

NEWS RELEASE

AFFIN registers RM537.7 Million in PBT for 9MTH 2014 on the back of improved turnover *Announces 15 Sen Interim Dividend*

KUALA LUMPUR, November 24, 2014 – AFFIN Holdings Berhad (AFFIN) concluded its third quarter of the 2014 fiscal year with a higher revenue of RM2.6 billion for the cumulative nine-month period, a 13.0% increase compared to RM2.3 billion registered in the same period 2013. Profit before tax and zakat (PBT) stood at RM537.7 million for the nine-month period, while profit after tax (PAT) for the same period was RM402.1 million. For the third quarter ended 30 September 2014, AFFIN recorded a PBT of RM189.9 million and a PAT of RM144.3 million.

In line with the Group's financial performance and the dividend policy of AFFIN Holdings Berhad to pay a minimum dividend based on 50% of the Company's profit after taxation for each financial year, the Board of Directors has proposed an interim single-tier dividend of 15.0 sen per share for the financial year ending 31 December 2014.

For the nine months ended 30 September 2014, the Group's earnings per share was 24.18 sen while net assets per share as at 30 September 2014 was RM4.14. The Group's annualised after tax return on equity (ROE) and after tax return on assets (ROA) were 7.3% and 0.9% respectively for the nine-month period.

Loan Growth

AFFIN's annualised loan growth of 7.7% for the nine month period under review was principally in the segments of bills receivables, business term loans/financing, revolving credit, housing loans/financing and margin financing. The Group's Gross Loan/Deposits from Customers (LD) ratio was maintained at 80.7% as at 30 September 2014 while the ratio of consumer deposits to total deposits stood at 30%.

Asset Quality

As at 30 September 2014, the gross impaired loan ratio for AFFIN remained unchanged at 1.91% while the net impaired loan ratio stood at 0.83%, an improvement of 3 basis points (bps) compared to 0.86% as at 30 June 2014.

Capital Adequacy

In line with Bank Negara Malaysia's (BNM) Capital Adequacy Framework, the Common Equity Tier-1 ratio, Tier-1 Capital ratio and Total Capital ratio for all banking entities within the Group remained healthy as at 30 September 2014.

Highlights of key operating units within AFFIN

AFFIN Bank Berhad (ABB) Group recorded a higher PBT of RM 160.6 million in Q3 2014, a 23.3% improvement compared to RM130.3 million recorded in Q2 2014. For the nine-month period, the Group registered a lower PBT of RM466.2 million as a result of margin compression due to competition on the loans and deposits.

The Group's investment banking segment now operating under its new brand name, Affin Hwang Capital, reported a PBT of RM84.1 million for the period ended 30 September 2014 which includes the acquired businesses of AFFIN Hwang Investment Bank Berhad (formerly known as HwangDBS Investment Bank Berhad) (AFFIN Hwang IB). The merger of AFFIN Investment Bank Berhad and AFFIN Hwang IB as well as AFFIN Fund Management Berhad and AFFIN Hwang Asset Management Berhad (formerly known as Hwang Investment Management Berhad) were completed on 20 September 2014. Post merger integration processes are on track and the synergistic values to-date of approximately RM10.0 million is ahead of the targeted timeline.

AFFIN Moneybrokers Sdn Bhd recorded a PBT of RM1.7 million for the first nine months of the year while its PBT for the quarter under review was RM0.7 million. AXA AFFIN Life Insurance Berhad, a jointly controlled entity of AFFIN, reported a PBT of RM5.3 million for the nine-month period ended 30 September 2014. The company achieved a substantially higher PBT of RM7.9 million for the current quarter under review compared to the pre-tax loss of RM0.9 million registered in Q2 2014. AXA AFFIN General Insurance Berhad, a 34.5% associate of the Group recorded a higher PBT for the nine-month period of RM77.3 million, a significant 68.0% increase compared to RM46.0 million recorded in 2013. PBT for the third quarter of 2014 was RM27.7 million.

Economic Outlook and Group Prospects

The Government's recent 2015 Budget announcement was primarily focused on fiscal consolidation and tightening of the nation's budget deficit. The introduction of Malaysian National Development Strategy (MyNDS) which focuses on utilising limited resources optimally, high-impact projects and programmes at low cost as well as efficient and rapid implementation is expected to propel Malaysia towards becoming a high-income nation by 2020.

With the current economic environment, the business segments within AFFIN Group, namely the commercial banking segment, the investment banking segment and the insurance segment will be leveraging on synergistic growth to boost AFFIN's position as a major player in the nation as well as the region in line with the Group's aim of providing dedicated one stop financial solutions to a wide spectrum of clients.

The commercial banking segment is optimistic that it will be able to maintain its earnings momentum for the rest of 2014 with a focus on SMEs and contract financing as well as exploring untapped avenues in the retail market while also leveraging on synergies within the LTAT and Boustead Group.

The investment banking segment is set to create a stronghold for the Group in the investment banking space with the completion of merger of its investment banking, stockbroking and asset management businesses in addition to the collaboration with Daiwa Securities Group Inc of Japan. Meanwhile, the insurance segment is expected to register a moderate growth, amidst an increasingly challenging and competitive environment as it focuses on customer centricity, cost management as well as adapting to the constant changes in the digital world which will allow it to reap benefits in the near future.

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 September 2014, the Group's unaudited paid-up capital stood at RM1.9 billion while the Group's shareholders' funds was at RM8.0 billion.

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