

**AFFIN Investment Bank Berhad**  
(Incorporated in Malaysia)

**Unaudited Statements of Financial Position**  
**as at 30 September 2011**

	Note	The Group		The Bank	
		Current Financial Quarter 30-09-2011 RM'000	Previous Financial Year End 31-12-2010 RM'000	Current Financial Quarter 30-09-2011 RM'000	Previous Financial Year End 31-12-2010 RM'000
<b>ASSETS</b>					
Cash and short-term funds		160,030	111,444	156,160	107,829
Deposits and placements with financial institutions		78,696	7,539	71,906	-
Financial investments held-to-maturity	10	128,100	102,299	128,100	102,299
Financial investments available-for-sale	10	3,574,167	2,862,787	3,574,167	2,862,787
Loans, advances and financing	11	676,487	599,219	676,487	599,219
Trade receivables	12	93,720	268,716	92,033	267,820
Other assets	13	33,148	58,565	25,976	52,465
Deferred tax assets		930	5,889	678	5,650
Tax recoverable		39,700	19,600	38,273	18,880
Statutory deposits with Bank Negara Malaysia		140,117	30,037	140,117	30,037
Investment in subsidiaries		-	-	13,751	13,751
Amount due from subsidiaries		-	-	2,103	108
Property and equipment		3,899	5,292	3,192	4,442
Intangible assets		54,048	54,162	53,925	54,002
<b>TOTAL ASSETS</b>		<b>4,983,042</b>	<b>4,125,549</b>	<b>4,976,868</b>	<b>4,119,289</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
Deposits from customers	14	3,366,019	2,570,065	3,373,047	2,574,158
Deposits and placements of banks and other financial institutions	15	703,112	591,710	703,112	591,710
Trade payables	16	115,797	258,802	115,797	258,802
Amount due to subsidiaries		-	-	-	7,197
Other liabilities	17	146,728	103,998	144,102	101,842
Provision for taxation and zakat		22,946	1,680	21,774	1,680
Liabilities directly associated with non-current assets classified as held for sale	18	1,414	10,541	-	-
<b>TOTAL LIABILITIES</b>		<b>4,356,016</b>	<b>3,536,796</b>	<b>4,357,832</b>	<b>3,535,389</b>
Share capital		222,246	222,246	222,246	222,246
Reserves		404,780	366,507	396,790	361,654
<b>SHAREHOLDERS' EQUITY</b>		<b>627,026</b>	<b>588,753</b>	<b>619,036</b>	<b>583,900</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>4,983,042</b>	<b>4,125,549</b>	<b>4,976,868</b>	<b>4,119,289</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	26	<b>325,226</b>	<b>129,069</b>	<b>325,226</b>	<b>129,069</b>
<b>CAPITAL ADEQUACY</b>					
<b><u>Before deducting proposed dividends</u></b>					
Core capital ratio (%)	25			27.56%	29.96%
Risk-weighted capital ratio (%)	25			27.56%	29.96%
<b><u>After deducting proposed dividends</u></b>					
Core capital ratio (%)	25			25.98%	28.94%
Risk-weighted capital ratio (%)	25			25.98%	28.94%

**AFFIN Investment Bank Berhad**  
(Incorporated in Malaysia)

**Unaudited Income Statements**  
**for the financial period ended 30 September 2011**

The Group	Note	Individual Quarter		Cumulative Quarter	
		Current financial Quarter 30-09-2011	Preceding Year Corresponding Quarter 30-09-2010	Current year-to-date 30-09-2011	Preceding Year Corresponding year-to-date 30-09-2010
		RM'000	RM'000	RM'000	RM'000
Interest income	19	46,416	36,874	134,123	96,654
Interest expense	20	(32,420)	(16,621)	(89,483)	(45,172)
Net interest income		13,996	20,253	44,640	51,482
Other operating income	21	32,010	31,460	89,901	83,578
<b>Net income</b>		<b>46,006</b>	<b>51,713</b>	<b>134,541</b>	<b>135,060</b>
Other operating expenses	22	(24,094)	(23,034)	(74,450)	(67,643)
<b>Operating profit before loan and financing loss and allowance</b>		<b>21,912</b>	<b>28,679</b>	<b>60,091</b>	<b>67,417</b>
Write-back/(allowances) of losses on loans, advances and financing	23	18,596	(244)	18,344	532
Write-back of impairment loss on securities	24	977	86	1,968	762
<b>Profit before taxation and zakat</b>		<b>41,485</b>	<b>28,521</b>	<b>80,403</b>	<b>68,711</b>
Taxation		(10,463)	1,033	(20,760)	(8,184)
Zakat		(161)	(85)	(627)	(85)
<b>Profit after taxation and zakat</b>		<b>30,861</b>	<b>29,469</b>	<b>59,016</b>	<b>60,442</b>
<b>Attributable to:</b>					
- Equity holders of the Group		30,861	29,469	59,016	60,442
Earnings per share:					
- basic/fully diluted (sen)		13.89	13.26	26.55	27.20

**AFFIN Investment Bank Berhad**  
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**Unaudited Statement of Comprehensive Income  
for the financial period ended 30 September 2011**

The Group	Individual Quarter		Cumulative Quarter	
	Current financial Quarter 30-09-2011 RM'000	Preceding Year Corresponding Quarter 30-09-2010 RM'000	Current year-to-date 30-09-2011 RM'000	Preceding Year Corresponding year-to-date 30-09-2010 RM'000
<b>Profit after taxation and zakat</b>	<b>30,861</b>	<b>29,469</b>	<b>59,016</b>	<b>60,442</b>
Other comprehensive income:				
Net fair value changes in financial investments available-for-sale	(4,677)	4,656	(5,412)	(5,057)
Deferred tax	1,169	(1,109)	1,337	1,371
<b>Other comprehensive income for the period, net of tax</b>	<b>(3,508)</b>	<b>3,547</b>	<b>(4,075)</b>	<b>(3,686)</b>
<b>Total comprehensive income for the period</b>	<b>27,353</b>	<b>33,016</b>	<b>54,941</b>	<b>56,756</b>
<b>Total comprehensive income attributable to:-</b>				
- Equity holders of the Group	27,353	33,016	54,941	56,756

**AFFIN Investment Bank Berhad**  
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**Unaudited Income Statements**  
**for the financial period ended 30 September 2011**

The Bank	Note	Individual Quarter		Cumulative Quarter	
		Current financial Quarter 30-09-2011 RM'000	Preceding Year Corresponding Quarter 30-09-2010 RM'000	Current year-to-date 30-09-2011 RM'000	Preceding Year Corresponding year-to-date 30-09-2010 RM'000
Interest income	19	46,238	36,679	133,755	96,347
Interest expense	20	(32,447)	(16,634)	(89,521)	(45,210)
Net interest income		13,791	20,045	44,234	51,137
Other operating income	21	29,749	19,901	78,685	68,717
<b>Net income</b>		<b>43,540</b>	<b>39,946</b>	<b>122,919</b>	<b>119,854</b>
Other operating expenses	22	(21,988)	(20,274)	(67,456)	(61,572)
<b>Operating profit before loan and financing loss and allowance</b>		<b>21,552</b>	<b>19,672</b>	<b>55,463</b>	<b>58,282</b>
Write-back/(allowances) of losses on loans, advances and financing	23	18,596	(244)	18,344	495
Write-back of impairment loss on securities	24	977	86	1,968	762
<b>Profit before taxation and zakat</b>		<b>41,125</b>	<b>19,514</b>	<b>75,775</b>	<b>59,539</b>
Taxation		(10,441)	1,949	(19,344)	(7,124)
Zakat		(141)	-	(552)	-
<b>Profit after taxation and zakat</b>		<b>30,543</b>	<b>21,463</b>	<b>55,879</b>	<b>52,415</b>
<b>Attributable to:</b>					
- Equity holders of the Bank		30,543	21,463	55,879	52,415
Earnings per share:					
- basic/fully diluted (sen)		13.74	9.66	25.14	23.58

**AFFIN Investment Bank Berhad**  
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**Unaudited Statement of Comprehensive Income  
for the financial period ended 30 September 2011**

The Bank	Individual Quarter		Cumulative Quarter	
	Current financial Quarter 30-09-2011 RM'000	Preceding Year Corresponding Quarter 30-09-2010 RM'000	Current year-to-date 30-09-2011 RM'000	Preceding Year Corresponding year-to-date 30-09-2010 RM'000
<b>Profit after taxation and zakat</b>	<b>30,543</b>	<b>21,463</b>	<b>55,879</b>	<b>52,415</b>
<b>Other comprehensive income:</b>				
Net fair value changes in financial investments available-for-sale	(4,677)	4,656	(5,412)	(5,057)
Deferred tax	1,169	(1,109)	1,337	1,371
<b>Other comprehensive income for the period, net of tax</b>	<b>(3,508)</b>	<b>3,547</b>	<b>(4,075)</b>	<b>(3,686)</b>
<b>Total comprehensive income for the period</b>	<b>27,035</b>	<b>25,010</b>	<b>51,804</b>	<b>48,729</b>
<b>Total comprehensive income attributable to:-</b>				
- Equity holders of the Bank	27,035	25,010	51,804	48,729

**AFFIN Investment Bank Berhad**  
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**Unaudited Statement of changes in equity  
for the financial period ended 30 September 2011 and 30 September 2010**

	Issued and fully paid ordinary shares of RM1 each		Non-distributable			Distributable	
	Number of shares '000	Nominal value RM'000	Share premium RM'000	Statutory reserve RM'000	Available -for-sale revaluation reserve RM'000	Retained profits RM'000	Total equity RM'000
<b>The Group</b>							
At 1 January 2011	222,246	222,246	142,270	152,782	14,359	57,096	588,753
<b>Comprehensive income:</b>							
Net profit for the financial period	-	-	-	-	-	59,016	59,016
<b>Other comprehensive income:</b>							
Net fair value changes in financial investments available-for-sale	-	-	-	-	(5,412)	-	(5,412)
Deferred tax	-	-	-	-	1,337	-	1,337
<b>Total comprehensive income</b>	-	-	-	-	(4,075)	59,016	54,941
Transfer to statutory reserve	-	-	-	13,970	-	(13,970)	-
Dividend paid	-	-	-	-	-	(16,668)	(16,668)
At 30 September 2011	<u>222,246</u>	<u>222,246</u>	<u>142,270</u>	<u>166,752</u>	<u>10,284</u>	<u>85,474</u>	<u>627,026</u>
At 1 January 2010							
As previously stated	222,246	222,246	142,270	136,288	12,151	35,594	548,549
Effects of adopting FRS 139	-	-	-	-	7,240	(2,402)	4,838
	<u>222,246</u>	<u>222,246</u>	<u>142,270</u>	<u>136,288</u>	<u>19,391</u>	<u>33,192</u>	<u>553,387</u>
<b>Comprehensive income:</b>							
Net profit for the financial period	-	-	-	-	-	60,442	60,442
<b>Other comprehensive income:</b>							
Net fair value changes in financial investments available-for-sale	-	-	-	-	(5,057)	-	(5,057)
Deferred tax	-	-	-	-	1,371	-	1,371
<b>Total comprehensive income</b>	-	-	-	-	(3,686)	60,442	56,756
Transfer to statutory reserve	-	-	-	13,104	-	(13,104)	-
Dividend paid	-	-	-	-	-	(8,334)	(8,334)
At 30 September 2010	<u>222,246</u>	<u>222,246</u>	<u>142,270</u>	<u>149,392</u>	<u>15,705</u>	<u>72,196</u>	<u>601,809</u>
<b>The Bank</b>							
At 1 January 2011	222,246	222,246	142,270	152,782	14,359	52,243	583,900
<b>Comprehensive income:</b>							
Net profit for the financial period	-	-	-	-	-	55,879	55,879
<b>Other comprehensive income:</b>							
Net fair value changes in financial investments available-for-sale	-	-	-	-	(5,412)	-	(5,412)
Deferred tax	-	-	-	-	1,337	-	1,337
<b>Total comprehensive income</b>	-	-	-	-	(4,075)	55,879	51,804
Transfer to statutory reserve	-	-	-	13,970	-	(13,970)	-
Dividend paid	-	-	-	-	-	(16,668)	(16,668)
At 30 September 2011	<u>222,246</u>	<u>222,246</u>	<u>142,270</u>	<u>166,752</u>	<u>10,284</u>	<u>77,484</u>	<u>619,036</u>
At 1 January 2010							
As previously stated	222,246	222,246	142,270	136,288	12,151	38,501	551,456
Effects of adopting FRS 139	-	-	-	-	7,240	(2,402)	4,838
	<u>222,246</u>	<u>222,246</u>	<u>142,270</u>	<u>136,288</u>	<u>19,391</u>	<u>36,099</u>	<u>556,294</u>
<b>Comprehensive income:</b>							
Net profit for the financial period	-	-	-	-	-	52,415	52,415
<b>Other comprehensive income:</b>							
Net fair value changes in financial investments available-for-sale	-	-	-	-	(5,057)	-	(5,057)
Deferred tax	-	-	-	-	1,371	-	1,371
<b>Total comprehensive income</b>	-	-	-	-	(3,686)	52,415	48,729
Transfer to statutory reserve	-	-	-	13,104	-	(13,104)	-
Dividend paid	-	-	-	-	-	(8,334)	(8,334)
At 30 September 2010	<u>222,246</u>	<u>222,246</u>	<u>142,270</u>	<u>149,392</u>	<u>15,705</u>	<u>67,076</u>	<u>596,689</u>

**AFFIN Investment Bank Berhad**  
(Incorporated in Malaysia)

**Unaudited Statement of Cash Flows**  
**for the financial period ended 30 September 2011**

	The Group		The Bank	
	30-09-2011 RM'000	30-09-2010 RM'000	30-09-2011 RM'000	30-09-2010 RM'000
<b>Cash flow from operating activities</b>				
Net profit before tax for the financial period	80,403	68,711	75,775	59,539
Adjustments for items not involving the movement of cash and cash equivalents:				
Interest income				
- financial assets held-for trading	(14)	(9)	(14)	(9)
- financial investments available-for-sale	(95,783)	(59,419)	(95,783)	(59,419)
- financial investments held-to-maturity	(3,928)	(2,307)	(3,928)	(2,307)
Dividend income from subsidiary	-	-	(960)	(600)
Interest expense	89,483	45,172	89,521	45,210
Gain on disposal of property, plant and equipment	(10)	(25)	(10)	(25)
Depreciation of property and equipment	1,917	3,068	1,689	2,837
Amortisation of intangible assets	300	393	249	346
Accretion of discounts less amortisation of premiums	(4,300)	(4,459)	(4,300)	(4,459)
Gain arising from sale or redemption of :				
- financial assets held-for-trading	(4,324)	(466)	(4,324)	(466)
- financial investments available-for-sale	(22,951)	(17,881)	(22,951)	(17,881)
Unrealised (gain)/loss on derivative instruments	(1,019)	1,994	(1,019)	1,994
Unrealised loss/(gain) on financial assets held-for-trading	8,125	(17)	8,125	(17)
Write-back of allowance for impairment loss on financial investments held-to-maturity	-	(543)	-	(543)
Write-back of allowance for impairment loss on financial investments available-for-sale	(1,968)	(219)	(1,968)	(219)
Net of collective allowance	966	634	966	634
Net of individual allowance	3,395	(550)	3,395	(550)
Write-back of bad and doubtful debts -other assets	768	620	768	620
Bad debts written off	-	-	-	37
Unrealised foreign exchange losses	145	321	145	321
<i>Operating profit before changes in operating assets and liabilities</i>	51,205	35,018	45,376	25,043
<i>(Increase)/decrease in operating assets</i>				
Loans, advances and financing	(81,890)	(70,530)	(81,890)	(70,530)
Statutory deposits with Bank Negara Malaysia	(110,080)	3,492	(110,080)	3,492
Trade receivables	175,256	(185,310)	176,047	(185,253)
Other assets	20,901	(14,368)	21,974	(14,311)
Intercompany balances	-	-	(9,192)	27,412
Financial assets held-for-trading	(3,800)	(9,487)	(3,800)	(9,487)
Land held for sale	-	-	-	-
	387	(276,203)	(6,941)	(248,677)
<i>Increase/(decrease) in operating liabilities</i>				
Deposits from customers	795,954	(181,707)	798,889	(176,510)
Deposits and placements of banks and other financial institutions	111,402	(105,767)	111,402	(105,767)
Trade payables	(143,005)	182,777	(143,005)	182,777
Liabilities directly associated with non-current assets classified as held-for-sale	(9,127)	(12,747)	-	-
Other liabilities	(3,521)	(23,456)	(3,992)	(24,472)
	751,703	(140,900)	763,294	(123,972)
Cash generated/(used in) from operations	803,295	(382,085)	801,729	(347,606)

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**Unaudited Statement of Cash Flows**  
**for the financial period ended 30 September 2011**

	<b>The Group</b>		<b>The Bank</b>	
	<b>30-09-2011</b>	<b>30-09-2010</b>	<b>30-09-2011</b>	<b>30-09-2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities (continued)</b>				
Interest received	103,180	71,360	103,181	71,358
Interest paid	(79,920)	(45,072)	(79,957)	(45,110)
Taxation paid	(22,304)	(13,843)	(21,301)	(13,005)
Zakat paid	(38)	(85)	(5)	-
Tax recovered	8,712	1,116	8,712	-
<b>Net cash generated/(used in) from operating activities</b>	<b>812,925</b>	<b>(368,609)</b>	<b>812,359</b>	<b>(334,363)</b>
<b>Cash flow from investing activities</b>				
Proceeds from disposal of property and equipment	10	98	2	98
Proceeds from disposal/redemption of land held for sale	-	35,023	-	-
Purchase of property and equipment	(524)	(1,233)	(431)	(1,131)
Purchase of intangible assets	(187)	(550)	(172)	(509)
Net proceeds on (purchase)/disposal of financial investments available-for-sale	(689,343)	398,379	(689,343)	398,379
Net proceeds on (purchase)/redemption of financial investments held-to-maturity	(24,544)	(68,048)	(24,544)	(68,048)
Dividend income received from:				
-financial investments available-for-sale	514	249	514	249
-subsidiary	-	-	960	600
<b>Net cash (used in)/generated from investing activities</b>	<b>(714,074)</b>	<b>363,918</b>	<b>(713,014)</b>	<b>329,638</b>
<b>Cash flow from financing activities</b>				
Dividend paid	(16,668)	(8,334)	(16,668)	(8,334)
<b>Net cash used in financing activities</b>	<b>(16,668)</b>	<b>(8,334)</b>	<b>(16,668)</b>	<b>(8,334)</b>
<b>Net increase in cash and cash equivalents</b>	<b>82,183</b>	<b>(13,025)</b>	<b>82,677</b>	<b>(13,059)</b>
Cash and cash equivalents at 1 January	66,833	56,037	55,679	43,636
<b>Cash and cash equivalents at 30 September</b>	<b>149,016</b>	<b>43,012</b>	<b>138,356</b>	<b>30,577</b>
<b>Analysis of cash and cash equivalents</b>				
<b>Cash and short term funds</b>	<b>68,602</b>	<b>32,223</b>	<b>64,732</b>	<b>28,322</b>
<b>Stockbroking trust monies</b>	<b>91,428</b>	<b>59,122</b>	<b>91,428</b>	<b>59,122</b>
<b>Deposits and placements with financial institutions</b>	<b>78,696</b>	<b>8,534</b>	<b>71,906</b>	<b>-</b>
<b>Amount held on behalf of clients and commissioned dealers representatives</b>	<b>(89,710)</b>	<b>(56,867)</b>	<b>(89,710)</b>	<b>(56,867)</b>
	<b>149,016</b>	<b>43,012</b>	<b>138,356</b>	<b>30,577</b>

# **AFFIN Investment Bank Berhad**

(Incorporated in Malaysia)

## **Notes to the financial statement for the financial period ended 30 September 2011**

### **1. Review of financial performance**

The Group recorded a Profit Before Tax ("PBT") of RM80.4 million for the period ended 30 September 2011, 17.0% higher than the PBT of RM68.7 million for the corresponding period in year 2010.

Summarised analysis of the PBT for the periods under review is as follows:

- Net interest income of RM44.6 million recorded for the period was 13.3% lower than the net interest income of RM51.5 million recorded in the corresponding period in 2010.
- Other operating income of RM89.9 million recorded for the period was 7.6% higher than the RM83.6 million other operating income recorded in the corresponding period in 2010.
- Operating expenses of RM74.5 million recorded for the period was 10.1% higher than the operating expenses of RM67.6 million incurred in the same period of 2010 mainly due to higher personnel cost.
- Net write-back of losses on loans, advances and financing and securities of RM20.3 million was higher than the RM1.3 million net write-back recorded in the same period of 2010.

### **2. Prospect for the current financial year**

There are increasing strains in the global financial markets and significant economic woes in the US and Eurozone. Global growth outlook has been downgraded. Malaysian economic outlook will be impacted by this although the effect will be partially cushioned by our resilient domestic demand. Domestic demand is expected to be bolstered by the Government's Economic Transformation Programme (ETP) as well as projects under the 10th Malaysia Plan. Nevertheless, there will continue to be opportunities in capital market activities as a result of more realistic asset pricing expectations, re-financing needs and industry consolidation thereby providing room for potential business activities for the Bank.

### **3. Basis of preparation**

This unaudited condensed interim financial information for the 9 months period ended 30 September 2011 has been prepared in accordance with FRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ('MASB') and Bank Negara Guidelines. The unaudited condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2010, which have been prepared in accordance with the Financial Reporting Standards.

#### Accounting Policies

The accounting policies applied are consistent with those adopted for the annual financial statements for the year ended 31 December 2010.

### **4. Qualification of preceding annual financial statements**

The Bank's financial statements for year 2010 were not qualified by the auditors.

### **5. Seasonal or cyclical factors**

The Bank's operations are generally not affected by any seasonal or cyclical factors but are in tandem with the country's economic situation.

### **6. Unusual items due to their nature, size or incidence**

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank during the financial reporting period.

### **7. Changes in debt and equity securities**

There were no issuances, cancellation, repurchases, resale or repayment of debt and equity securities at the Bank's level during the financial reporting period.

### **8. Valuation of property and equipment**

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that is directly attributable to the acquisition of the items.

At each balance sheet date, the Bank assesses whether there is any indication of impairment. If such indication exist, an analysis is performed to assess whether the carrying amount of the assets is fully recoverable. A writedown is made if the carrying amount exceeds the recoverable amount. Any subsequent increase in the recoverable amount is recognised in the income statement.

### **9. Material litigation**

As at 30 September 2011, there were no material litigation.

**AFFIN Investment Bank Berhad**

(Incorporated in Malaysia)

**Notes to the financial statement  
for the financial period ended 30 September 2011****10. Securities portfolio**

	<b>The Group and the Bank</b>	
	<b>Current financial quarter ended 30-09-2011 RM'000</b>	<b>Previous financial year ended 31-12-2010 RM'000</b>
<b>A. <u>Classification of securities portfolio:</u></b>		
<b>(i) Financial investments held-to-maturity</b>		
<u>At amortised cost</u>		
<u>Unquoted securities</u>		
Private debt securities in Malaysia	128,448	102,647
Redeemable Convertible Secured Loan Stock	12,919	12,919
	<u>141,367</u>	<u>115,566</u>
Allowance for impairment of securities	(13,267)	(13,267)
	<u>128,100</u>	<u>102,299</u>
	<b>The Group and the Bank</b>	
	<b>Current financial quarter ended 30-09-2011 RM'000</b>	<b>Previous financial year ended 31-12-2010 RM'000</b>
<b>(ii) Financial investments available-for-sale</b>		
<u>At fair value</u>		
Malaysian Government Securities	239,702	758,910
Cagamas Bonds	220,019	220,551
Negotiable Instruments of Deposit	100,000	100,000
Malaysian Government Investment Issuance	1,663,614	814,271
	<u>3,604,490</u>	<u>2,901,713</u>
<u>Unquoted securities</u>		
Private debt securities in Malaysia	1,069,089	822,751
Private debt securities outside Malaysia	294,899	170,397
Shares in Malaysia	17,167	14,833
	<u>3,604,490</u>	<u>2,901,713</u>
<u>Quoted Securities</u>		
Shares in Malaysia	13,929	7,294
Irredeemable Convertible Unsecured Loan Stocks in Malaysia	4,031	4,031
	<u>3,622,450</u>	<u>2,913,038</u>
Allowance for impairment of securities	(48,283)	(50,251)
	<u>3,574,167</u>	<u>2,862,787</u>

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**Notes to the financial statement  
for the financial period ended 30 September 2011****10. Securities portfolio (continued)****B. "Tainting" rule**

Nil

**11. Loans, advances and financing****(i) By type of Loan/Financing**

	<b>The Group and the Bank</b>	
	<b>Current financial quarter ended 30-09-2011 RM'000</b>	<b>Previous financial year ended 31-12-2010 RM'000</b>
Term loans / financing		
- Syndicated term loan/financing	207,153	22,247
- Other term loans/financing	416,927	455,603
Revolving credit	23,317	90,245
Staff loans	8,507	9,411
Margin financing	44,446	40,955
Gross loans, advances and financing	<u>700,350</u>	<u>618,461</u>
<b>Less :</b>		
Allowances for impaired loans, advances and financing		
- Individual allowance	(13,534)	(9,858)
- Collective allowance	(10,329)	(9,384)
Total net loans, advances and financing	<u>676,487</u>	<u>599,219</u>
<b>(ii) By Type of Customers</b>		
Domestic business enterprises		
- Small medium enterprises	46,959	43,843
- Others	600,438	499,010
Individuals	52,953	75,608
Total gross loans, advances and financing	<u>700,350</u>	<u>618,461</u>
<b>(iii) By Interest/Profit Rate Sensitivity</b>		
Fixed rate		
- Housing loans/financing	6,145	6,746
- Other fixed rate loan/financing	2,362	31,356
- Margin financing	44,446	40,955
Variable rate		
- Cost-plus	647,397	539,404
Total gross loans, advances and financing	<u>700,350</u>	<u>618,461</u>
<b>(iv) By Economic Purpose</b>		
Purchase of securities	119,828	89,736
Purchase of landed properties (residential)	22,680	31,820
Personal use	8,507	9,411
Construction	80,887	52,073
Working capital	377,418	277,799
Other purpose	91,030	157,622
Total	<u>700,350</u>	<u>618,461</u>

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**Notes to the financial statement  
for the financial period ended 30 September 2011****11. Loans, advances and financing (continued)**

	<b>The Group and the Bank</b>	
	<b>Current financial quarter ended 30-09-2011 RM'000</b>	<b>Previous financial year ended 31-12-2010 RM'000</b>
<b><u>(v) By Sector</u></b>		
Agriculture	50,230	50,238
Manufacturing	4,996	43,678
Electricity, gas and water	12,217	21,570
Construction	121,366	127,531
Wholesale retail trade and restaurant and hotels	30,550	30,906
Transport, storage and communication	324,222	162,496
Finance, insurance and business services	22,680	24,588
Real estate	81,136	81,846
Household	52,953	75,608
Total	<u>700,350</u>	<u>618,461</u>
<b><u>(vi) By Geographical Distribution</u></b>		
Selangor	188,878	150,996
Wilayah Persekutuan	443,941	394,183
Pahang	4,996	-
Sarawak	62,535	73,282
	<u>700,350</u>	<u>618,461</u>
<b><u>(vii) By maturity structure</u></b>		
Maturing within one year	371,304	399,844
One year to three years	70,921	59,653
Three years to five years	6,788	63,584
Over five years	251,337	95,380
	<u>700,350</u>	<u>618,461</u>
<b><u>(viii) Movement of impaired loans, advances and financing</u></b>		
At 1 January	18,646	85,774
Effects of adopting FRS 139	-	17,570
	<u>18,646</u>	<u>103,344</u>
New loans classified as impaired during the current period	-	157
Amount recovered	(350)	(13,588)
Amount written-off	-	(59,903)
Amount converted to financial investments held-to-maturity	-	(11,364)
At 30 September / 31 December	<u>18,296</u>	<u>18,646</u>
Gross impaired loans as a percentage of gross loans, advances and financing	2.61%	3.01%
<b><u>(ix) Movement in allowances for impaired loans</u></b>		
<b>Specific allowance</b>		
At 1 January	-	82,509
Effects of adopting FRS 139	-	(82,509)
At 30 September / 31 December	<u>-</u>	<u>-</u>
<b>General allowance</b>		
At 1 January	-	8,209
Effects of adopting FRS 139	-	(8,209)
At 30 September / 31 December	<u>-</u>	<u>-</u>

**AFFIN Investment Bank Berhad**

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**Notes to the financial statement  
for the financial period ended 30 September 2011****11. Loans, advances and financing (continued)**

	<b>The Group and the Bank</b>	
	<b>Current financial quarter ended 30-09-2011 RM'000</b>	<b>Previous financial year ended 31-12-2010 RM'000</b>

**(ix) Movement in allowances for impaired loans (continued)****Individual allowance**

At 1 January	9,858	-
Effects of adopting FRS 139	-	85,524
	<u>9,858</u>	<u>85,524</u>
Allowances made during the financial period	3,676	2,074
Amount recovered	-	(3,130)
Amount converted to financial investments held-to-maturity	-	(11,364)
Amount written-off	-	(63,246)
At 30 September / 31 December	<u>13,534</u>	<u>9,858</u>

**Collective allowance**

At 1 January	9,384	-
Effects of adopting FRS 139	-	8,352
	<u>9,384</u>	<u>8,352</u>
Allowances made during the financial period	998	1,390
Amount written-back	(53)	(358)
At 30 September / 31 December	<u>10,329</u>	<u>9,384</u>

**(x) Impaired loans, advances and financing analysed by their economic purpose**

Purchase of securities	279	279
Working capital	18,017	18,367
	<u>18,296</u>	<u>18,646</u>

**(xi) Impaired loans, advances and financing analysed by their economic sector**

Construction	1,167	1,167
Wholesale retail trade and restaurant and hotels	16,850	17,200
Household	279	279
	<u>18,296</u>	<u>18,646</u>

**(xii) Impaired loans, advances, and financing by geographical distribution**

Selangor	18,017	18,367
Wilayah Persekutuan	279	279
	<u>18,296</u>	<u>18,646</u>

**(xiii) Impaired loans, advances, and financing by maturity structure**

Maturing within one year	1,446	1,446
Over five years	16,850	17,200
	<u>18,296</u>	<u>18,646</u>

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**Notes to the financial statement  
for the financial period ended 30 September 2011****12. Trade receivables**

	The Group		The Bank	
	Current financial quarter ended 30-09-2011 RM'000	Previous financial year ended 31-12-2010 RM'000	Current financial quarter ended 30-09-2011 RM'000	Previous financial year ended 31-12-2010 RM'000
Amount in respect of management fees receivable and cancellation of funds' units	1,687	896	-	-
Amount due from clients (a)	95,949	106,670	95,949	106,670
Amount due from Bursa Securities Clearing (b) Sdn. Bhd.	-	165,326	-	165,326
	<u>97,636</u>	<u>272,892</u>	<u>95,949</u>	<u>271,996</u>
Less : Allowance for bad and doubtful accounts				
- Individual allowances	(3,705)	(3,986)	(3,705)	(3,986)
- Collective allowances	(211)	(190)	(211)	(190)
	<u>93,720</u>	<u>268,716</u>	<u>92,033</u>	<u>267,820</u>
<b><u>(a) Movement of impaired amount due from clients are as follows:</u></b>				
At 1 January	3,986	4,341	3,986	4,341
New amount classified as impaired during the financial period	177	128	177	128
Amount recovered	(458)	(483)	(458)	(483)
At 30 September / 31 December	<u>3,705</u>	<u>3,986</u>	<u>3,705</u>	<u>3,986</u>
<b><u>(b) Movements in the allowances for bad and doubtful debts are as follows:</u></b>				
<b>Specific allowances</b>				
At 1 January	-	4,341	-	4,341
Effects of adopting FRS 139	-	(4,341)	-	(4,341)
At 30 September / 31 December	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>General allowances</b>				
At 1 January	-	91	-	91
Effects of adopting FRS 139	-	(91)	-	(91)
At 30 September / 31 December	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Individual allowance</b>				
At 1 January	3,986	-	3,986	-
Effects of adopting FRS 139	-	4,341	-	4,341
	<u>3,986</u>	<u>4,341</u>	<u>3,986</u>	<u>4,341</u>
Allowance made during the financial period	177	128	177	128
Amount recovered	(458)	(483)	(458)	(483)
At 30 September / 31 December	<u>3,705</u>	<u>3,986</u>	<u>3,705</u>	<u>3,986</u>
<b>Collective allowance</b>				
At 1 January	190	-	190	-
Effects of adopting FRS 139	-	136	-	136
	<u>190</u>	<u>136</u>	<u>190</u>	<u>136</u>
Allowance made during the financial period	21	177	21	177
Amount written-back	-	(123)	-	(123)
At 30 September / 31 December	<u>211</u>	<u>190</u>	<u>211</u>	<u>190</u>

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**Notes to the financial statement  
for the financial period ended 30 September 2011****13. Other assets**

	The Group		The Bank	
	Current financial quarter ended 30-09-2011 RM'000	Previous financial year ended 31-12-2010 RM'000	Current financial quarter ended 30-09-2011 RM'000	Previous financial year ended 31-12-2010 RM'000
Interest receivable	21,365	27,257	21,342	27,227
Other debtors, deposits and prepayments	22,326	41,170	15,177	35,100
Allowance for bad and doubtful debts	(10,543)	(9,862)	(10,543)	(9,862)
	<u>33,148</u>	<u>58,565</u>	<u>25,976</u>	<u>52,465</u>

**14. Deposit from customers**

	The Group		The Bank	
	Current financial quarter ended 30-09-2011 RM'000	Previous financial year ended 31-12-2010 RM'000	Current financial quarter ended 30-09-2011 RM'000	Previous financial year ended 31-12-2010 RM'000
<b><u>By type of deposits:</u></b>				
Fixed deposits	3,286,019	2,570,065	3,293,047	2,574,158
Negotiable instruments of deposits	80,000	-	80,000	-
	<u>3,366,019</u>	<u>2,570,065</u>	<u>3,373,047</u>	<u>2,574,158</u>
<b><u>By maturity structure:</u></b>				
Due within six months	3,084,858	2,474,185	3,091,886	2,478,278
Six months to one year	201,161	69,880	201,161	69,880
More than one year	80,000	26,000	80,000	26,000
	<u>3,366,019</u>	<u>2,570,065</u>	<u>3,373,047</u>	<u>2,574,158</u>
<b><u>By type of customer:</u></b>				
Government and statutory bodies	1,072,710	805,060	1,072,710	805,060
Business enterprises	1,568,061	1,315,873	1,568,061	1,315,873
Others	725,248	449,132	732,276	453,225
	<u>3,366,019</u>	<u>2,570,065</u>	<u>3,373,047</u>	<u>2,574,158</u>

**15. Deposit and placements of banks and other financial institution**

	The Group and the Bank	
	Current financial quarter ended 30-09-2011 RM'000	Previous financial year ended 31-12-2010 RM'000
Licensed banks	<u>703,112</u>	<u>591,710</u>

**16. Trade payables**

	The Group and the Bank	
	Current financial quarter ended 30-09-2011 RM'000	Previous financial year ended 31-12-2010 RM'000
Amount due to clients	<u>115,797</u>	<u>258,802</u>

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**Notes to the financial statement  
for the financial period ended 30 September 2011****17. Other liabilities**

	<b>The Group</b>		<b>The Bank</b>	
	<b>Current financial quarter ended 30-09-2011 RM'000</b>	<b>Previous financial year ended 31-12-2010 RM'000</b>	<b>Current financial quarter ended 30-09-2011 RM'000</b>	<b>Previous financial year ended 31-12-2010 RM'000</b>
Clients' trust balances	79,385	41,338	79,385	41,338
Commissioned dealer's representative trust balances	10,325	10,812	10,325	10,812
Total trust balances	89,710	52,150	89,710	52,150
Interest payable	21,507	13,624	21,513	13,625
Derivative financial liabilities	1,927	2,901	1,927	2,901
Other liabilities	33,584	34,746	30,952	32,589
Defined contribution plan	-	577	-	577
	<u>146,728</u>	<u>103,998</u>	<u>144,102</u>	<u>101,842</u>

**18. Liabilities directly associated with non-current assets classified as held for sale**

	<b>The Group</b>		<b>The Bank</b>	
	<b>Current financial quarter ended 30-09-2011 RM'000</b>	<b>Previous financial year ended 31-12-2010 RM'000</b>	<b>Current financial quarter ended 30-09-2011 RM'000</b>	<b>Previous financial year ended 31-12-2010 RM'000</b>
Amount due to other shareholders of a subsidiary	1,414	10,541	-	-
	<u>1,414</u>	<u>10,541</u>	<u>-</u>	<u>-</u>

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**Notes to the financial statement**  
**for the financial period ended 30 September 2011**

**19. Interest income**

	<b>The Group</b>			
	<b>Current</b>	<b>Preceding</b>	<b>Current</b>	<b>Preceding</b>
	<b>financial</b>	<b>year financial</b>	<b>year-to-date</b>	<b>year-to-date</b>
	<b>quarter ended</b>	<b>quarter ended</b>	<b>30-09-2011</b>	<b>30-09-2010</b>
	<b>30-09-2011</b>	<b>30-09-2010</b>	<b>30-09-2011</b>	<b>30-09-2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loans, advances and financing				
- Interest income on loans and advances	8,167	12,694	25,399	27,124
- Margin financing	804	585	2,199	1,573
Money at call and deposit placements with financial institutions	1,262	744	2,422	1,675
Held-for-trading securities	-	7	14	9
Financial investment available-for-sale	33,231	20,266	95,783	59,419
Financial investment held-to-maturity	1,535	1,107	3,928	2,307
Stockbroking activities	21	26	78	88
	<u>45,020</u>	<u>35,429</u>	<u>129,823</u>	<u>92,195</u>
Net accretion of discounts less amortisation of premiums	1,396	1,445	4,300	4,459
	<u>46,416</u>	<u>36,874</u>	<u>134,123</u>	<u>96,654</u>
of which:				
Interest income earned on impaired loans, advances and financing	280	39	830	356

	<b>The Bank</b>			
	<b>Current</b>	<b>Preceding</b>	<b>Current</b>	<b>Preceding</b>
	<b>financial</b>	<b>year financial</b>	<b>year-to-date</b>	<b>year-to-date</b>
	<b>quarter ended</b>	<b>quarter ended</b>	<b>30-09-2011</b>	<b>30-09-2010</b>
	<b>30-09-2011</b>	<b>30-09-2010</b>	<b>30-09-2011</b>	<b>30-09-2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loans, advances and financing				
- Interest income on loans and advances	8,167	12,694	25,399	27,124
- Margin financing	804	585	2,199	1,573
Money at call and deposit placements with financial institutions	1,084	549	2,054	1,368
Held-for-trading securities	-	7	14	9
Financial investment available-for-sale	33,231	20,266	95,783	59,419
Financial investment held-to-maturity	1,535	1,107	3,928	2,307
Stockbroking activities	21	26	78	88
	<u>44,842</u>	<u>35,234</u>	<u>129,455</u>	<u>91,888</u>
Net accretion of discounts less amortisation of premiums	1,396	1,445	4,300	4,459
	<u>46,238</u>	<u>36,679</u>	<u>133,755</u>	<u>96,347</u>
of which:				
Interest income earned on impaired loans, advances and financing	280	39	830	356

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**Notes to the financial statement  
for the financial period ended 30 September 2011****20. Interest expense**

	<b>The Group</b>			
	<b>Current</b>	<b>Preceding</b>	<b>Current</b>	<b>Preceding</b>
	<b>financial</b>	<b>year financial</b>	<b>year-to-date</b>	<b>year-to-date</b>
	<b>quarter ended</b>	<b>quarter ended</b>	<b>30-09-2011</b>	<b>30-09-2010</b>
	<b>30-09-2011</b>	<b>30-09-2010</b>	<b>30-09-2011</b>	<b>30-09-2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits from customers	27,915	15,935	79,080	42,647
Deposits and placements of banks and other financial institutions	1,852	140	5,562	357
Derivative instruments	19	106	394	452
Others	2,634	440	4,447	1,716
	<u>32,420</u>	<u>16,621</u>	<u>89,483</u>	<u>45,172</u>

  

	<b>The Bank</b>			
	<b>Current</b>	<b>Preceding</b>	<b>Current</b>	<b>Preceding</b>
	<b>financial</b>	<b>year financial</b>	<b>year-to-date</b>	<b>year-to-date</b>
	<b>quarter ended</b>	<b>quarter ended</b>	<b>30-09-2011</b>	<b>30-09-2010</b>
	<b>30-09-2011</b>	<b>30-09-2010</b>	<b>30-09-2011</b>	<b>30-09-2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits from customers	27,942	15,949	79,118	42,686
Deposits and placements of banks and other financial institutions	1,852	140	5,562	357
Derivative instruments	19	106	394	452
Others	2,634	439	4,447	1,715
	<u>32,447</u>	<u>16,634</u>	<u>89,521</u>	<u>45,210</u>

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**Notes to the financial statement  
for the financial period ended 30 September 2011****21. Other operating income**

	<b>The Group</b>			
	<b>Current</b>	<b>Preceding</b>	<b>Current</b>	<b>Preceding</b>
	<b>financial</b>	<b>year financial</b>	<b>year-to-date</b>	<b>year-to-date</b>
	<b>quarter ended</b>	<b>quarter ended</b>	<b>30-09-2011</b>	<b>30-09-2010</b>
<b>30-09-2011</b>	<b>30-09-2010</b>	<b>30-09-2011</b>	<b>30-09-2010</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Fees income</b>				
- Fee on loans and advances	716	115	1,013	246
- Corporate advisory fees	939	1,174	3,489	4,506
- Portfolio management fees	2,729	2,196	7,472	6,093
- Guarantee fees	-	-	729	-
- Underwriting commissions	320	107	575	900
- Gross brokerage	12,001	11,251	39,471	36,461
- Agency fees	503	678	1,565	1,743
- Arrangement fees	2,794	5,002	6,712	7,129
- Others	(218)	4,901	6,901	4,917
<b>Securities income</b>				
Gain/(loss) arising from sale or redemption of securities:				
- Financial assets held-for-trading	35	297	4,324	466
- Financial investments available-for-sale	18,047	2,425	22,951	17,881
Unrealised (loss)/gain on held-for-trading securities:	(8,125)	(30)	(8,125)	17
Realised loss on derivative instrument:	-	(587)	-	(743)
Unrealised gain/(loss) on derivative instrument:	1,270	(1,409)	1,019	(1,994)
Gross dividend				
- Financial investments available-for-sale	214	29	514	249
<b>Other income</b>				
Foreign exchange gain/(loss)				
- Realised	100	(52)	49	(78)
- Unrealised	87	(209)	(145)	(321)
Gain/(loss) on disposal of property, plant and equipment	1	-	10	25
Other non-operating income	597	5,572	1,377	6,081
	<u>32,010</u>	<u>31,460</u>	<u>89,901</u>	<u>83,578</u>

	<b>The Bank</b>			
	<b>Current</b>	<b>Preceding</b>	<b>Current</b>	<b>Preceding</b>
	<b>financial</b>	<b>year financial</b>	<b>year-to-date</b>	<b>year-to-date</b>
	<b>quarter ended</b>	<b>quarter ended</b>	<b>30-09-2011</b>	<b>30-09-2010</b>
<b>30-09-2011</b>	<b>30-09-2010</b>	<b>30-09-2011</b>	<b>30-09-2010</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Fees income</b>				
- Fee on loans and advances	716	115	1,013	246
- Corporate advisory fees	939	1,174	3,489	4,506
- Guarantee fees	-	-	729	-
- Underwriting commissions	320	107	575	900
- Gross brokerage	12,001	11,251	39,471	36,461
- Agency fees	503	678	1,565	1,743
- Arrangement fees	2,794	5,002	6,712	7,129
- Others	252	790	2,200	801
<b>Securities income</b>				
Gain/(loss) arising from sale or redemption of securities:				
- Financial assets held-for-trading	35	297	4,324	466
- Financial investments available-for-sale	18,047	2,425	22,951	17,881
Unrealised (loss)/gain on held-for-trading securities:	(8,125)	(30)	(8,125)	17
Realised loss on derivative instrument:	-	(587)	-	(743)
Unrealised gain/(loss) on derivative instrument:	1,270	(1,409)	1,019	(1,994)
Gross dividend				
- Financial investments available-for-sale	214	29	514	249
- Subsidiaries	-	-	960	600
<b>Other income</b>				
Foreign exchange gain/(loss)				
- Realised	100	(52)	49	(78)
- Unrealised	87	(209)	(145)	(321)
Gain on disposal of property and equipment	1	-	10	25
Other non-operating income	595	320	1,374	829
	<u>29,749</u>	<u>19,901</u>	<u>78,685</u>	<u>68,717</u>

**AFFIN Investment Bank Berhad**

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**Notes to the financial statement  
for the financial period ended 30 September 2011****22. Other operating expenses**

	<b>The Group</b>			
	<b>Current financial quarter ended 30-09-2011 RM'000</b>	<b>Preceding year financial quarter ended 30-09-2010 RM'000</b>	<b>Current year-to-date 30-09-2011 RM'000</b>	<b>Preceding year-to-date 30-09-2010 RM'000</b>
Personnel costs				
Salaries, allowances and bonuses	12,333	11,237	37,548	34,186
Contributions to defined contribution plan	1,855	1,733	5,852	5,341
Other personnel costs	2,041	1,493	6,025	3,750
	<u>16,229</u>	<u>14,463</u>	<u>49,425</u>	<u>43,277</u>
Promotion and marketing-related expenses				
Business promotion and advertisement	195	391	667	519
Entertainment	80	78	264	220
Travelling and accommodation	109	116	448	389
Commission	114	30	215	102
Dealers' handling fees	406	336	1,268	796
Others	21	10	35	17
	<u>925</u>	<u>961</u>	<u>2,897</u>	<u>2,043</u>
Establishment-related expenses				
Rental of premises	1,421	1,371	4,270	4,180
Equipment rental	43	38	131	150
Repair and maintenance	777	579	2,046	1,830
Depreciation of property and equipment	524	1,010	1,917	3,068
Amortisation of intangible assets	101	136	300	393
	<u>2,866</u>	<u>3,134</u>	<u>8,664</u>	<u>9,621</u>
General administrative expenses				
Directors' remuneration	425	310	1,212	844
Telecommunication expenses	387	379	1,118	1,005
Professional fees	95	201	309	398
Auditors' remuneration	97	115	257	258
Dealers' representative performance incentive	897	395	2,619	3,123
Others	2,173	3,076	7,949	7,074
	<u>4,074</u>	<u>4,476</u>	<u>13,464</u>	<u>12,702</u>
Total other operating expenses	<u>24,094</u>	<u>23,034</u>	<u>74,450</u>	<u>67,643</u>

**AFFIN Investment Bank Berhad**

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**Notes to the financial statement  
for the financial period ended 30 September 2011****22. Other operating expenses (continued)**

	The Bank			
	Current financial quarter ended 30-09-2011 RM'000	Preceding year financial quarter ended 30-09-2010 RM'000	Current year-to-date 30-09-2011 RM'000	Preceding year-to-date 30-09-2010 RM'000
Personnel costs				
Salaries, allowances and bonuses	11,213	10,481	34,825	31,864
Contributions to defined contribution plan	1,693	1,614	5,437	4,992
Other personnel costs	1,922	1,407	5,651	3,443
	<u>14,828</u>	<u>13,502</u>	<u>45,913</u>	<u>40,299</u>
Promotion and marketing-related expenses				
Business promotion and advertisement	186	366	628	488
Entertainment	69	65	230	196
Travelling and accommodation	96	102	419	359
Commission	32	12	76	49
Dealers' handling fees	406	336	1,268	796
	<u>789</u>	<u>881</u>	<u>2,621</u>	<u>1,888</u>
Establishment-related expenses				
Rental of premises	1,293	1,252	3,892	3,823
Equipment rental	43	38	131	150
Repair and maintenance	714	541	1,860	1,697
Depreciation of property and equipment	448	934	1,689	2,837
Amortisation of intangible assets	84	120	249	346
	<u>2,582</u>	<u>2,885</u>	<u>7,821</u>	<u>8,853</u>
General administrative expenses				
Directors' remuneration	326	211	911	548
Telecommunication expenses	339	352	1,004	917
Professional fees	70	105	202	242
Auditors' remuneration	71	98	180	208
Dealers' representative performance incentive	897	395	2,619	3,123
Others	2,086	1,845	6,185	5,494
	<u>3,789</u>	<u>3,006</u>	<u>11,101</u>	<u>10,532</u>
Total other operating expenses	<u>21,988</u>	<u>20,274</u>	<u>67,456</u>	<u>61,572</u>

**AFFIN Investment Bank Berhad**

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**Notes to the financial statement  
for the financial period ended 30 September 2011****23. Allowance for losses on loans, advances and financing**

	<b>The Group</b>			
	<b>Current financial quarter ended 30-09-2011 RM'000</b>	<b>Preceding year financial quarter ended 30-09-2010 RM'000</b>	<b>Current year-to-date 30-09-2011 RM'000</b>	<b>Preceding year-to-date 30-09-2010 RM'000</b>
Allowance for losses on loans, advances and financing and trade receivables:				
Individual allowance				
- Made during the financial period	3,743	26	3,853	173
- Written back during the financial period	(197)	(421)	(458)	(723)
Collective allowance				
- Made during the financial period	885	836	1,019	1,114
- Written back during the financial period	(1)	(241)	(53)	(480)
Bad debts recovered	(23,119)	(244)	(23,473)	(1,236)
Allowance for other bad and doubtful debt:				
- Other debtors	93	288	768	620
	<u>(18,596)</u>	<u>244</u>	<u>(18,344)</u>	<u>(532)</u>

	<b>The Bank</b>			
	<b>Current financial quarter ended 30-09-2011 RM'000</b>	<b>Preceding year financial quarter ended 30-09-2010 RM'000</b>	<b>Current year-to-date 30-09-2011 RM'000</b>	<b>Preceding year-to-date 30-09-2010 RM'000</b>
Allowance for losses on loans, advances and financing and trade receivables:				
Individual allowance				
- Made during the financial period	3,743	26	3,853	173
- Written back during the financial period	(197)	(421)	(458)	(723)
Collective allowances				
- Made during the financial period	885	836	1,019	1,114
- Written back during the financial period	(1)	(241)	(53)	(480)
Bad debts recovered	(23,119)	(244)	(23,473)	(1,236)
Bad debts written-off	-	-	-	37
Allowance for other bad and doubtful debt:				
- Other debtors	93	288	768	620
	<u>(18,596)</u>	<u>244</u>	<u>(18,344)</u>	<u>(495)</u>

**24. Allowance for impairment loss**

	<b>The Group and the Bank</b>			
	<b>Current financial quarter ended 30-09-2011 RM'000</b>	<b>Preceding year financial quarter ended 30-09-2010 RM'000</b>	<b>Current year-to-date 30-09-2011 RM'000</b>	<b>Preceding year-to-date 30-09-2010 RM'000</b>
Write-back on allowances for impairment loss:				
- Financial investments available-for-sale	(977)	(86)	(1,968)	(219)
- Held-to-maturity securities	-	-	-	(543)
	<u>(977)</u>	<u>(86)</u>	<u>(1,968)</u>	<u>(762)</u>

**AFFIN Investment Bank Berhad**

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**Notes to the financial statement  
for the financial period ended 30 September 2011****25. Capital adequacy****The Bank**

	<b>Current financial quarter ended 30-09-2011 RM'000</b>	<b>Previous financial year ended 31-12-2010 RM'000</b>
Components of Tier 1 and Tier 2 capital are as follows:		
<b>Tier 1 capital</b>		
Paid-up share capital	222,246	222,246
Share premium	142,270	142,270
Statutory reserve	166,752	152,782
Retained profit	77,484	52,243
Less : Deferred tax assets	(678)	(5,650)
Less : Goodwill	(53,061)	(53,061)
Total Tier 1 capital (a)	<u>555,013</u>	<u>510,830</u>
<b>Tier 2 capital</b>		
Collective allowance for financing & trade receivables	10,540	9,332
Total Tier 2 capital (b)	<u>10,540</u>	<u>9,332</u>
Total capital (a) + (b)	565,553	520,162
Less : Investment in subsidiaries	(13,751)	(13,751)
Less : Investments in capital instruments of other banking institutions	(28,623)	(16,358)
<b>Total capital base</b>	<u><b>523,179</b></u>	<u><b>490,053</b></u>
Proposed dividends	<u><b>30,003</b></u>	<u><b>16,668</b></u>

**Capital Ratio**

Inclusive of market risk:

Core Capital Ratio	27.56%	29.96%
Risk Weighted Capital Ratio	27.56%	29.96%
Core Capital Ratio (net of proposed dividends)	25.98%	28.94%
Risk Weighted Capital Ratio (net of proposed dividends)	25.98%	28.94%

Breakdown of risk-weighted assets in the various categories of risk-weights:

	<b>Current financial quarter ended 30-09-2011 RM'000</b>	<b>The Bank Previous financial year ended 31-12-2010 RM'000</b>
Credit risk	1,602,859	1,393,427
Market risk	62,081	28,522
Operational risk	233,207	213,925
Total Risk-Weighted Assets	<u>1,898,147</u>	<u>1,635,874</u>

The Bank is governed by Bank Negara Malaysia's revised Risk Weighted Capital Adequacy Framework, which was effective from 1 January 2008 whereby the Bank has adopted the Standardised Approach for credit risk and market risk and Basic Indicator Approach for operational risk computation.

Pursuant to BNM'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.

For Risk-Weighted Capital Ratio ("RWCR") purposes, the collective impairment provisions included in the Tier-2 capital is in relation to the capital impairment provisions under the application of the FRS 139 transitional provision. It does not reflect the Bank's total collective allowance as the allowance in relation to FRS 139 shall be excluded from the provisions included as eligible Tier-2 capital.

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**Notes to the financial statement  
for the financial period ended 30 September 2011**

**26. Commitments and contingencies**

	Current financial quarter ended 30-09-2011			Previous financial year ended 31-12-2010		
	Principal amount RM'000	Credit equivalent amount * RM'000	Risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount * RM'000	Risk weighted amount RM'000
Direct credit substitutes	48,611	48,611	48,611	-	-	-
Obligations under underwriting agreements	43,870	6,400	1,280	19,691	9,845	1,969
Irrevocable commitments to extend credit:						
- maturity exceeding one year	82,363	16,473	16,473	8,660	-	-
- maturity not exceeding one year	83,346	16,669	16,664	65,300	-	-
Interest rate related contracts:						
- one year to less than five years	47,036	1,790	895	15,418	463	231
Foreign exchange related contracts:						
- one year to less than five years	20,000	1,800	900	20,000	1,800	900
<b>Total</b>	<b>325,226</b>	<b>91,743</b>	<b>84,823</b>	<b>129,069</b>	<b>12,108</b>	<b>3,100</b>

\* The credit equivalent amount is arrived at using the credit conversion factor as per Bank Negara Malaysia revised Risk Weighted Capital Adequacy Framework ("RWCAF").

**27. Credit exposures arising from transactions with connected parties**

In compliance with the requirement of BNM's guidelines on Credit Transactions and Exposures with Connected Parties for the Bank (Ref No: BNM/RH/GL 001-25), the following information as at 30 September 2011 is disclosed as follows:

(i) The aggregate value of outstanding credit exposures with connected parties (RM'000)	136,226
(ii) The percentage of outstanding credit exposures to connected parties as a proportion of credit exposures	4.96%
(iii) The percentage of outstanding credit exposures with connected parties which is non-performing or in default	Nil