

AFFIN HOLDINGS BERHAD

(Company no. 23218 - W)

Condensed Interim Financial Statements

Unaudited Statements of Financial Position As At 31 December 2011

	<-----GROUP----->		<-----COMPANY----->	
	31/12/2011 RM'000	31/12/2010 RM'000	31/12/2011 RM'000	31/12/2010 RM'000
ASSETS				
Cash and short term funds	9,740,308	8,684,235	67,333	126,186
Deposits and placements with banks and other financial institutions	279,458	18,093	216,396	176,633
Financial assets held-for-trading	149,832	149,945	-	-
Financial investments available-for-sale	9,122,892	8,592,533	-	-
Financial investments held-to-maturity	650,923	536,548	-	-
Loans, advances and financing	30,436,846	26,574,066	-	-
Derivative financial assets	47,023	51,626	-	-
Statutory deposits with Bank Negara Malaysia	1,410,141	275,167	-	-
Investment in subsidiaries	-	-	3,536,914	3,636,991
Amount due from subsidiary	-	-	603,062	300,756
Investment in jointly controlled entities	115,430	113,311	135,660	128,520
Investment in associate	155,548	152,779	10,597	10,597
Amount due from associate	67,257	91,828	67,257	91,828
Trade receivables	160,239	270,012	-	-
Other assets	177,174	218,686	384	319
Tax recoverable	30,445	76,291	4,519	6,181
Deferred tax assets	470	10,180	-	-
Property and equipment	178,649	176,897	895	734
Intangible assets	1,013,419	1,011,867	9	12
TOTAL ASSETS	53,736,054	47,004,064	4,643,026	4,478,757
LIABILITIES AND EQUITY				
Deposits from customers	39,363,414	33,247,279	-	-
Deposits and placements of banks and other financial institutions	6,867,047	6,852,598	-	-
Bills and acceptances payable	82,059	110,161	-	-
Trade payables	156,908	258,802	-	-
Recourse obligation on loans sold to Cagamas Berhad	428,459	288,891	-	-
Derivative financial liabilities	96,954	70,195	-	-
Other liabilities	442,214	557,449	5,534	106,324
Amount due to subsidiaries	-	-	589,313	689,348
Provision for taxation	16,401	188	-	-
Deferred tax liabilities	20,729	25,082	587	141
Borrowings	669,645	392,386	669,645	392,386
TOTAL LIABILITIES	48,143,830	41,803,031	1,265,079	1,188,199

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	<-----GROUP----->		<-----COMPANY----->	
	31/12/2011 RM'000	31/12/2010 RM'000	31/12/2011 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	1,127,843	990,543	-	-
AFS revaluation reserves	102,339	84,631	-	-
Retained profits	1,467,056	1,230,873	482,961	395,572
TOTAL EQUITY	5,592,224	5,201,033	3,377,947	3,290,558
TOTAL LIABILITIES AND EQUITY	53,736,054	47,004,064	4,643,026	4,478,757
COMMITMENTS AND CONTINGENCIES	20,067,994	18,901,770	-	-
CAPITAL ADEQUACY				
<u>Before deducting proposed dividends:</u>				
Core capital ratio	10.90%	12.64%		
Risk-weighted capital ratio	12.78%	13.92%		
<u>After deducting proposed dividends:</u>				
Core capital ratio	10.66%	12.33%		
Risk-weighted capital ratio	12.55%	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 Quarter and Year Ended 31 December 2011

<u>Group</u>	<---Individual Quarter Ended --->		<---Cumulative Quarter Ended --->	
	31/12/2011 RM'000	31/12/2010 RM'000	31/12/2011 RM'000	31/12/2010 RM'000
Revenue	709,816	620,544	2,660,243	2,272,995
Interest income	524,659	444,045	1,972,102	1,645,809
Interest expense	(301,114)	(235,104)	(1,102,525)	(805,925)
Net interest income	223,545	208,941	869,577	839,884
Islamic banking income	52,268	44,496	198,933	177,783
Other operating income	84,643	99,987	313,072	347,737
Operating income	360,456	353,424	1,381,582	1,365,404
Other operating expenses	(163,309)	(165,170)	(658,761)	(640,161)
Operating profit before allowance for impairment on loans, advances and financing	197,147	188,254	722,821	725,243
Allowance for impairment on loans, advances and financing	(15,872)	(32,867)	8,331	(94,808)
Allowance for impairment on other assets	(187)	(4,046)	874	(7,296)
Transfer to profit equalisation reserve	204	-	-	-
Operating profit	181,292	151,341	732,026	623,139
Finance cost	(6,886)	(3,810)	(22,521)	(12,996)
Share of results of jointly controlled entities	(28)	7,421	(4,590)	6,923
Share of results of associate	296	1,249	4,233	12,004
Gain on dilution of interest in associate	-	501	-	8,463
Profit before taxation and zakat	174,674	156,702	709,148	637,533
Taxation	(41,913)	(29,420)	(194,816)	(143,487)
Zakat	(218)	(710)	(6,337)	(5,421)
Net profit for the financial period attributable to equity holders of the Company	132,543	126,572	507,995	488,625
Earnings per share attributable to the equity holders of the Company (sen)				
- Basic and fully diluted	8.87	8.47	33.99	32.70

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 Quarter and Year Ended 31 December 2011

<u>Group</u>	<---Individual Quarter Ended --->		<---Cumulative Quarter Ended --->	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	RM'000	RM'000	RM'000	RM'000
Profit after taxation and zakat	132,543	126,572	507,995	488,625
Other comprehensive income:				
- Net change in fair value of financial investments available-for-sale	11,185	9,418	24,510	14,756
- Deferred tax on revaluation of financial investments available-for-sale	(3,396)	(1,988)	(6,802)	(4,456)
- Recognition of proportionate share of effect of dilution of interest in associate on AFS revaluation reserves	-	(2,266)	-	(1,133)
Other comprehensive income for the period, net of tax	7,789	5,164	17,708	9,167
Total comprehensive income for the financial period attributable to the equity holders of the Company	140,332	131,736	525,703	497,792

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 Quarter and Year Ended 31 December 2011

<u>Company</u>	<---Individual Quarter Ended --->		<---Cumulative Quarter Ended --->	
	31/12/2011 RM'000	31/12/2010 RM'000	31/12/2011 RM'000	31/12/2010 RM'000
Revenue	152,580	116,620	271,172	213,984
Interest income	10,225	6,329	34,629	20,616
Interest expense	-	-	-	-
Net interest income	10,225	6,329	34,629	20,616
Islamic banking income	-	-	-	-
Other operating income	142,355	110,291	236,591	193,368
Operating income	152,580	116,620	271,220	213,984
Other operating expenses	(2,880)	(3,095)	(8,631)	(8,644)
Operating profit before allowance for impairment on loans, advances and financing	149,700	113,525	262,589	205,340
Allowance for impairment on loans, advances and financing	-	-	-	-
Allowance for impairment on other assets	-	-	-	-
Operating profit	149,700	113,525	262,589	205,340
Finance cost	(6,886)	(3,810)	(22,521)	(12,996)
Profit before taxation and zakat	142,814	109,715	240,068	192,344
Taxation	(10,704)	(26,721)	(18,167)	(47,636)
Net profit for the financial period attributable to equity holders of the Company	132,110	82,994	221,901	144,708

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****Unaudited Income Statements For The Financial Quarter and Year Ended 31 December 2011**

<u>Company</u>	<---Individual Quarter Ended --->		<---Cumulative Quarter Ended --->	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	RM'000	RM'000	RM'000	RM'000
Profit after taxation and zakat	132,110	82,994	221,901	144,708
Other comprehensive income	-	-	-	-
Total comprehensive income for the financial period attributable to equity holders of the Company	132,110	82,994	221,901	144,708

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 Year Ended 31 December 2011

GROUP	←-----Attributable to Equity Holders of the Company-----→						
	Number of shares '000	Nominal value RM'000	Share premium RM'000	Statutory reserves RM'000	AFS revaluation reserves RM'000	Retained profits RM'000	Total Equity RM'000
At 1 January 2011	1,494,576	1,494,576	1,400,410	990,543	84,631	1,230,873	5,201,033
Net profit for the financial year	-	-	-	-	-	507,995	507,995
Other comprehensive income	-	-	-	-	17,708	-	17,708
Total comprehensive income for the financial year	-	-	-	-	17,708	507,995	525,703
Transfer to statutory reserve	-	-	-	137,300	-	(137,300)	-
Dividends declared and payable for the financial year	-	-	-	-	-	(134,512)	(134,512)
At 31 December 2011	1,494,576	1,494,576	1,400,410	1,127,843	102,339	1,467,056	5,592,224
At 1 January 2010	1,494,371	1,494,371	1,399,980	874,361	75,464	959,314	4,803,490
Net profit for the financial year	-	-	-	-	-	488,625	488,625
Other comprehensive income	-	-	-	-	9,167	-	9,167
Total comprehensive income for the financial year	-	-	-	-	9,167	488,625	497,792
Issue of share capital pursuant to the exercise of Warrant 2000/2010	205	205	430	-	-	-	635
Transfer to statutory reserve	-	-	-	116,182	-	(116,182)	-
Dividends declared and payable for the financial year	-	-	-	-	-	(100,884)	(100,884)
At 31 December 2010	1,494,576	1,494,576	1,400,410	990,543	84,631	1,230,873	5,201,033

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 Year Ended 31 December 2011

	←-----Attributable to Equity Holders of the Company----->				
	Issued and fully paid ordinary shares of RM1 each	Nominal value RM'000	Non-distributable Share premium RM'000	Distributable Retained profits RM'000	Total Equity RM'000
COMPANY	Number of shares '000	RM'000	RM'000	RM'000	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 year					
- Net profit for the financial year	-	-	-	221,901	221,901
Dividends declared and payable for the financial year	-	-	-	(134,512)	(134,512)
At 31 December 2011	1,494,576	1,494,576	1,400,410	482,961	3,377,947
At 1 January 2010	1,494,371	1,494,371	1,399,980	351,748	3,246,099
Total comprehensive income for the financial year					
- Net profit for the financial year	-	-	-	144,708	144,708
Issue of share capital pursuant to the exercise of Warrant 2000/2010	205	205	430	-	635
Dividends declared and payable for the financial year	-	-	-	(100,884)	(100,884)
At 31 December 2010	1,494,576	1,494,576	1,400,410	395,572	3,290,558

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 Year Ended 31 December 2011

	31/12/2011 RM'000	31/12/2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and zakat	709,148	637,533
Adjustment for non-operating and non-cash items	(90,086)	(22,566)
Operating profit before changes in working capital	<u>619,062</u>	<u>614,967</u>
Net changes in operating assets	(5,428,135)	(4,287,462)
Net changes in operating liabilities	6,093,187	6,377,135
Payment of tax and zakat	(153,722)	(169,445)
Tax refund	11,257	9,900
Net cash generated from operating activities	<u>1,141,649</u>	<u>2,545,095</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from securities	295,106	218,248
Net (purchase)/disposal of:		
- securities	(547,081)	(291,510)
- property and equipment	(35,354)	(11,198)
- intangible assets	(1,986)	(1,720)
Dividend received from:		
- financial investments held-to-maturity/available-for-sale	10,394	3,317
Proceeds from disposal of property and equipment	2,324	2,593
Proceeds from disposal/redemption of land held for sale	-	61,741
Proceeds from disposal of foreclosed properties	118,687	24,941
Capital injection into a jointly controlled entity	(7,140)	-
Net movement in amount due to/from associate	24,571	(91,828)
Net cash used in investing activities	<u>(140,479)</u>	<u>(85,416)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in borrowings	277,259	92,386
Proceed from issuance of shares	-	635
Dividends paid to shareholders	(235,396)	(95,266)
Net cash generated from/(used) in financing activities	<u>41,863</u>	<u>(2,245)</u>
Net increase in cash and cash equivalents	1,043,033	2,457,434
Cash and cash equivalents at beginning of the period	8,632,085	6,174,651
Cash and cash equivalents at end of the period	<u>9,675,118</u>	<u>8,632,085</u>
<u>Analysis of cash & cash equivalent</u>		
Cash and short term funds	9,740,308	8,684,235
Adjustment for money held in trust on behalf of clients and remisers	(65,190)	(52,150)
	<u>9,675,118</u>	<u>8,632,085</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 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 and year ended 31 December 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 7 Financial Instruments: Disclosures
- Amendments to FRS 132 Financial Instruments: Presentation
- IC Interpretation 4 Determining whether an arrangement contains a lease
- IC Interpretation 17 Distribution of non-cash assets to owners
- Improvements to FRSS⁽²⁰¹⁰⁾

The adoption of these standards and amendments did not have any significant impact to the results of the Group and the Company for the current financial quarter and year ended 31 December 2011.

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 current financial quarter and year ended 31 December 2011.

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 current financial quarter and year ended 31 December 2011.

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

During the current financial quarter, an interim dividend of 12.0 sen per share (less 25% income tax) in respect of the current financial year ended 31 December 2011 amounting to RM134,511,823 was paid on 30 December 2011.

A9. FINANCIAL ASSETS

	Group	
	31/12/2011 RM'000	31/12/2010 RM'000
(a) <u>Financial assets held-for-trading</u>		
At fair value		
Bank Negara Malaysia Notes	149,832	99,853
Negotiable Instruments of Deposit	-	50,092
Total financial assets held-for-trading	149,832	149,945
(b) <u>Financial investments available-for-sale</u>		
At fair value		
Malaysian Government Securities	675,045	1,529,606
Malaysian Government Treasury Bills	39,421	166,566
Malaysian Government Investment Issuance	3,846,939	2,233,111
Cagamas Bonds	181,510	222,915
Bank Negara Malaysia Sukuk	-	32,017
Khazanah Bonds	14,262	13,250
Bankers' Acceptance and Islamic Acceptance Bills	-	556,994
Bank Negara Malaysia Notes	174,620	1,006,592
Negotiable Instruments of Deposit and Islamic Debt Certificate	102,121	141,072
	5,033,918	5,902,123
Quoted Securities		
- Shares in Malaysia	47,762	58,669
- Private Debt Securities in Malaysia	2,167	2,167
- Irredeemable Convertible Unsecured Loan Stock in Malaysia	4,124	4,124
Unquoted Securities		
- Shares in Malaysia	123,146	108,073
- Private Debt Securities in Malaysia	3,115,720	2,095,775
- Private Debt Securities outside Malaysia	872,823	511,858
	9,199,660	8,682,789
Allowance for impairment of securities	(76,768)	(90,256)
Total financial investments available-for-sale	9,122,892	8,592,533
(c) <u>Financial investments held-to-maturity</u>		
At amortised cost		
Quoted Securities		
- Private Debt Securities in Malaysia	34,623	38,123
Unquoted Securities		
- Private Debt Securities in Malaysia	704,232	586,104
- Redeemable Convertible Unsecured Loan Stock in Malaysia	12,919	13,340
	751,774	637,567
Allowance for impairment of securities	(100,851)	(101,019)
Total financial investments held-to-maturity	650,923	536,548
Total securities held	9,923,647	9,279,026

A10. LOANS, ADVANCES AND FINANCING

	Group	
	31/12/2011	31/12/2010
	RM'000	RM'000
(a) <u>BY TYPE</u>		
Overdrafts	1,856,907	1,971,364
Term loans/financing		
- Housing loans/financing	4,544,089	3,885,327
- Syndicated term loans/financing	1,625,076	1,394,211
- Hire purchase receivables	8,869,439	7,835,986
- Other term loans/financing	10,448,342	8,240,501
Bills receivables	42,928	39,077
Trust receipts	374,449	266,050
Claims on customers under acceptance credits	694,365	659,074
Staff loans/financing (of which RM NIL to Directors)	155,279	160,557
Credit/charge cards	93,116	101,682
Revolving credit	2,318,313	2,566,889
Margin financing	45,056	40,955
Factoring	12,318	3,185
Gross loans, advances and financing	31,079,677	27,164,858
Less: Allowance for impairment		
- Collective impairment	(462,953)	(405,085)
- Individual impairment	(179,878)	(185,707)
Total net loans, advances and financing	30,436,846	26,574,066
(b) <u>BY TYPE OF CUSTOMER</u>		
Domestic banking institutions	949	-
Domestic non-banking institutions		
- Stock-broking companies	-	270
- Others	2,078,889	2,146,330
Domestic business enterprises		
- Small medium enterprises	7,605,717	6,833,345
- Others	7,940,697	6,284,713
Government and statutory bodies	65,487	75,394
Individuals	12,961,182	11,549,238
Other domestic entities	164,857	45,584
Foreign entities	261,899	229,984
	31,079,677	27,164,858
(c) <u>BY INTEREST / PROFIT RATE SENSITIVITY</u>		
Fixed rate		
- Housing loans/financing	289,374	292,884
- Hire purchase receivables	8,869,438	7,834,034
- Other fixed rate loans/financing	4,484,845	3,975,266
- Margin financing	45,056	31,356
Variable rate		
- BLR plus	11,271,790	10,210,602
- Cost plus	6,119,174	4,820,716
	31,079,677	27,164,858

A10. LOANS, ADVANCES AND FINANCING (cont.)

	Group	
	31/12/2011	31/12/2010
	RM'000	RM'000
(d) <u>BY ECONOMIC PURPOSE</u>		
Construction	1,634,872	824,650
Purchase of landed property of which :-		
- Residential	4,654,475	4,014,078
- Non-residential	3,791,366	2,637,636
Purchase of securities	176,302	357,881
Purchase of transport vehicles	9,112,854	7,869,187
Fixed assets other than land and building	326,549	339,184
Personal use	827,086	731,288
Credit card	93,116	101,682
Consumer durable	958	1,067
Merger and acquisition	98,651	4,867
Working capital	9,901,757	9,912,895
Others	461,691	370,443
	31,079,677	27,164,858
(e) <u>BY SECTOR</u>		
Primary agriculture	539,364	532,442
Mining and quarrying	431,334	373,899
Manufacturing	2,294,794	1,834,288
Electricity, gas and water supply	172,860	215,707
Construction	2,553,635	2,494,920
Real estate	3,095,024	2,410,269
Wholesale and retail trade and restaurants and hotels	1,466,419	1,244,657
Transport, storage and communication	1,946,061	1,084,086
Finance, insurance and business services	4,288,464	4,421,179
Education, health and others	1,146,839	855,655
Household	13,092,597	11,654,880
Others	52,286	42,876
	31,079,677	27,164,858
(f) <u>BY MATURITY STRUCTURE</u>		
Maturing within one year	6,170,676	6,951,917
One year to three years	3,801,004	2,808,471
Three years to five years	5,516,248	4,475,504
Over five years	15,591,749	12,928,966
	31,079,677	27,164,858
(g) <u>BY GEOGRAPHICAL DISTRIBUTION</u>		
Perlis	56,604	27,648
Kedah	942,274	902,980
Pulau Pinang	1,525,797	1,271,331
Perak	917,610	853,633
Selangor	9,524,022	7,753,378
Wilayah Persekutuan	9,399,510	9,114,769
Negeri Sembilan	753,916	721,564
Melaka	696,178	663,856
Johor	2,631,232	2,027,324
Pahang	633,914	623,000
Terengganu	580,189	567,382
Kelantan	268,161	256,176
Sarawak	1,072,628	806,070
Sabah	1,272,938	1,173,362
Labuan	262,731	277,901
Outside Malaysia	541,973	124,484
	31,079,677	27,164,858

A10. LOANS, ADVANCES AND FINANCING (cont.)

	Group	
	31/12/2011	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 year	989,769	1,143,127
Classified as impaired during the financial year	535,462	689,486
Reclassified as non-impaired during the financial year	(343,790)	(313,634)
Amount recovered during the financial year	(186,621)	(234,926)
Amount written-off during the financial year	(111,862)	(282,920)
Amount converted to financial investments held-for-trading	-	(11,364)
Balance at the end of financial year	882,958	989,769
(ii) <u>Impaired loans, advances and financing by economic purpose</u>		
Construction	63,547	63,407
Purchase of landed property of which :-		
- Residential	382,814	407,763
- Non-residential	34,354	44,744
Purchase of securities	3,000	3,020
Purchase of transport vehicles	106,606	81,586
Fixed assets other than land and building	17,758	3,633
Personal use	12,699	16,373
Credit card	499	636
Consumer durable	33	34
Working capital	260,129	368,356
Others	1,519	217
	882,958	989,769
(iii) <u>Impaired loans, advances and financing by sector</u>		
Primary agriculture	7,855	11,937
Mining and quarrying	-	50
Manufacturing	48,663	99,831
Electricity, gas and water supply	1,928	2,360
Construction	190,682	253,827
Real estate	4,159	8,263
Wholesale and retail trade and restaurants and hotels	50,369	65,303
Transport, storage and communication	5,086	4,633
Finance, insurance and business services	51,926	15,108
Education, health and others	8,547	8,301
Household	510,089	520,156
Others	3,654	-
	882,958	989,769

A10. LOANS, ADVANCES AND FINANCING (cont.)

	Group	
	31/12/2011	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	332	840
Kedah	24,835	40,612
Pulau Pinang	25,585	30,120
Perak	23,884	16,202
Selangor	424,290	445,219
Wilayah Persekutuan	123,066	185,921
Negeri Sembilan	39,790	37,483
Melaka	16,229	15,854
Johor	65,744	88,097
Pahang	11,840	17,013
Terengganu	5,776	8,009
Kelantan	7,193	6,171
Sarawak	7,694	6,614
Sabah	15,533	14,387
Labuan	15	45
Outside Malaysia	91,152	77,182
	882,958	989,769
(v) <u>Movements in allowance for impairment on loans, advances and financing</u>		
Collective impairment		
Balance at the beginning of financial year	405,085	458,245
Allowance (net of recovery) made during the financial year	69,632	(2,012)
Amount written-off during the financial year	(12,118)	(49,850)
Exchange differences	354	(1,298)
Balance at the end of financial year	462,953	405,085
Individual impairment		
Balance at the beginning of financial year	185,707	261,477
Allowance made during the financial year	120,585	200,097
Amount recovered during the financial year	(13,696)	(23,799)
Amount converted to financial investments held-for-trading	-	(11,364)
Allowance written-off during the financial year	(98,012)	(234,152)
Unwind of discount of allowance	(14,706)	(6,552)
Balance at the end of financial year	179,878	185,707

A11. TRADE RECEIVABLES

	Group	
	31/12/2011	31/12/2010
	RM'000	RM'000
Amount in respect of management fees receivable and cancellation of funds' units	974	896
Amount due from stock-broking clients	99,296	107,966
Amount due from Bursa Securities Clearing Sdn Bhd	63,752	165,326
	164,022	274,188
Less Allowance for impairment		
- Collective impairment	(211)	(190)
- Individual impairment	(3,572)	(3,986)
	160,239	270,012

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

Collective impairment

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

Individual impairment

Balance at the beginning of financial year	3,986	4,341
Allowance made during the financial year	210	128
Amount recovered during the financial year	(624)	(483)
Balance at the end of financial year	3,572	3,986

A12. OTHER ASSETS

Clearing accounts	104,755	4,160
Foreclosed properties	40,950	161,261
Other debtors, deposits and prepayments	28,722	50,520
Amount due from jointly controlled entity	2,747	2,745
	177,174	218,686

A13. OTHER LIABILITIES

Bank Negara Malaysia and Credit Guarantee Corporation Funding Programmes	36,071	43,009
Amount due from other shareholders of a subsidiary		
- Liabilities directly associated with properties previously classified as land held-for-sale	529	10,541
Margin and collateral deposits	72,793	65,191
Trust accounts for clients and remisiers	65,190	52,150
Clearing accounts	-	44,616
Defined contribution plan	11,595	12,616
Accrued employee benefits	1,638	896
Other creditors and accruals	245,852	218,114
Dividend payable	-	100,884
Provision for zakat	8,546	9,432
	442,214	557,449

A14. INTEREST INCOME

	<-----Group----->			
	Individual Quarter Ended 31/12/2011 RM'000	31/12/2010 RM'000	Cumulative Quarter Ended 31/12/2011 RM'000	31/12/2010 RM'000
Loans, advances and financing	380,039	328,507	1,432,876	1,232,652
Money at call and deposit with financial institutions	47,803	30,955	145,019	109,521
Financial assets held-for-trading	-	93	64	320
Financial investments available-for-sale	62,462	53,474	266,477	198,828
Financial investments held-to-maturity	11,858	6,136	28,629	19,420
Derivatives	19,467	11,588	72,134	47,216
Others	33	87	113	177
	<u>521,662</u>	<u>430,840</u>	<u>1,945,312</u>	<u>1,608,134</u>
Accretion of discount less amortisation of premium	2,997	13,205	26,790	37,675
	<u>524,659</u>	<u>444,045</u>	<u>1,972,102</u>	<u>1,645,809</u>
The above interest income includes interest/income earned on impaired loans, advances and financing - Unwinding of discount of allowance (Net)	6,881	9,609	12,663	9,032

A15. INTEREST EXPENSE

Deposits and placements of banks and other financial institutions	26,076	33,424	110,397	110,004
Deposits from customers	243,671	182,430	886,026	607,457
Loans sold to Cagamas Berhad	4,353	3,589	14,913	14,559
Derivatives	23,244	14,853	81,967	65,392
Others	3,770	808	9,222	8,513
	<u>301,114</u>	<u>235,104</u>	<u>1,102,525</u>	<u>805,925</u>

A16. OTHER OPERATING INCOME

	←-----Group-----→			
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	RM'000	RM'000	RM'000	RM'000
<u>Fees income:</u>				
Fees on loans, advances and financing	43	106	1,056	352
Brokerage (net)	11,513	15,510	59,991	58,268
Underwriting fees	779	1,439	1,326	2,339
Portfolio management fees	2,829	2,338	10,083	8,431
Corporate advisory fees	3,141	3,233	6,421	7,129
Commission	3,711	3,444	13,178	12,295
Service charges and fees	14,131	12,334	52,107	47,955
Guarantee fees	5,449	5,827	25,783	27,392
Arrangement fees	2,475	2,720	9,187	9,849
Agency fees	430	300	1,995	2,043
Other fee income	249	2,791	7,368	7,708
	44,750	50,042	188,495	183,761
<u>Income from financial instruments:</u>				
Gains/(losses) on financial assets held-for-trading				
- net gain on disposal	607	1,692	5,466	3,194
- unrealised gains/(losses)	8,253	(261)	(9)	(244)
Gains/(losses) on derivatives:				
- realised	218	591	2,600	346
- unrealised	(1,667)	8,366	(12,469)	4,271
Gains on financial investments available-for-sale				
- net gain on disposal	6,125	11,922	41,252	42,340
- gross dividend income	172	159	689	416
Gains on financial investments held-to-maturity				
- net gain on redemption	493	236	2,546	2,289
- gross dividend income	6,047	-	9,705	2,901
	20,248	22,705	49,780	55,513
<u>Other income:</u>				
Foreign exchange gains/(losses):				
- realised	21,225	13,908	74,440	82,713
- unrealised	(6,966)	3,635	(18,035)	(9,829)
Rental income	443	396	1,952	1,834
Gains on disposal of property and equipment	6	238	139	246
(Losses)/gains on disposal of foreclosed properties	318	4,812	(272)	6,330
Gain arising from waiver of debts	2,673	4,996	2,673	4,996
Other non-operating income	1,946	(745)	13,900	22,173
	19,645	27,240	74,797	108,463
Total Other Operating Income	84,643	99,987	313,072	347,737

A17. OTHER OPERATING EXPENSES

	←-----Group----->			
	Individual Quarter Ended 31/12/2011 RM'000	31/12/2010 RM'000	Cumulative Quarter Ended 31/12/2011 RM'000	31/12/2010 RM'000
<u>Personnel costs</u>				
Wages, salaries and bonus	60,649	69,963	281,195	284,459
Defined contribution plan	11,907	11,616	45,372	44,396
Other personnel costs	10,428	8,809	43,138	35,929
	<u>82,984</u>	<u>90,388</u>	<u>369,705</u>	<u>364,784</u>
<u>Promotion and marketing-related expenses</u>				
Business promotion and advertisement	4,126	2,285	10,181	5,855
Entertainment	713	1,093	3,065	2,551
Travelling and accommodation	1,332	1,281	4,425	4,133
Dealers' handling fees	492	251	1,760	1,047
Commission	(337)	1	109	21
Others	851	432	2,140	1,749
	<u>7,177</u>	<u>5,343</u>	<u>21,680</u>	<u>15,356</u>
<u>Establishment-related expenses</u>				
Rental of premises	6,712	6,505	26,710	25,564
Equipment rental	242	237	1,054	944
Repair and maintenance	8,367	7,702	30,685	27,585
Depreciation	5,315	5,680	21,641	24,414
Amortisation	2,478	2,606	9,779	16,980
IT consultancy fee	14,434	13,857	57,272	54,659
Dataline rental	1,229	833	3,477	5,014
Security services	2,980	2,432	10,461	9,228
Others	5,060	4,619	18,523	18,134
	<u>46,817</u>	<u>44,471</u>	<u>179,602</u>	<u>182,522</u>
<u>General administrative expenses</u>				
Telecommunication expenses	1,926	1,587	6,934	6,359
Director's Remuneration	628	822	1,913	1,581
Auditors' remuneration:				
(i) Statutory audit	172	110	1,250	1,138
(ii) (Over)/under provision prior year	-	-	(4)	12
(iii) Audit related fees	(308)	128	209	354
(iv) Non audit fees	736	1,259	736	1,309
Professional fees	1,999	6,865	13,872	21,650
Provision for litigation loss	9,371	-	9,371	-
Property & equipment written off	7	43	425	225
Intangible asset written off	-	-	-	292
Postage and courier charges	1,056	1,061	3,895	4,513
Stationery and consumables	2,563	2,494	9,908	7,511
Subscription fees	358	424	1,602	1,626
Subsidies and allowances	63	175	925	1,037
Transaction levy	293	444	1,577	1,435
Commissioned dealers representative performance incentive	379	844	2,998	3,967
Others	7,088	8,712	32,163	24,490
	<u>26,331</u>	<u>24,968</u>	<u>87,774</u>	<u>77,499</u>
Total other operating expenses	<u>163,309</u>	<u>165,170</u>	<u>658,761</u>	<u>640,161</u>

A18. ALLOWANCE FOR IMPAIRMENT ON LOANS AND FINANCING

	<-----Group----->			
	Individual Quarter Ended 31/12/2011 RM'000	31/12/2010 RM'000	Cumulative Quarter Ended 31/12/2011 RM'000	31/12/2010 RM'000
Collective impairment				
- allowance made/(written-back) during the financial period	20,895	(16,531)	69,653	(1,958)
Individual impairment				
- allowance made during the financial year	37,894	87,367	120,795	200,225
- allowance written-back during the financial year	(4,063)	(9,896)	(14,320)	(24,282)
Bad debts				
- recovered	(41,319)	(33,075)	(240,562)	(173,962)
- written off	3,086	4,647	15,956	15,810
Provision for litigation loss	-	-	40,000	78,000
Allowance for other impaired debts				
- other debtors	(621)	355	147	975
	15,872	32,867	(8,331)	94,808

A19. ALLOWANCE FOR IMPAIRMENT ON OTHER ASSETS

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

- Financial investments available-for-sale	187	146	(874)	3,939
- Financial investments held-to-maturity	-	3,900	-	3,357
	187	4,046	(874)	7,296

A20. SEGMENTAL INFORMATION ON REVENUE AND PROFIT

The segment analysis by activity for the individual and cumulative quarters ended 31 December 2011 and 31 December 2010 are as follows:-

<----- Current year's individual quarter ended 31 December 2011 ----->						
RM '000	Commercial Banking	Investment Banking	Insurance	Others	Eliminations	Group
Segment revenue	636,205	71,460	-	2,525	-	710,190
Intersegment revenue	2,351	1,786	-	386	(4,523)	-
Unallocated revenue	-	-	-	(374)	-	(374)
Revenue	638,556	73,246	-	2,537	(4,523)	709,816
Segment results	164,789	8,452	-	706	10,474	184,421
Unallocated expenses	-	-	-	(10,015)	-	(10,015)
Share of results of:						
- jointly controlled entities	-	-	182	(210)	-	(28)
- associate	-	-	296	-	-	296
Profit before taxation and zakat						174,674
Taxation and zakat						(42,131)
Net profit for the quarter						132,543

<----- Preceding year's individual quarter ended 31 December 2010 ----->						
RM '000	Commercial Banking	Investment Banking	Insurance	Others	Eliminations	Group
Segment revenue	550,840	65,881	-	2,112	-	618,833
Intersegment revenue	778	1,255	-	352	(2,385)	-
Unallocated revenue	-	-	-	1,711	-	1,711
Revenue	551,618	67,136	-	4,175	(2,385)	620,544
Segment results	129,167	18,363	-	576	4,554	152,660
Unallocated expenses	-	-	-	(5,129)	-	(5,129)
Share of results of:						
- a jointly controlled entity	-	-	7,421	-	-	7,421
- associate	-	-	1,249	-	-	1,249
Gain on dilution of interest in associate	-	-	501	-	-	501
Profit before taxation and zakat						156,702
Taxation and zakat						(30,130)
Net profit for the quarter						126,572

A20. SEGMENTAL INFORMATION ON REVENUE AND PROFIT

<-----Current year's cumulative quarter ended 31 December 2011----->						
RM '000	Commercial Banking	Investment Banking	Insurance	Others	Eliminations	Group
Segment revenue	2,351,268	291,454	-	11,683	-	2,654,405
Intersegment revenue	7,109	5,142	-	1,445	(13,696)	-
Unallocated revenue	-	-	-	5,838	-	5,838
Revenue	<u>2,358,377</u>	<u>296,596</u>	<u>-</u>	<u>18,966</u>	<u>(13,696)</u>	<u>2,660,243</u>
Segment results	613,275	88,855	-	3,848	28,657	734,635
Unallocated expenses	-	-	-	(25,130)	-	(25,130)
Share of results of:						
- jointly controlled entities	-	-	(4,380)	(210)	-	(4,590)
- associate	-	-	4,233	-	-	4,233
Profit before taxation and zakat						709,148
Taxation and zakat						(201,153)
Net profit for the cumulative quarter						<u>507,995</u>
<-----Preceding year's cumulative quarter ended 31 December 2010----->						
RM '000	Commercial Banking	Investment Banking	Insurance	Others	Eliminations	Group
Segment revenue	2,017,239	242,531	-	8,619	-	2,268,389
Intersegment revenue	2,004	4,588	-	1,165	(7,757)	-
Unallocated revenue	-	-	-	4,606	-	4,606
Revenue	<u>2,019,243</u>	<u>247,119</u>	<u>-</u>	<u>14,390</u>	<u>(7,757)</u>	<u>2,272,995</u>
Segment results	521,904	87,074	-	2,178	15,945	627,101
Unallocated expenses	-	-	-	(16,958)	-	(16,958)
Share of results of:						
- a jointly controlled entity	-	-	6,923	-	-	6,923
- associate	-	-	12,004	-	-	12,004
Gain on dilution of interest in associate	-	-	8,463	-	-	8,463
Profit before taxation and zakat						637,533
Taxation and zakat						(148,908)
Net profit for the cumulative quarter						<u>488,625</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 current financial quarter and year ended 31 December 2011.

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	31/12/2011				31/12/2010			
	Principal Amount RM'000	Value of Derivative Contracts RM'000	Credit Equivalent Amount* RM'000	Risk-Weighted Amount* RM'000	Principal Amount RM'000	Value of Derivative Contracts RM'000	Credit Equivalent Amount* RM'000	Risk-Weighted Amount* RM'000
Direct credit substitutes	455,606	-	455,606	441,960	408,608	-	408,608	299,520
Transaction related contingent items	2,375,506	-	1,187,753	1,129,992	2,387,456	-	1,193,728	1,022,073
Short-term self-liquidating trade related contingencies	973,727	-	194,745	159,463	1,232,752	-	246,551	140,554
Obligation under underwriting commitments	49,370	-	3,150	630	19,691	-	9,845	1,969
Foreign exchange related contracts								
- Less than one year	2,987,564	15,087	49,028	17,625	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	133,140	-	156	67	93,784	-	14	3
- One year to less than five years	1,739,469	2,552	44,397	11,098	940,228	1,757	31,214	7,242
- Five years and above	474,023	14,304	43,899	10,295	445,273	7,079	38,490	8,842
Irrevocable commitments to extend credit								
- Maturity more than one year	3,534,201	-	706,840	646,321	4,256,209	-	-	-
- Maturity less than 1 year	7,105,886	-	1,421,178	1,128,748	6,127,819	-	-	-
Unutilised credit card lines	189,502	-	37,900	28,463	594,104	-	118,821	89,026
	20,067,994	31,943	4,147,652	3,575,262	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:-

	31/12/2011 RM'000	31/12/2010 RM'000
<u>Tier 1 Capital</u>		
Share capital	1,661,531	1,661,531
Share premium	550,659	550,659
Retained profits	693,709	551,422
Statutory reserve	1,178,992	1,041,692
	<u>4,084,891</u>	<u>3,805,304</u>
Less:-		
Goodwill	(190,384)	(190,384)
Deferred tax assets	(3,882)	(5,650)
Total Tier 1 capital (a)	<u>3,890,625</u>	<u>3,609,270</u>
<u>Tier 2 Capital</u>		
Subordinated loans	600,000	300,000
Collective impairment #	193,834	162,870
Total Tier 2 capital (b)	<u>793,834</u>	<u>462,870</u>
Total capital (a) + (b)	4,684,459	4,072,140
Less:-		
Investment in capital instruments of other banking institutions	(79,121)	(56,216)
Investment in subsidiaries	(41,140)	(41,180)
Capital base	<u>4,564,198</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:-

	31/12/2011 RM'000	31/12/2010 RM'000
Credit risk	33,108,976	26,157,944
Market risk	223,011	125,094
Operational risk	2,376,456	2,276,503
Total risk-weighted assets	<u>35,708,443</u>	<u>28,559,541</u>

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

Before deducting proposed dividends:-

Core capital ratio	10.90%	12.64%
Risk-weighted capital ratio	<u>12.78%</u>	<u>13.92%</u>

After deducting proposed dividends:-

Core capital ratio	10.66%	12.33%
Risk-weighted capital ratio	<u>12.55%</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	
	31/12/2011	31/12/2010
	RM'000	RM'000
ASSETS		
Cash and short term funds	4,455,700	2,639,972
Financial investments available-for-sale	1,480,275	1,345,236
Loans, advances and financing	4,374,205	3,555,596
Statutory deposit with Bank Negara Malaysia	160,000	-
Investment in jointly controlled entity	290	500
Other assets	50,747	4,279
Tax recoverable	3,422	3,816
Deferred tax assets	-	4,291
Property and equipment	3,017	2,123
Intangible assets	3,255	1,462
TOTAL ASSETS	10,530,911	7,557,275
LIABILITIES, ISLAMIC BANKING FUNDS		
Deposits from customers	7,477,239	5,552,432
Deposits and placements of banks and other financial institutions	2,199,144	1,351,094
Other liabilities	372,333	220,245
Deferred tax liabilities	907	-
Total Liabilities	10,049,623	7,123,771
SHAREHOLDERS' EQUITY		
Share capital	260,000	260,000
Reserves	221,288	173,504
Total Equity	481,288	433,504
TOTAL LIABILITIES & EQUITY	10,530,911	7,557,275
COMMITMENTS AND CONTINGENCIES	1,889,674	2,022,889

A27. OPERATIONS OF ISLAMIC BANKING (cont.)

(ii) Unaudited Islamic Income Statements

	<-----Group----->			
	Individual Quarter Ended 31/12/2011 RM'000	31/12/2010 RM'000	Cumulative Quarter Ended 31/12/2011 RM'000	31/12/2010 RM'000
Income derived from investment of depositors' funds and others	101,294	79,136	368,911	287,402
Income derived from investment of Shareholders' funds	5,426	4,876	20,852	18,052
Allowance for losses on financing	(2,496)	(10,558)	(10,773)	(28,654)
Transfer from profit equalisation reserve	204	-	-	-
	104,428	73,454	378,990	276,800
Income attributable to depositors	(62,245)	(43,150)	(212,092)	(139,545)
Income attributable to shareholders	42,183	30,304	166,898	137,255
Other operating expenses	(23,016)	(21,456)	(91,804)	(90,714)
	19,167	8,848	75,094	46,541
Share of results of a jointly controlled entity	(210)	-	(210)	-
Profit before tax and zakat	18,957	8,848	74,884	46,541
Taxation	(4,356)	1,493	(19,582)	(15,889)
Zakat	-	-	(5,492)	(4,626)
Net profit for the financial period attributable to the equity holders of the Company	14,601	10,341	49,810	26,026

(ii) Unaudited Statements of Comprehensive Islamic Income

	<-----Group----->			
	Individual Quarter Ended 31/12/2011 RM'000	31/12/2010 RM'000	Cumulative Quarter Ended 31/12/2011 RM'000	31/12/2010 RM'000
Profit after taxation and zakat	14,601	10,341	49,810	26,026
Other comprehensive income:				
- Net change in fair value of financial investments available-for-sale	1,534	(2,149)	(2,701)	5,127
- Deferred tax on revaluation of financial investments available-for-sale	(384)	538	675	(1,282)
Other comprehensive income for the financial period, net of tax	1,150	(1,611)	(2,026)	3,845
Total comprehensive income for the financial period attributable to the equity holders of the Company	15,751	8,730	47,784	29,871

A27. OPERATIONS OF ISLAMIC BANKING (cont.)

	Group	
	31/12/2011 RM'000	31/12/2010 RM'000
(iii) <u>Financing</u>		
<u>By type</u>		
Cash line	207,564	223,926
Term financing		
- Housing financing	1,270,814	1,053,556
- Syndicated term financing	144,462	116,995
- Hire purchase receivables	1,232,416	1,061,166
- Other term financing	1,347,351	934,792
Bills financing	394	1,389
Trust receipts	33,581	43,958
Interest-free accepted bills	91,844	57,938
Staff financing	8,871	8,035
Revolving credit	132,544	142,463
	4,469,841	3,644,218
Less : Allowance for impairment		
- Collective impairment	(60,709)	(52,481)
- Individual impairment	(34,927)	(36,141)
Total net financing	4,374,205	3,555,596

(iv) Impaired/non-performing financing

(a) Movements of impaired financing

Balance at the beginning of financial year	152,601	130,840
Classified as impaired during the financial year	112,975	92,689
Reclassified as non-impaired during the financial year	(70,602)	(42,087)
Amount recovered during the financial year	(20,025)	(22,714)
Amount written-off during the financial year	(2,605)	(6,127)
Balance at the end of financial year	172,344	152,601

A27. OPERATIONS OF ISLAMIC BANKING (cont.)

	Group	
	31/12/2011	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 year	52,481	43,925
Allowance for impairment made during the financial year	7,874	13,365
Amount written-off during the financial year	-	(3,511)
Exchange differences	354	(1,298)
Balance at the end of financial year	<u>60,709</u>	<u>52,481</u>
Individual impairment		
Balance at the beginning of financial year	36,141	23,228
Allowance for impairment during the financial year	5,029	25,307
Amount recovered during the financial year	(1,372)	(9,891)
Amount written-off during the financial year	(2,338)	(1,175)
Unwind of discount of allowance	(2,533)	(1,328)
Balance at the end of financial year	<u>34,927</u>	<u>36,141</u>
(vi) Deposits from customers		
<u>By type of deposits</u>		
Non-Mudharabah Funds		
Demand deposits	1,923,732	1,488,093
Savings deposits	204,743	192,016
Negotiable Instruments of Deposits	119,778	-
	<u>2,248,253</u>	<u>1,680,109</u>
Mudharabah Funds		
Demand deposits	14,147	10,794
Savings deposits	98,790	66,187
General investment deposits	4,293,135	3,153,171
Special investment deposits	822,914	642,171
	<u>5,228,986</u>	<u>3,872,323</u>
Total deposits from customers	<u><u>7,477,239</u></u>	<u><u>5,552,432</u></u>

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 RM174.7 million for the current financial quarter ended 31 December 2011 as compared to RM156.7 million for the preceding year's corresponding quarter. For the financial year ended 31 December 2011, the Group pretax profit increased by RM71.6 million or 11.2% to RM709.1 million as compared to RM637.5 million achieved last year. The improved performance was mainly due to the increase in net interest income and Islamic banking income totaling RM50.9 million as well as the write-back of allowances for loan impairment and impairment on securities of RM8.3 million and RM0.9 million as compared to the allowances made in the previous year of RM94.8 million and RM7.3 million respectively. This was partially offset by the reduction in both other operating income and share of profit in associate of RM34.7 million and RM7.8 million respectively, higher overhead expenses and finance cost totaling RM28.1 million, and share of losses in jointly controlled entities of RM4.6 million as compared to the share of profit of RM6.9 million last year. In addition, there was a non-recurring gain of RM8.0 million on dilution of interest in associate in year 2010.

Commercial Banking

The results of the commercial banking segment is mainly attributable to the AFFIN Bank Berhad ("ABB") Group which registered a pretax profit of RM164.6 million for the current financial quarter as compared to RM129.2 million for the preceding year's corresponding quarter. For the financial year ended 31 December 2011, the ABB Group also reported a higher pretax profit of RM613.1 million as compared to RM521.9 million achieved last year. The improved performance was mainly due to the reduction in both allowances for loan impairment and impairment on securities of RM82.7 million and RM7.0 million respectively, higher net interest income of RM23.8 million and higher Islamic banking income of RM21.2 million. The other operating income however reduced by RM40.5 million while the overhead expenses increased by RM2.8 million for the year under review.

Investment Banking

The results of the investment banking segment is attributed to the AFFIN Investment Bank Berhad ("AIBB") Group which reported a pretax profit of RM8.4 million for the current financial quarter as compared to RM18.4 million for the preceding year's corresponding quarter. For the financial year ended 31 December 2011, the AIBB Group registered a higher pretax profit of RM88.9 million as compared to RM87.1 million achieved last year. This was mainly due to higher write-back of allowance for loan impairment of RM20.4 million and higher other operating income of RM2.2 million, net of higher overhead expenses of RM13.7 million and the reduction in net interest income of RM8.4 million for the year under review. As for its wholly-owned subsidiary namely AFFIN Fund Management Berhad, the Company posted a lower pretax profit of RM6.2 million as compared to RM9.7 million for previous year. In year 2010, there was a surplus of RM3.8 million on realisation of assets of a subsidiary placed under Member's Voluntary Winding-up in 2009.

Insurance

The results of the insurance segment is made up of the results of AXA AFFIN Life Insurance Berhad ("AALI") and AXA AFFIN General Insurance Berhad ("AAGI") as follows:-

AALI reported a pretax loss of RM0.1 million for the current financial quarter as compared to a pretax profit RM11.5 million for the preceding year's corresponding quarter. The pretax profit for the preceding year's corresponding quarter was mainly due to lower claims and the adoption of Fair Value Option for the fixed income securities of Non-Participating Fund. For the financial year ended 31 December 2011, AALI registered a pretax loss of RM5.3 million as compared to a pretax profit of RM2.8 million achieved last year, mainly due to higher deficit of Life Fund Revenue Accounts of RM3.1 million, lower gain on disposal of investment securities of RM2.6 million and higher overhead expenses of RM2.5 million. Included in the share of losses in jointly controlled entity of RM4.4 million for the financial year ended 31 December 2011 was an adjustment of RM1.3 million on over-recognition of Group's share of profit in AALI for the previous financial year.

AAGI reported a lower pretax profit of RM6.6 million for the current financial quarter as compared to RM15.7 million for the preceding year's corresponding quarter. For the financial year ended 31 December 2011, AAGI also reported a lower pretax profit of RM16.7 million as compared to RM44.3 million achieved last year. The increase in both earned premium and investment income of RM71.6 million and RM7.0 million were not sufficient to cushion the increase in net claims, overhead expenses and net commission incurred of RM57.1 million, RM22.3 million and RM22.3 million respectively. Included in the share of results in associate of RM4.2 million for the financial year ended 31 December 2011 was an adjustment of RM1.1 million on under-recognition of Group's share of profit in AAGI for the previous financial year.

B1. REVIEW OF PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES (cont.)

Other business segment

The results of the other business segment is mainly attributable to AFFIN Moneybrokers Sdn Bhd ("AMB") which reported a pretax profit of RM0.6 million for the current financial quarter as compared to RM0.5 million for the same quarter last year. For the financial year ended 31 December 2011, AMB's pretax profit increased by RM1.5 million or 83.3% to RM3.3 million as compared to RM1.8 million for the previous financial year, mainly due to higher net brokerage income net of higher overheads.

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

The Group recorded a lower pretax profit of RM174.7 million for the current financial quarter as compared to RM216.2 million for the preceding quarter ended 30 September 2011, mainly due to the allowance for loan impairment of RM15.9 million as compared to a write-back of RM50.2 million in the preceding quarter. This was partially cushioned by the increased in both operating income and net interest income of RM15.6 million and RM11.9 million respectively.

B3. HEADLINE KEY PERFORMANCE INDICATOR ("KPI") FOR YEAR 2011

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

<u>Headline KPIs</u>	<u>As announced for financial year 2011</u>	<u>Actual achieved</u>
(i) After Tax Returns on Equity (ROE)	10.0%	9.4%
(ii) After Tax Returns on Assets (ROA)	1.1%	1.0%
(iii) Gross Impaired Loan Ratio	2.8%	2.8%
(iv) Earnings Per Share (EPS)	35.30 sen	33.99 sen

B4. PROSPECT FOR FINANCIAL YEAR 2012

Barring any unforeseen circumstances, the Group is expected to achieve satisfactory results for the financial year ending 31 December 2012.

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 31/12/2011 RM'000	31/12/2010 RM'000	Cumulative Quarter Ended 31/12/2011 RM'000	31/12/2010 RM'000
Malaysian Taxation:-				
- Income tax based on profit for the financial year	38,252	(62,801)	179,105	90,638
Deferred tax:-				
- Relating to originating temporary differences	(1,135)	79,125	4,718	48,283
Under/(over) provision in prior years:				
- Current taxation	(17)	13,096	16,942	5,761
Recognition of deferred tax benefits previously not recognised	4,813	-	(5,949)	(1,195)
	41,913	29,420	194,816	143,487

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.

B7. STATUS OF CORPORATE PROPOSALS

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

B8. GROUP BORROWINGS AND DEBT SECURITIES

	Group	
	31/12/2011	31/12/2010
	RM'000	RM'000
(i) <u>Deposits from Customers</u>		
<u>By Type of Deposits:-</u>		
Money Market Deposits	528,435	707,411
Demand Deposits	6,166,557	5,063,061
Savings Deposits	1,526,891	1,400,535
Fixed Deposits	25,029,568	22,302,750
Negotiable Instruments of Deposits ('NIDs')	5,289,049	3,131,351
Special Investment Deposits	822,914	642,171
	<u>39,363,414</u>	<u>33,247,279</u>
 Maturity structure of fixed deposits and NIDs are as follows:		
Due within six months	24,666,976	22,157,063
Six months to one year	5,256,389	3,203,556
One year to three years	113,977	50,362
Three years to five years	281,275	23,120
	<u>30,318,617</u>	<u>25,434,101</u>
 <u>By Type of Customers:-</u>		
Government and statutory bodies	7,650,536	5,581,922
Business enterprises	12,983,379	11,108,695
Individuals	6,763,627	5,027,100
Others	11,965,872	11,529,562
	<u>39,363,414</u>	<u>33,247,279</u>
 (ii) <u>Deposits and Placements of Banks and Other Financial Institutions</u>		
<u>By Type of Institutions:-</u>		
Licensed banks	3,851,379	5,425,724
Licensed investment banks	978,487	279,224
Bank Negara Malaysia	794,523	308,497
Other financial institutions	1,242,658	839,153
	<u>6,867,047</u>	<u>6,852,598</u>
 <u>By Maturity Structure:-</u>		
Due within six months	6,458,729	6,590,941
Six months to one year	408,318	261,657
	<u>6,867,047</u>	<u>6,852,598</u>
 (iii) <u>Borrowings</u>		
Unsecured		
- More than one year (medium/long-term)	669,645	392,386
	<u>669,645</u>	<u>392,386</u>

B9. 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	
	31/12/2011	31/12/2010
	RM'000	RM'000
<u>Total retained profits of AFFIN Holdings Berhad and its's subsidiaries</u>		
- Realised	1,193,538	957,829
- Unrealised		
- deferred tax recognised in the income statement	7,941	6,713
- other items of income and expense	26,176	26,858
	1,227,655	991,400
<u>Total share of retained profits in associate:-</u>		
- Realised	134,411	130,303
- Unrealised	2,578	2,453
<u>Total share of accumulated profits/(losses) in jointly controlled entities:-</u>		
- Realised	(22,564)	(18,184)
- Unrealised	-	-
	1,342,080	1,105,972
Add: Consolidation adjustments	124,976	124,901
Total Group retained profits as per consolidated financial statements	1,467,056	1,230,873

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.

B10. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

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

Derivative financial instruments measured at their fair values together with their corresponding contract/notional

Group	<----- As at 31 December 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	712,865	2,433	6,313	728,471	2,381	19,025
- Cross currency swaps	2,324,699	14,350	33,904	1,667,375	33,029	22,715
Interest rate contract						
- Interest rate swaps	2,346,632	30,240	56,737	1,479,285	16,216	28,455
Total	5,384,196	47,023	96,954	3,875,131	51,626	70,195

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 year, the notional amount of foreign exchange exposure which was not hedged and hence, exposed to market risk was RM0.2 million (FYE 31/12/2010: RM13.7 million), while the notional amount of interest rate contract was RM1.54 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 RM52.0 million (FYE 31/12/2010: RM66.7 million) and RM88.4 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 year, 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.

B11. MATERIAL LITIGATION

- a) A syndicate of lenders, including AFFIN Bank Berhad (the 'Bank'), had granted facilities of RM62.5 million (the 'Facilities') to a Borrower to, inter alia, finance a development project. At borrower's request, the Facilities were restructured in 1999 but in July 2000, continued drawdown under the restructured Facilities was refused as borrower had failed to comply with conditions precedent for such drawdown. The lenders and borrower negotiated to resolve the default and the Facilities were restructured again in 2003. Further financing was also granted in 2004 and the Project was completed with certificate of fitness in January 2005.

Subsequent to the completion of the project, borrower brought a claim against the lead banker, as the agent of the syndicate lenders, for loss and damage arising from alleged breach of duty and obligations owed by the lead banker to the borrower in relation to various actions taken or omitted to be taken in disbursements and transactions under the Facilities. The lead banker filed an action against the borrower and its guarantor of the Facilities, for recovery of the amounts outstanding under the Facilities.

The 2 actions were consolidated and heard together at full trial. On 6 May 2009, the High Court granted judgment in favour of borrower against the lead banker, as an agent of the lenders, and dismissed the lenders' action for recovery of the Facilities. The judgment against the lead banker included a sum of RM115.5 million to be paid, as well as further damages to be assessed and an immediate release of all security granted by the borrower and its guarantors for the Facilities. The award of damages of RM115.5 million was made despite parties' agreement that the trial proceed only on issue of liability and no evidence of damage/loss was produced. If the judgment of 6.5.2009 is maintained, lead banker will seek contribution from the lenders, including the Bank.

The lead banker and the lenders have appealed to the Court of Appeal against the said High Court decision of 6 May 2009 and the appeal is now fixed for hearing on 10 February 2012. In the interim, on 24 June 2009, a stay of the Judgment has been granted pending the disposal of the appeal to the Court of Appeal.

The solicitors for the lead banker and the lenders have expressed the view that the lead banker and the lenders have a more than even chance of success in their appeal against the Judgment.

- b) There are various other legal suits against AFFIN Bank Berhad ("ABB") in respect of claims and counter claims of approximately RM42.8 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.

B12. PROPOSED DIVIDENDS

- a) No final dividend has been proposed for the current financial year ended 31 December 2011.
- b) Total dividend for the current financial year : Interim dividend of 12 sen per share (less 25% tax), paid on 30 December 2011.
- c) Total dividend for the previous financial year : Interim dividend of 9 sen per share (less 25% tax), paid on 26 January 2011.

B13. EARNINGS PER SHARE

	Group			
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Net profit attributable to equity holders of the company (RM'000)	132,543	126,572	507,995	488,625
Weighted average number of ordinary shares in issue	1,494,575,806	1,494,575,806	1,494,575,806	1,494,474,095
Basic earnings per share (sen)	8.87	8.47	33.99	32.70
Diluted earnings per share (sen)	8.87	8.47	33.99	32.70

The basic and diluted earnings per share of the Group for the current financial quarter ended 31 December 2011 have been calculated based on the net profit attributable to the equity holders of the company of RM132,543,000 (31 December 2010: RM126,572,000) divided by the weighted average number of ordinary shares in issue during the current financial quarter of 1,494,575,806 (31 December 2010: 1,494,575,806).

The basic and diluted earnings per share of the Group for the financial year ended 31 December 2011 has been calculated based on the net profit attributable to the equity holders of the company of RM507,995,000 (31 December 2010: RM488,625,000) divided by the weighted average number of ordinary shares in issue during the financial year under review of 1,494,575,806 (31 December 2010: 1,494,474,095).

B14. ECONOMIC PROFIT/(LOSS)

	Group			
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial year	132,543	126,572	507,995	488,625
Less: Economic charge	(143,109)	(129,346)	(552,701)	(495,743)
Economic loss for the financial year	(10,566)	(2,774)	(44,706)	(7,118)

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