

AFFIN HOLDINGS BERHAD

(Company no. 23218 - W)

Condensed Interim Financial Statements

Unaudited Statements of Financial Position As At 31 March 2012

	<-----GROUP----->		<-----COMPANY----->	
	31/3/2012 RM'000	31/12/2011 RM'000	31/3/2012 RM'000	31/12/2011 RM'000
ASSETS				
Cash and short term funds	9,477,994	9,740,308	164,043	67,333
Deposits and placements with banks and other financial institutions	826,955	279,458	4,335	216,396
Financial assets held-for-trading	280,700	149,832	-	-
Financial investments available-for-sale	10,372,807	9,122,892	-	-
Financial investments held-to-maturity	626,049	650,923	-	-
Loans, advances and financing	31,154,232	30,436,846	-	-
Derivative financial assets	57,256	47,023	-	-
Statutory deposits with Bank Negara Malaysia	1,373,704	1,410,141	-	-
Investment in subsidiaries	-	-	3,736,914	3,536,914
Amount due from subsidiary	-	-	904,769	603,062
Investment in jointly controlled entities	117,016	115,430	135,660	135,660
Investment in associate	175,512	155,548	10,597	10,597
Amount due from associate	67,214	67,257	67,214	67,257
Trade receivables	349,693	160,239	-	-
Other assets	537,523	177,174	345	384
Tax recoverable	31,575	30,445	4,810	4,519
Deferred tax assets	131	470	-	-
Property and equipment	179,751	178,649	835	895
Intangible assets	1,011,340	1,013,419	7	9
TOTAL ASSETS	56,639,452	53,736,054	5,029,529	4,643,026
LIABILITIES AND EQUITY				
Deposits from customers	40,455,764	39,363,414	-	-
Deposits and placements of banks and other financial institutions	7,066,556	6,867,047	-	-
Bills and acceptances payable	571,182	82,059	-	-
Trade payables	342,924	156,908	-	-
Recourse obligation on loans sold to Cagamas Berhad	424,777	428,459	-	-
Derivative financial liabilities	59,409	96,954	-	-
Other liabilities	913,404	442,214	5,228	5,534
Amount due to subsidiaries	-	-	589,311	589,313
Provision for taxation	47,127	16,401	-	-
Deferred tax liabilities	27,993	20,729	187	587
Borrowings	972,027	669,645	972,027	669,645
TOTAL LIABILITIES	50,881,163	48,143,830	1,566,753	1,265,079

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	<-----GROUP----->		<-----COMPANY----->	
	31/3/2012 RM'000	31/12/2011 RM'000	31/3/2012 RM'000	31/12/2011 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	1,127,843	-	-
AFS revaluation reserve	102,379	102,339	-	-
Retained profits	1,633,081	1,467,056	567,790	482,961
TOTAL EQUITY	5,758,289	5,592,224	3,462,776	3,377,947
TOTAL LIABILITIES AND EQUITY	56,639,452	53,736,054	5,029,529	4,643,026
COMMITMENTS AND CONTINGENCIES	20,372,858	20,067,994	-	-
CAPITAL ADEQUACY				
<u>Before deducting proposed dividends:</u>				
Core capital ratio	10.59%	10.90%		
Risk-weighted capital ratio	13.22%	12.78%		
<u>After deducting proposed dividends:</u>				
Core capital ratio	10.59%	10.66%		
Risk-weighted capital ratio	13.22%	12.55%		
NET ASSETS PER SHARE (RM)	3.85	3.74		

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2011.

AFFIN HOLDINGS BERHAD

(Company no. 23218 - W)

Condensed Interim Financial Statements

Unaudited Income Statements For The Financial Period Ended 31 March 2012

<u>Group</u>	<---Individual Quarter Ended --->		<---Cumulative Quarter Ended --->	
	31/3/2012 RM'000	31/3/2011 RM'000	31/3/2012 RM'000	31/3/2011 RM'000
Revenue	722,672	624,775	722,672	624,775
Interest income	518,447	458,349	518,447	458,349
Interest expense	(298,609)	(246,316)	(298,609)	(246,316)
Net interest income	219,838	212,033	219,838	212,033
Islamic banking income	47,026	46,755	47,026	46,755
Other operating income	95,022	80,531	95,022	80,531
Operating income	361,886	339,319	361,886	339,319
Other operating expenses	(172,664)	(167,127)	(172,664)	(167,127)
Operating profit before allowance for impairment on loans, advances and financing	189,222	172,192	189,222	172,192
Allowance for impairment on loans, advances and financing	4,134	(27,057)	4,134	(27,057)
Allowance for impairment on other assets	9,690	800	9,690	800
Operating profit	203,046	145,935	203,046	145,935
Finance cost	(9,342)	(3,730)	(9,342)	(3,730)
Share of results of jointly controlled entities	673	(3,354)	673	(3,354)
Share of results of associate	19,567	1,451	19,567	1,451
Profit before taxation and zakat	213,944	140,302	213,944	140,302
Taxation	(47,818)	(34,044)	(47,818)	(34,044)
Zakat	(101)	(191)	(101)	(191)
Net profit for the financial period attributable to equity holders of the Company	166,025	106,067	166,025	106,067
Earnings per share attributable to the equity holders of the Company (sen)				
- Basic and fully diluted	11.11	7.10	11.11	7.10

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2011.

AFFIN HOLDINGS BERHAD
 (Company no. 23218 - W)
Condensed Interim Financial Statements
Unaudited Statement of Comprehensive Income
For The Financial Period Ended 31 March 2012

<u>Group</u>	<---Individual Quarter Ended --->		<---Cumulative Quarter Ended --->	
	31/3/2012	31/3/2011	31/3/2012	31/3/2011
	RM'000	RM'000	RM'000	RM'000
Profit after taxation and zakat	166,025	106,067	166,025	106,067
Other comprehensive income:				
- Net change in fair value of financial investments available-for-sale	(958)	(18,745)	(958)	(18,745)
- Deferred tax on revaluation of financial investments available-for-sale	998	4,836	998	4,836
Other comprehensive income for the period, net of tax	40	(13,909)	40	(13,909)
Total comprehensive income for the financial period attributable to the equity holders of the Company	166,065	92,158	166,065	92,158

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2011.

AFFIN HOLDINGS BERHAD
 (Company no. 23218 - W)
Condensed Interim Financial Statements
Unaudited Income Statements For The Financial Period Ended 31 March 2012

<u>Company</u>	<---Individual Quarter Ended --->		<---Cumulative Quarter Ended --->	
	31/3/2012 RM'000	31/3/2011 RM'000	31/3/2012 RM'000	31/3/2011 RM'000
Revenue	100,340	100,450	100,340	100,450
Interest income	12,819	6,262	12,819	6,262
Interest expense	-	-	-	-
Net interest income	12,819	6,262	12,819	6,262
Islamic banking income	-	-	-	-
Other operating income	87,521	94,236	87,521	94,236
Operating income	100,340	100,498	100,340	100,498
Other operating expenses	(1,925)	(1,888)	(1,925)	(1,888)
Operating profit before allowance for impairment on loans, advances and financing	98,415	98,610	98,415	98,610
Allowance for impairment on loans, advances and financing	-	-	-	-
Allowance for impairment on other assets	-	-	-	-
Operating profit	98,415	98,610	98,415	98,610
Finance cost	(9,342)	(3,730)	(9,342)	(3,730)
Profit before taxation and zakat	89,073	94,880	89,073	94,880
Taxation	(4,244)	(5,833)	(4,244)	(5,833)
Net profit for the financial period attributable to equity holders of the Company	84,829	89,047	84,829	89,047

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2011.

AFFIN HOLDINGS BERHAD
 (Company no. 23218 - W)
Condensed Interim Financial Statements
Unaudited Statement of Comprehensive Income
Unaudited Income Statements For The Financial Period Ended 31 March 2012

<u>Company</u>	<---Individual Quarter Ended --->		<---Cumulative Quarter Ended --->	
	31/3/2012	31/3/2011	31/3/2012	31/3/2011
	RM'000	RM'000	RM'000	RM'000
Profit after taxation and zakat	84,829	89,047	84,829	89,047
Other comprehensive income	-	-	-	-
Total comprehensive income for the financial period attributable to equity holders of the Company	84,829	89,047	84,829	89,047

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2011.

AFFIN HOLDINGS BERHAD
(Company no. 23218 - W)
Unaudited Condensed Consolidated Statement Of Changes In Equity
For The Financial Period Ended 31 March 2012

	←-----Attributable to Equity Holders of the Company-----→							
	Issued and fully paid ordinary shares of RM1 each		Nominal value RM'000	Share premium RM'000	Statutory reserves RM'000	AFS revaluation reserve RM'000	Retained profits RM'000	Total Equity RM'000
Number of shares '000								
At 1 January 2012	1,494,576		1,494,576	1,400,410	1,127,843	102,339	1,467,056	5,592,224
Net profit for the financial period	-		-	-	-	-	166,025	166,025
Other comprehensive income	-		-	-	-	40	-	40
Total comprehensive income for the financial period	-		-	-	-	40	166,025	166,065
At 31 March 2012	1,494,576		1,494,576	1,400,410	1,127,843	102,379	1,633,081	5,758,289
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 period	-		-	-	-	-	106,067	106,067
Other comprehensive income	-		-	-	-	(13,909)	-	(13,909)
Total comprehensive income for the financial period	-		-	-	-	(13,909)	106,067	92,158
At 31 March 2011	1,494,576		1,494,576	1,400,410	990,543	70,722	1,336,940	5,293,191

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2011.

AFFIN HOLDINGS BERHAD
(Company no. 23218 - W)
Unaudited Condensed Statement Of Changes In Equity
For The Financial Period Ended 31 March 2012

<u>COMPANY</u>	←-----Attributable to Equity Holders of the Company----->				
	Number of shares '000	Issued and fully paid ordinary shares of RM1 each	Non-distributable		Total Equity RM'000
			Share premium RM'000	Distributable Retained profits RM'000	
At 1 January 2012	1,494,576	1,494,576	1,400,410	482,961	3,377,947
Total comprehensive income for the financial period					
- Net profit for the financial period	-	-	-	84,829	84,829
At 31 March 2012	1,494,576	1,494,576	1,400,410	567,790	3,462,776
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	-	-	-	89,047	89,047
At 31 March 2011	1,494,576	1,494,576	1,400,410	484,619	3,379,605

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2011.

AFFIN HOLDINGS BERHAD
(Company no. 23218 - W)
Unaudited Condensed Consolidated Statement of Cash Flow
For The Financial Period Ended 31 March 2012

	<----- 3 Months Ended ----->	
	31/3/2012 RM'000	31/3/2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and zakat	213,944	140,302
Adjustment for non-operating and non-cash items	(141,757)	(17,532)
Operating profit before changes in working capital	<u>72,187</u>	<u>122,770</u>
Net changes in operating assets	(1,894,704)	(952,965)
Net changes in operating liabilities	2,382,295	1,694,611
Payment of tax and zakat	(12,164)	(45,873)
Tax refund	2	6,938
Net cash generated from operating activities	<u>547,616</u>	<u>825,481</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from securities	76,603	65,898
Net (purchase)/disposal of:		
- securities	(1,204,980)	(1,393,141)
- property and equipment	(7,402)	(7,859)
- intangible assets	(295)	(194)
Dividend received from:		
- financial investments held-to-maturity/available-for-sale	124	304
Proceeds from disposal of property and equipment	1,401	296
Proceeds from disposal of foreclosed properties	7,629	8,307
Amount due to/from associate	43	-
Net cash used in investing activities	<u>(1,126,877)</u>	<u>(1,326,389)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in borrowings	302,382	-
Dividends paid to shareholders	-	(100,884)
Net cash generated from/(used in) financing activities	<u>302,382</u>	<u>(100,884)</u>
Net increase in cash and cash equivalents	(276,879)	(601,792)
Cash and cash equivalents at beginning of the period	9,675,118	8,621,191
Cash and cash equivalents at end of the period	<u>9,398,239</u>	<u>8,019,399</u>
<u>Analysis of cash & cash equivalent</u>		
Cash and short term funds	9,477,994	8,091,037
Adjustment for money held in trust on behalf of clients and remisiers	(79,755)	(71,638)
	<u>9,398,239</u>	<u>8,019,399</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 2011.

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS 134") and Revised Guidelines on Financial Reporting for Banking Institutions ("BNM/GP8") issued by Bank Negara Malaysia

A1. BASIS OF PREPARATION

The unaudited condensed interim financial statements for the current financial quarter ended 31 March 2012 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 MFRS134 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 2011. 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 2011.

Since the previous annual audited financial statements as at 31 December 2011 were issued, the Group has adopted the Malaysian Financial Reporting Standards ("MFRS") framework issued by the Malaysian Accounting Standards Board ("MASB") with effect from 1 January 2012. This MFRS framework was introduced by the MASB to fully converge Malaysia's existing Financial Reporting Standards ("FRS") framework with the International Financial Reporting Standards ("IFRS") framework issued by the International Accounting Standards Board. Whilst all FRSs issued under the previous FRS framework were equivalent to the MFRSs issued under the MFRS framework, there are some differences in relation to the transitional provisions and effective dates contained in certain of the FRSs. MFRS 1 "First-time adoption of MFRS" provides for certain optional exemptions and certain mandatory exception for first-time MFRS adopters.

The financial effect and the change in accounting policy arising from the adoption of MFRS framework is disclosed in Note A28.

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 2011 except for the adoption of the following :-

- (a) Malaysian Financial Reporting Standards ("MFRS"), Revised MFRS and IC Interpretations that are applicable and effective to the Group for the financial year beginning 1 January 2012 :-
 - MFRS 139 Financial Instruments: Recognition and Measurement
 - The Revised MFRS 124 Related Party Disclosures
 - IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

The adoption of the above MFRSs and IC Interpretations did not have any significant financial impact to the results of the Group and the Company for the financial period under review.

- (b) Guidelines on Profit Equalisation Reserve issued by Bank Negara Malaysia

For the financial year beginning 1 January 2012, AFFIN Islamic Bank Berhad ("AiSB") has adopted revised PER Guidelines on Profit Equalisation Reserve ("revised PER Guidelines") issued by Bank Negara Malaysia on 19 May 2011. The Guidelines are applicable to AiSB in managing the Displaced Commercial Risk ("DCR") in accordance with Shariah principles.

The adoption of the above revised PER Guidelines did not have any significant financial impact to the results of the Group and the Company for the financial period under review. The change in accounting policy arising from the adoption of the revised PER Guidelines is disclosed in Note A28.

A3. AUDITOR'S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the audited financial statements for the financial year ended 31 December 2011 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 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 current 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 31 March 2012.

A9. FINANCIAL ASSETS

	Group	
	31/3/2012 RM'000	31/12/2011 RM'000
(a) <u>Financial assets held-for-trading</u>		
At fair value		
Malaysian Government Investment Issuance ('GII')	280,700	-
Bank Negara Malaysia Notes	-	149,832
Total financial assets held-for-trading	280,700	149,832
(b) <u>Financial investments available-for-sale</u>		
At fair value		
Malaysian Government Securities	447,149	675,045
Malaysian Government Treasury Bills	39,715	39,421
Malaysian Government Investment Issuance	4,204,000	3,846,939
Cagamas Bonds	150,960	181,510
Khazanah Bonds	14,565	14,262
Bank Negara Malaysia Notes	1,226,603	174,620
Negotiable Instruments of Deposit and Islamic Debt Certificate	103,165	102,121
	6,186,157	5,033,918
Quoted Securities		
- Shares in Malaysia	46,787	47,762
- Private Debt Securities in Malaysia	2,167	2,167
- Irredeemable Convertible Unsecured Loan Stock in Malaysia	4,156	4,124
Unquoted Securities		
- Shares in Malaysia	147,745	123,146
- Private Debt Securities in Malaysia	3,363,526	3,115,720
- Private Debt Securities outside Malaysia	727,821	872,823
	10,478,359	9,199,660
Allowance for impairment of securities	(105,552)	(76,768)
Total financial investments available-for-sale	10,372,807	9,122,892
(c) <u>Financial investments held-to-maturity</u>		
At amortised cost		
Quoted Securities		
- Private Debt Securities in Malaysia	144,485	34,623
Unquoted Securities		
- Private Debt Securities in Malaysia	540,711	704,232
- Redeemable Convertible Unsecured Loan Stock in Malaysia	1,554	12,919
	686,750	751,774
Allowance for impairment of securities	(60,701)	(100,851)
Total financial investments held-to-maturity	626,049	650,923
Total securities held	11,279,556	9,923,647

A10. LOANS, ADVANCES AND FINANCING

	Group	
	31/3/2012 RM'000	31/12/2011 RM'000
(a) BY TYPE		
Overdrafts	1,815,805	1,856,907
Term loans/financing		
- Housing loans/financing	4,698,145	4,544,089
- Syndicated term loans/financing	1,551,857	1,625,076
- Hire purchase receivables	8,929,115	8,869,439
- Other term loans/financing	10,416,664	10,448,342
Bills receivables	417,764	42,928
Trust receipts	438,304	374,449
Claims on customers under acceptance credits	722,821	694,365
Staff loans/financing (of which RMNIL to Directors)	156,270	155,279
Credit/charge cards	88,287	93,116
Revolving credit	2,509,157	2,318,313
Margin financing	29,895	45,056
Factoring	4,049	12,318
Gross loans, advances and financing	31,778,133	31,079,677
Less: Allowance for impairment		
- Collective impairment	(430,576)	(462,953)
- Individual impairment	(193,325)	(179,878)
Total net loans, advances and financing	31,154,232	30,436,846
(b) BY TYPE OF CUSTOMER		
Domestic banking institutions	153	949
Domestic non-banking institutions		
- Stock-broking companies	260	-
- Others	1,777,118	2,078,889
Domestic business enterprises		
- Small medium enterprises	8,193,500	7,605,717
- Others	7,861,763	7,940,697
Government and statutory bodies	43,583	65,487
Individuals	13,120,567	12,961,182
Other domestic entities	146,310	164,857
Foreign entities	634,879	261,899
	31,778,133	31,079,677
(c) BY INTEREST / PROFIT RATE SENSITIVITY		
Fixed rate		
- Housing loans/financing	293,799	289,374
- Hire purchase receivables	8,929,091	8,869,438
- Other fixed rate loans/financing	4,422,272	4,484,845
- Margin financing	29,895	45,056
Variable rate		
- BLR plus	12,210,797	11,271,790
- Cost plus	5,892,279	6,119,174
	31,778,133	31,079,677

A10. LOANS, ADVANCES AND FINANCING (cont.)

	Group	
	31/3/2012 RM'000	31/12/2011 RM'000
(d) <u>BY ECONOMIC PURPOSE</u>		
Construction	1,918,614	1,634,872
Purchase of landed property of which :-		
- Residential	4,793,514	4,654,475
- Non-residential	3,799,825	3,791,366
Purchase of securities	171,545	176,302
Purchase of transport vehicles	9,155,780	9,112,854
Fixed assets other than land and building	334,829	326,549
Personal use	800,803	827,086
Credit card	88,287	93,116
Consumer durable	926	958
Merger and acquisition	98,338	98,651
Working capital	10,201,826	9,901,757
Others	413,846	461,691
	31,778,133	31,079,677
(e) <u>BY SECTOR</u>		
Primary agriculture	470,262	539,364
Mining and quarrying	438,838	431,334
Manufacturing	2,412,406	2,294,794
Electricity, gas and water supply	177,451	172,860
Construction	2,670,148	2,553,635
Real estate	3,346,273	3,095,024
Wholesale and retail trade and restaurants and hotels	1,462,173	1,466,419
Transport, storage and communication	1,974,614	1,946,061
Finance, insurance and business services	4,394,319	4,288,464
Education, health and others	1,141,829	1,146,839
Household	13,254,492	13,092,597
Others	35,328	52,286
	31,778,133	31,079,677
(f) <u>BY MATURITY STRUCTURE</u>		
Maturing within one year	6,500,700	6,170,676
One year to three years	3,884,778	3,801,004
Three years to five years	5,715,181	5,516,248
Over five years	15,677,474	15,591,749
	31,778,133	31,079,677
(g) <u>BY GEOGRAPHICAL DISTRIBUTION</u>		
Perlis	66,048	56,604
Kedah	945,922	942,274
Pulau Pinang	1,549,832	1,525,797
Perak	935,640	917,610
Selangor	10,102,225	9,524,022
Wilayah Persekutuan	8,980,270	9,399,510
Negeri Sembilan	748,089	753,916
Melaka	700,878	696,178
Johor	2,641,820	2,631,232
Pahang	645,270	633,914
Terengganu	629,849	580,189
Kelantan	254,650	268,161
Sarawak	1,104,982	1,072,628
Sabah	1,314,264	1,272,938
Labuan	255,152	262,731
Outside Malaysia	903,242	541,973
	31,778,133	31,079,677

A10. LOANS, ADVANCES AND FINANCING (cont.)

	Group	
	31/3/2012	31/12/2011
	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	882,958	989,769
Classified as impaired during the financial period/year	201,722	535,462
Reclassified as non-impaired during the financial period/year	(97,191)	(343,790)
Amount recovered during the financial period/year	(37,464)	(186,621)
Amount written-off during the financial period/year	(39,331)	(111,862)
Balance at the end of financial period/year	910,694	882,958
(ii) <u>Impaired loans, advances and financing by economic purpose</u>		
Construction	61,308	63,547
Purchase of landed property of which :-		
- Residential	375,838	382,814
- Non-residential	36,667	34,354
Purchase of securities	17,107	3,000
Purchase of transport vehicles	72,892	106,606
Fixed assets other than land and building	16,900	17,758
Personal use	7,043	12,699
Credit card	515	499
Consumer durable	34	33
Working capital	315,780	260,129
Others	6,610	1,519
	910,694	882,958
(iii) <u>Impaired loans, advances and financing by sector</u>		
Primary agriculture	7,580	7,855
Manufacturing	69,354	48,663
Electricity, gas and water supply	1,617	1,928
Construction	191,084	190,682
Real estate	3,988	4,159
Wholesale and retail trade and restaurants and hotels	48,585	50,369
Transport, storage and communication	6,540	5,086
Finance, insurance and business services	100,873	51,926
Education, health and others	9,504	8,547
Household	467,467	510,089
Others	4,102	3,654
	910,694	882,958

A10. LOANS, ADVANCES AND FINANCING (cont.)

	Group	
	31/3/2012	31/12/2011
	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	441	332
Kedah	22,645	24,835
Pulau Pinang	22,541	25,585
Perak	16,077	23,884
Selangor	435,176	424,290
Wilayah Persekutuan	155,287	123,066
Negeri Sembilan	38,448	39,790
Melaka	11,998	16,229
Johor	58,991	65,744
Pahang	10,059	11,840
Terengganu	4,791	5,776
Kelantan	5,539	7,193
Sarawak	11,366	7,694
Sabah	14,069	15,533
Labuan	-	15
Outside Malaysia	103,266	91,152
	910,694	882,958
(v) <u>Movements in allowance for impairment on loans, advances and financing</u>		
Collective impairment		
Balance at the beginning of financial period/year	462,953	405,085
Allowance (net of recovery) made during the financial period/year	6,676	69,632
Amount written-off during the financial period/year	(39,053)	(12,118)
Exchange differences	-	354
Balance at the end of financial period/year	430,576	462,953
Individual impairment		
Balance at the beginning of financial period/year	179,878	185,707
Allowance made during the financial period/year	13,922	120,585
Amount recovered during the financial period/year	(1,202)	(13,696)
Allowance written-off during the financial period/year	-	(98,012)
Unwinding discount of allowance	(836)	(14,706)
Balance at the end of financial period/year	193,325	179,878

A11. TRADE RECEIVABLES

	Group	
	31/3/2012 RM'000	31/12/2011 RM'000
Amount in respect of management fees receivable and cancellation of funds' units	1,267	974
Amount due from stock-broking clients	171,317	99,296
Amount due from Bursa Securities Clearing Sdn Bhd	180,849	63,752
	<u>353,433</u>	<u>164,022</u>
Less Allowance for impairment		
- Collective impairment	(211)	(211)
- Individual impairment	(3,529)	(3,572)
	<u>349,693</u>	<u>160,239</u>

Movement in allowance for impairment on trade receivables:-

Collective impairment

Balance at the beginning of financial period/year	211	190
Allowance made during the financial period/year	-	21
Balance at the end of financial period/year	<u>211</u>	<u>211</u>

Individual impairment

Balance at the beginning of financial period/year	3,572	3,986
Allowance made during the financial period/year	30	210
Amount recovered during the financial period/year	(73)	(624)
Balance at the end of financial period/year	<u>3,529</u>	<u>3,572</u>

A12. OTHER ASSETS

Clearing accounts	476,534	104,755
Foreclosed properties	38,934	40,950
Other debtors, deposits and prepayments	19,310	28,722
Amount due from jointly controlled entity	2,745	2,747
	<u>537,523</u>	<u>177,174</u>

A13. OTHER LIABILITIES

Bank Negara Malaysia and Credit Guarantee Corporation Funding Programmes	38,804	36,071
Amount due from other shareholders of a subsidiary		
- Liabilities directly associated with properties previously classified as land held-for-sale	-	529
Margin and collateral deposits	76,082	72,793
Trust accounts for clients and remisers	79,755	65,190
Clearing accounts	514,140	-
Defined contribution plan	19,646	11,595
Accrued employee benefits	861	1,638
Other creditors and accruals	175,773	245,852
Provision for zakat	8,343	8,546
	<u>913,404</u>	<u>442,214</u>

A14. INTEREST INCOME

	-----Group-----			
	Individual Quarter Ended 31/3/2012 RM'000	31/3/2011 RM'000	Cumulative Quarter Ended 31/3/2012 RM'000	31/3/2011 RM'000
Loans, advances and financing	375,226	336,700	375,226	336,700
Money at call and deposit with financial institutions	44,777	33,488	44,777	33,488
Financial assets held-for-trading	158	35	158	35
Financial investments available-for-sale	69,734	61,239	69,734	61,239
Financial investments held-to-maturity	6,869	4,659	6,869	4,659
Derivatives	20,713	11,650	20,713	11,650
Others	(28)	38	(28)	38
	<u>517,449</u>	<u>447,809</u>	<u>517,449</u>	<u>447,809</u>
Accretion of discount less amortisation of premium	998	10,540	998	10,540
	<u>518,447</u>	<u>458,349</u>	<u>518,447</u>	<u>458,349</u>
The above interest income includes interest/income earned on impaired loans, advances and financing - Unwinding of discount of allowance (Net)	(187)	(209)	(187)	(209)

A15. INTEREST EXPENSE

Deposits and placements of banks and other financial institutions	27,570	35,971	27,570	35,971
Deposits from customers	242,566	191,563	242,566	191,563
Loans sold to Cagamas Berhad	5,036	3,550	5,036	3,550
Derivatives	22,645	14,408	22,645	14,408
Others	792	824	792	824
	<u>298,609</u>	<u>246,316</u>	<u>298,609</u>	<u>246,316</u>

A16. OTHER OPERATING INCOME

	<-----Group----->			
	Individual Quarter Ended 31/3/2012 RM'000	31/3/2011 RM'000	Cumulative Quarter Ended 31/3/2012 RM'000	31/3/2011 RM'000
<u>Fees income:</u>				
Fees on loans, advances and financing	135	197	135	197
Brokerage (net)	14,876	18,609	14,876	18,609
Underwriting fees	112	193	112	193
Portfolio management fees	2,672	2,384	2,672	2,384
Corporate advisory fees	1,226	1,890	1,226	1,890
Commission	3,203	3,297	3,203	3,297
Service charges and fees	18,503	14,409	18,503	14,409
Guarantee fees	5,346	5,467	5,346	5,467
Arrangement fees	4,400	1,735	4,400	1,735
Agency fees	334	317	334	317
Other fee income	316	578	316	578
	51,123	49,076	51,123	49,076
<u>Income from financial instruments:</u>				
Gains/(losses) on financial assets held-for-trading				
- net gain on disposal	2,742	484	2,742	484
- unrealised losses	(89)	(137)	(89)	(137)
Gains on derivatives:				
- realised	577	1,068	577	1,068
- unrealised	5,145	4,367	5,145	4,367
Gains on financial investments available-for-sale				
- net gain on disposal	10,732	5,576	10,732	5,576
- gross dividend income	261	47	261	47
Gains on financial investments held-to-maturity				
- net gain on redemption	143	-	143	-
- gross dividend income	3	257	3	257
	19,514	11,662	19,514	11,662
<u>Other income:</u>				
Foreign exchange gains/(losses):				
- realised	(25,259)	19,517	(25,259)	19,517
- unrealised	39,928	(4,134)	39,928	(4,134)
Rental income	454	574	454	574
Gains on disposal of property and equipment	368	165	368	165
Gains on disposal of foreclosed properties	5,613	1	5,613	1
Other non-operating income	3,281	3,670	3,281	3,670
	24,385	19,793	24,385	19,793
Total Other Operating Income	95,022	80,531	95,022	80,531

A17. OTHER OPERATING EXPENSES

	<-----Group----->			
	Individual Quarter Ended 31/3/2012 RM'000	31/3/2011 RM'000	Cumulative Quarter Ended 31/3/2012 RM'000	31/3/2011 RM'000
<u>Personnel costs</u>				
Wages, salaries and bonus	79,605	75,096	79,605	75,096
Defined contribution plan	12,974	11,535	12,974	11,535
Other personnel costs	9,025	12,209	9,025	12,209
	101,604	98,840	101,604	98,840
<u>Promotion and marketing-related expenses</u>				
Business promotion and advertisement	1,059	1,164	1,059	1,164
Entertainment	564	737	564	737
Travelling and accommodation	848	829	848	829
Dealers' handling fees	279	574	279	574
Commission	74	116	74	116
Others	619	492	619	492
	3,443	3,912	3,443	3,912
<u>Establishment-related expenses</u>				
Rental of premises	7,050	6,651	7,050	6,651
Equipment rental	266	270	266	270
Repair and maintenance	8,615	7,141	8,615	7,141
Depreciation	5,074	5,595	5,074	5,595
Amortisation	2,373	2,581	2,373	2,581
IT consultancy fee	14,743	14,116	14,743	14,116
Dataline rental	1,106	1,148	1,106	1,148
Security services	2,754	2,374	2,754	2,374
Others	5,453	4,305	5,453	4,305
	47,434	44,181	47,434	44,181
<u>General administrative expenses</u>				
Telecommunication expenses	1,762	1,574	1,762	1,574
Director's Remuneration	474	499	474	499
Auditors' remuneration:				
(i) Statutory audit	336	328	336	328
(ii) (Over)/under provision prior year	-	(4)	-	(4)
(iii) Audit related fees	41	34	41	34
(iv) Non audit fees	66	46	66	46
Professional fees	2,574	4,011	2,574	4,011
Provision for litigation loss	159	-	159	-
Property & equipment written off	53	101	53	101
Postage and courier charges	1,066	996	1,066	996
Stationery and consumables	1,827	2,101	1,827	2,101
Subscription fees	434	431	434	431
Subsidies and allowances	296	255	296	255
Transaction levy	377	521	377	521
Commissioned dealers representative performance incentive	838	1,050	838	1,050
Others	9,880	8,251	9,880	8,251
	20,183	20,194	20,183	20,194
Total other operating expenses	172,664	167,127	172,664	167,127

A18. ALLOWANCE FOR IMPAIRMENT ON LOANS AND FINANCING

	-----Group----->			
	Individual Quarter Ended 31/3/2012 RM'000	31/3/2011 RM'000	Cumulative Quarter Ended 31/3/2012 RM'000	31/3/2011 RM'000
Collective impairment				
- allowance made during the financial period	6,676	17,221	6,676	17,221
Individual impairment				
- allowance made during the financial period	13,952	6,814	13,952	6,814
- allowance written-back during the financial period	(1,275)	(5,422)	(1,275)	(5,422)
Bad debts				
- recovered	(27,272)	(36,242)	(27,272)	(36,242)
- written off	3,838	4,520	3,838	4,520
Provision for litigation loss	-	40,000	-	40,000
(Write-back of)/additional allowance for impaired debts				
- other debtors	(53)	166	(53)	166
	<u>(4,134)</u>	<u>27,057</u>	<u>(4,134)</u>	<u>27,057</u>

A19. ALLOWANCE FOR IMPAIRMENT ON OTHER ASSETS

(Write-back of)/additional allowance for impairment loss				
- Financial investments available-for-sale	-	(800)	-	(800)
- Financial investments held-to-maturity	(9,690)	-	(9,690)	-
	<u>(9,690)</u>	<u>(800)</u>	<u>(9,690)</u>	<u>(800)</u>

A20. SEGMENTAL INFORMATION ON REVENUE AND PROFIT

The segment analysis by activity for the individual and cumulative quarters ended 31 March 2012 and 31 March 2011 are as follows:-

<----- Individual and cumulative quarter ended 31 March 2012 ----->						
RM '000	Commercial Banking	Investment Banking	Insurance	Others	Eliminations	Group
Segment revenue	645,445	72,875	-	3,025	-	721,345
Intersegment revenue	10,451	6,517	-	376	(17,344)	-
Unallocated revenue	-	-	-	1,327	-	1,327
Revenue	<u>655,896</u>	<u>79,392</u>	<u>-</u>	<u>4,728</u>	<u>(17,344)</u>	<u>722,672</u>
Segment results	166,293	24,956	-	903	11,422	203,574
Unallocated expenses	-	-	-	(9,870)	-	(9,870)
Share of results of:						
- jointly controlled entities (net of tax)	-	-	710	(37)	-	673
- associate (net of tax)	-	-	19,567	-	-	19,567
Profit before taxation and zakat						213,944
Taxation and zakat						(47,919)
Net profit for the quarter						<u>166,025</u>

<----- Individual and cumulative quarter ended 31 March 2011 ----->						
RM '000	Commercial Banking	Investment Banking	Insurance	Others	Eliminations	Group
Segment revenue	554,010	66,439	-	2,654	-	623,103
Intersegment revenue	1,483	1,172	-	234	(2,889)	-
Unallocated revenue	-	-	-	1,672	-	1,672
Revenue	<u>555,493</u>	<u>67,611</u>	<u>-</u>	<u>4,560</u>	<u>(2,889)</u>	<u>624,775</u>
Segment results	123,435	17,325	-	753	4,590	146,103
Unallocated expenses	-	-	-	(3,898)	-	(3,898)
Share of results of:						
- jointly controlled entities (net of tax)	-	-	(3,354)	-	-	(3,354)
- associate (net of tax)	-	-	1,451	-	-	1,451
Profit before taxation and zakat						140,302
Taxation and zakat						(34,235)
Net profit for the cumulative quarter						<u>106,067</u>

A21. SUBSEQUENT MATERIAL EVENT

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

A22. CHANGES IN THE COMPOSITION OF THE GROUP

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

A23. COMMITMENTS AND CONTINGENCIES

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

GROUP	←-----31/3/2012-----→				←-----31/12/2011-----→			
	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	457,097	-	457,097	442,923	455,606	-	455,606	441,960
Transaction related contingent items	2,274,292	-	1,137,146	1,082,901	2,375,506	-	1,187,753	1,129,992
Short-term self-liquidating trade related contingencies	743,518	-	148,704	114,879	973,727	-	194,745	159,463
Obligation under underwriting commitments	48,270	-	3,600	720	49,370	-	3,150	630
Foreign exchange related contracts								
- Less than one year	3,516,251	41,612	85,449	22,259	2,987,564	15,941	49,028	17,625
- One year to less than five years	267,485	1,508	16,050	3,210	50,000	841	3,000	600
Interest rate related contracts								
- Less than one year	57,687	124	59	27	133,140	331	156	67
- One year to less than five years	1,924,141	13,170	49,269	12,707	1,739,469	12,932	44,397	11,098
- Five years and above	213,710	842	15,480	5,100	474,023	16,978	43,899	10,295
Irrevocable commitments to extend credit								
- Maturity more than one year	3,442,776	-	1,721,388	1,598,047	3,534,201	-	706,840	646,321
- Maturity less than 1 year	7,238,050	-	1,447,610	1,177,553	7,105,886	-	1,421,178	1,128,748
Unutilised credit card lines	189,581	-	37,916	28,484	189,502	-	37,900	28,463
	20,372,858	57,256	5,119,768	4,488,810	20,067,994	47,023	4,147,652	3,575,262

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

A24. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts and classified by remaining period to maturity/repricing date (whichever is earlier) as at reporting date are as follows:-

GROUP	Contract/Notional Amount			Positive Fair Value			Negative Fair Value			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
As at 31 March 2012										
Trading derivatives										
Foreign exchange contracts										
- Currency forwards	433,970	-	-	1,182	-	-	1,182	-	-	1,420
- Cross currency swaps	2,957,166	267,485	-	40,916	1,508	-	42,424	10,173	-	15,219
- Currency options	125,115	-	-	(486)	-	-	(486)	-	-	68
Interest rate contracts										
- Interest rate swaps	57,687	1,264,522	873,329	124	6,835	7,177	14,136	18,869	13,485	175
	3,573,938	1,532,007	873,329	41,736	8,343	7,177	57,256	29,042	13,485	16,882
										59,409

GROUP	Contract/Notional Amount			Positive Fair Value			Negative Fair Value			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
As at 31 December 2011										
Trading derivatives										
Foreign exchange contracts										
- Currency forwards	712,866	-	-	2,433	-	-	2,433	-	-	6,313
- Cross currency swaps	2,274,699	50,000	-	13,509	841	-	14,350	6,048	-	27,856
Interest rate contracts										
- Interest rate swaps	133,140	1,087,089	1,126,402	331	6,782	23,127	30,240	20,431	34,533	1,773
	3,120,705	1,137,089	1,126,402	16,273	7,623	23,127	47,023	26,479	34,533	35,942
										96,954

A24. DERIVATIVE FINANCIAL INSTRUMENTS (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 RM2.4 million (FYE 31/12/2011: RM0.2 million), while the notional amount of interest rate contract was RM1.28 billion (FYE 31/12/2011: RM1.54 billion).

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 RM101.5 million (FYE 31/12/2011: RM52.0 million) and RM64.8 million (FYE 31/12/2011: RM88.4 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 2011.

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:-

	31/3/2012	31/12/2011
	RM'000	RM'000
<u>Tier 1 Capital</u>		
Share capital	1,740,583	1,661,531
Share premium	671,607	550,659
Retained profits	610,076	693,709
Statutory reserve	1,178,992	1,178,992
	<u>4,201,258</u>	<u>4,084,891</u>
Less: - Goodwill	(190,384)	(190,384)
- Deferred tax assets	(3,658)	(3,882)
Total Tier 1 capital (a)	<u>4,007,216</u>	<u>3,890,625</u>
<u>Tier 2 Capital</u>		
Subordinated loans	900,000	600,000
Collective impairment #	197,117	193,834
Total Tier 2 capital (b)	<u>1,097,117</u>	<u>793,834</u>
Total capital (a) + (b)	5,104,333	4,684,459
Less: - Investment in capital instruments of other banking institutions	(57,597)	(79,121)
- Investment in subsidiaries	(41,140)	(41,140)
Capital base	<u>5,005,596</u>	<u>4,564,198</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:-

	31/3/2012	31/12/2011
	RM'000	RM'000
Credit risk	34,614,171	33,108,976
Market risk	827,576	223,011
Operational risk	2,402,079	2,376,456
Total risk-weighted assets	<u>37,843,826</u>	<u>35,708,443</u>

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

Before deducting proposed dividends:-

Core capital ratio	10.59%	10.90%
Risk-weighted capital ratio	<u>13.22%</u>	<u>12.78%</u>

After deducting proposed dividends:-

Core capital ratio	10.59%	10.66%
Risk-weighted capital ratio	<u>13.22%</u>	<u>12.55%</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	
	31/3/2012 RM'000	31/12/2011 RM'000
ASSETS		
Cash and short term funds	4,688,512	4,455,700
Deposits and placements with banks and other financial institutions	455,185	-
Financial investments available-for-sale	2,592,779	1,480,275
Loans, advances and financing	4,552,340	4,374,205
Statutory deposit with Bank Negara Malaysia	190,400	160,000
Investment in jointly controlled entity	253	290
Other assets	2,767	50,747
Tax recoverable	-	3,422
Property and equipment	3,391	3,017
Intangible assets	3,056	3,255
TOTAL ASSETS	12,488,683	10,530,911
LIABILITIES, ISLAMIC BANKING FUNDS		
Deposits from customers	8,584,603	7,477,239
Deposits and placements of banks and other financial institutions	3,251,711	2,199,144
Other liabilities	156,559	372,333
Provision for tax	952	-
Deferred tax liabilities	708	907
Total Liabilities	11,994,533	10,049,623
SHAREHOLDERS' EQUITY		
Share capital	260,000	260,000
Reserves	234,150	221,288
Total Equity	494,150	481,288
TOTAL LIABILITIES & EQUITY	12,488,683	10,530,911
COMMITMENTS AND CONTINGENCIES	1,682,167	1,889,674

A27. OPERATIONS OF ISLAMIC BANKING (cont.)

(ii) Unaudited Islamic Income Statements

	←-----Group-----→			
	Individual Quarter Ended 31/3/2012 RM'000	31/3/2011 RM'000	Cumulative Quarter Ended 31/3/2012 RM'000	31/3/2011 RM'000
Income derived from investment of depositors' funds and others	111,541	82,412	111,541	82,412
Income derived from investment of Shareholders' funds	4,842	4,954	4,842	4,954
Allowance for losses on financing	(119)	(2,932)	(119)	(2,932)
	116,264	84,434	116,264	84,434
Income attributable to depositors	(71,526)	(42,953)	(71,526)	(42,953)
Income attributable to shareholders	44,738	41,481	44,738	41,481
Other operating expenses	(24,015)	(23,875)	(24,015)	(23,875)
	20,723	17,606	20,723	17,606
Share of results of a jointly controlled entity	(37)	-	(37)	-
Profit before tax and zakat	20,686	17,606	20,686	17,606
Taxation	(5,085)	(3,735)	(5,085)	(3,735)
Net profit for the financial period attributable to the equity holders of the Company	15,601	13,871	15,601	13,871

(ii) Unaudited Statements of Comprehensive Islamic Income

	←-----Group-----→			
	Individual Quarter Ended 31/3/2012 RM'000	31/3/2011 RM'000	Cumulative Quarter Ended 31/3/2012 RM'000	31/3/2011 RM'000
Profit after taxation and zakat	15,601	13,871	15,601	13,871
Other comprehensive income:				
- Net change in fair value of financial investments available-for-sale	(3,649)	(5,456)	(3,649)	(5,456)
- Deferred tax on revaluation of financial investments available-for-sale	910	1,364	910	1,364
Other comprehensive income for the financial period, net of tax	(2,739)	(4,092)	(2,739)	(4,092)
Total comprehensive income for the financial period attributable to the equity holders of the Company	12,862	9,779	12,862	9,779

A27. OPERATIONS OF ISLAMIC BANKING (cont.)

	Group	
	31/3/2012 RM'000	31/12/2011 RM'000
(iii) <u>Financing</u>		
<u>By type</u>		
Cash line	213,862	207,564
Term financing		
- Housing financing	1,324,494	1,270,814
- Syndicated term financing	151,265	144,462
- Hire purchase receivables	1,262,196	1,232,416
- Other term financing	1,410,957	1,347,351
Bills financing	195	394
Trust receipts	22,819	33,581
Interest-free accepted bills	116,605	91,844
Staff financing	9,669	8,871
Revolving credit	132,455	132,544
	4,644,517	4,469,841
Less : Allowance for impairment		
- Collective impairment	(57,478)	(60,709)
- Individual impairment	(34,699)	(34,927)
Total net financing	4,552,340	4,374,205

(iv) Impaired/non-performing financing

(a) Movements of impaired financing

Balance at the beginning of financial period/year	172,344	152,601
Classified as impaired during the financial period/year	13,792	112,975
Reclassified as non-impaired during the financial period/year	(16,089)	(70,602)
Amount recovered during the financial period/year	(7,786)	(20,025)
Amount written-off during the financial period/year	(3,369)	(2,605)
Balance at the end of financial period/year	158,892	172,344

A27. OPERATIONS OF ISLAMIC BANKING (cont.)

	Group	
	31/3/2012	31/12/2011
	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	60,709	52,481
Allowance for impairment made during the financial period/year	138	7,874
Amount written-off during the financial period/year	(3,369)	-
Exchange differences	-	354
Balance at the end of financial period/year	<u>57,478</u>	<u>60,709</u>
Individual impairment		
Balance at the beginning of financial period/year	34,927	36,141
Allowance for impairment during the financial period/year	84	5,029
Amount recovered during the financial period/year	(13)	(1,372)
Amount written-off during the financial period/year	-	(2,338)
Unwinding of discount of allowance	(299)	(2,533)
Balance at the end of financial period/year	<u>34,699</u>	<u>34,927</u>
(vi) Deposits from customers		
<u>By type of deposits</u>		
Non-Mudharabah Funds		
Demand deposits	1,923,585	1,923,732
Savings deposits	211,213	204,743
Negotiable Instruments of Deposits	-	119,778
	<u>2,134,798</u>	<u>2,248,253</u>
Mudharabah Funds		
Demand deposits	18,447	14,147
Savings deposits	88,281	98,790
General investment deposits	5,034,612	4,293,135
Special investment deposits	1,308,465	822,914
	<u>6,449,805</u>	<u>5,228,986</u>
Total deposits from customers	<u>8,584,603</u>	<u>7,477,239</u>

A28 CHANGES IN ACCOUNTING POLICIES

(a) Transition to the MFRS framework

During the financial period, the Group has applied MFRS 1 "First-time Adoption of Malaysian Financial Reporting Standards" in the transition to the MFRS framework, which has resulted in the following change in accounting policy with effect 1 January 2012.

MFRS 139 Financial Instruments : Recognition and Measurement ("MFRS 139") - Accounting Policy on Collective Assessment Allowance for Loans, Advances and Financing

Prior to the transition to MFRS 139, the Group had maintained their collective assessment allowance of at least 1.5% of the total outstanding loans, net of individual assessment allowance, in line with Bank Negara Malaysia's transitional provisions under its Guidelines on Classification and Impairment Provisions for Loans/Financing. Upon the transition to MFRS 139 on 1 January 2012, these transitional provisions, which were allowed under the previous FRS framework, were removed and the Group has applied the requirements of MFRS 139 in the determination of collective assessment allowance.

There is no significant financial impact arising from the retrospective application of MFRS 139 and accordingly, there are no restatement of both the opening balances of retained profits and allowance for collective impairment, which are allowed under MFRS 1.

(b) Adoption of Revised Guidelines on Profit Equalisation Reserve ("Revised PER Guidelines") issued by Bank Negara Malaysia

During the financial period, AFFIN Islamic Bank Berhad ("AiSB") has adopted Revised PER Guidelines on Profit Equalisation Reserve ("Revised PER Guidelines") issued by Bank Negara Malaysia on 19 May 2011. The adoption of the said Guidelines has resulted in the following change in the accounting policy:-

With these revised PER Guidelines, the release of PER shall be appropriated from both Investment Account Holder ("IAH") and AISB's portion based on the contractual profit sharing ratio at the point of utilisation. The amount of PER shall be limited to the maximum of the either PER of the IAH or AiSB depending on prevailing profit sharing ratio.

The IAH portion of the existing PER shall be classified as liability and is recognised at cost. Subsequent apportionments will be recognised in the income statement. The eventual distribution of PER as profit distributable to the IAH will be treated as an outflow of funds due to the settlement of the obligation to the IAH. The PER of the AiSB shall be classified as a separate reserve in equity and subsequent apportionments from and distributions to retained earnings will be treated as a transfer between reserves.

The change in the above accounting policy is accounted for prospectively and there is no financial impact to the result of the Group and Company for the financial period under review.

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 RM213.9 million for the current financial quarter ended 31 March 2012 as compared to RM140.2 million for the preceding year's corresponding quarter. The improved performance was mainly due to higher write-back of allowance for impairment on securities of RM8.9 million as well as the write-back of allowance for loan impairment of RM4.1 million as compared to a charge of RM27.1 million for the same period last year. The share of profit in associate, other operating income and net interest income were also up by RM18.1 million, RM14.5 million and RM7.8 million respectively. However, this were partially offset by the increase in both finance cost and overhead expenses of RM5.6 million and RM5.5 million respectively.

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 RM166.3 million for the current financial quarter as compared to RM123.4 million for the preceding year's corresponding quarter. The improved performance was mainly due to the write-back of allowance for loan impairment of RM5.6 million as compared to a charge of RM26.9 million for the same period last year, higher other operating income and higher net interest income of RM10.5 million and RM2.6 million respectively.

Investment Banking

The results of the investment banking is attributed to the AFFIN Investment Bank Berhad ("AIBB") group which reported a pretax profit of RM25.0 million for the current financial quarter as compared to RM17.3 million for the preceding year's corresponding quarter. This was mainly due to higher write-back of allowance for impairment on securities of RM8.9 million and higher other operating income of RM3.6 million, net of higher overhead expenses and higher allowance for loan impairment of RM2.1 million and RM1.4 million respectively and lower net interest income of RM1.4 million. Similar to that of preceding year's corresponding quarter, AFFIN Fund Management Berhad (a wholly-owned subsidiary of AIBB) managed to maintain its pretax profit at RM0.8 million for the current financial quarter.

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:-

AXA AFFIN Life Insurance Berhad ("AALI") reported a pretax loss of RM0.3 million for the current financial quarter as compared to a pretax loss of RM3.6 million for the preceding year's corresponding quarter. Included in the share of results in jointly controlled entity of RM0.7 million for the financial period ended 31 March 2012 was an adjustment of RM0.8 million on over-recognition of Group's share of loss in AALI for the previous financial year. For the quarter under review, the Life Fund grew by 3.5% to RM580.4 million mainly contributed by higher gross premium, higher investment income/gains as well as lower overhead expenses.

AXA AFFIN General Insurance Berhad ("AAGI") reported a higher pretax profit of RM64.5 million for the current financial quarter as compared to RM1.2 million for the preceding year's corresponding quarter, mainly due to higher earned premium of RM85.8 million net of higher net claims incurred of RM25.3 million. The increase in earned premium was mainly due to the reversal of Unearned Premium Reserve ("UPR") of RM52.6 million. During the financial quarter, the basis of UPR computation has changed from policy booking dates and 1/24th method to policy inception dates and 1/365th method. Included in the share of results in associate of RM19.6 million for the current financial quarter was an adjustment of RM3.3 million on under-recognition of Group's share of profit in AAGI for the previous financial year.

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 RM0.7 million for the current financial quarter as compared to RM0.6 million for the same quarter last year, mainly due to higher net brokerage income net of higher overheads.

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

The Group recorded a higher pretax profit of RM213.9 million for the current financial quarter as compared to RM174.7 million for the preceding quarter ended 31 December 2011. This was mainly due to the write-back of allowances for loan impairment and securities impairment totaling RM13.8 million as compared to a total charge of RM16.1 million for the preceding quarter, higher share of profit in associate of RM19.3 million and higher other operating income of RM10.5 million for the quarter under review. This was partially offset by the drop in both Islamic banking income and net interest income totaling RM8.9 million and higher overhead expenses of RM9.5 million.

B3. 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.

Based on the current performance, the Board of Directors is of the view that the Group will be on track to achieve the following announced headline Key Performance Indicators (KPIs) for the financial year 2012 :-

<u>Headline KPIs</u>	<u>As announced for financial year 2012</u>	<u>Actual achieved for 3 months ended</u>
(i) After Tax Returns on Equity (ROE)	9.6%	2.9%
(ii) After Tax Returns on Assets (ROA)	1.0%	0.3%
(iii) Gross Impaired Loan Ratio	2.7%	2.9%
(iv) Earnings Per Share (EPS)	38.30 sen	11.11 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 31/3/2012 RM'000	31/3/2011 RM'000	Cumulative Quarter Ended 31/3/2012 RM'000	31/3/2011 RM'000
Malaysian Taxation:-				
- Income tax based on profit for the financial year	39,982	41,392	39,982	41,392
Deferred tax:-				
- Relating to originating temporary differences	7,836	(7,597)	7,836	(7,597)
Under/(over) provision in prior years:				
- Current taxation	-	249	-	249
	47,818	34,044	47,818	34,044

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

B6. STATUS OF CORPORATE PROPOSALS

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

B7. GROUP BORROWINGS AND DEBT SECURITIES

	Group	
	31/3/2012 RM'000	31/12/2011 RM'000
(i) <u>Deposits from Customers</u>		
<u>By Type of Deposits:-</u>		
Money Market Deposits	756,735	528,435
Demand Deposits	6,072,780	6,166,557
Savings Deposits	1,529,687	1,526,891
Fixed Deposits	26,593,038	25,029,568
Negotiable Instruments of Deposits ('NIDs')	4,195,059	5,289,049
Special Investment Deposits	1,308,465	822,914
	40,455,764	39,363,414
 Maturity structure of fixed deposits and NIDs are as follows:		
Due within six months	23,552,769	24,666,976
Six months to one year	6,845,347	5,256,389
One year to three years	106,009	113,977
Three years to five years	283,972	281,275
	30,788,097	30,318,617
 <u>By Type of Customers:-</u>		
Government and statutory bodies	7,215,100	7,650,536
Business enterprises	12,275,113	12,983,379
Individuals	7,214,946	6,763,627
Others	13,750,605	11,965,872
	40,455,764	39,363,414
 (ii) <u>Deposits and Placements of Banks and Other Financial Institutions</u>		
<u>By Type of Institutions:-</u>		
Licensed banks	3,803,181	3,851,379
Licensed investment banks	667,762	978,487
Bank Negara Malaysia	612,971	794,523
Other financial institutions	1,982,642	1,242,658
	7,066,556	6,867,047
 <u>By Maturity Structure:-</u>		
Due within six months	6,722,230	6,458,729
Six months to one year	344,326	408,318
	7,066,556	6,867,047
 (iii) <u>Borrowings</u>		
Unsecured		
- More than one year (medium/long-term)	972,027	669,645
	972,027	669,645

B8. 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	
	31/3/2012 RM'000	31/12/2011 RM'000
<u>Total retained profits of AFFIN Holdings Berhad and its's subsidiaries</u>		
- Realised	1,334,827	1,193,538
- Unrealised		
- deferred tax recognised in the income statement	110	7,941
- other items of income and expense	38,466	26,176
	1,373,403	1,227,655
<u>Total share of retained profits in associate:-</u>		
- Realised	154,335	134,411
- Unrealised	2,221	2,578
<u>Total share of accumulated profits/(losses) in jointly controlled entities:-</u>		
- Realised	(21,854)	(22,564)
- Unrealised	-	-
	1,508,105	1,342,080
Add: Consolidation adjustments	124,976	124,976
Total Group retained profits as per consolidated financial statements	1,633,081	1,467,056

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.

B9. 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.

On 10 February 2012, the defendant has proposed for the hearing to go through Court Mediation. The lead banker and the lenders have agreed to the proposal and the Court of Appeal has fixed 9 March 2012 for hearing at the Court Mediation.

On 9 March 2012, the appeal was fixed for hearing on 6 June 2012 and 13 June 2012 and subsequently postponed to 19 June 2012.

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 RM43.8 million (31 December 2010: RM42.8 million). Based on legal advice, the Directors of ABB are of the opinion that no provision for damages need to be made in the financial statements, as the probability of adverse adjudication against ABB is remote.

B10. PROPOSED DIVIDENDS

No final dividend has been proposed for the current financial quarter ended 31 March 2012.

B11. EARNINGS PER SHARE

	<-----Group----->			
	<u>Individual Quarter Ended</u>		<u>Cumulative Quarter Ended</u>	
	31/3/2012	31/3/2011	31/3/2012	31/3/2011
Net profit attributable to equity holders of the company (RM'000)	166,025	106,067	166,025	106,067
Weighted average number of ordinary shares in issue	1,494,575,806	1,494,575,806	1,494,575,806	1,494,575,806
Basic earnings per share (sen)	11.11	7.10	11.11	7.10
Diluted earnings per share (sen)	11.11	7.10	11.11	7.10

The basic and diluted earnings per share of the Group for the current financial quarter ended 31 March 2012 have been calculated based on the net profit attributable to the equity holders of the company of RM166,025,000 (31 March 2011: RM106,067,000) divided by the weighted average number of ordinary shares in issue during the current financial quarter of 1,494,575,806 (31 March 2011: 1,494,575,806).

B12. ECONOMIC PROFIT/(LOSS)

	<-----Group----->			
	<u>Individual Quarter Ended</u>		<u>Cumulative Quarter Ended</u>	
	31/3/2012	31/3/2011	31/3/2012	31/3/2011
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	166,025	106,067	166,025	106,067
Less: Economic charge	(138,238)	(131,954)	(138,238)	(131,954)
Economic profit/(loss) for the financial period	27,787	(25,887)	27,787	(25,887)

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