

AFFIN Continues Its Growth Trend

KUALA LUMPUR, August 17, 2012 – AFFIN Holdings Berhad (AFFIN) continued to achieve growth for the half year ended 30 June 2012, recording a profit before tax (PBT) of RM409.4 million for the period, signifying an increase of 28.7% compared with the RM318.2 million registered for the same period previous year. The Group also recorded a higher profit after tax of RM306.9 million compared with the previous year's RM240.3 million. This was achieved on the back of an improved turnover of RM1.5 billion as compared with RM1.3 billion recorded in the same period previous year.

For the second quarter of 2012, the Group delivered an improved PBT of RM195.5 million, signifying a 9.9% increase compared with the RM177.9 million registered in the same quarter of the previous year.

The Group's profit growth for the half year ended 30 June 2012 was mainly due to the increase in net interest income attributed to the loan growth during the period, higher fee based income and treasury income as well as higher share of profit in associate company. The improvement in the overall asset quality of the Group has also resulted in lower allowance for impairment for the half year ended 30 June 2012.

Highlights of AFFIN's financial performance for the half year ended 30 June 2012 were as follows:

	RM' million		
	1H2012	1H2011	% increase
Revenue	1,458.3	1,273.3	14.5
Net Interest Income	449.3	437.4	2.7
Islamic Banking Income	95.4	92.9	2.7
Other Operating Income	193.0	159.4	21.1
Profit before Tax	409.4	318.2	28.7
Net Profit after Tax	306.9	240.3	27.7
EPS (sen)	20.53	16.08	27.7
Net Assets per Share (RM)	3.94	3.64	8.2

For the half year ended 30 June 2012, earnings per share was 20.53 sen, signifying an increase of 4.45 sen compared with 16.08 sen for the same period the preceding year. The net assets per share was RM3.94 as at 30 June 2012 compared with RM3.74 as at 31 December 2011.

The annualised after tax ROE and ROA for the first half of 2012 were 10.7% and 1.1% respectively.

YBhg Gen (R) Tan Sri Dato' Seri Mohd Zahidi bin Hj. Zainuddin, Chairman of AFFIN, said, "We are pleased that at the half year mark for this financial year, we have delivered continued positive growth and better earnings. This demonstrates the Group's strength as a full-fledged financial Group."

Loan growth

AFFIN's gross loan outstanding increased by a strong annualised growth rate of 12.9% during the half year under review. The loan-to-deposit ratio was stable at 81.6% as at 30 June 2012 compared with 79.0% as at 31 December 2011.

Asset quality

AFFIN's gross impaired loans ratio improved to 2.55% from 2.84% as at 31 December 2011 and is comparable to the industry's average. The impaired loan loss coverage stood at 68.3% from 72.8% as at end December 2011.

Capital adequacy

The core capital ratio and risk-weighted capital ratios were healthy at 10.6% and 13.3% respectively as at 30 June 2012.

Highlights of key operating units within AFFIN

AFFIN Bank Berhad Group continued to be the major contributor to the AFFIN Group's bottom line, contributing a commendable PBT of RM342.2 million for the half year under review compared with RM280.6 million recorded in the same period previous year, an increase of 22%. The key contributing factors for the improvement were an increase in other operating income totalling RM26.8 million and an increase in net interest income by RM7.1 million due to the loan growth of RM2.2 billion for the period under review. In addition, the improved performance was partly contributed by a write-back of allowance for loan impairment amounting to RM9.6 million compared with a charge of RM25.8 million in the same period previous year.

AFFIN Investment Bank Berhad (AIBB) Group recorded a 9% increase in PBT profit at RM42.4 million, compared with RM38.9 million for the same period of the preceding year. The AIBB Group's fee income in investment banking advisory activities showed significant improvement of 23% and its investment income, a 75% growth. In addition, there was a net write-back of allowances for loan and securities impairment of RM6.9 million.

AFFIN Fund Management Berhad, a wholly-owned subsidiary of AIBB, achieved a higher pre-tax profit of RM6.5 million compared with RM5.2 million recorded in the corresponding period last year. Assets under management grew 21.6% to RM1.04 billion from RM855 million as at December 2011.

AFFIN Moneybrokers Sdn Bhd recorded a lower profit of RM1.4 million for the half year period ended 30 June 2012 compared with RM1.6 million for the same period previous year primarily as a result of higher overhead expenses net of higher net brokerage income.

AXA AFFIN Life Insurance Berhad (AALIB) posted a lower loss before tax of RM1.6 million for the half year 2012 as compared with the loss before tax of RM9.0 million recorded in the same period previous year, primarily attributable to the recognition of lower deficit of the Non-Participating Fund (NPF) of RM7.6 million. The improved performance of NPF was mainly due to the overall growth in the regular premium business as well as higher gain on disposal of bonds of RM1.8 million.

In the first half of 2012, AXA AFFIN General Insurance Berhad (AAGIB), a 33.6% associate of AFFIN, delivered a considerably significantly higher PBT of RM74.6 million compared with RM3.3 million achieved in the previous year. These strong results were due to higher earned premium of RM105.3 million, higher investment income of RM4.1 million, lower overhead expenses of RM3.8 million, net of higher net claims of RM37.7 million and net commission incurred of RM6.7 million. The increase in earned premium of RM105.3 million was in turn due to the increase in net written premium mainly from motor, personal accident and health classes of insurance, as well as the release of Unearned Premium Reserve (UPR). The release of UPR was a one-off adjustment due to a change in the methodology of computing the UPR. Included in the share of results in AAGIB of RM21.3 million for the current financial period was an adjustment of RM2.5 million on under-recognition of Group's share of profit in AAGIB for the previous financial year.

Group Prospects

“We hope to continue delivering strong results and maintaining our earnings momentum in the second half of 2012. Towards this end, we look forward to improve the profitability of our various business units and undertake measures to support long-term sustainable growth across the board.” concluded YBhg 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 30 June 2012, the Group's unaudited paid-up capital stood at RM1.5 billion, while the Group's shareholders' fund was at RM5.9 billion.

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