

AFFIN HOLDINGS BERHAD

(Company no. 23218 - W)

Condensed Interim Financial Statements

Unaudited Statements of Financial Position As At 30 September 2012

	Note	<----- GROUP ----->			<----- COMPANY ----->	
		30/9/2012	31/12/2011 (Restated)	31/12/2010 (Restated)	30/9/2012	31/12/2011
		RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS						
Cash and short-term funds		8,200,891	9,675,118	8,632,085	153,255	67,333
Deposits and placements with banks and other financial institutions		426,765	279,458	18,093	4,375	216,396
Financial assets held-for-trading	A9	61,008	149,832	149,945	-	-
Financial investments available-for-sale	A9	9,329,074	9,122,892	8,592,533	-	-
Financial investments held-to-maturity	A9	612,058	650,923	536,548	-	-
Loans, advances and financing	A10	33,088,793	30,436,846	26,574,066	-	-
Derivative financial assets		60,150	47,023	51,626	-	-
Statutory deposits with Bank Negara Malaysia		1,401,779	1,410,141	275,167	-	-
Investment in subsidiaries		-	-	-	3,736,914	3,536,914
Amount due from subsidiary		-	-	-	904,882	603,062
Investment in jointly controlled entities		128,443	115,430	113,311	146,880	135,660
Investment in associate		181,497	155,548	152,779	10,597	10,597
Amount due from associate		67,226	67,257	91,828	67,226	67,257
Trade receivables	A11	194,026	160,239	270,012	-	-
Other assets	A12	73,367	177,174	218,686	354	384
Tax recoverable		35,364	30,445	76,291	5,517	4,519
Deferred tax assets		437	470	10,180	-	-
Property and equipment		180,432	178,649	176,897	714	895
Intangible assets		1,008,056	1,013,419	1,011,867	6	9
TOTAL ASSETS		55,049,366	53,670,864	46,951,914	5,030,720	4,643,026
LIABILITIES AND EQUITY						
Deposits from customers	B7	41,525,547	39,363,414	33,247,279	-	-
Deposits and placements of banks and other financial institutions	B7	5,103,987	6,867,047	6,852,598	-	-
Bills and acceptances payable		136,042	82,059	110,161	-	-
Trade payables		187,627	156,908	258,802	-	-
Recourse obligation on loans sold to Cagamas Berhad		417,329	428,459	288,891	-	-
Derivative financial liabilities		64,418	96,954	70,195	-	-
Other liabilities	A13	504,799	377,024	505,299	5,338	5,534
Amount due to subsidiaries		-	-	-	589,303	589,313
Provision for taxation		63,793	16,401	188	-	-
Deferred tax liabilities		15,696	20,729	25,082	187	587
Borrowings	B7	972,398	669,645	392,386	972,398	669,645
TOTAL LIABILITIES		48,991,636	48,078,640	41,750,881	1,567,226	1,265,079

AFFIN HOLDINGS BERHAD
(Company no. 23218 - W)
Condensed Interim Financial Statements
Unaudited Statements of Financial Position As At 30 September 2012

	<----- GROUP ----->			<----- COMPANY ----->	
	30/9/2012	31/12/2011 (Restated)	31/12/2010 (Restated)	30/9/2012	31/12/2011
Note	RM'000	RM'000	RM'000	RM'000	RM'000
EQUITY					
Share capital	1,494,576	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	1,400,410
Statutory reserve	1,250,683	1,127,843	990,543	-	-
AFS revaluation reserve	99,284	102,339	84,631	-	-
Retained profits	1,812,777	1,467,056	1,230,873	568,508	482,961
TOTAL EQUITY	6,057,730	5,592,224	5,201,033	3,463,494	3,377,947
TOTAL LIABILITIES AND EQUITY	55,049,366	53,670,864	46,951,914	5,030,720	4,643,026
COMMITMENTS AND CONTINGENCIES	21,839,637	20,067,994	18,901,770	-	-
CAPITAL ADEQUACY					
<u>Before deducting proposed dividends:</u>					
Core capital ratio	A25 11.99%	10.90%	12.64%		
Risk-weighted capital ratio	A25 14.78%	12.78%	13.92%		
<u>After deducting proposed dividends:</u>					
Core capital ratio	A25 11.56%	10.66%	12.33%		
Risk-weighted capital ratio	A25 14.35%	12.55%	13.61%		
NET ASSETS PER SHARE (RM)	4.05	3.74	3.48		

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

AFFIN HOLDINGS BERHAD

(Company no. 23218 - W)

Condensed Interim Financial Statements

Unaudited Income Statements For The Financial Period Ended 30 September 2012

<u>Group</u>	Note	<----Individual Quarter Ended ---->		<---Cumulative Quarter Ended --->	
		30/9/2012 RM'000	30/9/2011 RM'000	30/9/2012 RM'000	30/9/2011 RM'000
Revenue		773,040	682,252	2,228,599	1,953,601
Interest income	A14	537,790	509,121	1,580,238	1,453,704
Interest expense	A15	(309,639)	(294,184)	(902,743)	(801,411)
Net interest income		228,151	214,937	677,495	652,293
Islamic banking income		51,117	47,482	146,505	140,404
Other operating income	A16	116,415	69,065	309,461	228,429
Operating income		395,683	331,484	1,133,461	1,021,126
Other operating expenses	A17	(170,098)	(162,479)	(515,917)	(495,452)
Operating profit before allowance for impairment on loans, advances and financing		225,585	169,005	617,544	525,674
Allowance for impairment on loans, advances and financing	A18	(7,638)	50,246	(1,058)	24,203
Allowance for impairment on other assets	A19	33	70	9,420	1,061
Transfer to profit equalisation reserve		-	(70)	-	(204)
Operating profit		217,980	219,251	625,906	550,734
Finance cost		(10,717)	(6,906)	(30,313)	(15,635)
Share of results of jointly controlled entities		751	1,916	568	(4,562)
Share of results of associate		3,892	1,969	25,169	3,937
Profit before taxation and zakat		211,906	216,230	621,330	534,474
Taxation	B5	(49,814)	(75,379)	(145,893)	(152,903)
Zakat		(384)	(5,653)	(6,876)	(6,119)
Net profit for the financial period attributable to equity holders of the Company		161,708	135,198	468,561	375,452
Earnings per share attributable to the equity holders of the Company (sen)					
- Basic and fully diluted	B11	10.82	9.05	31.35	25.12

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 30 September 2012

<u>Group</u>	<---Individual Quarter Ended --->		<---Cumulative Quarter Ended --->	
	30/9/2012	30/9/2011	30/9/2012	30/9/2011
	RM'000	RM'000	RM'000	RM'000
Profit after taxation and zakat	<u>161,708</u>	<u>135,198</u>	<u>468,561</u>	<u>375,452</u>
Other comprehensive income:				
- Net change in fair value of financial investments available-for-sale	3,953	11,436	(5,034)	13,325
- Deferred tax on revaluation of financial investments available-for-sale	(823)	(2,778)	1,979	(3,406)
Other comprehensive income for the period, net of tax	<u>3,130</u>	<u>8,658</u>	<u>(3,055)</u>	<u>9,919</u>
Total comprehensive income for the financial period attributable to the equity holders of the Company	<u>164,838</u>	<u>143,856</u>	<u>465,506</u>	<u>385,371</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.

AFFIN HOLDINGS BERHAD
 (Company no. 23218 - W)
Condensed Interim Financial Statements
Unaudited Income Statements For The Financial Period Ended 30 September 2012

<u>Company</u>	<----Individual Quarter Ended ---->		<----Cumulative Quarter Ended ---->	
	30/9/2012 RM'000	30/9/2011 RM'000	30/9/2012 RM'000	30/9/2011 RM'000
Revenue	13,101	10,140	126,402	118,592
Interest income	13,101	10,140	38,881	24,404
Interest expense	-	-	-	-
Net interest income	13,101	10,140	38,881	24,404
Islamic banking income	-	-	-	-
Other operating income	-	-	87,521	94,236
Operating income	13,101	10,140	126,402	118,640
Other operating expenses	(1,881)	(1,597)	(6,206)	(5,751)
Operating profit before allowance for impairment on loans, advances and financing	11,220	8,543	120,196	112,889
Allowance for impairment on loans, advances and financing	-	-	-	-
Allowance for impairment on other assets	-	-	-	-
Operating profit	11,220	8,543	120,196	112,889
Finance cost	(10,717)	(6,906)	(30,313)	(15,635)
Profit before taxation and zakat	503	1,637	89,883	97,254
Taxation	(246)	(1,238)	(4,336)	(7,463)
Net profit for the financial period attributable to equity holders of the Company	257	399	85,547	89,791

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 30 September 2012

<u>Company</u>	<----Individual Quarter Ended ---->		<---Cumulative Quarter Ended --->	
	30/9/2012	30/9/2011	30/9/2012	30/9/2011
	RM'000	RM'000	RM'000	RM'000
Profit after taxation and zakat	257	399	85,547	89,791
Other comprehensive income	-	-	-	-
Total comprehensive income for the financial period attributable to equity holders of the Company	257	399	85,547	89,791

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 30 September 2012

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 reserve RM'000	Total Equity RM'000
At 1 January 2012	1,494,576	1,494,576	1,494,576	1,400,410	1,127,843	102,339	5,592,224
Net profit for the financial period	-	-	-	-	-	-	468,561
Other comprehensive income	-	-	-	-	-	(3,055)	(3,055)
Total comprehensive income for the financial period	-	-	-	-	-	(3,055)	468,561
Transfer to statutory reserve	-	-	-	-	122,840	-	(122,840)
At 30 September 2012	1,494,576	1,494,576	1,494,576	1,400,410	1,250,683	99,284	6,057,730
At 1 January 2011	1,494,576	1,494,576	1,494,576	1,400,410	990,543	84,631	5,201,033
Net profit for the financial period	-	-	-	-	-	-	375,452
Other comprehensive income	-	-	-	-	-	9,919	9,919
Total comprehensive income for the financial period	-	-	-	-	-	9,919	375,452
Transfer to statutory reserve	-	-	-	-	100,716	-	(100,716)
At 30 September 2011	1,494,576	1,494,576	1,494,576	1,400,410	1,091,259	94,550	5,586,404

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 30 September 2012

<u>COMPANY</u>	<-----Attributable to Equity Holders of the Company----->				
	Issued and fully paid ordinary shares of RM1 each	Nominal value RM'000	Non-distributable Share premium RM'000	Distributable Retained profits RM'000	Total Equity RM'000
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	-	-	-	85,547	85,547
At 30 September 2012	1,494,576	1,494,576	1,400,410	568,508	3,463,494
At 1 January 2011	1,494,576	1,494,576	1,400,410	395,572	3,290,558
Total comprehensive income for the financial period					
- Net profit for the financial period	-	-	-	89,791	89,791
At 30 September 2011	1,494,576	1,494,576	1,400,410	485,363	3,380,349

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 30 September 2012

	<----- 9 Months Ended ----->	
	30/9/2012	30/9/2011 (Restated)
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and zakat	621,330	534,474
Adjustment for non-operating and non-cash items	(292,611)	(57,681)
Operating profit before changes in working capital	328,719	476,793
Net changes in operating assets	(2,681,830)	(3,766,566)
Net changes in operating liabilities	561,008	3,289,995
Payment of tax and zakat	(109,910)	(126,101)
Tax refund	2	10,650
Net cash used in operating activities	(1,902,011)	(115,229)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from securities	227,405	220,786
Net (purchase)/disposal of:		
- securities	(94,853)	(782,576)
- property and equipment	(20,456)	(26,975)
- intangible assets	(1,541)	(1,681)
Dividend received from:		
- financial investments held-to-maturity/available-for-sale	2,511	4,175
Proceeds from disposal of property and equipment	4,301	2,324
Proceeds from disposal of foreclosed properties	18,853	112,576
Amount due to/from associate	31	25,517
Capital injection into a jointly controlled entity	(11,220)	-
Net cash generated from/(used in) investing activities	125,031	(445,854)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in borrowings	302,753	273,924
Dividends paid to shareholders	-	(100,884)
Net cash generated from financing activities	302,753	173,040
Net increase in cash and cash equivalents	(1,474,227)	(388,043)
Cash and cash equivalents at beginning of the period	9,675,118	8,632,085
Cash and cash equivalents at end of the period	8,200,891	8,244,042
<u>Analysis of cash & cash equivalent</u>		
Cash and short-term funds	8,200,891	8,244,042
	8,200,891	8,244,042

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 30 September 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 A27.

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 does 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, the Islamic banking subsidiary of the Group, namely 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 does not have any significant financial impact to the results of the Group for the financial period under review. The effect of the change in accounting policy arising from the adoption of the revised PER Guidelines is disclosed in Note A27.

A2. ACCOUNTING POLICIES AND METHODS OF COMPUTATIONS (cont.)

- (c) Financial Reporting Standards Implementation Committee ("FRSIC") Consensus 18 "Monies Held in Trust by Participating Organisations of Bursa Malaysia Securities Berhad" issued by the Malaysian Institute of Accountants ("MIA").

During the financial quarter under review, the investment banking subsidiary of the Group, namely AFFIN Investment Bank Berhad has adopted FRSIC Consensus 18 "Monies Held in Trust by Participating Organisations of Bursa Malaysia Securities Berhad" issued MIA on 18 September 2012. This Consensus is applicable to the accounting of monies held in trust account by a participating organisation of Bursa Securities pursuant to the provisions of Capital Markets and Services Act, 2007 and Bursa Securities Rules. As stated in the Consensus, the FRSIC is opined that the recognition of trust monies as part of the participating organisation's assets with corresponding liabilities is inappropriate from the context of MFRS.

The adoption of the above Consensus does not have any impact to the results of the Group for the financial period under review but has resulted in the restatement of comparative figures in the Statements of Financial Position. The effect of the change in accounting policy arising from the adoption of FRSIC Consensus 18 is disclosed in Note A27.

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 30 September 2012.

A9. FINANCIAL ASSETS

	Group	
	30/9/2012	31/12/2011
	RM'000	RM'000
(a) <u>Financial assets held-for-trading</u>		
At fair value		
Bank Negara Malaysia Notes	-	149,832
Unquoted Securities		
- Private Debt Securities in Malaysia	61,008	-
Total financial assets held-for-trading	61,008	149,832
(b) <u>Financial investments available-for-sale</u>		
At fair value		
Malaysian Government Securities	116,322	675,045
Malaysian Government Treasury Bills	-	39,421
Malaysian Government Investment Issuance	2,572,841	3,846,939
Cagamas Bonds	151,164	181,510
Khazanah Bonds	129,089	14,262
Bankers' Acceptance and Islamic Acceptance Bills	161,027	-
Bank Negara Malaysia Notes	869,037	174,620
Negotiable Instruments of Deposit and Islamic Debt Certificate	217,978	102,121
	4,217,458	5,033,918
Quoted Securities		
- Shares in Malaysia	36,572	47,762
- Private Debt Securities in Malaysia	4,186	2,167
- Irredeemable Convertible Unsecured Loan Stock in Malaysia	4,091	4,124
Unquoted Securities		
- Shares in Malaysia	146,852	123,146
- Private Debt Securities in Malaysia	4,328,481	3,115,720
- Private Debt Securities outside Malaysia	692,492	872,823
	9,430,132	9,199,660
Allowance for impairment of securities	(101,058)	(76,768)
Total financial investments available-for-sale	9,329,074	9,122,892
(c) <u>Financial investments held-to-maturity</u>		
At amortised cost		
Quoted Securities		
- Private Debt Securities in Malaysia	31,781	34,623
Unquoted Securities		
- Private Debt Securities in Malaysia	632,834	704,232
- Redeemable Convertible Unsecured Loan Stock in Malaysia	1,554	12,919
	666,169	751,774
Allowance for impairment of securities	(54,111)	(100,851)
Total financial investments held-to-maturity	612,058	650,923
Total securities held	10,002,140	9,923,647

A10. LOANS, ADVANCES AND FINANCING

	Group	
	30/9/2012 RM'000	31/12/2011 RM'000
(a) <u>BY TYPE</u>		
Overdrafts	1,841,734	1,856,907
Term loans/financing		
- Housing loans/financing	5,046,544	4,544,089
- Syndicated term loans/financing	1,471,655	1,625,076
- Hire purchase receivables	9,383,931	8,869,439
- Other term loans/financing	11,333,770	10,448,342
Bills receivables	447,709	42,928
Trust receipts	477,891	374,449
Claims on customers under acceptance credits	811,385	694,365
Staff loans/financing (of which RM NIL to Directors)	151,890	155,279
Credit/charge cards	85,774	93,116
Revolving credit	2,550,198	2,318,313
Margin financing	59,416	45,056
Factoring	5,440	12,318
Gross loans, advances and financing	33,667,337	31,079,677
Less: Allowance for impairment		
- Collective impairment	(371,625)	(462,953)
- Individual impairment	(206,919)	(179,878)
Total net loans, advances and financing	33,088,793	30,436,846
(b) <u>BY TYPE OF CUSTOMER</u>		
Domestic banking institutions	8,006	949
Domestic non-banking institutions		
- Stock-broking companies	255	-
- Others	1,749,778	2,078,889
Domestic business enterprises		
- Small medium enterprises	8,909,723	7,605,717
- Others	8,375,526	7,940,697
Government and statutory bodies	69,393	65,487
Individuals	13,745,763	12,961,182
Other domestic entities	153,885	164,857
Foreign entities	655,008	261,899
	33,667,337	31,079,677
(c) <u>BY INTEREST / PROFIT RATE SENSITIVITY</u>		
Fixed rate		
- Housing loans/financing	311,836	289,374
- Hire purchase receivables	9,383,932	8,869,438
- Other fixed rate loans/financing	4,237,505	4,484,845
- Margin financing	59,416	45,056
Variable rate		
- BLR plus	13,476,885	11,271,790
- Cost plus	6,197,763	6,119,174
	33,667,337	31,079,677

A10. LOANS, ADVANCES AND FINANCING (cont.)

	Group	
	30/9/2012 RM'000	31/12/2011 RM'000
(d) <u>BY ECONOMIC PURPOSE</u>		
Construction	1,969,186	1,634,872
Purchase of landed property of which :-		
- Residential	5,055,918	4,654,475
- Non-residential	4,701,704	3,791,366
Purchase of securities	205,811	176,302
Purchase of transport vehicles	9,727,322	9,112,854
Fixed assets other than land and building	341,141	326,549
Personal use	924,740	827,086
Credit card	85,774	93,116
Consumer durable	934	958
Merger and acquisition	93,317	98,651
Working capital	9,989,560	9,901,757
Others	571,930	461,691
	33,667,337	31,079,677
(e) <u>BY SECTOR</u>		
Primary agriculture	551,277	539,364
Mining and quarrying	448,706	431,334
Manufacturing	2,560,018	2,294,794
Electricity, gas and water supply	143,812	172,860
Construction	3,128,911	2,553,635
Real estate	3,732,321	3,095,024
Wholesale and retail trade and restaurants and hotels	1,596,781	1,466,419
Transport, storage and communication	1,889,689	1,946,061
Finance, insurance and business services	4,327,751	4,288,464
Education, health and others	1,346,468	1,146,839
Household	13,889,091	13,092,597
Others	52,512	52,286
	33,667,337	31,079,677
(f) <u>BY MATURITY STRUCTURE</u>		
Maturing within one year	7,058,968	6,170,676
One year to three years	3,933,737	3,801,004
Three years to five years	6,313,895	5,516,248
Over five years	16,360,737	15,591,749
	33,667,337	31,079,677
(g) <u>BY GEOGRAPHICAL DISTRIBUTION</u>		
Perlis	37,076	56,604
Kedah	1,000,765	942,274
Pulau Pinang	1,651,053	1,525,797
Perak	1,049,378	917,610
Selangor	10,934,012	9,524,022
Wilayah Persekutuan	9,386,575	9,399,510
Negeri Sembilan	750,689	753,916
Melaka	768,609	696,178
Johor	2,826,615	2,631,232
Pahang	673,545	633,914
Terengganu	752,160	580,189
Kelantan	249,286	268,161
Sarawak	1,122,815	1,072,628
Sabah	1,393,031	1,272,938
Labuan	158,271	262,731
Outside Malaysia	913,457	541,973
	33,667,337	31,079,677

A10. LOANS, ADVANCES AND FINANCING (cont.)

	Group	
	30/9/2012	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	433,781	535,462
Reclassified as non-impaired during the financial period/year	(269,209)	(343,790)
Amount recovered during the financial period/year	(99,668)	(186,621)
Amount written-off during the financial period/year	(129,128)	(111,862)
Balance at the end of financial period/year	818,734	882,958
(ii) <u>Impaired loans, advances and financing by economic purpose</u>		
Construction	61,307	63,547
Purchase of landed property of which :-		
- Residential	337,796	382,814
- Non-residential	30,588	34,354
Purchase of securities	13,798	3,000
Purchase of transport vehicles	68,009	106,606
Fixed assets other than land and building	2,155	17,758
Personal use	5,658	12,699
Credit card	441	499
Consumer durable	30	33
Working capital	291,811	260,129
Others	7,141	1,519
	818,734	882,958
(iii) <u>Impaired loans, advances and financing by sector</u>		
Primary agriculture	7,660	7,855
Mining and quarrying	60	-
Manufacturing	61,913	48,663
Electricity, gas and water supply	1,661	1,928
Construction	181,795	190,682
Real estate	3,561	4,159
Wholesale and retail trade and restaurants and hotels	35,615	50,369
Transport, storage and communication	5,718	5,086
Finance, insurance and business services	88,994	51,926
Education, health and others	4,721	8,547
Household	421,611	510,089
Others	5,425	3,654
	818,734	882,958

A10. LOANS, ADVANCES AND FINANCING (cont.)

	Group	
	30/9/2012	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	212	332
Kedah	17,985	24,835
Pulau Pinang	17,114	25,585
Perak	19,631	23,884
Selangor	387,880	424,290
Wilayah Persekutuan	143,082	123,066
Negeri Sembilan	31,996	39,790
Melaka	10,944	16,229
Johor	50,748	65,744
Pahang	9,072	11,840
Terengganu	4,193	5,776
Kelantan	3,710	7,193
Sarawak	6,757	7,694
Sabah	11,278	15,533
Labuan	64	15
Outside Malaysia	104,068	91,152
	818,734	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	24,300	69,632
Amount written-off during the financial period/year	(115,628)	(12,118)
Exchange differences	-	354
Balance at the end of financial period/year	371,625	462,953
Individual impairment		
Balance at the beginning of financial period/year	179,878	185,707
Allowance made during the financial period/year	50,135	120,585
Amount recovered during the financial period/year	(1,756)	(13,696)
Allowance written-off during the financial period/year	(13,362)	(98,012)
Unwinding discount of allowance	(7,976)	(14,706)
Balance at the end of financial period/year	206,919	179,878

A11. TRADE RECEIVABLES

	Group	
	30/9/2012	31/12/2011
	RM'000	RM'000
Amount in respect of management fees receivable and cancellation of funds' units	2,492	974
Amount due from stock-broking clients	135,501	99,296
Amount due from Bursa Securities Clearing Sdn Bhd	59,827	63,752
	<u>197,820</u>	<u>164,022</u>
Less Allowance for impairment		
- Collective impairment	(211)	(211)
- Individual impairment	(3,583)	(3,572)
	<u>194,026</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	139	210
Amount recovered during the financial period/year	(128)	(624)
Balance at the end of financial period/year	<u>3,583</u>	<u>3,572</u>

A12. OTHER ASSETS

Clearing accounts	4,880	104,755
Foreclosed properties	30,290	40,950
Other debtors, deposits and prepayments	35,452	28,722
Amount due from jointly controlled entity	2,745	2,747
	<u>73,367</u>	<u>177,174</u>

A13. OTHER LIABILITIES

Bank Negara Malaysia and Credit Guarantee Corporation Funding Programmes	35,557	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	78,847	72,793
Clearing accounts	124,932	-
Defined contribution plan	12,952	11,595
Accrued employee benefits	926	1,638
Other creditors and accruals	239,245	245,852
Provision for zakat	12,340	8,546
	<u>504,799</u>	<u>377,024</u>

A14. INTEREST INCOME

	<-----Group----->			
	Individual Quarter Ended 30/9/2012 RM'000	30/9/2011 RM'000	Cumulative Quarter Ended 30/9/2012 RM'000	30/9/2011 RM'000
Loans, advances and financing	391,119	361,603	1,153,328	1,052,837
Money at call and deposit with financial institutions	48,193	37,407	133,023	103,477
Financial assets held-for-trading	246	-	436	64
Financial investments available-for-sale	69,096	71,264	207,016	204,015
Financial investments held-to-maturity	6,279	6,467	20,389	16,771
Derivatives	20,682	26,085	60,525	52,667
Others	29	22	11	80
	<u>535,644</u>	<u>502,848</u>	<u>1,574,728</u>	<u>1,429,911</u>
Accretion of discount less amortisation of premium	2,146	6,273	5,510	23,793
	<u>537,790</u>	<u>509,121</u>	<u>1,580,238</u>	<u>1,453,704</u>
The above interest income includes interest/income earned on impaired loans, advances and financing - Unwinding of discount of allowance (Net)	(713)	280	2,685	3,566

A15. INTEREST EXPENSE

Deposits and placements of banks and other financial institutions	31,853	26,391	95,590	87,956
Deposits from customers	250,124	236,962	725,086	643,167
Loans sold to Cagamas Berhad	4,951	3,485	14,986	10,560
Derivatives	22,152	26,873	65,368	58,723
Others	559	473	1,713	1,005
	<u>309,639</u>	<u>294,184</u>	<u>902,743</u>	<u>801,411</u>

A16. OTHER OPERATING INCOME

	-----Group-----			
	Individual Quarter Ended 30/9/2012 RM'000	30/9/2011 RM'000	Cumulative Quarter Ended 30/9/2012 RM'000	30/9/2011 RM'000
<u>Fees income:</u>				
Fees on loans, advances and financing	476	716	1,672	1,013
Brokerage (net)	14,683	15,423	41,873	48,478
Underwriting fees	1,944	349	2,284	547
Portfolio management fees	3,504	2,511	8,819	7,254
Corporate advisory fees	2,068	730	7,376	3,280
Commission	3,503	3,105	9,992	9,467
Service charges and fees	13,897	11,763	46,209	37,976
Guarantee fees	6,319	8,896	17,120	20,334
Arrangement fees	1,275	2,794	6,800	6,712
Agency fees	537	503	1,211	1,565
Other fee income	1,468	-	8,143	7,119
	49,674	46,790	151,499	143,745
<u>Income from financial instruments:</u>				
Gains/(losses) on financial assets held-for-trading				
- net gain on disposal	1,971	127	5,108	4,859
- unrealised losses	(138)	(8,138)	(266)	(8,262)
Gains/(losses) on derivatives				
- realised	788	200	2,382	2,382
- unrealised	3,433	(11,294)	11,934	(10,802)
Gains on financial investments available-for-sale				
- net gain on disposal	22,188	22,765	45,540	35,127
- gross dividend income	74	215	3,035	517
Gains on financial investments held-to-maturity				
- net gain on redemption	18,362	-	18,507	2,053
- gross dividend income	-	6	-	3,658
	46,678	3,881	86,240	29,532
<u>Other income:</u>				
Foreign exchange gains/(losses):				
- realised	(28,936)	17,778	17,485	53,215
- unrealised	44,171	(2,873)	31,070	(11,069)
Rental income	384	237	1,233	1,509
Net gains on disposal of property and equipment	207	10	1,230	133
Gains/(losses) on disposal of foreclosed properties	2,669	(603)	10,300	(590)
Other non-operating income	1,568	3,845	10,404	11,954
	20,063	18,394	71,722	55,152
Total Other Operating Income	116,415	69,065	309,461	228,429

A17. OTHER OPERATING EXPENSES

	<-----Group----->			
	Individual Quarter Ended 30/9/2012 RM'000	30/9/2011 RM'000	Cumulative Quarter Ended 30/9/2012 RM'000	30/9/2011 RM'000
<u>Personnel costs</u>				
Wages, salaries and bonus	80,420	72,466	239,429	220,546
Defined contribution plan	13,190	11,318	39,075	33,465
Other personnel costs	10,451	10,074	31,007	32,710
	104,061	93,858	309,511	286,721
<u>Promotion and marketing-related expenses</u>				
Business promotion and advertisement	2,237	2,542	5,083	6,055
Entertainment	1,866	707	2,933	2,352
Travelling and accommodation	961	1,132	2,948	3,093
Dealers' handling fees	373	406	885	1,268
Commission	38	152	189	446
Others	556	413	1,645	1,289
	6,031	5,352	13,683	14,503
<u>Establishment-related expenses</u>				
Rental of premises	6,953	6,728	21,045	19,998
Equipment rental	276	277	813	812
Repair and maintenance	6,777	7,863	22,792	22,318
Depreciation	5,101	5,325	15,355	16,326
Amortisation	2,239	2,382	6,915	7,301
IT consultancy fee	14,724	14,621	44,251	42,838
Dataline rental	1,034	925	3,206	2,248
Security services	3,151	2,561	8,716	7,481
Others	4,615	4,746	14,319	13,463
	44,870	45,428	137,412	132,785
<u>General administrative expenses</u>				
Telecommunication expenses	1,831	1,758	5,438	5,008
Directors' remuneration	484	409	1,501	1,285
Auditors' remuneration:-				
(i) Statutory audit	350	355	1,008	997
(ii) Over provision prior year	-	-	-	(4)
(iii) Audit related fees	154	130	235	197
(iv) Non audit fees	(25)	68	92	403
Professional fees	(795)	3,848	4,879	11,873
Provision for litigation loss	311	-	911	-
Property and equipment written off	44	65	97	418
Postage and courier charges	1,067	804	3,139	2,839
Stationery and consumables	2,596	2,311	6,957	7,345
Subscription fees	462	419	1,326	1,244
Subsidies and allowances	271	338	865	862
Transaction levy	425	396	1,136	1,284
Commissioned dealers representative performance incentive	860	897	2,407	2,619
Others	7,101	6,043	25,320	25,073
	15,136	17,841	55,311	61,443
Total other operating expenses	170,098	162,479	515,917	495,452

A18. ALLOWANCE FOR IMPAIRMENT ON LOANS AND FINANCING

	-----Group-----			
	Individual Quarter Ended 30/9/2012 RM'000	30/9/2011 RM'000	Cumulative Quarter Ended 30/9/2012 RM'000	30/9/2011 RM'000
Collective impairment				
- allowance made during the financial period	12,505	10,284	24,300	48,758
Individual impairment				
- allowance made during the financial period	16,099	61,678	50,274	82,901
- allowance written-back during the financial period	(199)	(3,094)	(1,884)	(10,257)
Bad debts				
- recovered	(22,301)	(122,715)	(78,406)	(199,243)
- written off	1,561	3,508	6,783	12,870
Provision for litigation loss	-	-	-	40,000
(Write-back of)/additional allowance for impaired debts				
- other debtors	(27)	93	(9)	768
	7,638	(50,246)	1,058	(24,203)

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

(Write-back of)/additional allowance for impairment loss				
- Financial investments available-for-sale	(33)	(70)	506	(1,061)
- Financial investments held-to-maturity	-	-	(9,926)	-
	(33)	(70)	(9,420)	(1,061)

A20. SEGMENTAL INFORMATION ON REVENUE AND PROFIT

The segment analysis by activity for the individual and cumulative quarters ended 30 September 2012 and 30 September 2011 are as follows:-

<----- Current year's individual quarter ended 30 September 2012 ----->						
RM '000	Commercial Banking	Investment Banking	Insurance	Others	Eliminations	Group
Segment revenue	688,022	80,703	-	2,958	-	771,683
Intersegment revenue	10,988	3,909	-	398	(15,295)	-
Unallocated revenue	-	-	-	1,357	-	1,357
Revenue	699,010	84,612	-	4,713	(15,295)	773,040
Segment results	178,920	26,951	-	889	11,594	218,354
Unallocated expenses	-	-	-	(11,091)	-	(11,091)
Share of results of:						
- jointly controlled entities (net of tax)	-	-	826	(75)	-	751
- associate (net of tax)	-	-	3,892	-	-	3,892
Profit before taxation and zakat						211,906
Taxation and zakat						(50,198)
Net profit for the quarter						161,708
<----- Preceding year's individual quarter ended 30 September 2011 ----->						
RM '000	Commercial Banking	Investment Banking	Insurance	Others	Eliminations	Group
Segment revenue	596,563	77,461	-	3,454	-	677,478
Intersegment revenue	486	932	-	343	(1,761)	-
Unallocated revenue	-	-	-	4,774	-	4,774
Revenue	597,049	78,393	-	8,571	(1,761)	682,252
Segment results	167,934	41,485	-	1,289	8,789	219,497
Unallocated expenses	-	-	-	(7,152)	-	(7,152)
Share of results of:						
- jointly controlled entities (net of tax)	-	-	1,916	-	-	1,916
- associate (net of tax)	-	-	1,969	-	-	1,969
Profit before taxation and zakat						216,230
Taxation and zakat						(81,032)
Net profit for the quarter						135,198

A20. SEGMENTAL INFORMATION ON REVENUE AND PROFIT

<----- Current year's cumulative quarter ended 30 September 2012 ----->

RM '000	Commercial Banking	Investment Banking	Insurance	Others	Eliminations	Group
Segment revenue	1,986,967	228,681	-	8,940	-	2,224,588
Intersegment revenue	32,704	15,788	-	1,165	(49,657)	-
Unallocated revenue	-	-	-	4,011	-	4,011
Revenue	2,019,671	244,469	-	14,116	(49,657)	2,228,599
Segment results	521,177	69,340	-	2,714	34,555	627,786
Unallocated expenses	-	-	-	(32,193)	-	(32,193)
Share of results of:						
- jointly controlled entities (net of tax)	-	-	721	(153)	-	568
- associate (net of tax)	-	-	25,169	-	-	25,169
Profit before taxation and zakat						621,330
Taxation and zakat						(152,769)
Net profit for the cumulative quarter						468,561

<----- Preceding year's cumulative quarter ended 30 September 2011 ----->

RM '000	Commercial Banking	Investment Banking	Insurance	Others	Eliminations	Group
Segment revenue	1,718,237	219,994	-	9,158	-	1,947,389
Intersegment revenue	4,758	3,767	-	1,059	(9,584)	-
Unallocated revenue	-	-	-	6,212	-	6,212
Revenue	1,722,995	223,761	-	16,429	(9,584)	1,953,601
Segment results	448,486	80,403	-	3,142	19,899	551,930
Unallocated expenses	-	-	-	(16,831)	-	(16,831)
Share of results of:						
- jointly controlled entities (net of tax)	-	-	(4,562)	-	-	(4,562)
- associate (net of tax)	-	-	3,937	-	-	3,937
Profit before taxation and zakat						534,474
Taxation and zakat						(159,022)
Net profit for the cumulative quarter						375,452

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	←-----30/9/2012-----→				←-----31/12/2011-----→			
	Positive Fair		Positive Fair		Positive Fair		Positive Fair	
	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	448,639	-	448,639	431,989	455,606	-	455,606	441,960
Transaction related contingent items	2,177,596	-	1,088,798	951,298	2,375,506	-	1,187,753	1,129,992
Short-term self-liquidating trade related contingencies	384,553	-	76,910	40,519	973,727	-	194,745	159,463
Obligation under underwriting commitments	46,775	-	-	-	49,370	-	3,150	630
Foreign exchange related contracts								
- Less than one year	5,580,269	36,922	101,854	27,172	2,987,564	15,941	49,028	17,625
- One year to less than five years	188,570	2,547	12,511	5,507	50,000	841	3,000	600
Interest rate related contracts								
- Less than one year	105,202	554	257	72	133,140	331	156	67
- One year to less than five years	1,827,712	12,925	39,680	10,732	1,739,469	12,932	44,397	11,098
- Five years and above	483,148	7,202	45,658	18,778	474,023	16,978	43,899	10,295
Irrevocable commitments to extend credit								
- Maturity more than one year	3,404,094	-	1,702,047	1,514,634	3,534,201	-	706,840	646,321
- Maturity less than 1 year	6,999,441	-	1,399,888	1,139,776	7,105,886	-	1,421,178	1,128,748
Unutilised credit card lines	193,638	-	38,728	29,080	189,502	-	37,900	28,463
	21,839,637	60,150	4,954,970	4,169,557	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			Total		
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000		> 1 - 3 Years RM'000	> 3 Years RM'000
As at 30 September 2012												
Trading derivatives												
Foreign exchange contracts												
- Currency forwards	1,067,981	-	-	1,067,981	1,778	-	-	1,778	3,755	-	-	3,755
- Cross currency swaps	4,186,259	188,570	-	4,374,829	32,997	2,547	-	35,544	23,156	2,052	-	25,208
- Currency options	326,029	-	-	326,029	2,147	-	-	2,147	2,303	-	-	2,303
Interest rate contracts												
- Interest rate swaps	105,202	1,370,536	940,324	2,416,062	554	7,184	12,943	20,681	651	23,264	9,237	33,152
	5,685,471	1,559,106	940,324	8,184,901	37,476	9,731	12,943	60,150	29,865	25,316	9,237	64,418
As at 31 December 2011												
Trading derivatives												
Foreign exchange contracts												
- Currency forwards	712,866	-	-	712,866	2,433	-	-	2,433	6,313	-	-	6,313
- Cross currency swaps	2,274,699	50,000	-	2,324,699	13,509	841	-	14,350	27,856	6,048	-	33,904
Interest rate contracts												
- Interest rate swaps	133,140	1,087,089	1,126,402	2,346,631	331	6,782	23,127	30,240	1,773	20,431	34,533	56,737
	3,120,705	1,137,089	1,126,402	5,384,196	16,273	7,623	23,127	47,023	35,942	26,479	34,533	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 RM1.50 million (FYE 31/12/2011: RM0.2 million), while the notional amount of interest rate contract was RM1.33 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 RM114.4 million (FYE 31/12/2011: RM52.0 million) and RM85.6 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:-

	30/9/2012	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	919,988	693,709
Statutory reserve	1,301,832	1,178,992
	<u>4,634,010</u>	<u>4,084,891</u>
Less: - Goodwill	(190,384)	(190,384)
- Deferred tax assets	(7,819)	(3,882)
Total Tier 1 capital (a)	<u>4,435,807</u>	<u>3,890,625</u>
<u>Tier 2 Capital</u>		
Subordinated loans	900,000	600,000
Collective impairment #	187,231	193,834
Total Tier 2 capital (b)	<u>1,087,231</u>	<u>793,834</u>
Total capital (a) + (b)	5,523,038	4,684,459
Less: - Investment in capital instruments of other banking institutions	(12,026)	(79,121)
- Investment in subsidiaries	(41,140)	(41,140)
Capital base	<u>5,469,872</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:-

	30/9/2012	31/12/2011
	RM'000	RM'000
Credit risk	34,106,132	33,108,976
Market risk	477,225	223,011
Operational risk	2,412,928	2,376,456
Total risk-weighted assets	<u>36,996,285</u>	<u>35,708,443</u>

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

Before deducting proposed dividends:-

Core capital ratio	11.99%	10.90%
Risk-weighted capital ratio	<u>14.78%</u>	<u>12.78%</u>

After deducting proposed dividends:-

Core capital ratio	11.56%	10.66%
Risk-weighted capital ratio	<u>14.35%</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. OPERATIONS OF ISLAMIC BANKING

(i) Unaudited Islamic Statements of Financial Position

	Group	
	30/9/2012	31/12/2011
	RM'000	RM'000
ASSETS		
Cash and short-term funds	4,119,070	4,455,700
Deposits and placements with banks and other financial institutions	80,048	-
Financial investments available-for-sale	2,020,496	1,480,275
Loans, advances and financing	4,977,253	4,374,205
Statutory deposit with Bank Negara Malaysia	184,000	160,000
Investment in jointly controlled entity	137	290
Other assets	3,285	50,747
Tax recoverable	-	3,422
Property and equipment	3,265	3,017
Intangible assets	2,657	3,255
TOTAL ASSETS	11,390,211	10,530,911
LIABILITIES, ISLAMIC BANKING FUNDS		
Deposits from customers	9,501,421	7,477,239
Deposits and placements of banks and other financial institutions	1,036,203	2,199,144
Other liabilities	203,060	372,333
Provision for tax	11,099	-
Deferred tax liabilities	144	907
Total Liabilities	10,751,927	10,049,623
SHAREHOLDERS' EQUITY		
Share capital	360,000	260,000
Reserves	278,284	221,288
Total Equity	638,284	481,288
TOTAL LIABILITIES & EQUITY	11,390,211	10,530,911
COMMITMENTS AND CONTINGENCIES	1,556,819	1,889,674

A26. OPERATIONS OF ISLAMIC BANKING (cont.)

(ii) Unaudited Islamic Income Statements

	←-----Group-----→			
	Individual Quarter Ended 30/9/2012 RM'000	30/9/2011 RM'000	Cumulative Quarter Ended 30/9/2012 RM'000	30/9/2011 RM'000
Income derived from investment of depositors' funds and others	116,131	100,621	344,475	267,617
Income derived from investment of Shareholders' funds	6,277	5,313	16,686	15,426
Allowance for losses on financing	2,259	(773)	18,720	(8,277)
Transfer from profit equalisation reserve	-	(70)	-	(204)
	124,667	105,091	379,881	274,562
Income attributable to depositors	(74,544)	(60,911)	(222,345)	(149,847)
Income attributable to shareholders	50,123	44,180	157,536	124,715
Other operating expenses	(23,883)	(22,533)	(72,179)	(68,788)
	26,240	21,647	85,357	55,927
Share of results of a jointly controlled entity	(75)	-	(153)	-
Profit before tax and zakat	26,165	21,647	85,204	55,927
Taxation	(6,233)	(7,565)	(20,838)	(15,226)
Zakat	-	(5,492)	(6,064)	(5,492)
Net profit for the financial period attributable to the equity holders of the Company	19,932	8,590	58,302	35,209

(ii) Unaudited Statements of Comprehensive Islamic Income

	←-----Group-----→			
	Individual Quarter Ended 30/9/2012 RM'000	30/9/2011 RM'000	Cumulative Quarter Ended 30/9/2012 RM'000	30/9/2011 RM'000
Profit after taxation and zakat	19,932	8,590	58,302	35,209
Other comprehensive income:				
- Net change in fair value of financial investments available-for-sale	(2,103)	496	(1,741)	(4,235)
- Deferred tax on revaluation of financial investments available-for-sale	652	(124)	435	1,059
Other comprehensive income for the financial period, net of tax	(1,451)	372	(1,306)	(3,176)
Total comprehensive income for the financial period attributable to the equity holders of the Company	18,481	8,962	56,996	32,033

A26. OPERATIONS OF ISLAMIC BANKING (cont.)

	Group	
	30/9/2012 RM'000	31/12/2011 RM'000
(iii) <u>Financing</u>		
<u>By type</u>		
Cash line	202,648	207,564
Term financing		
- Housing financing	1,448,203	1,270,814
- Syndicated term financing	192,053	144,462
- Hire purchase receivables	1,377,088	1,232,416
- Other term financing	1,519,554	1,347,351
Bills financing	463	394
Trust receipts	14,687	33,581
Interest-free accepted bills	114,220	91,844
Staff financing	10,308	8,871
Revolving credit	167,572	132,544
	5,046,796	4,469,841
Less : Allowance for impairment		
- Collective impairment	(34,552)	(60,709)
- Individual impairment	(34,991)	(34,927)
Total net financing	4,977,253	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	50,932	112,975
Reclassified as non-impaired during the financial period/year	(38,774)	(70,602)
Amount recovered during the financial period/year	(17,316)	(20,025)
Amount written-off during the financial period/year	(6,394)	(2,605)
Balance at the end of financial period/year	160,792	172,344

A26. OPERATIONS OF ISLAMIC BANKING (cont.)

	Group	
	30/9/2012	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
(Writeback of)/additional allowance for impairment during the financial period/year	(19,763)	7,874
Amount written-off during the financial period/year	(6,394)	-
Exchange differences	-	354
Balance at the end of financial period/year	34,552	60,709
Individual impairment		
Balance at the beginning of financial period/year	34,927	36,141
Allowance for impairment during the financial period/year	1,476	5,029
Amount recovered during the financial period/year	(28)	(1,372)
Amount written-off during the financial period/year	-	(2,338)
Unwinding of discount of allowance	(1,384)	(2,533)
Balance at the end of financial period/year	34,991	34,927
(vi) Deposits from customers		
<u>By type of deposits</u>		
Non-Mudharabah Funds		
Demand deposits	2,132,117	1,923,732
Savings deposits	211,509	204,743
Negotiable Instruments of Deposits	-	119,778
	2,343,626	2,248,253
Mudharabah Funds		
Demand deposits	25,568	14,147
Savings deposits	97,878	98,790
General investment deposits	5,979,678	4,293,135
Special investment deposits	1,054,671	822,914
	7,157,795	5,228,986
Total deposits from customers	9,501,421	7,477,239

A27 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, the Islamic banking subsidiary, namely 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 results of the Group for the financial period under review.

(c) Adoption of Financial Reporting Standards Implementation Committee ("FRSIC") Consensus 18 "Monies Held in Trust by Participating Organisations of Bursa Malaysia Securities Berhad"

In the previous financial year, money held in trust on behalf of clients and remisers were recognised as part of the Group's assets with corresponding liabilities in the Statement of Financial Position. During the financial quarter under review, the Group has adopted the FRSIC Consensus 18 which stipulates that the recognition of "Monies Held In Trust" as part of the participation organisation's assets and liabilities is inappropriate in the context of MFRS. The Group has adopted for this change in accounting policy retrospectively and as a result the money held in trust on behalf of clients and remisers, has been reversed from the Group cash and short-term funds and other liabilities accordingly.

A27 CHANGES IN ACCOUNTING POLICIES (cont.)

(c) Adoption of Financial Reporting Standards Implementation Committee ("FRSIC") Consensus 18 "Monies Held in Trust by Participating Organisations of Bursa Malaysia Securities Berhad" (cont.)

The change of the above accounting policy does not have any financial impact to the results of the Group but has resulted in the restatement of comparative figures as follows:-

Statement of Financial Position As At 31 December 2011	< ----- GROUP ----- >		
	As previously stated RM'000	Effect of FRSIC Consensus 18 RM'000	As restated RM'000
ASSETS			
Cash and short-term funds	9,740,308	(65,190)	9,675,118
Deposits and placements with banks and other financial institutions	279,458		279,458
Financial assets held-for-trading	149,832		149,832
Financial investments available-for-sale	9,122,892		9,122,892
Financial investments held-to-maturity	650,923		650,923
Loans, advances and financing	30,436,846		30,436,846
Derivative financial assets	47,023		47,023
Statutory deposits with Bank Negara Malaysia	1,410,141		1,410,141
Investment in jointly controlled entities	115,430		115,430
Investment in associate	155,548		155,548
Amount due from associate	67,257		67,257
Trade receivables	160,239		160,239
Other assets	177,174		177,174
Taxation recoverable	30,445		30,445
Deferred tax assets	470		470
Property and equipment	178,649		178,649
Intangible assets	1,013,419		1,013,419
TOTAL ASSETS	53,736,054		53,670,864
LIABILITIES			
Deposits from customers	39,363,414		39,363,414
Deposits and placements of banks and other financial institutions	6,867,047		6,867,047
Bills and acceptances payable	82,059		82,059
Trade payables	156,908		156,908
Recourse obligation on loans sold to Cagamas Berhad	428,459		428,459
Derivative financial liabilities	96,954		96,954
Other liabilities	442,214	(65,190)	377,024
Provision for taxation	16,401		16,401
Deferred tax liabilities	20,729		20,729
Borrowings	669,645		669,645
TOTAL LIABILITIES	48,143,830		48,078,640
EQUITY			
Share capital	1,494,576		1,494,576
Share premium	1,400,410		1,400,410
Reserves	2,697,238		2,697,238
TOTAL EQUITY	5,592,224		5,592,224
TOTAL LIABILITIES AND EQUITY	53,736,054		53,670,864

A27 CHANGES IN ACCOUNTING POLICIES (cont.)

(c) Adoption of Financial Reporting Standards Implementation Committee ("FRSIC") Consensus 18 "Monies Held in Trust by Participating Organisations of Bursa Malaysia Securities Berhad" (cont.)

Statement of Financial Position As At 31 December 2010	< ----- GROUP ----- >		
	As previously stated	Effect of FRSIC Consensus 18	As restated
	RM'000	RM'000	RM'000
ASSETS			
Cash and short-term funds	8,684,235	(52,150)	8,632,085
Deposits and placements with banks and other financial institutions	18,093		18,093
Financial assets held-for-trading	149,945		149,945
Financial investments available-for-sale	8,592,533		8,592,533
Financial investments held-to-maturity	536,548		536,548
Loans, advances and financing	26,574,066		26,574,066
Derivative financial assets	51,626		51,626
Statutory deposits with Bank Negara Malaysia	275,167		275,167
Investment in jointly controlled entities	113,311		113,311
Investment in associate	152,779		152,779
Amount due from associate	91,828		91,828
Trade receivables	270,012		270,012
Other assets	218,686		218,686
Taxation recoverable	76,291		76,291
Deferred tax assets	10,180		10,180
Property and equipment	176,897		176,897
Intangible assets	1,011,867		1,011,867
TOTAL ASSETS	47,004,064		46,951,914
LIABILITIES			
Deposits from customers	33,247,279		33,247,279
Deposits and placements of banks and other financial institutions	6,852,598		6,852,598
Bills and acceptances payable	110,161		110,161
Trade payables	258,802		258,802
Recourse obligation on loans sold to Cagamas Berhad	288,891		288,891
Derivative financial liabilities	70,195		70,195
Other liabilities	557,449	(52,150)	505,299
Provision for taxation	188		188
Deferred tax liabilities	25,082		25,082
Borrowings	392,386		392,386
TOTAL LIABILITIES	41,803,031		41,750,881
EQUITY			
Share capital	1,494,576		1,494,576
Share premium	1,400,410		1,400,410
Reserves	2,306,047		2,306,047
TOTAL EQUITY	5,201,033		5,201,033
TOTAL LIABILITIES AND EQUITY	47,004,064		46,951,914

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 slightly lower pretax profit of RM211.9 million for the current financial quarter ended 30 September 2012 as compared to RM216.2 million for the preceding year's corresponding quarter. For the period ended 30 September 2012, the Group's pretax profit increased to RM621.3 million or 16.3% as compared to RM534.5 million achieved in the previous year. The improved performance was mainly due to the increase in other operating income, net interest income and Islamic banking income totalling RM112.3 million, higher share of profits in associate of RM21.2 million and higher write-back of allowance for impairment on securities of RM8.4 million, net of the allowance for loan impairment of RM1.1 million as compared to a write-back of RM24.2 million for the preceding year's corresponding period as well as the increase in both overhead expenses and finance cost of RM20.5 million and RM14.7 million respectively.

Commercial Banking

The results of the commercial banking segment is mainly attributable to the AFFIN Bank Berhad ("ABB") Group which registered a higher pretax profit of RM178.8 million for the current financial quarter as compared to RM167.9 million for the preceding year's corresponding quarter. For the period ended 30 September 2012, the ABB Group also registered a higher pretax profit of RM521.0 million as compared to RM448.5 million for the corresponding period ended 30 September 2011. The improved performance was mainly due to the increase in other operating income, net interest income and Islamic banking income totalling RM84.9 million, net of higher overhead expenses of RM10.0 million and lower write-back of allowance for loan impairment of RM2.8 million.

Investment Banking

The results of the investment banking segment is attributed to the AFFIN Investment Bank Berhad ("AIBB") group which reported a lower pretax profit of RM27.0 million for the current financial quarter as compared to RM41.5 million for the preceding year's corresponding quarter. For the period ended 30 September 2012, the AIBB group also registered a lower pretax profit of RM69.3 million as compared to RM80.4 million achieved in the previous year. This was mainly due to the allowance for loan impairment of RM4.1 million as compared to a write-back of RM18.3 million for the preceding year's corresponding period, higher overhead expenses of RM9.6 million, net of higher other operating income and higher write-back of allowance for impairment on securities of RM15.5 million and RM8.0 million respectively. AFFIN Fund Management Berhad (a wholly-owned subsidiary of AIBB) registered a higher pretax profit of RM7.4 million as compared to RM5.6 million achieved in the previous year, mainly due to higher upfront fee on sales of unit trust of RM1.7 million and higher management fees of RM1.3 million, net of higher overhead expenses of RM1.6 million.

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 lower pretax profit of RM1.1 million for the current financial quarter as compared to the pretax profit of RM3.8 million for the preceding year's corresponding quarter. The Company also registered a lower pretax loss of RM0.5 million for the period ended 30 September 2012 as compared to the pretax loss of RM5.2 million suffered in the previous year, mainly due to the improve performance of Non-Participating Fund ("NPF") in line with the overall growth in the regular premium business. For the period under review, the Life Fund Revenue Accounts (ie. NPF) registered a pretax surplus of RM2.2 million as compared to a pretax deficit of RM2.2 million in the preceding year's corresponding period. Included in the share of results in jointly controlled entity of RM0.7 million for the financial period ended 30 September 2012 was an adjustment of RM0.8 million on over-recognition of Group's share of loss in AALI for the previous financial year.

AXA AFFIN General Insurance Berhad ("AAGI") reported a higher pretax profit of RM15.4 million for the current financial quarter as compared to RM6.8 million for the preceding year's corresponding quarter. For the period ended 30 September 2012, AAGI also reported a higher pretax profit of RM90.0 million as compared to RM10.1 million achieved in the previous year. The improved performance was mainly due to higher earned premium of RM126.9 million and higher investment income of RM5.6 million, net of higher net claims and net commission incurred of RM48.2 million and RM6.5 million respectively. The increase in earned premium of RM126.9 million was in turn due to the increase in net written premium mainly from motor, fire and health classes of insurance, as well as the release of Unearned Premium Reserve ("UPR") of RM52.3 million due to the change in basis of UPR computation from policy booking dates and 1/24 method to policy inception dates and 1/365 method during the year. Included in the share of results in associate of RM25.2 million for the current financial period was an adjustment of RM2.5 million on under-recognition of Group's share of profit in AAGI for the previous financial year.

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

Other business segment

The results of the other business segment is mainly attributable to AFFIN Moneybrokers Sdn Bhd ("AMB") which reported a lower pretax profit of RM0.8 million for the current financial quarter as compared to RM1.1 million for the preceding year's corresponding quarter. AMB also registered a lower pretax profit of RM2.2 million for the 9 months ended 30 September 2012 as compared to RM2.8 million achieved for the same period last year, mainly due to lower net brokerage income and higher overheads.

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

The Group recorded a pretax profit of RM211.9 million for the current financial quarter, an increase of RM16.4 million or 8.4% as compared to RM195.5 million for the preceding quarter ended 30 June 2012. The improved performance was mainly due to the increase in other operating income, Islamic banking income and share of profit in associate of RM18.4 million, RM2.8 million and RM2.2 million respectively, the reduction in overhead expenses of RM3.1 million, net of the allowance for loan impairment of RM7.6 million as compared to a write-back of RM2.4 million for the preceding quarter.

B3. PROSPECT FOR FINANCIAL YEAR 2012

Commercial Banking

General economic condition remains relatively unchanged with continued uncertainty with respect to Eurozone. On the local front, the country's economy is expected to continue to be driven by domestic demand supported by public spending.

AFFIN Bank is expected to continue its strong performance in the 4th quarter with growth in both consumer & business lending. The Bank will continue its focus on providing financing for purchase of residential and commercial properties within the "Responsible Lending Guidelines" introduced by Bank Negara Malaysia. Another major growth contributor in the consumer lending sector would be automobile financing. Despite the strong competition amongst financial institutions in the hire purchase segment, the Bank expected to maintain its market share for year 2012.

The Bank expects a stiff competition for retail deposits given that all banks will be focusing on liquidity management in view of the coming Basel III requirement. The Bank will be initiating a few more deposit campaigns beside the existing one in the 4th quarter in order to further enlarge its retail deposits base.

Business lending activities is also expected to grow during the 4th quarter. The Bank will be focusing on its existing corporate customers to deepen the relationship. Target marketing of customers in specific economic sectors will be the main focus given the current economic climate.

The current Government spending especially under the Economic Transformation Program will continue to provide more opportunities for SME businesses. Affin Bank will be focusing its effort to further enlarge its SME portfolio by focusing on this segment.

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. The country's real GDP growth is expected to slow from +5.1% in 2011 to around +4.5% in 2012 mainly attributable to the unresolved euro area sovereign debt crisis and the possibility of a sharp fiscal contraction in the US, which will hurt exports. However, the country's anticipated slower exports growth is likely to be compensated by healthy domestic demand conditions in view of the ongoing implementation of the Economic Transformation Program (ETP) projects and the continued growth in consumer spending as employment conditions and income growth are expected to be sustained.

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

Insurance

The outlook for Malaysian insurance industry is expected to remain encouraging for both life and general insurance despite moderating economic growth following the slowdown of major advanced countries. Premiums in both life and general insurance segments are expected to increase at respectable rates in line with the economic growth.

For 2012, AXA AFFIN Life Insurance is expected to achieve a moderate growth in line with the insurance industry while AXA AFFIN General Insurance is projecting a double-digit growth on gross written premium over the previous financial year.

B3. PROSPECT FOR FINANCIAL YEAR 2012 (cont.)

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 9 months ended</u>
(i) After Tax Returns on Equity (ROE)	9.6%	8.0%
(ii) After Tax Returns on Assets (ROA)	1.0%	0.9%
(iii) Gross Impaired Loan Ratio	2.7%	2.4%
(iv) Earnings Per Share (EPS)	38.30 sen	31.35 sen

B4. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

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

B5. TAXATION

	←-----Group-----→			
	<u>Individual Quarter Ended 30/9/2012 RM'000</u>	<u>30/9/2011 RM'000</u>	<u>Cumulative Quarter Ended 30/9/2012 RM'000</u>	<u>30/9/2011 RM'000</u>
Malaysian Taxation:-				
- Income tax based on profit for the financial year	57,457	68,250	151,106	140,853
Deferred tax:-				
- Relating to originating temporary differences	(6,455)	(9,580)	(3,547)	(4,909)
(Over)/under provision in prior years:-				
- Current taxation	(1,188)	16,709	(1,666)	16,959
	<u>49,814</u>	<u>75,379</u>	<u>145,893</u>	<u>152,903</u>

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

B6. STATUS OF CORPORATE PROPOSALS

Proposed Acquisition of Equity Interest in Bank Muamalat Malaysia Berhad ("BMMB")

On 16 August 2012, AFFIN Investment Bank Berhad had on behalf of the Board of Directors of AFFIN Holdings Berhad ("AHB") announced that BNM had vide its letter dated 15 August 2012 stated that it had no objection for AHB to commence negotiations with DRB Hicom Berhad and Khazanah Nasional Berhad for a possible acquisition of equity interests in BMMB. The negotiations are to be completed on or before 31 December 2012.

The abovementioned letter from BNM should not be construed as an approval for the Proposed Acquisition.

Further announcement on the development will be made to Bursa Malaysia Securities Berhad at the appropriate time.

B7. GROUP BORROWINGS AND DEBT SECURITIES

	Group	
	30/9/2012 RM'000	31/12/2011 RM'000
(i) <u>Deposits from Customers</u>		
<u>By Type of Deposits:-</u>		
Money Market Deposits	905,326	528,435
Demand Deposits	6,262,383	6,166,557
Savings Deposits	1,613,489	1,526,891
Fixed Deposits	26,595,545	25,029,568
Negotiable Instruments of Deposits ('NIDs')	5,094,133	5,289,049
Special Investment Deposits	1,054,671	822,914
	<u>41,525,547</u>	<u>39,363,414</u>
 Maturity structure of fixed deposits and NIDs are as follows:-		
Due within six months	25,456,839	24,666,976
Six months to one year	5,808,442	5,256,389
One year to three years	139,977	113,977
Three years to five years	284,420	281,275
	<u>31,689,678</u>	<u>30,318,617</u>
 <u>By Type of Customers:-</u>		
Government and statutory bodies	7,234,336	7,650,536
Business enterprises	12,993,877	12,983,379
Individuals	8,017,325	6,763,627
Others	13,280,009	11,965,872
	<u>41,525,547</u>	<u>39,363,414</u>
 (ii) <u>Deposits and Placements of Banks and Other Financial Institutions</u>		
<u>By Type of Institutions:-</u>		
Licensed banks	3,078,771	3,851,379
Licensed investment banks	841,233	978,487
Bank Negara Malaysia	612,655	794,523
Other financial institutions	571,328	1,242,658
	<u>5,103,987</u>	<u>6,867,047</u>
 <u>By Maturity Structure:-</u>		
Due within six months	4,853,176	6,458,729
Six months to one year	250,811	408,318
	<u>5,103,987</u>	<u>6,867,047</u>
 (iii) <u>Borrowings</u>		
Unsecured - more than one year (medium/long-term)	972,398	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	
	30/9/2012 RM'000	31/12/2011 RM'000
<u>Total retained profits of AFFIN Holdings Berhad and its's subsidiaries</u>		
- Realised	1,495,501	1,193,538
- Unrealised		
- deferred tax recognised in the income statement	11,488	7,941
- other items of income and expense	40,504	26,176
	1,547,493	1,227,655
<u>Total share of retained profits in associate:-</u>		
- Realised	162,201	134,411
- Unrealised	(42)	2,578
<u>Total share of accumulated profits/(losses) in jointly controlled entities:-</u>		
- Realised	(21,843)	(22,564)
- Unrealised	-	-
	1,687,809	1,342,080
Add: Consolidation adjustments	124,968	124,976
Total Group retained profits as per consolidated financial statements	1,812,777	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 May 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 was 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. On 19 June 2012, the appeal was fixed for further continued hearing on 3 August 2012. The appeal came up for continued hearing on 3 August 2012 and 9 November 2012 and will be continued on 21 January 2013 and 23 January 2013.

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 RM74.7 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

An interim franked dividend of 11.0 sen (less 25% tax) per share and a tax exempt dividend of 4.0 sen per share have been proposed for the financial year ending 31 December 2012 as follows:-

Amount per share	: Franked dividend of 11.0 sen (less 25 % tax) per share and tax exempt dividend of 4.0 sen per share
Previous corresponding period	: 12.0 sen per share less 25% tax
Date payable	: 28 December 2012
Date of entitlement	: 7 December 2012
Total dividend for the current financial period	: Franked dividend of 11.0 sen (less 25 % tax) per share and tax exempt dividend of 4.0 sen per share

B11. EARNINGS PER SHARE

	<-----Group----->			
	<u>Individual Quarter Ended</u>		<u>Cumulative Quarter Ended</u>	
	30/9/2012	30/9/2011	30/9/2012	30/9/2011
Net profit attributable to equity holders of the company (RM'000)	161,708	135,198	468,561	375,452
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)	10.82	9.05	31.35	25.12
Diluted earnings per share (sen)	10.82	9.05	31.35	25.12

The basic and diluted earnings per share of the Group for the current financial quarter ended 30 September 2012 have been calculated based on the net profit attributable to the equity holders of the company of RM161,708,000 (30 September 2011: RM135,198,000) divided by the weighted average number of ordinary shares in issue during the current financial quarter of 1,494,575,806 (30 September 2011: 1,494,575,806).

The basic and diluted earnings per share of the Group for the cumulative quarter ended 30 September 2012 has been calculated based on the net profit attributable to the equity holders of the company of RM468,561,000 (30 September 2011: RM375,452,000) divided by the weighted average number of ordinary shares in issue during the financial year under review of 1,494,575,806 (30 September 2011: 1,494,575,806).

B12. ECONOMIC PROFIT/(LOSS)

	<-----Group----->			
	<u>Individual Quarter Ended</u>		<u>Cumulative Quarter Ended</u>	
	30/9/2012	30/9/2011	30/9/2012	30/9/2011
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	161,708	135,198	468,561	375,452
Less: Economic charge	(145,995)	(130,798)	(426,965)	(383,801)
Economic profit/(loss) for the financial period	15,713	4,400	41,596	(8,349)

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