

## **NEWS RELEASE**

### **AFFIN Thrives at Half Year Mark with RM359.8 million PBT**

**KUALA LUMPUR, August 30, 2017** – AFFIN Holdings Berhad (AFFIN) recorded an improved profit before tax after zakat (PBT) of RM359.8 million for the half year ended 30 June 2017. This marked an increase of RM24.5 million or 7.3% as compared to RM335.3 million for the corresponding half-year ended 30 June 2016. Profit after tax (PAT) for the first six months of the year stood at RM276.7 million, a 7.0% increase compared with RM258.5 million last year.

PBT for the quarter rose by 8.6% to RM198.3 million as compared to RM182.6 million in the same quarter of the previous year. The Group's PAT of RM153.5 million marked a 9.1% increase compared to the second quarter of 2016.

The Group recorded its strong performance on the back of higher other operating income, Islamic banking income and net interest income amounting to RM194.3 million

Earnings per share (EPS) for the six months under review increased to 13.82 sen from 13.02 sen for the same period in the previous year. Net assets per share improved to RM4.61 as at 30 June 2017 (31 December 2016: RM4.47).

#### **Capital Adequacy**

As at 30 June 2017, Total Capital ratio, Common Equity Tier-1 Capital ratio and Tier 1 Capital ratio of all banking entities within AFFIN remained at healthy levels, well above minimum regulatory requirements. In particular, Total Capital Ratio for AFFIN Bank Berhad (ABB) and AFFIN Hwang Investment Bank Berhad (Affin Hwang IB) stood at 18.1% and 36.6% respectively.

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

For the half-year under review, AFFIN's commercial banking arm, ABB Group continued to be a key contributor to the Group's overall performance. The Group successfully recorded a 1.6% improvement in PBT to RM271.8 million from RM267.6 million achieved in the previous year, driven by an increase in net interest income, improved operating income as well as improved Islamic banking income, in line with its Priority Islamic Policy to grow its total Islamic financing portfolio by 40% in year 2019. ABB Group's wholly-owned subsidiary, AFFIN Islamic Bank Berhad recorded a PBT of RM55.7 million for the half-year ended 30 June 2017.

Affin Hwang IB Group's PBT after zakat for the half-year ended 30 June 2017 stood at RM86.8 million, surpassing the previous year's PBT by a substantial 57%. Net income grew 48% to RM368.8 million, driven by a 50% growth in fee income. The improved market sentiments resulted in better management fees and unit trust service charge, higher brokerage as well as improved trading activities. Affin Hwang IB's subsidiary, Affin Hwang Asset Management Berhad, made a strong PBT contribution of RM38.6 million, a 45% increase compared with last year's RM26.7 million. Total Assets Under Management grew to RM41.2 billion.

As for the insurance segment, AXA AFFIN Life Insurance Berhad (AALI) once again showed an improvement in its operating results with a lower pre-tax loss of RM9.8 million as compared to the pre-tax loss of RM16.4 million for the previous year.

AXA AFFIN General Insurance Berhad (AAGI) recorded a lower PBT of RM68.0 million for the half year under review against RM92.9 million achieved in the previous year amidst the increase in expenses for its transformation initiatives, which had been budgeted. AAGI's previous year's results include a write-back on impairment of premium receivable of RM13.4 million. AAGI has launched AXA FlexiDrive, the 1st telematics motor insurance in Malaysia as part of its innovation spectrum. Using telematics technology and innovation, AXA FlexiDrive helps drivers to improve their driving behaviour and enjoy safe driving discount for renewal of motor insurance.

AFFIN Moneybrokers Sdn Bhd's PBT for the six months under review stood at RM0.9 million.

## **Economic Outlook and Group Prospects**

The Group's diversified business should benefit from the overall improved market sentiments, especially when the economic activity is projected to sustain in 2H2017 and 2018, supported by a sound domestic banking system as well as healthy credit and liquidity conditions. Malaysia's real GDP growth rose further from 5.6% yoy in 1Q2017 to 5.8% in 2Q2017, with an average GDP growth of 5.7% yoy in 1H2017 boosted by strong private sector spending and robust export growth. Real GDP growth is projected to expand by 5.2% for the whole year of 2017 and 4.9% in 2018.

Going forward, the Group remains positive on the country's macroeconomic fundamentals and will continue to build resilience across its business, and drive efficiency savings in its business operations with collaborative efforts to better serve its enlarged clientele.

ABB Group's earnings has seen an improving trend and is expected to continue to improve with the new and sustainable business model initiatives as well as opportunities for profitable growth undertaken through the Affinity Transformation Programme.

ABB Group and Moody's Analytics won "The Asian Banker's Liquidity Risk Technology Implementation of the Year 2017 Award". The implementation of these solutions has further strengthened AFFIN's risk management capabilities. In addition, the risk management solutions support AFFIN's business growth by enabling a fully automated end-to-end submission process, from data loading all the way to generating reports.

The Group's investment banking segment has benefited from the overall improved market sentiments in the first half of 2017. While Malaysia's macroeconomic fundamentals remain sound, the Group remains cautiously optimistic of its future prospects and will continue to build its product and service capabilities across its businesses to better serve its clientele.

Reflecting the Malaysian life insurance industry which continued to grow at a moderate rate, AALI expects to continue its growth trajectory on relatively low insurance penetration. Customer segmentation is currently in the early stages with vast potential. AALI looks to tap into the lucrative mass affluent segment through multi distribution channels and platforms as well as product development to cater to different needs.

With the general insurance sector outlook is expected to be challenging for 2017 particularly due to the phased liberalisation of Motor and Fire tariffs being set in motion, AAGI is prepared to face the future industry challenges by consolidating its operations by focusing on selective growth as well as investment in efficiency and transformation projects in order to enhance profitability.

**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 2017, the Group's unaudited paid-up capital stood at RM4.1 billion, while the Group's shareholders' fund was at RM9.0 billion.**

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