

AFFIN Primed to Harness Inherent Potential in 2015

KUALA LUMPUR, April 20, 2015 – AFFIN Holdings Berhad once again delivered a year of sustained results amidst a challenging operating environment with a solid profit before tax and zakat (PBT) of RM825.3 million.

The highlight for the year under review was the completion of the acquisition and mergers of the investment banking, asset management and futures businesses of Hwang-DBS (Malaysia) Berhad with the businesses of AFFIN Investment Bank Berhad and AFFIN Fund Management Berhad. It is now operating under the brand name of Affin Hwang Capital.

The biggest contributor to the Group's bottom line, AFFIN Bank Berhad (ABB) Group delivered a PBT of RM720.1 million, amidst margin compression given stiff competition on loans and deposits.

As part of ABB Group's efforts to improve operational efficiency and provide its customers with access to seamless banking services, the Group undertook upgrades to its IT and operational processes. Asset quality improvement measures for the year include ABB Group's ongoing project to introduce new grading models, which is expected to enable better assessment of customers for more effective loan management.

Throughout the 2014 financial year, ABB Group introduced several new products, including its Chinese New Year deposit 'Fortune Rides Your Way!' promotion, the launch of AFFINBANK World MasterCard, which caters to its existing high net-worth client base as well as portfolio guarantee financing for local SMEs in partnership with Credit Guarantee Corporation Malaysia Berhad. In anticipation of Bank Negara Malaysia's 50-sen cheque processing fee, which took effect in January 2015, ABB Group launched an e-Payment campaign for affinOnline, its retail internet banking service, to encourage the use of online banking.

Strengthening its position in retail banking and to increase brand visibility, ABB Group opened two new branches in Taman Demang, Selangor and Senawang, Negeri Sembilan. This complements the ABB Group's existing branch network, bringing total number of branches nationwide to 105. In line with the Bank's commitment to customer service excellence, eight off-site self-service machines were installed during the fiscal year bringing the total to 116.

AFFIN Hwang Investment Bank Berhad Group meanwhile registered a PBT of RM107.4 million for the year under review which include the results of the acquired businesses of HwangDBS Investment Bank, net of the integration costs for the merger. The asset management arm contributed a significant portion of the profit of RM44.2 million.

2014 saw Affin Hwang Capital (AHC)'s privatisation exercise of Al-Hadharah Boustead REIT being recognised as the Best Privatisation of the year by The Edge Malaysia. The transaction was also awarded Best Islamic Privatisation in 2014 at the Asset Triple A Awards. At the Bursa Malaysia Broker Awards 2015, AHC won the Best Equities (Investment Bank) and Best Institutional Equities (Investment Bank), where AHC ended the year as the top-ranked brokerage in terms of traded value and traded volume. In addition, its analysts were ranked Top Stock Pickers in three sector categories at the StarMine Asia 2014 Industry Analyst Awards.

Meanwhile, Affin Hwang Select Income fund was awarded the Best Fund for Mixed Asset MYR Conservative (5 Years) by The Edge Lipper and the Best MYR Allocation by Morningstar. Asian Islamic Investment Management Sdn Bhd, its Shariah compliant asset management arm won the Best Islamic Product for Malaysia by Asia Asset Management. AHC was also ranked by The Asset Benchmark Research Awards 2014 for Asian G3 Bonds and Asian Currency Bonds in the Astute Investors (Malaysia) and Most Astute Investors (Malaysia) respectively. AHC's asset management subsidiary also became the first Malaysian company to launch a Luxembourg-registered Undertaking for Collective Investments in Transferable Securities Fund in November 2014. This marks the foray into the European market with two Asian equity focused funds namely Affin Hwang Select Asia Opportunity Fund and Affin Hwang Select Asia Quantum Fund.

Moving forward, AHC has in place a solid structure with an experienced senior management team and a large franchise nationwide offering an integrated and comprehensive range of products and services. It has also instituted strategic initiatives to achieve its long-term business goals.

During the year, AFFIN Moneybrokers Sdn Bhd grew its PBT to RM2.5 million despite market volatility.

AXA AFFIN Life Insurance Berhad recorded a lower PBT of RM8.9 million for the fiscal year under review as compared with RM11.2 million previous year. The increase in the reserves for future policyholder liabilities due to downward shift of MGS yield curve was partially offset by higher realised gains from investments and strategic cost management. The agency distribution channel recorded good new business growth rate on the back of higher manpower while bancassurance with AFFIN Bank continued to expand.

AXA AFFIN General Insurance Berhad (AAGIB) recorded a PBT of RM120.4 million in 2014 indicating a 38.1% increase from 2013's PBT of RM87.2 million, attributed by a higher earned premium from health and motor businesses and a higher investment income. The year under review saw AAGI achieving a significant milestone with gross written premiums passing the RM1 billion mark. AAGIB ranked no 7 position in the general insurance industry at the beginning of 2014, closed the year in 5th position with its market share increased from 6.0% to 6.7%.

In line with AFFIN's commitment to delivering value to shareholders, a single-tier interim dividend of 15.0 sen per share in respect of the financial year amounting to RM291.4 million was paid on 31 December 2014.

While there are challenges in store for 2015, the Group believes there is much potential to be harnessed especially in terms of organic growth. The Group looks forward to further improving efficiency and synergy on a Group-wide scale for sustainable growth despite the challenging and competitive operating environment.

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 2014, the Group's unaudited paid-up capital stood at RM1.9 billion, while the Group's shareholders' fund was at RM8.0 billion.

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