

NEWS RELEASE

AFFIN MAINTAINS GROWTH MOMENTUM IN FIRST QUARTER OF FY2011

Kuala Lumpur, May 24, 2011 – AFFIN Holdings Berhad (AFFIN) registered almost 20% revenue growth to RM621.7 million in the first quarter of financial year 2011 as compared to RM520.0 million in the same quarter last financial year. Net interest income grew to RM209.8 million, more than 5% increase year-on-year. The Group however experienced a 20.9% drop in pretax profit to RM140.3 million for the quarter under review as compared to preceding year's corresponding quarter. The increase in net interest income and Islamic banking income was not sufficient to cushion the increase in both overhead expenses and allowance for loan impairment as well as the reduction in other operating income.

Highlights of AFFIN's financial performance as at 31 March 2011

During the financial quarter, the Group achieved a strong loan growth at an annualised rate of 11.1%. The net interest income and Islamic banking income increased by RM14.0 million or 5.7% as compared to previous year's corresponding quarter. However, both the overhead expenses and allowance for loan impairment were higher by RM17.2 million and RM12.7 million respectively.

	1QTR2011 (RM)	1QTR 2010 (RM)	%
Revenue	621.7m	520.0m	19.6
Net Interest Income	209.8m	199.4m	5.2
Other operating Income	80.5m	88.2m	(8.7)
Profit Before Tax	140.3m	177.3m	(20.9)
Net Profit After Tax	106.1m	135.3m	(21.6)
EPS (sen)	7.10	9.06	(21.6)
Net Assets Per Share	3.54	3.48	1.7

Earnings per share for the quarter under review was 7.10 sen as compared to 9.06 sen for the same quarter last financial year while net assets per share was RM3.54 as at 31 March 2011 [31 December 2010: RM3.48].

The annualised ROE and ROA for the quarter under review were 8.1 % and 0.9 % respectively.

YBhg. Gen (R) Tan Sri Dato' Seri Mohd Zahidi Bin Hj. Zainuddin, Chairman of AFFIN said, "It has been a commendable start to the new financial year following a strong performance from the Group in the financial year 2010. The Group is determined to stay focused to continue to improve our profits from various business entities and we are optimistic of the prospects for the year".

Loan and deposits growth

AFFIN's gross loan outstanding increased by an annualised growth rate of 11.1 % during the quarter. The Group's customer deposits also expanded at a strong annualised rate of 20.4 % as compared to end of December 2010. The loan-to-deposit ratio was stable at 80.3% as at 31 March 2011 as compared to 82.1% as at 31 December 2010.

Continued improvement in asset quality

AFFIN's gross impaired loans ratio improved to 3.4% from 3.6% as at end March 2011 and is comparable to the industry's average. The impaired loan loss coverage stood at 62.7% from 59.7% as at end December 2010.

Capital adequacy

The core capital ratio and risk-weighted capital ratio were healthy at 11.1% and 12.2% respectively as at 31 March 2011.

Highlights of key operating units within AFFIN

The Group's anchor subsidiary, AFFIN Bank Berhad (ABB) registered a lower pretax profit of RM123.4 million for the quarter under review as compared to RM139.0 million in the corresponding quarter of previous financial year. The increase in net interest income and Islamic banking income was not sufficient to cushion the increase in overhead expenses and allowance for loan impairment.

AFFIN Investment Bank Berhad (AIBB), the Group's investment banking arm also recorded a lower pretax profit of RM17.3 million compared to RM27.9 million for the preceding year's corresponding quarter when it recorded higher gains on disposal of available-for-sales securities. Net brokerage and interest income were the main contributors to the first quarter's results.

AFFIN Moneybrokers Sdn Bhd achieved a pretax profit of a RM0.6 million for the quarter under review as compared to RM 0.4 million for the previous financial year's corresponding quarter.

AXA-AFFIN Life Insurance Berhad recorded a pretax loss of RM3.6 million for the quarter under review as compared to a pretax profit of RM0.3 million for the same quarter last year, mainly due to recognition of year-to-date pretax deficits of the Life Fund Revenue Accounts of RM2.7 million at Group level.

AXA AFFIN General Insurance Berhad posted a lower pretax profit of RM1.2 million for the financial quarter ended 31 March 2011 as compared to RM4.0 million for the preceding year's corresponding quarter. The increase in both earned premium and investment income of RM 46.8 million and RM7.7 million respectively were not sufficient to cushion the increase in net claims, overhead expenses and net commission incurred.

AFFIN Holdings Group is a major home-grown financial services conglomerate. The Group's activities focus on commercial, Islamic and investment banking services, money broking, fund management and underwriting of life and general insurance business. The prominent shareholder of AFFIN Holdings is Lembaga Tabung Angkatan Tentera, the nation's premier superannuation fund manager for the armed forces. As at 31 March 2011 the Group's unaudited paid-up capital stood at RM1.5 billion, while the Group's shareholders' fund was at RM5.3 billion.

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