BOARD OF DIRECTORS

1. YBhg. Jen. Tan Sri Dato’ Seri Ismail bin Haji Omar (Bersara)
   Chairman
   Non-Independent Non-Executive Director

2. YBhg. Dato’ Zulkiflee Abbas bin Abdul Hamid
   Managing Director/ Chief Executive Officer
   Non-Independent Executive Director

3. YBhg. Dato’ Sri Abdul Aziz bin Abdul Rahman
   Independent Non-Executive Director

4. YM. Dr. Raja Abdul Malek bin Raja Jallaludin
   Independent Non-Executive Director

5. YBhg. Laksamana Madya Tan Sri Dato’ Seri Ahmad Ramli bin Mohd Nor (Bersara)
   Non-Independent Non-Executive Director

6. Mr. Aubrey Li Kwok-Sing
   Non-Independent Non-Executive Director

7. Mr. Stephen Charles Li
   Non-Independent Non-Executive Director

8. En. Mohd. Suffian bin Haji Haron
   Independent Non-Executive Director

9. YBhg. Tan Sri Dato’ Lodin bin Wok Kamaruddin
   Non-Independent Non-Executive Director
   (Re-appointed as Director w.e.f. 4.10.2010)
YBHG. JEN. TAN SRI DATO’ SERI ISMAIL BIN HJ. OMAR (BERSARA)

Chairman
Non-Independent Non-Executive Director

Jen. Tan Sri Dato’ Seri Ismail bin Hj. Omar (Bersara), aged 70, was appointed as a Director and Chairman of AFFINBANK on 21 May 2002.

He was formerly Chief Defence Forces (CDF) Malaysia from 1995 until his retirement in 1998, after 38 years of military service. He graduated from Royal Military Academy, Sandhurst, United Kingdom in 1961 and subsequently attended professional and management development courses at several institutions including The Land Forces Command and Staff College, Canada; the United Nation International Peace Academy, Vienna; the National Defence College, India and INTAN Malaysia.

His military service saw Key Command and Staff appointments at all levels of the Armed Forces. As CDF, his responsibilities included key roles in Malaysia’s Regional and International Defence Relations.

Tan Sri was Chairman of Affin Holdings Berhad and Affin-ACF Finance from 1999 prior to joining AFFINBANK. Currently, he among others is on the Board of Directors of AFFIN ISLAMIC, ABB Trustee Berhad, EP Engineering Sdn Bhd and Global Medical Alliance Sdn Bhd.

Tan Sri Ismail displays strong board chair leadership as he sets the Board’s tone, direction and culture. Tan Sri Ismail creates the appropriate environment to allow for full engagement by all members of the Board for effective Board discussions and decision making. Tan Sri Ismail possesses a high level of leadership experience to lead effective Board oversight function.

Jen. Tan Sri Dato’ Seri Ismail bin Hj. Omar attended all 18 Board Meetings held during the financial year ended 31 December 2010.

YBHG. DATO’ ZULKIFLEE ABBAS BIN ABDUL HAMID

Managing Director/ Chief Executive Officer
Non-Independent Executive Director

Dato’ Zulkiflee Abbas bin Abdul Hamid, aged 54, was appointed as a Managing Director/Chief Executive Officer on 1 April 2009.

Prior to joining AFFINBANK, Dato’ Zulkiflee Abbas was the Chief Credit Officer in one of Malaysia’s leading bank. He also served in various positions there including as a Board member of its subsidiaries. He graduated with a Master in Business Administration from the Southern Illinois University, United States of America. Dato’ Zulkiflee Abbas joined AFFINBANK in March 2005 as Director, Enterprise Banking. He was later made the Director of Business before assuming his current position.

Dato’ Zulkiflee Abbas has vast working experience in banking being 29 years in the industry. Dato’ Zulkiflee Abbas possesses the necessary knowledge and professional competence in the conduct of the licensed institution’s business. Dato’ Zulkiflee Abbas balances the Board mix and help to enhance Board effectiveness.

Dato’ Zulkiflee Abbas bin Abdul Hamid attended all 18 Board Meetings held during the financial year ended 31 December 2010.
PROFILE OF DIRECTORS

(continued)

YBHG. TAN SRI DATO’ LODIN BIN WOK KAMARUDDIN
Non-Independent Non-Executive Director
(Re-appointed as Director w.e.f.4.10.2010)

Tan Sri Dato’ Lodin bin Wok Kamaruddin, aged 62, was re-appointed to the Board of Directors of AFFINBANK on 4 October 2010. He was appointed as the Managing Director of Affin Holdings Berhad in February 1991 and redesignated as Deputy Chairman on 1 July 2008.

Tan Sri Dato’ Lodin has vast business and management experience pursuant to his various positions held in Lembaga Tabung Angkatan Tentera (“LTAT”) Group of Companies. He is the Chief Executive of LTAT and the Deputy Chairman/ Group Managing Director of Boustead Holdings Berhad. Prior to joining LTAT, he was the General Manager of Perbadanan Kemajuan Bukit Fraser for 9 years. Tan Sri Lodin is also the Chairman of Boustead Heavy Industries Corporation Berhad, Boustead Naval Shipyard Sdn Bhd, Boustead Petroleum Marketing Sdn Bhd, Boustead REIT Managers Sdn Bhd, Johan Ceramics Berhad and 1Malaysia Development Berhad. He also sits on the Boards of UAC Berhad, AFFIN ISLAMIC, Affin Investment Bank Berhad and AXA Affin Life Insurance Berhad.

He graduated from the University of Toledo, Ohio, USA with a Bachelor of Business Administration and a Master of Business Administration Degree.

Tan Sri Dato’ Lodin attended 2 out of the 3 Board Meetings from 4 October 2010 until the financial year ended 31 December 2010.

YM. DR. RAJA ABDUL MALEK BIN RAJA JALLALUDIN
Independent Non-Executive Director

Dr. Raja Abdul Malek bin Raja Jallaludin, aged 65, was appointed to the Board of Directors of AFFINBANK on 29 January 1991. He graduated as a doctor from the University of Malaya in 1972 and, early in his career, worked at the General Hospital, Kuala Lumpur and the Faculty of Medicine, UKM. In late 1975, he went into private medical practice and became a senior partner of Drs. Catterall, Khoo, Raja Malek & Partners until 2003 when he resigned from the firm. Professionally he is widely experienced and had served in various peer and academic activities. Amongst others, he had been a clinical tutor in the Faculty of Medicine, UMMC; been a member of the Ethical Committee of the Malaysian Medical Council, MOH; was the Chairman of Council Academy of Family Physicians, Malaysia.

Dr. Raja Abdul Malek also has vast experience in the pharmaceutical world and had actively been involved since 1984. He had been the Medical Director (Malaysia-Singapore) for Parke Davis-Warner Lambert from 1984-2000, and had remained briefly so too with Pfizer Malaysia when these two Incorporations merged in 2001. In 2003, Dr. Raja Abdul Malek joined HOE/ Pharmaceuticals/ HOEPharma Holdings Berhad as the Director of Medical and Scientific Affairs and holds this position to this day. His other directorships in public and private companies include ABB Trustee Berhad. He is also a member of the Advisory Panel of StemLife Berhad.

Notwithstanding his tenure of 19 years with AFFINBANK, Dr. Raja Abdul Malek continues to demonstrate independence of judgment and objectivity in both his actions and thoughts.

Dr. Raja Abdul Malek possesses certain personal qualities such as incisiveness which brings diversity and different perspective in Board decision making that could further balance and strengthen the Board as a whole.

Dr. Raja Abdul Malek bin Raja Jallaludin attended 17 out of the 18 Board Meetings held during the financial year ended 31 December 2010.
YBHG. LAKSAMANA MADYA
TAN SRI DATO’ SERI AHMAD RAMLI BIN MOHD NOR (BERSARA)
Non-Independent Non-Executive Director

Tan Sri Dato’ Seri Ahmad Ramli bin Mohd Nor, aged 67, was appointed to the Board of Directors of AFFINBANK on 21 May 2002. He retired as Chief of Royal Malaysian Navy in 1999.

He graduated from the Britannia Royal Naval College Dartmouth, United Kingdom in 1965, the Indonesia Naval Staff College in 1976, the United States Naval War College and Naval Post-Graduate School Monterey in 1981. He also holds a Master Degree in Public Administration from the Harvard University, United States of America.

He currently holds directorships in AFFIN ISLAMIC, Muhibbah Engineering (M) Berhad and Favelle Favco Berhad.

Tan Sri Dato’ Seri Ahmad Ramli is presently the Executive Deputy Chairman/ Group Managing Director of Boustead Heavy Industries Corporation Berhad.

Tan Sri Dato’ Seri Ahmad Ramli’s appropriate leadership with strategically critical skills and experience has added value to the Board’s performance. Tan Sri Dato’ Seri Ahmad Ramli contributes to the mix of skills and experience of the Board through his relevant expertise in business, management and strategic planning on both short term and long term strategic issues.

Tan Sri Dato’ Seri Ahmad Ramli bin Mohd Nor attended 16 out of the 18 Board Meetings held during the financial year ended 31 December 2010.

YBHG. DATO’ SRI ABDUL AZIZ BIN ABDUL RAHMAN
Independent Non-Executive Director

Dato’ Sri Abdul Aziz bin Abdul Rahman, aged 65, was appointed to the Board of Directors of AFFINBANK on 28 January 2003.

Dato’ Sri Abdul Aziz graduated with a Bachelor of Commerce from University of New South Wales, Sydney, Australia. He is member of the Malaysian Institute of Certified Public Accountants (MICPA) and the Malaysian Institute of Accountants (MIA).

He has served as Chairman and board member of several government institutions, agencies and public listed companies, both in Australia and Malaysia.

At the corporate level he was with Price Waterhouse & Co. Sydney, Malaysia Airlines and Managing Director of Bank Rakyat Berhad before venturing into politics and public service as the Pahang State Assemblyman, State Executive Councillor and Deputy Chief Minister of Pahang. He was a Senator of Malaysian Parliament for a maximum period of two (2) terms.

Presently he is a Board member of the International Islamic University Malaysia, University Malaysia Pahang and their associated holding companies.

Dato’ Sri Abdul Aziz’s expertise and knowledge carries across a broad spectrum relating to finance and accounting. His standing in the community contributes effectively to his role as an Independent Director particularly in meeting various stakeholders expectation.

Dato’ Sri Abdul Aziz bin Abdul Rahman attended all 18 Board Meetings held during the financial year ended 31 December 2010.
PROFILE OF DIRECTORS
(continued)

MR. AUBREY LI KWOK-SING
Non-Independent Non-Executive Director

Mr. Aubrey Li Kwok-Sing, aged 61, was appointed to the Board of Directors of AFFINBANK on 17 March 2008. He is a Director of The Bank of East Asia, Limited and Chairman of MCL Partners Limited.

Mr. Aubrey Li possesses extensive experience in investment banking, merchant banking and capital markets. He is also a Director of Café de Coral Holdings Limited, China Everbright International Limited, Kunitun Energy Limited, Kowloon Development Co. Ltd, Pokufulum Development Company Limited, Tai Ping Carpets International Limited, Atlantis Investment Management (Ireland) Limited and Dalton Capital (Guernsey) Limited.

Mr. Aubrey Li brings in related knowledge and experience in the banking fields, business development and strategy which are considered to be a value in achieving AFFINBANK business objectives.

Mr. Aubrey Li Kwok-Sing attended 11 out of the 18 Board Meetings held during the financial year ended 31 December 2010.

MR. STEPHEN CHARLES LI
Non-Independent Non-Executive Director

Mr. Stephen Charles Li, aged 51, was appointed to the Board of Directors of AFFINBANK on 17 March 2008. Mr. Li is a Director of The Bank of East Asia, Limited.

Mr. Li also holds directorships in hedge funds based in the U.K. and E.U. He has over 16 years experience in investment banking having held senior capital markets positions with several international investment banks in London and Hong Kong.

Mr. Li holds a Bachelor of Science (Hons.) Degree in Mathematics from King’s College, University of London, United Kingdom in 1981. He is also a member of the Institute of Chartered Accountants in England and Wales.

Mr. Li engaged himself actively in the deliberations at the Board of Directors meeting. His global expertise, skills, work exposure and knowledge in investment banking and accounting brings balance to the Board and adds value that could further improve the Board’s performance and effectiveness.

Mr. Stephen Charles Li attended 8 out of the 18 Board Meetings held during the financial year ended 31 December 2010.

Mr. Stephen Charles Li’s alternate director, Mr. Eric Koh Tong Hau, attended 10 out of 18 Board Meetings held during the financial year ended 31 December 2010.

EN. MOHD SUFFIAN BIN HAJI HARON
Independent Non-Executive Director

Encik Mohd Suffian bin Haji Haron aged 66, was appointed to the Board of Director of AFFINBANK on 15 August 2009.

He graduated with a Bachelor of Economics from University of Malaya (1970) and holds a Master of Business Administration from University of Oregon in the United States (1976).


Encik Mohd Suffian brings a diverse professional experience to the Board. His background provides the necessary independence to the Board and add value by drawing on his experience and contributing to the Board’s decision-making process.

Encik Mohd Suffian bin Haji Haron attended all 18 Board Meetings held in the financial year ended 31 December 2010.
1. **YBhg. Dato’ Zulkiflee Abbas bin Abdul Hamid**  
Managing Director/ Chief Executive Officer

2. **En. Amirudin bin Abdul Halim**  
Director, Business Banking

3. **Mr. Tan Kok Toon**  
Director, Treasury

4. **Pn. Khatimah binti Mahadi**  
Group Chief Internal Auditor

5. **En. Shariffudin bin Mohamad**  
Executive Director, Operations
MANAGEMENT TEAM
(continued)

   Chied Executive Officer, Affin Islamic Bank Berhad

7. **Mr. Kasinathan T. Kasipillai**
   Group Chief Risk Officer

8. **En. Idris bin Abd. Hamid**
   Director, Consumer Banking

9. **Mr. Ee Kok Sin**
   Chief Financial Officer

10. **Mr. Richard Kong**
    Chief Human Resource Officer

11. **YBhg. Dato’ Mohamad Aslam Khan Gulam Hassan**
    Chief Recovery Specialist
MANAGEMENT TEAM PROFILES

YBHG. DATO’ ZULKIFLEE ABBAS BIN ABDUL HAMID
Managing Director/ Chief Executive Officer

Dato’ Zulkiflee Abbas bin Abdul Hamid, 54 years old, currently holds the position of Managing Director/ Chief Executive Officer of AFFINBANK since 1 April 2009.

He joined AFFINBANK in March 2005 as Director, Enterprise Banking and later on was made Executive Director, Banking before assuming his current position.

Dato’ Zulkiflee has been in the banking industry for almost 30 years. He started in a local leading bank, working his way up through various ranks and responsibilities at home and abroad. He left in 2005 while he was the Chief Credit Officer.

Under his current portfolio, Dato’ Zulkiflee also holds directorships in Affin Investment Bank Berhad and Affin Islamic Bank Berhad.

EN. KAMARUL ARIFFIN MOHD JAMIL
Chief Executive Officer, Affin Islamic Bank Berhad

Kamarul Ariffin Mohd Jamil is the Chief Executive Officer of Affin Islamic Bank Berhad (AFFIN ISLAMIC) since 2006.

He joined AFFINBANK in 2003 as Head, Corporate Strategy Division and in 2005 was appointed as Head, Islamic Banking Division. His appointment to his current position was in 2006 when AFFIN ISLAMIC was incorporated as a wholly-owned subsidiary of AFFINBANK.

Prior to AFFINBANK, Kamarul held various positions in Pengurusan Danaharta Nasional Berhad, namely Head of Managing Director’s Office and Sepecial Assistant to Managing Director between 1999 to 2003.

Kamarul graduated from the University of Cambridge in 1992 with a Bachelor of Arts (Economics).

EN. AMIRUDIN ABDUL HALIM
Director, Business Banking

Amirudin Abdul Halim joined AFFINBANK as Director, Business Banking in July 2009.

He brings with him over 20 years of banking experience across many fields within the industry from credit control, branch operations, business and consumer banking to corporate services.

Amirudin served in several senior capacities during his long-term tenure with a local leading bank and brought recognition to the bank in 2007 when it received The Asian Banker’s ‘Excellence in Retail Financial Services for Automobile Lending’.

He graduated with a Bachelor in Finance and a Master in Business Administration from Southern Illinois University, United States of America, the same university of which he obtained his Bachelor of Science (Marketing).

EN. IDRIS ABD. HAMID
Director, Consumer Banking

Idris Abd Hamid has over 30 years of experience in the banking and finance industry. His career with AFFINBANK began in 1994 when he was the General Manager for Affin Finance Berhad and he was later made Deputy Chief Executive Officer for AFFIN-ACF Finance Berhad from 2000 to 2005. Prior to joining AFFINBANK, Idris held various positions at Arab-Malaysian Finance (currently known as AmBank) from 1984 to 1994 as Branch Manager, Assistant Manager Corporate Loans and Head of Consumer Loans Division. He graduated from the University of Northern Colorado and Southern Illinois University, USA with Masters in Business Administration and Bachelor of Science in Finance respectively.
MANAGEMENT TEAM PROFILES

(continued)

MR. TAN KOK TOON

Director, Treasury

Tan Kok Toon (KT) completed his Bachelor of Science (Hons) in Mathematics from Universiti Malaya in 1987.

He joined AFFINBANK as Head of Treasury in October 2004 and is responsible for managing all aspects of Treasury Division across the Group which includes AFFIN Islamic Bank Berhad and Affin Investment Bank Berhad. He is the current Honorary Secretary, Persatuan Pasaran Kewangan Malaysia (Association Cambiste Internationale) and the Chairman to its Seminar and Education Committee.

Prior to AFFINBANK, KT worked in one of the largest banks in Malaysia. For more than 18 years, he served in various capacities of Treasury operations, such as Treasury Manager with the Bank’s New York branch and as Treasury Business Advisor to turnaround a business project in the Philippines. KT is also the president of Kelab Sukan dan Rekreasi AFFINBANK.

MR. EE KOK SIN

Chief Financial Officer

Ee Kok Sin began his career in 1982 as a Trainee Accountant with a firm of Chartered Accountants in London. He has extensive experience in auditing, treasury functions, financial accounting, financial management and information technology.

Prior to his appointment at AFFINBANK, he was the General Manager, Finance & Services of Pengurusan Danaharta Nasional Berhad. He is a Fellow Member of the Association of the Chartered Certified Accountants (FCCA) and a member of The Malaysian Institute of Certified Public Accountants (MICPA) and Malaysian Institute of Accountants (MIA).

MR. KASINATHAN T.KASIPILLAI

Group Chief Risk Officer

Kasinathan holds a Masters in Business Administration from the University of Bath, UK and is a Certified Risk Professional awarded by Bank Administration Institute, Chicago, USA. He is also an Associate Fellow of Institute of Bankers Malaysia. This is in recognition of his pioneering work in developing the Certified Credit Professional (CCP) certification. He continues to serve as an active member of CCP Examination Committee to this day.

He has over 30 years of local and overseas banking experience particularly in the area of Risk Management. He comes from a foreign bank background having earlier worked in the risk function of that bank in a number of countries including London, Singapore, Hong Kong, Mumbai and Jakarta.

PN. KHATIMAH MAHADI

Group Chief Internal Auditor

Khatimah Mahadi has 30 years of experience in Internal Auditing including 23 years in financial services with Citibank Berhad, a development bank and a finance company. In addition, she also had a stint with a local bank, Lembaga Pasaran dan Perlesenan Getah and Auditing/Consulting Firm Hanafiah, Raslan & Mohamad. She was also the Director of Compliance and Country Internal Audit Head when she was with Citibank Berhad.

YBH.G. DATO’ MOHAMAD ASLAM KHAN GULAM HASSAN

Chief Recovery Specialist

Dato’ Mohamad Aslam Khan holds a Bachelor’s Degree in Business Administration with honours. He joined AFFINBANK in 1996 as the General Manager of Commercial Banking Division and was later appointed the Head of Special Asset Management. He has held various positions domestically and internationally both in the business and business support divisions. Dato’ Aslam has over 35 years of banking experience.

Prior to AFFINBANK, he held various positions at Maybank for 21 years. His last position there was the General Manager of Maybank in New York. He also had a five-year stint with the former Oriental Bank as the General Manager, Enterprise Banking Division.

MR. RICHARD KONG

Chief Human Resource Officer

Richard was previously the General Manager, Operations at Pengurusan Danaharta Nasional Berhad until its winding down in December 2005. He has 35 years of extensive banking experience, including service in a leading international bank, Standard Chartered Bank Malaysia Berhad.

During his tenure with the Bank, he had the opportunity to serve as Head, Special Assets Management (SAM) Malaysia, Regional Head SAM for Malaysia, Brunei & the Philippines. Richard also worked as a Senior Account Manager in SCB Nakornthon Bank in Bangkok, during the Asian financial crisis. He has a strong track record in the areas of asset management, credit risk management, commercial and domestic corporate banking and also in manpower planning, training and development.
On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of Affin Bank Berhad (AFFINBANK) for the financial year ended 31 December 2010.

During the year under review, Malaysia’s economy outperformed expectations to chalk up a commendable growth of 7.2% in 2010 compared with a contraction of 1.7% in 2009, bolstered by a rebound in manufacturing and services as well as brisk exports and imports.

The government, which implemented a RM67 billion stimulus package two years ago to boost the economy which was severely affected by the global downturn, had earlier forecasted Malaysia’s gross domestic product to grow by 5% to 6% in 2010.

However, the continued influx of foreign direct investments, a healthy reserves position maintained by Bank Negara and a record performing ringgit as well as high commodity prices, boosted growth and aided the country’s rebound in 2010.

In tandem with the strong rebound in the Malaysian economy, the Group’s net profit after zakat and tax attributable to shareholders also rose by 20% to RM381.2 million for the year ended 31 December 2010. The good performance was driven primarily by the deposits business sector especially the retail segment, improved customer touch-points to ensure excellent and efficient customer service, continuous improvements on risk management practices to be abreast with prevailing economic climate and human capital development.

In a healthier economic environment which facilitated higher actual loan recoveries, total allowances for losses on loans, advances and financing reduced to RM95.4 million for the current financial year compared with RM187.5 million in 2009, when the market conditions and economic environment were under great duress due to the global financial crisis.

Total loans and advances after deducting allowance for loan losses grew by 18% to RM26.0 billion compared with RM22.0 billion a year ago as economic activities and demand for credit gathered momentum during the year under review. To support the loan growth, total deposits correspondingly increased by 17% year-on-year to RM30.8 billion as at 31 December 2010. The Group’s total equity as at 31 December 2010 rose to RM3.3 billion contributed by RM346 million growth in the Reserves.
CHAIRMAN’S STATEMENT

In line with the Group’s strong financial performance, the Board approved a second and final one-tier tax exempt dividend of 5 sen per share for the year under review. Together with the first interim of 5.28 sen paid on 6 December 2010, the total dividend payout for the 2010 financial year amounted to 10.28 sen gross dividend per ordinary share or RM129.0 million.

AFFINBANK’s loan growth momentum remained strong at 17.5% year-on-year in December 2010 compared with the industry’s 12.8% for 2010. Improvements were seen in property loan segments (+14.6% for residential mortgages and 64.3% for non-residential mortgages), auto (+18.9%) and working capital loans (+13.1%) in December 2010.

This loan growth momentum is expected to remain steady in 2011 due to strong consumer sentiment, healthy business confidence, a stable interest rate environment and pent-up credit demand spurred by a recovering economy.

As the Group continues to forge ahead in our business operations and growth, we have not forgotten our role as corporate citizen. The year saw us undertaking several corporate social responsibility initiatives including the donation of 50 homes valued at RM1.8 million for the poor at Bukit Kenau Integrated Community Centre in Pekan, Pahang under Affin Islamic Bank, RM1 million contribution to Yayasan Perajurit, the yearly Tabung Hari Pahlawan campaign, annual contribution of Bungkusan Hari Raya to Tabung Kebajikan Angkatan Tentera, and handouts of ‘duit raya’ during our Hari Raya Open House with orphans and new converts.

Backed with a strong and experienced Board, befitting its aspiration to become a mid-size bank of prominence, the Board of Directors remains committed to ensure the highest standards of corporate governance throughout the organisation with the objectives of safeguarding the interests of all stakeholders and enhancing the shareholders’ value and financial performance of the Bank.

The Board considers that it has applied the Best Practices as set out in the Malaysian Code of Corporate Governance throughout the financial year, same as per the requirements set out in the Bank Negara Malaysia’s Guidelines on Directorship in the banking institutions (‘BNM/ GP1’).

Throughout 2010 and to date, the Bank continues to conduct its business with integrity and exercise a high level of transparency and objectivity.

In a move to extend its reach and encouraged with the growth potential in Indonesia, AFFINBANK had in August 2010 acquired an 80% equity interest in Indonesian bank, PT Bank Ina Perdana for RM138 million.

PT Bank Ina Perdana has a niche positioning as a retail bank in the small and medium enterprise (SME) sector, which fits in nicely with AFFINBANK’s long term plan to further grow its business and increase its shareholders value. It has 22 branches which are strategically located in major cities in Indonesia.

We see this acquisition as a step forward for AFFINBANK and Affin Islamic Bank Berhad (AFFIN ISLAMIC). The potential for Islamic banking in Indonesia is vast and AFFIN ISLAMIC has the capabilities and expertise to ensure the growth and development of Shariah banking as we move regionally.
This acquisition was the first for AFFINBANK to venture out of the Malaysian borders.

Looking ahead, the economic outlook for 2011 is expected to be more subdued as the first quarter of the year have demonstrated how geopolitical risks in the Middle East and North Africa (MENA) virtually cannot be anticipated as uprisings lead to the spiralling of global oil prices to a 30-month high of US$112.09 per barrel (for Brent crude) on 25 February and a 29-month high of US$96.98 per barrel (WTI). The major concern is that the dominoes in the Middle East could continue to fall. If the recent rise in oil prices is sustained, it would have a dampening impact on the global economy.

So far, the Malaysian economy has shown the ability to absorb the crude oil price increases and is expected to grow between 5.0% and 6.0% in 2011, driven by domestic demand and strong export performance, backed by the Economic Transformation Programme. The banking industry in Malaysia is expected to sustain its profitability with healthy capital and strong asset quality in 2011.

High-impact projects like the Mass Rapid Transit in Klang Valley especially in Greater Kuala Lumpur, are expected to generate a large multiplier effect to the economy and spur business and consumer spending, thus supporting overall economic growth especially in the loan sector.

Building on the momentum created in 2010, the Bank will continue to focus on ‘sustainable business growth’ in both Business Banking as well as Consumer Banking segments, with an attitude of ‘lowest risk tolerance’ financing.

The business units of the Bank comprise Business Banking, Consumer Banking, Debt and Capital Markets and Hire Purchase. Consumer Banking provides credit cards, personal loans, mortgages and deposit taking services to individuals.

For Business Banking, the Bank will be leveraging on business opportunities arising from the 10th Malaysia Plan as well as the Economic Transformation Programme, while Consumer Banking will be developing specific products and packages that suit certain targeted market segments.

The Group will also continue to seek improvements in our customer services, provide quicker turnaround time via better process efficiency and actively manage our operating costs to maintain profitability. With our strong balance sheet and capital position, the Group is confident that we will be able to meet all the challenges and opportunities ahead in order to serve and provide continued support to our valued customers.

On behalf of the Board, I would like to thank our shareholders, customers and business partners for their continuing support. My appreciation goes to all staff and management for their dedicated services and for delivering a commendable performance for the current year. Finally, I wish to thank all my fellow Board Members for their wise counsel and contributions.

Jen. Tan Sri Dato’ Seri Ismail Bin Hj. Omar (Bersara)
Chairman
22 March 2011
On behalf of the Management team of Affin Bank Berhad (AFFINBANK), I am pleased to put forth the review of our performance for the year ended 31 December 2010.

The year 2010 was a year of stability and performance across all boards for Malaysia in light of its political developments and economic expansion plan by the Government for its people.

Notwithstanding the difficult global economic environment experienced in Europe, Malaysia has steadily moved forward to remain robust and outperformed its own gross domestic product forecast.

The financial and banking sector in Malaysia has also profited from this setting with its strong solvency position and high quality of loan portfolio. The improved earnings from businesses, coupled with favourable employment prospects that bolstered the debt servicing capacity of banks’ borrowers’ plus the credit compression and injection from the public sector, ensured that the domestic financial markets were on secured grounds.

In this respect, Affin Bank Berhad remained resilient and registered 22.8% higher profit before zakat and tax of RM521.9 million for the financial year ended 31 December 2010 compared with RM425.1 million in 2009.

The stronger performance was achieved on the back of strong growth in the total deposits especially the retail segment, improved customer touch-points to ensure excellent and efficient customer service, continuous enhancement on risk management practices in keeping abreast with prevailing economic climate and human capital development.

Net profit after zakat and tax increased by 20% to RM381.2 million for the year ended 31 December 2010 compared with RM317.8 million the year before.