

NEWS RELEASE

**AFFIN DELIVERS A ROBUST 36% growth in 1HFY10
PRE-TAX PROFIT TO RM331.6 MILLION**

KUALA LUMPUR, 20 August 2010 – AFFIN Holdings Berhad (AFFIN) posted a strong Profit Before Tax (PBT) growth of 25.5% to RM154.3m in 2QFY10 from RM122.9m in 2QFY09. For 1HFY10, PBT surged by 36.4% to RM331.6m from RM243.2m in 1HFY09 while 1HFY10 net profit after tax also jumped by 36.2% to RM247.0m.

FYE Dec (RMm)	1H10	1H09	YoY(%)
Net Interest Income	408.4	386.4	+5.7
Operating Income	657.3	603.3	+9.0
Profit Before Tax	331.6	243.2	+36.4
Net Profit After Tax	247.0	181.4	+36.2
EPS (sen)	16.53	12.14	+36.2

Highlights of 1HFY10 performance

The record 1HFY10 PBT was driven by a combination of strong operating income growth (+9.0% yoy) coupled with prudent cost management (+3.8% yoy) as well as lower impairment allowance (-46.1% yoy). Growth was broad based, across the net interest and financing income (+6.9% yoy) and non-interest income (+15.8% yoy) segments. The improved profitability of the group is evident from the continued decline in cost-to-income ratio, which slid to 46.8% in 1H10 from 49.1% in 1H09.

Earnings per share for 1HFY10 was 16.5 sen as compared to 12.1 sen for 1HFY09. On the back of the strong profit, net assets per share increased to RM3.38 as at 30 June 2010 from RM3.08 as at end 30 June 2009. Annualized ROE and ROA are 10.1% and 1.2%. These compare favourably to the FY10 targets of 8.4% and 1.0%.

Highlights of 2QFY10 performance against 2QFY09

The strong yoy growth in 2QFY10 PBT was also on the back of higher operating income (+2.5% yoy) and sharp fall in impairment allowances (-49.2% yoy). Net

interest and financing income (+4.9%) were higher yoy, but the impact was partially negated by a slight drop in non-interest income.

Strong loan and deposit growth

For 1HFY10, AFFIN's gross loan outstanding increased by a strong 9.6%, or an annualized growth rate of 19.2%. Meanwhile, customer deposits also expanded, by an almost equally strong pace of 8.4% in 1HFY10, or an annualized growth rate of 16.8%. On a qoq basis, outstanding loans grew by 4.8% while deposits widened by 6.1%. Given the faster pace of loan growth vis-a-vis deposit growth, AFFIN's loan-to-deposit ratio increased to 80.3% as at end 1HFY10 against 75.8% at end June 2009.

Continued improvement in asset quality

AFFIN's gross impaired loans ratio decreased to 3.6% as at 30 June 2010 from 4.6% in the first quarter of 2010, and is on par with industry standards. However, the impaired loans coverage ratio under the adoption of FRS 139 has come down to 63.0 % from 69.7 % (in 1QFY10) due to some allowance written-off in 2Q10.

Capital adequacy

The core capital ratio and risk-weighted capital ratio of AFFIN are healthy at 11.49% and 13.23 % as at 30 June 2010.

Highlights of key operating units within AFFIN

Leading the strong results is AFFIN Bank Berhad, which registered a good gain of 33% growth in PBT to RM272.7m and its PAT increased 30.5% for 1HFY10. AFFIN Islamic Bank registered a PBT of RM29.6m for 1HFY10 against 1HFY09's PBT of RM26.4m.

The Bank's impressive results were due to a comprehensive multi-prong business strategy involving investment in systems, specific campaigns and re-organising management frameworks focusing on targeted markets especially in the business and consumer banking segments. All these resulted in the increase of net interest income, other operating income and Islamic banking income. This was also boosted by lower allowance for impairment of loans, advance and financing.

AFFIN Investment Bank delivered a strong 1HFY10 PBT RM40.2m, showing further improvement from RM33.3m registered in 1HFY09. Its non-interest income grew 17.6% mainly from its fixed income investments activities and stockbroking.

The share of results in the jointly-controlled entity, AXA AFFIN Life Insurance was higher at RM2.7m for the financial period as compared to RM1.8m for the same period last year. The share of results in the associated company, AXA AFFIN

General Insurance was also higher at RM7.8m for the six months ended 30 June 2010 as compared to RM6.6m for the same period last year.

AFFIN Moneybrokers registered a higher PBT of RM843,000 compared with RM323,000 for 1HFY09 as a result of higher net brokerage income net of higher overheads.

Group prospects

YBhg. Gen (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Chairman of AFFIN Holdings Berhad, said, "We are pleased by our strong results thus far having delivered exceptional double digit growth for the first six months of the financial year. This is testament to the fact that we have much upside potential given the nimble nature of the group."

"Additionally, the growth of our banking sector is good and it has been on an uptrend these past few years. There are plans to expand further and strengthen the bank's position locally and abroad, in light of our proposed acquisition of PT Bank Ina Perdana in Indonesia."

"The growth of the global economy for the second half of the year is likely to moderate due to the uncertainties of the global market conditions and we remain cautiously optimistic of our business moving forward", concluded YBhg. Gen (R) Tan Sri Dato' Seri Mohd Zahidi Bin Hj. Zainuddin.

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 30 June 2010 the Group's unaudited paid-up capital stood at RM1.5 billion, while the Group's shareholders' fund was at RM5.0 billion.

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If you have further queries or require more information, please contact:

Yu Choong Cheong

Executive Director

Tel. : 03-2144 0262

Email: ccyu@affin.com.my

Syed Sabeer Ali

Head, Corporate Planning

Tel. : 03-21454854

Email: syedsa@affin.com.my