NEWS RELEASE

AFFIN Registers Significantly Improved Q1 2016 PBT of RM152.9 million

KUALA LUMPUR, May 24, 2016 – AFFIN Holdings Berhad (AFFIN) kicked off the new year with a significantly improved profit before tax and zakat (PBT) of RM152.9 million for the quarter ended 31 March 2016 compared to RM48.8 million recorded in the previous year's corresponding quarter. Profit after tax (PAT) increased to RM117.8 million from RM34.8 million in the same quarter of the previous year.

The Group's improved financial performance was primarily as a result of lower allowance for loan impairment, higher loan recoveries, higher share of profit in associate as well as the increase in both net interest income and Islamic banking income.

Earnings per share (EPS) for the quarter under review was 5.95 sen as compared to 1.55 sen for the same quarter in the previous financial year while net assets per share was RM4.38 as at 31 March 2016 (31 December 2015: RM4.26). The Group's annualised after tax return on equity (ROE) and after tax return on assets (ROA) for the quarter under review were 5.5% and 0.7% respectively.

Loan Growth, Loan to Deposits and Loan Loss Coverage Ratio

AFFIN delivered an annualised loan growth rate of 3.0% during the first quarter of 2016 mainly in the segments of syndicated term loans, business term loans, housing loans and hire purchase loans.

The ratio of Loan to Deposits from Customers (LD) was stable at 88.4% as at 31 March 2016. Consumer deposits to total deposits ratio was 26.7% for the quarter under review.

The loan loss coverage ratio (including the regulatory reserves) was 93.6% as at 31 March 2016, a slight drop as compared to 98.1% as at 31 December 2015.

Asset Quality

The Group maintained its prudent risk management and stringent credit policies during the quarter. The gross impaired loans ratio of AFFIN increased slightly to 1.98% as at 31 March 2016, an increase of 8 basis points as compared to 31 December 2015.

Capital Adequacy

As at 31 March 2016, the Total Capital ratio, Common Equity Tier-1 Capital ratio and Tier 1 Capital ratio of all banking entities within the Group were healthy and well above regulatory requirements in line with Bank Negara Malaysia's Capital Adequacy Framework, a reflection of AFFIN's financial strength.

Highlights of Key Operating Units with AFFIN

The Group's key contributor, AFFIN Bank Berhad (ABB) Group registered a PBT of RM123.1 million for the quarter under review as compared to RM23.3 million in the first quarter of 2015. This achievement was as a result of lower allowance for loan impairment, higher loan recoveries as well as higher Islamic banking income and net interest income. AFFIN Islamic Bank Berhad, ABB Group's wholly owned subsidiary, recorded an improved PBT of RM 25.5 million as compared to RM23.5 million achieved in the first quarter of 2015.

Affin Hwang Investment Bank Berhad (Affin Hwang IB) Group reported a PBT of RM24.5 million for the first quarter of 2016. This is lower than the previous year's corresponding quarter PBT of RM33.5 million that benefited from higher realised investment gains. For the current quarter under review, the fee income continues to dominate, while improvements in operating expenditure was negated by a drop in initial service charges from the asset management business.

The PBT recorded by Affin Hwang IB was before the amortisation of identifiable intangible assets of RM3.5 million [1Q2015: RM9.5 million arising from fair value adjustment on held-to-maturity securities] as a result of the acquisition of HwangDBS Investment Bank Berhad.

The jointly controlled entity, AXA AFFIN Life Insurance Berhad registered a higher pre-tax loss of RM11.6 million for the first quarter of the year as compared to the RM2.5 million pre-tax loss recorded in 2015, mainly attributable to higher reserves for future policyholders' liabilities as a result of lower Malaysian Government Securities yield, increased overhead expenses as well as claims incurred.

AFFIN's 34.5% associate, AXA AFFIN General Insurance Berhad (AAGI) achieved a higher PBT of RM35.7 million for the current quarter under review compared to the RM20.8 million reported in 1Q2015. AAGI's positive results were mainly due to higher earned premium as a consequence of growth in the health and motor businesses and higher investment income.

AFFIN Moneybrokers Sdn Bhd recorded a lower PBT of RM0.5 million for the current quarter as compared to RM0.9 million in the preceding year's same quarter mainly due to lower net brokerage income net of lower overhead expenses.

Economic Outlook and Group Prospects

Malaysia's Gross Domestic Product growth is expected to hover within the range of 4.5% and 5.0% for the year 2016. The challenging external environment for Malaysia, decline in crude oil prices as well as US rate hikes is expected to continue impacting the Malaysian Government's budget, trade balance as well the exchange rate.

AFFIN's commercial banking business will focus on both retail and business segments in order to pursue the opportunities inherent in the domestic economy which despite the softer economic growth outlook, still holds the prospects for business growth. At the same time, our loan portfolio will be proactively managed.

We look forward to continue improving on the delivery of our products and services with a focus on transactional banking in line with our efforts to establish our presence within the ASEAN region and beyond. We will also be exploring potential business prospects within the LTAT/Boustead Group of Companies in order to capitalise on the synergies that we will be able to achieve through these collaborations.

The investment banking business continues to chalk up industry recognitions with Affin Hwang IB receiving awards for being the Best Equities Investment Bank, the Best Institutional Equities Investment Bank, the Best REIT and the 1st Runner-Up in Shariah Investment Bank from Bursa Malaysia at the Broker Awards 2015. Affin Hwang Asset Management Berhad in turn won the award of Best Asset Manager in Malaysia by Euromoney, and the Best Asset Management House of the Year in Malaysia (Rising Star) by The Asset Triple-A at the Islamic Finance Awards 2016.

However, given the prevailing soft and restricted capital markets, we remain cautiously optimistic of the growth prospects for 2016. We will continue to work closely within the banking group and with our regional partners, Daiwa Securities Group and Thanachart Securities to further develop business prospects and realise potential synergies.

We are positive of the prospects ahead for the Group's life insurance business, given the favourable demographics and relatively low insurance penetration. As for the Group's general insurance business, we remain focused on growing key business lines as we begin on our transformation journey to become a customer centric organisation.

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, asset 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 2016, the Group's unaudited paid-up capital stood at RM1.9 billion, while the Group's shareholders' fund was at RM8.5 billion.

Issued on behalf of: **AFFIN Holdings Berhad** By: **acorn communications sdn bhd**
For more information, please contact **Sharon Roberts** at **018 917 2764** or **Michelle Vincent** at **012 389 9289** or **03 7958 8348** or e-mail: acorncommunications@acornco.com.my