



## **NEWS RELEASE**

### **AFFIN registers RM376.1 Million in PBT for 9MTH 2015 Amidst Increasingly Challenging Operating Environment**

**KUALA LUMPUR, November 27, 2015** – AFFIN Holdings Berhad (AFFIN) recorded a profit before tax and zakat (PBT) of RM376.1 million and a profit after tax (PAT) of RM281.4 million for the cumulative nine-month period. Revenue for the full year period stood at RM1.33 billion. PBT stood at RM149.4 million for the third quarter of 2015, while PAT for the same period was RM104.1 million.

Earnings per share (EPS) for the nine-month period amounted to 13.99 sen while net assets per share as at 30 September 2015 stood at RM4.16.

#### **Loan Growth**

For the nine months ended 30 September 2015, AFFIN reported an annualised loan growth rate of 4.3% predominantly in the segments of revolving credit, hire purchase, and housing loans/financing.

The Group's Loan to Deposit ratio from Customers (LD) as at 30 September 2015 was maintained at 91.4% while the ratio of consumer deposits to total deposits stood at 29.7%.

#### **Asset Quality**

The Group's gross impaired loan ratio stood at 2.21% as at 30 September 2015, an increase of 17 basis points as compared to 30 June 2015.

## **Capital Adequacy**

In line with Bank Negara Malaysia's (BNM) Capital Adequacy Framework, the Total Capital ratio, Common Equity Tier-1 Capital ratio and Tier 1 Capital ratio of the Group's banking entities remained sturdy and well above the regulatory requirements, a reflection of AFFIN's financial strength.

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

For the nine months ended 30 September 2015, AFFIN Bank Berhad (ABB) Group registered a lower PBT of RM321.3 million as a result of higher allowance for loan impairment and lower operating income. Its wholly owned subsidiary, AFFIN Islamic Bank Berhad delivered a higher PBT of RM83.7 million for the nine months ended 30 September 2015 as compared to RM63.6 million in the same period of 2014.

AFFIN Hwang Investment Bank Berhad (AFFIN Hwang IB) Group recorded a PBT of RM63.3 million for the nine-month period as compared to RM80.7 million in the same period of previous year. Net income was at RM379.9 million for the same period, with fee income making up almost 69% of the net income. Its asset management business, AFFIN Hwang Asset Management Berhad delivered a PBT of RM47.8 million for the same period.

The PBT of AFFIN Hwang IB Group for the nine months ended 30 September 2015 is before the adjustments totaling RM21.0 million (30 September 2014: RM13.3 million) at AFFIN Group level in respect of fair value adjustment on held-to-maturity (HTM) securities, amortisation of identifiable intangible assets and premium on HTM securities arising from the acquisition of HwangDBS Investment Bank Berhad in the previous year.

The jointly controlled entity, AXA AFFIN Life Insurance Berhad registered a pre-tax loss of RM2.2 million, primarily owing to a one-off change in the reserves for future policyholders' liabilities and lower investment income attributed to mark-to-market losses for fixed income securities and lower realised gains on equities.

The 34.5% associate of AFFIN, AXA AFFIN General Insurance Berhad (AAGI) delivered a higher pre-tax profit of RM81.7 million for the nine-month period as compared to RM77.3 million recorded in the previous year. Higher earned premium from the health and motor businesses along with higher investment income were the primary factors contributing to AAGI's improved results for the period under review.

AFFIN Moneybrokers Sdn Bhd recorded a higher PBT of RM2.0 million for the nine months under review as compared to RM1.7 million achieved in the previous year, attributable to higher net brokerage income net of higher overhead expenses.

### **Economic Outlook and Group Prospects**

As a result of uncertainties of the current economic climate, overall loan growth for the banking industry is expected to moderate further in the second half of 2015 with domestic loan growth projected to be within the 8.0% to 8.5% bracket by the end of 2015.

Leveraging on its collaboration within the AFFIN Group and its strong customer relationship, ABB Group will continue focusing on transactional banking to enhance brand value and visibility in the domestic market. ABB Group is also looking to further enhance efficiency, productivity and synergies while growing its business within well-defined risk parameters. While on a regional level, the ABB Group is exploring the potential of establishing presence in ASEAN.

The Group is optimistic of the prospects of its investment banking business. AFFIN Hwang IB has just signed a joint distribution and marketing agreement with Thanachart Securities Plc ("Thanachart"), a leading securities services provider in Thailand, to distribute selected Thai research reports on a co-branded basis to institutional clients. It is the first partnership of this scale between two major broking houses in Thailand and Malaysia, and is envisaged to fuel further collaboration especially in equity trading and corporate access between the parties. AFFIN has also secured an extension of time to complete its negotiation with Daiwa Securities Group ("Daiwa") in relation to the proposed minority stake by Daiwa in AFFIN Hwang IB, and it hopes to conclude the negotiation within the stipulated period.

In terms of life and general insurance businesses, the Group aims to continue leveraging on the Group's network in order to achieve sustainable growth while establishing strategies and priorities focusing on key business lines, digital transformation, customer centricity and information technology for sustainable growth amidst an increasingly challenging and competitive environment.

**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 2015, the Group's unaudited paid-up capital stood at RM1.9 billion, while the Group's shareholders' fund was at RM8.1 billion.**

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