

NEWS RELEASE

AFFIN Registers Over Half a Billion in Profit Before Tax for FY2015

KUALA LUMPUR, February 26, 2016 – AFFIN Holdings Berhad (AFFIN) closed the final quarter of the 2015 fiscal year with a profit after tax (PAT) of RM100.7 million as compared to RM209.9 million recorded in the previous year's corresponding quarter. The Group recorded a profit before tax and zakat (PBT) of RM143.2 million for the quarter against the previous year's RM285.9 million. The Group's PBT for the full year stood at RM519.3 million, while PAT stood at RM382.2 million.

Earnings per share (EPS) for 2015 stood at 19.01 sen while net assets per share stood at RM4.26 as at 31 December 2015. After tax return on equity (ROE) and after tax return on assets (ROA) were 4.6% and 0.6% respectively for 2015.

In line with the financial performance and dividend policy of the Group, the Board of Directors is proposing a final single-tier dividend of 5.0 sen per share for the financial year ended 31 December 2015.

Loan Growth

AFFIN registered an annualised loan growth rate of 6.9% during the financial year under review primarily in the segments of revolving credit, hire purchase, housing loans as well as business term loans.

The Group's Loan to Deposit ratio from Customers (LD) as at 31 December 2015 stood at 86.8% while the ratio of consumer deposits to total deposits stood at 26.9%.

Asset Quality

The Group's gross impaired loan ratio of 1.90% as at 31 December 2015 represents an increase of eight (8) basis points compared to 1.82% recorded as at 31 December 2014.

Capital Adequacy

As at 31 December 2015, all banking entities within the Group had a healthy and well above regulatory requirements Total Capital ratio, Common Equity Tier-1 Capital ratio and Tier 1 Capital ratio in line with Bank Negara Malaysia's Capital Adequacy Framework, signifying AFFIN's strong financial position.

Highlights of Key Operating Units in the Group

The Group's key contributor, AFFIN Bank Berhad (ABB) Group registered a PBT of RM461.2 million for the fiscal year compared to RM720.1 million recorded in 2014.

ABB Group's PBT was lower mainly due to higher impairment allowances and the decrease in the other operating income mainly due to volatility in the market condition which limited the overall opportunity for the Group.

The wholly owned subsidiary of ABB, AFFIN Islamic Bank Berhad registered a higher PBT of RM 117.4 million as compared to RM91.7 million achieved in financial year 2014.

Affin Hwang Investment Bank Berhad (Affin Hwang IB) Group completed its maiden full-year's result as a combined post-merger entity between Affin Investment Bank Berhad and Hwang DBS Investment Bank Berhad (now known as Affin Hwang Investment Bank Berhad). Affin Hwang IB Group registered a PBT of RM84.2 million for the year ended 31 December 2015 against RM107.4 million recorded in the preceding financial year. Net income stood at RM509.1 million, mostly comprising fee income.

AFFIN Hwang IB Group's PBT is before the adjustments totaling RM24.5 million [FY 2014 : RM18.5 million] at AFFIN Group level comprising 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 2014.

The acquisition undertaken by AFFIN has put it in good stead, with the merger of businesses within its investment banking segment resulting in complementary and diversified businesses in three major areas namely investment banking, securities and asset management. This exercise has borne fruit with the asset management business of Affin Hwang Asset Management Berhad (Affin Hwang AM) providing a key stable income. Despite the very challenging capital markets environment last year, Affin Hwang AM reported a PBT of RM64.3 million as compared to RM44.2 million recorded in the previous year.

Together with its wholly-owned subsidiary, Asian Islamic Investment Management, Affin Hwang AM continued its growth momentum ending the year with RM34.9 billion in assets under administration (AUA). It was ranked 3rd in the Unit Trust Industry assets under management in 2015. During the year, it garnered many awards including the coveted Fund House of the Year (Malaysia) by Asian Investor, the Best Islamic Asset Management Company in Asia by Islamic Finance News, the Best Fund – Mixed Asset MYR Conservative (5 Years) Malaysia by The Edge-Lipper and the Best Fund – MYR Allocation by Morningstar. Its fund managers have also been consistently ranked by The Asset in the Asset Asian Awards and Benchmark Research.

Affin Hwang IB's securities business retained its No. 1 position in trading value and trading volume respectively for Bursa Malaysia, and was awarded by Bursa Malaysia in the annual Broker Awards for being the Best Investment Bank in 2014 in the Best Equities and Best Institutional Equities categories. Its research analysts have also been consistently ranked by The Edge Malaysia in the annual Best Call Awards.

The jointly controlled entity, AXA AFFIN Life Insurance Berhad recorded a pre-tax loss of RM35.8 million against previous year's PBT of RM8.9 million as a result of measures taken to strengthen policyholders' fund to support the benefits of future policyholders as well as lower gains achieved on disposal of investment securities.

AFFIN's 34.5% associate, AXA AFFIN General Insurance Berhad reported a lower PBT of RM111.2 million as compared to RM120.4 million in 2014. The decrease was mainly due to lower underwriting results despite growth in premium, offset by higher investment income.

For the year ended 31 December 2015, AFFIN Moneybrokers Sdn Bhd recorded a PBT of RM2.3 million against RM2.5 million registered in the previous fiscal year, primarily owing to lower net brokerage income net of lower overhead expenses.

Economic Outlook and Group Prospects

The International Monetary Fund (IMF) expects Malaysia's economic growth to remain solid in 2016 at around 4.4% supported by moderating yet healthy domestic demand. Growth is expected to be confined by weak external demand and the decline in prices faced by the commodities industry.

Factors that could impact the growth in the uncertain external environment for Malaysia include the slowdown in global trade, China's economy, US rate hikes, and the US dollar's sustained strength as well as the fickle intensity of activity in Malaysia's trading partners. While the country will be faced with a softer economic growth outlook and an increasingly regulated business environment in 2016, the prospects offered by the domestic economy is promising.

On the commercial banking front, we will be pursuing business opportunities in a prudent manner for both our retail and business segments, while ensuring our loan portfolio is proactively managed. Transactional banking will continue to be a key focus area for ABB Group as we move forward to enhance brand value and visibility in the domestic market.

We will also be exploring potential business prospects within the AFFIN Group given the synergies we will be able to achieve through these collaborations. Measures to improve the delivery of our products and services will continue to be implemented as we work towards enhancing brand recognition domestically and within the ASEAN region.

We are also looking forward to leverage on the recently concluded strategic alliance with Thanachart Securities Plc, a leading securities firm in Thailand, to strengthen our investment banking segment's position as a leading brokerage in Malaysia while supporting our regional ambition. Growth opportunities for our asset management business will continue to come from the retail and high net worth business segments.

As for the Group's life insurance business, we look forward to expand consumer reach through strategic distribution channels and platforms, which will be complemented by product developments. On the General Insurance business, we will remain focused on growing key business lines as we prepare for de-tariffication of the insurance premiums.

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 31 December 2015, the Group's unaudited paid-up capital stood at RM1.9 billion, while the Group's shareholders' fund was at RM8.3 billion.

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