

NEWS RELEASE

AFFIN RECORDS HIGHEST EVER PRE TAX PROFIT OF RM638 MILLION IN FY 2010

KUALA LUMPUR, February 24, 2011 – AFFIN Holdings Berhad (AFFIN) continues its strong growth by recording an impressive record profit before tax (PBT) of RM637.5 million for the financial year 2010 as compared to RM497.2 million in its previous financial year, which is a RM140.3 million or 28.2% increase on a year-on-year basis. Revenue grew by an impressive 13.1% to RM2.3 billion for the year compared to RM2.0 billion for the previous financial year.

For its fourth quarter ended 31 December 2010, AFFIN registered a PBT of RM156.7 million, RM42.7 million higher than the previous year’s corresponding quarter (2009: RM114.0 million), marking an increase of 37.5%.

Highlights of AFFIN’s financial performance as at 31 December 2010

The Group’s positive growth is attributed to the increase in net income, other operating income and Islamic banking income totaling RM66.2 million or 5.1%. Other contributing factors involved lower allowances for impairment of loans of 48.8% and securities of 47.5%. Additionally, there was a gain of RM8.5 million on dilution of interests in associate arising from the acquisition of the entire share capital of BH Insurance (M) Berhad by AXA AFFIN General Insurance Berhad.

	12MTH 2010 (RM)	12MTH 2009(RM)	%
Net Interest Income	839.9m	818.3m	2.6
Other operating Income	347.7m	318.2m	9.3
Profit Before Tax	637.5m	497.2m	28.2
Net Profit After Tax	488.6m	371.8m	31.4
EPS (sen)	32.70	24.88	31.4
Net Assets Per Share	3.48	3.17	9.8

Earnings per share was 32.70 sen as compared to 24.88 sen last year, an increase of 31.4% while net assets per share was RM 3.48 as at 31 December 2010 [31 December 2009: RM 3.17]

The ROE and ROA for the year were 9.8% and 1.1% respectively. These compared favourably against the Group's FY 2010 targets of 8.4% and 1.0% respectively.

YBhg. Gen (R) Tan Sri Dato' Seri Mohd Zahidi Bin Hj. Zainuddin, Chairman of AFFIN Holdings Berhad, said, "It has been an excellent year for the Group and our results have indeed capped a significant year of delivering strong profitability on the back of a revenue that has grown by 13.1% from RM2.0 billion in financial year 2009 to RM2.3 billion for financial year 2010."

"At the Group level we are pleased with how the respective businesses have performed with AFFIN Bank leading the way in delivering excellent results followed by AFFIN Investment Bank and our other financial services units."

Strong loan and deposit growth

AFFIN's gross loan outstanding increased by a strong growth rate of 18.3 % for the financial year. The Group's customer deposits also expanded by 18.3% as compared to the previous financial year. The loan-to-deposit ratio was stable at 68.0% as at 31 December 2010 as compared to 68.7% as at 31 December 2009.

Continued improvement in asset quality

AFFIN's gross impaired loans ratio improved to 3.6% from 4.7% as at end 2009 and is comparable to the industry's average. The impaired loan loss coverage stands at 59.7% from 65.4% a year ago.

Capital adequacy

The core capital ratio and risk-weighted capital ratio were healthy at 12.6% and 13.9% respectively as at 31 December 2010.

Highlights of key operating units within AFFIN

AFFIN Bank Berhad (ABB) achieved a commendable PBT of RM521.9 million for the financial year ended 31 December 2010. It was an increase of RM96.8 million or 22.8% compared with RM425.1 million recorded in the previous financial year. The results were largely contributed by the increase in interest income of 12.7% and a reduction of allowances for impairment of loans, advances and financing of almost 49.1% from 2009. Profit after tax (PAT) stood at RM381.2 million from 2009 figure of RM317.8 million. Earnings per share was 26.5 sen as compared to 22.1 sen previously.

For the fourth quarter, ABB recorded a PBT of RM129.2 million and PAT of RM98.4 million, a significant performance as compared to previous corresponding quarter in 2009 of RM101.2 million and RM76.2 million respectively.

AFFIN Islamic Bank Berhad, a subsidiary of ABB also performed admirably with a PBT of RM46.5 million and PAT of RM26.0 million for the financial year ended 31 December 2010.

AFFIN Investment Bank Berhad (AIBB) recorded a PBT of RM87.1 million for the financial year ended 31 December 2010, a significant jump of 34.9% compared to the previous year's RM64.6 million. Higher net income of RM 181.0 million in 2010 (2009 : RM 159.4 million) was primarily attributable to investment gains and increase in brokerages and fee income derived from increased capital market advisory, fund raising, stock broking and fund management activities.

For the fourth quarter, AIBB registered a PBT of RM18.4 million, a 60% increase compared with the previous year's corresponding quarter of RM11.5 million.

Higher net brokerage income was the primary factor for improved earnings achieved by AFFIN Moneybrokers Sdn Bhd with a PBT of RM 1.8 million for the year ended 31 December 2010, a marked improvement as compared with RM0.7 million achieved in the previous financial year. For the fourth quarter, it registered a PBT of RM0.5 million.

Another leading contributor to the Group is AXA AFFIN Life Insurance Berhad (AALI) which reported a notable rise in PBT of RM14.5 million for the fourth quarter compared with RM1.6 million for the same period last year. For the financial year ended 31 December 2010, AALI registered a PBT of RM4.4 million compared with the RM5.3 million achieved in the previous year. The share of profit in jointly-controlled entity of RM6.9 million for the current financial year comprises current year's post tax profit of RM2.1 million and adjustment of RM 4.8 million on under-recognition of Group's share of financial impact arising from the implementation of Risk-Based Capital (RBC) Framework in the previous financial year.

AXA AFFIN General Insurance Berhad (AAGI) achieved a higher PBT of RM42.7 million for the financial year ended 31 December 2010 compared with RM25.6 million achieved in the previous financial year. This was attributed to higher earned premium of RM169.7 million, higher net investment income of RM10.5 million and higher gain on disposal of investment securities of RM6.3 million. AAGI posted a PBT of RM14.1 million in the fourth quarter, a solid increase compared with RM4.4 million recorded in the same period last year. A key contributing factor to AAGI's bottom line was the acquisition of BHI which contributed a PBT of RM28.0 million partly offset by the financing, acquisition and integration costs in relation to the acquisition and merger with BHI.

Group Prospects

"We are confident that the banking sector in Malaysia holds much potential and we will vie to strengthen organic growth in the coming financial year" YBhg Tan Sri Zahidi said.

"Given the fact that the AFFIN Group is a full service financial provider, we expect to see our respective business units performing well and leveraging on each other's strength to contribute to the Group's bottom line" he concluded.

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 2010 the Group's unaudited paid-up capital stood at RM1.5 billion, while the Group's shareholders' fund was at RM5.2 billion.

-ends-

Issued on behalf of: **AFFIN Holdings Berhad** By: **acorn communications sdn bhd**
For further information, please call: Natalia Ghani at 012 231 4782 or Laurine Pereira at 03 7958 8348
Or email acorncommunications@acornco.com.my