

NEWS RELEASE

AFFIN Ended 2012 with Record Profit Before Tax of RM833.7 Million

KUALA LUMPUR, February 21, 2013 – AFFIN Holdings Berhad (AFFIN) delivered another record year with its highest ever profit to date. The Group's profit before tax (PBT) for the financial year ended 31 December 2012 was RM833.7 million, a 17.6% increase compared with RM709.1 million in the previous financial year. AFFIN's profit after tax (PAT) for the full year stood at RM628.9 million in comparison with RM508.0 million in 2011, representing a strong 23.8% increase. This was achieved on the back of a turnover of RM3.0 billion for the financial year 2012 (FYE 2011: RM2.7 billion). The Group recorded a PBT of RM212.4 million in the fourth quarter of 2012 compared with RM174.7 million in the previous year's corresponding quarter.

The substantial profit growth for the year was a result of an increase in net interest income, Islamic banking income and other operating income amounting to RM140.5 million. This was also supported by higher share of profit in the associate company.

Highlights of AFFIN's financial performance for the 12 months ended 31 December 2012 are as follows: -

RM' million

	FYE 2012	FYE 2011	%
Revenue	2,971.7	2,655.6	11.9
Net Interest Income	896.8	869.6	3.1
Islamic Banking Income	216.8	198.9	9.0
Other Operating Income	408.5	313.1	30.5
Profit before Tax	833.7	709.1	17.6
Net Profit after Tax	628.9	508.0	23.8
EPS (sen)	42.08	33.99	23.8
Net Assets per Share (RM)	4.04	3.74	8.0

Earnings per share (EPS) for the financial year was 42.08 sen compared with 33.99 sen for the previous financial year. The Group's net assets per share stood at RM4.04 as at 31 December 2012 (31 December 2011: RM3.74). The after tax return on equity (ROE) and return on assets (ROA) for the year under review were 10.8% and 1.2% respectively.

YBhg Gen (R) Tan Sri Dato' Seri Mohd Zahidi bin Hj. Zainuddin, Chairman of AFFIN said, "I am pleased to announce that AFFIN continues to grow despite the competition we face in the industry as well as the challenging economic environment. We attribute this to our strategic approach in growing a financial services Group that is profitable and sustainable."

Loan growth

For the financial year under review, the loan growth rate for AFFIN was 11.7% while loan-to-deposit ratio was sturdy at 80.9% as at 31 December 2012 compared with 79.0% in the previous financial year.

Asset quality

As a clear reflection of AFFIN's commitment to sound credit risk management, the Group's gross impaired loans ratio as at the end of financial year under review stood at 2.3%, a 0.5% improvement compared with 2.8% registered in 2011, well within the industry standards. Meanwhile, impaired loan loss coverage reduced slightly to 71.0% from 72.8% in the previous year.

Capital adequacy

The Group's core capital ratio remained sturdy at 11.7% and its risk-weighted capital ratio stood at a strong 14.4% as at 31 December 2012, well above the regulatory requirements.

Highlights of key operating units within AFFIN

Once more, AFFIN Bank Berhad (ABB) Group emerged as the main contributor, registering an improved PBT of RM182.2 million for the quarter under review in comparison with RM164.6 million recorded in the preceding year's corresponding quarter. Cumulatively for the full financial year, ABB Group registered a 14.7% improvement in PBT of RM703.2 million compared with RM613.1 million recorded the previous year. The increase in PBT by RM90.1 million is mainly contributed by the increase in net interest income and other operating income for both conventional and Islamic operation.

The wholly owned subsidiary of ABB, AFFIN Islamic Bank Berhad achieved a PBT of RM 106.4 million for the financial year under review, an improvement of RM31.5 million or 42.1% as compared to the PBT of RM74.9 million achieved in 2011 mainly attributable to the write-back of allowance for financing impairment of RM15.4 million as compared to a charge of RM10.8 million in year 2011, higher operating income of RM10.9 million net of higher overhead expenses of RM5.6 million.

AFFIN Investment Bank Berhad (AIBB) Group was another firm contributor to the profitability of the Group recording a strong growth of 155.3% in PBT for the quarter under review with RM21.7 million compared with RM8.5 million recorded in the same quarter previous year. For the full financial year, AIBB Group registered an improved PBT of RM91.1 million (FYE 2011: RM88.9 million). Operating income grew 28.3% to RM84.7 million (2011 : RM66.1 million) contributed mainly by growth in fee income of 18.1% and investment income of 51.0%. AIBB Group continues to improve its non interest income ratio which stood at 71.8% as at 31 December 2012.

AFFIN Fund Management Berhad (AFM), a wholly-owned subsidiary of AIBB registered a higher PBT of RM8.6 million, a growth of more than 38% from RM6.2 million recorded in the previous year. AFM grew its Assets Under Management from RM855 million in 2011 to RM1.9 billion in 2012.

AFFIN Moneybrokers Sdn Bhd recorded a lower PBT of RM2.7 million for the full financial year compared with RM3.3 million recorded previous year mainly due to lower net brokerage income and higher overhead expenses.

For the financial year ended 31 December 2012, AXA AFFIN Life Insurance Berhad (AALIB) recorded a PBT of RM3.9 million, which is an impressive bounce back from previous year's loss before tax of RM3.1 million. The improved performance by AALIB was mainly due to growth of the regular premium business and the improved performance of Non-Participating Funds. Also incorporated in AFFIN's share of results in AALIB of RM2.1 million was an adjustment of RM0.8 million in over-recognition of the Group's share of loss in AALIB for 2011.

AXA AFFIN General Insurance Berhad (AAGIB), a 33.6% associate of AFFIN, recorded a higher PBT of RM120.4 million for the year under review, an impressive 487.3% growth compared with the RM20.5 million registered in 2011. The solid results were primarily due to an increase in earned premium as well as higher gain on disposal of securities, increased investment income, net of higher net claims, overhead expenses and net commission incurred. Included in AFFIN's share of results in AAGIB of RM32.8 million for the financial year ended 31 December 2012 was an adjustment of RM2.5 million on under-recognition of the Group's share of profit in AAGIB for the previous financial year.

Group Prospects

"Looking ahead, although concerns over the decelerating global economic climate remain, we hope to maintain our current momentum albeit with cautious optimism. We will continue growing AFFIN with prudent and effective balance sheet management in order to mitigate risks while remaining flexible enough to capitalise on the right opportunities in order to increase shareholders' value." concluded YBhg 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 2012, the Group's unaudited paid-up capital stood at RM1.5 billion, while the Group's shareholders' fund was at RM6.0 billion.

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