

**AFFIN HOLDINGS BERHAD**  
(Company no. 23218 - W)  
**Condensed Interim Financial Statements**  
**Unaudited Statements of Financial Position As At 31 March 2013**

	Note	< ----- GROUP ----- >		< ----- COMPANY ----- >	
		31/03/2013 RM'000	31/12/2012 RM'000	31/03/2013 RM'000	31/12/2012 RM'000
<b>ASSETS</b>					
Cash and short-term funds		7,957,161	7,359,658	155,830	33,209
Deposits and placements with banks and other financial institutions		241,055	492,356	4,414	101,958
Reverse repurchase agreements with financial institutions		20,208	20,057	-	-
Trade receivables	A9	335,769	213,751	-	-
Financial assets held-for-trading	A10	-	165,592	-	-
Financial investments available-for-sale	A10	9,544,541	9,404,237	-	-
Financial investments held-to-maturity	A10	544,575	548,324	-	-
Derivative financial assets		44,271	66,015	-	-
Loans, advances and financing	A11	34,275,573	34,163,168	-	-
Other assets	A12	87,785	313,277	350	346
Statutory deposits with Bank Negara Malaysia		1,486,364	1,507,480	-	-
Amount due from subsidiaries		-	-	904,775	904,960
Amount due from associate		67,211	67,240	67,211	67,240
Investment in subsidiaries		-	-	3,582,882	3,582,882
Investment in jointly controlled entities		134,100	129,788	146,880	146,880
Investment in associate		184,606	183,696	10,597	10,597
Tax recoverable		20,894	14,775	5,468	5,021
Deferred tax assets		-	-	-	-
Property and equipment		172,716	178,093	606	659
Intangible assets		1,010,272	1,006,784	3	4
<b>TOTAL ASSETS</b>		<b>56,127,101</b>	<b>55,834,291</b>	<b>4,879,016</b>	<b>4,853,756</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	B8	42,815,018	42,944,986	-	-
Deposits and placements of banks and other financial institutions	B8	4,813,147	4,588,209	-	-
Bills and acceptances payable		115,081	152,400	-	-
Trade payables		311,234	213,690	-	-
Derivative financial liabilities		44,161	59,560	-	-
Recourse obligation on loans sold to Cagamas Berhad		409,709	413,549	-	-
Other liabilities	A13	372,801	364,964	5,647	5,829
Provision for taxation		62,942	63,751	-	-
Deferred tax liabilities		23,453	16,335	143	143
Amount due to subsidiaries		-	-	400,258	400,258
Borrowings	B8	972,115	972,343	972,115	972,343
<b>TOTAL LIABILITIES</b>		<b>49,939,661</b>	<b>49,789,787</b>	<b>1,378,163</b>	<b>1,378,573</b>
<b>EQUITY</b>					
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 reserves		1,293,665	1,293,665	-	-
AFS revaluation reserves		100,865	108,763	-	-
Retained profits		1,897,924	1,747,090	605,867	580,197
<b>TOTAL EQUITY</b>		<b>6,187,440</b>	<b>6,044,504</b>	<b>3,500,853</b>	<b>3,475,183</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>56,127,101</b>	<b>55,834,291</b>	<b>4,879,016</b>	<b>4,853,756</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		<b>19,516,286</b>	<b>19,096,585</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS PER SHARE (RM)</b>		<b>4.14</b>	<b>4.04</b>		

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2012.

**AFFIN HOLDINGS BERHAD**  
(Company no. 23218 - W)  
**Condensed Interim Financial Statements**  
**Unaudited Income Statements For The Financial Period Ended 31 March 2013**

<u>Group</u>	Note	<----Individual Quarter Ended ---->		<---Cumulative Quarter Ended --->	
		31/03/2013 RM'000	31/03/2012 RM'000	31/03/2013 RM'000	31/03/2012 RM'000
<b>Revenue</b>		<b>732,762</b>	<b>717,271</b>	<b>732,762</b>	<b>717,271</b>
Interest income	A14	530,549	514,349	530,549	514,349
Interest expense	A15	(309,071)	(298,609)	(309,071)	(298,609)
<b>Net interest income</b>		<b>221,478</b>	<b>215,740</b>	<b>221,478</b>	<b>215,740</b>
Net Islamic banking income		54,967	51,124	54,967	51,124
Other operating income	A16	95,718	95,022	95,718	95,022
<b>Net income</b>		<b>372,163</b>	<b>361,886</b>	<b>372,163</b>	<b>361,886</b>
Other operating expenses	A17	(172,435)	(172,664)	(172,435)	(172,664)
<b>Operating profit before allowance for impairment on loans, advances and financing</b>		<b>199,728</b>	<b>189,222</b>	<b>199,728</b>	<b>189,222</b>
Allowance for impairment on loans, advances and financing	A18	13,118	4,134	13,118	4,134
Allowance for impairment on other assets	A19	155	9,690	155	9,690
<b>Operating profit</b>		<b>213,001</b>	<b>203,046</b>	<b>213,001</b>	<b>203,046</b>
Finance cost		(10,501)	(9,342)	(10,501)	(9,342)
Share of results of jointly controlled entities		491	673	491	673
Share of results of associate		534	19,567	534	19,567
<b>Profit before taxation and zakat</b>		<b>203,525</b>	<b>213,944</b>	<b>203,525</b>	<b>213,944</b>
Taxation	B6	(52,474)	(47,818)	(52,474)	(47,818)
Zakat		(217)	(101)	(217)	(101)
<b>Net profit for the financial period attributable to equity holders of the Company</b>		<b>150,834</b>	<b>166,025</b>	<b>150,834</b>	<b>166,025</b>
Earnings per share attributable to the equity holders of the Company (sen)					
- Basic and fully diluted	B12	10.09	11.11	10.09	11.11

*The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2012.*

**AFFIN HOLDINGS BERHAD**  
(Company no. 23218 - W)  
**Condensed Interim Financial Statements**  
**Unaudited Statement of Comprehensive Income**  
**For The Financial Period Ended 31 March 2013**

<u>Group</u>	<---Individual Quarter Ended --->		<---Cumulative Quarter Ended --->	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	RM'000	RM'000	RM'000	RM'000
<b>Profit after taxation and zakat</b>	<b>150,834</b>	<b>166,025</b>	<b>150,834</b>	<b>166,025</b>
<b>Other comprehensive income:</b>				
- Net fair value change in financial investments available-for-sale	(11,302)	(958)	(11,302)	(958)
- Deferred tax on revaluation of financial investments available-for-sale	3,404	998	3,404	998
<b>Other comprehensive income for the period, net of tax</b>	<b>(7,898)</b>	<b>40</b>	<b>(7,898)</b>	<b>40</b>
<b>Total comprehensive income for the financial period attributable to the equity holders of the Company</b>	<b>142,936</b>	<b>166,065</b>	<b>142,936</b>	<b>166,065</b>

*The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2012.*

**AFFIN HOLDINGS BERHAD**

(Company no. 23218 - W)

**Condensed Interim Financial Statements**

**Unaudited Income Statements For The Financial Period Ended 31 March 2013**

<u>Company</u>	<---Individual Quarter Ended --->		<---Cumulative Quarter Ended --->	
	31/03/2013 RM'000	31/03/2012 RM'000	31/03/2013 RM'000	31/03/2012 RM'000
<b>Revenue</b>	<b>46,591</b>	<b>100,340</b>	<b>46,591</b>	<b>100,340</b>
Interest income	12,586	12,819	12,586	12,819
Interest expense	-	-	-	-
<b>Net interest income</b>	<b>12,586</b>	<b>12,819</b>	<b>12,586</b>	<b>12,819</b>
Net Islamic banking income	-	-	-	-
Other operating income	34,005	87,521	34,005	87,521
<b>Net income</b>	<b>46,591</b>	<b>100,340</b>	<b>46,591</b>	<b>100,340</b>
Other operating expenses	(1,949)	(1,925)	(1,949)	(1,925)
<b>Operating profit before allowance for impairment on loans, advances and financing</b>	<b>44,642</b>	<b>98,415</b>	<b>44,642</b>	<b>98,415</b>
Allowance for impairment on loans, advances and financing	-	-	-	-
Allowance for impairment on other assets	-	-	-	-
<b>Operating profit</b>	<b>44,642</b>	<b>98,415</b>	<b>44,642</b>	<b>98,415</b>
Finance cost	(10,501)	(9,342)	(10,501)	(9,342)
<b>Profit before taxation and zakat</b>	<b>34,141</b>	<b>89,073</b>	<b>34,141</b>	<b>89,073</b>
Taxation	(8,471)	(4,244)	(8,471)	(4,244)
<b>Net profit for the financial period attributable to equity holders of the Company</b>	<b>25,670</b>	<b>84,829</b>	<b>25,670</b>	<b>84,829</b>

*The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2012.*

**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 2013**

<u>Company</u>	<---Individual Quarter Ended --->		<---Cumulative Quarter Ended --->	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	RM'000	RM'000	RM'000	RM'000
Profit after taxation and zakat	25,670	84,829	25,670	84,829
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the financial period attributable to equity holders of the Company</b>	<b>25,670</b>	<b>84,829</b>	<b>25,670</b>	<b>84,829</b>

*The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2012.*

**AFFIN HOLDINGS BERHAD**

(Company no. 23218 - W)

**Unaudited Condensed Consolidated Statement Of Changes In Equity  
For The Financial Period Ended 31 March 2013**

GROUP	←-----Attributable to Equity Holders of the Company-----→							
	Number of shares '000	Issued and fully paid ordinary shares of RM1 each	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
<b>At 1 January 2013</b>	1,494,576	1,494,576	1,494,576	1,400,410	1,293,665	108,763	1,747,090	6,044,504
Comprehensive income:								
- Net profit for the financial period	-	-	-	-	-	-	150,834	150,834
Other comprehensive income (net of tax):								
- Financial investments available-for-sale	-	-	-	-	-	(7,898)	-	(7,898)
Total comprehensive income for the financial period	-	-	-	-	-	(7,898)	150,834	142,936
<b>At 31 March 2013</b>	<b>1,494,576</b>	<b>1,494,576</b>	<b>1,494,576</b>	<b>1,400,410</b>	<b>1,293,665</b>	<b>100,865</b>	<b>1,897,924</b>	<b>6,187,440</b>
<b>At 1 January 2012</b>	1,494,576	1,494,576	1,494,576	1,400,410	1,127,843	102,339	1,467,056	5,592,224
Comprehensive income:								
- Net profit for the financial period	-	-	-	-	-	-	166,025	166,025
Other comprehensive income (net of tax):								
- Financial investments available-for-sale	-	-	-	-	-	40	-	40
Total comprehensive income for the financial period	-	-	-	-	-	40	166,025	166,065
<b>At 31 March 2012</b>	<b>1,494,576</b>	<b>1,494,576</b>	<b>1,494,576</b>	<b>1,400,410</b>	<b>1,127,843</b>	<b>102,379</b>	<b>1,633,081</b>	<b>5,758,289</b>

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2012.

**AFFIN HOLDINGS BERHAD**  
(Company no. 23218 - W)  
**Unaudited Condensed Statement Of Changes In Equity**  
**For The Financial Period Ended 31 March 2013**

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

COMPANY	Issued and fully paid ordinary shares of RM1 each		Non-distributable		Distributable		Total Equity RM'000
	Number of shares '000	Nominal value RM'000	Share premium RM'000	Retained profits RM'000	Retained profits RM'000	Total Equity RM'000	
<b>At 1 January 2013</b>	1,494,576	1,494,576	1,400,410	580,197	580,197	3,475,183	
Total comprehensive income for the financial period: - Net profit for the financial period	-	-	-	25,670	25,670	25,670	
<b>At 31 March 2013</b>	<b>1,494,576</b>	<b>1,494,576</b>	<b>1,400,410</b>	<b>605,867</b>	<b>605,867</b>	<b>3,500,853</b>	
<b>At 1 January 2012</b>	1,494,576	1,494,576	1,400,410	482,961	482,961	3,377,947	
Total comprehensive income for the financial period: - Net profit for the financial period	-	-	-	84,829	84,829	84,829	
<b>At 31 March 2012</b>	<b>1,494,576</b>	<b>1,494,576</b>	<b>1,400,410</b>	<b>567,790</b>	<b>567,790</b>	<b>3,462,776</b>	

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2012.

**AFFIN HOLDINGS BERHAD**  
(Company no. 23218 - W)  
**Unaudited Condensed Consolidated Statement of Cash Flow**  
**For The Financial Period Ended 31 March 2013**

	< ----- 3 months Ended ----- >	
	31/03/2013	31/03/2012
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation and zakat	203,525	213,944
Adjustment for non-operating and non-cash items	(70,002)	(141,757)
Operating profit before changes in working capital	<u>133,523</u>	<u>72,187</u>
Net changes in operating assets	433,766	(1,894,704)
Net changes in operating liabilities	134,227	2,441,147
Payment of tax and zakat	(53,129)	(12,164)
Tax refund	30	2
Net cash generated from operating activities	<u>648,417</u>	<u>606,468</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received from securities	69,526	76,603
Net (purchase) / disposal of:		
- securities	(134,082)	(1,204,980)
- property and equipment	(5,372)	(7,402)
- intangible assets	(864)	(295)
Dividend received from:		
- financial investments held-to-maturity/available-for-sale	9	124
Proceeds from disposal of property and equipment	4,147	1,401
Proceeds from disposal of foreclosed properties	6,572	7,629
Amount due to/from associate	29	43
Net cash used in investing activities	<u>(60,035)</u>	<u>(1,126,877)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Decrease) / increase in borrowings	(228)	302,382
Net cash generated from financing activities	<u>(228)</u>	<u>302,382</u>
Net increase in cash and cash equivalents	588,154	(218,027)
Cash and cash equivalents at beginning of the period	<u>7,359,658</u>	<u>9,685,542</u>
Cash and cash equivalents at end of the period	<u>7,947,812</u>	<u>9,467,515</u>
<b><u>Analysis of cash &amp; cash equivalent</u></b>		
Cash and short-term funds	7,957,161	9,477,994
Adjustment for money held in trust on behalf of remisers	(9,349)	(10,479)
	<u>7,947,812</u>	<u>9,467,515</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 2012.*



**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 quarter under review 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, and
- (iii) derivative financial instruments.

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 2012. 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 2012.

**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 2012 except for the adoption of the following new/revised Malaysian Financial Reporting Standards ("MFRS"), Amendments to MFRSs that are applicable and effective to the Group for the financial year beginning 1 January 2013 :-

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interest in Other Entities
MFRS 13	Fair Value Measurement
The revised MFRS 127	Separate Financial Statements
The revised MFRS 128	Investments in Associates and Joint Ventures
Amendments to MFRS 7	Financial Instruments : Disclosure
Amendments to MFRS 101	Presentation of items of Other Comprehensive Income

The adoption of these standards and amendments does not have any impact to the result of the Group and the Company for the quarter under review.

**A3. AUDITOR'S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors' report on the audited financial statements for the financial year ended 31 December 2012 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 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 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 quarter under review.

**A9. TRADE RECEIVABLES**

	Group	
	31/03/2013 RM'000	31/12/2012 RM'000
Amount due from stock-broking clients	98,517	129,025
Amount due from Bursa Securities Clearing Sdn Bhd	236,724	86,856
Management fees receivable on fund management	4,158	1,466
	339,399	217,347
Less: Allowance for impairment		
- Collective impairment	(12)	(21)
- Individual impairment	(3,618)	(3,575)
	335,769	213,751

**Movement in allowance for impairment on trade receivables:-**

**Collective impairment**

Balance at the beginning of financial period/year	21	211
Allowance made during the financial period/year	4	(190)
Amount recovered during the financial year	(13)	-
Balance at the end of financial period/year	12	21

**Individual impairment**

Balance at the beginning of financial period/year	3,575	3,572
Allowance made during the financial period/year	71	161
Amount recovered during the financial period/year	(28)	(158)
Balance at the end of financial period/year	3,618	3,575

**A10. FINANCIAL ASSETS**

	<b>Group</b>	
	<b>31/03/2013</b>	<b>31/12/2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(a) <u>Financial assets held-for-trading</u></b>		
<b>At fair value</b>		
Negotiable Instruments of Deposit	-	150,276
Unquoted Securities		
- Private Debt Securities in Malaysia	-	15,316
<b>Total financial assets held-for-trading</b>	<b>-</b>	<b>165,592</b>
<b>(b) <u>Financial investments available-for-sale</u></b>		
<b>At fair value</b>		
Malaysian Government Securities	47,659	35,574
Malaysian Government Investment Issuance	2,447,043	2,441,657
Cagamas Bonds	131,308	151,524
Sukuk Perumahan Kerajaan	305,701	150,689
Khazanah Bonds	232,615	193,746
Bankers' Acceptance and Islamic Acceptance Bills	12,255	163,751
Bank Negara Malaysia Notes	727,571	884,069
Negotiable Instruments of Deposit and Islamic Debt Certificate	405,206	209,934
	<b>4,309,358</b>	<b>4,230,944</b>
Quoted Securities		
- Shares in Malaysia	35,871	31,427
- Private Debt Securities in Malaysia	4,173	4,173
- Irredeemable Convertible Unsecured Loan Stock in Malaysia	4,156	4,124
Unquoted Securities		
- Shares in Malaysia	152,861	151,946
- Private Debt Securities in Malaysia	4,604,783	4,458,510
- Private Debt Securities outside Malaysia	529,503	619,432
	<b>9,640,705</b>	<b>9,500,556</b>
Allowance for impairment of securities	(96,164)	(96,319)
<b>Total financial investments available-for-sale</b>	<b>9,544,541</b>	<b>9,404,237</b>
<b>(c) <u>Financial investments held-to-maturity</u></b>		
<b>At amortised cost</b>		
Quoted Securities		
- Private Debt Securities in Malaysia	31,781	31,781
Unquoted Securities		
- Private Debt Securities in Malaysia	574,832	578,691
- Redeemable Convertible Unsecured Loan Stock in Malaysia	1,554	1,554
	<b>608,167</b>	<b>612,026</b>
Allowance for impairment of securities	(63,592)	(63,702)
<b>Total financial investments held-to-maturity</b>	<b>544,575</b>	<b>548,324</b>
<b>Total securities held</b>	<b>10,089,116</b>	<b>10,118,153</b>

**A11. LOANS, ADVANCES AND FINANCING**

	Group	
	31/03/2013 RM'000	31/12/2012 RM'000
<b>(a) BY TYPE</b>		
Overdrafts	1,793,557	1,834,204
Term loans/financing		
- Housing loans/financing	5,260,840	5,176,283
- Syndicated term loans/financing	1,771,349	1,758,162
- Hire purchase receivables	9,852,610	9,595,286
- Business term loans/financing	11,745,980	11,476,993
Bills receivables	86,447	452,075
Trust receipts	390,161	435,425
Claims on customers under acceptance credits	1,032,817	1,040,695
Staff loans/financing (of which RM NIL to Directors)	149,197	150,823
Credit/charge cards	81,539	85,258
Revolving credit	2,627,558	2,688,873
Margin financing	25,019	26,342
Factoring	5,702	4,186
<b>Gross loans, advances and financing</b>	<b>34,822,776</b>	<b>34,724,605</b>
Less: Allowance for impairment		
- Collective impairment	(329,837)	(330,797)
- Individual impairment	(217,366)	(230,640)
<b>Total net loans, advances and financing</b>	<b>34,275,573</b>	<b>34,163,168</b>
<b>(b) BY MATURITY STRUCTURE</b>		
Maturing within one year	6,348,861	7,310,427
One year to three years	4,635,456	3,888,636
Three years to five years	7,041,739	7,203,938
Over five years	16,796,720	16,321,604
	<b>34,822,776</b>	<b>34,724,605</b>
<b>(c) BY TYPE OF CUSTOMER</b>		
Domestic banking institutions	2,790	1,335
Domestic non-banking institutions		
- Stock-broking companies	248	253
- Others	1,528,914	1,702,223
Domestic business enterprises		
- Small medium enterprises	5,563,580	5,185,194
- Others	12,879,818	12,885,089
Government and statutory bodies	99,730	117,523
Individuals	14,252,274	14,014,481
Other domestic entities	119,735	128,982
Foreign entities	375,687	689,525
	<b>34,822,776</b>	<b>34,724,605</b>
<b>(d) BY INTEREST / PROFIT RATE SENSITIVITY</b>		
Fixed rate		
- Housing loans/financing	313,064	312,170
- Hire purchase receivables	9,852,608	9,595,286
- Other fixed rate loans/financing	4,542,990	4,240,497
- Margin financing	25,019	26,342
Variable rate		
- BLR plus	13,392,827	13,680,021
- Cost plus	6,696,268	6,870,289
	<b>34,822,776</b>	<b>34,724,605</b>

**A11. LOANS, ADVANCES AND FINANCING (cont.)**

	Group	
	31/03/2013	31/12/2012
<b>(e) <u>BY ECONOMIC PURPOSE</u></b>		
Construction	1,965,409	2,119,630
Purchase of landed property of which :-		
- Residential	5,280,764	5,202,552
- Non-residential	5,145,595	4,738,255
Purchase of securities	127,504	137,344
Purchase of transport vehicles	10,486,142	10,032,763
Fixed assets other than land and building	215,684	330,383
Personal use	872,388	964,440
Credit card	81,539	85,258
Consumer durable	811	860
Merger and acquisition	470,640	615,084
Working capital	9,667,702	9,859,245
Others	508,598	638,791
	<b>34,822,776</b>	<b>34,724,605</b>
<b>(f) <u>BY SECTOR</u></b>		
Primary agriculture	505,806	611,421
Mining and quarrying	640,281	473,549
Manufacturing	2,716,021	2,675,086
Electricity, gas and water supply	457,106	596,854
Construction	3,257,367	3,122,642
Real estate	4,243,534	3,789,840
Wholesale and retail trade and restaurants and hotels	1,750,687	1,799,305
Transport, storage and communication	2,034,275	1,880,894
Finance, insurance and business services	3,625,856	4,220,105
Education, health and others	1,154,055	1,326,793
Household	14,399,705	14,157,675
Others	38,083	70,441
	<b>34,822,776</b>	<b>34,724,605</b>
<b>(g) <u>BY GEOGRAPHICAL DISTRIBUTION</u></b>		
Perlis	100,363	84,463
Kedah	1,053,585	1,051,167
Pulau Pinang	1,635,992	1,665,271
Perak	1,098,998	1,037,353
Selangor	11,012,370	10,992,142
Wilayah Persekutuan	10,079,685	10,150,522
Negeri Sembilan	764,197	754,375
Melaka	800,148	767,272
Johor	2,901,732	2,825,308
Pahang	733,565	679,379
Terengganu	1,072,514	844,224
Kelantan	242,709	243,555
Sarawak	996,960	995,737
Sabah	1,570,395	1,533,859
Labuan	550,083	187,347
Outside Malaysia	209,480	912,631
	<b>34,822,776</b>	<b>34,724,605</b>

**A11. LOANS, ADVANCES AND FINANCING (cont.)**

	Group	
	31/03/2013	31/12/2012
	RM'000	RM'000
<b>(h) <u>IMPAIRED LOANS, ADVANCES AND FINANCING</u></b>		
<b>(i) <u>Movements of impaired loans, advances and financing</u></b>		
Balance at the beginning of financial period/year	790,438	882,958
Classified as impaired during the financial period/year	101,523	558,599
Reclassified as non-impaired during the financial period/year	(69,756)	(375,518)
Amount recovered during the financial period/year	(29,138)	(126,485)
Amount written-off during the financial period/year	(21,275)	(149,116)
Balance at the end of financial period/year	<b>771,792</b>	<b>790,438</b>
<b>(ii) <u>Impaired loans, advances and financing by economic purpose</u></b>		
Construction	62,051	61,437
Purchase of landed property of which :-		
- Residential	324,908	329,360
- Non-residential	21,195	26,575
Purchase of securities	13,260	13,800
Purchase of transport vehicles	61,882	54,781
Fixed assets other than land and building	3,058	5,063
Personal use	6,456	6,738
Credit card	424	508
Consumer durable	29	29
Working capital	265,033	280,983
Others	13,496	11,164
	<b>771,792</b>	<b>790,438</b>
<b>(iii) <u>Impaired loans, advances and financing by sector</u></b>		
Primary agriculture	6,251	7,482
Mining and quarrying	62	62
Manufacturing	64,257	73,295
Electricity, gas and water supply	45	1,641
Construction	179,851	181,800
Real estate	539	3,797
Wholesale and retail trade and restaurants and hotels	43,135	40,735
Transport, storage and communication	7,250	7,212
Finance, insurance and business services	62,924	63,880
Education, health and others	1,930	4,107
Household	398,629	399,141
Others	6,919	7,286
	<b>771,792</b>	<b>790,438</b>

**A11. LOANS, ADVANCES AND FINANCING (cont.)**

	Group	
	31/03/2013	31/12/2012
	RM'000	RM'000
<b>(h) <u>IMPAIRED LOANS, ADVANCES AND FINANCING (cont.)</u></b>		
<b>(iv) <u>Impaired loans, advances and financing by geographical distribution</u></b>		
Perlis	137	138
Kedah	23,662	24,622
Pulau Pinang	16,968	18,684
Perak	17,793	20,754
Selangor	376,650	382,049
Wilayah Persekutuan	138,771	142,360
Negeri Sembilan	30,086	31,248
Melaka	7,329	7,452
Johor	46,971	52,426
Pahang	10,293	10,058
Terengganu	3,221	3,681
Kelantan	4,820	4,153
Sarawak	5,921	5,741
Sabah	11,789	10,460
Labuan	20	21
Outside Malaysia	77,361	76,591
	<b>771,792</b>	<b>790,438</b>
<b>(v) <u>Movements in allowance for impairment on loans, advances and financing</u></b>		
<b>Collective impairment</b>		
Balance at the beginning of financial period/year	330,797	462,953
Allowance (net of write-back) made during the financial period/year	7,310	3,486
Amount written-off during the financial period/year	(8,270)	(135,642)
Balance at the end of financial period/year	<b>329,837</b>	<b>330,797</b>
<b>Individual impairment</b>		
Balance at the beginning of financial period/year	230,640	179,878
Allowance made during the financial period/year	3,345	80,860
Amount recovered during the financial period/year	(1,513)	(2,716)
Allowance written-off during the financial period/year	(12,975)	(13,362)
Unwinding discount of allowance	(2,131)	(14,020)
Balance at the end of financial period/year	<b>217,366</b>	<b>230,640</b>
<b>A12. OTHER ASSETS</b>		
Cheque clearing accounts	41,183	233,351
Foreclosed properties	20,119	26,745
Other debtors, deposits and prepayments	23,558	50,436
Amount due from jointly controlled entities	2,925	2,745
	<b>87,785</b>	<b>313,277</b>
<b>A13. OTHER LIABILITIES</b>		
Bank Negara Malaysia and Credit Guarantee Corporation Funding Programmes	30,294	28,644
Margin and collateral deposits	84,159	82,131
Trust accounts for remisiers	9,349	9,517
Cheque clearing accounts	897	-
Defined contribution plan	20,873	13,688
Accrued employee benefits	834	1,381
Other creditors and accruals	216,516	219,174
Provision for zakat	9,879	10,429
	<b>372,801</b>	<b>364,964</b>

**A14. INTEREST INCOME**

	<-----Group----->			
	Individual Quarter Ended 31/03/2013 RM'000	31/03/2012 RM'000	Cumulative Quarter Ended 31/03/2013 RM'000	31/03/2012 RM'000
Loans, advances and financing	399,822	371,633	399,822	371,633
Money at call and deposit with financial institutions	36,327	42,949	36,327	42,949
Reverse repurchase agreements with financial institutions	151	-	151	-
Financial assets held-for-trading	129	158	129	158
Financial investments available-for-sale	64,458	69,734	64,458	69,734
Financial investments held-to-maturity	5,068	6,869	5,068	6,869
Derivatives	19,873	20,713	19,873	20,713
Subordinated term loan	1,308	1,323	1,308	1,323
Others	21	(28)	21	(28)
	<u>527,157</u>	<u>513,351</u>	<u>527,157</u>	<u>513,351</u>
Amortisation of premium less accretion of discount	3,392	998	3,392	998
	<u><b>530,549</b></u>	<u><b>514,349</b></u>	<u><b>530,549</b></u>	<u><b>514,349</b></u>
The above interest income includes interest/income earned on impaired loans, advances and financing				
- Unwinding discount of allowance (Net)	(405)	(187)	(405)	(187)

**A15. INTEREST EXPENSE**

Deposits and placements of banks and other financial institutions	24,236	27,570	24,236	27,570
Deposits from customers	257,864	242,566	257,864	242,566
Loans sold to Cagamas Berhad	4,849	5,036	4,849	5,036
Derivatives	21,468	22,645	21,468	22,645
Others	654	792	654	792
	<u><b>309,071</b></u>	<u><b>298,609</b></u>	<u><b>309,071</b></u>	<u><b>298,609</b></u>



**A16. OTHER OPERATING INCOME**

	<-----Group----->			
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/03/2013 RM'000	31/03/2012 RM'000	31/03/2013 RM'000	31/03/2012 RM'000
<u>Fee income:</u>				
Net brokerage	14,137	14,876	14,137	14,876
Underwriting fees	199	112	199	112
Portfolio management fees	3,496	2,672	3,496	2,672
Corporate advisory fees	1,518	1,226	1,518	1,226
Commission	3,405	3,203	3,405	3,203
Service charges and fees	18,331	18,503	18,331	18,503
Guarantee fees	4,850	5,346	4,850	5,346
Arrangement fees	2,165	4,400	2,165	4,400
Agency fees	952	334	952	334
Other fee income	126	451	126	451
	49,179	51,123	49,179	51,123
<u>Income from financial instruments:</u>				
Gains/(losses) on financial assets held-for-trading				
- net gain on disposal	1,917	2,742	1,917	2,742
- unrealised losses	61	(89)	61	(89)
Gains/(losses) on derivatives				
- realised	545	577	545	577
- unrealised	4,756	5,145	4,756	5,145
Gains arising on financial investments available-for-sale				
- net gain on disposal	11,745	10,732	11,745	10,732
- gross dividend income	94	261	94	261
Gains arising on financial investments held-to-maturity				
- net gain on redemption	3,213	143	3,213	143
- gross dividend income	-	3	-	3
	22,331	19,514	22,331	19,514
<u>Other income:</u>				
Foreign exchange gains/(losses):				
- realised	30,228	(25,259)	30,228	(25,259)
- unrealised	(11,579)	39,928	(11,579)	39,928
Rental income	395	454	395	454
Gains on disposal of property and equipment	3,080	368	3,080	368
Gains/(losses) on disposal of foreclosed properties	(54)	5,613	(54)	5,613
Other non-operating income	2,138	3,281	2,138	3,281
	24,208	24,385	24,208	24,385
<b>Total Other operating income</b>	<b>95,718</b>	<b>95,022</b>	<b>95,718</b>	<b>95,022</b>

**A17. OTHER OPERATING EXPENSES**

	<-----Group----->			
	Individual Quarter Ended 31/03/2013 RM'000	31/03/2012 RM'000	Cumulative Quarter Ended 31/03/2013 RM'000	31/03/2012 RM'000
<u>Personnel costs</u>				
Wages, salaries and bonus	83,232	79,615	83,232	79,615
Defined contribution plan	13,505	12,974	13,505	12,974
Other personnel costs	10,679	9,068	10,679	9,068
	107,416	101,657	107,416	101,657
<u>Promotion and marketing-related expenses</u>				
Business promotion and advertisement	1,883	1,067	1,883	1,067
Entertainment	1,086	564	1,086	564
Travelling and accommodation	968	859	968	859
Dealers' handling fees	389	279	389	279
Others	739	624	739	624
	5,065	3,393	5,065	3,393
<u>Establishment-related expenses</u>				
Rental of premises	7,161	7,050	7,161	7,050
Equipment rental	280	266	280	266
Repair and maintenance	8,029	8,609	8,029	8,609
Depreciation of property and equipment	4,854	5,074	4,854	5,074
Amortisation of intangible assets	2,203	2,373	2,203	2,373
IT consultancy fee	16,731	14,743	16,731	14,743
Dataline rental	760	1,106	760	1,106
Security services	3,006	2,793	3,006	2,793
Electricity, water and sewerage	2,408	2,376	2,408	2,376
Insurance and indemnities	1,226	1,752	1,226	1,752
Others	1,205	1,676	1,205	1,676
	47,863	47,818	47,863	47,818
<u>General and administrative expenses</u>				
Telecommunication expenses	2,004	1,777	2,004	1,777
Directors' remuneration	555	474	555	474
Auditors' remuneration:-				
(i) Statutory audit	446	336	446	336
(ii) Over/(under) provision in prior year	1	-	1	-
(iii) Audit related fees	2	66	2	66
(iv) Non audit fees	25	41	25	41
Professional fees	1,935	2,574	1,935	2,574
Property and equipment written-off	-	53	-	53
Postage and courier charges	878	1,052	878	1,052
Stationery and consumables	2,402	1,845	2,402	1,845
Commission and brokerage expenses	1,020	1,430	1,020	1,430
Donations	553	784	553	784
Settlement, clearing and bank charges	1,998	1,482	1,998	1,482
Stamp duties	57	3,013	57	3,013
(Write-back of) / additional litigation losses	(4,321)	399	(4,321)	399
Commissioned dealers representative performance incentive	787	838	787	838
Subscription fees	535	515	535	515
Transaction levy	414	377	414	377
Subsidies and allowances	307	296	307	296
Others	2,493	2,444	2,493	2,444
	12,091	19,796	12,091	19,796
<b>Total other operating expenses</b>	<b>172,435</b>	<b>172,664</b>	<b>172,435</b>	<b>172,664</b>

**A18. ALLOWANCE FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING**

	<-----Group----->			
	Individual Quarter Ended 31/03/2013 RM'000	Quarter Ended 31/03/2012 RM'000	Cumulative Quarter Ended 31/03/2013 RM'000	Quarter Ended 31/03/2012 RM'000
Collective impairment				
- made during the financial year	7,330	6,676	7,330	6,676
Individual impairment				
- made during the financial year	3,416	13,952	3,416	13,952
- written-back during the financial year	(1,541)	(1,275)	(1,541)	(1,275)
Bad debts				
- recovered	(23,434)	(27,272)	(23,434)	(27,272)
- written-off	1,089	3,838	1,089	3,838
Additional/(write-back of) allowance for impaired debts				
- other debtors	22	(53)	22	(53)
	<b>(13,118)</b>	<b>(4,134)</b>	<b>(13,118)</b>	<b>(4,134)</b>

**A19. ALLOWANCE FOR IMPAIRMENT ON OTHER ASSETS**

Write-back of allowance for impairment loss on:-

- Financial investments available-for-sale	(155)	-	(155)	-
- Financial investments held-to-maturity	-	(9,690)	-	(9,690)
	<b>(155)</b>	<b>(9,690)</b>	<b>(155)</b>	<b>(9,690)</b>

## A20. SEGMENTAL INFORMATION ON REVENUE AND PROFIT

The segment analysis by activity for the individual and cumulative quarters ended 31 March 2013 and 31 March 2012 are as follows:-

<----- Individual and cumulative quarter ended 31 March 2013 ----->						
RM '000	Commercial Banking	Investment Banking	Insurance	Others	Eliminations	Group
Segment revenue	670,317	58,387	-	2,722	-	731,426
Intersegment revenue	10,218	6,364	-	353	(16,935)	-
Unallocated revenue	-	-	-	1,336	-	1,336
Revenue	<u>680,535</u>	<u>64,751</u>	<u>-</u>	<u>4,411</u>	<u>(16,935)</u>	<u>732,762</u>
Segment results	185,101	16,608	-	655	11,250	213,614
Unallocated expenses	-	-	-	(11,114)	-	(11,114)
Share of results of:						
- jointly controlled entities (net of tax)	-	-	507	(16)	-	491
- associate (net of tax)	-	-	534	-	-	534
Profit before taxation and zakat						<u>203,525</u>
Taxation and zakat						<u>(52,691)</u>
Net profit for the individual and cumulative quarter						<u>150,834</u>

<----- Individual and cumulative quarter ended 31 March 2012 ----->						
RM '000	Commercial Banking	Investment Banking	Insurance	Others	Eliminations	Group
Segment revenue	640,044	72,875	-	3,025	-	715,944
Intersegment revenue	10,451	6,517	-	376	(17,344)	-
Unallocated revenue	-	-	-	1,327	-	1,327
Revenue	<u>650,495</u>	<u>79,392</u>	<u>-</u>	<u>4,728</u>	<u>(17,344)</u>	<u>717,271</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						<u>213,944</u>
Taxation and zakat						<u>(47,919)</u>
Net profit for the individual and cumulative quarter						<u>166,025</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 incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

GROUP	31/03/2013				31/12/2012			
	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	343,756	-	343,756	328,563	466,624	-	466,624	451,137
Transaction related contingent items	2,142,243	-	1,071,121	924,538	2,147,100	-	1,073,550	924,690
Short-term self-liquidating trade related contingencies	343,032	-	68,606	39,377	453,772	-	90,754	54,644
Obligation under underwriting commitments	-	-	-	-	-	-	-	-
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase / reverse repurchase and securities lending / borrowing transactions)	-	-	-	-	19,939	-	19,939	-
Foreign exchange related contracts #	4,023,495	23,905	56,026	19,193	3,730,256	40,777	95,561	28,247
- Less than one year	251,794	2,854	16,889	6,383	251,794	4,384	17,127	6,430
- One year to less than five years	110,040	550	129	57	107,156	563	122	49
Interest rate related contracts #	1,646,516	9,141	28,327	7,801	1,785,733	12,039	37,042	9,986
- Less than one year	543,148	7,821	49,839	21,505	543,148	8,252	51,487	22,022
- One year to less than five years	2,804,793	-	1,402,396	1,298,179	2,978,964	-	1,489,482	1,395,014
- Five years and above	7,116,344	-	1,423,269	1,171,577	6,420,996	-	1,284,199	1,074,941
Irrevocable commitments to extend credit #	191,125	-	38,225	28,674	191,103	-	38,221	28,693
- Maturity more than one year	19,516,286	44,271	4,498,583	3,845,847	19,096,585	66,015	4,664,108	3,995,853
- Maturity less than one year								
Unutilised credit card lines								

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

# The fair value of these derivatives has been recognised as "derivative financial assets" and "derivative financial liabilities" in the statement of financial position.

#### 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			Total	Total
	Up To 1 Year	> 1 - 3 Years	> 3 Years	Up To 1 Year	> 1 - 3 Years	> 3 Years	Up To 1 Year	> 1 - 3 Years	> 3 Years		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>As at 31 March 2013</b>											
<b>Trading derivatives</b>											
Foreign exchange contracts											
- Currency forwards	1,305,503	-	-	1,305,503	2,261	-	2,261	5,936	-	-	5,936
- Cross currency swaps	2,535,910	251,794	-	2,787,704	21,898	2,854	24,752	7,923	2,705	-	10,628
- Currency options	182,082	-	-	182,082	(254)	-	(254)	39	-	-	39
Interest rate contracts											
- Interest rate swaps	110,040	1,367,203	822,461	2,299,704	550	7,333	17,512	569	17,843	9,146	27,558
	4,133,535	1,618,997	822,461	6,574,993	24,455	10,187	44,271	14,467	20,548	9,146	44,161
<b>As at 31 December 2012</b>											
<b>Trading derivatives</b>											
Foreign exchange contracts											
- Currency forwards	921,492	-	-	921,492	9,504	-	9,504	2,870	-	-	2,870
- Cross currency swaps	2,808,764	251,794	-	3,060,558	31,273	4,384	35,657	20,358	3,367	-	23,725
Interest rate contracts											
- Interest rate swaps	107,156	1,358,870	970,011	2,436,037	563	7,611	20,854	624	21,309	11,032	32,965
	3,837,412	1,610,664	970,011	6,418,087	41,340	11,995	66,015	23,852	24,676	11,032	59,560

#### **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 year, the notional amount of foreign exchange exposure which was not hedged and hence, exposed to market risk was RM48.5 million (FYE 31/12/2012: RM0.6 million), while the notional amount of interest rate contract was RM1.05 billion (FYE 31/12/2012: RM1.22 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 RM73.0 million (FYE 31/12/2012: RM112.7 million) and RM78.4 million (FYE 31/12/2012: RM88.6 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 2012.

## A25. CAPITAL ADEQUACY

With effect from 1 January 2013, the total capital and capital adequacy ratios of the Group are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework (Capital Components) dated 28 November 2012. In line with the transitional arrangements under the Bank Negara Malaysia's Capital Adequacy Framework (Capital Components), the minimum capital adequacy requirement for Common Equity Tier I ("CET I") Capital Ratio and Tier I Capital Ratio are 3.5% and 4.5% respectively for year 2013. The minimum regulatory capital adequacy requirement remains at 8.0% (2012: 8.0%) for total capital ratio.

All banking subsidiaries namely, AFFIN Bank, AFFIN Islamic Bank and AFFIN Investment Bank have complied with the above minimum regulatory capital adequacy requirement as at 31 March 2013. The components of Tier I and Tier II capital, breakdown of risk-weighted assets and capital adequacy ratios of the banking subsidiaries as at the reporting date are summarised below :-

	AFFIN Bank		AFFIN Islamic Bank		AFFIN Investment Bank	
	31/03/2013	31/12/2012	31/03/2013	31/12/2012	31/03/2013	31/12/2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>a) The components of the Tier I and Tier II capital :-</b>						
<u>Tier I capital</u>						
Share capital	1,518,337	1,518,337	360,000	360,000	222,246	222,246
Share premium	529,337	529,337	-	-	142,270	142,270
Statutory reserves	1,017,200	1,017,200	143,451	143,451	184,163	184,163
Retained profit/(loss)	568,503	659,603	148,950	148,950	41,375	65,544
Unrealised gains/losses on AFS	79,946	-	2,329	-	19,209	-
	<u>3,713,323</u>	<u>3,724,477</u>	<u>654,730</u>	<u>652,401</u>	<u>609,263</u>	<u>614,223</u>
Less: Regulatory adjustments:-						
- Goodwill	(137,323)	(137,323)	-	-	(53,061)	(53,061)
- Deferred tax assets/(liabilities)	(10,227)	(10,227)	(600)	(600)	-	-
- 55% of cumulative gains of AFS	(43,970)	N/A	(1,281)	N/A	(10,565)	N/A
- Investments in subsidiaries	-	N/A	-	N/A	(6,474)	N/A
Total CET I Capital (a)	<u>3,521,803</u>	<u>N/A</u>	<u>652,849</u>	<u>N/A</u>	<u>539,163</u>	<u>N/A</u>
Total Tier I Capital (a)	<u>3,521,803</u>	<u>3,576,927</u>	<u>652,849</u>	<u>651,801</u>	<u>539,163</u>	<u>561,162</u>
<u>Tier II capital</u>						
Subordinated loans	810,000	900,000	-	-	-	-
Collective impairment #	129,947	128,568	23,495	23,782	7,277	8,189
Less: - Investment in subsidiaries	(387,419)	(387,389)	-	-	(7,277)	(13,751)
- Investment in capital instruments of other banking institutions	-	(10,034)	(650)	-	-	(1,964)
Total Tier II capital (b)	<u>552,528</u>	<u>631,145</u>	<u>22,845</u>	<u>23,782</u>	<u>-</u>	<u>(7,526)</u>
Total Tier I & II capital (a) + (b)	<u>4,074,331</u>	<u>4,208,072</u>	<u>675,694</u>	<u>675,583</u>	<u>539,163</u>	<u>553,636</u>
Capital base before proposed dividends	4,074,331	4,208,072	675,694	675,583	539,163	553,636
Proposed dividends	-	(91,100)	-	-	-	(24,169)
<b>Capital base after proposed dividends</b>	<b><u>4,074,331</u></b>	<b><u>4,116,972</u></b>	<b><u>675,694</u></b>	<b><u>675,583</u></b>	<b><u>539,163</u></b>	<b><u>529,467</u></b>
<b>b) The breakdown of risk-weighted assets :-</b>						
Credit risk	29,362,632	28,731,138	4,105,295	4,135,300	1,504,453	1,534,927
Market risk	201,036	258,838	2,414	1,782	21,813	33,351
Operational risk	1,873,447	1,864,563	327,161	323,284	241,419	242,878
<b>Total risk-weighted assets</b>	<b><u>31,437,115</u></b>	<b><u>30,854,539</u></b>	<b><u>4,434,870</u></b>	<b><u>4,460,366</u></b>	<b><u>1,767,685</u></b>	<b><u>1,811,156</u></b>
<b>c) Capital adequacy ratios :-</b>						
<u>Before deducting proposed dividends:-</u>						
CET I Capital Ratio	11.20%	N/A	14.72%	N/A	30.50%	N/A
Tier I Capital Ratio / Core Capital Ratio	11.20%	11.59%	14.72%	14.61%	30.50%	30.98%
Total Capital Ratio / Risk-weighted capital ratio (RWCR)	<u>12.96%</u>	<u>13.64%</u>	<u>15.24%</u>	<u>15.15%</u>	<u>30.50%</u>	<u>30.57%</u>
<u>After deducting proposed dividends:-</u>						
CET I Capital Ratio	11.20%	N/A	14.72%	N/A	30.50%	N/A
Tier I Capital Ratio / Core Capital Ratio	11.20%	11.30%	14.72%	14.61%	30.50%	29.65%
Total Capital Ratio / Risk-weighted capital ratio (RWCR)	<u>12.96%</u>	<u>13.34%</u>	<u>15.24%</u>	<u>15.15%</u>	<u>30.50%</u>	<u>29.23%</u>

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

The Group is currently adopting the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk.



**A26. OPERATIONS OF ISLAMIC BANKING**

**(i) Unaudited Islamic Statements of Financial Position**

	Group	
	31/03/2013 RM'000	31/12/2012 RM'000
<b>ASSETS</b>		
Cash and short-term funds	2,477,355	4,076,266
Deposits and placements with banks and other financial institutions	150,173	250,086
Financial investments available-for-sale	1,995,848	1,979,812
Loans, advances and financing	5,171,763	5,143,356
Other assets	39,041	67,062
Statutory deposit with Bank Negara Malaysia	198,000	201,500
Investment in jointly controlled entity	194	60
Property and equipment	2,825	3,027
Intangible assets	2,259	2,458
<b>TOTAL ASSETS</b>	<b>10,037,458</b>	<b>11,723,627</b>
<b>LIABILITIES, ISLAMIC BANKING FUNDS</b>		
Deposits from customers	7,601,659	9,042,261
Deposits and placements of banks and other financial institutions	1,364,352	1,839,724
Other liabilities	391,044	176,817
Provision for tax	8,400	9,560
Deferred tax liabilities	751	266
<b>Total Liabilities</b>	<b>9,366,206</b>	<b>11,068,628</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	360,000	360,000
Reserves	311,252	294,999
<b>Total Equity</b>	<b>671,252</b>	<b>654,999</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>10,037,458</b>	<b>11,723,627</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	<b>1,472,842</b>	<b>1,569,943</b>

**A26. OPERATIONS OF ISLAMIC BANKING (cont.)**

**(ii) Unaudited Islamic Income Statements**

	<-----Group----->			
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	104,595	111,541	104,595	111,541
Income derived from investment of Shareholders' funds	7,271	4,842	7,271	4,842
Allowance for losses on financing	(186)	(119)	(186)	(119)
	111,680	116,264	111,680	116,264
Income attributable to depositors	(64,028)	(71,526)	(64,028)	(71,526)
Income attributable to shareholders	47,652	44,738	47,652	44,738
Other operating expenses	(25,116)	(24,015)	(25,116)	(24,015)
	22,536	20,723	22,536	20,723
Share of results of a jointly controlled entity	(16)	(37)	(16)	(37)
Profit before taxation	22,520	20,686	22,520	20,686
Taxation	(5,416)	(5,085)	(5,416)	(5,085)
Net profit for the financial period attributable to the equity holders of the Company	17,104	15,601	17,104	15,601

**(ii) Unaudited Statements of Comprehensive Islamic Income**

	<-----Group----->			
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	RM'000	RM'000	RM'000	RM'000
Profit after taxation	17,104	15,601	17,104	15,601
Other comprehensive income:				
- Net fair value change in financial investments available-for-sale	(1,135)	(3,649)	(1,135)	(3,649)
- Deferred tax on revaluation of financial investments available-for-sale	284	910	284	910
Other comprehensive income for the financial period, net of tax	(851)	(2,739)	(851)	(2,739)
<b>Total comprehensive income for the financial period attributable to the equity holders of the Company</b>	<b>16,253</b>	<b>12,862</b>	<b>16,253</b>	<b>12,862</b>

**A26. OPERATIONS OF ISLAMIC BANKING (cont.)**

	Group	
	31/03/2013 RM'000	31/12/2012 RM'000
<b>(iii) <u>Financing</u></b>		
<u>By type</u>		
Cash line	214,785	187,020
Term financing		
- Housing financing	1,581,515	1,511,961
- Syndicated term financing	263,181	259,993
- Hire purchase receivables	1,521,112	1,438,230
- Business term financing	1,313,205	1,458,138
Bills financing	840	390
Trust receipts	13,873	28,445
Interest-free accepted bills	138,664	133,577
Staff financing	11,469	10,899
Revolving credit	183,085	184,734
	5,241,729	5,213,387
Less : Allowance for impairment		
- Collective impairment	(35,433)	(34,936)
- Individual impairment	(34,533)	(35,095)
<b>Total net financing</b>	<b>5,171,763</b>	<b>5,143,356</b>

**(iv) Impaired financing**

**(a) Movements of impaired financing**

Balance at the beginning of financial period/year	129,792	172,344
Classified as impaired during the financial period/year	16,421	67,040
Reclassified as non-impaired during the financial period/year	(10,720)	(80,004)
Amount recovered during the financial period/year	(2,506)	(21,384)
Amount written-off during the financial period/year	-	(8,204)
Balance at the end of financial period/year	<b>132,987</b>	<b>129,792</b>

**A26. OPERATIONS OF ISLAMIC BANKING (cont.)**

	Group	
	31/03/2013	31/12/2012
	RM'000	RM'000
<b>(iv) Impaired financing (cont.)</b>		
<b>(b) <u>Movements in the allowance for impairment on financing</u></b>		
<b>Collective impairment</b>		
Balance at the beginning of financial period/year	34,936	60,709
Additional/(writeback of) allowance for impairment during the financial period/year	497	(17,569)
Amount written-off during the financial period/year	-	(8,204)
Balance at the end of financial period/year	<u>35,433</u>	<u>34,936</u>
<b>Individual impairment</b>		
Balance at the beginning of financial period/year	35,095	34,927
Allowance for impairment during the financial period/year	238	2,823
Amount recovered during the financial period/year	(31)	(170)
Unwinding of discount of allowance	(769)	(2,485)
Balance at the end of financial period/year	<u>34,533</u>	<u>35,095</u>
<b>(v) Deposits from customers</b>		
<b><u>By type of deposits</u></b>		
<b>Non-Mudharabah Funds</b>		
Demand deposits	2,163,193	2,604,233
Savings deposits	235,239	221,111
	<u>2,398,432</u>	<u>2,825,344</u>
<b>Mudharabah Funds</b>		
Demand deposits	31,404	31,496
Savings deposits	112,188	112,378
General investment deposits	4,346,056	5,239,911
Special investment deposits	713,579	833,132
	<u>5,203,227</u>	<u>6,216,917</u>
Total deposits from customers	<u>7,601,659</u>	<u>9,042,261</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 pretax profit of RM203.5 million for the current financial quarter ended 31 March 2013, a decrease of RM10.4 million or 4.9% as compared to RM213.9 million for the preceding year's corresponding quarter. This was mainly due to lower share of results in associate and lower write-back of securities impairment of RM19.0 million and RM9.5 million respectively, partially cushioned by the increase in net interest income, Islamic banking income and other operating income totalling RM10.3 million and higher write-back of allowance for loan impairment of RM9.0 million for the quarter under review.

Commercial Banking

The results of the commercial banking segment was mainly attributable to the AFFIN Bank Berhad ("ABB") Group which registered a pretax profit of RM185.1 million for the current financial quarter as compared to RM166.3 million for the preceding year's corresponding quarter. The improved performance was mainly due to the increase in net interest income, Islamic banking income and other operating income totalling RM15.3 million, higher write-back of allowance for loan impairment of RM6.1 million net of higher overhead expenses of RM2.5 million. Its wholly-owned subsidiary namely AFFIN Islamic Bank Berhad had also achieved a higher pretax profit of RM22.5 million for the quarter under review as compared to RM20.7 million for the same quarter previous year, mainly due to higher operating income.

Investment Banking

The results of the investment banking segment was attributed to the AFFIN Investment Bank Berhad ("AIBB") group which reported a lower pretax profit of RM16.6 million for the current financial quarter as compared to RM25.0 million for the preceding year's corresponding quarter. This was mainly due to lower write-back of allowance for securities impairment of RM9.5 million and reduction in both net interest income and other operating income totalling RM4.5 million, net of lower overhead expenses of RM2.8 million and a write-back of allowance for loan impairment of RM1.4 million for the quarter under review as compared to a charge of RM1.5 million for the preceding year's corresponding quarter. As for AFFIN Fund Management Berhad (a wholly-owned subsidiary of AIBB), the Company reported a higher pretax profit of RM1.2 million for the current financial quarter as compared to RM0.8 million for the preceding year's corresponding quarter, mainly due to higher management fees of RM0.8 million net of higher overhead expenses of RM0.3 million.

Insurance

The results of the insurance segment was 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 profit of RM0.5 million for the current financial quarter as compared to RM1.0 million for the preceding year's corresponding quarter. The performance for the current financial quarter was lower as there was a gain of RM1.1 million from disposal of corporate bonds and favourable claim experience in the 1st quarter of 2012. This was partially mitigated by the overall growth in the life business for the period under review. Included in the share of results in jointly controlled entity of RM0.5 million for the quarter under review was an adjustment of RM0.2 million on under-recognition of Group's share of profit in AALI for the previous financial year.

AXA AFFIN General Insurance Berhad ("AAGI") reported a lower pretax profit of RM2.5 million for the current financial quarter as compared to RM64.5 million for the preceding year's corresponding quarter, mainly due to reduction in earned premium of RM48.4 million as well as the increase in net claims, overhead expenses and net commission incurred of RM8.1 million, RM3.0 million and RM2.5 million respectively. In the previous financial year, there was a one-off adjustment of RM53.2 million on the release of Unearned Premium Reserve ("UPR") due to a change in the methodology of UPR computation.

Other business segment

The results of the other business segment was mainly attributable to AFFIN Moneybrokers Sdn Bhd ("AMB") which reported a slightly lower pretax profit of RM0.5 million for the current financial quarter as compared to RM0.7 million for the preceding year's corresponding quarter, mainly due to lower net brokerage income.

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

The Group reported a lower pretax profit of RM203.5 million for the current financial quarter as compared to RM212.4 million for the preceding quarter ended 31 December 2012. This was mainly due to the reduction in net interest income, other operating income and Islamic banking income totalling RM16.4 million, lower write-back of allowance for loan impairment of RM6.8 million, net of the write-back of allowance for securities impairment of RM0.2 million as compared to a charge of RM9.8 million for the preceding quarter ended 31 December 2012.

## **B3. PROSPECT FOR FINANCIAL YEAR 2013**

### Commercial Banking

AFFIN Bank is confident that the domestic economy still holds much opportunity for business growth and intends to pursue these opportunities prudently. The Bank will continue to ensure that loans portfolio is well managed through proactive account management.

Moving forward, the Bank will also continue to balance its exposure between business and consumer loans. Within business banking, focus will be given to SMEs and contract financing loans so as to diversify the risk as well as ensuring better return. For consumer segment, focus will be on financing of new cars as well as mortgage loans in selected areas.

The Bank will also continue to leverage on Group synergy by exploring potential business opportunities with the Lembaga Tabung Angkatan Tentera / Boustead Group of Companies.

### Investment Banking

AFFIN Investment Bank continues to be cautiously optimistic on its business prospects for the rest of the financial year notwithstanding the current uncertain global growth prospects. In 2013, domestic demand, particularly private consumption and investment will continue to be the main drivers of economic growth in Malaysia. The country's real GDP growth is expected to expand by +5% in 2013 (+5.6% in 2012), against the official projection of +5.0 to 6.0%.

The downside risks are associated with the possibility of a shock emanating from the unresolved euro area sovereign debt crisis. Domestic demand conditions remain relatively strong and will likely cushion the risk of a slower increase in exports if external environment deteriorates. Domestic demand is expected to come from the ongoing implementation of projects under the Economic Transformation Programme (ETP).

Supported by domestic demand, AFFIN Investment Bank is cautiously optimistic that opportunities still exist in the capital market activities (Bond Issues, Mergers & Acquisitions and spin-offs), as a result of more realistic asset pricing expectations, re-financing requirements and industry consolidation / joint ventures triggered capital advisory works.

### Insurance

#### AXA AFFIN Life Insurance ("AALI")

AALI had been expanding new business rapidly for the past years. AALI remains focused on a multi distribution strategy and is expected to grow in line with the life insurance industry expected growth of 8% to 10% this year.

#### AXA AFFIN General Insurance ("AAGI")

The thrust for 2013 is to keep momentum of growth in market segments and distribution channels to accelerate the development in fast-growing markets and to provide quality service. Strategies and action plans to achieve these, including innovation with new SME's products, have been put in place and AAGI is optimistic that its goals for 2013 will be realised.

#### B4. HEADLINE KEY PERFORMANCE INDICATOR ("KPI") FOR YEAR 2013

Based on the current performance, the Board of Directors is of view that the Group will be on track to achieve the following announced headline Key Performance Indicators (KPIs) for the financial year 2013 :-

<u>Headline KPIs</u>	As announced for financial year 2013	<-----Actual Achieved----->	
		3 months ended 31/3/2013	3 months ended 31/3/2012
(i) After Tax Returns on Equity (ROE)	10.1%	2.5%	2.9%
(ii) After Tax Returns on Assets (ROA)	1.1%	0.3%	0.3%
(iii) Gross Impaired Loan Ratio	2.2%	2.2%	2.9%
(iv) Earnings Per Share (EPS)	42.08 sen	10.09 sen	11.11 sen

#### 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 31/03/2013 RM'000	31/03/2012 RM'000	Cumulative Quarter Ended 31/03/2013 RM'000	31/03/2012 RM'000
Malaysian Taxation:-				
- Income tax based on profit for the financial year	35,777	39,982	35,777	39,982
Deferred tax:-				
- Relating to originating temporary differences	11,055	7,836	11,055	7,836
Under provision in prior years:-				
- Current taxation	5,642	-	5,642	-
	<b>52,474</b>	<b>47,818</b>	<b>52,474</b>	<b>47,818</b>

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

#### B7. STATUS OF CORPORATE PROPOSALS

##### Proposed Acquisition of Hwang-DBS (Malaysia) Berhad ("Proposed Acquisition")

On 15 April 2013, the Board of Directors of AFFIN Holdings Berhad ("AHB") announced that Bank Negara Malaysia ("BNM") had vide its letter dated 12 April 2013 stated that it had no objection for AHB to commence preliminary negotiations with Hwang-DBS (Malaysia) Berhad ("HDBS") to acquire and merge the business of HwangDBS Investment Bank Berhad including other financial services business of HDBS with AFFIN banking group ("Proposed Acquisition").

The said approval to commence negotiations is valid for a period of six (6) months and should not be construed as an approval for the Proposed Acquisition. AFFIN would be required to obtain the prior approval of the Minister of Finance, with the recommendation of BNM, pursuant to the Banking and Financial Institutions Act 1989 or the new Financial Services Act 2013, before entering into any agreement to effect the Proposed Acquisition.

Further announcements will be made to Bursa Malaysia Securities Berhad as and when there are material developments pertaining to the Proposed Acquisition.

**B8. GROUP BORROWINGS AND DEBT SECURITIES**

	Group	
	31/03/2013	31/12/2012
	RM'000	RM'000
<b>(i) <u>Deposits from Customers</u></b>		
<u>By Type of Deposits:-</u>		
Money Market Deposits	932,649	859,141
Demand Deposits	7,021,124	7,349,979
Savings Deposits	1,855,092	1,710,748
Fixed Deposits	26,476,472	26,808,102
Negotiable Instruments of Deposits ('NIDs')	5,816,102	5,383,884
Special Investment Deposits	713,579	833,132
	42,815,018	42,944,986
 Maturity structure of fixed deposits and NIDs are as follows:-		
Due within six months	23,811,864	25,383,497
Six months to one year	8,152,389	6,469,401
One year to three years	34,025	137,768
Three years to five years	284,153	201,320
Five years and above	10,143	-
	32,292,574	32,191,986
 <u>By Type of Customers:-</u>		
Government and statutory bodies	7,534,419	7,480,566
Business enterprises	12,465,117	13,808,996
Individuals	9,491,669	8,974,563
Others	13,323,813	12,680,861
	42,815,018	42,944,986
 <b>(ii) <u>Deposits and Placements of Banks and Other Financial Institutions</u></b>		
<u>By Type of Institutions:-</u>		
Licensed banks	3,005,932	3,436,442
Licensed investment banks	362,744	114,135
Bank Negara Malaysia	618,262	612,055
Other financial institutions	826,209	425,577
	4,813,147	4,588,209
 <u>By Maturity Structure:-</u>		
Due within six months	4,630,983	4,587,226
Six months to one year	182,164	983
	4,813,147	4,588,209
 <b>(iii) <u>Borrowings</u></b>		
Unsecured - more than one year (medium/long-term)	972,115	972,343



## B9. REALISED AND UNREALISED UNAPPROPRIATED 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	
	31/03/2013 RM'000	31/12/2012 RM'000
<u>Total retained profits of AFFIN Holdings Berhad and its's subsidiaries</u>		
- Realised	1,624,914	1,450,553
- Unrealised		
- deferred tax recognised in the income statement	3,830	14,579
- other items of income and expense	30,821	45,250
	1,659,565	1,510,382
<u>Total share of retained profits in associate:-</u>		
- Realised	165,233	167,302
- Unrealised	2,535	2,452
<u>Total share of accumulated losses in jointly controlled entities:-</u>		
- Realised	(20,004)	(20,511)
	1,807,329	1,659,625
Add: Consolidation adjustments	90,595	87,465
Total Group retained profits as per consolidated financial statements	1,897,924	1,747,090

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. 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 May 2009 is maintained, lead banker will seek contribution from the lenders, including the Bank. The Bank's share is about RM34.65 million.

The lead banker and agent appealed to the Court of Appeal against the High Court decision. An effort at mediation on 9 March 2012 failed as the parties could not come to a settlement. Hearing dates were then fixed for the appeal. The appeal has been argued twice before the Court of Appeal i.e. on 3 August 2012 and 9 November 2012. The hearing was continued on 23 January 2013 and 31 January 2013 and the Court of Appeal reserved its decision to a date to be fixed later.

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) Other than the above, there are various other legal suits against AFFIN Bank Berhad ("ABB") in respect of claims and counter claims of approximately RM70.5 million (31 December 2012: RM73.8 million). Based on legal advice, the Directors of the Bank are of the opinion that no provision for damages need to be made in the financial statements, as the probability of adverse adjudication against ABB is remote.

## B11. PROPOSED DIVIDENDS

No dividend has been proposed for the quarter under review.

## B12. EARNINGS PER SHARE

	-----Group----->			
	<u>Individual Quarter Ended</u>		<u>Cumulative Quarter Ended</u>	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012
Net profit attributable to equity holders of the Company (RM'000)	<b>150,834</b>	166,025	<b>150,834</b>	166,025
Weighted average number of ordinary shares in issue	<b>1,494,575,806</b>	1,494,575,806	<b>1,494,575,806</b>	1,494,575,806
Basic and diluted earnings per share (sen)	<b>10.09</b>	11.11	<b>10.09</b>	11.11

The basic and diluted earnings per share of the Group for the current financial quarter ended 31 March 2013 have been calculated based on the net profit attributable to the equity holders of the company of RM150,834,000 (31 March 2012: RM166,025,000) divided by the weighted average number of ordinary shares in issue during the current financial quarter of 1,494,575,806 (31 March 2012: 1,494,575,806).

## B13. ECONOMIC PROFIT/(LOSS)

	-----Group----->			
	<u>Individual Quarter Ended</u>		<u>Cumulative Quarter Ended</u>	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	150,834	166,025	150,834	166,025
Less: Economic charge	(150,658)	(138,238)	(150,658)	(138,238)
Economic profit for the financial period	<b>176</b>	<b>27,787</b>	<b>176</b>	<b>27,787</b>

### 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