

NEWS RELEASE

AFFIN Confidants of Prospects For 2013

KUALA LUMPUR, May 20, 2013 – AFFIN Holdings Berhad (AFFIN) started the year on a positive note by recording an improved turnover of RM732.8 million for the quarter under review while net interest income grew to RM221.5 million. The Group however recorded a lower profit before tax (PBT) and profit after tax (PAT) of RM203.5 million and RM150.8 million respectively in the first quarter of 2013 as compared to RM213.9 million and RM166.0 million respectively in the same quarter previous year. This was mainly due to lower share of results of the associate of RM0.5 million for the first quarter of 2013 as compared to RM19.6 million in the first quarter of 2012. In 2012, there was a one-off write back of RM53.2 million by the associate due to a change in the methodology of Unearned Premium Reserve (UPR) computation.

Highlights of AFFIN’s financial performance for the first quarter ended 31 March 2013 are as follows: -

RM’ million

| | Q1 2013 | Q1 2012 | % |
|---------------------------|----------------|----------------|----------|
| Revenue | 732.8 | 717.3 | 2.2 |
| Net Interest Income | 221.5 | 215.7 | 2.7 |
| Islamic Banking Income | 55.0 | 51.1 | 7.6 |
| Other Operating Income | 95.7 | 95.0 | 0.7 |
| Profit before Tax | 203.5 | 213.9 | (4.9) |
| Net Profit after Tax | 150.8 | 166.0 | (9.2) |
| EPS (sen) | 10.09 | 11.11 | (9.2) |
| Net Assets per Share (RM) | 4.14 | 3.85 | 7.5 |

For the quarter under review, earnings per share (EPS) was 10.09 sen compared with 11.11 sen for the same quarter previous financial year. The Group's net assets per share was RM4.14 as at 31 March 2013 (31 December 2012 : RM4.04). The annualised ROE and ROA for the quarter under review were 9.9% and 1.1% respectively.

YBhg Gen (R) Tan Sri Dato' Seri Mohd Zahidi bin Hj. Zainuddin, Chairman of AFFIN said, "Our results for this quarter have given us a commendable start to the new financial year. We look forward to sustain our growth momentum as we continue into 2013."

Loan- to-deposit ratio

For the quarter under review, AFFIN's loan-to-deposit ratio stood at 81.3% as at 31 March 2013, a slight increase compared with 80.9% recorded as at 31 December 2012.

Asset quality

With stringent credit policies including prudent credit assessment and loan approvals, the Group's gross impaired loan ratio for the quarter under review improved from 2.3% as at 31st December 2012 to 2.2%, well within the industry standards. Meanwhile, impaired loan loss coverage reduced marginally to 70.9% from 71.0% as at end December 2012.

Capital adequacy

The Group's Total Capital Ratio and Common Equity Tier-1 Capital Ratio stood at 14.1% and 11.6% respectively as at 31 March 2013, well within the regulatory requirements.

Highlights of key operating units within AFFIN

For the 1st Quarter of 2013, AFFIN Bank Berhad (ABB) Group continued to lead the way in terms of profit contribution. ABB Group recorded an improved PBT of RM 185.1 million for the first quarter 2013, an increase of 11.3% compared with RM 166.3 million registered in the preceding year's corresponding quarter. The improved performance was achieved on the back of an increase in the net interest income, Islamic banking income and other operating income.

The wholly owned subsidiary of ABB, AFFIN Islamic Bank Berhad achieved a higher PBT of RM 22.5 million for the quarter under review as compared to RM20.7 million for the same quarter previous year due to higher operating income.

The Group's investment banking arm, AFFIN Investment Bank Berhad (AIBB) Group, recorded a PBT of RM16.6 million for the current financial quarter as compared to RM25.0 million for the same quarter in the previous year due to the net write back on losses on loans, advances and financing and securities registered in the corresponding quarter of previous year. Its operating income stood at RM15.0 million compared to RM16.8 million in the preceding year's quarter. The lower operating income was a result of challenging market environment. AIBB Group nevertheless registered higher advisory and management fees for the current quarter.

The wholly-owned subsidiary of AIBB, AFFIN Fund Management Berhad continued to grow its Assets Under Management to RM2.0 billion. PBT stood at RM1.2 million compared with RM0.8 million recorded in the same quarter previous year.

AFFIN Moneybrokers Sdn Bhd recorded a slightly lower PBT of RM0.5 million as compared to RM0.7 million for the preceding year's corresponding quarter owing to lower net brokerage income.

AXA AFFIN Life Insurance Berhad reported a pretax profit of RM0.5 million for the current financial quarter as compared to RM1.0 million for the preceding year's corresponding quarter. The current financial quarter performance is lower, as there was a gain of RM1.1 million from disposal of corporate bonds and favourable claim experience in Q1 2012. This was partially mitigated by the overall growth in the life business for the current quarter.

For the quarter under review, AFFIN Group's 33.6% associate company, AAGIB registered a lower PBT of RM2.5 million as compared to RM64.5 million for the preceding year's corresponding quarter mainly due to a decline in earned premium of RM48.4 million in addition to the increase in net claims, overhead expenses and net commission incurred of RM8.1 million, RM3.0 million and RM2.5 million respectively. Furthermore, the one-off adjustment of RM53.2 million on the release of UPR due to a change in the methodology of UPR computation contributed significantly to the earned premium and thus results of AAGIB for the preceding year's corresponding quarter.

Group Prospects

"We are cautiously optimistic of our prospects for the year ahead. Gross domestic product (GDP) growth for Malaysia which has been projected to be between 5% and 6% for 2013 should bode well for the AFFIN Group as we look forward to capitalise on the burgeoning domestic demand." concluded YBhg Gen (R) Tan Sri Zahidi.

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 2013, the Group's unaudited paid-up capital stood at RM1.5 billion, while the Group's shareholders' fund was at RM6.2billion.

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