

## ***NEWS RELEASE***

### **AFFIN Registers RM465.1 Million year-to-date Amidst Challenging Operating Environment**

**KUALA LUMPUR, November 30, 2017** – AFFIN Holdings Berhad (AFFIN) recorded a profit before tax after zakat (PBT) of RM465.1 million for the cumulative nine-month period ended 30 September 2017 while profit after tax (PAT) for the period stood at RM354.5 million. PBT for the third quarter stood at RM105.3 million with PAT at RM77.8 million.

Earnings per share (EPS) for the nine-month period was 17.59 sen. Net assets per share as at 30 September 2017 was RM4.66 (31 December 2016: RM4.47).

#### **Capital Adequacy**

As at 30 September 2017, in line with Bank Negara Malaysia's Capital Adequacy Framework, 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 the minimum regulatory requirements. Total Capital ratio for AFFIN Bank Berhad (ABB) and AFFIN Hwang Investment Bank Berhad (AHIB) stood at 20.1% and 38.4% respectively.

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

AFFIN's commercial banking arm, ABB Group reported a PBT of RM327.2 million for the nine months under review. During the period, the Group made provision for the Voluntary Separation Scheme (VSS) and recorded higher allowance for loan impairment. It's wholly owned subsidiary, AFFIN Islamic Bank Berhad (AiBB) recorded a PBT of RM87.3 million for the same period. The Group's Priority Islamic Policy was

launched in 2016 with the aim to grow 40% of Islamic Financing portfolio by year 2019. As at September 2017, AiBB's Islamic Financing portfolio stood at 32%.

AHIB Group recorded a PBT of RM139.2 million for the nine months under review. The improved sentiment, especially in the capital markets, had benefitted most of the major businesses resulting in improvements in the fee, brokerage and investment income lines. It's 70% owned subsidiary, Affin Hwang Asset Management Berhad, recorded an improved PBT contribution of RM19.8 million and RM58.4 million for the 3<sup>rd</sup> quarter and the nine-month period respectively, with total Assets Under Administration (AUA) growing to RM43.5 billion as at 30 September 2017.

As for the insurance segment, AXA AFFIN Life Insurance Berhad (AALI) registered a pre-tax loss of RM15.6 million for the nine months under review while AXA AFFIN General Insurance Berhad registered a PBT of RM92.6 million for the same period.

AFFIN Moneybrokers Sdn Bhd delivered a higher PBT of RM1.3 million for the nine months ended 30 September 2017.

## **Economic Outlook and Group Prospects**

In tandem with the strength of the global economy, Malaysia reported a better-than-expected set of economic results in 3Q2017. The country's real GDP growth climbed further from 5.8% yoy in 2Q2017 to 6.2% in 3Q2017, above the market expectations of 5.7%, reflecting a sustained economic momentum led by global trade activity, which has spilled positively to the country's private consumption and domestic demand growth.

With the Group's ongoing re-organisation which recently obtained approval from shareholders during the Extraordinary General Meeting held on 16 October 2017, the AFFIN Group is poised to improve its efficiencies, adaptability as well as productivity in order to thrive in the highly competitive and dynamic banking sector.

The Group's capital position is expected to be further strengthened by the corporate exercise in line with the Group's strategy to unlock more value for shareholders and provide better returns.

In addition, the visible growth momentum of the Malaysian economy is expected to have a positive effect on the Group, particularly with real GDP growth projected to expand by 5.5% by end 2017 boosted by enhanced consumer spending in addition to a strong export cycle.

ABB Group foresees strengthened loan growth for the consumer, corporate and small and medium enterprise segments. The Group will continue to focus on prospects for profitable growth undertaken through the Affinity Transformation Programme.

The Group's investment banking arm is expected to further transform and benefit greatly from the re-organisation of the Group, particularly with its Investment Banking business, from its present market leading positioning in the Securities and Asset Management businesses after the success of its transformational merger with HwangDBS Investment Bank three years ago. This is evident by the recent international recognition for its overall achievements in the Capital Markets space with Asiamoney's Best Securities House award. The award acclaimed AHIB's domestic standing in the equities trading, Debt Capital Market, Equity Capital Market and Merger & Acquisition markets supported by *"smart origination bankers, market-beating coverage, reliable research and the ability to execute in difficult markets"*. To top this was the recognition by World Bank Group for AHIB's role in the issuance of the World's first Sustainable Responsible Investment (SRI) Green sukuk.

Capitalising on the moderate growth of the Malaysian life insurance industry, AALI is expected to continue on its growth trajectory on relatively low insurance penetration with the priority segment continuing to be the mass affluent.

The general insurance sector's outlook is expected to be a challenging road for the remaining year as the phased liberalisation of Motor and Fire tariffs is set in motion.

The Group's general insurance segment will continue consolidating its operations by prioritising selective diversification as well as through investment in efficiency and transformation projects in order to better prepare the segment for future challenges in the industry.

**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 2017, the Group's unaudited paid-up capital stood at RM4.1 billion, while the Group's shareholders' fund was at RM9.2 billion.**

Issued on behalf of: <b>AFFIN Holdings Berhad</b>	By: <b>acorn communications sdn bhd</b>
For more information, please contact <b>Tan Jo Dee</b> at <b>017 667 2936</b> or <b>Michele Vincent</b> at <b>014 661 2747</b> or <b>03 7958 8348</b> or e-mail: <a href="mailto:acorncommunications@acornco.com.my">acorncommunications@acornco.com.my</a>	