS	9,203,096	7,557,275
LIABILITIES, ISLAMIC BANKING FUNDS		
Deposits from customers	6,796,612	5,533,474
Deposits and placements of banks and other financial institutions	1,647,726	1,345,086
Other liabilities	293,144	245,211
Deferred tax liabilities	77	-
Total Liabilities	8,737,559	7,123,771
SHAREHOLDERS' EQUITY		
Share capital	260,000	260,000
Reserves	205,537	173,504
Total Equity	465,537	433,504
TOTAL LIABILITIES & EQUITY	9,203,096	7,557,275
COMMITMENTS AND CONTINGENCIES		
	2,138,419	2,022,889

A27. OPERATIONS OF ISLAMIC BANKING (cont.)

(ii) Unaudited Islamic Income Statements

	<-----Group----->			
	Individual Quarter Ended 30/9/2011 RM'000	30/9/2010 RM'000	Cumulative Quarter Ended 30/9/2011 RM'000	30/9/2010 RM'000
Income derived from investment of depositors' funds and others	100,621	75,677	267,617	208,266
Allowance for losses on financing	(773)	(10,678)	(8,277)	(18,096)
Transfer to profit equalisation reserve	(70)	271	(204)	-
	99,778	65,270	259,136	190,170
Income attributable to depositors	(60,911)	(38,031)	(149,847)	(96,395)
Income attributable to shareholders	38,867	27,239	109,289	93,775
Income derived from investment of Shareholders' funds	5,313	4,622	15,426	13,176
	44,180	31,861	124,715	106,951
Other operating expenses	(22,533)	(23,817)	(68,788)	(69,258)
Profit before tax and zakat	21,647	8,044	55,927	37,693
Taxation	(7,565)	(7,073)	(15,226)	(17,382)
Zakat	(5,492)	-	(5,492)	(4,626)
Net profit for the financial period	8,590	971	35,209	15,685

(ii) Unaudited Statements of Comprehensive Islamic Income

	<-----Group----->			
	Individual Quarter Ended 30/9/2011 RM'000	30/9/2010 RM'000	Cumulative Quarter Ended 30/9/2011 RM'000	30/9/2010 RM'000
Profit after taxation and zakat	8,590	971	35,209	15,685
Other comprehensive income:				
- Net change in fair value of financial investments available-for-sale	496	5,688	(4,235)	7,276
- Deferred tax on revaluation of financial investments available-for-sale	(124)	(1,423)	1,059	(1,820)
Other comprehensive income for the financial period, net of tax	372	4,265	(3,176)	5,456
Total comprehensive income for the financial period attributable to the equity holders of the Company	8,962	5,236	32,033	21,141

A27. OPERATIONS OF ISLAMIC BANKING (cont.)

	Group	
	30/9/2011 RM'000	31/12/2010 RM'000
(iii) <u>Financing</u>		
<u>By type</u>		
Cash line	207,322	223,926
Term financing		
- Housing financing	1,203,472	1,053,556
- Syndicated term financing	213,738	116,995
- Hire purchase receivables	1,200,081	1,061,166
- Other term financing	1,171,197	934,792
Bills financing	780	1,389
Trust receipts	34,749	43,958
Interest-free accepted bills	96,422	57,938
Staff financing	8,810	8,035
Revolving credit	153,322	142,463
	4,289,893	3,644,218
Less : Allowance for impairment		
- Collective impairment	(58,318)	(52,481)
- Individual impairment	(37,222)	(36,141)
Total net financing	4,194,353	3,555,596

(iv) Impaired/non-performing financing

(a) Movements of impaired financing

Balance at the beginning of financial period/year	152,601	130,840
Classified as impaired during the financial period/year	93,574	92,689
Reclassified as non-impaired during the financial period/year	(58,155)	(42,087)
Amount recovered during the financial period/year	(13,783)	(22,714)
Amount written-off during the financial period/year	(266)	(6,127)
Balance at the end of financial period/year	173,971	152,601

A27. OPERATIONS OF ISLAMIC BANKING (cont.)

	Group	
	30/9/2011	31/12/2010
	RM'000	RM'000
(iv) Impaired/non-performing financing (cont.)		
(b) <u>Movements in the allowance for impairment on financing</u>		
Collective impairment		
Balance at the beginning of financial period/year	52,481	43,925
Allowance for impairment made during the financial period/year	5,431	13,365
Amount written-off during the financial period/year	-	(4,809)
Exchange differences	406	-
Balance at the end of financial period/year	58,318	52,481
Individual impairment		
Balance at the beginning of financial period/year	36,141	23,228
Allowance for impairment during the financial period/year	4,139	25,307
Amount recovered during the financial period/year	(642)	(9,891)
Amount written-off during the financial period/year	-	(1,175)
Unwind of discount of allowance	(2,416)	(1,328)
Balance at the end of financial period/year	37,222	36,141
(vi) Deposits from customers		
<u>By type of deposits</u>		
Non-Mudharabah Funds		
Demand deposits	1,514,894	1,488,093
Savings deposits	193,815	192,016
	1,708,709	1,680,109
Mudharabah Funds		
Demand deposits	11,362	10,794
Savings deposits	75,991	66,187
General investment deposits	3,799,671	3,134,711
Special investment deposits	1,200,879	641,673
	5,087,903	3,853,365
Total deposits from customers	6,796,612	5,533,474

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 higher pretax profit of RM216.2 million for the current financial quarter ended 30 September 2011 as compared to RM149.2 million for the preceding year's corresponding quarter. For the 9 months ended 30 September 2011, the Group's pretax profit increased by RM53.7 million or 11.2% to RM534.5 million as compared to RM480.8 million achieved last year. The improved performance was mainly due to the write-back of allowance for loan impairment of RM24.2 million as compared to a charge of RM61.9 million for the previous year, higher net interest income and higher Islamic banking income of RM15.1 million and RM13.4 million respectively. For the period under review, both overhead expenses and finance cost were higher by RM20.5 million and RM6.4 million respectively, while the other operating income and share of profit in associate were lower by RM19.3 million and RM6.8 million. In addition, there was a non-recurring gain of RM8.0 million on dilution of interest in associate in the previous year.

AFFIN Bank Berhad ("ABB") group recorded a higher pretax profit of RM167.9 million for the current financial quarter as compared to RM120.0 million for the preceding year's corresponding quarter. For the 9 months ended 30 September 2011, the ABB Group's pretax profit of RM448.5 million also indicated an improvement of RM55.8 million or 14.2% as compared to RM392.7 million achieved last year. The improved performance was mainly due to the increase in both net interest income and Islamic banking income totalling RM25.0 million as well as the write-back of allowance for loan impairment of RM5.9 million as compared to a charge of RM62.5 million for the same period last year. The other operating income however reduced by RM28.5 million while the overhead expenses increased by RM11.9 million for the period under review.

AFFIN Investment Bank Berhad ("AIBB") group reported a higher pretax profit of RM41.5 million for the current financial quarter as compared to RM28.5 million for the preceding year's corresponding quarter. For the 9 months ended 30 September 2011, the AIBB group's pretax profit of RM80.4 million was an increase of RM11.7 million or 17.0% as compared to RM68.7 million achieved last year. This was mainly due to higher write-back of allowance for loan impairment of RM17.8 million and higher other operating income of RM6.3 million. The overhead expenses however increased by RM6.8 million while the net interest income reduced by RM6.8 million for the period under review. As for AFFIN Fund Management Berhad, the Company posted a higher pretax profit of RM5.6 million as compared to RM5.3 million for the same period last year.

AFFIN Moneybrokers Sdn Bhd reported a higher pretax profit of RM1.1 million for the current financial quarter as compared to RM0.5 million for the same quarter last year. For the 9 months ended 30 September 2011, the Company also registered a higher pretax profit of RM2.8 million as compared to RM1.3 million for the same period last year, mainly due to higher net brokerage income net of higher overheads.

AXA AFFIN Life Insurance Berhad ("AALI") reported a pretax profit of RM4.3 million for the current financial quarter as compared to a pretax loss of RM5.7 million for the preceding year's corresponding quarter. For the 9 months ended 30 September 2011, the company registered a lower pretax loss of RM4.7 million as compared to the pretax loss of RM8.6 million for the same period last year, mainly due to the recognition of lower pretax deficit from Life Fund Revenue Accounts of RM9.4 million, net of higher overhead expenses of RM2.7 million and lower gain on disposal of investment securities of RM2.6 million. Included in the share of losses in jointly controlled entity of RM4.6 million for the 9 months ended 30 September 2011 was an adjustment of RM1.3 million on over-recognition of Group's share of profit in AALI for the previous financial year.

AXA AFFIN General Insurance Berhad ("AAGI") reported a lower pretax profit of RM6.8 million for the current financial quarter as compared to RM14.6 million for the preceding year's corresponding quarter. For the 9 months ended 30 September 2011, AAGI also registered a lower pretax profit of RM10.1 million as compared to RM28.6 million reported in the previous year. The increase in both earned premium and investment income of RM61.1 million and RM6.0 million were not sufficient to offset the increase in net claims, overhead expenses and net commission of RM45.4 million, RM28.2 million and RM12.7 million respectively. Included in the share of results in associate of RM3.9 million for the 9 months ended 30 September 2011 was an adjustment of RM1.1 million on under-recognition of Group's share of profit in AAGI for the previous financial year.

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

The Group recorded a higher pretax profit of RM216.2 million for the current financial quarter as compared to RM177.9 million for the preceding quarter ended 30 June 2011. The improved performance was mainly due to higher write-back of allowance for loan impairment of RM49.2 million, higher Islamic banking income of RM2.8 million, lower overhead expenses of RM3.4 million and the share of profit in jointly-controlled entity of RM1.9 million as compared to the share of loss of RM3.1 million for the preceding quarter. The net interest income and other operating income however decreased by RM11.9 million and RM9.8 million respectively for the period under review.

B3. PROSPECT FOR THE CURRENT FINANCIAL YEAR

Barring any unforeseen circumstances, the Group is expected to achieve satisfactory results for the financial year ending 31 December 2011.

The performance of the Group for the period under review as compared to the announced headline Key Performance Indicators (KPIs) for the financial year 2011 is summarised below :-

<u>Headline KPIs</u>	As announced for financial year 2011	Actual achieved for 9 months ended 30/9/2011
(i) After Tax Returns on Equity (ROE)	10.0%	7.0%
(ii) After Tax Returns on Assets (ROA)	1.1%	0.8%
(iii) Gross Impaired Loan Ratio	2.8%	3.2%
(iv) Earnings Per Share (EPS)	35.30 sen	25.12 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 30/9/2011 RM'000	30/9/2010 RM'000	Cumulative Quarter Ended 30/9/2011 RM'000	30/9/2010 RM'000
Malaysian Taxation:-				
- Income tax based on profit for the financial year	68,250	73,111	140,853	153,439
Deferred tax:-				
- Relating to originating temporary differences	1,182	(28,525)	5,853	(30,129)
Under/(over) provision in prior years:				
- Current taxation	16,709	(10,489)	16,959	(7,335)
Recognition of deferred tax benefits previously not recognised	(10,762)	-	(10,762)	(1,908)
	75,379	34,097	152,903	114,067

The Group's effective tax rate was slightly higher than the prevailing statutory tax rate mainly due to certain expenses not allowable for tax purposes, net of the effect of different tax rate in other tax jurisdictions as well as certain income not subject to tax.

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 year other than in the ordinary course of business of the Group.

B8. STATUS OF CORPORATE PROPOSALS

There were no corporate proposals announced for the period under review.

B9. GROUP BORROWINGS AND DEBT SECURITIES

	Group	
	30/9/2011 RM'000	31/12/2010 RM'000
(i) <u>Deposits from Customers</u>		
<u>By Type of Deposits:-</u>		
Money Market Deposits	626,819	706,697
Demand Deposits	5,230,870	5,063,061
Savings Deposits	1,465,042	1,400,535
Fixed Deposits	25,195,323	22,166,952
Negotiable Instruments of Deposits ('NIDs')	4,975,000	3,119,514
Special Investment Deposits	1,200,878	641,673
	<u>38,693,932</u>	<u>33,098,432</u>
 Maturity structure of fixed deposits and NIDs are as follows:		
Due within six months	26,951,916	22,036,969
Six months to one year	2,855,102	3,176,519
One year to three years	81,044	50,026
Three years to five years	282,261	22,952
	<u>30,170,323</u>	<u>25,286,466</u>
 <u>By Type of Customers:-</u>		
Government and statutory bodies	10,065,447	5,554,300
Business enterprises	10,082,128	11,060,615
Individuals	6,429,875	5,003,875
Others	12,116,482	11,479,642
	<u>38,693,932</u>	<u>33,098,432</u>
 (ii) <u>Deposits and Placements of Banks and Other Financial Institutions</u>		
<u>By Type of Institutions:-</u>		
Licensed banks	2,331,902	5,412,341
Licensed investment banks	402,477	66,078
Bank Negara Malaysia	1,077,552	308,350
Other financial institutions	867,115	1,050,862
	<u>4,679,046</u>	<u>6,837,631</u>
 <u>By Maturity Structure:-</u>		
Due within six months	4,260,836	6,577,735
Six months to one year	418,058	259,896
One year to three years	152	-
	<u>4,679,046</u>	<u>6,837,631</u>
 (iii) <u>Borrowings</u>		
Unsecured		
- More than one year (medium/long-term)	666,310	390,624
	<u>666,310</u>	<u>390,624</u>

B10. REALISED AND UNREALISED PROFITS

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses into realised and unrealised profits or losses as at the end of the reporting period. On 20 December 2010, Bursa Malaysia had also issued a guide to all listed issuers on the disclosure requirement for the realised and unrealised unappropriated profits and losses.

Pursuant to the above directives, the breakdown of retained profits of the Group into realised and unrealised profits as at the reporting date is disclosed as follows:-

	Group	
	30/9/2011	31/12/2010
	RM'000	RM'000
<u>Total retained profits of AFFIN Holdings Berhad and its's subsidiaries</u>		
- Realised	1,166,679	957,831
- Unrealised		
- deferred tax recognised in the income statement	11,620	6,713
- other items of income and expense	88,388	26,858
	1,266,687	991,402
<u>Total share of retained profits in associate:-</u>		
- Realised	135,386	130,303
- Unrealised	1,307	2,453
<u>Total share of accumulated profits/(losses) in jointly controlled entities:-</u>		
- Realised	(32,816)	(25,865)
- Unrealised	10,070	7,681
	1,380,634	1,105,974
Add: Consolidation adjustments	124,977	124,901
Total Group retained profits as per consolidated financial statements	1,505,611	1,230,875

The breakdown of realised and unrealised retained profits is determined based on the Guidance of Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad listing Requirements" issued by the Malaysian Institute of Accountants on 20 December 2010.

The unrealised retained profits of the Group as disclosed above does not include translation gains and losses on monetary items denominated in a currency other than the functional currency and foreign exchange contracts. These translation gains and losses are incurred in the ordinary course of business of the Group and hence deemed as realised.

The above disclosure of realised and unrealised unappropriated profits and losses is strictly for the compliance of the disclosure requirements stipulated in the directive issued by Bursa Malaysia and should not be used for any other purposes.

B11. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

Details of derivative financial instruments outstanding as at reporting date are as follows:-

(i) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts:-

Group	<----- As at 30 September 2011 ----->			<----- As at 31 December 2010 ----->		
	Contract/ Notional Amount RM'000	Fair Value		Contract/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Trading derivatives:						
Foreign exchange contract						
- Currency forwards	986,441	23,413	2,631	728,471	2,381	19,025
- Currency swaps	2,485,681	45,019	80,478	1,667,371	32,162	21,087
- Currency options	9,900	-	12	-	-	-
Interest rate contract						
- Interest rate swaps	2,375,007	15,359	37,169	1,479,285	8,711	17,448
Total	5,857,029	83,791	120,290	3,875,127	43,254	57,560

(ii) The derivative financial instrument of the Group classified by remaining period to maturity/repricing date (whichever earlier) as at reporting date are as follows:-

Items	<----- As at 30 September 2011 ----->						
	Contract/ Notional Amount RM'000	1 month or less RM'000	> 1 - 3 months RM'000	> 3 - 6 months RM'000	> 6 - 12 months RM'000	> 1 - 3 years RM'000	> 3 years RM'000
Trading derivatives:							
Foreign exchange contract							
- Currency forwards	986,441	630,178	250,365	56,299	49,599	-	-
- Currency swaps	2,485,681	1,431,286	796,896	75,143	132,356	50,000	-
- Currency options	9,900	9,900	-	-	-	-	-
	3,482,022	2,071,364	1,047,261	131,442	181,955	50,000	-
Interest rate contract							
- Interest rate swaps	2,375,007	-	-	68,196	64,000	1,020,707	1,222,104
Total	5,857,029	2,071,364	1,047,261	199,638	245,955	1,070,707	1,222,104

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

Foreign exchange and interest rate related contracts are subject to market risk, credit risk and liquidity 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 period, the notional amount of foreign exchange exposure which was not hedged and hence, exposed to market risk was RM2.1 million (FYE 31/12/2010: RM13.7 million), while the notional amount of interest rate contract was RM1.63 billion (FYE 31/12/2010: RM903.3 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 RM98.0 million (FYE 31/12/2010: RM66.7 million) and RM91.0 million (FYE 31/12/2010: RM69.7 million) respectively. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Liquidity risk

Liquidity risk on derivatives is the risk that the derivative position cannot be closed out promptly. The exposure to liquidity risk is mitigated by entering into transactions where the underlying financial instruments are widely traded and also easily closed out through alternative markets.

Cash Requirement of the Derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as the fair value moves beyond the agreed upon threshold limits in the counterparties's favour, or upon downgrade in the Bank's credit ratings. As at end of the financial period, there is no requirement for the Group to post any additional cash collateral on its derivative contracts.

Related Accounting Policies

The related accounting policies for off-balance sheet financial instruments applied in the condensed interim financial statements are consistent with those applied in the annual financial statements for the year ended 31 December 2010.

B12. MATERIAL LITIGATION

There are various other legal suits against AFFIN Bank Berhad ("ABB") in respect of claims and counter claims of approximately RM42.3 million (31 December 2010: RM86.3 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.

B13. PROPOSED DIVIDENDS

An interim dividend of 12.0 sen per share (less 25% tax) has been proposed for the financial year ending 31 December 2011 as follows:-

Amount per share	: 12.0 sen per share less 25 % tax
Previous corresponding period	: 9.0 sen per share less 25% tax
Date payable	: 30 December 2011
Date of entitlement	: 8 December 2011
Total dividend for the current financial period	: 12.0 sen per share less 25 % tax

B14. EARNINGS PER SHARE

	Group			
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2011	30/9/2010	30/9/2011	30/9/2010
Net profit attributable to equity holders of the company (RM'000)	135,198	115,015	375,452	362,053
Weighted average number of ordinary shares in issue	1,494,575,806	1,494,570,019	1,494,575,806	1,494,439,153
Basic earnings per share (sen)	9.05	7.70	25.12	24.23
Diluted earnings per share (sen)	9.05	7.70	25.12	24.23

The basic and diluted earnings per share of the Group for the current financial quarter ended 30 September 2011 have been calculated based on the net profit attributable to the equity holders of the company of RM135,198,000 (30 September 2010: RM115,015,000) divided by the weighted average number of ordinary shares in issue during the current financial quarter of 1,494,575,806 (30 September 2010: 1,494,570,019).

The basic earnings per share of the Group for the cumulative quarter ended 30 September 2011 has been calculated based on the net profit attributable to the equity holders of the company of RM375,452,000 (30 September 2010: RM362,053,000) divided by the weighted average number of ordinary shares in issue during the financial year under review of 1,494,575,806 (30 September 2010: 1,494,439,153).

B15. ECONOMIC PROFIT/(LOSS)

	Group			
	Individual Quarter Ended		Cumulative Quarter Ended	
	30/9/2011	30/9/2010	30/9/2011	30/9/2010
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial year	135,198	115,015	375,452	362,053
Less: Economic charge	(130,798)	(122,002)	(383,801)	(354,803)
Economic profit/(loss) for the financial year	4,400	(6,987)	(8,349)	7,250

Formula for calculation of economic charge:

(i) Economic charge = Cost of equity x Average total equity for the financial year

(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