

NEWS RELEASE

AFFIN Poised For Growth in 2014 with HwangDBS Acquisition

KUALA LUMPUR, April 21, 2014 . Closing the fiscal year 2013 on a strong note, AFFIN Holdings Berhad (AFFIN) once again hit a record-breaking year with profit before tax and zakat of RM863.9 million compared with the RM833.7 million recorded in the previous year.

YBhg Gen (R) Tan Sri Datoq Seri Mohd Zahidi bin Hj. Zainuddin, Chairman of AFFIN said at AFFIN's 38th Annual General Meeting (AGM) today, "Taking the challenging operating environment in its stride, we are pleased to announce that AFFIN Group performed well in the 2013 financial year."

"The highlight of the year for the Group is the acquisition of the Hwang-DBS businesses. The Group completed the acquisition of 100% of HwangDBS Investment Bank Berhad (Hwang IB), including the acquisition of 70% of Hwang Investment Management Berhad (Hwang IM), 49% of Asian Islamic Investment Management Sdn Bhd and 100% of HDM Futures Sdn Bhd on 7 April 2014 for a total purchase consideration of RM1.36 billion. With the completion of the acquisition, we will be able to capitalise on the synergies created from the businesses acquired. It will put us in a better position to compete with other industry players in the investment banking, stock broking and asset management businesses."

Going forward, we will undertake the merger of the businesses of AFFIN Investment Bank Berhad (AIBB) with HwangIB and the businesses of AFFIN Fund Management Berhad (AFMB) with Hwang IM. Given that the combined entities will become one of the top two brokerage houses in Malaysia as well as one of the top five asset management companies in Malaysia, our investment banking arm's end-to-end value proposition will be strengthened as it will be able to capitalise on the synergies created by the enlarged platform of the merged businesses, enhanced distribution through the broader remisier network, leading asset management business as well as a wider customer reach. +added YBhg Gen (R) Tan Sri Zahidi.

Leading the way for the Group is AFFIN Bank Berhad (ABB) Group, although faced with continued compressed net interest margins along with stiff competition, registered a record profit before tax and zakat of RM762.2 million, an 8.4% increase compared with the RM703.2 million recorded in 2012 on the back of 8.0% growth in loans and 11.7% increase in total deposits. ABB's wholly owned subsidiary, AFFIN Islamic Bank Berhad recorded a profit before tax and zakat of RM87.3 million in year 2013.

The year under review saw ABB Group undertaking several asset quality improvement measures including recalibrating its Consumer Credit Score Card System, rebalancing its loan portfolio and improving its net impaired loan ratio from 1.11% in 2012 to 0.90% at the end of 2013.

Various consumer campaigns were carried out during the year including the launch of the fourth highly successful O.M.G campaign, "The Invasion of the O.M.G" which saw double-digit growth in savings and current and fixed deposits among new and existing conventional and Islamic account holders. Over 100,000 new accounts were created compared to previous years.

In line with the ABB's continued effort to be more accessible to its customers, three new branches, Kota Kemuning in Selangor, Danga Bay in Johor and Lahad Datu in Sabah were added to complement the Group's existing branch network bringing the total branches to 103 nationwide. The year under review also saw the strategic relocation of its Kuantan branch to serve its customers better.

AIBB Group registered a lower profit before tax and zakat of RM85.0 million for 2013 due to lower investment income while the Group's advisory and management fees as well as brokerage income saw an increase. Its wholly owned subsidiary, AFMB registered a higher profit before tax (PBT) of RM12.2 million compared with RM8.6 million registered in the previous year as a result of higher management and upfront fees from the sale of unit trust.

During the year under review, AIBB set up a foreign institutional desk, a timely undertaking in light of its business collaboration agreement with Daiwa Securities Group Inc from Japan which serves as a platform for regional markets growth.

The year 2013 once again saw AIBB garnering accolades and recognitions. Among the notable achievements for AIBB during the year under review was the IFN Project Finance Deal of the Year award for Syndicated Facilities of up to RM2.1 billion for Boustead Naval Shipyard Sdn Bhd, as well as the Asset Triple A Islamic Finance Awards 2013 for Best Islamic Project Finance for Malakoff Tanjung Bin Energy where AIBB acted as Joint Lead Managers. In addition, AIBB's Research was rated by London-based The Financial Times and Starmine as the third best Stock Picker for Food, Household & Personal service. For second year in a row, an AIBB research analyst's call on a technology stock once again made the cut under The Edge Best Analyst Call Awards 2013.

AFFIN Moneybrokers Sdn Bhd was able to record a PBT of RM2.2 million during the financial year under review although trading activities in Malaysia were affected by cautious trading behaviour as a result of external factors including financial market volatilities in the US and Europe.

It was another year of improvements for AXA AFFIN Life Insurance Berhad, the joint controlled entity of AFFIN with a PBT at RM9.9 million, signifying an increase of more than three times compared with the RM2.6 million recorded in the previous year. The substantial improvement was mainly due to the Life Fund which benefited from the increase in the risk-free yield curve and the robust growth in gross premiums.

AXA AFFIN General Insurance Berhad (AAGI), a 33.6% associate of AFFIN, saw a 16.5% increase in gross written premiums for the fiscal year under review. However, as a result of a one-off adjustment to the Unearned Premium Reserve (UPR) computation which contributed significantly to the AAGI's 2012 results, the PBT of RM87.2 million for 2013 was lower compared with the previous year.

In line with AFFIN's dividend policy of providing shareholders with a minimum 50% payout based on the Company's profit after tax, an interim dividend of 15.0 sen per share in respect of the financial year amounting to RM224.2 million was paid on 31 December 2013.

At the Extraordinary General Meeting of AFFIN today after the AGM, the shareholders of AFFIN approved the proposed renounceable rights issue of new ordinary shares of RM1.00 each in AFFIN to raise gross proceeds of up to approximately RM1.25 billion to partly finance the acquisition of the Hwang-DBS businesses.

As we move into year 2014, we look forward to sustain the momentum gained in year 2013 while focusing our efforts on key areas of growth and at the same time placing more emphasis on diversifying our asset and liability portfolio mix in order to fortify our balance sheet further. +concluded YBhg Gen (R) Tan Sri Zahidi.

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, fund 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 2013, the Group's unaudited paid-up capital stood at RM1.5 billion, while the Group's shareholders' fund was at RM6.4 billion.

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