

NEWS RELEASE

AFFIN Delivers Improved Results

Q2 PAT up by 13%

KUALA LUMPUR, August 19, 2013 – AFFIN Holdings Berhad (AFFIN) delivered an improved performance for its second quarter ended 30 June 2013, reporting a profit after tax (PAT) of RM159.3 million, a 13.1% jump compared with RM140.8 million in the previous year's corresponding quarter. The Group's profit before tax (PBT) rose by 11.9% to RM218.8 million compared with RM195.5 million in the same quarter last year, while revenue increased to RM757.1 million compared with RM729.9 million in the same quarter of the previous year.

For the first six months of the financial year ended 30 June 2013, the Group recorded an improved PBT of RM422.4 million compared with RM409.4 million in the same period in the previous year. These results were primarily due to an increase in net interest income and Islamic banking income as well as lower impairment allowance during the period.

Highlights of AFFIN's financial performance for the second quarter ended 30 June 2013 were as follows:

RM' million

	Q2 2013	Q2 2012	%
Revenue	757.1	729.9	3.7
Net Interest Income	229.6	225.2	2.0
Islamic Banking Income	54.7	52.6	4.0
Other Operating Income	96.7	98.0	(1.3)
Profit before Tax	218.8	195.5	11.9
Net Profit after Tax	159.3	140.8	13.1
EPS (sen)	10.66	9.42	13.2
Net Assets per Share (RM)	4.23	3.94	7.4

For the quarter under review, earnings per share (EPS) were 10.66 sen compared with 9.42 sen for the same quarter in the previous financial year. The Group's net assets per share were RM4.23 as at 30 June 2013 (31 December 2012: RM4.04). The annualised after tax ROE and ROA for the six month period were 10.0% and 1.1% respectively.

YBhg Gen (R) Tan Sri Dato' Seri Mohd Zahidi bin Hj. Zainuddin, Chairman of AFFIN said, "We are pleased to have achieved a strong performance for the first half of the financial year. Our results for the second quarter are indicative of the strength of the Group, and we look forward to sustaining positive earnings growth in the remainder of the year."

Loan Growth and Loan- to-deposit ratio

For the half year period under review, the loan growth rate was at 7.1%. The growth was predominantly in the non-residential mortgage, hire purchase and working capital segments. The Group's Loan-to-Deposit (LD) ratio stood at 83.3% as compared to 80.9% as at the 31 December 2012. The increase in the ratio was mainly due to slower growth in the deposits as compared to its loan growth. Despite the slower growth in the deposits, the Group registered a healthy growth in its consumer segment, hence improving its ratio of consumer to corporate deposits from 21.9% as at 31 December 2012 to 23.6% as at 30 June 2013.

Asset quality

With stringent credit policies including prudent credit assessment and loan approvals, the Group's gross impaired loan ratio improved to 2.1% for the six month period ended 30 June 2013, compared with 2.3% as at 31 December 2012. In term of value, the impaired loan decreased from RM 790 million as at 31 December 2012 to RM 751 million as at 30 June 2013.

Capital adequacy

As at 30 June 2013, the Total Capital Ratio and Common Equity Tier-1 Capital Ratio of all the banking entities remain strong and well above the regulatory requirements.

Highlights of key operating units within AFFIN

For the quarter under review, AFFIN Bank Berhad (ABB) Group contributed significantly to the Group's bottom line, with an improved PBT of RM187.3 million compared with RM175.9 million in the preceding year's corresponding quarter. For the six month period ended 30 June 2013, ABB Group recorded a PBT of RM372.3 million compared with RM342.2 million for the same period previous year. These strong results were attributed to a higher net interest income and Islamic banking income in addition to lower impairment allowance during the period.

The Group's investment banking arm, AFFIN Investment Bank Berhad (AIBB) Group, delivered a PBT of RM26.2 million for the second quarter, a substantial 50.5% jump from last year's corresponding quarter of RM17.4 million. For the half year period, AIBB Group reported a PBT of RM42.9 million which is comparable with the RM42.4 million registered last year. The current period's performance was attributable to higher fee income and lower overhead expenses.

AFFIN Moneybrokers Sdn Bhd (AMB) registered a PBT of RM0.8 million for the quarter under review, a slight increase from RM0.7 million for the previous year's corresponding quarter. For the half-year period, AMB reported a marginally lower PBT of RM1.3 million compared with RM1.4 million last year, mainly due to lower net brokerage income and higher overhead expenses.

AXA AFFIN Life Insurance Berhad (AALI) recorded a reduced pre-tax loss of RM0.7 million for the quarter under review compared with the pre-tax loss of RM2.8 million for the preceding year's corresponding quarter. For the six month period, AALI reported a lower pre-tax loss of RM0.2 million compared with the pre-tax loss of RM1.8 million for the same period last year. This was primarily as a result of lower reserves for future policyholders' liabilities of RM4.5 million due to higher MGS yield and higher contribution from the growth in the life insurance business of RM1.8 million, net of lower investment income of RM4.4 million.

Meanwhile, AFFIN's 33.6% associate company, AXA AFFIN General Insurance Berhad (AAGI) reported a higher PBT of RM21.4 million for the second quarter as compared to RM10.1 million in the previous year's corresponding quarter. For the six month period, AAGI recorded a lower PBT of RM23.9 million compared with RM74.6 million the previous year. This was largely due to a decrease in earned premium of RM26.4 million and an increase in net claims, overhead expenses and net commission incurred, amounting to RM11.9 million, RM8.6 million and RM3.7 million respectively. The one-off adjustment of RM52.3 million on the release of Unearned Premium Reserve (UPR) due to a change in the methodology of UPR computation contributed significantly to the earned premium and thus the results of AAGI for the previous year.

Group Prospects

"We remain firmly committed to delivering results and enhancing the earnings potential of the AFFIN Group. Given the positive outlook for the rest of the year, we are confident that we will continue driving growth across our business units," 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 30 June 2013, the Group's unaudited paid-up capital stood at RM1.5 billion, while the Group's shareholders' fund was at RM6.3 billion.

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Issued on behalf of: AFFIN Holdings Berhad By: acorn communications sdn bhd For more information, please contact Michelle Vincent at 012 389 9289 or Yasmin Kadir at 017 237 9048 Or 03 7958 8348 or e-mail: acorncommunications@acornco.com.my
