



NEWS RELEASE

AFFIN's 3rd Quarter PAT Jumps By 38.6%

Announces 3.0 Sen Interim Dividend

KUALA LUMPUR, November 30, 2016 – AFFIN Holdings Berhad (AFFIN) continues to chart growth for its 2016 financial year. In its third quarter ended 30 September 2016, AFFIN reported a profit before tax after zakat of RM185.5 million as compared to RM149.1 million registered in the corresponding quarter of the previous financial year, signifying a 24.4% increase. Profit after tax (PAT) for the quarter stood at RM144.3 million compared to RM104.1 million registered in 2015.

AFFIN's nine-month cumulative PBT of RM520.8 million improved by a substantial 38.8% compared to last year's RM375.2 million. AFFIN recorded a PAT of RM402.8 million for the first nine months of the year, marking a significant 43.1% increase as compared to RM281.4 million achieved in 2015. Interest income for the nine months ended 30 September 2016 stood at RM1.93 billion as compared to RM1.89 billion realised in 2015.

In line with AFFIN's performance and the Group's dividend policy, an interim single-tier dividend of 3.0 sen per share in respect of the financial year ending 31 December 2016 has been proposed by the Board.

Earnings per share (EPS) for the nine months under review improved to 20.21 sen as compared to 13.99 sen recorded in 2015. Net assets per share as at 30 September 2016 stood at RM4.53 (31 December 2015: RM4.26). For the cumulative quarter, the Group's annualised after tax return on equity (ROE) was 6.13% while after tax return on assets (ROA) was 0.77%.

Asset Quality and Loan Loss Reserve

AFFIN reported a gross impaired loan ratio of 2.08% as at 30 September 2016 in line with the Group's comprehensive credit and risk management. The Group's loan loss coverage ratio which includes regulatory reserves was 87.3% as at 30 September 2016.

Capital Adequacy

As at 30 September 2016, the Group's Total Capital ratio, Common Equity Tier-1 Capital ratio and Tier 1 Capital ratio were healthy and well above regulatory requirements in line with Bank Negara Malaysia's Capital Adequacy Framework, signifying AFFIN's strong financial position.

Highlights of Key Operating Units within AFFIN

AFFIN Bank Berhad (ABB) Group reported a higher PBT of RM432.6 million for the nine months ended 30 September 2016, a significant improvement of 34.6% as compared to RM321.3 million recorded for 2015. This achievement was owing to lower allowance for loan impairment, higher Islamic banking income as well as higher other operating income. AFFIN Islamic Bank Berhad, ABB Group's wholly owned subsidiary, reported an improved PBT of RM97.1 million as compared to RM83.7 million for the same period in the previous year, this is in line with our Priority Islamic Policy (PIP). PIP is our strategic move to be aligned with the Central Bank of Malaysia's Financial Sector Blueprint which calls for financial institutions to enhance its Islamic financing portfolio to 40% in 2020.

Affin Hwang Investment Bank Berhad (Affin Hwang IB) Group's third quarter PBT further improved from RM30.9 million to RM35.8 million quarter-on-quarter, and for the nine-month period increased from RM62.5 million previously to RM90.9 million this year. Despite challenging market conditions, Affin Hwang IB Group achieved a credible performance through improvements in fee income contribution from its asset management and investment banking businesses, while personnel costs were reduced significantly. The asset management business contributed a PBT of RM45.6 million for the nine-month period.

Affin Hwang IB's PBT is before the amortisation of identifiable intangible assets of RM10.4 million (30 September 2015: RM21.0 million which includes fair value adjustment of RM10.5 million on held-to-maturity securities) at AFFIN Group level arising from the acquisition of HwangDBS Investment Bank Berhad in 2014.

The performance of jointly controlled AXA AFFIN Life Insurance Berhad (AALI) for the period under review was impacted by the movement in MGS rates which resulted in higher reserves for future policyholders' liabilities. As a result, AALI recorded a pre-tax loss of RM20.6 million for the nine-month period ended 30 September 2016.

AFFIN's 34.5% associate, AXA AFFIN General Insurance Berhad (AAGI) saw a PBT increase of 50.4% from RM81.7 million to RM122.9 million year-on-year. AAGI's positive results were mainly due to growth in the health and motor businesses which resulted in higher earned premium and improvement in investment income.

AFFIN Moneybrokers Sdn Bhd recorded a lower PBT of RM1.2 million for the nine months ended 30 September 2016 due to lower net brokerage income.

Group Prospects

The ABB Group's Affinity transformation plan which covers 32 new transformation projects (full completion in 2019) is expected to catapult the Bank to a new level through the following: -

Competitive differentiation

- Enhancing the quality of customer service to enable unique customer experiences leading to customer loyalty and deepening relationships.
- Taking advantage of its small size (relative to its larger peers) to be nimble and responsive to customer needs.

Core competencies

- Cultivating the ability to identify and understand the unique needs of customers that will help to shape relevant financial services solutions.
- Ability to use and apply new and emerging technologies.

Operating principles

- Digitising the bank to create greater straight-through processing.
- Tight coupling of front and back office for a seamless customer experience.

Organisation principles

- Leadership driven organisation with clear accountability.
- Enabled by a robust performance management framework to promote positive behaviour.

In addition, we will be exploring potential business prospects within the LTAT/Boustead Group of Companies to capitalise on synergies and opportunities for growth.

The Group will take a cautiously optimistic approach for the investment banking segment. The Group's diversified stable of businesses combined with robust capitalisation will be tapped on to mitigate the anticipated market volatility. The focus will remain on driving efficiency as well as collaborating within the Group to improve the segment's ability to present a broader range of products and services to its enlarged clientele.

The Group's life insurance segment expects to maintain its growth trajectory through focusing on expanding consumer reach through the expansion of distribution channels and tailored product development. The Group's general insurance segment will place special emphasis on customer centricity through various transformation projects and a keen focus on digital enablers.

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 2016, the Group recorded an unaudited paid-up capital of RM1.9 billion, while the Group's shareholders' fund stood at RM8.8 billion.

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