

## **NEWS RELEASE**

### **AFFIN sees 50% Increase in Half-Year PBT**

**KUALA LUMPUR, August 19, 2016** – At the half-year mark, AFFIN Holdings Berhad (AFFIN) delivered a significantly improved profit before tax and zakat (PBT) of RM338.7 million representing a RM112.1 million or 50% increase as compared to last year's RM226.6 million. Profit after tax (PAT) for the first six months of the year stood at RM258.5 million, a substantial 45.8% increase from RM177.3 million for the same period last year. AFFIN recorded RM1.29 billion in interest income for the half-year ended 30 June 2016 as compared to RM1.25 billion achieved in 2015.

AFFIN achieved a PBT of RM185.8 million and a PAT of RM140.7 million for the second quarter ended 30 June 2016. Interest income for the quarter stood at RM652.7 million as compared to RM633.3 million registered for the same quarter of 2015.

Earnings per share (EPS) for the six months under review was 13.02 sen as compared to 8.72 sen for the same period in the previous year, while net assets per share improved to RM4.42 as at 30 June 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 first half of 2016 were 6.0% and 0.7% respectively for the six months under review.

#### **Asset Quality and Loan Loss Reserve**

In tandem with stringent credit policies and prudent risk management, the Group's gross impaired loan ratio stood at 1.98% as at 30 June 2016. AFFIN's loan loss coverage ratio which is inclusive of regulatory reserves stood at 93.6% as at 30 June 2016 as compared to 94.3% as at 31 March 2016.

## **Capital Adequacy**

The Group's Total Capital ratio, Common Equity Tier-1 Capital ratio and Tier 1 Capital ratio as at 30 June 2016 continues to comply with Bank Negara Malaysia's Capital Adequacy Framework.

## **Highlights of Key Operating Units within AFFIN**

The Group's primary contributor, AFFIN Bank Berhad (ABB) Group, recorded a PBT of RM270.5 million for the half-year ended 30 June 2016, surpassing the previous year's RM176.7 million by 53.1% or RM93.8 million. This was achieved on the back of lower allowance for loan impairment, higher Islamic banking income as well as higher net interest income.

ABB's wholly owned subsidiary, AFFIN Islamic Bank Berhad, registered an improved PBT of RM71.4 million for the half-year ended 30 June 2016 as compared to RM51.9 million for the same period in the previous year.

Affin Hwang Investment Bank Berhad (Affin Hwang IB) Group's second quarter PBT improved from RM24.5 million to RM31.1 million quarter-on-quarter, while its first half PBT stood at RM55.6 million which is slightly lower than the RM57.1 million achieved in the same period last year. For the half-year under review, Affin Hwang IB continued to record significant improvements in operating expenses. However, these were offset by lower income contribution mainly from lower initial service charges recorded in the first quarter of 2016. Fee income continued to dominate with the asset management business contributing significantly to the bottom line.

The above PBT of Affin Hwang IB was before the amortisation of identifiable intangible assets of RM6.9 million [1H2015: RM17.3 million which includes fair value adjustment of RM10.4 million on held-to-maturity securities] resulting from the acquisition of HwangDBS Investment Bank Berhad in the previous year.

For the half-year ended 30 June 2016, the jointly controlled entity, AXA AFFIN Life Insurance Berhad recorded a pre-tax loss of RM16.4 million as compared to the pre-tax loss of RM5.4 million registered in the previous year mainly due to higher reserves for future policyholders' liabilities required as a result of the movement in MGS rates and higher expenses. These were cushioned by higher investment income from fixed income securities and equities.

AXA AFFIN General Insurance Berhad, the Group's 34.51% associate reported an improved PBT of RM92.9 million from RM71.5 million year-on-year attributable to growth in business mainly from its health and motor businesses, improved net underwriting results and increased investment income.

AFFIN Moneybrokers Sdn Bhd recorded a lower PBT of RM1.0 million for the half-year ended 30 June 2016 as compared to RM1.5 million in the same period in the previous year.

### **Group Prospects**

In view of the changing dynamics of the economy and industry, it is of paramount importance that we put in place the right strategies centred on efficiency, adaptability and productivity to thrive and differentiate ourselves from our competitors. For this reason, AFFIN Bank Group formulated our transformation plan aptly named Affinity that will set the stage for our future transformation. In order to create the necessary impact and outcome which are sustainable over the long term, the transformation programme aims for major and deep-seated changes which cover an end-to-end view of the business specifically on Eight Pillars namely Target Customer Segments, Distribution Channels, Products & Solutions, Operations, Technology, Performance Management and Risk & Compliance.

With investment banking's operating environment becoming increasingly competitive, the Group remains resilient and will push for efficiency improvements across the board. On-going collaborative efforts will be the key driver to increase the Group's ability to present a broader range of products and services to its enlarged clientele.

The Group's life insurance business is expected to continue on its growth trajectory as a result of favourable demographics and reasonably low insurance penetration through the expansion of distribution channels and tailored product development while the Group's general insurance business remains focused on its 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 30 June 2016, the Group's unaudited paid-up capital stood at RM1.9 billion, while the Group's shareholders' fund was at RM8.6 billion**

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