

NEWS RELEASE

AFFIN Registers Q1 2015 PBT of RM48.8 Million Amidst the Increasingly Challenging Operating Environment

KUALA LUMPUR, May 20, 2015 – AFFIN Holdings Berhad (AFFIN) recorded a profit before tax and zakat (PBT) of RM48.8 million for its first quarter ended 31 March 2015 while profit after tax and zakat (PAT) stood at RM34.8 million. Interest income for the quarter was at RM610.6 million as compared to RM559.0 million for the same quarter previous year. Despite an increase in the Islamic banking income and other operating income, the Group's results for the quarter were lower compared to the preceding year's corresponding quarter mainly due to higher allowance for loan impairment as a result of a one off provisioning attributable to the commercial banking arm.

Earnings per share (EPS) for the quarter was 1.55 sen, while net assets per share increased to RM4.14 as at 31 March 2015 (31 December 2014: RM4.09). The Group's after tax return on equity (ROE) and after tax return on assets (ROA) were 0.4% and 0.1% respectively for the quarter under review.

Loan to Deposits ratio

The ratio of Loan to Deposits from Customers (LD) stood at 83.3% as at 31 March 2015 while the consumer deposits to total deposits ratio stood at 29%.

Asset Quality

The Group's gross impaired loan ratio was at 1.96% as at 31 March 2015, an increase of 14 basis points as compared to 31 December 2014 mainly due to an increase in the impaired loan as well as lower loan base.

Capital Adequacy

In line with Bank Negara Malaysia's (BNM) Capital Adequacy Framework, the Total Capital ratio, Common Equity Tier-1 Capital ratio and Tier 1 Capital ratio of the Group's banking entities continued to be healthy and in compliance with regulatory requirements.

Highlights of Key Operating Units With AFFIN

For the quarter under review, the Group's commercial banking arm recorded a PBT of RM23.3 million mainly due to a one off impairment allowance made by the Bank. The commercial banking arm is expected to be back on track in the subsequent quarters of the financial year.

The Group's investment banking segment, AFFIN Hwang Investment Bank Berhad (formerly known as HwangDBS Investment Bank Berhad) recorded a higher PBT of RM33.5 million as compared to RM13.9 million for the previous year's corresponding quarter. The PBT is before the fair value adjustment on held-to-maturity securities arising from the acquisition of HwangDBS Investment Bank Berhad by the Group in the previous year. Its asset management arm, AFFIN Hwang Asset Management Berhad (formerly known as Hwang Investment Management Berhad) contributed a PBT of RM20.5 million for the quarter.

AFFIN Moneybrokers Sdn Bhd recorded an improved PBT of RM0.9 million for the current quarter as compared to the results from the preceding year's same quarter mainly due to higher net brokerage income.

AXA AFFIN Life Insurance Berhad (AALI) registered a higher pre-tax loss of RM2.5 million for the quarter under review as compared to the pre-tax loss of RM1.6 million for the previous year's corresponding quarter mainly owing to higher reserves for future policyholders' liabilities in line with the lower Malaysian Government Securities yield curve, partially offset by higher investment income, lower expenses as well as higher contribution from underwriting results of the life insurance business.

AXA AFFIN General Insurance Berhad (AAGI) recorded a PBT of RM20.8 million, representing a 41.5% increase in comparison to results for Q1 of 2014. Higher earned premium from the health and motor businesses along with higher investment income were the primary factors contributing to AAGI's improved results for the quarter.

Economic Outlook and Group Prospects

As anticipated, the first quarter of 2015 has been very challenging and the remaining nine months are expected to be equally challenging. Global issues such as volatility in the oil price and depreciation in currency is creating uncertainties among businesses.

AFFIN's commercial banking sector is expected to face stiff competition in the retail and fixed deposits market, from existing competitors as well as players from the non-financial services sector. The sector will focus on transactional banking as major source of fee income and further enhance its brand value and visibility by increasing its domestic footprint. The sector aims to continue focussing on retaining the Bank's competitive edge through improved efficiency, productivity and synergies as well as growing its business within well-defined risk parameters.

The Group is encouraged by the performance of its investment banking segment which is still in its first year of operation as a merged entity. The success of the integration was recognised by Singapore Business Awards when it awarded Puan Maimoonah Hussain, the Group Managing Director of Affin Hwang Capital with the Best Overseas CEO during its 30th anniversary award night.

In terms of its life and general insurance businesses, the Group aims to continue leveraging on its network and client base for sustainable growth amidst an increasingly challenging and competitive environment.

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 2015, the Group's unaudited paid-up capital stood at RM1.9 billion, while the Group's shareholders' fund was at RM8.0 billion.

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